



TECHNOLOGY & TELECOMMUNICATIONS SECTOR REPORT

2023

LRS Labour
Research
Service

**FRIEDRICH
EBERT
STIFTUNG**
TRADE UNION COMPETENCE CENTRE
SUB-SAHARAN AFRICA

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Introduction

The Johannesburg Stock Exchange lists six companies in the Telecommunications sector. Our sample includes three companies from the list. These companies are:

MTN Group

Telkom

Vodacom Group Limited

The Technology and Telecommunications sector in South Africa stands as one of the fastest growing and highly impactful sectors in the Country. This makes it a key sector for the LRS to monitor. The data from the [MNC Database](#) of the LRS provides rich information that has allowed a thorough review of the company performances over the last eight years. following this, the data allows for an examination of the remuneration packages received by executive and non-executive directors in the sector.

The Sector

The Technology and Telecommunications sector in South Africa is one of the key industries for the country's economic development and social transformation. The significance of the sector is mainly due to its capacity to drive economic growth while at the same time connecting people and businesses. The sector is dominated by MTN, Vodacom, and Telkom: a few major players which offer a range of services including the provision of mobile and internet services.

South Africa has a high level of mobile phone penetration. As of 2018, the mobile access penetration in South Africa was 95%.¹ Although mobile phones are used mainly for communication (through calls and SMS messages), they can also be used for internet connection. In 2022, the mobile internet user penetration in South Africa was 78.66%.² However, although mobile and internet penetration have been steadily increasing, there exists a digital divide in South Africa, where rural and underserved areas continue to have limited access to high-speed internet. Therefore, to promote digital inclusion, the South African government has initiated several programs such as the Universal Service and Access Agency of South Africa³ and Broadband Infraco⁴.

The sector generates its income from two main services: telecommunications (which includes the provision of fixed, mobile and internet services) and broadcasting. In 2022, the revenue in the sector has been seen to slow due to the demand for data returning to pre-pandemic levels⁵.

As the two biggest companies in the Technology and Telecommunications sector, MTN and Vodacom rank first and second respectively as the most valuable brands in South Africa in 2022. MTN's value has extended its lead over second-ranked Vodacom meaning that MTN's brand value is now worth almost exactly double Vodacom's brand value⁶.

¹ <https://www.geopoll.com/blog/mobile-penetration-south-africa/>

² <https://www.statista.com/statistics/972866/south-africa-mobile-internet-penetration/>

³ <https://nationalgovernment.co.za/units/view/193/universal-service-and-access-agency-of-south-africa-usaasa>

⁴ <https://nationalgovernment.co.za/units/view/78/broadband-infraco>

⁵ <https://www.globenewswire.com/en/news-release/2022/10/17/2535220/28124/en/South-Africa-Telecommunications-Industry-and-Retail-of-Devices-Market-Report-2022-State-of-the-Industry-Key-Trends-Notable-Players-Corporate-Actions-Regulations.html>

⁶ <https://brandirectory.com/rankings/south-africa/2022>

Financials

Revenue

From *Figure 1* below, MTN Group remains the biggest company in the Technology and Telecommunications sector by revenue, with Vodacom Group Limited following in second. Telkom remains a small competitor when compared to MTN Group and Vodacom Group Limited as it records a 1.08% decrease in revenue in 2022 compared to the previous year.

Figure 3 shows that Vodacom Group Limited and Telkom have reported a steady increase in revenue since the 2014 financial year. In 2017, MTN reported a sharp decrease in revenue. By 2021, MTN reported its highest revenue since 2014 which grew by a further 13.96% in 2022 to ZAR 207 billion. On average, the three companies reported a 5.8% increase in 2022.

