



Nigeria

## Equities

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June 30, 2021

### MTNN to offer 14.0% of MTN Mauritius holding to retail investors.

Last week, the Chief Executive Officer of MTN Nigeria Communications Plc (MTNN), the leading player in the Nigerian telecommunication sector, reiterated the firm's plan to sell 14.0% of its group shareholding to retail investors. As of Q1 2021, MTN Mauritius held majority shareholding of the firm at 78.1%, followed closely by Institutional Investors with an aggregate holding of c.18.0%. Recall that MTN got listed on the Nigerian Exchange Group by Introduction in 2019, meaning there were no new shares issued. At the time, the management of the firm committed to increasing retail ownership in the company when there is an appropriate market condition for the offer.

The CEO also noted that the management will ensure the completion of its three-year plan to deploy about N64.0bn to two critical areas: broadband acceleration in line with the National Broadband Plan and the connections of the remaining locations in Nigeria that do not have access to modern telecommunication services. MTN Mauritius (MTN Group) holds c. 78.1% of the firm's outstanding shares, while c.18.0% is held by Institutional Investors, a structure which hampers 'day-play' on the stock.

Operationally, MTN reported an excellent performance in Q1 2021, as it built on its strategic market standing and previous performances to post improved metrics across board. The firm retained its dominance of the Nigerian Telecommunication sector with 39.0% of the total subscribers within the space. Revenue has also continued to improve, up 17.2% y/y to N385.1bn reported in the period. Similarly, Net Profit was up 42.5%y/y to N73.7bn in Q1 2021. We have a price target of N196.68/s and a BUY recommendation on the stock. Current price: N163.0/s

### MARKET UPDATE

	1 year	31-Dec-20	1 day
NSE - Index*	24,143.37	39,512.31	39,114.73
Naira / US\$	384.50	394.00	411.00
Brent, US\$/bbl	29.72	51.09	68.09
MPR %	13.50	11.50	11.50

Source: Nigerian Stock Exchange, Central Bank of Nigeria, Bloomberg. \*Nigerian Stock Exchange All-Share Index.

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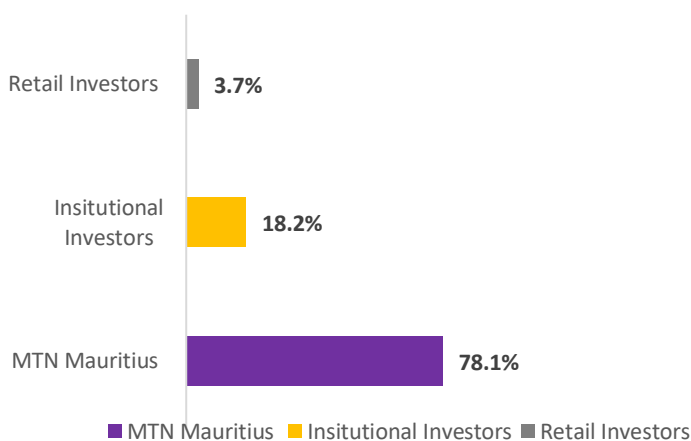
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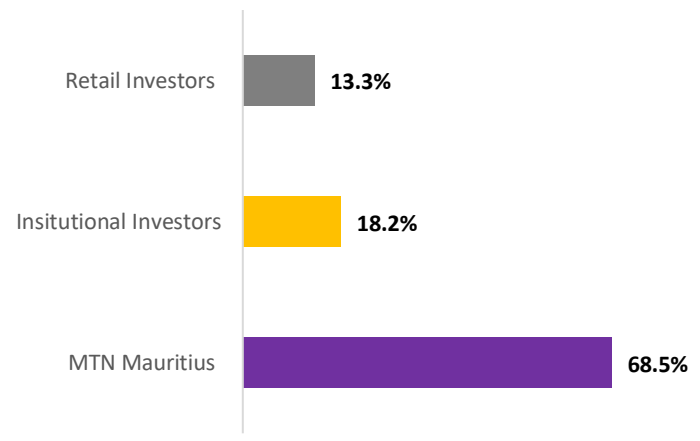
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### Shareholding Structure (Q1 2021)



### Shareholding Structure (Post Implementation)





Source: Company Financials, CSL Research

### Today's news headlines:

**CBN, NIRSAL: Boosting Agric Financing:** Before the coming on board of the present leadership of the Central Bank of Nigeria (CBN) headed by Mr. Godwin Emefiele, banks hardly lend to farmers, particularly, small holder farmers. In fact lending to the Agricultural sector at the time was like throwing the money away because it was perceived as a high risk area. As a result, lending to the agric sector was a paltry 1.4 per cent of the country's total lending. This is far below the lending ratios that apply in other high performing developing countries such as Brazil, Mali and Burkina Faso that lend over 10 per cent to agriculture as a percentage of their total loans. Over the years, successive Nigerian governments have developed policies and programmes aimed at making financing available to the agriculture sector. Unfortunately, these policies and programmes failed to have the desired impact because they did not take into cognizance the full scope of the Agricultural value chain. They failed to see as one whole linked process the agricultural challenges which range from underfunded research and development and financial risks for farmers who do not understand talk less of adopting best practices. Source: Thisdaylive.com

<https://www.thisdaylive.com/index.php/2021/06/30/cbn-nirsal-boosting-agric-financing/>

**Poverty – A Systemic Failure Not a Personal One:** Four out of every 10 Nigerians, more than 82.9 million people live in poverty according to a 2020 report from the National Bureau of Statistics (NBS). The World Poverty Clock estimated the figure to be 86.9 million in 2018, and the United Nations Development Programme (UNDP) reported in 2019 that 98 million Nigerians are living in multidimensional poverty. No matter the source, the indication remains that an alarming number of Nigerians are poor, one needs no reminder that in 2018, Nigeria overtook India, as the poverty capital of the world, and with the outbreak of COVID-19 making matters worse, many Nigerians lost their source of income or experienced income cuts. Given these circumstances, the World Bank predicts that an additional 15-20 million people could be pushed below the poverty line by 2022. This is an issue that deserves significant national attention and that should be dominating public discourse because of the sheer scale of the problem and the implications for Nigeria's future. Source: Thisdaylive.com

<https://www.thisdaylive.com/index.php/2021/06/30/poverty-a-systemic-failure-not-a-personal-one/>

**Recapitalisation: Microfinance banks' assets rise to N1.01tn:** The total assets of the microfinance banks rose by N251.02bn from N758.98bn as of the end of July 2020 to N1.01tn as of the end of December 2020 as the firms moved to achieve their recapitalisation requirements. This was contained in a report by the Central Bank of Nigeria on 'Microfinance banks' account (2SR) Assets' quarterly bulletin obtained by our correspondent. In April 2020, the CBN in consideration of the impact of the COVID-19 pandemic on economic activities revised the deadline for compliance with the minimum capital requirements for microfinance banks in Nigeria. The banking regulator communicated this in a circular with reference number FPR/DIR/GEN/CIR/07/054 entitled 'Re: Review of minimum capital requirements for microfinance banks in Nigeria'. Source: punchng.com

<https://punchng.com/recapitalisation-microfinance-banks-assets-rise-to-n1-01tn/>



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	Buy	Hold	Sell	Not Rated	Total
Coverage universe	17	10	5	3	35
% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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