

MTN Nigeria

Results presentation

for the year ended 31 December 2022



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Presentation outline

01 Operational review

02 Financial review

03 Looking ahead

Presenters' Profile



Karl Toriola
Chief Executive Officer

Previously served as:

- MTN Group VP, West and Central Africa (WECA)
- CEO, MTN Cameroon.
- CTO, MTN Nigeria
- Chief Operations/ Regional Officer for Vmobile Nigeria (now Airtel Nigeria)



Modupe Kadri
Chief Financial Officer /
Executive Director

Previously served as:

- CFO / Executive Director, MTN Ghana
- GM Fin. Operations MTN Nigeria
- Financial Controller, Lafarge Africa PLC



Hassan Jaber
Chief Operating Officer

Previously served as:

- COO, MTN Iran
- CEO, MTN Guinea, MTN Sudan and MTN Afghanistan.
- CIO, MTN Ghana, MTN Yemen, and MTN Syria



Eli Hini
Chief Executive Officer, MoMo PSB

Previously served as:

- CEO, MobileMoney Ltd, Ghana
- GM, Mobile Financial Services, MTN Ghana
- Commercial/Key Accounts Manager, Coca Cola, Gambia, Ghana
- Key Accounts Manager, Unilever Ghana

01

Operational review



Karl Toriola
CEO

2022 highlights

Key milestones

Q1

- Completed Series 1 Offer for Sale of the MTN Group sell-down programme
- Awarded most tax-compliant organization and a top 20 taxpayer in Nigeria for the 2021 tax year by FIRS

Q2

- Obtained CBN's final approval for MoMo PSB
- MoMo PSB commenced commercial operations

Q3

- 5G commercial launch
- AAA rating affirmation by GCR
- Rating upgrade to Aa+ by Augusto & Co
- Completed issuance of N115bn Series 1 Fixed Rate Bond (1.68 times oversubscribed)

Q4

- Awarded the most compliant listed entity on the NGX
- RITC - receives FEC's no-objection approval to proceed to site
- Appointed as FIRS VAT collection agent

2022 Market context

Data growth underpinned by solid commercial momentum | Steady recovery in voice | Launched MoMo PSB



Market context

- Challenging macro
- Fx volatility and availability
- Rising inflation and interest rates
- Rising energy costs
- NIN-SIM linkage regulations
- Tariff increase reversal



Key activities

- Accelerated 4G network rollout | Capex of N361bn
- 5G network rollout with 588 sites
- Home broadband acceleration
- MoMo PSB commenced commercial operations on 19 May 2022
- Ramped up SIM registration & NIN enrolment



Solid results

- Subscribers back into growth, +7.2m since FY 21
- +66.6% data traffic | Active data users up by 5.2m
- +500k fixed broadband users
- +2m active MoMo wallets (13.2m registered) since launch in May 2022
- #1 NPS

Leading mobile operator



75.6 million
mobile subscribers

39.5 million
data subscribers

14.9 million
active MoMo users

5.2 million
ayoba subscribers

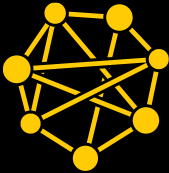
79.1%
4G population coverage

83.6%
3G population coverage

92.3%
2G population coverage

52.3%
Data penetration

52.4%
Smartphone penetration



>32,000km
Largest fibre network coverage



Largest
distribution network



Strong
partner ecosystem



Exciting data and fintech opportunities



Board of Directors **with extensive experience**
Strong backing **from MTN Group**

Creating Shared Value



Eco-responsibility

"We are committed to protecting our planet"

- GHG emissions reduction
- Improve energy efficiency
- Water management

Ambition

● Net Zero emissions by 2040



Sustainable Societies

"We are committed to driving digital and financial inclusion and diverse society"

- Increase financial & digital inclusion
 - 14.9m active MoMo users
 - 87.9% broadband penetration
- Diversity & inclusion
 - 36%¹
 - 50% women representation by 2030



Sound Governance

"We are committed partners to stakeholders to create and protect value"

- Enhance reputation and trust with stakeholders
 - Reputation Index of 83%
 - Reputation Index ≥ 75%
 - Most compliant listed entity (NGX)
- Responsible procurement and supply chain



Economic value-added

"We are committed to boosting inclusive economic growth on the continent"

- N139.5b income tax paid to the government
- >N504.3b capex investment
- N317.5 paid to shareholders as dividends
- N2.0b committed corporate social investment

