

Conference call transcript

8 May 2026

FY 2026 RESULTS

Operator

Good day, ladies and gentlemen, and welcome to the Airtel Africa results for the year ended 31 March 2026. All participants will be in listen-only mode. There will be an opportunity to ask questions later during the call. If you should need assistance during the call, please signal an operator by pressing * and then 0. Please note that this event is being recorded. I'll now hand the conference over to Sunil Taldar. Please go ahead, sir.

Sunil Taldar

Thank you very much. And a very good afternoon, good morning to all. And thank you once again for joining the call today. I have with me Kamal Dua, our CFO, and Alastair, Head of Investor Relations. Let me give you some brief highlights of the last year before running through our strategic and operational achievements and how this has translated into a strong set of results that we have reported today. After that, I will hand over to Kamal to run through the financials.

Over the last year, Our performance has been supported by a much more stable macroeconomic and currency environment. This has been a very welcome development and has allowed us to clearly demonstrate the growth opportunity across the region and how the deployment of the strategy has enabled us to capture a strong share of this opportunity. While this improved backdrop is supportive, it remains critical that we continue to sharpen our strategic focus to ensure the business remains resilient, but also that we continue to offer an attractive customer proposition.

Against this backdrop, we have delivered strong momentum across both the operational and financial performance. This resulted in very strong constant currency revenue growth of 24% for the year and almost 30% in reported currency, as currencies appreciated in a number of markets. This strong revenue performance combined with continued cost efficiency success translated into a 49.3% EBITDA margin with an all-time high margin of 50.3% in Q4. This performance would not have been possible without our continued focus on disciplined

capex investment. We delivered capex in line with our guidance and given the scale of the opportunity, we will continue to invest at an elevated level to future-proof our business.

Finally, the strong operating performance has translated into strong free cash flow generation, further strengthening the group's capital structure and enabling the board to declare a further 9.2% increase in the dividend.

We are transforming millions of lives across Africa by delivering essential telecom and financial services. This slide serves to highlight the key components of our performance over the last year, reflecting how we have executed against the opportunity on offer across our markets. Firstly, the scale of our business is reflected in the 183.5 million customers we now serve across our footprint, an increase of over 10%. Smartphone penetration continues to rise, reaching 49.5% as digital inclusion becomes more widespread.

Secondly, our ambition to drive financial inclusion is clearly evident in the 21% growth in the mobile money customers, which reached 54.1 million. That growth, together with continually evolving ecosystem, has been a key driver of annualised transaction value of \$215 billion, up almost 50% year on year. This operating performance has been the foundation of our strong financial performance, which I reflected on the previous slide. Importantly, our customers structure remains strong, which gives us the flexibility to continue to invest across our network. With this adjusted leverage down to 0.5x, we are in a strong position to accelerate network investments while also enabling shareholder returns.

This slide brings together what has been an exceptional year for the business, delivering three important milestones, all of which reflect significant achievements. Firstly, reflecting on the strong demand across our markets and our ability to capture a higher share of the opportunity, we saw customer net additions reach 17.5 million.

Secondly, we delivered very strong revenue growth underpinned by strong momentum across both our telecom and mobile money business. And thirdly, our EBITDA margins increased 280 basis points to 49.3% demonstrating our ability to translate that growth into improved profitability and reflecting continued success in our cost optimisation programme.

These outcomes are clearly supported by favourable industry fundamentals, including growing data demand and increasing digital adoption across our markets. However, just as importantly, they reflect the discipline execution of our strategy. Our focus on network investment, customer experience, digital inclusion, and cost efficiency is delivering tangible results, and we are seeing consistent benefits across both the top and bottom line. Taken together, this performance highlights not just the scale of the opportunity ahead of us, but also the capability of the organisation to execute effectively and deliver sustainable growth since our listing in 2019.

Let me now spend a few minutes explaining the significant opportunities across our markets and how our strategy like this enable us to continue executing on this opportunity. Many of you will recognise this slide, which sets out the key elements of our strategy. Our approach is designed to ensure we continue to address the significant opportunities across our 14 markets while delivering sustainable and profitable growth that creates value for all our stakeholders.

The six strategic pillars focus our investment and the expertise of our talented people on the core activities that will unlock this opportunity. This is supported by a continued emphasis on cost optimisation, progress against our sustainability objectives, and ongoing investment in developing our people. At the centre of our strategy are our customers. Our success is driven by offering them a great experience, which is why everything we do is designed with the customer firmly in mind.

Slide eight brings together the key strategic achievements from the year, and importantly shows how they align directly with the strategy I outlined in the previous slide. While every achievement on the slide matters, I would highlight two areas where we have been particularly focused. The first is delivering a brilliant network experience for our customers. During the year, we increased capex investments by over 30%, reflecting our continued commitment to network quality, coverage, and capacity.

Alongside this, we have also been very active on partnerships. In particular, our innovative partnership with Starlink is expected to further enhance coverage, especially in areas where our terrestrial network is not yet rolled out, helping us to extend reach and improve service resilience.

The second area of focus has been future-proofing the business to support sustained growth. This includes actively investing in new growth opportunities, such as home broadband and data centres. These adjacencies leverage

our core infrastructure and capabilities and position us well to meet evolving customer needs over the medium term. These initiatives reflect both a clear strategic focus and strong execution, and they have played an important role in delivering these the achievements I highlighted earlier.

