

## MARKETS

## Equities |

## DEOGRATIUS WAMALA

In October 2021, Uganda Communications Commission handed MTN an ultimatum dressed up as a licensing condition. It was for the telecom to renew its operating licence, the one that lets it run a mobile network in the country, and in exchange, offer at least 20 percent of its shares to Ugandans.

MTN had little choice. It paid \$100m (Shs374.5b) and agreed to list.

To understand why this moment mattered, you need to appreciate how little Uganda's stock exchange had previously mattered to many companies and ordinary people, by extension.

The Uganda Securities Exchange (USE) was founded in 1997. It opened for trading in January 1998 with a single listing, a bond issued by the East African Development Bank.

Trading was limited to only a handful of trades per week. By 2014, the exchange had managed to attract just 16 listed companies, many of them cross-listed from Kenya.

Research from that period found that most Ugandan investors who participated had bought shares in only one company, and most could name only one benefit of share ownership: dividends.

They had not considered things like capital gains, voting rights, and portfolio diversification.

Uganda's investment culture had evolved around what worked: savings circles called Saccos, informal investment clubs, real estate, and bank deposits.

These instruments were tangible. You could touch land. You could see money in a box.

The stock market offered something more abstract: a certificate representing partial ownership of a company you could not walk into and inspect.

So, when MTN launched its initial public offer (IPO) in October 2021, priced at Shs200 per share, the public was offered something genuinely new: a chance to own a piece of the most-used mobile network in the country.

The company had reported revenues of Shs1.9 trillion in 2020, up 9.3 percent from the year before, and profit before tax had grown 21.3 percent. The fundamentals were solid. But the public, largely, said no.

## Skeptics win the opening round

The IPO closed in November 2021, having raised Shs535.9b, roughly \$150m.

It was the largest IPO in Uganda's history. And yet it fell short. MTN had offered 4.477 billion shares at Shs200 each, representing the full 20 percent public stake required under its licence.

Ugandans subscribed to only about 65 percent of what was on offer. The regulatory target was unmet.

The public was mainly concerned about the lack of knowledge, fear of losing money, uncertainty about how to start, and distrust of market stability.

These were the accumulated wisdom of people who had watched institutions fail them before.

There is an irony embedded in this mo-

MTN's stock journey since its 2021 the initial public offering has rewarded patience: from skepticism and

# MTN: The investment many

ment worth sitting with. The same people who used MTN's mobile money platform daily, to send school fees, pay rent, and receive salaries, did not believe enough in the company generating those transactions to buy a small piece of it.

The product was trusted. The investment proposition was not.

What Shs200 bought for those who participated, the structure of the IPO contained an immediate advantage that most did not fully appreciate at the time.

MTN offered incentive shares, which were bonus shares allocated on top of whatever investors applied for.

Someone who applied for 5,000 shares received an additional 500, ending up with 5,500. At Shs200 per share, a Shs1m investment nominally bought 5,000 shares, but with the bonus, the effective cost per share dropped to approximately Shs180.

Before trading had even begun, early investors had received a quiet 10 percent discount. Then came the dividends.

MTN paid out a total dividend of Shs105.4b to its 21,452 shareholders for the year ended December 2021, roughly Shs4,706 per share. 87 percent of shareholders received their payment through MTN Mobile Money, meaning most were the company's customers.

By 2023, MTN declared a total dividend of Shs18 per share, 13.2 percent higher than the previous year, representing 81.7 percent of the company's net income.

By 2024, after profit after tax jumped 30 percent to Shs641.5b, the board approved a full-year dividend of Shs22.6 per share, amounting to Shs506b.

In total, from the IPO in December 2021 through mid-2024, MTN paid out Shs864.4b in dividends to its shareholders. For someone who invested Shs1m



at IPO and held through that period, cumulative dividends alone amounted to roughly Shs89 per share, equivalent to more than Shs400,000 returned in cash.

Nearly half the original investment had returned before accounting for what the shares themselves were now worth.

The market does what markets do. Share prices are a record of changing belief. They encode, imperfectly, what investors collectively think a company is worth at any given moment. In this sense, they are always partly a story about confidence.

