

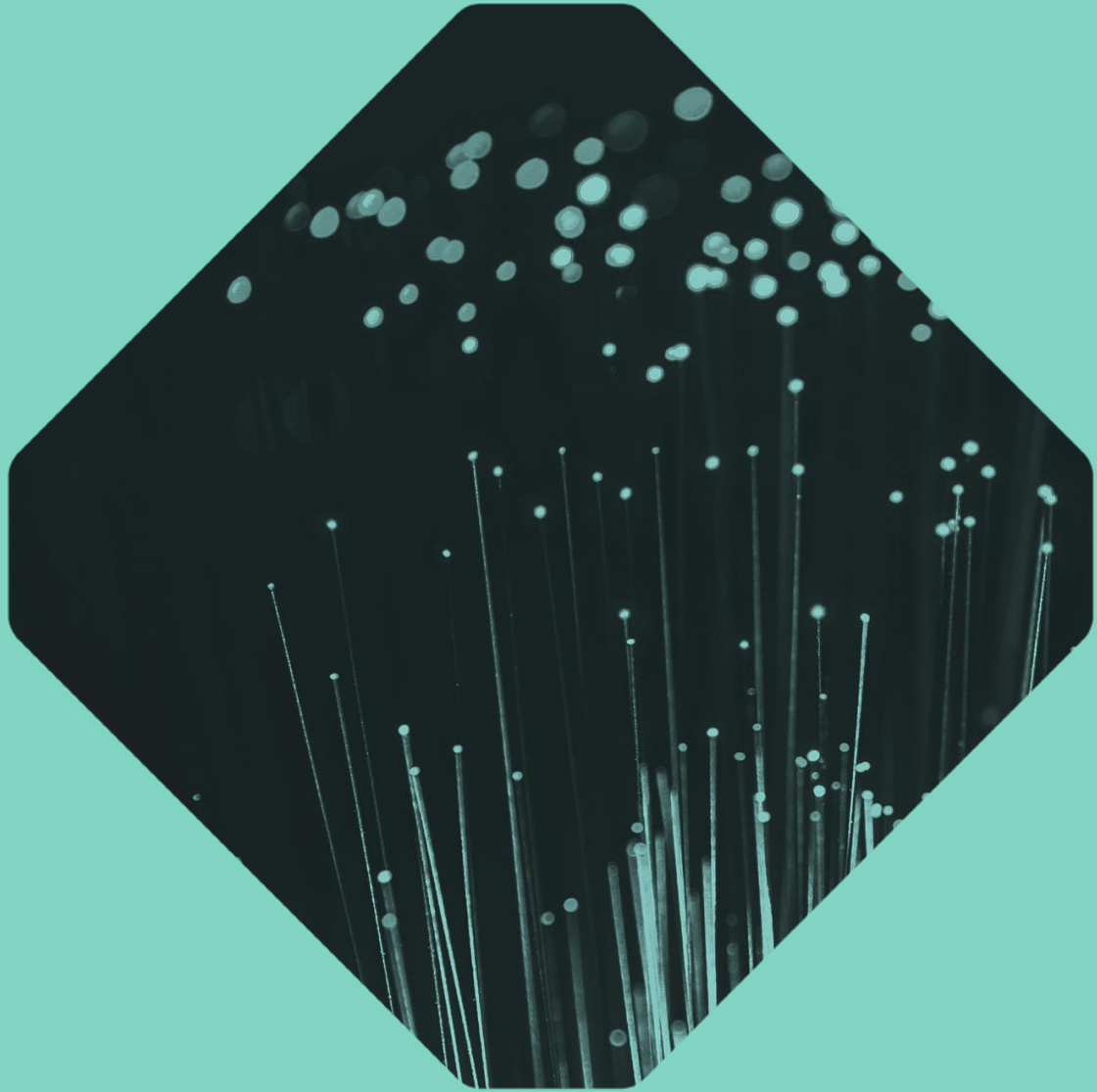


**NewStreet**  
Research

# African Telcos

Deep dive on Fintech valuations;  
stay Bullish on AAF and MTN

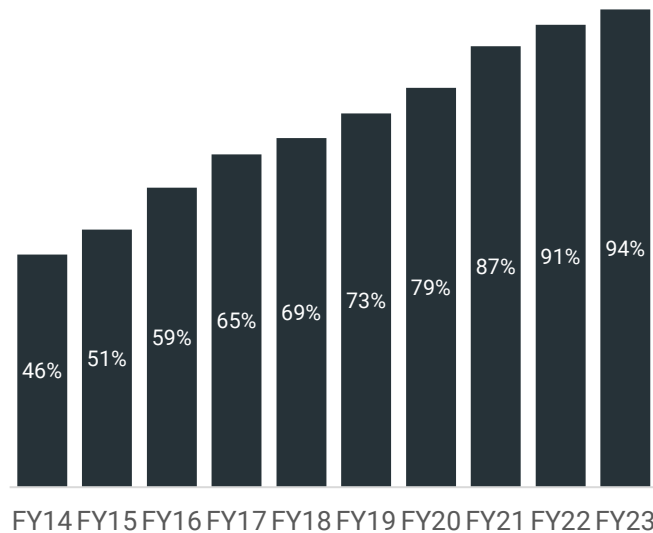
28/03/2024



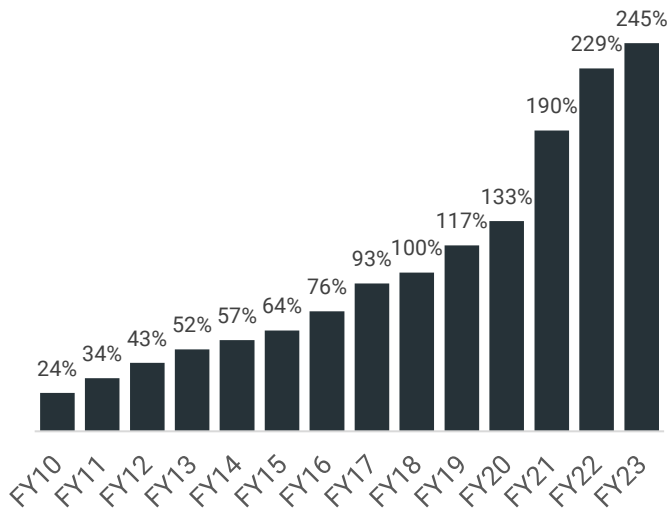
## Current state of play

Kenya – MoMo KPIs are growing but take rates have been under pressure

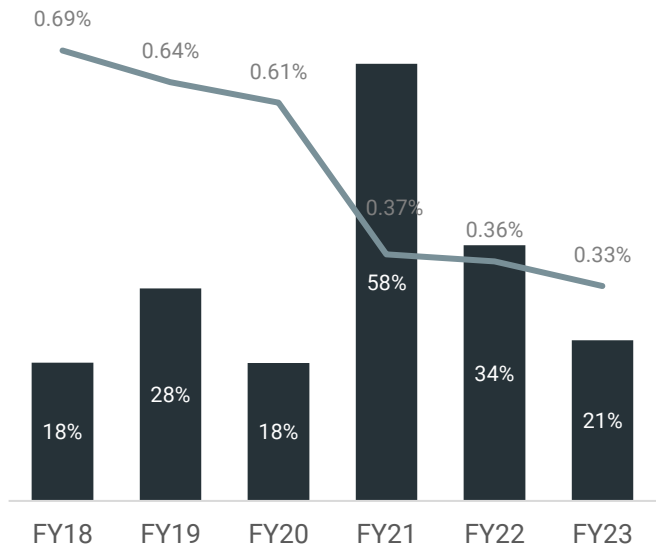
M-PESA active users as a % of population (>15yo)



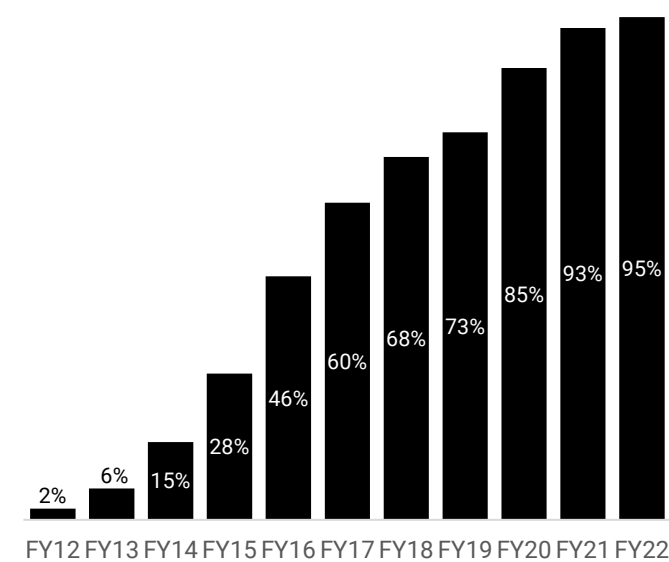
Estimated market MoMo GTV as a % of GDP



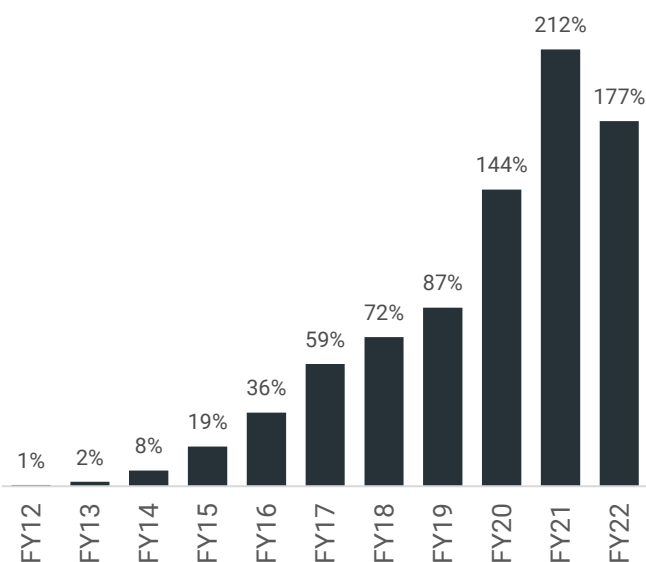
M-PESA transaction value YoY (bars) and take rates (line)



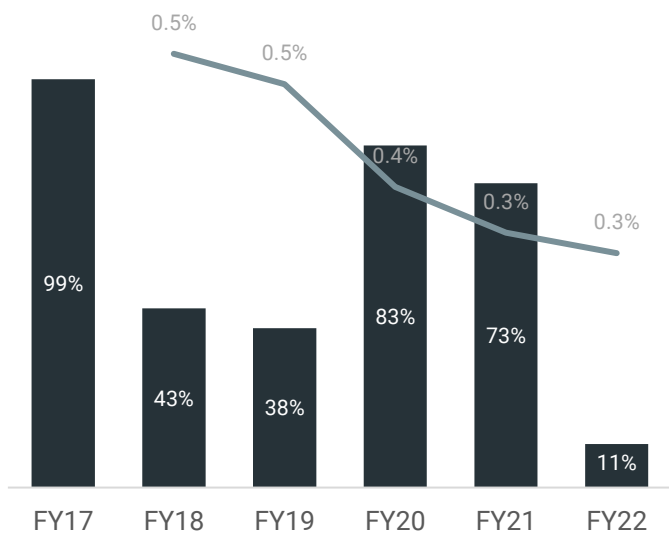
Market active MoMo users as a % of population (>15 yo)



