Airtel Africa plc

Quarterly results for the first quarter, ending 30 June 2019

26 July 2019

Key Highlights

- Customer base grew by 9.3% to 99.7 Mn
- Reported revenues increased to $ 795.9 Mn, up 6.9%, with constant currency growth of 10.2%. This was the 6th consecutive quarter of double-digit constant currency growth
- Revenue growth of 10.2% in constant currency was driven by double-digit growth in Nigeria and East Africa, partially offset by a decline in revenue in Rest of Africa
- Growth was recorded across business products. Constant currency revenue in Voice increased by 3.2%, data revenue increased by 35.9% and Mobile Money revenue grew by 41.8%
- Reported underlying EBITDA was $ 347.6 Mn, up 9.7%, while constant currency underlying EBITDA growth was 12.8%
- Underlying EBITDA margin in reported currency was 43.7%, an increase of 111 bps, while there was an increase of 101 bps in constant currency terms
- Free cash flow was $ 102.4 Mn, down 29.2% largely as a result of increased capex for network modernization and rollout of additional sites
- EPS before exceptional items was $ 2.0 cents., down 46.8% largely as a result of an increase in the number of shares. Basic EPS was 4.1 cents

Alternative performance measures					GAAP measures			
Description	Jun-19 $ Mn	Jun-18 $ Mn	Reported Change %	Constant Change %	Description	Jun-19 $ Mn	Jun-18 $ Mn	Reported Change %
Revenue	795.9	744.5	6.9%	10.2%	Revenue	795.9	744.5	6.9%
Underlying EBITDA	347.6	316.9	9.7%	12.8%	Operating Profit	186.2	169.8	9.7%
Underlying EBITDA margin	43.7%	42.6%	111 bps	101 bps	Profit Before Tax	167.4	80.2	108.8%
EPS before exceptional items ($ cents)	2.0	3.8	(46.8%)		Net Income	132.2	150.6	(12.2%)
Free cash flow	102.4	144.5	(29.2%)		Basic Earnings Per Share (EPS)($ cents) (1)	4.1	10.8	(62.2%)

Note: The difference between reported currency and constant currency growth rates is the result of foreign exchange currency movements

(1) *In July 2019, following the announcement of the Initial Public Offering, the company issued 744,047,619 of new shares. If these shares had been issued on 1 April 2019 the eps before exceptional items for the 3 months ended 30 June 2019 would have been approximately $ 1.6 cents*

Raghunath Mandava, Chief Executive Officer, commented on the trading update:

"I am pleased to report a strong start to the financial year, in our first quarterly results since the IPO. These results, which are in line with our expectations, are clear evidence of the effectiveness of our strategy across Voice, Data and Mobile Money. In the quarter, we delivered a 10% increase in revenue in constant currency terms, with even higher underlying EBITDA growth largely as a result of operating leverage and a tight focus on costs which led to underlying EBITDA margin expansion of 101bps.

Voice revenue, our largest business product, was up 3% largely driven by 9% growth in our customer base, now reaching nearly 100 Mn customers across our footprint. Data revenue, our largest contributor to growth, was up 36% as an increasing number of customers relied on our high-quality and high-speed LTE network, resulting in a 79% growth in data usage. Mobile Money revenue, our fastest growing business, increased by 42% as we expanded our distribution reach.

We continued to invest in our 4G network, adding nearly 1,500 sites; now more than half of our sites are 4G. We also continue to prepare for the launch of our Mobile Money business in Nigeria, securing approval of the brand name, an important step as we await approval for our payment service bank license.

The business continues to show momentum and we are confident of delivering sustained growth across Voice, Data and Mobile Money, underpinning our medium-term aspirations for revenue and profit growth."

