MTN NIGERIA PLC

...Data-Led Growth and Cost Efficiencies Sustain Earnings Momentum

August 21, 2026.

Earnings Note

Highlights

- Revenue increased by 13% YoY from ₦1.32 trillion to ₦1.49 trillion.
- Gross Profit grew by 22% YoY from N971.85 billion to N1.18 trillion.
- Profit after tax (PAT) rose by 25% YoY, from ₦281.17 billion to ₦352.04 billion.
- EBITDA increased by ₦136.07 billion to ₦844.60 billion in Q2 2026.

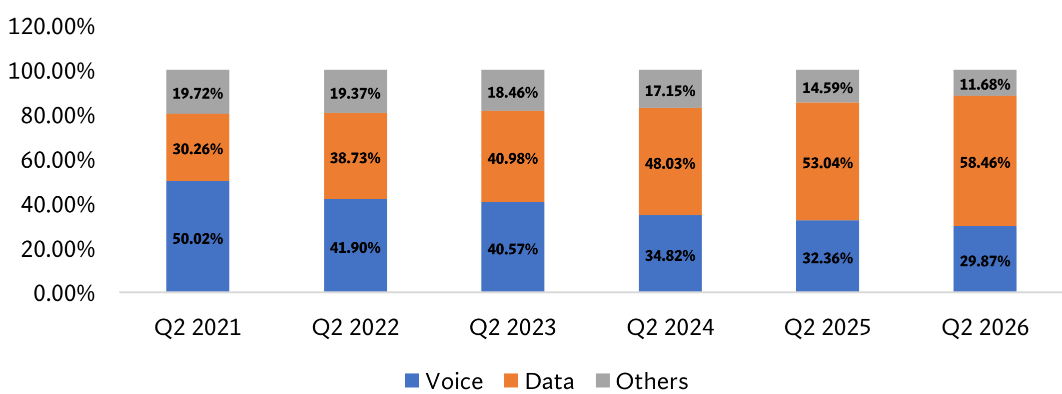
Income Statement

MTN Nigeria’s earnings performance began to normalize in Q2 2026 as the impact of the NCC-approved tariff adjustment, which was phased in from mid-February 2025 with the majority of changes taking effect in March 2025, was no longer creating a significant boost to year-on-year growth.. Revenue grew by 13% from ₦1.32 trillion in Q2 2025 to ₦1.49 trillion in Q2 2026, driven primarily by strong growth in the data segment.

Data revenue accounted for 58% of total revenue and increased by 25% year-on-year, supported by continued growth in the Company’s data subscriber base, which increased from 84.70 million in H1 2025 to 92.20 million in H1 2026.

However, Voice revenue remained the second-largest contributor, accounting for 30% of total revenue, although its contribution continues to decline as customers increasingly shift towards data-based services due to increased adoption of new technologies (smartphones, social media platforms, etc). The segment grew by 4.54% year-on-year.

Segment Contribution to Total Revenue



Source: Company Accounts, WSTC Research

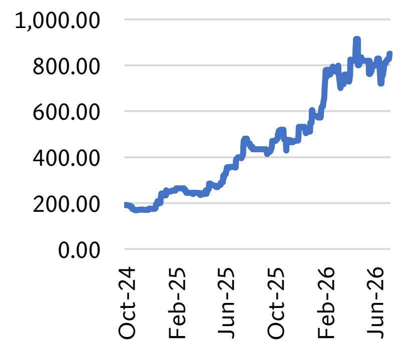
Meanwhile, a reduction in direct operating costs supported further margin expansion. Direct operating costs declined from ₦347.93 billion in Q2 2025 to ₦311.38 billion by 11% in Q2 2026, largely reflecting lower BTS lease costs following the renegotiation of network tower lease contracts. Consequently, gross margin improved to 79% in Q2 2026 from 74% in the corresponding period of 2025.

Operating expenses, however, increased by 28% from ₦264.93 billion to ₦338.76 billion. The increase was largely driven by higher staff costs, which more than doubled

Fair Value Estimate: N1079.79

Stock Data	
Current price (N)	805.00
Shares Outstanding (mn)	20,996
Market Cap (N'mn)	16,901,426
52-week high (N)	915.00
52-week low (N)	414.10
Trailing EPS (N)	53.01
Forward EPS (N)	77.34
Forward PE (X)	10.41
Justified PE Multiple (X)	13.96

Price Movement



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	N/A	15.19x	10.41x
P/BV	N/A	30.80x	12.89x
PBT Margin	-16%	33%	39%
PAT Margin	-12%	21%	25%
RoE	161%	2454%	175%
Dividend Yield	0%	6%	8%

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from ₦30.62 billion to ₦69.84 billion. This was primarily attributable to higher share-based payment expenses following the appreciation in MTN Nigeria's share price, alongside increases in the Group's PSP expenses and other employee-related benefits which includes performance-based incentives, long-service awards and retirement benefits. Despite the rise in operating expenses, strong revenue growth and improved gross margins supported EBITDA growth, with EBITDA margin increasing from 54% in Q2 2025 to 57% in Q2 2026.

