

MTN launches new B-BBEE share scheme

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MTN's R10bn black economic empowerment scheme has opened to the public today, but the company will not be providing funding to investors to buy shares in the group. MTN will sell a 4% stake to black individual or group investors and the shares will be held by MTN Zakhele Futhi empowerment scheme.



The new scheme will help MTN SA meet the black ownership requirement for a radio frequency spectrum licence application, as it will translate into an indirect ownership of more than 30% in the unit. MTN Zakhele Futhi will replace MTN Zakhele, which will be unwound in November. Existing MTN Zakhele shareholders will be given an option to reinvest a portion of their shares in MTN Zakhele Futhi.

The shares will be issued at R102.80 per share, but the minimum investment required for subscription to the shares is R2,000. MTN said while it would not provide funding to individuals or groups, it supported the transaction through discounted shares and "notional vendor financing to the transaction". MTN Zakhele, which was listed on the JSE in November 2015, will be delisted and deregistered.

The company said the MTN Zakhele scheme had created exceptional value for its 124,000 black investors in the past six years. In addition to the new MTN Zakhele Futhi scheme, MTN will issue 0.1% of its issued shares to staff, excluding directors and management. The shares will be held in a trust.

Analysts have said previously the transaction was necessary for the long-term sustainability of MTN in SA and also to maintain empowerment credentials at a group level. MTN will also provide prospective empowerment shareholders with a diversified exposure to 22 countries including Nigeria and Iran.

Source: Business Day

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