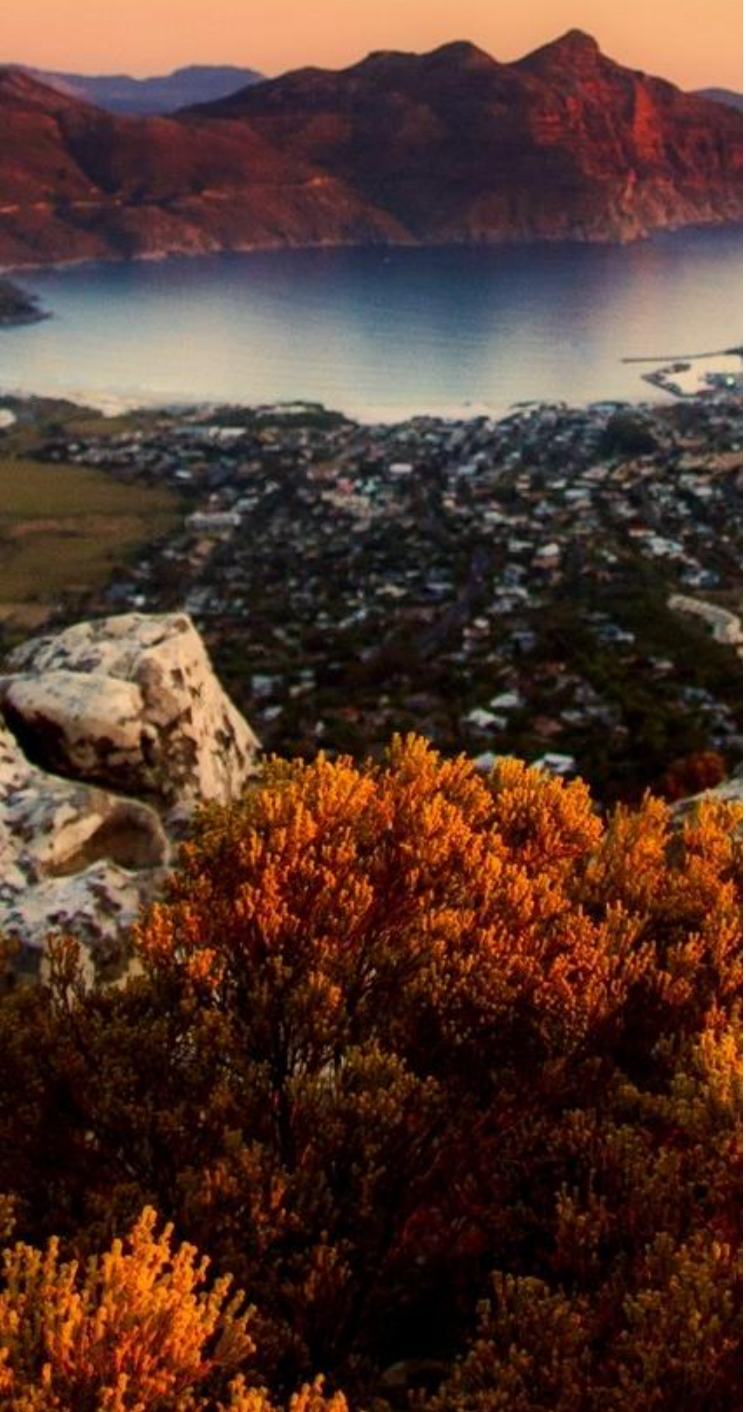
EXCELSIA EDGE

JULY 2026



MTN's Growth Story and Its Contribution to Excelsia Portfolios

by Nancy Bambo and Phumelele Ndou

Africa Week earlier this year placed a renewed focus on the continent's economic development and investment potential, one company continues to stand out as a reflection of Africa's structural growth story: MTN Group.

Figure 1: MTN Share price. Source: Bloomberg

For many years, MTN was viewed primarily as a telecommunications operator. Today, that investment thesis has evolved significantly. MTN increasingly represents exposure to some of the continent's most powerful long-term themes: digital transformation, financial inclusion, infrastructure development, rising consumer connectivity and intra-African growth.

