

September 23, 2025



Earnings Note

## Event

MTN Nigeria reached a new milestone in H1 2025 as revenue crossed the N2 trillion threshold for the first time. Half year revenue climbed 55% year on year to N2.38 trillion (H1 2024: N1.54 trillion), driven by tariff adjustments and sustained demand across its key service segments.

The momentum was most evident in Q2 2025, where revenue advanced by 68% to N1.32 trillion (Q2 2024: N786.14 billion). This was largely driven by the full effect of the tariff hike implemented earlier in the year. Furthermore, following the NCC directive restricting third party agents to a single registration per user, the Group added 600,000 new subscribers in the quarter, bringing its total base to 84.70 million (Q1 2025: 84.10 million; FY 2024: 80.90 million).

Data remained the growth engine, contributing 53% of total revenue. The segment revenue surged by 85% year on year, powered by higher tariffs, expanded data traffic, and growth in active users. Network investments to accommodate rising usage, coupled with higher smartphone penetration, were key enablers. Data traffic grew 41% year on year, while average usage per subscriber rose by 26% to 13.20GB.

Voice, which accounted for 32% of revenue, grew by 56% year on year, supported by tariff increases and modest subscriber additions. Value added services jumped 86%, primarily reflecting the fintech business. Fintech revenue climbed 84%, fueled by strong uptake of airtime lending (Xtratime) and greater traction in advanced services, aided by the onboarding of higher value customers. Digital services also expanded by 33%, reflecting growing demand for rich media and improved user experience.

On the cost side, management secured N114.00 billion in savings from renegotiated tower leases. This helped to slow operating expense growth to 14% year on year, reaching N611.92 billion (Q2 2024: N535.40 billion). The efficiency gains translated into a record EBITDA margin of 54%, up 2,710 basis points from 32% in Q2 2024, the strongest second quarter margin since 2019.

Net finance cost rose 75% to N130.79 billion (Q2 2024: N74.75 billion), driven by a 63% jump in finance cost and a 26% decline in finance income. The rise in finance cost reflected higher lease interest expense, which jumped 142% year on year, and a 19% rise in interest on borrowings.

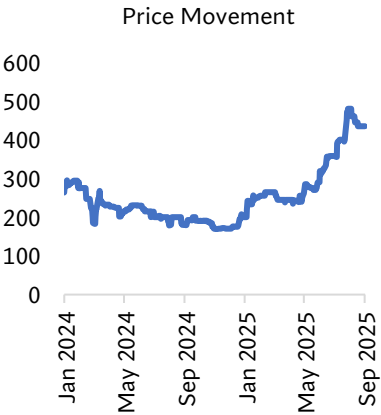
In parallel, the Group continued to implement measures to reduce foreign currency exposure, cutting its Letters of Credit obligations to about USD 1 million (Q1 2025: USD 1.4 million; FY 2024: USD 20.80 million). This effort, together with an exchange gain on trade payables, resulted in a foreign exchange gain of N295.00 million, compared to a loss of N231.32 billion in Q2 2024.

**BUY**

Fair Value Estimate:  
**N567.08**

Total Return: **+35%**

Stock Data	
Current price (N)	435.00
Shares Outstanding (mn)	20,996
Market Cap (N'mn)	9,133,069
52-week high (N)	495.00
52-week low (N)	169.00
Trailing EPS (N)	(19.07)
Forward EPS (N)	43.42
Forward PE (X)	10.02
Justified PE Multiple (X)	13.06



Stock Data	FY 2023	FY 2024	FY 2025F
P/E	N/A	N/A	10.02x
P/BV	N/A	N/A	9.25x
PBT Margin	-7%	-16%	27%
PAT Margin	-6%	-12%	19%
RoE	-124%	161%	-42584%
Dividend Yield	2%	0%	5%

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Supported by robust revenue growth, disciplined cost management, and the reversal in foreign exchange impact, MTN Nigeria delivered a strong rebound in profitability. Profit before tax surged 339% to N419.61 billion, a significant turnaround from the loss before tax of N175.60 billion in Q2 2024. Despite a 381% increase in tax expenses, MTN Nigeria still posted a 323% rise in net profit to N281.17 billion in Q2 2025, recovering from a net loss of N126.36 billion in Q2 2024.