Furthermore, finance income increased significantly by 221% from ₦7.08 billion to ₦22.72 billion. The increase was primarily driven by higher interest income on investments, which rose from ₦5.25 billion to ₦21.12 billion. This was supported by increased investments in Treasury bills and naira deposits. Investments in Treasury bills increased from ₦92.38 billion to ₦314.60 billion, while naira deposits rose from ₦13.83 billion to ₦41.06 billion.

In contrast, finance costs declined by 41% from ₦130.52 billion to ₦77.21 billion, reflecting lower interest expenses on leases and borrowings. The decline was supported by a reduction of more than 35% in the Group's borrowings. Foreign exchange gains also increased from ₦295 million to ₦3.06 billion, primarily reflecting gains on trade payables, which stood at ₦68.22 billion compared with a foreign exchange loss in Q2 2025. Hence, this brought the net finance cost down to N89.09 billion from N130.49 billion.

Altogether, the stronger operating performance and lower financing burden ultimately translated into a significant improvement in bottom-line earnings. Profit before tax increased by 30% YoY from ₦419.61 billion to ₦545.17 billion, while profit after tax rose by 25% to ₦352.04 billion.

Outlook

Looking ahead, we maintain a positive outlook on MTN Nigeria, with data expected to remain the principal driver of revenue growth. The continued expansion of the subscriber base, rising active data users and increasing reliance on digital services should support sustained demand for data. The 9% year-on-year increase in subscribers and 9% growth in active data users during H1 2026 provide evidence of continued underlying demand for the Company's services.

More importantly, we expect the benefits of the Company's cost-efficiency initiatives to become increasingly visible in earnings. The decline in BTS lease expenses demonstrates the potential for MTN to extract further efficiencies from its cost base, while the reduction in finance costs should continue to support earnings as the balance sheet strengthens. This is particularly important because sustained margin expansion, rather than revenue growth alone, will be critical to maintaining earnings momentum as the high base created by the 2025 tariff adjustments becomes increasingly difficult to outperform.

Furthermore, a more stable foreign exchange environment should provide additional support to profitability by reducing the translation and revaluation pressures that have historically affected the Company's earnings. Combined with stronger internally generated cash flows, this should improve MTN Nigeria's capacity to fund network investments while maintaining disciplined capital allocation. Notably, H1 2026 free cash flow increased by 76% year-on-year to ₦733.88 billion, providing further evidence of improved cash-generation capacity and ability to pay higher dividends.

Overall, we remain positive on MTN Nigeria's medium-to-long-term earnings outlook. While headline revenue growth is moderating as the impact of the previous tariff adjustment annualises, the underlying earnings drivers remain supportive. We therefore expect MTN Nigeria to remain well positioned to deliver sustainable shareholder returns, supported by its dominant market position, resilient demand for telecommunications services and improving balance-sheet and cash-flow fundamentals.

Q2 2026 Financial Performance

Income Statement (N'mn)	Q2 2026	Q2 2025	(%)
Revenue	**1,494,742**	**1,321,401**	**13%**
Direct networking cost	(311,382)	(347,932)	-11%
Value added services cost	(5,929)	(13,656)	-57%
Costs of starter packs	(14,254)	(10,943)	30%
Interconnect costs	(45,963)	(48,109)	-4%
Roaming costs	(2,539)	(3,070)	-17%
Transmission costs	(8,381)	(10,388)	-19%
Discounts and commissions	(71,576)	(60,394)	19%
Advertisements, sponsorships and sales promotion	(17,035)	(11,045)	54%
Employee benefits	(69,842)	(30,622)	128%
Impairment of financial assets	(15,965)	(2,164)	638%
Other operating expenses	(86,652)	(73,594)	18%
Total operating expenses	**(649,518)**	**(611,917)**	**6%**
EBITDA	**845,224**	**709,484**	**19%**
Depreciation of PPE	(115,942)	(72,433)	60%
Depreciation on RoU assets	(70,766)	(65,751)	8%
Amortisation of intangible assets	(24,265)	(21,196)	14%
Operating profit	**634,251**	**550,104**	**15%**
Non-operating profit/(loss)	**(89,086)**	**(130,491)**	**-32%**
Finance income	22,716	7,082	221%
Finance cost	(114,860)	(137,868)	-17%
FX loss	3,058	295	937%
Profit before tax	**545,165**	**419,613**	**30%**
Income tax	(193,125)	(138,440)	40%
Profit after tax	**352,040**	**281,173**	**25%**