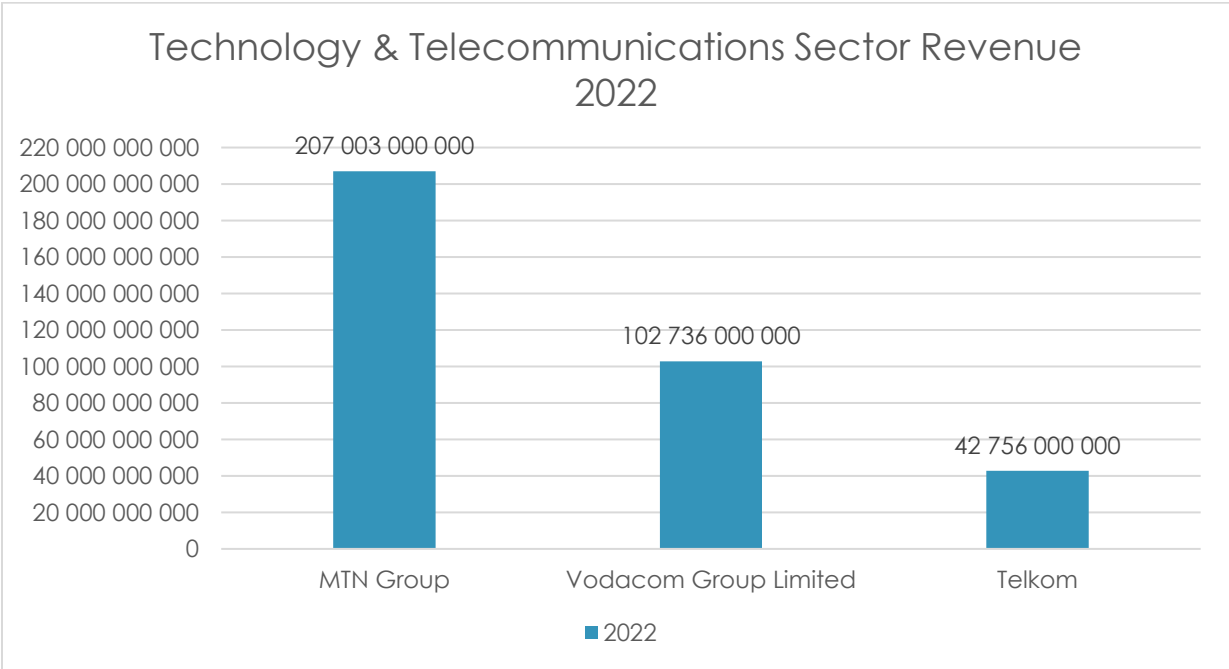
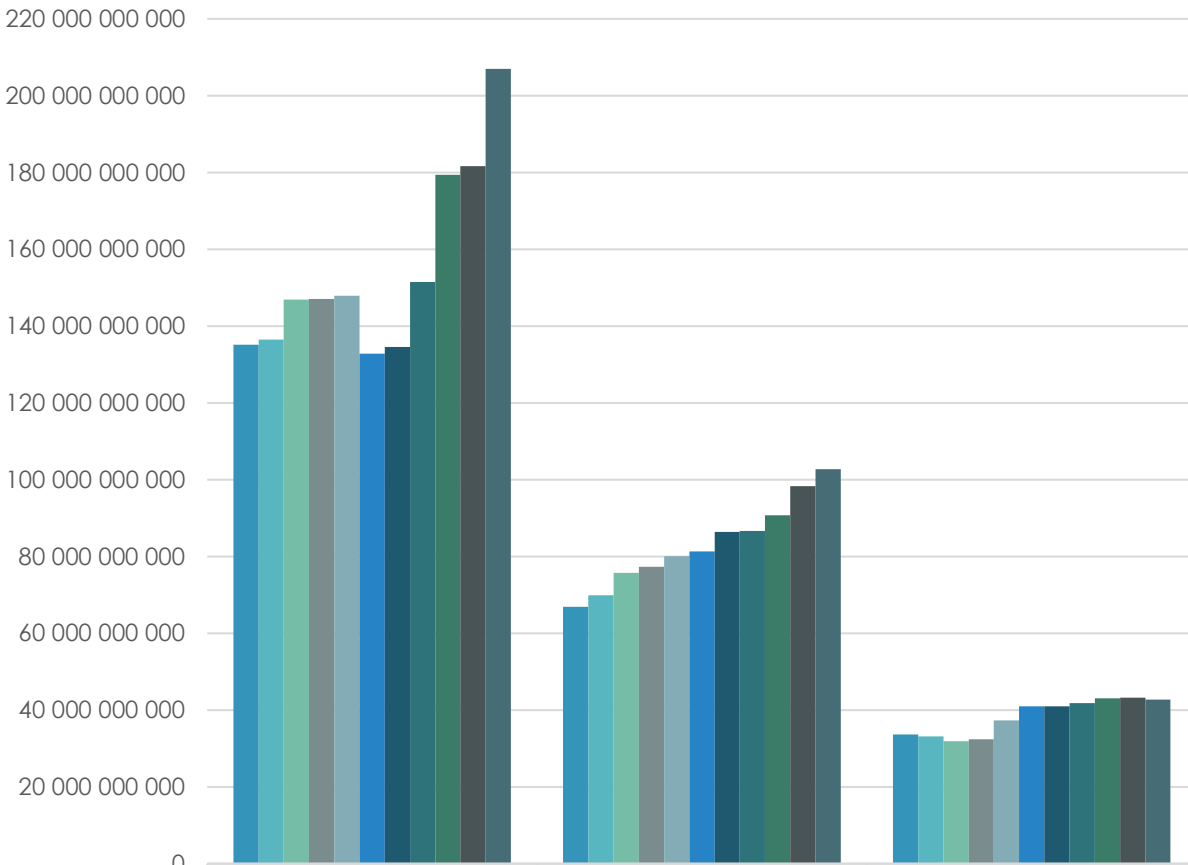


Figure 1 Technology and Telecommunications Sector Revenue 2022

Technology & Telecommunications Sector Revenue 2012 - 2022



	MTN Group	Vodacom Group Limited	Telkom
2012	135 112 000 000	66 929 000 000	33 668 000 000
2013	136 495 000 000	69 917 000 000	33 119 000 000
2014	146 930 000 000	75 711 000 000	31 905 000 000
2015	147 063 000 000	77 333 000 000	32 400 000 000
2016	147 920 000 000	80 077 000 000	37 325 000 000
2017	132 815 000 000	81 278 000 000	40 970 000 000
2018	134 560 000 000	86 370 000 000	41 018 000 000
2019	151 460 000 000	86 627 000 000	41 774 000 000
2020	179 361 000 000	90 746 000 000	43 043 000 000
2021	181 646 000 000	98 302 000 000	43 222 000 000
2022	207 003 000 000	102 736 000 000	42 756 000 000

