

Airtel Africa plc

H1'20 Financial Results

25 October 2019



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All numbers are reported currency unless stated differently. All numbers are reported currency numbers unless indicated differently. The growth numbers YoY are provided on constant currency basis unless stated differently.

Leading African telco operator

Diversified portfolio of **14** countries

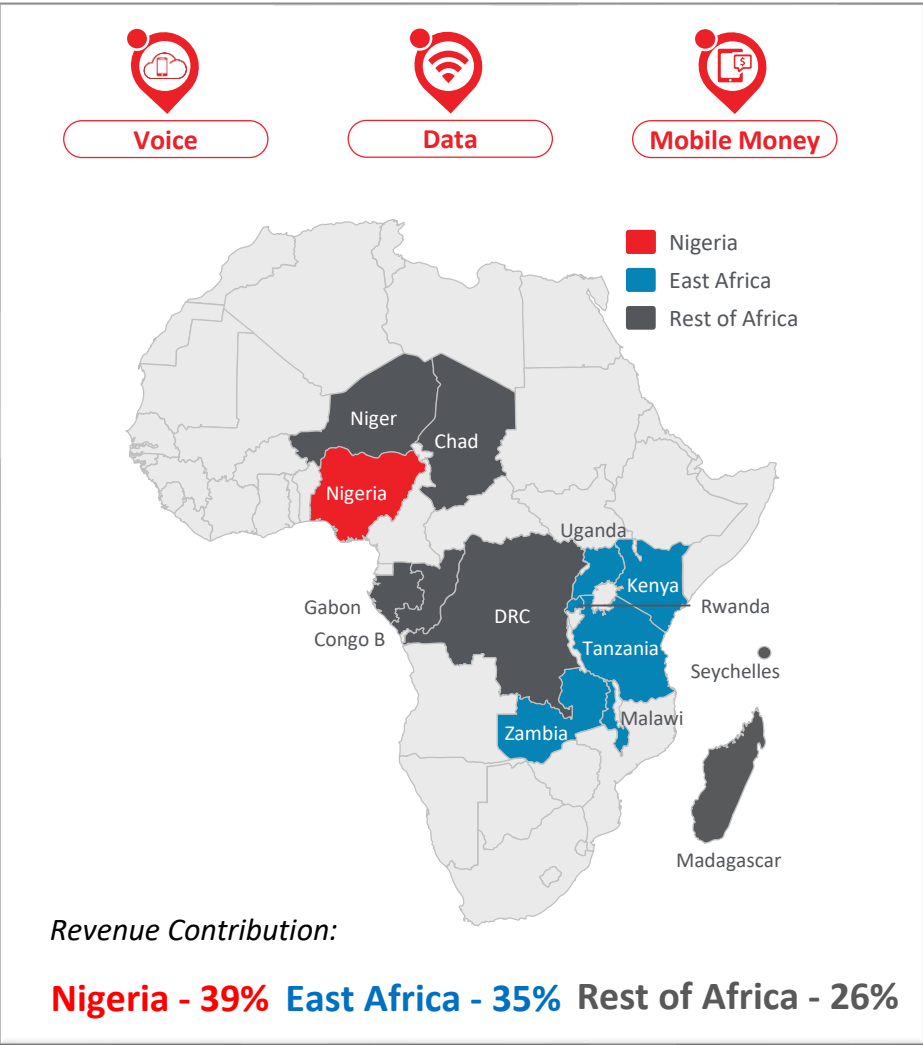
#2 largest Telecom operator in Africa⁽¹⁾

#1 or **#2** in **12** out of **14** markets

104 Mn Mobile Subscribers

32 Mn Data Subscribers

15.5 Mn Airtel Money Active Users



(1) Based on # of subscribers

Operational Performance



- 1. STRONG PROFITABLE GROWTH**
- 2. BROAD-BASED GROWTH ACROSS VOICE, DATA AND MOBILE MONEY**
- 3. STRENGTHENED BALANCE SHEET**

Strong set of results across the business

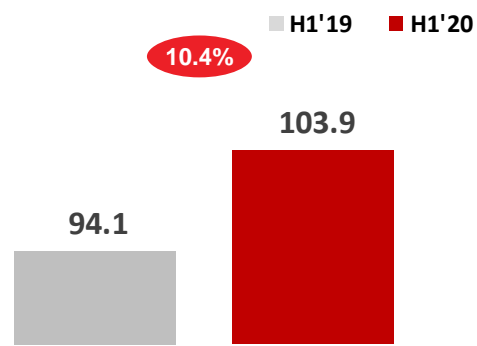
Voice

Data

Mobile Money

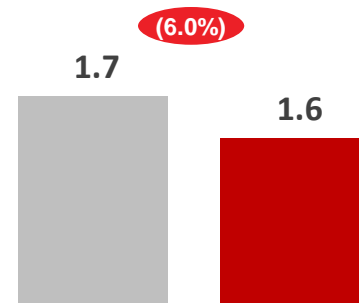
Subscriber Base

(m)



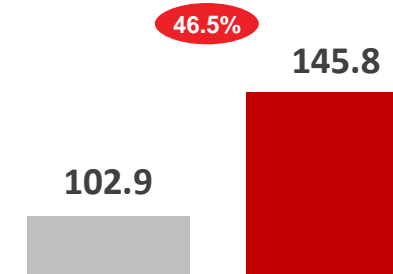
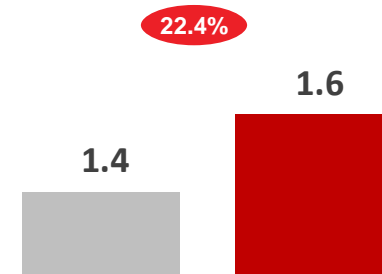
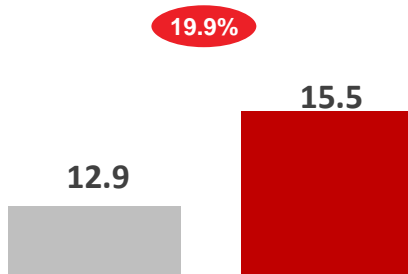
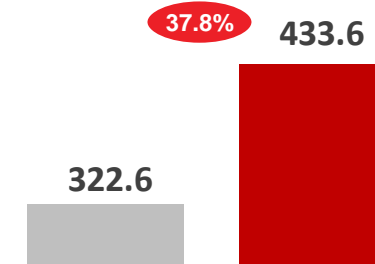
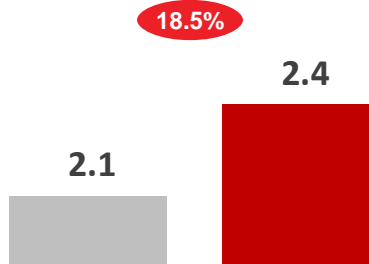
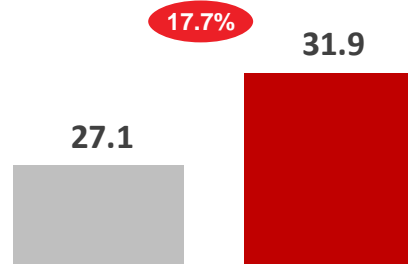
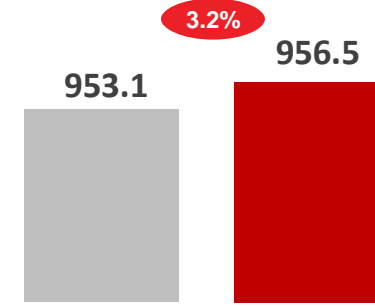
ARPU

(\$/sub/month)



Revenue

(\$m)



Gross Revenue

\$ 1,640 Mn
+ 11.4% yoy

EBITDA

\$ 719 Mn
+ 13.7% yoy

EBITDA Margin

43.9 %
+ 100bps

FCF

\$ 237 Mn
+ 28.0% yoy

Notes:

1. Growth provided as constant currency growth
2. Voice revenue & corresponding ARPU in above charts are before inter-unit eliminations

Track record of consistent delivery: 7 quarters of double-digit revenue growth and EBITDA margin expansion

Revenue

(Constant currency growth; %)

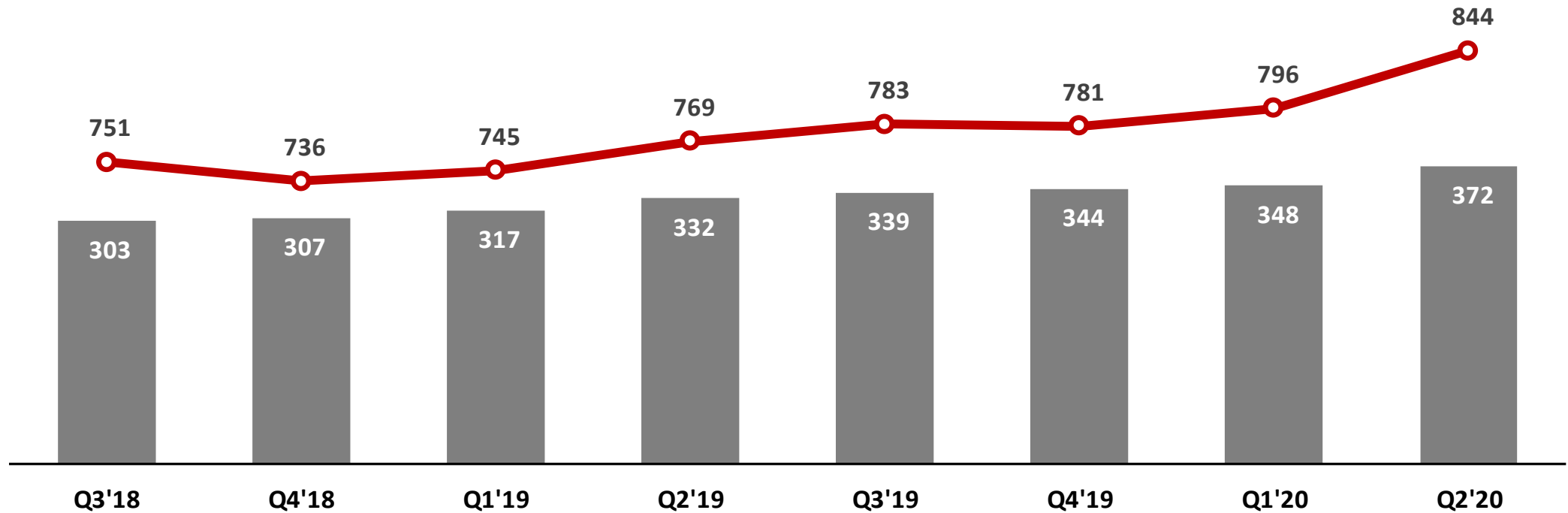


Underlying EBITDA margin (%)

