SAVEST FINANCIAL

MTN NIGERIA
Q3 2025

Earnings Report Update

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Company Overview

MTN Nigeria, a leading telecommunications provider and part of the MTN Group, connects over 85 million people across the country. Since its launch in 2001, it has maintained leadership in network coverage, capacity, and innovation. The company's core business focuses on delivering reliable voice, data, and digital connectivity services that enable modern, connected lives nationwide.

GUIDANCE

MTN Nigeria targets 2025 service revenue growth with EBITDA margin above 50%, and from 2026 expects 20% growth, a 53–55% margin.

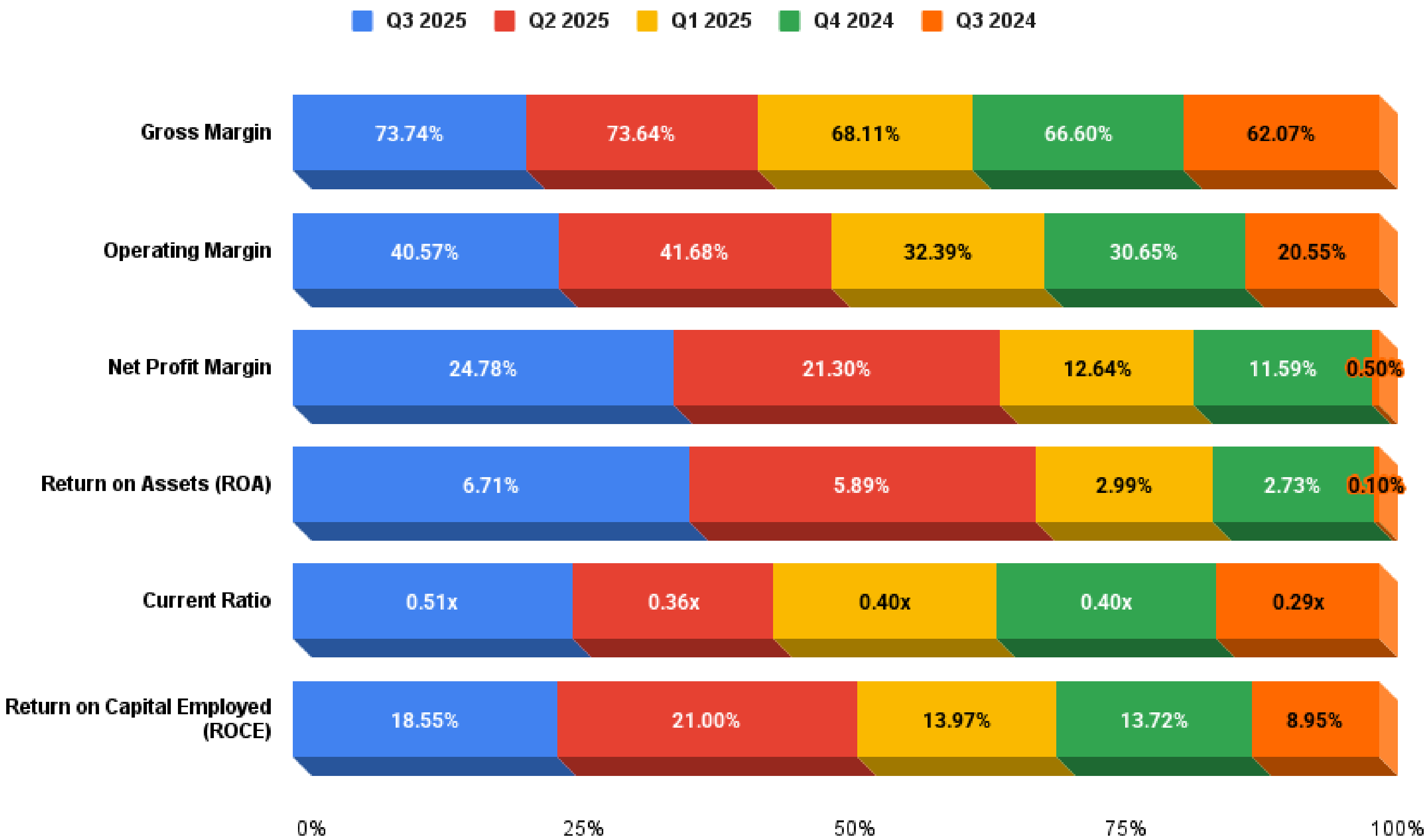
CEO's Commentary

"MTN Nigeria CEO Karl Toriola expressed satisfaction with the company's restored positive retained earnings and shareholders' equity, calling it a major milestone reflecting strong operational momentum and disciplined execution. He credited strategic and commercial initiatives, efficiency, and prudent financial management for driving growth, enabling network investments of ₦757.4 billion, and supporting an interim dividend to sustain shareholder value."