■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022

Figure 2 Technology and Telecommunications Sector 2012 to 2022

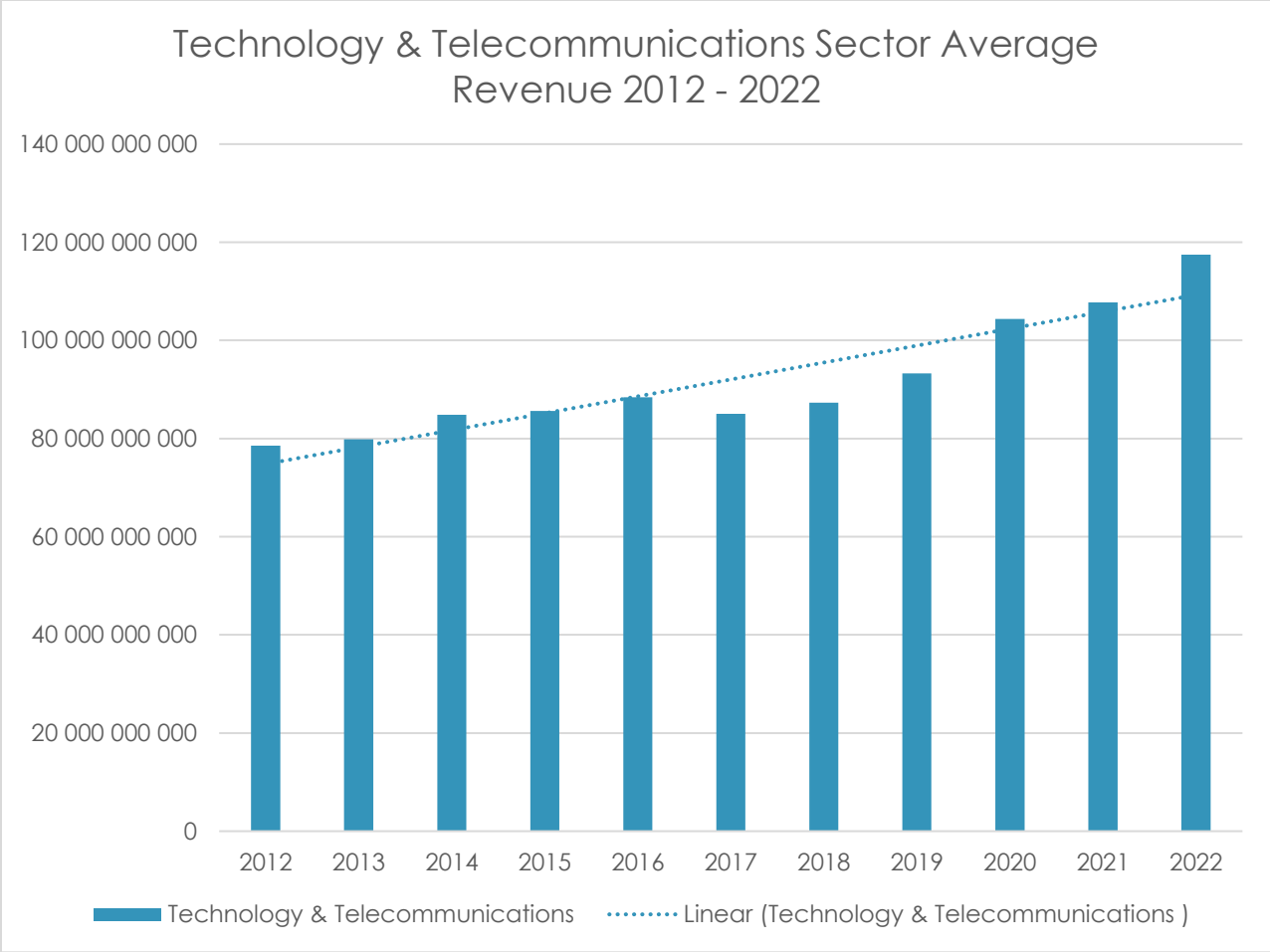


Figure 3 Technology and Telecommunications Sector Average Revenue 2012 to 2022

Profit before Tax

MTN is the biggest earner in the sample with a reported PBT of ZAR 41 billion (a large increase of 44% since 2021). The increase was caused by several factors including growth in service revenue, especially from data and fintech segments, as more customers used MTN's mobile network and the mobile money platform across Africa and the Middle East⁷. Telkom took a huge hit in PBT in 2020 but has recovered to report a PBT of ZAR 3.7 billion in 2022 (still lower than 2019, 2018 and 2017).

On average, the 2022 PBT for all three companies went up by 18.7%. From *Figure 6* below, we see a steady upward trend in average PBT since 2016.

