

## SCANCOM PLC (MTNGH) FY2025 Results

Ghana | 03 March 2026

Current rating: **BUY**

**Current Price:** GHS 5.75 | **Current Fair Value:** GHS 7.91 | **Upside:** 37.6%

### Dominance Compounding: Connectivity and Fintech Drive Record Earnings

Data continues to lead the charge, as MTNGH unlocks earnings leverage and operational depth.

#### Rating Summary:

We maintain a “BUY” rating on MTN Ghana (MTNGH) with a fair value estimate of GHS 7.91 per share, implying a 37.6% upside. Our valuation incorporates a lower risk-free rate of 11.6%, down from 15.5% at 9M2025, reflecting declining yields on restructured domestic bonds. We applied a statistically robust beta and a 4.0% equity risk premium in our CAPM analysis. Additionally, we enhanced our relative valuation by recalibrating the peer group to ensure a more comparable and relevant benchmark set. Our conviction reflects MTNGH’s resilient earnings outlook, robust data-revenue trajectory, and cost discipline, which together support sustained profitability. In our view, MTNGH’s scale and network quality remain decisive advantages and continue to underpin market leadership across voice, data, and fintech. We expect data services (which currently account for more than half of service revenue) to anchor topline momentum post-MML separation. The structural drivers remain intact by way of a data-hungry demographic, rapid urbanisation, and rising smartphone penetration. Digital revenue is showing signs of its economic promise. Following the product sanitisation exercise conducted about 3 years ago, the segment has seen gradual y/y growth, and we remain optimistic about its potential. Fintech remains a near-term earnings driver. We expect MoMo to retain transactional scale and monetisation strength, even post-separation, through increased interoperability and deeper integration with merchant payments and savings products. Meanwhile, MTNGH’s strategic focus on platform expansion positions it to capitalise on evolving consumer and business needs. On capital allocation, execution discipline is critical. Sustained investment in network modernisation and rural expansion will preserve service quality and contain churn. The potential allocation of 5G spectrum later this year adds optionality, though returns will depend on pricing discipline and device penetration. Despite regulatory overhang and the ongoing activities for the structural separation of MML (with the merger of Mobile Money Limited with Mobile Money Fintech Limited and a Trust to hold the stake of minority shareholders currently underway), MTNGH’s robust fundamentals and consistent dividend payouts reinforce investor confidence. Overall, we perceive upside from ongoing digital adoption, operating leverage, and improving macro conditions. Our BUY rating reflects the medium-term value creation potential, even as our fair value estimate is anchored on near-term earnings performance.

#### FY2025 Earnings Update: MTN Ghana delivers robust FY2025 results on the back of strong data and fintech momentum

Scancom PLC (“MTN Ghana”) released its FY2025 results on 27 February 2026, delivering another year of strong double-digit growth and reinforcing its dominance across telecom and fintech. Service revenue increased by 36.2% y/y to GHS 24.4bn, exceeding our forecast by 3.0%, supported by sustained momentum in data and mobile money. Data revenue rose 48.8% y/y and now accounts for 54.8% of total service revenue, underscoring the structural shift toward high-usage connectivity. Growth was driven by a 13.7% increase in active data users, rising data consumption, and expanded 4G coverage, which now stands at 99.2% of the population. The continued expansion in data contribution strengthens revenue quality and reduces reliance on legacy voice streams. MoMo revenue expanded by 35.7% y/y, contributing 24.8% of total service revenue. The removal of the e-levy supported a rebound in wallet activity, with transaction volumes reaching 8.37 billion and total transaction value rising to GHS 4.13tn. Growth was driven by higher float balances and increased transaction velocity, reinforcing fintech as a core earnings engine. Digital services posted exceptional growth of 109.9% y/y to GHS 479.0mn, reflecting the successful completion of the multi-year portfolio sanitisation programme. The segment’s rebound confirms improved monetisation discipline following earlier rationalisation of non-performing products. EBITDA increased by 43.5% y/y to GHS 14.7bn, with margin expanding by 3.0pp to 60.1%. Margin resilience was supported by operating leverage, easing inflationary pressures, and ongoing cost optimisation. Management continues to reduce energy exposure, with approximately 50% of energy requirements now sourced from solar solutions, providing a structural hedge against power cost volatility while lowering carbon intensity. Profit after tax rose 55.9% y/y to GHS 7.8bn, broadly in line with our estimates, translating into EPS of GHS 0.5923 (+55.9% y/y). The Board declared a final dividend of GHS 0.40 per share, bringing total FY2025 dividends to GHS 0.48 (+57.4% y/y), implying a payout ratio of 81.0%. The distribution remains generous but sustainable given current earnings visibility and cash generation. Overall, FY2025 results confirm sustained traction in data monetisation and fintech scaling, with margin expansion reinforcing operating discipline. Revenue mix continues to improve, and earnings growth remains well ahead of inflation.

