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IBAN Policy & Research

Subject: Strategic Implications of the MultiChoice-Canal+ Merger on Nigeria's Broadcast Sovereignty and Local Content Economy

To: The National Broadcasting Commission (NBC), Federal Government of Nigeria, and Key Stakeholders

From: The Independent Broadcasting Association of Nigeria (IBAN)

1. Executive Summary

The Nigerian broadcast landscape stands at a critical juncture following the acquisition of MultiChoice Group by the French media conglomerate Canal+. With Nigeria contributing approximately 35% of MultiChoice's "Rest of Africa" subscription revenue, the consolidation of these two entities creates a foreign-controlled monopoly with unprecedented influence over Nigeria's cultural and economic sovereignty.

This document consolidates IBAN's official policy position regarding the reported engagements between the National Broadcasting Commission (NBC) and Canal+ Africa. It combines IBAN's press statement with market intelligence to outline the severe implications for indigenous broadcasters, local content production, and national security.

2. Policy Statement: The IBAN Position

2.1 Demand for Transparency

IBAN expresses deep concern over the opacity of reported discussions between the NBC and Canal+ regarding the post-acquisition operational structure. Citing the Freedom of Information Act (FOIA) 2011, specifically Sections 1(1), 2(3), and 2(4), IBAN asserts that the regulator is legally obligated to disclose information concerning strategic national assets. The association demands full publication of the scope and purpose of these engagements to ensure public interest is protected.

2.2 Core Strategic Concerns

IBAN has identified three pillars of risk associated with this transaction:

- **Economic Sovereignty:** The continued "capital flight" from the Nigerian economy, exacerbated by a foreign entity that may prioritise profit repatriation over local reinvestment.

- **Indigenous Capacity:** The sidelining of capable Nigerian investors and broadcasters who possess the financial and technical expertise to manage strategic broadcast assets.
- **National Interest:** The potential cession of Nigeria's "strategic broadcast space" to foreign entities whose motives may not align with national security or cultural preservation.

2.3 **The "Home-Grown" Imperative**

IBAN's policy stance is that Nigeria's broadcast future must be anchored on indigenous investment. Stimulating local ownership is not merely an economic preference but a "national security imperative" to prevent deep dependency on foreign corporations for information control and cultural dissemination.

3. Strategic Implications & Market Analysis

Synthesised analysis of the acquisition's impact on the local ecosystem

3.1 Deepening of Foreign Monopoly and Market Dominance

The merger of MultiChoice (DStv/GOtv) and Canal+ consolidates two dominant players into a single mega-monopoly.

- **Impact:** With Canal+ effectively controlling over 90% of MultiChoice shares, the combined entity creates a formidable barrier to entry for indigenous players.
- **Risk:** This dominance allows for unchecked market power, potentially stifling the growth of local Free-to-Air (FTA) stations and smaller pay-TV operators who cannot compete with the combined entity's content budget and infrastructure.

3.2 Escalation of Capital Flight

Nigeria serves as a financial anchor for MultiChoice, historically generating over N277 billion annually in subscription revenue.

- **Impact:** The acquisition by a global French entity raises fears that revenue generated in Nigeria will be aggressively repatriated to fund Canal+'s European or global expansion, rather than being reinvested into the Nigerian creative economy.
- **Context:** This comes at a time when Nigeria is already struggling with currency volatility, making the retention of capital within the local ecosystem critical for economic stability.

3.3 Threat to the "Nollywood" Production Hub

Nigeria is not just a revenue generator; it is the content hub for the entire continent.

- **Impact:** Decision-making regarding *Africa Magic* and other local content initiatives may shift from Lagos to Paris.
- **Risk:** There is a tangible risk of "cultural erosion," where content commissioning decisions are driven by global appeal rather than local relevance, potentially diluting the authenticity of Nigerian narratives.

3.4 Pricing Pressure and Consumer Welfare

Nigerian citizens already face significant inflationary pressure.

- **Impact:** A consolidated foreign monopoly is less likely to be sensitive to local purchasing power realities.
- **Risk:** Without competitive checks, the merged entity could impose unilateral price adjustments to meet global revenue targets, further burdening Nigerian households.

