

Telkom Kenya and Airtel Kenya announce plans for a Merger

Nairobi, February 08, 2019...Telkom Kenya Limited and Airtel Networks Kenya Limited, today announced the signing of a binding agreement that will see the shareholders of the two companies enter into an agreement to merge their respective Mobile, Enterprise and Carrier Services businesses in Kenya to operate under a joint venture company to be named Airtel-Telkom. Telkom Kenya Limited's real estate portfolio and specific government services will not form part of the combined entity. The final shareholding will be determined at the closing of the transaction. Telkom Kenya has the option of holding up to 49 per cent of that shareholding. The merged company will be chaired by Telkom Kenya Limited CEO, Mr. Mugo Kibati while Airtel Networks Kenya Chief Executive, Mr. Prasanta Sarma, will be appointed Chief Executive Officer.

The finalisation and closure of the transaction is subject to approval by the relevant authorities.

Airtel Networks Kenya Limited (Airtel Kenya) and Telkom Kenya Limited (Telkom Kenya) will see no immediate changes to their operations which will continue as usual. Similarly, there will also be no change to the current respective leadership and management, legal, organisational and staffing structures. Additionally, both brands: 'Airtel' and 'Telkom', as well as their respective products and solutions, will continue to co-exist. Similarly, service delivery to the respective companies' customers as well as engagement with all business partners of both companies will continue to operate as usual.

As per the agreement, both the partners will combine their operations in Kenya and establish an entity with enhanced scale and efficiency, larger distribution network and strategic brand presence, thereby enhancing the range and quality of products and service offerings in the market, and greater choice and convenience to the consumer.

The combined entity will see sustained investments in networks to further accelerate roll out of future technologies. The Enterprise and Carrier Services businesses will get a boost with a larger fibre footprint and increased number of enterprise customers - including both large corporations and SMEs who would have access to a diverse portfolio of world-class solutions.

Commenting on the agreement, National Treasury Cabinet Secretary, Mr. Henry Rotich said: "This move is well aligned with the government's agenda to optimise the value of the assets that it holds in trust, on behalf of Kenyans, while cementing the country's position not only as a regional business hub but also as an international investment magnet."

ICT Cabinet Secretary, Mr. Joe Mucheru commented: "ICTs remain a vital link to achieving Kenya's economic goals and our national development agenda, particularly with respect to service delivery. Such mergers have had positive impact on the development of the sector and service levels to consumers in other markets. Similarly, we look forward to this merger leading to the introduction of new technologies and telecommunication products which will, in turn, support the growth of other business sectors of our economy, thereby spurring national production to meet the growing demand locally and beyond."

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About Telkom:

Telkom connects the people that keep Kenya on the move. It does this by providing integrated telecommunications solutions to individuals, Small and Medium-sized Enterprises (SMEs), Government and large corporates in Kenya, drawing from a diverse solutions suite that includes voice, data, mobile money as well as network services. Powered by its vast fibre optic infrastructure, it is also a major provider of wholesale, carrier-to-carrier traffic within the country and the region. Telkom is building on a strong, consumer-centric ethos that is committed to providing innovative, accessible and refreshingly simple communications solutions that suit customers' everyday communication needs. Established as a telecommunications operator in April 1999, Telkom is 60 per cent owned by Helios Investment Partners, with the remaining stake held by Kenyans through the Government of Kenya. Please visit www.telkom.co.ke to get to know more about Telkom.

About Airtel:

Bharti Airtel Limited is a leading global telecommunications company with operations in 18 countries across Asia and Africa. Headquartered in New Delhi, India, the company ranks amongst the top 3 mobile service providers globally in terms of subscribers. In India, the company's product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed home broadband, DTH, enterprise services including national & international long distance services to carriers. In the rest of the geographies, it offers 2G, 3G, 4G wireless services and mobile commerce. Bharti Airtel had over 403 million customers across its operations at the end of December 2018. To know more please visit, www.airtel.com.

Press Contact:

George Mlaghui, gmlaghui@telkom.co.ke, Tel: +254-773-835-879.

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