

Telkom South Africa SOC Limited  
(Incorporated in the Republic of South Africa)  
Registration number: 1991/005476/30  
JSE share code: TKG  
ISIN: ZAE000044897

**Telkom is a leading information and communications technology (ICT) services provider in South Africa, offering fixed-line, mobile, data and information technology (IT) services.**

Through BCX, our IT company, the group has operations across the globe. Effective from 1 April 2017, Telkom formed a wholly owned subsidiary, Gyro, which is responsible for managing our masts and towers, property development and property management services on behalf of the group.

**Openserve** is South Africa's leading wholesale infrastructure connectivity provider with the largest network footprint across South Africa.

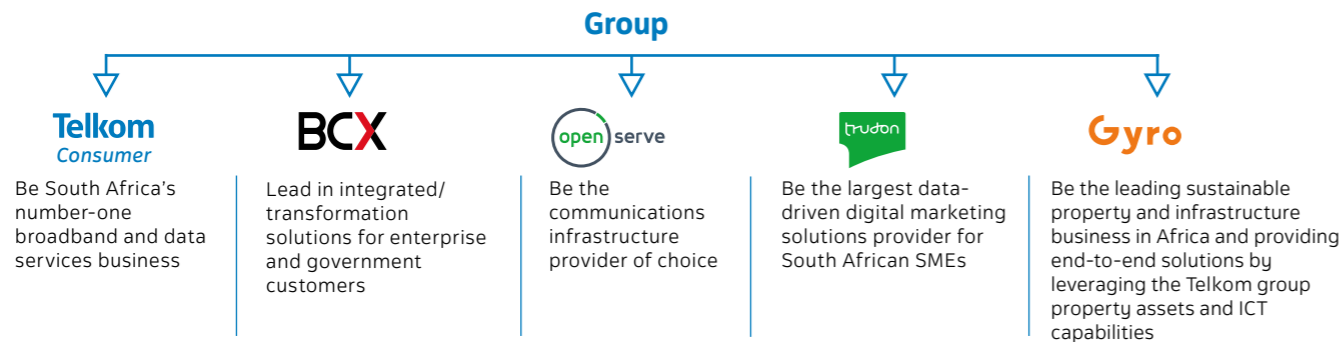
**Telkom's Consumer** unit is South Africa's largest fixed- broadband provider, internet service provider and, together with its mobile network, a converged communications provider.

**BCX** is a premier end-to-end digital partner, providing advanced ICT solutions to companies. Together with Telkom, BCX has extensive experience working with JSE-listed enterprises, public sector organisations, state-owned entities and SMEs globally.

**Gyro** is responsible for managing the group's properties and tower needs, optimising the portfolio's and providing a turnkey property and tower management solution.

**Trudon** is a local advertising and marketing organisation that provides and services and digital solutions to local businesses.

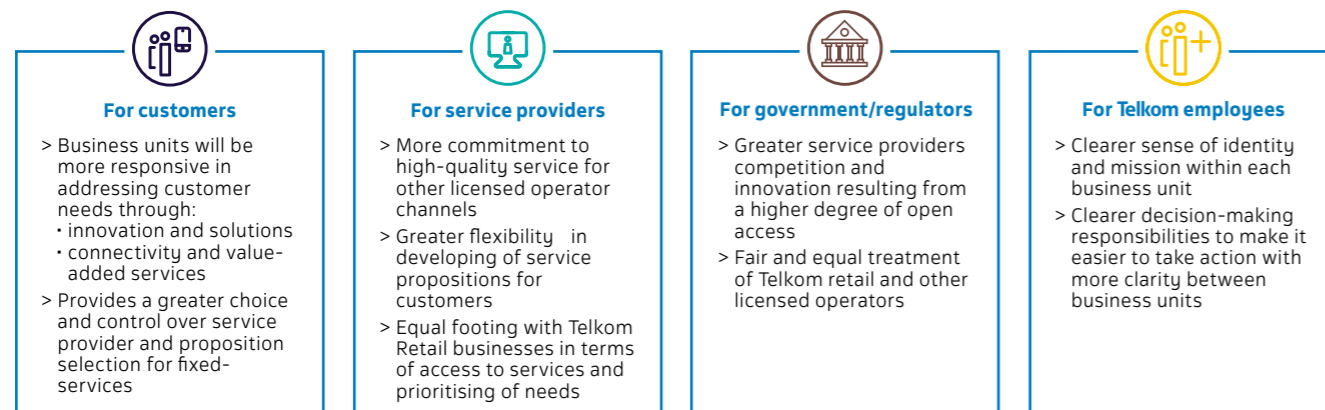
### New fit for purpose operating model with key strategic focus areas



