



MTN NIGERIA FY 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.

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Karl Toriola: “2025 marked a significant turning point in our business performance and resumption of dividend payments. In the period, we returned to profitability, generated stronger free cash flow and restored positive retained earnings and shareholders' funds. Our balance sheet resilience was driven by the robust performance of the business as well as a focused reduction in foreign currency exposure and financial discipline.

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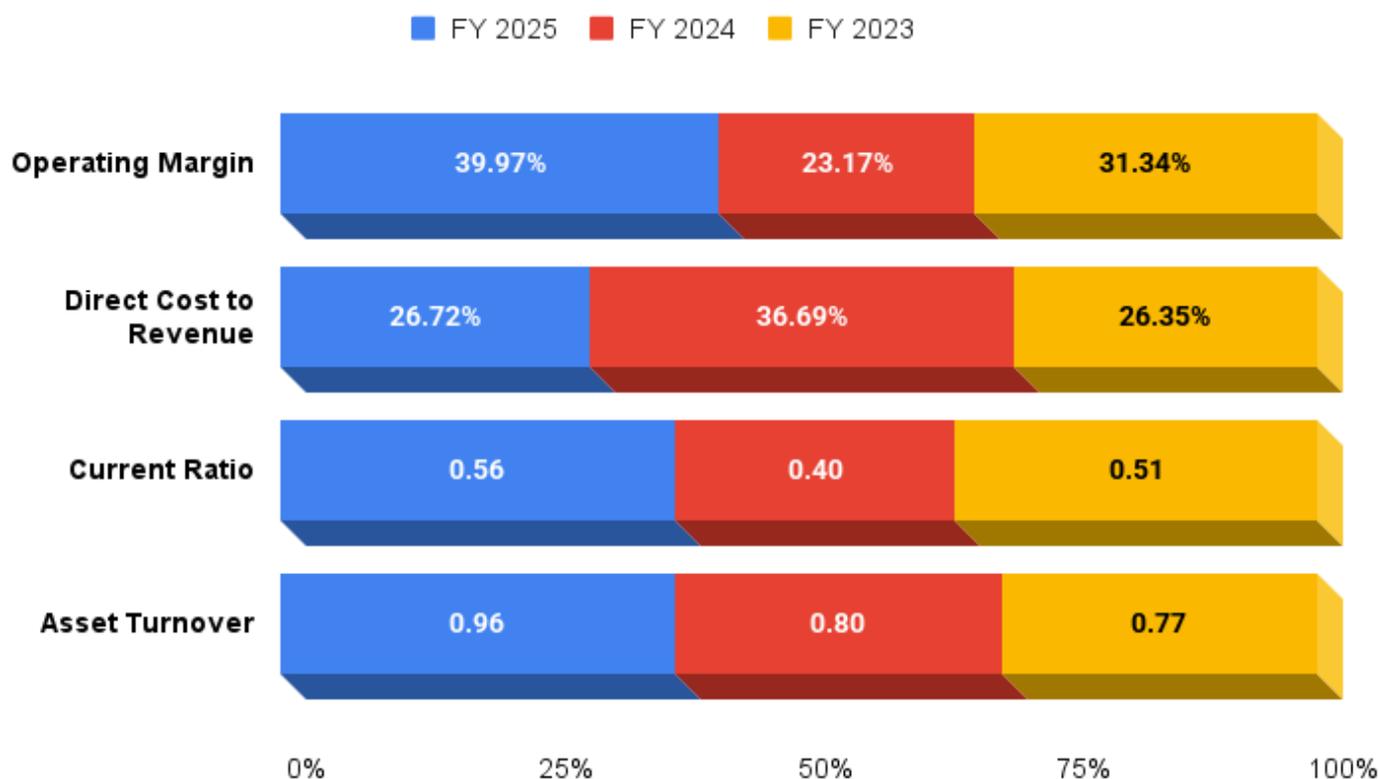
CEO's Commentary

Revenue/Profitability Summary			
Billion NGN(₦), except EPS	FY 2025	Q4 2025	YOY
Revenue	5,202.96	1,471.95	54.92%
Operating profit	2,079.51	637.73	167.21%
Finance income	51.16	17.90	79.88%
Profit before taxation	1,696.03	569.59	408.19%
Profit for the period	1,112.85	362.66	377.91%
Earnings per share	53.07	17.30	378.58%
Cost/Expenses Summary			
Billion NGN(₦)	FY 2025	Q4 2025	YOY
Direct networking costs	1,390.03	349.34	12.82%
Value added services	55.70	16.09	65.08%
Interconnect costs	191.98	46.46	-0.43%
Transmission costs	40.76	8.26	39.78%
Advertisements and promotions	58.33	25.75	29.26%
Employee costs	154.22	59.17	67.77%
Total direct and operating expenses	3,125.12	834.23	21.01%
Finance costs	524.91	120.73	21.61%
Tax expense (benefits)	583.18	206.93	489.07%
Key Items of Financial Position Summary			
Billion NGN(₦)	31st December, 2025	QOQ	YOY
Current assets	1,254.09	21.62%	58.48%
Non-current assets	4,149.40	4.70%	21.84%
Total assets	5,403.49	8.19%	28.75%
Current liabilities	2,248.42	10.51%	13.08%
Non-current liabilities	2,606.36	-2.26%	-2.26%
Total liabilities	4,854.78	3.27%	4.29%
Total equities	548.71	87.19%	219.80%
Cash Flow Summary			
Billion NGN(₦)	FY 2025	Q4 2025	YOY
Net cash from operations	2,211.92	653.21	154.57%
Net cash used in investing	-1,140.04	-298.40	-378.21%
Net cash used in financing	-684.47	-210.50	7.11%
Closing cash balance	632.70	136.59	149.67%

