

Airtel Africa plc

Results for half year ended
30 September 2021

28 October 2021



Disclaimer

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Forward-looking statements

This document contains certain forward-looking statements 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. These statements are often, but not always, made through the use of words or phrases such as "believe," "anticipate," "could," "may," "would," "should," "intend," "plan," "potential," "predict," "will," "expect," "estimate," "project," "positioned," "strategy," "outlook", "target" and similar expressions.

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No statement in this communication is intended to be, nor should be construed as, a profit forecast or a profit estimate and no statement in this communication should be interpreted to mean that earnings per share of Airtel Africa plc for the current or any future financial periods would necessarily match, exceed or be lower than the historical published earnings per share of Airtel Africa plc.

Financial data included in this document are presented in US dollars rounded to the nearest million. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding. The percentages included in the tables throughout the document are based on numbers calculated to the nearest \$1,000 and therefore minor rounding differences may result in the tables. Growth metrics are provided on a constant currency basis unless otherwise stated. The Group has presented certain financial information on a constant currency basis. This is calculated by translating the results for the current financial year and prior financial year at a fixed 'constant currency' exchange rate, which is done to measure the organic performance of the Group. Growth rates for business and product segments are provided in constant currency as this better represents the underlying performance of the business.

Audience

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Observations and priorities

Observations

- Strategy is successful, delivering strong set of results
- Tremendous market opportunity remains
- Continued strong focus on network expansion and distribution initiatives
- Accelerate our digitisation programmes
- Financial and operational focus will continue to be on:
 - Strong revenue **GROWTH**
 - Expand **PROFITABILITY** margins
 - Increase penetration of **MOBILE MONEY**
 - **STRENGTHEN** the balance sheet
- With **SUSTAINABILITY** at the core

Highlights of H1'22

Our Purpose

- Our purpose is transforming lives.
- We drive affordability and availability of mobile and digital services in markets where consumers strive for increased connectivity and financial inclusion.
- New sustainability strategy announced articulating our ambitions for our business, our community, our people and the environment.

Financial highlights

- Group revenue growth of 27.6%.
- Underlying EBITDA growth of 38.5%.
- EPS (before exceptional items) growth of 149.7%.
- Interim dividend of 2 cents per share in line with upgraded dividend policy.

Operational highlights

- Total customers grew 5.4% to 122.7 million. Approaching stabilisation of net adds in Nigeria with resumption of new acquisitions.
- ARPU grew 18.5% to \$3.1.
- Data ARPU grew 19.2% to \$2.9.
- Mobile money transaction value at \$30.5bn, up 47.0%.
- \$570m+ cash up streamed over the last 18 months.

Strategic highlights

- QIA \$200m investment in mobile money announced taking total investments to \$500m, at \$2.65bn² valuation. \$375m now received on first close of all investment transactions.
- Announced sale of tower assets in Tanzania for c.\$175m.
- Airtel Nigeria launched share buyback.
- Leverage (net debt to underlying EBITDA) improved to 1.5x.

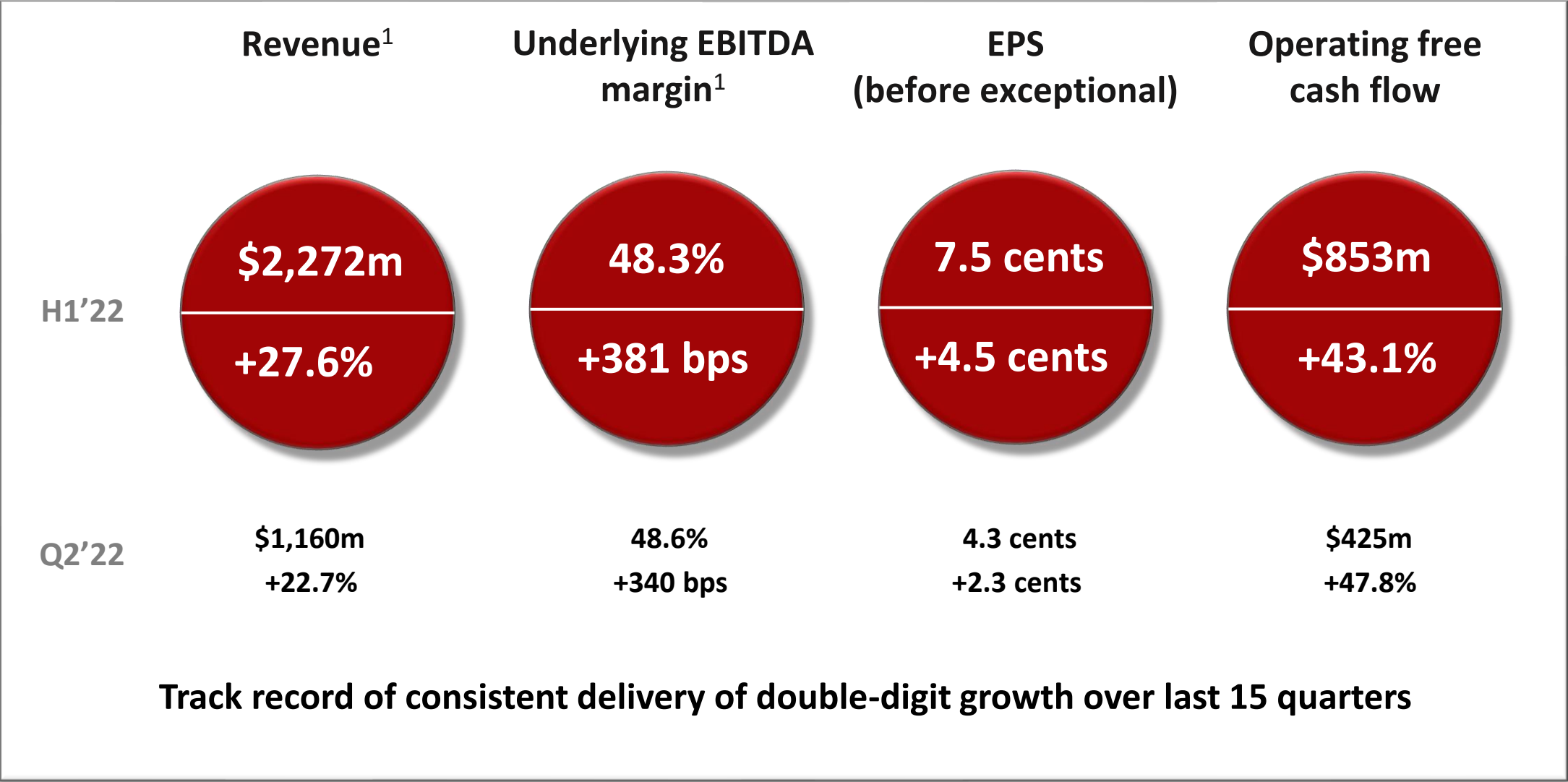
Notes:

1. Growth rates are presented in constant currency, unless stated otherwise.
2. \$2.65bn enterprise value for AMC BV is on a cash and debt free basis, assuming contribution of all mobile money country operations into AMC BV.

Operational Performance



Financial highlights



Notes:
1. Revenue growth and underlying EBITDA margin improvement are presented in constant currency.

Delivering against our objectives

Mobile revenue	Mobile revenue growth of 25.5% voice and data growing across all regions	
Mobile money revenue	Mobile money revenue growth of 42.0%	
Underlying EBITDA	Underlying EBITDA margin increased by 381 bps to 48.3%	
Capex	On track capex spend. Outlook stable at \$650m	
Leverage	Improved to 1.5x	
Dividend	Interim dividend of 2 cents (1.5 cents in H1'21) in line with upgraded dividend policy	

Note: Growth rates and underlying EBITDA margin improvement in constant currency.

