

Conference call transcript

30 January 2026

9M 2026 RESULTS

Operator

Good afternoon, ladies and gentlemen, and welcome to the Airtel Africa nine-month 2026 results. All participants will be in a listen-only mode. There will be an opportunity to ask questions later during the conference. If you should need assistance during the call, please signal an operator by pressing * then 0. Please note that this event is being recorded. I would now like to hand the conference over to Sunil Taldar. Please go ahead, sir.

Sunil Taldar

Thank you very much. A very good morning, good evening to all of you, and thank you for joining on today's call. I'm joined on the line by Kamal Dua, our CFO, and Alastair Jones, our Head of Investor Relations. We will shortly be answering your questions, but first I would like to provide you with a brief overview of the recent performance at Airtel Africa. I think these results speak for themselves. We have continued to produce a strong operating and financial performance with reported currency revenue growth of 28.3% and almost 36% growth in EBITDA over the last year.

Constant currency revenues and EBITDA, a reflection of the underlying performance, saw encouraging growth of 24.6% and 31% respectively. The outstanding feature of this performance, in my view, is the continuing scale of opportunity across the business. We operate across African continent with a combined population in excess of 650 million people, where the penetration of both telecom and financial services remains low. We have a broad portfolio of services that are in high demand, spanning data, home broadband, enterprise solutions, mobile money, and merchant payments, to name a few.

As digital adoption and financial inclusion continues to rise, this positions us to sustain strong growth rates over the coming years. Our refined strategy is working to capture this opportunity as we attract customers and build on it in order to sustain this industry-leading growth. These results underscore the substantial work we have been undertaking over the last few years to embed this customer-centric strategy across the group. The result has been increased adoption of our digital services, which allow customers to access them with ease, alongside the launch

of transformative offerings such as the AI Spam Alert, which protects our customers from fraud, and the recent partnership with Starlink, which will enhance connectivity to our customers across the footprint. These are strong examples of innovative initiatives that differentiate us from competition and solidifies our position of being able to capture the significant opportunities across our markets.

To deliver an outstanding customer experience, we have accelerated investment to increase capacity and coverage across our footprint. We've increased our sites by approximately 2,500 and expanded our fibre network to over 81,500 kilometres as we focus on enhanced coverage and data capacity to further improve the customer experience.

This investment remains the cornerstone of our ambition to capture a larger share of the opportunity on offer across the continent and is reflected in the strong operating and financial results we have reported this morning. In summary, our primary focus remains delivering an exceptional customer experience, essential for creating value for all our stakeholders.

Let me now briefly run through the financial performance in quarter three specifically. Our revenues reached \$1.69 billion, which was 24.7% growth in constant currency, an acceleration from 24.2% in the previous quarter. Given the recent foreign exchange developments, this translated into a growth of almost 33% in reported currency. On a regional basis, a key highlight was the performance in Francophone Africa, which saw its constant currency growth accelerate from 15.8% in quarter two to 18.7% in quarter three as our investments and strategic focus have helped drive a strong recovery over the last few years.

In Nigeria, strong demand and tariff adjustments contributed to a further acceleration in growth to 53% in constant currency, while in East Africa, constant currency growth of 16.1% remains robust despite evolving market dynamics over the quarter.

Moving on to our two primary business segments, Our mobile services business continued to see strong trends with operating momentum in customer growth, usage and ARPU driving revenues 23.6% higher in constant currency. Customers of 179.4 million grew by double digit with data customers rising almost 15% to 81.8 million. Smartphone penetration increased almost 4 percentage points, reaching to 48.1% - but this also reflects the scale of the potential for further smartphone take up opportunity in our footprint.

Data traffic increased by almost 47% as data usage per customer reached 9.3 GB per month in quarter three, up 25.6% from the previous year, and an 8% increase from quarter two levels. It is clear that underlying fundamentals combined with a strong execution are enabling the sustained level of demand. In addition, data ARPU remains supported by these operational trends with a 16.2% increase in quarter three, leading to a data revenue growth of 35.5% in constant currency terms. With data revenues now being the biggest component of revenues, the performance in this segment is key to sustaining a strong overall group revenue performance.

