



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

GOVERNMENT SELLS VODACOM STAKE TO RAISE FUNDS FOR ESKOM ALLOCATION

Government has sold its 13.91 per cent stake in Vodacom to the Public Investment Corporation (PIC), acting on behalf of the Government Employees Pension Fund (GEPF).

As previously indicated, the proceeds from the sale will be used to finance the R23 billion allocation to Eskom. This gives expression to the commitment made in the 2015 Budget and the 2014 Medium Term Budget Policy Statement that funding of state owned companies would be in a deficit neutral manner.

Last week, Parliament passed the Eskom Special Appropriation Bill to enable the appropriation and the Eskom Subordinated Loan Special Appropriation Amendment Bill for the conversion of the subordinated loan into equity.

The National Treasury and the Department of Telecommunications and Postal Services worked together in executing the transaction. In arriving at a decision to dispose of its stake in Vodacom to the PIC, government undertook a market sounding exercise where numerous organisations presented proposals for raising the funding to be allocated to Eskom.

Government considered a wide range of options including the sale of listed shareholdings it holds directly, the disposal of listed stakes held indirectly through Development Finance Institutions (DFIs), the sale of government's unlisted shareholdings in state owned companies (SOCs) or their subsidiaries, the ring-fencing and sale of assets held by SOCs and the sale of other assets, such as property, owned by the state.

The sale of the Vodacom stake was the most viable option for ensuring that government was able to swiftly realise the proceeds and inject equity into Eskom to bolster the utility while simultaneously ensuring government was still able to deliver on its strategic objectives.

The PIC's offer to Government was in line with pricing quoted by other institutions when taking into account the large size of the stake and also provided the added benefit of keeping the shares within the broader family of public sector-related institutions.

In addition to the allocation of R23 billion to Eskom, government committed to converting to equity the R60 billion subordinated loan that had previously been provided to Eskom. These measures will further strengthen the company's balance sheet and will be complemented by cost reductions by Eskom and the utility applying for tariff adjustments through the normal regulatory processes.





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NERSA have declined Eskom's most recent application and have indicated the regulatory processes that should be followed by Eskom in applying for any future adjustments.

Issued on behalf of National Treasury

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