Accelerating Nigeria
MTN Nigeria at a glance

A solid foundation and track record of market leadership and growth

Growing subscribers

- Total subscribers (m):
  - 2018: 58.2
  - 2019: 64.3
  - 2020: 76.5

- Data users (m):
  - 2018: 18.7
  - 2019: 25.2
  - 2020: 32.6

#Largest market share and leading NPS

50.4% market share

Financial performance

- Total revenue (Nbn):
  - 2018: 1,039
  - 2019: 1,170
  - 2020: 1,346

- EBITDA margins:
  - 2018: 43.4%
  - 2019: 53.4%
  - 2020: 50.9%

Technology investment

- Capex intensity:
  - 2018: 17.7%
  - 2019: 17.8%
  - 2020: 17.8%

- Capex (Nbn):
  - 2018: 184
  - 2019: 208
  - 2020: 240

Network sites

- Population coverage:
  - 2018: 84.1%
  - 2019: 87.8%
  - 2020: 88.9%

- Total # of sites:
  - 2018: 32,183
  - 2019: 40,282
  - 2020: 42,062

Digital & fintech subscribers

- ayoba users:
  - 1.4m

- MoMo subscribers:
  - 4.7m

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1 CAGR (2018-2020)
2 Group bi-directional methodology for calculating market share as at Q1 2021
3 ROU excluded from capex
How we manage the business

Strong, experienced and local management team

CEO  Karl Toriola

Executive Director/CFO  Modupe Kadri

COO  Mazen Mroue

Chief Technical Officer  Mohammed Rufai

Ag. Chief Marketing Officer  Anthony Obi

Chief Digital Officer  Srinivas Rao

General Manager, Mobile Financial Services  Usoro Usoro

Chief Human Resources Officer  Esther Akinnukawe

Chief Corporate Services Officer  Tobechukwu Okigbo

Chief Information Officer  Randy Bikraj

Chief Enterprise Business Officer  Lynda Saint-Nwafor

General Manager, Customer Experience  Kolawole Oyeyemi

Chief Risk and Compliance Officer  Cyril Ikok

General Manager, Internal Audit and Fraud Management  Ibe Elea

Chief Sales and Distribution Officer  Adekunle Adebiyi

Chief Customer Relations Officer  Ugonwa Nwoye

Chief Transformation Officer  Olubayo Adekanmbi
Macro context | Long runway for growth underpinned by data

**Key macro highlights**
- Stronger oil price supports economic recovery, growth outlook sustained by the non-oil sector
- Rising oil prices also ease pressure on foreign reserves and FX liquidity challenges
- Accommodative monetary policy stance aimed at bolstering economic recovery amid tight liquidity

**Key industry highlights**
- Huge demographic opportunity with population of >200m
- Stable voice tariff (price floor) supports voice revenue, from subscriber and usage growth
- Low data & smartphone penetration | Opportunity for sustained data revenue growth
- National roaming guidelines provide wholesale opportunities to monetise network assets
- New SIM registration requirements ensure quality of subscriber records and sustainability of the industry


*5-year average
Industry and regulatory context

Proactively/constructively engaged with key regulators & stakeholders to ensure sustainability of the business & sector

Key regulatory updates

- Industry-wide impact | KYC protects industry from further fines
- ~ 500 devices deployed to support NIN enrolment exercise, at end of May
- 50% of MTN Nigeria base have submitted their NINs, at end of May. Resumed SIM sales and activations on 19 April 2021
- Network resource sharing | Monetisation of assets
- Operating expense optimisation | Capex efficiencies
- Successful 3-month trial with 9Mobile
- Ongoing engagement with the CBN on PSB licence
- Focus on building MoMo business | Super agent licence with c.450k registered agents
- Strategic partnership/acquisition to further unlock value

Stakeholder management

- Reposition MTN Nigeria as best partner for government, preferred brand for customers and the company to do business with.
- Alignment of activities with national priorities
- Promote high-impact projects that reinforce MTN’s commitment to the socio-economic development of Nigeria
- Full compliance with extant regulations
- Deeper stakeholder relationships
MTN remains the leading player in the market with sustained advantage over competitors