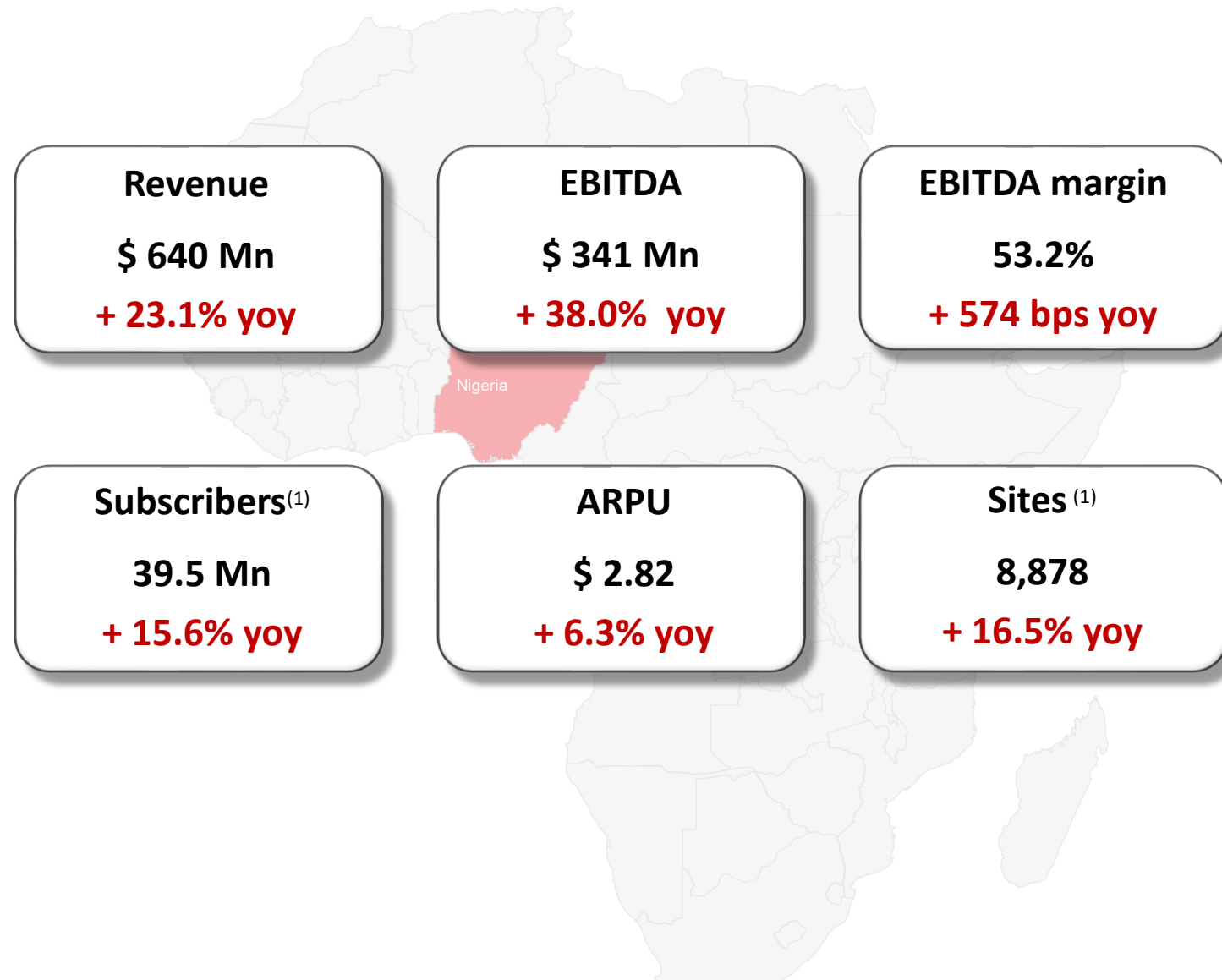
Revenue (\$m)



Underlying EBITDA (\$m)

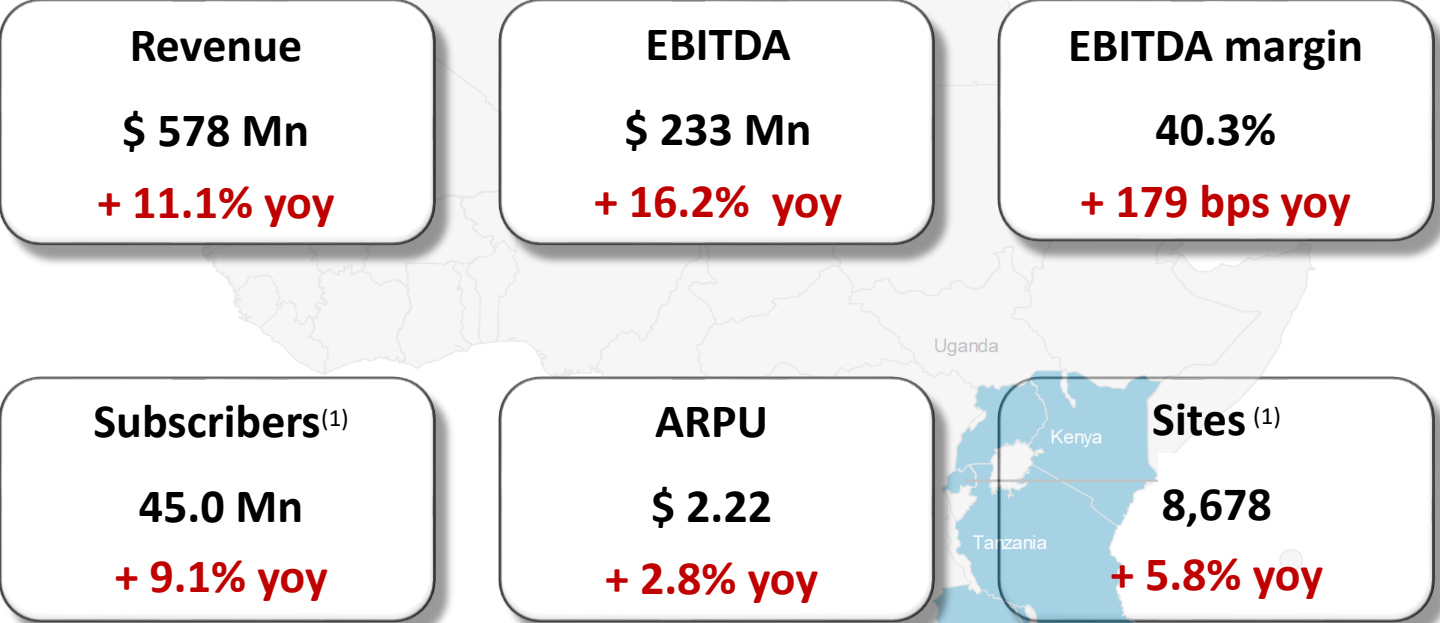


Nigeria – Strong growth driven by leading 4G network



- **Strong 4G network** – 4G sites more than doubled over a year
- **ARPU growth** underpinned by expansion of profitable customers
- Expansion of 4G network resulted in **data usage increase** by almost 20x (for 4G only) and in **75.7% data revenue growth**
- **Customers growth of 15.6%** supported **voice and data revenue increase**
- **574 bps margin expansion** to EBITDA margin of 53.2%.