1. Women representation in the workforce

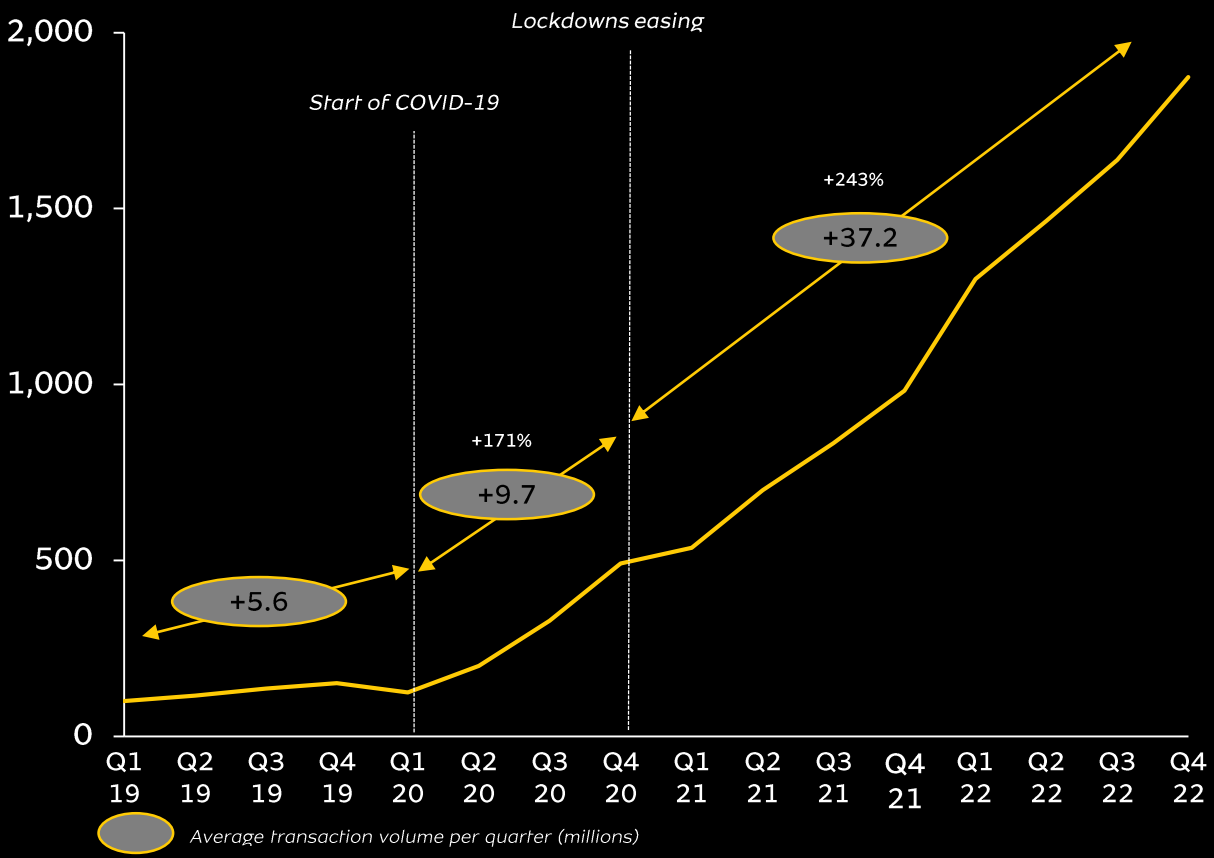
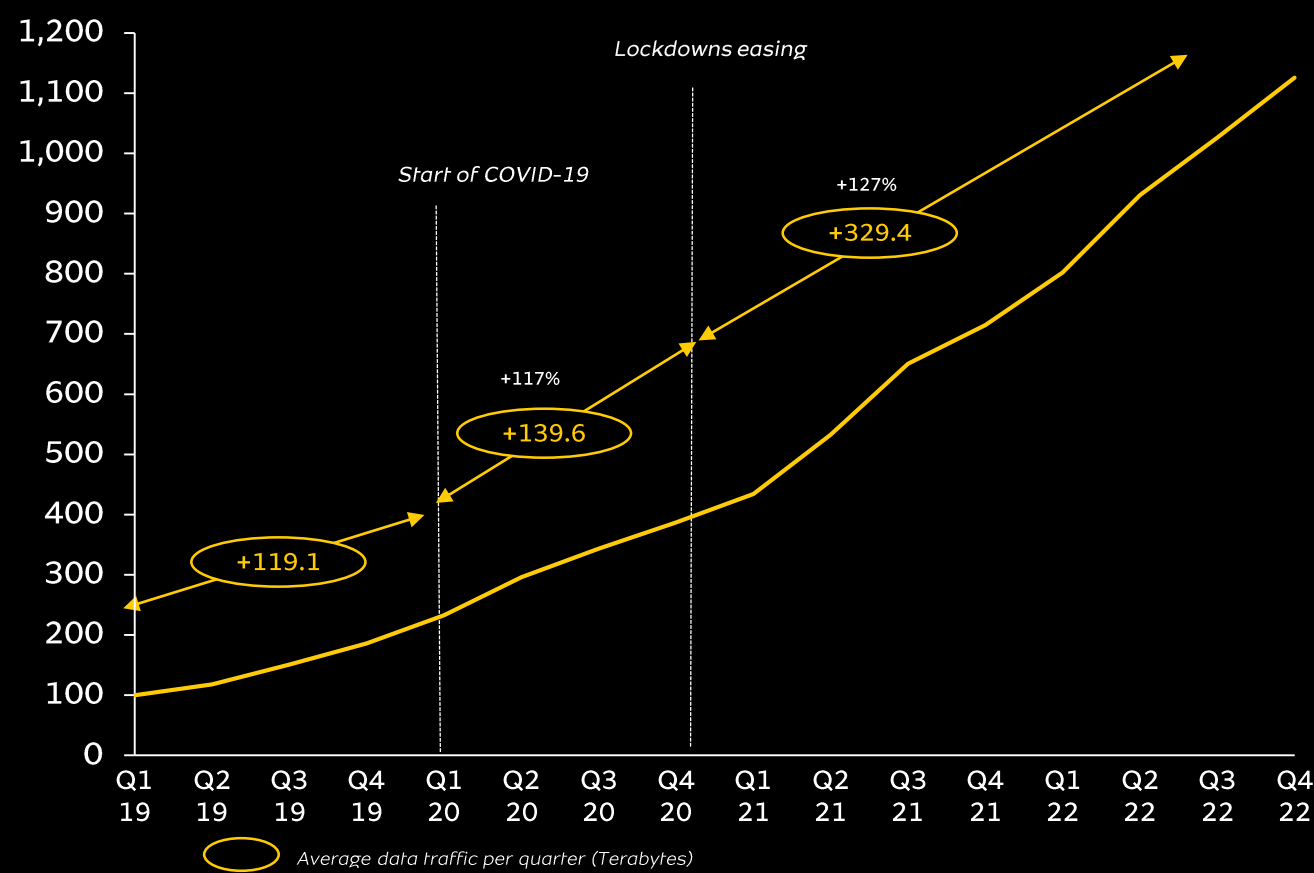
Structurally higher demand - data & fintech



Sustained increased demand for data and fintech services driving investment in network and fintech

Data traffic has increased post Covid-19

Fintech transaction volume has demonstrated the need for MTN's ability to deliver a critical service



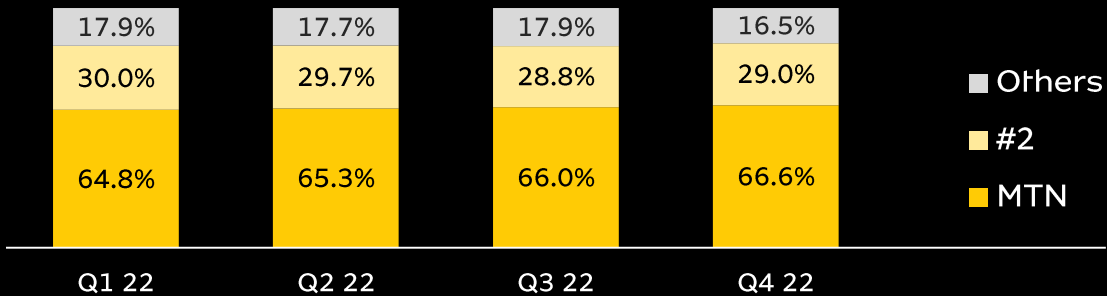
The charts above denote each measure indexed to 100 in Q1 19 and illustrated how ensuing quarters have developed relative thereto

