

Investment idea: **Sell MTN (JSE: MTN)**
Price R87

9 January 2019

Dear Investor,

After a disastrous couple of years, MTN will report results in March 2019 indicating a substantial cut in its annual dividend from 700c for FY2017 to 400c for FY2018E. This will put the share on a dividend yield of 5.2%, which compares negatively with the before-tax 6.8% dividend yield of Vodacom.

We are seeing little value in staying investing in the Company, where the continued legal disputes in Nigeria has resulted in an increase in the business risk.

- ❖ The Company is operating in distressed economies – Nigeria is negatively impacted by the low oil price and the sanctions against Iran makes it difficult to repatriate any income.
- ❖ The Company has been involved in continued fallouts with the Nigerian Government, and have had the pay hefty fines. What is next?



Figure 1 –MTN relative to the JSE ALSI

Please contact your Afrifocus Portfolio Manager.

Regards

Afrifocus Personal Wealth