

Company Update Report

MTN Group Limited

Telecommunications

Analyst thesis

Our recommendation is based on:

As at: 1 September 2026

Ticker	MTN-ZA
Share price	R195
Intrinsic value	R218
Upside/(Downside)	12%
Recommendation	Buy

- Data and Fintech segments drive structural growth: MTN is increasingly capturing long-term growth in connectivity and financial inclusion across West and Central Africa. Data revenue prospects are supported by rising traffic and growth in active data subscribers, which now total 179 million. Fintech provides a second structural growth pillar, with MoMo monthly active users at 70.8 million and transaction value exceeding US\$330 billion over the latest reporting period. The investment case centres on data, fixed and home broadband, enterprise digital services and fintech, which increase customer lifetime value and reduce reliance on the structurally declining voice revenue pool.
- Market recovery supporting earnings upside: Nigeria and Ghana are the main earnings catalysts, supported by strong data demand with improving macroeconomic and foreign exchange (FX) conditions. Continued normalisation in these markets could support further margin expansion and earnings growth. An any improvement in South African operations would provide an additional upside lever.
- Cash generation supports improved shareholder returns: MTN's cash profile has improved, with free cash flow (FCF) conversion reaching 92.5% in the latest results. This allows capacity to continue funding network investment, execute strategic infrastructure transactions, and return capital to shareholders.
- Reported earnings remain exposed to non-operational shocks: Despite positive momentum in earnings, FX volatility, hyperinflation, geopolitical developments, and impairments can affect earnings and investor sentiment. The key valuation risk is that strong local currency operational growth does not consistently translate into predictable ZAR earnings and shareholder returns.

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Key highlights

In this report, we review MTN's 1H26 results released in August 2026:

Financial results at a glance:

- Revenue: Group services revenue grew by 17.5% in constant currency (cc) year-on-year, and by 9.7% on a reported basis, to R115.3 billion. Growth was led by Data revenue, which improved by 21% to R57.6 billion, while Fintech revenue grew by 13.3% to R14.9 billion, despite the suspension of airtime advance in Nigeria and operational disruptions within the Ugandan agent network.
- Profitability: EBITDA before once-off items rose 24.4% in cc and 20% on a reported basis to R56 billion. The reported EBITDA margin expanded to 47.1% in cc and to a record 47.6% on a reported basis. This operating leverage was supported by revenue growth exceeding cost growth, lower blended inflation, and broadly more stable FX rates across key markets.
- Geographic: EBITDA advanced by 38.7% in cc to R19.9 billion in Nigeria and by 40% in cc to R13.7 billion in Ghana. These increases reflect strong data demand, pricing actions, improving macroeconomic conditions.
- Operations: Group operating momentum was also reflected in a 6.7% increase in total subscribers to 318 million, a 9.1% rise in active data subscribers to 179 million, and growth of 22.8% in data traffic. The fintech ecosystem continued to scale, with monthly active MoMo users expanding by 12.1% to 70.8 million and the total transaction value rising to \$330 billion for the reporting period.
- Capital allocation: Capital expenditure excluding leases was R19.7 billion, a capex intensity of 16.6%, demonstrating continued network investment. MTN announced a share repurchase programme of up to R6 billion. Targeted for completion in 2H26, the acquisition of IHS Holdings will see MTN sell down a 30% stake in IHS Nigeria to local investors as part of the conditional regulatory approvals for the transaction.

Management outlook

Management's Ambition 2030 strategy aims to evolve MTN from a primarily mobile-network operator into an integrated digital-platform business built around three growth engines: Connectivity, Fintech and Digital Infrastructure. The strategy aims to capture structural opportunities across MTN's African footprint, paired with a continued emphasis on capital allocation, cash generation, and returns, targeting shareholder distributions of 40%-60% of equity FCF through dividends and/or share repurchases.