Slide nine gives a good overview of how we are using AI and technology across the business to support our strategic priorities, particularly with regards to customer experience, security, enhancing growth and driving efficiencies. At a high level, digitisation is helping us both enhance the customer proposition and simplify the customer journeys. By using digital tools and data insights to better understand customer behaviour, personalise offerings, and improve how customers interact with us, making experiences more intuitive and more relevant.

From a network perspective, we are increasingly deploying advanced analytics to inform where and how we invest. These network analytics combined with on-the-ground insights help us prioritise site deployment and optimise performance, ultimately supporting coverage, quality, and growth. We are also applying technology to drive greater efficiency across the business, in particular, AI-enabled network optimisation tools are helping us reduce energy consumption and manage energy costs more effectively, which supports both margins and our sustainability objectives.

Taken together, these initiatives illustrate how digital capabilities are becoming an integral part of how we operate, improving customer experience, strengthening the network and driving efficiency, while remaining firmly aligned with our broader strategy.

The growth framework on this chart depicts how our operational success has been achieved and also explains how we intend to sustain strong growth momentum going forward. The growth in the customer base across all segments, combined with increased ARPU as increased usage is monetised, translates into strong revenue growth. Operational leverage and cost optimisation drives increased resources for investment to reinforce future growth, therefore enabling continued customer base growth.

This virtual cycle will continue to sustain our growth operating momentum in the future. As a group, we need to be very clear in how we aim to capture this growth. And our consistent focus on our strategy has helped unlock this growth. And we remain optimistic on the future outlook.

Let me now spend a few minutes talking about each of the business segments and the regional performance. Firstly, the mobile services business, despite the business growing by 18.5% CAGR over the last five years, this chart highlights why we still remain positive on the growth outlook. At a high level, we operate across a population of around 680 million people. And importantly, the demographics across our markets are highly attractive. The median age is under 20 years, compared with over 42 in developed markets.

This highlights the scale of the future customer base coming through our markets and supports our confidence in the long-term outlook. This favourable demographic profile, combined with still relatively low smartphone penetration, continues to underpin strong growth in data customers. It also supports increasing data usage as both new and existing customers increasingly adopt a wider range of data and digital services, often for the first time.

This slide is a snapshot of the growth we have achieved in the mobile services business over the last few years. Providing enhanced coverage and capacity and our investment into the distribution network is all fundamental to being able to provide a customer experience that will not only maintain loyalty but also attract new customers to our network. This is all supported by the initiatives we have spoken about around digital innovation and simplifying the customer journey, driving accelerated data customer growth.

During the period, we saw data traffic increase by almost 50% as usage per customer continues to rise to 9 GB per month. The sustained data demand story has supported the 35% growth in data revenue, which has now become the biggest component of revenue for the group underpinning the future growth trajectory.

For mobile money, the growth opportunity is again very compelling. Many of you will be aware of the low levels of financial inclusion across our markets, with only 35% to 40% of adults owning a bank account, compared to over 90% in more developed markets. Furthermore, as business scales and as we continue to enhance the ecosystem offering, we will see increased engagement on platform driving increased transaction value. Importantly, only around 30% of our customers are currently actively using the mobile money services, showcasing the amount of growth runway left as we continue to drive financial inclusion across our ways.

What I mentioned in the previous slide is clearly playing out in terms of our operating and financial performance. The opportunity, the distribution reach, and a scalable customer-centric platform gives us the ability to offer a

range of different services, which is heavily supported by deep-rooted partnerships, which can unlock new growth opportunities and drive the business to new levels. This combined with continued innovation and the rollout of digital offerings has seen an accelerating uptake in customers with annualised transaction value in Q4 over \$215 billion and ARPUs up 9% in constant currency terms.

The result has been a strong 28% growth in revenues, which has once again been sustained over a number of years, indicative of the opportunity this business holds. Adjusting for the intra-group agreements, which have been revised, the growth would have come in above 31%.

Let me briefly touch on how our mobile money business has evolved and is likely to continue evolving in future years. Our business mix has evolved meaningfully as we continue to innovate and introduce products that are being rapidly adopted by our highly engaged customer base. This is particularly evident in payments and transfers, which now account for 42% of revenues, up from 35% five years ago, and have delivered a five-year CAGR of 34%.

We're also encouraged by the progress in our financial services segment, which reflects more recent innovations across areas such as bank-to-wallet, lending, savings, wealth, and insurance. This segment has grown at a five-year CAGR of 55% with growth of 61% in constant currency over the last year. Overall, this mixed shift reflects maturing customer cohorts adopting a broader range of use cases and supports our continued evolution towards a more diversified, resilient ecosystem with higher monetisation per user.

Let me now briefly run through the regional performance, which includes both mobile money and mobile services. We've continued to see strong operating momentum in Nigeria, with customers increasing around 10% and ARPUs growing by almost 37% in constant currency terms. We are very encouraged by the macro stability that has returned to the Nigerian market, which has enabled us to report these strong trends.

While the tariff adjustments approved by the regulator have certainly benefited our performance, we've seen sustained usage growth, particularly in data, drive a strong constant currency revenue growth performance of 47.5% in the period. EBITDA margins have increased by almost 8 percentage points as the strong revenues, improved macro, stable diesel prices, and execution of our cost efficiency measures have taken hold, translating into a 70.5% growth in EBITDA in constant currency.