4. Conclusion and Call to Action

This is a defining moment for Nigeria's media independence. The choices made by the NBC today will determine whether the nation strengthens its indigenous capacity or slides into deeper foreign dependency.

IBAN calls upon the NBC to:

- **Publish details** of all arrangements with Canal+ immediately.
- **Prioritise Nigerian investors** in any divestiture or licensing restructuring required by the merger.
- **Enforce strict local content quotas** and investment mandates that bind the new entity to the Nigerian economy.

Implications for the local Nigerian broadcast industry following the potential acquisition of MultiChoice by Canal+:

- **Deepening of Foreign Monopoly and Market Dominance**

  As MultiChoice already holds a "monopolistic dominance" over the Nigerian pay-TV market, the acquisition by Canal+—a major French media conglomerate—would consolidate this power into an even larger foreign entity. With Nigeria accounting for approximately 34% of the region's subscription revenue, this merger could create a mega-monopoly that further stifles local competition and tightens foreign grip on the broadcast space, limiting the ability of indigenous players to compete effectively.

- **Increased Capital Flight and Limited Reinvestment**
  A critical implication is the potential exacerbation of "persistent capital flight" from the Nigerian economy. Despite Nigeria generating over a third of the region's revenue (making it the financial anchor outside South Africa), IBAN highlights a historic lack of commensurate reinvestment into the local ecosystem. A complete takeover by a global entity like Canal+ could prioritise repatriating profits to European headquarters over reinvesting in Nigerian infrastructure or talent.

- **Threat to Indigenous Investment and Capacity**
  The acquisition risks sidelining local investors who "consistently demonstrated capacity and national commitment". IBAN argues that Nigerian broadcasters possess the financial and technical expertise to manage such strategic assets. Approving a foreign takeover implies a lack of priority for stimulating "home-grown investment," potentially weakening local media institutions that are vital for national development.

- **Erosion of Cultural Sovereignty and Content Control**
  Given that Nigeria is identified as a "strategic hub for content production" feeding the continent (e.g., Nollywood), the transfer of ownership to Canal+ raises concerns about "content control and national media autonomy". There is a risk that decision-making regarding the "cultural identity" of content produced in Nigeria could shift to foreign executives whose motives may not align with Nigeria's public interest or cultural values.

- **Exacerbated Pricing Pressure on Consumers**
  With Nigerian citizens already "groaning under... exorbitant subscription prices" and "unilateral price adjustments", a consolidated foreign entity with reduced competition could wield unchecked pricing power. This is particularly critical given the prompt's note on currency devaluation; a global owner may be less sensitive to local economic realities when setting prices to meet global revenue targets.

- **National Security and Information Control Risks**
  The acquisition has implications for "national security" and "national information control". IBAN views the stimulation of indigenous investment not just as economic policy but as a "national security imperative" to preserve broadcast sovereignty. Outsourcing the country's strategic broadcast space to a foreign entity could compromise the state's ability to manage its information flow and strategic national assets.

- Regulatory Opacity and Transparency Concerns
  The current "lack of clarity" surrounding the NBC's engagement with Canal+ sets a precedent for regulatory opacity. This contravenes the Freedom of Information Act (FOIA), which mandates transparency in decisions affecting public interest. If the deal proceeds without "full public transparency" and "stakeholder involvement," it could undermine trust in Nigeria's regulatory frameworks.

Data Appendix

MultiChoice Group: Nigeria Market Performance Report (FY2020–FY2024

Subject: **Longitudinal Analysis of Nigeria Operations**
Source Material: **MultiChoice Group Integrated Annual Reports (FY2020–FY2024) & Financial Statements**

1. Executive Summary
Between FY2020 and FY2024, Nigeria served as MultiChoice Group's (MCG) most critical, yet most volatile, growth engine outside of South Africa. For the majority of this period, Nigeria contributed significantly to the "Rest of Africa" (RoA) segment, effectively acting as the financial anchor for the segment's recovery.

The market trajectory followed a distinct arc:

- **Resilience (FY2020–2021):** Growth despite the pandemic, driven by local content.
- **Peak Performance (FY2022–2023):** Record revenue and subscriber acquisition.

