

Airtel Africa plc

FY'20 Results

13 May 2020

Operator: Hello. Good morning. Ladies and gentlemen welcome to FY 2020 Results Conference Call of Airtel Africa. Today's speakers are Raghunath Mandava, Chief Executive Officer; Jaideep Paul, Chief Financial Officer.

All lines are now closed except for the speaker line. If you would like to ask questions to the speakers please press "star" "one" on your keypad to connect with the operator. Before we continue, I will present an important disclaimer. This presentation has been prepared by Airtel Africa plc and is for information purposes only.

This presentation contains forward-looking statements which their very nature involve inherent risks and uncertainties and risk exists that such forward-looking statements will not be achieved. You are strongly advised to review the disclaimer page of the investor presentation available www.airtel.africa/investors.

This conference call will be recorded and the transcript will be posted on our website. The first speaker will be Mr. Raghu Mandava. Please go ahead, sir.

Raghunath Mandava: Thank you very much. Good morning everyone and sorry for the delay. We had some technical problems. Today I'll take you through the business as it is and our FY'20 Results.

What's on top of our mind is the COVID spread. COVID spread in Africa has lagged many parts of the world and you'd see that it has not impacted our FY'20 results. However, we have seen some impact of COVID starting from April which I will cover in detail later on.

Our FY 2020 results are clear evidence of our strategy, delivering profitable growth. Our revenue grew by 13.8% with EBITDA growing even faster, whereby we delivered a margin expansion of 94 basis points to 44.3%.

Revenue growth was broad based across all our services, voice, data and mobile money and I'll talk in a little more detail about this. Our EPS, pre-exceptional items restated amounted to 6.9 cents.

Finally, we'll consider our forecast position with FCF at a level of \$453 million about 200% .

We've had consistent nine-quarter double-digit revenue growth now along with EBITDA margin expansion. We continue to demonstrate a track record of constant deliveries of Q4 being the ninth successive quarter of double-digit growth.

Revenue continues to grow consistently above double digits and we see over the last few quarters accelerating to mid teens, along with EBITDA expansion. Other revenue in Q4 achieved 13.9% year-on-year growth.

How have we delivered against our objectives? In 2020 we have set our aspirations to grow mobile revenue in double digits, every customer grew up around 50% in the medium term. We grow mobile revenue 12.5% and mobile money revenue at about 37.2%. The underlying EBITDA margins amounted to 44.3%.

Moreover we have kept our CapEx broadly stable at about 642 million, decreased our leverage to 2.1 times. The Board has recommended a final dividend of 3 cents per share bringing the full year dividend to 6 cents per share.

The next slide is about how our strategy has developed. You have seen this chart few times before but I think that's the core of our strategy. And I'll spend a little more time here.

As mentioned before, in African market there's growth across voice, data, and mobile money, which you do not see in the rest of the world because

eventhough the data is growing, the voice is coming down. In Africa we see all the three growing.

Unique customer penetration at about 45% means there is ample scope for customer growth and we have been growing customers at about 11.9%.

Whilst new customers could come with lower ARPU, there is ample scope for increased usage of minutes per customer. This is growing by almost 10% to reach to our 211 minutes in Q4.

There's a lot of space to increase the number of minutes as well, 211 is not very high actually, it's one of the lower one around the world. And this is why has voice ARPU dropped a bit 5% but overall voice revenue grew.

On the back of aggressive 4G rollout, and as you all know that we have taken the lead on 4G across Africa, data customers grew 18% with data ARPU growing at about 20%. This resulted in data revenue growing at 39%. This has been driven by a new customer data usage of over 50%.

Our customers now use almost 2.1 GB per month. Airtel Money grew 37% as we expanded our services to more countries with both customers and ARPU growing.

Data and mobile money, as you see contributed between 27% and 9% respectively. That means between the two we have almost 36% of our revenue which is growing at about little less than 40%, and along with this voice growth, we have the power to build on our overall revenue growth. We discussed the growth across these various services of voice, data, and money. Let's go through these segments.

Nigeria is our largest market, as you know, has been growing and growing at 20%, mid-20s and this continues to deliver strong growth for us. East Africa continues to grow handsomely, our revenue increased by 13.6% driven by adding new customer and growing mobile money.

In Francophone Africa, in Q4, we have turned the corner to deliver 4.1% growth. Jaideep will take you in detail through the segment wise performance later on.

COVID-19: across our footprint, we experience COVID-19 pandemic like the rest of the world. Also across the 14 countries, we are in various stages both of the spread of COVID-19 and also the response by the governments.

We've been continually monitoring the situation and take immediate actions to mitigate them. Our priority is the health and well-being of our employees, partner, and customers.

