

Airtel Africa plc

Trading Update for
the year ended
31 March 2020



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This document contains certain forward-looking statements including "forward-looking" statements made within the meaning of Section 21E of the United States Securities Exchange Act of 1934, regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates.

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Financial data included in this document are presented in US\$ rounded to the nearest millions. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding.

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All numbers are reported currency unless stated differently. All numbers are reported currency numbers unless indicated differently. All figures are in USD (\$) amounts, unless stated otherwise. The growth numbers YoY are provided on constant currency basis unless stated differently.

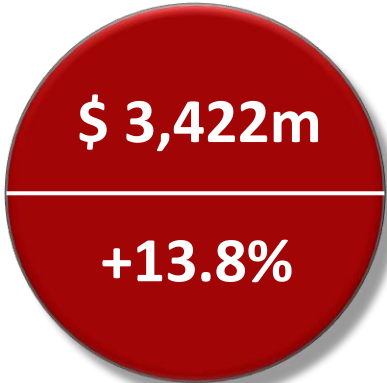


Operational Performance

Key highlights

Growth

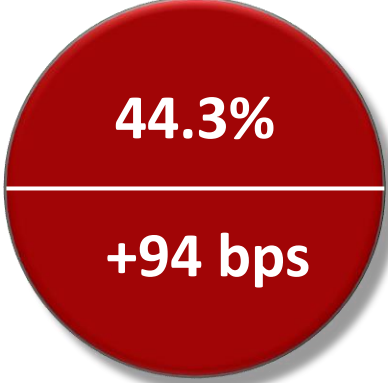
Underlying revenue



vs FY2019

Margin

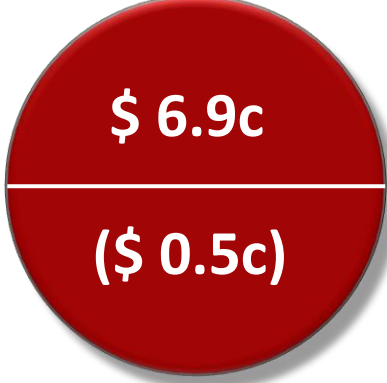
Underlying EBITDA margin



vs FY2019

Earnings

EPS pre-exceptional items-restated



vs FY2019

Cash

Free cash flow



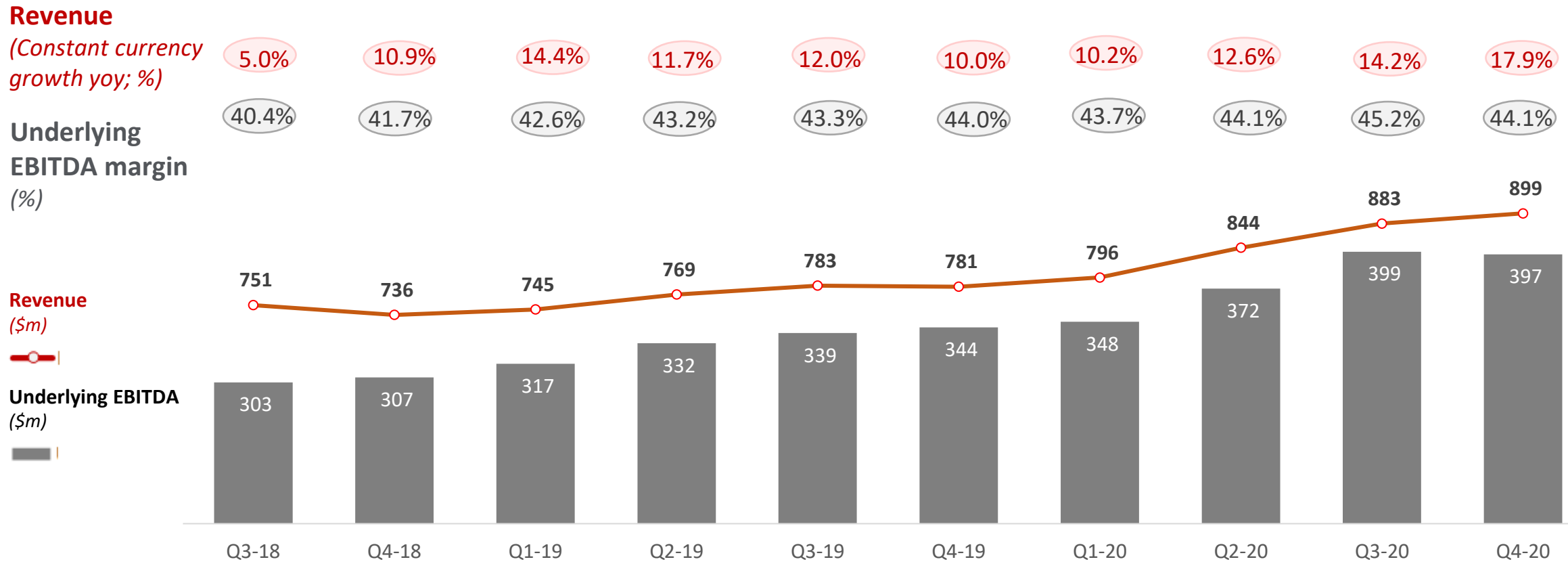
vs FY2019

Notes:

(1) All financial growth rates and underlying EBITDA margin improvement are presented in constant currency
(2) Underlying EBITDA margin improvement in reported currency by +100bps and in constant currency by +94bps

Track record of consistent delivery

9 quarters of double-digit revenue growth and EBITDA margin expansion



Notes: Q3-20 underlying EBITDA includes onetime benefit of \$ 3.2 m as a result of the reassessment of the customers 'life cycle' pertaining to H1'20

Delivering against our objectives

Mobile revenue

Mobile revenue growth of 12.5% with both voice and data growing



Mobile money revenue

Mobile money revenue growth of 37.2%



Underlying EBITDA

Underlying EBITDA margin increased by 94bps to 44.3%



Capex

Capex broadly stable at \$642m



Leverage

Leverage ratio decreased to 2.1x



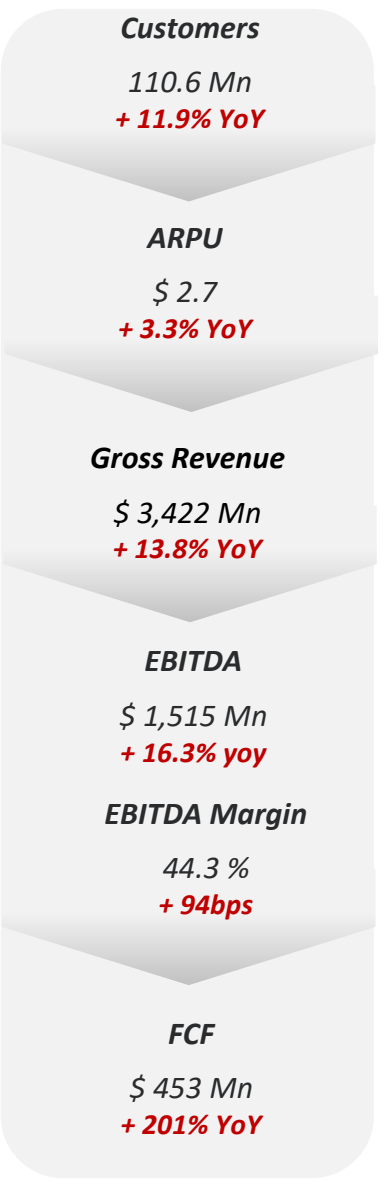
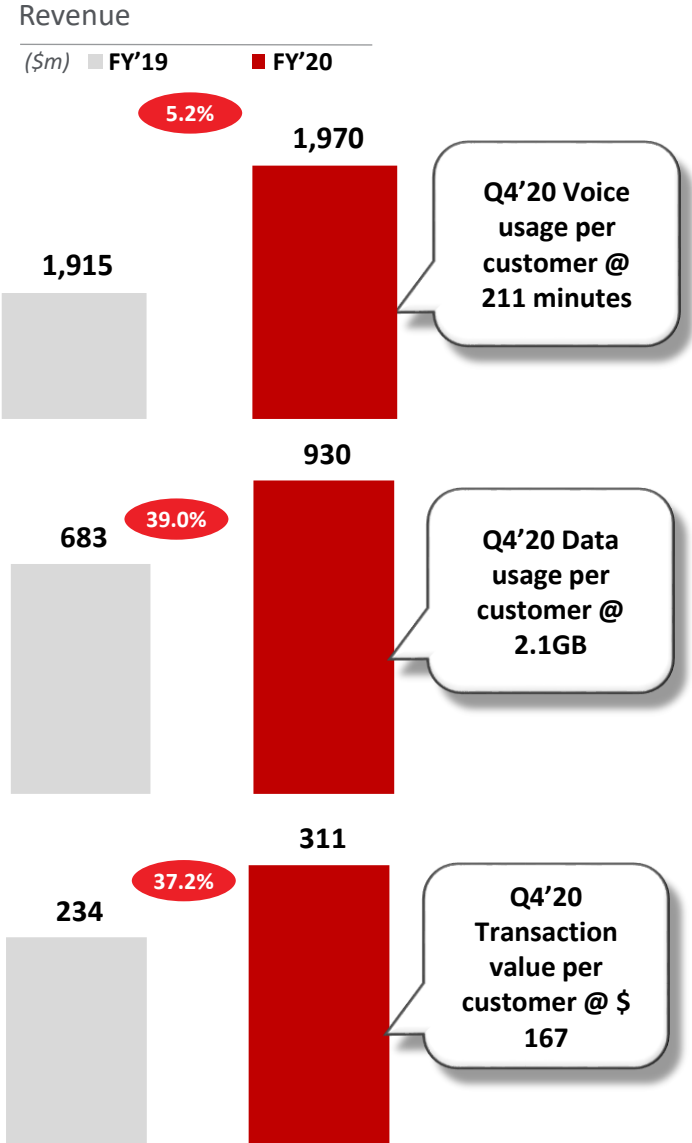
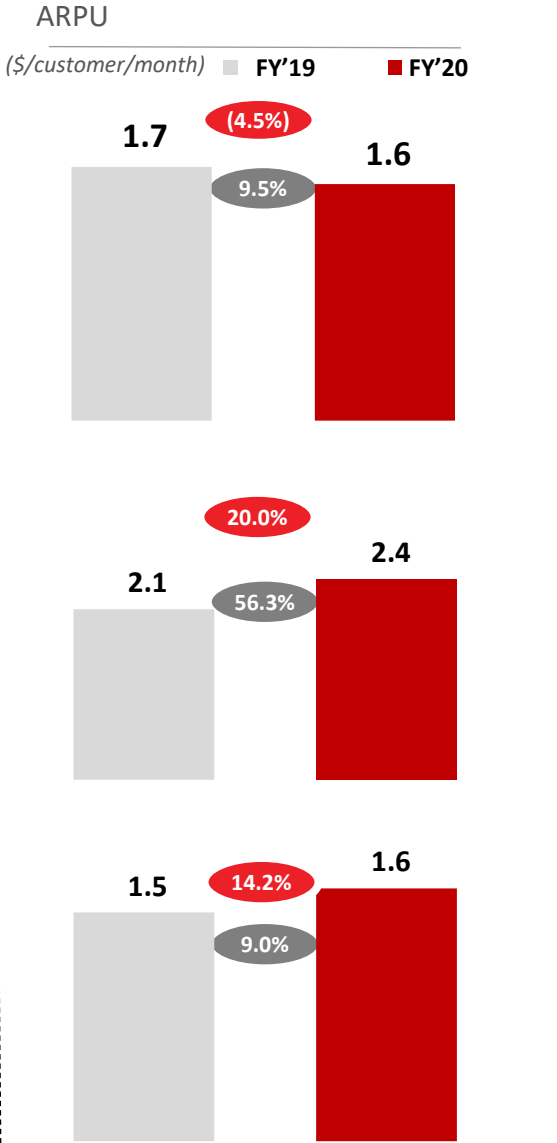
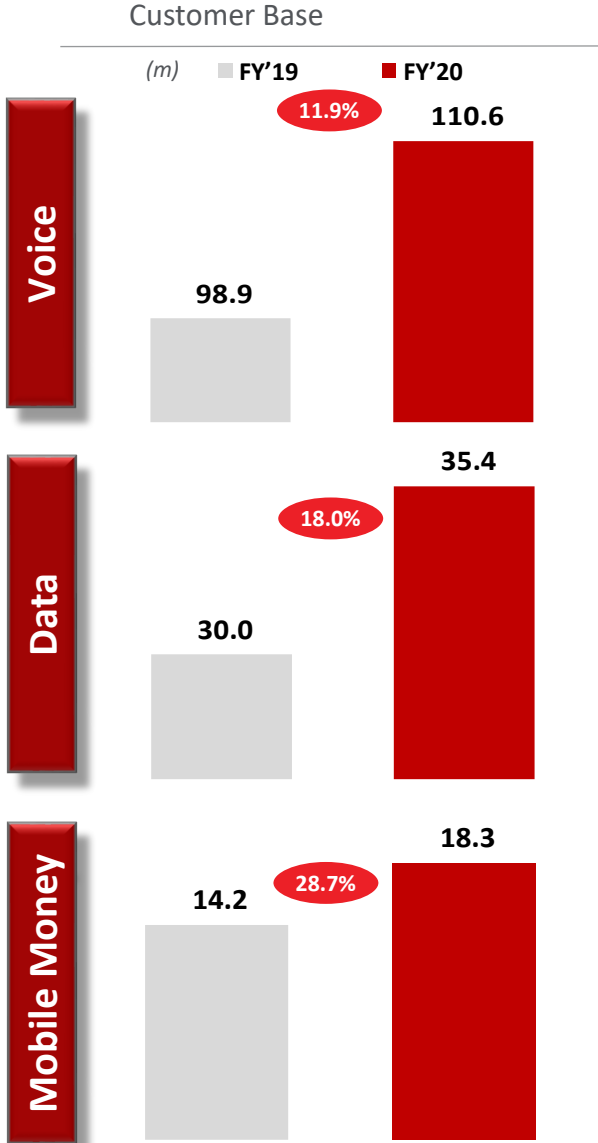
Dividend¹

Recommended final dividend of \$3 cents per share, bringing total dividend for the year to \$6 cents



(1) as long as a leverage between 2 to 2.5 times is maintained, subject to all regulatory, statutory and monetary restrictions.

