MTN

Financial and capital allocation framework

Financial framework

Our well-developed financial framework underpins strategy delivery and strong financial performance

Service Revenue Growth
(mid-teens)

+

Margin Expansion
(Improve earnings)

+

Reduced capital intensity
(15 – 18%)

=

Attractive FCF
(Higher cash balances)
(Reduced Holdco leverage)

Performance 2020 - 2022

- Group SR ave. growth: 15.2%*
- Voice ave. growth: 4.7%*
- Data ave. growth: 33.2%*
- Fintech ave. growth: 23.0%*

- EEP realised: R6.4bn
- EBITDA margin: +1.3pp
- Adjusted HEPS CAGR: 31.4%

- R95.3bn invested in networks / platforms
- Ave capex intensity: 17.4%
- ROE progression +6pp improvement

- Cash upstreamed from Opcos: R56.3bn
- Holdco leverage: 0.8x (2020: 2.2x)

Medium-term focus

- Grow service revenue above inflation
- Protect and grow voice
- Double data and 'Own the Home'
- Accelerate fintech and digital platforms

- Opex growth below inflation
- Cost efficiency 2.0 programme in formulation
- Mitigate forex risk
- Reduce finance costs

- Maximise value from capex investment
- Disciplined capital prioritisation

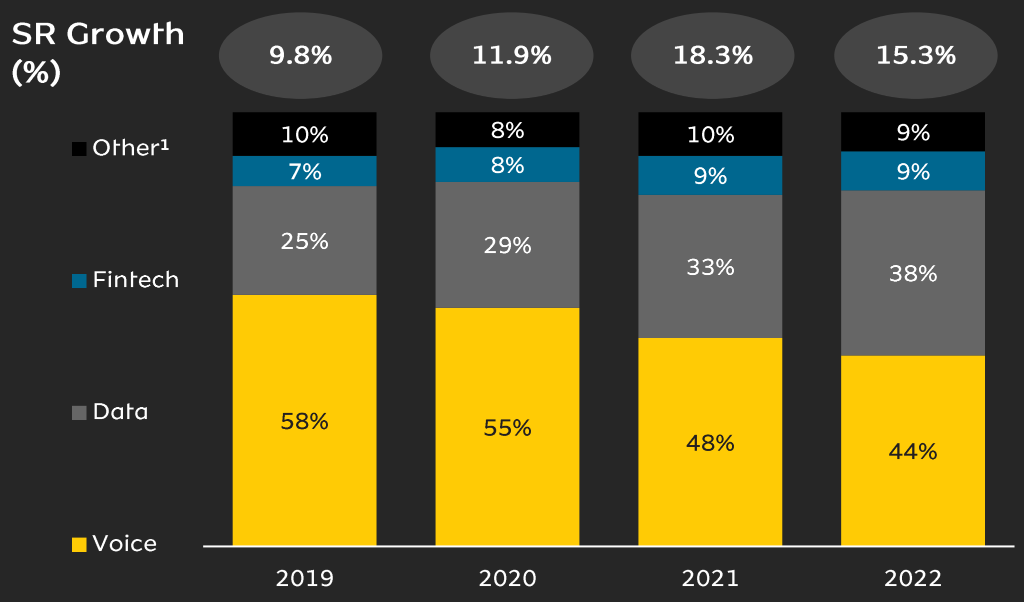
- Working capital management
- Improve cash upstreaming
- Continue ARP opportunities
- Liability management

