

**AIRTEL AFRICA PLC**

**July 26, 2019**

**OPERATOR:** Ladies and gentlemen, welcome to the Q1 2020 Results Conference Call of Airtel Africa. Today's speakers are Raghunath Mandava, Chief Executive Officer, and Jaideep Paul, Chief Financial Officer.

All lines are now closed except for the speaker line. If you would like to ask a question to the speakers, please press star one on your keypad to connect with the operator.

Before we continue, I will present an important disclaimer. This presentation has been prepared by Airtel Africa PLC and is for the information purposes only. This presentation contains forward-looking statements which by their very nature involve inherent risks and uncertainties, and risk exists that such forward-looking statement will not be achieved. You are strongly advised to review the disclaimer page of the investor presentation available at [www.airtel.africa/investors](http://www.airtel.africa/investors). This conference call will be recorded, and the transcript will be posted on the website.

The first speaker will be Mr. Raghunath Mandava. Please go ahead, sir.

Raghunath Mandava: Welcome, everyone, to the Q1 earnings calls, and thank you all for joining. Today, I will spend the next 10 minutes or so giving you an update on Airtel Africa's Q1 results and how we've been executing our strategy. I'll then hand over to Jaideep Paul, our CFO, who will give you an update on our financial performance.

Airtel Africa's growth story remains strong and is a clear evidence of the effectiveness of our strategy across voice, data, and mobile money. Our belief

in the potential of Africa for telecom and the growth of the business continues and is vindicated by the results of the last quarter. The growth is possible; thanks to faster customer (addition) and an accelerated growth of data and mobile money. In line with our aspirations, revenue continued to grow in double digits in constant currency term, and underlying EBITDA was growing even faster.

Let me take you through the building blocks of our strategy and the progress we've made in quarter one. Firstly, as I have explained multiple times earlier, we believe that the unique customer penetration is still low in Africa, around 44 percent, and that there is a huge potential for growth. With increased network coverage and our drive to add quality customers through multiple channels of acquisition, we've enabled our customers to grow at over 9.3 percent. This customer growth helped us to increase voice revenues at about 3.2 percent year-on-year.

In line with our ambition of bridging the digital divide in Africa in the countries we operate, we have continued to build a strong LTE network. Today, more than 50 percent of our sites are on LTE and this has happened by adding (more) 1,500 of them on LTE in the last quarter. In Q1, we have launched 4G in Congo-Brazzaville and the DRC.

Also, we have continued our accelerated rollout of site fiberization in the urban areas in order to satisfy the increasing demand for data traffic and growth. This rollout, together with increased reforming or (spectrum performed) in some of our countries, led to faster speed and greater LTE capacity.

Our continued drive with more and more offerings and especially our activity for increasing data usage through carefully planned offers have helped us to grow data customers by almost 14 percent year-on-year. Data customer per usage has gone up from 1 GB to 1.5 GB per month for the data customers. This has helped increase data ARPU by over 17 percent. This is what I've said we are in a sweet spot in Africa where both the customer growth (and ARPU) growth happen simultaneously.

Overall data consumption has grown by over 79 percent and data revenue by 36 percent. The contribution of data revenue to overall revenue has grown from 21 percent a year back to now 26 percent. What we have now is a (big) growing segment of data fueling the overall growth. A quarter of our revenues is growing at 36 percent. We are in Africa, a situation where both customer (growth) and accelerated data consumption is happening.

Let me take you to the next section on mobile money. In line with our ambition, we continue our efforts to be a strong financial services partner in most of the countries we operate. We continued our (plan) of providing financial services for the unbanked by making these (available) through a widespread ground infrastructure we are building. Mobile money is a big growth driver.

Furthermore, we continued our distribution and expansion, and mobile money through our franchise model of kiosks and mobile money branches, giving more and more points of (assured float availability). Our customer base on mobile money has grown by almost 24 percent.

Increased number of services and payment options, along with greater penetration of mobile recharging through mobile money, has helped grow our mobile money ARPU by 16 percent year-on-year. Once again, we have a category that is contributing 9 percent of our revenues and is demonstrating both a customer growth and an ARPU growth.