### Q2 2025 Financial Performance

Income Statement (N'mn)	Q2 2025	Q2 2024	Growth (%)
<b>Revenue</b>	<b>1,321,401</b>	<b>786,136</b>	<b>68%</b>
Direct networking cost	(347,932)	(333,975)	4%
Value added services cost	(13,656)	(6,002)	128%
Costs of starter packs	(10,943)	(9,260)	18%
Interconnect costs	(48,109)	(47,420)	1%
Roaming costs	(3,070)	(2,526)	22%
Transmission costs	(10,388)	(7,527)	38%
Discounts and commissions	(60,394)	(36,511)	65%
Advertisements, sponsorships and sales promotion	(11,045)	(12,424)	-11%
Employee benefits	(30,622)	(23,894)	28%
Impairment of financial assets	(2,164)	(324)	568%
Other operating expenses	(73,594)	(55,539)	33%
<b>Total operating expenses</b>	<b>(611,917)</b>	<b>(535,402)</b>	<b>14%</b>
<b>EBITDA</b>	<b>709,484</b>	<b>250,734</b>	<b>183%</b>
Depreciation of PPE	(72,433)	(61,839)	17%
Depreciation on RoU assets	(65,751)	(35,539)	85%
Amortisation of intangible assets	(21,196)	(22,889)	-7%
<b>Operating profit</b>	<b>550,104</b>	<b>130,467</b>	<b>322%</b>
<b>Non-operating loss</b>	<b>(130,491)</b>	<b>(306,067)</b>	<b>-57%</b>
Finance income	7,082	9,596	-26%
Finance cost	(137,868)	(84,347)	63%
FX gain/(loss)	295	(231,316)	100%
<b>Profit/(loss) before tax</b>	<b>419,613</b>	<b>(175,600)</b>	<b>339%</b>
Income tax	(138,440)	49,236	381%
<b>Profit/ (loss) after tax</b>	<b>281,173</b>	<b>(126,364)</b>	<b>323%</b>

**Source:** Company Accounts, WSTC Research

## H1 2025 Financial Performance

Income Statement (N'mn)	H1 2025	H1 2024	Growth (%)
<b>Revenue</b>	<b>2,379,374</b>	<b>1,539,119</b>	<b>55%</b>
Direct networking cost	(685,307)	(586,798)	17%
Value added services cost	(25,600)	(14,849)	72%
Costs of starter packs	(22,609)	(22,175)	2%
Interconnect costs	(101,010)	(96,474)	5%
Roaming costs	(6,001)	(6,585)	-9%
Transmission costs	(19,382)	(11,739)	65%
Discounts and commissions	(109,929)	(73,281)	50%
Advertisements, sponsorships and sales promotion	(20,614)	(25,450)	-19%
Employee benefits	(54,683)	(43,549)	26%
Impairment of financial assets	(3,114)	384	911%
Other operating expenses	(128,895)	(110,909)	16%
<b>Total operating expenses</b>	<b>(1,177,144)</b>	<b>(991,425)</b>	<b>19%</b>
<b>EBITDA</b>	<b>1,202,230</b>	<b>547,694</b>	<b>120%</b>
Depreciation of PPE	(140,731)	(130,462)	8%
Depreciation on RoU assets	(126,646)	(69,979)	81%
Amortisation of intangible assets	(42,030)	(42,705)	-2%
<b>Operating profit</b>	<b>892,823</b>	<b>304,548</b>	<b>193%</b>
<b>Non-operating loss</b>	<b>(270,561)</b>	<b>(1,055,840)</b>	<b>-74%</b>
Finance income	14,414	14,932	-3%
Finance cost	(279,745)	(183,088)	53%
FX loss	(5,230)	(887,684)	-99%
<b>Profit/(loss) before tax</b>	<b>622,262</b>	<b>(751,292)</b>	<b>183%</b>
Income tax	(207,406)	232,234	189%
<b>Profit/(loss) after tax</b>	<b>414,856</b>	<b>(519,058)</b>	<b>180%</b>
<b>Balance Sheet (N'mn)</b>	<b>H1 2025</b>	<b>H1 2024</b>	<b>Growth (%)</b>
<b>Assets</b>			
PP & E	1,667,256	1,095,895	52%
Intangible assets	419,822	418,301	0%
RoU assets	1,628,914	583,127	179%
Inventories	12,513	6,980	79%
Trade and other receivables	268,350	329,600	-19%
Cash	257,583	201,756	28%
Others	517,237	649,616	-20%
<b>Total Assets</b>	<b>4,771,675</b>	<b>3,285,275</b>	<b>45%</b>
<b>Liabilities</b>			
Loans & borrowings	3,207,643	2,419,024	33%
Trade payables	1,307,062	1,158,790	13%
Others	299,421	285,161	5%
<b>Total Liabilities</b>	<b>4,814,126</b>	<b>3,862,975</b>	<b>25%</b>
<b>Net Assets</b>	<b>(42,451)</b>	<b>(577,700)</b>	<b>-93%</b>

Source: Company Accounts, WSTC Research



## Outlook

We revised our net profit projection for FY 2025 to N911.73 billion (previously N706.95 billion), reflecting stronger expectations for sustained revenue growth. This optimism is underpinned by the combined effect of tariff adjustments, rising demand for data and voice services, and continued efficiency gains from cost optimisation strategies. Beyond earnings expansion, we also expect the Group's negative equity position to swing into positive territory in FY 2025, signalling a stronger balance sheet and improved financial resilience.