Market MoMo GTV as a % of GDP

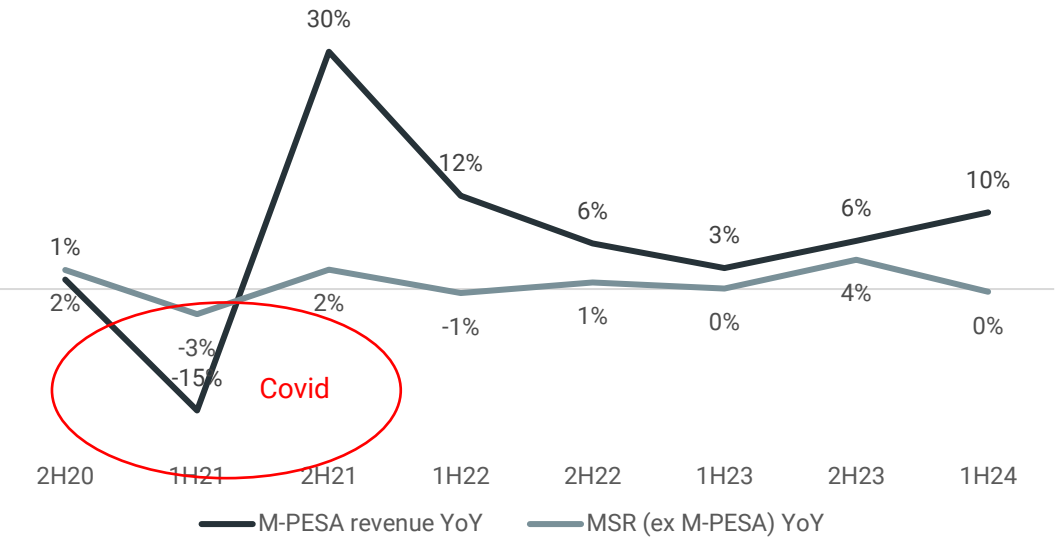


Market transaction value YoY (bars) and take rates (line)

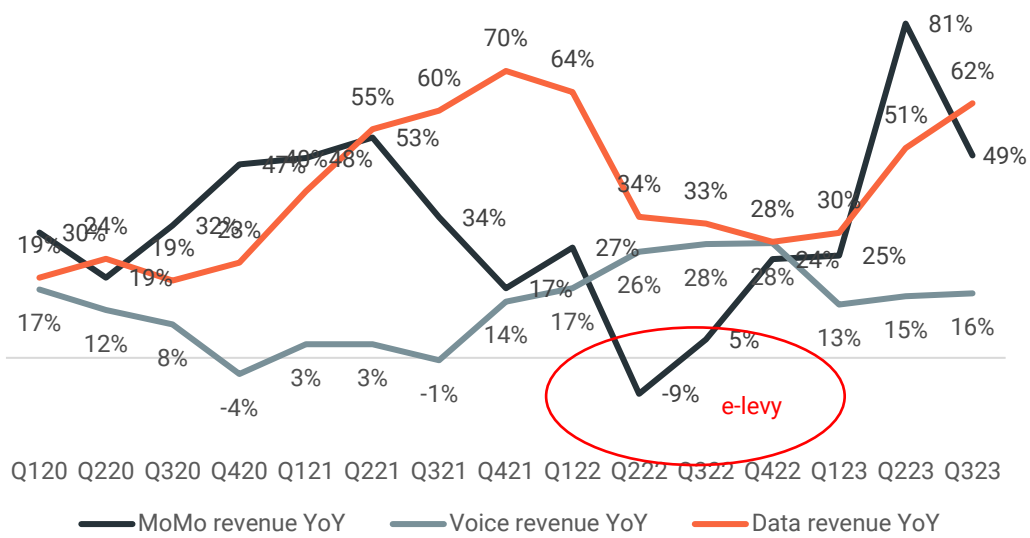


MoMo revenue growth is still strong for Safaricom and MTN Ghana

M-PESA and MSR revenue growth

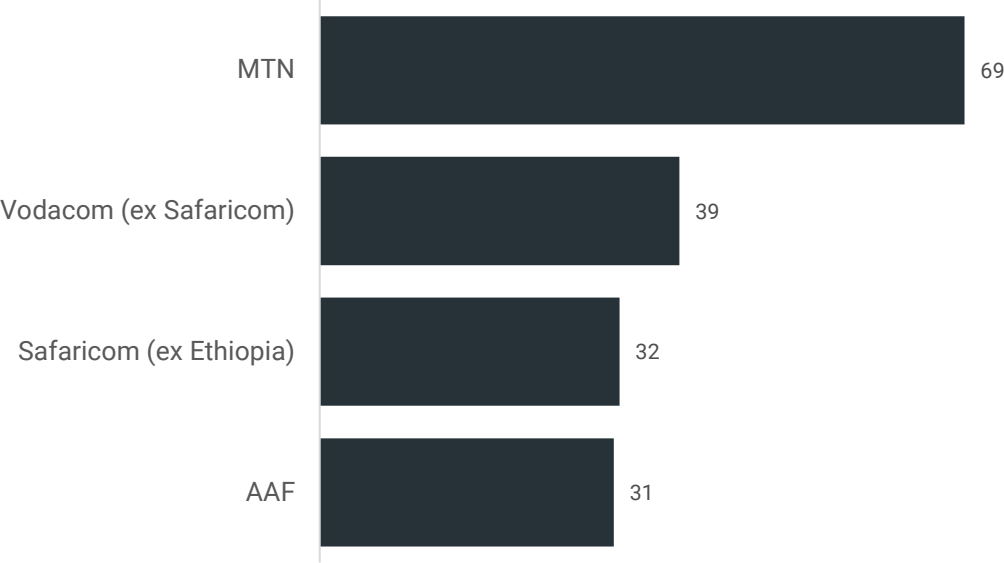


MTN Ghana revenue growth

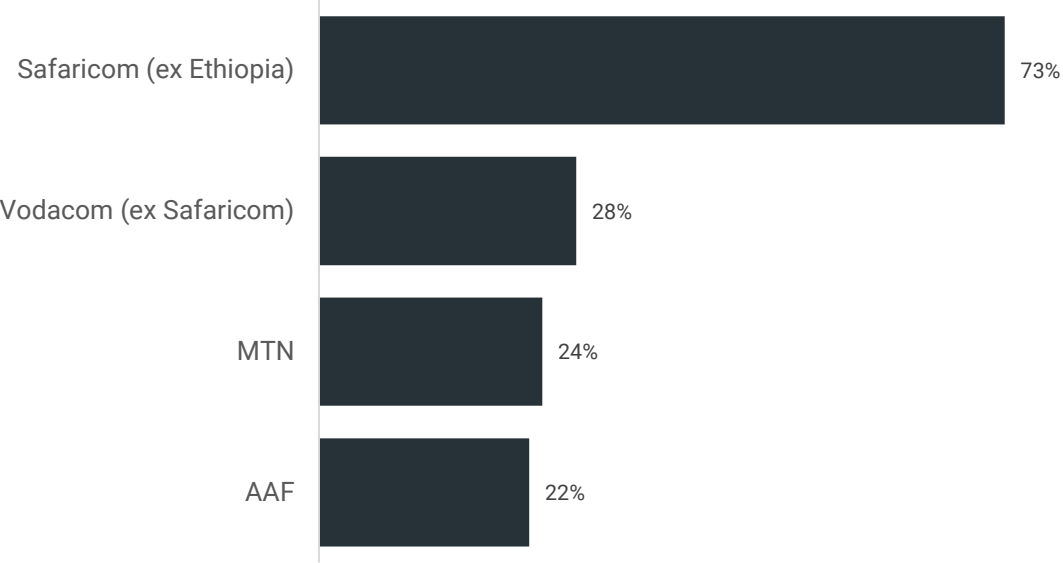


Current state of play – Snapshot of MoMo active users

Active MoMo active users (mn)\*



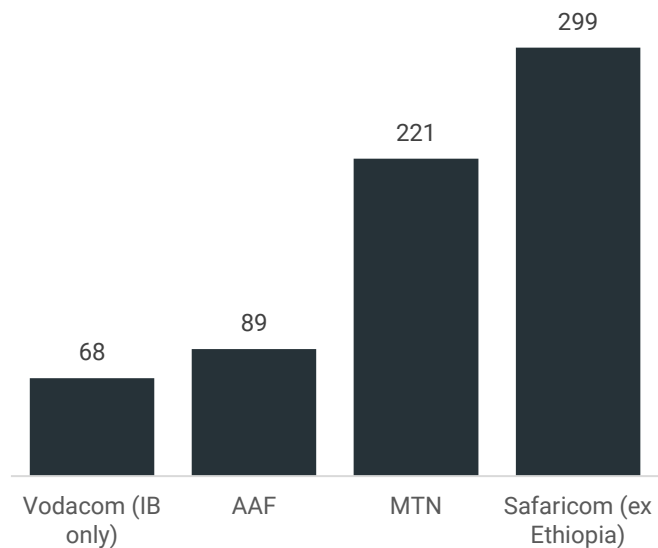
Active MoMo active users % mobile subs\*



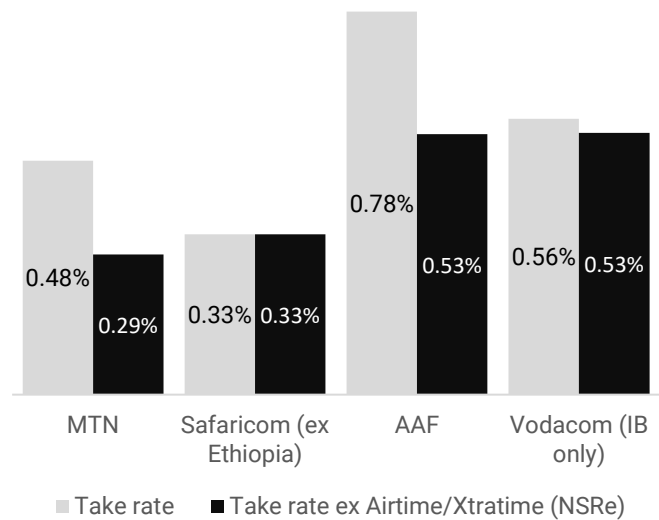
Source: New Street Research estimates. \* Dec-22 for MTN, Mar-23 for AAF, Vodacom and Safaricom.

Current state of play – Snapshot of Financial KPIs

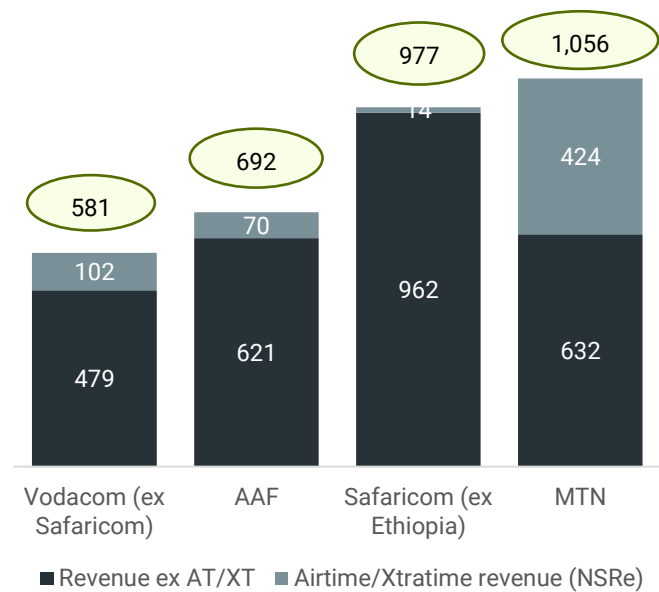
GTV (\$bn, includes AT/XT)



Take rates (%)



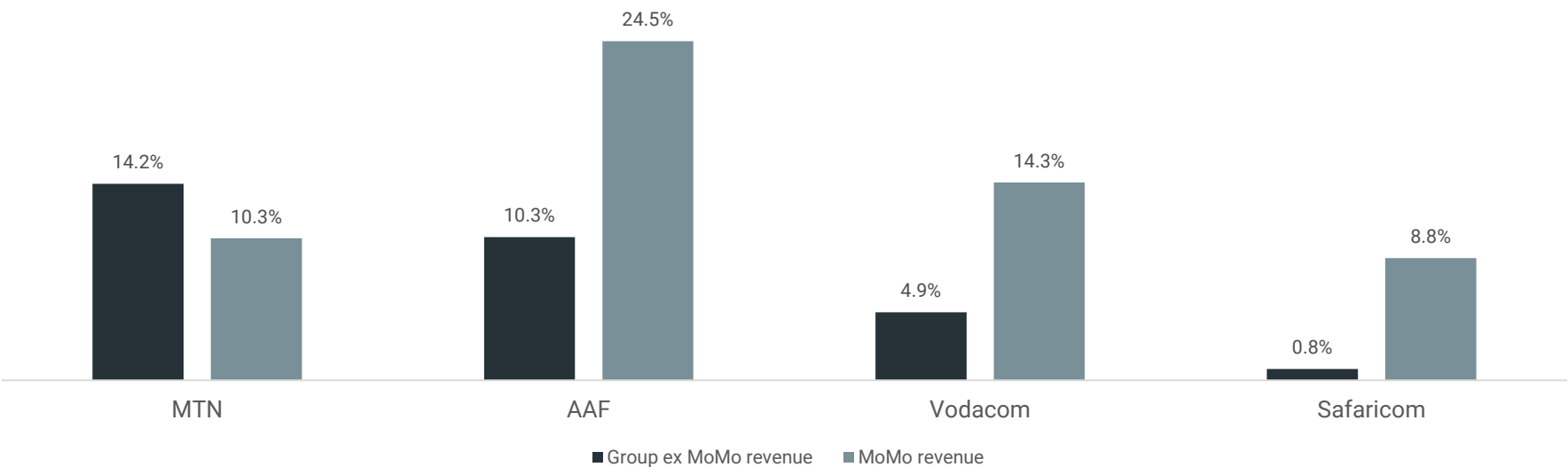
MoMo revenue (\$mn)\*



Source: New Street Research estimates. \* 2022 for MTN, FY23 for AAF, Vodacom and Safaricom.

