

# Kenya: Millicom buys 85% stake in Zantel

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Millicom, has agreed to buy an 85 percent stake in Tanzanian operator Zanzibar Telecom (Zantel) from the Etisalat Group.

According to the statement by Millicom, under the terms of the agreement, Millicom will pay a total cash consideration of \$1 and assume total debt obligations of \$74m. In addition, Zantel will have up to \$32m in net current liabilities at closing.



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Millicom expects the EBITDA of Zantel to reach \$25m through a combination of bringing new products and services to the existing customer base and delivering greater efficiencies. The acquisition agreement allows for an adjustment to the total consideration if that target is not reached by the end of 2019.

Millicom intends to retain and continue to operate the Zantel brand, while delivering cash flow growth by leveraging technical and operational efficiencies. The company plans to roll out 4G coverage and access more bandwidth capacity via the undersea fibre optic cable EASSy.

Millicom has arranged with an international bank, the provision of a \$100m five-year credit facility for Zantel. The Government of Zanzibar will continue to own the remaining 15 percent of the shares in Zantel. The transaction remains subject to regulatory approval by the Tanzanian Communications Regulatory Authority and the Fair Competition Commission.

Zantel is the leading mobile telecom operator on the islands of Zanzibar with 2014 gross revenues of \$82m (€73m) and 1.7 million subscribers across Zanzibar and mainland Tanzania. It operates 2G and 3G services over 545 network sites, with 57MHz of spectrum and has ownership rights to undersea fibre optic cable capacity. Zantel has an approximate five percent share of the Tanzania mobile market.

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