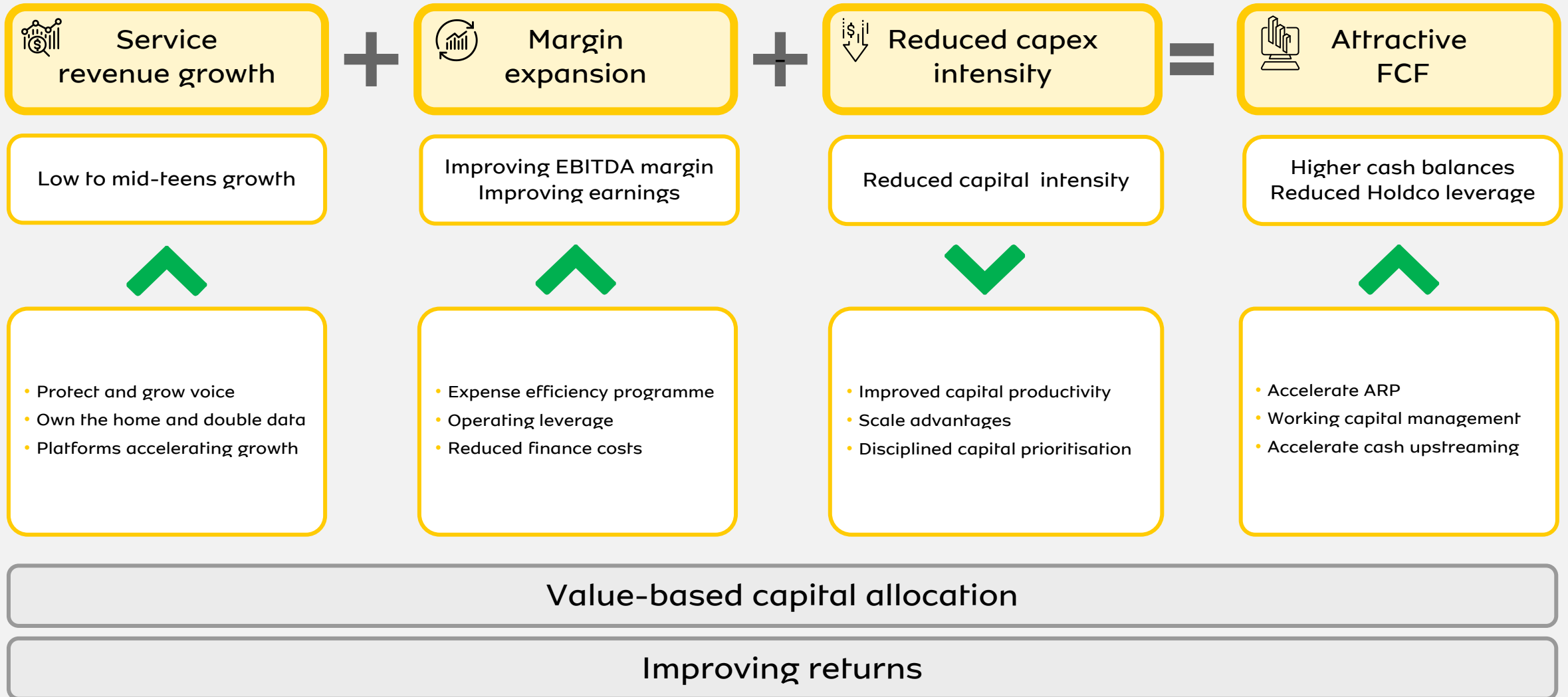




# Financial framework and value-based capital allocation

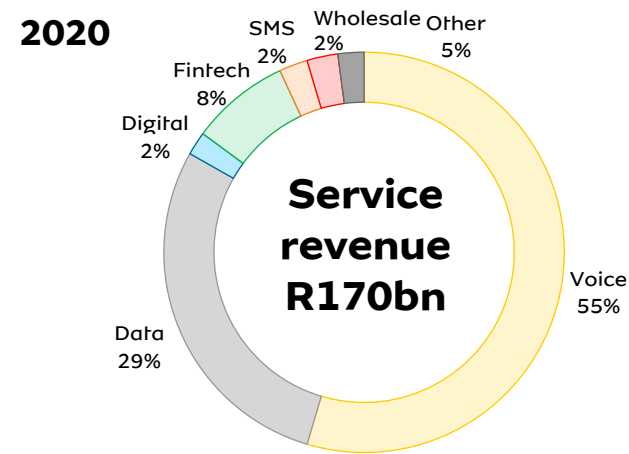
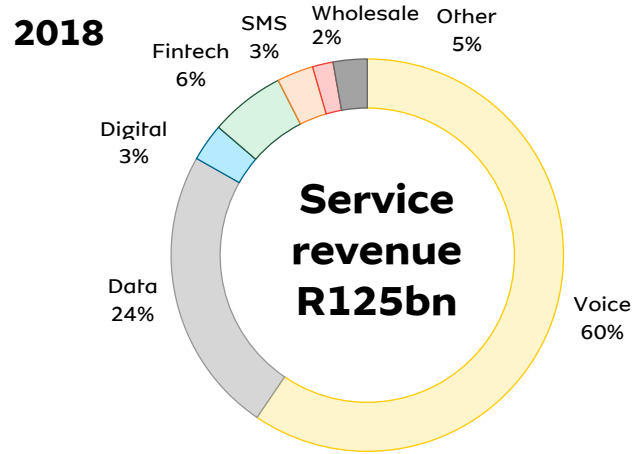
*Leading digital solutions for Africa's progress*

