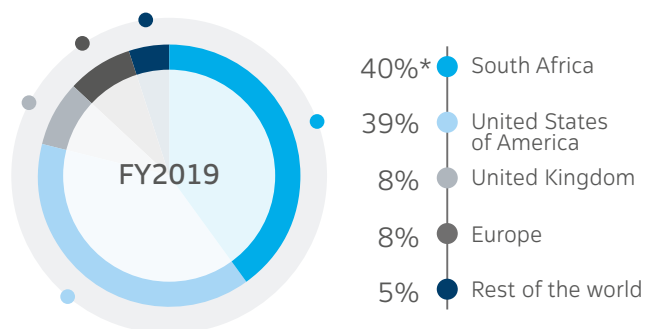


Shareholding structure

for the year ended 31 March 2019

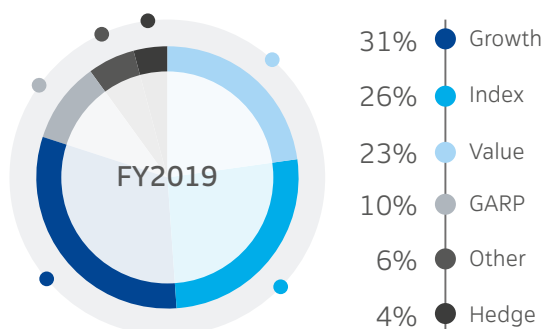
Institutional shareholding – free float

Institutional shareholding by geography



* This excludes government.

Institutional shareholding by investment style



Note: This excludes PIC as it has multiple investment styles.

Debt holding information

JSE bond code: BITEL

Telkom credit ratings

	Moody's Investors Service (Moody's)	Standard & Poor's (S&P)
Issuer rating		
Long-term global scale	Baa3	BB+
Long-term national scale	Aa1.za	-
Outlook	Stable	Stable
Last review date	27/3/2019	7/8/2018

South African listed debt

Bonds

Listed bonds	TL20	TL24	TL27
	TL22	TL25	TL28
	TL23	TL26	TL29
Commercial paper	TLC07		
	TLC08		

Telkom's operating structure



Openserve is South Africa's leading wholesale infrastructure connectivity provider with the largest open-access network across South Africa.



Telkom Consumer is South Africa's largest fixed-broadband, operator. Measured by network deployed, ISP and together with its mobile network, a converged communications provider.



BCX is a leading state-of-the-art technology company that provides ICT solutions and an integrated portfolio of technology solutions across South Africa.



Gyro is responsible for managing the Telkom properties and tower portfolios to optimise and unlock value of the assets



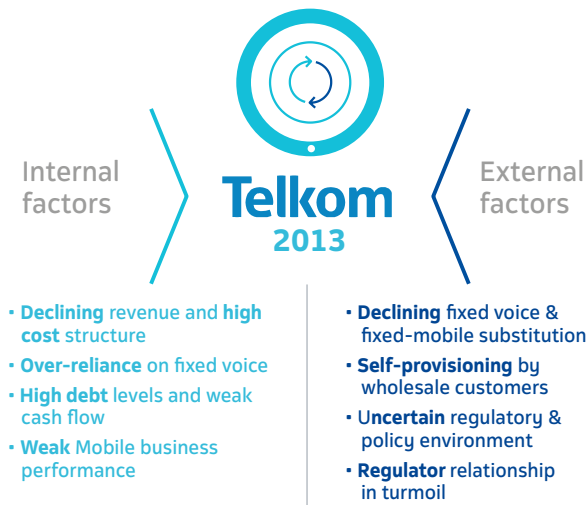
Yellow Pages (known as Trudon) is a local advertising and marketing company that provides services and digital solutions to local businesses in South Africa and Namibia. Yellow Pages (known as Trudon) forms part of the Telkom SMB division from 1 April 2019.



The Telkom SMB division was established to drive increased focus on small and medium business customers within Telkom. It was formed on 1 April 2019 by carving out the small and medium business customers from Telkom Consumer and BCX.

Our strategic journey

Business strategic challenges



Three prong strategy



Our turnaround



Strengthened governance

Strong board – 100% Independent Board Members

Strong management team

Internal **governance structures strengthened**

Key stakeholder **relationship reset**

New operating model – fully separated Business Model established

Management strategic responses



Declining fixed voice revenue and self provisioning by mobile players

- Invested in new technologies and managed voice decline
- Wholesale pricing intervention



High cost structure, poor balance sheet and weak cash flow

- Multi year cost efficiency programme & strengthened balance sheet - net debt to EBITDA ≤ 1 times



Weak Mobile business performance, EBITDA loss of R2bn

- EBITDA breakeven and improved financial performance in Mobile business



Competition fines & regulator relationship in turmoil

- Settlement of R200 million to mitigate ~R3bn fine
- Reset relationship with regulator