Strong results across the business



○ Per customer usage growth ● Growth in constant currency

Strong results across the segments

Nigeria

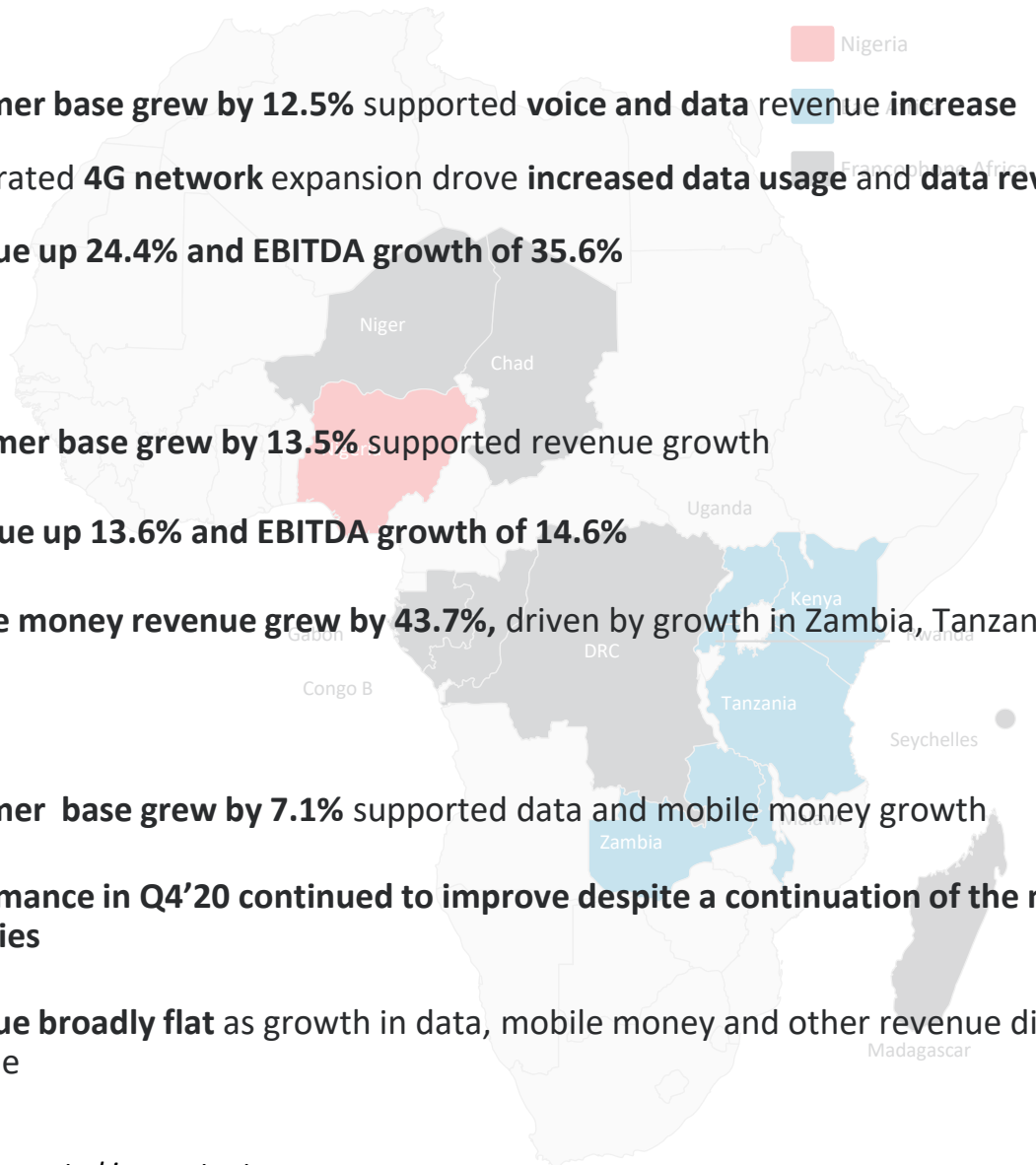
- **Customer base grew by 12.5%** supported **voice and data revenue increase**
- Accelerated **4G network expansion** drove **increased data usage** and **data revenue growth**
- **Revenue up 24.4%** and **EBITDA growth of 35.6%**

East Africa

- **Customer base grew by 13.5%** supported revenue growth
- **Revenue up 13.6%** and **EBITDA growth of 14.6%**
- **Mobile money revenue grew by 43.7%**, driven by growth in Zambia, Tanzania, Uganda and Malawi

Francophone Africa

- **Customer base grew by 7.1%** supported data and mobile money growth
- Performance in Q4'20 continued to improve despite a continuation of the macroeconomic weakness in some countries
- **Revenue broadly flat** as growth in data, mobile money and other revenue did not fully offset the decline in voice revenue



Safety

- ✓ **Our priority** is the health and wellbeing of our employees, outsourced partners and customers
- ✓ **Supporting communities:** Supplied masks, testing kits and contributing cash to dedicated funds to support fight against Covid-19 and in addition contribution from our employees matched by the company).
- ✓ **Other initiatives:** various educational digital campaigns about best practices against Covid-19, sites accessible free of charge to allow remote education, zero transaction fees on money transfers, free text messages, extra bonuses on data bundles through Airtel Money subscriptions, and increased availability of home broadband products to support working from home

Business

- ✓ **Network:** Our priority is to keep our customers connected to the network and ensure maintenance services are safely carried
- ✓ **Distribution:** higher stock of SIM cards and recharge vouchers (+30%-50%), and increasing penetration of digital recharges
- ✓ **Capex:** sufficient deployable materials in our warehouses to ensure timely rollout
- ✓ **Mobile money:** engagement with governments and regulators so some outlets remain classified as essential services and are fully accessible for our customers

FX and liquidity

- ✓ **Liquidity: We enter this period of high volatility with a strong financial position**
 - Our cash balance and \$814m of committed undrawn facilities ensure meeting all financial obligations
 - Flexibility to reduce Capex spend without compromising on network quality
 - Deferment of salary reviews
- ✓ **FX:** largest exposure is in Nigeria. We estimate that 1% of naira devaluation will have a negative \$13m impact on revenues, \$8m on underlying EBITDA and \$6m on finance costs

Outlook

- ✓ Telecoms and mobile money are considered **essential** and critical
- ✓ Countries where we operate will continue to benefit from **strong population growth** and the need for **increased connectivity** and financial inclusion in the medium term
- ✓ Our performance during the month of April has been resilient despite customers behaviour being impacted by lower disposable income and restrictions on movements. The business continued to deliver constant currency revenue growth, although at a lower rate and increase in data and mobile money revenue growth more than offset revenue decline in voice.