<table>
<thead>
<tr>
<th>Year</th>
<th>MTN</th>
<th>Airtel</th>
<th>Glo</th>
<th>9Mobile</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Q1 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11.2%</td>
<td>9.4%</td>
<td>8.3%</td>
<td>15.3%</td>
<td>13.9%</td>
<td>14.5%</td>
<td>17.5%</td>
<td>15.6%</td>
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<td></td>
<td>25.8%</td>
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<td>27.9%</td>
<td>30.6%</td>
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<td>30.2%</td>
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<td>49.1%</td>
<td>50.0%</td>
<td>48.5%</td>
<td>49.3%</td>
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Leadership position on 4G with accelerated 4G rollout

Competitive context

- Nigeria is a value-seeking market
- Stable voice tariff due to price floor
- Competition shifted to data
- Market is predominantly pre-paid, over 90%
- Competition from VOIP services via OTT platforms

Our approach to market

- Enhanced network quality and speeds with additional 800MHz spectrum
- Aggressive LTE rollout & rural telephony deployment
- Broad range of spectrum holdings (5G ready)
- Integrated bundle offerings | Smartphone penetration drive
- NPS leadership - #1

Based on Group bi-directional methodology for calculating market share
Our Q1 2021 performance highlights

Momentum of recent growth has continued into 2021 (Q1), confident of continuing to drive that growth forward

- **+17.2%** Service revenue
  - N385.1bn

- **+42.6%** Data revenue
  - N105.7bn

- **+8.0%** Voice revenue
  - N244.6bn

- **+28.5%** Fintech revenue
  - N14.3bn

- **+0.9pp** EBITDA margin
  - 53.1%
Positioned for accelerated growth

Exciting growth opportunities to sustain growth in connectivity and platforms

- **Largest telecoms market in Africa**
- **Rapid population growth estimated at 206m**
  - Predominantly youthful - 82.7% below the age of 40
  - Low but increasing data and smartphone penetration
  - Large unbanked population - 38.6% & limited traditional bank footprint
  - Underserved large SME market with low ICT adoption

**Voice**
- Rural telephony deployment – 1 200 sites in 2021
- Integrated bundle offers
- Compelling value propositions

**Data**
- Accelerated LTE rollout - 70% 4G coverage in 2021
- Smartphone acceleration programme – OEM partnership
- Home broadband programme

**Fintech**
- Pursue PSB licence and strategic partnerships to accelerate fintech
- Continued deployment of MoMo agents
- Open up new fintech verticals

**Digital**
- Developing digital content ecosystems and platforms
- Partnership with local and global content companies
- Significant demand for local content

**Enterprise**
- Value chain driven solutions for key verticals
- Bundling core offers with cloud and application-based services
- Efficient partnerships for market penetration/coverage
Fintech progress

Firm advances in scaling fintech ecosystem and positioning for exponential growth

We have launched super agent licence and applied for PSB

- Obtained “super agent licence”
- OTC counter money transfers, payments, bank deposits and withdrawals
- 100k active monthly agents
- 5 million monthly customers
- Applied for payment service bank (PSB) license

Current status

Current plan & focus

- Pursue PSB licence
- Roll out full wallet capabilities & continue growing agent network
- Launch new fintech verticals

Ambition 2025

- 40 million users

While we unlock the core PSB licence, we are scaling the fintech ecosystem

- aYo (Insurance)
- MoMoPay (Offline, Card, online Payment)
- MoMo Agent Over the counter
- B2B (Services)
- B2C (MoMo Market)
- B2B (MoMo Market)

Primary PSB licence  Unregulated  Secondary licences
## MTN Nigeria | Ambition 2025 Targets

### Priorities

<table>
<thead>
<tr>
<th>Build the largest &amp; most valuable platforms</th>
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<td>• 1.4m ayoba users</td>
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<td>• 4.7m MoMo users</td>
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<td>• c.450k MoMo agents</td>
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<th>Drive industry-leading connectivity operations</th>
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<td>• 32.6m active data users</td>
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<tr>
<td>• 500k home broadband users</td>
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<td>• #1 in customer &amp; network NPS</td>
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<th>Create shared value</th>
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<td>• Reputation Index ≥ 75%</td>
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<table>
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<th>Accelerate portfolio transformation</th>
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<td>• 80m active data users</td>
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<td>• 5m home broadband users</td>
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<td>• #1 in NPS</td>
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### 2020 Actuals - Nigeria