Driving data growth and market leadership



MTN Nigeria maintains leadership position on 4G with accelerated 4G rollout

4G Data Users Market Share¹



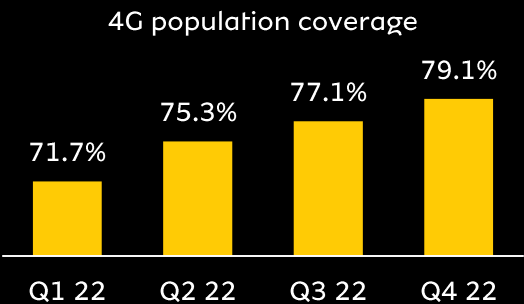
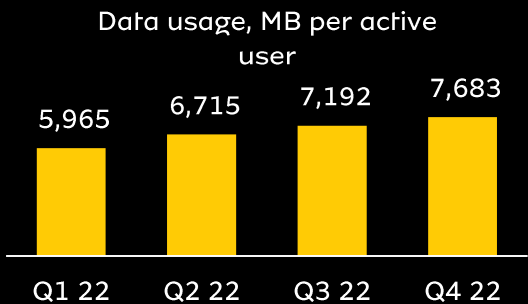
**Active Data
Subscribers today**
39.5 million



Ambition 2025
80 million active
data subscribers

Our approach to market

- Enhanced network quality and speeds
- Broad range of spectrum holdings
- Aggressive LTE rollout
- Smartphone penetration drive
- Leverage our dual data and CHASE strategy



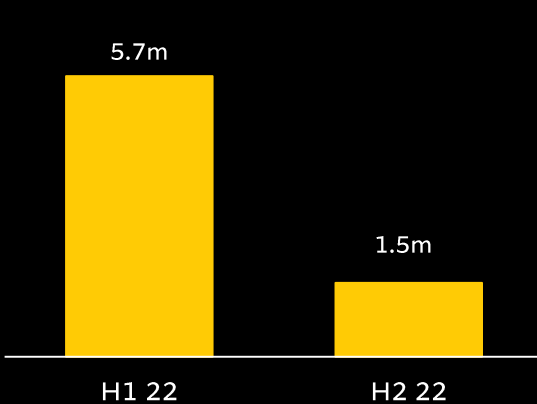
1. Source: Facebook analytics 2. CHASE – Coverage, Handset, Affordability, Service Bundling, Education & Ease of Access

NIN SIM registration update

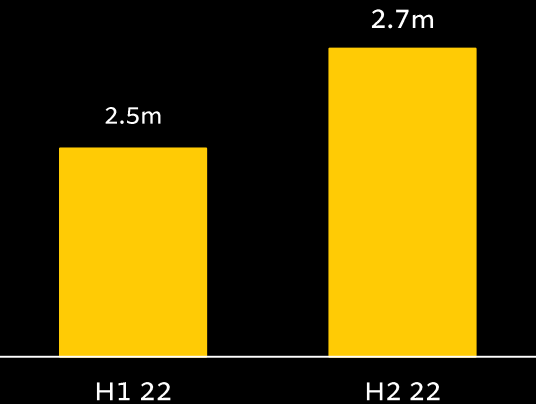


Recovery of our base through activations and gross connections

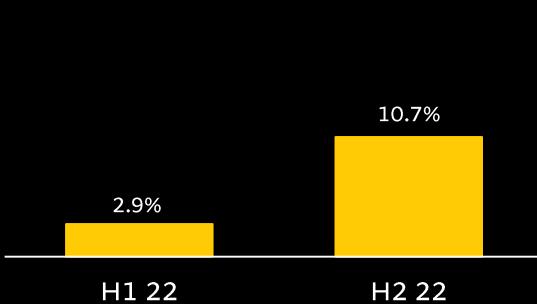
Subscriber net adds
H2 impacted by increased churn



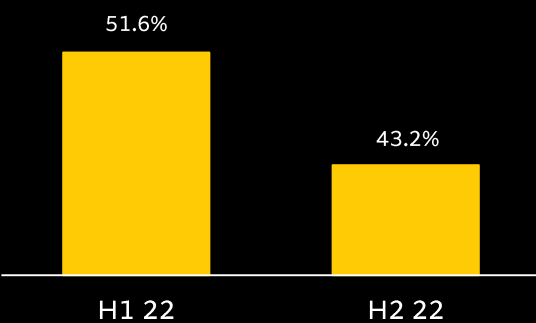
Active data users net adds
Steady recovery



Voice revenue
Resilient y-o-y growth



Data revenue
H2 impacted by a base effect



- Outgoing calls suspended for c.19m subscribers on NCC's directive in April 2022
- Deployed over 9,600 NIN enrolment points and ramped up NIN recovery & churn management initiative
- Recovered c.9.5m via re-activations (4.4m subs) and gross connections (5.1m subs)
- Steady recovery in voice traffic, driving revenue growth
- Sustained growth in data traffic and active data users

Competitive context

- Smaller players driving the market regionally
- No differentiation in the Fibre Play apart from speed
- Unlimited data offering common among the smaller players
- Rise in demand for Home connection accelerated by Covid-19

Home Broadband today

>1.2 million Home
Broadband Subscribers



Ambition 2025

5 Million Home
Broadband Subscribers

Key focus

- Dedicated resources to drive the Home Broadband
- Enhance customer onboarding journey using technology
- Deploy 5G routers for higher speeds and lower latency
- Increase fiber deployment in key clusters
- Capture opportunity through portfolio offerings
- Leverage widespread Distribution channels and digital platforms
- Lead on customer experience & leverage ecosystem partnerships

Unlocking fintech opportunities

2022 highlights

- Agent network of over 224k agents (RGA¹)
- Launched MoMo PSB
- Active fintech users rose by 5.5 million to 14.9 million
- 13.2m registered wallets (c.2 million active MoMo wallets)
- Reopened NIBSS² interface in Q4 and commenced inbound transfers into customer wallets

