

Blue Label deal 'on track'

Blue Label Telecommunications informed shareholders on Tuesday that plans for the completion of a restructuring involving Cell C and Net1 were on track for completion at end-June.



But one competition lawyer said the deal could be delayed by the competition authorities as public interest issues are extensively interrogated.

A company spokesman said he was not aware of any effect on the deal from the controversy around Net1 relating to the South African Social Security Agency (Sassa) contract. The proposed deal, which looks set to create a substantial cellphone-based platform for the sale of consumer and financial products, was announced at the end of February before the Sassa-related controversy hit Net1.

Mystery buyer

In early March, [Net1](#) emerged as the mystery buyer of a 15% stake in [Cell C](#). This followed an announcement in October 2016 that Net1 was acquiring a 15% stake in Blue Label for R2bn. In turn, Blue Label is acquiring a 45% stake in Cell C.

The combined transactions are designed to reduce Cell C's debt and help it compete with the better resourced MTN and Vodacom, which dominate the local cellphone market.

EasyPal brand

The plan, which will see Net1 invest about R4bn, will give it a substantial platform from which to sell financial products, which are marketed under the EasyPay brand.

The deal also gives [Blue Label](#) the opportunity to expand its technology products and services through the Cell C customer base. Cell C has about 15 million mobile customers.

On Tuesday, Net1 did not respond to requests for an update on the transaction. The company is currently focused on resolving the issues around the Sassa controversy.

Last week, Net1 said Serge Belamant would relinquish the chairman's position but remain as CEO. The company is also seeking to appoint additional independent directors.

Source: Business Day

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