### Key strategic focus areas

- > Continue mobile growth through disruptive data-led propositions
- > Grow high-speed broadband on the back of LTE and fibre
- > Launch digital services
- > Offer content and value-added services
- > Offer cloud solutions
- > Advance unified communications
- > Lead in IoT
- > Drive big data analytics
- > Security
- > Modernise the network
- > Commercialise the network
- > Transform service delivery
- > Grow mobile ad exchange network coverage
- > Expand omni-channel offerings
- > Establish an e-commerce market place
- > Expand partnership to over the top players
- > Unlock value through commercialising property portfolio
- > Extract value from excess building capacity
- > Enable smart building solutions
- > Diversify income streams

### Benefits of the new operating model



**4.0 million**  
active mobile subscribers

**2.2 million**  
fibre to the premises

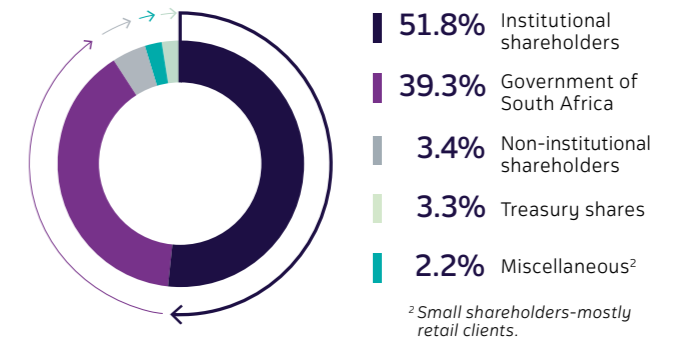
**2 986**  
mobile sites integrated

### Key highlights

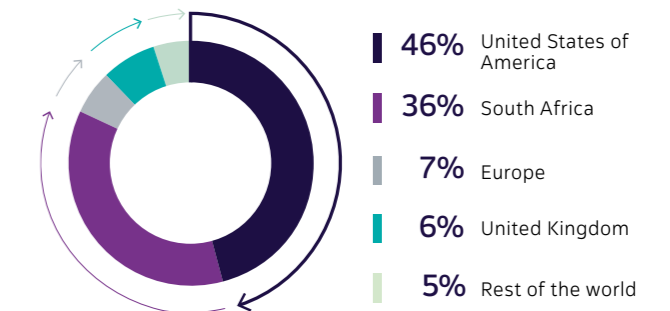
- Solid performance in a tough environment
- > Operating revenue up 9.8% to R41.0 billion
- > Net revenue up 7.9% to R31.9 billion
- > EBITDA flat at R10.9 billion with an EBITDA margin of 26.7%<sup>1</sup>
- > Headline earnings per share (HEPS) increased 12.4%<sup>1</sup> to 731.4 cents
- > Capex increased 43.3% to R8 654 million with capex to revenue of 21.1 percent
- > Annual dividend increased 56.3 percent to 422.0 cents per share

<sup>1</sup> Exclude voluntary early retirement packages (VERPs) and voluntary severance packages (VSPs) of R66 million and the related tax impact of R13 million.

### Equity shareholding



### Institutional shareholding by geography



### Telkom credit ratings

	Moody's	Standard & Poor's
<b>Issuer rating</b>		
Long-term global scale	Baa3	BBB-
Long-term national scale	Aa1.za	-
<b>Outlook</b>	Negative <sup>3</sup>	Negative <sup>3</sup>
<b>Date</b>	13/6/2017	10/4/2017

<sup>3</sup> Following the downgrade of the South African sovereign rating, Standard & Poor's and Moody's affirmed our credit rating at BBB- and Baa3, respectively, and changed our outlook to negative from stable.

### Revised financial guidance

	Net revenue	Operating revenue	EBITDA margin	Capex to revenue	Net debt to EBITDA	Mobile EBITDA breakeven
FY2017	Modest growth		23-25%	15-18%	≤1x	Achieved
<b>FY2017 (Actual)</b>	+7.9%		26.5% <sup>4</sup>	21.1%	0.5x	R660 million
FY2018	n/a	Mid-single digit	growth 23-25%	17-20%	≤1x	n/a

The financial guidance above has not been reviewed or reported on by our auditors.  
<sup>4</sup> Includes VERP and VSP costs