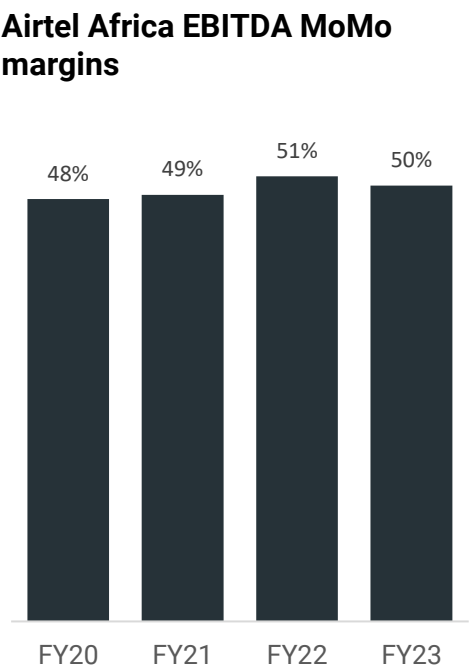
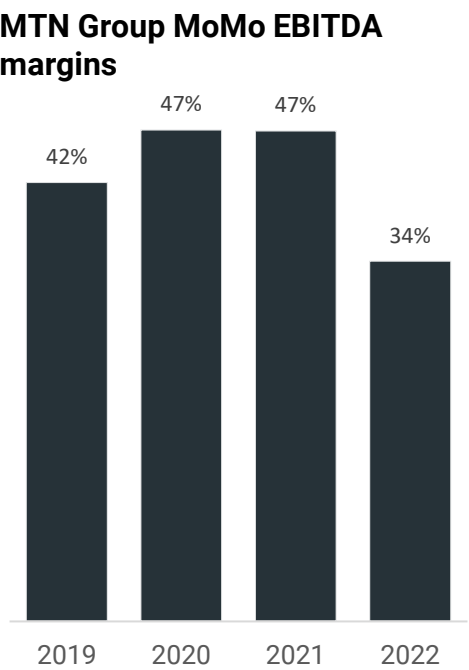
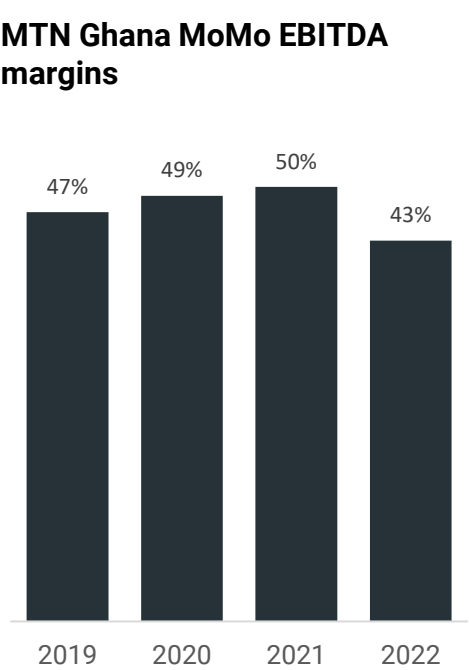
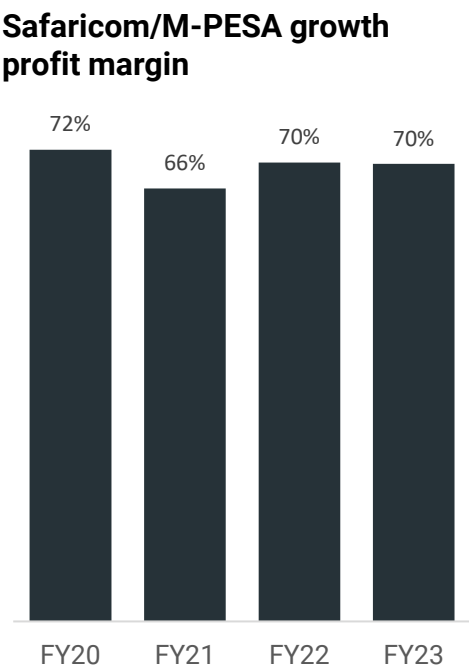
**MoMo revenue YoY growth vs. core revenue YoY growth**

*FY2022 for MTN, FY23 for AAF, Vodacom and Safaricom. Includes AT/XT for Vodacom. Cst ccy.*



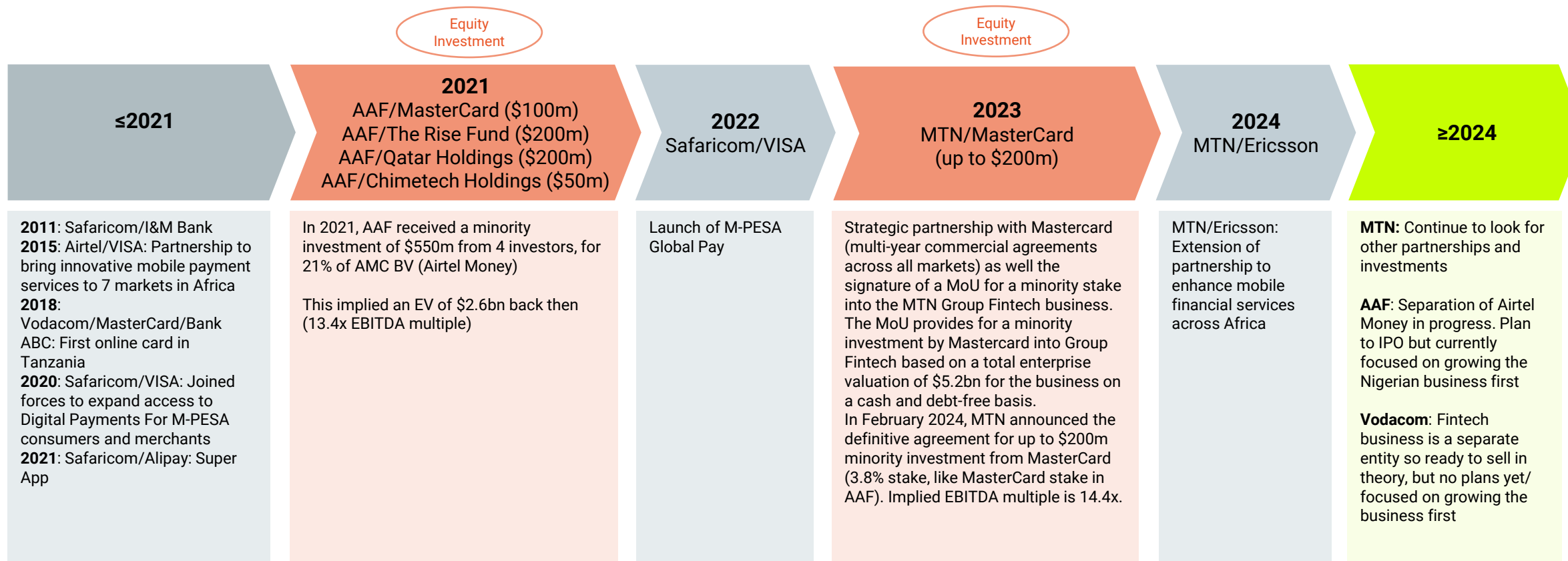


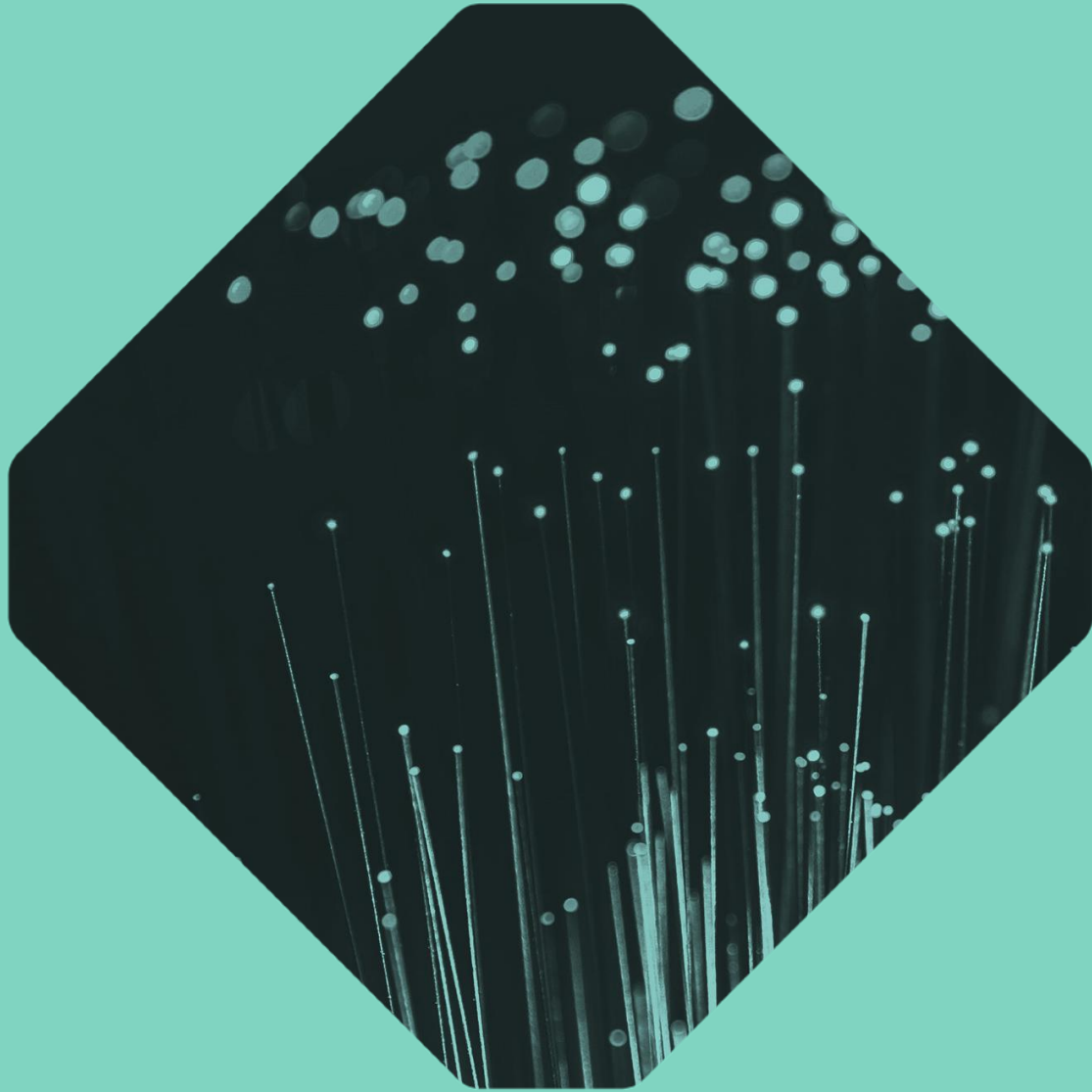
Current state of play – Snapshot of Profitability