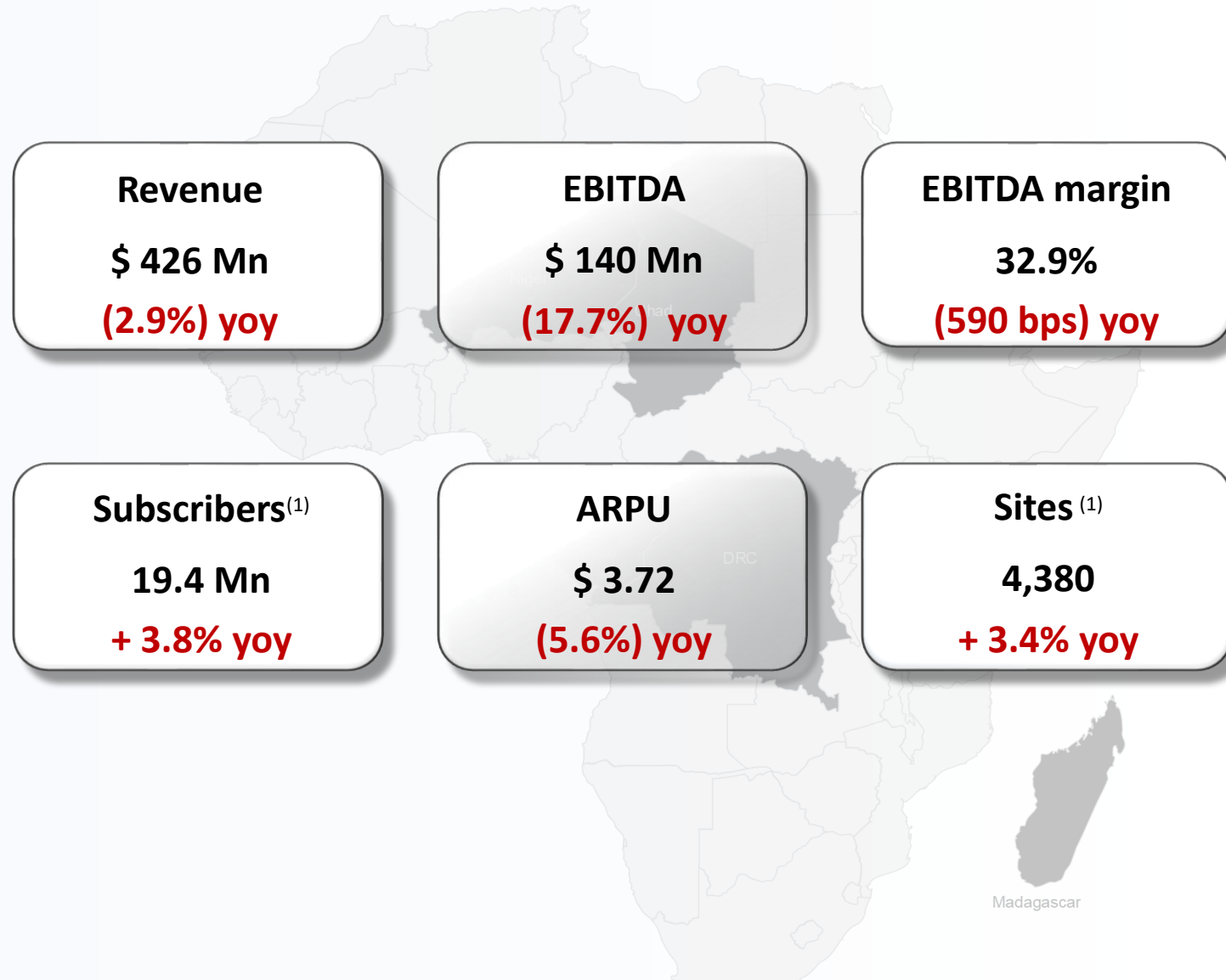
East Africa – Broad-based growth across voice, data and mobile money



- Revenue **increase of 11.1%** driven by growth across all products and key markets with **double-digit growth in Kenya, Tanzania, Malawi and Zambia**
- **Data revenue increased by 13.8%**, driven by growth of customer and **data usage per customer, up 56.5%**
- **Mobile Money revenue increased by 53.9%** due to the increase in customer base and transaction value per customer
- **Completed network modernization** in Uganda, Kenya, Zambia, Malawi, Rwanda
- **Underlying EBITDA margin** increased as a result of revenue growth and cost efficiencies.

Notes: Growth provided as constant currency growth; (1) as of 30 September 2019

Rest of Africa – Improved performance driven by data and mobile money



- **Improved performance versus Q1'20** driven by data and mobile money expansion
- Voice revenue impacted by **IUC charges** in key countries
- **Data revenue growth** driven by higher data usage and expansion of **4G sites which almost tripled** over the period
- **4G launches** in Republic of Congo, Democratic Republic of Congo and Niger. Network **modernization** and expansion in rural areas
- **Mobile money customer growth of 25%**
- Underlying EBITDA decrease impacted by lower revenue and **one-off quality of services penalty** in Gabon.

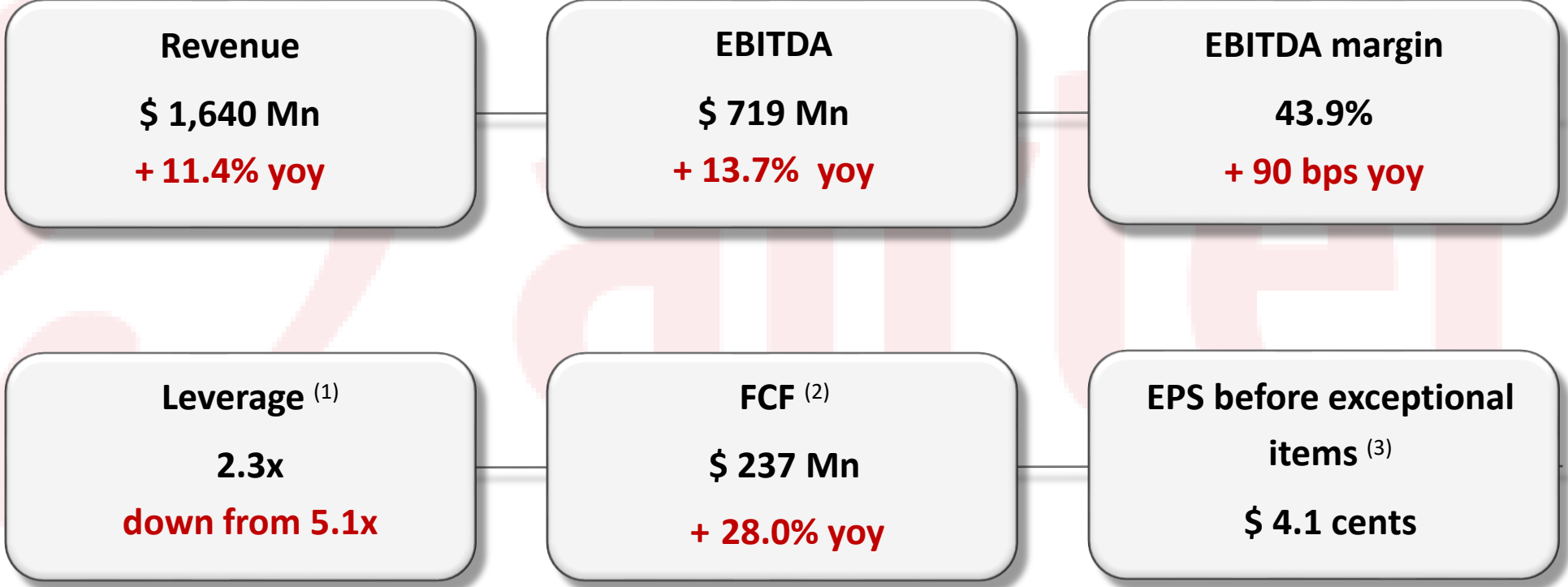
Airtel Africa plc

Financial Performance

25th October 2019



A strong set of financial results

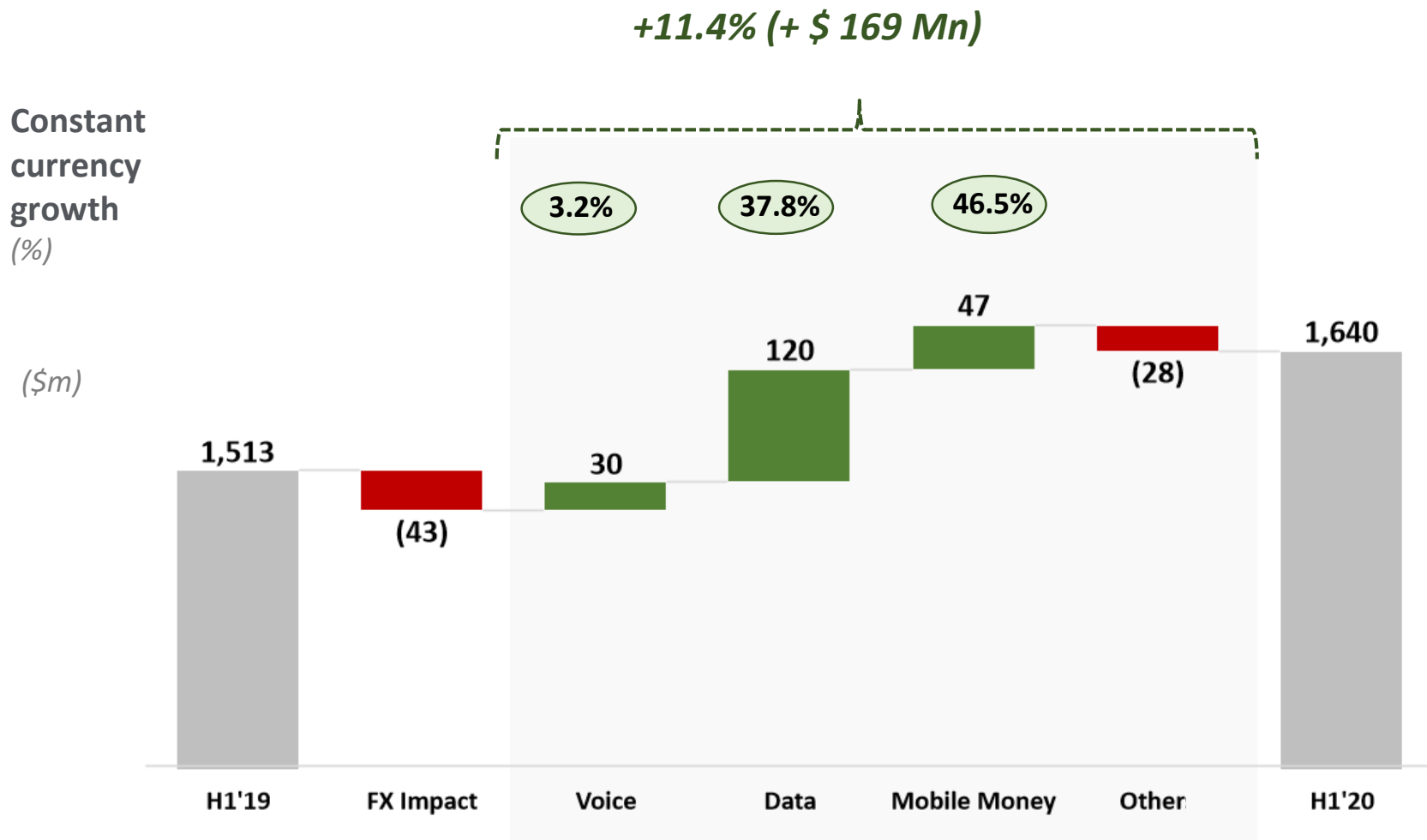


Interim dividend \$ 3 cents per share

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 less Cash Interest, less Cash Taxes less Changes in Working Capital; (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