Key Financial information

Description	UoM	Quarter ended Jun-19	Quarter ended Jun-18	Reported Currency Change %	Constant Currency Change %
Operating KPIs					
Average Revenue Per User (ARPU)	$	2.7	2.7	(2.5%)	0.5%
Total customer base	Mn	99.7	91.2	9.3%	9.3%
P&L Summary					
Revenue	**$ Mn**	**795.9**	**744.5**	**6.9%**	**10.2%**
Expenses	$ Mn	(452.3)	(438.4)	3.2%	6.5%
Underlying EBITDA	**$ Mn**	**347.6**	**316.9**	**9.7%**	**12.8%**
Underlying EBITDA margin	%	43.7%	42.6%	111 bps	101 bps
Depreciation & Amortization	$ Mn	(148.0)	(128.2)	15.4%	19.2%
Operating Exceptional Items	$ Mn	(12.1)	(17.7)	(31.9%)	(34.1%)
Operating Profit (1)	**$ Mn**	**186.2**	**169.8**	**9.7%**	**12.6%**
Net finance costs	$ Mn	(81.5)	(73.9)	10.4%	10.3%
Non-Operating Exceptional Items	$ Mn	62.6	-	0.0%	0.0%
Profit Before Tax(2)	**$ Mn**	**167.4**	**80.2**	**108.8%**	**119.7%**
Tax	$ Mn	(47.7)	(46.0)	3.7%	17.9%
Tax - Exceptional items	$ Mn	13.5	116.3	(88.4%)	(88.4%)
Profit After Tax	**$ Mn**	**132.2**	**150.6**	**(12.2%)**	**(12.2%)**
Non-Controlling Interest	$ Mn	(6.9)	(24.8)	(72.1%)	(72.1%)
Profit attributable to parent company shareholder - pre-Exceptional items	$ Mn	61.8	44.5	38.8%	35.9%
Profit attributable to parent company shareholder	**$ Mn**	**125.3**	**125.8**	**(0.4%)**	**(0.6%)**
Basic Earnings Per Share - pre-exceptional items(3)	$ Cents	2.0	3.8	(46.8%)	
Basic Earnings Per Share	$ Cents	4.1	10.8	(62.2%)	
Weighted Average No of Shares	in Mn	3,081.7	1,167.8	163.9%	

(1) Operating profit included other income of $4 Mn in June 2019 ($ 10 Mn in June 2018)

(2) Profit Before Tax in June 2018 included a $ 16 Mn loss from associates and JV

(3) In July 2019, following the announcement of the Initial Public Offering, the company issued 744,047,619 of new shares. If these shares had been issued on 1 April 2019 the eps before exceptional items for the 3 months ended 30 June 2019 would have been approximately $ 1.6 cents

Financial review for the quarter, ended 30 June 2019

GAAP Measures

Reported revenue increased by 6.9%, as constant currency growth of 10.2% was partially offset by currency devaluation.

Constant currency revenue growth was largely driven by 9% increase in the customer base, to 99.7 Mn, and a broadly stable ARPU at $ 2.7. Double digit revenue growth in Nigeria and East Africa more than offset a revenue decrease in Rest of Africa region. Across products, revenue growth in constant currency was widespread with mobile Voice (+3.2%), Data (+35.9%), and Mobile Money (+41.8%), all delivering growth.

Operating profit increased by 9.7% as revenue growth and broadly stable expenditure more than offset an adverse impact of foreign exchange.

Profit after tax was $ 132.2 Mn, a decrease of 12.2 % compared to the prior year, as growth in operating profit was partially offset by higher finance costs and lower gains on exceptional items.

Basic EPS was $ 4.1 cents, down 62.2%, largely as a result of an increase in the number of shares issued to pre-IPO investors.

Alternative performance measures

Reported underlying EBITDA was $ 347.6 Mn, up 9.7% largely driven by 12.8% constant currency growth, partially offset by currency devaluation. Underlying EBITDA margin was at 43.7%, an improvement of 101 bps as operating efficiencies in network expense and other overheads, more than offset inflation costs and the one-off impact from the quality of service charge in Gabon.

During the quarter, the adverse foreign exchange impact was $ 23 Mn on revenues and $ 9 Mn on underlying EBITDA, largely driven by the devaluation of the Zambian Kwacha, Malawian Kwacha and Central African Franc.

Finance costs increased to $ 81.5 Mn, 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 gains and a 20% decrease in interest costs as a result of lower debt

Tax charge before exceptional items was broadly in line with the prior year. The effective tax rate for the financial year ending 31 March 2020 is expected to be in the range of 30% to 32%.