Strategic Direction

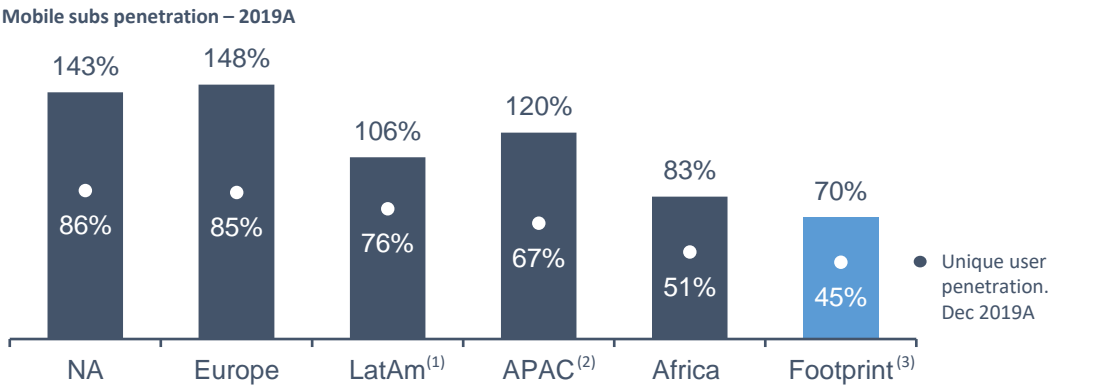


Africa: demographic and market potential

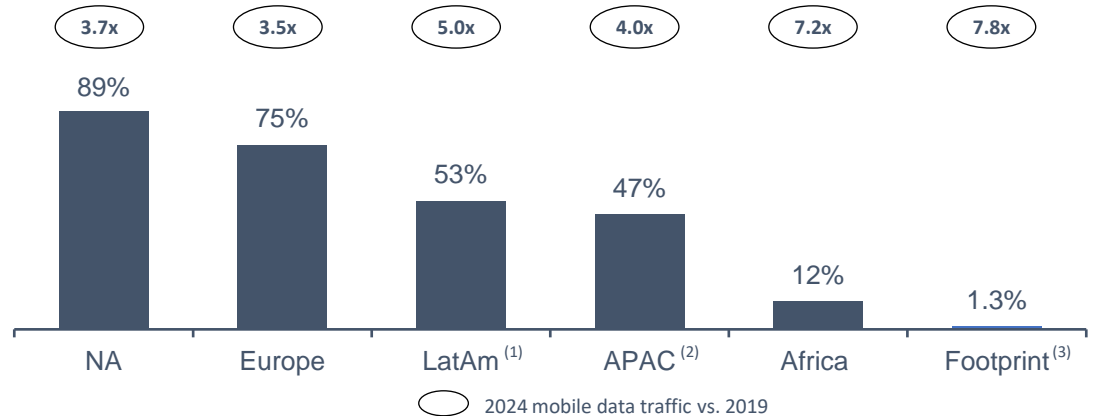
Growing population, high youth share



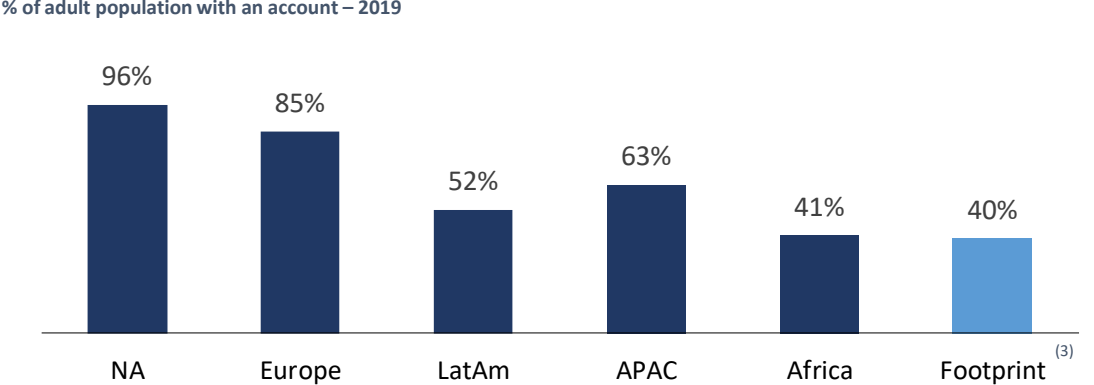
Low mobile penetration



Fixed Home Broadband penetration %



Low banking penetration

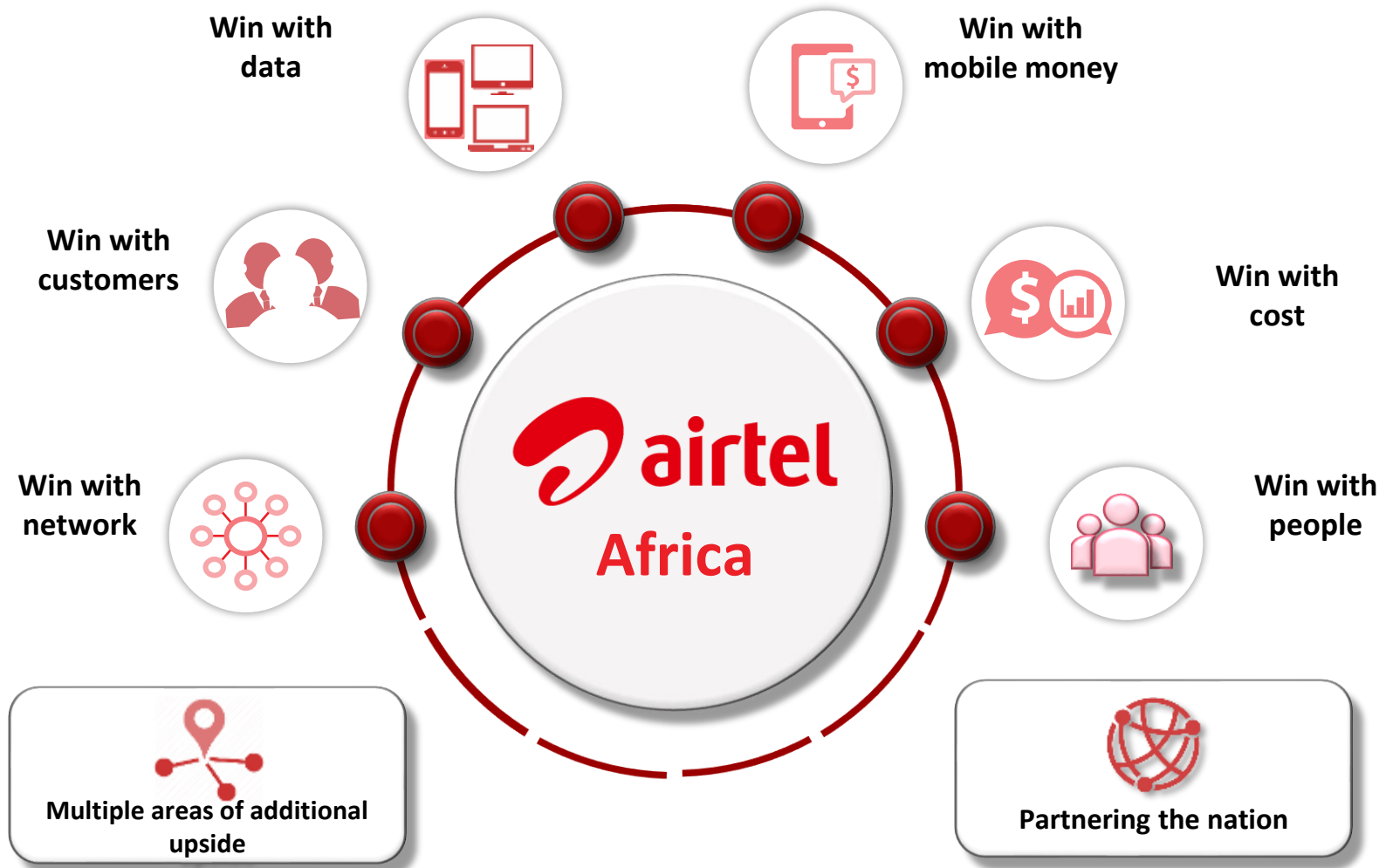


Significant potential for growth across voice, data and mobile money

Source: United Nations, Analysys Mason, Omdia.

Note: (1) Includes the Caribbean; (2) Includes the Middle East and Oceania; (3) The 14 countries where Airtel Africa operates, which are Niger, Chad, Nigeria, Uganda, Kenya, Gabon, DRC, Seychelles, Tanzania, Congo, Rwanda, Malawi, Zambia and Madagascar

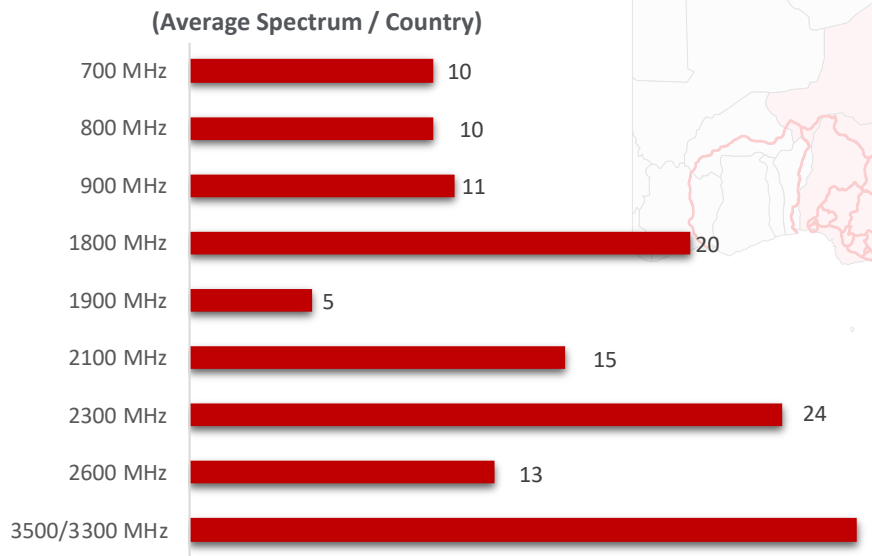
Key pillars of our strategy



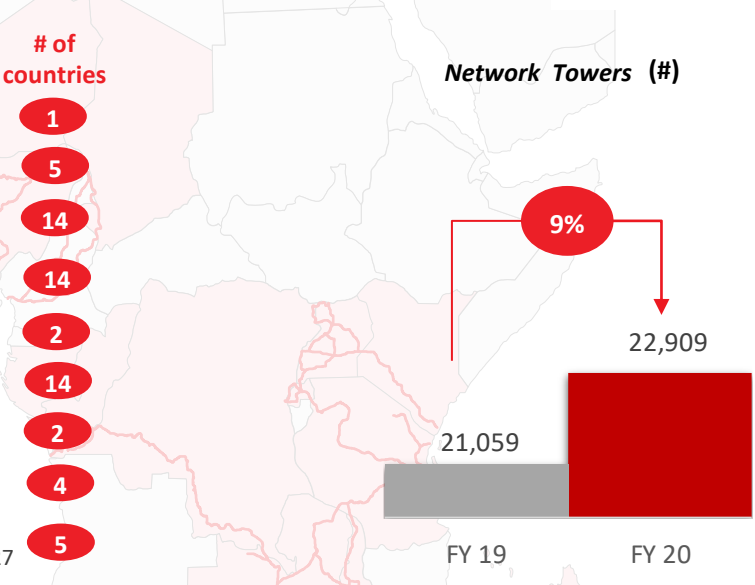
Attain leadership through a supply led demand strategy

Solid spectrum and network position with extensive fibre coverage

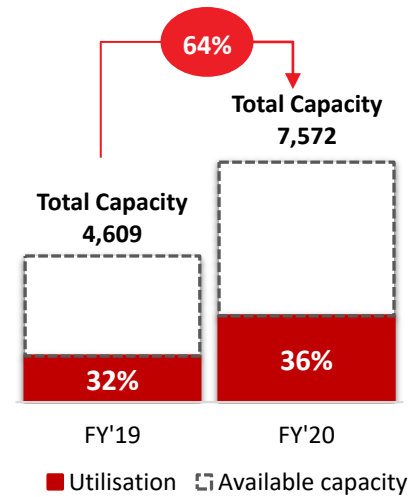
Ample Spectrum by Country



Increasingly Dense Broadband Network



Data capacity (Tb/day)



Robust and abundant future ready network

4G Leadership
65% sites are 4G

43,000+ km of Fibre


Modernized network
(81.5% of sites on single RAN)

Quality and affordable 4G connectivity in Malawi

Strategic aim:


Quality and affordable 4G connectivity with high capacity infrastructure

Timeline of the successful network modernization project:




FY 2017/18

- Main cities modernization
- Introducing 4G in main cities



FY 2018/19

- Completing network modernization
- Single RAN all network sites



FY 2019/20

- Expanding 4G services across the whole network (largely rural areas)
- Increase in sites on fibre and building resilient backbone network
- Spectrum addition of 10 MHz in 2100 & 5 MHz in 1800 band

Mar'19 Mar'20

Data usage increased by 216% yoy; in:

- Rural areas by six fold
- Urban usage +173%
- Rural 4G data usage +21%

• 100% sites on 4G network
• Airtel Africa has the widest coverage in Malawi

Win with customers

Effective distribution network

- Acquisition of quality customers
- Depth and width of distribution

Enhance customer experience

- Simplified digital on-boarding application, 85% activations through KYC App
- Implementation of dynamic and contextual IVR*
- Self-care APP launched in all OPCOs

Smart offerings

- Increasing penetration driven by bundle offerings
- Increased customer loyalty
- Customer value management
- Attractive 'pay as you go (PAYG)' rates

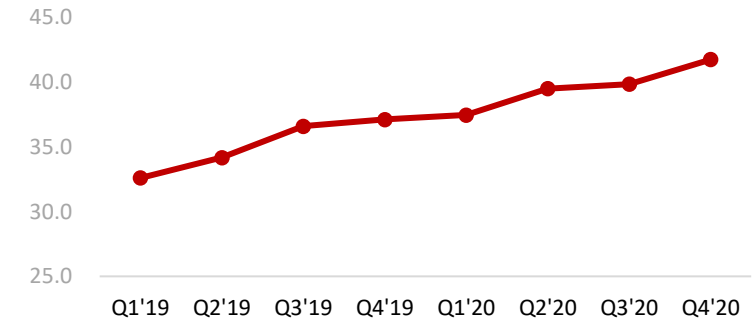


Nigeria – KYC; innovative distribution driving growth



- ✓ Invested in an **innovative mix of our outlets**
- ✓ Leading the way in meeting KYC regulations with efficient, tech-driven registration
- ✓ Added 4.6 million of new **customers, +12.5% yoy** driving double-digit **revenue growth**

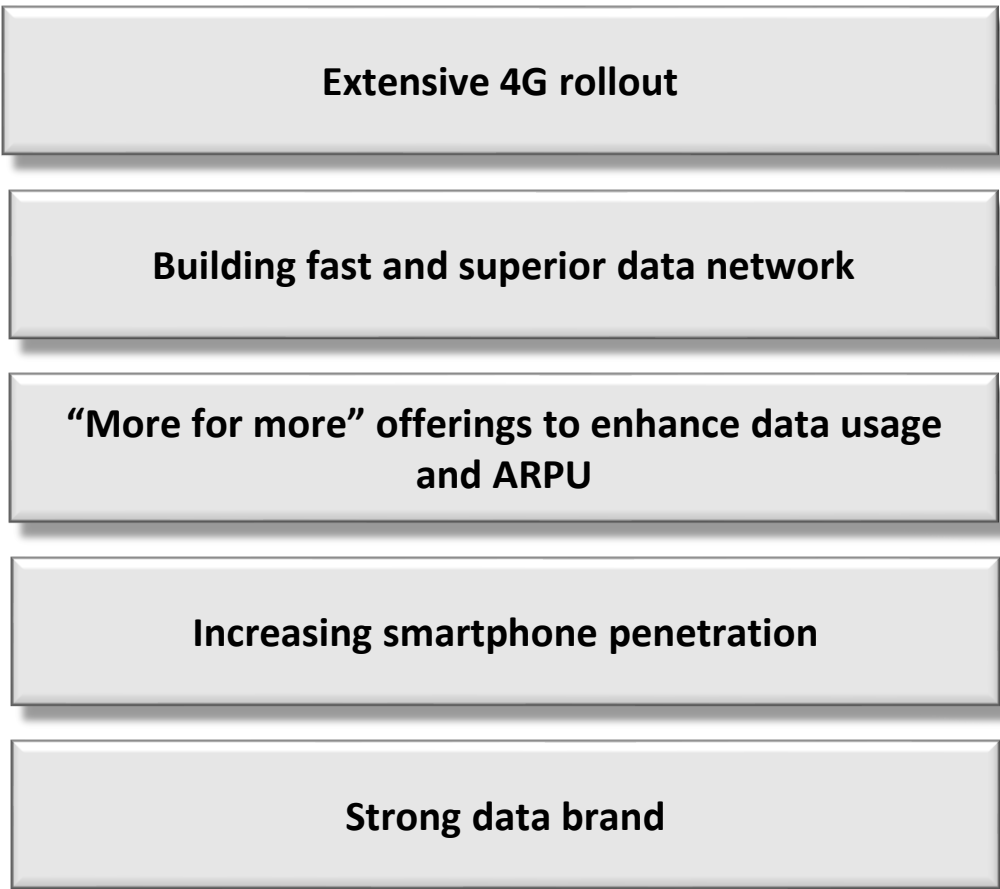
Customer base (m)



Win with data by increasing 4G users and data ARPU

Leverage market conditions...