Telcom provides essential services , especially now given that the people are restricted to move. We're taking all measures to keep the services running and also adapting to changing patterns of customers.

As our priority, we are keeping engaging in interactions with our customers and nlocal governments. Our team and those of our partners are doing an exceptional job in keeping up the services.

As of now we have a strong liquidity position, our cash balance is \$814 million of committed, undrawn facilities to ensure we meet of all our financial obligations. Additionally, we have the flexibility to grow CapEx spend without compromising on network quality in the short-term. However, we are experiencing some currency pressure across some of our markets: Nigeria, Kenya, Uganda, Zambia, and Malawi.

The fundamentals of our mid-term outlook remains positive, strong population growth and high conectivity need. However, it is difficult to predict COVID-19 impact in the short-term.

I'll give you a bit more flavor of how our operations are doing in April. Our performance during the month of April has been resilient despite the customer behavior being impacted by COVID-19 and restriction on movement.

The business continues to deliver constant currency revenue growth, although at a lower rate. Increasing data and mobile money revenue more than offset the declining revenue in voice.

Let me move now to our strategy pillars and strategic direction of the company. Why do we feel Africa is a great potential? - Demographic and market potential across our footprint remains strong. There are clear factors to indicate potential, for example the population growth which is at 2.8% across our footprint, and which is doubling every 25 years.

Low customer penetration – it is at about 45%. No significant home broadband which means that data has to be used via the mobile networks, low banking penetration and more importantly we have lower availability of mobile services and lower number of access points. Hence, the real financial service penetration is far lower which provides a great potential for mobile money.

We've been consistent with our simple strategy that we've been delivering for all these years. Our key pillars of strategy as you can see from the chart here, are: winning with networks, customers, data, mobile money, and then with costs and with people.

There are further areas of upside and our philosophy that we are providing essential services and hence partnering the nation, help create a great platform for our business growth in these countries.

Let's move one by one through each of strategic pillars. Let's look at the network. Our strategy is to continue expanding the network while becoming the leading 4G operator.

As mentioned earlier, our single RAN technology and fibre investment creates huge capacities that leads to huge incremental capacities at low marginal cost. We are also further bolstered by acquiring new spectrum in Nigeria where we have acquired 10MHz of 900 band and 20MHz of 2600 band. And also similarly in: Nigeria, Tanzania, Malawi, and Chad we added new spectrum to our spectrum portfolio.

We have added a 1,850 last year and now 65% of our total sites are on 4G. We launched 4G services this year, in the Democratic Republic of the Congo, Tanzania, and Niger making 4G services available across all of our 14 countries.

We added more than 8,000 km of fiber during the year, linking to a total of 43,000 kilometers across our footprint, with connectivity between East and the West coasts, from Mombasa in Kenya to Moanda in DRC.

This has resulted in an increase number of sites where we can allocate a greater number of carriers, specifically the 4G software upgrades, resulting in creating sufficient headroom for further accelerated growth, and thereby be the preferred smartphone network.

Not only we have enough headroom in our current capacity, as you can see there, with the utilisation ratio of 36% but the flexibility to add more carriers on 4G to the software upgrades and further increase capacity.

Let me next take you through a simple example of what happened in Malawi, to give you some more flavor. We had great network, a very high capacity network with resilient infrastructure across Malawi. We have made 100% of our sites on 4G.

Network modernization which started in 2017/18 started with a few key areas and a few main sites and then we rolled it out across the whole country. Data usage increased by 216% year on year. There has been a six fold growth in rural areas, and 173% growth in data consumption in the urban area.

This proves that data and mobile services are irreplaceable in the communication and this capacity supply, at the right price, can drive consumption and demand.

Let me move to the pillar “win with customers”. While we are always putting lots of attention on building a great networks, we also continue to accelerate customer acquisition through our exclusive and dedicated distribution

channels. We have simplified our onboarding process, and we improved the process of services through digitalization and self-care.

This along with simplified bundled pricing can drive growth and have helped us to grow our customers in double-digits.

A good example of a well-run KYC process is the one in Nigeria, where we've recorded high growth in customer registration, thanks to our innovative distribution network of corporate KYC kits.

As you can see from the graph, the number of customers in Nigeria have grown 4.6 million, that's almost a 12% plus growth in from our large base in Nigeria.

Let me now move to the data. The large network infrastructure means that the need for data in Africa has to be largely led by mobile networks. Smartphone on 4G is helping with enhanced consumption. Our efforts to bring down unit prices have led to increase usage and ARPU while we are increasing customer base. If you see the charts on the right hand side, this is shown at the bottom of Q4'19 and on the top, the Q4'20 chart. In the last quart, four quarter, we have grown our customers from 30 to 35 million, an 18% growth. While we did this, the share per customers have gone up and this has resulted in a weighted average of the data ARPU going up from \$2.1 to \$2.5.

