Equity Report | MTN Nigeria Plc | August 2025

Summary: Price hikes, exchange rate stability boost profitability

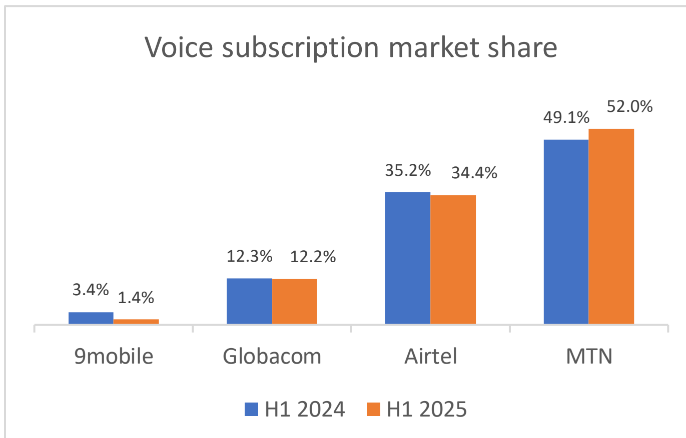
The strong growth MTN Nigeria posted in its top and bottom lines reflected the steady economic expansion in the Nigeria's telecoms sector which grew by 7.82% in Q1 2025. By comparison, the telecoms sector grew by 4.04% in Q1 2024 and 4.92% in Q2 2024, averaging 4.48% in H1 2024. MTN Nigeria's H1 2025 performance was driven by recent initiatives in the industry. First, there was a hike in data price in early 2025. Second, the country's exchange rates exhibited relative stability in the first half of 2025. MTN Nigeria's net foreign exchange loss was N5.3bn in H1 2025 (N887.8bn in H1 2024). Subsequently, data revenue not only rose by 69.1% from January through June, it accounted for 51.7% of the mobile operator's half year earnings in 2025. The telecoms firm returned to profitability with a profit after tax of N414.86bn in H1 2025 as against a loss after tax of N519.06 billion in H1 2024. Investors have factored in the turnaround in MTN Nigeria. On September 4, 2025, MTN Nigeria's share price closed at N435 per share, representing a year-to-date return of 117.5%, outperforming the All-Share Index which closed on the same day with a YtD return of 35.03%.

Item	*H1 2025*	*H1 2024*
Revenue (N'm)	*2,377,752*	*1,539,119*
Operating profit	*892,823*	*304,548*
PBT	*622,262*	*(751,292)*
PAT	*414,856*	*(518,071)*
EBITDA Margin	*50.6%*	*35.6%*

Business Overview

MTN Nigeria is the country's undisputed telecommunications industry leader with strong industry statistics and financials supporting this assertion. With 89.2m voice subscriptions, it controlled 52% of Nigeria's total voice subscriptions at half year 2025(83.8m, 49.1% in H1 2024). Internet data shows MTN Nigeria has a stronger presence in that space. With 76.5m, MTN Nigeria's internet market share was 54.4% in H1 2025(69.5m, 52.0% in H1 2024). Its business is structured into three strategic units: Consumer Business Unit (CBU), Enterprise Business Unit (EBU), and Wholesale Business Unit (WBU). Its half year 2025 financials show that the bulk of its revenue and profitability was generated from CBU which accounted for 81.9% of the overall revenue. (81.0% in H1 2024). EBU generated 14.2% while WBU generated 3.9% in H1 2025 (EBU, 15.7%; WBU, 3.3% in H1 2024). Analysing MTN Nigeria's revenue along product line reveals data as the firm's cash cow as it generated 51.7% of its revenue as of June 2025. (47.2% in H1 2024). Revenue from voice subscriptions remained the second most important source, accounting for 32.8% in H1 2025(35.2% in H1 2024. In June 2025, the company further enhanced the optimisation of its resources through the 3-year roaming agreement it had with 9Mobile. This will boost industry collaboration and operational efficiency.

Half-Year 2025 profit surges by 180%, driven by price hikes, exchange rate stability

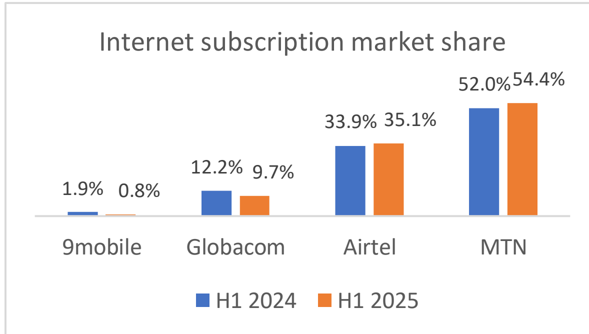


Investors renewed interest in MTN Nigeria shares as its top and bottom lines revealed a stock on the path of recovery after the beating it received from naira float. H1 2025 revenue rose by 54.5% to N2.38trn up from N1.54trn in the corresponding period in 2024. Apart from voice and internet subscriptions, other sources of revenue include roaming, SMS, VAS, digital and other revenues. The Nigerian Communications Commission (NCC) acted as one of the growth drivers as NCC approved telecoms operators' requests to raise products' prices especially data, to moderate the cost pressures occasioned by high inflationary regime in the country. The 50% hike in price further reinforced data as a major revenue source.