Now onto another very significant growth engine for us, the mobile money business. Airtel Money crossed two thresholds in the last quarter. Firstly, it exceeded the 50 million customer mark with 52 million customers at the end of quarter three. The second milestone was seeing the annualised total process value, or TPV, exceeded \$200 billion, reaching over \$210 billion, a growth of 36%. Both these achievements reflect not only the significant market opportunity, but also the structural competitive advantage and scalable platform, which has driven increased customer engagement as the ecosystem continues to expand.

With only 52 of our almost 180 million GSM customers using the service, the ability to sustain this strong customer growth momentum remains intact. This, combined with continued uptake of new services and increased engagement on the platform, highlights a very compelling growth narrative. In the quarter, revenue growth of 28% in constant currency and EBITDA margins of over 50% reflect best-in-class financials where growth, profitability, and strong cash conversion enables the continued scaling of this very attractive business.

The strong growth across all businesses has also benefited the profitability of the group, where the EBITDA margin continued to expand to 49.6% in quarter three, up from 49% in quarter two, as cost efficiencies, a more stable macro backdrop, and operating leverage continues to benefit. Notable mentions are Nigeria, where margins increased to 57.8%, and a further increase in Francophone margins to 44.3% on the back of strong operating results. At a group level, this has driven a very pleasing 31% increase in constant currency EBITDA, which when combined with currency tailwinds, has resulted in a 40.8% increase in reported currency EBITDA.

Within finance costs, aside from the most stable FX environment, the group's effective interest rate has declined by 200 basis points. We've seen the interest rate cycle turning more supportive with policy rates moving lower and the increased free cash flow generation enabling us to pay off higher rate debt. Leverage remains very

comfortable with these adjusted leverage declining to 0.7x, down from 1.1x in the prior year. Adjusting the extraordinary items in the previous year, and all foreign FX gains or losses, we have seen the underlying EPS increase from 7.4 cents in the prior period to 11.6 cents in the current nine-month period, an increase of 57%. Basic EPS has increased to 13.1 cents from 4.4 cents in the prior year.

Underpinning this performance has been our capex investments. As we communicated at the H1 results, we've announced capex guidance of between \$875 million and \$900 million for this financial year. This is a significant step up from the previous year, reflecting continued confidence in the outlook for the growth and scale of the opportunities available for us to capture. In this nine-month period, capex increased over 30% to \$603 million, and we are on track to deliver according to our guidance.

As I highlighted earlier, the prospects for multi-year growth remains very apparent, and these accelerated investments will provide the platform necessary to capture a higher share of this growth, while also enabling us to unlock additional growth opportunities in areas such as data centres, but also the home broadband space where we're seeing strong momentum.

Before I hand it over to Q&A, just summarise a few key points. Firstly, there were strong results with constant currency revenue and EBITDA growing by almost 25% and 31% respectively in Q3, translating to a 33% and 41% reported currency revenue and EBITDA growth. Operating momentum remains intact with strong customer base growth and usage growth across our telecom business. Airtel Money continues to scale with strong results, reflecting the truly unique business opportunity. And we are seeing strong progress in the preparations for the IPO, which remains on track for the first half of 2026. We have accelerated our investments to capture the significant growth opportunity that is available to us, and we believe this will put us in a much stronger position to showcase our ability to capture the structural growth potential.

We're excited by the future, and we see a unique opportunity to sustain strong levels of growth going forward through a razor-like focus on the strategy of putting the customer at the heart and centre of everything we do. We look forward to reporting our successes in the future and continuing to generate value for our shareholders. And with that, I would now like to open the line for questions, for which I'm joined by Kamal. Operator, I now hand over to you to facilitate the Q&A.