⁷ <https://www.mtn.com/mtn-group-reports-strong-2022-earnings-and-roe-expansion-ups-dividend/>

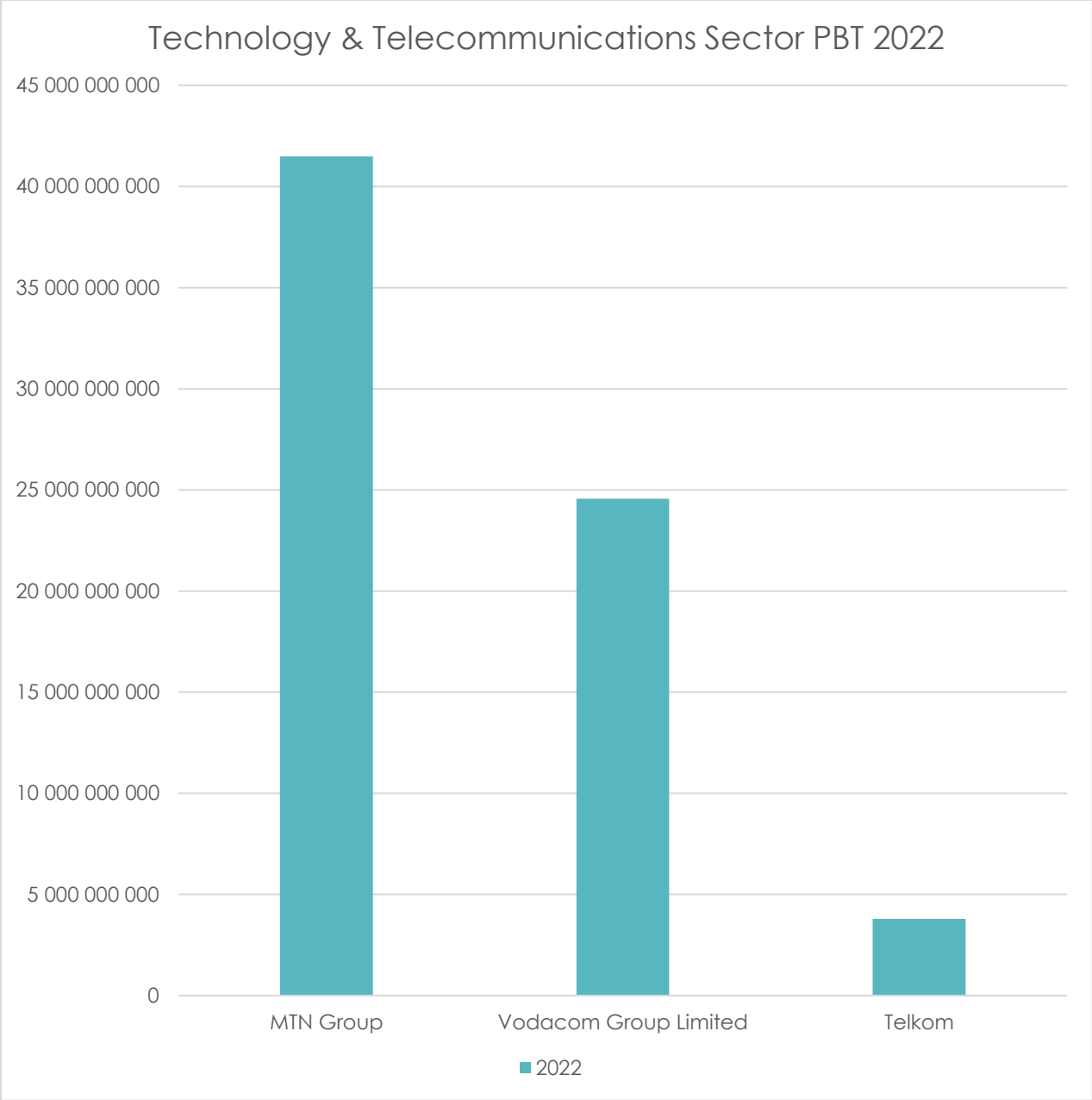
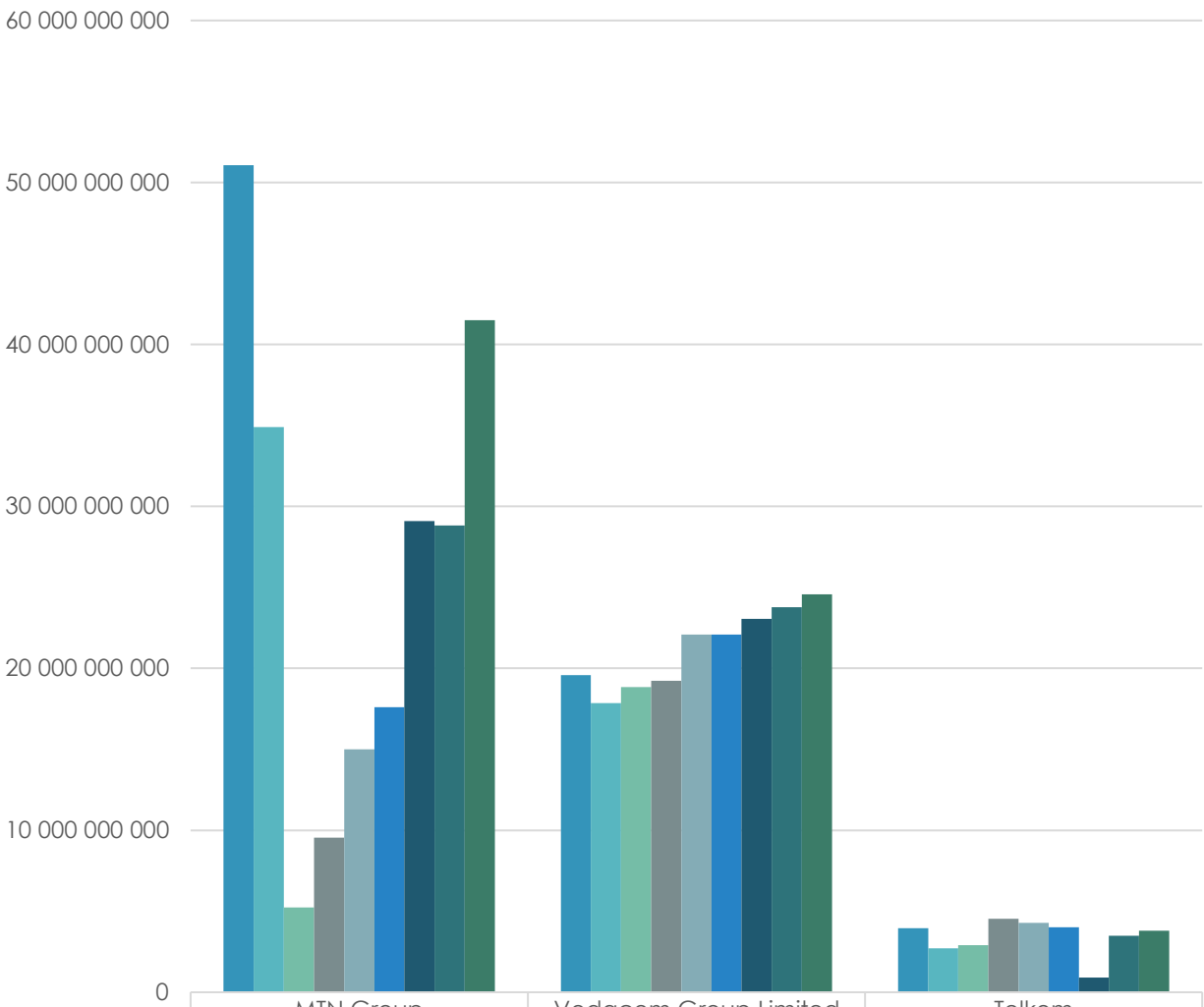