* Constant currency

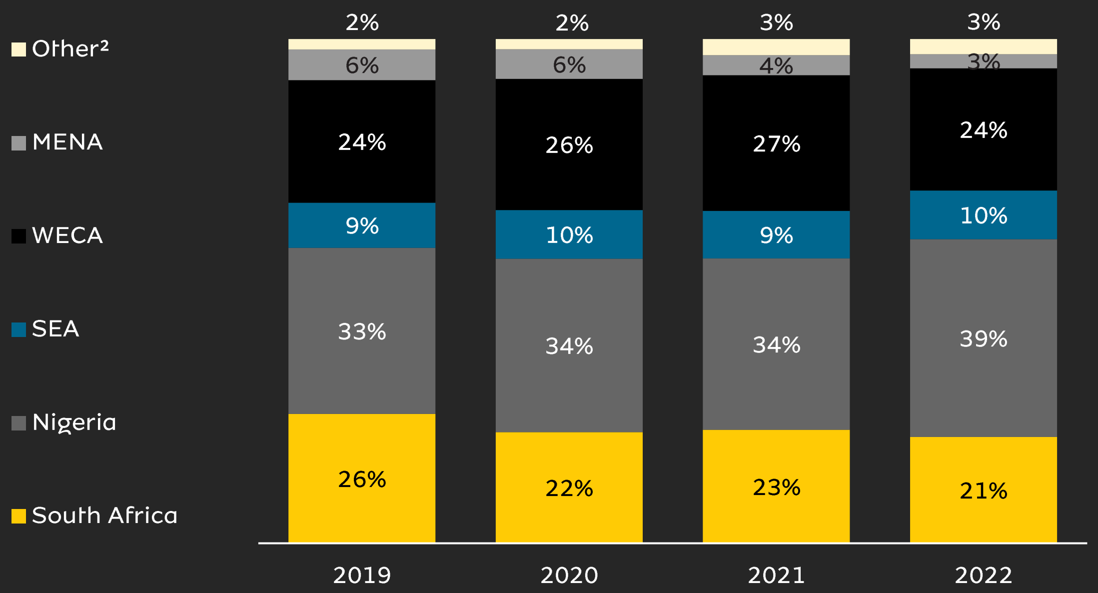
Service revenue evolution

Mid-teens growth in service revenue, with voice <50% in FY 2022

Service revenue contribution by bearer



Service revenue contribution by region



Initiatives to grow service revenue above inflation in the medium term

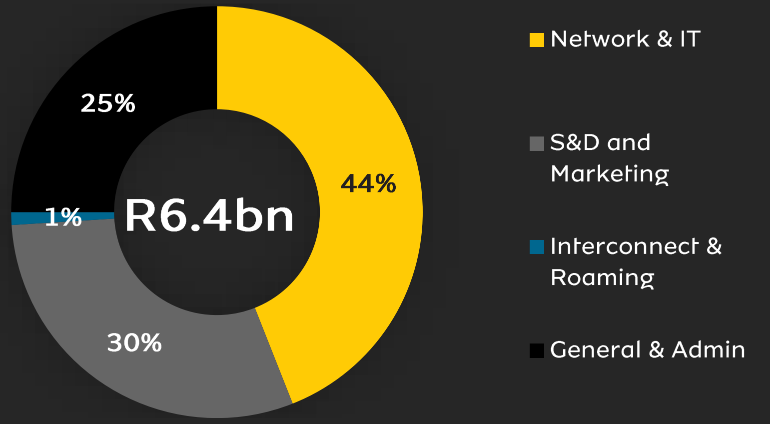
- Price optimisation initiatives: CVM | Selective headline price increases | Focus on winning the home
- Accelerating platforms: Fintech evolution from basic services to advanced services | Scaling MoMo PSB in Nigeria | Digital

