SCANCOM PLC (MTNGH) 9M2026 Results

Ghana | 2 November 2026

Current rating: **BUY**

Current Price: GHS 6.75 **| Current Fair Value:** GHS 8.76 **| Upside:** 29.8%

9M2026 Earnings Update: Data Still Leads, Tax Takes Its Toll

Scancom PLC ("MTN Ghana") released its 9M2026 results on 29 October 2026, delivering robust topline growth, although a heavier tax burden clipped earnings and the results trailed our expectations. Service revenue increased 33.5% y/y to GHS 23.2bn, 4.0% below our forecast, with growth accelerating to 35.7% y/y in 3Q2026 to GHS 8.2bn (1H2026: 32.3%). Data remained the growth engine, rising 44.5% y/y to GHS 13.5bn on a 16.1% y/y expansion in active data users to 22.0mn and a 36.8% y/y increase in average monthly usage to 19.8GB per user, cementing its position at 58.1% of service revenue (9M2025: 53.6%). We note, however, that quarterly data growth eased to 39.9% y/y in 3Q2026 from 47.1% in 1H2026, which in our view reflects normalisation off a high base rather than a loss of momentum. Voice was the positive surprise, growing 27.1% y/y in 3Q2026 on portfolio optimisation and targeted commercial interventions, lifting 9M2026 voice revenue 7.6% y/y to GHS 3.1bn. MoMo revenue grew 24.4% y/y to GHS 5.4bn, accelerating to 26.5% in 3Q2026, with advanced services (+28.7% y/y to GHS 1.9bn) continuing to outpace basic wallet services (+22.2% y/y to GHS 3.5bn). MoMo's share of service revenue eased to 23.2% (9M2025: 24.9%), even though fintech remains a core contributor to earnings. Digital revenue surged 98.0% y/y to GHS 642.4mn, reflecting a low base effect with vast headroom for medium-term growth.

EBITDA rose 40.6% y/y to GHS 14.3bn, 5.0% below our forecast, as selling, distribution and marketing expenses rose 29.7% y/y to GHS 3.1bn, running 11.0% ahead of our estimate. This was offset by direct network costs (28.0% below forecast) and lower D&A, leaving operating profit of GHS 11.8bn (+44.3% y/y) broadly in line with our estimate (-1.0%). EBITDA margin nonetheless expanded 3.1pp to 61.5%, evidencing continued operating leverage. The earnings miss was therefore driven mainly by items below operating profit. Profit after tax increased 43.0% y/y to GHS 7.8bn and EPS rose 42.9% y/y to GHS 0.586, both 10.0% below our forecasts. The effective tax rate rose to 31.9% (9M2025: 30.0%) and spiked to 34.1% in 3Q2026 (1H2026: 30.7%). With the 5% Growth & Sustainability Levy (GHS 569.2mn) broadly constant as a share of pre-tax profit, the step-up came from the corporate income tax charge, which rose to 26.9% of PBT from 24.9%. Net finance costs of GHS 453.8mn were flat y/y (-0.7%), although an 18.3% decline in finance income also weighed.

The Board of Scancom PLC declared a 3Q2026 interim dividend of GHS 0.03 per share, with MobileMoney Fintech Limited (MMFL) declaring an additional GHS 0.03, bringing the total for the quarter to GHS 0.06 and for 9M2026 to GHS 0.18. The ex-dividend date is 24 November 2026, with payment on 10 December 2026. Overall, the 9M2026 results confirm that MTN Ghana's growth engines remain firmly intact, with an accelerating topline in 3Q2026 and margins holding above 61%. The shortfall reflects a higher tax take rather than any weakening in the operating business. The macro backdrop remains supportive but nuanced. Average inflation eased to 4.2% in 9M2026 (9M2025: 17.3%), but the cedi depreciated 10.8% in 9M2026 (1H2026: 7.9%), and a sustained currency slide could place upward pressure on operating and capital expenditure just as the company enters a heavier 5G investment cycle.

Performance Highlights: MTN Ghana's 9M2026 Growth Holds, Tax Bites.

Earnings & Margins

- Profit after tax increased 43.0% y/y to GHS 7.8bn, 10.0% below our forecast.
- EBITDA rose 40.6% y/y to GHS 14.3bn, with EBITDA margin expanding 310bps to 61.5%.
- Operating profit rose 44.3% y/y to GHS 11.8bn, broadly in line with our estimate.
- Earnings per share grew 42.9% y/y to GHS 0.586.
- Effective tax rate rose to 31.9% (9M2025: 30.0%), peaking at 34.1% in 3Q2026.
- 3Q2026 dividend of GHS 0.06 declared (Scancom PLC: GHS 0.03 & MMFL: GHS 0.03), bringing the 9M2026 total to GHS 0.18.

Revenue Performance

- Service revenue grew 33.5% y/y to GHS 23.2bn, 4.0% below our forecast, accelerating to 35.7% y/y in 3Q2026.
- Data revenue expanded 44.5% y/y to GHS 13.5bn, contributing 58.1% of service revenue.
- MoMo revenue increased 24.4% y/y to GHS 5.4bn (23.2% of service revenue), with advanced services up 28.7% y/y.
- Voice revenue rose 7.6% y/y to GHS 3.1bn, with 3Q2026 growth of 27.1% y/y.
- Digital revenue surged 98.0% y/y to GHS 642.4mn.