In East Africa, our largest region, trends remain strong with constant currency revenue growth of around 18% despite the high base. What we have also witnessed in the region is some appreciating currencies, which resulted in reported currency growth of 24% for the region. Once again, the strong subscriber growth and increased usage of our services, which has driven rising ARPUs has been the foundation of this strong growth with EBITDA margins rising to over 53% in the period.

And finally, in the Francophone region, performance has remained strong despite the stronger comparables. We have been seeing a clear turnaround in the performance in the region driven by consistent focus on driving base-level growth through the relentless focus on our strategy. This combined with increased adoption of services has contributed to an ARPU increase, strong revenue growth of 17.1% in constant currency, and EBITDA margins rising to 44%. Currencies also benefited from an appreciation, resulting in reported currency revenue growth of 21.5%.

Before handing over to Kamal, let me briefly touch on the opportunity in enterprise and home broadband and what we are doing to capture this. Starting with home broadband, penetration across our markets remains very low at around 2%, which provides a clear and long-term runway for growth. Importantly, this is not just a theoretical opportunity. There are more than 30 million households across our footprint that can afford a broadband connection, and our innovative home broadband offerings are resonating strongly with customers.

Turning to enterprise, the opportunity is equally attractive. During the year, we continue to build out data centre capacity at scale in Nigeria, Kenya, and DRC, given the structural growth opportunity across our markets. Furthermore, the rollout of fibre to almost 82,000 kilometres provides the resilient high-capacity connectivity that enterprise customers increasingly require, supporting mission-critical applications, improved reliability, and secure access to global networks.

Overall, these opportunities play directly to our strengths, leverage our existing infrastructure and capabilities, and reinforce our confidence in the long-term growth potential across both segments. Hopefully, this clearly summarises our position across the market and reflects the performance we have achieved over the period. Importantly, we believe in our strategy and the execution of the strategy is integral to capturing these opportunities. Let me now hand over to Kamal to run through the financials.

Kamal Dua

Thank you, Sunil. Good morning, a very good afternoon to all of you. I'll start with the key financial highlights. Overall, we have seen a very strong year's performance in revenue growth and EBITDA margin, which was also supported by a relatively favourable macroeconomic in most of our markets. Revenue for the year crossed \$6.4 billion, which has grown by 29.5% in the reported currency and 24% in the constant currency.

The reported currency growth has been benefited from the currency appreciation in most of our markets, but the strong growth in constant currency reflects our continued strategic success as outlined by Sunil in the earlier part of the presentation. For the quarter ended March, the constant currency revenue growth of 22.3% was lower as compared to the prior quarter, as we partially lapped the Nigeria tariff benefit during the quarter. EBITDA at \$3.16 billion in the reported currency grew by 37.2% during the year.

EBITDA margin at 49.3% improved 280 basis points in the reported currency as a result of continued operating momentum, sustained benefit from our ongoing cost efficiency programme, and a relatively stable macroeconomic environment. EBITDA margin peaked at 50.3% in Q4, which was an increase from 47.3% in the prior period. The business generated \$803 million of free cash flow during the year, which is nearly four times higher than the prior period.

The strong performance was achieved despite delivering on the increased capex guidance which was communicated in the H1 results. The lease adjusted leverage at 0.5x improved from 1x largely due to higher delta. Similarly, our reported leverage at 1.8x improved from 2.3x. The result of the strong growth, strong macroeconomic backdrop, and continued focus on our cost helped deliver a 128% increase in EPS before exceptional to 18.6 cents now. The board has recommended a final dividend of 4.26 cents per share, which is up 9.2% versus last year, in line with our current dividend policy. This combined with the interim dividend of 2.84 cents per share, makes a total of 7.1 cent dividend for the full year.

The next slide runs through the top line development. In the constant currency terms, the revenue growth of 24% was supported by the strong trend across all our business segments. We continue to see double-digit growth in voice revenue, while data revenue, which is now the largest contributor to the group revenue, increased by 35.2%, as we have continued to see growth strong smartphone adoption across all our markets.

In our mobile money segment, the business remains supported by the continued focus on the expansion of our ecosystem, with customer addition and ARPU's driving growth of over 28% for the year. In reported currency, the growth rate came in at the premium to the constant currency in mobile money as well, which reflects the currency appreciation we saw across all our markets during the year.

Now, coming to the EBITDA margin slides. During the year, we have been relentlessly focused on our cost optimisation programme. We have actively taken steps to reduce our cost without impacting our strong growth trajectory. This programme, alongside continued operational leverage and a more stable macroeconomic environment, has helped us deliver a very strong EBITDA margin of 49.3%, which peaked at 50.3% in Q4. Our margin increased by 280 basis points and 240 basis points in reported and constant currency, respectively. Consolidated EBITDA came at \$3.16 billion in absolute, an increase of 37.2% in reported currency, and 30.4% in the constant currency.

Our finance cost, which reflects a key component of finance cost movement from the last year. There are two key takeaways that are worth noting in this slide. The first one is related to an increase in our lease interest. We saw a \$148 million increase over the last year as we continue to increase our site rollout. Furthermore, the full year impact over the tower contract renewal that took place in the prior year impacted lease interest by \$86 million.

The second is our success in our ability to lower the cost of our debt. The average cost of our debt declined by 60 basis points to 12.1% for the full year. Importantly, as at the end of March 2026, the average cost of our debt has declined to 10.6%, which reflects our ongoing focus on optimising our portfolio of the debt while also benefiting from the lower interest rate environment.

