

**Sipho  
Maseko**

**Group CEO**

The Telkom logo is a blue rectangle with the word "Telkom" in white, sans-serif font. It is positioned in the lower right corner of the image, overlaid on a photograph of a modern building's interior with glass railings and circular light fixtures.

**Telkom**

# Our journey



**Turnaround**



**Transform**

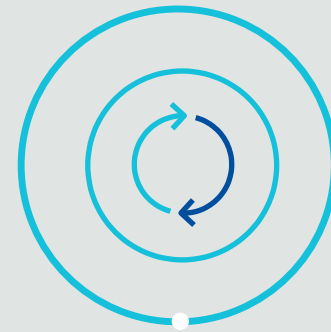


**Grow**

# Recapping

## Internal factors

- **Declining** revenue and **high cost** structure
- **Over-reliance** on fixed voice
- **High debt** levels and weak cash flow
- **Weak** Mobile business performance



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**2013**

## External factors

- **Declining** fixed voice & fixed-mobile substitution
- **Self-provisioning** by wholesale customers
- **Uncertain** regulatory & policy environment
- **Regulator** relationship in turmoil

# Our turnaround

## Challenges

- Declining fixed voice revenue and self provisioning by mobile players
- High cost structure, poor balance sheet and weak cash flow
- Weak Mobile business performance, EBITDA loss of R2bn
- Pending competition fines & regulator relationship in turmoil

## Management response

- - Invested in new technologies and managed voice decline
  - Wholesale pricing intervention
- - Multi year cost efficiency programme & strengthened balance sheet - net debt to EBITDA  $\leq 1$  times
- - EBITDA breakeven and improved financial performance in Mobile business
- - Settlement of R200 million to mitigate ~R3bn fine and reset relationship with regulator

# Transformative initiatives



## Repositioning of Openserve

Our vehicle for **data** and **broadband investment**



## Acquisition of BCX

**IT revenue streams** to diversify and offset declining fixed voice revenue in the Enterprise business



## Accelerated Mobile business

such as **LTE** through efficient use of **2300 MHz** spectrum and investment in **next generation broadband**



## Separated Mast & Tower and property portfolio

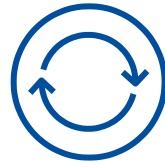
to commercialise **property portfolio** and service the industry

# Repositioning of Openseerve



## Strategic intent

- Modernise network
- Create trust with customer base
- Grow OLO customers
- Reduce operational costs



## Action steps taken

- Review pricing strategy
- Invested in NextGen technology & Fiber roll-out
- Cost efficiency programme



## Outcome

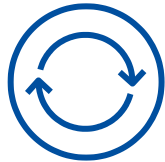
- Leading connectivity provider
- Largest fibre footprint
- Improved efficiencies

# BCX acquisition to diversify



## Strategic intent

- Position ICT converged solutions
- Diversify revenue mix
- Invest in future skill base



## Action steps taken

- Backward integration of Enterprise into BCX
- Renewed BCX leadership
- Revised operating model
- Rebased cost structure



## Outcome

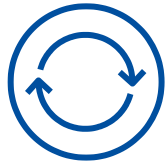
- Reduced voice dependency
- Optimised product offerings
- Retained profitability
- Culture transformation

# Reposition Consumer business



## Strategic intent

- De-risk Mobile business
- Grow data usage
- Improve customer value propositions
- Improve cost base



## Action steps taken

- Launched data led propositions
- Offered Fixed Wireless products
- Launched digital content platform



## Outcome

- Broadband led value propositions
- Increased mobile market share
- Achieved mobile sustainability

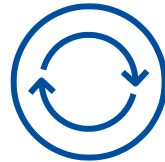


# Focus on property portfolio



## Strategic intent

- Diversify portfolio
- More efficient use of building capacity & space
- Unlock value in current property portfolio
- Focus on new property revenue streams



