

Gateway swoops to expand reach

Gateway Communications, the South African satellite and telecommunications group, has snapped up GS Telecom for \$37.5m (£18.8m) to increase its multinational customer base and gain a foothold in the rapidly expanding Nigerian market.

Gateway, which provides data connectivity services to corporate customers and telecom operators in 27 countries in Africa, said the deal would be financed through a combination of cash and funds from a newly-issued bond.

The group is looking to raise about \$30m in the bond issue, which is being conducted by Citigroup. It marks the second time it has gone to the debt markets after raising \$100m for a European high yield bond in November.

The combined pro-forma revenues for the year ended December 31, 2006 for Gateway and GS Telecom were \$180m and underlying earnings of \$28.3m.

The group has been expanding across the continent this year. In February it launched a pan-African pay-TV satellite service to penetrate the least developed pay-TV region in the world.

"This is a substantial acquisition which marks a further step in our strategy to consolidate our leading position in the rapidly-growing African communications market," said Julian McIntyre, president of Gateway Communications.
Philip Stafford