

Mobinil may turn to foreign loans, capital increase unlikely

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Alex Shalaby, Chairman of Egyptian Co. for Mobile Services (Mobinil), stated that securing foreign credit facilities remained an option. Meanwhile, the proposed capital hike was cancelled, seen currently unnecessary.

The imminent bond issue may be around the range of EGP 1 billion, pending the final decision of the shareholder meeting. The bonds will be issued in the Egyptian pound with an 11% interest rate.

This move was adopted after the Central Bank of Egypt (CBE) had frozen the company's creditability as it is partly affiliated to Orascom Telecom Holding (OTH).

Mobinil is an independent unit and cannot be considered a subsidiary of OTH, Shalaby said, noting that the telco adopted the bond issue to fulfill its liabilities.

The Egypt-based telecom operator should have paid EGP 750 million last January; the first installment of its 3G license. However, payment was delayed till obtaining the frequency range, which has not yet been delivered. In addition, the second EGP 750 million installment will be due in January 2010.

The telecom giant is at final stages of the LINKdotNET acquisition, which means it is in a pressing need for liquidity, the Chairman revealed. He added that no specific figure was defined to the deal, but it would be announced before the end of this year.

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