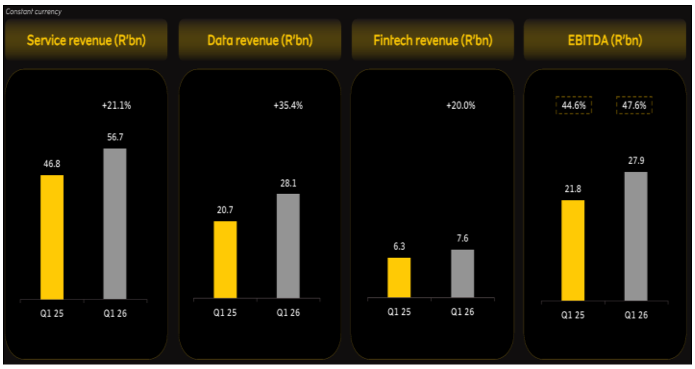


Figure 2: MTN group revenue split and growth rates. Source: MTN 1Q26 presentation

MTN's latest quarterly update reinforced this shift as shown in figure 2. The group delivered strong operational and financial performance despite a still uneven macroeconomic environment across several markets.

Group service revenue grew 21.1% year-on-year on a constant currency basis to approximately R56.8bn, while EBITDA increased 27.9% to R27.6bn. Importantly, profitability expanded faster than revenue, with EBITDA margins improving from 44% to 47%, highlighting strong operating leverage and improved cost efficiency.

This matters because investors increasingly look beyond top-line growth and focus on whether businesses can translate expansion into sustainable profitability. MTN demonstrated both.

Africa's digital economy remains one of the continent's strongest structural themes

One of the most significant takeaways from the results was the continued acceleration in data consumption. Data revenue increased 35.4% as shown in figure 2, remaining MTN's largest growth driver.

This reflects a broader continental trend. Africa continues to experience rapid smartphone adoption, increased internet penetration and growing demand for digital services. Connectivity is increasingly becoming a foundational infrastructure for economic activity.

Across many African economies, mobile devices have become the primary gateway to banking, education, commerce and financial participation. MTN remains at the centre of that ecosystem. For portfolios with African exposure, this positions the company not simply as a telecom operator but as an enabler of economic development.

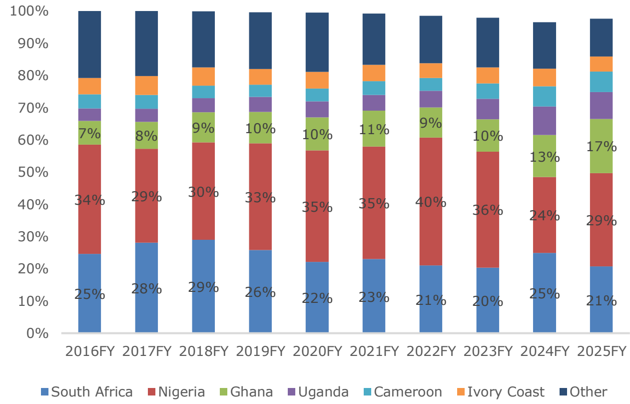


Figure 3: MTN Geographic Service revenue split. Source: MTN financials, Morgan Stanley

Fintech is increasingly becoming central to the MTN investment story

Perhaps the most important strategic evolution is MTN's growing fintech platform. Fintech revenue increased 20% year-on-year for the quarter as shown in figure 2, while advanced services revenue grew 36.7%. Mobile Money monthly active users reached 67.4mn, increasing 8.2% year-on-year, while transaction values rose 32.8% to approximately US$163bn for the quarter, resulting in a trailing 12-month figure of $568bn. These figures highlight the scale of financial inclusion occurring across Africa. In many markets, mobile money has effectively become an alternative financial system — supporting payments, transfers, savings and increasingly, lending. This is particularly important in regions where traditional banking penetration remains low.

The implication for investors is clear: MTN increasingly resembles a hybrid model, combining telecommunications infrastructure with digital financial services. This broadens both its growth profile and valuation narrative.

Nigeria continues to anchor group growth

Nigeria remained the standout performer and once again demonstrated why it remains MTN's largest earnings contributor. The chart in figure 4 illustrates MTN Nigeria's strong growth over the years, and the growing contribution of data in the overall revenue mix (outlined in red).