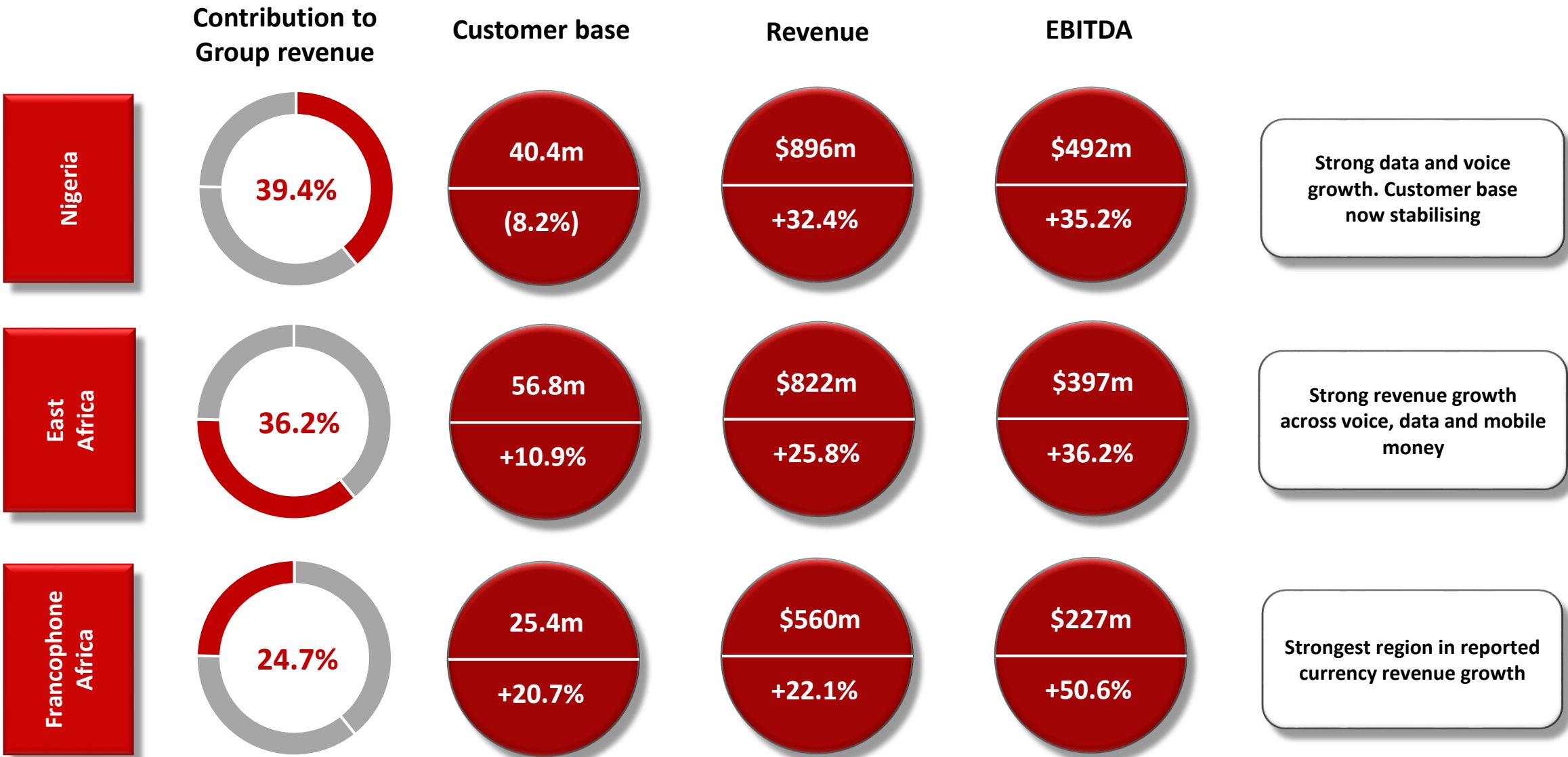
Strategic Update



Our evolving growth strategy



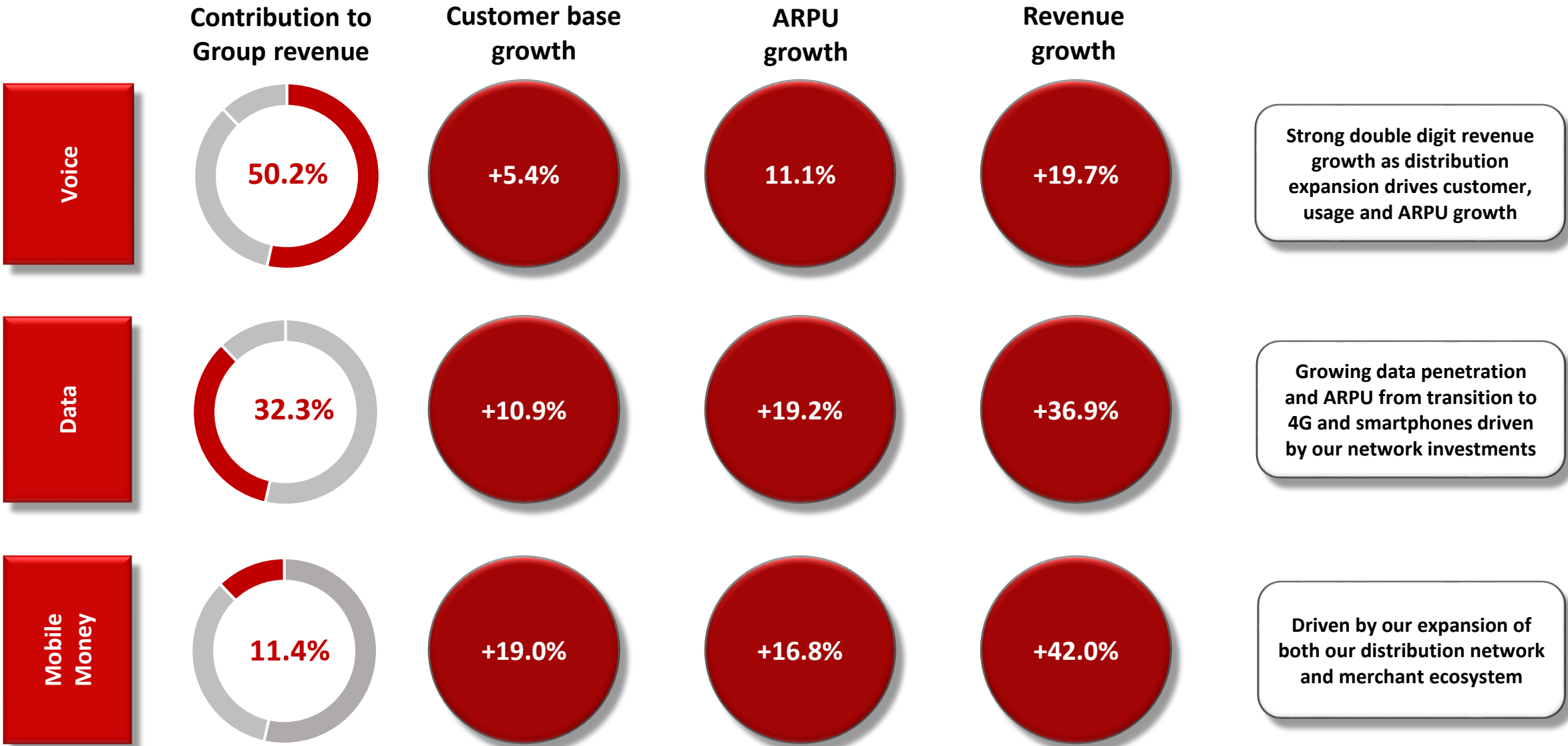
Strong results across our regions



Notes:

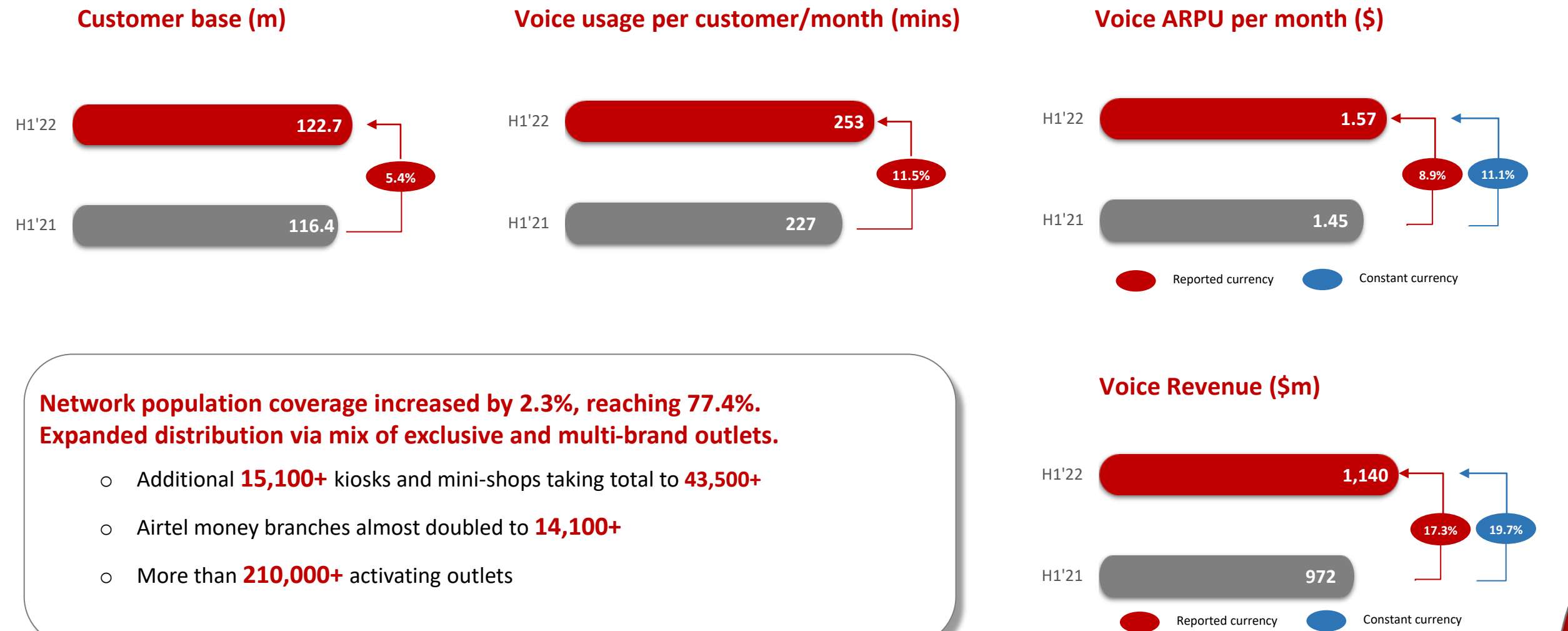
- 1. All financial growth rates are presented in constant currency.
- 2. Revenue contribution in reported currency (contribution will not add to 100% due to inter-segment eliminations).

Strong growth across voice, data and mobile money services



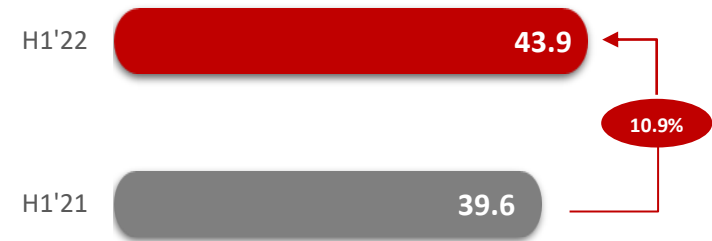
Notes:
1. All financial growth rates are presented in constant currency.
2. Revenue contribution in reported currency (contribution will not add to 100% due to other revenue and eliminations).

Voice: Strong growth with revenue up 19.7%

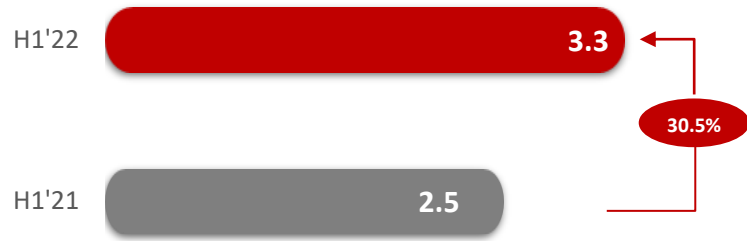


Data: revenue up 36.9% driven by usage and customer growth

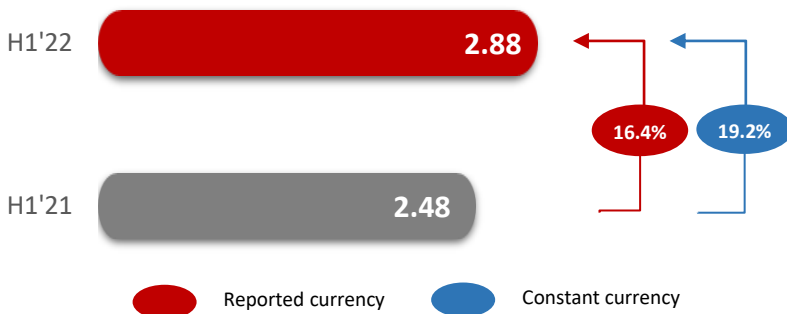
Customer base (m)



Data usage per customer/month (GB)



Data ARPU per month (\$)



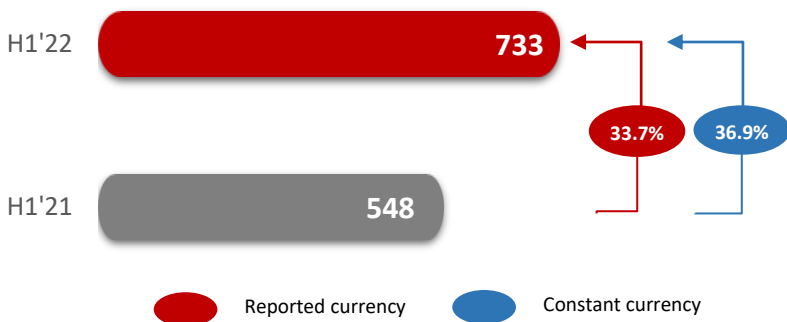
Customer base growth driven by network leadership:

- Modernised network: **90%** of sites on single RAN
- Additional Fibre: **15,500+ Km** (total **59,500+ Km**)
- 34.2%** increase in data capacity (**13.7k+ TB per day**)
- 81.8%** of sites now on 4G
- Deployed **2,500+** additional sites

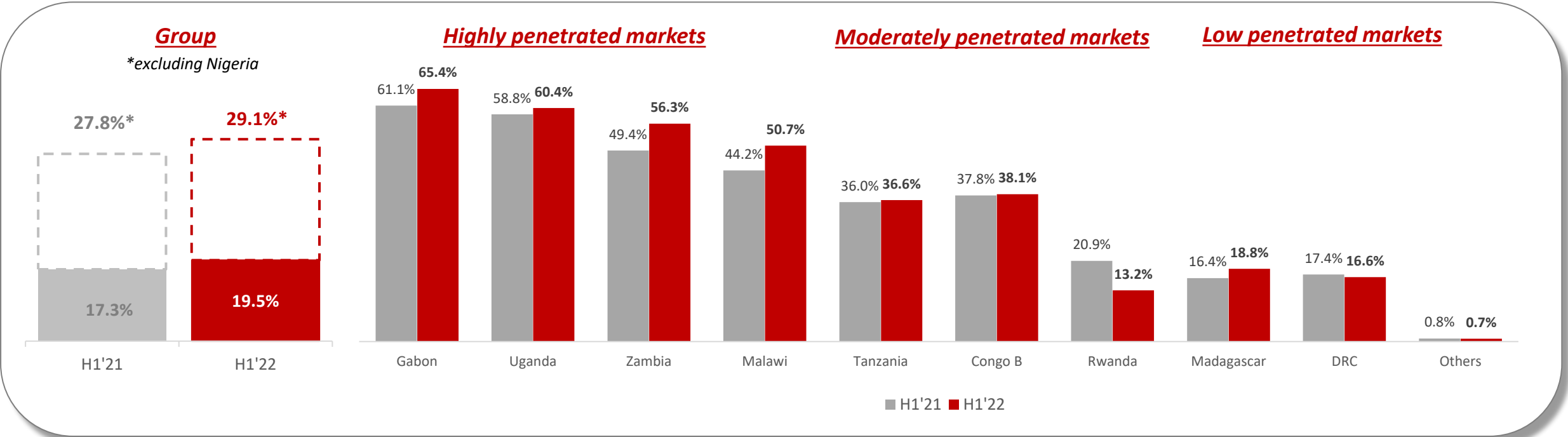
Data usage and ARPU driven by:

- Simplified pricing**
- 4G driving data ARPU growth (4G ARPU - \$5.2)**
- 8.6ppt** Increase in 4G customer penetration (**39.7% of our data customers are on 4G**)
- Wireless home broadband** products launched

Data revenue (\$m)



Mobile Money: a diversified business, rapidly evolving through growing ecosystem



Note: Mobile money penetration is for Airtel money customers. Calculated by dividing the Airtel money active customers by the total number of Airtel customers.

