

14 May 2015

Telkom welcomes Competition Commission SA recommendation to approve BCX acquisition.

Telkom and BCX today welcomed the recommendation by the Competition Commission to approve Telkom's proposed acquisition of Business Connection (BCX). The Competition Commission has made the recommendation subject to the imposition of certain conditions, to be met by both parties. Telkom and BCX remain committed to the proposed transaction and will engage and work with the necessary regulatory bodies as required.

"We believe the proposed acquisition will assist Telkom with its strategy to grow beyond its core business of connectivity by expanding into ICT services. This will enable our business to further enhance and grow its existing offerings, while at the same time providing scale in IT services. It will also help to reinforce the company's core connectivity business and enhance Telkom's convergence strategy," said Siphon Maseko, Telkom Group Chief Executive Officer.

Maseko said the proposed transaction will leverage Telkom's expertise to further address the technology and telecommunications requirements of all the company's clients and customers in South Africa and elsewhere in Africa.

The customer landscape for both Telkom and BCX has changed with only minimal overlaps today and, as a combined entity, will offer a number of potential benefits for stakeholders, the industry at large as well as advance the interests of South Africa and its consumers.

Maseko also affirmed that Telkom intends to remain a long-term investor in Business Connexion. Telkom has a strong commitment to social development and ongoing transformation goals, including broad-based BEE and the ICT Charter; it also supports the South African government's objectives and policies regarding transformation in the ICT sector.

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ABOUT TELKOM:

Telkom is a leading communications services provider in South Africa. We had consolidated operating revenue of R16.8 billion and normalised profit after tax of R1, 683 million for the period ended 30 September 2015. Total assets amounted to R41.9 billion and equity attributable to the owners of Telkom to R23.5 billion as of 30 September 2015. The group generated normalised free cash flow of R1.4 billion for the period ended 30 September 2015.

As of 30 September 2015, we had approximately 3.3 million telephone access lines in service and 1,030,441 ports connected via MSAN access. We offer business, residential and payphone customers a wide range of services and products, including:

- fixed-line retail voice services using PSTN (Public Switched Telephone Network) lines, including ISDN (Integrated Services Digital Network) lines, and the sale of subscription based value-added voice services and calling plans;
- fixed-line customer premises equipment rental and sales services both voice and data needs and these include PABX, Computers, Routers, Modems, Telephone handsets and other ancillary equipment;
- interconnection services, including terminating and transiting traffic from South African mobile operators, as well as from international operators and transiting traffic from mobile to international destinations;
- fixed-line data services, including domestic and international data transmission services, such as point-to-point leased lines, ADSL (Asymmetrical Digital Subscriber Line) services, packet-based services, managed data networking services and internet access and related information technology services;
- Data Centre Operations includes e-commerce, application service provider, hosting, data storage, e-mail and security services;
- W-CDMA (Wideband Code Division Multiple Access), a 3G next generation network, including fixed voice services, data services and nomadic voice services;
- mobile communication services, including voice services, data services and handset sales through our mobile navbar-brand called Telkom Mobile;
- information and communication services including cloud services, infrastructure services, workspace services, global service integration management and hardware and network equipment sales locally, in seven African countries, the UK and Dubai through Business Connexion Group; and
- other services including directory services, through Trudon (Pty) Ltd, wireless data services, through Swiftnet (Pty) Ltd.

Convergence is one of our key strategic initiatives in building a sustainable future for Telkom. We will lead the provision of converged services in South Africa in support of our mission statement: Seamlessly connecting people to a better life.