As 4G customer shares continue to go up we could see further increase in data ARPU while the data customers also grow. I would say these are virtuous life cycle that both customer growth and ARPU growth happen, and this happened because as you saw here, the 4G penetration which was 18% has gone to 29% of the total data subscribers. This should continue to grow up as smartphone penetration and 4G handset penetration goes up.

Let me take you through the example of DRC. DRC used to be a country with a very high-priced data network. Once we built our infrastructure, we aggressively rolled our 4G across the country. We made data affordable through our bundles. The \$4.6 per 1 GB, we brought down to \$2.5 on an average, and even lower for the larger bundle. This has helped drive all our

usage by over 120%, and data revenue, already is showing a growth of 36% with only of few months of full 4G rollout.

Let's move on to the third pillar of our strategy which is mobile money. Our Airtel Money is largely present in nine countries. Across our footprint our overall penetration is about 16 odd percent, but only in these nine countries it is around 37%, and we believe it's substantial. You'll notice that we have two countries both Gabon and Uganda, at greater than 50% penetration, five countries between 20 and 50, and two countries between 10 and 20. This clearly indicates that we have a range of mobile money penetration across our countries and a glide path for us to grow from one place to other. You'll see some substantial jumps in our penetrations both in Zambia and in Congo B.

Also you can see that we've been able to move some countries substantially in terms of mobile money penetration yoy basis which is a clear indication that our expansion of Airtel Money is working. The clear pillars for growth are distribution, growth availability and increase in use cases.

Airtel Money in Zambia. Here, I would like you to present an excellent example of Airtel Money expansion in Zambia. We were a late entrant in Zambia in terms of mobile money. The accelerated rollout of efficient distribution network resulted in triple-digit growth of mobile money revenue over the last few years.

The customer experience was enhanced by the digital rate charges growing on a daily basis. We transformed the money flow in Zambia from traditional to mobile as preferred currency, moving from 2% to 42% penetration in three years.

Let me tell you about the next pillar, one we love which is win with people. This is a very important pillar that we don't mention that often. We have built an organization structure that is agile in the markets we operate and a small HQ in Nairobi that has got all the subject matter expertise and strategic support from them.

We have created the role of three new regional directors, East Africa, Francophone Africa, and Nigeria, who bring great execution and strategy capabilities to the business. Our measures of business performance as you see, are simple and clear, clearly in line with the behaviors we want our teams to exhibit.

Telecom, I'd like to add that our team is more than a business, it has the power to bring change in this world, make a good impact - we do see our roles as such. The leading part that has always accompanying them during daily business is transforming lives and making an impact in Africa.

Now, I'd like to tell you about the three-pillar -- three key-pillar strategy. It's the focusing on how to better serve to our society. First objective is to bridge the digital divide. Second, enhancing financial inclusion. Third, through both of these, make a positive impact on the economy, creating jobs, including money flow into the African economy.

Lastly, what's our way forward for growth? Our strategy for growth, before I close and give the floor to Jaideep, let me make a short summary. Through our simple strategy and strong on-ground exhibition and the huge data network we intend to grow mobile money revenues ahead of the market.

We intend to make Airtel Money the currency of choice and continue expanding financial inclusion in the countries we operate. By using our current infrastructure, we are able to monetize additional revenue streams such as Home Broadband and enterprise.

Our operating model helps us to continue benefiting from the operating leverage, and effect of scale supported by the network we are building. Thank you. And now over to you Jaideep.

Jaideep Paul: Thank you Raghu. And good morning everyone. During the full year we delivered encouraging set of results; let me start with some highlights.

Our constant currency revenue grew 13.8%. EBITDA increased 16.3% leading to 94 basis points of EBITDA margin expansion, which now stands at 44.3%. Absolute EBITDA for the FY'20 stands at \$1.515 billion.

Our balance sheet position has also improved, lower net debt to higher EBITDA, led to leverage ratio of 2.1 times in line with our capital structure policy. We generated strong free cash flow, up about 200% to \$453 million.

Earnings per share before exceptional items was 7.3 cents on a normalized basis; by assuming a similar weighted average number of shares; EPS is 6.9 cents, which is a slight drop from the last year.

Next slide, going to (35), reported revenues were up 11.2%, while constant currency growth was 13.8%. And the difference is due to unfavorable foreign-exchange devaluation in certain countries.