Mobile Money: a diversified business, rapidly evolving through growing ecosystem



User activities and revenue contribution

- **73.6%** of customers use **cash-in or cash-out services**, contributing to **55.7%** of mobile money revenue.
- **68.4%** of customers use for **mobile recharges** to top up their GSM, contributing to **14.0%** of mobile money revenue.
- **43.4%** of customers use **P2P services**, contributing to **9.8%** of mobile money revenue.
- **24.0%** of customers use **bill pay or merchant services**, contributing to **10.8%** of mobile money revenue.

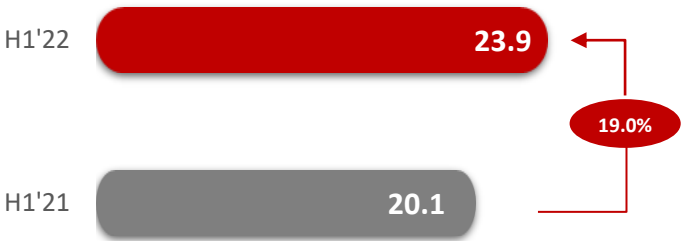
Note: Revenue contribution is for H1'22 in constant currency.

Partner ecosystem

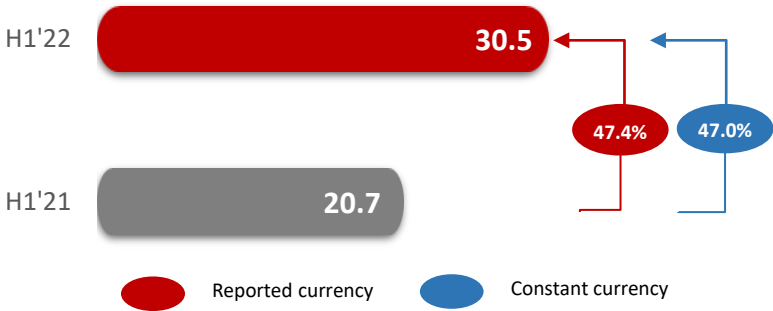


Mobile money: our fastest growing business

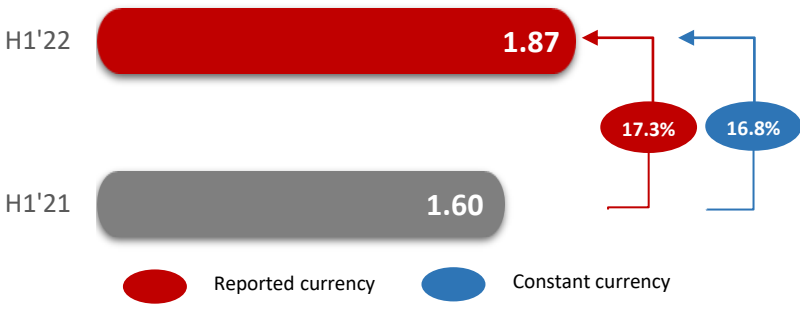
Mobile money customer base (m)



Total transaction value (\$bn)



Mobile money ARPU per month (\$)



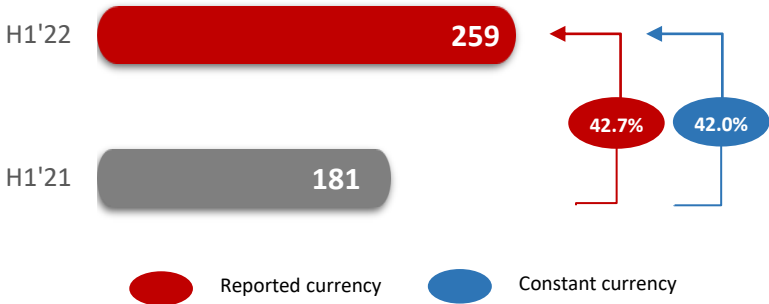
Customer base growth driven by distribution expansion

- **15,100+** kiosks and mini-shops, taking total to **43,500+**
- AMBs almost doubled to **14,100+**
- **114,500+** new agents, taking total to **510k+**

ARPU growth driven by:

- Increase in transaction value per customer due to higher float availability.
- Driving digital payments through Airtel Money leading to high person to person transfers, recharges through Airtel Money and bill/merchant payments.

Mobile money revenue (\$m)



Continued progress on strategic initiatives

Executed opportunities

Tower deals

- Tanzania
 - Deal announced with SBA / Paradigm for sale of towers in Tanzania.
 - Total of c.1400 towers.
 - Proceeds of c\$175m on completion.
- Tower deals to complete with finalisation of Helios Tower transactions in Madagascar and Malawi (Malawi subject to closing conditions).

Mobile money deals

- \$200m new investment from QIA adds to \$300m from earlier minority investment agreements with TPG and Mastercard.
- First closing of minority investments on 20 August (QIA) and 2 August (TPG/Mastercard) resulted in \$375m cash to Group.
- Exploring potential for an IPO < 4 years.

Future opportunities

Tower deals

- Continuing to pursue potential tower deals in Gabon and Chad.

Fibre infrastructure

- Long distance capacity sale opportunities.
- Corporate infrastructure being built for new fibre company.
- Potential for minority investments in fibre business.

Data centres

- Expand our data centre services.

Our sustainability strategy

	OUR BUSINESS	OUR PEOPLE	OUR COMMUNITY	OUR ENVIRONMENT
AMBITIONS	Our ambition is to increase digital inclusion in Africa through the expansion and increased reliability of our network. This will provide the connectivity to contribute to the economic growth of individuals, families, communities and nations across the continent.	Our ambition is to provide rewarding employment opportunities and to achieve genuine diversity and inclusion at all levels across the business. This goes to the core of who we are.	Our ambition is to drive digital and financial inclusion and access to education for people and communities across Africa through the provision of data and mobile services underpinned by our network expansion. These are critical to the positive transformation of lives across Africa.	Our ambition is to address and minimise the impact of our operations on the environment. This is critical for the world we live in.
UN SDGs	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	4 QUALITY EDUCATION 5 GENDER EQUALITY 10 REDUCED INEQUALITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
OUR GOALS AND COMMITMENTS	DATA SECURITY GOAL	COMMITMENTS TO OUR PEOPLE	DIGITAL INCLUSION GOAL	GHG REDUCTION GOAL
	Establish industry-leading data security for our customers.		Significantly improve digital Inclusion across Africa.	Achieve net zero greenhouse gas emissions ahead of 2050.
	SERVICE QUALITY GOAL		FINANCIAL INCLUSION GOAL	ENVIRONMENTAL STEWARDSHIP GOAL
	Provide underserved communities with access to reliable networks and connectivity.		Significantly increase financial inclusion in Africa – with particular support for women.	Eliminate hazardous waste from our operations, significantly reduce our non-hazardous waste and minimise our water consumption.
	SUPPLY CHAIN GOAL		ACCESS TO EDUCATION GOAL	
	Ensure all our suppliers are aligned with our sustainability agenda.		Transform the lives of over one million children through education by 2027.	

Financial Performance



A strong set of financial results

Revenue

\$2,272m

+27.6% YoY

Underlying EBITDA

\$1,098m

+38.5% YoY

Underlying EBITDA margin

48.3%

+381 bps YoY

Leverage ¹

1.5x

(vs 2.2x H1'21)

Op FCF ²

\$853m

+43.1% YoY

EPS (before exceptional items)

7.5 cents

(vs 3.0 cents H1'21)

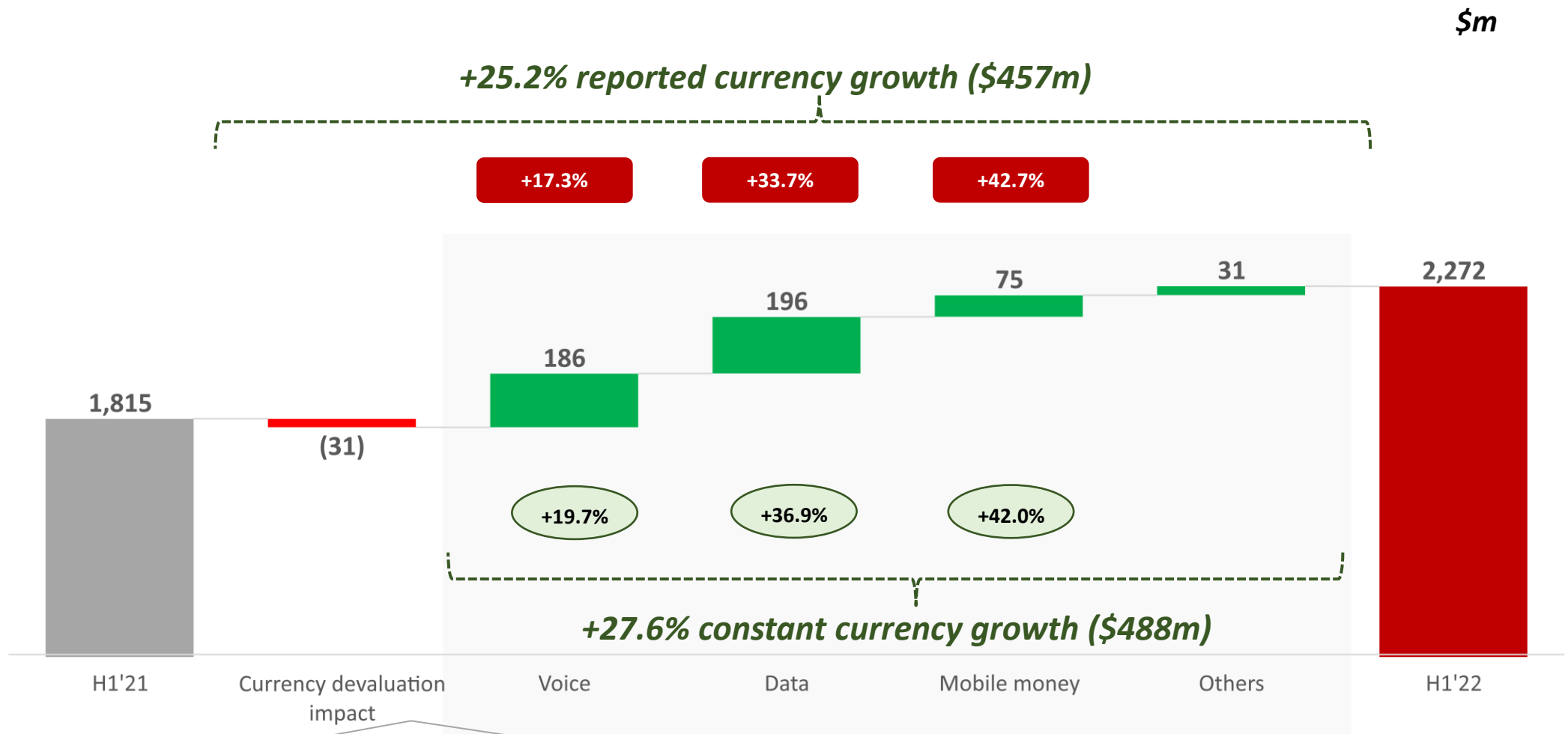
Board declared an interim dividend of 2 cents per share

Notes: Growth rates and underlying EBITDA margin expansion are in constant currency, unless otherwise stated;

1. Calculated as gross debt (including lease liabilities) less cash and cash equivalent (including deposits with banks) divided by the last 12 months underlying EBITDA.