Operator

Thank you, sir. Ladies and gentlemen, if you would like to ask a question, please press * and then 1 on your phone now. You will hear a confirmation tone that you have joined the queue. If you decide to withdraw the question, please press * and then 2 to remove yourself from the list. Again, if you would like to ask a question, please press * and then 1 now. The first question that we have today is from Rohit Modi of Citi. Please go ahead.

Rohit Modi

Hi. Thank you for the opportunity and congratulations on the results. I have three, please. Firstly, on EA, as you mentioned, higher competitive intensity in some of the markets. Can you give more colour around which are the markets where you're seeing this higher competitive intensity and how we should model numbers for future quarters. Do you think that this is more short-term that you're seeing or a bit more long-term impact from this?

Second is in Nigeria. You'll be lapping the price increase this quarter. Just trying to understand how you see the growth in Nigeria beyond this quarter. I think full year you will be lapping in the next quarter particularly and give us more colour on that. And third question is, if you can please remind us in terms of your leverage targets, given leverage has come down to 1.9x, at what leverage will we look at capital allocation policy? Thank you.

Sunil Taldar

Thanks Rohit for your compliments and the question. Let me just take the first question first on East Africa. So, if you look at East Africa, it is our largest market segment. And this is one market where we've been consistently performing over the last few years and many quarters. It's a very, very robust business that we manage in East Africa. First, let me talk about the underlying metrics of the business so that we're clear that there is no structural underlying issues in East Africa.

Let me start with the base growth. If you look at our base growth, the business is growing at about 9.5% in terms of our customer base growth. Our smartphone growth, which is another very important metric that we look at, is growing at about 19% or so. So, in terms of our underlying metrics performance, the business remains very, very stable and strong. The opportunity in East Africa remains very, very compelling. It's a very strong business for both money as well as for GSM for us. And as I said, we've over the quarters and years demonstrated our ability to execute very, very beautifully and delivered strong results.

In the last few quarters, one thing that we've experienced is a significantly higher competitive intensity. And if you remember, this was the same story on Franco Africa about six or seven quarters ago where we had said that Franco, there's a significantly higher competitive intensity. But our underlying metrics, which is customer base growth, smartphone penetration, etc., were all looking all right.

So, because of this competitive intensity, in a few markets, we've seen a temporary challenge, but we've rolled out action. And I'm fairly confident because of our very strong team and their ability to execute, plus the capabilities that we've added, that we will be able to accelerate growth in East Africa as well.

There is just one more thing that I would like to highlight. In the last one quarter, the quarter three, there were certain regulatory challenges that the business faced, which are very temporary in nature, because of which internet outages were called out or certain security issues, which is not only specific to us, but for the market, which temporarily impacted the growth of the business. And hopefully, because this is now behind us, that was a temporary issue, we are fairly confident of our prospects in East Africa.

We don't give guidance with respect to our future quarters. So, I'll not be able to give you guidance, but I want to offer confidence that we remain confident about the opportunity that East Africa offers. We are able to execute brilliantly. And that is a demonstrated capacity that we've shown over the past few quarters and years. And the actions that we've rolled out should start to see results in the coming quarters.

Moving to your second question on Nigeria pricing. Nigeria, first, let me just give you a context as to how this price adjustment has benefited the entire industry. This price adjustment was very badly needed by the industry. What this has done is it has provided a lot of stability in the industry. And industry has responded very positively because our investments in Nigeria have gone up, overall, at an industry level it has gone up significantly. What that is doing, it is actually fuelling demand in Nigeria.

If I look at it from a customer point of view, the price adjustment has been very well accepted by customers because while we see some slowdown when it comes to voice consumption, but from a data point of view, we've been seeing very strong acceleration in data consumption numbers. So, our base growth has improved, which means there are more customers that are coming into the industry. The consumption has gone up, which is

obviously a great news, which basically goes to see that the customer has accepted the price adjustment in a very positive way.

We've made a lot of investment in improving the quality of service as an industry, and Airtel has done a lot of work in improving the quality of service. We've implemented a lot of digital capabilities so that we continue to accelerate our growth in the coming quarters as well.

