

MEDIA RELEASE

Joint Media Statement by the PIC and the GEPF: Funding Eskom

FOR ATTENTION: All Media

EMBARGO: NONE – For Immediate Release

PRETORIA, 05 February 2018 – The Public Investment Corporation (PIC) on behalf of the Government Employees Pension Fund (GEPF), has agreed to advance a R5 billion bridging facility to electricity utility company, Eskom for one month. The loan will fund the company's operations during the month of February 2018.

The PIC was approached by Eskom, which indicated that it was experiencing enormous liquidity constraints, which were threatening the company's going concern status.

Following the request, the PIC conducted its own due diligence and obtained approval in line with its mandate and corporate governance requirements. The GEPF and PIC Board take comfort from the fact that the bridging facility is fully backed by a government guarantee and that the pricing for this transaction is favourable to GEPF.

The PIC and the GEPF are encouraged by the recent changes in the governance of Eskom.

"The GEPF and the PIC are encouraged that the new Eskom Board and the new management team have moved with the necessary speed to restore good corporate governance at Eskom. The utility announced their interim financial statements last week, which had previously been delayed, in a frank and transparent manner," Dr. Daniel Matjila, CEO for the PIC, said.

In addition to the bridging facility, Eskom has approached other lenders as the utility needs a total funding of R20 billion. Three commercial banks have indicated that they are willing to further extend credit facilities to Eskom subject to the outcome of their respective due diligence processes, which are currently underway. To date, Eskom has demonstrated that it has secured financial commitments to meet its borrowing requirements over the short term.

The GEPF and the PIC will continue to closely monitor developments at Eskom.

ENDS.



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