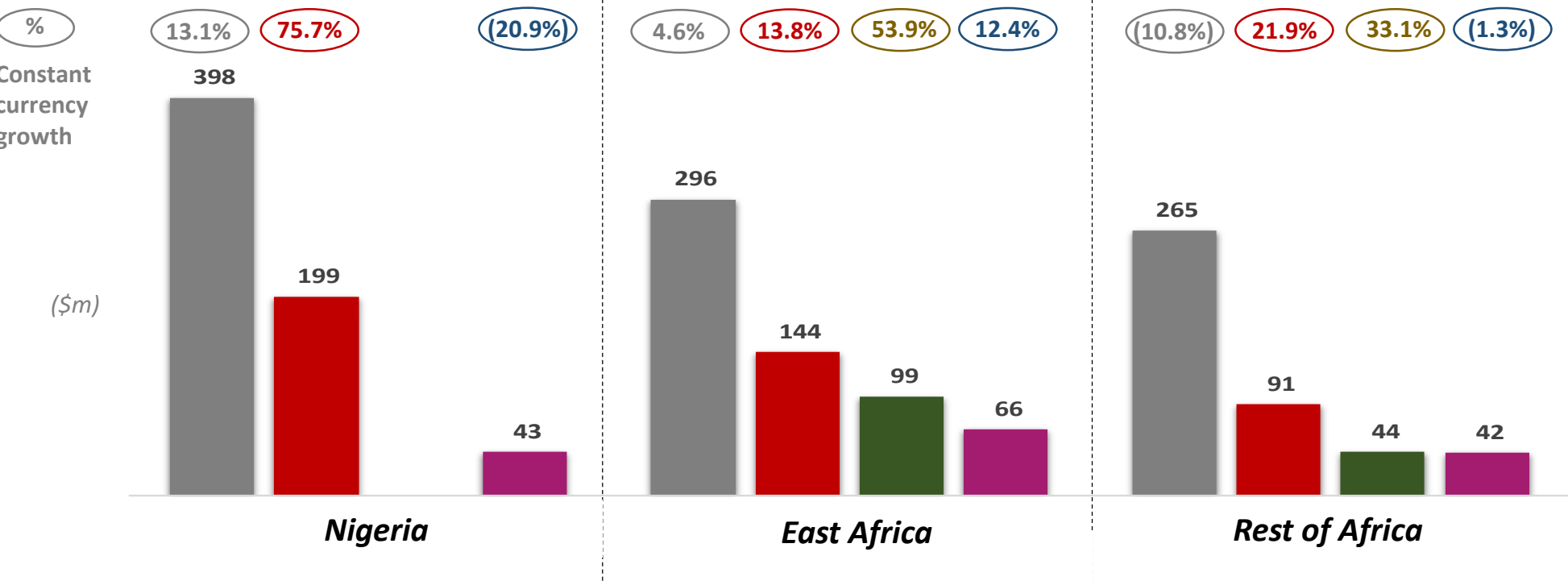
- Revenue \$ 1,640 Mn up 8.4%
- Constant currency revenue growth of 11.4%
- Strong growth broad based across voice, data and mobile money
- FX impact (\$ 43 Mn) mainly due to the devaluation in **Zambian Kwacha (27.7%)** and **CFA⁽¹⁾ (5.3%)**.



Note: Other includes eliminations; (1) The West African CFA franc is the currency of independent states in West Africa

Strong performance in Nigeria and East Africa, improvement in Rest of Africa

Revenue



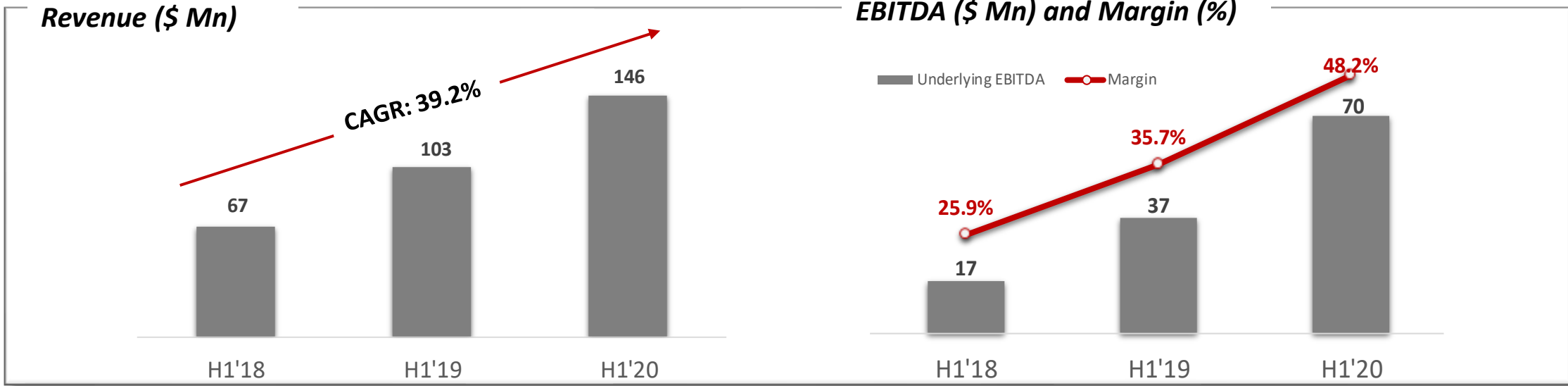
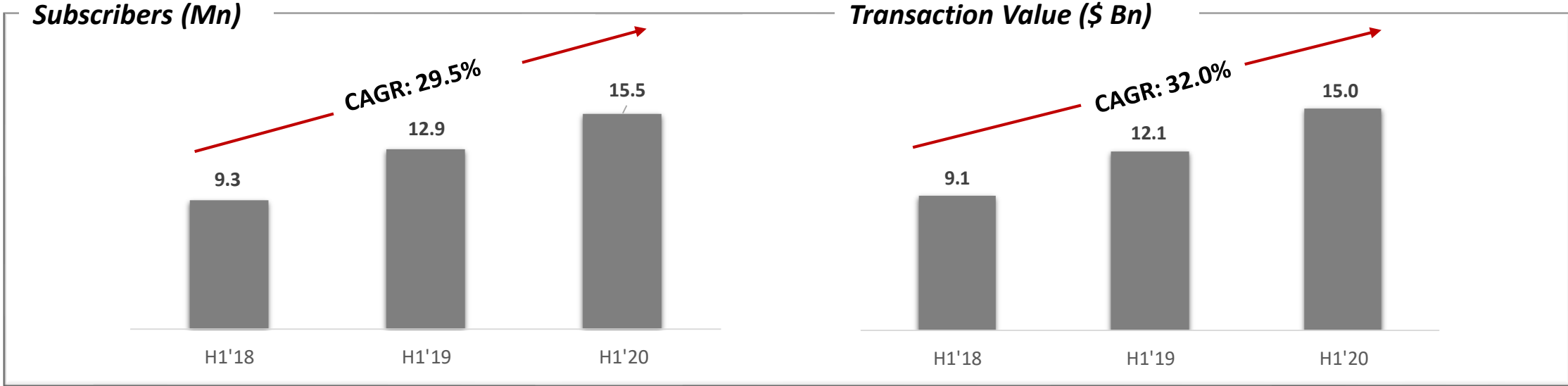
Voice USD 956 Mn (58% of total revenue)	Data USD 434 Mn (26% of total revenue)	Money USD 146 Mn (9% of total revenue)	Other USD 152 Mn (9% of total revenue)
------------------------------------------------------	-----------------------------------------------------	-----------------------------------------------------	-----------------------------------------------------

- Nigeria delivered a strong growth of voice and data revenue resulting from continuation of 4G rollout and customers growth
- East Africa recorded a strong revenue growth across all services
- Despite the macroeconomics weakness Rest of Africa performance improved driven by data and mobile money growth.



Note: Breakup of revenue as presented on the chart above will not add up to the total revenue as it includes additional eliminations

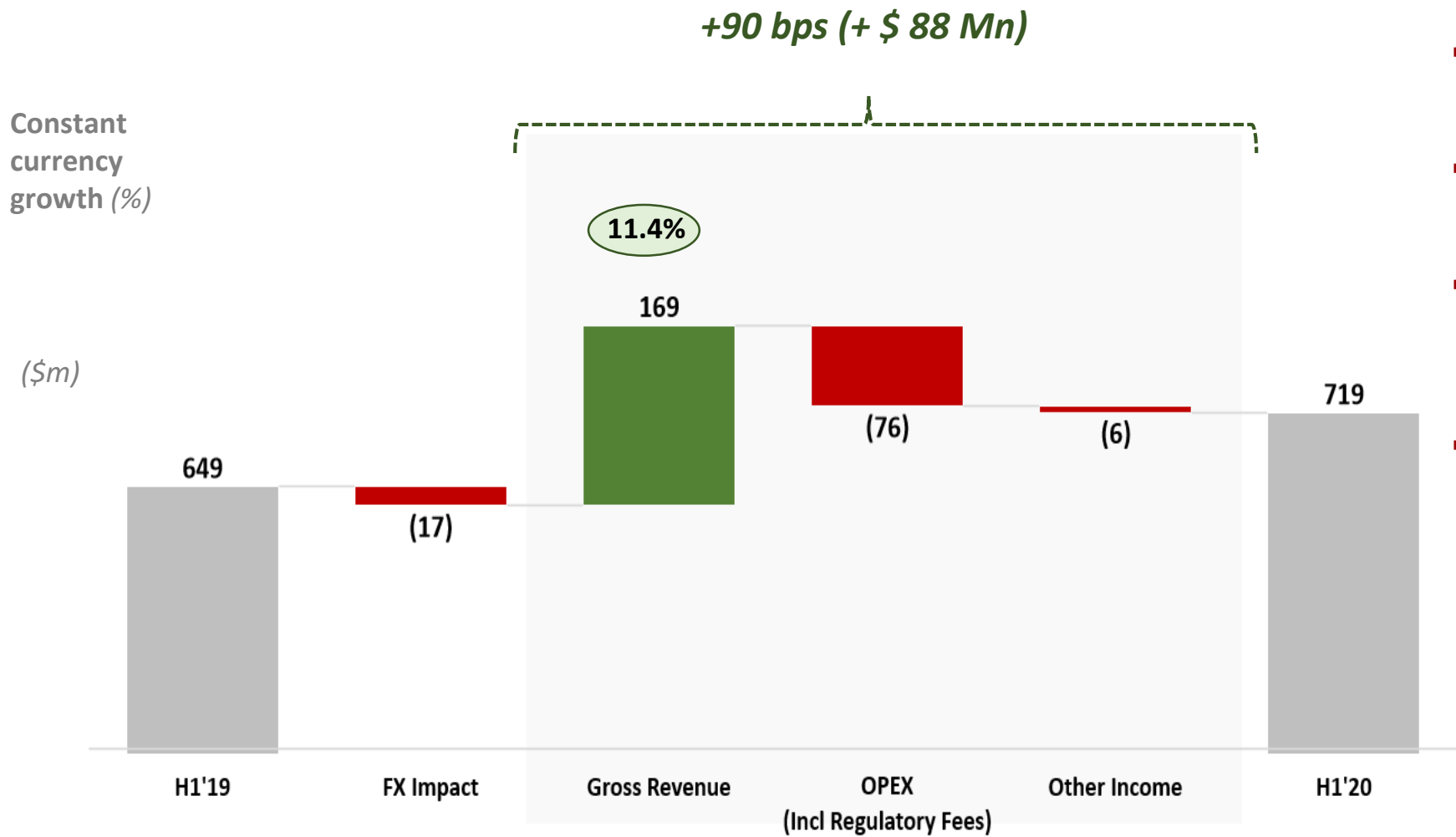
Mobile money continued to deliver strong growth in EBITDA