Coming to your question specifically on pricing, about 40% to 50% of last year growth came from tariff. And we see that, as you said, we will be overlapping this tariff period. Will our growth completely slow down? Given the current momentum in the business and the investments that we've made, we remain very confident about our growth prospects in Nigeria. The real results will be visible to us in the next three to four months from now as we start to report the quarter one performance, which will be in a full overlap of the pricing numbers in Nigeria.

Kamal Dua

And as far as your third question is concerned regarding the leverage target for the company, I think we are fairly comfortably placed at 1.9x of leverage. Our lease adjusted leverage is coming down gradually and is standing at 0.7x. So financially, I think we've been pretty comfortable. We per se do not have any target in our mind to say that we have taken a target. But nonetheless, I think from a balance sheet point of view, I think we are in good shape and in great health. Thanks.

Rohit Modi

Thank you so much.

Operator

Thank you. The next question we have is from Tracy Kivunyu of SPG Securities. Please go ahead.

Tracy Kivunyu

Thank you very much and congratulations to the Airtel team for the results. A few questions from me. The first question on Francophone region. Again, congratulations, very strong acceleration we see. I just want to understand which are the key regions in Francophone that drove that for data. And if you could give us an update

on how mobile money is growing, particularly in countries like DRC, which is one of your largest there. What sort of levers are you unlocking? Is it your basic remittances or are you seeing it across the business?

My second question on Francophone is on voice. We can still see it in declining territory, albeit at a lower base. So, do you think we've lapped the effects of voice declines and will be returning to growth in fourth quarter? The next question is on Nigeria. This is the last question for Nigeria. So, on VAT, these reforms that would allow Nigerian companies to claim input VAT, Have you done any sort of analysis that you could share on the impact of that on your future EBITDA margin and capex estimates for Nigeria? And lastly, on Nigeria, what is your 4G population coverage at the moment? Thank you.

Sunil Taldar

Thank you very much for your compliments and your questions. Let me first address your question on Francophone Africa. If you look at Francophone markets, Francophone markets offer massive opportunity for growth. And both in terms of the GSM, as well as for the mobile money, there is a massive opportunity for growth for customer penetration, as well as upgrade opportunity for moving our customers from 2G to 4G. And what we've done is given this opportunity, we've stepped up our investments in Francophone Africa. So, that's one thing which is driving growth in Francophone Africa.

We've stayed very, very true to our strategy. Our strategy is very focused, which is focused on making sure that we deliver great experience to our customers. And we've made a massive amount of investments, both in our network, which is on the radio side, and also on the transmission side, to ensure that we provide seamless experience to our customers. Our teams have done a fabulous job on staying true to our strategy. And that's what is driving growth across markets. And there's a significant investment.

As you pointed out, across all the regions, Francophone markets have the lowest voice usage per customer. And therefore, we've seen this usage also decline because the voice ARPUs in these markets are high. And what we see is customers moving to OTT. And therefore, and that leads to also very high data consumption. The data outputs are also very high. What we've also done is we've significantly expanded our 4G coverage in our 4G sites in Francophone markets. And today, over 90% of our sites are 4G sites. And this number used to be about 85% or 86% about a year ago.

And this is resulting into a very strong smartphone customer growth of about 25%. And that is driving a data revenue growth of about 34%. And that demand we see continue to increase. This is a customer behaviour. And right now, what we're doing is we're making sure that we continue to provide seamless experience to our customers.

You were asking about some colour with respect to market. We don't provide market level information, but I've just painted the picture for the overall Francophone Africa. And we remain very, very positive about our prospects in this market. And we see a massive opportunity for both GSM as well as mobile money for the Francophone Africa.

Kamal Dua

Yeah. So, Nigeria, as you're rightly saying, the Nigeria VAT is claimable effective 1st of January. And our estimate is roughly that will give us a margin increase of 1.5% in Nigeria starting from quarter four of this financial year.

