

Coronation Economic Note

18 February '22

Visible q/q growth in active subscribers

According to the latest telecommunications data per state from the National Bureau of Statistics (NBS), active voice (mobile) customers increased by 2.4% q/q (and -4.5% y/y) to 195.5 million in Q4 '21. Since Q3 '21, there has been steady growth in active lines. We note that the telecommunications segment has been a chief beneficiary of the ongoing pandemic. Based on the recently released national accounts by the NBS, the segment grew by 7.3% y/y in 2021.

The NBS data shows that Lagos state recorded the highest voice subscriptions, 23.9 million users, in Q4 '21. This represents a y/y decline of -3.8% y/y. However, on a q/q basis it grew by 2.8%. The y/y decline can be partly attributed to the deactivation of mobile lines in 2021 due to failure to enroll and verify the NIN-to-SIM cards as directed by the FGN.

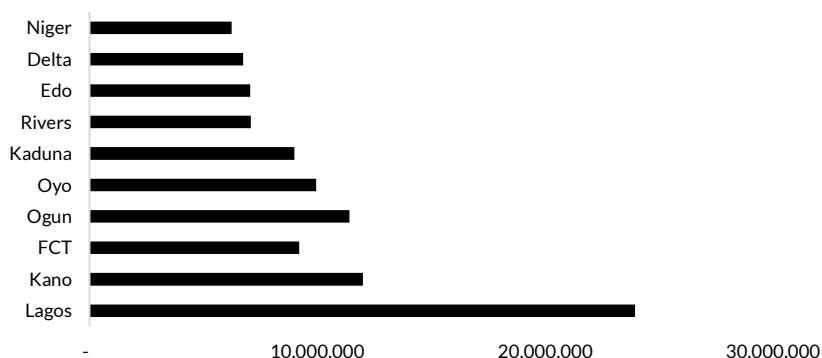
Kano, Ogun and Oyo states recorded active voice subscriptions of 12 million, 11.4 million and 9.9 million respectively in Q4 '21. Meanwhile, Bayelsa (1.4 million), Ebonyi (1.7 million), Ekiti (1.8 million) and Zamfara (2.1 million) recorded the least number of active voice subscriptions during the period under review.

Regarding active internet subscriptions per state, total subscriptions stood at 142.0 million in Q4 '21. This is a y/y decline of -8% and a q/q increase of 1.2%. Given its unique position as the commercial hub of the economy, Lagos state recorded the highest active internet subscriptions in Q4 '21 with 17.7 million subscribers, accounting for 12.5% of the total active internet subscriptions.

Turning to mobile network operators, MTN Nigeria accounted for the largest market share (c.39%) of total subscriptions (voice and internet) across the country. Based on the data, the states in which MTNN dominates market share include Ekiti (58.6%), Sokoto (51.5%) and Imo (51.3%).

We understand that the CBN has placed the telecommunications sector on its fx priority list ahead of the 5G deployment which is scheduled to happen this year. The macro benefits on the back of the successful deployment of 5G network are immeasurable. It could enable unprecedented levels of connectivity which is critical for the ongoing digital transformation seen across the global village.

Top 10 voice subscriptions by state in Q4 '21



Source: NCC, Coronation MB Research

Indicators	NG
Inflation rate (January '22, %)	15.60
GDP (FY '21, %)	3.40
Gross Official Reserves (15 February '22, USD bn)	39.8
UK Brent (18 February '22, USD)	91.2

Source: Bloomberg, CBN, NBS, Coronation MB Research

FGN bond yields (18 February '22, %)			
14.20%	13.98%	12.15%	12.40%
Mar-24	Feb-28	Jul-34	Mar-36
8.25	11.10	12.30	12.67

T-bill yields (18 February '22, %)			
31-	26-	25-	24-
Mar-22	May-22	Aug-22	Nov-22
2.00	3.89	4.56	4.45

Source: FMDQ, Coronation MB Research

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