2. Calculated as underlying EBITDA less capex; growth is in reported currency.

Double digit revenue growth across voice, data and mobile money



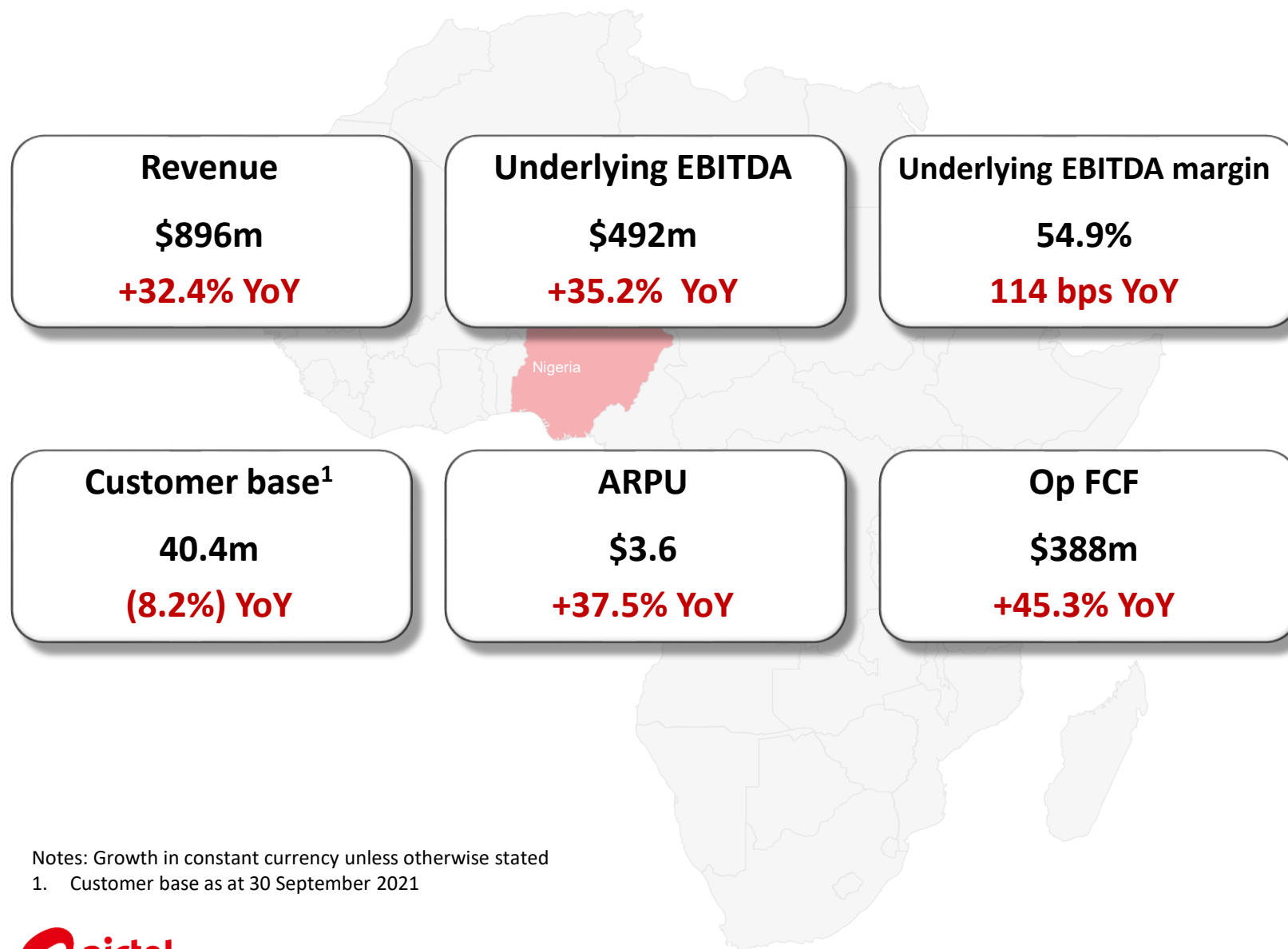
On a 12 months basis,

- 1% of currency devaluation across all currencies in our OpCos will have a negative impact of \$39m on revenues, \$24m on underlying EBITDA and \$23m on finance costs.
- Our largest exposure is to the Nigerian Naira and 1% devaluation will have a negative impact of \$16m on revenues, \$9m on underlying EBITDA and \$7m on finance costs.



Note: 'Others' includes messaging, VAS, enterprise, site sharing, handset sale and intra-segment eliminations.

Nigeria: Strong performance and new customer acquisition restarted

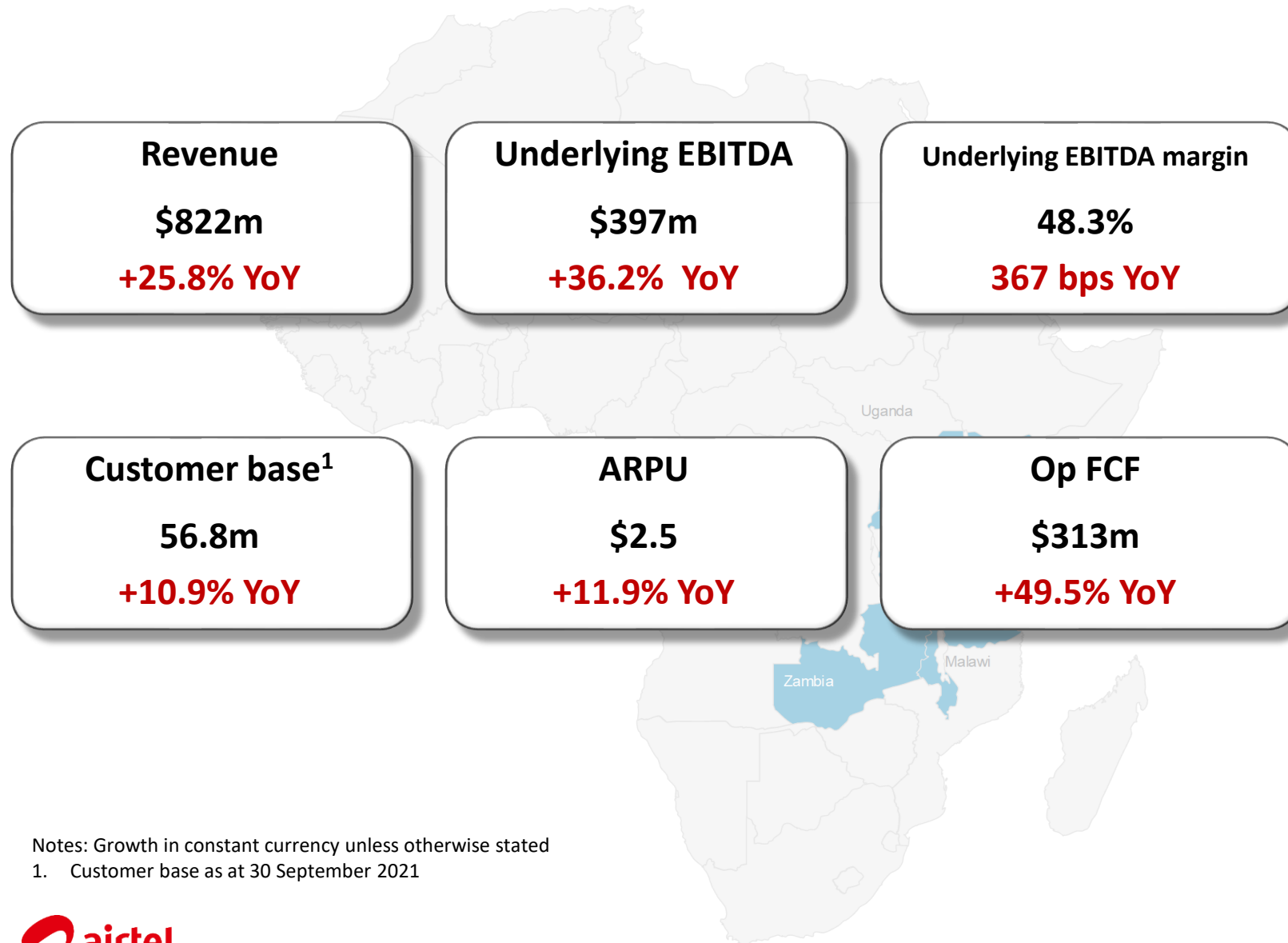


- **Revenue grew 32.4%** driven by both voice and data (reported currency revenue growth of 24.7%).
- **Voice revenue grew 21.0%** driven by voice ARPU growth of 25.6% as a result of increase in voice usage per customer.
- **Data revenue grew 45.0%** due largely to increase in data ARPU led by per customer data usage (44.2%) and expansion of 4G network (88.8% sites now on 4G).
- **Underlying EBITDA margin of 54.9%**, an increase of 114 basis points.
- **ARPU grew by 37.5%**, supported by both voice and data.
- **Operating free cash flow up 45.3%**, driven by underlying EBITDA growth.
- **Collated NIN information for over 26.7 million active mobile customers.** Customer additions now allowed in approved outlets.

Notes: Growth in constant currency unless otherwise stated

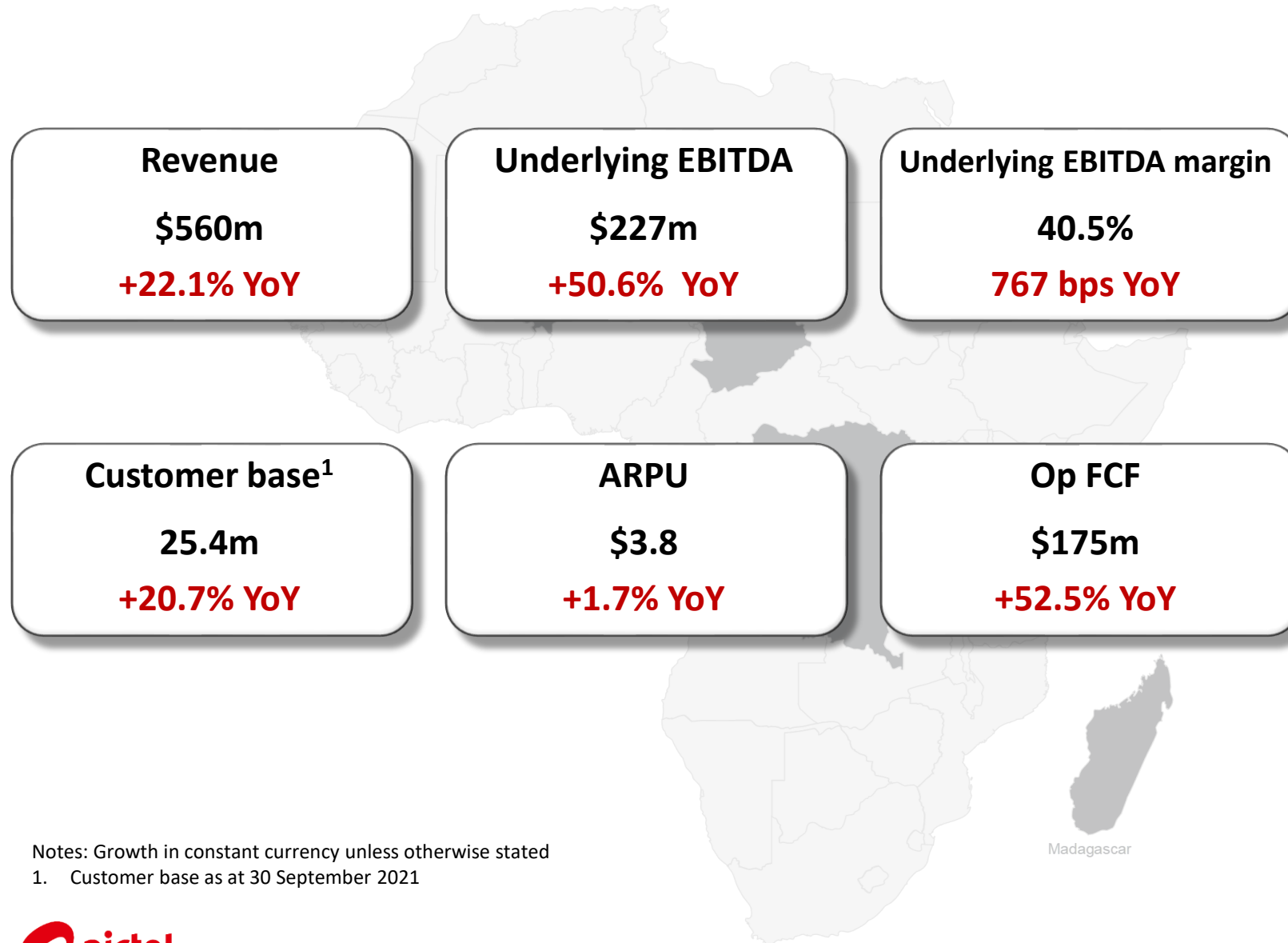
1. Customer base as at 30 September 2021