Our overall transactions have reached level of \$29 billion and revenue at USD \$274 million annualized. Nigeria payment service bank licenses has been applied and we are waiting for approvals. Our brand names have been approved, and the rest of the paperwork is in process.

We are making good progress in launching wireless home broadband service in a few countries. Our enterprise business is growing along with the growth of our increased backhaul fiber capacities and is now able to provide more and more to our – of our customers with data connectivity at their offices. Along with the above initiatives on revenue, our efforts relating to cost optimization continued, and they have offset the increase of costs resulting from network

rollouts; thereby supporting our EBITDA growth being faster, ahead of our revenue growth.

On the people front, we are now building a stronger leadership team in mobile money with enhanced fintech and payment capabilities. This new team has been in place since the last quarter and I am pleased to say that they have hit the ground running.

Our engagement with the government and the nation (throughout CSR) activities continue. We've had good appreciation from some governments for the launch (of key) network and for making data available and affordable for the society. Overall, I should say, a good start to the year.

I now hand over to Jaideep Paul to take us through the financials. Over to you, Jaideep.

Jaideep Paul: Thank you, Raghu. Good morning, ladies and gentlemen. Thank you very much for dialing in. So, today, I will walk you through the Q1 2020 financial results. We are pleased to report that our financial results in the first quarter were strong and in line with our expectations.

Let me start from the income statement. Reported revenue increased 6.9 percent as constant currency growth of 10.2 percent (but partially offset in income and valuation). The foreign exchange impact in the period was \$23 million on revenue and \$9 million in EBITDA, largely driven by the devaluation of Zambian kwacha, Malawian kwacha, and Central African franc.

ARPU for the group was \$2.70, broadly stable in constant currency as growth in data and mobile money ARPU offset the decline in voice ARPU largely as a result of changes to IUC rate in Tanzania, Malawi, Uganda, and Zambia.

Across our segments, double-digit revenue growth in Nigeria and East Africa is partially offset by revenue decline in (West of Africa). Nigeria delivered a strong set of results with revenue up 22 percent in constant currency with voice growth of 12.7 percent and data growth of 73 percent as Raghu mentioned earlier. In (inaudible), revenue growth of 9.6 percent in constant

currency widespread across voice, data and mobile money; all benefiting from customer growth and increased usage.

Performance in rest of Africa was mixed as growth in data was offset by revenue decline in voice resulting in an overall 4 percent revenue decline in constant currency. In voice, a 3.3 percent customer growth was impacted by reduction of IUC rate in Niger and Madagascar, and the overall market weakness in (Congo B).

Looking to our products, revenue growth in constant currency was positive with mobile data up by 35.9 percent, voice up by 3.2 percent, and mobile money up by 41.8 percent. The key drivers of revenue growth were successful acquisition of new customers due to expansion of our LTE network and distribution (inaudible), supported by stable blended ARPU. Our financial objective is to deliver efficient growth by delivering sustainable revenue growth and EBITDA margin expansion as a result of operating leverage and tight focus on cost.

We reported EBITDA \$347.6 million, up 9.7 percent, largely driven by 12.8 percent of constant currency growth offset by currency devaluation as mentioned earlier. EBITDA margin increased to 43.7 percent, representing an improvement of 111 basis point as a result of operating leverage and tight focus on cost and the revenue growth.

Moving down the P&L. We delivered a profit after tax of (\$132.2 million). Finance cost increased by \$7.7 million largely as a result of lapping one-off benefits incurred in the prior year and foreign-exchange impact on debt, which more than offset some derivative gain and 20 percent decrease in the interest cost as a result of lower debt.

Tax charge before exceptional item is broadly flat. The effective tax rate for the financial year ending 31st March is expected to be in the range of 30 percent to 32 percent. Finally, our EPS was 4.1 cents, down by 62.6 percent, largely as a result of increase in number of shares.

