MTN Group

Q3 2025 Trading Update

Presentation Transcript

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Thato Motlanthe

Good day to everyone and thank you for joining us once again to discuss the MTN Group trading update for the nine months ended September 2025. My name is Thato Motlanthe. I look after Investor Relations at the MTN Group, and on the call with me this afternoon, I've got Ralph Mupita, who's our group president and CEO, as well as Tsholofelo Molefe, who's our group CFO.

Our trading update was published this morning on the JSE, and it's posted on our website. If you haven't had a chance to look as yet, you'll find it on the investor relations page. I trust that you've also seen the Q3 releases from our listed Opcos. They published their results over the past few weeks, and hopefully you were able to join their respective investor calls as well.

In terms of the agenda for the day, the running order of the call will be as usual. Ralph will get us underway with an overview of the operational performance. He'll be followed by Tsholo with an overview of our financial highlights. And then Ralph will come back to wrap up with a few key focus areas, as well as outlook comments. We'll then move into the Q and A section, and I encourage you to send through your questions on the webcast platform, and I will read those out towards the end of the call.

Finally, as I said, just a reminder that this call is scheduled for about an hour, at which point we'll close the call. And with that, let me hand over to Ralph.

Ralph Mupita

Thank you, Thato and a very good afternoon to you all for me as well. In terms of our Q3 trading update, we are pleased with the strong momentum coming through in the results. It reflects the improvements in our macroeconomic context, as well as the excellence in the execution of our teams across the markets. As mentioned, we'll cover three overall areas in our commentary this afternoon. I'll start with an operational overview, covering our commercial highlights. I'll then ask Tsholo to cover our financial highlights, and then I will finish off with some outlook and priority comments.

Before we get into the detail, let me outline the six key messages of our performance in the period. The first point, as I mentioned, is that we are really pleased with the strong growth delivered in our business. MTN Nigeria and MTN Ghana led this performance. But it was also very encouraging to see the momentum in some of the other Opcos, particularly those where we've been driving turnarounds.

The second highlight is that as a group, we've passed the 300 million customer mark in the last quarter. As you'll recall, this is a key strategic milestone for our ***Ambition 2025*** strategy. However, it's especially important in the context of our commitment to connecting communities across

Africa. As MTN, this milestone embodies our mission to spur the socioeconomic and digital progress of our markets, and this starts with connectivity.

Thirdly, we continue to expand our fintech ecosystem, with a transaction value of more than US$340 billion year to date, which was up 38% year on year in constant currency terms. This was underpinned by the execution of our commercial strategies and how we leverage partners to scale the business.

The fourth point to amplify is the trajectory of our EBITDA margin, which increased by 6.7 percentage points to 45% on a constant currency basis. And this came on the back of very strong topline growth reported, supported by continuous efforts to drive expense efficiencies.

The fifth highlight is the strength of our balance sheet, and we are really pleased to have maintained healthy ratios which underpin the execution of our strategy. Tsholo will talk a bit more about these, but we improved our consolidated net debt to EBITDA to 0.4 times as at the end of Q3; this was down from 0.7 times at the end of last year, while our Holdco leverage stayed flat at 1.4 times. Of course, this was supported by the work we do to upstream cash from the Opcos.

Our final message is that MTN Nigeria has restored its retained income and net equity into positive positions in the timelines we previously guided. This was announced with MTN Nigeria's Q3 results, along with a resumption of dividend declaration. These are major milestones in the recovery journey of the business, and we commend the hard work of Karl and the team in Nigeria. MTN Nigeria has emerged strongly from a very challenging 18-24 month period.

In terms of our overall performance, we delivered strong overall service revenue growth of 22.6% for the nine months in constant currency terms. This topline outcome was underpinned by data revenue, which increased by 35.4%, along with fintech revenue, which grew by 23.1%.

And looking at our commercial KPIs, you'll see that we expanded our customer base to 301 million, as I noted earlier, reflecting growth of 5.8% year on year. Our active data subscribers were up 9.1% to close the period at just under 166 million, and traffic was again up strongly, increasing by 26.6% year on year. This gives us confidence in the ongoing structural demand and momentum within our data offering, and we believe that the headroom for growth remains substantial.

Within our fintech ecosystem, our monthly active users rose by 5.3% year on year to 64.3 million. Again, the underlying momentum is robust with fintech transaction volumes and value up 13.9% and 38% respectively.

If we turn to the individual operational level, the performance of MTN SA continues to be impacted by the competitive pressures in the prepaid market: you would know that this has been an ongoing theme, especially within voice, and overall service revenue growth for the period was 2%.