Exceptional items mainly consisted of a $ 14.0 Mn gain for the recognition of deferred tax assets in Rest of Africa and a $ 72 Mn gain related to the expired indemnity to certain pre-IPO investors as disclosed in the registration document published on 28 May 2019.

Earnings per share before exceptional items was $ 2.0 cents, a decrease of 46.8%, as operating profit growth was more than offset by an increase in number of shares issued to pre-IPO investors and higher finance costs.

Free cash flow was $ 102.4 Mn, down 29.2%, largely as a result of increased capex, due to network modernization and rollout of additional sites, and higher tax payments.

Net Debt as of 30 June 2019 was $ 4,081 Mn, and it did not include $ 670 Mn of IPO proceeds received on 3rd July 2019.

Other significant updates

IPO

On 28 June 2019 the Airtel Africa announced the successful pricing of its Initial Public Offering at 80 pence (NGN 363) per Share (the "Offer Price"). The Offer comprised 744,047,619 new Shares (being the total of 704,819,651 new Shares in respect of the global offer to institutional investors in various jurisdictions outside of Nigeria and 39,227,968 new Shares in respect of the offer to qualified institutional investors and high net worth investors in Nigeria (the "Nigerian Offer"), equating to a total Offer size of approximately £595 million (NGN 270 billion, or $750 million) and representing approximately 19 per cent. of the Company's issued share capital immediately following UK Admission and Nigerian Admission (including the over-allotment option).

Unconditional trading of the Shares commenced on the London Stock Exchange on 3 July 2019 and commenced on the Nigerian Stock Exchange on 9 July 2019.

Earnings call

Management will host a Q&A call today at 9.30am. Details on how to access the call can be found on page 12.

Information on additional KPI

An IR pack with information on additional KPI and balance sheet is available to download on our website at https://airtel.africa/investors

Business review for the quarter, ended 30 June 2019

Description	UoM	Quarter ended Jun-19	Quarter ended Jun-18	Reported Currency Change %	Constant Currency Change %
Nigeria					
Revenue	$ Mn	312.9	256.2	22.2%	22.0%
Underlying EBITDA	$ Mn	166.7	117.5	41.9%	41.7%
Underlying *EBITDA margin*	%	53.3%	45.9%	741 bps	740 bps
Depreciation & Amortization	$ Mn	(44.2)	(41.2)	7.5%	7.3%
Exceptional Item	$ Mn	(1.4)	(13.1)	(89.3%)	(89.3%)
Operating Profit	$ Mn	120.9	63.1	91.6%	91.4%
Capex	$ Mn	53.2	13.8	285.1%	285.1%
Operating Free Cash Flow	$ Mn	113.5	103.7	9.5%	9.3%
East Africa					
Revenue	$ Mn	276.6	265.9	4.0%	9.6%
Underlying EBITDA	$ Mn	110.6	100.7	9.8%	16.3%
Underlying *EBITDA margin*	%	40.0%	37.9%	213 bps	232 bps
Depreciation & Amortization	$ Mn	(59.4)	(60.1)	(1.2%)	4.3%
Exceptional Item	$ Mn	(2.4)	(1.1)	122.6%	133.2%
Operating Profit	$ Mn	48.7	39.4	23.5%	31.2%
Capex	$ Mn	29.8	21.1	41.3%	41.3%
Operating Free Cash Flow	$ Mn	80.8	79.6	1.5%	9.4%
Rest of Africa					
Revenue	$ Mn	208.7	226.8	(8.0%)	(4.0%)
Underlying EBITDA	$ Mn	64.2	85.3	(24.7%)	(22.0%)
Underlying *EBITDA margin*	%	30.8%	37.6%	(683)bps	(708)bps
Depreciation & Amortization	$ Mn	(45.8)	(57.7)	(20.6%)	(17.6%)
Exceptional Item	$ Mn	(5.0)	(0.6)	678.3%	719.2%
Operating Profit	$ Mn	13.4	27.1	(50.3%)	(48.9%)
Capex	$ Mn	14.2	13.8	3.4%	3.4%
Operating Free Cash Flow	$ Mn	50.0	71.5	(30.1%)	(27.0%)

Nigeria

Reported revenue in Nigeria increased by 22.2%, broadly in line with constant currency growth as a result of a stable foreign exchange environment.

