

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

("Telkom" or "the Group")

## Trading Statement

Shareholders are advised that Telkom is currently finalising its interim results for the half year ended 30 September 2020 ("H1 FY21" or "the half year"), which will be released on the Stock Exchange News Service ("SENS") of the JSE Limited ("JSE") on 10 November 2020.

In accordance with paragraph 3.4(b) of the Listings Requirements of the JSE Limited ("JSE"), shareholders are advised that reported headline earnings per share ("HEPS") is expected to increase by 15% to 25%, while reported basic earnings per share ("BEPS") is expected to increase by 19% to 27% compared to the prior corresponding period for the half year ended 30 September 2019 ("the prior period"). This was mainly driven by approximately 16% growth in operating profit as a result of solid growth in Group EBITDA, partially offset by an increase in the effective tax rate from 28.8% in the prior period to 34.8%.

The Group performance was sound despite a difficult trading environment due to the adverse impact of Covid-19 on the economy. Group revenue showed resilience in the face of this pandemic, remaining broadly flat compared to the prior period. The mobile business continued its growth trajectory, placing Telkom Mobile solidly as the third largest mobile operator in South Africa

Management relentlessly focused on its sustainable cost management programme to protect Group EBITDA and margin. Group EBITDA increased more than 5% from R 5 604 million reported in the prior period and EBITDA margin expanded compared to the prior period. Management optimised both direct costs and opex with a significant improvement in total cost to revenue ratio compared to the prior period.

The Group EBITDA performance was also supported by the reversal of R66 million relating to the Expected Credit Loss ("ECL") Covid-19 impairment on receivables (provision) that was recognised at the 31 March 2020 financial year end ("FY20").

On an underlying basis, excluding the once-off reversal of the provision of R66 million, Group EBITDA increased by more than 4%.

|             | 30 September 2019<br>(IFRS 16) | 30 September 2020 (IFRS16) |                         |                      |
|-------------|--------------------------------|----------------------------|-------------------------|----------------------|
|             | Reported<br>(cents)            | Expected<br>ranges         | Movement<br>(cents)     | Expected<br>earnings |
| <b>BEPS</b> |                                |                            |                         |                      |
| Reported    | 176.8                          | 19-27% higher              | 33.6 to 47.7 cps higher | 210.4 to 224.5 cps   |
| <b>HEPS</b> |                                |                            |                         |                      |
| Reported    | 183.4                          | 15-25% higher              | 27.5 to 45.9 cps higher | 210.9 to 229.3 cps   |

The difference between BEPS and HEPS recorded in the first half of the year is due to the impairment of assets and profit or loss on sale of assets.

The above information is reported after applying IFRS16 and has not been reviewed or reported on by Telkom's independent External Auditors.

The Group's interim results for the half year ended 30 September 2020 will be released on SENS on 10 November 2020 with a presentation in Centurion 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). A live presentation will be webcast (a link will be available on Group's website), with a live broadcast on BDTV (Channel 412 on DSTV) at 10am.

Centurion  
3 November 2020

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