For FY2026, we expect service revenue growth to average 38.0% in the medium-term, supported by resilient data demand, continued MoMo penetration, and stable macro conditions. While margins may normalise modestly from the elevated 60.1% level as investment intensity remains high, we expect EBITDA margin to remain comfortably above 55%, supported by scale efficiency and cost control. Over the medium term, MTN Ghana’s outlook remains favourable. Spectrum expansion, deeper fintech integration, and AI-driven customer engagement should enhance monetisation efficiency and customer lifetime value. The key investment question shifts from growth to durability: sustaining ARPU expansion, preserving margin discipline, and maintaining capital efficiency will determine whether current earnings momentum translates into sustained shareholder returns.

Performance: Strong momentum sustained in FY2025.

### Earnings & Margins

- Profit after tax increased by 55.9% y/y to GHS 7.8bn.
- EBITDA rose 43.5% y/y to GHS 14.7bn, with EBITDA margin expanding 300bps to 60.1%.
- Earnings per share grew 55.9% y/y to GHS 0.5923.
- Final dividend of GHS 0.40 declared, bringing total FY2025 dividend to GHS 0.48 (+57.4% y/y).
- FY2025 payout ratio stood at 81.0%, reflecting strong earnings visibility.

### Revenue Performance

- Service revenue grew 36.2% y/y to GHS 24.4bn, exceeding our forecast by 3.0%.
- Data revenue expanded 48.8% y/y, contributing 54.8% of service revenue, reinforcing structural shift toward connectivity-led growth.
- MoMo revenue increased 35.7% y/y, accounting for 24.8% of service revenue.
- MoMo processed 8.37bn transactions, with total value reaching GHS 4.13tn, supported by the removal of the e-levy.
- Digital revenue surged 109.9% y/y to GHS 479.0mn, reflecting improved monetisation following portfolio sanitisation.

### Cost & Efficiency

- EBITDA margin improved to 60.1%, supported by operating leverage and easing inflation.
- Total costs increased by 26.5% y/y to GHS 9.8bn, moderating from 38.9% in the prior period as inflation eased and the cedi appreciated, reflecting a 12.4pp slowdown in cost growth following elevated 1Q2025 pressures.
- Approximately 50% of network energy consumption is now sourced from solar solutions, reducing exposure to power cost volatility and lowering carbon intensity.

### Operational Metrics

- 4G population coverage expanded to 99.2%.
- Active data users increased by 13.7% y/y, supporting strong data monetisation.
- Active MoMo users rose by 12.3% to 19.3mn.

## Investment Thesis & Near-term Outlook

Scaling with Intent: Data Monetisation, Fintech Depth and Network Investment Anchor the 2026 Growth Path

### Data Monetisation Moves Beyond Penetration to Ecosystem Control

- We expect MTNGH to shift from pure data penetration to ecosystem capture. Management plans to deepen its home broadband strategy by partnering with estate developers and embedding MTN services directly into new residential developments. The extension of fibre infrastructure into underserved areas and the addition of 500 new sites will expand network density and improve service quality.
- But the next phase is not coverage. It is value extraction. We believe the focus will be on driving usage intensity and ARPU growth across households, SMEs, and digital-native consumers. As disposable incomes recover and data-heavy behaviours, such as streaming and cloud usage accelerate, MTNGH is positioned to capture incremental demand. We forecast revenue growth to remain in the upper 30% range over the medium term, supported by sustained data ARPU expansion averaging 42.4%.

### MoMo Evolves from Transaction Platform to Financial Ecosystem

- We expect MoMo to entrench its role as the central connector within Ghana's fintech landscape. Rather than operate in isolation, MTNGH will continue to position MoMo as a collaborator across payments, lending, and insurance ecosystems.
- Loan and insurance products embedded within the wallet will deepen monetisation and increase customer stickiness. We believe the strategy is to capture value across the financial services chain while preserving platform dominance. MoMo remains a critical earnings pillar, and we anticipate continued expansion in transaction velocity and product diversification in 2026.