With regard to the losses of forex in the prior period, we had \$179 million of derivative and forex exchange losses. Whereas in the current year, we reported foreign exchange gains of \$127 million given the currency appreciation in many of our markets.

Moving to the EPS slide, our EPS before the exceptional items was up 128% to 18.6 US cents in the current period as compared to 8.2 cents in the prior period. The increase in EPS clearly reflects the success we have talked about over the year, with revenue and EBITDA trends remain very strong, which drove a very strong performance in the operating profits. If we were to exclude the impact of forex devaluation in the prior period and the gains in the

current period, the EPS has increased from 9.8 cents to 16.2 cents, again reflecting the strong underlying performance of our business.

For the normalised free cash flow, the business generated a free cash flow of \$803 million the current year as compared to \$213 million in the prior period, which is an almost fourfold increase. This slide gives us a bridge between EBITDA and the normalized free cash flow for the current year. The biggest component of the cash flows below EBITDA relates to the cash capex of \$875 million and interest payment of \$816 million. We have discussed the increased interest costs earlier in the presentation.

Our capex payments are largely in line with our balance sheet capex as we stepped up our investment over the year, which reflected our increased optimism around the business outlook. Capex came in line with our increased guidance, which we provided at the H1 results, as we accelerate our ability to capitalise on the significant opportunity across our markets.

Now let me discuss our capex outlook for the next year. As you can see from the slide number 29, we increased capex in FY26 to \$884 million, with a particular increase in capex intensity in the second half of the year. Given the opportunity and the initial success we have seen to date, we have provided capex guidance in FY27 of \$1.1 billion, reflecting our confidence in an underlying demand and our ability to create long-term value for our shareholders. Our investment will be focused on three priorities.

The first one is on the coverage, where we are increasing our site rollout and expanding into underserved rural markets. It is critical to drive deeper SIM penetration, extend 4G coverage across our footprint, and advance our digital inclusion agenda. Second, enhancing our capacities on data. Our data demand continues to grow at a rapid pace. We are selectively rolling it out on our 5G network, modernising our network to unlock additional capacities, and expanding our fibre to strengthen transmission and improve network resilience.

Third are the new growth engines, where we are seeing a very big opportunity. We are seeing strong traction in our 5G network. broadband business and so we'll begin scaling both wireless and the wirelines which will be supported by 5G to enhance our HPV proposition. In parallel, our data centre investment will also accelerate during the next financial year as construction across our key markets are gathering momentum. Overall, these focused investments are designed to strengthen our market position, support discipline growth, and maximise

long-term value creation, while remaining fully aligned with our strong cash flow generation and following our capital allocation framework.

Now I'll move to our capital structure slide. During the year, we have continued to focus on strengthening our balance sheet. Two extremely critical points to highlight from this slide are, the first one is reducing our foreign currency debt exposure across our business. HoldCo debt remains at zero, with over 95% of our OpCo debt being in now local currency, an increase from 93% last year. Secondly, leverage. The group leverage of 1.8x has improved from 2.3x compared to the prior period, primarily as a result of increasing EBITDA. Our lease-adjusted leverage, our key financial metrics, has also improved from 1x to 0.5x.

This strong balance sheet position remains a key positive for our business and provides us the flexibility to increase our investment strategy, all within our capital allocation policy. Our capital allocation policy remains aligned to our previous period. Our key priorities remain to continuously invest in the business, strengthening our balance sheet, and return cash to our shareholders.

Our first priority is to invest in the business and increase capex spend in 2026, and the capex guidance for 2027 reflects we remain focused on this as a priority. The second pillar of our capital allocation policy is to ensure a sustainable capital structure with leverage having fallen to 0.5x and a low level of Dollar debt in our balance sheet. I am extremely pleased with the state of our current capital structure.

Finally, the third pillar is all about returning the cash to shareholders through our progressive dividend policy. This policy has been extremely consistent over the years and is again reflected in the board decision to pay a final dividend of 4.26 cents per share, growing 9.2%, which remains at the top end of our dividend policy, which aims to grow the dividend by mid to high single digit. Shareholder returns have also been complemented by the \$100 million share buyback programme, which was completed during the year.

In summary, our capital allocation priorities remain clear, continue to invest to strengthen our competitive position, maintain a strong and resilient balance sheet, and returning cash to our shareholders, all underpinned by the strong cash generation and the disciplined execution. Let me now hand over the call to Sunil for his concluding remarks.

Sunil Taldar

Thanks, Kamal. Finally, on slide 33, just a few words on summary and outlook. As you have seen from our results, our strategic focus has consistently driven positive momentum across the business and reflects our strong track record in execution. Our focus will remain on investing in our network and on further expanding our distribution to be closer to our customers, whilst at the same time investing in new, fast-growing areas.

Over the year, the macro backdrop has been supportive for our business. However, more recently, as you know, there has been increased geopolitical uncertainty, which has had a direct impact on energy costs, in particular diesel. Diesel is a key component of our cost base given our exposure to unreliable grid infrastructure across a number of our markets. As a result, as it stands currently, we will expect to see increased cost inflation from rising energy costs impacting our EBITDA margin in the near term.

The outlook remains uncertain, but we will enhance our focus on cost efficiencies to try to limit the overall impact these higher costs will have on our business. We are exposed to a region which offers a fantastic growth opportunity. We have shown very strong track record of execution and we have a capital structure that will allow us to continue execution of our strategy. This puts us in a very strong position to drive significant value for our shareholders and we look forward to reporting on these successes in the future.