Note: CAGR growth calculated on a constant currency basis

Consistent EBITDA growth

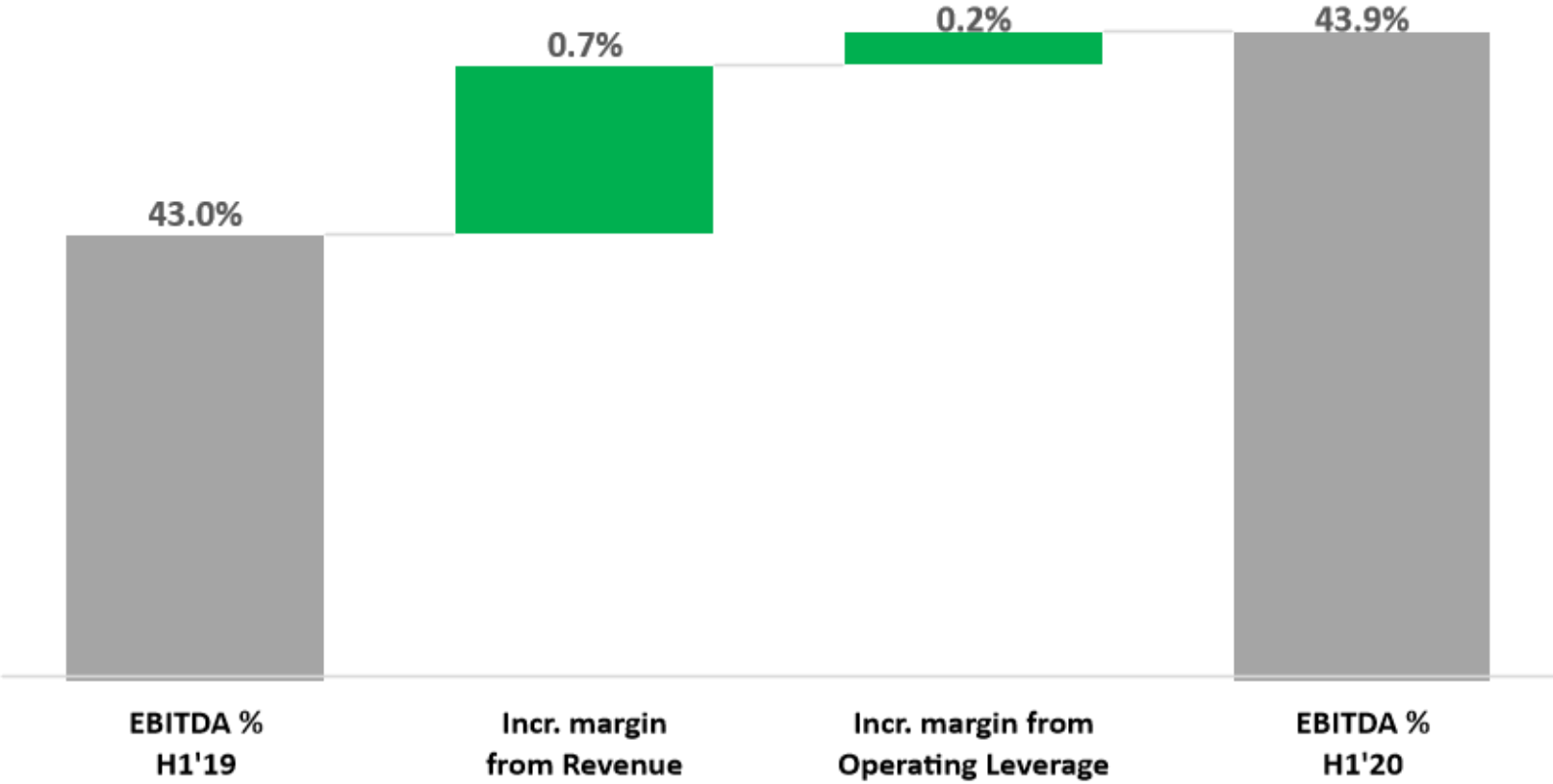
Underlying EBITDA



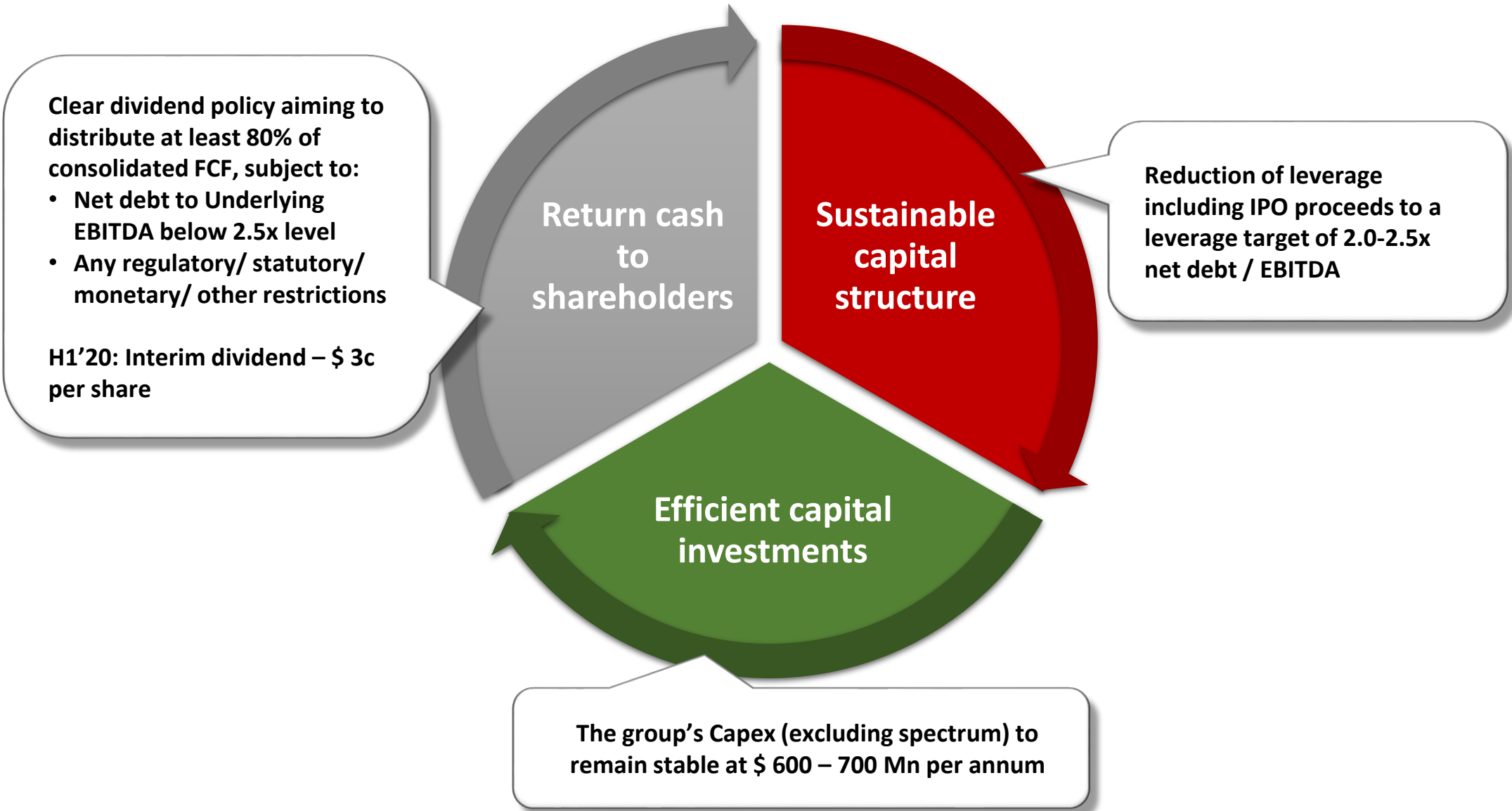
- Underlying EBITDA grew 10.9% to \$ 719 Mn
- Underlying EBITDA growth of 13.7% in constant currency
- USD 17 Mn of foreign exchange impact driven by devaluation
- Increase in OPEX resulting from the **network rollout, sales and marketing expense.**

