

# Cell C to challenge Vodacom on Neotel

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Cell C will "vigorously challenge" Vodacom's (VOD) R7bn acquisition of Neotel and says it will pursue every legal avenue to kill the deal, which could pose a serious threat to its business if approved by regulators.

The deal came under public scrutiny last week during public hearings on the transaction held by the regulator, the Independent Communications Authority of SA (Icasa).



Vodacom and Neotel have asked Icasa to approve the change of ownership, which would give Vodacom precious access to more spectrum.

The transaction is being strongly opposed by Vodacom's business rivals, with many companies calling on the regulator either to abandon the process or request that Neotel give back part of the spectrum it has bought, if not all of it, so that it can be allocated to other companies.

Spectrum is a scarce resource and the industry has waited for years for a new allocation that would allow super-fast broadband development. Cell C CEO, Jose dos Santos, said the transaction was not about one company buying another, but about access to the spectrum.

"The regulator has to do the right thing and take back the spectrum and allocate it to everyone. If they allow the deal to go through then they are sending a message that they don't want competition," he said.

Vodacom has argued that the transaction will benefit consumers and stimulate more competition especially in the fixed-broadband market. "If the deal is allowed then we will have a super-dominant player and we will go back 20 years," said Mr dos Santos.

Head of equities at JM Busha Asset Managers, Farai Mapfinya, said that if the deal were approved without conditions, Vodacom would "simply become too dominant".



"Only if Vodacom is to run Neotel as a truly standalone entity and buy (access to) spectrum on a competitive basis with other operators would it be good for the industry," he said.

*Source: BDpro via I-NET Bridge*