

MTN continues share buyback operation

By [Thabiso Mochiko](#)

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MTN has spent R2.1 billion buying back shares in the six months to the end of June. In the absence of acquisitions, it has opted to pay dividends and buy back shares.



In addition to the R930m spent in the second half of last year, MTN has so far spent just over R3 billion buying back 1.2% of its stock. The company's shareholders have given management approval to buy back shares totalling R5bn.

Sifiso Dabengwa, MTN CEO, said the share buyback was part of the "shareholder returns strategy".

The company has also increased its dividend payout ratio to 72% from 70% of headline earnings per share following the removal of the secondary tax on companies.

Dabengwa said the company was still looking for investment opportunities. "Stand alone (acquisitions) remain a strategic priority," he said. The company has looked at acquisitions in Angola, Ethiopia and the Middle East, but nothing has materialised.

MTN will apply for a value added service license in Ethiopia, to provide services other than a mobile network. "At the moment the regulator is not open for a mobile network license and by virtue of having a VAS (value added service) license it will put us in a strong position when the regulator invites applications for the second mobile network license," the company said.

It has also cast its net fairly wide and will look for companies operating in the telecommunications and technology space.

MTN reported a 6.9% rise in total subscribers to 175 million in the six months to June.

Market conditions continued to be impacted by increased levels of competition, regulatory requirements, political unrest in certain countries and the global economic slowdown, Dabengwa said.

Despite these challenges, revenue showed solid growth of 17.5% to R66.4bn, driven mainly by strong operational performance and competitive value propositions in SA, Iran and Ghana.

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