Let's now quickly look at our balance sheet and liquidity position. We ended the quarter with a net debt of \$4.081 billion, broadly in line with the prior

quarter which resulted in a leverage ratio at the end of quarter (three). Here, please bear in mind two things, that our leverage includes (pieces) recognized under IFRS 16, and we recognized proceeds of IPO on our accounts in July 2019. So you will not see the IPO proceeds impact in Q1 2020. Our intention is to continue to deleverage through ongoing cash generation and potential asset or liquid monetization opportunity as we see our optimal capital structure to be within a net debt to EBITDA ratio of to (2.2 to 1.5).

Looking ahead, our plan – we plan to repay notes maturing next year in the next calendar year. The notes repayment in the future will be covered with IPO proceeds (squeezed) by ongoing cash generation and potential asset opportunity monetization.

Let's conclude the financial review taking a very quick look at the free cash flow which totaled approximately \$102.4 million, down by 29 percent from last year largely as a result of increased CapEx for network modernization and rollout of additional sites. Capital expenditures were \$99.5 million. And a bulk amount of that went on account of investment in data capacities, network modernization, especially in Nigeria and East Africa.

That's all from my side. Back to you, Raghu.

Raghunath Mandava: We now open for questions from you, please.

Operator: Ladies and gentlemen, we will now begin the question-and-answer session. As a reminder, if you wish to ask a question, please press star one on your telephone keypad.

No further questions at this moment, sir. Please continue.

There is one question, sir. It comes from the line of Sanjay Chawla from JM Financial. Thank you. Please ask your question.

Sanjay Chawla: Yes. Thank you for the opportunity. I've got two questions. One, can you give the breakup of your gross debt in terms of borrowings, lease obligations, and also total cash and cash equivalent at the end of the quarter?

And the second question is you mentioned some progress on launching wireless on home broadband services. Can you specify which countries are you looking to launch such services, the spectrum that you would be using and the kind of ARPU's that are possible in those country's markets?

Raghunath Mandava: So the way we look at our wireless financial services is that we are building a humongous 4G network. And as I spoke some time back that the (time to single-run) network that we have built and the huge capacities that we are able to build by (farming, refarming) spectrum onto 4G. We are building huge capacities on LTE. And not only will these capacities provide great service and both coverage and speeds to our mobile customers, but also we will have enough capacity to provide wireless home broadband.

But, however, at this stage, I would not like to give further details for competitive reasons of the countries that we're launching. But needless to say, they are critical countries and we do hope to see some good potential.

I'll request Jaideep to handle the debt question.

Jaideep Paul: Yes. So our (inaudible) is about \$4.8 billion.

Male: (Thank you).

Jaideep Paul: Look, minus cash, cash equivalent of roughly about \$800 million, so net debt is \$4 billion. In \$4 billion, \$2.8 billion is debt and \$1.2 billion is the finance lease obligation. So that's a breakup of net debt of \$4 billion.

Sanjay Chawla: OK. OK. Just coming back to the first question, which I asked, (the spec) – you said you would be using 4G based network for broadband. You already – do you already have the MiFi router kind of devices already? Is that the main plan from which you would be expanding the 4G home broadband?

Raghunath Mandava: Yes. MiFis have been there for quite a while now, and that is one of the ways that we are expanding. Then we are also having some high end routers that we start giving to customers with multiple customer usage and device connectivity. So there's a series of device ecosystem that we have (got a word) that can work on 4G. And in multiple countries, we have multiple

frequencies. So through carrier aggregation, we're able demonstrate very high speeds on 4G and along with the huge capacities that we have built.

So we see – we need to get back and understand in large parts of Africa and very well spread out, unless you have a very high rise building, most of the houses are very spread out and it does not make meaning to build fiber going from house to house because it's a dedicated CapEx to each house and you're not sure whether you will get a customer.

Wireless builds on the same CapEx that you spend for the mobile network, and you use (inaudible). And that is how we are building our entire 4G wireless strategy around.

