



## Telecoms

**Comment on recent news** – this page

Today's headlines – page two

**Recommendations and valuations** – page three

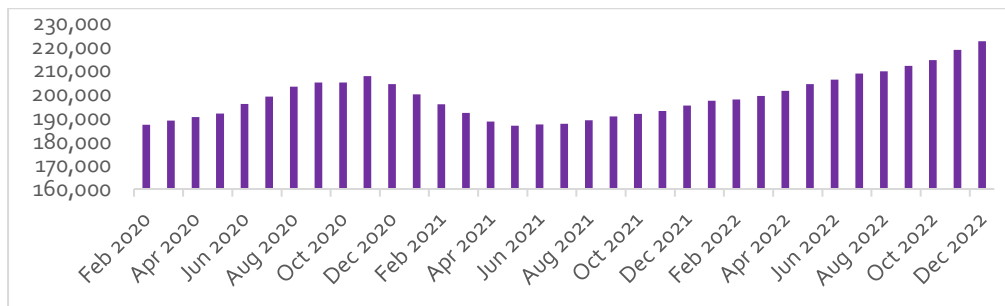
### Mobile subscriptions in Nigeria rise to 222.23 million in 2022.

According to new data from the Nigerian Communications Commission, the total number of subscriptions grew from 195.13 million as of December 2021 to 222.23 million as of December 2022. This is despite the implementation of the Federal Government's National Identification Number-Subscriber Identity Module policy. At the start of the policy in April 2021, over 72.77 million active telecommunication subscribers were barred from making calls. But the industry has since shaken off this effect, and this is evident by the 13.89% growth in subscriptions in 2022. An increase in broadband penetration has continued to lead to increased growth in the ICT sector which in turn continues to drive output in the overall economy.

The growth in subscriptions in 2022, signified a complete shake-off of the decline that plagued the telecoms industry in 2021 when the total number of mobile subscriptions declined by 4.42% from 204.15 million as of December 2020 to 195.13 million as of December 2021. In the period under review, Subscriptions from MTN Nigeria grew by 20.96% from 73.59 million to 89.02 million; Airtel grew by 11.38% from 53.93 million to 60.07 million; Globacom grew by 9.98% from 54.82 million to 60.29 million; and 9mobile grew by 0.49% from 12.79 million to 12.85 million.

In Nigeria, broadband penetration has seen a quantum leap in recent months, indicating a steady rise in the nation's quest to achieve 70% national coverage by 2025. Nigeria's increasing youth population and high urbanization growth are factors that are expected to boost growth in Nigeria's mobile population which is the largest in Africa. An increase in internet subscriptions is also expected to contribute to increased mobile penetrations, given the increase in coverage of the 4G network and the impending roll-out of the 5G network. The CBN's aggressive push towards a cashless economy which is evident in their monetary policy cash withdrawal policy is also a boost for the sector as it is expected to push people, especially those living in rural areas into getting Internet-enabled phones, as people would be forced to adopt online banking. Poor telecom infrastructure and the high level of insecurity in rural areas are factors that could threaten growth in mobile subscriptions in the country.

### Total Mobile Subscription for 2022



Source: CSL Research, NCC

### MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	45,939.51	51,251.06	52,612.55
Naira / US\$	416.33	461.50	462.00
Brent, US\$/bbl	88.20	85.91	86.13
MPR %	11.50	16.50	16.50

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

### CONTACT INFORMATION

**Head of Research:** Gloria Fadipe

+234 (1) 448 5436 ext.4516

[gloria.fadipe@fcbm.com](mailto:gloria.fadipe@fcbm.com)

**Banks:** Gloria Fadipe

+234 (1) 448 5436 ext.4516

[gloria.fadipe@fcbm.com](mailto:gloria.fadipe@fcbm.com)

**FMCGs & Brewers:** Edgar Ebinum

+234 (1) 448 5436 ext.4457

[edgar.ebinum@fcbm.com](mailto:edgar.ebinum@fcbm.com)

**Industrials:** Mustapha Umaru

+234 (1) 448 5436 ext.4512

[mustaphaumar@fcbm.com](mailto:mustaphaumar@fcbm.com)