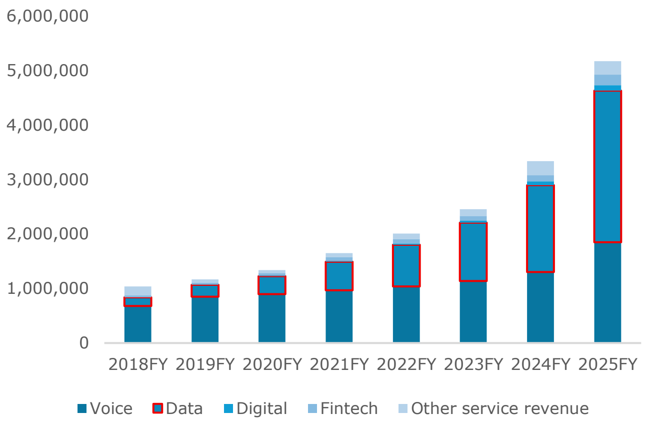


Figure 4: Nigeria service revenue split (NGN m) Source: MTN financials, Morgan Stanley

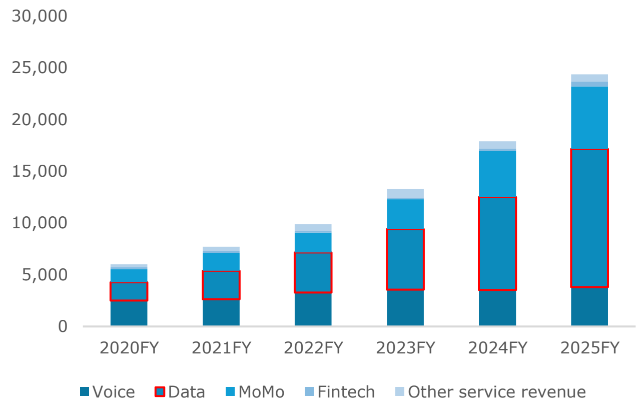


Figure 5: Ghana service revenue split (in GHS 'm). Source: MTN financials, Morgan Stanley

MTN Nigeria delivered: Service revenue growth of 41.7% and Data revenue growth of 56.1%. The improved operating environment on the back of the price ups implemented in Q1 of 2025, and greater currency stability played an important role.

Following the severe foreign exchange volatility experienced during 2024–2025, the stabilisation of the naira materially improved earnings visibility and profitability. MTN Nigeria benefitted not just from a better macro environment but also from managements concerted effort to reduce their exposure to hard currency debt & costs by renegotiating their lease tower contracts and reducing hard currency debt.

For investors, this represents an important macro shift and highlights the results of managements actions. The Nigerian recovery is currently providing sufficient momentum to offset softer performance elsewhere in the portfolio. Given Nigeria's demographic profile, urbanisation trends and increasing digital adoption, it remains one of the continent's most strategically important growth markets.

Ghana reinforces the broader African opportunity

Ghana has also delivered strong operational momentum over the years, with a similar picture to Nigeria in that data (outlined in red below) has become a greater portion of the overall revenue mix.

In Q1 of 2026 MTN Ghana reported: Service revenue growth of 35.7%, Data revenue growth above 52% and EBITDA growth of nearly 43%.

The strength of both Nigeria and Ghana highlights an important point often overlooked in African investing: Growth opportunities are becoming increasingly diversified across the continent. African corporates are no longer limited to domestic market expansion. Increasingly, businesses are scaling regionally and participating in broader intra-African growth. This aligns closely with the longer-term investment themes emerging around continental integration and trade.

South Africa remains challenging but resilient

South Africa remained the softer component of the update. MTN South Africa delivered service revenue growth of only 0.7%, reflecting several pressures:

- Competitive prepaid market conditions
- Consumer affordability constraints
- A pullback by management on XtraTime (airtime advance) in a bid to improve the overall health of its base.

This reflects the broader economic environment facing South African consumers. However, beneath the surface, there were encouraging trends. Data traffic increased by almost 30%, while postpaid and enterprise businesses continued to outperform inflation. This suggests underlying demand for connectivity remains resilient despite pressure on household spending.

Infrastructure investment remains critical to future growth

Another area investors continue to monitor is MTN's infrastructure strategy. Management reiterated the strategic importance of the proposed IHS Towers acquisition. The rationale extends beyond ownership.