Figure 4 Technology and Telecommunications sector Profit before Tax 2022

Technology & Telecommunications Sector OBT 2014 - 2022



	MTN Group	Vodacom Group Limited	Telkom
2014	51063000000	19585000000	3947000000
2015	34892000000	17851000000	2721000000
2016	5243000000	18844000000	2900000000
2017	9555000000	19228000000	4545000000
2018	15008000000	22093000000	4291000000
2019	17600000000	22089000000	4007000000
2020	29086000000	23058000000	906000000
2021	28 816 000 000	23 781 000 000	3 495 000 000
2022	41 497 000 000	24 563 000 000	3 798 000 000

■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022

Figure 5 Technology and Telecommunications sector Profit before Tax 2014 to 2022

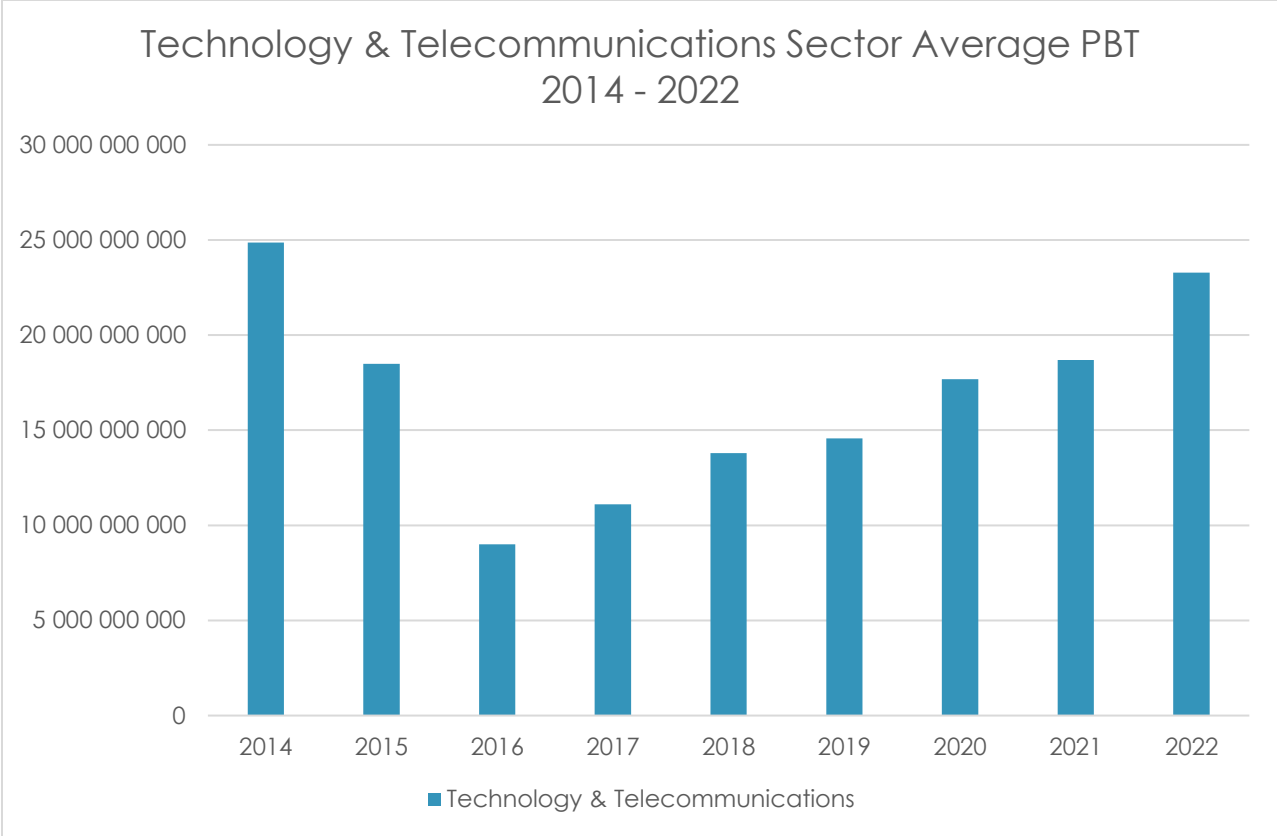


Figure 6 Technology and Telecommunications sector Average PBT 2014 to 2022

Directors' Remuneration

The LRS MNC database allows us to look at CEO remuneration over the last twelve years. For the three companies in our sample, we see the trend between 2011 and 2015 being downwards, with a large spike in 2016 when the then MTN CEO retired and was paid a significant salary and bonus (see *Figure 9*).