## Action steps taken

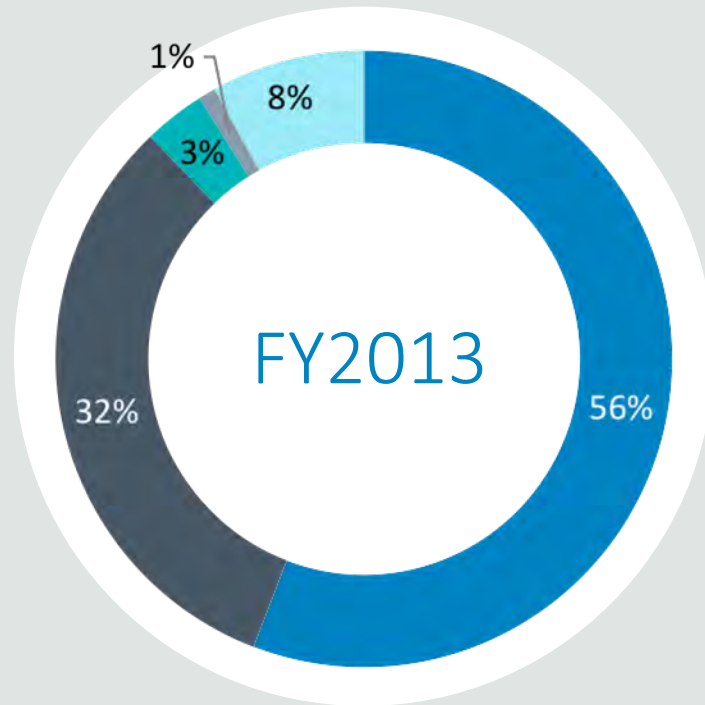
- Established focused property business - Gyro
- Consolidated the portfolio
- Commercialised properties
- Recruited specialist skills



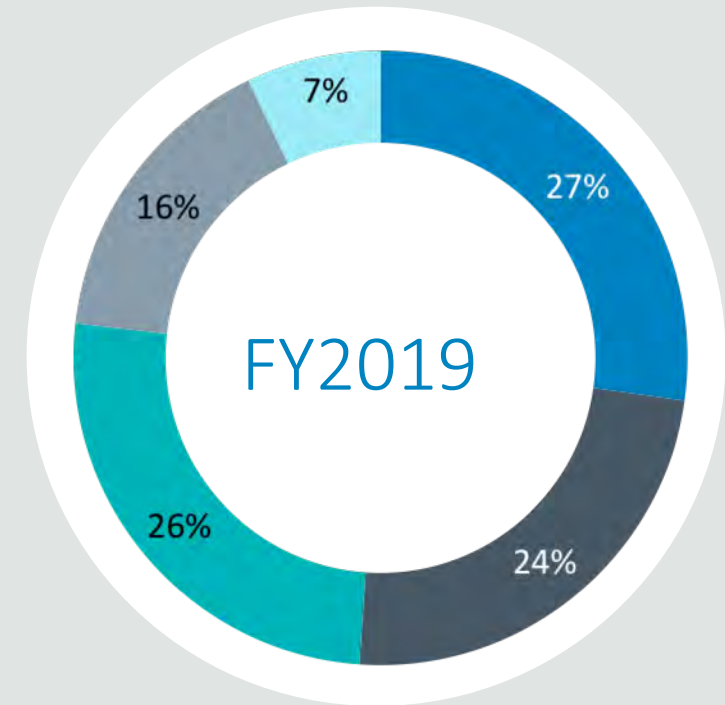
## Outcome

- Increased revenue streams from Mast and Tower portfolio
- Optimised building operations
- Reduced operational cost

# New revenue streams – foundation for growth



- Fixed voice
- Fixed data
- Mobile
- IT
- Other



# Diversified portfolio – set for growth

## Telkom Consumer

- Accelerate **mobile growth**
- Drive **high-speed broadband**
- **Network** expansion
- **Content and VAS**
- **Improve** customer experience

## BCX

- Grow **connectivity**
- Improve IT **services profitability**
- Reduce **cost to serve**

## open serve

- **Modernise the network**
- **Commercialise the network**
- Transforming **service delivery**

## Gyro

- Optimise and grow the **mast & tower portfolio**
- **Commercialise the property portfolio**
- Enhance **building operation efficiencies**

## Telkom Small & Medium Business

- Establish dedicated **SMB business unit**
- Aggressive on new **propositions**
- Build a **digital platform-led** business
- Introduce adjacent market products through an **eMarket place**