

MTNN Public Offer

FAQ

1. What is the purpose of the MTNN Public Offer?

MTN Group Limited intends to sell up to 575,000,000 units of MTN Nigeria Plc (MTNN). This represents c.3% of the entire issued and fully paid up capital of the Telecom Firm. The Offer supports MTN Group's stated intention of introducing a wider base of Nigerian shareholders into the ownership of MTN Nigeria, while also achieving an increase in the Company's free float on NGX.

2. What is the size of the offer?

Offer for sale of up to 575,000,000 (Five Hundred and Seventy-Five Million) Ordinary Shares of MTN Nigeria.

3. What is the Offer price?

The price of the offer would be determined by bookbuild. However, MTN Nigeria has indicated a price range between ₦165 to ₦174.

4. What do you mean by Book Build?

Book building is the process by which an Issuer attempts to determine the price at which an initial public offering (IPO) will be offered. An underwriter, normally an investment bank, builds a book by inviting institutional investors (such as fund managers) to submit bids for the number of shares and the price they would be willing to pay for them. At the end of the process, a fixed price is set at which all investors are allotted their shares.

5. Is the Offer open?

The Book build opened by 12pm November 23, 2021 and is slated to close by 2pm November 24, 2021. The retail offer is scheduled to commence after the Book Build.

6. What is the difference between the Book Build and the Retail offer?

The Book Build is strictly for "Qualified Investors", while the retail offer is for individual investors. The book build has a price range of ₦165 to ₦174, while the retail offer would be done at a fixed price. Accordingly, a minimum of 10% of the Offer Shares amounting to 57.5mn shares will be offered to Qualified Investors by way of a bookbuild while up to 90% of the Offer Shares amounting to 517.5mn shares will be offered to Retail Investors.

7. Who is a Qualified Investor?

A Qualified investor is either an Institutional entity (Corporate entities) or a High Net Worth Individual (HNI). HNIs are individuals whose financial portfolios exceed ₦100,000,000.00 and have a considerable knowledge of the risk involved in financial investments.

8. How can I participate in the Book Build?

As a Qualified Investor, you can submit your bids on or before 12pm, November 26, 2021. The bids are collated using the completed commitment forms and the forms have been attached to this FAQ.

9. When will the Retail Offer kick off?

CardinalStone would inform you when the offer opens.

10. How can I participate in the Retail Offer?

You can submit your bids either by filling the commitment forms manually or filling it on to the MTN E-offer Portal. The E-offer portal is not yet live and is expected to be available as soon as the retail offer opens.

11. Where would the shares be credited?

The shares would be credited to your CSCS account domiciled in CardinalStone.

12. Should my account be pre-funded?

Yes, it is advisable you fund your stockbroking account before you submit bids. Funding your account can be done directly by login to your account on tradedirect.cardinalstone.com or via a direct transfer to the bank account with details below:

Bank Name: Sterling Bank Plc

Account Name: CardinalStone Securities Limited

Account Number: 0007288248

13. Are there any incentives?

In order to encourage participation in the Offer, MTN Nigera is providing an incentive in the form of 1 bonus Ordinary Share for every 20 Ordinary Shares purchased and allotted, up to a maximum of 250 bonus Ordinary Shares per investor. The Incentive is open to investors who hold (and do not trade) the Ordinary Shares purchased during the Institutional Offer and Retail Offer continuously for 12 months, post the date of the Securities and Exchange Commission (SEC) clearance of the allotment.

14. Where can I see the shelf prospectus or relevant documentation of this offer?

The pricing supplement has been attached to this FAQ. You could also view the relevant documents [here](#).

15. Is MTNN a good Investment?

Please see below, a short commentary from our Research desk:

MTN Nigeria Plc is Nigeria's largest mobile network operator, controlling c.39.3% of Nigeria's mobile subscriber base as of 9M'21. Its active data users of 33.2 million also ranks the highest among the four Mobile Network Operators (MNOs). The company has successfully translated its market dominance to strong operating results, doubling after-tax profits over the last five years. Its 5-year average return on equity (ROE) of 134.9% is the highest of any NGX listed company. Its historically strong cash generation capacity has also aided its average 77.0% dividend pay-out ratio.

We like MTNN's strength in data, supported by a sustained shift from traditional voice communication. Per our assessment, MTNN's data revenue has grown by a cumulative quarterly rate of 11.5% QoQ in the last ten quarters. The growing penetration of streaming services in Nigeria, youthful population demography, annual population growth of c.5.2 million, and the relatively low internet penetration in the country further support our optimism for MTNN's data revenue. According to the Nigerian Communications Commission (NCC) data, only 75% of mobile subscribers are internet users, indicating a potential internet gap of about 40 million users. Over our forecast horizon, we project that the data segment will expand by a compound annual growth rate (CAGR) of 29.3%. Although voice revenue growth will likely taper out further into our forecast period, due to rising preference for Over-The-Top (OTT) services, we expect demand for voice services to remain supportive in the near to mid-term.

PSB license portends additional upside opportunity

*We are positive about the potential of the Payment Service Bank (PSB) subsidiary, given the success recorded in other African countries. However, while we do not expect the impact to be immediate given the company's approval in principle, we believe the PSB could be key to unlocking the next growth frontier for MTNN. The ticker is trading at FY'21E EV/EBITDA of 6.1x, compared to its EMEA peer average of 8.1x. **We have a ₦213.24 Target Price (TP) and a BUY rating on the counter***

16. I need assistance with the process, who do I contact?

Kindly contact your Investment Advisor or send an email to brokerage@cardinalstone.com