When looking at *Figure 9*, we see that from 2017 to 2022, there exists a large gap between average total remuneration excluding LTI and average total remuneration including LTI. This indicates that large LTIs have been continuously received during these years. From 2021 to 2022, average total remuneration for CEOs in the sector has decreased by 0.3%.

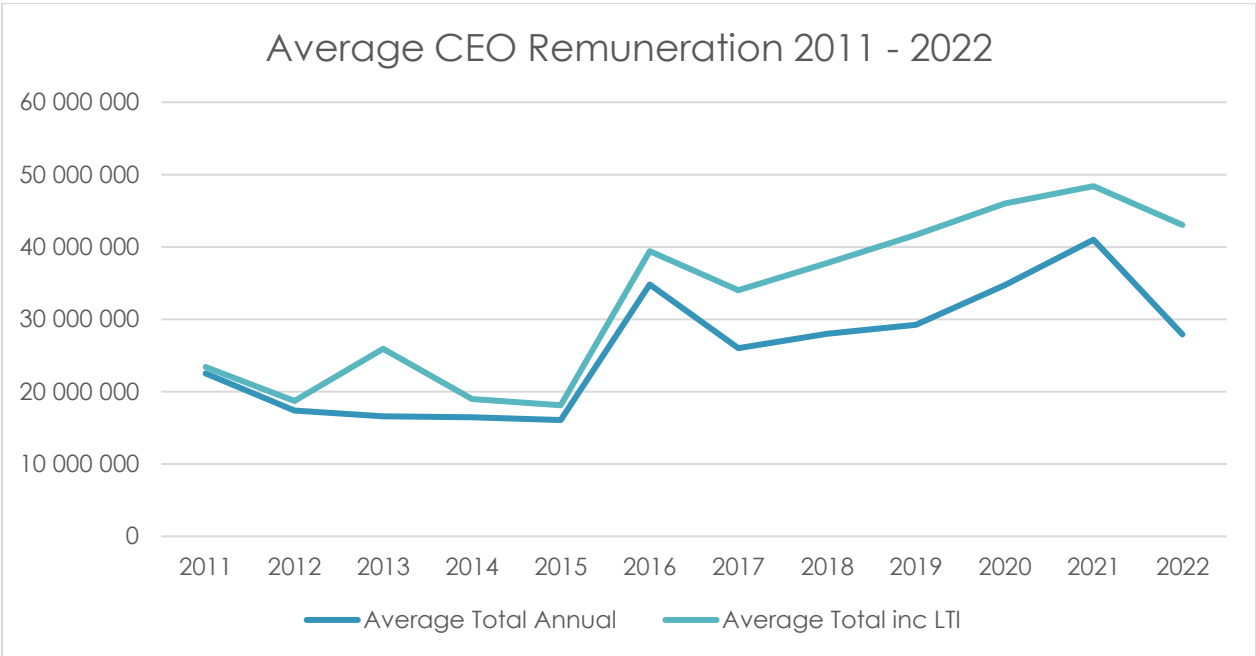


Figure 7 Technology and Telecommunications sector CEO Remuneration 2011 to 2022

CEO Remuneration

Ralph Mupita, the CEO of MTN Group received the highest remuneration in the sector. His total remuneration includes a salary of ZAR 8 million, benefits of ZAR 600 thousand, other income of ZAR 30 million consisting of short term investments and a 100% share vesting for the 2021 and 2022 financial years, and total LTI of ZAR 36 million, bringing his total remuneration including LTI to ZAR 75 million.