All three service segments, voice, data, and Airtel Money, grew by 5.2%, 39%, and 37%, respectively.

Coming to Nigeria, a strong double-digit growth. Nigeria is our largest market which continues delivering a very strong growth, growing at 34% on constant currency basis.

We continue building a leading 4G network in Nigeria, which proves to be an important milestone for us; 4G sites now accounts for almost -- 68% of our total sites. Expansion of 4G network resulted in data usage increase and data revenue growth.

Overall customer base increased by 12.5%. Our continued focus on cost efficiency despite continuous investment in the network helps us to increase our EBITDA margin in Nigeria to 54.2%. Operating free cash flow remained healthy at about \$420 million.

Coming to East Africa, East Africa as we were aware constitutes six countries in some of which we are market leader and in some we are challenger. In line with our network strategy, we continue to build strong 4G network with almost 100% sites being 4G in Uganda, Zambia, and Malawi. Strong network

combined with our superior distribution network allowed us to generate revenue growth of about 13.6%.

Mobile money continues to be a key driver of growth of most of the East African countries. The revenue growth along with cost efficiency supported underlying EBITDA growth by 14.6% in constant currency it led to a bigger margin improvement by 37 basis points on constant currency term.

Coming to Francophone Africa, Francophone Africa revenue was down by 0.5% on a year-on-year basis, however it has started recovering since Quarter 2 of previous year. We recorded a 7% customer base growth; voice revenue dropped by 9.5% due to reduced interconnect rates in Niger, Chad, and Madagascar.

Launch of 4G service in some of the Francophone countries were a little delayed, however once launched we are observing significant growth in data consumption, up to 90% year-on-year growth, translating into 22% data revenue growth. Mobile money revenue also went up by 28.4% which is extremely encouraging.

There was one-off quality of service penalty in couple of countries, as well as overall revenue drop which has resulted into a drop in EBITDA margin in Francophone Africa.

Coming to the mobile money segment, mobile money business delivered a strong operational and financial performance. Revenue grew by 37.2% in constant currency -- driven by customer growth and growth in transaction value.

Growth of customer base was largely driven by strengthening of the exclusive distribution network as the business invested in more franchises-driven kiosks and mobile money branches.

Underlying EBITDA increased by 57.2% amounting to almost \$150 million, driven by revenue growth and also supported by optimal distribution cost

structure, resulting into better flow through in EBITDA. As a result underlying EBITDA margin increased to 48.2% up from 41.7% of FY'19.

ARPU in mobile money also increased by 14.2% mainly driven by additional services like margin payments, bill payments, et cetera.

Moving on to EBITDA, EBITDA increased 13.8% in reported currency, and 16.3% in constant currency. Reported EBITDA for the -- FY'20 was \$1.515 billion. The 32 million-dollar of adverse Forex impact which was driven by currency devaluation in a few countries in Quarter 4.

In FY'20, we kept deleveraging, achieving net debt to EBITDA ratio at the level of 2.1 times. Moreover we aim to continue to invest in the business in an efficient way. Every capital expenditure project goes through a rigorous analytical review to ensure we achieve our targeted return on investment.

CapEx for FY'20 was \$642 million, as we continue to expand and strengthen our network, our FY aspiration of CapEx for next year remains at between \$650 and \$700 million in a steady-state business condition. And finally, we aim to return cash to shareholders through a clear dividend policy.

Free cash flow, our strong EBITDA growth along with disciplined CapEx investment were the key drivers of free cash flow growth. Free cash flow more than doubled to \$453 million due to higher EBITDA growth, lower cash interest due to lower debt and lower year-on-year working capital outflows, offsetting higher capital expenditure as we continue to invest in our network and distribution infrastructure.

Tax payments were higher in FY'20 largely as a result of higher operating profit in some of the countries and withholding tax on dividends as our largest operations, Airtel Nigeria, and the most profitable -- OPCO-- in our portfolio has started declaring dividends. Cash interest was lower due to lower debt.

Coming to Slide 33, on leverage, our balance sheet is getting stronger. Over the last four years we have consistently deleveraged and we closed the year with a net debt to EBITDA ratio of 2.1 times, well within our targeted capital

structure policy. This was largely driven by both EBITDA growth as well as lower net debt, as a result of receipt of IPO proceeds.

In the medium term we will continue to focus on deleveraging our debt position through both EBITDA expansion and asset monetization opportunities as well as continue to balance our currency exposures.

Earnings per share before exceptional item was 7.3 cents. Higher operating profit was more than offset by tax charges contributing to EPS decrease; tax charges had a negative impact on EPS largely on account of higher operating profit and one-off benefit in the previous year.