Source: New Street Research estimates

## Main deals/partnerships in MoMo





## Top-down analysis and top-line forecasts

## The potential for MoMo in Nigeria is high

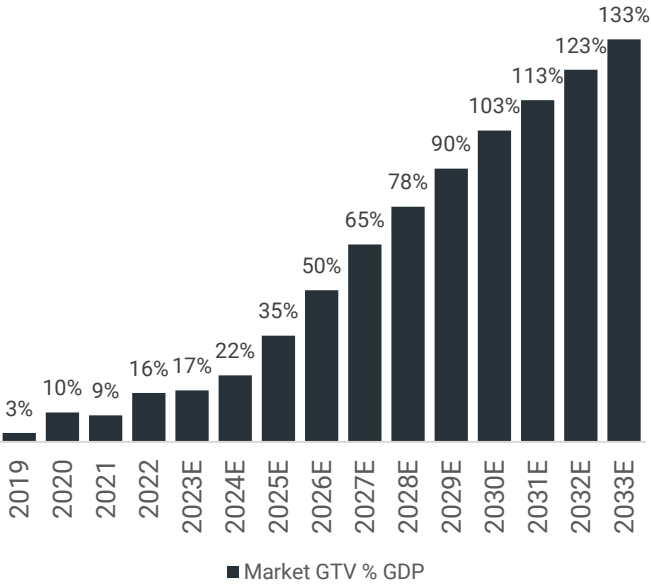
### MoMo awareness, ownership, use across different countries

*% of the adult population (2022)*

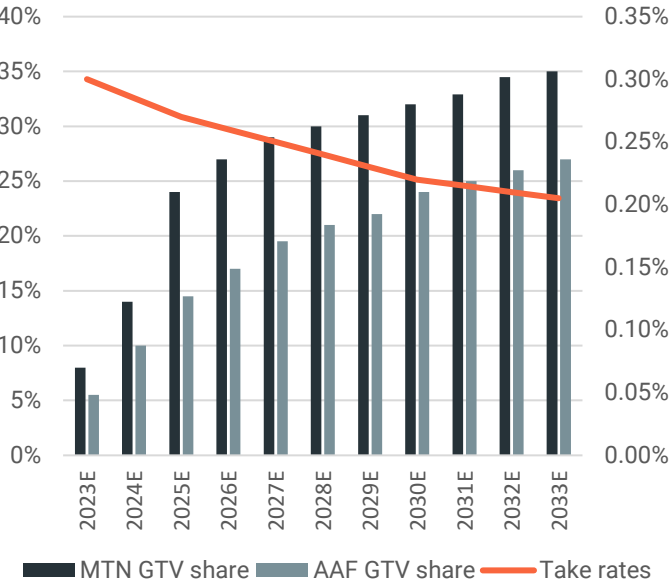
	Mobile ownership	MoMo awareness	MoMo account ownership	Used MoMo in last 90 days	Used MoMo in last 30 days	Used MoMo in last 7 days
Ethiopia	65%	42%				
Ghana	89%	98%	83%	81%	76%	54%
Kenya	90%	100%	93%	90%	86%	68%
Nigeria	89%	63%	14%	12%	11%	7%
Senegal	83%	99%	83%	80%	74%	56%

# Nigerian MoMo market forecasts

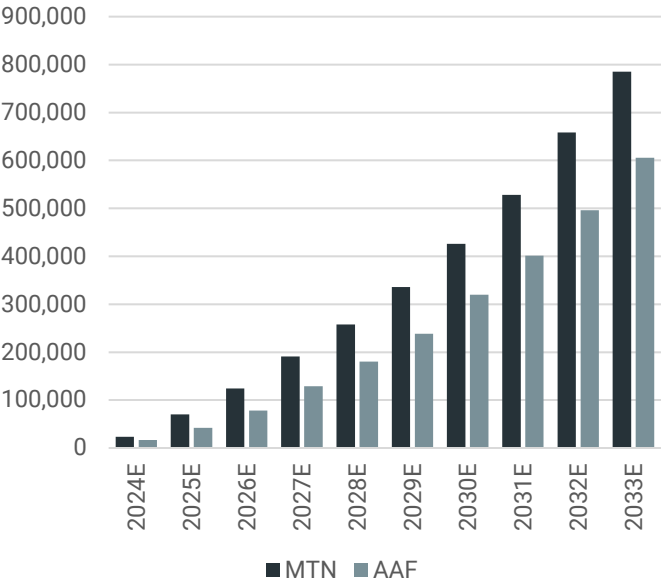
Market GTV % GDP



GTV share (LHS) and take rates (RHS)

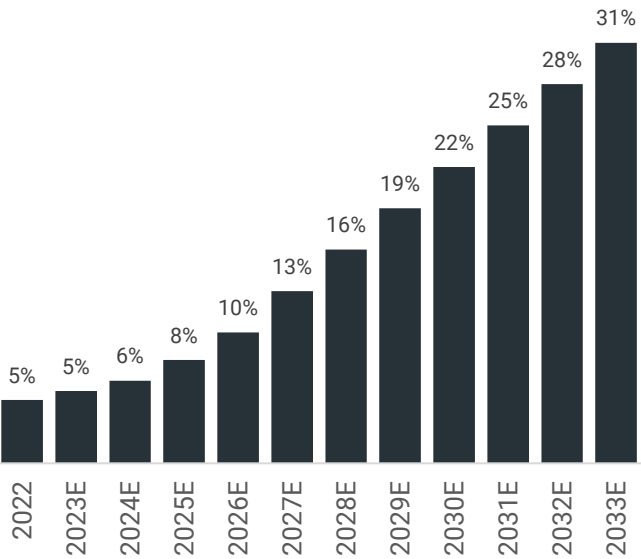


MoMo (ex AT/XT) revenue (NGNm)

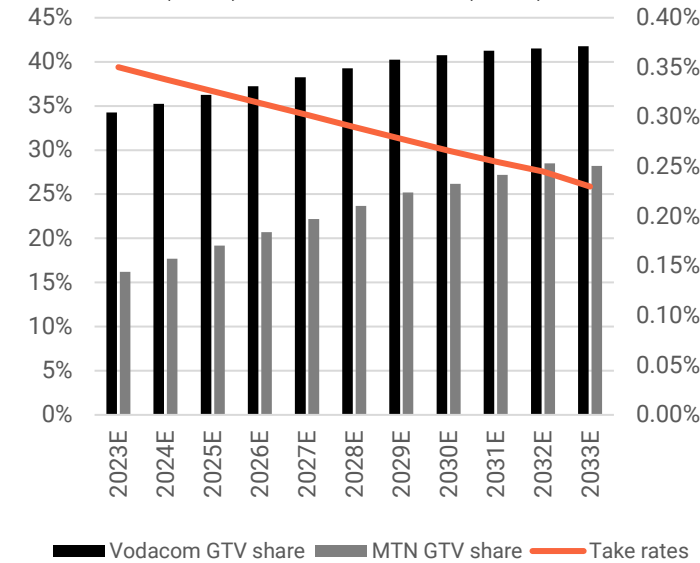


# South African MoMo market forecasts

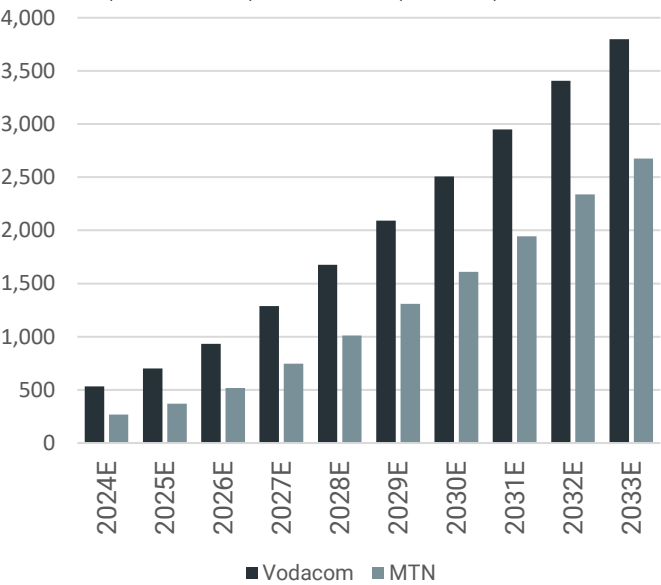
Market GTV % GDP



GTV share (LHS) and take rates (RHS)

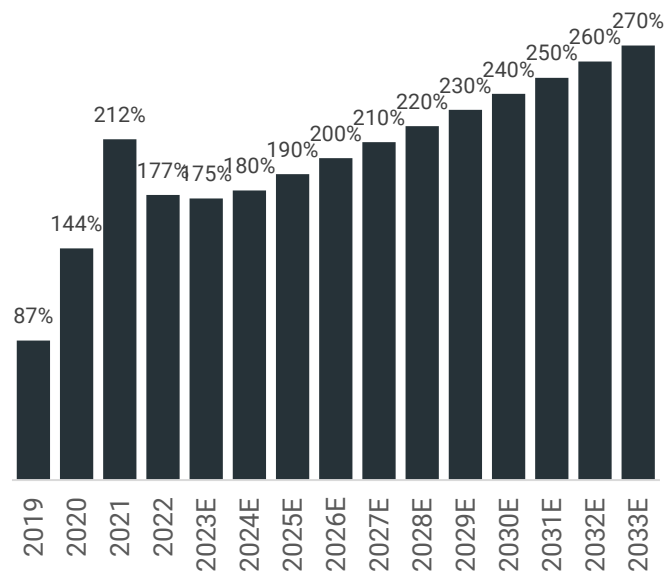


MoMo (ex AT/XT) revenue (ZARm)

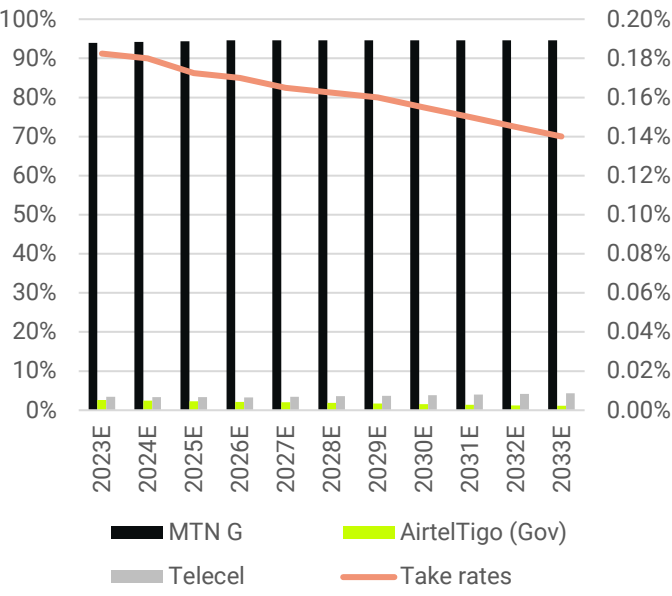


# Ghana MoMo market forecasts

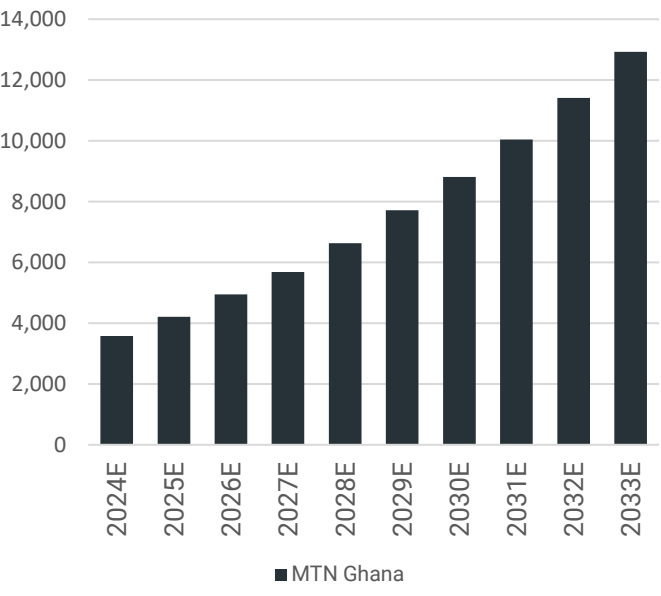
Market GTV % GDP



GTV share (LHS) and take rates (RHS)