Tracy Kivunyu

Thank you. There was another question on population coverage.

Sunil Taldar

So, you asked another question on Airtel Money revenue, the Airtel money growth and why we divided this into various segments that we've offered. I think that was your question. So, what we've done is we've divided our Airtel Money total revenue into wallet services and financial services and payments and transfers.

Now, what we've done is in the past, the business was primarily focused on driving cash-in, cash-out, and peer-to-peer revenue. And as the business has achieved scale, and we have seen very strong traction in our business, while this is our strength, which is leveraging our go-to-market and accelerating customer base, which has been driving business for us, what we now want to do is we want to make sure that our payment and transfer business and financial services business starts to trade. There's a higher focus.

And this is being led through our efforts, which is digital efforts, which is driving app penetration and making sure that we drive engagement on the app and drive multiple use cases. And that's driving and accelerating the growth

for our Airtel Money business. Very quickly on the other question that you asked on Nigeria pop cover. 4G pop cover is about 81% for us.

Tracy Kivunyu

Thank you.

Operator

Thank you. Ladies and gentlemen, just a reminder, if you would like to ask a question, please press * and then 1 now. The next question we have comes from Mollie Whitcombe of Goldman Sachs. Please go ahead.

Mollie Witcombe

Hi, thank you for taking my question. I just have one actually. It's about the Starlink direct-to-sell partnership that you announced recently. I was wondering if you could give us some colour, perhaps timeline to launch, the potential upsides that you see from this, and just whether it's customer demand driven or filling a business need. That would be great. Thank you very much.

Sunil Taldar

If I heard you correctly – there was a slight disturbance in the audio – your question is on Starlink.

Mollie Witcombe

Yes, that's correct.

Sunil Taldar

All right. So, I'll just give you a little bit of a context on the agreement that we signed with Starlink. This is the second agreement that we announced with Starlink. The first agreement that we announced, I think two quarters ago, was with respect to offering enterprise connectivity solutions to our customers across our 14 markets and also for backhauling. The recent agreement that we signed on 16th of December that we announced, what it covers is offering direct-to-cell services to our customers across the 14 operating markets that we have in our footprint.

I'll tell you how it works. The way it works is we'll be offering through the Gen 1, as SpaceX refers to it as Gen 1, which is SMS and light data services. Using these services, all our customers, Airtel customers across our 14

markets, once we launch this service, subject to approvals from our regulators, using their existing 4G and 5G phones, will be able to remain connected anywhere across these 14 markets. In their respective markets, each time when a customer goes out of our terrestrial coverage, the customers will fall on to the satellite coverage and which is offered through Starlink.

The face of the service remains Airtel. So, as long as the customer has an active SIM, the customer will be connected even if the customer goes out of our terrestrial coverage using their existing 4G or 5G devices. So, that's how this service works. What it does is, as I said, because we are the face of the service for the customers, we control end-to-end experience for the customers and also the security. The entire system moves through our operating systems.

What we are doing right now is because we announced this partnership on 16th of December, we're in the process of seeking regulatory approvals across all our markets. And we're fairly confident that very soon we'll be able to also tell you where we are launching the service. We are the first operator to offer this service to our customers in the 14 markets that we operate in. So, there's a little bit of time that it is taking us to seek this approval. Both us and these SpaceX teams are working with the regulators to ensure that we get these approvals in time.

It's a great service for a continent like Africa, where still there is a huge coverage gap. And therefore, what we will do by offering this service, one is bridge the digital divide and make sure that we are driving digital and financial inclusion by offering this service. And as I said, as we are the first operator to offer, at this point in time, wherever we launch this service, it also gives us some amount of competitive advantage to deliver best experience to our customers and showcase that this service we believe is very complimentary in nature when we start offering the service across our footprint.

Mollie Witcombe

That's very clear. Thank you. Can I just follow up? If you're going to launch this direct-to-cell product, does this mean that you will scale back your coverage ambitions longer term in some markets?