Notwithstanding the prepaid headwinds, it's worth noting the important positives in the SA performance. It was pleasing to see the growth in MTN SA's aggregate data revenue, which was up 5% in the nine months with an acceleration and growth to 6.4% in Q3. This was driven by strong growth in usage and traffic, including progress in our FWA and home initiatives. We also encouraged by the solid performance in postpaid and enterprise, which helped the overall performance of MTN SA. These segments grew revenue by 4% and 12.3% respectively, and both also accelerated in the third quarter. And I think this is an important message to leave with you. Firstly, we're super focused on addressing the challenges in prepaid. I've spoken before about the investment we are making in our commercial offerings and distribution to recover prepaid performance. Secondly, we actually have some very positive momentum in some key segments where growth has accelerated in Q3 like data, postpaid and enterprise.

For MTN Nigeria, they reported a strong set of results at the end of September. In terms of the headline, they grew service revenue by 57.1%* within Q3 up 62.9%*, this outcome reflected a strong showing across the board. Data revenue increased by 72.7%*, voice by 41.6%*. We also had digital and fintech revenue up 42.9%* and 72.3%* respectively in the nine months. The momentum we see in MTN Nigeria was supported by resilient demand, discipline execution and price adjustments. And as part of this, we accelerated capex in the market to ensure the capacity to meet the growing demand, as well as quality of service obligations. To give you a sense, data traffic grew by 36.3% in the nine months, which demonstrates the structural demand even in the context of price increase. The strong performance from MTN Nigeria, which was also supported by improved macro conditions, underpinned its return to positive retained earnings and dividend payments. You'd have seen this from the announcement that MTN Nigeria board approve an interim dividend of five naira per share. For the Group, this will amount to a gross dividend of about 975 million rand, which we anticipate to receive in the course of Q4.

In our Markets portfolio, the SEA and WECA regions grew service revenue by 22%* and 17.1%* respectively. A key market performance is that both regions delivered topline growth well ahead of their blended inflation on an overall basis. MTN Ghana continued to lead growth with topline expansion of 35.9%* and MTN Uganda was also a solid contributor to the overall result. What is quite important to call out in the Markets context is that we're seeing good traction in a number of other operations. MTN Cameroon sustained its solid trajectory in the period. We also saw the likes of Côte d'Ivoire, Zambia, Rwanda and Sudan as markets that are showing encouraging traction in their commercial momentum.

In terms of fintech, service revenue increased by 23.1%* on a constant currency basis, with the growth being spearheaded by Ghana, Nigeria and Rwanda. We noted earlier in the year that we're seeing increased competitive intensity and pricing pressures in some markets, which we are currently navigating, and this is presenting some headwinds to our overall growth trends. Importantly, however, we continue to drive up the contribution of advanced services, which was 33.4%* in the period, excluding XtraTime. This contribution increased by 3.8 percentage points on a year-on-year basis. In that regard, we're pleased with the progress we're making with our Mastercard commercial partnerships. We have now added Côte d'Ivoire to the list of markets where we've launched virtual cards. This brings the total to three markets, over 300,000 cards issued year to date so far. We also launched a money market product in Uganda, and a mutual fund offering in Rwanda, where we've seen early good adoption. These products enable our customers to save and invest, evolving our financial inclusion imperative to financial empowerment.

So, to summarise, I would say we've executed well against the backdrop of improving macro conditions in some of our key markets. While there are challenges, we continue to address these and we've been able to drive some good momentum in the growth of our business. Let me pause at this point and hand over to Tsholo to provide an overview of our financial results.

Tsholofelo Molefe

Thank you very much, Ralph, and a very good afternoon to everybody on the call. Thank you for joining us, and it is my pleasure to walk you through the financial overview of our performance over the first nine months of the year. As a headline, I would reiterate that we are pleased to present a strong set of financial results. These have been delivered against the backdrop of improved conditions and good execution by the various streams across MTN.

In terms of the overall performance, we've seen group service revenue for the nine-month period under review growing by 22.6%* in constant currency; we sustained good momentum with growth in the quarter of 23%*.

On the connectivity side, we saw data revenue increase by 35.4%*, with strong growth of 37.2%* maintained in quarter three. Voice is not on this slide, but you would have seen from the SENS that we delivered resilient voice revenue growth of 10.8%* for the period.