EBITDA margin expansion driven by revenue growth and productivity efficiencies

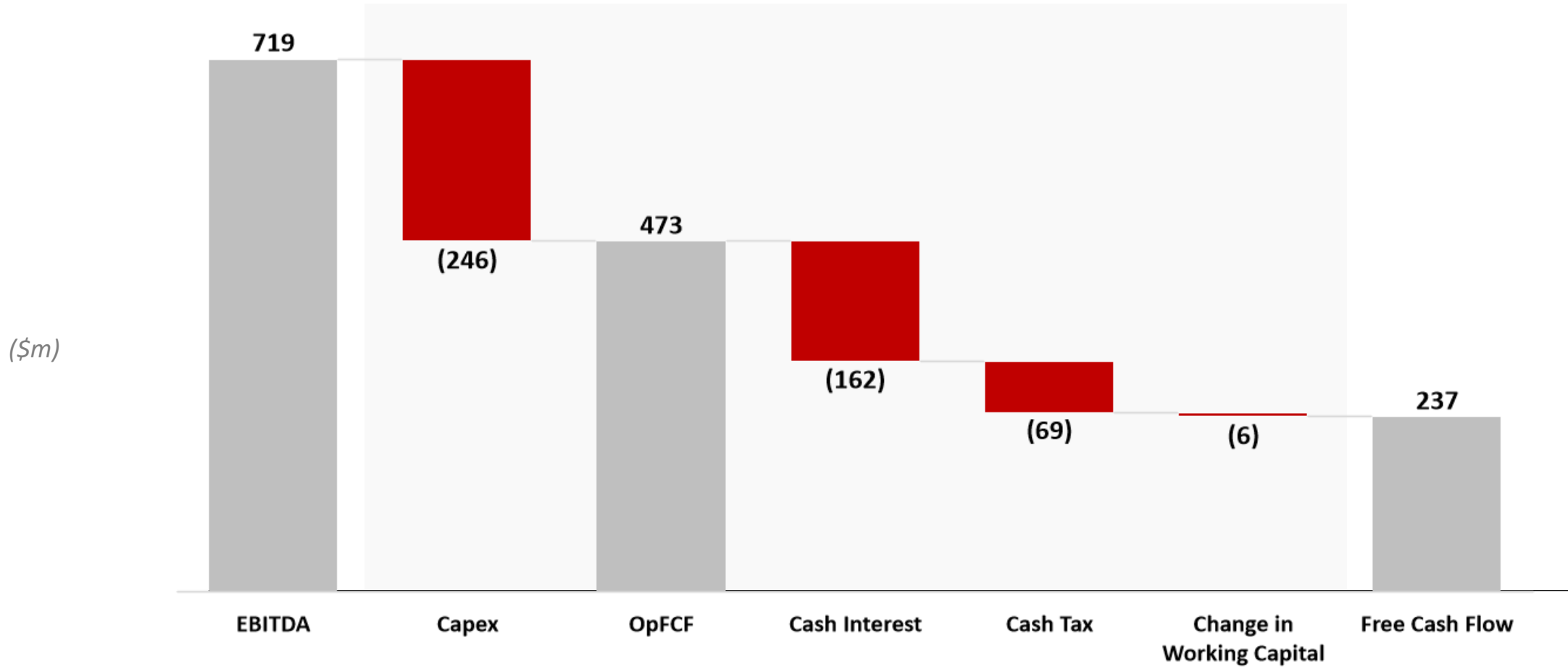
Constant
currency
(%)



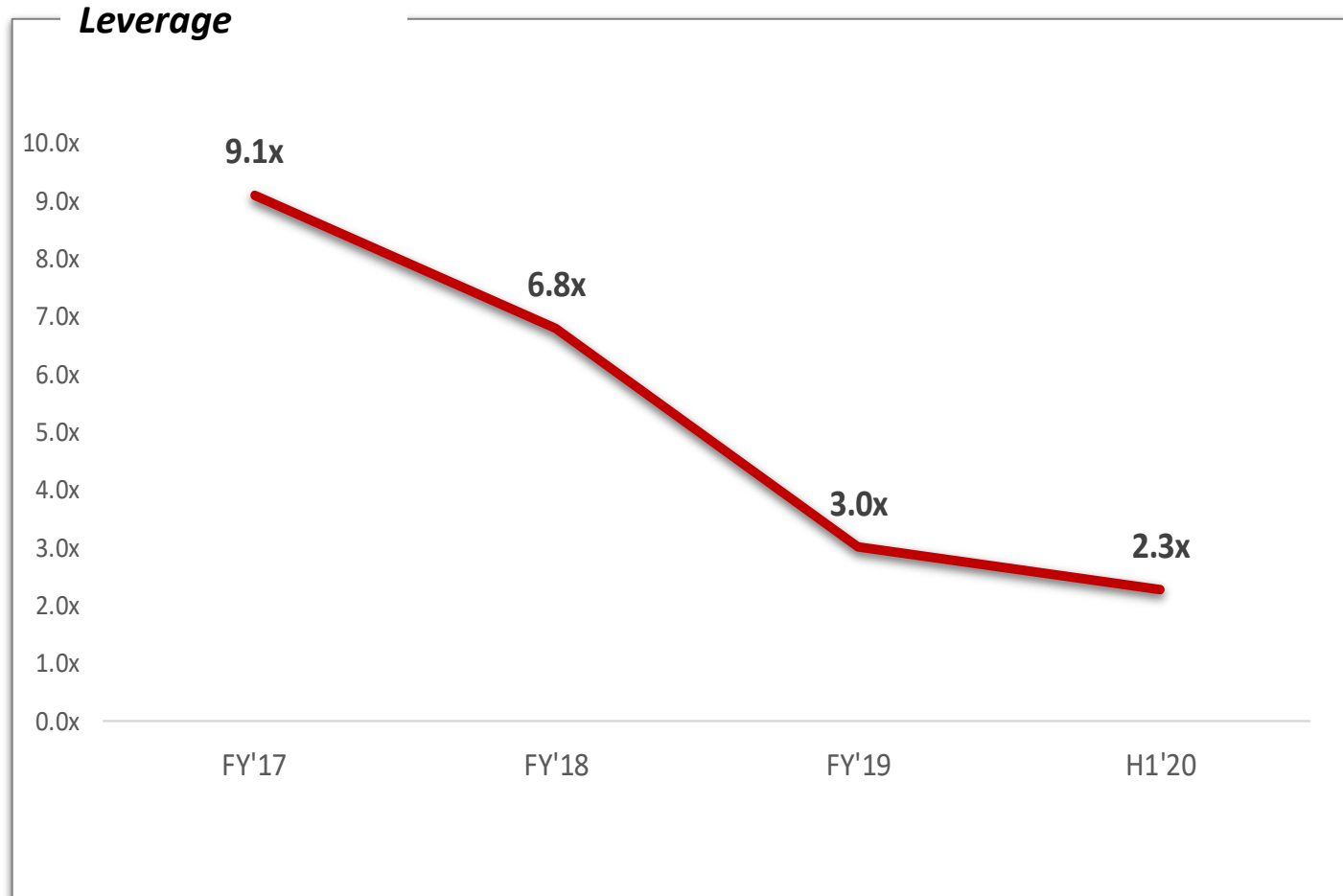
A transparent and balanced capital allocation policy



Strong free cash flow generation



Consistent leverage reduction to 2.3x of net debt to EBITDA



Leverage	As of September 30, 2019		As of September 30, 2018	
	USDm	xLTM Underlying EBITDA ¹	USDm	xLTM Underlying EBITDA ²
Foreign Currency:	3,238	2.3x	5,492	4.4x
- Holdco	2,676	1.9x	4,889	3.9x
- OPCOs	562	0.4x	603	0.5x
Local Currency:	235	0.2x	182	0.1x
- Holdco	0	0.0x	0	0.0x
- OPCOs	235	0.2x	182	0.1x
Leases ³	1,188	0.8x	1,203	1.0x
Total debt	4,660	3.3x	6,878	5.5x
Cash and cash equivalents	1,469	1.0x	439	0.3x
Total net debt	3,191	2.3x	6,439	5.1x

Finance cost & FOREX

	H1'20	H1'19	Change
	<i>USDm</i>	<i>USDm</i>	<i>USDm</i>
Interest cost on gross debt	150.9	195.9	(44.9)
Interest Income	(14.4)	(8.9)	(5.5)
Net interest	136.6	187.0	(50.4)
Other finance charges	20.5	(20.5)	41.1
Finance Charges (Excluding derivatives and Forex)	157.1	166.4	(9.3)
Derivatives and Forex (gain)/loss	(9.1)	51.1	(60.2)
Total Finance Charges	148.0	217.6	(69.7)

Total Finance Charges lower by almost \$ 70 Mn due to:

- **Finance charges** (excluding derivatives and Forex gain/loss) **reduced** by \$ 9.3 Mn due to:
 - \$ 50.4 Mn **reduction in interest costs (net of interest income)**
 - \$ 41.1 Mn **increase in other finance charges** on account of benefits from **one-off gains** related to **reversal of interest on tax provisions** in the same period last year, and one-off higher gains from **IRS on bonds** and **costs related to the initial public offering**

- **Total derivatives and Forex gain/loss reduced** by \$ 60.2 Mn due to the lower forex losses and higher gains of Mark to Market hedge.

