

Telkom's Mabuza faces PIC probe

Telkom is in serious need of a governance turnaround, Public Investment Corporation (PIC) chief executive Elias Masilela said on Friday (16 November).



Addressing the Cape Town Press Club, Masilela said he would not place the blame for Telkom's financial woes on any one person or group of individuals, including the government -- a major stakeholder in the telecommunications company.

The PIC, which invests pensioners' money on behalf of primarily the Government Employees Pension Fund (GEPF), owns a 10% stake in Telkom.

Masilela said "talking down an asset in public" could do more damage to Telkom. But he said they would definitely step in, as discussions with various parties showed there was extreme concern about Telkom.

"Our engagement has been that it's an important investment for us and 10% is not a small amount of money. When our principal, the GEPF, looks at the way we invest and sees an investment not performing, they ask questions," said Masilela.

The intervention would be "value preserving, or value growing".

"Because we are very concerned about the bottom line, we will drag people screaming and shouting behind closed doors and explain to them what investment is about, and how they should manage the asset we have invested in," he said.

Masilela also spoke about Cabinet's decision to cancel a deal with Korea's KT Corp to buy a 20% stake in Telkom.

He said the PIC's initial support for the deal stemmed from the knowledge that Telkom needed a partner that could bring skills and technology to the table.

"At a share price of R36 a share, the KT deal would have meant that we were giving away an asset," said Masilela.

Masilela said Telkom's current woes represented a "destruction of shareholder value".

In a separate development, Telkom also announced that Jabulane Mabuza, appointed to the board earlier this week, has been chosen as the organisation's new chairman with immediate effect. Mabuza is the former chief executive of Tsogo Sun Holdings, chairman of the Casino Association of South Africa and of South African Tourism.

Last week, Telkom's share price sank further after chief executive Nombulelo Pinky Moholi and board director Neo Phakama Dongwana resigned.

Their resignations follow the axing of several board members in October.

Source: *Sapa* via I-Net Bridge

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