I know many of you will want to have an update on the IPO of Airtel Money. Given the geopolitical uncertainty, particularly in the Middle East, the current market conditions are not supportive for an IPO of Airtel Money in the first half of this year. We do, however, remain committed to undertake a listing of Airtel money as market conditions allow, and our intention is to undertake the IPO in the second half of 2026. We have made very good progress on our preparations, and we continue to see this as an important strategic initiative for the group. And with that, I would like to thank you all for your attention today and would now like to open the floor for questions.

Operator

Thank you. Ladies and gentlemen, if you would like to ask a question, please press * and then 1 on your touchtone phone or on the keypad on your screen. 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 queue. Once again, if you would like to ask a question, you may press * and then 1. For the benefit of those on the webcast, if you wish to

submit a written question, you may do so by using the text box at the bottom of your screen. The first question we have is from Ganesh Rao of Barclays. Please go ahead.

Ganesh Rao

Hi, congratulations on the results and thank you for the opportunity. I have a couple of questions. My first question is on the Nigeria market. So, in Nigeria market, the growth has slowed during the quarter as we had the pricing overlap. Looking ahead, how do you see the trends specifically for the growth rates? Do you see them moderating from the current level or are you seeing any strong underlying demand in the market so that can really support these high growth rates even in the current year?

So, any colour on the trends in the Nigeria would be helpful. My second question is on the remark related to the potential cost headwind. So, could you quantify the impact that you expect in the current year on the margins if the energy prices remain elevated? So, I'm just trying to understand how big the energy cost is a percentage of your opex and what are the mitigation measures that are already underway? So, any colour on this would be helpful.

Sunil Taldar

Thank you. Mr Rao, thank you very much for your compliments and your questions. Let me just take the first question, and I'll hand over to Kamal for your question on the potential cost impact. Nigeria remains a very attractive market for us, offers a huge opportunity for potential and opportunity for growth going forward. What we've seen, as you rightly pointed out, in quarter four, compared to quarter three, there is a slight slowdown in growth rates because we are overlapping the price increases of last year.

But having said that, we remain very positive about our growth prospects in Nigeria, because all the underlying metrics, if you see, the underlying metrics are very strong. There is still a very significant headroom for growth. Customer acquisition growth in Nigeria, the penetration still remains low, and there is an upside opportunity there. There is also an opportunity for upgrading customers from feature phone to smartphone, which drives significant growth.

We've seen very strong data consumption. If you look at data consumption per usage in Nigeria, it remains very, very strong. And that growth, we expect to continue. We also see other opportunities in Nigeria, especially with

respect to home broadband, which is an emerging market. And Nigeria offers us a very large opportunity. And when we launched the service in Nigeria, the response from the customers has been very, very promising.

Enterprise remains another very large opportunity in Nigeria. And given over the last about six quarters or so, what we've done is we've developed very strong product solutions that we have to offer to our enterprise customers. And we've made significant investments in building our go-to-market for reaching out to our enterprise customers across all segments. And that's another area of growth.

The last opportunity that I will touch upon very briefly is also money. While the scale of that opportunity remains strong, it's very small today. The opportunity is very large. Our business remains small today. But we are seeing very, very meaningful progress even on the money business. And we see that this is an exciting opportunity over a long period of time. It may not be a big impact in the short term. But we are seeing continuous progress on increasing our customer base and customers' engagement with our money business. And so from an opportunity point of view, we remain very optimistic. and very positive about our growth prospects in Nigeria.

Kamal Dua

Thank you. Coming to the question on the margins, the fuel price remains volatile given the geopolitical impact in the Middle Eastern side. It all depends on where the fuel price will get settled, but then sensitivity, which I need to give you a number, at a weighted average level, if the fuel price moves up by 10% across Africa, the impact on our P&L is roughly \$35 to \$40 million at the current consumption of the diesel.

We have already seen a significant movement in terms of the diesel price moving upward in Nigeria, more than 100% in the last 60 to 90 days. All of the markets we are seeing the fuel price moving up somewhere between 20% to 40%. Given the fuel prices where they are today, if you were to simply assume the fuel price will remain at this level throughout the next year, on the quarter four revenue, the impact is roughly 2.5% to 3% on our EBITDA margin.

Though a part of this will get mitigated through our ongoing cost efficiency programme, as you have seen our cost efficiency programme and the scale benefit, what sort of EBITDA margin they have given us in the last year. Now, what sort of compensation will we be able to get it through our ongoing cost efficiency programme and scale? Very difficult to quantify at this stage, but this is where we are as we speak.

Operator

Thank you. The next question we have is from Rohit Modi of Citi. Please go ahead.

Rohit Modi

Hi, congratulations. on results again and thank you for the opportunity. A couple please. Firstly, on the home broadband opportunities, as you mentioned, and also allocating a bit more capital there. If you can guide us, are there specific markets we are seeing this opportunity to be more broadly, more lucrative and where you want to invest more? And what kind of capex allocation you can have going forward into this area? Also, if you can give us a bit of a split into your \$1.1 billion guidance for next year, how much goes to the home broadband opportunity in this?

The second question is on the margin development and particularly in Nigeria. I believe a part of margin upliftment this quarter was also coming from the VAT which you have mentioned in the last quarter. I'm just trying to understand if you remove that possibly margins is similar to what you had last quarter. So, it's a sustainable margin that you see in Nigeria, excluding any kind of fuel price impact going forward. Obviously there could be chance of further development, further improvement in Nigeria margins.

