

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 annual results for the year ended 31 March 2021 ("FY 2021" or "the current year"), which will be released on the Stock Exchange News Service ("SENS") of the JSE Limited ("JSE") on 24 May 2021.

In accordance with paragraph 3.4(b) of the Listings Requirements of the JSE, shareholders are advised that reported headline earnings per share (HEPS) is expected to increase by 145% to 155%, while reported basic earnings per share (BEPS) is expected to increase by 300% to 310% compared to the prior year ended 31 March 2020 ("the prior year"). This was mainly due to the significant growth in reported Group EBITDA of approximately 20% compared to the prior year and a reduction in the reported effective tax rate from 37.6% to 30.5% in the current year.

The strong performance includes the impact of voluntary severance packages, voluntary early retirement and section 189 retrenchment packages (VSP/VERP and retrenchments) of R270 million and the related tax impact of R76 million in the current year while prior year earnings includes R1 186 million and the related tax impact of R332 million relating to VSP/VERP and retrenchments. The impairment of receivables and contract assets remains high, in line with the prior year, which included a provision of R626 million reflecting the uncertain environment relating to Covid-19.

The Group achieved strong underlying performance with solid growth in underlying operating profit driven by strong growth in underlying Group EBITDA compared to the prior year. The growth in underlying Group EBITDA was underpinned by a robust performance in the Mobile business and effective and sustainable cost management. The mobile business continued its growth trajectory in service revenue while the overall sustainable cost management program outperformed management's expectations.

	31 March 2020	31 March 2021		
	Reported Earnings (cents)	Expected ranges	Movement (cents)	Expected earnings
BEPS				
Reported	121.1	300%-310% higher	363.3 to 375.4 cps higher	484.4 to 496.5 cps
HEPS				
Reported	208.1	145%-155% higher	301.8 to 322.6 cps higher	509.9 to 530.7 cps

The difference between BEPS and HEPS recorded in FY2021 is due to the impairment of assets and profit or loss on sale of assets.

The above information has not been reviewed or reported on by Telkom's independent external auditors.

In accordance with the JSE Listings Requirements a trading statement should be based on previously published earnings. The published prior year normalised earnings excluded the impact of IFRS 16 and the additional expected credit loss provision of R626 million that was recognised as a result of COVID 19, for comparison purposes. The current year normalised earnings will be based on IFRS 16 and will include the impact of COVID 19, and as such are not comparable to the published prior year normalised earnings. The normalised earnings for the current year reflecting underlying performance will be published on results release date.

The Group's annual results for the year ended 31 March 2021 will be released on SENS on 24 May 2021 with a virtual 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. A live presentation will be webcast (a link will be available on Group's website) and a live broadcast on BDTV (Channel 412 on DSTV) at 11 am.

Centurion
18 May 2021

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