Sector outlook

The South African mobile market is mature and highly competitive. MTN flags constrained consumer liquidity, wallet-share competition from online gambling, and pressure from mobile virtual network operators (MVNOs) as factors restraining prepaid performance. Key growth opportunities include increased mobile data consumption as smartphone adoption rises, as well as the expansion of home connectivity through fixed-wireless access and fibre-to-the-home (FTTH) offerings.

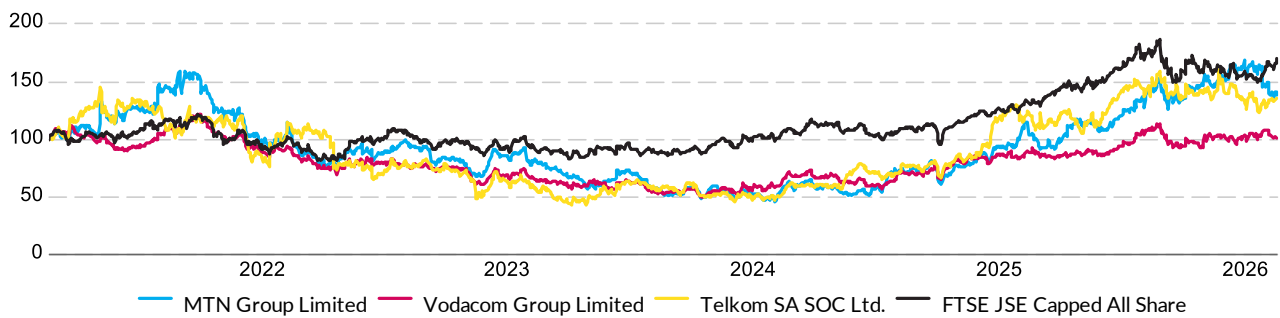
Table 1: Qualitative summary

Factor	Rating	Description
Growth	★★★★☆	Expected three-year revenue CAGR is 14.4%, and expected three-year EPS CAGR is 32.2%. Management targets at least high-teens growth in Group service revenue through 2030, supported by at least low-20% growth in Nigeria and high-20% to low-30% fintech revenue growth.
Valuation	★★★★☆	The share price is trading at a 12% discount to the intrinsic value (IV). Current NTM P:E of 9.5x is trading at a 13% discount to the five-year average P:E of 11x.
Dividend	★★★★☆	LTM dividend yield of 2.6%. NTM dividend yield of 3.2%.
Issuance	★★★★☆	Shares issued have increased by 1% over the past five years.
Catalyst		Sustained market recovery: Growing data demand, price adjustments, and stabilisation of politics and currency across West and Central African operating companies (opcos), particularly Nigeria and Ghana. Data monetisation: Momentum of growing active data subscribers and increasing traffic from rising smartphone adoption, larger bundles and network capacity upgrades will support earnings in the segment. Fintech scale-up: Growing MoMo usage, merchant acceptance and higher-value financial products, including lending, payments, insurance, remittances and wealth products, can raise fintech revenue and margins. Management's medium-term guidance calls for fintech revenue growth in the high-20% to low-30% range.
Quality of earnings	★★★★☆	Five-year average ROE is 8.2%. Five-year average operating profit margin is 30.6%. The business has recorded positive earnings growth in six of the past 10 years. Earnings quality is supported by service revenue growth, margin expansion and high cash conversion. However, the quality of bottom-line earnings is diluted by exposure to FX volatility, hyperinflation accounting and impairment risk in certain markets.
Moat	★★★★☆	Intangible assets: These consist primarily of brand strength, regulated licences, spectrum holdings, operating relationships and local market expertise. Network effects: A larger MoMo user base increases the platform's attractiveness to merchants and agents; while a broader merchant and agent network increases its usefulness to consumers. Higher transaction volumes can also improve agent economics, attract further agents, and help ensure reliable liquidity. Efficient scale: MTN's installed network and ongoing investment in 4G/5G, fibre and automation can protect its position in locations where customers value reliable service. MTN's footprint across 19 countries, with 318 million customers, provides a larger base over which to spread technology, procurement and management investment.
Management and governance	★★★★☆	Ralph Mupita, group president and CEO, has led MTN since 2020 and has overseen the strategic evolution from Ambition 2025 to Ambition 2030. His tenure has encompassed portfolio simplification, balance sheet improvement, and a transition from MTN's Ambition 2025 programme to a platform strategy centred on Connectivity, Fintech and Digital Infrastructure. The board strengthened its composition, effective 31 March 2026, with five independent non-executive appointments, bringing financial services, M&A, governance, risk, telecom, and pan-African operating experience.
Balance sheet	★★★★☆	Net debt-to-EBITDA ratio of 0.8x, interest coverage ratio of 3.9x. Debt-to-assets ratio of 29.4%.
Risks		Geopolitical risk: Conflict, sanctions, civil unrest and political instability can disrupt network operations, impair assets, and create legal or reputational risk. MTN's Iranian investment generated a R3.9 billion impairment in 1H26. FX and inflation risk: Currency depreciation, restricted access to hard currency, and hyperinflation accounting can reduce reported revenue, EBITDA, cash remittances, and EPS despite strong local currency opco performance. Operating cost exposure: Costs remain exposed to electricity, diesel, site security, inflation, FX movements, and spectrum renewal expenses. Opco's like Nigeria heavily rely on diesel, which makes margins especially sensitive to energy costs. Fintech execution risk: Scaling MoMo requires reliable systems, agent liquidity, fraud prevention, compliance, data protection, and successful rollout of higher-value services. Fintech remains a key component of Ambition 2030. Competition risk: South Africa is a mature, price-sensitive market with intense competition from established mobile operators, MVNOs and alternative digital platforms and spending channels.

