

Fine doesn't keep MTN Nigeria down

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The raging dispute between MTN and Nigerian authorities - now being battled out in court - has not made the cellphone giant shy about expanding in Africa's most populous country.



MTN has bought Visafone Communications for an undisclosed sum; it will provide access to additional spectrum that will enable the roll-out of high-speed data and other value-added services, and adds a new database of small and medium companies and corporations that were buying Visafone's business solutions in Nigeria.

But even this - the first good news out of Nigeria in weeks for MTN shareholders - failed to boost the company's share price, which has shed more than 20% in three months and was trading at levels last seen in 2011 on the JSE on Friday. MTN has lost about a third of its market value in the three months since it announced the fine on October 26, to R232.64bn on Friday.

Its share price traded at R126.55 on Friday.

Amina Oyagbola, an MTN Nigeria executive, said in a statement on Friday that the acquisition was expected to enhance services and "deepen the growth and roll-out of broadband services across the country in support of the National Broadband Plan".

The acquisition also highlighted MTN's commitment to Nigeria, she said.

MTN's loyalty to Nigeria is under pressure as it battles authorities over a \$3.9bn (about R62bn) fine that the Nigerian Communications Commission imposed because MTN failed to disconnect about five million unregistered sim cards in line with a commission directive.

MTN, which derives nearly 40% of its earnings from Nigeria, launched a court case last month after the commission reduced the initial fine of \$5.2bn by 25% following the company's pleas for leniency. MTN claims that the "manner of the imposition of the fine and the quantum thereof is not in accordance with the NCC powers under the Nigerian Communications Act".

The size of the fine is unprecedented globally.

MTN failed to pay the reduced fine by the New Year's Eve deadline set by the commission, claiming that other action is suspended when a matter is in court. A court date has not yet been set.

This week, Yusuf Ali, lead counsel for the commission, told Business Times that the body would ask the court to dismiss MTN's claim mainly because the company had not exhausted all avenues. "They should have appealed to the NCC board before they approached the court."

MTN did not do this, according to the commission. Ali said MTN also incorrectly approached the High Court in Lagos when the NCC must be challenged in the High Court in Abuja, where its headquarters are.

MTN spokespeople in South Africa and Nigeria declined to comment.

Source: Business Times

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