The effective tax rate for the current year was 48.6%, as compared to 41.9% in the same period for the last year. The effective tax rate is higher compared to last financial year primarily on account of the profit mix between various countries, and higher withholding tax on dividend from subsidiaries.

The effective tax rate at 48.6% is higher than the weighted average, statutory tax rate which is approximately 32%, largely due to the profit mix between various (outposts).

1.886 billion shares have been issued at the time of IPO, have diluted the EPS on a restated basis and normalizing the weighted average number of shares in both periods, our EPS went down from 7.4 cents to 6.9 cents due to higher tax and also the currency evaluation impact.

In summary, at the end, and like to highlight a few points. These are another encouraging set of results with good performance against all metrics. We delivered consistent double-digit revenue growth with all services mainly voice, data, and mobile money, contributing to the growth.

EBITDA grew even faster and we expanded our EBITDA margin by 94 basis points in constant currency. Cash delivery was also strong, with our free cash flow more than doubling.

We continue to deleverage and reached our leveraged ratio of 2.1 times in line with our capital structure policy. However, I would like to highlight that the

outlook for near future is uncertain, and we do expect some short-term volatility as a result of impact of COVID-19.

It is difficult to forecast what this impact might be but we believe Telecom is a part of essential service. Our performance during the month of April has been resilient, despite customer's behavior being impacted by lower disposable income, and restriction on movements.

The business continued to deliver constant currency revenue growth, in April, although at a lower rate and increasing data and mobile money revenue growth more than offset revenue decline in voice.

Most importantly we entered the period of increased volatility in a strong financial position and our view on the medium to long-term opportunities across our footprint hasn't changed, as these markets will continue to benefit from strong population growth, low telecom penetration, and a need for increased connectivity and financial inclusion. Thank you. And we are ready for your questions.

Operator: Thank you, sir. We will now begin the question-and-answer session. As a reminder if you want to ask questions, just press "star" "one" on your telephone and wait for your name to be announced.

And if you want to cancel your request, just press the "hash" key. Once again please press "star" "one" for question. Sir, your first question comes from the line of JP Davids from JP Morgan. Please go ahead. Your line is open.

JP Davids: Yes. Hi. It's JP here. Thanks for the opportunity and congrats on the results. Two questions from my side. Firstly just thank you very much for the naira sensitivity that you provide in the presentation, and in the press release.

I just wanted to confirm is that sort of the day one impact of a naira devaluation and you know, how would things like power deals, et cetera, work when you know, rates get adjusted over a period of time? I'm just trying to understand how that FX sensitivity would play out over a period of 12 months.

And then switching gear, obviously COVID is you know, this is a resilient sector but it could put a lot of pressure on some of your competitors. Are there any markets where you see that there is financial stress in your competitors that could drive you know, consolidation, a silver lining to the COVID-19 pandemic? Thank you.

Jaideep Paul: The first question, in order to answer your question, JP, this is for the FY impact so assuming it happens on the 1st of April, then the FY impact of revenue, EBITDA, and the finance costs have been given.

JP Davids: Clear.

Raghunath Mandava: Going back to COVID question, first at all telecom business – as you said, it's a resilient sector. We could see some marginal drop in voice because of the low-end customers being out money. But we also see a jump in data consumption for the mid- and high-end customer. We believe how this will play around is not really clear but we think it should hold on overall.

I think this industry ought to be reasonable, it's more resilient than others. We have not been looking at inorganic growth or consolidations as yet. There's nothing in the pipeline, no discussions or any thoughts around it.

JP Davids: I was just going to follow up with you know, maybe it's not a consolidation catalyst, it's potentially a catalyst to finally drive Nigeria towards issuing payment service bank licenses to -- for example Airtel Africa?

Raghunath Mandava: I couldn't hear the question (well) and -- but I'm presuming it's about the Nigeria bank licenses?

JP Davids: Yes. Just wondering if COVID-19 would be a catalyst for the Nigerian rethinking how fast mobile money is playing out in the country and acting as a catalyst to issue more payments service bank licenses?

Raghunath Mandava: We're now expecting that during COVID-19, it is typical that all economies move more digitization to a wide cash handling. This means that

mobile money becomes a lot more critical to these countries, and I'm confident the Nigerian government is also looking into it. And we do hope this will be a catalyst as you have mentioned.

JP Davids: Thank you.

Raghunath Mandava: Thank you.

Operator: Sir, your next question comes from the line of Dilya Ibragimova from Citibank. Please go ahead. Your line is open.

Dilya Ibragimova : Hi. Thank you very much for the opportunity to ask questions. I had a few, if I may.