1. Includes digital, SMS, wholesale, ICT and other
2. Includes Bayobab

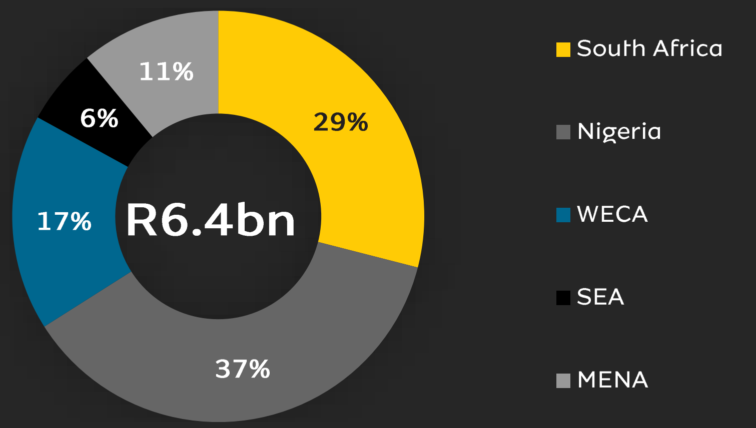
Excellent delivery of expense efficiency programme

R6.4bn in expense efficiencies realised since 2020, exceeding our R5bn target

Savings by function



Savings by region



Medium-term initiatives to deliver sustainable cost savings

- Refresh of cost benchmarking to identify additional sustainable cost saving initiatives
- Terminate non-critical support & maintenance contracts in IT and Network
- Renegotiate terms with major vendors
- Accelerate CVM initiatives and optimise distribution channels
- Further simplify product and customer processes
- Accelerate energy efficiency initiatives

R1.5bn identified for 2023, through quick-win initiatives

Working capital management and cash release

Laid the foundation for working capital improvement by focusing on cash conversion cycle days and introduced cash release KPIs

Projected cash release
R1.5-R2bn over medium term
...Supported by uptake from Supply Chain Finance (SCF) & Device Receivable financing

... 2020 → 2021 → 2022 → Medium term ...

2022: Cash release R3.4bn

Initiatives that have improved working capital

Days of Inventory Outstanding	• Inventory policy socialisation across Group • Inventory visibility across Opcos
Days of Payment Outstanding	• Improved payment terms visibility and compliance across Opcos • Leveraged on supplier relationship to extend payment terms
Days of Sales Outstanding	• Visibility on days of sale ageing • Tracking of compliance on collection days
Sale of Debtors book	• Liquidity injection through selling of device receivables

Ongoing initiatives will result in additional benefits

- Demand forecasting (technical and commercial)

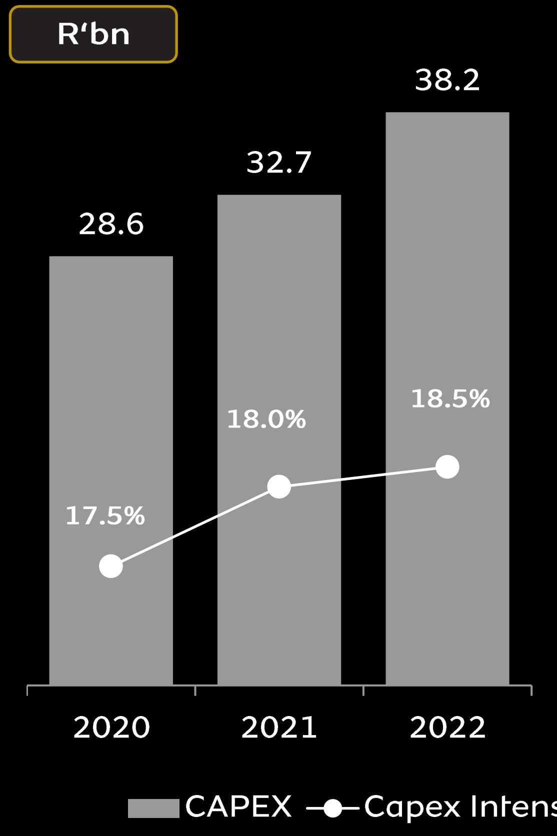
- Supply chain financing
- Local procurement to mitigate forex risk