**Research Team:** [cslresearch@fcbm.com](mailto:cslresearch@fcbm.com)

**Retail Team:** [cslcsu@fcbm.com](mailto:cslcsu@fcbm.com)

**Sales Team:** [cslrm@fcbm.com](mailto:cslrm@fcbm.com)



## News headlines:

**FG raises a 14-man panel to end fuel scarcity:** The Federal Government is meeting with operators in the midstream and downstream oil sector as part of measures towards developing strategic stock for Premium Motor Spirit, popularly called petrol, in key locations across the country. It said the national strategic stocks would help in addressing the recurring fuel scarcity in Nigeria, as it also announced the constitution of a 14-man committee to find a lasting solution to the disruptions in the supply and distribution of petroleum products. On the strategic stock, the Executive Director, Distribution Systems, Storage and Retailing Infrastructure, Nigerian Midstream and Downstream Petroleum Regulatory Authority, Ogbugo Ukoha, disclosed this in Abuja on Tuesday at the ongoing stakeholders' consultation forum on midstream and downstream petroleum regulations. Source: [punchng.com](https://punchng.com)

<https://punchng.com/fg-raises-14-man-panel-to-end-fuel-scarcity/>

**Emefiele Forecloses Extension of January 31 Deadline for Return of Old Banknotes:** The Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, yesterday declared that the January 31, 2023 deadline fixed by the apex bank for the return of old N200, N500 and N1,000 banknotes would not be extended. Emefiele, rather, urged those who might still be holding on to the old banknotes to turn them in, assuring them they would not be harassed by the anti-graft agencies. The CBN Governor's comment came just as the Senate and House of Representatives members urged the banking sector regulator to extend the deadline. Both the red chamber and the green chamber requested for a six-month extension of the deadline. In addition, the House of Representatives set up an ad hoc committee to meet Managing Directors of banks and subsequently with the CBN over the public outcry on the cash withdrawal limit and scarcity of the redesigned naira. Source: [www.thisdaylive.com](http://www.thisdaylive.com)

<https://www.thisdaylive.com/index.php/2023/01/25/emefiele-forecloses-extension-of-january-31-deadline-for-return-of-old-banknotes/>

**New naira deadline: Kano, Ondo, Anambra depositors flood banks with old notes:** In an attempt to deposit old notes before the January 31 deadline stipulated for the phasing out of the old N1,000, N500, and N200 notes, bank customers have started rushing to banks across the country to exchange their old notes for new ones, according to findings by The PUNCH. This came as the Central Bank of Nigeria insisted on Tuesday that there was no going back on the stipulated deadline despite appeals by the National Assembly, key stakeholders and bank customers. The CBN had repeatedly advised Nigerians to deposit their old notes, regardless of the amount, in banks before the fixed deadline. Findings by The PUNCH on Tuesday showed there were queues of bank customers in Kano, Ondo, Osun, Borno, and Anambra, among others. Source: [punchng.com](https://punchng.com)

<https://punchng.com/new-naira-deadline-kano-ondo-anambra-depositors-flood-banks-with-old-notes/>

**NASS, CBN battle over old naira notes' deadline:** The two arms of the National Assembly, the Senate and the House of Representatives, yesterday asked the Central Bank of Nigeria, CBN, to extend the deadline for the usage of old naira notes beyond the January 31 target set by the apex bank. While the Senate asked that the deadline be extended to July 31, the lower chamber said it should be extended to June. But the governor of the CBN, Godwin Emefiele, said yesterday that the January 31 deadline remained sacrosanct. The Senate at plenary yesterday also urged the CBN to open an exchange window where people without bank accounts could deposit their old notes. Source: [vanguardngr.com](http://vanguardngr.com)

<https://www.vanguardngr.com/2023/01/nass-cbn-battle-over-old-naira-notes-deadline/>



## Analyst Certification

Each research analyst principally responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all the views expressed in this research report accurately reflect his/her personal views about those issuer(s) or securities that the research analyst covers in this research report. Each research analyst also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this research report.

## Important disclosures

Analysts' compensation is based upon activities and services intended to benefit the investor clients of CSL Stockbrokers Limited, Lagos and the affiliates of FCMB Group, Lagos, Nigeria ("the Group"). Analysts receive compensation that is impacted by overall profitability of the Group, which includes revenues from, among other business units, Institutional Sales and Trading and Capital Markets/Investment Banking.

