

# Uganda's digital boom lifts MTN – politics drags on profits

**T**elecom firm, MTN Uganda, has recorded higher revenue in the first three months of 2026, driven by growing demand for internet services and mobile money, although profits declined as the company faced election-related disruptions and rising operational costs.

The operator said service revenue increased by 7.7% to Ush905.9bn (\$244m) during the quarter ending March, while total revenue rose by 7.8% to Ush914.5bn.

The results reflect the continued shift in Uganda's economy towards digital services, with more consumers relying on smartphones, mobile internet and electronic payments for everyday communication, business and financial transactions.

Data services remained one of the company's fastest-growing segments. Revenue from internet services rose 13.6% to Ush267.6bn, supported by a sharp increase in the number of active data users, which climbed 16.4% to 11.9 million subscribers.

The company said growth was being driven by higher smartphone adoption, wider broadband coverage and rising use of online platforms for entertainment, social media, education and commerce.

Industry analysts say the figures

underline how internet connectivity is increasingly becoming an essential service in Uganda, even among lower-income households that previously relied mainly on basic mobile services.

Mobile money also continued to play a central role in MTN Uganda's business. Revenue from financial technology services increased by 7.4% to Ush274.5bn during the quarter, while the total value of transactions processed through mobile money platforms rose by more than 31% to Ush55.1tn.

The strong increase in transaction volumes highlights the growing importance of digital payments in Uganda's economy, where millions of people continue to rely on mobile money for sending and receiving funds, paying bills and conducting business transactions.

At the same time, competition within the financial technology sector appears to be increasing. While transaction values grew rapidly, revenue growth was more moderate, suggesting pressure on pricing and transaction margins as telecom companies and financial service providers compete for customers.

MTN Uganda's overall customer base grew by 7.2% over the period to reach 24.4 million subscribers, reinforcing the company's position as Uganda's largest telecoms operator.

However, despite the revenue growth, profitability weakened during the quarter.

Net profit fell by 3.8% to Ush174bn, which the company attributed to a combination of higher investment costs, increased depreciation charges and disruption caused by Uganda's January general elections.

Temporary internet shutdowns imposed during the election period affected both mobile money transactions and internet usage, interrupting some business activity and limiting customer acquisition during part of the quarter.

The disruptions once again highlighted the vulnerability of digital businesses to regulatory decisions and political events, particularly in countries where telecom operators have become central to economic activity and communication.

At the same time, MTN Uganda continued to invest heavily in expanding its network infrastructure. Capital expenditure rose nearly 70% to Ush201.5bn, excluding leases, as the company upgraded network systems, expanded fibre infrastructure and increased 5G coverage across the country.

By the end of March, the company said its 4G network covered 89.3% of Uganda's population, while 5G coverage had reached 20.4%.

The investments reflect growing demand for faster internet services



**Sylvia Mulinge, Chief Executive Officer (CEO), MTN Uganda**

services.

as video streaming, online gaming, remote work and digital commerce continue to expand across East Africa.

But the heavy investment programme also increased costs in the short term. Higher depreciation charges linked to network expansion, combined with rising finance costs caused partly by currency pressures, weighed on earnings during the quarter.

Like many telecom operators across Africa, MTN Uganda remains exposed to fluctuations in exchange rates because much of its network equipment and some financing obligations are denominated in foreign currencies.

MTN Uganda CEO Sylvia Mulinge described the company's performance as resilient despite what she called a difficult operating environment.

She said the company remained optimistic about Uganda's long-term digital growth prospects, supported by increasing demand for connectivity and financial technology

MTN Uganda also maintained shareholder payouts, declaring an interim dividend of Ush8.5 per share worth a total of Ush190.3bn, which will be paid next month.

The decision to maintain dividends despite lower profits is likely to reassure investors as the company continues an expensive investment cycle aimed at strengthening network capacity and expanding digital services.

Looking ahead, MTN Uganda said it expects service revenue growth to continue, although it warned that several risks could weigh on performance in the coming months.

The company cited exchange rate volatility, higher fuel prices and geopolitical tensions in the Middle East among factors that could increase operating costs and place additional pressure on margins.

Even so, MTN Uganda said it remained committed to its medium-term target of maintaining EBITDA margins above 50%, as competition for digital consumers intensifies across Uganda's telecoms market.