

# Telkom CEO Sipho Maseko scores R27 million payday

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Telkom has published its integrated report for the 2018 financial year, revealing what the telco group paid its top executives.

According to the report, Telkom CEO Sipho Maseko was paid a total package of R27.2 million for the 2018 financial year, comprising a basic salary of R8.05 million, a short-term incentive bonus of R7.58 million and a long-term incentive bonus of R11.56 million.

Former CFO, and new CIO Deon Fredericks scored a total pay of R13.6 million for the period, taking the total pay to the top two executives to R40.8 million.

Telkom paid a further R113.2 million to 10 prescribed officers, including those who have since left the company, and those who have moved up the ranks.

Deputy CFO Tsholofelo Molefe, who has been appointed as the new CFO of the group, was paid R7.2 million, while retired chief information officer (CIO) Len de Villiers earned R14.3 million.

Other executives who have parted ways with the company – Brian Armstrong and Attila Vitai – were also paid handsomely, taking R13.6 million and R24.3 million, respectively.

The tables below outline the executive pay:

## FY2018 emoluments per executive director

|                            | GP*<br>R          | STI<br>R          | Fringe and<br>other benefits<br>R | LTI (vested<br>shares)<br>R | Total<br>FY2018<br>R | Pension TRF<br>13%**<br>R |
|----------------------------|-------------------|-------------------|-----------------------------------|-----------------------------|----------------------|---------------------------|
| <b>Executive directors</b> |                   |                   |                                   |                             |                      |                           |
| SN Maseko                  | 8 050 000         | 7 580 163         | 11 997                            | 11 551 650                  | <b>27 193 810</b>    | 901 600                   |
| DJ Fredericks              | 5 565 000         | 4 123 055         | 11 997                            | 3 888 066                   | <b>13 588 118</b>    | 593 299                   |
| <b>Total</b>               | <b>13 615 000</b> | <b>11 703 218</b> | <b>23 994</b>                     | <b>15 439 716</b>           | <b>40 781 928</b>    | <b>1 494 829</b>          |

\* Guaranteed package includes basic salary, company contribution toward TRF and flexible allowance.

\*\* Company pension contribution.

## FY2018 emoluments per prescribed officer

| Company                     | GP*<br>R          | STI<br>R          | Fringe and<br>other benefits**<br>R | LTI<br>(vested<br>shares)<br>R | Total<br>R         | Pension –<br>TRF13%***<br>R |
|-----------------------------|-------------------|-------------------|-------------------------------------|--------------------------------|--------------------|-----------------------------|
| BC Armstrong <sup>1,3</sup> | 1 250 336         | –                 | 4 736 586                           | 7 581 727                      | <b>13 568 649</b>  | 79 771                      |
| LM de Villiers <sup>4</sup> | 3 387 101         | 2 295 218         | 1 424 527                           | 7 182 060                      | <b>14 288 906</b>  | 460 646                     |
| NM Lekota                   | 3 392 000         | 2 640 079         | –                                   | –                              | <b>6 032 079</b>   | 356 160                     |
| LTS Maloba <sup>2</sup>     | 1 354 703         | 686 560           | –                                   | –                              | <b>2 041 263</b>   | 115 513                     |
| TBL Molefe <sup>2</sup>     | 4 085 000         | 3 142 969         | –                                   | –                              | <b>7 227 969</b>   | 308 009                     |
| IM Russell                  | 5 000 000         | 0                 | 11 997                              | 2 461 014                      | <b>7 473 011</b>   | 390 000                     |
| AN Samuels                  | 5 000 000         | 3 816 500         | 11 997                              | 1 643 012                      | <b>10 471 509</b>  | 377 000                     |
| A Vitai <sup>1,5</sup>      | 6 004 900         | 4 634 525         | 3 209 501                           | 10 454 219                     | <b>24 303 145</b>  | –                           |
| I Mophatlane <sup>1,3</sup> | 2 100 082         | –                 | 8 231 682                           | 8 610 684                      | <b>18 942 448</b>  | 105 004                     |
| T Seopa <sup>1,3</sup>      | 2 018 441         | –                 | 3 791 836                           | 3 020 953                      | <b>8 831 230</b>   | 152 190                     |
| <b>Total</b>                | <b>33 592 563</b> | <b>17 215 851</b> | <b>21 418 126</b>                   | <b>40 953 669</b>              | <b>113 180 209</b> | <b>2 344 293</b>            |

\* GP includes basic salary, company contribution towards TRF and flexible allowance.

\*\* Fringe and other benefits includes motor car insurance, relocation benefit, separation package, notional completion bonus and leave payments.

\*\*\* Company pension contribution.

<sup>1</sup>Exited as prescribed officer: BC Armstrong - 30 June 2017; LM de Villiers - 31 March 2018; A Vitai - 31 March 2018; I Mophatlane - 31 July 2017; STM Seopa - 31 October 2017.

<sup>2</sup>Appointed as prescribed officer: LTS Maloba - 13 November 2017; TBL Molefe - 1 April 2017.

<sup>3</sup>Separation and leave pay included in fringe and other benefits for BC Armstrong; I Mophatlane; and T Seopa.

<sup>4</sup>Notional completion bonus and leave pay included in fringe and other benefits for LM de Villiers.

<sup>5</sup>Notional completion bonus, relocation benefits and leave pay included in fringe and other benefits for A Vitai.

In May, Telkom reported a 6.55% drop in operating profit for the year ended March 2018, to R4.939 billion, with revenue flat at R41.018 billion.

The group reported a 19.2% decrease in profit after tax to R3.158 billion. This, it said, was mainly attributable to an increase in the taxation expense and a 3.6% decrease on earnings before interest, taxation, depreciation and amortisation (EBITDA) of R10.544 million

This resulted in an 18.4% decrease in headline earnings per share (HEPS) to 597 cents.

Mobile growth was strong, with consumer revenue up 5.9%, driven by a 47.2% growth in mobile service revenue for the year ended March 2018. The growth in the mobile business was supported by 30.2% growth to 5.2 million subscribers, with the blended average revenue per user (ARPU) increasing by 10.2% to R98, Telkom said.