In fintech, we reported topline growth of 23.1%* in the nine months, which reflected a little bit of a slowdown in the momentum in quarter three to 20.1%*. Ralph talked about some of the competitive and pricing pressures coming through there in some of our markets, and the work we are doing to accelerate the business. Advanced services within fintech continued to be strong, in line with our strategic focus for the business, and grew by 39 and a half percent. Constant currency EBITDA margin for the nine months was up by a pleasing 6.7 percentage points* to 45% really reflecting the turnaround in the profitability of our business with Q3 margins up now at 46.6%*. Over and above the strong overall topline growth, we continued to implement our expense efficiency initiatives to support the profit growth. EBITDA, in the reporting period, expanded by 41.1%* year on year.

Turning to the performance of MTN South Africa. In the period under review, service revenue increased by 2% with some slowdown in quarter three specifically, which is largely due to ongoing pressures in prepaid and prepaid voice. Of course, we are encouraged by the improving trends in segments like data and enterprise overall, along with consumer postpaid, which have mitigated the downside. MTN SA's EBITDA reported margin was 0.6 percentage points down at 35.8% which included the impact for gains and losses from tower disposals. Excluding these, the underlying margin was lower by 0.4 percentage points to 35.9%. The trend you see in quarter three, which was 34 and a half percent, reflects the topline pressures we have spoken about and the investments we are making in optimising pricing and our distribution. We also talked about these interventions in our Q1 and half year-end reporting.

Touching on MTN Nigeria's performance, we see very strong topline growth, with service revenue growth of 57.1%* for the nine months and 62.9%* in the quarter, very much a reflection of good execution in the market, with growth across all the key segments and supported by improved macros and price revisions. The EBITDA margin in Nigeria of 51.3% was up by 15 percentage points on the back of robust revenue development as well as expense efficiencies. We continue to see the benefits of the renegotiated tower lease contracts in Nigeria, along with relative stability in the macroeconomic drivers like inflation and FX.

Now moving to the Markets portfolio, the Markets continued to perform very well overall, with SEA and WECA growing their service revenue by 22%* and 17.1%* respectively, both quite comfortably ahead of blended inflation rates. For SEA, there was a tick up in service revenue growth momentum, which was 22.2%* in quarter three. The overall margin also trended in a positive direction, and this was up 3.2 percentage points* for the nine months to 48.4%*. The margin of 48.9%* in quarter three was also quite pleasing.

If you look at MTN Uganda, they delivered another strong performance, growing service revenue by 13.6%* with a 2.1 percentage point* improvement in EBITDA margin to 53.8%*. Good momentum in that business, despite the effects of the mobile termination rates cut implemented in Q4 last year. You will also see from the slide the trend in EBITDA margin, which held quite firm at 54.1%* in quarter three. MTN Uganda continued to sustain its margin comfortably ahead of its medium-term target threshold of above 50%.

The WECA region delivered a margin of 46.6%*, which was up by four percentage points*. Again, we are pleased with the trajectory of the EBITDA margin, which came in at 48.1%*. It reflects some of the momentum and turnaround we are seeing in markets like Cameroon as well as Côte d'Ivoire.

MTN Ghana, within WECA, grew its topline by 35.9%* for the nine-month period, which was very strong, albeit with an abating trend to 29.9%* in quarter three. A couple of factors informing this. Firstly, the telco industry in Ghana gave back 15% to customers in data offerings from July in cooperation with the regulator there; this impacted data revenue development. Secondly, there is the ongoing shift from traditional voice calls to voice-over-IP services. In fact, this was actually somewhat exacerbated by the additional value given to customers in data bundles. MTN Ghana's once again delivered an attractive margin of 58.4%* in the period under review, reflecting an expansion of 2.3% points*.

As a final point here, just a reminder that this will be the last time you see the structure that you see on the slide. From the full-year reporting, you can expect to see our operations disclosed in line with our new structure that was implemented on the 1st of November.

Finally, just a few remarks on our financial profile. I will start with capex. We disclosed this in the SENS that we deployed capex of R27.9 billion, excluding leases, with capex intensity of 16.8% and this is around the midpoint of the range we target over the medium term. Overall, we remain on track to exit the current financial year within the guidance range of R33 to R38 billion, probably towards the upper end of that as we invest to sustain our growth momentum. This is supported by our balance sheet, which is in good shape. Consolidated net debt to EBITDA improved to 0.4 times as at September, compared to 0.7 times as at December 2024. In the meantime, our Holdco leverage over the same period held steady at 1.4 times. So, it does remain within a 1.5 times medium-term target level. Supporting this was the upstreaming from Opcos of cash, which is tracking well, and came in at R11.9 billion year to date. This indicates upstreaming of R3.7 billion in this quarter three. In this context, we've maintained a very healthy liquidity position with headroom of R36.9 billion as at the end of September 2025. Post the period end in October, we raised about R2.3 billion from our DMTN programme to refinance existing maturities and further bolster Holdco liquidity.