# A financial framework that underpins our Ambition 2025 strategy



# Service revenue evolution

## Service revenue by services offered



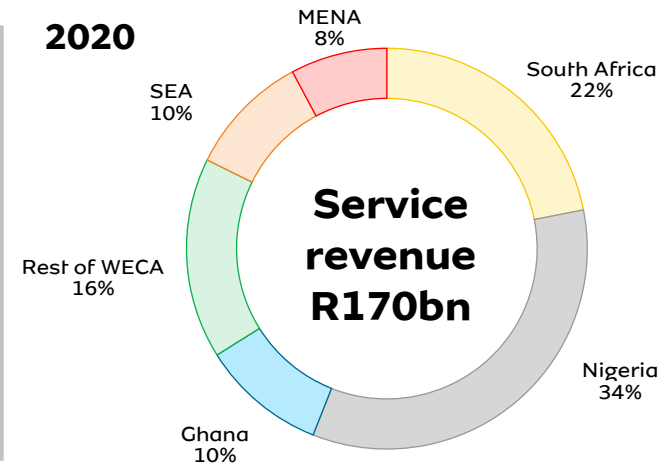
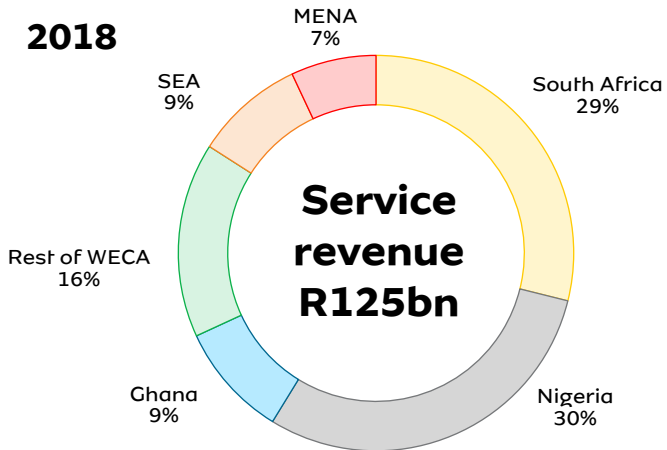
## Our 2025 Ambition

