

MTN to sell stake in Belgacom Carrier Services SA for R1.8bn

MTN recently announced that it has finalised an agreement to sell its 20% shareholding in Belgacom International Carrier Services SA (Bics) to Proximus NV/SA.



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The timing of closing is dependent on customary regulatory approvals. Once all the conditions precedent has been fulfilled, MTN will receive proceeds of approximately €100m (R1.8 billion) in cash, which the group intends to use to pay down US currency debt and for general corporate purposes.

The transaction consideration compared to MTN's market capitalisation results in a percentage below the categorisation threshold as prescribed in the Listings Requirements of the JSE Limited.

Bics was classified as a non-current asset held for sale and this transaction has resulted in a remeasurement of its carrying value resulting in a reduction of R397m for the year ended 31 December 2020.

MTN will record a profit on disposal amounting to approximately R1.2bn during the first half of 2021, mainly due to the release of the foreign currency translation reserve. This results in a net impact of R812m over the two periods.

The sale represents further progress in MTN's stated asset realisation programme, which aims to reduce debt, simplify its portfolio, reduce risk, improve returns and unlock value.

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