Sunil Taldar

See, it doesn't compromise. The way we are looking at it is, this is a complementary service. And we don't see this as replacing. So, till the time we expand our terrestrial network, this service is a complementary service in any

area where there's no telecom coverage. This service ensures that our customer remains connected with the network. This ties in actually very beautifully with our whole strategy of making sure that we provide the best experience to our customers, and that has been the driving force behind signing this agreement with SpaceX. It is not to either save our capital investments to say that we will offer this service, because customers will need an Airtel SIM, an active Airtel SIM to be able to access the service.

So, our primary thing is this service is actually a great benefit for the customers, especially in far off rural areas. In the metro areas or the urban areas, the customer will remain on our terrestrial network. Unless there is any disturbance on the network, that's when the customer falls on to the satellite network. So, customers will not lose connectivity has been the underlying and the driving force behind us signing this agreement with Starlink.

Mollie Witcombe

All right. Clear. Thank you very much.

Operator

Thank you. The next question we have comes from David Lopez of New Street Research. Please go ahead.

David Lopez

Oh hi. Thank you for the opportunity and congrats on the results. A couple of questions please. The first one is on margins. I know you don't give guidance on margins, but I was wondering if you can talk, how much confident are you for next year for margin improvements? And could you comment on the cost structure? I think with the macro improving and also the Dangote refinery being at full capacity, how is that going to play on your margins? And the second question is on the network sharing with Vodacom and the one with MTN. Could you comment on maybe the timeline when are we going to see benefits from these agreements? Thank you.

Sunil Taldar

Thanks, David. Let me take your first question on margins first. What we've seen is about 240 basis points improvement on constant currency over last year. And this entire improvement has happened, finally, because of three areas, because of three things. First is, there is a very stable and an improving macroeconomic environment where we are seeing currencies have remained stable, inflation is coming down, growth is improving, and overall, the fuel prices have remained stable. So, that's been the one area.

The second is we've also seen acceleration in our revenue growth. That is also helping us to improve margins. And finally, there's a very strong – and this is something that we announced about six or seven quarters ago – cost efficiency programme that we have launched. And it's a combination of these three factors which has helped us to improve our margins by a 240 basis points.

Now, on the cost efficiency side, we remain very focused. And the entire organisation is very focused on identifying costs from the idea of eliminating waste and not attacking any growth enabling costs. So, that programme continues to run and we are very fairly confident that this programme will continue to give us and continue to yield benefits to us. The currency environment and the macroeconomic environment, the specific thing that you spoke about with respect to Nigeria, we are seeing currently the currency is improving. It's down to about ₦1,380 is the last number that we've seen.

The actions which have been taken by the government seems to be helping us. The inflation is down, the growth is improving. So, the current economic outlook in our largest market remains very positive. The macroeconomic environment supporting, our efforts are there to constantly continue to find opportunities to eliminate waste in our business and continue to improve margins.

As you said, we don't give guidance. I'll not be able to provide guidance. But I just want to paint a picture for you to say our cost efficiency programme, we are very focused on that. The macroeconomic environment, every indicator today across our large markets, because we've seen currency improving across all our markets barring maybe one, that environment remains fairly positive for now. And therefore, we remain fairly confident that things should continue to improve.

On the network sharing agreement, what we did was we announced a network sharing agreement with MTN for Nigeria and Uganda a few quarters ago, and very recently with Vodacom in Tanzania and DRC. And also, Tanzania and DRC was coverage expansion and also for sharing the fibre networks. This is being done to eliminate duplicate investments. Fundamentally, if you look at a continent like Africa, there's a huge opportunity for us to expand our coverage, which is the ask. And each time when we expand coverage, we increase our base growth and overall revenue for the industry goes up.

To eliminate duplication of investments in infrastructure is the reason why we reached out to all our other partners, and we've signed these agreements. The other challenge that we have in our markets is making sure that our networks remain resilient. And that resilience also drives growth because if one network goes down, we fall on the other network. And those are agreements that we've signed with our partners. So, from the point of view of avoiding duplication and ensuring our expanding coverage and ensuring that our networks remain resilient, these benefits have already started accruing in our business.