Segment Performance

BILLIONS ₦	Q3 2025	% REVENUE	QOQ	YOY
CONSUMER BUSINESS	1,065.00	78.70%	-5.23%	62.45%
ENTERPRISE BUSINESS	165.00	12.19%	-1.24%	10.55%
WHOLESALE BUSINESS	123.25	9.11%	325.50%	369.40%

Margin and Efficiency Analysis



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Revenue/Profitability Summary			
Billions Naira(₦), except EPS	**Q3 2025**	**QOQ**	**YOY**
Revenue	1,353.25	2.54%	62.82%
Operating profit	548.96	-0.21%	221.49%
Finance income	18.85	166.10%	324.34%
Profit before taxation	504.18	20.15%	1238.69%
Profit for the period	335.33	19.26%	8019.35%
EPS	15.99	19.24%	7895.00%

Cost/Expenses Summary			
Billions Naira(₦)	**Q3 2025**	**QOQ**	**YOY**
Direct networking costs	355.39	2.14%	12.72%
Employee costs	40.37	31.82%	106.21%
Operating Expenses	804.34	4.28%	21.80%
Finance costs	124.44	-9.74%	3.45%
Tax expense	168.85	21.97%	403.55%

Cash Flow Summary			
Billions Naira(₦)	**Q3 2025**	**QOQ**	**YOY**
Net cash from operations	603.04	17.17%	203.47%
Net cash from investing	-198.86	51.77%	-1362.09%
Net cash from financing	-163.04	-8.96%	27.99%
Cash balance	496.11	93.03%	157.81%

Key Items of Financial Position Summary				
Billions Naira(₦)	**30th September**	**YTD**	**QOQ**	**YOY**
Current assets	1,031.15	30.30%	31.47%	65.25%
Non-current assets	3,963.20	16.37%	-0.61%	16.47%
Total assets	4,994.35	19.00%	4.67%	24.03%
Current liabilities	2,034.57	2.33%	-5.48%	-3.99%
Non-current liabilities	2,666.64	0.00%	0.19%	7.47%
Total liabilities	4,701.21	0.99%	-2.35%	2.19%
Total equities	293.14	164.00%	790.53%	151.11%

Performance Highlights

- MTN Nigeria recorded ₦1.35 trillion in Q3 2025 revenue, a 63% year-on-year and 2.5% quarter-on-quarter increase, supported by continued expansion in data, voice, and fintech segments, reflecting resilient consumer demand and effective pricing strategies across its diverse revenue streams.

- Operating profit stood at ₦548.96 billion, maintaining Q2 levels but surging 221% year-on-year from ₦170.75 billion in Q3 2024, driven by disciplined cost control, improved network efficiencies, and stable foreign exchange conditions that supported operational leverage.

- Profit before tax grew 19% quarter-on-quarter to ₦504.18 billion, reflecting reduced finance costs and a notable foreign exchange gain of ₦60.81 billion, compared to a ₦17.25 billion loss in Q3 2024, highlighting a reversal in macroeconomic headwinds.

- Profit after tax advanced to ₦335.33 billion, representing a 19.3% increase from Q2 2025's ₦281.17 billion and a dramatic turnaround from ₦4.13 billion in Q3 2024.

- EPS rose to ₦15.99 in Q3 2025, up from ₦13.41 in Q2 and ₦0.20 a year earlier, underscoring MTN's earnings rebound and renewed capacity to deliver shareholder returns through sustained profitability and improved capital efficiency.

- Total operating expenses rose modestly to ₦804.34 billion, up 4.3% quarter-on-quarter, but well below the pace of revenue growth. Cost containment from lower lease renegotiations and naira stability helped sustain the EBITDA margin above 51%.

- Direct network operating costs were contained at ₦355.39 billion, up only 2.1% from Q2, reflecting disciplined expense management and efficiency from infrastructure optimization. This supported robust service delivery amid increased data and voice traffic volumes.

- Finance costs decreased 9.8% quarter-on-quarter to ₦124.44 billion, while finance income rose to ₦18.85 billion from ₦7.08 billion in Q2, improving net financing results.

- The strengthening naira and reduced inflation boosted performance, with FX gains of ₦60.81 billion compared to ₦295 million in Q2, reflecting improved forex liquidity and favorable monetary conditions that supported profitability and cash generation.

- MTN generated robust operating cash flows of ₦1.56 trillion for the nine months, supporting sustained capex deployment and interim dividend declaration. Free cash flow improved 38.5% year-on-year, reinforcing its capacity for reinvestment and shareholder returns.

Concerns Raised

- Despite recent naira appreciation, MTN Nigeria remains vulnerable to currency volatility. Persistent exchange rate instability could impact import-related costs, lease liabilities, and earnings, particularly if macroeconomic conditions deteriorate or monetary policy tightens unexpectedly.
- Intense competition and evolving regulatory requirements in the telecom and fintech sectors pose operational risks. Spectrum management, pricing regulations, and compliance costs could pressure margins if not balanced with continued innovation and efficiency.
- Although high capital expenditure supported network quality, continued aggressive investment may constrain free cash flow. Effective capex moderation and prioritization will be vital to sustain liquidity, fund dividend payouts, and maintain balance sheet flexibility going forward.
- While operating costs were well-managed, rising energy costs remain potential threats. Sustained expense control and efficiency initiatives are crucial to maintaining the improved EBITDA margins and avoiding profit erosion.

OUR INSIGHT

"MTN Nigeria delivered strong Q3 2025 results, with gross margin at 73.7% and net profit margin rising to 24.8%, reflecting improved efficiency and pricing discipline. ROA and ROCE strengthened to 6.7% and 18.6%, signaling robust capital utilization despite modest liquidity (current ratio 0.51). In the short term, solid profitability and lower finance costs present attractive trading potential. Over the long term, sustained revenue growth, disciplined capex, and network investments position MTN for value creation, though currency volatility, regulation, and energy costs remain key lookouts."

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