So overall, we continue to implement our disciplined capital allocation to sustain our growth ambitions and safeguard the health and flexibility of our balance sheet. As we regularly highlight, this is a crucial enabler for strategy execution and growth outlook. Thank you very much, ladies and gentlemen, I'll now hand over to Ralph.

Ralph Mupita
Thank you. And as I turn to concluding remarks, let me just amplify some of the strategic work we're doing, in particular some of the partnerships we made and in terms of our own execution of our strategy.

Starting with LEO satellite partnerships, we've concluded some principal agreements already in the course of 2023 and 2024 which we announced at that time. In this last period, we've launched collaboration with Starlink, firstly in Zambia, to expand enterprise connectivity and ensure fast and reliable internet access for businesses. Secondly, in South Sudan, we've launched an initiative to bolster penetration and access via satellite technology through a distribution agreement with Starlink. Both are focused on expansion and rural and underserved regions in line with our strategy.

We've also made progress with our Mastercard commercial partnerships. I mentioned this earlier, but bears reiterating, we've added Côte d'Ivoire to the list of markets where virtual and physical card issuance has been launched, bringing this to three markets; Uganda, Rwanda are the other two.

Then, as you would have seen from this morning's SENS and in the press that we've launched first-of-its-kind collaboration with Microsoft to expand AI-powered learning and productivity tools for students and our customers. This will be rolled out in select markets from the beginning of 2026. It will allow eligible customers to leverage these AI-enabled solutions through Microsoft applications such as Copilot, in order to support their work in research, writing, communications and collaborations across the various markets. It will also enable them to stay safer online through built-in protections against evolving cyber threats. So, as I said, we're making good strides in a number of strategic areas to accelerate the digital futures of our markets.

Turning then to our priorities for the year. You'll have seen these a couple of times now, and we remain focused on finishing the year strongly in this regard. Our major focus for MTN SA remains to recover a better overall growth profile. We've spoken about some of the headwinds, particularly consumer prepaid and the initiatives are well in flow to address these. The network is in good shape, and we are making the investments in our commercial offerings and distribution to accelerate performance. You would have seen that we indicated in the SENS that you can expect MTN SA to track towards the lower end of medium-term target ranges for the next few quarters. We then expect to see progress towards the upper end as the commercial initiatives gain traction.

MTN Nigeria has set a strong foundation with balance sheet metrics now back in positive territory. The focus with this market, as you've heard before, will be to continue to execute with discipline to capture growth opportunities that we see in the market. You would recall our guidance for MTN Nigeria; we anticipate that both service revenue growth and EBITDA margins would be at least in the low 50%s for FY 2025. Just a reminder, as you do your modelling, that we disclosed at this time in quarter four, some basic things from USSD recognition from last year. This bolstered last year's Q4 service revenue growth. So just something to pay attention to as you look at the forecast for the remainder of the year.

In our Markets portfolio, we've noted the encouraging trajectory we're seeing there. So, our focus will be on sustaining that positive momentum, which will support the overall growth of the Group.

In fintech, we're navigating increasingly competitive and pricing pressures. We're intensifying our CVM campaigns to bolster adoption, retention and sustained engagements. We're also accelerating the investment in our technology platform to ensure the customer experience and activity that is enhanced within the ecosystem. With such intervention, we're safeguarding the quality and stickiness within our fintech ecosystem, as well as accelerating MoMo PSB Nigeria, we also focus on sustaining the strong growth in our advanced services in support of the medium-term growth and profitability of the business.

You'd have heard Tsholo talk about the healthy financial profile of the business. We will maintain this through continued discipline in our capital allocation and focus on efficiencies. In this regard, we're on track to achieve our 2024 to 2026 EEP targets, R7 to R8 billion. For this year, we maintain our R33 to R38 billion target for capex, ex-leases.

Through this work which complements our commercial push, we will continue to drive attractive returns for our shareholders, underpinned by a solid balance sheet. We're very happy to have achieved the milestones of positive reserves and net equity in Nigeria. The resumption in dividend payments, once again, reflects a critical turnaround in the business and the commitment to returning value to shareholders. As mentioned, the group share of the five naira dividend per share amounts to R975 million gross which we anticipate to receive within this quarter.

Finally, we've maintained our medium-term guidance, which reflects our growth ambitions and investment case. As I mentioned before, you can expect MTN SA to track to the lower end of the medium-term ranges. Within fintech, we will also track slightly below the guidance range for a few quarters as we manage the competitive and pricing pressures coming through in some markets. I think the important note is that given the work we're doing in the business, we expect to see them recover their growth trajectories towards the upper end of targets over the medium term.