- 1.4m ayoba users
- 4.7m MoMo users
- c.450k MoMo agents
- 32.6m active data users
- 500k home broadband users
- #1 in customer & network NPS
- Reputation Index ≥ 75%

### 2025 Ambition - Nigeria

- 36m ayoba users
- 40m MoMo users
- NaaS platform & API marketplace
- 80m active data users
- 5m home broadband users
- #1 in NPS
- Top quartile ESG ratings
- Reputation Index ≥ 75%

### 2025 – MTN Group

- 100m MoMo users
- 100m ayoba users
- #1 NaaS platform in Africa
- +200m active data users
- +10m home broadband users
- +$500m investment over medium-term
- >R5bn of expense savings #1 NPS
- Top quartile ESG ratings
- Broad-based ownership and inclusivity achieved
- Reputation Index ≥ 75%
- Structural separation of FinCo
- Structural separation of FibreCo
- ARP proceeds >R25bn
- Holdco leverage between ≤ 1.5x
- Structural separation of infrastructure assets and platforms
Financial framework in place to sustain/accelerate growth and support Ambition 2025

Service revenue growth
- Mid-to-high teen growth
- Growth ahead of inflation
- Service revenue growth
- Margin expansion
- Sustain EBITDA margin of 53-55%
- Value-based capital allocation
- Reduced capital intensity
- Attractive FCF
- Improve cash flow
- Well-managed leverage

Capital allocation priorities
- Organic growth
  - LTE coverage
  - Capacity upgrade
- Dividend to shareholders
  - Minimum of 80% net distributable income
- Strategic partnership/acquisition
  - Avenues to unlock fintech value

Capital structure
- Optimise leverage and capital structure
  - Increased focus on local currency funding – 82%
  - Well diversified funding sources
  - Moderate leverage with strong cashflow generation – net debt/EBITDA of 0.4x
**Investment case | A compelling Nigerian growth story**

**Nigeria’s leading mobile operator and provider of communication services**
- #1 subscriber market share
- Leader with a strong competitive advantage across all segments with significant lead over competitors

**Well positioned for the long term**
- Largest fibre network in Nigeria
- Wide range of spectrum holding
- Best coverage in Nigeria with #1 network NPS
- Leading brand and commercial proposition

**Exciting demographic opportunity**
- Largest telco market in Africa
- Fast-growing youthful population
- Low data, fintech and digital adoption
- Partner in socioeconomic development of our economy

**Attractive return profile**
- Double-digit revenue growth
- Strong cash flow generation
- Consistent dividend payment
- Moderate leverage

**Platforms accelerating growth**
- Fintech
- API marketplace
- ayoba
- Enterprise
- NaaS

**Enhanced risk and regulatory framework**

**Disciplined capital allocation**
Medium-term guidance

Continued commercial momentum, with an eye on efficiencies

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<th>Target</th>
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<td>Service revenue</td>
<td>Mid teens growth</td>
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<tr>
<td>EBITDA margin</td>
<td>53-55%</td>
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<tr>
<td>Capex intensity</td>
<td>Reducing intensity</td>
</tr>
<tr>
<td>Dividend pay-out</td>
<td>Minimum 80% of distributable income</td>
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Revenue evolution

Data, fintech and digital to drive revenue growth
Conclusion | Driving sustained growth & shared value for all stakeholders

Key take-aways

1. Strong position to drive continued service revenue growth ahead of inflation
2. Underpinned by a solid connectivity business and unlock of fintech opportunity
3. Efficiency at all costs approach drives margin and cash flow growth
4. Culture change across the organisation to enhance productivity and further improve performance
5. Focus on deeper, proactive and inclusive engagements to drive shared value for all stakeholders
6. Balanced structure and seasoned leadership team with deep local and international expertise