- **Crisis (FY2024):** A sharp contraction triggered by hyperinflation and currency devaluation, resulting in a **30% revenue decline** (USD terms) and mass subscriber churn.

2. Longitudinal Market Analysis

2.1 FY2020: The Pandemic Pivot

Entering the decade, Nigeria was established as the primary driver for the Rest of Africa segment. The company faced early macroeconomic headwinds but mitigated them through aggressive financial engineering.

- **Revenue Context:** The group reported **ZAR 51.4 billion** in revenue, with the Rest of Africa segment (anchored by Nigeria) reducing its trading losses significantly.
- **Strategic Defense:** To insulate the business from the volatility of the Naira and other currencies, the group utilised a robust balance sheet and hedging strategies to weather macro-economic storms.

2.2 FY2021: Local Content as a Growth Engine

FY2021 marked a period of robust recovery and engagement, leveraging "hyper-local" content to differentiate from global streaming competitors.

- **Financial Performance:** The group focused on local excellence, with the investment case built on knowing subscribers' entertainment needs.
- **Operational Highlight:** The reality show *Big Brother Naija* continued to be a massive driver of engagement, solidifying subscriber retention during lockdown periods.

2.3 FY2022: Peak Operational Performance

This fiscal year represented the zenith of MultiChoice's performance in Nigeria during the five-year period.

- **Revenue Growth:** Nigerian subscription revenue was recorded at **NGN 177.5 billion (ZAR 7.1 billion)**.
- **Regulatory Friction:** Despite operational success, the group faced a significant tax audit dispute with the Federal Inland Revenue Service (FIRS), which eventually led to a settlement agreement of **$37.3 million** in 2024 to resolve claims that had led to account freezes in 2022.

2.4 FY2023: The Inflationary Tipping Point

While nominal growth continued, the underlying economic fundamentals began to fracture, leading to liquidity challenges.

- **Revenue:** Subscription revenue grew 29% year-on-year in local currency to **NGN 277 billion (ZAR 9.1 billion)**.
- **Liquidity Crisis:** Repatriating cash became increasingly difficult due to foreign exchange scarcity. The group managed to extract **USD 235 million** during the year but at an average rate of **NGN 684:USD**, highlighting the devaluation pressure compared to the previous year.
- **Subscriber Dynamics:** The group added 1.7 million subscribers in the RoA segment, with Nigeria being a key contributor alongside the success of *Big Brother Naija* and price adjustments.

2.5 FY2024: The Currency Shock

The devaluation of the Naira (removing fuel subsidies and floating the currency) devastated reported earnings and subscriber stability.

- **Revenue Collapse:** Subscription revenue plummeted **30.77%** to **$341.7 million (ZAR 6.3 billion)** from the previous year's $493 million.
- **Subscriber Exodus:** For the first time in the period, the subscriber base contracted sharply. In Nigeria, active subscribers dropped by **1.2 million** to 8.1 million.
- **Contribution Decline:** Consequently, Nigeria's revenue contribution to the Rest of Africa segment decreased from **44% to 35%**.
- **Repatriation Losses:** The group faced remittance losses of **USD 59 million** from Nigeria due to foreign exchange market volatility.

3. Strategic Assessment

- **Pricing Elasticity:** For the first four years, Nigerian consumers absorbed periodic price hikes. However, FY2024 proved that pay-TV is not recession-proof; aggressive pricing adjustments to counter inflation resulted in immediate churn as mass-market customers prioritised "necessities over entertainment".
- **Financial Management:** The group shifted from viewing Nigeria as a profit center to a cash-repatriation challenge. The focus moved to extracting liquidity at almost any cost to minimise balance sheet exposure to the volatile Naira, evidenced by the acceptance of significant FX losses on remittances.

4. Data Appendix

Table 1: Financial & Operational Metrics (Nigeria)

Metric	FY2022	FY2023	FY2024
Subscription Revenue	7.1bn	9.1bn	6.3bn
Subscription Revenue	~$475m (Est)	$493.6m	$341.7m
Local Currency	177.5bn	277bn	-
Contribution to RoA	-	44%	35%
Active Subscribers	-	9.3m (implied)	8.1m
Cash Remitted (USD)	$240m	$235m	-

5. References

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