

Telecoms

Comment on recent news – this page

Today's headlines – page two

Recommendations and valuations – page three

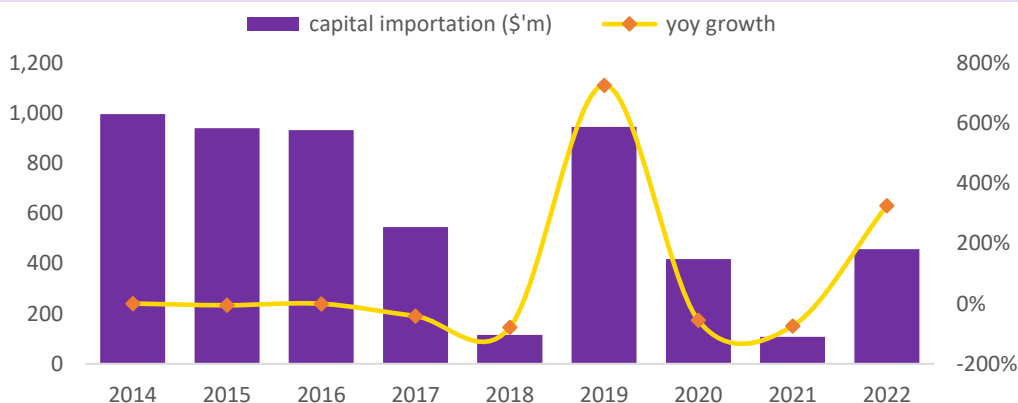
Foreign investments in the telecoms sector up in 2022.

According to Punch newspaper, the increased 5G rollout and 4G expansion contributed to the increase in foreign investments (up 325.12%) into the telecommunications sector in 2022. The capital importation data from the National Bureau of Statistics (NBS) showed that the telecoms sector attracted US\$456.82m in 2022 compared to US\$107.46m in 2021. The sector continues to retain its foreign investment appeal despite the country's challenging economic environment. Though the telecoms sector recorded an increase in foreign investments in 2022, the total foreign investments into the country fell by 20.47% to US\$5.33bn in 2022 from US\$6.7bn in 2021.

The ICT sector has been one of the bright lights in the rather gloomy Nigerian economy. In Q4 2022, the sector contributed 56.27% to the aggregate GDP of the services sector. The telecoms sector is the major sub-sector of the ICT sector, contributing 82.17% to the sector's output in 2022. According to the Nigerian Communications Commission (NCC), Teledensity, the number of active telephone connections per 1,000 inhabitants living within an area, grew to 119.01% in February 2023 from 97.45% in January 2020. Broadband penetration also grew to 48.49% from 38.49%. Mobile Internet subscriptions rose to 156.42 million from 128.37 million while mobile subscriptions grew to 226.84 million from 185.74 million..

Despite the array of challenges the economy currently faces, the telecoms sector has retained its appeal to foreign investors. This could be attributed to the successful rollout of the 5G network and the ongoing 4G expansion program. The two major players MTN and Airtel) announced heavy investments in 5G and 4G expansion in 2022. In 2022, MTN capital expenditure spending was up by 23.5% to N504.3bn due to acceleration in coverage expansion with a focus the 4G and 5G networks, while Airtel noted that the company spent close to US\$490m on 4G and 5G spectrums in 2022. We believe that the growing shift to a digital economy, increasing smartphone usage, rising digital consciousness, rapid 4G expansion, and the recent rollout of the 5G spectrum will continue to drive increased foreign investments in the sector.

Capital Importation into the Telecoms sector (US\$m)



Source: NBS, CSL Research

MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	47,205.03	51,251.06	51,952.99
Naira / US\$	416.08	461.50	462.88
Brent, US\$/bbl	104.64	85.91	85.17
MPR %	11.50	16.50	18.00

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

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News headlines:

FG imposes N22bn fine on oil firms over gas flaring: The Federal Government will impose \$49m (N22bn) fine on oil and gas firms operating onshore for flaring 24b Standard Cubic Feet of gas valued at about N40b (\$86m) between January and February 2023. According to latest gas flare data by the National Oil Spill Detection and Response Agency, the companies operating onshore will pay the penalties for violating the gas flaring rule. "Companies operating onshore flared 24.5 billion SCF of gas valued at \$85.8 million, with \$49 million penalties payable," the agency wrote. Gas is burnt off or flared, as part of the oil production process. However, the Federal Government had in recent times led campaigns for gas monetisation as against flaring. Source: punchng.com

<https://punchng.com/fg-imposes-n22bn-fine-on-oil-firms-over-gas-flaring/>

Maintain Tight Monetary Policy to Check Inflation, IMF Tells CBN: The International Monetary Fund (IMF), yesterday, advised the Central Bank of Nigeria (CBN) to maintain its monetary policy-tightening mood to cage inflation, which jumped to 21.91 percent as of February. The Washington-based institution, in its World Economic Outlook (WEO) titled, "A Rocky Recovery," released yesterday, retained Nigeria's Gross Domestic Product (GDP) growth projection for 2023 at 3.2 percent. Speaking at a press briefing to unveil the WEO at the ongoing IMF/World Bank Spring meetings in Washington DC, Division Chief, Research Department, IMF, Daniel Leigh, said, "For Nigeria, our forecast is one of the most stable for this year. For 2023, it is the same at 3.2 percent, and three percent in 2024. So, this is an economy. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/04/12/maintain-tight-monetary-policy-to-check-inflation-imf-tells-cbn/>

Naira appreciates marginally amid low liquidity: Naira on Tuesday appreciated marginally against the dollar amid low liquidity at the official foreign exchange market. The foreign exchange market on Tuesday resumed trading after the two-day holidays declared by the Federal Government to mark the Easter celebration. After trading on Tuesday, the dollar was quoted at the rate of N462.88/\$1 as against N463.25/\$1 quoted on Thursday before the holidays at the Investors and Exporters (I&E) forex window, data from the FMDQ indicated. Most currency dealers who participated in the foreign exchange market auction on Tuesday maintained bids between N460.00 (low) and N466.00 (high) per dollar. The daily foreign exchange market turnover, declined by 25.40 percent to \$80.90 million on Tuesday from \$101.45 million on Thursday last week. Source: businessday.ng

<https://businessday.ng/news/article/naira-appreciates-marginally-amid-low-liquidity/>

FG to end multiple taxations on roads: The Federal Government on Tuesday said it is working to remove multiple taxations on roads to promote the free movement of goods within the country. The government said that multiple taxations on roads were against ECOWAS rules and regulations. The Minister of Transport, Mu'azu Sambo, spoke at the 10th national delegates conference of the Road Transport Employers Association of Nigeria in Abuja, where the National President of RTEAN, Dr. Musa Maitakobi, was returned re-elected for a second tenure. Sambo said, "We're working on that because multiple taxations on our roads are against ECOWAS rules of free movement of goods. We are in touch with several states. After the last road monitoring exercise, the notes are yet to come in full, but we will discuss with the state commissioners of transport the issue of multiple taxations. Source: punchng.com

<https://punchng.com/fg-to-end-multiple-taxation-on-roads/>

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% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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