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Global Telecom Holding Plans Rights Offering in 1H19

The planned capital increase is expected to have a positive impact on GTH's liquidity and balance sheet through partially servicing the Company's debt, reducing its consolidated interest expense and supporting its ongoing operations in Bangladesh, where GTH intends to monetize on its recent investments

06 January 2019

(Amsterdam) – Global Telecom Holding S.A.E. (“GTH”, or “the Company”), a leading international telecommunications company operating mobile networks in high-growth markets in Africa and Asia, today announced its intention to raise capital via a rights issue of EGP 11.2 billion (USD 624.7 million equivalent¹) through the issuance of 19.3 billion new shares with a par value of EGP 0.58 (the “Rights Issue” or “Transaction”).

The rights issue, approved by the Board of Directors on 29 November 2018, will be offered pro-rata to existing shareholders of GTH as of the record date (that will be announced at a later date following obtaining the required approvals). Accordingly, each shareholder as of the record date will receive subscription rights that will be tradable on the Egyptian Stock Exchange (“EGX”) and will have the option to subscribe in the rights issue and/or monetize value through selling their subscription rights.

GTH intends to use the net proceeds from the rights offering to meet the Company's financial obligations through to the end of 2019, including loans from its main shareholder, the VEON Group, on a timely basis and provide sufficient liquidity needed to meet its operating companies' near-term needs, with a focus on Bangladesh where significant investment has been made during 2018 on spectrum additions.

Together with potentially expected internally generated cash flows from its operating subsidiaries, the Company intends to use the net proceeds of the rights issue in the following:

- USD 118 million (EGP 2.1 billion equivalent¹) in interest payments for USD 500 million Senior Notes due 2020 and USD 700 million Senior Notes due 2023;
- Up to USD 300 million (EGP 5.4 billion equivalent¹) for the refinancing of GTH's Bangladesh subsidiary's USD 300 million Senior Notes due in 1H2019 and/or additional repayment of a portion of the Company's outstanding debt obligations, including potential litigation settlements;
- Repayment of USD 100 million (EGP 1.8 billion equivalent¹) Revolving Credit Facility with VEON Amsterdam B.V.;
- USD 40 million (EGP 716 million equivalent¹) in estimated interest payments on Revolving Credit Facility with VEON Amsterdam B.V.;

¹ Based on an exchange rate of 1 USD – 17.90 EGP

- USD 91 million (EGP 1.6 billion equivalent¹) of net payables to VEON Group for the provision of technical services that were approved by shareholders in the Company's 2015 General Assembly; and
- USD 15 million (EGP 268.5 million equivalent¹) for general corporate purposes.

Vincenzo Nesci, Chief Executive Officer of Global Telecom Holding, commented:

"GTH has successfully grown its consolidated customer base to 104 million as of 30 September 2018, all while maintaining strong operational margins, with its EBITDA margin at 45% during 9M18. Despite strong organic growth across our operating companies, currency headwinds and regulatory changes have created challenges across the markets in which we operate, with foreign reserve issues preventing our ability to upstream dividends from our operations in Pakistan.

"Management continues to work with various local market authorities and its operating companies to ensure that the Company is best positioned for future success and profitability. After an extensive review of the options available to GTH, supported by our external advisors, it has become clear that a rights issue is in the best interests of all stakeholders. The Transaction will have a positive impact on our financial position, reducing our reliance on VEON Ltd and provide the liquidity necessary for GTH to address the challenges it faces upstreaming funds, enabling us to provide value to our shareholders.

"We are uniquely positioned to capture the upside of the markets in which we operate, which are still underpenetrated and supported by favorable long-term macroeconomic trends."

Full details regarding the rights issue and timeline of events will be published by the Company following the obtainment of the relevant corporate approvals (with a shareholder vote to take place at the upcoming Ordinary General Assembly Meeting scheduled on 28 January 2019) as well as regulatory approvals.

– Ends –

Enquiries

Noha Agaiby

Head of Investor Relations

Tel.: +20 (0)12 2249 0284

+20 (2) 2461 9655/4

IR@gtelecom.com

¹ Based on an exchange rate of 1 USD – 17.90 EGP

Notes to Editors

About Global Telecom Holding S.A.E.

Global Telecom Holding, or GTH, is a leading international telecommunications company operating mobile networks in Africa and Asia. GTH operates mobile networks in Algeria (Djezzy), Pakistan (Jazz), Bangladesh (Banglalink), holding a leading market share in all three markets, with its total number of customers exceeding 100 million in 2018. Global Telecom Holding is majority-owned by the VEON Group, one of the world's largest mobile telecommunications provider by number of customers and is traded on the Egyptian Stock Exchange under the symbol (GTHE.CA).

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