SMS was reviewed upward to N6 per text. Persistent hikes in the Monetary Policy Rate (MPR) by the Central Bank of Nigeria (CBN) to taper inflation reflected in MTN Nigeria's huge costs through direct networking, interconnect, discount and commissions. Management proactiveness ensured the operating profit rose by a record 193.2% to N892.8 billion in H1 2025(N304.5bn in H1 2024). Finance costs grew by 52.8% to N279.7bn at half year, adding to the cost pressures on MTN Nigeria, as the CBN focused on tapering inflation. Profit after tax of N414.9bn showed MTN Nigeria is resilient, confirming management initiatives are on right tract to return the firm to profitability sustainably. This leaves MTN with a half-year profit margin of 17.04%.

Industry peer review-Mass market pays

MTN Nigeria consolidated on Nigeria's mobile market based on industry statistics. Its market share in the voice subscription market as of June 2025 was 52%, an increase over 49.1% as of June 2024. Other operators experienced a decline in market share in the same segment. Airtel Africa, the second largest operator, which controlled 35.2% market share as of June 2024 witnessed a marginal decline to 34.4% as of June 2025. Globacom Nigeria's market share in the voice subscription market fell from 12.3% to 12.2% while 9Mobile's market share fell from 3.4% to 1.4%. The internet subscription market grew on average by 3.5% from June 2024 to June 2025. This growth was spurred by MTN Nigeria, 8.3%, and Airtel Africa, 7.1%. On the flipside, Globacom Nigeria's growth was -17.5% while 9Mobile's internet subscribers crashed by 58.6%, with corresponding market shares of 9.7% (12.2% in H1 2025), and 0.8% (1.9% in H1 2025) for Globacom and 9Mobile respectively.

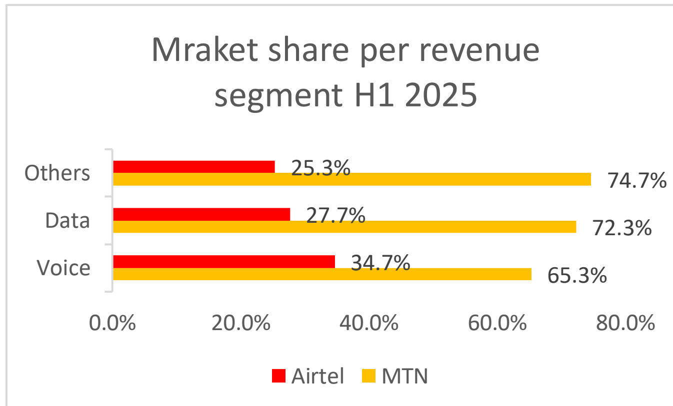


MTN Nigeria vs Airtel

Based on industry statistics, MTN Nigeria and Airtel Africa are the two major telecoms firms in Nigeria. Analysing their H1 2025 financial performance further confirmed this belief. Here are some assumptions that we made for easy comparison. MTN Nigeria's H1 period runs from January to June. Airtel's fourth quarter runs from January to March which corresponds to MTN Nigeria's first quarter while Airtel's first quarter runs from April to June which corresponds to MTN Nigeria's second quarter. Regardless of the nomenclatures, Airtel Africa's fourth and first quarters correspond to MTN Nigeria's first half of the year. Airtel reported its earnings in US$. Therefore, the CBN's weighted average exchange rates of N1520.53/$ and N1580.85/$ were adopted for the two Airtel's quarters for conversion to naira.

Industry revenue-MTN Nigeria dominates

Industry revenue in H1 2025 for the two firms cumulatively hit N3.37trn. MTN Nigeria made 70.6% while Airtel realised 29.4%. along product line, industry revenue for voice subscriptions during the same period amounted to N1.19trn. MTN Nigeria generated 65.3% while Airtel generated 34.7%. Industry revenue for data subscriptions amounted to N1.70trn. MTN Nigeria generated 72.3% while Airtel realised 27.7%. For MTN Nigeria, 84.5% of its revenue came from both voice and data while 89.2% of Airtel's revenue during the first half of 2025 came from the two sources. Both firms generated N475.6bn revenue from other sources in the first six months of this year. From this revenue, MTN Nigeria accounted for 77.5% while Airtel accounted for 22.5%.



Industry profitability

The industry operating profit hit N1.20trn in H1 2025. The same prominent role MTN Nigeria exhibited in other metrics reflected in the operating profit. As the market leader, MTN Nigeria dominated this segment with a 74.7% share while Airtel accounted for 25.3%.

Valuation

Stock	Current price	Profit Margin	EPS(N)	Target Price	Upside	Recommendation
MTN	435	17.50%	19.77	N580.94	33.6%	BUY

Period	Value
52 Wk High	495
52 Wk Low	169
YtD return	117.50%
ROAA	8.69%
Profit margin	17.40%

Future outlook

MTN Nigeria is on course to deliver stronger top and bottom lines by 2025-year end. This optimism is anchored on stable foreign exchange market, better pricing of its products, steady capital expenditure, and efficient utilisation of resources such as the recent roaming agreement with 9Mobile. MTN shares have exhibited very low volatility with a beta of 0.3 and most analysts have placed a combination of a hold and a buy on the stock.

Revenue sources in N'm	H1 2025	H1 2024
Voice	780,177	541,280
Data	1,228,924	726,565
SMS	92,432	71,090
Interconnect & roaming	114,429	101,673
Handset & accessories	8,532	4,694
Digital	48,448	30,980
Value added service	82,763	47,541
Rental income	48	5,735
Other revenues	21,999	9,561
	2,377,752	1,539,119

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