- Device receivables financing

- Continued focus on collections

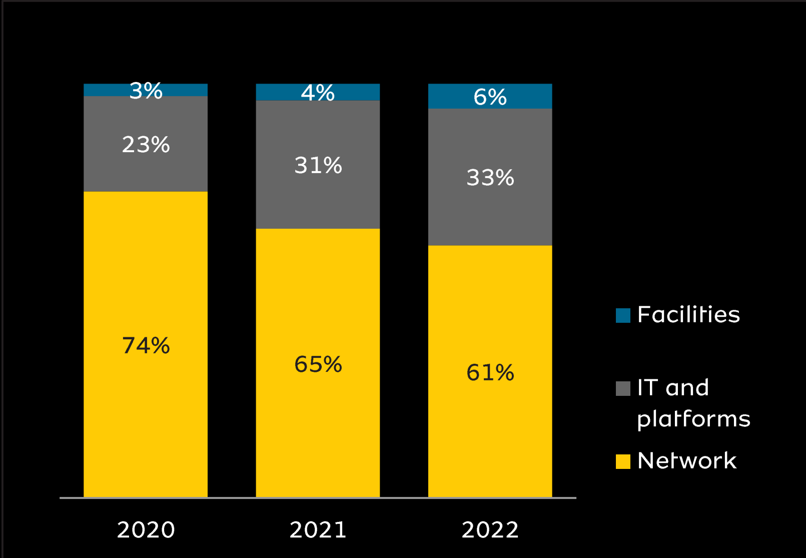
Investment in connectivity & platforms to support high demand for data and fintech underpinned by value-based capital allocation

Historical capex and intensity

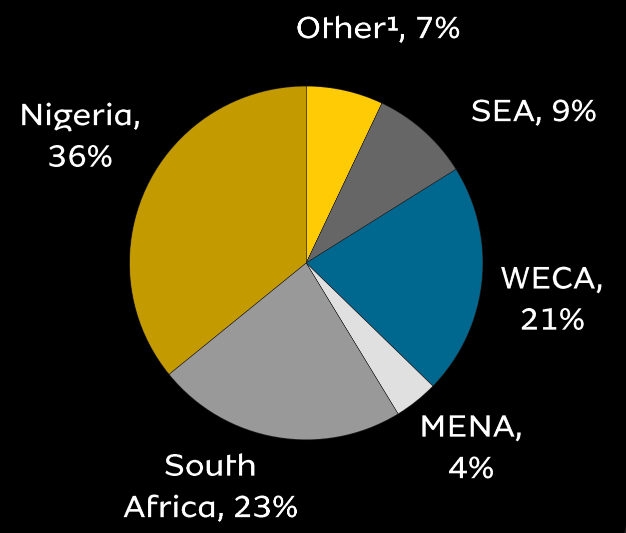


Capex Intensity region of 15 – 18%

Disciplined capex prioritisation



2022 Capex by region



Capex priorities

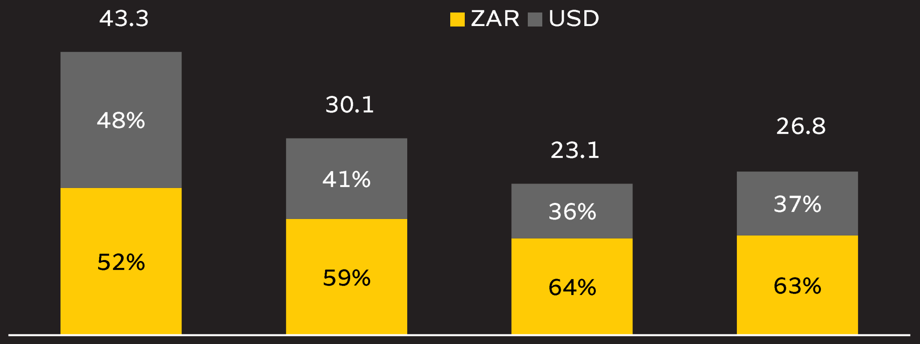
- Network resilience in SA
- Expansion of coverage | Rapid rural rollout programme
- High-speed data networks | Investment in platforms | Strategic partnerships and hyperscalers
- Unit cost reduction | Spectrum efficiencies

