

VODAFONE TO TRANSFER ITS 55% STAKE IN VODAFONE EGYPT TO VODACOM

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Vodafone has announced that it has agreed to transfer its 55% shareholding in Vodafone Egypt to its sub-Saharan African subsidiary, Vodacom Group Limited, for cash and new ordinary shares in Vodacom. The transaction is valued at €2.72bn on a debt-free, cash-free basis, with 80% of the purchase consideration being settled by the issue of 242 million new ordinary Vodacom shares to Vodafone at an issue price of ZAR 135.75 per share. The remaining 20% of the purchase consideration will be settled in cash.

Vodafone's move to transfer its shareholding to Vodacom will simplify the management of its African holdings and further strengthen the delivery of connectivity and financial services in Africa. It will also enable Vodafone Egypt to benefit from closer cooperation with Vodacom, enabling it to accelerate growth in financial services and IoT.

Vodacom gains exposure to another leading business in an attractive market, diversifying its portfolio and accelerating its growth profile. Vodafone's ownership in Vodacom will increase from 60.5% to 65.1% as a result of the transaction.

The transaction is subject to a number of additional conditions, including approval from the Financial Surveillance Department of the South African Reserve Bank and approval from the National Telecom Regulatory Authority of Egypt. The transaction is expected to close before 31 March 2022.

Vodafone has confirmed that it has no current intention to dispose of any of its shares in the market to increase Vodacom's free float. The Johannesburg Stock Exchange has taken note that Vodacom's

JSE defined free float will be below 20% as a result of Vodafone's increased ownership, but given the scale of Vodacom's current liquidity on the JSE, the JSE has not asked for any remedial steps to be taken.

The sale of Vodafone's shareholding in Vodafone Egypt constitutes a Class 2 transaction for the purposes of the UK Financial Conduct Authority's Listing Rules and, as such, does not require Vodafone shareholders' approval. However, the transaction will require approval by ordinary resolution from the minority shareholders representing 39.5% of the Vodacom shares.

[Dreny & Partners](#) has acted as legal counsel for telecommunication company, Vodacom. The team was led by managing partner **Motaz El Dreny** (pictured right) and partner **Imane Raouf** working alongside associate **Laila Zaki**, junior associate **Hussein Amer** and from the corporate procedures team, associate **Nagy Ebeid**.

[Sharkawy & Sarhan](#) acted as Egyptian counsel to the Vodafone Group ("Vodafone"). The M&A team was led by partner **Mohamed Nabil Hazzaa** (pictured left) and partner **Esraa Abdelmoniem**. Assisted by associates **Younna Fahmy** and **Menna Abouzekry**.