

10 April 2017

Comment on S&P Telkom rating

Telkom today welcomed the decision by S&P Global to affirm the Company's credit rating at BBB-.

Commenting on the decision, Telkom's Group CEO Siphon Maseko, said the decision was a nod to the aggressive implementation of a turn-around strategy by the Company.

"We embarked on our turnaround strategy almost four years ago and in these trying times it is imperative that we maintain our focus. We will continue to actively manage our costs, our cash and our use of capital, in the most efficient manner possible," he said.

Telkom remains undeterred in its objectives despite the revision of its outlook to negative. The Group will be reviewing all its forward resource allocation to ensure effective prioritisation, along with the pursuit of a sustainable business.

"While we welcome the maintenance of our current rating we're also cognisant that we don't exist as an island. At this time, it is imperative that our national focus is shifted to shaping an effective way forward," Maseko said.

"The downgrade of the sovereign will potentially affect the economy at large and the country needs to pull together more than ever before. In the immediate term the focus should be to avoid a recession. Collaboration between government, business, labour and civil society will be vital to evolve a new growth framework to take the country forward," he added.

Telkom will release its year-end result in June 2017.

For further enquiries, please contact:

Pynee Chetty

Senior Specialist: Media Relations

Group Communication

Tel: +27 12 642 1716

Mobile: +27 81 389 7874

Email: chettpr2@telkom.co.za

OR

Leigh-Ann Francis

Specialist: Media Relations

Group Communication

Tel: +27 12 642 1728

Mobile: +27 81 391 4780

Email: francilm@telkom.co.za

ABOUT TELKOM:

Telkom is a leading communications services provider in South Africa. We had consolidated operating revenue of R37.3 billion and normalised profit after tax of R4,052 million for the year ended 31 March 2016. Total assets amounted to R46.8

billion and equity attributable to the owners of Telkom to R26.1 billion as of 31 March 2016. The group generated normalised free cash flow of R3.9 billion for the year ended 31 March 2016.

As of 31 March 2016, we had approximately 3.2 million telephone access lines in service and 1,077,939 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 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.