

# Our trade-offs

Interdependencies between the capitals we rely on necessitate trade-offs in our decisions, affecting our ability to create, preserve and erode value. Trade-offs are carefully considered as we manage the availability, quality, and affordability of capitals in the short, medium and long term.

Trade-off	Managing exchange rate volatility	Challenging macroeconomic backdrop necessitates ongoing efficiency reviews
	<p>Our portfolio extends across multiple African markets, leading to significant exposure to foreign exchange rate volatility relative to hard currencies, such as the US dollar. We actively manage foreign exchange rate exposure in our operations by maximising revenue opportunities, limiting US dollar-based operating expenditure, as much as possible, and adhering to a capital intensity framework. Our capital intensity framework ensures that we remain within a range of 13% to 14.5% of Group revenue, even if this implies a reduced purchasing power of hard currency components. In addition, we have a skilled and resourced treasury function supporting cash flow management.</p> <p>In FY2024, we faced heightened currency pressures in Egypt, Ethiopia, Kenya and South Africa, with foreign exchange losses impacting our earnings per share by 54cps. Pleasingly, in the case of both Egypt and Kenya, material macroeconomic reforms were announced in the fourth quarter of our financial year. This supported a sharp appreciation of the Kenyan shilling and improved liquidity of the Egyptian pound. The availability of hard currency in Ethiopia and Mozambique remains a focus area for the Group treasury function to manage in the near term.</p>	<p>The resilience of our strategy was tested again in the current financial year as we faced high inflation and interest rates, heightened geopolitical tensions, energy uncertainty and foreign exchange rate volatility. Against this backdrop, we routinely ensure that our business operations are fit for purpose as we transition from a Telco to a leading TechCo.</p> <p>With total energy costs up more than 20% in the year, and interest rates at multi-year highs, we accelerated efficiency measures to maintain our competitive edge. This resulted in the restructuring of positions that impacted 80 employees in South Africa and 120 employees in Mozambique during the year.</p> <p>Looking ahead, our debt mix (60% floating) provides us with an opportunity to benefit from stabilising and even falling interest rate expectations, when this economic cycle turns.</p>
Key outcome	<p>Growing revenue as a leading African connectivity, digital and financial services company  PG 59</p> <p>Investing in technology and network infrastructure to maintain our trusted brand  PG 60</p>	<p>Optimising our operations to support profitability and free cash flow  PG 59</p> <p>Looking ahead to meet our strategic targets  PG 60</p>
Affected stakeholders		
Capitals impacted	<p><b>FC</b> <b>MC</b></p> <p> </p>	<p><b>FC</b> <b>IC</b> <b>HC</b></p> <p>  </p>
Principal risks and associated opportunities	<b>1</b>	<b>9</b>
Strategic pillars		
Material matters	<b>MM3</b> <b>MM5</b>	<b>MM7</b>



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- Value created
- Value eroded
- Value sustained

### Prioritising network resilience capital expenditure above network expansion

Maintaining network availability has become vital across our OpCos, requiring significant battery and onsite generation capacity investment. Capital expenditure is further needed to mitigate the impact of vandalism and theft. Prioritising capital expenditure to ensure network availability resulted in a trade-off with expansion capital expenditure, however supported leading network surveys and NPS scores across the Group.

Investing in network resilience to retain leadership PG 74



**FC MC SRC**

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MM1 MM2 MM3

### Using technology responsibly to improve customer experience

Technology enables us to provide customers with tailored offers and improve customer experience, strengthening customer relationships and supporting growth. While we use customer data to differentiate our offering, we respect our customers' privacy, use data responsibly and prioritise cyber and information security. We adhere to local data privacy laws and General Data Protection Regulation. We also use rapidly developing technology, like AI and machine learning, to improve our systems and service delivery but remain mindful of the risks associated with adopting new technologies.

Creating a world-class customer experience PG 78  
 Leveraging Big Data for personalisation and growth PG 80  
 Maintaining data security and privacy to maintain technology leadership PG 87



**FC SRC**

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MM1 MM3 MM4 MM6

### Growing through partnerships

Whether it be from space, on land or through the airwaves, we want to connect the people across our markets for a better future. However, our strict capital allocation framework provides guardrails for this vision, as we do not have sufficient capital to invest in all the available opportunities.

To deliver on our rural coverage ambitions we are making good inroads into utilising innovative new financing models. Additionally, our satellite partnerships aim to further expand our coverage without specialised hardware. In the fibre segment, we are working on co-investment models to accelerate rollouts across our OpCos.

Strengthening our presence in Africa PG 71  
 Expanding and enhancing our network reach PG 73



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MM3