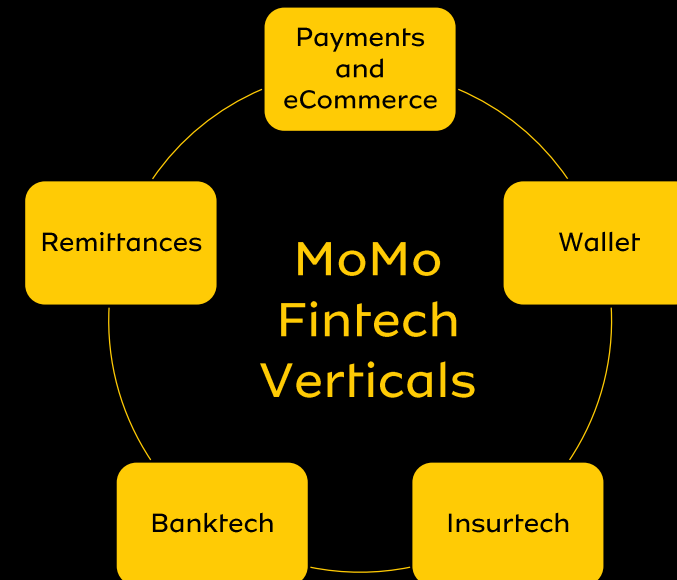
2023 Focus

- Reopen the NIBSS interface for outbound transfers
- Scale commercial activities focused on growing active wallets
- Continue to enhance the governance framework and control the environment
- Leverage our market-leading distribution to evolve the mix towards more advanced services across our fintech verticals

Fintech today
14.9 MoMo users



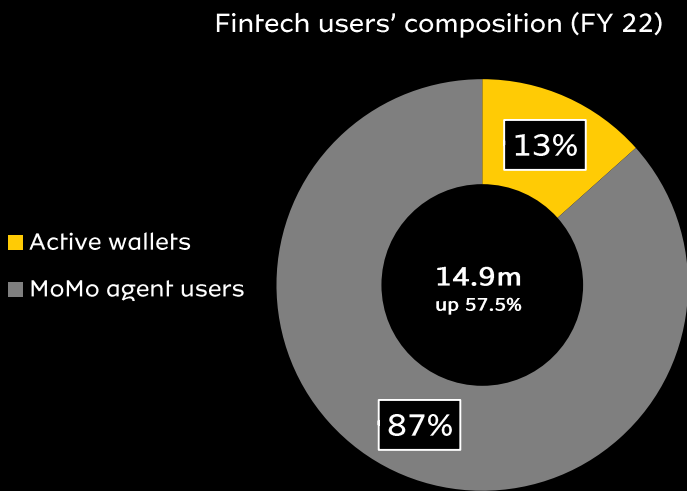
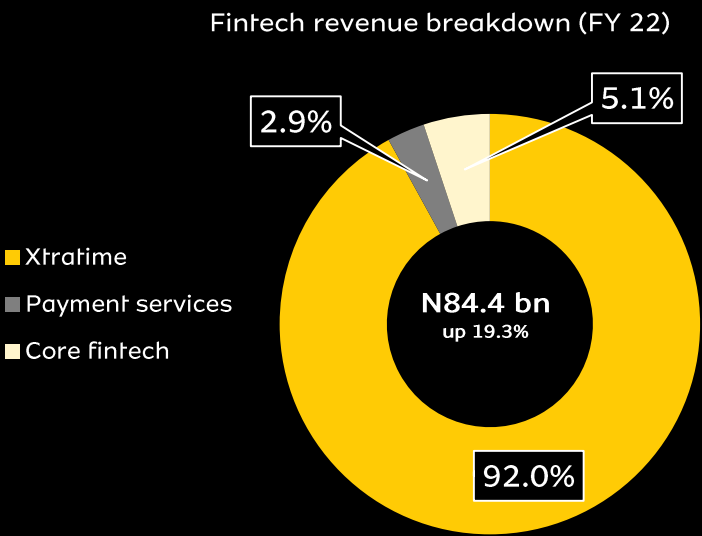
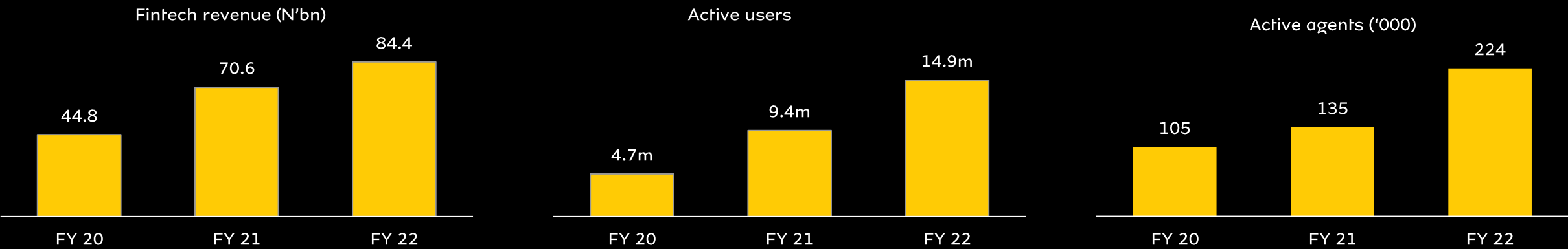
Ambition 2025
45 MoMo users



Fintech journey of progress



We have grown our MoMo agent network and wallet uptake, serving approximately 14.9m users



Progress against our medium-term guidance

FY 22 results in line with our medium-term targets



KPI



Target



Performance

Service revenue

At least 20%

21.5%



EBITDA margin

53-55%

53.2%



Capex intensity

Reducing intensity (< 18%)