MTN's price told a complicated story in its early years. The stock opened at Shs200 and drifted. By mid-2024, it was trading around Shs170, below the IPO price.

To the casual observer, the investment had lost money. To the careful one, the picture looked different: dividends had more than compensated for the price weakness, and the company's underlying performance had never faltered.

The market simply had not yet decided what to believe. Then something changed.

In 2024, MTN conducted a secondary share offer to raise public shareholding to 20 percent as required under its licensing obligations.

The offer was 2.3 times oversubscribed at Shs170 per share, signalling strong investor confidence. Applications came in for three billion shares against 1.6 billion available. The same investors who had ig-

nored the IPO were now scrambling for shares that were, at Shs170, cheaper than the original offer. The oversubscription sent a signal. Institutional investors who had been watching from the sidelines began to move.

## A stock on the move

MTN began 2026 with a share price of Shs315 and has since gained 48.5 percent on that valuation.

The stock's bullish performance was attributed to a combination of sustained institutional demand since the secondary offer, solid financial performance, and regular dividend payouts, which, besides giving investors good returns, also provided cash flow relief.

It is currently the most valuable stock on the USE, with a market capitalisation of Shs10.5 trillion, about 24.3 percent of the entire equity market.

For someone who bought at IPO, held through the flat years, collected dividends without panic, and still holds today: their Shs1m has grown to over Shs2m in capital value alone, with more than Shs400,000 received in cash along the way. Analysts estimate MTN's internal rate of return at 17.4 percent per annum, which is well above Uganda's two-to-four-year treasury bond yields of 13.5 to 15 percent.

## The lesson about patience

Markets reward patience, and this is something that consistently costs ordi-

nary investors money because patience is, in practice, extremely difficult.

When a share price falls below what you paid, every instinct says exit. When it rises, every instinct says buy more. Both instincts, followed mechanically, destroy wealth.

MTN's story illustrates this almost pedagogically. Investors who entered at IPO, received bonus shares, collected dividends through the quiet years, and did not sell when the price tanked to Shs170.

