Telkom SA SOC Limited
Registration number 1991/005476/30
JSE share code: TKG
JSE bond code: BITEL
ISIN: ZAE000044897
("Telkom" or "the Group")

Trading update for the quarter ended 30 June 2022 ("Q1 FY2023")

Q1 FY2023: Group salient features

- **Stable growth in active subscriber base** in an intensely competitive landscape. Active mobile subscribers up 7.8% year on year to 17.3 million with a blended ARPU of R88.53
  - Post-paid subscribers grew 8.0% year on year to 2.8 million at an ARPU of R208.50
  - Pre-paid subscribers grew 7.7% year on year to 14.5 million at an ARPU of R64.77
- **Solid growth in Mobile data traffic,** up 12.4% to 263 petabytes supported by a 2.0% growth in broadband subscribers to 10.7 million on a year on year basis
- **Fibre growth trajectory sustained in the period under review on a year-on-year basis**
  - Total fixed traffic increased by 18.9% to 452 petabytes
  - Number of homes passed with fibre grew 45.3% to more than 890 000. Number of homes connected with fibre grew by 35.2% to 414 847 representing FTTH connectivity rate of 46.6%
- **M&T portfolio,** continues to be commercialised, **productive portfolio** up 2.7% to 3 935 year-on-year
- **Challenging financial performance on a year on year basis**
  - **Group revenue down** 3.2% to R10 281 million
  - **Group EBITDA down** 15.2% to R2 334 million with EBITDA margin contraction of 3.2 ppts to 22.7% impacted by topline performance and an annual salary increase of 6%
- **BCX IT business** reported growth and improved profitability after a challenging period
- Substantial progress on value unlock/creation strategy has been made. **Legal separation of Openserve concluded** – effective 1 September 2022.

Statement from the Group Chief Executive Officer: Serame Taukobong

Telkom published its trading update for the first quarter of the year, demonstrating a challenging performance due to accelerated legacy migration, intense competitive landscape and consumers being under significant pressure due to rising fuel prices, interest rates and high unemployment rate. As Telkom Mobile value propositions remain attractive in the market to cater for affordability of our customers, its effective price per megabyte (MB) reduced by 14.8% year on year. The increase in the traffic growth, however, was not sufficient to offset the decline in effective pricing.

On 1 April, Telkom effected an average salary increase of 6% across the Group. The ongoing stage 4 loadshedding exacerbated the weak performance putting pressure on our cost base. Despite this pressure, we continue to optimise our roaming costs and benefitted from the dual roaming partnerships.

Notwithstanding the challenging financial performance, we saw an increase in mobile subscribers ahead of market due to our attractive value proposition. The continued growth trajectory in the fibre market was sustained in the period under review with the FTTH connectivity rate of 46.6% remaining the highest in the market. The BCX IT business grew after a challenging period due to the easing of global supply chain constraints together with an increase in deal pipeline and win ratio, which signals a positive outlook for the year ahead.

Operating review

Challenging financial performance

Group revenue declined by 3.2% year on year to R10 281 million impacted by accelerated migration from legacy, tough operating environment and intensely competitive landscape. We accelerated migration from legacy to next generation technologies, following a slowdown over the past two years as we catered for customer demands in the intense Covid-19 environment. This resulted in fixed legacy voice revenue declining by 19.9% year on year, mainly seen across the Enterprise and Small to Medium Business segment. This was partially offset by an increase in external revenue of BCX IT business and Openserve by 4.8% and 8.4% respectively.

Group EBITDA declined by 15.2% with EBITDA margin contracting by 3.2 ppts to 22.7% impacted by topline performance and an increase in our cost base.

Openserve fibre growth trajectory sustained in the first quarter of the year

Openserve continued to see growth in fibre revenue with a year on year growth of 6.5% mainly driven by its broadband and carrier services contributing to its leadership in providing open access connectivity across South Africa. Openserve expects this trend to continue underpinned by the ongoing demand for data consumption which is reflected through the 18.9% growth in fixed data traffic to 452 petabytes. Focused on smart deployment of its infrastructure, coupled with a connect led strategy, Openserve saw a sustained increase in its overall broadband base over the last three quarters. With fibre connectivity offsetting the copper access decline, Openserve's broadband services grew to over 612 000. This growth across its data portfolio contributed to Openserve's Q1 revenue of R3 217 million while a 24% decline in fixed voice revenue across the Enterprise and Small to Medium business resulted in an overall year on year revenue decline of 3.9%.