Sources: FactSet, PSG Wealth



Graph 1: Five-year price (Indexed to 100)



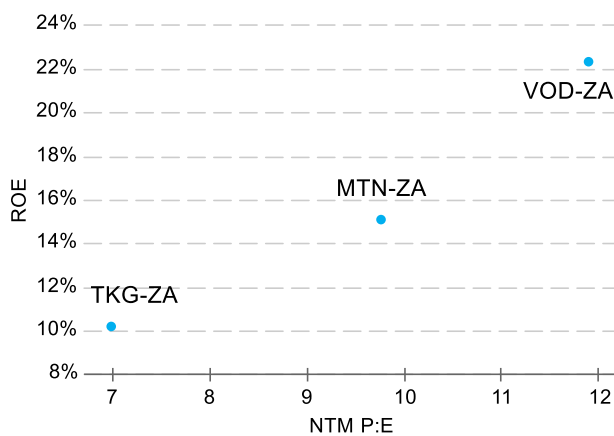
Source: FactSet

Table 2: Price performance versus benchmark and peers

Period	YTD	MTD	3M	6M	1Y	2Y	3Y	5Y	10Y
MTN-ZA	13.9%	-5.8%	-5.9%	-2.3%	23.3%	115.7%	48.7%	48.1%	53.9%
VOD-ZA	3.6%	-8.5%	-4.1%	-8.0%	2.4%	34.6%	33.1%	5.9%	-6.0%
TKG-ZA	-5.9%	1.7%	-6.2%	-7.0%	2.7%	113.6%	107.2%	42.6%	-11.9%
Capped SWIX	1.8%	5.6%	3.2%	-5.9%	16.5%	40.2%	59.9%	75.1%	115.9%