Transformative initiatives



Repositioning of Openseve

Our vehicle for data and broadband investment



Accelerated Mobile business

such as LTE through efficient use of 2300 MHz spectrum and investment in next generation broadband



Acquisition of BCX

IT revenue streams to diversify and offset declining fixed voice revenue in the Enterprise business



Separated Mast & Tower and property portfolio

to commercialise property portfolio and service the industry

Repositioning of Openseve



Strategic intent

Modernise network
Create trust with customer base
Grow OLO customers
Reduce operational costs



Action steps taken

Review pricing strategy
Invested in NextGen technology & Fiber roll-out
Cost efficiency programme



Outcome

Leading connectivity provider
Largest fibre footprint
Improved efficiencies

Reposition Consumer business



Strategic intent

De-risk Mobile business
Grow data usage
Improve customer value propositions
Improve cost base



Action steps taken

Launched data led propositions
Offered Fixed Wireless products
Launched digital content platform

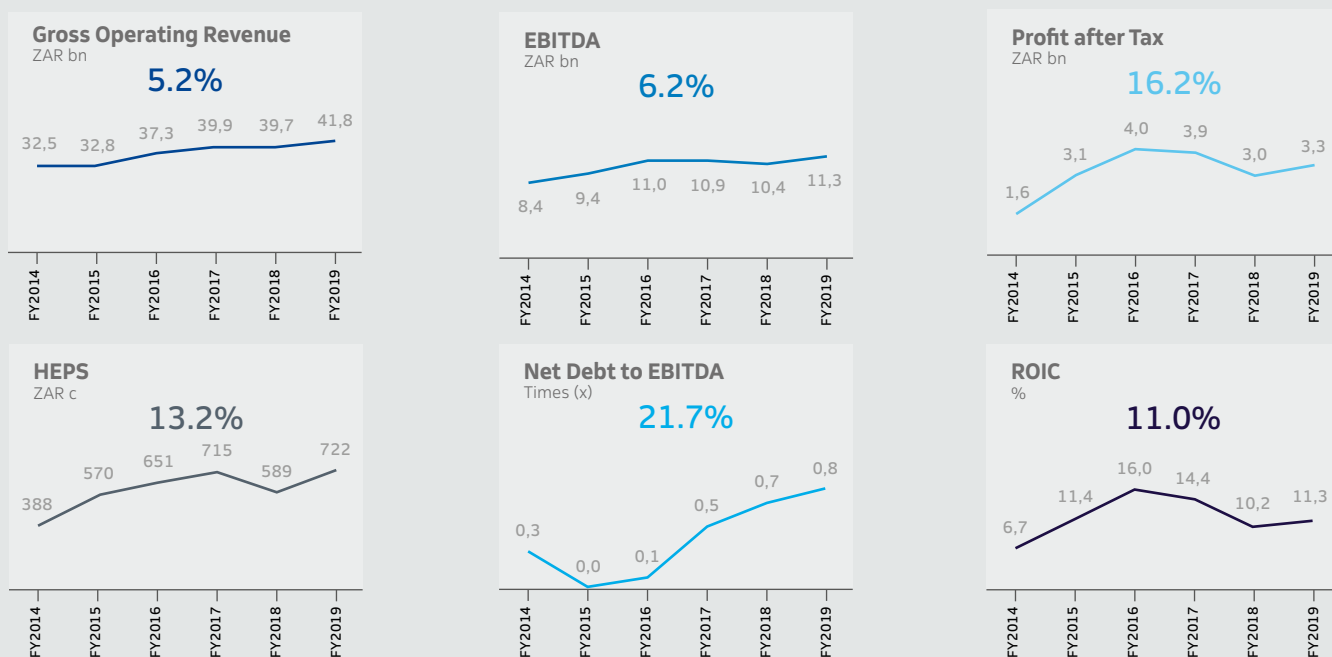


Outcome

Broadband led value propositions
Increased mobile market share
Achieved mobile sustainability