And lastly, the question is basically on your capital allocation and given now leverage is moving 0.5x, ex-leases. I'm just trying to understand at what point of time you might want to go back, at what leverage levels you might want to go back and look at your dividend and shareholder return policy, or any kind of events where that's kind of putting you not going back and re-looking at your dividend policy at this point of time. Thank you.

Sunil Taldar

Home broadband segment is a very attractive opportunity across our footprint. So, the way we see it is there is a total of about 30 million households which can afford a home broadband connection. And the overall, if you look at the ARPU, is highly accretive. And that provides us a very, very strong revenue opportunity. The category penetration right now is only 2%. And therefore, this is a very attractive opportunity. And this opportunity we are seeing across all of our 14 markets that we operate in.

Having said that, there is a massive skew at this point in time towards the urban centres, and especially in the top cities across our 14 markets. So, that's where our focus is. On your question on capital allocation, how much capital are we allocating to home broadband? We will not be able to give you guidance on capital allocation or the amount that we're allocating. But primarily, the capex investment is going towards building our network for home broadband category to support the demand for home broadband.

Second is homes passed deployment, which is something that we're doing across our markets. And finally, on building GTM capabilities, go-to-market capabilities, so that we can acquire our customers, onboard our customers, and most importantly, deliver great experience to our customers. So, that's where our investments are going. On your Nigeria margin, I'll hand over to Kamal and he'll also talk about the capital allocation.

Kamal Dua

Thank you. Thank you, Sunil. So, on the margin of Nigeria, if you were to assume that there would not be any impact on the ongoing fuel prices in the world, Nigeria would be able to hold margin at the current level very comfortably. So, we don't see any risk except for the fuel price in the Nigerian economy and our ability to maintain the margin.

Now, coming back to the leverage point on our capital allocation policy, our capital allocation policy has been extremely consistent over the last few years, wherein, as I said it, our first priority is always to invest back into the business for growth. And in line with that, we have enhanced our guidance last year as well, and in the current year, which is 2027, also we have improved our guidance to \$1.1 billion.

Balance sheet, as I said, we are comfortable at 0.5x. And on our decision to change our dividend policy and our returning cash to shareholders, we will come back to you when the board approves and changes the dividend policy. But for the time being, we are sticking to our existing progressive dividend policies which is an increase of mid to high teen increase every year.

Operator

The next question we have is from Molly Whitcomb of Goldman Sachs. Please go ahead.

Molly Whitcomb

Hello, good afternoon and thank you for taking my questions. I have two, please. You talked about the potential macro impact on margins, but I'd just like to dig in a little bit into potential impact on capex. Could there potentially be an impact on the required capex to hit your network expansion goals if the situation persists? And are you seeing any difficulties in equipment acquisition and project costs?

And then secondly, just on mobile hardware supply difficulties, I've heard there's been a large decline in mobile hardware shipped. And I'm just wondering, are you concerned that this could pose a headwind to smartphone penetration and growth across your market? Thank you.

Sunil Taldar

Thank you very much for those questions. So, on your first question, the macro impact on our capex investments, despite the geopolitical developments that have happened in the recent past, We remain very, very confident of the opportunity that we see in Africa across our markets, especially as we stepped up our capex investments in the last year, which is FY26, from our original guidance to about \$884 million is finally where we ended up.

We've seen a very good response to the investments, and we're seeing a lot of momentum in the business at this point in time. And we remain positive that this momentum will continue. Because currently, we have not seen any lead up on the demand side for all our services. Because if you look at the data consumption per user continues to grow at about 27%, 28%. We are also seeing increasing usage of our mobile money transactions per customer. So, demand remains strong and we will continue to invest in expanding coverage and also adding capacities.

And we spoke about the two additional opportunities. At this point in time, we remain very, very confident of the opportunities that Africa has to offer. And we will continue to invest behind these opportunities, given the momentum that we have, which is also reflected in a very strong customer base that we've seen in Africa, which means there are more customers who are coming into the category and using more of our services.

On your additional question on, on any impact of this geopolitical development on supply chain. Currently, we have not seen any impact of supply chain on the availability of our equipment or our requirements. Having said

that, if this conflict continues over a longer period of time, it is very difficult to say, but right now we're not seeing any disruption whatsoever.

On the mobile hardware, in Africa, we don't get industry data. But so far, all our engagements, what we've seen is there is a price increase that have happened. Supply chain disruptions are not causing the availability challenges at this point in time. Africa is also a very large market, which operates on second hand phones. And therefore, the second-hand phones also fuel a lot of upgrades that we see. So, we are currently not seeing any stoppage or slowdown in our upgrades.

But over a period of time, and this is probably not only caused by geopolitical disturbances. It is also caused by overall price increase that has happened in the market because of chipset prices having gone up. So, it's very difficult to ascertain at this point in time to say what is causing this price increase in mobile hardware or mobile handset prices to go up. But in Africa, currently, we're not seeing any slowdown in upgrades. We've seen numbers in quarter four. So, we remain very optimistic.

Molly Whitcomb

Thank you very much.

Operator

The next question we have is from John Karidis of Deutsche Bank. Please go ahead.

John Karidis

Thank you very much. I've got two questions, please. One has to do with enterprise services. Given that Airtel Africa operates mainly mobile networks in Africa, what are the enterprise services that you can offer and what are the services that you cannot offer?