The transaction has the potential to:

- Improve long-term free cash flow generation
- Increase infrastructure control
- Support future fibre and 5G rollout
- Enhance operating efficiencies over time

Infrastructure ownership increasingly matters as networks become central to economic activity. The ability to control and optimise these assets may become an important differentiator over the long term.

What this means for Excelsia portfolios

Within Excelsia portfolios, MTN continues to provide exposure to multiple long-term African growth drivers simultaneously.

1. **Digital transformation:** The continued growth in data consumption reinforces Africa's digital expansion story. Connectivity remains one of the continent's strongest structural investment opportunities.
2. **Financial inclusion:** Mobile money and fintech adoption continue to accelerate, supporting broader access to financial services. This represents both social impact and commercial opportunity.
3. **Infrastructure growth:** Telecommunications infrastructure remains foundational to economic development. Investments in fibre, towers and digital networks position businesses such as MTN at the centre of future growth.
4. **Regional diversification** Strong performances from Nigeria and Ghana demonstrate the benefits of diversified African exposure beyond South Africa.
5. **Improving macro conditions:** After a difficult period marked by high inflation and currency weakness, improving operating environments are beginning to support earnings recovery.

Africa's growth story is evolving

MTN's latest results reinforced an important investment message during Africa Week. Africa's growth narrative is no longer solely driven by resource exposure or demographics, increasingly, growth is being driven by:

- **Connectivity**
- **Digitalisation**
- **Payments Infrastructure**
- **Financial inclusion.**

6. MTN sits at the intersection of all of these themes. As one of Africa's most valuable brands and one of the continent's most influential corporates, MTN continues to demonstrate how African businesses are evolving from local champions into regional platforms capable of competing at scale.

   A major development recently was Vodacom's completion of its US$2.1bn (R35bn) acquisition of an additional 20% stake in Safaricom, increasing its ownership to 55% and giving it control of one of Africa's most successful telecommunications and fintech businesses.
   The transaction is strategically significant because Safaricom is far more than a mobile operator. Through M-Pesa, fintech contributes approximately 44% to Safaricom's service revenue, making it one of the world's most successful mobile money platforms. The acquisition also gives Vodacom greater exposure to Safaricom's fast-growing Ethiopian operations, where it has already built a customer base of around 14mn subscribers.

The announcement was well received by investors as it strengthens Vodacom's long-term growth profile, increases exposure to faster-growing East African markets and allows the company to fully consolidate Safaricom's earnings into its financial statements under IFRS.

Does this threaten MTN?

In our view, we do not think it threatens MTN as a business, but it may increase competition for investor capital.

MTN and Vodacom are increasingly competing on a much broader battlefield than traditional telecommunications. The race is also centred on digital ecosystems, payments, lending, insurance, merchant services and enterprise technology.

Vodacom now has direct control of Africa's most profitable mobile money franchise through M-Pesa, while MTN continues to scale its own fintech ecosystem across multiple markets.

However, MTN still possesses several structural advantages:

1. MTN operates one of the continent's largest fintech platforms with 67.4mn monthly active Mobile Money users and an annual transaction value of $500bn in FY25, and $568bn in last twelve months ending 1Q26 demonstrating significant scale across numerous African markets rather than reliance on a single geography.
2. MTN's fintech business grew revenue 20% year-on-year, while advanced services grew by 36.7%, highlighting strong momentum.
3. MTN benefits from a diversified footprint across Nigeria, Ghana, Uganda, Cameroon, Côte d'Ivoire and several other high-growth African markets, with South Africa contributing mostly from its telecommunications business. This geographic diversification reduces single-country risk while providing multiple avenues for future growth.
4. Ultimately, rather than threatening MTN's investment case, Vodacom's acquisition validates the market's view that fintech is becoming a greater value driver for African telecommunications companies. It reinforces why investors increasingly value these businesses as not just traditional network operators, but also as digital financial services platforms.
5. For Excelsia portfolios, this is an encouraging development. It highlights that Africa's leading telecoms operators are evolving into diversified digital infrastructure businesses, where connectivity, payments, financial inclusion and technology services are becoming increasingly intertwined. MTN remains one of the best-positioned companies to benefit from these long-term structural trends.

Excelsia Capital (Proprietary) Limited
Office 303, 3rd Floor, Sunclare
21 Dreyer Street
Claremont
7708
Cape Town
+27 (0)21 276 1740
info@excelsia.co.za
www.excelsia.co.za