From a cost point of view, we will be able to share maybe at a later date. But some of these agreements are in play as we speak. And there is more needs to happen. And we will share a little more texture to what benefits are we accruing in the coming quarters. But as I said, the benefits are at three levels. First is additional coverage, which allows us to accelerate our base growth and therefore accelerate our revenue. Resilient networks, reduced latency, better experience, continuity improves, and it improves our revenue.

Avoidance of capex, that's something that helps us to expand coverage, and it also reduces our operations and maintenance and some amount of operating expenses comes down. So, there are benefits which happen across the growth line and the cost lines, which is the benefit that we are seeing of signing these agreements with our partners.

David Lopez

Very clear. Thank you.

Operator

Thank you. Ladies and gentlemen, just a reminder, if you would like to ask a question, please press * and then 1 now. The next question we have comes from Samuel Gbadebo of CardinalStone Partners. Please go ahead.

Samuel Gbadebo

Good afternoon everyone. Congratulations on your impressive performance. Pretty much expected, right? But my question is on a few things that I just need clarity on. Number one is we saw a lower print in your effective tax rates, despite the higher profits before tax in the period. So, I'm just trying to understand what's brought about that and why is the number for your effective tax rates in your...

Alastair Jones

Samuel, we can't hear you. Something about profit after tax?

Samuel Gbadebo

Yes, so I'm saying, why was there a lower print in your effective tax rates despite profit before tax being higher in the period? Yeah, effective tax rates was lower in the period despite a higher print in profit before tax. I just want to understand what drove that and why is the number for effective tax rates in your earnings release different from the breakdown you have in your IR pack?

My next question is, in the period there's also a line that says your group effective interest rates is lower for nine months, right? But when I did a rough surface level check on your cash flow earnings, particularly the financing activities, there was a higher net borrowing in the period. So, I'm just trying to understand why you have a lower effective interest rates in the period despite that.

And lastly, Dangote recently announced that there's going to be like an increase in PMS price by about ₦100, thereabouts. And effectively, we've seen fuel stations do the same here in Nigeria. My question to that effect is, is there a cause for concern with respect to how margins has been recovering? So, do you guys have a concern? And if there is any concern, how are you moving ahead of that headwind? Did you guys get some of my questions, please?

Kamal Dua

Yeah, hi. So, our effective tax rate is reported at roughly 39.6%. See, there are too many moving parts in the calculation of this effective tax rate. One is a mix of our profit making OpCos and loss making OpCos. So, technically like in our profit making OpCos, the weighted average effective tax rate is roughly 32.5%. Then there are a few loss-making OpCos where we have accumulated losses and where we do not pay any taxes. And there's a lot of upstream, which has been happening from OpCos by the way of dividends on which withholding tax has been paid. Withholding tax also gets accounted in the tax line. So, it's a combination of multiple things, which eventually is resulting into a higher tax rate of 39.6% versus a corporate tax rate of 32.5% in the profit-making OpCos.

On a year-on-year basis, this is coming down from 41% to 39.6%. This is primarily a denominator impact because our profits are rising. Hence, the WHT, what we are paying for the repatriation as a percentage to the profit which

has been reported is declining. So, this is at a very macro level why the ETR is higher than the corporate tax rate, and what are the broad reasons for a reduction in the ETR, the effective tax rate. But if you have any specific questions, I would request you to just drop a note to Alastair, then we can come back to you on that specific question on the ETR. Thank you.

Operator

Thank you. Thank you, sir. The next question we have comes from John Carides of Deutsche Bank. Please go ahead.

John Karidis

Thank you. Let me add my congratulations for the results that you printed today. I've got three questions, please. The first one is, what are the key considerations driving your decision of where to IPO the mobile money business in which stock exchange? So, what are the key considerations driving that decision? Secondly, in the statement you talk about closer integration of the GSM and the Airtel Money services. It would be really nice to add a little bit more detail to that. What do you mean by that and what are the consequent benefits? And thirdly, did I hear you correctly that customers with their existing handsets can access Starlink? I didn't know that was possible. Could you help me out there to help me understand why that is? Thank you.