And then secondly, of course, group capital expenditure, I would like to understand whether there's going to be a disproportionate increase in capex for new businesses versus coverage and capacity. So, on a best case scenario, it would be nice to understand what the mix between the two was in the year to March 26 and how that's likely to change in the year to March 27. Thank you.

Sunil Taldar

Thank you very much for your questions. On your question on enterprise service, so right now, bulk of our business from enterprise used to come from our connectivity business, which is mobile services. In the recent past, what we've done over the last year and a half, two years, we've built significant capabilities and product solutions working closely with our business in India to develop other product solutions for our enterprise customers across segments, whether it is enterprise, government, banks, or SMEs.

So, right now the solutions that we offer to our customers are fixed data, network as a service, communication, CPaaS, IoT, security, and as we roll out our data centres across the three markets, that's the other service that we will start to offer to our enterprise customers. So, therefore, what we have right now is a full suite of services that we can offer to our customers so that they can manage their and grow their business more effectively. So, that's on the enterprise side.

On the capital expenditure increase in capex, while our total capex guidance, as Kamal spoke about, is \$1.1 billion for FY27, and as he said, there are broadly three areas. So, one is coverage expansion, the second is capacity, and third is in the area of our new businesses, which is home broadband and enterprise. And enterprise also includes data centres, but we will not be able to, at this point in time, give you a split, which is what I guess you're expecting across how much are we investing across each of the segments.

Kamal Dua

Yeah, but we can definitely tell you that on coverage and capacity that we are not slowing down on either our coverage covering our footprints or adding the capacities. I think on an absolute basis the spend on coverage capacities you can safely assume would be higher than what we are spending in FY26.

Operator

The next question we have is from Tracy Kivunyu of SBG Securities. Please go ahead.

Tracy Kivunyu

Thank you very much for the opportunity and congratulations to you for a good set of numbers. Two questions from me. First in Uganda, if you could just talk about the regulatory environment there with relation to geographical coverage targets and trade reforms that seem to have changed how agents can position themselves in markets. So, have you seen any impact on your fourth quarter performance on that in East Africa? And how do you expect mobile money revenue to perform in the market in terms of that? And maybe when we're talking to geographical coverage targets, is part of the capex improvement we are seeing this year also directed to achieving those geographical coverage target requirements?

And then second question is on Nigeria and it is related to airtime credit lending. If you could just give us some detail on how much of Airtel Africa service revenue in Nigeria is attributed to consumption of airtime credit lending facilities and how you're seeing usage going into the second quarter now that you've suspended those services, and if maybe there is a chance for you to sort of reinstate those services within the quarter, or you think this is going to be a sort of a long-term issue? Thank you.

Sunil Taldar

Thank you very much for your questions. Let me address your question on Uganda first. The first part of your question is with respect to our coverage obligation in Uganda. So, we are currently not meeting our coverage obligation. Having said that, we are engaging with the regulator and the authorities, and we've shared our plan of our capital investments and our coverage expansion in Uganda, and authorities are very satisfied at this point in time. We've submitted our proposal to them, and we are engaging with them. And we look forward to working very closely with the authorities and to fulfil and meet our coverage obligation in Uganda.

So, from that point of view, at this point in time, the engagement is very strong. We have plans in place. And in due course of time, which is something that we would align with the regulator and meet our obligations. Mobile money business continues to perform very, very effectively in Uganda. We don't share numbers. at an operating market level. So, I'll not be able to share numbers for Uganda specifically, but our business continues to perform normally without any disruption.

You have a question on Nigeria airtime credit lending. I'll not be able to share numbers on what percentage of our revenue passes through the airtime credit. But the question that you asked about disruption, as per the NCC guideline, we had to disengage with one vendor, which is something that the entire industry did. And we followed

the directions issued by the authorities. At this point in time, we are actively engaged with other authorised vendors of credit lending in Nigeria and in the process of integration. And this should not have any disruption to our business in Nigeria. And we'll be back on track offering lending services within the next few weeks to our customers in Nigeria.

Operator

The next question we have is from Maddy Singh of HSBC. Please go ahead.

Madhvendra Singh

Hi, thanks a lot for taking my question and congrats on a very strong set of results. I have a few, so please bear with me. The first question is on Uganda. If you could share if there was any impact on your performance because of the internet shutdown around elections, and did your mobile money business also see any impact? So, that's the first one.

Then the second one is, there was no comment on continuation of share buyback, so has that concluded, or is that something which can still happen if you could give us more details there? Then, the third is a clarification on your comment. I think I heard you said mid to high teens growth in dividends, but I think the policy is mid to high single-digit growth in dividends. So, can you please clarify?

And the final one is on, probably a technical one, but post the mobile money IPO, is there any changes in revenue or other financial consolidation related to that which will happen? I mean, I understand the share sale part, but I'm not talking about that. That's any potential revenue impact because of consolidation changes. Thank you.

Sunil Taldar

Thank you very much for your questions and your compliments. Let me answer the Uganda question first. So, there was a suspension of our services or ban on services for a short period of time, which did have an impact on our revenue across both GSM as well as mobile money in Uganda. And on your other question, which is on the share buyback, I'll just hand over to Kamal and he will very quickly talk about and offer you clarification that you sought on the dividend policy.

