Shanduka buys stake in MTN Nigeria

By Sure Kamhunga

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A company owned by Cyril Ramaphosa's Shanduka Group has bought a minority stake in MTN Nigeria from MTN International, raising questions about corporate governance and a potential conflict of interest, *Business Day* reports

The concerns arise because Ramaphosa is the chairman of the MTN Group, of which MTN International is a subsidiary.

The US$335m deal was Shanduka's largest-ever investment outside of South Africa, its chief executive Phuti Mahanyele said on Tuesday (27 November). She insisted that the deal was above board and that Ramaphosa was not directly involved in negotiations.

"It was not an exclusive deal, but was put out into the open market," Mahanyele said. "The shareholding in MTN Nigeria is held by MTN International and (Mr Ramaphosa) sits on the board of the (holding) group but was not involved (in the negotiations). "

A telecommunications industry executive, who asked not be named, said it was difficult to imagine that Ramaphosa would not have been aware there were investors in MTN Nigeria who wanted to sell their stake. A corporate governance expert, who also asked not to be named, agreed that the deal raised questions.

"Shanduka should not be anywhere near MTN, end of story," the second source said. "Ramaphosa should be aware of the conflict of interest."

MTN Group on Tuesday (27 November) refused to comment on the deal.

Shanduka said the stake had been bought through Mauritius-based Shanduka Telecommunications. Standard Chartered Bank arranged funding and acted as joint financial adviser and mandated lead arranger.

MTN Group indirectly owns MTN Nigeria with a stake of more than 78%. The Nigerian company is the group's largest

contributor to revenues with more than 45.6m customers.

Mahanyele said the investment in MTN Nigeria was integral to Shanduka's strategy to expand into Africa. This entails investing in growth sectors including infrastructure, resources, food and beverages, and property.

Nigeria is a key growth area Shanduka is targeting because of its large population and a growing consumer market.

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