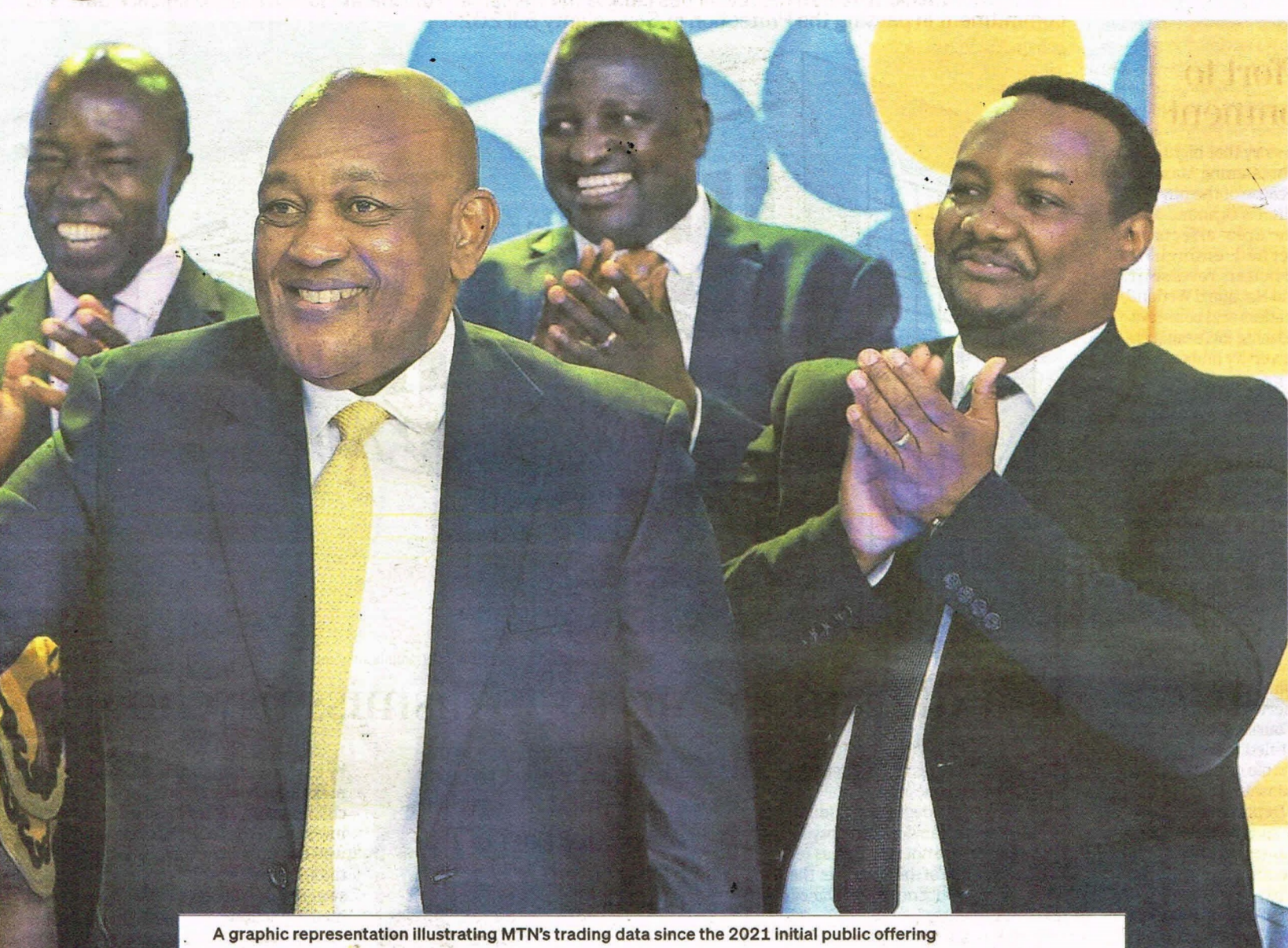
What the MTN case suggests, tentative-

## Key insights

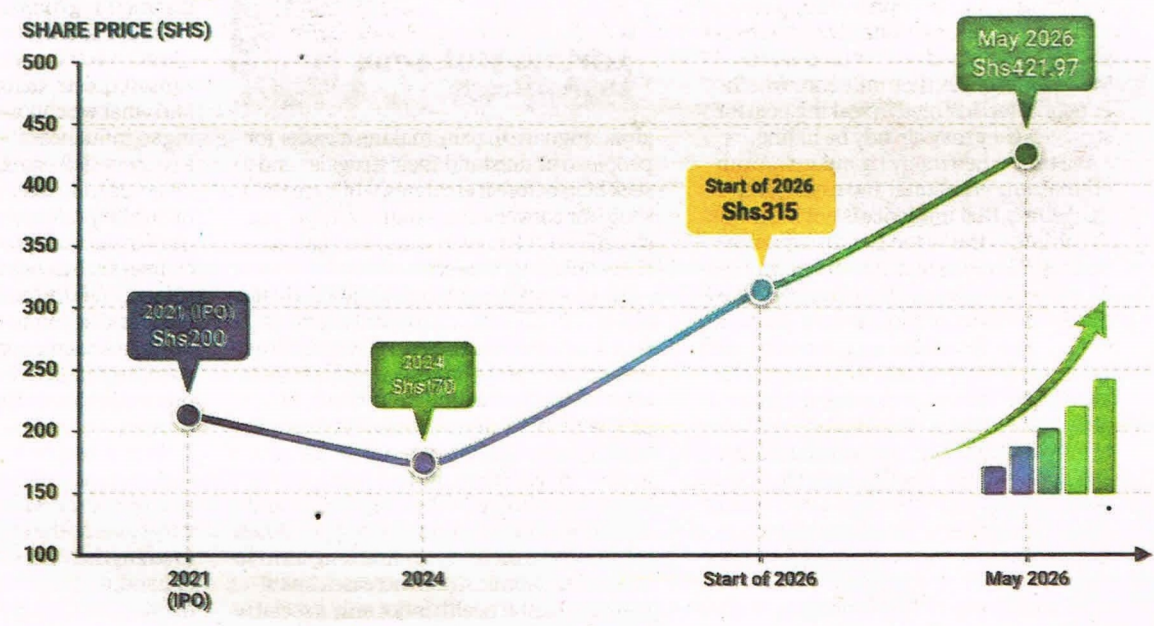
- When MTN launched its initial public offer (IPO) in October 2021, priced at Shs200 per share, the public was offered a chance to own a piece of the most-used mobile network in the country.
- It was the largest IPO in Uganda's history. Yet it fell short. MTN had offered 4.477 billion shares at Shs200 each, representing the full 20 percent public stake required under its licence. But Ugandans subscribed to only about 65 percent of what was on offer. The regulatory target was unmet.
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undersubscription to a 111 percent capital gain, hefty dividends, and dominance as the most traded stock.