Cost & Efficiency

- Total costs increased 23.2% y/y to GHS 8.9bn, with operating expenses up 24.7% y/y to GHS 5.3bn on network, rent, utilities and maintenance costs.
- Selling, distribution and marketing expenses rose 29.7% y/y to GHS 3.1bn, the main source of the EBITDA miss.
- Capex declined 27.2% y/y to GHS 3.2bn, with capex intensity easing to 13.6% (9M2025: 25.0%), while free cash flow nearly doubled (+96.9% y/y) to GHS 7.4bn.

Operational Metrics

- Mobile subscribers rose 12.7% y/y to 34.3mn, with c.1.5mn net additions in 3Q2026 (2Q2026: c.0.8mn).
- Active data users increased 16.1% y/y to 22.0mn.
- Active MoMo users rose 6.9% y/y to 18.9mn.

Investment Thesis & Near-term Outlook

Growth to Remain Resilient as the Investment Case Shifts Towards Durability

Revenue Momentum to Remain Strong as the Investment Cycle Steps Up

We expect MTNGH to deliver FY2026 service revenue growth within management's low-to-mid-30% guidance, supported by resilient data demand, the 3Q2026 acceleration in voice and MoMo, and a broadly stable macroeconomic backdrop. We anticipate investment intensity to rise from the subdued 13.6% recorded in 9M2026 as MTN Ghana deploys its newly awarded 5G spectrum (2x20MHz in the 700MHz band and 1x150MHz in the 3GHz band) at a cost of USD 202mn. In our view, this will moderate rather than reverse margin expansion. Management guides margins normalising towards the mid-to-high 50s over the medium term, and we believe this remains a structurally strong margin profile, supported by operating scale and disciplined cost management.

Tax Burden Emerges as the Key Swing Factor for Earnings

In our opinion, the 9M2026 results shift the near-term earnings debate from the topline to the tax line. We believe part of the 3Q2026 spike in the effective tax rate to 34.1% may normalise, but we expect a structurally heavier tax burden to keep profit after tax growth trailing EBITDA growth. We also anticipate management reining in commercial spend after selling, distribution and marketing expenses ran ahead of our estimates, and in our view, disciplined cost execution will be central to protecting margins.

Growth Strategy Increasingly Focused on Ecosystem Monetisation

We believe MTN Ghana's growth story is increasingly shifting from network expansion to value extraction. We expect deeper ecosystem integration, higher usage intensity and Average Revenue Per User (ARPU) expansion across households and SMEs to drive the next leg of growth, with the new 5G spectrum strengthening the home broadband proposition and broadening the addressable home market. We also expect management's year-end reassessment of its medium-term (3 to 5 years) service revenue guidance to lower nominal growth targets in line with the sharp fall in inflation, but in our view, real growth should remain strong.

MoMo's Expanding Financial Ecosystem Supports Long-Term Earnings

Beyond payments, we continue to view mobile money as a rapidly evolving financial infrastructure asset rather than merely a transaction platform. Advanced services (+28.7% y/y) are outpacing basic wallet services (+22.2% y/y), and we anticipate digital lending, savings, insurance, wealth management and other value-added services to drive the next phase of fintech growth, reinforcing the business' attractive margin profile and long-term earnings potential.

Supportive Macro Backdrop, but Currency Remains a Watchpoint

We expect the macroeconomic environment to remain supportive. In our view, subdued inflation and rising disposable incomes should continue to support higher data consumption, particularly among Ghana's young and increasingly digital population. However, we believe the 10.1% year-to-date cedi depreciation warrants close monitoring, as a sustained slide would raise the cedi cost of USD-linked capex and network operating costs.

Investment View: Durability Under Test

Overall, we believe MTN Ghana's outlook remains favourable, and the 9M2026 miss does not alter our investment thesis. In our view, the key question is no longer whether the company can grow, but whether it can sustain its growth momentum while preserving profitability under a heavier tax burden and a rising investment cycle. We expect strong cash generation (free cash flow nearly doubled to GHS 7.4bn) and the quarterly dividend structure to continue supporting shareholder returns, and we anticipate that continued ARPU expansion, disciplined execution and prudent capital allocation will translate the current momentum into durable shareholder returns.

Valuation & Recommendation: BUY

- We maintain our BUY rating, based on our weighted average fair value of GHS 8.76 per share (vs GHS 8.90 prior estimate), implying a 29.8% upside from the current market price of GHS 6.75. 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).
- The marginal easing in fair value largely reflects the below-forecast 9M2026 earnings, driven by the higher effective tax rate. The upside has widened because the share price has fallen 4.8% since our 1H2026 update, as investors took profit after the stock's strong run. 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 8.8x and P/B of 5.8x (1H2026: 10.0x and 7.1x). Given the company's strong growth trajectory and our forward estimates, we believe there is sufficient room for MTNGH to appreciate.

Key Risks to Our Rating

Operating and Macro Risks

A further rise in the effective tax rate or new sector-specific levies; sustained cedi depreciation inflating opex and USD-linked 5G capex; faster-than-expected margin normalisation as 5G investment ramps up; slowing data growth as the high base kicks in; and regulatory intervention in mobile money pricing or market structure.

Legal Risks: Clydestone and Zeepay

- Local reports indicates that Clydestone Ghana PLC and Zeepay Ghana Limited have commenced two separate legal actions against Scancom PLC and MTN Group. MTN Ghana has denied the claims and assured of operational continuity with no expected impact on results or services.

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