Source: Company Accounts, WSTC Research

H1 2026 Financial Performance

Income Statement (N'mn)	H1 2026	H1 2025	(%)
Revenue	**2,993,064**	**2,379,374**	**25%**
Direct networking cost	(629,275)	(685,307)	-8%
Value added services cost	(24,482)	(25,600)	-4%
Costs of starter packs	(28,716)	(22,609)	27%
Interconnect costs	(93,968)	(101,010)	-7%
Roaming costs	(5,311)	(6,001)	-11%
Transmission costs	(17,647)	(19,382)	-9%
Discounts and commissions	(142,745)	(109,929)	30%
Advertisements, sponsorships and sales promotion	(35,124)	(20,614)	70%
Employee benefits	(135,645)	(54,683)	148%
Impairment of financial assets	(16,589)	(3,114)	433%
Other operating expenses	(190,042)	(128,895)	47%
Total operating expenses	**(1,319,544)**	**(1,177,144)**	**12%**
EBITDA	**1,673,520**	**1,202,230**	**39%**
Depreciation of PPE	(218,854)	(140,731)	56%
Depreciation on RoU assets	(140,439)	(126,646)	11%
Amortisation of intangible assets	(47,671)	(42,030)	13%
Operating profit	**1,266,556**	**892,823**	**42%**
Non-operating profit/(loss)	**(174,970)**	**(270,561)**	**-35%**
Finance income	46,797	14,414	225%
Finance cost	(258,129)	(279,745)	-8%
FX loss	36,362	(5,230)	-795%
Profit before tax	**1,091,586**	**622,262**	**75%**
Income tax	(384,045)	(207,406)	85%
Profit after tax	**707,541**	**414,856**	**71%**

Balance Sheet (N'mn)	H1 2026	H1 2025	(%)
Assets			
PP & E	2,217,669	1,667,256	33%
Intangible assets	413,091	419,822	-2%
RoU assets	1,751,521	1,628,914	8%
Inventories	39,381	12,513	215%
Trade and other receivables	369,515	268,350	38%
Cash	458,930	257,583	78%
Others	722,880	517,237	40%
Total Assets	**5,972,987**	**4,771,675**	**25%**
Liabilities			
Loans & borrowings	342,591	3,207,643	-89%
Trade payables	1,250,823	1,307,062	-4%
Others	3,448,968	299,421	1052%
Total Liabilities	**5,042,382**	**4,814,126**	**5%**
Net Assets	**930,605**	**-42,451**	**-2292%**

Source: Company Accounts, WSTC Research

Financial Projections

Income Statement (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Revenue	3,358,461	5,202,957	6,420,528	7,767,777	9,252,140	10,712,941	12,145,833	13,332,711
EBITDA	1,313,399	2,743,881	3,498,023	4,524,409	5,369,781	6,230,900	6,854,608	7,307,811
EBIT	778,244	2,079,627	2,794,975	3,755,399	4,481,576	5,202,457	5,700,754	6,027,871
Profit before tax	(550,325)	1,696,145	2,474,601	3,438,126	4,184,609	4,964,751	5,531,501	5,893,004
Net profit	(400,435)	1,112,962	1,623,763	2,256,000	2,745,821	3,257,728	3,629,613	3,866,822
EPS (N)	(19.07)	53.01	77.34	107.45	130.78	155.16	172.88	184.17
DPS(N)	0.00	20.00	61.87	85.96	111.16	131.89	146.94	165.76

Balance Sheet (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Current assets	791,336	1,254,088	1,126,492	1,609,381	2,316,542	3,165,272	3,640,849	4,525,364
Non-current assets	3,405,655	4,149,401	4,726,230	4,902,657	5,101,417	5,230,739	5,365,221	5,379,167
Total assets	4,196,991	5,403,489	5,852,722	6,512,038	7,417,959	8,396,012	9,006,070	9,904,531
Current liabilities	1,988,318	2,248,419	2,095,731	1,864,990	1,910,181	1,921,980	1,713,224	1,889,349
Non-current liabilities	2,666,680	2,606,358	2,445,334	2,555,428	2,660,338	2,855,104	2,924,010	3,002,935
Shareholders' equity	(458,007)	548,712	1,311,657	2,091,621	2,847,440	3,618,928	4,368,836	5,012,247
Book value per share (N)	(21.81)	26.13	64.44	102.76	139.89	177.79	214.64	246.25

Cash flow statement (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Cash from operating activities	868,901	2,211,923	2,556,043	3,035,828	3,876,459	4,439,175	4,649,821	5,389,183
Cash from investing activities	(238,399)	(1,140,038)	(1,501,864)	(861,197)	(1,055,534)	(1,103,735)	(1,211,184)	(1,179,820)
Cash from financing activities	(736,840)	(684,465)	(1,542,812)	(1,741,516)	(2,255,649)	(2,624,701)	(3,097,901)	(3,427,127)
Net increase/(decrease) in cash	-106,338	387,420	-488,632	433,114	565,276	710,739	340,736	782,236

Ratio analysis (%)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
EBITDA margin	39%	53%	54%	58%	58%	58%	56%	55%
Operating margin	23%	40%	44%	48%	48%	49%	47%	45%
ROE	161%	2454%	175%	133%	111%	101%	91%	82%
ROA	-11%	23%	29%	36%	39%	41%	42%	41%
Dividend payout ratio	0%	38%	80%	80%	85%	85%	85%	90%

Source: Company Accounts, WSTC Research

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- Sell Rating: estimated change in price is ≤ -10% of current market price.

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