Restated EPS before exceptional items nearly doubled

EPS	\$ cents	EPS with normalized weighted average number of shares outstanding (\$ cents)
H1'19 EPS before exceptional items	6.1	1.9
Exchange	(0.1)	
Organic operating profit	2.8	
Finance charges	5.9	
Tax	(5.0)	
Others	2.3	
Number of shares changed	(7.9)	
H1'20 EPS before exceptional items -Derived	4.1	3.7

Restated EPS ⁽¹⁾
+95.5%

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

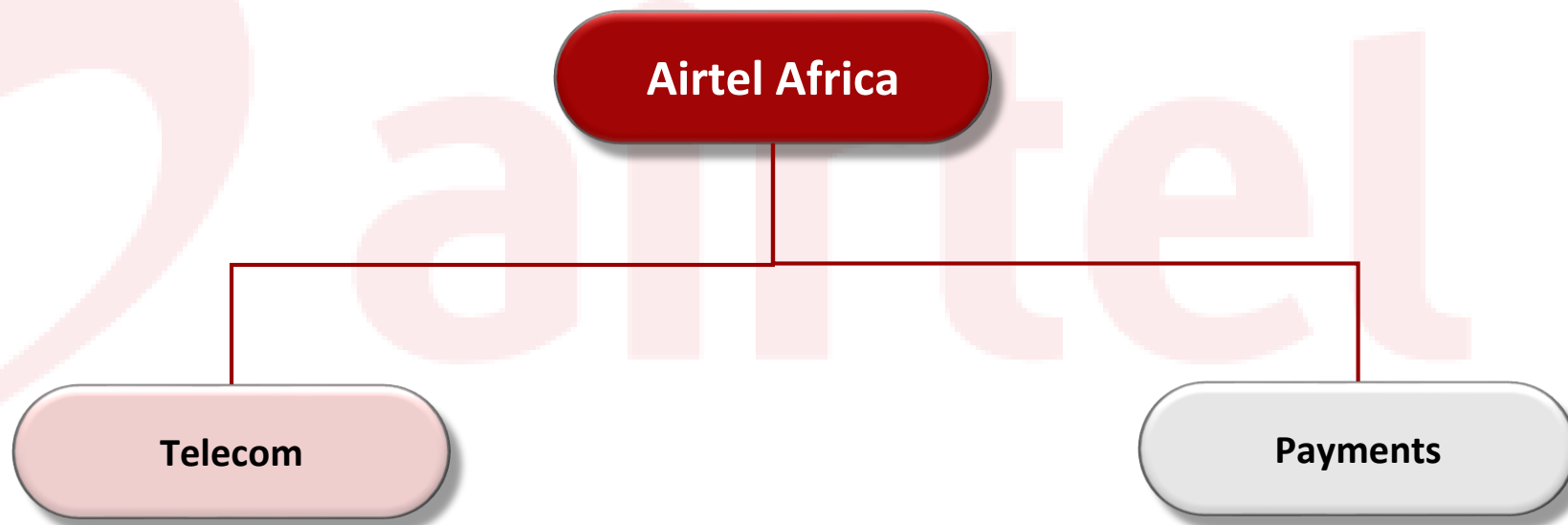
Results in line with expectations and full year aspirations

- Consistent double digit revenue growth
- Underlying EBITDA margin expansion
- Strong free cash flow generation
- Net debt to EBITDA ratio decreased to 2.3x
- EPS before exceptional items at \$ 4.1 cents. On like-for-like shares basis, EPS before exceptional items for the half-year almost doubled
- Interim dividend \$ 3 cents per share in line with dividend policy announced at IPO.

Strategic Direction



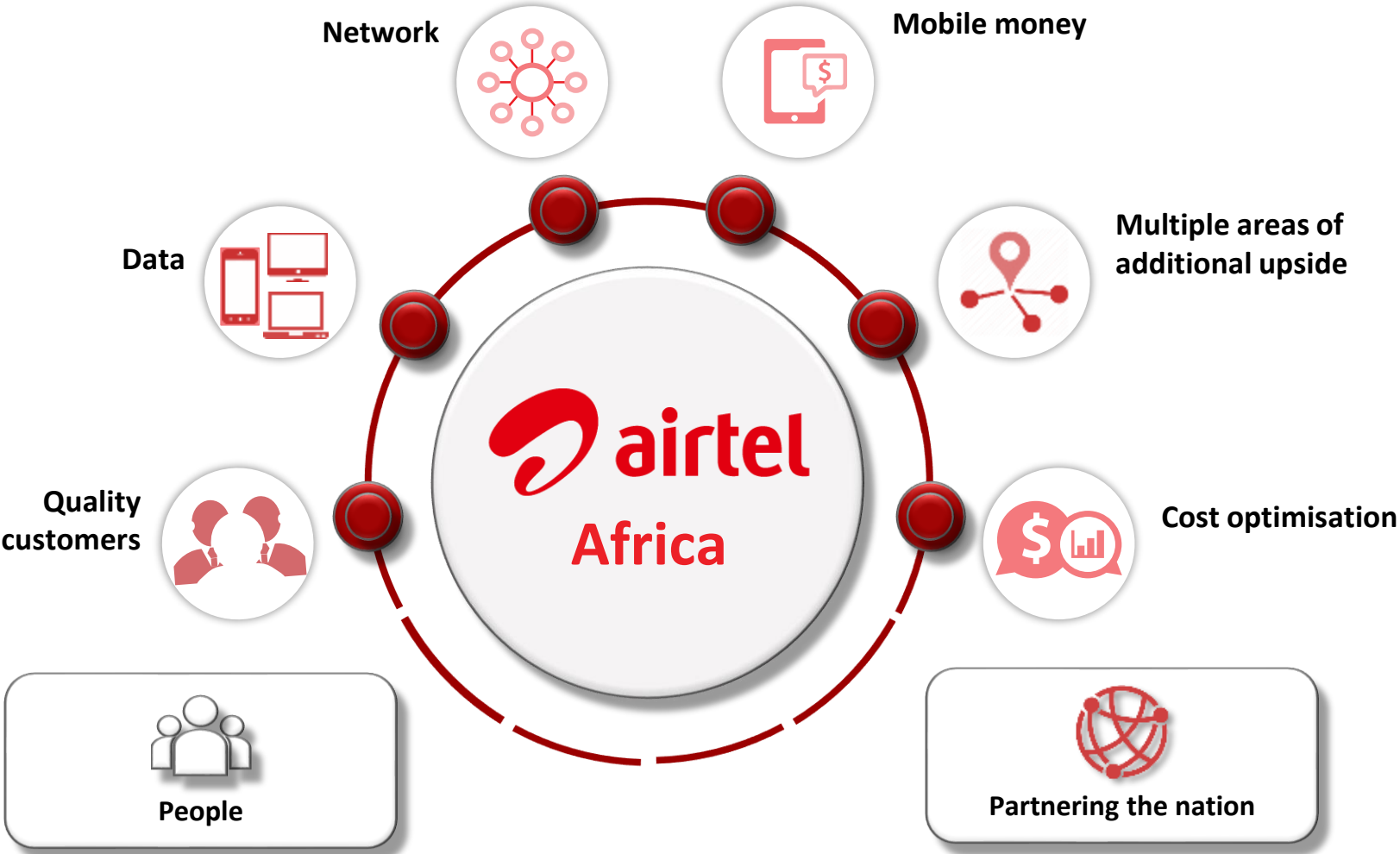
Airtel Africa: two opportunities in one



- ✓ Leading Telecom operator in Sub Saharan Africa
- ✓ Scaled and well invested
- ✓ Large growth opportunity ahead

- ✓ Dedicated platform of Airtel Money
- ✓ Scalable, with low capital intensity
- ✓ Sizable growth opportunity with captive customer base

Key pillars of our strategy



Attain leadership through a supply led demand strategy

Increasing penetration of quality customers

Effective distribution network



- Acquisition of quality customers
- Depth and width of distribution

Exclusive channel for SIM outlet

Enhanced customer experience



- Simplified digital on-boarding application
- Most activations done within 5 mins after SIM sale
- Implementation of interactive and dynamic IVRs
- Improved self-care

KYC devices increased from 89k to 150k (YoY Sep'19)

4G SIM swap upgrade

Smart offerings



- Increasing penetration driven by bundle offerings
- Increased customer loyalty resulting from Weekly & Monthly bundles
- Customer value management – segmented offers
- Attractive 'pay as you go (PAYG)' rates to drive greater days of use

Minutes of usage per customer increased from 186 to 193 mins

(3.7%) (YoY 6-month ended Sep'19)

Leading 4G network

Network infrastructure

Increasing capacity

	Sep'18	Sep'19 <i>(% of total)</i>	Incr.
2G	19,818	21,821 <i>(99.5%)</i>	2,003
3G	15,280	18,274 <i>(83.3%)</i>	2,994
4G	5,514	12,845 <i>(58.6%)</i>	7,331

New Spectrum Additions:

- 20 MHz in 2600 band in Nigeria
- 5 MHz in 1800 band in Chad
- 10 MHz in 2100 band in Malawi

Carrier aggregation:

- Large incremental 4G capacity on 2600 MHz band in Nigeria & Uganda

Fibre rolled out:

- 5,000+ Kms (in H1'20)

Robust and abundant future ready network

Large incremental data capacity at marginal incremental costs



Maximizing the value of data-based services

1 Aggressive communication about 4G

2 Data upsell through device selling outlets

3 Value proposition

4 Segmented campaigns

Q2'20 ARPU Mix

	ARPU (\$)	% mix	Wt. Avg ARPU (\$)
2G	0.5	35%	0.2
3G	2.2	41%	0.9
4G	5.9	23%	1.4
Data Subs		31.9 Mn	2.5

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

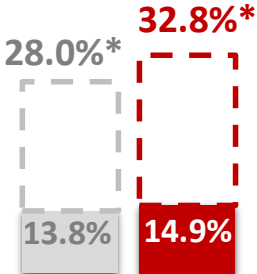
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Mobile money – a strong business getting stronger

