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SCM Group buys Ukrtelecom

KIEV, June 5 (Itar-Tass) - SCM Group and EPIC Group have signed a contract for the acquisition of 100 percent of shares in UA TELECOMINVEST LIMITED (Cyprus), which in turn owns 100 percent interest in ESU LLC (Ukraine).

ESU LLC is the owner of 92.79 percent of shares in PJSC Ukrtelecom (Ukraine), the largest Ukrainian fixed line player, also operating a 3G mobile network. SCM Group has been advised by SCM Advisors (UK) Limited, an affiliated company of SCM in the United Kingdom. EPIC has been advised by its group companies EAL, EMC and EFC, its M&A advisory arm.

SCM Group will become the owner of UA TELECOMINVEST LIMITED after obtaining all necessary permits, including those from anti-trust authorities, and will correspondingly gain control of 92.79 percent of Ukrtelecom shares.

SCM Group is already an investor in the telecommunications market in Ukraine through its ownership of Vega, a fixed line operator, and a minority stake in Astelit, which operates as Life, the third mobile player in Ukraine.

"EPIC has been driven by the challenge of a huge restructuring effort and commercial motives. As we found SCM to be a very logical buyer, we decided to sell our shareholding in Ukrtelecom," Peter Goldscheider, EPIC Managing Partner, said. "This transaction makes compelling sense for all parties. SCM has the necessary resources for further development of the company, including extensive regional, industrial and managerial expertise. We wish all stakeholders of Ukrtelecom and SCM the best possible future and look back with satisfaction to our involvement."

"For SCM Group the purchase of Ukrtelecom is a promising investment project in the telecommunications industry," Ilya Arkhipov, the Managing Director of SCM Advisors, said. "SCM is happy to have this opportunity to use the experience we have accumulated as well as the synergy with other telecom businesses of the Group to offer new products and services to the existing customers, to attract new clients and build a more advanced telecommunication infrastructure in Ukraine. We believe that the improved efficiency and client focus of Ukrtelecom will benefit the industry and end customers."

According to the terms of the agreement, the parties do not disclose any other details of the transaction.

System Capital Management (SCM) is a professional investor, the managing company of the biggest Ukrainian financial and industrial group focusing on mining and metals, power generation and distribution and finance. The company also operates in other sectors including telecommunications, media and real estate, retail, clay mining, petroleum products trade, agriculture, pharmaceuticals trade, heavy engineering and transportation. SCM Group includes Metinvest Holding, DTEK, First Ukrainian International Bank, Renaissance Capital Bank, ASKA and ASKA-Life insurance companies, Vega Telecommunications Group, Ukraina Media Group, ESTA Holding (real estate), Ukrainskiy Retail (retail), UMG (clay mining), Parallel (petroleum products operator), HarvEast (agriculture), Ukrainian Pharmacy Holding, Mining Machines holding, Portinvest transportation holding and others. Chief Executive Officer: Oleg Popov. SCM is 100 percent owned by businessman Rinat Akhmetov.

EPIC was founded in 1989 by Peter Goldscheider and Gustav Wurmböck as a financial advisory firm focusing on privatizations and corporate M&A in the newly emerging markets in Central and South-East Europe. Over the years, EPIC has progressed from a small Austria-based consulting firm to become a leading regional merchant bank with a strong M&A advisory arm and a portfolio of investments in telecommunications, energy and tourism. Today EPIC is represented in 16 countries in Central and South-East Europe, Ukraine, Russia, Turkey, UAE and China. Present majority investments include Valamar Group, which combines several major tourism companies of Croatia and operates 40 properties situated on the Adriatic coast; PJSC Ukrtelecom and ESU LLC in Ukraine; In RCS, the largest cable TV company in Romania; and Out There Media GmbH, a mobile advertising company based in Austria, EPIC holds significant stakes, the company said in a statement.



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