With that, thank you very much and let me hand over to Thato for the Q and A.

Thato Motlanthe

Ralph, Tsholo, thank you very much for that overview. We can jump straight into the Q and A. There are a number of them. Some of them are overlapping, so let's just start with a few questions here: Dividends, with Nigeria paying a dividend earlier than expected, how is management thinking about the Group dividend in FY 2025?

Tsholofelo Molefe

As we've communicated previously, we have communicated a minimum of 370 cents per share. That is still on the cards. We will obviously do some work, and we'll communicate with our results next year whether there's any room for additional dividend.

Thato Motlanthe

Thanks Tsholo. There are a couple of questions on the MTN SA trajectory in Q3. So MTN SA, can you give some colour on the prepaid voice and data revenue trends in the third quarter? What gives you the confidence that you can get SA to grow at the upper end of medium-term targets?

Ralph Mupita

We've been the last couple of quarters talking about the prepaid performance and the detractors to meeting our guidance numbers. What we're doing right now, as we've said before, is investing in our commercial activities. So, we're putting some investment in commercial activities that's impacted the margin. You see, the margin is in the quarter below guidance, and we anticipated it would be, given the investments that we're making. And these will take time to bear fruit. We think we need a couple of quarters as these initiatives start to take root across the various regions. I do think what has been pleasing has been actually the data trajectory to sequential quarter. Also even on the prepaid side, we're seeing an improving trend. Voice is still under pressure. So, we still see voice under pressure. So, the combined effect is that we're still in de-growth in the prepaid sector, and it's largely to do with voice. Data trends have been encouraging, and we're going to continue and sustain kind of our commercial strategy, looking at regional offers and looking to get more and more of our customers in bundle. So that's the process we have to take now. And we've also done some work towards looking at slightly pulling back on the XtraTime as a channel, so that our customers, we try and get a bit more of the recharge coming through other channels going forward. So, our belief is we must just sustain the commercial activity that we have started in Q3 into Q4 and we should start seeing the results coming through in a couple of quarters' time.

Thato Motlanthe

So, Ralph just linked to that, over and above the performance at the topline, what was the biggest driver of the decline in EBITDA margin? Did high commissions to channels drive majority of the decline?

Ralph Mupita

We had a bit of both. We had a bit of investment in trade, and there was also a little bit of an uptick, also on bad debts that is in that number, and I think you'll see that in the full year. But the investment in the channel was something that is part of our strategy, as we said, it would impact margins early on, in terms of the actions that we've taken through. And I think we will see relatively softer Q4 before we start seeing an improvement there.

Thato Motlanthe

Staying with South Africa. Are your contracts with Cell-C open for amendments, especially with regard to how they resell to MVNOs, is there regulatory relief possible, such as price floors?

Ralph Mupita

On the Cell-C side, we do have an existing contract. We're actually in the middle of what we call the 180-day review. So that 180-day review ends at the end of December. So that's the process that Ferdi and team will have to assess and engage Cell-C in terms of the longer-term pricing and other elements within the contract. So, we are kind of in that process right now, and can't say too much further, but that window closes at the end of December, and subject to where we end there, the terms we would agree would be sustained all the way up to 2032 so that process is underway at the moment.

Thato Motlanthe

Just a more general question from a commercial standpoint, and maybe regulatory. On the pricing outlook, which markets are you comfortable about positive pricing environment and which markets do you see challenges in raising prices going forward?

Ralph Mupita

South Africa we don't have the challenges of pricing. We can price up. I do think that South Africa may well be a market where we have price floors like you find in other jurisdictions, particularly when you look at the pricing dynamics between MVNOs and mobile operators. But that's not really a function within South Africa.

Nigeria, we've had the 50% tariff increase. We'll continue to engage the authorities around that. We did say to yourselves as investors, that one of the key issues in Nigeria was overall improvement of quality of service, quality of experience, more broadly; that remains a focus for us. You saw the recent awards that we received as the best network in Nigeria. The regulator, the NCC, would like to do a review of the quality of service, and I think only after that has been completed, would we envisage that there could be discussions about further price increase. That discussion has been ongoing for some time about ultimately deregulating pricing in Nigeria, creating price floors, as you have in other jurisdictions.

Ghana, the nature of the market with SMP and there is Telecel that's come into the marketplace, we anticipate, over time, that there would be the type of pricing that we have seen. I'm not too concerned about Uganda. The markets where I think for us there are some concerns is really kind of Benin, it's a much smaller Opco, but there's some pressures out there. So those would be the ones that I would signal out as the ones from a pricing point of view we're focused on over the medium term.

