Conclusion of resolution agreement with the Central Bank of Nigeria (CBN) and withdrawal of cautionary announcement

As previously communicated, the Central Bank of Nigeria has alleged improper repatriation by MTN Nigeria Communications Limited (“MTN Nigeria”) of US$8.1 billion between 2007 and 2015.

MTN Nigeria has held various engagements in order to find an equitable resolution to the matter. In particular, a series of meetings were held in Lagos with CBN officials during November 2018. At these meetings MTN Nigeria provided additional material documentation which satisfactorily clarified its remittances. The CBN upon review of the additional documentation concluded that MTN Nigeria is no longer required to reverse the historical dividend payments made to MTN Nigeria shareholders. However, the CBN maintains that the proceeds from the preference shares in MTN Nigeria’s private placement remittances of 2008 of circa USD$ 1 billion were irregular having been based on CCIs that only had an approval-in-principle, but not final regulatory approval of CBN.

The CBN instructed MTN Nigeria to implement a notional reversal of the 2008 private placement of shares in MTN Nigeria at a net cost of circa N19.2 billion - equivalent to US$52.6m (the notional reversal amount). This is on the basis that certain certificates of capital importation (CCIs) utilised in the private placement were not properly issued.

MTN Nigeria and the CBN have agreed that they will resolve the matter on the basis that MTN Nigeria will pay the notional reversal amount without admission of liability. In terms of the resolution agreement, the CBN will regularise all the CCIs issued on the investment by shareholders of MTN Nigeria of circa $402,625,419 without regard to any historical disputes relating to those CCIs, thereby bringing to a final resolution all incidental disputes arising from this matter.

MTN Nigeria relied on certain commercial banks to ensure all approvals had been obtained prior to the CCIs being issued and to ensure the CCIs were properly utilised in the private placement. MTN Nigeria will be engaging with the banks in relation to the issues dealt with in the resolution agreement.

Shareholders are advised that the legal process initiated by MTN Nigeria for injunctive relief restraining the AGF from taking further action in respect of its orders for back taxes is continuing. The AGF matter came up for initial mention before the Federal High Court of Nigeria Lagos Judicial Division on 8 November 2018 and has been adjourned to 7 February 2019. MTN Nigeria continues to maintain that its tax matters are up to date and no additional payment, as claimed by the AGF, is due, and consequently no provisions or contingent liabilities are being raised in the accounts of MTN Nigeria for the AGF back taxes claim.

As a result of the above, shareholders are no longer required to exercise caution in dealing with the Company securities.
This press release is being issued outside the trading hours of the JSE Limited. The Company will release this announcement on SENS as soon as practicably possible once the JSE reopens on Thursday 27 December 2018.