Revenue in constant currency was up 22.0%, largely driven by voice and data revenue growth, both up by double digit.

Voice revenue increased 12.7% mainly driven by double digit increase in customer growth, as we continued to leverage our efficient distribution system and leading 4G network to acquire new customers. Data revenue was up 73.1% and it was the largest contributor to revenue growth. Data growth was driven by a 21% increase in customer base and growth in ARPU as a result of the increased penetration of 4G data customers as the business benefited from the roll out of the 4G network. Data revenue in the quarter ended 30 June 2019 accounts for 30% of the Nigeria revenue, compared to 21% in the prior year.

Underlying EBITDA margin in constant currency increased by 7.4 ppts as a result of revenue growth and operating efficiencies in the network expenses and other overheads.

During the quarter, capital expenditure more than doubled, to $ 53.2 Mn, as the business continued to expand and invest in the 4G network, with the number of 4G sites increased fivefold, representing 60% of total sites.

East Africa

Reported revenue in East Africa increased by 4.0%, as constant currency growth of 9.6% was partially compensated by currency devaluation in Zambia and Malawi. Revenue growth of 9.6% in constant currency was driven by widespread growth in all three products: Voice, Data and Mobile Money.

Voice revenue was up 5.0%, largely driven by customer growth and increased usage, while ARPU slowed down due to a decrease in interconnect usage rates in Tanzania, Malawi, Uganda, Zambia.

Data revenue increased by 12.5% driven by increased customer base, ARPU and data usage per customer. The growth is led by the expansion of network infrastructure across countries with 4G sites, accounting for nearly half of the sites for the segment. The affordable "more for more" bundle offerings was another key driver of the 4G data usage growth. Data revenue now accounts for a quarter of total revenue in the segment.

Other revenue increased 17.5% largely driven by a strong performance of Mobile Money and messaging.

Underlying EBITDA margin in constant currency increased by 2.3 ppts as a result of revenue growth and stable operating expenditure driven by operating efficiencies.

During the quarter, capital expenditure increased by 41.3% to $ 29.8 Mn as a result of the investment in the network, with the number of 4G sites doubling and covering 47% of total sites.

Rest of Africa

Performance in Rest of Africa was in line with recent trends and largely driven by continued macro-economic weakness in Niger and the Republic of Congo.

Reported revenue in Rest of Africa declined by 8.0%, as a result of the devaluation of the Central African Franc and constant currency decline of 4.0%.

Data delivered strong growth of 21.2% largely driven by increased data usage with 4G launches in Republic of Congo and Niger, network modernization in the Democratic Republic of Congo and expansion in rural areas.

Data growth was more than offset by a decline in voice revenue, as 3.3% customer growth was impacted by a reduction of interconnect usage charges in Niger, overall market weakness in the Republic of Congo, rate correction in Gabon and usage decline in the Democratic Republic of Congo, as a result of rationalization of night bonus minutes.

Other revenue was flat, as growth in Mobile Money was offset by a decline in the value added services

Underlying EBITDA margin in constant currency decreased by 7.1 ppts as a result of lower revenue and a one-off quality of services charge in Gabon.

During the quarter capital expenditure was $ 14.2 Mn as the business continued to invest in the 4G network, with the number of 4G sites increasing by more than threefold.

Mobile Services:

Description	UoM	Quarter ended Jun-19	Quarter ended Jun-18	Reported Currency Change %	Constant Currency Change %
Revenue	**$ Mn**	**750.0**	**705.1**	**6.4%**	**9.6%**
Underlying EBITDA	$ Mn	309.0	287.1	7.6%	10.6%
Underlying *EBITDA margin*	%	41.2%	40.7%	47 bps	36 bps
Depreciation & Amortization	$ Mn	(147.9)	(157.3)	(6.0%)	(2.8%)
Exceptional Item	$ Mn	(8.8)	(14.8)	(40.6%)	(40.0%)
Operating Profit	$ Mn	152.1	114.9	32.3%	35.2%
Capex	$ Mn	95.6	48.2	98.3%	98.3%
Operating Free Cash Flow	$ Mn	213.4	238.9	(10.7%)	(7.5%)
Mobile voice					
Voice revenue	$ Mn	469.9	469.6	0.1%	3.2%
Customer base	Mn	99.7	91.2	9.3%	9.3%
Voice Average Revenue Per User (ARPU)	$	1.6	1.7	(8.7%)	(5.8%)
Mobile data					
Data revenue	$ Mn	207.1	156.6	32.2%	35.9%
Data customer base	Mn	30.0	26.4	13.7%	13.7%
Data Average Revenue Per User (ARPU)	$	2.3	2.0	13.8%	17.0%

