



Smile South Africa Press Release
September 2015

4G LTE internet

Smile closes USD 365 million financing to accelerate its 4G LTE network expansion in Africa

Mauritius, 8 September 2015 – Smile Telecoms Holdings Ltd ('Smile'), which owns and operates mobile wireless 4G LTE broadband networks in the 800MHz band in Nigeria, Tanzania and Uganda, announced that it has raised USD 365 million of debt and equity financing ('the funding'). The funding will be used to expand Smile's existing 4G LTE mobile broadband networks and services such that by the end of 2015, Smile will offer clear voice services and have national coverage comparable to the largest 3G network in each of its current countries of operation. Smile will also launch its broadband network in the Democratic Republic of Congo ('DRC') early in 2016.

The funding is comprised of USD 50 million of equity, raised from the Public Investment Corporation on behalf of Government Employees Pension Fund ('PIC') and a USD 315 million multi-tranche, multi-jurisdictional debt facility led by African Export-Import Bank, with participation from the Development Bank of Southern Africa, Diamond Bank PLC, Ecobank Nigeria, the PIC, the Industrial Development Corporation of South Africa Limited and Standard Chartered Bank. Smile's shareholders now comprise the Al Nahla Group, a Saudi Arabia-based company, which is the majority shareholder; Renven Investment Holdings, a pan-African investment vehicle in which Nigerian investors, including the Obijackson Group, own the majority share; Verene, representing Smile senior management and social entrepreneurs from South Africa; Telecom Investments, a Saudi Arabia-based investment company; Capitalworks, an active alternative-management company specialising in investment in the African mid-market; the PIC; and Smile employees.

Under the terms, the funding will be used to accelerate national network roll-out, including equipment and services provided by Alcatel-Lucent and Ericsson, a full MPLS (Multiprotocol Label Switching) network, a London point of presence and expanded international backhaul services, as well as to fund operational expenditure and working capital.

Smile's objective is to become the broadband provider of choice for superfast data and clear voice in each of its markets and to provide over 300 million potential customers in its four countries of operation with a fast, reliable and high-quality platform to accelerate development and wealth creation. There is persuasive evidence linking broadband to job creation – the Brookings Institution states that "for every one percentage point increase in broadband penetration, employment is projected to increase by 0,2 to 0,3 percent per year." Furthermore, according to the *Broadband Strategies Handbook* by The World Bank, "a 10 percent increase in the penetration rate of broadband in developing countries is associated with a 1,4 percent increase in GDP per capita."

The funding represents one of the largest capital raises ever for a telecommunications operator in Africa and brings the total funding committed to Smile since its founding in 2007 to approximately USD 600 million.

Darisami International Consultancy Ltd acted as financial advisor to Smile.

Irene Charnley, Chief Executive Officer of Smile, said, *“Now that we are fully funded to deliver national coverage of unrivalled, superfast internet access and clear voice services, our priority is to ensure that our customers experience and benefit from the power of high-speed mobile broadband compared to the narrowband services available to date, including how to effectively manage the superior experience in terms of data consumption.”*

Sheikh Mohammed Sharbatly, Deputy Chairman of Smile, said, *“I have recently had the joy of using the Smile network in Nigeria, and the quality is better than what we experience in the United Kingdom and in Saudi Arabia. By licensing 800MHz spectrum for commercial use at an early stage relative to many other countries, including high-income ones, the governments of Nigeria, Tanzania, Uganda and the DRC have each demonstrated commitment to be at the forefront of the broadband revolution and to accelerate development and GDP growth, and we commend them.”*

Dr Daniel Matjila, Chief Executive Officer of the PIC, said: *“We are excited about our investment in Smile Telecoms as it provides us with an opportunity to accelerate and realise our mandate to invest in the rest of the African continent. Telecommunications is one of the key drivers for economic growth and its importance cannot be overemphasised.”*

About Smile Telecoms Holdings Ltd

Founded in 2007 and incorporated in Mauritius, Smile is a pan-African telecommunications group with operations in Nigeria (Smile Communications Nigeria), Tanzania (Smile Communications Tanzania), Uganda (Smile Communications Uganda) and the Democratic Republic of Congo (Smile Communications DRC) and has an associate company in South Africa.

Smile has the single transformative objective of using the best and most innovative technologies to provide its customers with superfast, reliable, high-quality, easy-to-use and affordable communications services.

In 2012, the company launched Africa’s first 4G LTE commercial network in the 800MHz band (ITU ‘band 20’ in the East African market, starting in Dar es Salaam, Tanzania and then Kampala, Uganda. This was followed by the launch of West Africa’s first 4G LTE commercial networks, also in band 20, starting in Ibadan and then Lagos, Nigeria.

Smile’s vision and mission is to be the broadband provider of choice in all of its markets and enable its customers to benefit fully from the internet world through data and voice.

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