**Voice: < 50%**  
contribution

**Data: > 50%**  
contribution

**Fintech: >20%**  
contribution

## Service revenue by top opcos and regions





# Expense efficiency programme enables margin expansion

Five key initiatives to achieve >R5bn in expense efficiencies over the next three years

Area	Initiative	Contribution to savings	
		Per area (%)	Per region (%)
Mobile network	<ul style="list-style-type: none"> <li>Contract management for maintenance</li> <li>Power savings</li> <li>Field force optimisation – digital management tools</li> </ul>	44%	South Africa 39%
Interconnect & roaming	<ul style="list-style-type: none"> <li>Collaborative network planning</li> <li>Site sharing</li> <li>Lower network SLAs</li> </ul>	10%	Nigeria 35%
Sales & efficiency	<ul style="list-style-type: none"> <li>Shops efficiency</li> <li>Commissioning scheme optimisation</li> <li>Supersonic (SA) sales in MTN shops</li> </ul>	7%	SEA region 5%
General & administration functions	<ul style="list-style-type: none"> <li>Standardisation &amp; automation of processes</li> <li>Rationalised reporting &amp; non-critical admin activities</li> <li>Spend management</li> </ul>	5%	WECA region 15%
Trading goods	<ul style="list-style-type: none"> <li>Introduce dealer direct procurement of SIM cards</li> <li>Devices central logistics coordination</li> </ul>	7%	Head Office 5%