Voice

Voice Revenue in constant currency grew by 3.2% largely driven by customer growth of 9.3% and usage increase of 1.6%. Customer base growth is largely driven by stable churn and expansion of distribution infrastructure.

Voice ARPU decline of 5.8% was largely driven by weakness in Rest of Africa and decrease in interconnect rates across key markets, especially in East Africa which more than offset ARPU growth in Nigeria.

Data

Data Revenue increased 35.9% in constant currency largely driven by double digit customer growth, mainly in Nigeria and East Africa, and 54% increase in usage as a result of LTE network expansion across countries and simplified "more for more" data bundle offerings. Data accounted for 26% of total revenue, up from 21% in the prior quarter.

More than 30% of all customers are recognized as data users as a result of increased smartphone penetration, up 3.2 % to 30.7%, and the expansion of the 3G and 4G network, with more than 11,000 broadband base stations added, and 4G sites now accounting for half of the total sites.

Data ARPU increased by 17.0% mainly driven by an increase of data usage and positive customer mix, as a result of growth in 4G customer coverage.

Mobile Money

Description	UoM	Quarter ended Jun-19	Quarter ended Jun-18	Reported Currency Change%	Constant Currency Change %
Revenue	**$ Mn**	**67.6**	**49.5**	**36.5%**	**41.8%**
Underlying EBITDA	$ Mn	32.5	16.3	99.7%	104.7%
Underlying *EBITDA margin*	%	48.1%	32.9%	1524 bps	1476 bps
Depreciation & Amortization	$ Mn	(1.6)	(1.6)	(3.5%)	(3.3%)
Operating Profit	$ Mn	31.0	14.7	111.3%	116.9%
Capex	$ Mn	1.7	0.5	258.5%	258.5%
Operating Free Cash Flow	$ Mn	30.9	15.8	95.1%	100.1%
Mobile Money					
Transaction value	$ Mn	7,111	5,996	18.6%	24.0%
Active customers	Mn	14.6	11.8	23.6%	23.6%
Mobile Money ARPU	$	1.5	1.4	11.7%	16.0%

Revenue in constant currency in Mobile money grew by 41.8% driven by customer growth of 23.6% and transaction value growth of 24.0%. Growth was largely driven by the expansion of the distribution infrastructure, as the business invested in exclusive kiosks and mobile money branches, up 67% and 200% respectively compared to last year. In addition, expansion of the merchant ecosystem and affordable tariffs has contributed to transaction value growth. ARPU in mobile money increased 16% driven by subscriber growth and higher contribution from PTP and merchant payments.

Mobile Money underlying EBITDA increased by 99.7%, amounting to US 32.5 Mn. The growth was mainly driven by revenue growth supported by an efficient cost structure. Mobile Money underlying EBITDA margin was 48.1%, up from 32.9%.

