SCANCOM PLC (MTNGH) 1H2026 Results

Ghana I 4 August 2026

Current rating: **BUY**

Current Price: GHS 7.09 **I Current Fair Value:** GHS 8.9 **I Upside:** 25.5%

1H2026 Earnings Update: Data Leading From The Front

Scancom PLC ("MTN Ghana") released its 1H2026 results on 31 July 2026, delivering another quarter of strong growth and reinforcing its earnings momentum across data and fintech. Service revenue increased by 32.3% y/y to GHS 15.0bn, slightly trailing our forecast by 2.0%. Data revenue rose 47.1% y/y to GHS8.8bn on a 17.0% y/y expansion in active data users to 21.3mn and sustained usage growth. This cements its position as the key driver of revenue quality at nearly 60.0% of service revenue, supported by rising consumption as Ghana's increasingly data-centric, youthful population and stable network investment continue to underpin a clear monetisation runway for earnings growth. Capex intensity, however, slowed down owing to supply chain disruptions in the Strait of Hormuz. Nevertheless, this was in line with management's expectations reflecting the efficiency gains from previous quarters. MoMo revenue grew 23.3% y/y to GHS3.5bn, underpinned by increased adoption of digital payments and lending products alongside continued growth in wallet activity. However, the dip in its share of service revenue to 23.4% (vs. 25.1% in 1H2025) points to a slight dilution even though fintech remains a core contributor to group earnings. Digital services recorded the standout swing, surging 98.0% y/y to GHS376.6mn, reflecting rising usage, adoption and engagement across MTNGH's digital platforms as enriched customer experience initiatives in gaming, video and content services drive platform monetisation. EBITDA rose 39.8% y/y to GHS9.3bn, exceeding our forecast by 2.0%, with margin expanding 3.4pp to 61.8% on 32.3% revenue growth, demonstrating genuine operating leverage as disciplined cost management met a sharply improved macro backdrop, with average inflation easing to 3.8% in 1H2026 from 20.4% in the prior year period. Capex intensity also slowed in line with management's expectations, reflecting efficiency gains from prior quarters and adding a further lever to margin expansion. The subdued cost pressure is now translating more directly into profitability, supporting structural margin expansion. Profit after tax rose 43.3% y/y to GHS 5.1bn, coming in approximately 4.0% ahead of our forecast, supported by robust topline growth and a modest reduction in net finance costs. This translated into Earnings per share (EPS) of GHS 0.38 (+43.2% y/y), maintaining strong earnings delivery. The Board declared an interim dividend of GHS 0.03 per share from Scancom PLC, with MobileMoney Fintech Limited (MMFL) recommending an additional GHS 0.03, bringing the total 2Q2026 dividend to GHS 0.06 per share, payable on 17 September 2026 with an ex-dividend date of 02 September 2026. This brings total dividend for 1H2026 to GHS 0.12 as MTNGH transitioned to a quarterly dividend distribution structure subject to cash availability. Overall, 1H2026 results confirm sustained traction in data monetisation and fintech expansion, with margin strength reflecting both scale benefits and an improved cost environment. Earnings growth remains strong and increasingly supported by structural drivers rather than temporary factors. The macro backdrop offers a more nuanced picture. Inflation has eased materially y/y, supporting forward visibility. However, the cedi weakened 7.9% during 1H2026, with the sharpest depreciation in 2Q2026, and a sustained currency slide could place upward pressure on operating and capital expenditure, which will test the durability of margins.

Performance Highlights: MTN Ghana's 1H2026 Growth Holds.

Earnings & Margins

- Profit after tax increased by 43.3% y/y to GHS 5.1bn.
- EBITDA rose 39.8% y/y to GHS 9.3bn, with EBITDA margin expanding 340bps to 61.8%.
- Earnings per share grew 43.2% y/y to GHS 0.38.
- Interim dividend of GHS 0.06 declared for 2Q2026, (Scancom PLC: GHS 0.03 & MMFL: GHS 0.03) brings the 1H2026 total dividend to GHS 0.12.