Financial

Historical performance: FY2014 - FY2019 CAGR



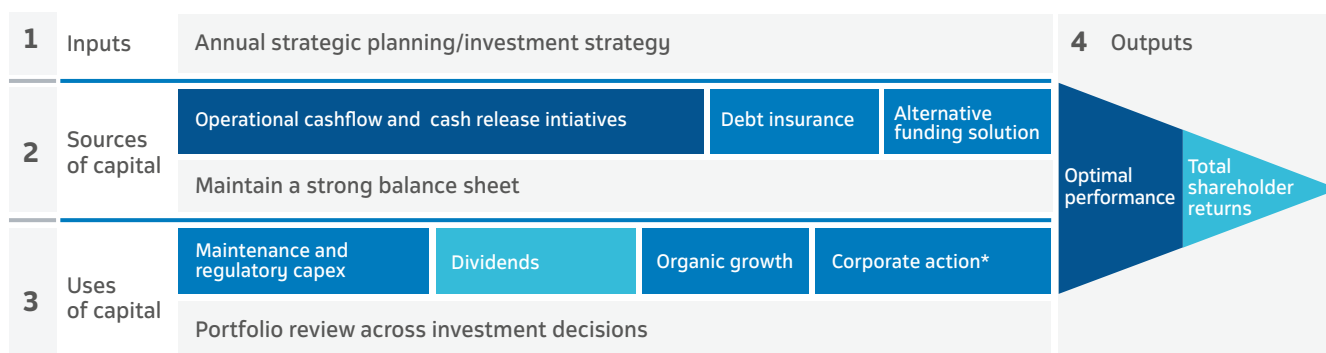
Sustainable financial framework

1. Optimise and grow	2. Sustainable cost management	3. Disciplined capital allocation framework	4. FCF
<p>De-risk the decline in legacy business:</p> <ul style="list-style-type: none"> - Migrate customers to new technologies to protect the revenue <p>Accelerate new revenue streams:</p> <ul style="list-style-type: none"> - Mobile, new data, masts and towers, IT solutions 	<p>Effectively manage and contain cost escalation:</p> <ul style="list-style-type: none"> - External spend - Process and organisation - Rationalise IT landscape - Reduce cost-to-serve 	<p>Framework that supports our sustainable value-creation:</p> <ul style="list-style-type: none"> - Capital and operational productivity - Maintain a healthy balance sheet - optimal capital prioritisation criteria - Maximum shareholder returns 	<ul style="list-style-type: none"> - Optimise net working capital - Pursue cash release opportunities - Supply chain financing - Handset financing - Sale of non-core assets
Operating revenue growth Mid-single digit	EBITDA growth Mid-single digit	Net debt to EBITDA ratio Capex to revenue ratio	Positive FCF

Sustainable cost management

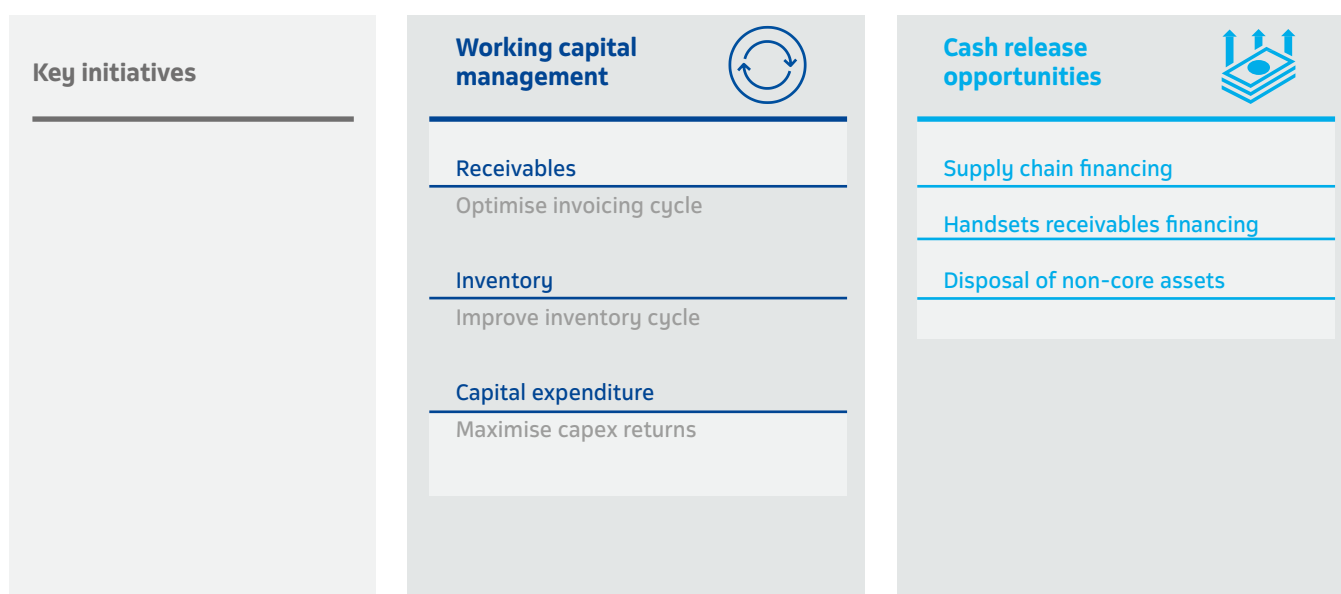
Transformation management		Drive change through strong PMO	
<p>External spend</p> <p>Strategic sourcing - Network, IT, Sales</p>	<p>Processes & organization</p> <p>Robotic Process Automation, lean organisation</p>	<p>IT & Network landscape</p> <p>Efficient Network and IT - simplification, rationalisation, virtualisation</p>	<p>Cost to serve methodologies</p> <p>Digital and self-help channels, sales management and back-office automation, commission structures</p>
<p>Total cost to revenue ratio reduce from 75% to 73% over the next 3 years</p> <hr/> <p>Limit cost escalation to below inflation</p> <hr/> <p>Tracking of cost measures will take place against FY2020 actuals</p> <hr/> <p>Priority areas targets are derived top-down based on global cost benchmarks</p>			

