

CELL C STATEMENT

Tuesday, 04 August 2020 - Cell C's S&P Global status on certain loan facilities and senior secured bonds remains unchanged at D (Default).

Cell C continues to work proactively with all stakeholders to improve its liquidity, debt profile and long-term competitiveness as part of its turnaround strategy. The turnaround strategy is focused on ensuring operational efficiencies, restructuring the balance sheet, implementing a revised network strategy and improving overall liquidity.

While a new recapitalisation is being negotiated, there is an informal debt standstill and debt payments have been suspended.

Although Cell C's lenders are entitled to call up the entire debt owed, they have not accelerated debt payments and have held off on taking action in order to facilitate a commercial solution. The non-payment is not a surprise to lenders that understand the Cell C turnaround strategy.

Good progress in a complex recapitalisation is being made. Discussions to seek alignment among all stakeholders are being held and term sheets will need to be concluded.

The focused company strategy and correctly capitalised balance sheet will lead to better leveraging of assets. The South African mobile market is in a mature phase and the long-term growth of the industry in general, and players such as Cell C in particular, will be determined by the ability to deliver innovative service offerings while assessing over-investment in capital hungry infrastructure.

Says Douglas Craigie Stevenson, Cell C CEO; "There is belief in Cell C's long-term prospects, and the new leadership team is focused on the journey to turn the company into a profitable, innovative player in the local telecoms industry and is confident the organisation will overcome its challenges."

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