17.9%



Dividends

Minimum 80% of distributable income

87.6%



02

Financial review



Modupe Kadri
CFO

FY 2022 financial highlights

Solid financial performance

+21.5%
Service revenue

N2.0tn

+46.9%
Data revenue

N764.8bn

+19.6%
Fintech revenue

N84.4bn

+6.8%
Voice revenue

N1.0tn

+22.0%
EBITDA

N1.1bn

+0.2pp
EBITDA margin

53.2%

+22.3%
PBT

N534.0bn

+21.3%
EPS

N17.8 kobo

17.9% *(capex intensity)*
*Capex**

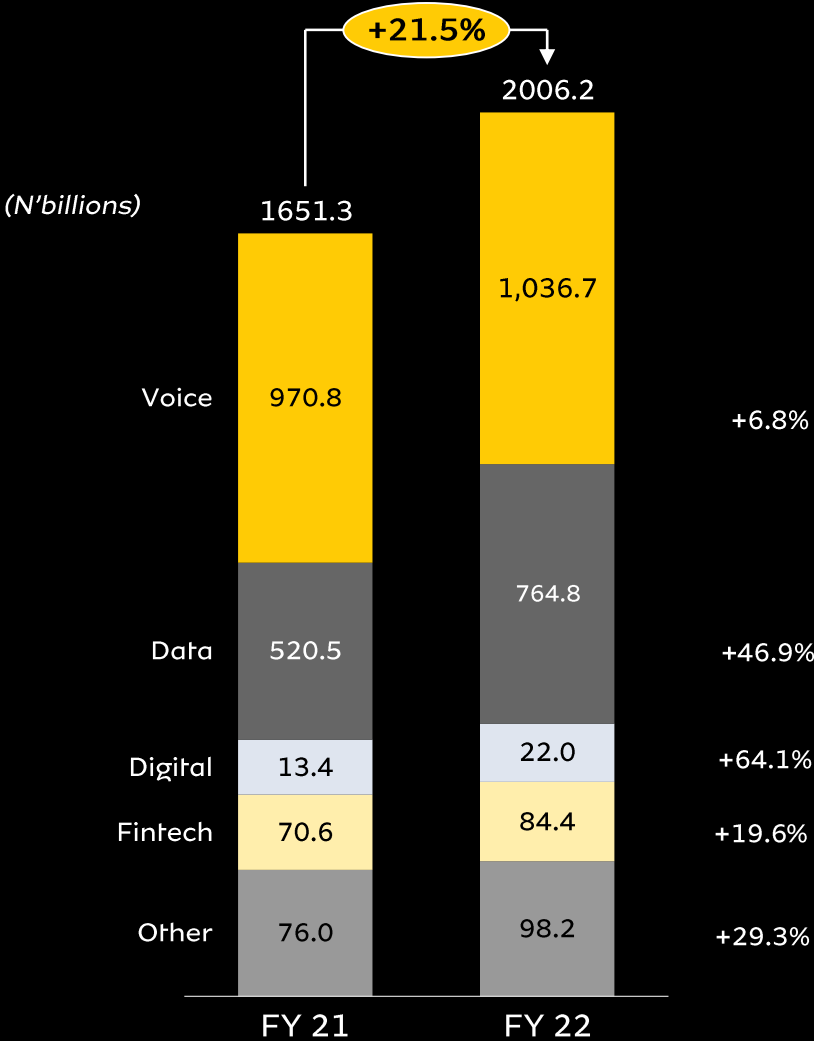
N361.0bn

Pays dividend twice a year; a total dividend of N15.60 kobo per share for FY 2022, representing an increase of 18.9% YoY

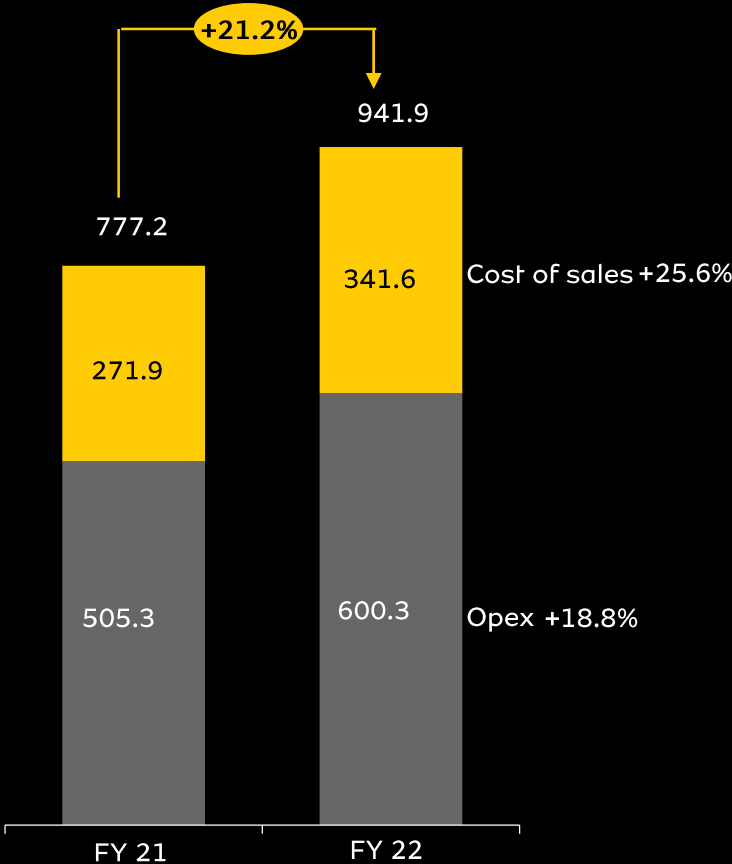
Revenue growth and efficiency drive margin improvement

Data, fintech and digital drive growth | Expenses are driven largely by network costs | Margin expansion