As Openserve transitions through the change in technology, revenue, and channel mix, it has seen a strong growth in revenue of 8.4% from its external channels, mainly driven by sustained demand for fibre services. The ongoing growth in fibre broadband has seen the external channel contribution grow to 57% fueled by a growing base of over 200 ISP's on its open access network. Openserve grew its homes passed base by 45.3% year on year to more than 890 000 and increased the number of homes connected with fibre by 35.2% year on year, representing an industry leading connectivity rate of 46.6%. Holding true to its strategic objective of providing the best customer experience in every interaction, Openserve saw positive feedback from its customers through a continued interaction NPS score of above 65. This was also reflected through Openserve's high standards of connecting its fibre broadband customers within an average of 3 days while maintaining a 99.99% availability across its core network. s

While Openserve lays the building blocks for future growth, the ongoing economic pressures and the serious challenge of load shedding negatively impacted its costs with a significant increase of R44 million in diesel spend, resulting in an EBITDA margin of 29.9% in the first quarter of the year. Despite these challenges, Openserve continues to focus on transforming its fixed costs whilst executing on its strategic objectives.

Swiftnet continues to commercialise the Masts and Tower portfolio

Swiftnet remains on course in commercialising its productive portfolio, which was up 2.7% to 3 935 towers. This included 17 towers and 2 IBS sites that were constructed during the first quarter of the year. Swiftnet achieved revenue of R322 million during the first quarter, marginally down from R325 million reported in the comparative prior period. Revenue was negatively impacted by terminations by one of our external Mobile Network Operator (MNO) customers as well as Openserve's decommissioning of legacy-based technologies. Lease escalations, new tenancies and equipment upgrades on sites where our tenants already had tenancy, as they continue to modify their networks, positively impacted revenue. We continue our proactive site acquisition and permitting initiatives. We have a pipeline of permitting of over 2000 sites, which includes 393 building plan approvals ready to be executed when triggered by anchor tenancy, significantly reducing the time between demand confirmation and revenue realisation. We are also in an exploration phase in terms of power-as-a-service and security value-add offerings to our customers.

On a reported basis, Swiftnet achieved an EBITDA of R230 million, at a 71.4% EBITDA margin. The decline by 4.3 ppts in EBITDA margin compared to the comparative prior period, is attributable to the implementation of the refined property operating cost allocation methodology during the second half of the prior financial year as applied prospectively and as reported on at yearend. On a normalised basis, including the impact of this new methodology in the comparative prior period, EBITDA increased by 5.5% and the EBITDA margin improved by 4.2 ppts from the adjusted 67.2% to 71.4%.

Consumer and Small Business (CSB) performance impacted by tough trading environment

Mobile data traffic grew by 12.4% to 263 petabytes supported by a 2.0% growth in Mobile broadband subscribers to 10.7 million, using on average 9.1 GB per month and at a 13.5% increase in consumption for the year. In addition, our post-paid customer base grew by 8.0% to 2.8 million subscribers. While our pre-paid base grew by 1.0 million subscribers to 14.5 million, at a healthy growth rate of 7.7%. Our stated intent was always to lead with data and disrupt in voice, however, voice minutes declined by 9.1% year on year as traditional circuit-based voice traffic migrates to OTT platforms.

As we continue to drive industry leading propositions to our customer base, we have provided an effective price reduction in data, during this abnormally high inflationary environment, of 14.8%.

CSB revenue remains under pressure, declining by 4.2% to R6 248 million as a result of trading under a tough economic environment. This was compounded by accelerated migration of legacy to next generation technologies and competitive pressure in the mobile market.

- Our traditional copper-based voice revenues continue their downward trajectory as we de-risk ourselves from copper-based services, which is now only 7% of total gross operating revenue for the business unit.
- Although fixed broadband continued to decline by 10.3% year on year, as we de-risk ourselves from copper-based services, this translated to a decline of only 2.9% when comparing Q1 FY2023 with Q4 FY2022. This is due to the aggressive play in FTTH, as it begins to gain prominence against the traditional copper-based DSL services, driven by a 37.5% growth in fibre subscribers. We held prices flat after the prior years' downward adjustments.
- SMB fixed-line performance remained under pressure with this segment acutely bearing the brunt of the tough economic conditions with a year on year revenue decline of 25.4%. This was in addition, to the already established trend of copper-based services migrating to mobile and alternative technologies. Our own migration to newer fibre technologies continues to gain pace as we de-risk our copper-based services, where we witnessed an increase of 36.1% in the fibre broadband customer base. The result is evident in a deceleration in overall broadband revenue declining to only 2.8% in Q1 FY2023 vs Q4 FY2022. We are further looking at upscaling our fibre uptake in order to provide a platform for both Cloud and Adjacencies in generating alternative revenues to de-risk the decline in total fixed-line revenue.