Former Telkom CEO, Sipho Maseko, resigned from his position on the 31st of December 2021. For the nine months he served during his last financial year at the company, Maseko received a remuneration package of ZAR 34 million. The remuneration package included a salary of ZAR 9 million, a cash bonus of ZAR 5 million, and benefits of ZAR 19 million. Effective 1 January 2022, Serame Taukobong was appointed the new CEO of Telkom. Taukobong is not new to the Telecommunications company and has already spent a few years reviving and further doubling the value of its mobile business⁸. He served as CEO for 3 months in the 2022 financial year, and in these three months received a remuneration package of ZAR 7 million. The ZAR 7 million includes a salary of ZAR 4 million, and cash bonus of ZAR 3 million.

Aziz Joosub, the CEO of Vodacom Group Limited, received a remuneration package of ZAR 54 million in 2022. His remuneration package includes a salary of ZAR 12 million, a cash bonus of ZAR 16 million, benefits of ZAR 900 thousand, and LTI of ZAR 24 million.

From 2021 to 2022, the average executive director remuneration decreased by 0.2%. In the same period, the average non-executive director remuneration increased by 0.02%.

⁸ <https://www.news24.com/news24/bi-archive/who-is-serame-taukobong-new-telkom-ceo-2021-8>

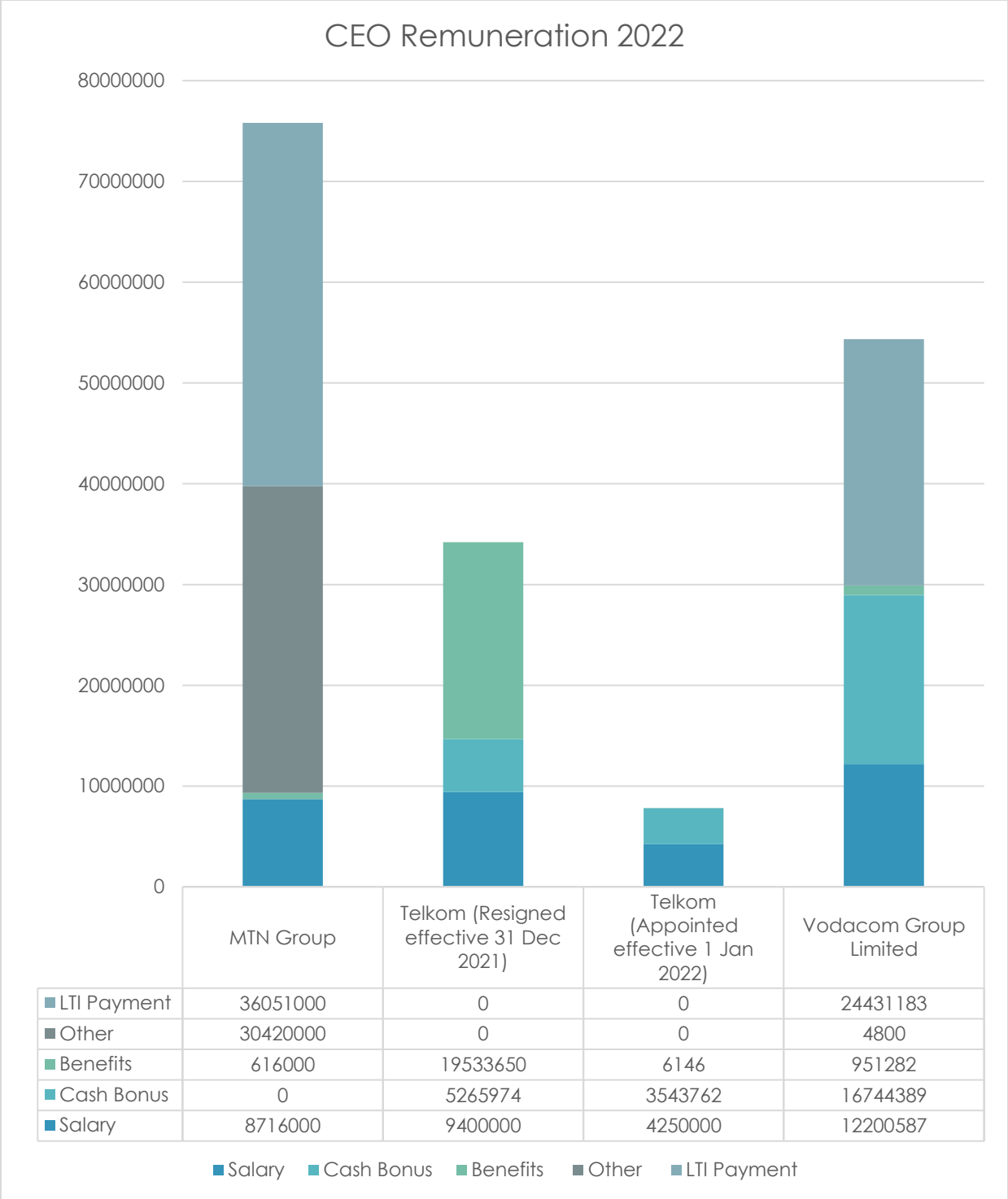


Figure 8 Technology and Telecommunications sector CEO Remuneration 2022

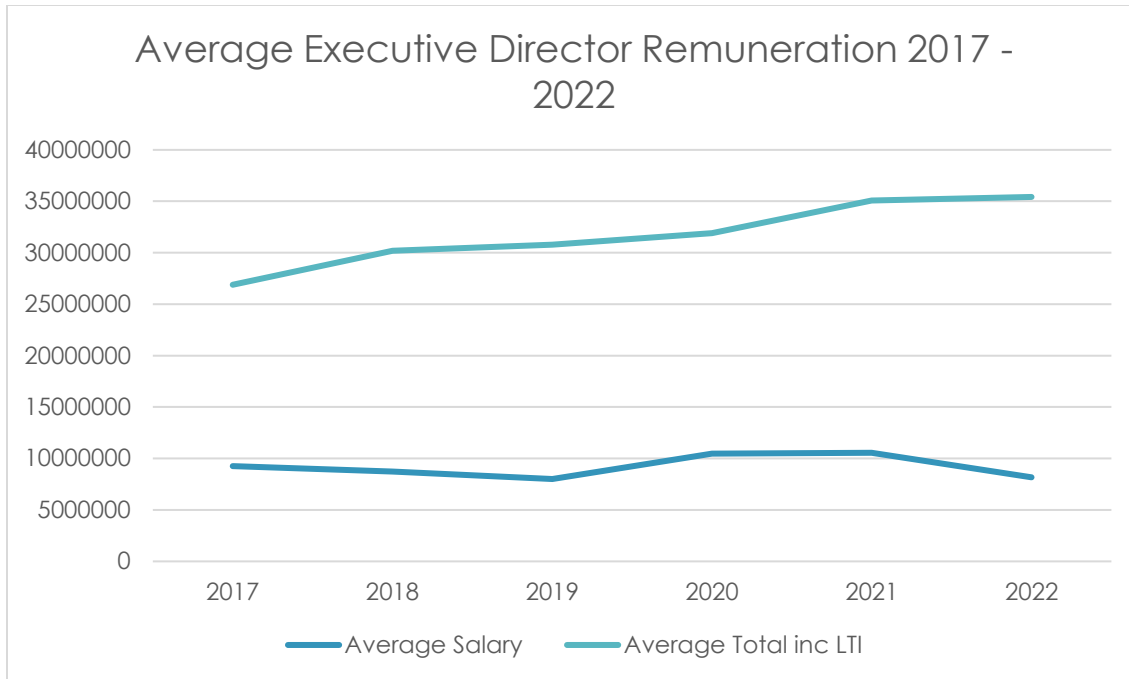


Figure 9 Technology and Telecommunications sector Executive Director Remuneration 2017 to 2022

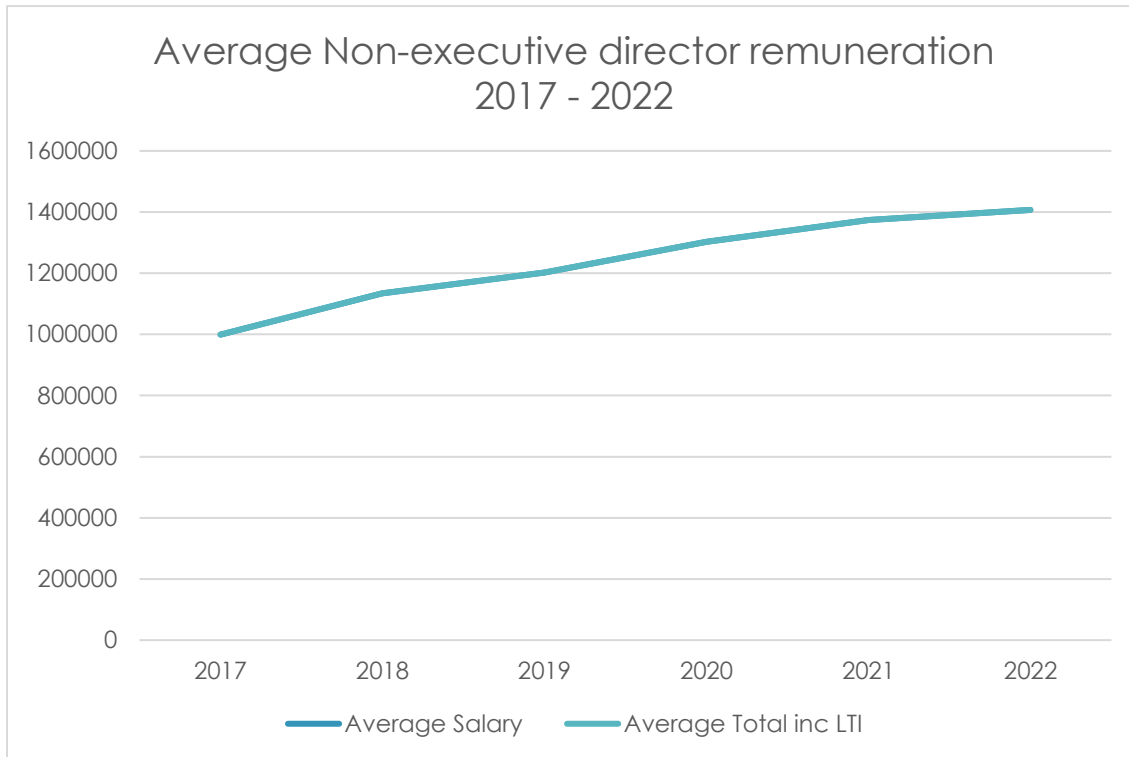


Figure 10 Technology and Telecommunications sector NED Average Total Annual Remuneration 2017 to 2022