### CSL Research Ratings Distribution

	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%	

### Explanation of CSL Research's equity research rating system

- Buy:** The analyst expects the stock to outperform the Benchmark over the next 12 months or the stated investment horizon.
- Hold:** The analyst expects the stock to perform in line with the Benchmark over the next 12 months or the stated investment horizon.
- Sell:** The analyst expects the stock to underperform the Benchmark over the next 12 months or the stated investment horizon.
- Not Rated:** The rating and price target have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when CSL Capital UK or the Group is acting in an advisory capacity in a merger or strategic transaction involving the company or due to factors which limits the analysts ability to provide forecasts for the company in question.
- Benchmark:** The benchmark is the trailing three-year average yield of the 12-month T-Bill plus one standard deviation rounded to the nearest percent.
- Price targets:** Price targets, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings fall short of estimates.
- Asset allocation:** Asset allocation is the responsibility of the strategy team. The recommended weight (Buy, Hold and Sell) for equities, cash and fixed income instruments is based on a number of metrics and does not relate to a particular size change in one variable.

## Important Risk Warnings and Disclaimers

CSL Stockbrokers Limited ("CSLS") is regulated by the Securities and Exchange Commission, Nigeria. CSLS is a member of the Nigerian Stock Exchange. CSL Capital (UK) Ltd (Firm Reference Number: 913994, Registered Number: 11818051), trading in the name of 'CSL Stockbrokers' for its activities, is authorised by the Financial Conduct Authority (FCA).

Both CSLS and CSL Capital (UK) Ltd are members of the FCMB Group ("the Group") of Nigeria, a group of companies which also includes First City Monument Bank Ltd.

RELIANCE ON THIS PUBLICATION FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE YOU TO A SIGNIFICANT RISK OF LOSS. By receiving this document, you will not be deemed a client or provided with the protections afforded to clients of CSLS and CSL Capital (UK) Ltd. When distributing this document, CSLS, or any member of the Group is not acting for any recipient of this document and will not be responsible for providing advice to any recipient in relation to this document. Accordingly, CSLS or any member of the Group will not be responsible to any recipient for providing the protections afforded to its clients.

If you are in the UK, you are a person to whom either Articles 19 or 49 of the Financial Services and Markets 2000 (Financial Promotion) Order 2005 apply or a person to whom this communication may otherwise be lawfully made.

In the United Kingdom, this document is available only to such persons described above and persons of any other description should not rely on this document. Transmission of this document to any other person in the United Kingdom is unauthorized and may contravene the Financial Services and Markets Act 2000 (FSMA). If you are not such a person or if the distribution of this document is otherwise unlawful where you are, you are required to return the document immediately to CSLS. This document is not intended for Retail Clients in the UK.

This document is not an offer to buy or sell or to solicit an offer to buy or sell any securities. This document does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The appropriateness of a particular investment will depend on an investor's individual circumstances and objectives. The investments and shares referred to in this document may not be suitable for all investors.

CSLS or any other member of the Group may effect transactions in shares mentioned herein and may take proprietary trading positions in those shares and may receive remuneration for the publication of its research and for other services. Accordingly, this document may not be considered as objective or impartial. Additionally, information may be available to CSLS, or the Group, which is not reflected in this material. Further information on CSLS' policy regarding potential conflicts of interest in the context of investment research and CSLS' policy on disclosure and conflicts in general are available on request.

This document is based on publicly available information obtained from sources which CSLS believes are reliable, but which it has not independently verified. Neither CSLS, or their advisors, directors or employees make any guarantee, representation, or warranty as to the accuracy, reasonableness or completeness of this information and neither CSLS or their advisors, directors or employees accepts any responsibility or liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. The opinions contained in this document are subject to change without notice and are not to be relied upon and should not be used in substitution for the exercise of independent judgment.

Past performance is not a guarantee of future performance. Investments may go down in value as well as up and you may not get back the full amount invested. Where an investment is denominated in a currency other than the local currency of the recipient of the research report, changes in the exchange rates may have an adverse effect on the value, price or income of that investment. In case of an investment for which there is no recognised market it may be difficult for investors to sell their investment or to obtain reliable information about their value or the extent of the risk to which they are exposed.



The information contained in this document is confidential and is solely for use of those persons to whom it is addressed and may not be reproduced, further distributed to any other person, or published, in whole or in part, for any purpose.

@Copyright CSL Stockbrokers Limited, 2022. All rights reserved.

CSL Stockbrokers Limited

Member of the Nigerian Stock Exchange

PO Box 9117

Lagos State, NIGERIA

CSL Stockbrokers

A trading name of CSL Capital (UK) Ltd

43-44 New Bond Street

London

W1s 2SA

United Kingdom