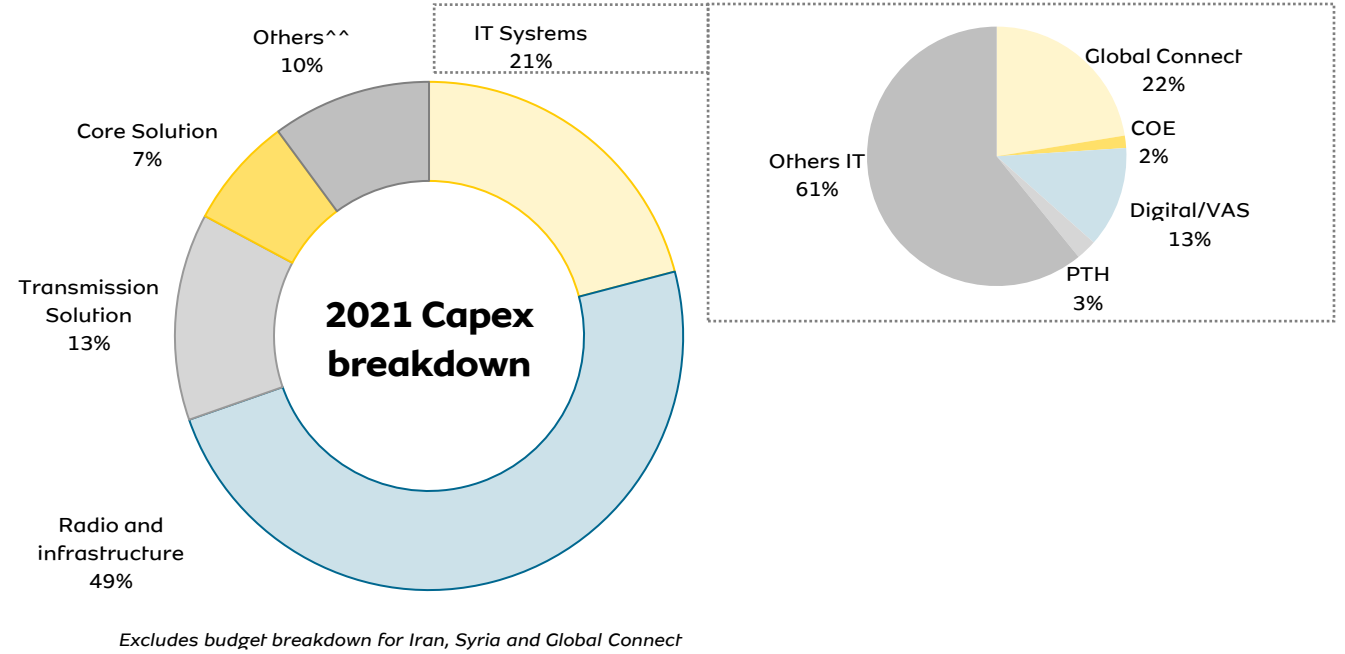
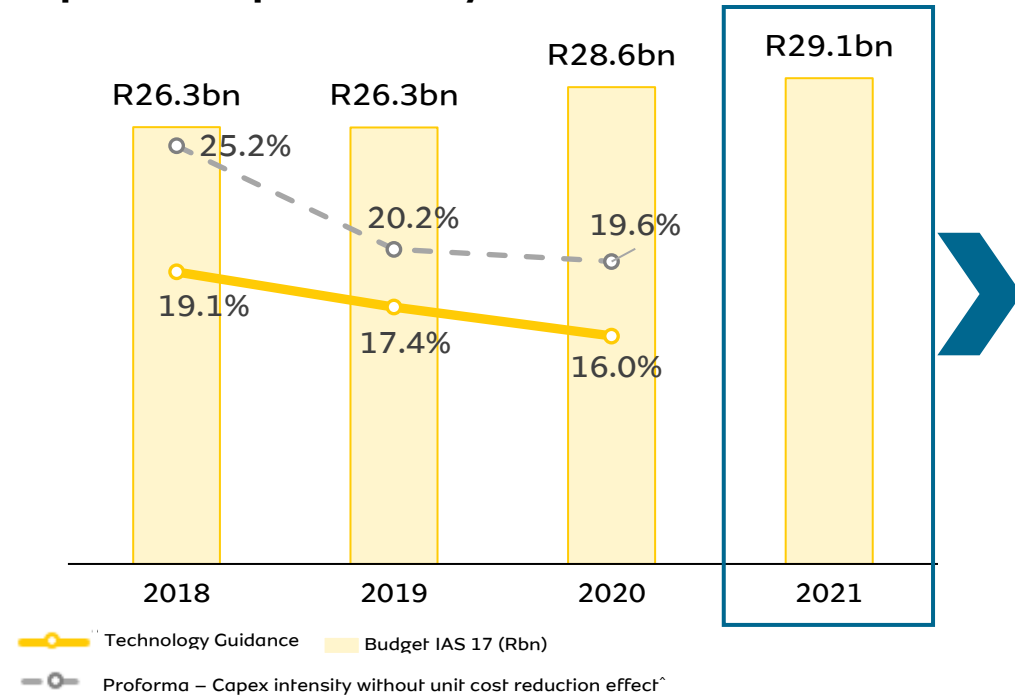
**Medium-term Group target: >R5bn in further efficiencies (off 2020 base)**





# Growth in connectivity & platforms underpinned by disciplined approach to capex

## Capex and capex intensity



~R28bn-R30bn\* p.a capex over the medium-term sustained through:

- Unit cost reduction
- Strategic partnerships and hyperscalers
- Spectrum efficiencies

### Investment in core connectivity

60% - 70% of annual capex

### Investment in platforms:

12% - 16% of annual capex (included in IT Systems)

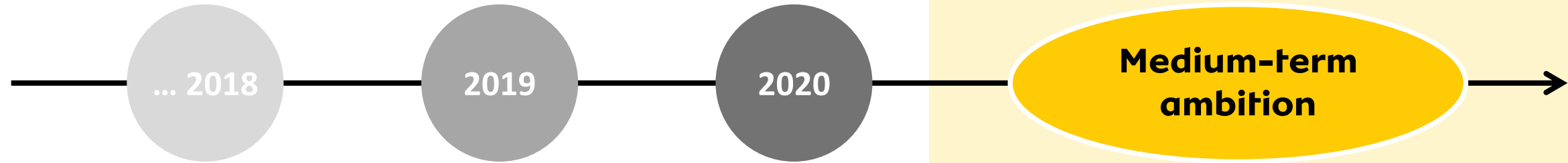
\*Capex intensity without unit cost reduction effect: All other things remaining equal, Capital intensity recalculated by adding the unit cost reduction percentages to reported capex values

