

Cell C board responds to CellSAf statement

The following statement was issued yesterday, 27 February 2017, on behalf of Mohammed Hariri, chairman of Cell C and Oger Telecom:



The Cell C Board has noted the media statement from CellSAf regarding the proposed Recapitalisation plan of Cell C (the Recapitalisation Plan).

The accusations against the Cell C board are baseless and the Cell C board would like to set the record straight.

Throughout the process, the Cell C board has consistently followed lawful and good governance practices. In that regard, the directors who represent CellSAf in 3C Telecommunications, the sole shareholder of Cell C, received all necessary documentation and information pertaining to the Recapitalisation Plan and were fully informed throughout the process. Two of the directors representing CellSAf in 3C Telecommunications approved the recapitalisation plan in December 2015.

Since December 2015, CellSAf has launched several unsuccessful and ill-conceived legal proceedings in an effort to block the recapitalisation plan and even attempted to wind-up Cell C's holding company. The intended purpose of CellSAf's failed legal actions and claims was to obtain an undeserved and unwarranted financial gain.

To date, notwithstanding many opportunities afforded to it do so, no credible alternative to the recapitalisation plan has

ever been proposed by CellSaf.

Furthermore, CellSaf's claim that it is expected to assume additional liabilities of almost R3 billion is completely untrue. It is important to note that CellSAf holds a 25% debt-free and unencumbered stake in 3C Telecommunications and therefore has no liabilities. Contrary to its claims in the media, CellSaf has also never provided any financial investment or operational support to Cell C since its launch.

Oger Group, on the other hand, has invested over US\$1.5bn over the last 16 years to ensure Cell C continues to operate, despite never receiving any dividends. Moreover, Oger Telecom has also agreed to support the recapitalisation plan solely in furtherance of Cell C's future and will receive no payout whatsoever from the implementation of the recapitalisation plan.

Once completed, the recapitalisation plan will see Cell C's HDI ownership credentials increase to more than 30% from its current 25%.

The Cell C board is disappointed by CellSAf's statements given that the recapitalisation of Cell C will ensure a sustainable business for all concerned, including CellSAf.

The recapitalisation plan brings new cash equity as well as the contribution of strategic partners into Cell C, both of which are critical to Cell C's continued growth and success. It is a transaction that the board believes is in the best interests of not only Cell C's shareholders, employees, lenders and suppliers, but also the South African public.

The deal will secure the sustainability of Cell C's business, thus allowing customers to continue benefiting from competitive offerings and greater choice and features in connectivity and communication.

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