

FY 2020 ANNUAL RESULTS

20 APRIL 2021

BUSINESS STABILISING, DESPITE CHALLENGING CONDITIONS

Better positioned to implement new strategy

MARKET DYNAMICS

COVID 19 | Recession | Consumers under pressure

INTERNAL FACTORS

Section 189 process | Liquidity management
Delay in recapitalisation

BETTER QUALITY REVENUE

BASED ON STRATEGY TO MAINTAIN PROFITABLE CLIENT BASE

- Total revenue of **R13.8bn**
- A profitable and resilient **customer base 12.5m** (Up from 11m H1 2020)
- Prepaid base decreased by 15% but **annualised ARPU increased 28%**
- Contract base decreased by 18% but the annualised **ARPU increased by 7%**

IMPROVEMENT IN QUALITY OF EARNINGS

- Direct Expenditure excluding once off **costs down 18%**
- Normalised **EBITDA up 30%** in 2020
- OPEX costs excluding once off **costs down 14%**
- No increase in debt in 2019 and 2020

UNDERPINNED BY:

Retain and acquire profitable customers / Network management / Cost optimisation

2020 HIGHLIGHTS

FY2020 vs H1 LOSS & H2 PROFIT

FY 2020
-R5.5bn

VS

H1 2020
-R7.5bn

H2 2020
R2.1bn

2020 HIGHLIGHTS

BUSINESS IN TRANSITION

0.5%

Gross margin percentage increased by 0.5% from 2019

9%

Direct expenditure decrease

30%

Normalised EBITDA increase vs 2019

19%

Increase in overall ARPU compared to 2019

RAND WEAKENING R237m

This has resulted in Forex loss of R237m for the full year as at Dec 2020 vs gain of R181m for the full year as at Dec 2019

ITEMS IMPACTING REPORTING RESULTS

ONCE OFF EXPENDITURE R5.736bn

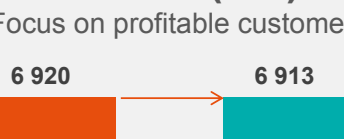
Recapitalisation costs + Network Site Restoration + Impairment

H1 vs H2 2020 HIGHLIGHTS

PERFORMANCE DRIVEN BY OPTIMISATION OF COSTS AND NETWORK STRATEGY

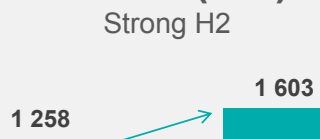
Revenue (R'm)

Focus on profitable customers



EBITDA (R'm)

Strong H2



Operating Expenses (R'm)

Fit-for-purpose entity



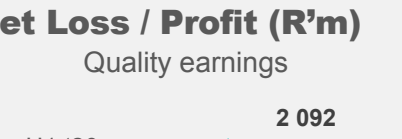
EBIT (R'm)

Impact of Impairment in H1



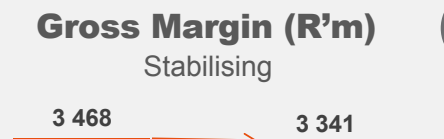
Net Loss / Profit (R'm)

Quality earnings



Gross Margin (R'm)

Stabilising



FIT FOR PURPOSE COST STRUCTURE

RESPONSIBLE SPEND FOR ROI | ONGOING COST SAVINGS IN 2021

CUSTOMER & ACQUISITION retention cost rationalisation

R533m

REDUCTION IN subcontracting and professional SERVICES

R32m

250

STAFF ARE BEING RESKILLED for new positions in digital marketing, techno-prenuership and data science.

NETWORK COSTS reduced (excluding once-offs)

R50m

PEOPLE

Headcount reduced from **2 600 to 1 340**

SAVINGS of R171m on salaries and wages going forward

R16m SAVINGS on property rentals

LOOKING FORWARD

STRATEGIC

- Successfully conclude recapitalisation.
- Leverage the recapitalisation quickly by allocating capital and liquidity judiciously.
- Finalise partnerships and collaborations.
- Drive digital transformation through the business.

OPERATIONAL

- Continue to manage costs tightly.
- Effectively manage the network transition process and monetise the capacity.
- Launch new propositions based on customer insights.

CULTURE

- Enhance our EVP and culture with an emphasis on growing and reskilling our talent and improving innovation.
- Upskilling, a new way of business.
- Entrenched governance and ethical business practice.