Glossary

Technical and Industry Terms

KPI	Glossary
ARPU	Average Revenue earned Per User per month, derived by dividing total revenue during the relevant period by the average number of customers and dividing the result by the number of months in the relevant period.
Average Customers	Monthly average customers for the relevant period.
Capex	Non-IFRS measure, defined as investment in gross fixed assets (tangible and intangible) and capital work in progress for the period.
Churn	Total number of disconnections during the relevant period by the average customers, divided by the number of months in the relevant period.
REC Customer Base	Total subscribers that have carried out any revenue generating event in the prior 30 days on a rolling basis either through Voice calls, SMS, Data usage or Mobile Money transaction
Minutes of Usage per subscriber	Total voice minutes of usage on the Group's network during the relevant period divided by the average number of customers during the same period, divided by the number of months in the relevant period
Constant Currency	Exchange rate used to restate the financials in order to derive organic business growth
Data Customer Base	Total subscribers that consumed at least 1MB on the Group's GPRS, 3G or 4G network in the prior 30 days on a rolling basis
Data Usage per Customer	The average data consumption per data subscriber on a per month basis. It is calculated by dividing the total megabytes (MBs) consumed on the Group's network during the relevant period by the average data customer base over the same period, divided by the number of months in the relevant period
Mobile Money Customer Base	Number of customers who have performed a revenue generating transaction on the Mobile Money platform in a rolling 30-day period
Mobile Money Transaction Value	Total value of transactions on the Mobile Money platform during the relevant period
Underlying EBITDA	Non-IFRS measure, defined as profit from operating activities before interest, tax, depreciation, amortization and exceptional items.
Underlying EBITDA Margin	Non-IFRS measure, computed by dividing underlying EBITDA for the relevant period by total revenues for the relevant period.
EBIT	Non-IFRS measure, defined as underlying EBITDA adjusted for depreciation and amortization.
Operating Free Cash Flow	Non-IFRS measure, computed by subtracting Capex from underlying EBITDA.
Profit / (Loss) after current tax expense	Non-IFRS measure, defined as Profit / (Loss) Before Taxation adjusted for current tax expense.
Reported currency	Monthly Exchange rate used to convert operating companies' financial results into USD
Earnings Per Share (EPS)	Net Profit divided by weighted average number of shares

Regulatory & Other terms

3G	Third - Generation Technology
4G	Fourth - Generation Technology
Mn	Million

Alternative performance MEASURES

The Directors believe the following metrics to be the Non-IFRS Measures used by the Group to help evaluate growth trends, establish budgets and assess operational performance and efficiencies. Non-IFRS Measures have inherent limitations as analytical tools and should not be considered in isolation or as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS. The Directors believe that these Non-IFRS Measures, in addition to IFRS measures, provide an enhanced understanding of the Group's results and related trends, therefore increasing transparency and clarity into the core results of the business. The Directors believe the following metrics are useful in evaluating the Group's operating performance:

- Underlying EBITDA;
- Underlying EBITDA Margin;
- Operating Free Cash Flow;
- Free Cash Flow;
- Leverage Ratio;
- Operating Expenditure;
- Profit/(loss) Before Tax.

Each metric is described more fully below.

Underlying EBITDA

The Group defines underlying EBITDA as profit / (loss) for the year before tax (credit) / expense, share of results of associate, non-operating income (net), finance income, finance costs, depreciation and amortisation, charity and donation and adjusted for exceptional items. Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a year to year basis. The Directors view underlying EBITDA as a useful measure because it is used to analyse the Group's and the segments' operating profitability. Underlying EBITDA is the measure used by the Directors to assess the trading performance of the business and is therefore the measure of segment profit that the Group presents under IFRS. Underlying EBITDA is also presented on a consolidated basis because the Directors believe it is important to consider profitability on a basis consistent with that of the Group's operating segments. When presented on a consolidated basis, Underlying EBITDA is a non-IFRS measure.

Underlying EBITDA margin

The Group defines underlying EBITDA Margin as underlying EBITDA divided by total revenue. The Group considers underlying EBITDA Margin to be a meaningful measure to assess operational performance of the business.

Operating Free Cash Flow

The Group defines Operating Free Cash Flow as net cash generated from operating activities before income tax paid, changes in working capital, other non-cash items, non-operating income, charity and donation and exceptional items less capital expenditures. The Group views Operating Free Cash Flow as a key liquidity measure, as it indicates the cash available to pay dividends, repay debt or make further investments in the Group. Operating Free Cash Flow has limitations as an analytical tool. Operating Free Cash Flow does not reflect any restrictions on the transfer of cash and cash equivalents within the Group or any requirement to repay the Group's borrowings and does not take into account cash flows that are available from disposals or the issue of shares. The Directors therefore take such factors into account in addition to free cash flow when determining the resources available for acquisitions and for distribution to shareholders.