...to grow 4G users leading to increase in Data ARPU



Q4'20 ARPU Mix

	ARPU (\$)	% mix	Wt. Avg ARPU (\$)
2G	0.3	32%	0.1
3G	2.2	39%	0.9
4G	5.5	29%	1.6
Data Subs	35.4 Mn		2.5

Data usage @2.1 GB/subs

Q4'19 ARPU Mix

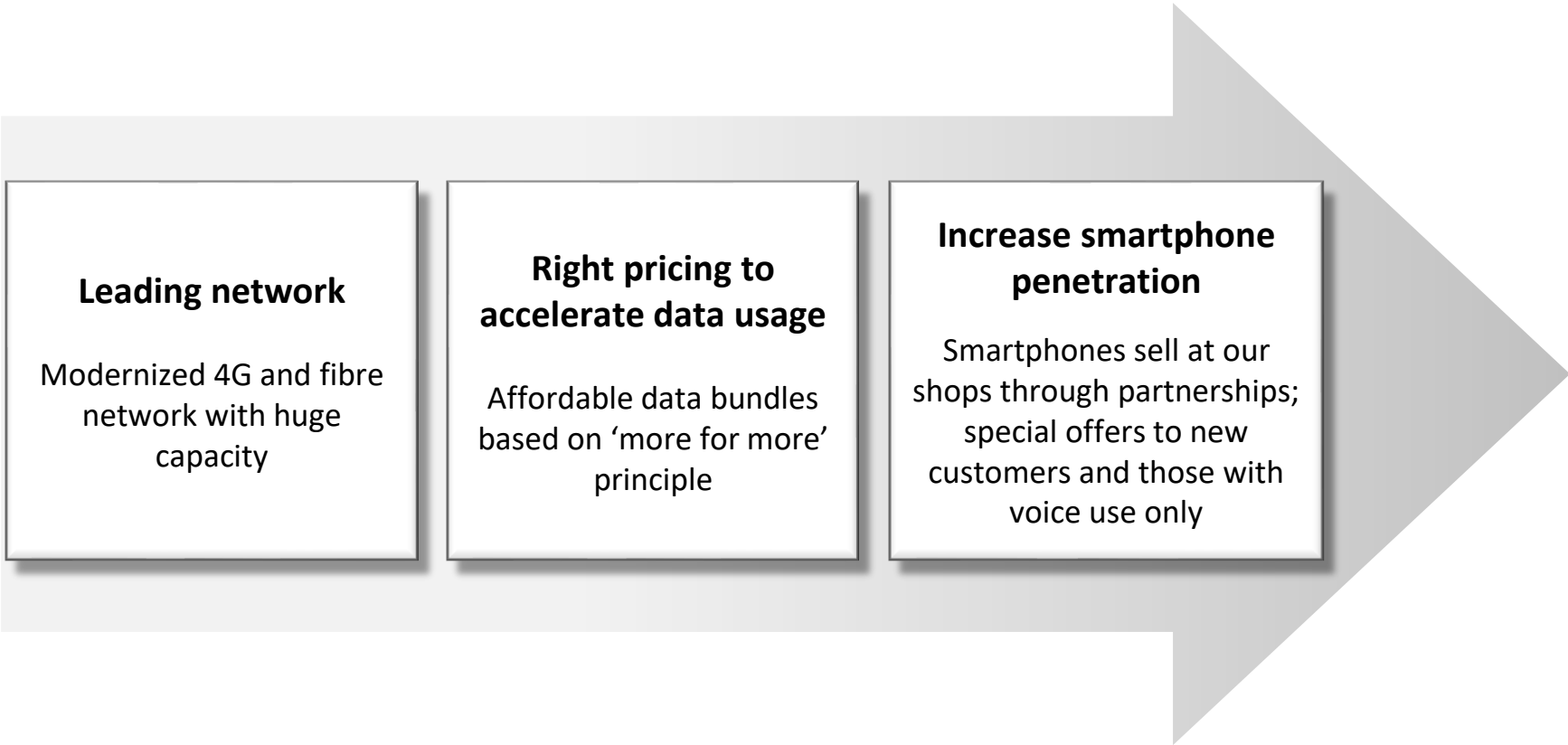
	ARPU (\$)	% mix	Wt. Avg ARPU (\$)
2G	0.6	36%	0.2
3G	2.1	43%	1.0
4G	6.0	18%	1.0
Data Subs	30.0 Mn		2.1

Data usage @1.3 GB/subs

Winning with data in DRC

Successful data strategy...

... led to strong set of results



Data usage/ subs
+126% yoy

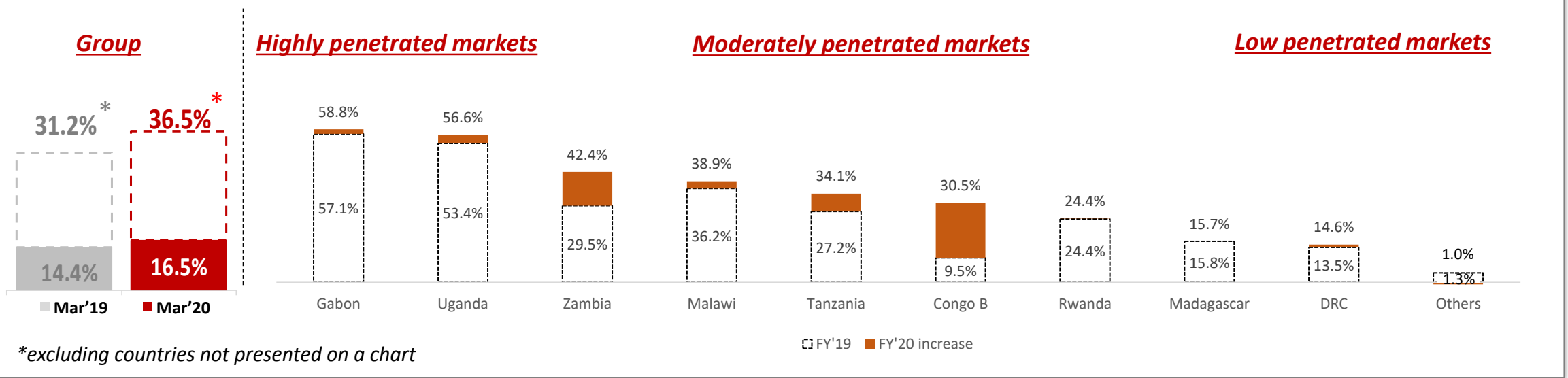
Data ARPU
+23.8% yoy

Data customers
+14.5% yoy

Data revenue
+26.2% yoy

Mobile money – a strong business getting stronger

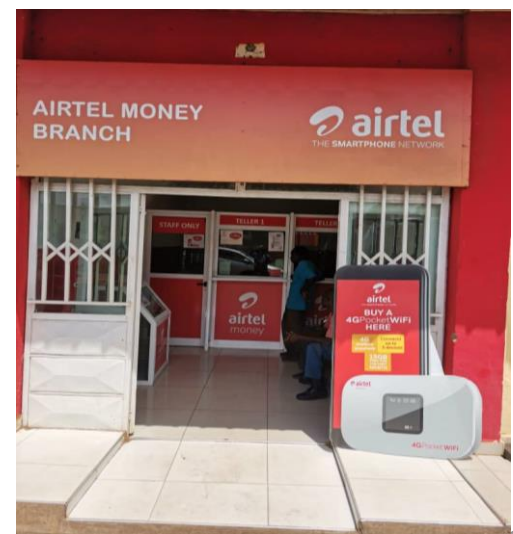
Subscriber Penetration – provide banking to unbanked



Exclusive distribution

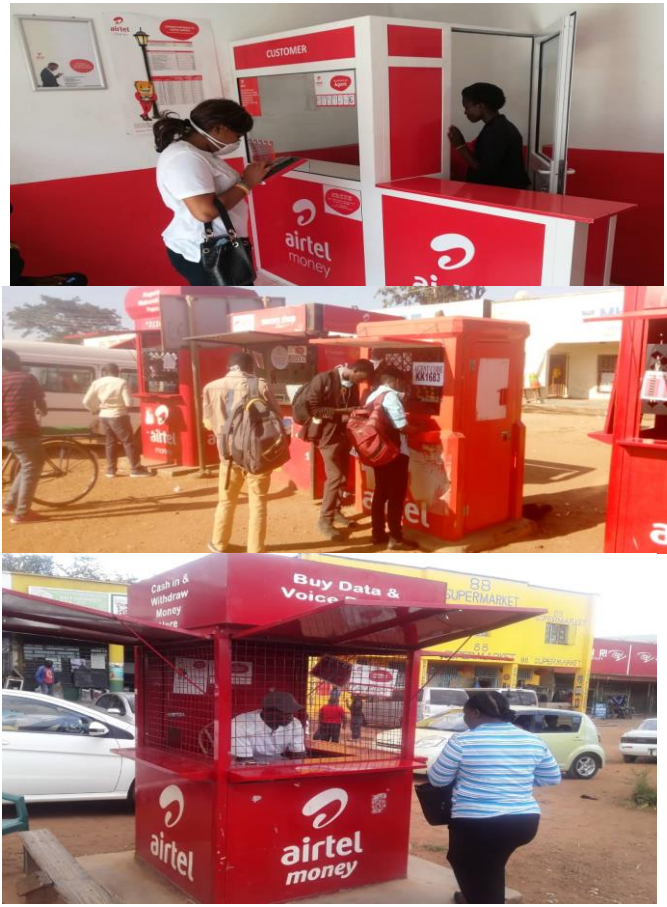
Assured float

Increase use cases



Winning with Airtel Money in Zambia

Excellent distribution network

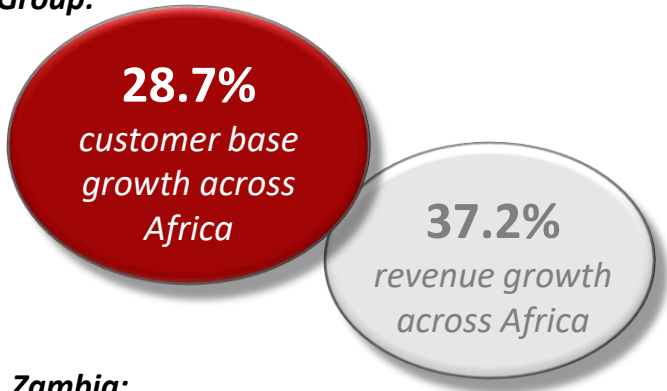


Strategy

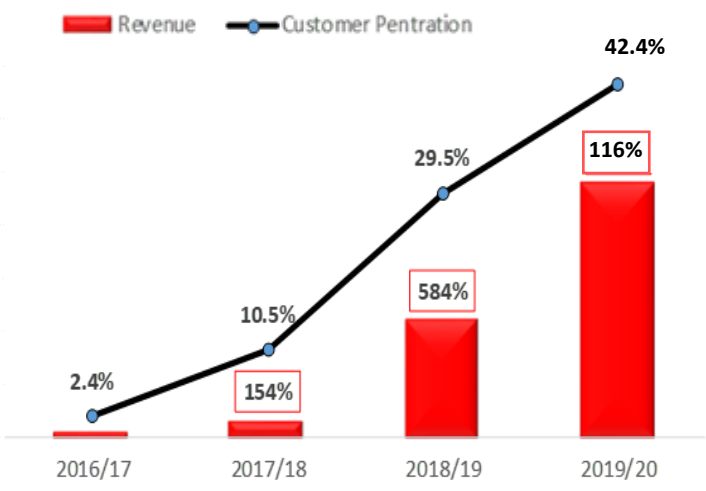
- Currency of choice
- Leveraging our mobile customer base
- Additional services - “One to many”, “Many to one” and International money transfer
- Increase agents

