

2014

Telkom

Investor Day

04 August 2014

INTRODUCTION

Sipho Maseko, Group Chief Executive

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Agenda

09:00

Introduction

09:30

Wholesale and Networks

10:30

Tea

11:00

Telkom Retail

12:00

Lunch

13:00

Telkom Consumer

14:00

Procurement, Property and Supply chain

15:00

IT

15:30

Marketing (and Brand)



Telkom



Threats to core fixed business

3

4



Performance below that of peers

1. Reposition the business to achieve commercial sustainability
 - Implement efficiency drive
 - Generate sustainable revenue streams
2. Fulfil a broader role in transforming the South African economy



Seamlessly connecting South Africans to a better life

- Centre of the digital home
- Lead in business, enterprise and government
- Pre-eminent in wholesale

Enabled by:

- People & organisational capabilities
- An invincible network
- The right technologies & solutions
- A competitive cost base and efficiency
- A sustainable regulatory stance
- Partnerships in non-core & adjacent activities that build our converged proposition

Customer first

Telkom

Turnaround

Quick wins =
confidence
Sustained wins =
long-term success

Build adjacencies
through **partnerships,**
alliances, mergers
and **acquisitions**

Focus on
fixed connectivity -
our core product

Challenges:

- Voice revenue under pressure
- Data revenue is a challenge
- Lower margins
- Improving customer service

Wins:

- Continued cost reductions
- Mobile growth
- Focus on cash flow
- Good performance in equity market
- Complying with Settlement Agreement



"On a scale 0-10, how likely is it that you would recommend our company to a friend or colleague?"

Extremely likely

Extremely unlikely

9 - 10



Promoters



- **Loyal** customers
- Make **repeat purchases**
- **Talk** about Telkom to friends and colleagues

7 - 8



Passives



- Got what they asked for but **nothing more**
- **Indifferent** about who they use
- Talk with **low energy** about Telkom

0 - 6



Detractors



- **Dissatisfied** by their experience
- Frequently **make complaints**
- **Bad-mouth** Telkom to others

$$\text{NPS} = \% \text{ Promoters} \text{ minus } \% \text{ Detractors}$$

(Net Promoter[®] Score)



The Winning Formula:

One Telkom

Product Advantage

Invincible Network

Superior Customer Service

Objectives

- Flatten / delayer managerial and specialist level
- Bring leadership closer to customer
- Lower human capital cost
- Improve financial performance