Thato Motlanthe
A number of questions on legal cases and DoJ. Can you give any colour on the potential US DoJ investigation? Have there been any further requests for information or questions being asked of MTN?

Ralph Mupita
As we said with our results and on the roadshow that we have decided to voluntarily cooperate with the DoJ and create a frame of information exchange that they're comfortable with and that we're comfortable with and that's been established. And so there has been exchange of information since we disclosed, but there's no further update to that at this particular point in time.

Thato Motlanthe
So, there's actually one slightly different in terms of the update, in the SENS the update on the legal cases in the US that the Syria case has been dismissed. What ways was that case different from the other cases?

Ralph Mupita
What happens with these cases, the ATA cases, as we've said before, you've got to go through the jurisdictional arguments before you go into the merits of the cases, and while you're still arguing jurisdiction, you can actually amend your case. So, in this instance, the Syria-related claims were struck down, or at least the court ruled in our favour. So, we'll continue having the discussions towards having the case dismissed from a jurisdictional argument point of view. So, it's a change, but it's not a big, big change, to be clear. These are cases, as we've said, where we believe that the jurisdictional arguments and the position that we've taken are the right ones. And so, there is a bit of progress, but there's still elements of the case more broadly that we'll still need to engage on.

Thato Motlanthe
Then there's a question on capital allocation, Tsholo. I think you answered part of it. But given the strong cash flow generation upstreaming performance of Nigeria, first part of the question we touched on, is there room for higher dividends and how do you think about share buybacks?

Tsholofelo Molefe
Firstly, as we said to investors, just to reiterate the point, our capital allocation framework as we have it remains very suitable for us. It gives us opportunity to invest in high-growth areas, networks and platforms. And as we've already said as well that having a healthy balance sheet is important. So, we are looking at obviously settling the dollar debt. As we indicated, it has become current. So, we'll be looking to that. Dividends, or rather, let me say, shareholder returns, are a key component of our capital allocation framework. As I've said, we've committed to the 370 cents, and we are on track to be able to pay that next year. We are doing some work currently to look at a

more sustainable dividend policy that looks at shareholder returns, that looks at overall the dividend payout over a longer term, including any additional returns, we should also look at criteria we'd need to look at for share buybacks. At this stage, we will come back to investors when we report the results, in terms of how we think about it going forward, but we do believe that when we look at the share buyback, it has to be obviously meaningful over a sustained period. It needs to look at whether our stock is undervalued, and we need to make sure that there's sufficient liquidity for us over a long term to be able to do a meaningful buyback. So those are the points I would add.

Thato Motlanthe

Tsholo, if we shift over to fintech, a couple again asking around the pricing pressures. Could you specify which markets experience pricing pressure in fintech? You noted that Ghana's remittance inflows were channelled through alternative routes this year. Could you elaborate on which channels or platforms are gaining share relative to MoMo? Then within MTN Ghana's advanced services, could you indicate what proportion of revenue is attributable to remittances? I don't think we disclose that.

Ralph Mupita

Where there's pricing pressure, it's Cameroon. Wave has got a licence. Wave has been in Senegal and we compete with them in Côte d'Ivoire, ourselves and Orange compete with them in Côte d'Ivoire. So, they've come into Cameroon, and so we've been quite pre-emptive with some of the pricing there. So that's taken a shine off the performance in that market. The other detractor from we've done well on Banktech in Uganda, we'd anticipate it will be kind of further down the track, so we'll sustain the work that we're doing. So, Uganda was slightly disappointing on the Banktech side, so that's also taken away from the topline growth that we'd anticipated, but we have clear actions there to see Banktech growing. On remittances, we're just noting that remittances were softer in the period. As you know, customers were using different channels, but we wouldn't note it as something that is of undue concern for us over the long term and remittance we don't disclose, but it's not a significant component of our total stack of advanced services relative to areas such as Banktech.

Thato Motlanthe

Ralph, then just related to fintech. Does management intend to take any action to further highlight the valuation of fintech?

Ralph Mupita

The first thing is, you've got to keep growing the business. We think it's a business that still has good growth spots, growth prospects, both the topline and the free cash flow level, it should be relatively low capex intensity business. So, we are very focused on driving growth in the advanced services, because we think that those are future-fit revenue streams. And you're seeing we are expanding on Banktech using largely a partner model. Over time we will evolve it to launch MoMo

Advance in other markets, looking at the risk deciles that it makes sense for us to take that offering.