Total Mobile revenue declined by 2.0% to R5 238 million, due to the continued provision of value-compelling propositions and driving data consumption, as a result of consumers continuing to be under severe economic pressure, which include but are not limited to fuel price increases, interest rate adjustments and the suspension of the Covid-19 social relief of distress grants for two months. Consequently, we kept our pricing and, in some instances, reduced it. Furthermore, we have not yet effected pricing adjustments for two years on our post-paid base. Our medium-term ambition is that we will continue to hold a pricing advantage while seeking to continue to attract customers, as evidenced by a 7.8% total mobile subscriber growth in the current quarter, and re-establishing trajectory parity in service revenue.

In the **post-paid** segment, even though we saw a decline in post-paid service revenue of 8.8% on a year on year basis, as this segment exits the Covid-19 lock down period, it has held flat for the first time for the last two consecutive quarters. The cumulative investment in the device sales strategy in this segment is now beginning to materialise. Consequently, although it has a negative impact on free cashflow, the device sales strategy supported the recovery of our post-paid base positively with handset revenue increasing by 17.6% to R827 million. We have introduced post-paid contract options that now include a 36-month contract period, affording more favorable price points for the consumer as the foreign exchange impact significantly drove absolute prices of devices upwards. We further launched the new value compelling post-paid packages as we build on the continued trend to rebalance the service revenue composition between post-paid and pre-paid. These packages will enhance the industry pioneering FreeMe range, namely the Infinite and FlexOn suite of products.

In the **pre-paid segment**, our revenue was relatively flat year on year, whilst we have provided significantly more value to the economically stretched customer. However, we saw a moderate increase in service revenue from Q4 FY2022 to Q1 FY2023 of 0.6%. Under intense competition, we still provide the most compelling value propositions on the pre-paid LTE segment. Furthermore, in enabling the customers' propensity for enhanced value in support of OTT communication, we have launched specific WhatsApp bundles ranging from R5 to R100, including Unlimited daily, weekly and monthly options. We are also the first to introduce a true pre-paid off-peak Unlimited data bundle at R229.

We are leveraging off our industry forerunner customer value management (CVM) proposition of **Mo'Nice** and bolstered it through deeper segmentation, accelerated customer engagement and interfacing on a more real time basis to drive days on network and consumption through deeply discounted private pricing customer value propositions. The effectiveness of our CVM tools continues to gain traction which now accounts for 40% of our pre-paid revenue. We have seen a 100% increase in "days-on-network" for customers who have been offered and subscribed to this private pricing facility.

We continue to expand our presence in the Mobile Business segment, with service revenue growth of 15.9%. We continue to leverage off the government contract for mobile services, commonly known as RT15 as we expand our incursion into this market segment.

Q1 FY2023 Mobile service revenue declined 3.6% year on year to R4 281 million, despite a 7.8% year on year growth in active subscribers to 17.3 million at a blended ARPU of R88.53.

- Post-paid ARPU was R208.50, having declined by 5.7% year on year, but by 1.8% only compared to Q4 FY2022, as we are now levelling towards our pre-Covid-19 era. Furthermore, as the post-paid base recovers, we have now seen an increase, in post-paid service revenue as a contribution to overall service revenue, by 2 ppts and breaching 40% for the first time in over a year.
- We are witnessing pre-paid ARPUs holding in our target range of R60-R70.

We remain encouraged by the growth in our non-connectivity/application services, where we witnessed a double-digit growth with an emphasis on financial services, gaming, and content. New non-connectivity revenue increased by 15.3% to R296 million.

- Our airtime advance product remains a significant contributor to our financial services revenue growth as we refine and deepen our knowledge about our pre-paid customer behaviour and as we extend our nano loan services to this base. We advanced approximately R791 million in airtime amounting to 27% of the recharges.
- Our payments solutions platform, namely Telkom Pay and the Mobile point of sale solution, operated via WhatsApp, and an App, is currently active and is being used by subscribers although it's at a very nascent stage.