Sanjay Chawla: OK. Thank you for that. If I could just squeeze in one more question on Nigeria. What are the drivers of this very strong 22 percent revenue growth that we have seen there, if you could break it down for us in terms of customers, ARPU, and underlying segments?

Raghunath Mandava: Sorry. Could you repeat that question, please? (I'm missing that).

Sanjay Chawla: Yes. The drivers of Nigeria revenue growth in this quarter.

Raghunath Mandava: So let me give you the same drivers. I think Nigeria is a much accelerated growth than the rest of the continent. The three drivers are our customer growth has been in 14 percent (odd). Our voice revenue growth is in double digits. Our data revenue has been phenomenal. We've expanded our 4G network very aggressively, and we're way ahead of the rest of the industry and that has really helped us. Our data revenues are almost 70-odd percent plus growth, and I think that is really fueling (inaudible). So Nigeria has been a good story for us.

Sanjay Chawla: OK. OK. All right. Thank you and all the best.

Raghunath Mandava: Thank you.

Jaideep Paul: Just one point I want to clarify on the net debt situation. This net debt situation is without the IPO (profits) because that has come in July. So the net

debt will go down by roughly about \$671 million further in next quarter and that you will see in the next quarter.

Operator: Our next question is from the line of (Randall Ouscusen) from Old Mutual. Thank you. Please ask your question.

(Randall Ouscusen): Hi. Yes. Good morning. I'm not sure if I missed it, but the exceptional items of \$64 million, can you just recap what those were?

Jaideep Paul: Yes. So the exceptional item includes – we have one indemnity accounting which we have done. We have a \$72 million of indemnity reversal, which has happened in this quarter. So that's in the exception item, and there is \$13 million of share issue and IPO related expense, which has come in this quarter and we have a network modernization related \$9 million. So \$9 million plus \$13 million, \$22 million of expense and \$72 million of reversal of indemnity and that is \$50 million of exceptional items.

(Randall Ouscusen): OK. So just – so just explain to me the indemnity, how that works.

Jaideep Paul: Yes. So we hired some pre-IPO investor indemnity, which was amounted earlier as a provision. And since this has expired and no claim is there, so we have reversed that \$32 million in this quarter.

(Randall Ouscusen): OK. All right. Then just I had another question. So (I'm just) finding that again, I'm sort of flipping through the (IL pack). Just the derivatives, what are the main derivative positions that you use?

Raghunath Mandava: Interest rate swaps.

Jaideep Paul: Interest rate swap.

(Randall Ouscusen): Interest rate swap. OK. All right. I'm sure that's in the prospectus. I'll just go and read up on that a little bit. OK. And then just looking at Section 7 of the consolidated income statement. So the, yes, the \$72 million non-operating income, is that includes these exceptional items that you – which you've been referring to?

Jaideep Paul: Yes.

Raghunath Mandava: Yes.

(Randall Ouscusen): OK. All right. Cool. Yes. Thanks. That's all from my side.

Raghunath Mandava: Thank you, (Randall).

Jaideep Paul: Thank you.

Operator: Our next question is from the line of (Alex Ronser) from (Axon). Thank you. Please ask your question.

(Alex Ronser): Hello, guys. Thanks for taking the question. I will just ask two, if I may. And the first one is if you could maybe elaborate on the next milestone regarding the full launch of mobile banking in Nigeria and then the second one is just looking at your increasing CapEx year-over-year. Is that mostly phasing for the year and front-loading spending on 4G and new towers? Or should we think about the similar trend for CapEx increase for the rest of the year? Thank you.

Raghunath Mandava: So while mobile money (has been there) in all the countries, last year, the Nigerian Central Bank has issued a payment service bank license applications for all of us, including telcos and we have applied for this payment service bank license. We are in the process of – we have submitted the applications and we're waiting for approvals from the bank. Currently, the paperwork is in process.

In the meantime, our brand name has been approved which I will not discuss now. But I think – and we have started work on both building our platform and rest of the (processor) company. So I do expect in the next couple of quarters we should have the approval hopefully.

