

Telkom rejects bid by former CEO, shares slide

Telkom said on Friday, 7 July, it had rejected an offer led by its former CEO to buy a majority stake in South Africa's third biggest telecoms company, sending its shares down 7%.



Customers are served at a branch of South Africa's mobile operator, Telkom, in Johannesburg, South Africa on 2 March 2022. Reuters/Siphiwe Sibeko/File Photo

Last month Telkom confirmed it had received an unsolicited offer led by former CEO Sipho Maseko and the South African Government Employees Pension Fund to buy a substantial stake in the partly government-owned telecoms firm.

Telkom's current CEO Serame Taukobong said at the time that the company did not need "a knight in shining armour" in an indication that he did not see the offer as an appealing one.

"The Indicative Proposal is not in the best interest of shareholders," Telkom said in Friday's statement.

The company said it will not continue talks with the consortium led by the former CEO as it believes its current strategy would yield better value for shareholders.

As well as the recent bid, Telkom has been a potential target for Africa's biggest telecom player MTN while smaller rival Rain also considered it for a merger.

Once a favourite among investors, Telkom has lost more than half of its stock market value as it tried to sell its towers and masts, and fibre businesses in a bid to shore up profits and cut costs over the last two years.

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