

MTN UGANDA TO LIST, EXPERTS PUSH FOR INNOVATION FUND

By Samuel Sanya

Any Ugandan can own a piece of telecom company MTN Uganda after the Uganda Communications Commission set its listing on the Ugandan Securities Exchange (USE) as a condition to renew its operating licence. It is expected to list within two years.

The acting executive director of Uganda Communications Commission (UCC), Irene Kaggwa Sewankambo, said the telecom is required to expand its coverage to at least 90% of Uganda's geographical boundary.

"MTN complied with the financial, legal and technical obligations. In addition, MTN Uganda will be required to list on the USE that will enable interested people to own a part of the company in terms of shareholding," Sewankambo said.

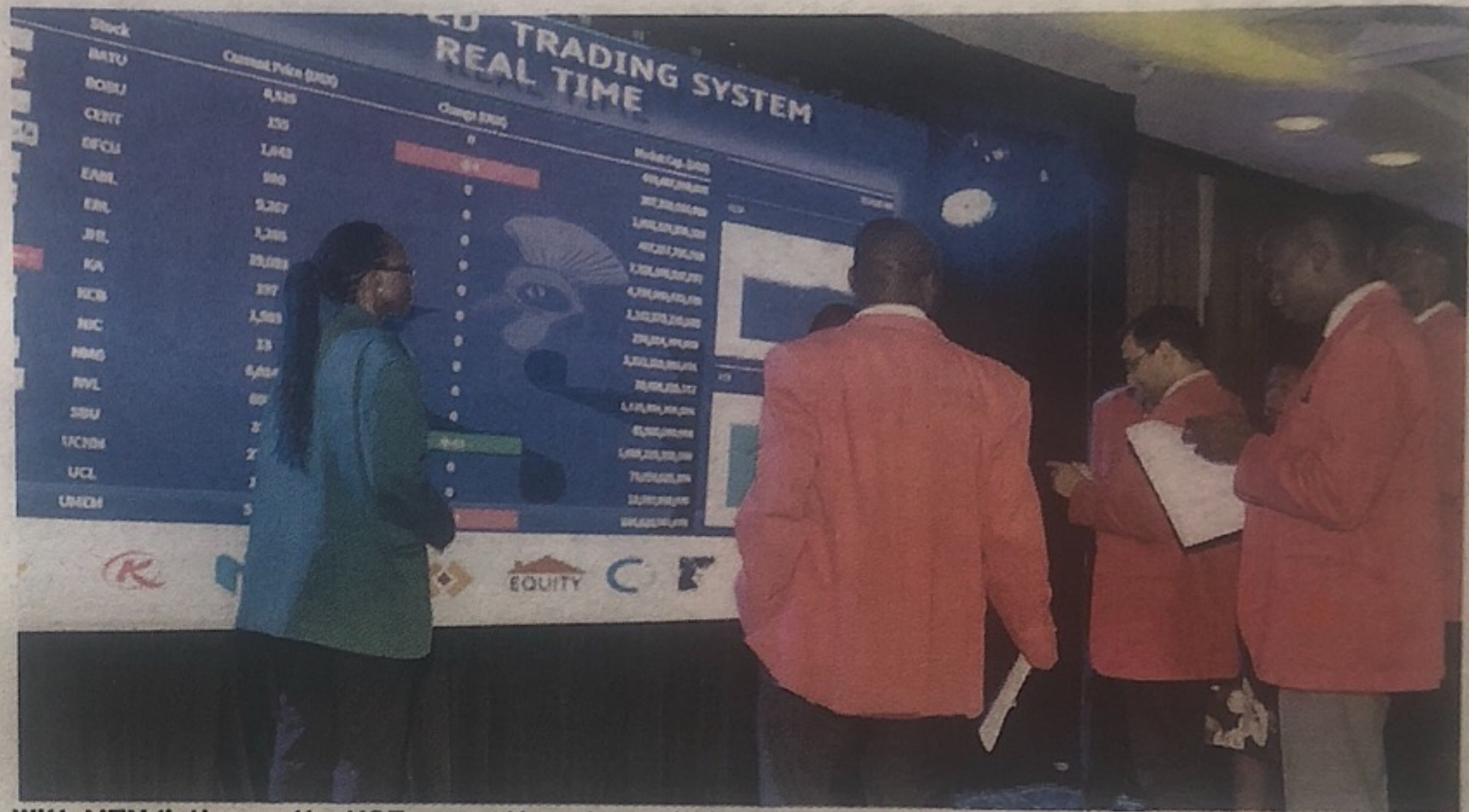
MTN Uganda's 2019 annual results

indicated growth in revenue to a tune of sh1.5 trillion from sh1.3 trillion the year before, contributing 4.4% of the overall group revenue.

The MTN Uganda CEO, Wim Vanhelleputte, noted that the \$100m (about sh371.5b) licence renewal fee was paid in full. The telecom's Second National Operator (SNO) licence took effect on July 1, 2020.

"There is an important requirement for the listing of the company on the Uganda Securities Exchange, which will happen within the next 24 months at the latest. It is part of the licence obligations that we have agreed to," Wim said.

"This is an exciting process that we have already done in Ghana, Nigeria and South Africa. We think it is an opportunity to further enhance our long-term relationship with our customers who will also have the opportunity to become shareholders," he added.



With MTN listing on the USE, many Ugandans will have a chance to own part of it

Wim noted that MTN Uganda has put aside between \$60m and \$70m (about sh221b to sh258b) to invest in the firm's network.

The chief executive officer of USE, Paul Bwiso, welcomed the development. He noted that the firm will be required to list at least 20% of its total shareholding.

Mustapha Mugisa, an expert in corporate strategy, noted that the news of MTNs listing is long overdue and is a welcome development. He said in order for Ugandans to enter middle income status, they needed to

have ownership in the most vibrant sectors such as banking and telecoms.

"As you may know, any telecom with about 10 million subscribers makes an average of sh4-6b gross revenue daily. Telecoms have a huge cost structure. But assuming a 15% profit before tax margin; that is a profit of about sh600m daily. That is good money," Mugisa pointed out.

"You would expect the Government to buy some stocks for representation on the board. The challenge for listed companies being majority foreign-owned has been high transfer pricing

and capital flight," he added.

Mugisa pointed out that even though listing on the local stock market by MTN provides the required local involvement, more is required. He said MTN should establish a research and design fund to support innovation on a sustainable basis.

He noted that the fund would finance the launch of satellite to expand Uganda's spectrum used in the telecommunications industry.

Mugisa said telecommunications is critical for cyber weaponry and cyber warfare management.