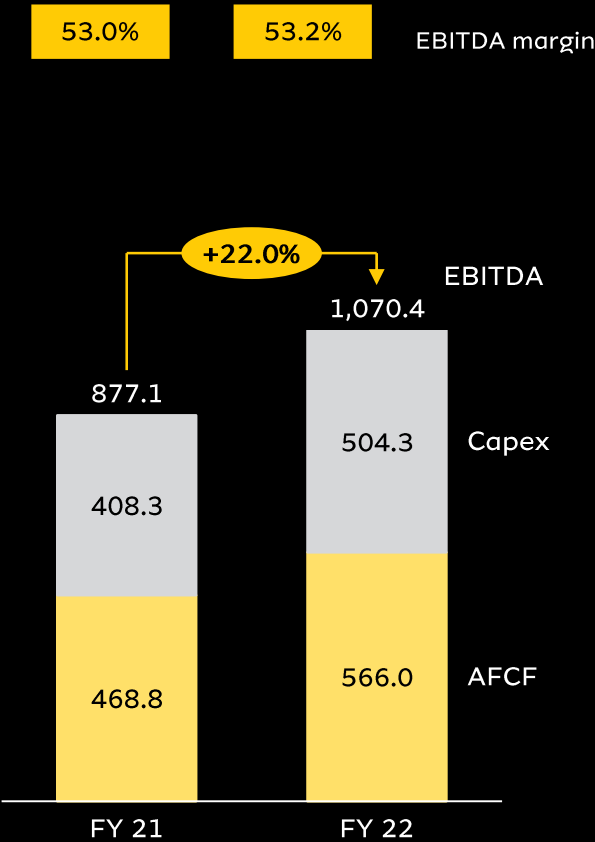
Service revenue



Expenses

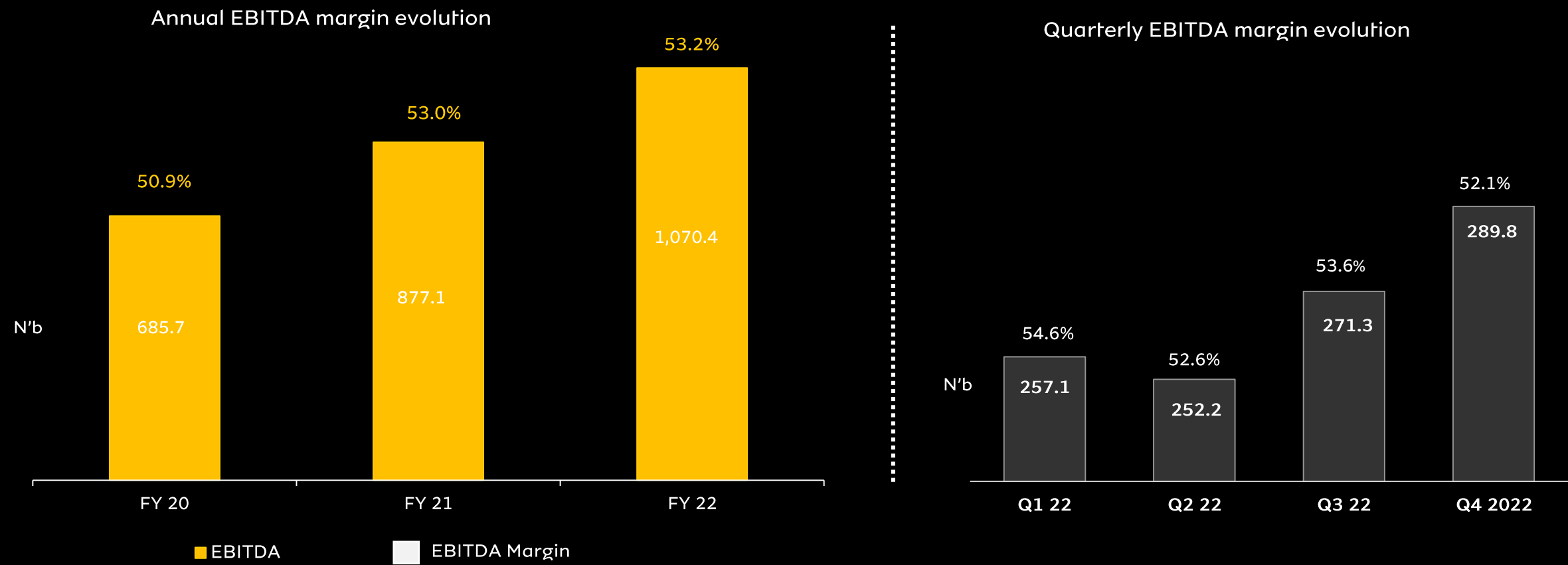


EBITDA and capex



EBITDA Margin Evolution

EBITDA margin expansion on ability to drive operating leverage and efficiency

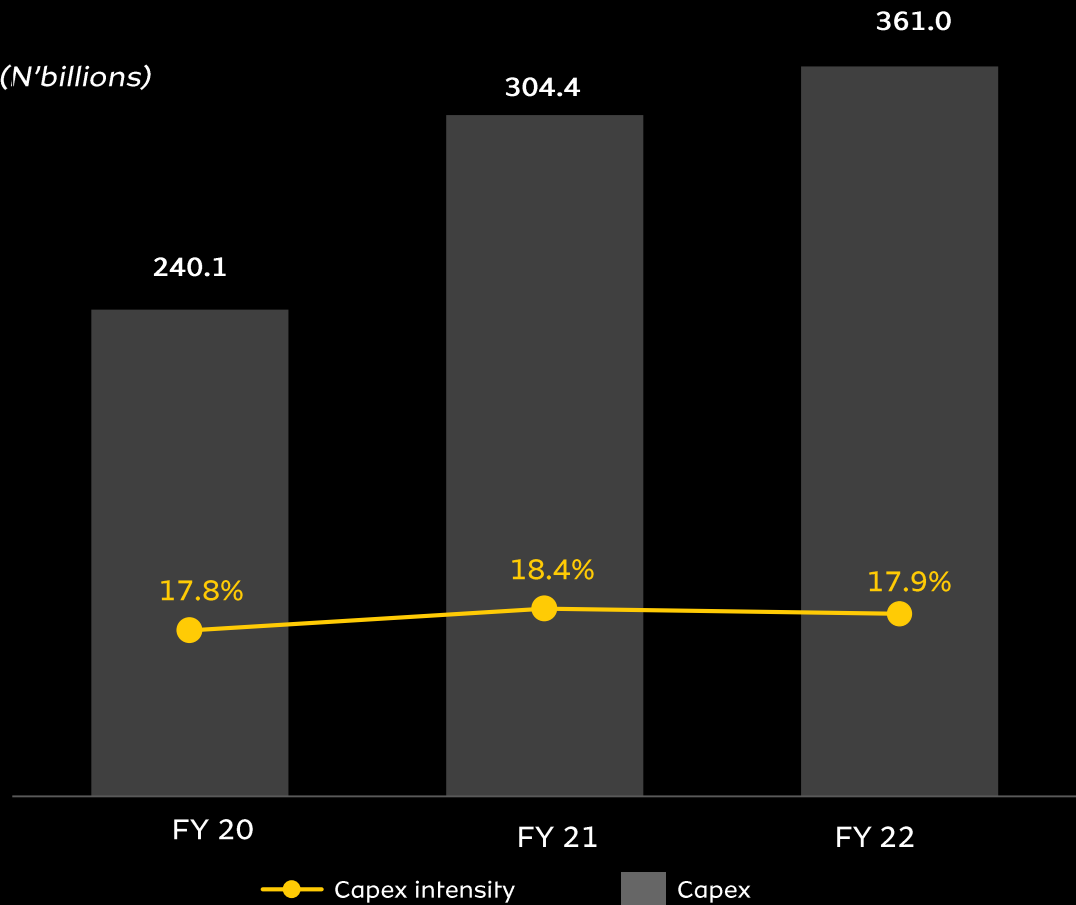


Disciplined approach to capital expenditure

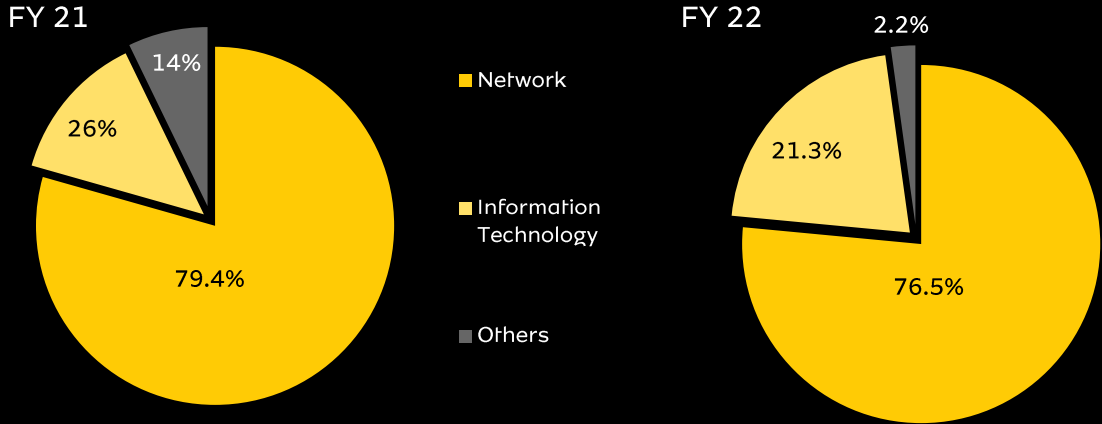
Acceleration of capex investment to capture growth opportunities| Capex intensity in line with target levels

Capex (ex-leases)

(N'billions)



Capex breakdown



		FY 21	FY 22
Site rollout	3G	616	671
	4G	9,336	9,027
	5G	-	588
Population coverage	3G	82.5%	83.6%
	4G	70.3%	79.1%
	5G	-	3.1%

Capex funding strategy

Capex is financed using a combination of operating cash flows and external borrowing, ensuring protection of the balance sheet against market risk and volatility

Capex funding

- Prioritize access to foreign currency credit lines and medium-term loans
- Explore repayment options for short-term credit lines to mitigate foreign currency exposure and default risk
- Reliance on operational cashflow and local currency borrowing

Managing currency risk

- Redenomination of foreign currency contracts to local currency
- Ramp-up crucial equipment orders to hedge against devaluation or pricing risk