First is the Nigeria, just to clarify the CapEx spend in the last quarter of the year, (18) cycles, most of -- over or around half of the CapEx came through in the last quarter. And it seems like you didn't have any issues with foreclosures in March. So maybe first question is how much of that CapEx is cash payments for something that you may have already delivered through the year?

And also if you could comment on the back of the strong spend in first calendar quarter of the year, how much you expect to spend in fiscal 2021 and also maybe if you could comment on CapEx (spend) for the group, is it still 600, 700 million that you guided (inaudible) for CapEx spend for the year in the medium term?

And next question is, if you could give me some color on your present -- if it's -- if it's something you could talk about, in Nigeria, (and across) different regions. I think three regions have been completely locked down in the -- from April, it's Lagos, Abidjan, if I'm not mistaken, in Congo.

I think one other region as well. What is your -- in your revenue mix -- where -- by region, is it possible to give some color where -- how different regions contribute, may be north versus south, east versus -- west, of the country?

And then on mobile money, you -- could you remind us please what is the contribution of (CTP) transactions in revenue and growth transactions mix, please? It seems like you were mentioning the mobile money revenues continuing to grow, this -- and maybe your regions are less affected transactions (behavior), fees (behavior), cancellation during the lockdowns? Yes, some color there as well is -- would be helpful.

And sorry and the last question is on East Africa, could you give some color, where -- which may be countries, the -- most have been driving growth in 2020, and which countries whether you expect shifts to countries -- to the growth contribution in '21 -- 2021 whether you are may be more optimistic on Tanzania, and Kenya, where you are -- you are competitive and local situation is much better than it has been before? Thanks.

Raghunath Mandava: Jaideep please cover the CapEx and the question on other revenue. And then I will come in to fill in the rest.

Jaideep Paul: The line was not very clear but if I understand your first question, was on the CapEx. So firstly the current year, the FY CapEx is \$642 million out of which Nigeria is about 325, roughly about 50% of that in Nigeria; East Africa 181 million; and Francophone Africa is about 133 million.

Now the Quarter 4 voice CapEx is slightly higher than the other quarter, of course it's a phasing issue. By the time you order and you receive the material, there is a time lag and sometimes because of logistic reason, et cetera, there can be little delay but the CapEx which has come from the full year is in total is \$642 million.

If I understand, the second question was with reference to cash CapEx part. Now to tell you that in our free cash flow, we don't take the cash CapEx, we take the CapEx for the full year, so the entire \$642 million is treated as cash CapEx in the calculation of free cash flow. These are the two questions I remember. Do you have any other question relating to CapEx?

Dilya Ibragimova : Yes. Sorry for the cause of line. The other question on the CapEx was, what your plans are for this year and if you could give some color where --

which regions will be -- where -- if you could give some color where you intend to spend more or less, in Nigeria, whether you expect to continue with the same capital intensity in East Africa versus the rest of Africa?

Jaideep Paul: OK. Next year CapEx in a normal steady-state business, we would like to have CapEx guidance between \$650 to \$675 million and that's -- that's the CapEx which we are looking at.

As we -- talk there are -- there are material available which are for deployment and there are some open deals which will be delivered in this -- couple -- next few months so for next six months we have sufficient CapEx to deploy. Does it answer your question?

Dilya Ibragimova: But may be geographic focus of your capital investments?

Raghunath Mandava: We will be consistently spending on expanding both our network and also modernizing the rest of the sites that we have. As I've told you we have almost 80% of our sites modernized. There is a little bit left to do, but 65% of our sites are on 4G.

You know, our ambition is to bridge the digital divide. We intend to continue to grow 4G and make our entire network modernized while we are also adding more new sites, also capacity in new geographies. I'll next jump to the next part of the question which is sort of the three regions?

Most of our African countries are developing nations. There is a tight balance for all of us to operate between lockdown and how much we can take social security concerns of people. So we do expect that while we will see lockdowns coming in and on, the focus on safety will not change.

But I do understand Lagos, Abidjan, and others have done. That should be about, typically about 40% to 50% of hardware renewals. This is half of the region. But we see some lockdowns also changing for a few days.

Coming to mobile money, fixed fee is about 16% to 20% of our revenues and in some countries we have started running at -- previously (inaudible). We started supporting rest of our current operations among the customers.

East Africa, I think we're seeing now growth across all our countries and I do know we have also picked up some reasonable share, growth in both voice and data in Kenya. And most -- as you see East Africa is about growth, except from one or two, most of the countries are growing at solid growth rate.

Raghunath Mandava: Thank you.

Dilya Ibragimova : Thank you very much. I just wanted to clarify on fee, is it -- did you mentioned 30% in the total revenue mix?

