Conference call transcript
Q1 2026 Results

24 July 2025

Operator

Good afternoon, ladies and gentlemen, and welcome to the Airtel Africa Q1 2026 results call. All participants will be in listen-only mode. There will be an opportunity to ask questions later during the conference. If you should need assistance during the call, please signal an operator by pressing * then 0. Please note that this call is being recorded. I would now like to turn the conference over to Sunil Taldar. Please go ahead, sir.

Sunil Taldar

Good afternoon. Welcome and thank you for joining us on today's call. I'm joined on the line by our new CFO Kamal Dua, who as you know, has taken over following Jaideep's retirement after the AGM earlier this month. I want to welcome him to his new role and wish him well as we continue advancing the strategy and delivering value to our shareholders. Alastair Jones, our Head of Investor Relations, also joins us on the call.

We will shortly be answering your questions, but first I would like to provide you with a brief overview of the performance over the last quarter. I'm pleased to report that we have continued to see strong growth across our markets, reflecting our focused strategy, disciplined execution, and resilient business model. I believe the scale of opportunity across the footprint is best captured by the very strong and accelerating constant currency revenue growth of almost 25% and EBITDA growth of almost 33%.

Importantly, we are very encouraged by more stable macro environment, which has resulted in strong reported currency performance. With this backdrop, it gives us increased confidence in the enormous opportunity that is on offer, enabling us to advance digital and financial inclusion to support economic progress across our markets.

Our strategy of providing a great customer experience is at the centre of these results. The continued increase in smartphone penetration to approximately 46% and almost 46 million mobile money customers is testament to our relentless focus on providing a service to our customers that is differentiated and most importantly, reliable. One innovative example of this in action is the rollout of Airtel Spam Alert. It's an AI-powered solution which uses technology to protect our customers from the risk of fraud and drives increased trust. We've seen a very positive customer reaction to this offering, and we will continue to differentiate our services and invest in new capabilities to meet our evolving customer needs.

Smartphone penetration remains low and the significant growth opportunity can only be captured if we consistently enhance our customer proposition. This focused strategy has been underpinned by continued success and cost efficiencies, and the robust capital structure allows us to continue investing in the future to drive further shareholder returns.

Let me now briefly run through the results over the last quarter. Revenue has reached $1.4 billion, which was 24.9% growth in constant currency. This was an acceleration from 23.2% growth in quarter four as the full impact of tariff adjustments in Nigeria came into effect. But importantly, we also saw an acceleration in Francophone revenue growth to 16.4%, reflecting sustained success in our strategy in that region. Given the most stable currencies, this translated into a strong growth of 22.4% in reported currency.

Before discussing our performance across our two main reporting segments, I wanted to highlight our performance on a regional basis in the last quarter, including both mobile services and mobile money. In Nigeria, demand for data services and the impact of tariff adjustments contributed to a very strong 48.9% growth in revenues. In East Africa, revenue growth remained strong at 20.3%, while in Francophone Africa, growth accelerated to 16.4%, as mentioned earlier.

Let me begin by focusing on the performance of the mobile services segment, which continues to show compelling growth rates. Over the year, quarter one revenues increased 23.8% in constant currency and almost 21% in reported currency, another acceleration from the prior period. This level of growth really reflects the continued demand for data services in particular and our ability to capture this inherent demand through strong on-ground execution.

Ensuring a strong distribution network to reach new and existing customers, while continuing to invest in the network is fundamental to driving higher SIM penetration and customer growth. The total customer base reached 169.4 million, up 9%, with data customers of 75.6 million, up 17.4%. Despite the continued expansion of our customer base, ARPU levels continue to rise with ARPU growth of 13.5%. Voice traffic across our network continued to see double- double digit growth, supporting overall voice revenue growth of almost 14% in constant currency.

However, data continues to be a service where demand remains substantial. Data traffic continued to increase, growing 47% as data usage per customer increased 26% to 7.8 gigabytes per month. However, smartphone usage per customer reached 9.6 gigabytes per month, which highlights the overall scale of the data opportunity as smartphone penetration, which remains low at 45.9%, remains a substantial support for the growth overall.

Overall data revenues increased approximately 38% in constant currency. We remain confident that low unique customer penetration levels across our footprint, combined with still very low usage means there remains a long runway for both voice and data revenue growth across all the three regions.

Now onto a very significant growth engine for us, the mobile money business. The mobile money growth story is also very compelling, and this quarter's performance is no exception. In constant currency, revenue growth also accelerated to 30.3%, with 31% growth in reported currency. The unbanked population across the markets provides a unique opportunity for us as we invest in our technology and the range of financial services to drive financial inclusion to support economic growth and transformation.

We have almost 46 million customers using the services, but with almost 170 million GSM customers, this provides a massive captured market to sell these financial services to even more customers. The broadening range of services on offer and our enhanced digital offering will be key to driving continued transaction value on the platform, which reached $162 billion on an annualised value, a growth of 35% and helps sustain continued ARPU growth.