Now, as regards to CapEx, our guidance continues to remain the same, around \$650 million to \$700 million. It's just that we have spent about \$100-odd million in Q1 which was slightly higher than the last year, (Q1, up 50). It's more of a phasing. We are getting more and more evenly phased than the

skills we've had in the past. However, we should be able to hold on to this. If there is any change, we will brief you and keep you posted.

(Alex Ronser): OK. Thank you. Maybe if I could just add one on Nigeria because I think expectation at some point were for launch later this year and you mentioned maybe in the next couple of quarters. So could we have maybe a delayed full approval, I would say, by mid-2020? Is that something that could happen? Or are you still targeting for this year forward?

Raghunath Mandava: To be honest, (Alex), I'm still hoping, and we are working towards a launch before the end of this year. All our (preparation) (inaudible) direction. But as you know, this involves approvals from the Central Bank. I am not able to clearly comment any timelines.

(Alex Ronser): OK. OK. That's very clear. Thank you very much.

Raghunath Mandava: Thank you.

Operator: Our next question is from the line of Ramesh Babu from HSBC. Thank you. Please ask your question.

Ramesh Babu: Yes. Hi. Thank you for taking my question. My first question is on effective tax rate. You guided for 30 percent to 32 percent for the – can you guide going forward how we should model this? Will it be at this level? Or can it be coming down?

Jaideep Paul: Effective tax rate for us remain at the same level, what we have given. There's no change expected unless there is a tax rate change which happened in any country. But at the current level, it remains the same.

Ramesh Babu: OK. And my second question is on Kenya about consolidation. Can you just throw some light on the trend where we are standing right now in consolidation in Kenyan market?

Raghunath Mandava: So Kenya is led by a dominant player, and there are two other players which is Airtel and Telkom Kenya. There is an intent that we both (inaudible) so that we can have a consolidated business plan so that we could invest much

more aggressively jointly. Currently, the applications are in process with government, and we are awaiting their approvals. I would believe that these approvals would come sooner than later and should happen quite quickly.

Ramesh Babu: OK. Thank you. That's it from my side.

Raghunath Mandava: Thank you.

Operator: Again, ladies and gentlemen, if you would like to ask questions, please press star one on your telephone keypad. Our next question is from the line of Kelvin Heng from PineBridge. Thank you. Please go ahead.

Kelvin Heng: Hi there. You guys mentioned the IPO proceeds coming in after the quarter. There's already a substantial cash balance that you have there. Just wondering if there's any specific tranches of debt that you're going to target to take out given the plan to reduce leverage, whether it's the U.S. dollar bonds, the euro bonds, or bank debt? Thanks.

(Inaudible)

Jaideep Paul: Yes. So the – our objective is to pay off the bond, whichever bond we can repay. So that that process will start – already started, in fact, this quarter. So it's basically paying the bond.

Kelvin Heng: Got it. Got it. Thank you.

Operator: Our next question is from the line of Parag Gupta from Morgan Stanley. Please ask your question.

Parag Gupta: Yes. Hi. This is Parag here. Just had two questions. So firstly, in your opening remarks, you talked about asset monetization as a way to reduce your leverage ratios. So if you could just give us some additional color on what are these assets that can potentially get monetized and over what time period. And the second question was are there any regulatory changes in any of your key markets that we should be aware of? Thank you.

Raghunath Mandava: OK. On asset monetization, as we mentioned during, our presentations earlier, at the pre-IPO (speech), in five countries, we have roughly about

4,500-odd towers left out, which are not sold and leased back like we did in eight other countries. So we are expecting and targeting to get these towers sold and do the leaseback in these countries. Now, it's very difficult for me to give the timeframe, but the process is on and we will keep you updated as and when we progress.

Parag Gupta: OK.

Raghunath Mandava: OK. Additionally ...

(Inaudible)

Raghunath Mandava: Sorry.

Parag Gupta: Go ahead. Go ahead.

Raghunath Mandava: Additionally, other than that, we have also opportunity of monetizing some of the data centers we have, plus fiber. So these are, additionally, we are – we are targeting to monetize in appropriate time.