^^Others include Capex related to facilities, capex directed at cost of sales initiatives, network systems/ tools | \*At current exchange rates



# Working capital management & cash release

- Inventory policy refinement
- Working capital framework & operational KPIs



Existing policies and guidelines to support working capital improvement

Cash release **R1.8 billion**

**Projected cash release**  
**>R5bn over the medium-term**  
*...Supported by uptake from Supply Chain Finance (SCF) & device receivable securitisation*

## Initiatives that have improved cash release



### Days of inventory outstanding

- Inventory policy management
- Actionable insights to drive down obsolescence



### Days of payment outstanding

- Payment terms' visibility and compliance
- Extended payment terms for big ticket projects



### Days of sales outstanding

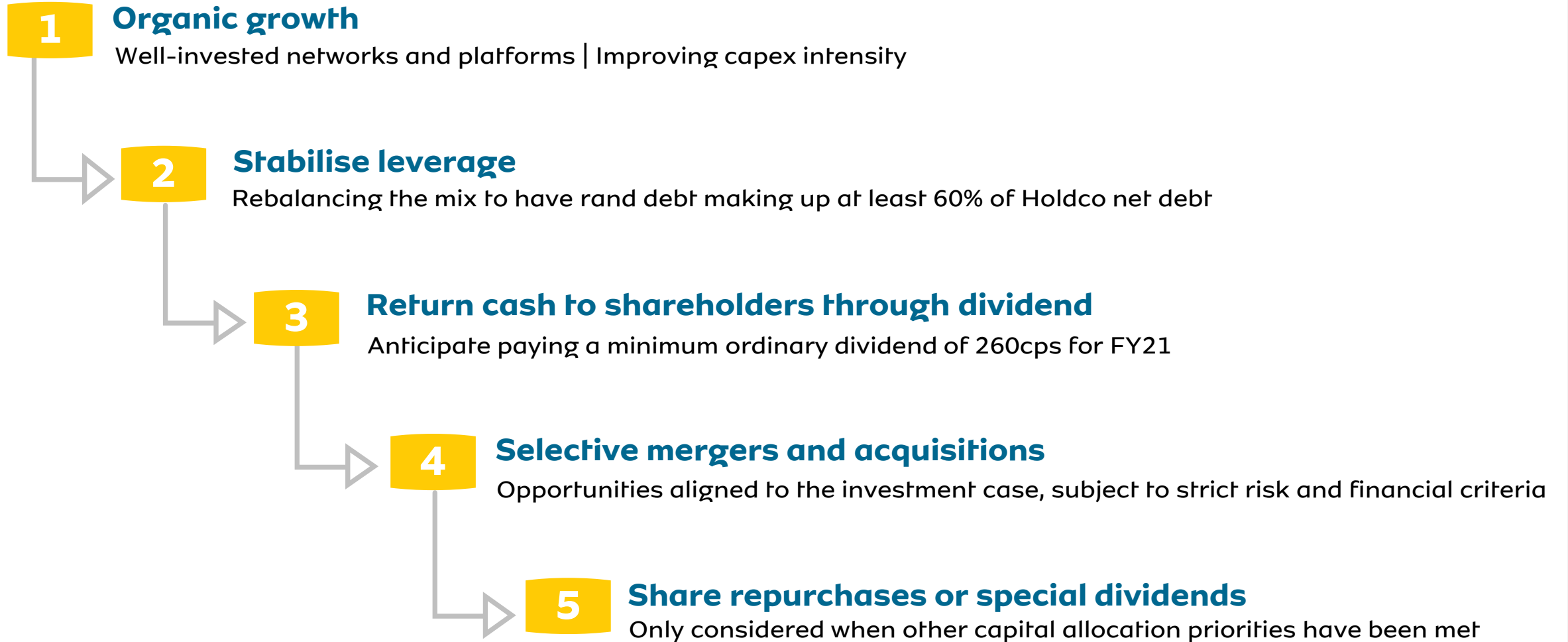
- Visibility on Days of Sales aging
- Tracking of compliance on collection days