Strong performance

Group:



Zambia:



Win with people – performance driven culture

Organization structured for growth and complexity

- ✓ Airtel Africa’s Group Executive and Managing Directors have extensive local and international expertise
- ✓ Management can leverage experience from a broad range of telco and non-telco backgrounds
- ✓ Employees of 33 nationalities work across 16 geographical markets
- ✓ Rigorous talent acquisition process including standardized assessments

Empowered senior management

- ✓ Our expanded leadership team, which includes three regional heads, as well as our strong functional chiefs
- ✓ Independent and empowered OPCO managements led by Managing Directors
- ✓ Decentralised model – business practices tailored to the needs of each market
- ✓ All employees have access to the e-learning platform delivering both functional and leadership skills

Performance driven incentives

Incentives:

- ✓ Mix of variable and fixed payout
- ✓ Variable payout ranging from 15% to 35%

Variable parameters:

Based on company performance:

- ✓ Revenue
- ✓ EBITDA
- ✓ OFCF

Balanced KPIs



Revenue market share



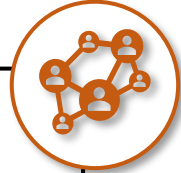
Growth



Profitability

Transforming lives, making an impact in Africa

Bridging digital divide



- Increasing smartphone penetration
- Expanding data network
- Increasing data consumption per user
- Digital recharges

Enhancing Financial inclusion



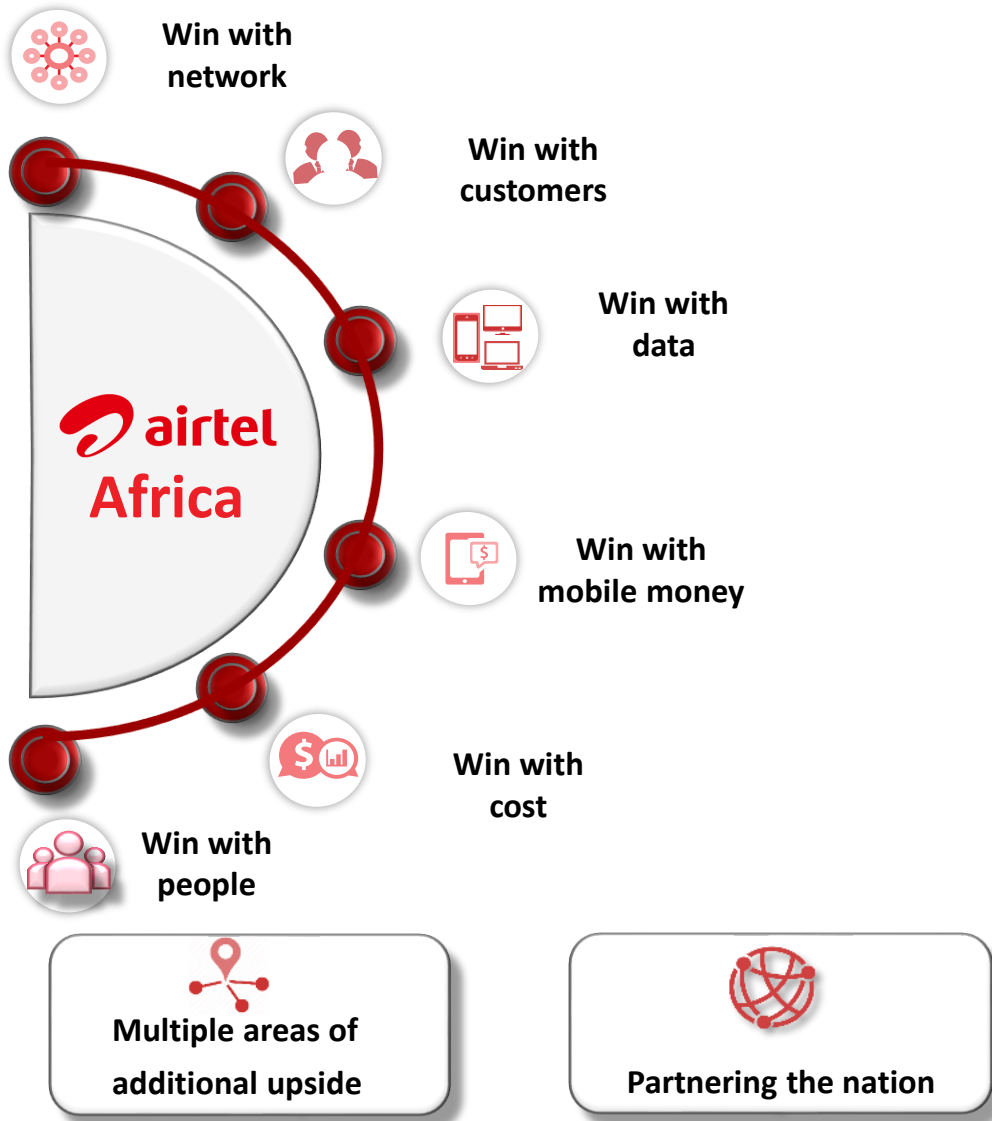
- Affordable access to financial services
- A more convenient and available distribution network
- Increased services available such as virtual credit cards, international transfer, merchant payments, etc.

Positive impact on economy



- One of the top employers across the footprint
- One of the top tax contributors to the economy
- Promoter of the cashless economy

Consistent and simple strategy for growth



Our Aspirations:

Growing ahead of market to increase revenue market share

Airtel Money to become the currency of choice

Monetisation of assets

To continue benefiting from operating leverage and effect of scale

Financial Performance



A strong set of financial results

Revenue
\$ 3,422 Mn
+ 13.8% yoy

EBITDA
\$ 1,515 Mn
+ 16.3% yoy

EBITDA margin
44.3%
+ 94 bps yoy

Leverage ⁽¹⁾
2.1x
down from 3.0x yoy

FCF ⁽²⁾
\$ 453 Mn
+ 201% yoy

EPS before exceptional items ⁽³⁾
\$ 7.3 cents

**Recommended final dividend of \$3 cents per share,
bringing total dividend for the year to \$6 cents per share**

Notes: Growth provided as constant currency growth;
(1) calculated as Gross Debt (incl lease liabilities) less Cash & Cash Equivalent / Last 12 months EBITDA; (2) Calculated as EBITDA less Capex invested less Cash Interest, less Cash Taxes less Changes in Operating Working Capital; reported currency growth (3) Calculated as Profit attributable to owners of Parent before exceptional items / Weighted Average shares outstanding.

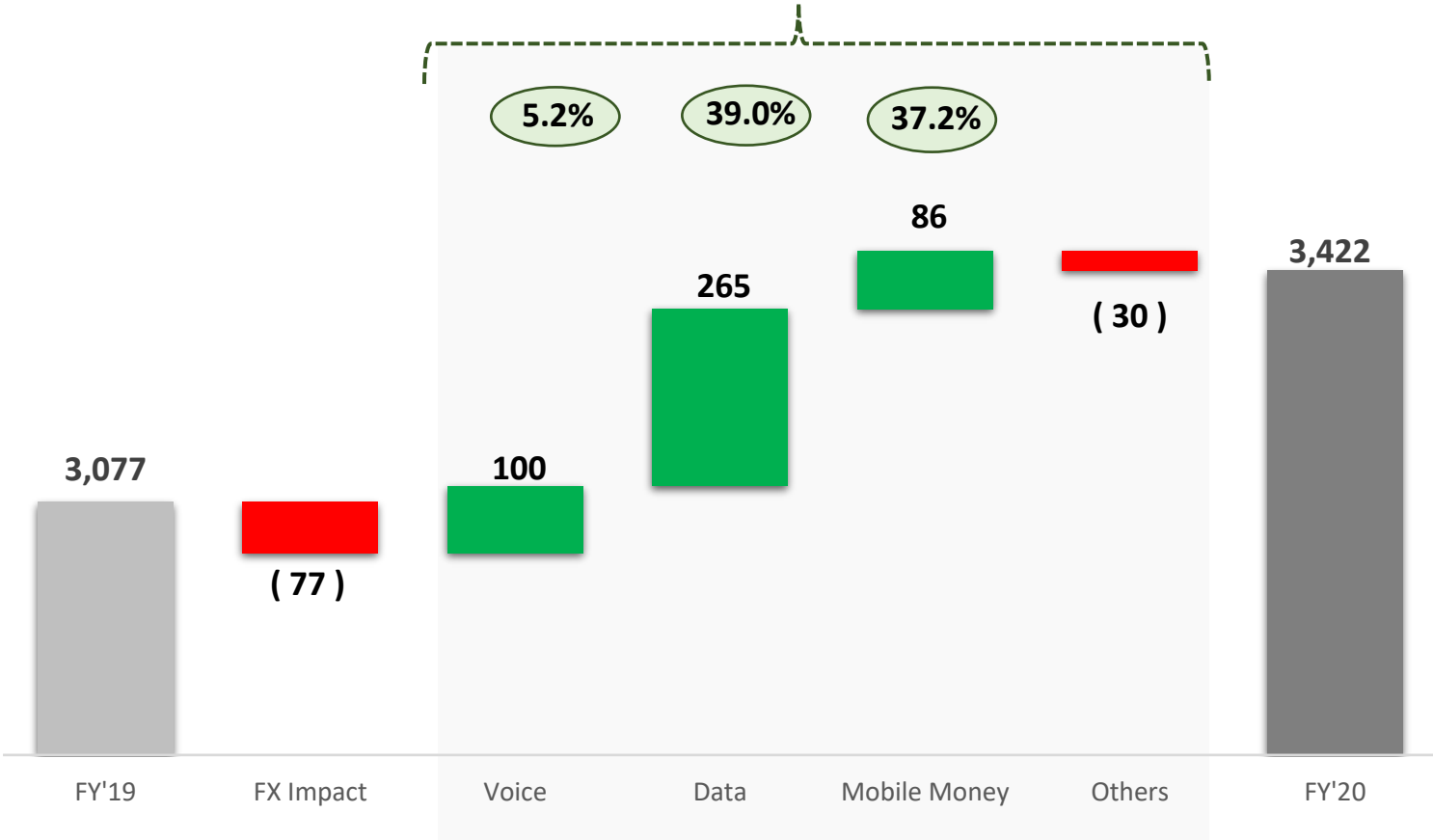
Broad-based revenue growth across voice, data and mobile money

Revenue

Constant
currency
growth
(%)

+13.8% (+ \$ 421 Mn)

(\$m)