Free Cash Flow

The Group defines Free Cash Flow as Operating Free Cash Flow less cash interest and cash tax. The Group views Free Cash Flow as a key liquidity measure, as it indicates cash available to pay the dividends.

Leverage Ratio

The Group defines Leverage Ratio as net debt divided by underlying EBITDA. The Directors view Leverage Ratio to be a meaningful measure to monitor the Group's ability to cover its debt through its earnings. Leverage Ratio has limitations as an analytical tool. Leverage Ratio in isolation provides a limited view of the Group's financial strength and must be looked at in conjunction with other ratios and parameters to obtain a comprehensive view. It also does not, in isolation, adequately reflect the future borrowing needs of the Group to invest in long-term capital intensive growth objectives

Operating Expenditure

The Group defines Operating Expenditure as expenses excluding access charges, depreciation and amortisation, charity and donation and adjusted for exceptional items. The Directors view Operating Expenditure to be a meaningful measure to track the actual cost of the Group's business, excluding exceptional items, as well as to track the efficiency and productivity of the business. Operating Expenditure has limitations as an analytical tool as adjustments made in calculating Operating Expenditure are those that management consider are not representative of the operations of the Group and therefore can be subjective in nature, it does not reflect changes in the Group's cash expenditure or cash requirements for working capital needs and, although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and Operating Expenditure does not reflect cash requirements for such replacements.

Profit / (Loss) Before Tax

The Group defines Profit / (Loss) Before Tax as profit / (loss) for the year adjusted for tax (credit) / expense and exceptional items. The Directors view Profit / (Loss) Before Tax to be a meaningful measure to analyse the Group's profitability. Profit / (Loss) Before Tax has limitations as an analytical tool as it does not include impact of tax (credit) / expense and exceptional items.

Forward looking statements

This document contains certain forward-looking statements, made within the meaning of Section 21E of the United States Securities Exchange Act of 1934, regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates.

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

It is believed that the expectations reflected in this document are reasonable but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated.

Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of competition from illicit trade; the impact of adverse domestic or international legislation and regulation; changes in domestic or international tax laws and rates; adverse litigation and dispute outcomes and the effect of such outcomes on Airtel Africa's financial condition; changes or differences in domestic or international economic or political conditions; the ability to obtain price increases and the impact of price increases on consumer affordability thresholds; adverse decisions by domestic or international regulatory bodies; the impact of market size reduction and consumer down-trading; translational and transactional foreign exchange rate exposure; the impact of serious injury, illness or death in the workplace; the ability to maintain credit ratings; the ability to develop, produce or market new alternative products and to do so profitably; the ability to effectively implement strategic initiatives and actions taken to increase sales growth; the ability to enhance cash generation and pay dividends and changes in the market position, businesses, financial condition, results of operations or prospects of Airtel Africa.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. The forward-looking statements contained in this document reflect the knowledge and information available to Airtel Africa at the date of preparation of this document and Airtel Africa undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements.

Financial data included in this document are presented in US$ rounded to the nearest millions. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding.

About Airtel Africa

Airtel Africa is a leading provider of telecommunications and mobile money services, with a presence in 14 countries in Africa, primarily in East Africa and Central and West Africa.

Airtel Africa offers an integrated suite of telecommunications solutions to its subscribers, including mobile voice and data services as well as mobile money services both nationally and internationally. The Group aims to continue providing a simple and intuitive customer experience through streamlined customer journeys.

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Website: https://airtel.africa/investors

Conference call

The management team will host an analyst and investor conference call at **9:30 AM UK time, on Friday 26 July 2019**, including a Question and Answer session.

In order to participate in conference call, please follow the instruction:

1. In the 10 minutes prior to the start, call the appropriate participant **dial-in number:**
    - Standard International: +44 (0) 2071 928000
    - United Kingdom Freephone: 08003767922
    - United Kingdom Local Call: 08445718892
    - United States: 18669661396
    - United States, New York 16315107495
    - Nigeria, Lagos: 12278975
    - Nigeria, Lagos: 12278750
    - India: 18002666102
    - South Africa, Johannesburg: 0105007996
    - France: 0805103028

2. Provide the operator with the **conference ID 1229477**

Trading update and transcript will be available at: https://airtel.africa/investors