Parag Gupta: Got it. And do you have a rough sense of how much could all these assets put together yield you?

Raghunath Mandava: Well, it's very difficult for me to speculate that, but we will keep you informed as and when we make some progress.

Parag Gupta: OK.

Raghunath Mandava: Regulatory, I think across the 14 countries, there are the usual regulatory corrections around KYC and IUC costs and others. But I don't think there is anything very significant for us to brief at this stage.

Operator: OK. Our next question is from the line of (Cornelius Ludwig) from (Row Point). Thank you. Please ask your question.

(Cornelius Ludwig): Hi. Good morning and thanks for the call. Yes. In your statement, you stated you are confident you will deliver sustained growth across all the segments, voice, data, mobile money. Yes. I wondered on – kind of does it

also hold for the short-term because we've now seen your first quarter. Does it also mean that the second, third, and fourth quarter will be probably stronger than Q1? Or is there some seasonality effect that we could see weaker quarters this financial year?

Raghunath Mandava: So thank you for (the question). The first thing is I think we should look at the business in three forms. Do the fundamentals of the African market change? And how long do you think these fundamentals will favor the telecom business? Our unique customer penetration is still around 43 percent, 44 percent, while the same penetration is around 70-odd percent. That means with networks getting covered to 70 percent to 80 percent of the population, this 43 percent is surely going to rise.

I would believe that somewhere it has to come towards the 60-odd percent mark and it will be over the years. That means (inaudible) could go up to – 74 percent should go up to 80 percent, 100 percent. And we should also note that Africa is also the fastest growing population in the world. It's almost 2.8 percent population growth year-on-year. In the next couple of, say, five years if you were to look, it should grow population at 15 percent. So the fundamentals are very much in favor.

The second thing on data, we're rolling out aggressive data (network) capacity. We believe data starved – the markets are data starved. There are very fewer options on entertainment. Home broadband penetration is low and smartphone prices are coming down. So a lot more entertainment will happen on the phones.

Are the fundamentals in our favor? I think yes. I would not be able to give any forward-looking statements on how our revenues would grow in the next couple of quarters, but the opportunity for all of us, all telecom players in Africa, is surely very good.

Is there a second question I missed?

(Cornelius Ludwig): OK. (Yes, that answered the question). Thanks a lot. One other question. Can you comment on the DRC? Because Vodacom had some very big

problems there. Do you also have big problems? Or are you in a better situation there?

Raghunath Mandava: I would not like to comment about (them) or any other operator, but we do not have any problems of significance to report. And our businesses are quite stable, and we're quite happy with what is happening.

(Cornelius Ludwig): OK. OK. Thanks a lot.

Raghunath Mandava: Thank you.

Operator: Again, ladies and gentlemen, if you would like to ask questions, please press star and one. Our next question is from the line of (David Adieu) from (Mainstream Securities). Thank you. Please ask your question.

(David Adieu): OK. Good morning. Thank you for taking my call. The question I wanted to ask has already been answered. That was around the impact of the IPO on your – on paying off your net debt.

Then the second question I wanted to ask is in your IPO prospectus, you mentioned that you are undergoing a capital – I mean a court has approved capital reduction scheme for – I mean (clear up your retained loss) position of, I think, about \$456 billion (inaudible). I just wanted to find out what's the status of that given that, I mean, you give guidance of (bailouts) about 80 percent of your free cash flow as dividends to investors. Thank you.

(Inaudible)

Jaideep Paul: OK. The first question was on the impact of IPO on net debt, correct?

(David Adieu): Yes. Yes.

Jaideep Paul: Yes. So as I mentioned earlier, that (\$680-odd million), which we have collected as (an IPO process) will be utilized to pay off the bond. And so therefore, the current net debt of \$4.08 billion will come down to approximately \$3.4 billion. So that's that's the first point. What was your second question? I didn't get that.

(David Adieu): OK. I said the second question was that in your – in the IPO prospectus, there was a section that said you are currently undergoing a court approved capital reduction scheme in the U.K. concerning the retained loss position of \$456 billion. So I wanted to ask what's the status surrounding that?