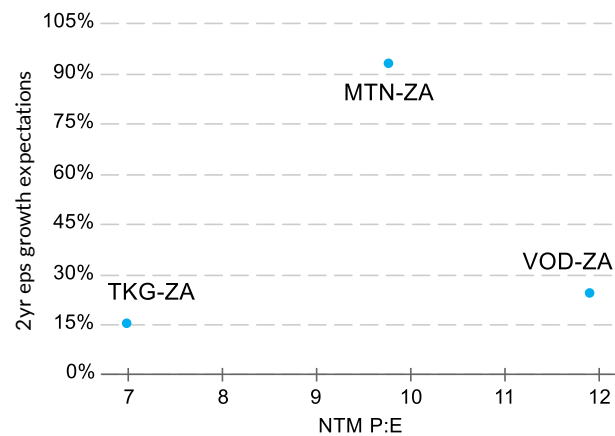
Source: FactSet

Graph 2: P:E vs 2Y average ROE



Source: FactSet

Graph 3: P:E vs EPS 2Y Growth forecast



Source: FactSet

Valuation

Our valuation uses a one-year forward EV:EBITDA exit multiple, with outcomes expressed through probability-weighted bear, base, and bull scenarios. The bear case assumes Data and Fintech growth may be compressed by continued FX depreciation, inflationary pressures and higher energy costs, along with slower recovery in MTN South Africa. The base case assumes continued execution on Ambition 2030 targets and sustained recovery in Nigeria and Ghana. The bull case assumes stronger-than-expected data and fintech monetisation, sustained currency and macroeconomic stability in key markets, further margin expansion, improved execution in South Africa and consistent delivery of shareholder returns.

Table 3: Valuation summary

Valuation probabilities			
	Bear	Base	Bull
EV: EBITDA multiple	3.2x	4.3x	5.3x
Probability	20%	60%	20%
Implied share price	R159	R219	R274
Weighted intrinsic value	R218		
Upside/(Downside)	12%		

Sources: FactSet, PSG Wealth

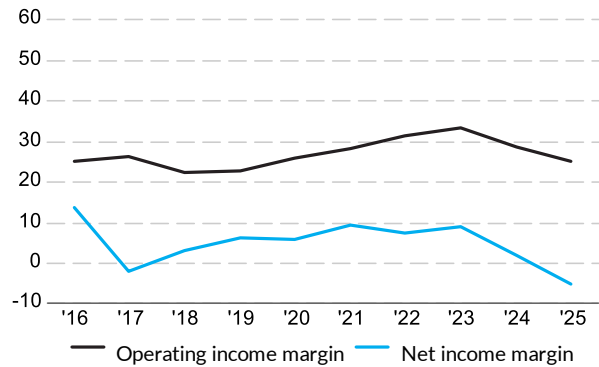


Graph 4: NTM P:E relative to benchmark



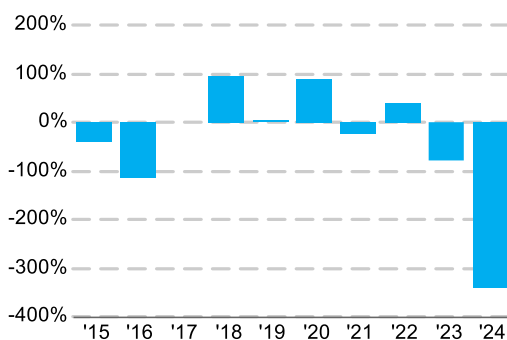
Source: FactSet

Graph 5: Profit margins (%)