- Cash flow and local currency borrowings serve as natural hedge to currency risks

Medium-term Capex Plan

- 4G & 5G network and fibre infrastructure expansion
- Rural telephony expansion
- Investment in platforms
- Strategic partnerships
- Spectrum efficiencies

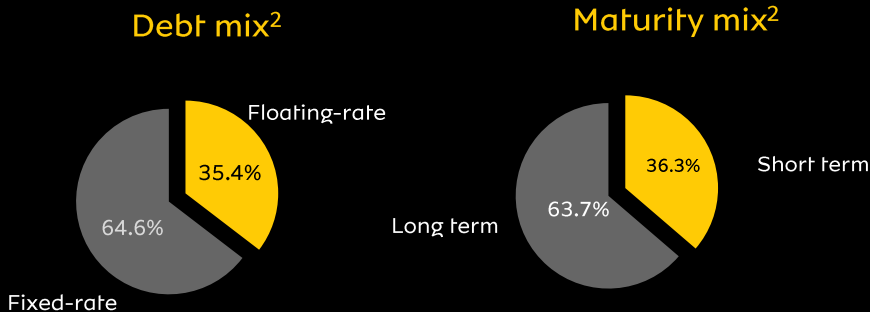
Capital structure

Disciplined approach to funding activities to reduce market risk and maintain strong balance sheet

Key metrics



- Diversify funding sources to optimise debt mix and cost
 - Tapped the domestic debt capital markets and raised N150bn in commercial papers and N115bn in bonds
- Maintain ample headroom in loan financial covenants to strengthen leverage performance metrics
- Replace floating rate facilities with fixed-rate long-term facilities to reduce interest rate risk
- Rely mainly on local currency to reduce foreign currency exposure and the impact of exchange rate volatility



1). Interest coverage (EBITDA/Net Interest payable) 2)Excluding short term obligations on LC facilities of N161.2 billion;

03

Looking ahead



Karl Toriola
CEO

Ambition 2025

Framing our strategic priorities

Belief
statement

“Everybody deserves the benefits of a modern connected life”

Strategic
intent

Ambition 2025: “Leading digital solutions for Africa’s progress”