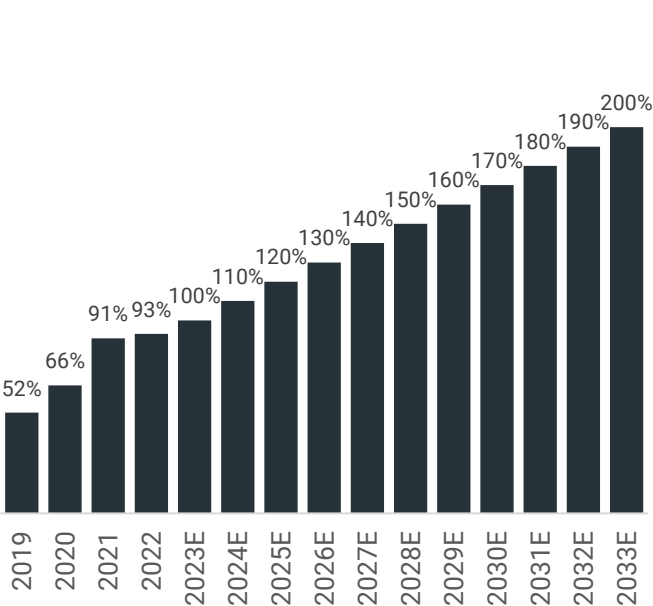
MoMo (ex AT/XT) revenue (GHcm)



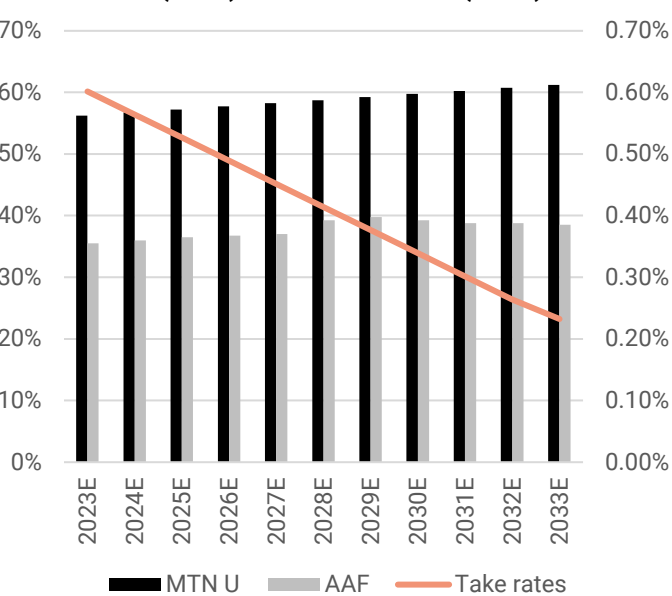
Source: New Street Research estimates

# Uganda MoMo market forecasts

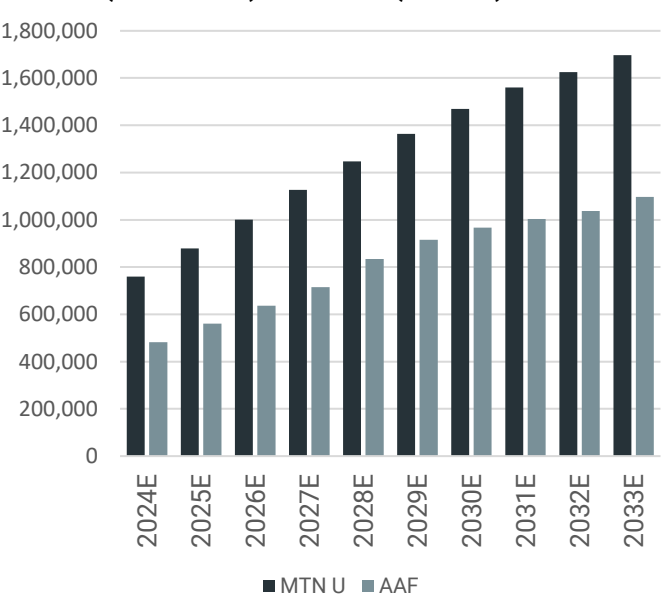
Market GTV % GDP



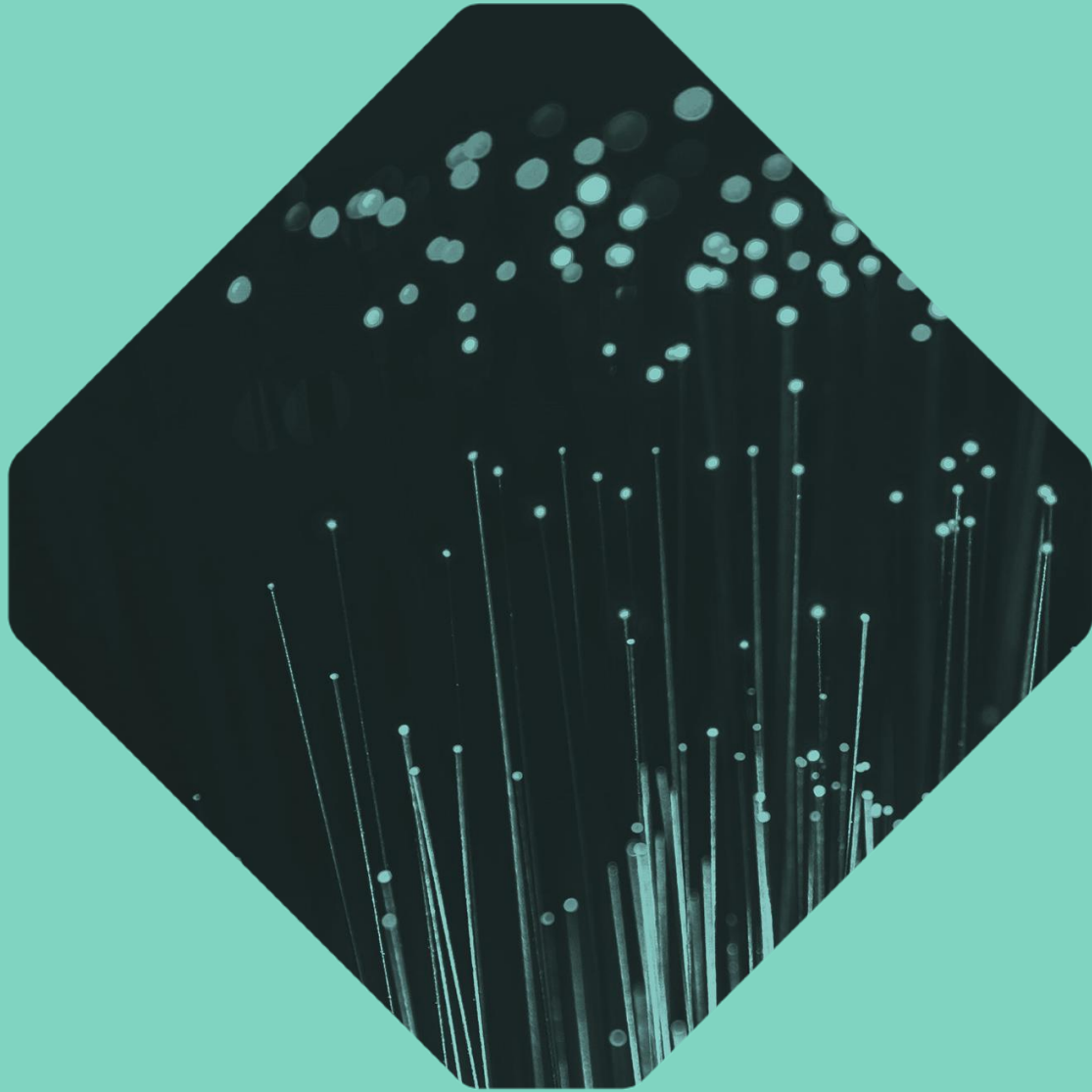
GTV share (LHS) and take rates (RHS)



MoMo (ex AT/XT) revenue (UGXm)

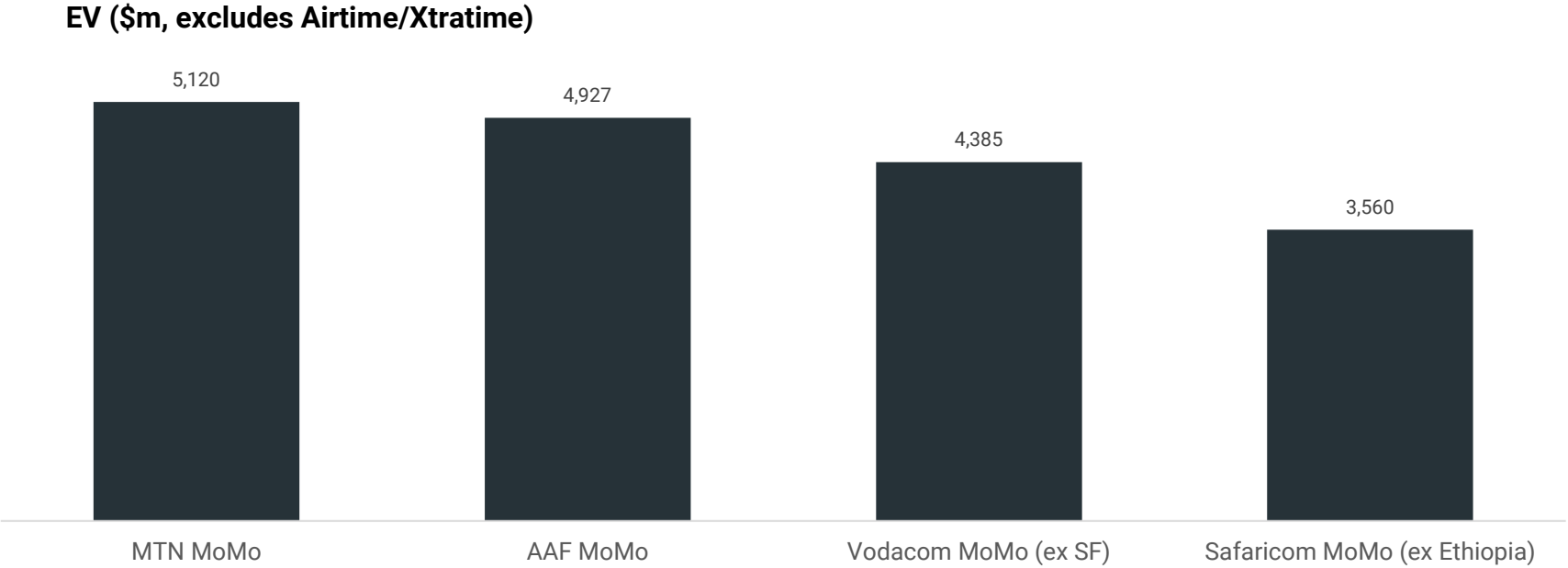






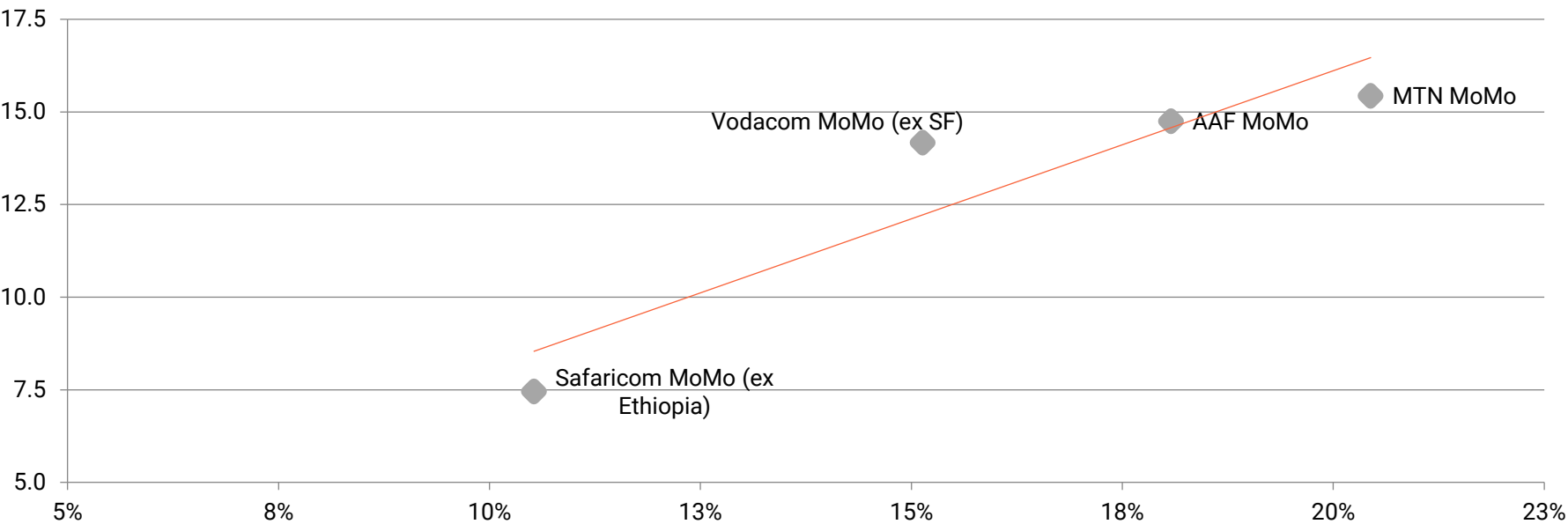
## Valuations

MoMo valuations



Source: New Street Research estimates

EV/EBITDA vs. EBITDA growth (local currency)