## Ongoing initiatives will result in additional benefits

- Supply chain planning solutions (Technical and Commercial) ↓ CWIP and obsolescence
- Inventory control tower
- Payment term alignment to industry benchmarks ↑ Payment terms
- Supply chain financing Group rollout ↑ Cash release
- Device receivables portfolio securitization ↑ Cash release ↓ Credit default risk



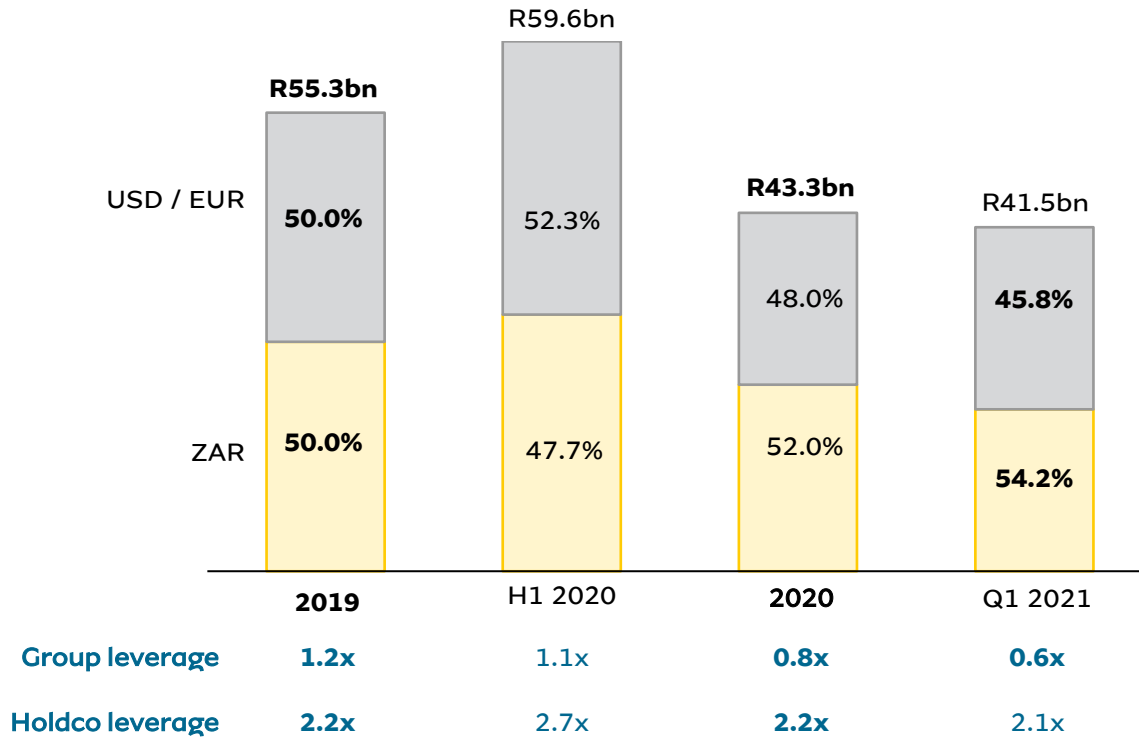
# Disciplined capital allocation framework underpins a sustainable financial framework





# A strong balance sheet getting stronger

Net debt reduced | Improved debt mix | Reduced Holdco leverage – target medium-term mix at 60% in ZAR facilities



## Debt reduction and optimisation of mix remain priorities

- Continued solid operational performance and cashflow generation
- Focus on cash upstreaming from the opcos
- Committed to >R25bn medium-term ARP, slowed by market volatility in 2020
- Liquidity and liability management
- US\$ term loan fully settled in Q1 with an early settlement of US\$75m – improved debt mix of ~45/55 USD/ZAR at end Q1

