



MEDIA RELEASE

13 October 2015

Telkom launches redesigned wholesale division

Telkom today launches Openserve, the company's redesigned wholesale and networks division. Openserve will be a distinct business unit within the Telkom Group, which is formed as part of the company's ongoing efforts to strengthen customer focus through a more flexible and agile operating model. The separation heralds a new era in the Telkom group as it prepares to welcome a more open access environment and all the opportunities it offers. This move is also in line with Telkom's turnaround strategy to separate its wholesale and retail divisions to facilitate greater focus, accountability and most importantly, customer-centricity.

"Over the past two years, our strategy has delivered positive results, but it is not yet complete. We have tackled inefficiency, complexity and high costs and our quest to improve our customer experience remains a primary focus. But to fundamentally change the way we do business, while also working to take up a meaningful and impactful role in an increasingly open-access environment, we have had to review our operating model," said Telkom GCEO Siphon Maseko.

As part of Telkom's transformation journey, the company has created distinct business units. Separation is important for Telkom as it facilitates the independence of the Consumer division from the Wholesale and Networks division. Through this separation, Telkom will improve its customer focus and establish clearer lines of accountability. As a stand-alone business unit within Telkom, Openserve will be autonomous and will be responsible for its own profit and loss account.

According to Alphonzo Samuels, the Managing Director for Openserve, the separation signals Telkom's commitment to a more competitive market and lower prices for consumers. "Telkom has already begun reducing prices associated with wholesale network infrastructure access. With the launch of Openserve, we want to make a significant impact on the way we provide open access broadband to all South Africans. We welcome a more open-access environment and believe that we, as Openserve, can make important headway in helping all South African bridge the digital divide," said Samuels.

As a key driver of socio-economic development, Openserve will enable more choice, increased innovation and greater service-provider competition. The result will be increased broadband access. Telkom intends to play a substantial role in lowering the barrier to entry for new players and to increase the competitiveness of smaller players.

Maseko said that while this would not be easy, Telkom will put in the hard work needed to get there. "The landscape of telecommunication in our country and around the world has changed and we are responding to this change with this clear and decisive action."

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ABOUT OPENSERVE:

Openserve is Telkom's redesigned wholesale partner and is a division of the Telkom Group. It is South Africa's largest telecommunications infrastructure provider with the biggest broadband network.

ABOUT TELKOM:

Telkom is a leading communications services provider in South Africa. We had consolidated operating revenue from continuing operations of R31.7 billion and profit after tax from continuing operations of R2,889 million for the year ended 31 March 2015. Total assets amounted to R42.0 billion and equity attributable to the owners of Telkom to R25.7 billion as of 31 March 2015. The group generated free cash flow of R3.9 billion for the year ended 31 March 2015.

As of 31 March 2015, we had approximately 3.4 million telephone access lines in service and 964,196 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; 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.