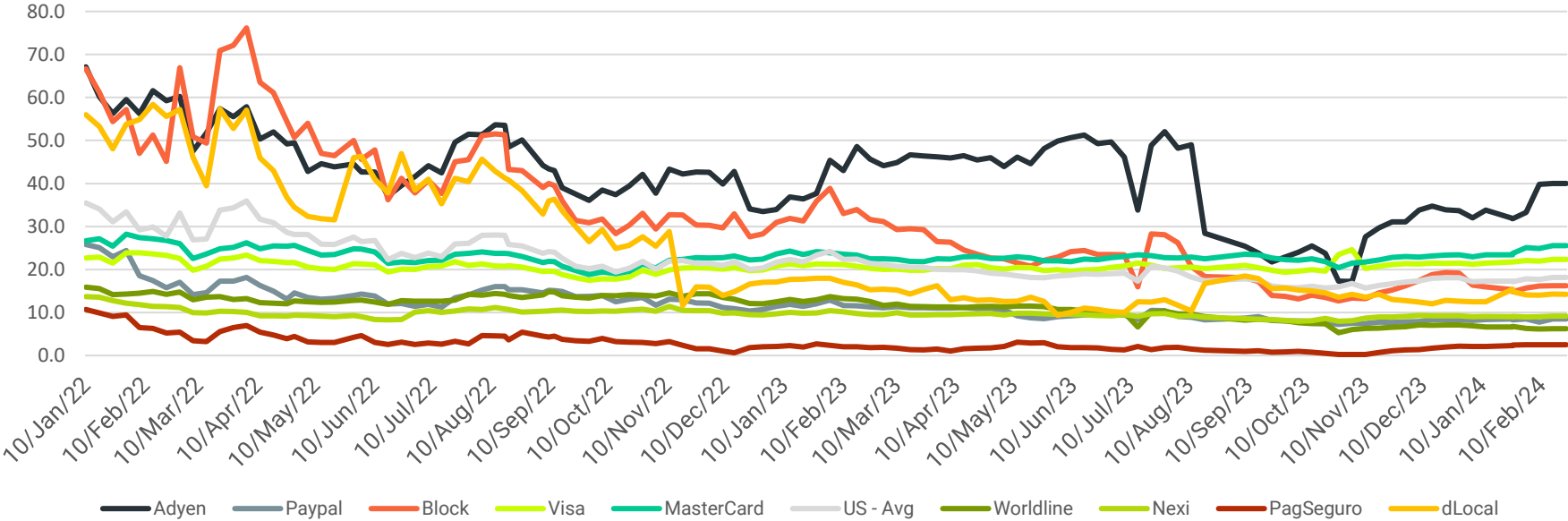


Source: New Street Research estimates. \* EBITDA24E for MTN, EBITDA Mar-25E for AAF, Vodacom and Safaricom

Fintech/Payments multiples have derated

1Year forward EV/EBITDA

x



Source: New Street Research estimates and FactSet

## Revenue growth comps

MoMo revenue (\$m)	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	22-30 CAGR
MTN	745	763	860	975	1,093	1,216	1,339	1,466	1,586	
AAF	470	566	674	790	909	1,030	1,147	1,260	1,371	
Vodacom	479	591	646	730	823	921	1,018	1,114	1,211	
Safaricom/M-PESA	962	890	888	930	956	975	993	1,012	1,031	
<b>Growth:</b>										
MTN		2%	13%	13%	12%	11%	10%	9%	8%	10%
AAF		21%	19%	17%	15%	13%	11%	10%	9%	14%
Vodacom		23%	9%	13%	13%	12%	10%	10%	9%	12%
Safaricom/M-PESA		-8%	0%	5%	3%	2%	2%	2%	2%	1%
<b>Local currency growth:</b>										
MTN	21%	19%	19%	19%	17%	16%	15%	15%	13%	17%
AAF	29%	24%	23%	21%	19%	17%	15%	14%	12%	18%
Vodacom	13%	14%	18%	15%	14%	13%	12%	12%	11%	14%
Safaricom/M-PESA	9%	14%	12%	10%	8%	7%	7%	7%	7%	9%

## EBITDA growth comps

MoMo EBITDA (\$m)	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	22-30 CAGR
MTN	256	290	335	390	448	511	576	638	698	
AAF	234	292	330	389	450	512	573	630	686	
Vodacom	230	285	313	356	404	454	504	554	606	
Safaricom/M-PESA	498	468	473	503	524	542	560	578	597	

### Growth:

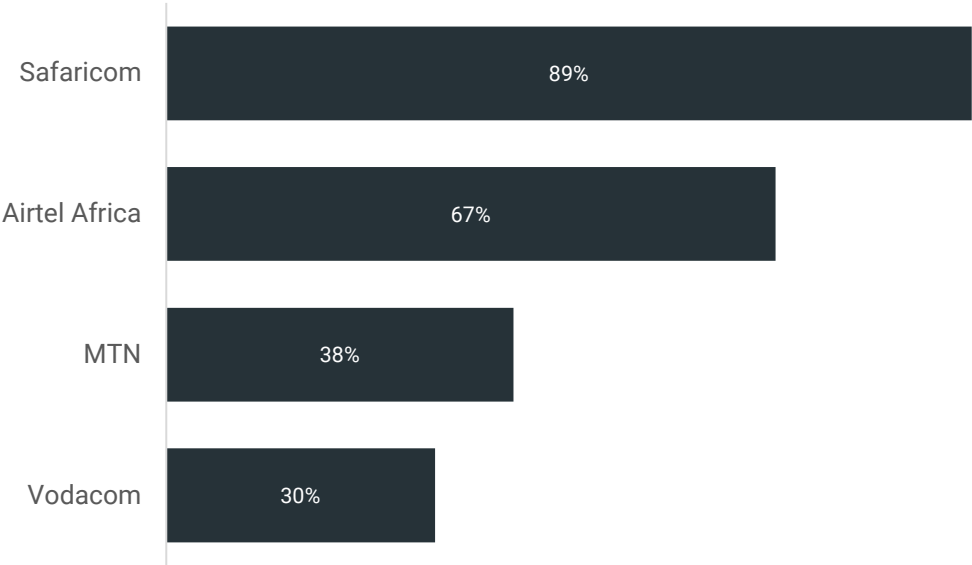
MTN	13%	16%	16%	15%	14%	13%	11%	9%	13%
AAF	25%	13%	18%	16%	14%	12%	10%	9%	14%
Vodacom	24%	10%	14%	13%	12%	11%	10%	9%	13%
Safaricom/M-PESA	-6%	1%	6%	4%	3%	3%	3%	3%	2%

### Local currency growth:

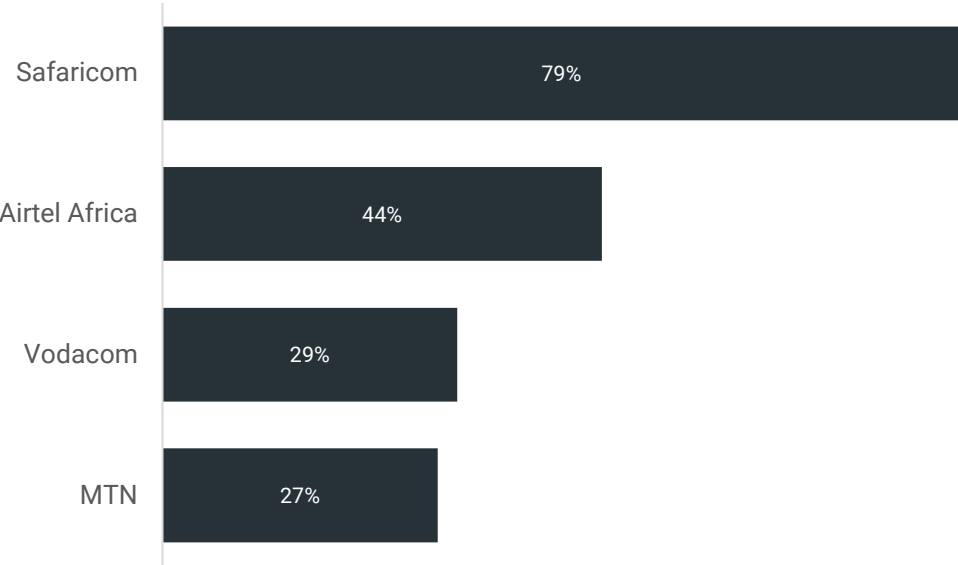
MTN	32%	22%	22%	20%	19%	18%	16%	15%	20%
AAF	29%	17%	21%	19%	17%	16%	14%	12%	18%
Vodacom	15%	19%	15%	15%	14%	13%	12%	12%	14%
Safaricom/M-PESA	16%	14%	12%	10%	8%	8%	8%	8%	11%

# Who is the most exposed?

MoMo as a % of Market capitalisation



MoMo EV as a % of Group EV



## Appendix - Comps table

	MTN MoMo	AAF MoMo	Vodacom MoMo (ex SF)	Safaricom/M-PESA (ex Eth.)
Revenue 24E (\$m)	851	674	646	924
Revenue 8yr CAGR	16.0%	14.3%	18.1%	9.0%
EBITDA 24E (\$m)	332	330	314	485
EBITDA 24E margin	39.0%	49.0%	48.5%	52.5%
EBITDA 8yr CAGR	20%	14%	17%	10%
Capex 24E (\$m)	43	34	32	28
Capex % sales 24E	5.0%	5.0%	5.0%	3.0%
EV (\$m)	5,120	4,927	4,385	3,560
EV/revenue 24E	6.0	7.3	6.8	3.9
EV/EBITDA 24E	15.4	14.9	14.0	7.5
Airtime % total revenue	22.9%	13.0%	14.1%	Low
Users 24E (m)*	79	49	51	34
EV/users 24E (\$)*	82	111	90	106

Source: New Street Research estimates.\* With Airtime users.



## Appendix - Assumptions for MTN MoMo

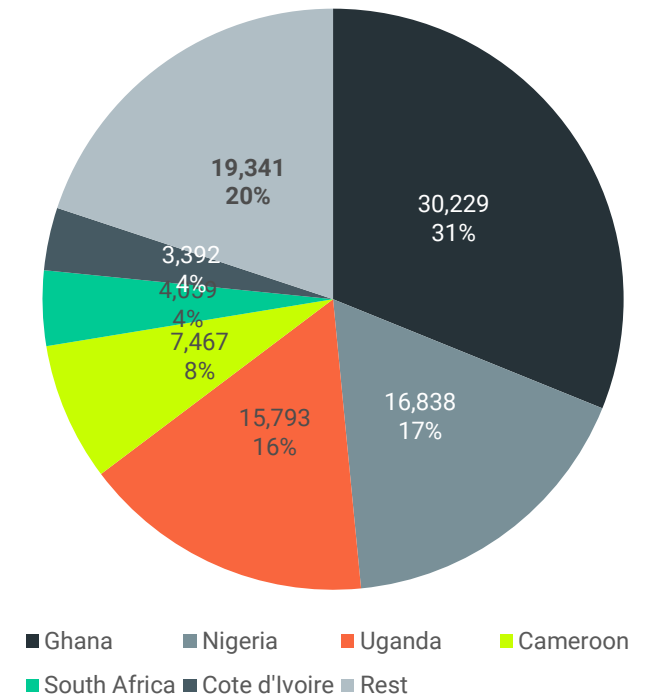
### MTN MoMo main forecasts

MTN MoMo (ZARm)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	14,078	16,134	19,194	22,610	26,402	30,531	35,091	39,878
YoY	15.5%	14.6%	19.0%	17.8%	16.8%	15.6%	14.9%	13.6%
EBITDA	5,350	6,292	7,678	9,270	11,089	13,128	15,265	17,546
Margins	38.0%	39.0%	40.0%	41.0%	42.0%	43.0%	43.5%	44.0%
Capex	282	807	960	1,130	1,320	1,527	1,755	1,994
Capex to sales	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
OpFCF	5,068	5,486	6,718	8,140	9,769	11,602	13,510	15,552
Tax	75	81	100	121	144	172	200	230
<b>FCF</b>	<b>193</b>	<b>210</b>	<b>256</b>	<b>310</b>	<b>371</b>	<b>441</b>	<b>515</b>	<b>591</b>