Raghunath Mandava: Twenty.

Dilya Ibragimova : OK. Thank you.

Raghunath Mandava: Thank you.

Operator: Another question comes from the line of Maurice Patrick from Barclays. Please go ahead sir, your line is open.

Maurice Patrick: Yes. Thanks guys. And you know, good morning to you today. Just a couple of questions on cash flow if I may. I think in your remarks you sort of -- I wasn't sure whether it was a backward-looking statement or a forward-looking statement but you talked about asset monetization and deleveraging.

Do you expect to see any further deleveraging in the year ahead or any asset monetizing to take place? And I guess just a link to that, you obviously had a 48% effective tax rate in 2020. Could you give some indications of where you see that coming in FY '21? Thank you

Raghunath Mandava: I'll cover the first question and then hand over on the tax to Jaideep. As I said monetization, as you are aware we have about 4,500 towers. We have reported 43,000 fiber network and at some point we have also modernized our data center.

We are looking at various opportunities around it but I don't know whether we can talk about them now but these are good areas in which we have started doing investments in. On the tax normalization, I request Jaideep. Jaideep, so?

Jaideep Paul: Yes. So our effective tax rate for the current year, is 48.5%. As you noted there's a different profit mix which changes the effective tax rate but we would like to probably say that this 48.6% will be our go forward effective tax rate.

Having said so, I just want to mention that there are a few countries where the different tax assets can be triggered based on our different tax asset policy so if that triggers then of course this effective tax rate goes down. But as it stands today, it is 48.6%.

Maurice Patrick: Great. And just as a quick sort of whilst we're talking on the cash flow statement, are there any other sort of items you'd like to sort of highlight for the year ahead, you know, is working capital expected to be flat in FY'21? What are sort of the cash tax level do you see in FY'21? Thank you.

Jaideep Paul: See unfortunately we don't give any forward guidance on these issues but couple of points I can definitely mention. The cash tax is also dependent on the profit mix and the profit increase or decrease in the various countries. So it's always a mix issue which can lead to some either drop or increase in cash tax.

Maurice Patrick: Great. Thank you.

Operator: We've got another question, comes from the line of Cesar Tiron from Bank of America. Please go ahead. Your line is open.

Cesar Tiron: Yes. Hi. Thanks for the call and thanks for the opportunity to ask questions. I have three questions if that's OK. The first one can you -- please discuss if the trends you've observed in April, especially in Nigeria, differed materially from the 4Q numbers?

Second, can you please explain the decision to pay a dividend -- another dividend now instead of deleveraging? And third, have you been able to upstream any cash for Nigeria lately? Thank you so much.

Raghunath Mandava: OK. So, as I mentioned, there is (inaudible) wide consumption across these countries wherever we've had a lockdown because the low-end customers are in experiencing lower income.

However, the mid- and high-end customers consume a higher amount of data and so the consumption jumped. We've seen almost a 20% usage jump in data, while there has been a 5 - 6% drop in voice. So we do hope that this -- all of -- country to country or in the right mix, we do hope it will be balanced.

Data consumption has been going up and because more and more people are working from home. We're trying to add more entertainment because of a lot of the free time among our customers.

The advantage for us as a business is that most of the data consumption in Africa is on the mobile network and there has been a shift in the locations of consumption from office locations towards home location.

I think this balancing is what we're working on but all of the (inaudible) normalization between -- part of the voice drop can get compensated through the growth in data.

Jaideep Paul: So on the dividend, we have delivered a very strong set of results across all metrics and you've seen that in our presentation. And it has also significantly reduced our leverage over the last 12 months.

In that context the Board felt that it was appropriate to reflect the performance and strength of our business by maintaining a final dividend at 3 cents per share, that -- effectively means it's roughly about 50% of the -- of the free cash flow because we paid interim dividends but at a level which also recognize the increased uncertainty due to COVID-19 impact, and that's why the dividend -- well the Board probably took a view on a reduced dividend.

On second -- last question, upstream from Nigeria. Yes. Just before this COVID pandemic started in March, we had upstream an interim dividend, roughly about 45 to \$50 million from Nigeria.

Salome Maruma: OK. Thank you. OK so I'll just kick off with my first question. The -- in the P&L you -- sales and marketing expenses are declining while your top line is growing very strong. Can you please just give an indication of what's driving that and how should we think of that cost item going forward? That's my first question.

And secondly, in terms of your (country) contribution, I remember in the IPO document you gave a revenue and EBITDA for your top six regions, I think there were contributing about 80% of EBITDA if I remember correctly.

Given that a little growth in the different countries have that mix changed and what it is if it has? That's the second one. And can you give an indication of local currency approvals in your key countries? Thank you.