On shareholder returns, we forecast a potential dividend payout of N20.00 per share, translating to N419.85 billion in value. This is an assumption on our part, premised on the Group's return to profitability, the restoration of a positive equity base, and stronger cash flow dynamics. Importantly, the payout would represent 46% of our estimated earnings per share of N43.42, leaving headroom for reinvestment.

In line with this, we revise our fair value estimate for MTN Nigeria upward to N567.08 (from N395.47). At the current price of N435.00, this offers a total return potential of 35% (inclusive of a 5% implied dividend yield). We therefore retain our **BUY** recommendation for the stock.

## Financial Projections

Income Statement (N'mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Revenue	2,468,847	3,358,461	4,894,610	6,411,124	8,079,405	9,628,416	11,157,639	12,654,090
EBITDA	1,202,529	1,313,399	2,232,838	2,885,949	3,674,636	4,376,704	5,074,557	5,406,224
EBIT	773,660	778,244	1,669,958	2,235,220	2,874,775	3,452,377	3,969,951	4,188,268
Profit before tax	(177,886)	(550,325)	1,340,782	1,914,831	2,489,495	3,062,019	3,581,587	3,796,559
Net profit	(137,021)	(400,435)	911,732	1,302,085	1,692,856	2,082,173	2,435,479	2,581,660
EPS (N)	(6.53)	(19.07)	43.42	62.02	80.63	99.17	116.00	122.96
DPS(N)	5.60	0.00	20.00	31.01	48.38	64.46	75.40	79.93
Balance Sheet (N'mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Current assets	975,781	791,336	1,171,298	2,229,316	3,528,909	4,916,253	6,345,024	7,442,591
Non-current assets	2,213,046	3,405,655	4,089,319	4,331,526	4,470,308	4,618,925	4,719,202	5,025,178
Total assets	3,188,827	4,196,991	5,260,618	6,560,842	7,999,217	9,535,177	11,064,226	12,467,769
Current liabilities	1,893,419	1,988,318	2,180,403	2,371,644	2,298,672	2,432,308	2,335,257	2,042,652
Non-current liabilities	1,336,252	2,666,680	2,626,489	2,853,240	3,029,805	2,959,384	2,989,120	3,132,598
Shareholders' equity	(40,844)	(458,007)	453,725	1,335,957	2,670,740	4,143,485	5,739,849	7,292,518
Book value per share (N)	(2.01)	(21.81)	21.61	65.63	131.21	203.57	281.99	358.28
Cash flow statement (N'mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Cash from operating activities	1,004,243	868,901	2,091,998	2,388,644	2,620,899	3,348,609	3,845,007	3,826,840
Cash from investing activities	(783,272)	(238,399)	(1,323,363)	(890,081)	(925,594)	(1,081,078)	(1,231,006)	(1,550,557)
Cash from financing activities	(147,255)	(736,840)	(413,550)	(488,264)	(456,843)	(915,402)	(1,249,214)	(1,230,186)
Net increase/(decrease) in cash	73,716	(106,338)	355,085	1,010,300	1,238,462	1,352,129	1,364,787	1,046,097
Ratio analysis (%)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
EBITDA margin	49%	39%	46%	45%	45%	45%	45%	43%
Operating margin	31%	23%	34%	35%	36%	36%	36%	33%
ROE	-124%	161%	-42582%	146%	85%	61%	49%	40%
ROA	-5%	-11%	19%	22%	23%	24%	24%	22%
Dividend payout ratio	-86%	0%	46%	50%	60%	65%	65%	65%

**Source:** Company Accounts, WSTC Research



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### Investment Recommendation

WSTC uses a 3-tier recommendation system for stocks under coverage: Buy, Hold, and Sell.

- Buy Rating: estimated fair value is  $\geq 20\%$  above current market price.
- Hold Rating: estimated change in price is between  $-10\%$  and  $19\%$  of current market price.
- Sell Rating: estimated change in price is  $\leq -10\%$  of current market price.

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