WACC	12.7%
Terminal growth rate	1.5%
Terminal multiple of FCF	8.9

<b>EV ZARm</b>	<b>97,119</b>
EV/revenue 24E	6.0
EV/EBITDA 24E	15.4
EV/OpFCF 24E	17.7
EV/FCF 24E	24.6

### MTN MoMo SOP (ZARm)



Appendix - Assumptions for AAF MoMo

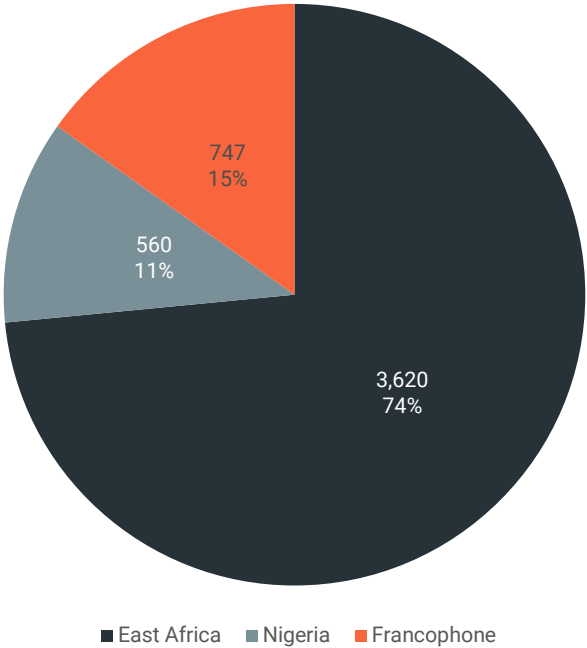
AAF MoMo main forecasts

AAF MoMo (\$m)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Revenue	566	674	790	909	1,030	1,147	1,260	1,371
YoY	20.6%	19.0%	17.2%	15.1%	13.3%	11.4%	9.9%	8.9%
EBITDA	292	330	389	450	512	573	630	686
Margins	51.5%	49.0%	49.3%	49.5%	49.8%	50.0%	50.0%	50.0%
Capex	28	34	39	45	51	57	63	69
Capex to sales	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
OpFCF	263	297	349	404	461	516	567	617
Tax	79	89	105	121	138	155	170	185
FCF	184	208	245	283	323	361	397	432

WACC	10.0%
Terminal growth rate	1.5%
Terminal multiple of FCF	11.8

EV \$m	4,927
EV/revenue Mar-25E	7.3
EV/EBITDA Mar-25E	14.9
EV/OpFCF Mar-25E	16.6
EV/FCF Mar-25E	23.7

AAF MoMo SOP (\$m)

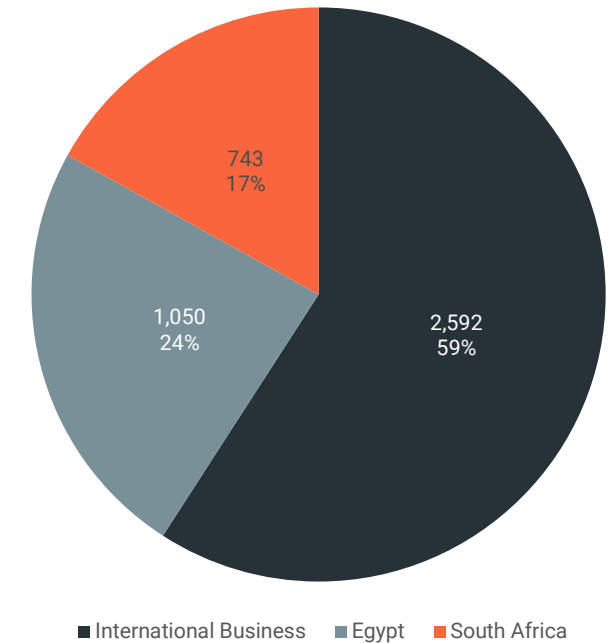


## Appendix - Assumptions for Vodacom MoMo

### Vodacom MoMo main forecasts

Vodacom MoMo (ZARm)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Revenue	11,075	12,263	14,562	17,243	20,253	23,491	27,014	30,825
YoY	36.3%	10.7%	18.7%	18.4%	17.5%	16.0%	15.0%	14.1%
EBITDA	5,344	5,948	7,099	8,449	9,974	11,628	13,439	15,412
Margins	48.3%	48.5%	48.8%	49.0%	49.3%	49.5%	49.8%	50.0%
Capex	554	613	728	862	1,013	1,175	1,351	1,541
Capex to sales	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
OpFCF	4,790	5,335	6,371	7,587	8,962	10,454	12,089	13,871
Tax	1,413	1,574	1,879	2,238	2,644	3,084	3,566	4,092
FCF	3,377	3,761	4,491	5,349	6,318	7,370	8,522	9,779
WACC	11.0%							
Terminal growth rate	1.5%							
Terminal multiple of FCF	10.5							
EV ZARm	83,183							
EV/revenue Mar-25E	6.8							
EV/EBITDA Mar-25E	14.0							
EV/OpFCF Mar-25E	15.6							
EV/FCF Mar-25E	22.1							

### Vodacom MoMo SOP (ZARm)



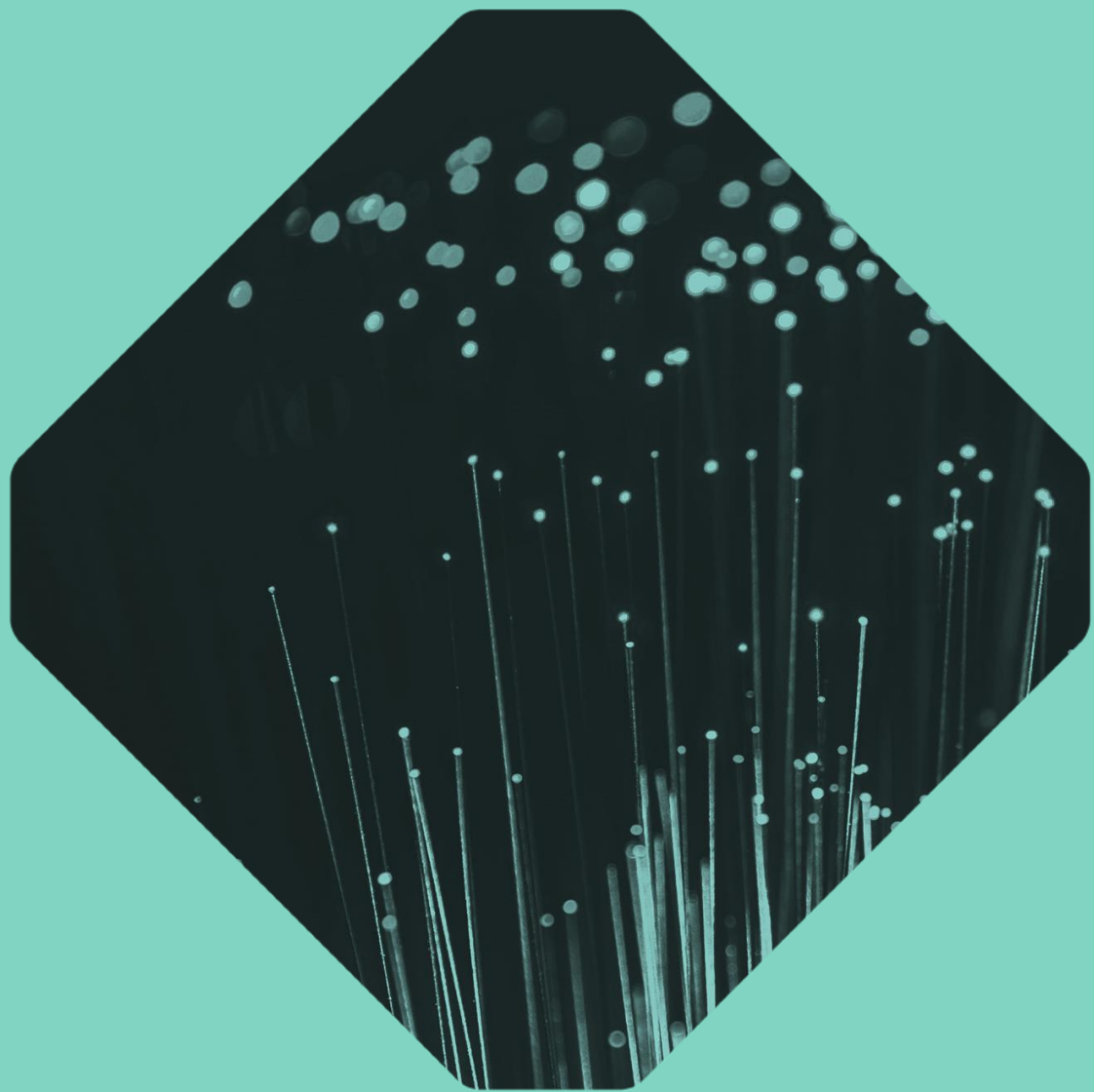
## Appendix - Assumptions for Safaricom MoMo

### Safaricom MoMo main forecasts

Safaricom MoMo (KESm)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Revenue	131,595	147,387	162,125	175,095	187,352	200,466	214,499	229,514
YoY	14.0%	12.0%	10.0%	8.0%	7.0%	7.0%	7.0%	7.0%
EBITDA	69,138	78,556	87,646	95,991	104,137	112,953	122,493	132,815
Margins	52.5%	53.3%	54.1%	54.8%	55.6%	56.3%	57.1%	57.9%
Capex	4,008	4,489	4,938	5,333	5,706	6,106	6,533	6,990
Capex to sales	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
OpFCF	65,130	74,067	82,709	90,658	98,431	106,848	115,960	125,825
Tax	19,539	22,220	24,813	27,198	29,529	32,054	34,788	37,747
<b>FCF</b>	<b>45,591</b>	<b>51,847</b>	<b>57,896</b>	<b>63,461</b>	<b>68,902</b>	<b>74,793</b>	<b>81,172</b>	<b>88,077</b>

WACC	14.4%
Terminal growth rate	1.5%
Terminal multiple of FCF	7.8

<b>EV KESm</b>	<b>576,713</b>
EV/revenue Mar-25E	3.9
EV/EBITDA Mar-25E	7.5
EV/OpFCF Mar-25E	7.9
EV/FCF Mar-25E	11.3



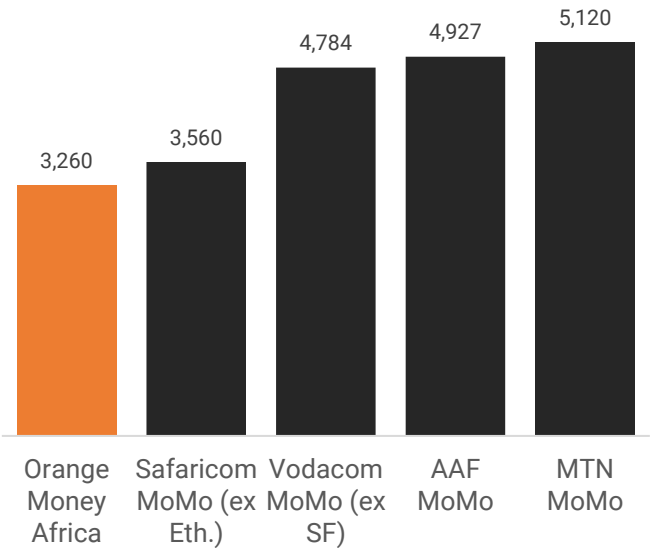
## Orange and Jazzcash

# Orange Money Africa

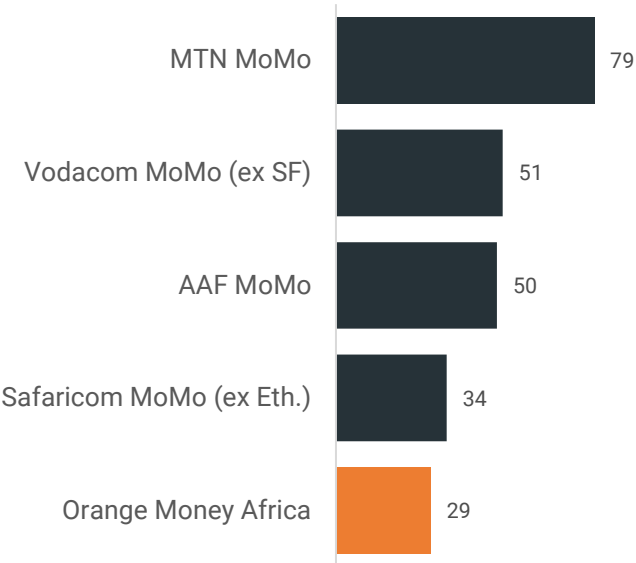
## Orange MoMo EV

Orange Money Africa	
2024E EBITDA (€m)	204
EV/EBITDA multiple	14.8
Orange Money Africa EV	3,032
USD EUR	0.93
Orange Money Africa EV \$m	3,260