The CAPEX investment reduced by 35.2% year on year as we leveraged off the front-loaded CAPEX already incurred in the prior two years, as a result of the temporary spectrum. Our spend to date of R346 million enabled improved capacity and coverage with 7 350 integrated base stations, representing a 10.6% year on year increase in base stations. We front loaded the expenditure in anticipation of the spectrum deployment, enhanced our IT platforms and seeded the network with 5G infrastructure.

The availability of some of the 800MHz spectrum on a national basis is dependent on the completion of the broadcast digital migration. Following the Constitutional Court judgement, we expect the Minister of Communication and Digital Technologies to release a new timetable for the broadcast digital migration and ICASA to align the payment of the balance of the auction fees to its completion. We continue to co-ordinate with the broadcasters where necessary and deploy the 800MHz where there is availability.

Q1 FY2023 mobile EBITDA margin contracted by 5.4 ppts to 23.0% emanating from reduced topline performance, higher handsets costs and the impact of load shedding on roaming costs. This was offset by continuously optimising our roaming costs, but it tempered the glide path we have seen of late, which was further compounded by the returning of the 700 MHz spectrum provided by ICASA for the Covid-19 temporary relief. As a result, the Mobile cost to serve ratio remains steady around the 28% mark. The EBITDA margin decline of 5.4 ppts; 2.3 ppts of it can be ascribed to the specific initiative of the recovery of our post-paid base, evidenced by the growth in this base by 8.0%.

We have now embedded our second roaming partner, albeit in the selected areas and we are now able to roam at lower costs. In addition, where we are able to deploy sub 1GHz spectrum, with at least 36% of our sites now radiating in this band, we have seen a reduction in roaming costs together with enhanced coverage and improved customer experience with average throughput speeds increasing by 50%.

BCX IT business recorded growth after a challenging period

BCX IT business delivered a good performance for the second quarter in succession, after a challenging period that was negatively impacted by subdued expenditure by corporates and constraints in the global supply chain of ICT products. The investments in core capabilities and new operating model implemented two years ago are starting to yield results.

The IT business benefitted from the easing of global supply chain constraints together with an increase in deal pipeline and win ratio resulting in revenue growth of 2.6% to R1 760 million. IT Hardware and Software business, which has used relationships with global OEMs to assist in material planning and pre-build of orders to improve fulfilment, grew revenue by 11.7%, as orders carried over from the previous quarter were fulfilled, in line with the improvement of global supply chain constraints. Information Technology Services revenue grew by 2.7%. Significant growth came from the cybersecurity business and the cloud business. The growth in the cybersecurity business follows investments made during the previous year in

Security Operations Centre, Incident and offensive security response capabilities. Although the cloud business experienced good growth, management will put specific focus on this business as South Africa is experiencing accelerated move to the cloud by corporates. The SAP business returned to growth on the back of new deals finalised, and significant pipeline being created as organisations move to newer SAP technologies. The business also experienced a significant uptake in demand for Cloud advisory/consulting services, from across the customer base.

Converged Communication has seen a decline of 9.6%, which resulted in a top-line performance of R1 641 million. The business unit is in the fourth year of a five-year migration plan from legacy solutions to next generation solutions. Part of the revenue decline is in line with this migration plan. Traditional Fixed Voice revenues are showing a predicted year on year decline, however during the first quarter the portfolio tracked marginally above plan due to higher than predicted usage and adoption of subscription-based VoIP services.

Data revenues declined due to a drive by the business to accelerate migration away from copper-based services. With the increase in adoption of Hybrid Cloud services, traditional data customers are shifting away more rapidly from premium MPLS services and adopting new SD-WAN technologies that are driving a shift to lower ARPU broadband services. With the accelerated migration, the business may exit copper services sooner than originally planned.

Overall BCX revenue declined 3.7% to R3 401 million in the first quarter. The easing of global supply chain constraints and deal pipeline improvement signals a positive outlook for the year ahead.

The continuous drive for efficiencies along with the turnaround in IT has produced an EBITDA improvement of 15.6% to R445 million. Margin expansion of 2.2% delivered in the quarter resulted in an EBITDA margin of 13.1%. BCX has been set up to deliver on expectations for the year with a strong end to the first quarter of the year. We aim to continue driving improvements and performance for the remainder of the financial year.