So, for us, the very first thing is to continue to capture the growth that we see across our markets and continue to work with partners Mastercard and others over time, and we've always been clear that's where we are right now. Whether the question is leading towards would we consider listing this business, that's not our priority right now. Our priority right now is to really continue to grow the business, complete the structural separations that we've communicated. They are complex. They require a lot of work of detangling the financials as well as the operations, without losing the benefit of the proximity between the fintech and the connectivity business. And that's what we have focused on. And I think when we do that, we should be able to show the value that's inherent in that business.

Thato Motlanthe
Just another two questions on XtraTime: what were the primary factors that negatively impacted XtraTime's performance? What percentage of prepaid recharges on XtraTime? I assume those are both for SA.

Ralph Mupita
We, the management team, took a deliberate action to kind of slowdown in terms of XtraTime as a channel, trying to ensure that we manage the absolute exposure of our customers, using airtime as a recharge channel. So that was an active decision to kind of bring it down. I don't think we've disclosed in this quarter the percentage of XtraTime as a channel, but I think you remember in previous periods, kind of close to the 40s, and we wanted to come down. So that was a deliberate action from our side, so that we want to see other recharge channels, kind of rebalance direct point of sale. So that was an action that the team took within quarter three. I think you'll see some of that also into quarter four, as they sustain their commercial activities.

Thato Motlanthe
Thanks Ralph. Just again on the financial profile, given the strong cash upstreaming year to date, why has Holdco leverage remained at 1.4? Can you provide some colour on the drivers here?

Tsholofelo Molefe
The Holdco leverage is a function of slower or lower EBITDA from SA. We're comfortable that it's within our, you know, targeted level of less than 1.5 times. But essentially that is the main driver.

Thato Motlanthe
Tsholo, and then just on SA. Could you please share some colour around the market share changes in SA in the third quarter? What percentage of market shares taken up by MVNOs?

Ralph Mupita

Oh, that's a tricky one to answer in terms of the market shares. We can comment more generally around the trends. You saw in SA, we had decent growth on enterprise – growing at 12 and a bit. So, we've been taking market share on enterprise and that performance continues to please us. We have RT15 contracts that are coming in, so we need to win a good share of those to sustain. Postpaid, we are growing quite nicely there, remaining pretty competitive. So, I think the market share trends are all framed from prepaid, and our performance, more or less was similar in the quarter to Vodacom. Telkom report tomorrow, we'll see how they perform. So, I anticipate that they'll have picked up some market share on prepaid. We just have to sustain our own initiatives as we go forward. And also on the MVNO side, it's an area that, as we said, right now, we are talking to Cell-C, in terms of that 180 days kind of contract renewal period which we're in now and we're watching the dynamics of that market. My only worry and concern, and I've shared this with Ferdi as he steps into the seat as CEO, is the pricing must reflect the cost of production on the one hand. And the activities mustn't skew retail pricing, after all, in our core business. So, we're looking at all of those things as we look at this renegotiation of the contract with Cell-C.

Thato Motlanthe

Ralph, you highlighted fibre and FWA as key growth areas in South Africa. Is this part of your own laid fibre, or where MTN operates as the ISP? What is MTN’s current thinking around fibre in SA, in terms of owning, partnering or building? What would you look for in a potential acquisition or partner, FTTH or fibre to the site?

Ralph Mupita

We've always said that we want to win the home. You use different technologies to get to the home. Where FTTH makes sense more broadly, that's what we will deploy because that's future proof, but you need to make sure that you're not just passing a home, you're connecting, and you've got good churn rates. So, the homes connected churn with an FTTH. It's very sensitive. The financial case is very sensitive to that. But we also deploy FWA, we have spectrum from the last auction that we would deploy. So, to your specific question, that's the growth we're seeing. That's where we are as an ISP, as well as the FWA growth that we've seen, quite a lot of the traffic growth that you see in SA would have come from FWA to be clear. Our strategy, I may well sound like a stuck record here just now, but our strategy has always been the same that we don't see in South Africa, that we would be deploying fresh fibre. Because there's been quite a bit of investment, and if in due course there is the opportunity for consolidation, which we've said several times, to look at it, we're not time boxing ourselves with regards to that. We would look at the right time and as the right opportunity comes. So for us, it's more about partnering or M & A, I think the build of large-scale fibre to access the home map would not make financial sense at the moment.

Thato Motlanthe

Can you comment on the timing of further sell down or placement of MTN Nigeria?

Ralph Mupita
That's been complicated by the changes in the tax code. There've been some changes on CGT; right now it's not something that we're pushing at. We kind of pulled back and are holding back. We didn't put a hard timeline to ourselves, but with the developments on the tax codes, it's made it a bit unattractive for us to do it right now, so we're kind of paused on that initiative, primarily driven by the changes the tax code on capital gains.