East Africa: 25.8% revenue growth, with broad-based strong performance



- **Revenue grew 25.8%** driven by customer growth of 10.9% and ARPU growth of 11.9% (reported currency revenue growth of 24.7%).
- **Voice revenue grew 21.8%** driven by growth of customer base and voice usage per customer.
- **Data revenue grew 25.7%** due to increase in data customer base as a result of expansion of our 4G network and smart product offerings.
- **Mobile Money revenue grew 44.5%** driven by increase in customer base by 19.2% and transaction value per customer by 24.0%.
- **Underlying EBITDA margin increased by 367** basis points through revenue growth and cost efficiencies.
- **Operating free cash flow up 49.5%** in line with EBITDA growth.
- **Q2'22 revenue growth** slowdown on account of additional levies by the Government of Tanzania on mobile money withdrawal and P2P transactions.

Francophone Africa: fastest growing region in reported currency

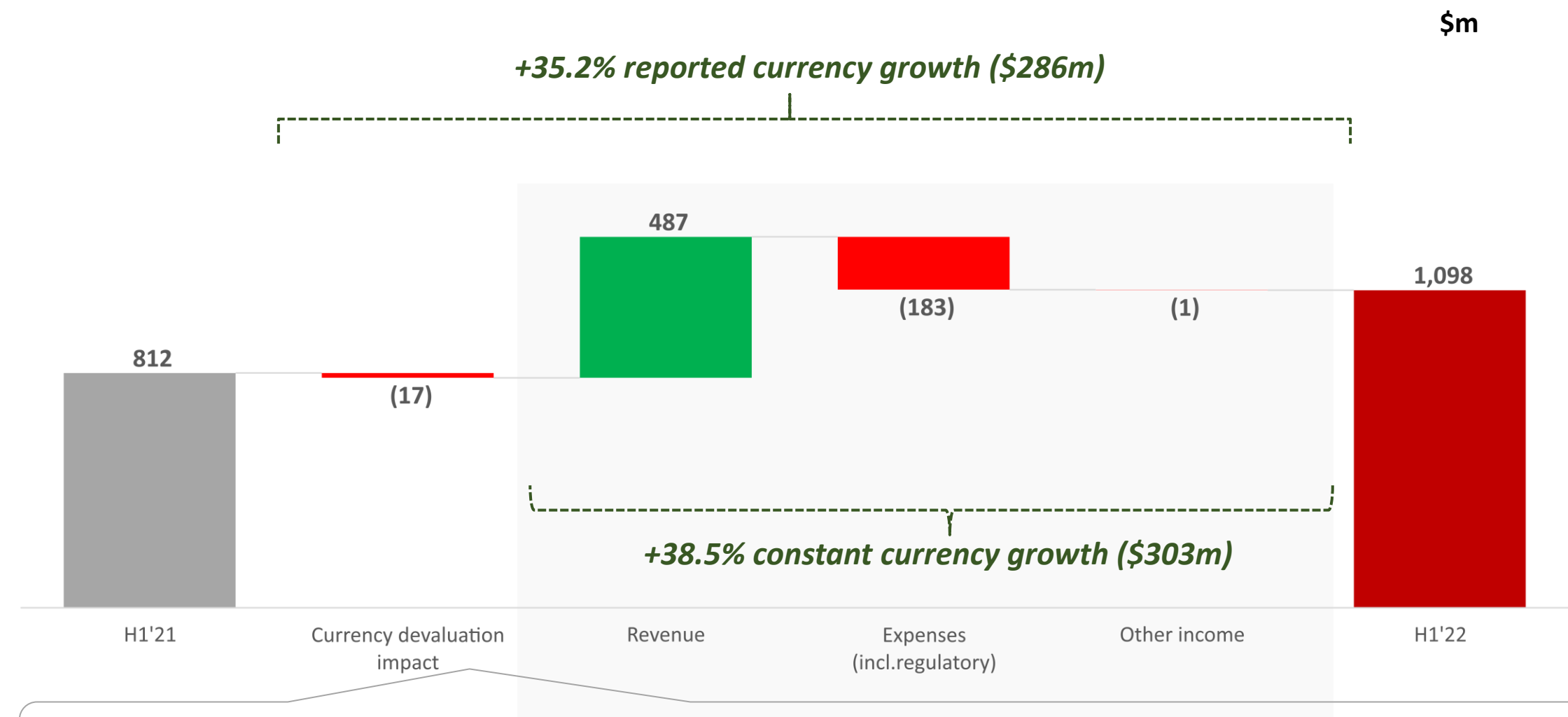


- **Revenue grew 22.1%** supported by customer base growth and ARPU growth (reported currency underlying revenue growth of 25.7%).
- **Double digit voice revenue growth 13.3%** in H1'22 and **16.7% in reported currency** driven by customer base growth.
- **Data revenue grew 36.2%** driven by higher data usage and expansion of 4G network (reported currency growth of 40.7%).
- **Mobile money revenue grew 36.3%** with strong growth in DRC.
- **Underlying EBITDA margin was 40.5%**, up 767 basis points compared with H1'21.
- **Operating free cash flow increased 52.5%** due to underlying EBITDA growth.

Notes: Growth in constant currency unless otherwise stated

1. Customer base as at 30 September 2021

Underlying EBITDA growth of 38.5%, with margin expansion to 48.3%



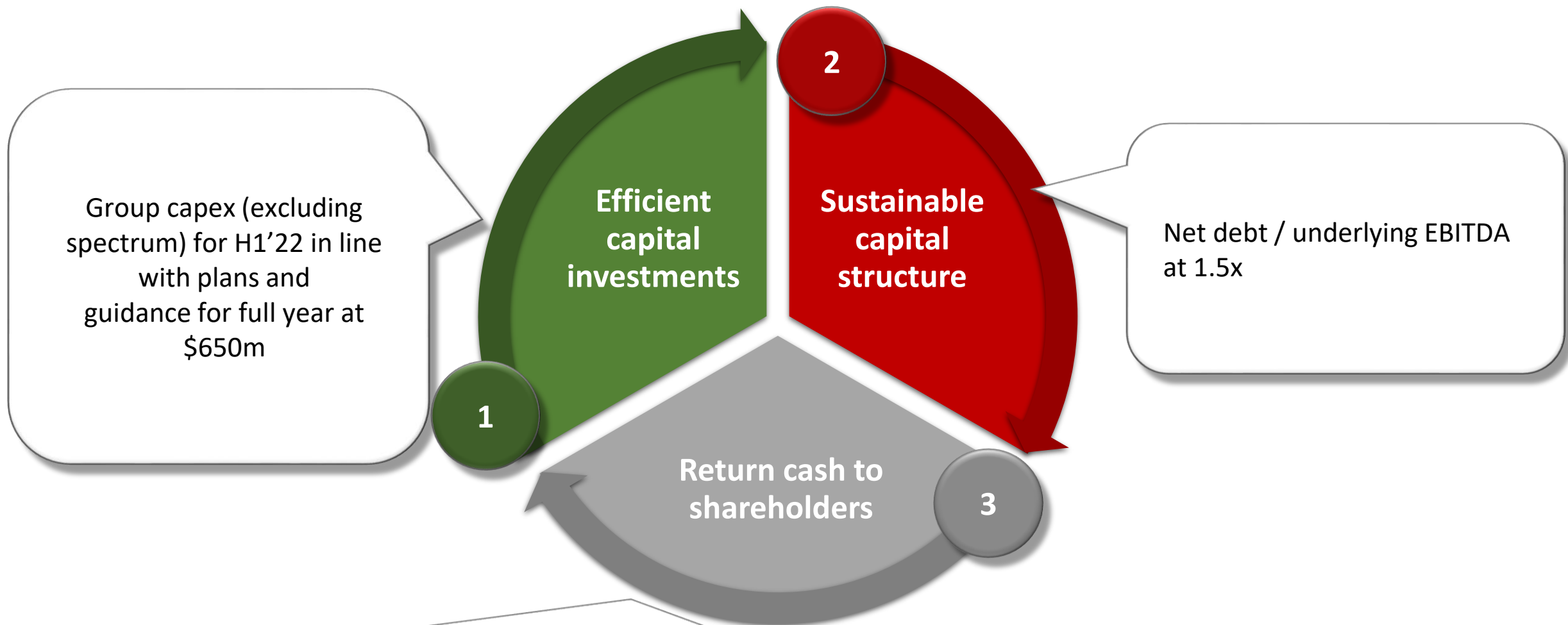
On a 12 months basis,

- 1% of currency devaluation across all currencies in our OpCos will have a negative impact of \$39m on revenues, \$24m on underlying EBITDA and \$23m on finance costs.
- Our largest exposure is to the Nigerian Naira and 1% devaluation will have a negative impact of \$16m on revenues, \$9m on underlying EBITDA and \$7m on finance costs.



Note: Expenses includes interconnect costs, airtel money commissions, regulatory charges and handset costs

Transparent and balanced capital allocation policy

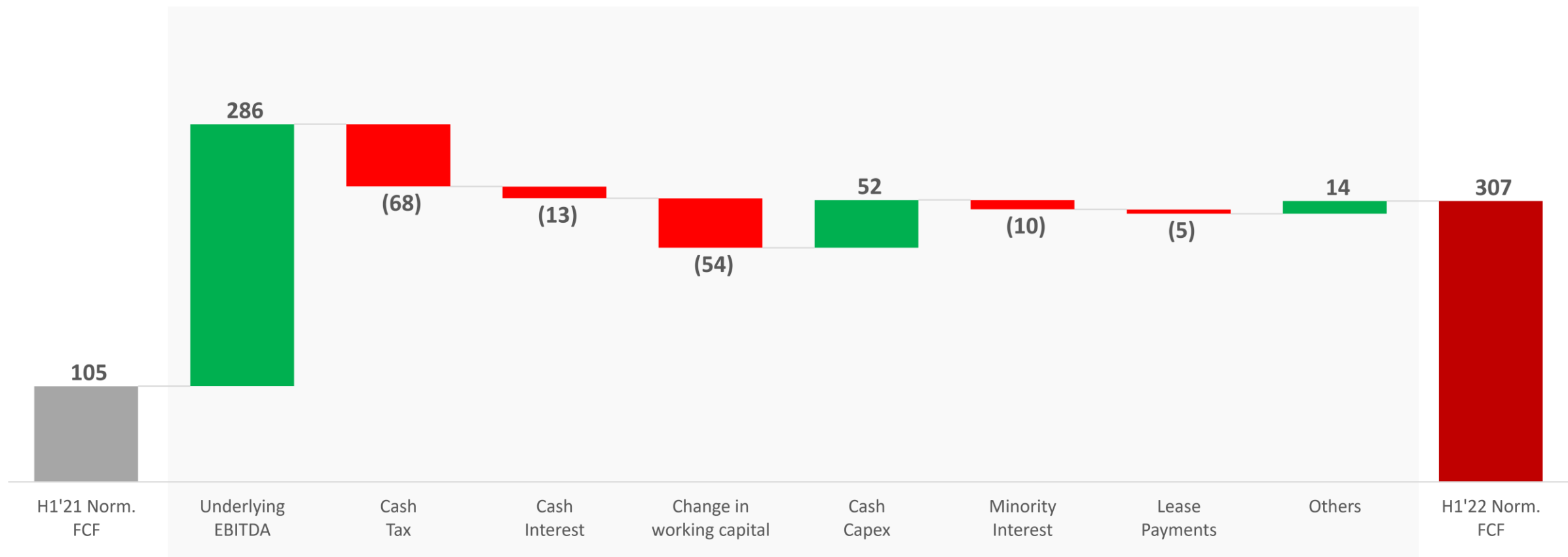


The Board has approved an upgrade to the progressive dividend policy, aiming to grow the dividend annually by a mid- to high- single-digit percentage from a new base of 5 cents per share for FY 2022, with a continued focus to further strengthen the balance sheet.