Raghunath Mandava: OK. Let me give you broadly the overall numbers and the regional numbers because we don't get into country split. Overall what you see and what has happened here, is that we've been improving our mobile money penetration in most of our country.

There has been a lot more of digitization that's happening with the adoption of Airtel Africa app so this means that a lot more recharges are also happening through Airtel mobile money self top-up and also through digital. These are much lower cost of delivery of the recharge.

So this digitalization as we call it, is helping to bring down sales and marketing costs, number one.

Revenue mix is broadly in the same line because we're seeing the 20-odd% growth in our largest country in Nigeria but we're also seeing very solid growth in East Africa, which while it is at about 30-odd% overall for the year, the last few quarters have been even higher. So the mix is broadly similar, slightly more than the top six could add a little more.

In terms of local output, they vary from market to market quite dramatically but overall we should be around the two-point-odd level.

We are seeing an ARPU growth. The way ARPU grow for us is the way mobile money and data penetration goes up. What is an average ARPU of our customers? With 100% of our customers on voice, \$1.6-odd, we have 30-plus -- 34, 35% of our customers are on data who delivered a 2.3, 2.4 -- \$2.5 ARPU. Similarly money customers.

As the penetration of data and money goes up, the overall ARPU of the company is going up, in spite of voice ARPU has been under a little pressure. Thank you.

Jaideep Paul: I just want to add one more point on the sales and marketing spend. During the year we have adopted IFRS 16 and data analysis spend of customer lifecycle, and we got a one-off benefit in this year, in the sales and marketing expense because of the deferment of the acquisition cost, and that is about \$27 million.

So if you add back that, then the -- actually the sales and marketing expense has marginally gone up.

Salome Maruma: All right. Yes. Thank you for that. And then if you can just ask one last question in terms of pricing. Specifically in Tanzania and Kenya, given the -- your peers in the region, what kind of pricing strategy do you see going forward? Would you still be undercutting your -- I guess your peers in terms of that or would you remain on a one-for-one basis, eventually like in Nigeria?

Raghunath Mandava: Especially in Kenya, where we are a very small player, obviously we are a clear challenger there and our prices will be a lot more aggressive than the leaders. And we would like to keep decreasing that difference going forward. As the market share gap starts to reducing, then I think you will start seeing a price move. Providing the market share gaps like it's been a gap on pricing with the leader. And I think we have that pricing, we are aggressively growing in Kenya, and will continue to pursue that strategy along with building a

strong data network which we are now building so that we can continue to report data, money, and voice growth in this country.

Salome Maruma: Clear. Thank you so much.

Operator: And our next question comes from the line of Deep Shah from Ambit. Your line is now open. Please ask your question.

Deep Shah: Yes, hi. Thanks for the opportunity. Given the increase in data consumption and data (inaudible) that we are looking at, can you give some context on how -- what would be the spectrum investment required in the medium term, maybe one to three years down the line? Thank you.

Jaideep Paul: So, firstly we have to keep in mind that spectrum -- of course we bought 10MHz in Nigeria, a spend of about \$95-odd million but by and large if you look around across Africa, the spectrum cost is very, very, reasonable.

And obviously we'll be looking forward to optimize and acquire more spectrum as and when it is needed but at this stage if you look at the spectrum wording which is one of the finance -- one of the charts which Raghu has presented, we have adequate spectrum and adequate capacity which has been built in to sustain if I can say that, our (per day) now -- data -- capacity 7,000-odd terabytes per day, that's the capacity which we have already built in.

And therefore we are pretty comfortable. We will continue to look for buying spectrum as and when we get it at a reasonable price.

Deep Shah: OK thank you. That's very useful.

Operator: Thank you, Deep. And our next question comes from the line of Dilya Ibragimova from Citibank. Your line is now open. Please ask your question. Thank you.

Dilya Ibragimova: Hi. Just a follow up on Nigeria. If you could share where your 4G coverage, population coverage as of the end of the year and where the target coverage is? If you could share with us that would be great. Thanks.

Raghunath Mandava: In the first phase we focused on top 15 towns then move to the top 75 and then we moved to the top 200. Now we are somewhere between 350 to 400 towns that we're not covering. And that's a sizable amount of population and especially, a greater share of smartphone availability in these cities. So, our focus of 4G rollout has been to grow from the top towns and go down into rural slowly. But this is how we are differentiating on the towns as where we should be covering today. And we will continue to expand this further on, as we modernize some parts of our network further.

Dilya Ibragimova : Thank you.

Raghunath Mandava: Thank you. As there is no more questions, thank you all for joining our FY'20 conference call.