

## Cell C's proposed transformative deal

In an effort to reduce their debt over the next 12 months, Cell C has announced a proposed restructuring of the company's capital that will reduce net debt from in the high double-digit numbers to a manageable maximum of R8 billion or less when implemented.



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Blue Label Telecoms also informed the market through a SENS announcement that it has submitted a conditional binding offer to the board of directors of Cell C. The deal would see Blue Label Telecoms contribute R4 billion in a subscription for approximately 35% of Cell C's total issued share capital at the conclusion of Cell C's restructuring programme.

In what could be a pioneering move, management on behalf of the employees of Cell C has also submitted a binding offer to co-invest in the company with Cell C's current shareholder, 3C Telecommunications Proprietary Limited (3C Telecommunications) and Blue Label. Cell C employees will then hold around 30% of the total issued share capital in Cell C at a cost of R2.5 billion at the conclusion of the restructuring programme. If successful the restructuring will result in 3C Telecommunications holding 35%, management and staff 30% and Blue Label 35% of the ordinary shares in Cell C.

"The restructuring being proposed follows the tremendous growth and development we've successfully completed in the last three years. We're now building a stronger and more sustainable growth platform while refinancing our debt in South African rand on favourable terms," says Jose Dos Santos, Cell C chief executive officer.

### Sharing the success

"The restructuring will allow us to support our continued growth, network expansion and investment in data networks. More importantly, should this transaction be approved it will become one of the largest employee ownership deals in the country. Through this transaction, we will see more employees of our company share in the success as they continue to deliver."

The board of Cell C and 3C will assess the offer from Blue Label and Cell C employees.

The restructuring is subject to conditions precedent, including the execution of agreements typical of a restructuring of this nature and the obtaining of all requisite regulatory approvals. The expected effective date of the restructuring is 1 June 2016.

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