Sunil Taldar

All right. Thanks, John. Let me answer your third question first because the other two are related to money and I'll take it. On the Starlink, the direct-to-cell service, customers can access because we have signed this agreement and we allow those customers to access the satellite service through our network. And that's how the service works. And you're right that customers with their existing handsets, 4G or 5G handsets, will be able to use the Gen 1 services offered by Starlink, which is SMS and live data. So, they'll be able to make calls, voice calls on certain OTTs once we roll out these services, subject to the regulatory approvals from the respective OpCos. And we are at this point in time engaged, along with the SpaceX teams, to get regulatory approvals from the markets.

Moving on to your other question, as we've communicated even in the past, we continue to evaluate all major listing venues, and we are very close to finalising the preferred location. And we will provide further updates to the market regarding the selected venue and the advisors as and when we are closer to the IPO timeline.

The other question that you had with respect to IGA, the mobile services and money services are interdependent and hence these services are exchanged in the ordinary course of business, which includes any money providing services to GSM like recharge, collections, and loan disbursements. And the GSM business provides services to Airtel Money like SMS, USSD, ID support, and the go-to-market services.

And then additionally, Airtel Money provides added services for improving the customer stickiness for which GSM pays remuneration to Airtel Money. So, for all this, there is a value or a cost attached to it. As both businesses are gradually maturing, all these are governed by an IGA. And this IGA is what pretty much guides all these activities. What we've seen is as the businesses are gradually maturing and also the expiry of the existing lock-ins that we had, the dependencies on each other is coming down.

Accordingly, the prices have been revised, considering the effect of changing market dynamics and while ensuring that they continue to be at arm's length. So, that's what the interdependencies and the IGA is. What we are making sure that both these businesses are intertwined, as I said, but they are all governed by an intragroup agreement that we have. And these are the services that each business provides to the other.

Operator

Thank you, sir. The next question we have comes from Linet Muriungi of Absa. Please go ahead.

Linet Muriungi

Thank you, gentlemen, and congratulations on your strong set of results. Two questions from me. The first is regarding Nigeria's renewed leases. Could you please share details on some of the terms that you can disclose, whether there are any changes to USD indexing on the lease agreements and any fuel adjustments? And what does this mean for the new average life term of leases in Nigeria? By how much have they extended?

The second question is regarding mobile money business. Could you please share the revenue breakdown from basic services, that's cash-in, cash-out and airtime advance vis-a-vis the advanced services tied to ecosystem transactions. And in ecosystem transactions, could you give us a breakdown, if possible, between payments, micro-lending, micro-insurance, etc.? Thank you.

Kamal Dua

I was saying there are two primary tower companies which we have it in Nigeria. The first one is ATC and the second is IHS. So, the contract with the ATC, if you recall, was being renewed in September 2024. And the term was till, I think it was 12 years of contract which we renewed. So that is the first element of the renewals. And the second is IHS. And the IHS contract has been renewed till 2031. So, these are the renewal terms from Nigeria to our companies.

And related to your second question, which comes to the breakup of our revenue of Airtel Money, we do not disclose the one which you've been asking for, which is what's the revenue of cash in and cash out. What we disclose is the services which are wallet services, payment and transfer and the financial services. It will be difficult for us to give you the breakup of this one. Thank you.

Operator

Thank you sir. Ladies and gentlemen, we have reached the end of our question and answer session. I will now hand back to management for closing remarks. Please go ahead sir.

Sunil Taldar

I would like to thank you all for joining this call and I look forward to speaking to you again at the time of our full year results. Thank you very much once again.

Operator

Thank you. Ladies and gentlemen, that then concludes today's conference. Thank you for joining us. You may now disconnect your lines.

END OF TRANSCRIPT