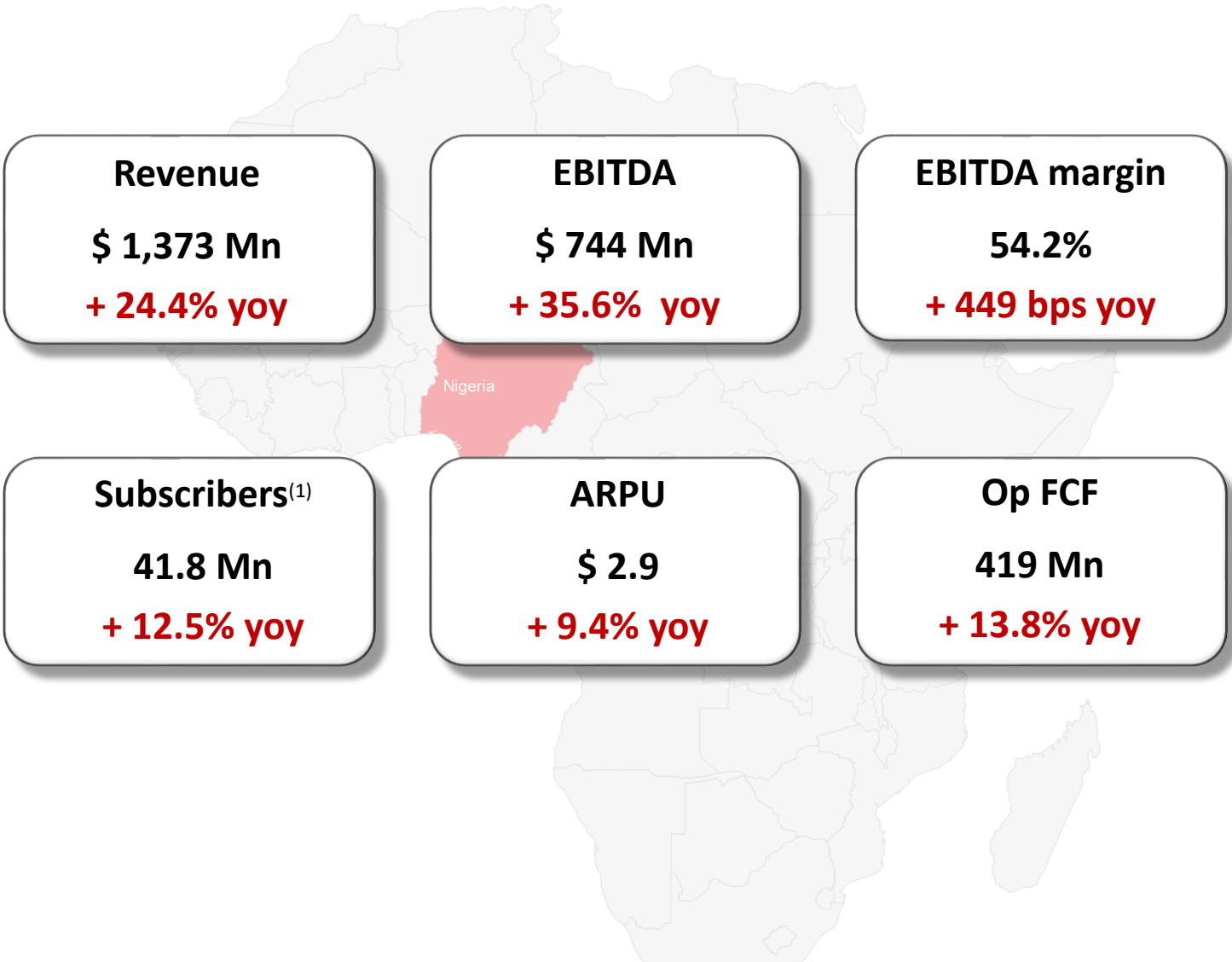


- Revenue \$ 3,422 Mn up 11.2%
- Constant currency revenue growth of 13.8%
- Strong growth broad based across voice, data and mobile money
- FX impact (\$ 77 Mn) mainly due to the devaluation in Zambian kwacha (24.4%), CFA (1) (4.2%) and Madagascar Ariary (7.2%)



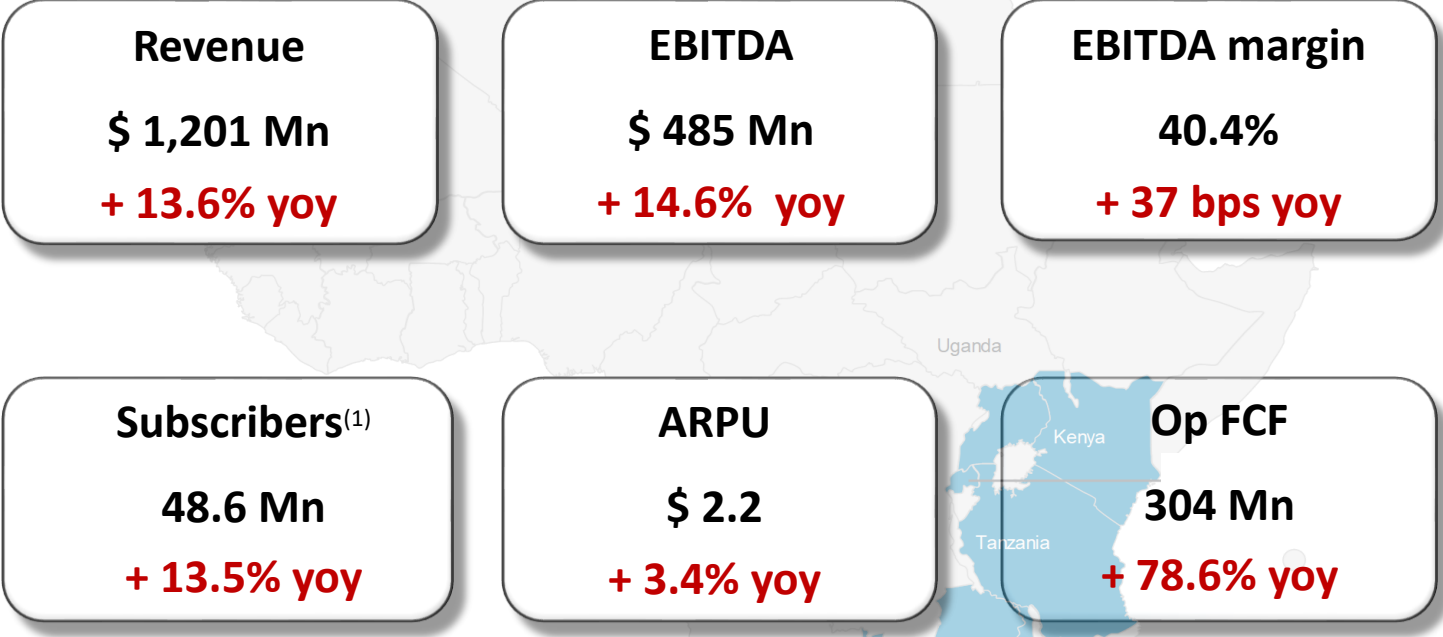
Note: Other includes eliminations; (1) The CFA franc is the currency of Congo B, Niger, Gabon & Tchad

Nigeria – Strong double-digit growth



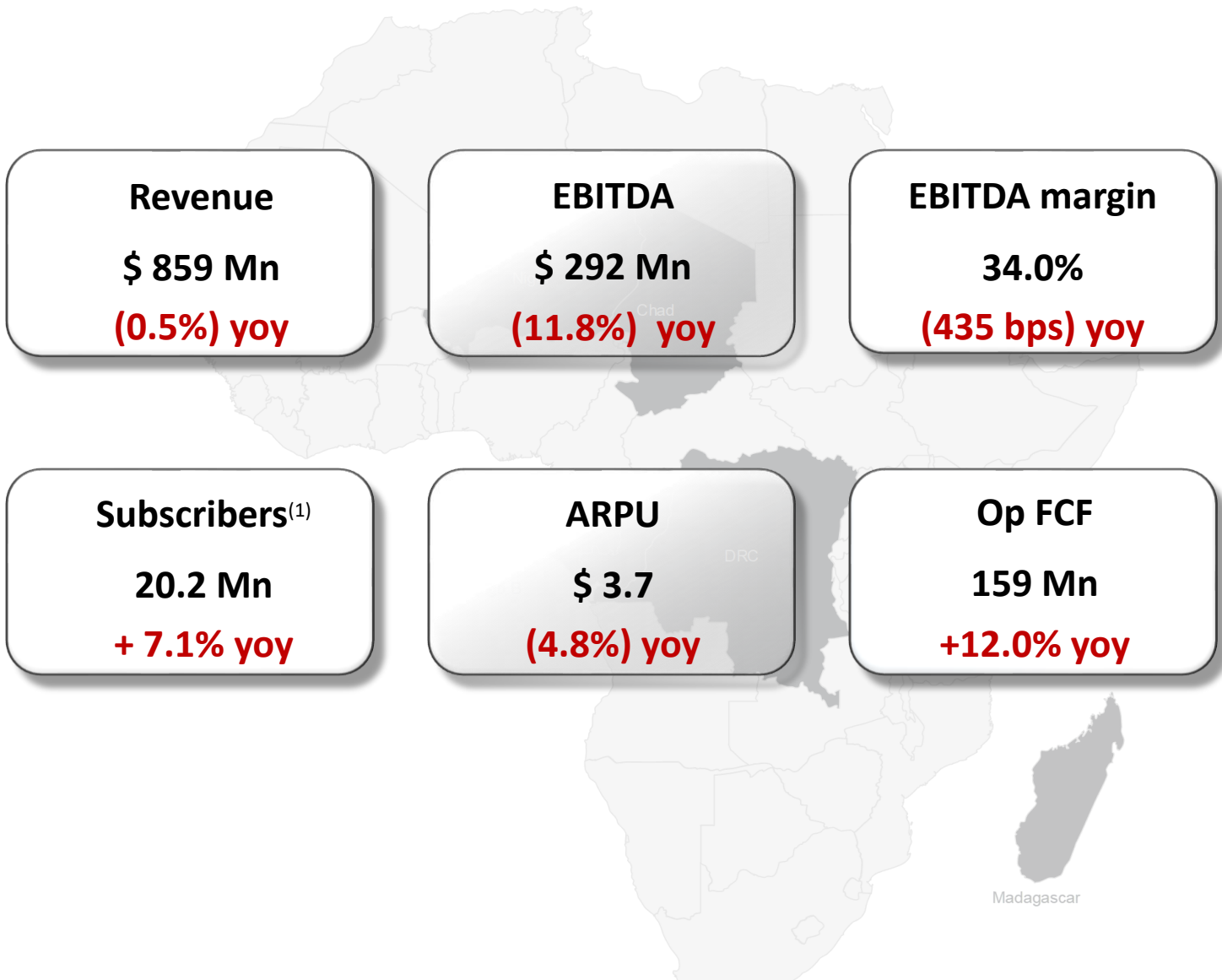
- **Strong 4G network** accelerated rollout of 4G network, (67.8% of sites are 4G)
- **ARPU growth** underpinned by expansion of profitable customers
- Expansion of 4G network resulted in **data usage increase** and **data revenue growth**
- **Customers growth of 12.5%** supported **voice and data** revenue increase
- EBITDA margin of 54.2%, **margin expansion of 449 bps**
- **Operating free cash flow up 13.8%**, driven by double-digit underlying EBITDA growth

East Africa – Broad-based growth across voice, data and mobile money



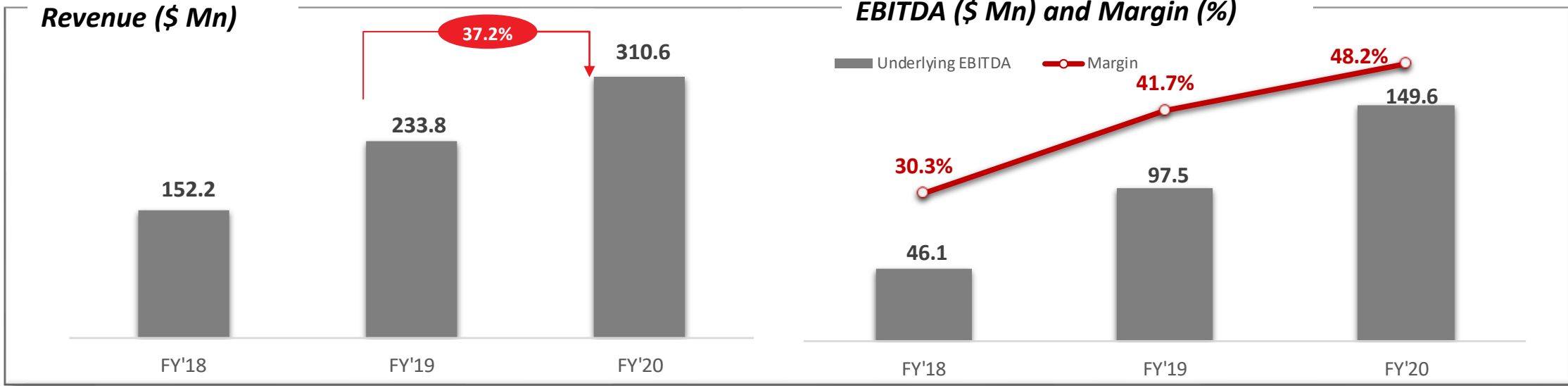
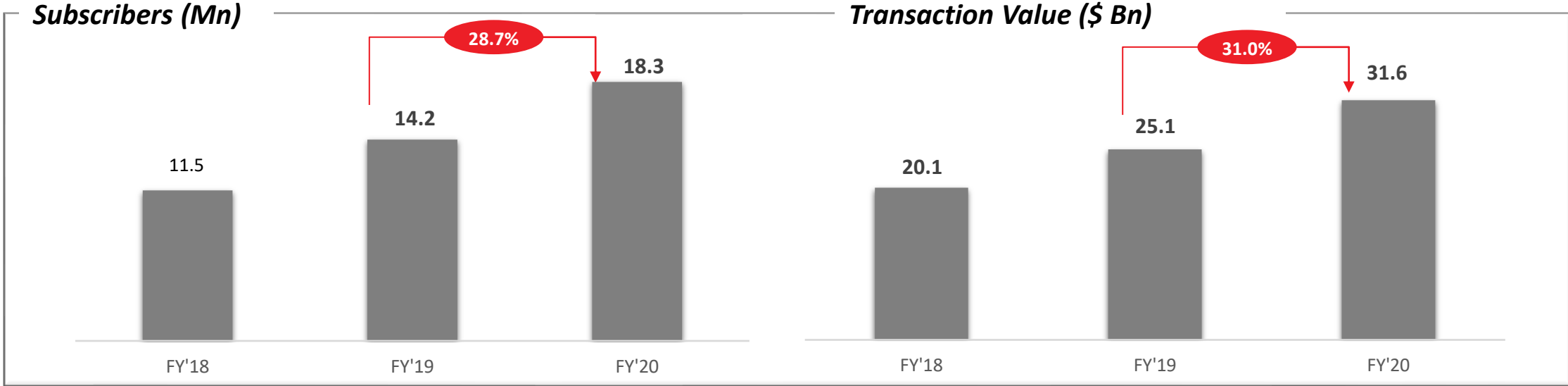
- Revenue **increase 13.6%** - driven by growth across all products.
- **Data revenue** growth 20.3% - due to 4G rollout, increase in smartphone penetration, and popular offerings
- **Mobile Money revenue up 43.7% in constant currency** due to increase in customer base and transaction value per customer
- **Underlying EBITDA margin** increased as a result of revenue growth and cost efficiencies

