

 Early Warning System

FMO-47917
MAGTICOM LTD



Quick Facts

Countries	Georgia
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	B
Voting Date	2016-07-15
Borrower	Magticom (MGT)
Sectors	Infrastructure
Investment Type(s)	Loan
Investment Amount (USD)	\$ 25.00 million
Loan Amount (USD)	\$ 25.00 million



Project Description

According to FMO website, MGT is the leading telecom operator in Georgia which provides mobile, broadband, fixed-line and satellite-TV services. Proceeds of the loan will be used to acquire the corporate and retail fiber broadband assets of Caucasus Online which will facilitate Magticom to expand the internet coverage initially into 9 regions in Georgia.

The transaction will provide increased access to high quality internet and IPTV services initially in 9 regions of western Georgia (due to limitations in infrastructure) where the internet penetration ranges between 21-39 percent (with the exception of Kutaisi region, penetration of 60 percent). Magticom is one of the Georgian blue chip companies (turnover: USD 120 mln, EBITDA margin: 50 percent) with further expansion plans in the country. The company is known for its technology-driven and high quality services which resulted in the market leadership for many years. Contrary to other telecom companies in FMO portfolio, MGT owns both the telecom towers and the full operations, which offer substantial business opportunities in the future. Furthermore, the proposed transaction fits with IMS strategy due to investment in telecom sector of an LMIC country, substantial development impact through increased access to internet services, additionality through long-term financing in Georgia, and partnership with EBRD.



Investment Description

- Netherlands Development Finance Company (FMO)



Contact Information

No contact information provided at the time of disclosure.

ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW) . A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: <https://www.fmo.nl/independent-complaints-mechanism>