Unlock value for shareholders

The value unlock strategy, which was adopted following the realisation that Telkom’s market capitalisation is not representative of its intrinsic value and remains on course. The Board approved the legal separation of Openserve, following the completion of a balance sheet and asset allocation exercise. Effective 1 September 2022, Openserve will become a 100% subsidiary of Telkom SA SOC Ltd.

The Capital Markets remain volatile and unattractive for a new listing, and we have therefore made substantial progress in considering other strategic options relating to Swiftnet. Shareholders will be advised at the appropriate time of the Board’s final decision relating to the Swiftnet value unlock.

Discussions between Telkom SA SOC Limited (“Telkom”) and MTN Group Limited (“MTN”)

On 15 July 2022, Telkom and MTN announced that they have entered into discussions in relation to MTN acquiring the entire issued share capital of Telkom in return for shares or a combination of cash and shares in MTN. Discussions are at an early stage and still in progress.

Given the price sensitive nature of this matter, Telkom is trading under a cautionary announcement and shareholders will be updated on the developments at the appropriate time through the JSE’s Stock Exchange News Service (SENS) platform.

SIU investigation

Telkom has approached the High court to declare the proclamation on the Special Investigative Unit (SIU) invalid. Telkom contends that the SIU has no jurisdiction over it.

The Board considered the likely precedent this proclamation would set and has opted to protect the organisation. Telkom consistently upholds the principles of good corporate governance.

Restatement of segmental information

The Q1 FY2022 segments were restated following an adoption of the enhanced information technology model. The adoption of the enhanced information technology model resulted in some of the Telkom Group Information Technology (TGIT) outsourced services provided by BCX being transferred to different segments in the Group. This restructuring has resulted in a change in the composition of the BCX segment. The restatement is in line with the requirements of IFRS8 Operating Segments.

The information contained in this trading update has not been reviewed or reported on by Telkom's joint independent external auditors.

All numbers, percentages and year on year comparison in this update reflect Q1 FY2023 compared to Q1 FY2022 unless otherwise stated.

Centurion
2 August 2022

Sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Quarterly financial information

The financial information in the table below has not been reviewed or reported on by Telkom's joint independent external auditors.

(R'm)	Q1 FY2023	Q4 FY2022	Q3 FY2022	Q2 FY2022	Q1 FY2022
	June 2022	**March 2022**	**December 2021**	**September 2021**	**June 2021**
Group revenue	10 281	10 678	10 786	10 674	10 618
Group EBITDA (statutory)	2 334	3 049	2 881	3 227	2 751
Group EBITDA margin (%)	22.7	28.6	26.7	30.2	25.9
Group capex	1 005	2 329	1 545	2 107	1 503
Revenue breakdown					
Fixed	**3 494**	**3 891**	**3 743**	**3 861**	**3 843**
Voice and subscription	**1 092**	**1 168**	**1 193**	**1 331**	**1 363**
Usage	453	493	469	543	536
Subscriptions	639	675	724	788	827
Interconnection	**72**	**72**	**81**	**104**	**62**
Fixed-line domestic	46	45	45	53	38
Fixed-line international	26	27	36	51	24
Data	**1 994**	**2 135**	**2 034**	**2 068**	**2 038**
Data connectivity	1 489	1 612	1 503	1 520	1 476
Internet access and related services	357	369	367	384	370
Managed data network services	146	152	166	161	199
Multimedia services	2	2	-2	3	-7
Customer premises equipment sales and rentals	**269**	**423**	**356**	**314**	**314**
Sales	100	196	186	114	96
Rentals	169	227	170	200	218
Other revenue	**67**	**93**	**79**	**44**	**66**
Mobile	**5 180**	**5 111**	**5 314**	**5 158**	**5 208**
Mobile voice and subscriptions	1 079	1 074	1 150	1 123	1 113
Mobile interconnection	118	123	122	119	118
Mobile data	3 084	3 062	3 127	3 163	3 211
Mobile handset and equipment	827	773	861	693	703
Significant financing component	72	79	54	60	63
Information technology	**1 376**	**1 466**	**1 458**	**1 367**	**1 313**
Information technology service solutions	728	759	730	752	684
Application solutions	231	232	231	233	252
IT hardware and software	373	453	457	363	334
Industrial technologies	39	15	33	14	36
Significant financing component	5	7	7	5	7
Other	**231**	**207**	**271**	**291**	**254**
Yep	53	60	106	94	77
Gyro	178	147	165	197	177
Total	**10 281**	**10 678**	**10 786**	**10 674**	**10 618**