Francophone Africa – Improved Q4 performance driven by data & mobile money



- Improved performance in Q4'20, +4.1% in constant currency driven by data and mobile money, despite macroeconomic weakness
- Voice revenue impacted by IUC charges in key countries
- Data revenue growth driven by higher data usage and expansion of 4G network
- Revenue in mobile money up 28.4% due to double-digit revenue growth in key markets
- Underlying EBITDA decrease due to lower revenue and one-off quality of services penalty in Gabon

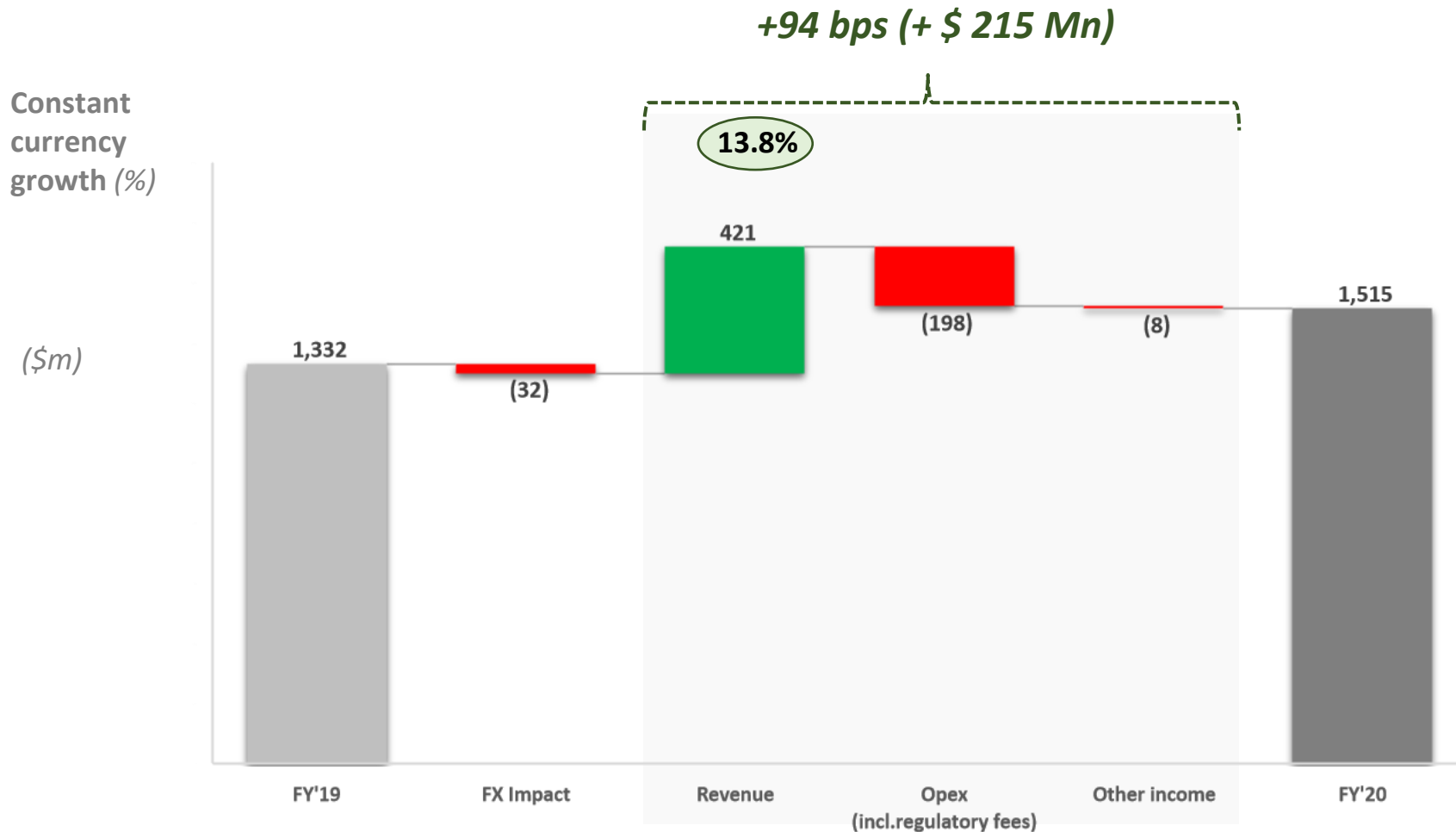
Mobile money continued to deliver strong growth in EBITDA



Note: Growth in constant currency basis

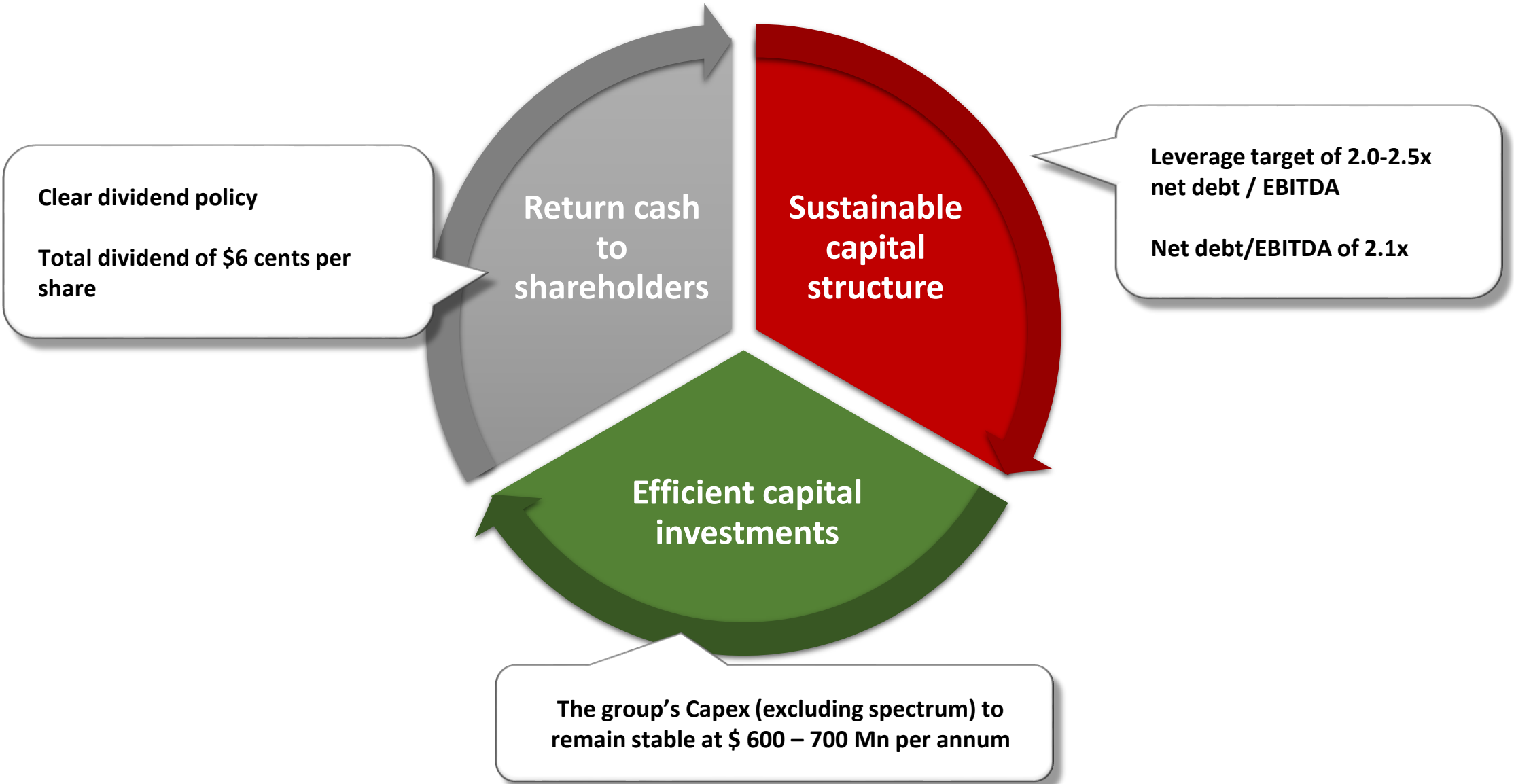
Consistent EBITDA growth

Underlying EBITDA



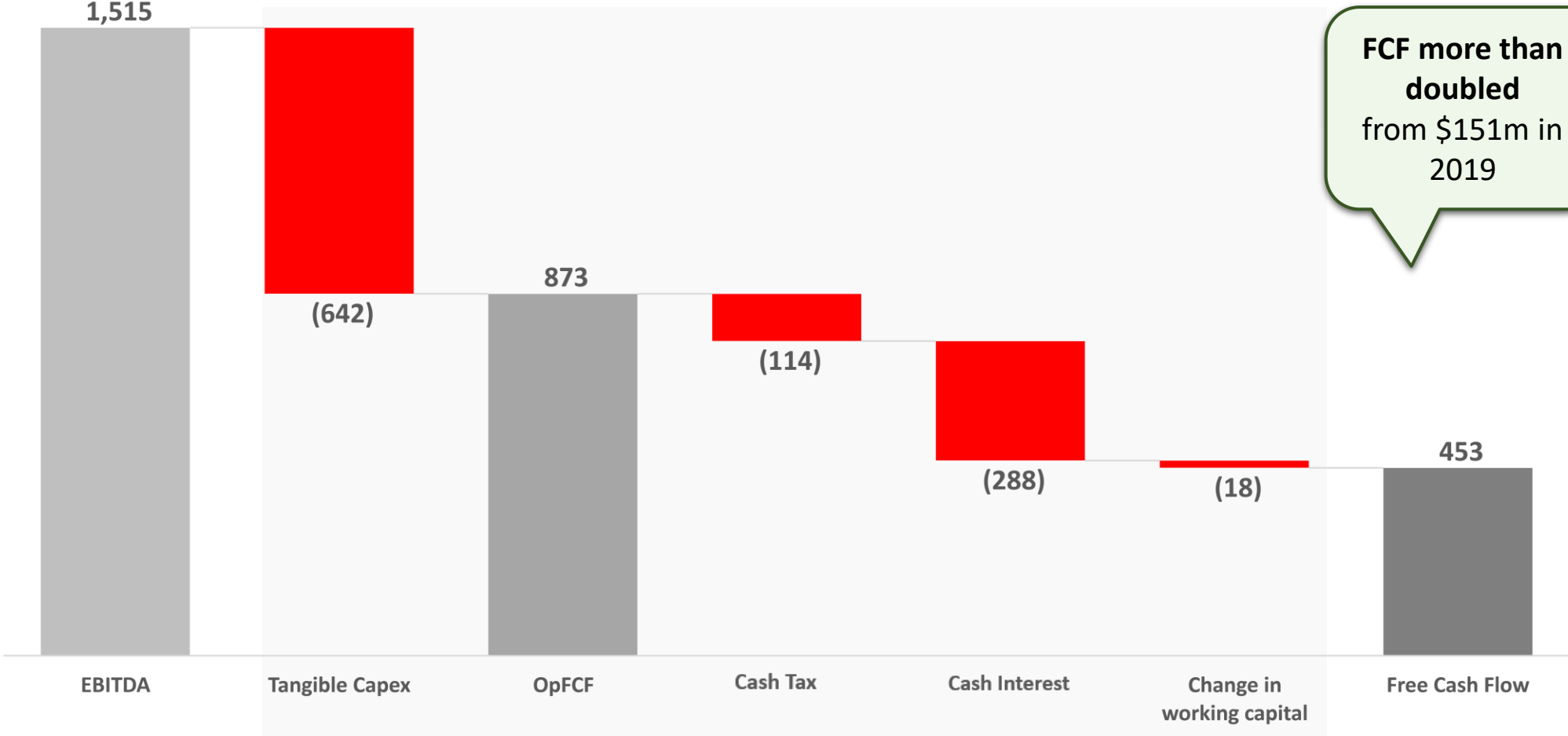
- Underlying EBITDA grew 13.8% to \$ 1,515 Mn
- Underlying EBITDA growth of 16.3% in constant currency
- USD 32 Mn of foreign exchange impact driven by devaluation
- Increase in OPEX resulting from the network rollout, sales and marketing expense