Revenue Performance

- Service revenue grew 32.3% y/y to GHS 15.0bn, marginally trailing our forecast.
- Data revenue expanded 47.1% y/y to GHS 8.8bn, contributing 58.7% of service revenue, reinforcing connectivity-led growth.
- MoMo revenue increased 23.3% y/y to GHS 3.5bn, accounting for 23.4% of service revenue.
- Digital revenue surged 98.0% y/y to GHS 376.6mn, reflecting improved monetisation of digital offerings following portfolio sanitisation.

Cost & Efficiency

- Total costs increased by 21.6% y/y to GHS 5.7bn, on account of network maintenance cost as well as elevated depreciation from prior capex, even as capex intensity itself slowed in the period.

Operational Metrics

- 4G population coverage expanded to 99.2%.
- Active data users increased by 17.0% y/y to GHS 21.3mn, supporting the strong data revenue growth
- Active MoMo users rose by 3.1% to 18.3mn.

Investment Thesis & Near-term Outlook

Growth to Remain Resilient as the Investment Case Shifts Towards Durability

Revenue Momentum to Remain Strong Despite Elevated Investment Cycle

We expect MTNGH to sustain service revenue growth in the mid to high-30% range over the second half of 2026, supported by resilient data demand, continued MoMo penetration, and a broadly stable macroeconomic backdrop. While management has guided that investment intensity will remain elevated, with approximately GHS4.8bn in planned capital expenditure over the coming quarters, we expect EBITDA margin expansion to moderate rather than reverse. In our view, margins should remain comfortably above 55%, supported by operating scale, disciplined cost management, and continued efficiency gains.

Growth Strategy Increasingly Focused on Ecosystem Monetisation

Looking ahead, MTN Ghana's growth story is increasingly shifting from network expansion to value extraction. Management's strategy is focused on driving deeper ecosystem integration, increasing customer usage intensity, and expanding Average Revenue Per User (ARPU) across both households and SMEs through continued fibre rollout and broadband partnerships. We also expect MoMo to remain a key earnings driver. Although active MoMo subscriber growth has moderated relative to data subscribers, the platform continues to benefit from stronger customer engagement, higher transaction intensity, and a more mature ecosystem. As we highlighted in our 1Q2026 report, the 2025 KPMG West Africa Banking Industry Survey identified MoMo as the dominant financial interface across all demographic groups, with market share continuing to deepen over time.

MoMo's Expanding Financial Ecosystem Supports Long-Term Earnings

Beyond payments, we view mobile money as a rapidly evolving financial infrastructure asset rather than merely a transaction platform. Its expanding ecosystem creates significant monetisation opportunities through digital lending, wealth management, savings, insurance, and other value-added financial services, reinforcing the business' attractive margin profile and long-term earnings potential.

Supportive Macro Backdrop Continues to Strengthen Demand

The macroeconomic environment also remains supportive. Subdued inflation, improving currency stability despite some shocks in 2Q2026, and rising disposable incomes should continue to support higher data consumption, particularly among Ghana's young and increasingly digital population.

Investment View: Focus Shifts from Growth to Sustainability

Overall, we believe MTN Ghana's outlook remains favourable, but the investment thesis is evolving. The key question is no longer whether the company can grow, but whether it can sustain the current growth momentum while preserving profitability and capital efficiency. In our view, continued ARPU expansion, disciplined execution, and prudent capital allocation will be critical in translating the current momentum into durable shareholder returns.

Valuation & Recommendation: BUY

- Our BUY rating is based on our weighted average fair value of GHS 8.9 per share, implying a 25.5% upside. This is derived from a blend of valuation methodologies, which are the dividend discount model (DDM), free cash flow to Equity (FCFE), 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 10.0x and P/B of 7.1x. Given the company's strong growth trajectory and our forward estimates, we believe there is sufficient room for MTNGH to appreciate.

Analyst:
Kwabena A. Obeng: +233 30 825 0051