Quarterly information (Business unit stand-alone view)

(R'm)	Q1 FY2023	Q4 FY2022 Restated	Q3 FY2022 Restated	Q2 FY2022 Restated	Q1 FY2022 Restated
Revenue	**June 2022**	**March 2022**	**December 2021**	**September 2021**	**June 2021**
Telkom Consumer	6 248	6 249	6 544	6 441	6 519
BCX	3 401	3 836	3 506	3 409	3 530
Openserve	3 217	3 361	3 347	3 373	3 347
Swiftnet	322	301	317	349	325
EBITDA margin (%)					
Consumer	13.4	16.0	17.9	20.3	17.9
BCX	13.1	12.2	15.6	13.3	10.9
Openserve	29.9	31.0	32.7	36.3	30.6
Swiftnet *	71.4	42.3	78.5	81.9	75.7
Mobile service revenue (external)	4 281	4 259	4 399	4 404	4 443
Mobile EBITDA margin	23.0	24.9	26.5	29.2	28.4

* The full impact of the new methodology was included in Q4 FY2022. On a normalised basis, including the impact of the new methodology in Q1 – Q4 of FY2022, the EBITDA margins are Q1 FY2022 – 67.2%; Q2 FY2022 – 73.8%; Q3 FY2022 – 69.9%; Q4 – 70.3%

Quarterly operational information

	Q1 FY2023	Q4 FY2022	Q3 FY2022	Q2 FY2022	Q1 FY2022
	June 2022	**March 2022**	**December 2021**	**September 2021**	**June 2021**
Broadband subscribers	**11 359 289**	**11 234 715**	**11 021 999**	**11 204 557**	**11 105 198**
Fixed broadband subscribers	612 871	584 189	567 853	562 552	571 023
Mobile broadband subscribers	10 746 418	10 650 526	10 454 146	10 642 005	10 534 175
Active mobile subscribers	**17 317 015**	**16 936 464**	**16 430 307**	**16 258 857**	**16 068 102**
Pre-paid subscribers	14 534 596	14 269 139	13 839 870	13 696 236	13 490 473
Post-paid subscribers	2 782 419	2 667 325	2 590 437	2 562 621	2 577 129
Mobile blended ARPU (rand)	**88.53**	**89.94**	**91.45**	**92.40**	**94.31**
Pre-paid ARPU	64.77	65.67	66.68	67.21	67.84
Post-paid ARPU	208.50	212.47	215.49	216.84	221.11
Traffic					
Fixed broadband (petabytes)	452	428	428	429	380
Mobile broadband (petabytes)	263	245	246	248	234
Total fixed-line traffic (millions of minutes)	1 365	1 508	1 512	1 589	1 569
Network					
Homes passed with fibre	890 182	839 691	801 084	707 399	612 451
Homes connected with fibre	414 847	389 109	358 528	331 735	306 837
Fibre connectivity rate (%)	46.6	46.3	44.8	46.9	50.1
Mobile sites integrated	7 350	7 313	7 082	6 910	6 646

Forward looking statements

Certain financial information presented in this trading update announcement may constitute forward looking statements.

All statements, other than statements of historical facts, including, among others, statements regarding our strategy; future financial position and plans; objectives; capital expenditures (capex); projected costs and anticipated cost savings and financing plans; as well as projected levels of growth in the communications market, are forward-looking statements. Forward-looking statements can generally be identified by terminology such as “may”, “will”, “should”, “expect”, “envisage”, “intend”, “plan”, “project”, “estimate”, “anticipate”, “believe”, “hope”, “can”, “is designed to” or similar phrases. However, the absence of such words does not necessarily mean a statement is not forward looking.

Forward-looking statements involve several known and unknown risks, uncertainties and other factors that could cause our actual results and outcomes to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. Factors that could cause our actual results or outcomes to differ materially from our expectations include, but are not limited to, those risks identified in Telkom’s most recent integrated report which is available at www.telkom.co.za/ir.

Telkom cautions readers not to place undue reliance on these forward-looking statements. All written and verbal forward-looking statements attributable to Telkom, or persons acting on Telkom’s behalf, are qualified in their entirety by these cautionary statements. Moreover, unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this document, so that they conform either to the actual results or to changes in our expectations.