Capital allocation framework



* Selective mergers and acquisitions, and spectrum.

Positive free cash flow



Progress against medium-term guidance

	FY2019 - FY2021	FY2019 Actual	Medium-term guidance
Operating revenue	Mid-single digit	5.3%	Mid-single digit
EBITDA margin	24% - 27%	27.1%	n/a
EBITDA growth	n/a	8.5%	Mid-single digit
Capex to revenue	16% - 20%	18.4%	16% - 20%
Net debt to EBITDA (times)	≤ 1	0.8	1 - 1.2

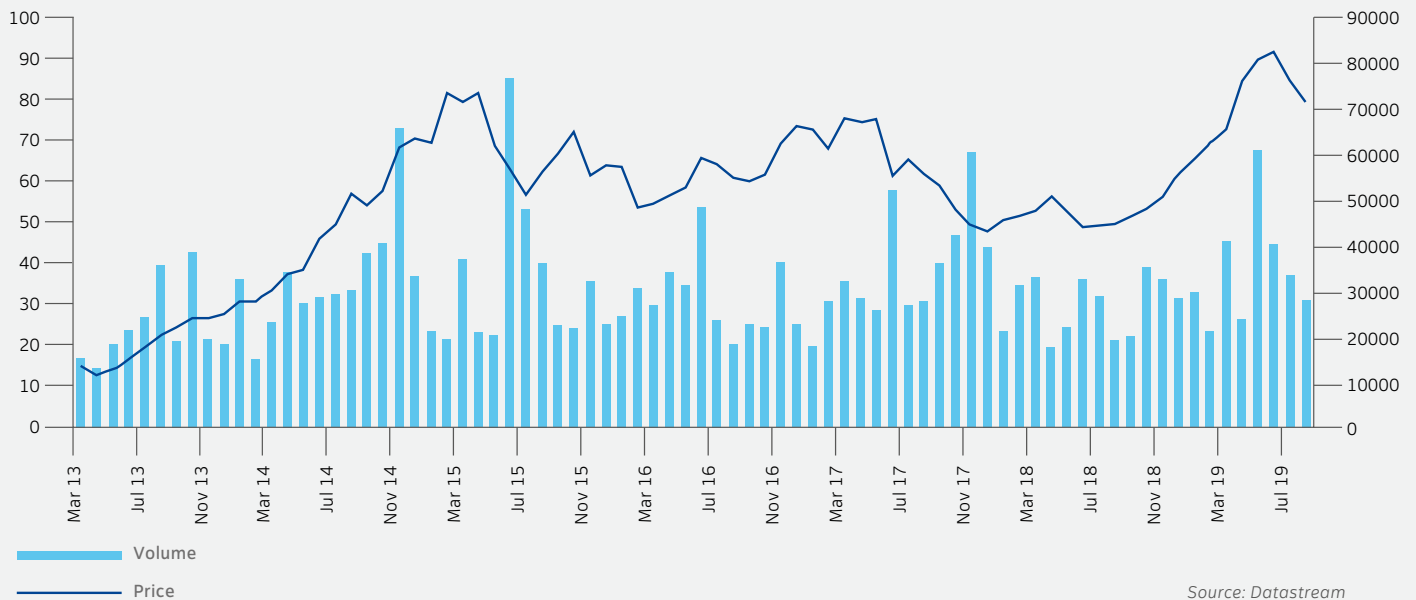
Note: Excludes corporate action.
Based on initial IFRS 16 take on balances.

Total shareholder value

Share price performance

1 April 2013 – 31 July 2019

Share price performance: ↑ 474% TSR: ↑ 650%



Valuation metrics

KPIs	FY2014	FY2019	FY2020E
EV/EBITDA	2.02	4.09	4.00
P/E	3.95	11.99	11.36
Dividend yield	0.15%	4.39%	5.27%
FCF yield	0.82%	3.56%	7.43%

Source: Bloomberg