1. Includes Bayobab and Corporate Head Office

Holdco net debt and liquidity profile

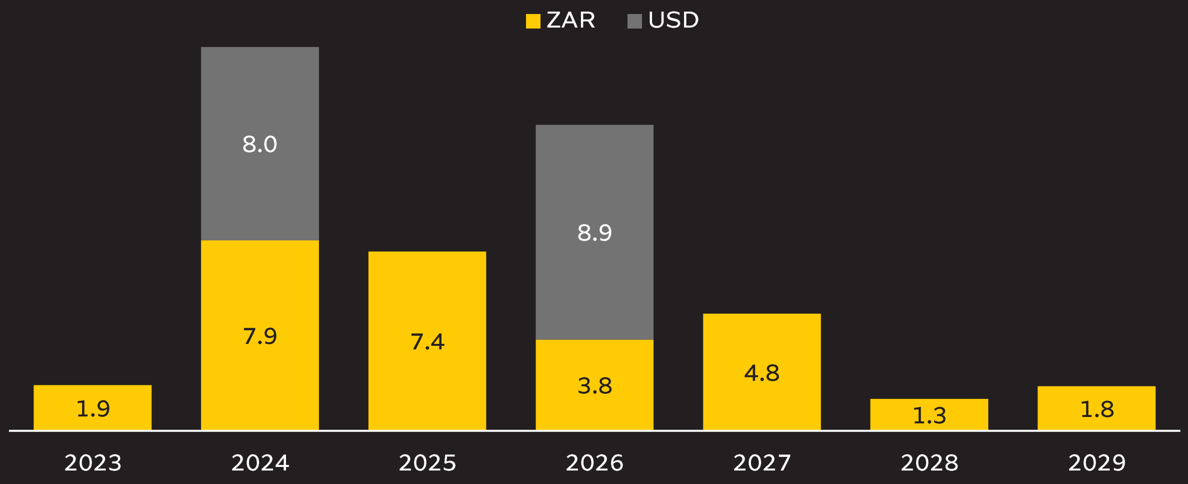
Balance sheet flexibility to withstand macroeconomic volatility and drive growth

Holdco net debt



	2020	2021	2022	Mar 2023
Group leverage	0.8x	0.4x	**0.3x**	**0.3x**
Holdco leverage	2.2x	1.0x	**0.8x**	**0.9x**

Holdco debt maturity profile (R'bn)



Progress to date

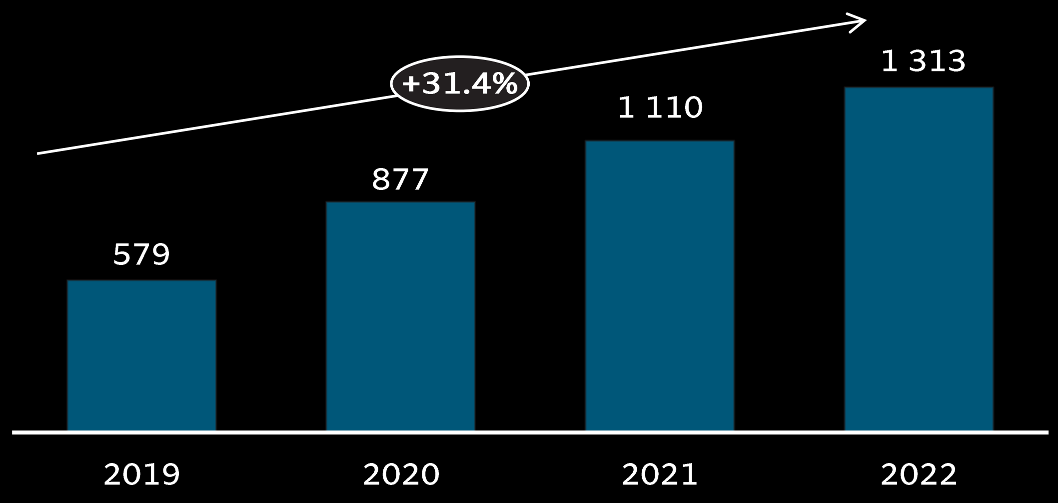
- Net debt reduced
- Improved Holdco leverage and debt mix
- Successful bond issuance
- Mitigated re-financing risk
- Reduced 2024 Eurobonds
- Upsized DMTN programme to R35bn