## Committed to accelerated de-leveraging of Holdco balance sheet

**Upstreaming:**  
R2.7bn – March 2021

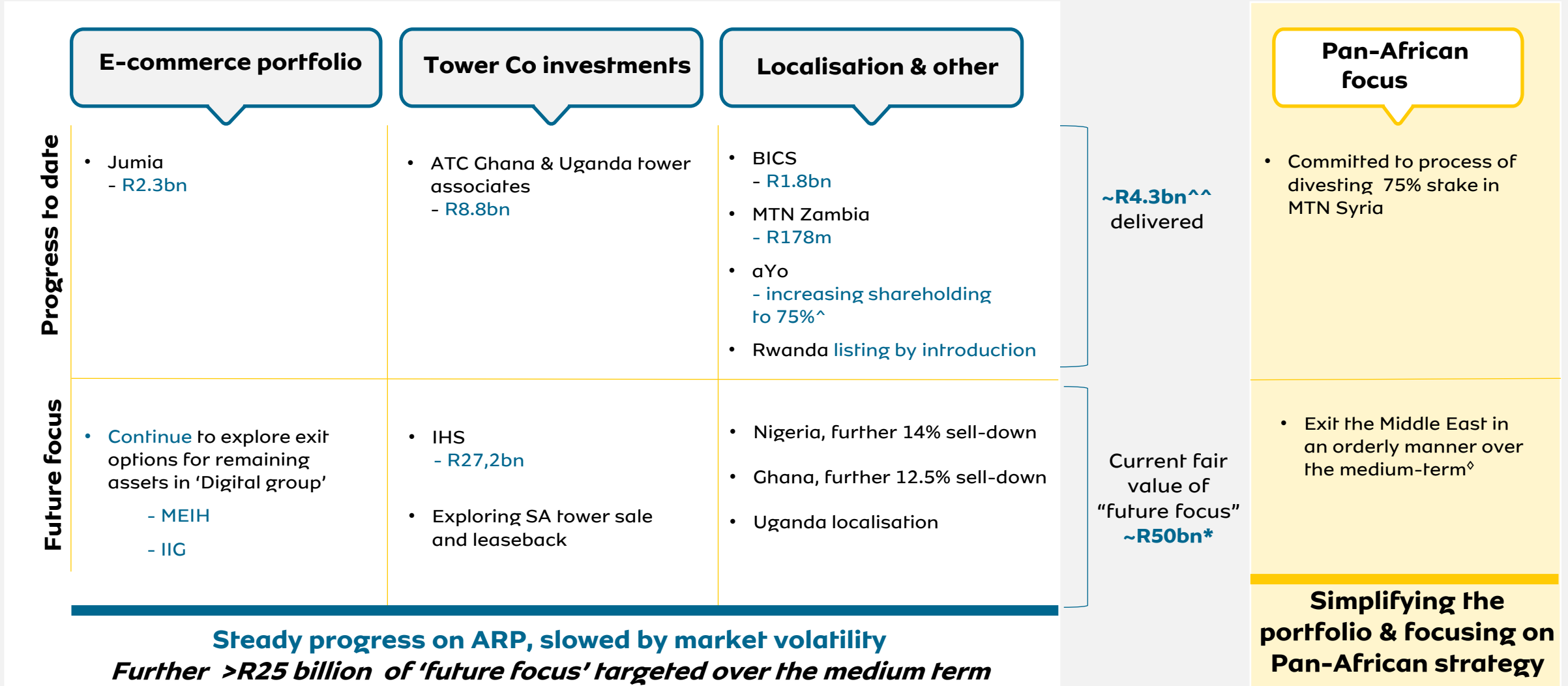
**Liquidity headroom of R42.1bn**  
Cash : R17.1bn  
Undrawn committed facilities: R25.0bn