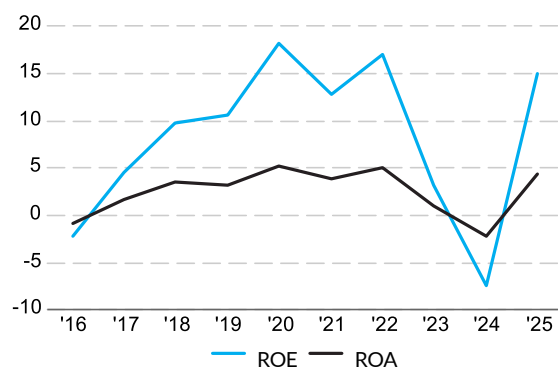
Source: FactSet

Graph 6: 10Y EPS year-on-year change



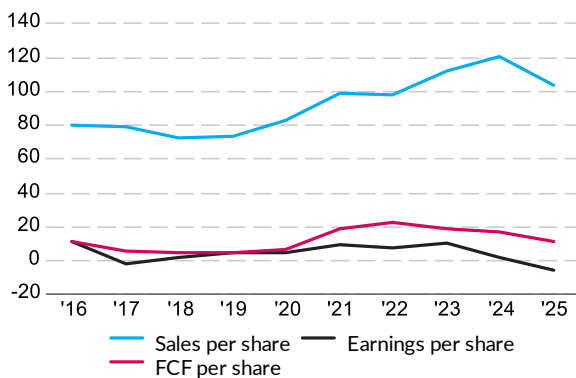
Source: FactSet

Graph 7: ROE and ROA (%)



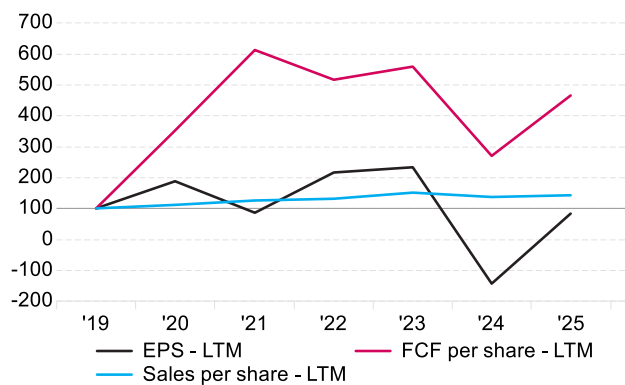
Source: FactSet

Graph 8: Sales, earnings and FCF per share (ZAR)



Source: FactSet

Graph 9: Sales, earnings, and FCF per share indexed



Source: FactSet

Graph 10: NTM P:E



Source: FactSet



Table 4: Financials and ratios

Income statement (RMn)	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	1Y Growth	3Y CAGR	5Y CAGR
Revenue	181 646	207 003	221 056	188 001	226 707	21%	3%	5%
Cost of sales	101 106	111 100	129 474	113 765	118 777	4%	2%	2%
Gross income	80 540	95 903	91 582	74 236	107 930	45%	4%	8%
EBIT	56 986	69 349	63 547	47 567	77 118	62%	4%	9%
EBITDA	92 317	104 749	106 792	84 195	117 403	39%	4%	6%
Net income	13 750	19 037	4 092	-9 369	20 262	316%	2%	4%
EPS (ZAR)	7.6	10.5	2.3	-5.2	11.1	315%	2%	3%
Balance sheet (RMn)	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	1Y Growth	3Y CAGR	5Y CAGR
Total assets	359 666	385 351	434 708	434 731	498 712	16%	9%	7%
Total shareholders' equity	112 615	119 639	149 054	137 574	169 733	23%	12%	10%
Total liabilities	247 051	265 712	285 654	294 157	328 979	12%	7%	6%
Ratios	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	5Y Avg		
Net debt/EBITDA	0.8	0.8	0.9	1.4	0.8	0.9		
Interest coverage	4.3	4.8	3.4	2.5	3.9	3.8		
Debt/assets	35.2%	35.8%	34.1%	36.3%	29.4%	34.2%		

Source: FactSet

Table 5: Standard finance and investment abbreviations

Abbreviation	Definition
\$/USD	United States dollar
R/ZAR	South African rand
CAGR	Compounded annual growth rate
CC	Constant currency
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
FCF	Free cash flow
FTTH	Fibre-to-the-home
FX	Foreign exchange
FY	Financial year
LTM	Last 12 months (also known as trailing)
M&A	Mergers and acquisitions
MTD	Month-to-date
MTN-ZA	MTN Group Limited
MVNO	Mobile virtual network operator
NTM	Next 12 months (also known as forward)
Opco	Operating company
P:E	Price to earnings
R&D	Research and development
ROA	Return on assets
ROE	Return on equity
TKG-ZA	Telkom SA SOC Limited
VOD-ZA	Vodacom Group Limited
YoY	Year-on-year
YTD	Year-to-date



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*Share price as at closing.

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