

Telecoms

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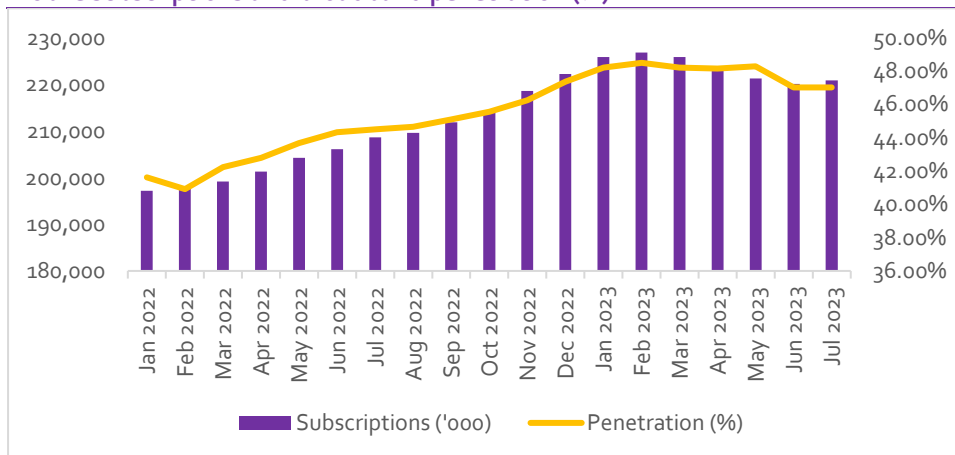
Mobile subscriptions up marginally in July.

Based on new industry data from the Nigerian Communications Commission (NCC), Nigeria's active mobile subscriptions increased marginally by 0.4% to 220.9 million in July 2023 compared to 220.1 million recorded in June 2023. This indicates that the country's mobile subscriptions increased by 770,889 subscribers in July. This increase comes after four consecutive marginal declines in mobile subscriptions by 0.5% in June, 1.0% in April and May and 0.4% in March.

Further analysis of the data revealed that MTN, the largest operator by subscriber numbers, boosted the total industry database with a 678,008 increase in its subscriptions. This brought its total active subscriptions to 85.3 million from 84.6 million in June 2023. Globacom maintained its position as the second-largest operator by subscriber number in July 2023, adding 23,565 new subscriptions in the month to reach 61.4 million total subscriptions from 61.3 million in June. 9mobile also gained 176,105 new subscriptions, which brought its total active connected lines to 13.7 million from 13.5 million in June. However, Airtel, the third-largest operator by subscriber number lost 106,789 subscriptions in the month under review to 60 million from 60.2 million in June.

Given the increase in active connected lines reported by operators, the country's teledensity, which measures the number of active telephone connections per 100 inhabitants living within an area rose to 115.70 from 115.30% recorded in June. The slight improvement in active mobile subscription numbers indicates that telcos may have completed the disconnection of lines that have not been used for any revenue-generating activity in the last 6 months, as contained in a recent directive by the NCC. The disconnections led to a steady decline in subscriptions between March and June this year. We expect to see a continuous recovery in mobile subscriptions in the coming months.

Mobile subscriptions and broadband penetration (%)



Source: CSL Research, NCC

MARKET UPDATE

| | 1 year | 30-Dec-22 | 1 day |
|-----------------|-----------|-----------|-----------|
| NSE - Index* | 49,626.05 | 51,251.06 | 67,296.18 |
| Naira / US\$ | 435.38 | 461.50 | 773.50 |
| Brent, US\$/bbl | 94.00 | 85.91 | 90.64 |
| MPR % | 14.00 | 16.50 | 18.75 |