# MTN asset realisation programme (ARP) & portfolio transformation

~R4.3bn delivered of R25bn plan



^ MTN has concluded an agreement to increase our shareholding in aYo to 75% and will consolidate it in future once regulatory approvals are obtained

^^ Excludes R8.8bn proceeds from ATC Tower associate sales. Includes BICS cash proceeds, completed in February 2021

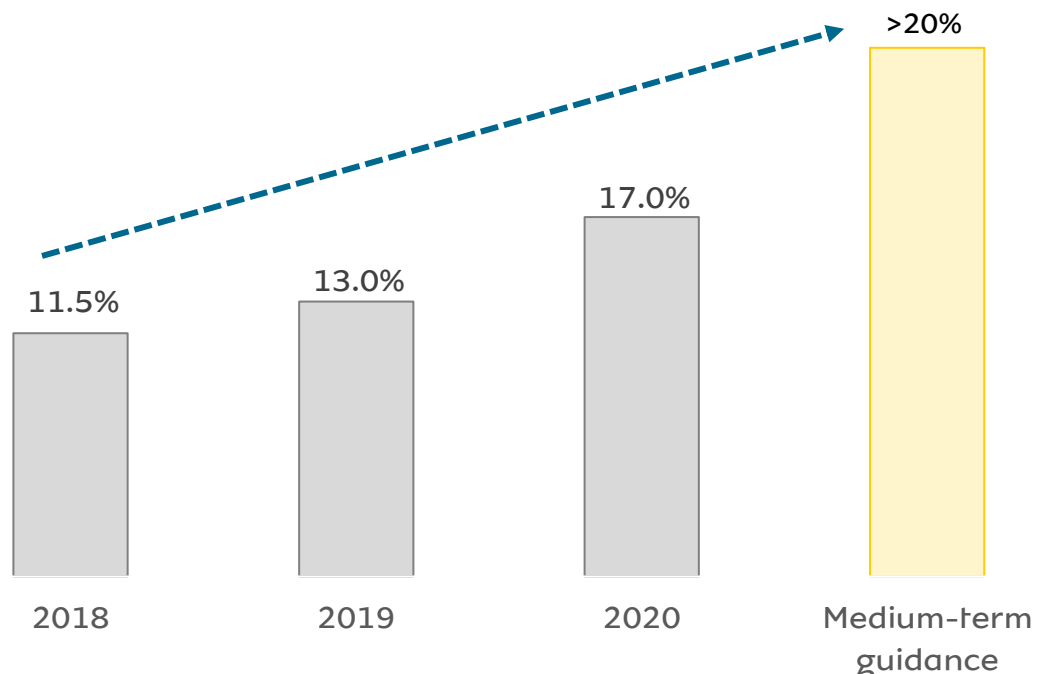
◇ Foreign currency translation release (FCTR) upon disposal

\* At current exchange rates



# Improving returns for shareholders

## ROE progression<sup>^</sup>



**Underpinned by financial framework**

## Key drivers of return improvement



- Expense efficiencies
- Digitalisation
- Stable depreciation and amortisation of network
- Reduced finance costs
- Asset realisation programme

<sup>^</sup>Adjusted ROE: Adjusted headline earnings/ Equity attributable to equity holders of the company  
Excluding the effects of hyperinflation

# Conclusion

## Key take-aways on financial framework

### 1 Solid foundation for financial excellence

- Track record of resilient performance
- Strong momentum carried into 2021 and beyond

### 2 Strong cash generation to fund future growth

- Sustainable service revenue growth
- Efficiencies at all cost and scale advantages
- Efficient working capital management providing additional cash release

### 3 Disciplined capital allocation

- Smart capital deployment
- Diversified portfolio of investments that deliver returns above WACC

### 4 Resilient balance sheet

- Funding framework that supports our investment case
- Adequate headroom to support growth portfolios
- Accelerated deleveraging of Holdco balance sheet

### 5 Drive shareholder value

- Attractive free cashflow and ROE profile