Thato Motlanthe
Ralph, are you still interested in a Telkom plus MTN consolidation?

Ralph Mupita
I think I answered the question before. This is a different way of asking the same question.

Thato Motlanthe
How do you view your competitive position in Nigeria and South Africa. Beyond network quality, what other levers can MTN deploy as the largest player to gain share of customer wallet?

Ralph Mupita
Our competitive position in Nigeria. Let's start there. We're pretty pleased with that competitive position. We've done well to gain the market leadership position we have in in mobile wireless. And the big opportunity we now see is the home. I think homes over the next five years, there's a big opportunity to connect homes. Nigeria is five years to a decade behind where South Africa is on home. So, we see that opportunity to allocate capital and to capture growth. So yes, we have a good network, but that's not the only advantage we have, but our commercial execution in the trade has also been pretty strong, and we're giving customers good value for money. And I think in the period you'd have seen that, although we are bigger than the number two, our rate of growth on both voice and data was much stronger. So, we look to sustain that.

Obviously the thing we want to get right over time in Nigeria is really around the fintech mobile money opportunity. As we said, we're beginning to look at licences, the platform that we have some work that's ongoing there, as we speak right now, on the platform side, which we'll talk to you in the new year about. So that kind of focuses the mind.

In South Africa, as I mentioned, you have to delayer the organisation. We're doing well in enterprise, and we got to keep and sustain that. Postpaid where I think we're getting our fair share of net additions on postpaid. The big thing, obviously, it's a big part of the revenue mix, has been prepaid. And, you know, we anticipate that Ferdi and Yolanda will work through that, understanding that will be disciplined from a pricing point of view. To be clear, we don't want a price war in South Africa. We will be guided by our own margin profile. We brought it down, but we still want to operate within it. So that's 35 to 37 and that gets the service revenue back in decent growth, more towards where inflation is, rather than the two percentage points. So, happy with enterprise and postpaid. Of course, we can do better. The big work and the heavy lifting is on the prepaid side, but pricing and margin discipline, as well as capital allocation, will be what will focus our minds the next couple of quarters.

Thato Motlanthe

Besides Nigeria, which other opcos could be up next for further or new localisations? And then a separate question that asks what benefits will you get from your partnership with Starlink?

Ralph Mupita

On localisations. Congo-Brazzaville, we own that entity 100%. Competitors have, there's been a request to have localisation. There is no kind of listing there. It's more about having some minority interest. So, we're looking at a 10% localisation. Also likely follow-on over time would be Cameroon, and for another 10%. And Côte d’Ivoire, 8% in Côte d’Ivoire. So those would be the imminent ones. They all fairly the kind of tier two markets that we have, tier two and tier three.

On Starlink, as we've said, we'll take a market-by-market approach on how we partner. The partnerships with Starlink and other LEO constellation firms for backhaul is we're doing this where it makes sense. In Zambia, because of the geographic dispersion of the country and where our customers are, it does make sense for us to go direct to consumer working with the likes of Starlink. We won't do that everywhere. We will have to take it case by case. We won't do the deal we're doing in Zambia in Nigeria, it wouldn't make sense. It wouldn't make sense in Ghana as an example. So, we're not taking a pan-company approach or Pan-African approach. With each of these, we will look at the opportunity as and when and strike up these. As I said, we want this partnership with Starlink in many markets, mostly, pretty much all of it is backhaul. But on the Zambia side, I think we are testing whether that partnership can give us the ability to accelerate and pick up market share. So ja, you'll see these being done on a case-by-case basis.

Thato Motlanthe

Ralph, just the question that's come in on returning SA to sustainable levels, but I think you've covered that in some detail. So, let's bring the call to a close. For any further questions, please do send them through to me. Ralph, do you want to close off with any points of emphasis?

Ralph Mupita

Thanks to you as investors and taking the time to listen to us, we're pretty excited about the momentum we're seeing in the business. The topline is growing pretty strongly. We understand where the areas of focus for us are. SA it's about prepaid and the work there is underway. Have the confidence in Ferdi and the team that we'll see that in a couple of quarters beginning to bear fruit, because South Africa is important. And then some work around driving faster growth on the advanced services. So, we get our service revenue growth above the threshold, which gets us into our guidance territory. And, yeah, there's quite a lot still to do before the year is up. So, we're not quite there, another six weeks or so of relentless execution to towards the year end.

But thanks all round and as Thato said, any further questions, please do send them directly to Thato.

Edited for accuracy

END OF TRANSCRIPT