20
25

Build the
largest
& most **valuable**
platforms

Drive
**industry-
leading**
connectivity
operations

Create
shared value

Accelerate
portfolio
transformation

Vital enablers

Leading customer
experience

Best talent,
culture & future
skills

Value based
capital allocation

ESG
at the core

Technology
platforms
second to none

Values

Leadership

Integrity

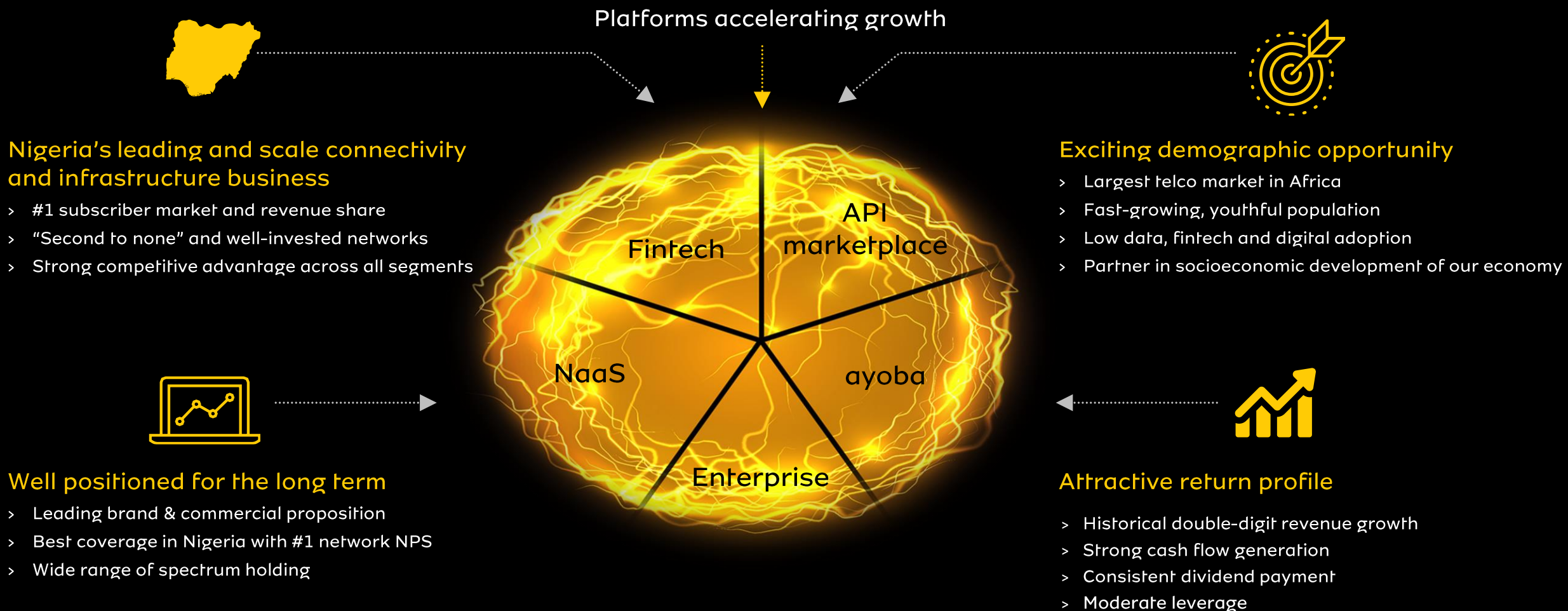
Relationships

Innovation

Can-Do

Investment case

A compelling growth story



Medium-term Guidance

Continued commercial momentum, with an eye on efficiencies

KPI



Service Revenue



EBITDA Margin



Capex intensity



Dividend pay out



Target

At least 20%

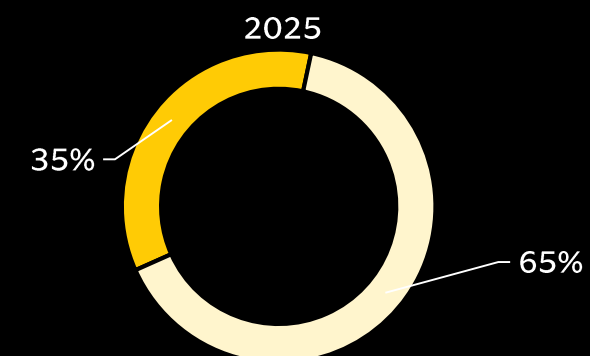
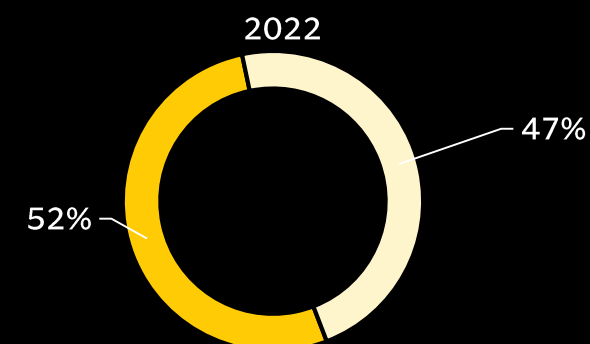
53-55%

Reducing intensity

**Minimum 80% of
distributable income**



Revenue evolution



■ Voice ■ Rest

Key Priorities

Remain committed to executing our Ambition 2025 strategy

- Ramp up gross connections to grow the subscriber base
- Accelerate 4G and 5G network coverage to accommodate the demand for data
- Drive home broadband strategy to capture a significant share of market growth
- Accelerate the growth of active MoMo wallets and the fintech ecosystem
- Focus on expense efficiencies and disciplined capital allocation
- Continue our journey to embed sustainability practices in our operations

Thank you
Q&A

*Doing for
tomorrow,
today.*



04

Appendices



Key financial highlights

Items (in millions)	YoY	2022	2021	2020
Total Revenue	21.6%	2,012,272	1,654,299	1,346,390
Service Revenue	21.5%	2,006,184	1,651,341	1,339,033
Voice	6.8%	1,036,684	970,847	895,971
Data	46.9%	764,821	520,540	332,413
Fintech	19.6%	84,396	70,553	11,194
Digital	64.1%	22,047	13,439	44,847
Other Service Revenue	29.3%	98,236	75,961	54,608
Expenses	21.2%	941,907	777,228	660,754
Cost of Sales	25.6%	341,607	271,884	246,112
Operating expenses	18.8%	600,300	505,344	414,642
EBITDA	22.0%	1,070,365	877,071	685,741
EBITDA Margin	0.2pp	53.2%	53.0%	50.9%
Depreciation & Amortisation	15.3%	337,067	292,324	259,027
Net Finance Costs	34.6%	199,326	148,060	127,839
Profit before tax	22.3%	533,972	436,687	298,874
Taxation	26.9%	175,095	138,033	93,660
Profit after tax	20.2%	358,877	298,654	205,214
Profit attributable to:				
Owners of the company	21.1%	361,532	298,654	205,214
Non-controlling interest		(2,655)	-	-
	20.2%	358,877	298,654	205,214
Capital Expenditure	23.5%	504,332	408,295	298,632
Capital Expenditure excluding Right of Use Assets	18.6%	361,033	304,397	240,077
Capex Intensity	0.4pp	25.1%	24.7%	22.2%
Capex Intensity excluding Right of Use Assets	-0.5pp	17.9%	18.4%	17.8%
Free Cash Flows	20.7%	566,033	468,775	387,109
Mobile Subscribers	10.5%	75.6	68.5	76.5
Data Subscribers	15.3%	39.5	34.3	32.6
Fintech Subscribers	57.5%	14.9	9.4	4.7

04

Investor Contact

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