## MoMo EV (\$m)



## Active MoMo users\*

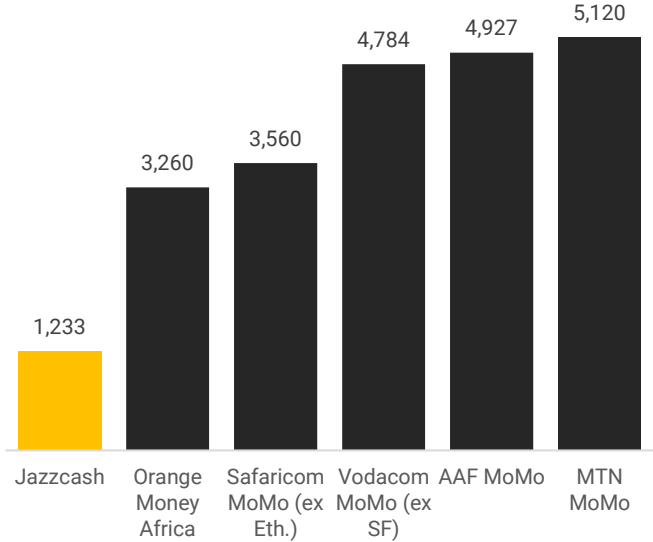


Source: New Street Research estimates.\* Includes Airtime/Xtretime

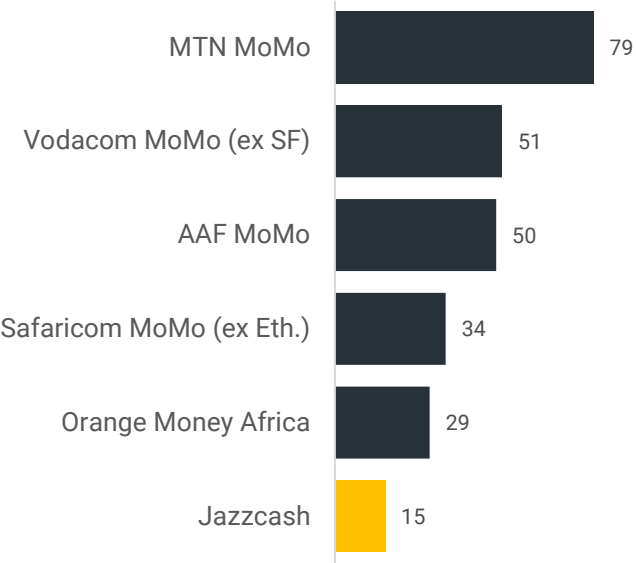
Jazzcash MoMo EV

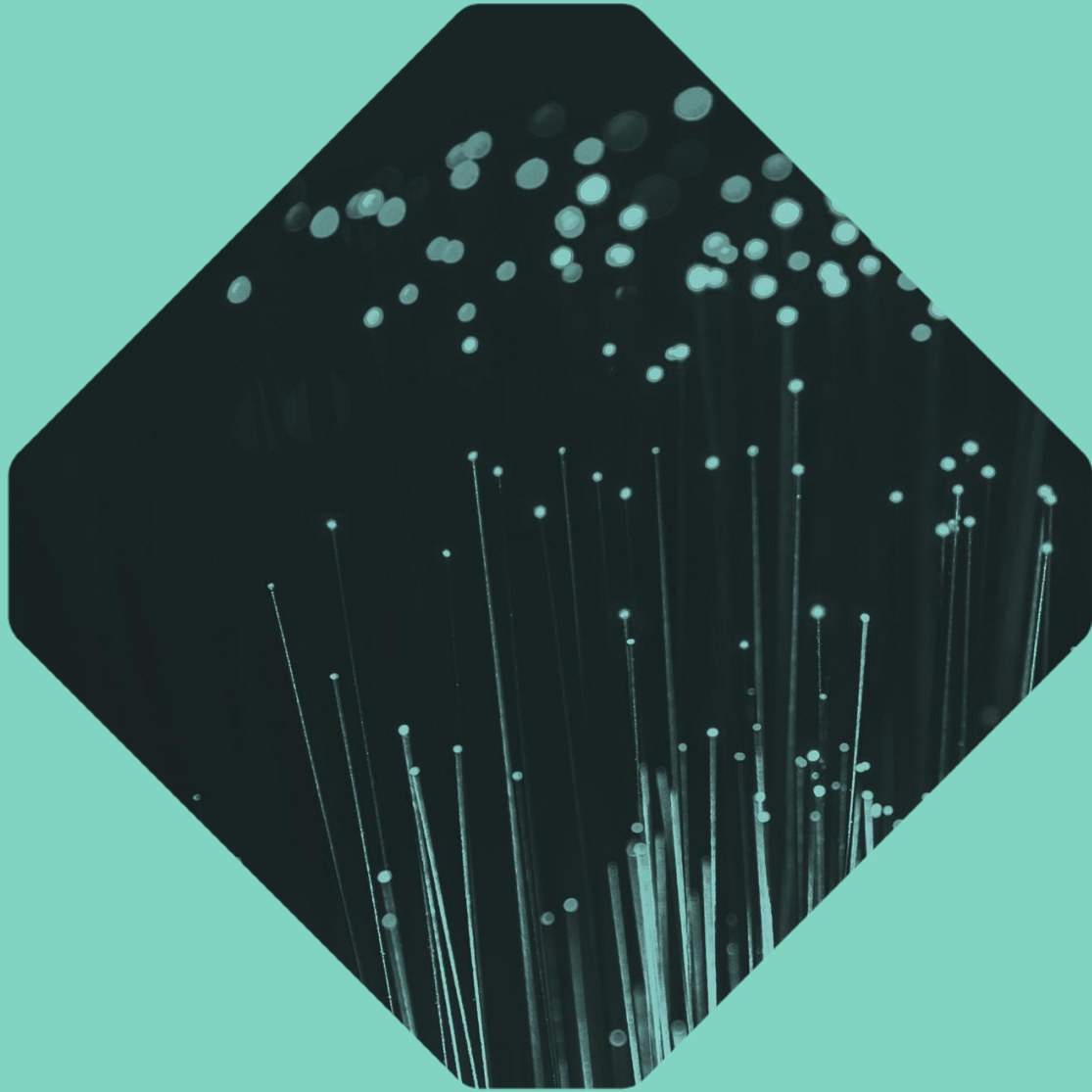
Jazzcash	
2024E revenue (PKRm)	51,286
EV/EBITDA multiple	6.7
Jazzcash EV	345,377
USD PKR	280
Jazzcash EV \$m	1,233

MoMo EV (\$m)



Active MoMo users\*

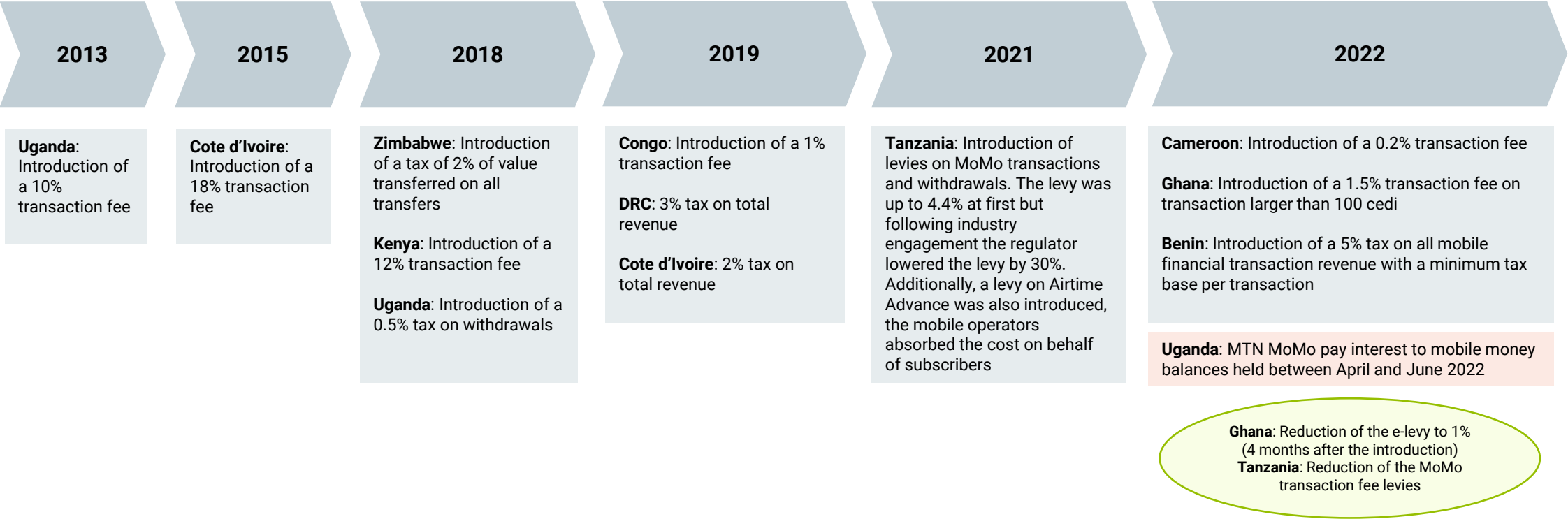




## Risks



Overview of the main taxes/e-vies introduced to Mobile Money in Africa





**NewStreet**  
Research

# THANK YOU

Chris Hoare

[chris@newstreetresearch.com](mailto:chris@newstreetresearch.com)

+44 20 7375 9130

# Disclosures

*Regulatory Disclosures: This research is directed only at persons classified as Professional Clients under the rules of the Financial Conduct Authority ('FCA'), and must not be re-distributed to Retail Clients as defined in the rules of the FCA.*

*This research is for our clients only. It is based on current public information which we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Most of our reports are published at irregular intervals as appropriate in the analyst's judgment.*

*This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.*

*All our research reports are disseminated and available to all clients simultaneously through electronic publication to our website.*

*© Copyright 2024 New Street Research LLP*

*No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without the prior written consent of New Street Research LLP.*

*New Street Research LLC is neither a registered investment advisor nor a broker/dealer. Subscribers and/or readers are advised that the information contained in this report is not to be construed or relied upon as investment, tax planning, accounting and/or legal advice, nor is it to be construed in any way as a recommendation to buy or sell any security or any other form of investment. All opinions, analyses and information contained herein is based upon sources believed to be reliable and is written in good faith, but no representation or warranty of any kind, express or implied, is made herein concerning any investment, tax, accounting and/or legal matter or the accuracy, completeness, correctness, timeliness and/or appropriateness of any of the information contained herein. Subscribers and/or readers are further advised that the Company does not necessarily update the information and/or opinions set forth in this and/or any subsequent version of this report. Readers are urged to consult with their own independent professional advisors with respect to any matter herein.*

*All information contained herein and/or this website should be independently verified.*

*All research is issued under the regulatory oversight of New Street Research LLP.*



**NewStreet**  
Research

## Sales Contact

**Ethan Lacy**  
ethan.lacy@newstreetresearch.com

**Michael Chambers**  
michael@newstreetresearch.com

**Daniel Gilroy**  
daniel.gilroy@newstreetresearch.com

**Mark Franks**  
mark@newstreetresearch.com

**Dimitri Livchits**  
dimitri@newstreetresearch.com

**Heather Broffman**  
heather@newstreetresearch.com

**Charlie Gaynor**  
charlie@newstreetresearch.com

**Steven Perez**  
steven.perez@newstreetresearch.com