### 5G Optionality and Elevated Capex Reinforce Structural Leadership

- The government's decision to open the 5G spectrum auction creates a competitive inflection point. We anticipate MTNGH will actively pursue spectrum acquisition, which could materially enhance network capability and reinforce premium positioning.
- Management has guided GHS 4.8bn in capex for 2026. We expect this investment to target digital infrastructure, network densification, and 5G readiness. While this keeps capital intensity elevated, it strengthens long-term revenue visibility and supports sustained top-line growth.
- We forecast EBITDA margin to average 59.0% over the medium term, reflecting continued scale benefits even as investment remains high.

## Infrastructure Control and AI-Driven Networks Strengthen Operating Leverage

- We believe MTN Group's USD 6.2bn acquisition of IHS Towers materially alters the infrastructure equation. In our view, converting recurring tower lease expenses into owned infrastructure enhances cost control, accelerates rollout speed, and improves long-term margin durability for subsidiaries such as MTNGH.
- In parallel, the large-scale deployment of the Alpha Antenna in collaboration with Huawei marks a shift toward AI-driven network optimisation. We believe this transition to intelligent network management will enhance capacity efficiency and service quality, reinforcing MTNGH's competitive moat as data demand scales.

## Macro Tailwinds Amplify Structural Growth Drivers

- With inflation falling by 19.7pp y/y to 3.8% as of January 2026, currency stability improving, and population growth continuing, we expect disposable income recovery to support rising data consumption. Data intensity typically accelerates as purchasing power improves, particularly among Ghana's young and digitally-inclined demographic.
- We believe MTNGH enters 2026 with structural tailwinds aligned in its favour. In our opinion, expanding population, rising connectivity needs, improving macro conditions, and a strengthened infrastructure base position MTNGH to capitalize on growth opportunities. While we remain bullish on the core question of growth direction, we are minded by the sustainability of ARPU expansion and capital efficiency as the investment cycle deepens.

## Dividend Payout Reinforces Earnings Confidence

- We believe the declaration of a GHS 0.40 final dividend signals management's confidence in the strength and sustainability of MTNGH's earnings. The payout reflects solid cash generation and disciplined capital allocation, even amid elevated investment in network infrastructure. In our view, the continued improvement in margins and topline momentum provides room for further shareholder distributions. We anticipate even higher dividend distribution for FY2026 in line with our earnings expectations and MTNGH's commitment to high payout ratios (81.0% FY2025).

## Regulatory Positioning – SMP Risk Moderation

- We believe the current regulatory regime is adopting a more collaborative stance toward MTNGH's Significant Market Power (SMP) designation. Rather than viewing the company solely through a competition-containment lens, policymakers appear increasingly focused on sector growth, digital inclusion, and infrastructure expansion.
- In this context, MTNGH is being engaged as a strategic industry partner rather than a structural constraint. While SMP obligations remain in force, we expect regulatory risk to remain contained in the near term, particularly as national priorities shift toward digital infrastructure rollout, fintech expansion, and economic formalisation.
- We do not believe that the prevailing softer regulatory regime eliminates long-term regulatory oversight risk, but it reduces the probability of abrupt pricing or structural interventions in 2026.

We see MTNGH as a fundamentally anchored, growth-oriented telco well-positioned to benefit from rising data demand, MoMo expansion, and demographic tailwinds. While the eventual spin-off of MML poses a structural shift, we believe data and digital services will drive the next phase of value creation. We note, however, that our valuation continues to reflect the consolidated business until the fintech business is effectively listed on the GSE as a separate entity. Disciplined execution and strong market leadership further support a compelling medium-term growth outlook.

## Valuation & Recommendation: **BUY**

- Our BUY rating is based on our weighted average fair value of GHS 7.91 per share, implying a 37.6% upside. This is derived from a blend of valuation methodologies, which are the dividend discount model (DDM), free cash flow to firm (FCFF), and comparable multiples (P/E and EV/EBITDA). Our rating reflects the near-term upside and our constructive medium-term view, which is underpinned by strong fundamentals, strategic execution, and earnings momentum.
- MTNGH is trading at a TTM P/E of 9.7x and P/B of 5.4x. Given the company's strong growth trajectory and our forward estimates, we believe MTNGH is currently underpriced.

### Analyst:

Kwabena A. Obeng: +233 30 825 0051

For further information, please contact our Insights Team. T: 233 308-250051 | Email: [insights@ic.africa](mailto:insights@ic.africa)

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