

MTN ticks infrastructure sharing box in Ghana

Mobile operator MTN Group said on Monday (6 December 2010) that it had delivered on its strategy to embark on an infrastructure sharing initiative through TowerCo Ghana, a joint venture with American Tower Corporation.

TowerCo Ghana is to be managed by American Tower, and will be owned by a holding company of which an American Tower subsidiary will hold a 51% share while an MTN Group subsidiary will hold a 49% share.

The transaction involves the sale of up to 1,876 of MTN Ghana's existing sites to TowerCo Ghana for an agreed purchase price of up to approximately \$428.3 million, of which American Tower will pay up to approximately \$218.5 million for its 51% stake in the holding company.

MTN Ghana will be the anchor tenant, on commercial terms, on each of the towers being purchased. American Tower also expects that TowerCo Ghana will build at least an additional 400 sites for both MTN Ghana and other wireless operators in Ghana over the next five years.

In July 2010 MTN advised that it would increase its focus on optimising efficiencies including infrastructure sharing, standardisation of systems and processes, rationalisation of suppliers, cost management and cash optimisation.

"MTN has in the recent past explored and considered various permutations of the costs and benefits of passive infrastructure sharing in its key markets.

MTN has now resolved to pursue more extensive passive infrastructure sharing in general, whilst taking into consideration the unique prevailing circumstances of its operations in each market.

"This is with a view to MTN ultimately establishing a tower holding company at sub-Saharan Africa level. The Ghanaian market presents an ideal opportunity to commence pursuing the Group's medium term objectives with respect to its towers," the group said.

Group president and CEO of MTN Group, Phuthuma Nhleko, said: "We have in the recent past looked at various permutations to reduce our infrastructure roll-out costs as well as the on-going costs of operating our passive infrastructure in our key markets. Because market conditions in each of the markets are unique, we have resolved to evaluate infrastructure sharing opportunities on a market by market basis.

"The Ghanaian market has presented us with an opportunity to partner with a leading independent global tower operator. We have already established a good working relationship with the team at American Tower, who have demonstrated their extensive experience in operating towers in both the developed world and in emerging markets," he said.

The transaction is expected to close by early 2011, subject to customary closing conditions.

American Tower currently owns and operates over 33,000 communications sites in the United States, Latin America and India.

In November, South Africa's third mobile operator Cell C, entered into a definitive agreement with ATC for the sale of up to 1,400 of Cell C's existing towers, and up to 1,800 additional towers that are either under construction or will be constructed over the approximately next two years, for an aggregate purchase price of up to approximately \$430 million.

Commenting on the group's recent agreement with MTN, Jim Taiclet, Chairman, president and CEO of American Tower Corporation, said that creating an independent tower company in Ghana reflects ATC's strategy of investing in selected African markets with strong wireless growth potential and a positive investment climate.

"As a partner, MTN's stature, vision and operational experience in Africa are highly complementary. Combined with our tower leasing expertise, we believe TowerCo Ghana is exceptionally well placed to maximize the market opportunity in Ghana," he said.

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