A transparent and balanced capital allocation policy



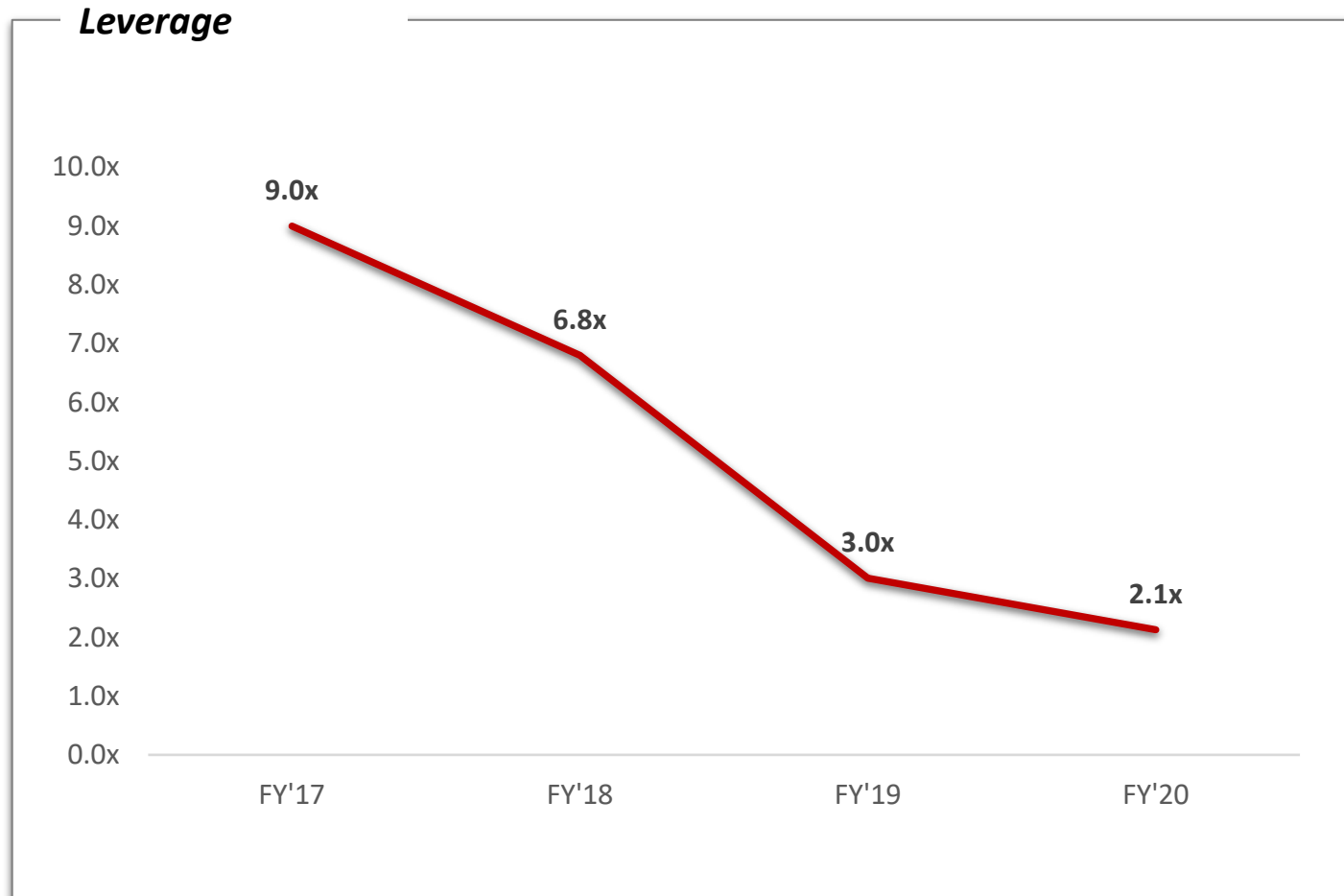
Strong free cash flow generation

(\$m)



FCF more than doubled from \$151m in 2019

Consistent leverage reduction to 2.1x of net debt to EBITDA



Leverage	As of March 31, 2020		As of March 31, 2019	
	USDm	xLTM 1 Underlying EBITDA	USDm	xLTM 2 Underlying EBITDA
Foreign Currency:	2,791	1.8x	3,342	2.5x
- Holdco	2,330	1.5x	2,696	2.0x
- OPCOs	461	0.3x	645	0.5x
Local Currency:	297	0.2x	294	0.2x
- Holdco	0	0.0x	0	0.0x
- OPCOs	297	0.2x	294	0.2x
Leases ³	1,169	0.8x	1,218	0.9x
Total debt	4,257	2.8x	4,854	3.6x
Cash and cash equivalents	1,010	0.7x	848	0.6x
Total net debt	3,247	2.1x	4,005	3.0x

- Weighted average interest rate at 4.9% compared to 4.8% in previous year

Restated EPS before exceptional items

EPS	\$ cents	EPS with normalized weighted average number of shares outstanding (\$ cents)
FY'19 EPS before exceptional items	14.0	7.4
Exchange	(0.5)	
Operating profit (Constant Currency)	6.4	
Total Finance Charges	(1.0)	
<i>Derivatives and Forex gain/(loss)</i>	(2.2)	
<i>Finance Charges (excluding derivatives and Forex)</i>	1.2	
Tax	(6.7)	
Others	0.9	
Number of shares changed	(5.9)	
FY'20 EPS before exceptional items -Derived	7.3	6.9

Restated EPS ⁽¹⁾

1) Calculation based on restated weighted average shares outstanding - 3,758 Mn

Summary and outlook

FY 2020 Strong set of results

- Consistent double digit revenue growth
- Underlying EBITDA margin expansion
- Strong free cash flow generation, FCF more than doubled
- Net debt to EBITDA ratio decreased to 2.1x
- EPS before exceptional items at \$ 7.3 cents, decrease due to an increase in shares issued and higher tax and finance cost
- Recommended final dividend \$ 3 cents per share

Our outlook

- Mid-term opportunity remains unchanged driven by strong population growth and need for increased connectivity and financial inclusion
- Short term volatility caused by Covid-19
- Our performance during the month of April has been resilient despite customers behaviour being impacted by lower disposable income and restrictions on movements. The business continued to deliver constant currency revenue growth, although at a lower rate and increase in data and mobile money revenue growth more than offset revenue decline in voice.

Thank You



Appendix



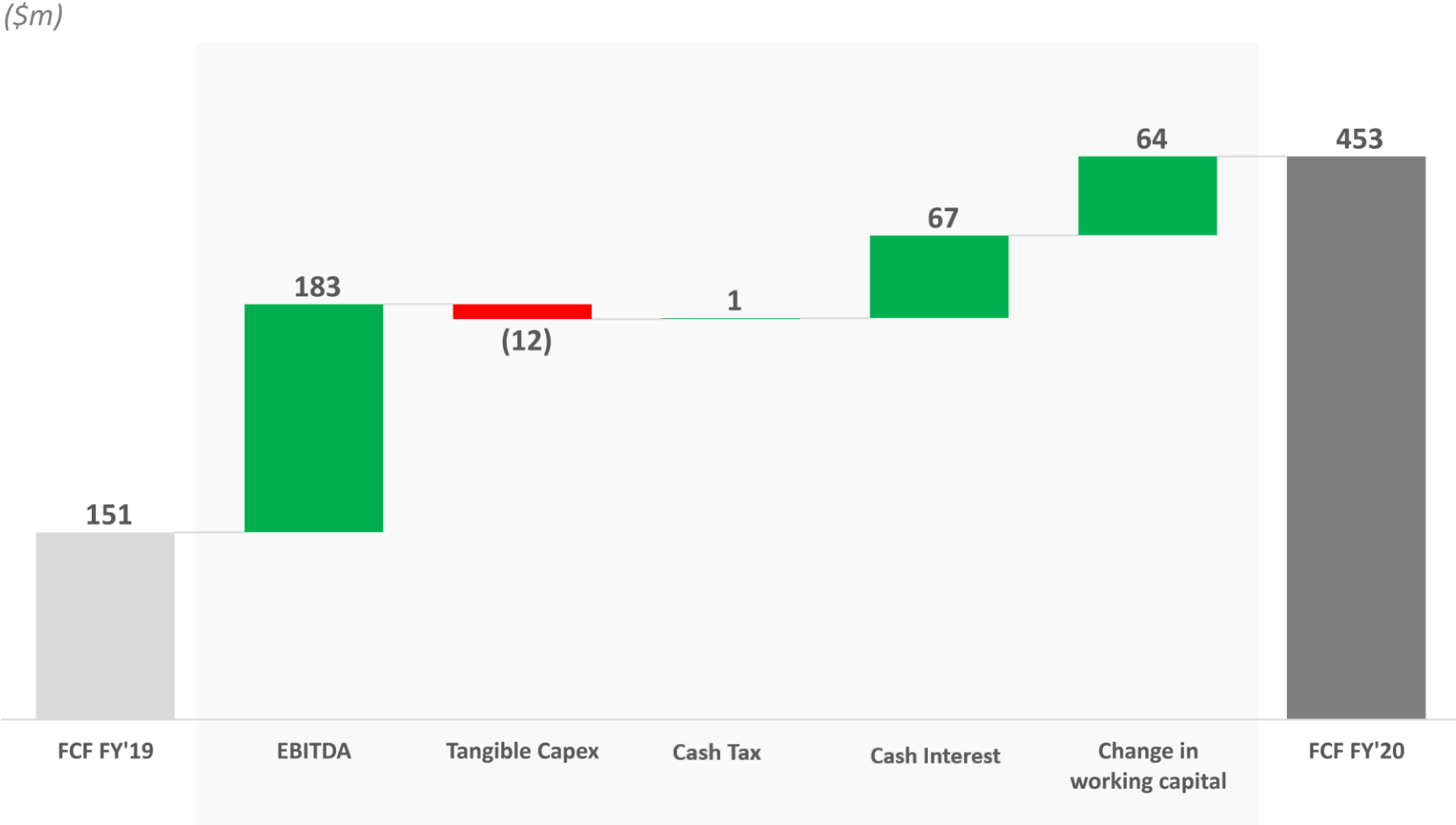
Finance cost & FOREX

Description	Year Ended March 2020	Year Ended March 2019	Change
<i>USDm</i>	<i>USDm</i>	<i>USDm</i>	<i>USDm</i>
Interest and Other finance charges	330	348	(18)
Interest Income	(29)	(22)	(8)
Finance Charges (Excluding forex & derivatives)	300	326	(26)
Net exchange loss	110	45	65
Net gain on derivatives	(38)	(17)	(21)
Total Finance Charges (Excluding Exceptional Items)	372	354	18
Exceptional Items	1	8	(7)
Total Finance Charges (Including Exceptional Items)	373	362	11

Total Finance Charges (excluding exceptional items) higher by \$ 18 Mn due to:

- **Finance charges** (excluding derivatives and Forex gain/loss) **reduced** by **\$ 26 Mn** due to:
 - **\$ 71 Mn** reduction in interest costs (net of interest income) is primarily due to repayment of **\$ 2.2 Bn** Bonds in FY'19.
 - Above reduction is off-set by one-off benefit of **\$ 39 Mn** in FY'19 (**\$ 23 Mn** interest reversal on tax provisions, **\$ 16 Mn** gain on IRS on bonds). Further, FY'20 had **\$ 8 Mn** of IPO cost.
- **Derivatives and Forex loss** of **\$ 72 Mn** is mainly due to devaluation of currencies in March 2020.

Strong free cash flow generation



FCF for FY'20 higher by 201% YoY as a result of:

- Higher underlying EBITDA resulting from organic growth
- Higher capex – resulting from network expansion and modernization
- Higher cash taxes due to higher taxable income
- Lower interest resulting from partial debt repayment
- Positive change in working capital driven by higher creditor balances.