The Board has declared an interim dividend of 2 cents (vs 1.5 cents at H1'21)

Normalised FCF up 193%

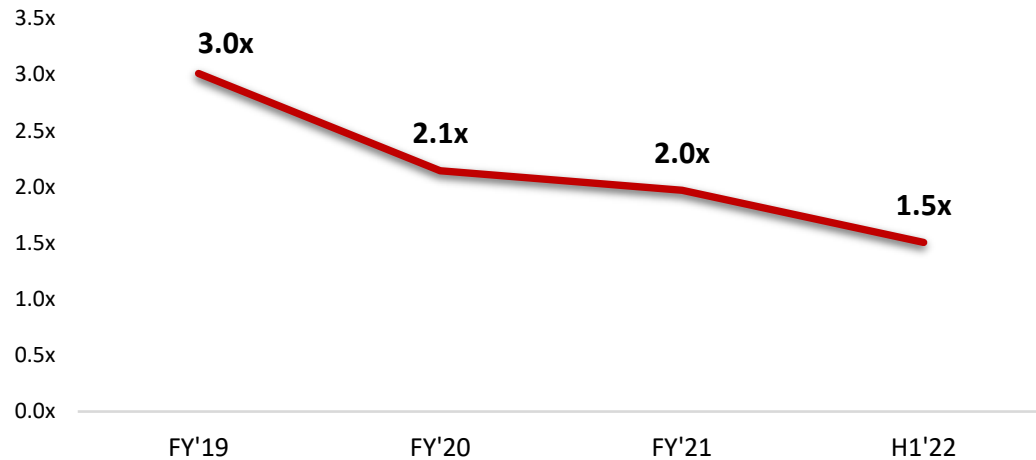
\$m



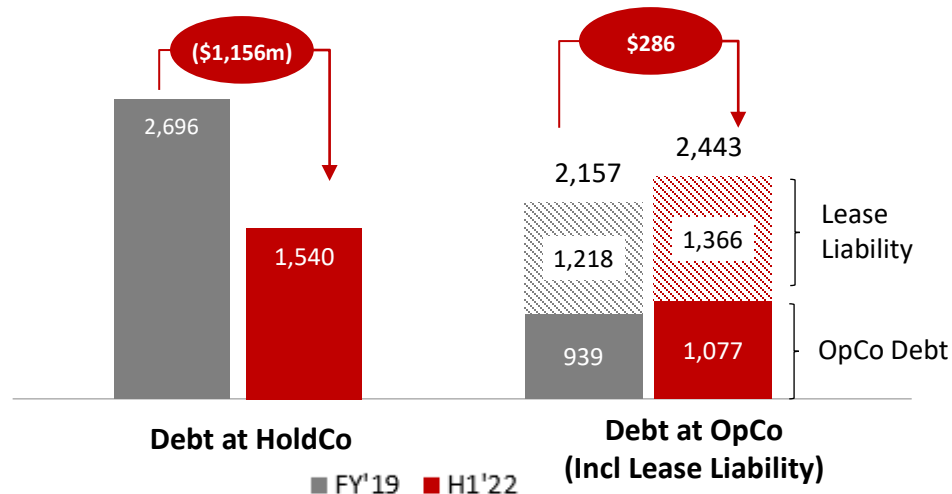
- Notes:**
- 1. The Group defines normalised free cash flow as net cash generated from operating activities after lease repayments, cash capex (including purchase/renewal of license & spectrum), cash interest, payment to minority shareholders in subsidiary companies. It excludes dividend payments to Airtel Africa plc shareholders, the effects of acquisitions and disposals, the effects of extraordinary events, etc.
 - 2. Refer to slide 40 in the appendix for a reconciliation to the GAAP measure.

Strengthening the balance sheet

De-leveraging



Localising debt into OpCos



Net Debt

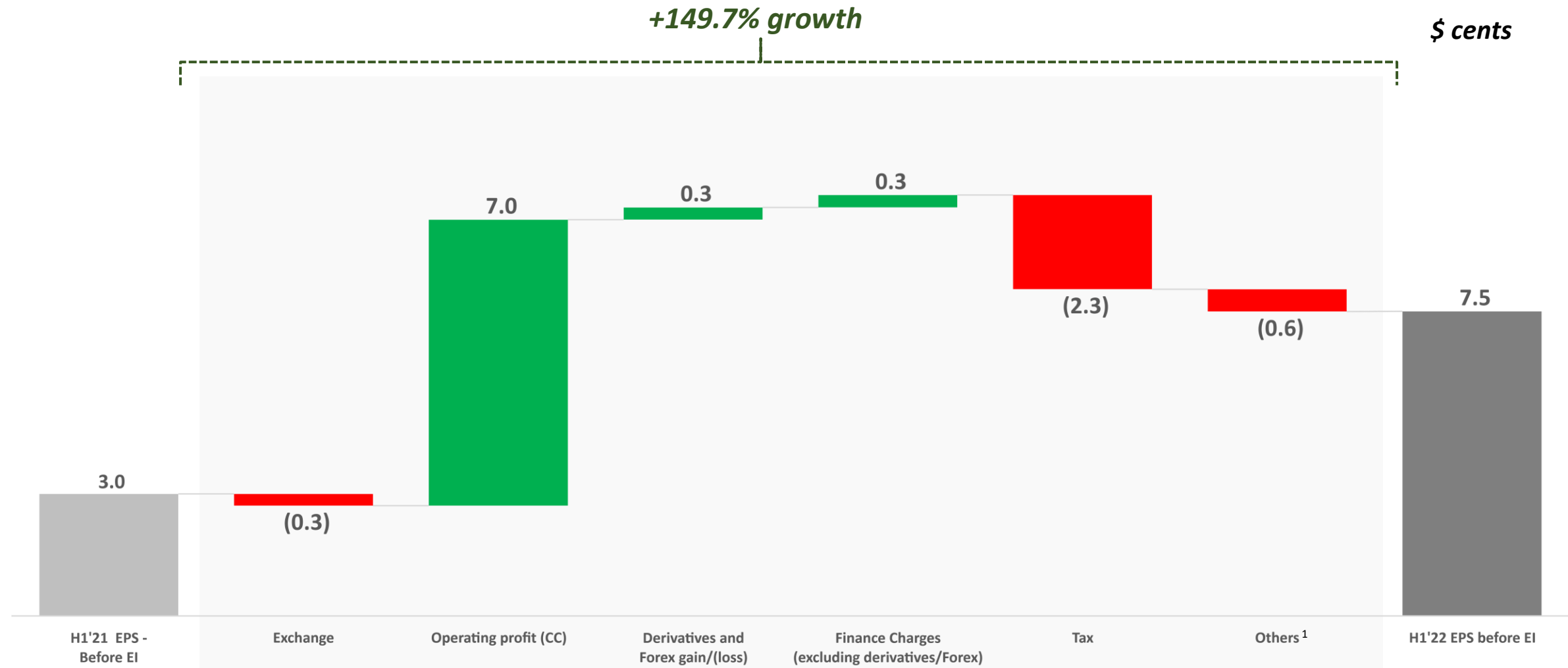
Leverage	As of Sep 30, 2021		As of Sep 30, 2020	
	USDm	xLTM Underlying EBITDA	USDm	xLTM Underlying EBITDA
Foreign Currency:	2,135	1.1x	2,952	1.8x
- Holdco	1,540	0.8x	2,383	1.5x
- OPCOs	595	0.3x	569	0.4x
Local Currency:	482	0.2x	348	0.2x
- OPCOs	482	0.2x	348	0.2x
Lease Liabilities	1,366	0.7x	1,230	0.8x
Total Debt	3,983	2.0x	4,531	2.8x
Cash and cash equivalents	856	0.4x	1,072	0.7x
- Holdco	243		695	
- OPCOs	613		377	
Net Debt	3,127	1.5x	3,459	2.2x

- Net debt now \$3.1bn, down from \$3.5bn at H1'21.
- OpCo debt higher than HoldCo debt, in line with our strategy.
- Weighted average interest rate 5.5% vs 4.8% at H1'21, due to lower Holdco debt and higher OpCo debt.

Cash up-stream

- Up-streamed \$570m+ in last 18 months

EPS before exceptional items grew 149.7%



Notes:
1. Others include change in minority shareholder PAT and profit/(loss) on joint ventures.

Summary and outlook

- Our business fundamentals remain strong, and indeed continue to improve.
- While we have delivered a strong set of results, Sub-Saharan Africa continues to experience a third wave of the pandemic and we continue to monitor the situation for potential impacts on economies and consumers.
- We continue to see huge potential across voice, data and mobile money due to the low penetration levels in Africa and our continued focus on modernisation and rollout of our network, along with simplifying our products and improving our distribution
- Our operating model to deliver profitable growth allows for continued deleveraging while increasing return to shareholders