Kamal Dua

I think I'll address the dividend. You're right. Actually, this is a single digit. I think if we would have said mid to high single teen, probably that would have been the slip in the tongue. Yeah, thanks for clarifying and correcting me. On the buyback, as of now, we have concluded the last allowance of buyback of \$100 million. At this stage, the board has not given a go ahead or approved any further buyback. But nonetheless, we will keep you posted on in case the board approved another tranche of the buyback.

On the intergroup agreements on the impact on revenue. So, all these agreements are basis mark to market and what has been going on in the market dynamics. If the market dynamics are changing in our off course, where the transaction needs to be reassessed, which is arm's length, which is not the case at this stage, because at this stage, all our agreements are at arm's length, then definitely, we will see a change because all our group transactions are being done at arm's length principle.

So, cannot say that this will remain at this level or change. It all depends on what's happening in the market. If tomorrow there is there is another transaction which has been going at a lower or higher rate, the rate will change accordingly what has been going in the market. I hope this is answering your question.

Operator

At this time, ladies and gentlemen, I will hand over to Alastair for any webcast questions submitted.

Alastair Jones

Thank you. Yes. So a couple of questions that come through on the website just to address. Firstly, is just on the Francophone markets, very strong performance and the Francophone. I think, record net ads. So, could you discuss what's going on there? What's the outlook for there? Is that momentum sustainable?

Second question is on the home broadband. Obviously a great opportunity, but how do you see the competitive threat arising from Starlink in terms of pricing, coverage, service quality, etc.? And then a quick question on the PUT option. Has the PUT option been extended beyond August 2026?

Sunil Taldar

Let me address the Francophone question first. Francophone offers a very, very large opportunity for us to grow. It's a high ARPU market with very low penetration, smartphone penetration, significantly very large opportunity.

It's a very large opportunity for us for data consumption. The other opportunities that we have, which is something that I spoke about in home broadband and enterprise, given the high ARPU on the data side, home broadband actually is an even more attractive opportunity in Francophone markets.

And given this opportunity, the results that we've seen in the Francophone markets is a function of, first is our increased investments. We've made significant investments in expanding our coverage, making our networks more resilient, and that seems to be helping us to deliver better customer experience, which is reflected in a very strong customer base growth in Francophone markets. Our teams have done a fabulous job in executing and illustrating, focusing and executing our strategy. So, we remain very, very positive of our growth momentum, our sustained growth momentum in Francophone markets.

The second question was on home broadband. On the home broadband side, as I said, it's a very large opportunity, 30 million, you know, potential home broadband customers and 2% penetration. So, this market, from a competition point of view, the question was with respect to Starlink. Starlink right now, we see Starlink as a complementary service. Wherever our networks are not there, we will definitely go and we ourselves are offering Starlink connectivity to our enterprise customers, especially the SME customers, and that itself has seen a very strong impact, a very good positive response from the customers.

So, any competition at this point in time will only allow us to expand the market and grow the market and develop the market. That's the way we see it. There is a very large land grab opportunity across all our markets. And our experiences, we have an advantage with respect to service, pricing, and over a period of time, as we expand our fibre home passes, nothing can replace fibre, especially as the consumption goes up, and which is something that we are seeing across all of our markets.

The consumption at home, outside home, work, and for play, and for multiple use cases is significantly increasing. So, Starlink is a complimentary service, large opportunity, and we have structural advantages for us to grow the market. And it's a large land grab opportunity. So, we remain very, very positive about our opportunity on the home broadband side for both domestic as well as small and medium enterprise. That is an incremental opportunity that we see.

Kamal Dua

The last point was on the PUT option liability. So, on PUT option, we are well prepared for the IPO. We are having a very constructive and transparent engagement with our minorities who are also our strategic investors. We have not received any formal return extension from my minority, but they are fully supportive and they are absolutely involved and engaged in all our IPO discussion.

There is a shared understanding on how well the business is doing. You have seen the business continues to do extremely well. Our PAT on Airtel money has improved from \$280 million to \$350 odd million and we are aligned on the IPO timelines. But yeah, on the formal basis, we are yet to receive a formal extension of the PUT option liabilities.

Alastair Jones

Thank you. And two more questions, just one on East Africa, competitive intensity, how you see that playing out? How's the development been over the last quarter and looking forward? And then a quick question in terms of the listing, given the situation in the Middle East. Would you consider London as one of the venues for the listing?

Sunil Taldar

Okay. So, on East Africa, East Africa is our largest market, and so we have a very strong presence across all our markets with both GSM as well as the money business. Last quarter, we spoke about the competition intensity, and the competition intensity remains high in East Africa. Having said that, if you look at some of our underlying metrics, they are very, very strong. If you look at our data consumption per customer, it's amongst the strongest. Our data customer growth in East Africa is also at about 15% or 16%, 15.7%, to be precise.

Overall, we saw about 15.8% growth in quarter four. And part of that was also impacted by ban on our services because of election in one of our key markets. If we normalise for that, quarter three and quarter four would look very similar to each other. But we have a very strong network in East Africa, a very strong brand presence. We have strong teams and a very, very stable system in East Africa to accelerate growth. And we remain very positive about our prospects in East Africa.

On your second question on the listing venue, as we've previously communicated, we continue to evaluate all major listing options and we are close to finalising our preferred location and we'll provide further updates to market with respect to the selected venue and the advisors in due course.

Alastair Jones

So, perhaps I can hand over to Sunil for any closing remarks.

Sunil Taldar

Thank you for joining the call today and for your questions. And we look forward to our continued engagement with you all. Thank you. Thank you, once again.

Operator

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

END OF TRANSCRIPT