# ignored, then scrambled for



A graphic representation illustrating MTN's trading data since the 2021 initial public offering



MTN chairman Charles Mbiye (second right), chief executive Sylvia Mulinge (left), and other officials ring the bell to open trading after the telecom's oversubscribed secondary offer, marking renewed investor confidence in Uganda's most actively traded stock. PHOTO / FILE

ly, is that regulation can nudge balance. Government's mandate forced a private company to share ownership with the public.

It did not guarantee participation, ease of access, or performance. But it created the possibility. And for those who walked through the door, the results have been, by the standards of any savings instrument available in Uganda, exceptional.

As of May 5, MTN's share price stood at Shs421.97, a 111 percent gain for anyone who bought at the IPO price of Shs200,

and a 134 percent gain for those who received bonus shares and effectively paid Shs180.

The investors who did worst, in terms of opportunity, were those who simply watched from the sidelines, decided it was not for them, and then arrived at the 2024 secondary offer paying the same price as the original IPO, but without the bonus shares or three years of accumulated dividends sitting quietly in their pocket.

By the end of December 2025, Ugan-

dans had put Shs5.66 trillion into regulated investment funds, nearly half as much again as the year before, with over 206,000 funded accounts now open across the country.

But of every Shs10,000 sitting in those investment funds, less than Shs3 is invested in shares. The overwhelming majority; nearly Shs69 of every Shs100, sits in government bonds where it is safe, predictable and familiar.

This shows that Ugandans are saving more than ever. They are just not yet ful-

ly trusting the stock market with those savings.

## The allure

By March 2026, more than half of every shilling traded on the stock exchange in that month came from one company: MTN, according to data from the USE.

In fact, just three stocks, MTN, Stanbic Bank and Umeme, made up more than 98 percent of every share bought and sold on the exchange through the first three months of the year.

That is both encouraging and concerning. Encouraging because it shows real money chasing real returns. Concerning, because if MTN has a bad day, the whole market feels it.

MTN's share price has climbed 34 percent since the start of 2026, from Shs315 by the close of December 2025 to Shs421.97 by May 5, 2026.

From the original IPO price of Shs200 in 2021, that is a 111 percent gain. But for those who received the bonus shares that came with the IPO, bringing their effective cost down to Shs180 per share, the gain rises to 134 percent.

And for those who bought at the 2024 secondary offer price of Shs170, it stands at 148 percent. None of that includes dividends. Add those in, and the total return is higher still.

Keith Kalyegira, former chief executive of Capital Markets Authority, says: "If companies are posting profits and growing in double digits, investors become interested. But when results are flat or declining, interest disappears."

Much of the excitement also comes from the possibility that MTN could split its mobile money business from its telephone business, creating two separate listed companies.

Investors believe each business, valued on its own, could be worth more than the two combined are today. That prospect has people buying and holding.

"Sellers are holding onto their shares because the counter is generating returns, and there are few attractive alternatives to park that capital," says Delick Manishimwe, an investment analyst at Sanlam Allianz Investments.

More companies are coming to the market. Lycamobile is expected to list soon. Airtel has a secondary offer expected later this year. It is an exciting time for stock investors.

## Key figures

## Shs421.97

If someone used Shs1m to buy at IPO at Shs200 per share, held through the flat years when the stock fell to about Shs170, collected dividends without panic, and still holds today when the stock is at Shs421.97: their Shs1m has grown to over Shs2m in capital value alone, with more than Shs400,000 received in cash along the way.

## 111%

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