Segment Performance

Billion NGN(₦)	FY 2025	% Revenue	Q4 2025	YOY
Consumer Business	4,282.12	82.30%	1,270.12	63.41%
Enterprise Business	680.15	13.07%	177.93	7.73%
Wholesale Business	240.69	4.63%	23.90	125.66%

Margin and Efficiency Analysis



- MTN Nigeria Communications Plc delivered an impressive FY2025, with service revenue increasing 55.1% to ₦5.2 trillion from ₦3.36 trillion in 2024. The topline acceleration was underpinned by robust execution, pricing discipline, and broad-based growth across data, voice, fintech and digital services. Total subscribers increased 7.9% to 87.3 million, while active data users rose 11.6% to 53.2 million, reinforcing the structural demand for connectivity and digital services.
- Data revenue rose 74.5% to ₦2.78 trillion, surpassing 50% of service revenue, driven by traffic growth, higher usage, and wider 4G coverage. Voice revenue grew 42.1% to ₦1.65 trillion, supported by subscriber expansion, while fintech surged 79.7% with wallet and deposit growth. Digital revenue advanced 36% to ₦99.6 billion, and enterprise grew 7.7%, diversifying streams.
- Segmentally, the Consumer Business Unit (CBU) generated ₦4.28 trillion in revenue, up 63.4% from ₦2.62 trillion, with gross margin rising 71.8% to ₦3.72 trillion. The Enterprise Business Unit (EBU) grew revenue 7.7% to ₦680.1 billion, while Wholesale Business Unit (WBU) revenue more than doubled by 125.6% to ₦240.7 billion. Total segment gross margin increased 59.5% to ₦4.51 trillion, reflecting strong operating leverage.
- Cost of sales increased 30.3%, significantly below revenue growth of 55.1%, enabling margin expansion. EBITDA surged 108.9% to ₦2.7 trillion, with EBITDA margin improving 13.6 percentage points to 52.7%. Operating expenses were contained to 16.7% growth, aided by structural savings of ₦288.7 billion from efficiency initiatives and tower lease renegotiations, reinforcing cost discipline.
- A significant turnaround in foreign exchange dynamics further strengthened earnings. The Group recorded a net FX gain of ₦90.3 billion compared to a ₦925.4 billion loss in 2024, driven by naira appreciation, settlement of letters of credit, and reduction in foreign currency loans to US\$105 million from US\$146 million. This materially improved profit before tax to ₦1.70 trillion from a ₦550.3 billion loss.
- Profit after tax rose 377.9% to ₦1.11 trillion from a ₦400.4 billion loss in 2024, while earnings per share improved to ₦53.07 from negative ₦19.05. Retained earnings recovered to ₦400.4 billion from negative ₦607.5 billion, and shareholders' equity improved to ₦548.7 billion from negative ₦458.0 billion, reflecting strengthened capital position and restored profitability.
- Cash flow generation was robust, with net cash from operating activities increasing 154.6% to ₦2.21 trillion. Free cash flow rose 215.5% to ₦1.2 trillion despite elevated investment. Capex increased 126.2% to approximately ₦1 trillion, with capex intensity at 19.3%, reflecting investments in network densification, spectrum optimisation, FTTH rollout and data centre capacity expansion.
- The balance sheet strengthened materially. Total assets increased 28.8% to ₦5.40 trillion, supported by growth in property and equipment (+48.5%) and right-of-use assets (+24.2%). Net cash position improved to ₦104.8 billion compared to net debt of ₦719.5 billion in 2024. Leverage metrics remained conservative, with net debt-to-EBITDA at negative 0.1x and interest cover at 26.5x, well within covenant thresholds.

Concerns Raised

- Despite the strong rebound, foreign exchange risk remains a structural sensitivity. Although 2025 benefited from a ₦90.3 billion FX gain versus a ₦925.4 billion loss in 2024, earnings remain exposed to currency volatility given residual US dollar liabilities and foreign currency-denominated obligations. A reversal in FX stability could materially impact profitability.
- Cost pressures linked to lease liabilities also warrant monitoring. Lease-related interest expense increased materially to ₦393.1 billion, contributing to total finance costs of ₦524.9 billion. Continued expansion of right-of-use assets and tower agreements may sustain elevated fixed obligations, limiting financial flexibility if revenue growth moderates.
- Capital intensity remains high, with capex intensity at 19.3% and absolute investment exceeding ₦1 trillion. While necessary to defend network leadership, sustained high capex requirements could pressure free cash flow in periods of slower revenue growth or regulatory shifts affecting returns on infrastructure investment.
- Tax expense rose significantly to ₦583.2 billion from a tax credit of ₦149.9 billion in 2024, reflecting both higher profitability and deferred tax adjustments. The effective tax burden, alongside regulatory levies and sector-specific charges, remains a structural consideration that could moderate net earnings growth despite strong operating momentum.

OUR INSIGHT

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MTN Nigeria Communications Plc delivered a structurally improved earnings profile in FY2025, underpinned by data monetization, operating leverage and disciplined deleveraging. The return to positive equity, strong free cash flow generation and dividend resumption reinforce long-term investment appeal. However, sustainability hinges on maintaining margin expansion amid high capex intensity, lease obligations and FX sensitivity. Key watchpoints include data yield resilience, fintech scalability, regulatory/tax developments and capital allocation discipline to preserve balance sheet strength.

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