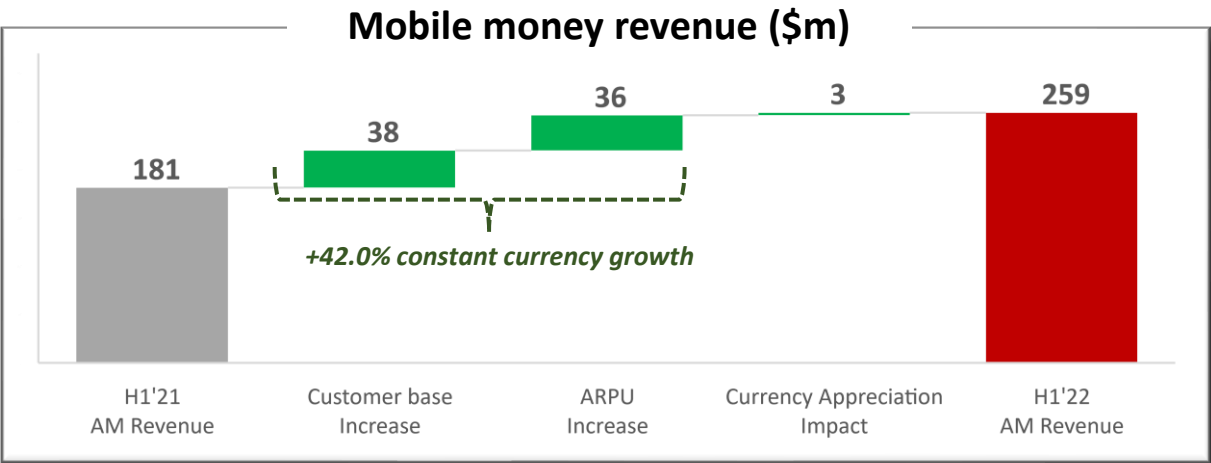
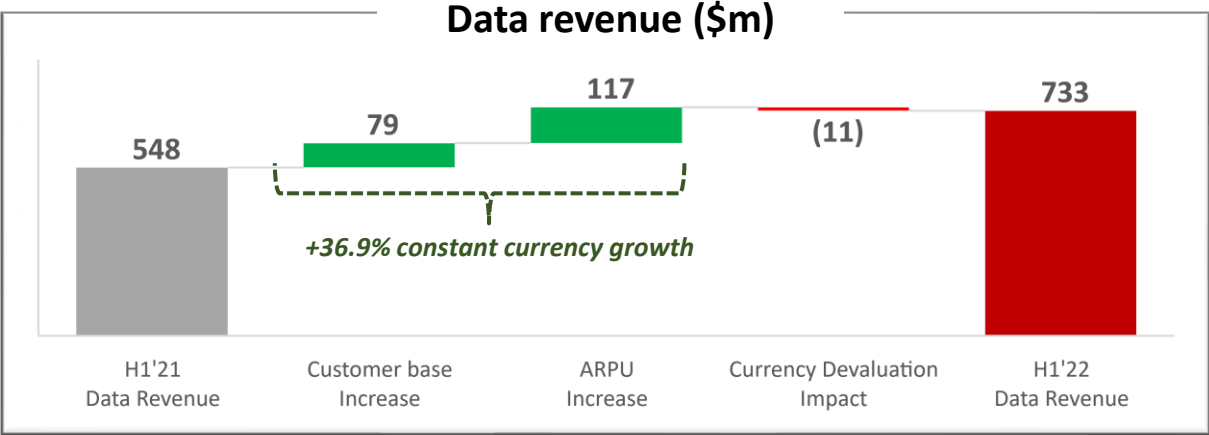
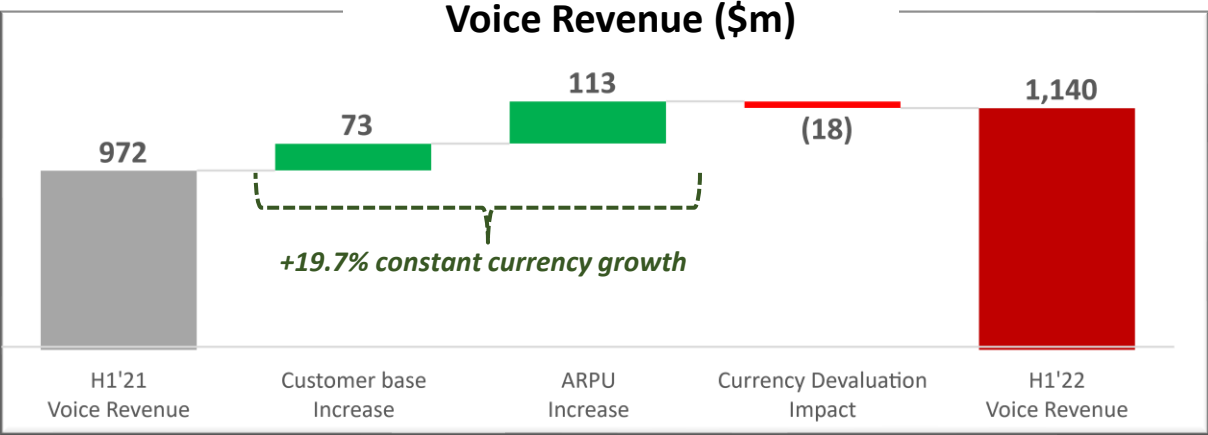
Thank You

Q&A

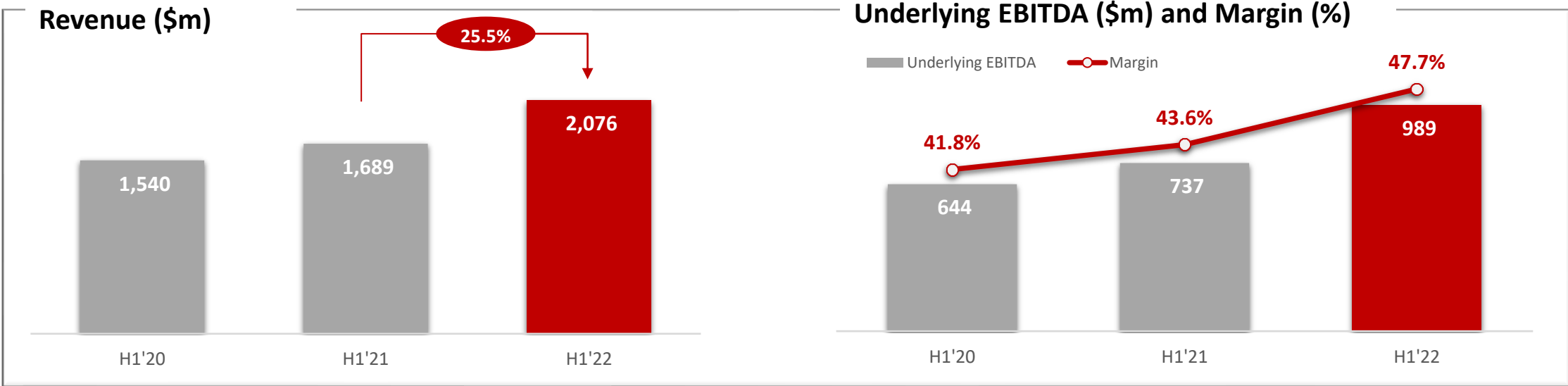
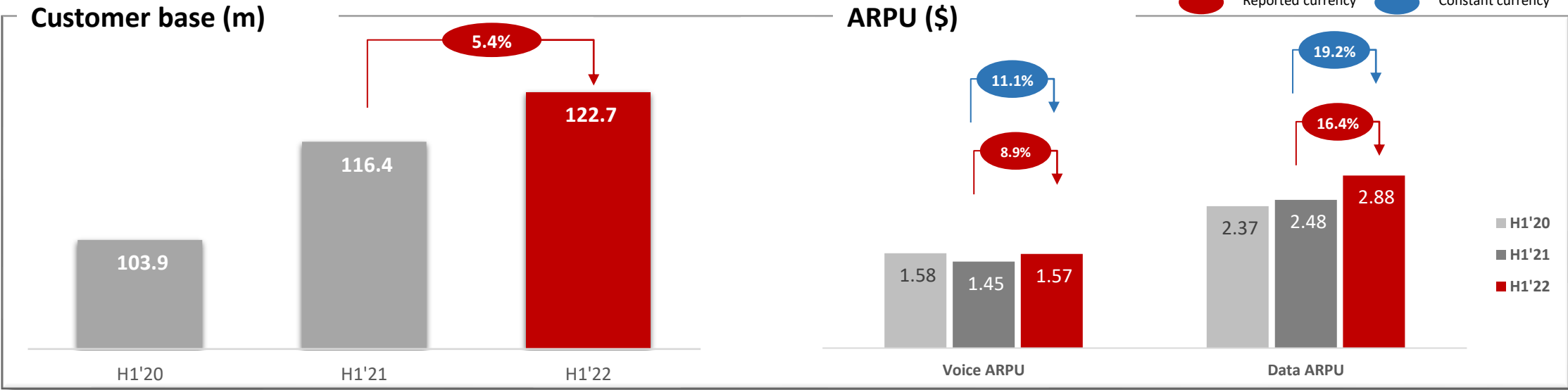
Appendix



Growth by service segment waterfalls

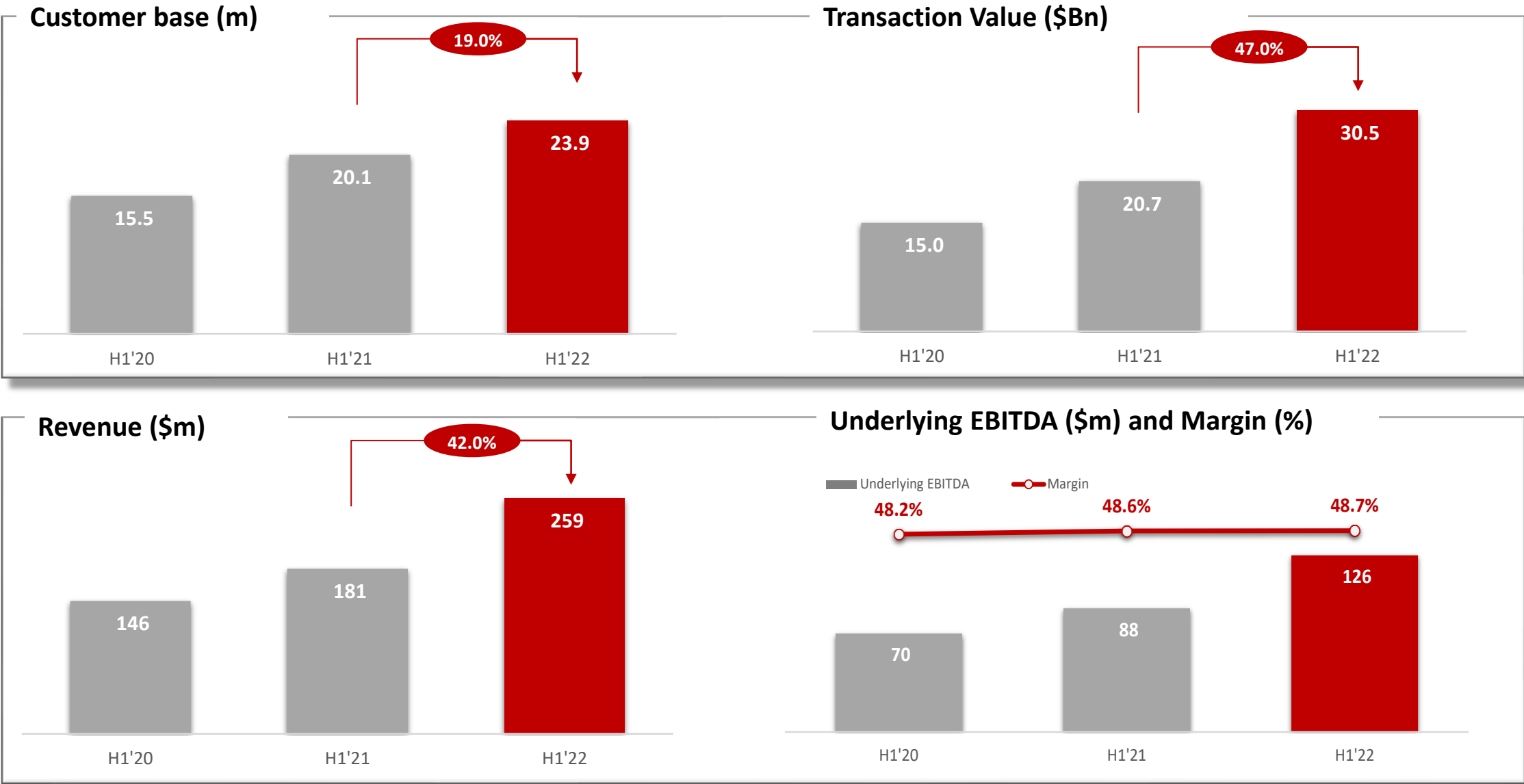


Mobile services



Note: Growth rates are in constant currency unless otherwise stated

Mobile money



Track record of consistent delivery

15 quarters of double-digit revenue growth and underlying EBITDA margin expansion

Underlying Revenue
(Constant currency
growth YoY; %)

