

MTN Nigeria Communications Plc

Robust earnings support margin expansion

MTN Nigeria Communication Plc (NGX: MTNN; TP: N933.33) had an impressive performance in Q1'26 as earnings per share grew to N16.95 (vs N6.37 in Q1'25). This outing was backed by robust revenue growth, easing cost pressures, and a net foreign exchange (FX) gain recorded in the period.

Topline earnings grew by 41.6% YoY to N1.5 trillion, aided by strong performance in the data segment (56.2% to N827.2 billion), which stemmed from a confluence of higher average data usage per subscriber (+12.3% to 14.3 GB) and higher subscriber base (+9.5% to 55.0 million data subscribers). Voice revenue (+22.5% YoY to N499.1 billion) also provided support, underscored by the continued focus on customer value management initiatives.

On the cost front, expenses had a modest increase of 18.5% YoY to N670.0 billion in the period, as a result of cost savings from continued cost-efficiency initiatives. To wit, EBITDA margin expanded to 55.3%, up from 46.6% in Q1'25.

Net interest costs moderated to N119.2 billion (-11.4% YoY), reflecting the company's deleveraging efforts. For context, as of Q1'26, MTNN's borrowings printed at N377.7 billion vs N527.7 billion as of FY'25. Elsewhere, the company also recorded a net FX gain of N33.3 billion, a turnaround from the N5.5 billion loss reported in Q1'25, reflecting a stable FX environment during the period (Naira gained 3.0% in Q1'26). Consequently, the profit before tax (PBT) increased to N546.4 billion, from N202.6 billion in Q1'25.

At the end of the period, the effective tax rate inched up by 91bps to reach 34.9%, while PAT rose sharply to N355.5 billion (+165.9% YoY). Consequently, profitability metrics had a strong showing at the end of the period (ROAA: 25.3% in Q1'26 vs 12.3% in Q1'25).

In a separate development, MTN Nigeria announced the proposed sale of 60.0% interest in its fintech businesses, MoMo Payment Service Bank Limited and Y'ello Digital Financial Services Limited, to Fintech Holdings B.V. ("MTN Group Fintech"), through a related party transaction. The transaction involves a capital injection of N152.1 billion by MTN Group Fintech in line with the agreed transaction terms and valuation framework. See [here](#) for more details.

CardinalStone Research
reserach@cardinalstone.com

¹We now have a five-year average EBITDA margin forecast of 58.4% (versus 53.7% in our previous update) in line with the reviewed management's new guidance.

Q1'26 Earnings breakdown

₦' million except EPS	Q1'26	Q1'25	YoY	FY'26E	% of FY'26E
Revenue	1,498,322	1,057,973	41.6%	6,784,076	22.1%
Expenses	(670,026)	(565,227)	18.5%	(3,034,668)	22.1%
EBITDA	828,296	492,746	68.1%	3,749,409	22.1%
D & A	(195,991)	(150,027)	30.6%	(923,489)	21.2%
Operating profit (EBIT)	632,305	342,719	84.5%	2,825,920	22.4%
Net finance cost	(119,188)	(134,545)	-11.4%	(398,122)	29.9%
Net foreign exchange gain/(loss)	33,304	(5,525)	NM	-	NA
PBT	546,421	202,649	169.6%	2,427,798	22.5%
Taxation	(190,920)	(68,966)	176.8%	(728,339)	26.2%
PAT	355,501	133,683	165.9%	1,699,459	20.9%
EPS (N)	16.95	6.37	166.1%	80.84	21.0%
Ratio Analysis	Q1'26	Q1'25			
EBITDA margin	55.3%	46.6%			
EBIT margin	42.2%	32.4%			
PBT Margin	36.5%	19.2%			
PAT Margin	23.7%	12.6%			
Effec. Tax Rate	34.9%	34.0%			
Annualised ROAA	25.3%	12.3%			
Annualised ROAE	195.8%	-136.7%			
EV/EBITDA	7.59x				
5-year average EV/EBITDA	6.05x				
P/E	16.39x				
5-year average P/E	17.59x				

Source: S&P Capital IQ, Company financials, CardinalStone Research

Please click [here](#) for full results

Disclosure

Analyst Certification

The research analyst(s) denoted by an “*” on the cover of this report certifies (or, where multiple research analysts are primarily responsible for this report, the research analysts denoted by an “*” on the cover or within the document individually certifies, with respect to each security or issuer that the research analyst(s) cover in this research) that: (1) all of the views expressed in this report accurately articulate the research analyst(s) independent views/opinions, based on public information regarding the companies, securities, industries or markets discussed in this report. (2) The research analyst(s) compensation or remuneration is in no way connected (either directly or indirectly) to the specific recommendations, estimates or opinions expressed in this report.

Analysts’ Compensation: The research analyst(s) responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Investment Banking and Asset Management.

Investment Ratings

CardinalStone employs a 3-step rating system for equities under coverage: Buy, Hold, and Sell.

Buy ≥ +15.00% expected share price performance

Hold +0.00% to +14.99% expected share price performance

Sell < 0.00% expected share price performance with weak fundamentals

A BUY rating is given to equities with strong fundamentals, which have the potential to rise by at least +15.00% between the current price and the analyst’s target price

An HOLD rating is given to equities with good fundamentals, which have upside potential within a range of +0.00% and +14.99%,

A SELL rating is given to equities that are highly overvalued or have weak fundamentals, where potential returns of less than 0.00% are expected between the current prices and the analyst’s target prices.

A NEGATIVE WATCH is given to equities whose fundamentals may deteriorate significantly over the next six (6) months, in our view.

A POSITIVE WATCH is given to equities whose fundamentals may improve significantly over the next six (6) months, in our view

Rating	Buy	Sell	Hold	Negative Watch
% of total recommendations	68%	11%	21%	0%
% with investment banking relationships	0%	0%	0%	0%

CardinalStone Research distribution of ratings/Investment banking relationships as of April 30, 2026

Valuation and Risks: Please see the most recent company-specific research report for an analysis of valuation methodology and risks on any security recommended herein. You can contact the analyst named on the front of this note for further details.

Frequency of Next Update: An update of our view on the company (ies) would be provided when next there are substantial developments/financial news on the company.

Conflict of Interest: It is the policy of CardinalStone Partners Limited and its subsidiaries and affiliates (individually and collectively referred to as “CardinalStone”) that research analysts may not be involved in activities that suggest that they are representing the interests of Cardinal Stone in a way likely to appear to be inconsistent with providing independent investment research. In addition, research analysts’ reporting lines are structured to avoid any conflict of interests. For example, research analysts are not subject to the supervision or control of anyone in CardinalStone’s Investment Banking or Sales and Trading departments. However, such sales and trading departments may trade, as principal, based on the research analyst’s published research. Therefore, the proprietary interests of those Sales and Trading departments may conflict with your interests.