



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

MTN Group HY 2026 Results

Share Price	R196.51
Date	25 August 2026

RESULTS SUMMARY

MTN delivered a strong first half operational performance, with group service revenue growing 17.5% in constant currency to R115.3bn. Growth was in line with management's medium-term target, though moderating from the 21.1% pace seen in Q1. EBITDA (before once-off items) rose 20% to R56bn, driving a 440bps improvement in the margin to 47.1%. Adjusted HEPS increased 21% to R7.93, within management's guided range of R7.75 – R8.08. Capital expenditure fell 5.1% to R19.75bn, while no interim dividend was declared in line with the group's dividend policy.

Operational momentum remained strong, with subscribers increasing 6.7% to 317.7 million and active data subscribers rising 9.1% to 179.3 million. Data remained the primary growth driver, with revenue up 29.2% in constant currency, while voice revenue increased 2.4%. MoMo monthly active users also grew 12.1% to 70.8 million despite temporary disruptions in Nigeria and Uganda.

On capital allocation and fintech, the pending acquisition of IHS remains on track, with regulatory approvals across relevant markets the only remaining condition. In Nigeria, the full resumption of Xtratime following regulatory clarity should support a recovery in MoMo during the second half, with a multi-vendor airtime lending platform is also under development.

Looking ahead, MTN reaffirmed its medium-term targets, including group service revenue growth of at least high-teens and a return on capital employed in the high-20% to low-30% range.

OUR LONG-TERM INVESTMENT VIEW

- MTN Group is the largest mobile operator across the African continent, with leading market shares in most of the regions where it operates. In addition to improving the group's balance sheet over the last few years, the management team have proven itself adept at growing the business within an environment of changing regulations and evolving consumer preferences.
- The long-term shift from voice to data is well underway, and MTN is well positioned to continue benefiting from this across the continent. We expect the license granted in Nigeria to enable MTN to provide banking payment services, serving as a catalyst to increase MTN's revenue contribution from this faster-growing segment of the market. Management's targets, which seem reasonable to us, include growing the fintech segment at a rate of 20%-30% over the medium term.
- MTN's management has de-risked the business significantly over the last few years, resulting in a more attractive business mix and geographic exposure. Given the apparent benefits of scale within the telco industry, we believe MTN is well placed to either grow or defend its market share in key regions, where it already has leading positions. Growth drivers such as mobile banking, insurance and fibre rollout will further support growth.

UNPACKING THE HY 2026 RESULTS

High-level numbers

- **Reported revenue** rose 8.8% to R118.8bn, with service revenue growing 17.5% in constant currency to R115.3bn, in line with the group's target. Data remained the primary growth driver (+29.2%), while voice revenue was resilient (+2.4%). Fintech constant currency growth ran below the medium-term guidance of high-20% to low-30%, due to the temporary suspension of airtime advance services in Nigeria.
- **Normalised Group EBITDA** rose 24.4% to R56.0bn, with the EBITDA margin expanding 440 bps to 47.1%, reflecting operating leverage and the continued benefits of the group's efficiency programme. Return on capital employed increased to 31.5%, remaining above the weighted average cost of capital and within the medium-term target range.
- **Adjusted HEPS** grew 21% to R7.93 per share, within
- **EBITDA rose strongly to R19.9bn**, up 39%. EBITDA margin expanded to 55.9% from 50.6% in H1 2025. Management noted that higher diesel costs in prior quarters will impact margins in H2, resulting in EBITDA margins at the lower end of management's guided range.
- **Other markets more resilient**
 - MTN Ghana reported H1 2026 service revenue of R22.1bn (+32.2%), with EBITDA margins of 61.8%, up 370 bps from the prior year. Data revenue was a key growth driver for the region, with revenue growth of 47.3%. Approximately 60% of Ghana's revenue comes from data. Mobile Money Fintech was another growth driver, with revenue growth of 24% in H1 2026. MTN Ghana targets mid-to-upper 30% service revenue growth and EBITDA margins in the mid-to-upper 50% range.
 - The Southern and East Africa (SEA+) region delivered

the guided range of R7.75 – R8.08, supported by strong operating income growth and margin expansion. Reported net income declined 25% to R7.41bn, weighed by a material impairment on MTN's 49% stake in Irancell.

- On **cash generation and the balance sheet**, operating free cash flow increased 27.5% to R25.1bn, with free cash flow rising to R11.1bn and an FCF conversion ratio of 92.5%. The group up-streamed R13.9bn in cash, a 70% increase from R8.2bn in H1 2025. **Net debt-to-EBITDA** remained steady at 0.3x, highlighting balance sheet strength.

SA marginally better

- **MTN SA** reported a modest performance in H1 2026, with Q2 service revenue improving to +2.3% y-o-y from +0.7% in Q1, driven by postpaid, wholesale, and enterprise segments. Prepaid revenue remained under pressure, down 3.3% y-o-y, though prepaid data revenue showed some recovery, growing 4.4% y-o-y.
- The SA EBITDA margin came in at 34.2% for H1, with an underlying margin of 37.1% when excluding the employee share scheme. MTN SA maintains its medium-term targets of low-to-mid single-digit service revenue growth and an EBITDA margin of 35–37%.

Nigeria's strong recovery

Nigeria delivered strong service revenue growth of 25.7% in constant currency in H1 2026, with data revenue up 38.2%. The regulatory suspension of airtime advance services temporarily impacted fintech performance. However, the full resumption of Xtratime following regulatory clarity is expected to drive a recovery in H2 2026, with MTN pursuing a multi-vendor airtime lending platform. MTN Nigeria maintains its medium-term target of at least low-20% service revenue growth.

service revenue growth of 19.8% in constant currency, led by MTN Uganda, MTN Rwanda (+21.4%) and MTN Zambia (+18.8%).

- Group capital expenditure (ex-leases) amounted to R19.7bn in H1 2026, maintaining capital intensity within the target range of 15–18% while continuing to enhance network capacity, coverage, and quality.

Looking ahead

Management remains confident in the outlook and reaffirmed its medium-term targets. Service revenue growth is expected to re-accelerate in the second half of 2026, driven by the normalisation of airtime lending in Nigeria, the annualisation of Nigerian price increases, and a recovery in MTN South Africa's prepaid business.

Capital returns are also set to increase, with the Board approving a R6bn share buyback programme, in line with the group's policy of returning 40–60% of equity free cash flow to shareholders through dividends and buybacks. The balance sheet remains strong, with net debt-to-EBITDA at just 0.3x.

Full-year 2026 EBITDA is expected to grow around 20% to R118.4bn, broadly in line with management's medium-term targets. Trading on a forward EV/EBITDA multiple of 3.3x, we believe MTN remains attractively valued given its strong growth outlook, improving cash generation and increased shareholder returns.

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