

Telkom SA SOC Limited  
 Registration number 1991/005476/30)  
 JSE Share Code: TKG  
 JSE Bond Code: BITEL  
 ISIN: ZAE000044897

("Telkom" or "the company")

## Trading Statement

Shareholders are advised that Telkom is currently finalising its interim results for the six months ended 30 September 2019.

In accordance with paragraph 3.4(b) of the Listings Requirements of the JSE, shareholders are advised that reported headline earnings per share (HEPS) and the reported basic earnings per share (BEPS) are expected to decrease by 30% to 40% compared to the corresponding period in the prior year.

This is due to a significant increase in net finance charges and fair value movement of between 120% to 130% from R443 million reported in the prior year impacted by the International Financial Reporting Standards (IFRS16) on finance charges. Excluding the impact of IFRS16, net finance charges and fair value movement increased between 80% to 90% from R443 million reported in the prior year attributable to;

- the increase in the finance charges largely relates to increased borrowing in support of the investment in our mobile business;
- cost of hedging increase as a result of the increase in the Forward Exchange Contracts (FEC) order book; and
- exchange and fair value movements as a result of foreign exchange adjustments due to market conditions and the conversion of floating rate debt to fixed rate debt using interest rate swaps in line with our guideline. Overall in the period under review, this net movement represents a loss versus a reported gain in the corresponding period of the prior year.

The impact of IFRS16 on profit after tax was immaterial between R50 million to R60 million.

The following table includes normalised earnings which exclude the voluntary severance packages and voluntary early retirement packages (VSP/VERP) incurred in the prior period of R282 million and the related tax impact of R80 million and are on a pro-forma basis. The normalised earnings are the responsibility of the directors and have been presented for illustrative purposes only. Because of their nature, normalised earnings may not fairly present Telkom's earnings.

	<b>30 September 2018 As previously reported (cents)</b>	<b>Expected range of decrease</b>	<b>30 September 2019 Expected results (cents)</b>
<b>Basic earnings per share</b>			
Reported	276.0	30%-40% or 82.8 to 110.4 cps	193.2 to 165.6 cps
Normalised	316.6	40%-50% or 126.6 to 158.3 cps	190 to 158.3 cps
<b>Headline earnings per share</b>			
Reported	288.0	30%-40% or 86.4 to 115.2 cps	201.6 to 172.8 cps

Normalised

328.6

40%-50% or  
131.4 to 164.3 cps

197.2 to 164.3 cps

The above information has not been reviewed nor reported on by Telkom's independent external auditors. The Group's results for the six months ended 30 September 2019 will be released on SENS on 12 November 2019 with a presentation in Johannesburg on the same day.

The presentation will be available for all stakeholders on the Group's website, [www.telkom.co.za/ir](http://www.telkom.co.za/ir).

**Centurion**

5 November 2019

**Sponsor**

Nedbank Corporate and Investment Banking