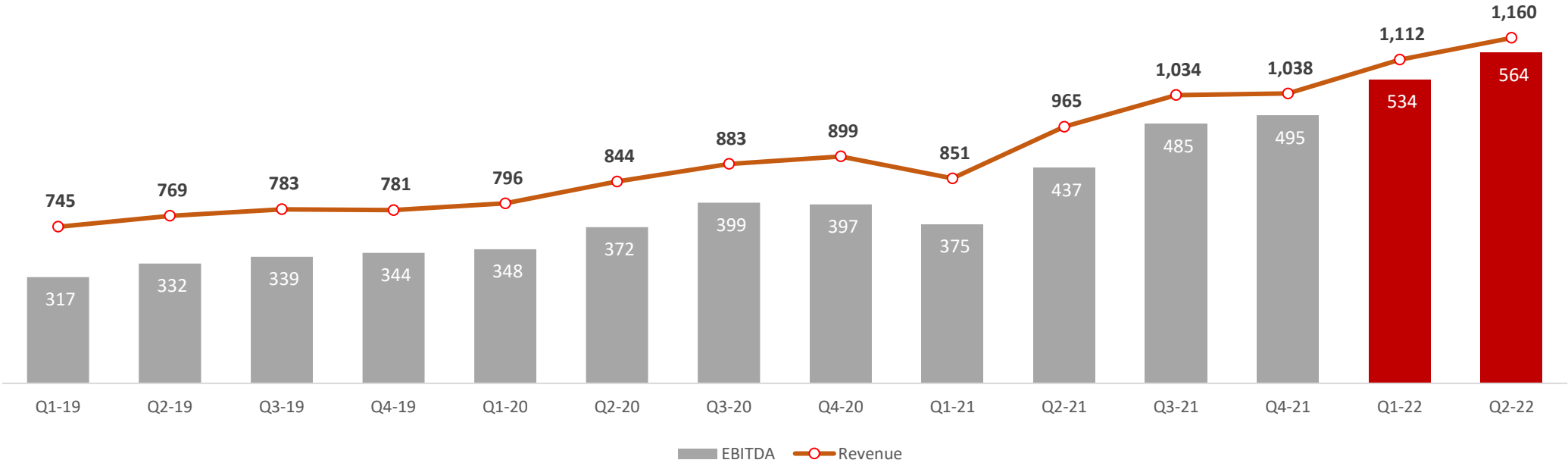


**Underlying EBITDA
margin**
(%)



Underlying Revenue
(\$m)

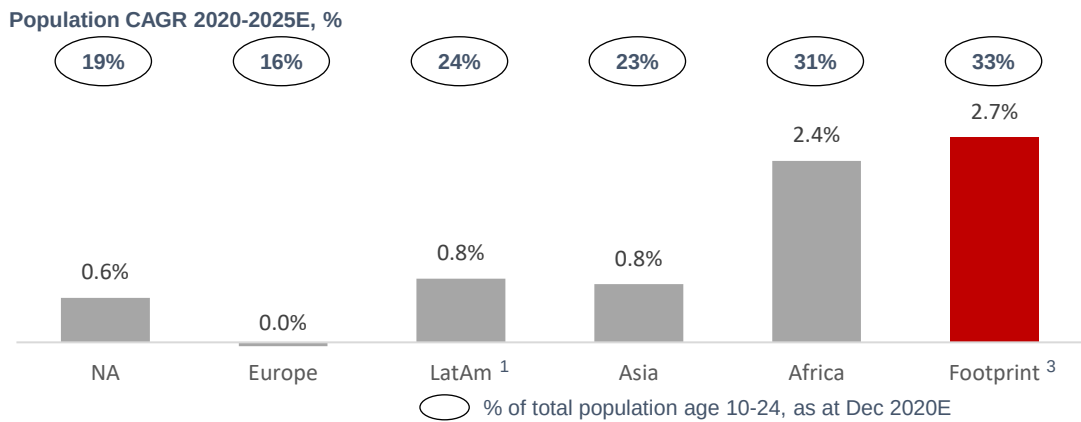
Underlying EBITDA
(\$m)



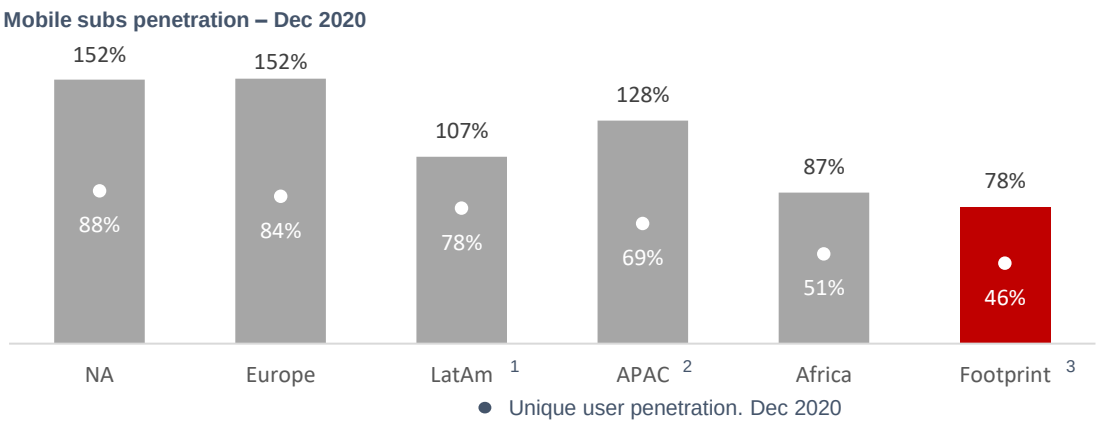
- Notes:
- Underlying revenue growth rates till Q4'20 are presented in 31 March 2019 constant currency, Q1'21 to Q4'21 in 31 March 2021 constant currency and Q1'22 onwards in 31 March 2021 constant currency.
 - Q3'20 underlying EBITDA includes onetime benefit of \$3.2m as a result of the reassessment of the customers 'life cycle' pertaining to H1'20
 - Q1'22 revenue growth partially benefitted from a weakened performance in the first quarter of the prior year during the peak period of Covid-19 related restrictions across the region.

Africa: demographic and market potential

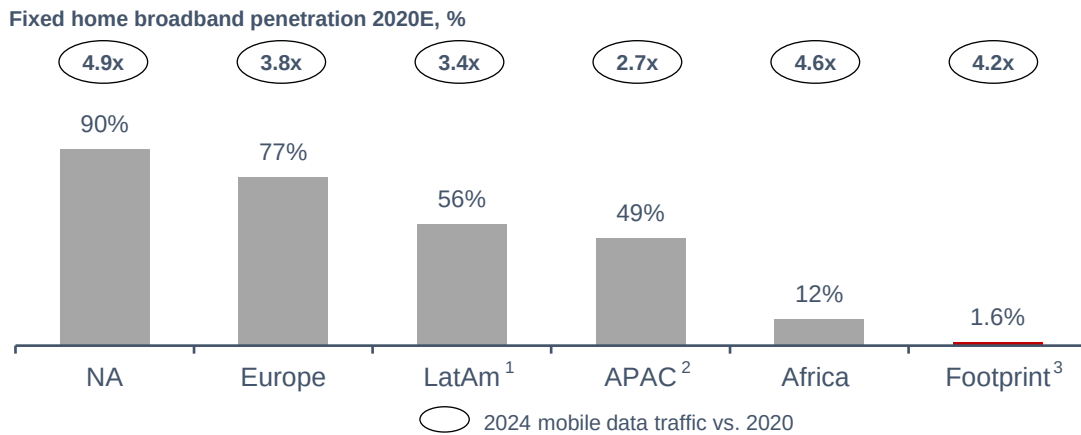
Growing population, high youth share



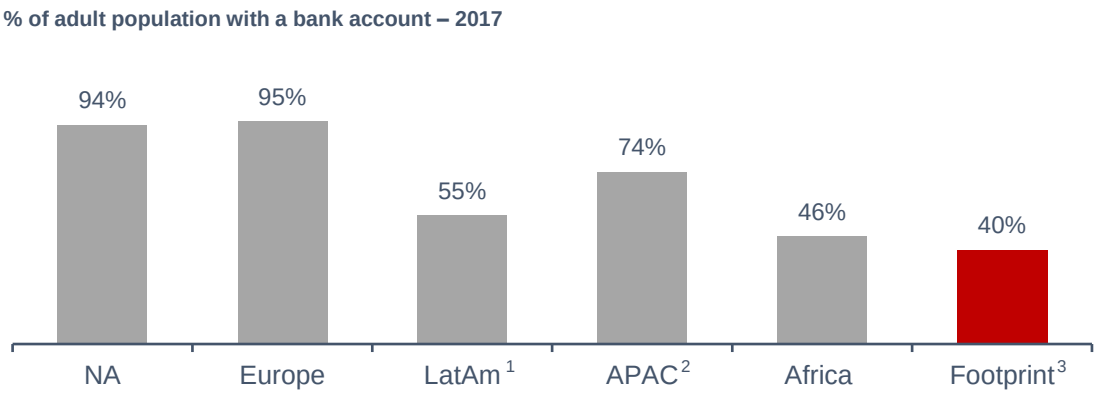
Low mobile penetration



Fixed home broadband penetration %



Low banking penetration



Significant potential for growth across voice, data and mobile money

Source: United Nations. Analysys Mason, Ampere Analysis, Omdia, Global Findex.
Notes:
1. Includes the Caribbean.
2. Asia Pacific (APAC) includes eastern and southern Asian countries and Australia and nearby islands.
3. Airtel Africa 14 countries of operation are Chad, Congo, DRC, Gabon, Kenya, Madagascar, Malawi, Niger, Nigeria, Rwanda, Seychelles, Tanzania, Uganda, Zambia.

Effective tax rate

Description	Unit of measure	Half year ended			Half year ended		
		H1'22			H1'21		
		Profit before taxation	Income tax expense	Tax Rate %	Profit before taxation	Income tax expense	Tax Rate %
Reported Effective tax rate	\$m	567	232	41.0%	281	136	48.5%
Adjusted for :							
Exceptional Items	\$m	(4)	-		7	10	
Foreign exchange rate movements for non-DTA operating companies & holding companies	\$m	24	-		36	-	
One-off tax adjustment	\$m	(12)	(5)		-	6	
Tax on Permanent Difference (net)		-	(2)		-	-	
Effective tax rate (ETR)	\$m	575	225	39.2%	324	152	46.9%

Finance cost & forex

Description	H1'22	H1'21	Change
	\$m	\$m	\$m
Interest cost on gross debt and other financial liabilities	154	149	5
Interest Income	(9)	(4)	(4)
Net interest Cost	145	144	1
Other finance charges	(0)	11	(12)
Finance Charges (Excluding derivatives and Forex)	145	156	(11)
Derivatives and Forex (gain)/loss	24	35	(11)
Total Finance Charges (Excluding exceptional items)	169	191	(22)
Exceptional items	-	-	-
Total Finance Charges (Including exceptional items)	169	191	(22)

Total finance charges (excluding exceptional items) lower by \$22m mainly due to:

- **Net interest cost were largely same as previous period due to:**
 - The increase in interest cost by \$5m contributed by higher interest on lease liability. The debt interest costs were largely unchanged despite the paydown of the €750m EURO bond due to an increase in local currency debt at OpCo level.
 - Higher interest income of \$4m due to higher deposits and increase in interest rates.
- **Other finance charges lower by \$12m**, due to onetime benefit of interest on withholding tax on interconnect usage charge provision.
- **Higher derivatives and forex loss of \$11m**, prior period had higher forex loss on account of EURO appreciation by 5.8% (vs 3.8% in current period).

Normalised free cash flow reconciliation with GAAP measure

Particulars	H1'22	H1'21	Change
	\$m	\$m	\$m
Underlying EBITDA	1,098	812	286
Other non cash items	7	(7)	14
Operating cash flow before changes in working capital	1,105	805	300
Change in working capital	7	61	(54)
Net cash generated from operations before tax	1,112	866	246
Income tax paid	(190)	(122)	(68)
Net cash generated from operating activities	922	744	178
Cash capex (incl. intangible capex)	(315)	(367)	52
Cash interest	(170)	(157)	(13)
Repayment of lease liabilities	(113)	(109)	(5)
Dividend paid to non-controlling interests	(17)	(6)	(10)
Normalised free cash flow	307	105	202

Notes:

1. The Group defines normalised free cash flow as net cash generated from operating activities after lease repayments, cash capex (including purchase/renewal of license & spectrum), cash interest, payment to minority shareholders in subsidiary companies. It excludes dividend payments to Airtel Africa plc shareholders, the effects of acquisitions and disposals, the effects of extraordinary events, etc.