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@fcmf.com

Banks: Gloria Fadipe

+234 (1) 448 5436 ext.4516

gloria.fadipe@fcmf.com

Brewers: Goke Adetoyinbo

+234 (1) 448 5436 ext.4457

adegoke.adetoyinbo@fcmf.com

Industrials: Mustapha Umaru

+234 (1) 448 5436 ext.4512

mustaphamaru@fcmf.com

FMCGs: Sunmisola Ikoli-Olowo

+234 (1) 448 5436 ext.4516

Sunmisola.ikoli@fcmf.com

Research Team: cslresearch@fcmf.com

Retail Team: cslcsu@fcmf.com

Sales Team: cslrmt@fcmf.com

<https://cslportal.fcmf.com>



News headlines:

Presidential panel plans 83% cut in taxes, levies: The Chairman of the Presidential Committee on Fiscal Policy and Tax Reforms, Mr Taiwo Oyedele, has said Nigeria has over 60 different forms of taxes and levies. Many of the taxes, he added, made life unbearable for the poor in society. Oyedele spoke while featuring as a guest on the Channels Television programme 'Sunrise Daily', monitored by our correspondent on Monday. He said his committee was working to reduce taxes and levies to less than 10, which would be a decrease of 83.33 percent. According to him, "Up together today, we have over 60 of those different taxes and levies. We think we should have less than 10 single digits. Source: Punchng.com

<https://punchng.com/presidential-panel-plans-83-cut-in-taxes-levies/>

Nigeria's Power Sector Records 11.4m Customers in Q2: The total customer numbers in Nigeria's electricity supply industry rose to 11.47 million in the first quarter of 2023, from the previous 11.27 million in the first quarter, showing an increase of 1.84 percent. New data from the National Bureau of Statistics (NBS), also showed that on a year-on-year basis, customer numbers in Q2, 2023 rose by 6.17 percent from 10.81 million reported in the same period in 2022. Similarly, metered customers stood at 5.47 million in Q2, 2023, indicating a growth of 3.10 percent, the NBS report noted, from 5.31 million recorded in the preceding quarter. On a year-on-year basis, this grew by 10.40 percent from the figure reported in Q2, 2022 which was 4.96 million. "In addition, estimated customers during the quarter were 6 million, higher by 0.72 percent from 5.96 million in Q1, 2023. Source: thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/09/12/nigerias-power-sector-records-11-4m-customers-in-q2>

Operators excited as UAE lifts visa ban on Nigerians: The United Arab Emirates, on Monday, lifted its months-long visa ban on Nigerians. Consequently, Etihad and Emirates Airlines will resume flight operations in Nigeria immediately. "President Bola Tinubu and President of the United Arab Emirates, Mohamed bin Zayed Al Nahyan, on Monday in Abu Dhabi, have finalised a historic agreement, which has resulted in the immediate cessation of the visa ban placed on Nigerian travelers "Furthermore, by this historic agreement, both Etihad Airlines and Emirates Airlines are to immediately resume flight schedules into and out of Nigeria, without any further delay," the President's Special Adviser on Media and Publicity, Ajuri Ngelale, revealed in a statement he signed Monday. Source: punchng.com

<https://punchng.com/operators-excited-as-uae-lifts-visa-ban-on-nigerians/>

Don't pay dividends with FX revaluation gains, CBN tells banks: The Central Bank of Nigeria (CBN) on Monday instructed banks to not utilise the foreign exchange (FX) revaluation gains to pay dividends or for other operational expenses. This was seen in a circular to all banks dated September 11, 2023 and signed by Haruna Mustafa, director, of the banking supervision department. Instead the CBN advised the banks to save the money made from FX to hedge against any future volatility. "Banks are required to exercise utmost prudence and set aside the foreign currency (FCY) revaluation gains as a counter-cyclical buffer to cushion any future adverse movements in the FX rate in this regard, banks shall not utilize such FX revaluation gains to pay dividend or meet operating expenses", the circular reads. Source: businessday.ng

<https://businessday.ng/news/article/dont-pay-dividends-with-fx-revaluation-gains-cbn-tells-banks/>

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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% | |

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| | |
|--------------------------|---|
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| 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. |
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| 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. |
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CSL Stockbrokers Limited
Member of the NGX 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