Medium-term focus

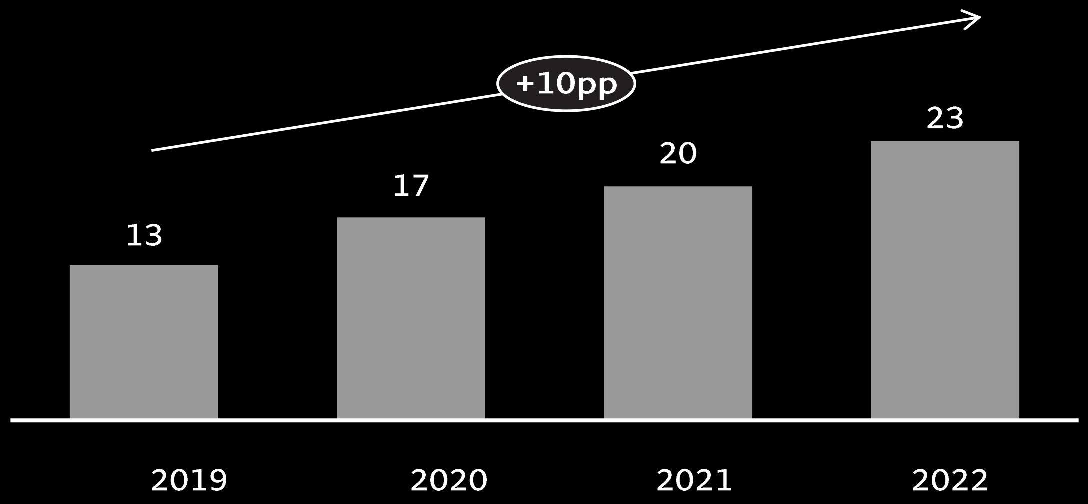
- Maintain Holdco leverage below 1.5x
- Continued solid operational performance and cashflow generation to support cash upstreaming from Opcos
- Opportunities to early settle 2024 and 2026 Eurobonds – reducing USD exposure
- Maintain USD and ZAR revolving facilities for liquidity headroom
- DMTN programme will provide alternative source of liquidity
- Local currency funding in our markets

Shareholder value creation

Adjusted HEPS progression, CAGR %



ROE progression*



Key drivers of return improvement

- Strong operational performance
- Expense efficiency
- Disciplined capital allocation
- Resilient balance sheet
- Asset realisation programme

* *Adjusted ROE: Adjusted headline earnings / Equity attributable to equity holders (excluding the hyperinflation effects)*

Our capital allocation framework has guided our financial discipline and remains relevant in guiding priorities:

1 **Organic growth**
Well-invested networks and platforms | Improving capex intensity

2 **Faster deleveraging of Holdco leverage**
Focus on further reducing non-ZAR debt over the medium term

3 **Return cash to shareholders through ordinary dividends**
Anticipate paying a minimum ordinary dividend of 330cps for FY 23

4 **Selective mergers and acquisitions**
Opportunities aligned to the investment case, subject to strict risk and financial criteria

5 **Share repurchases or special dividends**
Only considered when other capital allocation priorities have been met

Key takeaways

Our financial and capital allocation framework supports strategy execution and value creation for shareholders

1. Strong foundation to navigate tough trading environment
2. Future growth well funded, supported by efficiencies
3. Disciplined capital allocation remains relevant
4. Well-developed framework supports *Ambition 2025* delivery
5. Driving shareholder value

Thank you

MTN