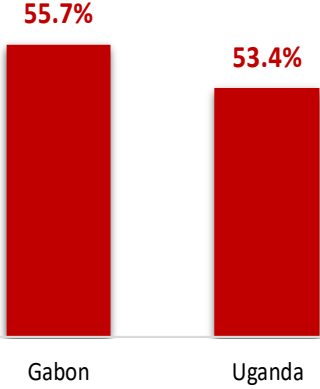
Subscriber Penetration

■ H1'19 ■ H1'20

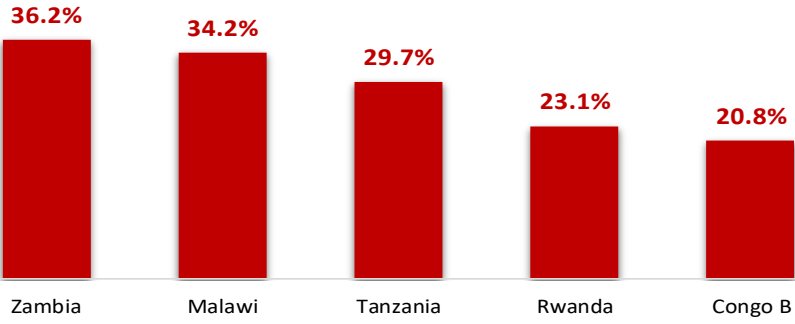
Group



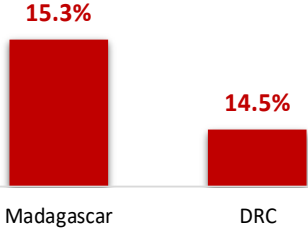
Highly penetrated markets



Moderately penetrated markets



Low penetrated markets



Distribution

- Build exclusive franchise model of distribution
- Exclusive Airtel Money branches for service agents and B2B high value transactions
- Highly experienced agent's network providing efficient services
- Assured float availability
- Partnership with financial service providers

Provide banking for the unbanked

*excluding other countries, not presented on a chart

Strategic partnerships to further enhance customer offering



- **Airtel Money Mastercard Virtual Cards** - Exclusive issue of AM Mastercard for online / international payments
- **In-store Merchant Payments** - Integrate AM into Mastercards 1 million QR code merchants across Africa allowing our customers to make in-store digital payments. The digital payments will be from both smartphones (QR code) and feature phones (USSD menu).

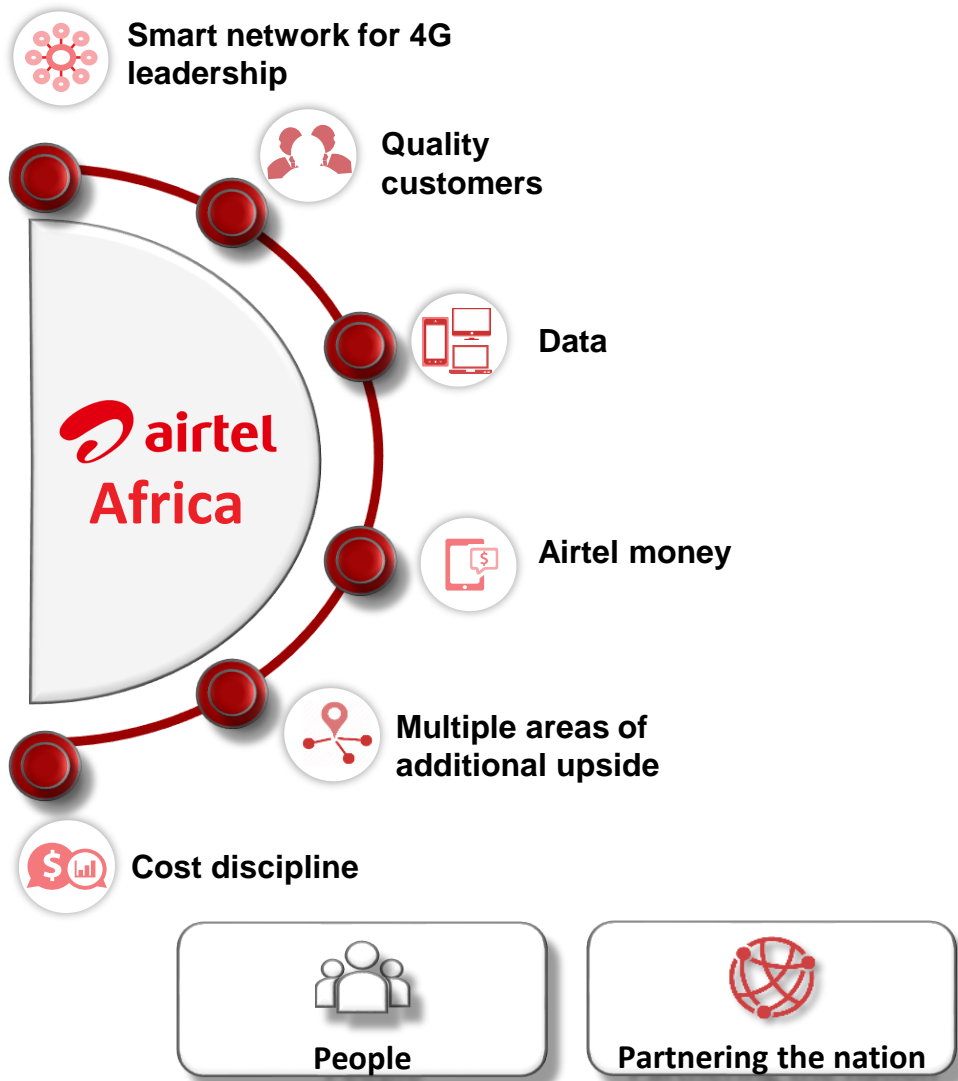


- **E-banking** – Bank to Wallet / Wallet to Bank. From / to any Ecobank account to any AM wallet
- **International Money Transfer** - Send / Receive cross-border money transfer from any Ecobank account to AM wallet
- **Distribution** - Facilitate Ecobank to serve its customers at AM agents via AM wallets.



- **Inbound Money transfer** – Customers to leverage Finablr's global network to send money from over 100 countries into Airtel Money mobile wallets across Africa, in a convenient, secure and cost-effective manner.
- **Marketing** - Worldwide marketing programme to introduce the new services to African communities overseas and to receivers in Africa
- **Outbound Money Transfer** – Further opportunity to activate outbound money transfer to key corridors outside Africa.

Clear strategy for growth



Our Aspirations:

Growing ahead of market to increase revenue market share

Airtel Money to become the currency of choice

Monetization of all revenue streams

To continue benefiting from operating leverage and effect of scale

Q&A

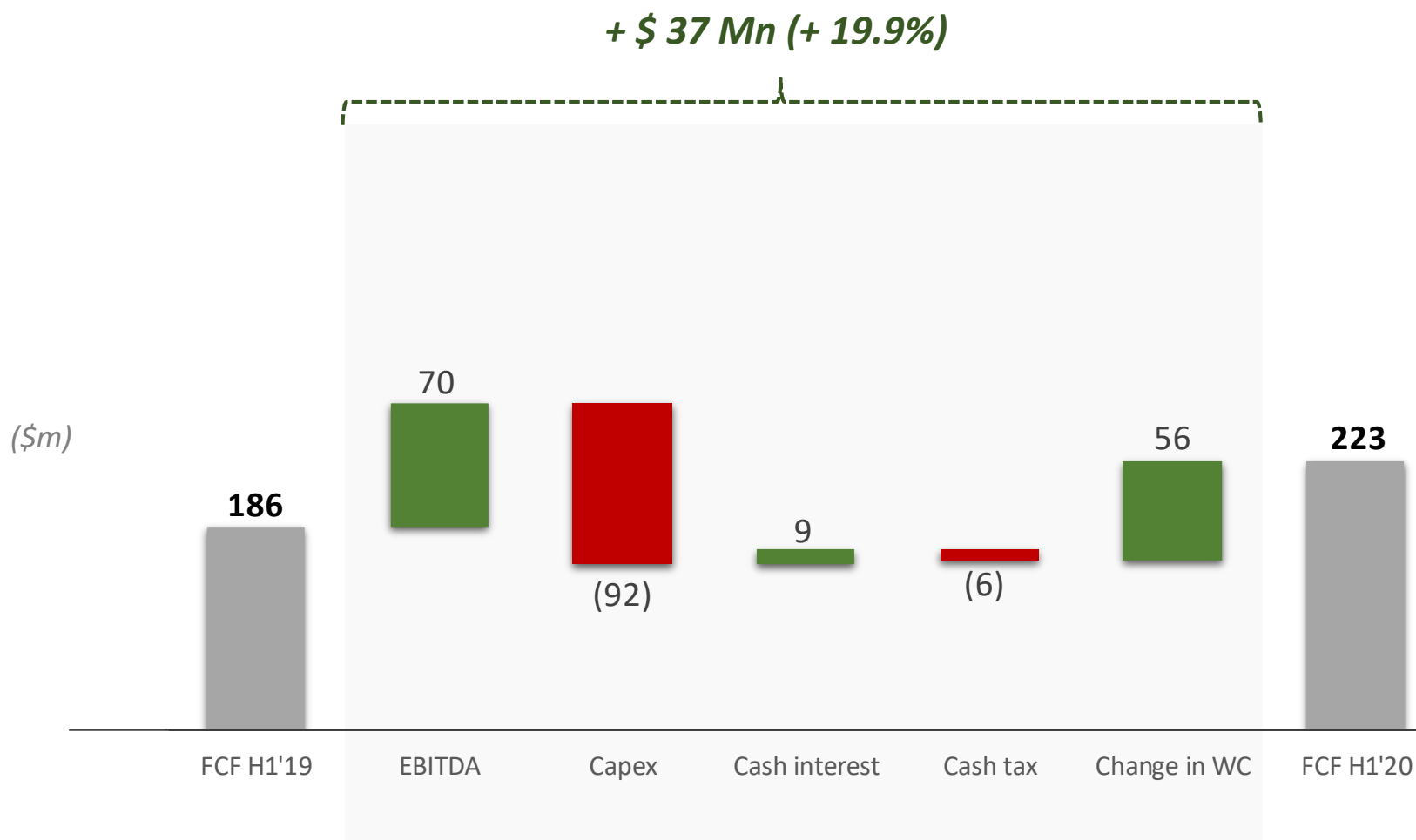


Thank You

Appendix



Strong free cash flow generation



FCF for H1'20 higher by 19.9% 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.