Raghunath Mandava: Well, I think it's on way. It's a – it's with reference to the share split).

(David Adieu): Yes.

Raghunath Mandava: Yes. So it's still there as a (false positive).

(David Adieu): OK. Still ongoing. So does this mean that – I mean, given that (you are) currently in a retained loss position of, I think, about \$456 billion (as of) when the full-year results were published, how is this likely to impact your ability to pay dividends given that, I mean, you give guidance of paying out about 80 percent of your free cash flow as dividends to your investors.

(Pierre Adoviyar): So as part of – sorry. This is (Pierre Adoviyar). As part of the IPO process, we underwent a share split just before it (inaudible) ...

(David Adieu): OK.

(Pierre Adoviyar): As part of the process now ongoing in the U.K. will be concluded very soon. As part of that process, we will increase our distributable reserve at Airtel Africa PLC, and so we will have distributable reserve to pay dividends if the board decides to do so in line with our dividend policy.

(David Adieu): Oh, OK. OK.

Raghunath Mandava: So the dividend policy, which we have given in the prospectus that it says that minimum 80 percent of the free cash flow is distributable – yes, distributable as dividend.

(David Adieu): OK.

Raghunath Mandava: And subject to two condition. One, of course, board approval, regulatory clearance, everything; and the second is net debt to EBITDA ratio (should) be at least – should be maximum of 2.5. It should not bridge that ...

(David Adieu): Two point five.

Raghunath Mandava: Yes. That leverage.

(David Adieu): OK. OK. So I mean, given these conditions, (should we be) expecting dividends by the end of 2020 full year?

Raghunath Mandava: Well, as I said, this is subject to board approval.

(David Adieu): OK.

Raghunath Mandava: So as and when board approves this, it will come into public domain.

(David Adieu): OK. All right. Thank you.

Raghunath Mandava: Thank you.

Operator: Our next question is from the line of Balaji Subramanian from IIFL. Thank you. Please ask your question.

Balaji Subramanian: Hello?

Raghunath Mandava: Hello.

Balaji Subramanian: Hi. So I had three housekeeping question. You have mentioned about a one-off charge in Gabon. So could you please quantify this? And my second question is I can see that the SG&A expenses are up sharply. So is there any one-off over there? And my final question is what has resulted in a marginal decline in EBITDA for East Africa? Thank you.

Raghunath Mandava: OK. So the first question is on Gabon quality of service. We have a quality of service (penalty), which was recognized in this quarter, \$8.7 million. So that's one. The second is SG&A. SG&A is – there is no one-off or anything. SG&A is expenses in line with the revenue increase because SG&A – SG&A is also linked to the customer acquisition. So additional customer acquisition and the revenue increase leads to the increase in SG&A.

Jaideep Paul: As regards to the EBITDA of East Africa, I don't know. Maybe we are seeing some different numbers because June 18, our revenue was \$266 million and our EBITDA was 101 and this quarter ending, we did \$277 million, which is in reported currency of 4 percent or in constant currency at 10 percent growth and our EBITDA has moved from 97 to 113, which is a 16 percent growth in EBITDA. So our EBITDA margin (has gone from) ...

Balaji Subramanian: Sorry. I was referring frequent share moment from 4Q (FY 2019) from the March quarter to the June quarter.

Raghunath Mandava: We'll come back to you (a little later) on this one.

Balaji Subramanian: Thanks a lot. That's it from my side.

Jaideep Paul: Thanks. I'll just come back to you (on the next one).

Operator: For those participants that would like to ask questions, please press star one. No further questions at this time. Please continue.

Raghunath Mandava: If there is no more questions, thank you very much, everyone, for joining this call. We are glad that we've started the year with on a strong note, and we do look forward to catching up with you once again. I do know the start of the summer vacation in London today and some of you have taken special time to be here on this call. Thank you very much once again and look forward to meeting you soon.

Operator: So that does conclude our conference for today. Thank you all for participating. You may all disconnect.