



# The Bahamas Telecommunications Company Limited

## Invitation to register interest in the privatisation process

The Government of The Commonwealth of The Bahamas (the "Government") is seeking a strategic partner for The Bahamas Telecommunications Company Limited ("BTC"), the successor company to Bahamas Telecommunications Corporation ("BaTelCo"). The strategic partner is expected to provide the technical and financial resources and management capabilities to enable BTC to attain the highest levels of international and national competitiveness and performance in the telecommunications sector.

The Government currently owns 100% of BTC. The Government intends to sell a 49% stake in BTC and will transfer management control in BTC to the strategic partner. The transfer will take place by way of a public tender (the "Share Sale"). The Minister of Finance, on behalf of the Government, invites parties who wish to participate in the tender, to register their interest.

### Operational and market data

BTC is the incumbent telecommunications operator in The Bahamas. Key features are:

- The assets and liabilities of BaTelCo were vested in BTC on September 4, 2002.
- As at June 30, 2002, BaTelCo had 125,400 fixed line subscribers, representing a fixed line penetration rate of 41%.
- BTC will continue to be the exclusive provider of international, inter-island and local public voice services over fixed networks, and leased circuits for voice services in The Bahamas for a period of 24 months following the Share Sale (subject to the award of one fixed wireless licence to a third party which will allow the carriage of voice as from January 1, 2004).
- As at June 30, 2002, BaTelCo had some 95,800 pre-paid and post-paid cellular subscribers, representing a cellular penetration rate of 31%.
- BTC will also continue to be the exclusive provider of cellular services in The Bahamas for a period of 12 months following the Share Sale.
- For the financial year ended December 31, 2001, BaTelCo's revenues were U.S. \$226 million and its earnings before interest, depreciation and amortisation were U.S. \$100 million (there are currently no corporate taxes in The Bahamas). BaTelCo's net assets as at December 31, 2001 were U.S. \$287 million.
- The Bahamas has a total population of over 300,000 of which some 84% are located on two of the 30 inhabited islands, New Providence and Grand Bahama.
- The Bahamas is a popular tourist destination with over 4 million annual visitors and is a major offshore financial centre.
- GDP per capita for 2001 was approximately U.S. \$15,925.

### Sale process

The following entities shall be entitled to apply to pre-qualify for participation in the Share Sale:

- companies or entities that meet one of the criteria set out below;
- companies that are owned by an entity that meets one of the criteria set out below;
- consortia that include at least one entity that meets one of the criteria listed below.

The pre-qualification criteria that an applicant, or at least one member of an applicant's consortium must meet, are as follows:

- (a) A telecommunications company must either demonstrate revenues from fixed and/or cellular telecommunications activities for the last audited financial year of over U.S. \$300 million, or must operate one or more fixed and/or cellular telecommunications networks with more than 300,000 subscribers in total; or
- (b) A financial investor must demonstrate that it has committed capital or funds under management in excess of U.S. \$300 million.

An entity that meets the criteria in (b) above may register in his own right and participate in the sale process but must, prior to the submission of preliminary bids, either form a consortium with a company that meets the criteria set out in (a) above, or otherwise must contract to provide the necessary technical and management services to BTC.

Applications by consortia that include Bahamian citizens or Bahamian registered companies are encouraged to participate. All applications shall be treated equally.

In order to receive information on BTC and the privatisation opportunity, companies must demonstrate that they meet the criteria listed above and will be required to:

- sign a confidentiality agreement; and
- pay a non-refundable registration fee of B\$10,000.

Companies that currently compete or propose to compete with BTC directly or indirectly, and whether through a parent or subsidiary (as defined in the Companies Act 1992 of The Bahamas) or through an associated company or otherwise, in the provision of voice services and/or infrastructure in The Bahamas, or whose participation in this process would in the sole discretion of the Government not enhance the competitive position of BTC and the telecommunications sector in The Bahamas or who otherwise will not fulfil the liberalisation objectives of the Government, will not be permitted to participate in the sale process. In addition, companies whose principal business is the manufacture of telecommunications equipment are not eligible to participate in this process directly or as a member of a consortium.

The Government reserves the right at its sole discretion to require further information from an interested party, or to reject any interested party for any reason at its sole and absolute discretion.

The Share Sale will be conducted via a two phase process with the first phase culminating with the submission of non-binding preliminary bids. Short-listed parties will be invited to participate in the second phase which will lead to the submission of final bids.

### Proposed timetable

The deadline for registering interest is December 6, 2002. However, interested parties are encouraged to register as soon as possible. Preliminary bids are to be submitted by 12 noon (EST) on January 10, 2003.

### Contacts

Interested parties who would like to register their interest to participate in this process and receive a copy of the Sale Process Rules which set out the next stages of the privatisation process, should contact the Ministry of Finance at the following address:

#### Financial Secretary

Ministry of Finance, Cecil Wallace Whitfield Centre,  
Cable Beach, PO Box N-3017, Nassau, Bahamas

Tel: (1-242) 327 1530 Fax: (1-242) 327 1618 Email: MOFGENERAL@bahamas.gov.bs

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