Now coming to overall EBITDA performance, our cost efficiency programme, which we launched a year ago, continues to deliver results. In quarter one, we reported EBITDA margins of 48%, an increase of 45.3% a year ago, and another sequential improvement from 47.3% in the prior quarter. We will continue to focus on additional cost efficiency measures in order to drive EBITDA margin expansion. The cost efficiency measures, continued operating momentum and more stable fuel prices all contributed to 32.7% growth in constant currency EBITDA and approximately 30% growth in reported currency EBITDA to $679 million of EBITDA in the last quarter.

EBITDA margins in Nigeria have returned to very healthy levels of 55.6% with East Africa margins remaining strong at 51.9%. The strong rebound in growth in the Francophone region has also contributed to an improvement in EBITDA margins to 44.2% in the quarter. Below the EBITDA line, our financial results have benefited from more stable currency environment across the region. Given this backdrop and the strong growth across the business, basic earnings per share came in at 3.4 cents during the quarter, up from 0.2 cents in the prior year.

As many of you know, we have been working extensively on our de-dollarisation strategy, which I am pleased to say has been very successful with 95% of our OpCo debt, excluding lease liabilities, now based in local currency. Leverage for the group of 2.2x improved from 2.3x the end of March, but has increased over the last year, primarily as a result of the extension of our tower lease agreements with ATC and IHS, which added approximately $1.3 billion of debt onto our balance sheet.

However, on a lease-adjusted basis, leverage has remained flat at 0.9x YOY, and we continue to see this as a sustainable capital structure. This will allow us to continue investing across our markets with a capex plan for this year remaining intact. And we therefore reiterate our $725 million to $750 million capex guidance for the year. This investment will continue to support the strong levels of growth we enjoy across the continent and will underpin our attractive shareholder return policy.

In May we launched the second tranche of our share buyback, which will return up to $55 million of cash to shareholders. This buyback alongside the consistent dividend policy, once again highlights our commitment to shareholder returns. As you can see, this quarter's performance has resulted in strong growth trends in both the operational KPIs, but also in financial terms.

Very briefly, I thought it worth broadly discussing the key factors that underpin this growth and why we continue to see a very compelling outlook for the investment case. Firstly, we operate across a diverse range of markets with three main factors supporting the growth proposition. First, is the size of the addressable market. We operate across markets with a total population of over 660 million people, growing at 3% annually. Not only is the scale of this is significant, but it's also the age profile of these markets, which will continue to underpin the opportunity. We estimate that by 2030, there will be an additional 77 million people reaching the age of 15 years and older, which will be our customers for the future.

The second is the growth in telecom services. With unique SIM penetration between 40% to 50% and data voice usage remaining low in a global context, the ability to sustain industry leading growth rates in telecom services is encouraging. Smartphone penetration remains low, and this will continue to underpin the strong growth outlook.

And finally, one cannot ignore the vast opportunity that mobile money brings to this group. With over 90% of transactions in cash and 65% to 70% of adults unbanked, the financial services proposition we offer to a young, digitally savvy population is clearly unparalleled and will be another key attribute of our growth proposition. Secondly, our relentless focus on efficiencies and returns will ensure that the flow through of the revenues will continue to drive profitable growth.

And thirdly, our refreshed strategy puts a great customer experience at the centre of everything we do. Without this and the sustained network investments to offer these services, the ability to capture this growth will be compromised. It is this strategy that will be fundamental to the success.

Importantly, in order to ensure sustained value creation for all stakeholders and to be able to achieve these strategic objectives, I'm very pleased with the strong risk management framework we have in place, which is consistently mitigated risks that we face, and our track record is testament to the tireless work we undertake to ensure risks are mitigated. We will maintain this rigorous approach to protect and create value for all stakeholders. And with that, I would now like to open the line for questions for which I am joined by Kamal. Operator, now I hand over to you to facilitate Q&A sessions, please.

Operator

Thank you, sir. Ladies and gentlemen, for those on the conference, if you would like to ask a question, please press * and then 1 now. If you decide to withdraw the question, please press * and then 2. Again, to ask a question, please press * and then 1 now. The first question we have comes from Ganesh Rao of Barclays. Please go ahead.

Ganesh Rao

Thank you for the opportunity. A couple of questions from my side. The first one on the Francophone region. So, you had a very strong growth during the quarter. So, could you please provide some colour on what factors that contributed to this, which countries in the region are driving this? And also, how do you see the momentum for the rest of the year? And my second question is on the EBITDA margin for the group. So, it has been very strong growth. So, how much of this improvement is structural versus temporary factors like the fuel price stability and others? Also, how do you see the margin development for rest of the year? Thank you.

Sunil Taldar

Thank you, Ganesh. Let me respond to your first question first, which is on Francophone. See, if you look at Francophone, our base growth, it's the fastest growing across all our three market segments. So, we've had a very strong base growth of about 11.3% in Francophone markets. We've seen consistent performance in Francophone over the last four quarters. Last year, quarter one, our growth was at about 5.3%. And from there onwards, we've seen consistent improvement in our growth rates, which in my mind is fundamentally because of two reasons.

One is a very clear focus of, our teams have their own strategy and therefore the execution, on-ground execution of delivering great customer experience, acquiring quality customers has led to this kind of base acceleration and also revenue growth. Overall, we've also seen a significant stability in the environment which is driving this growth in the Francophone region.

Lastly, if you ask me, the overall opportunity in Francophone region is very, very compelling, which is also true for overall Africa. We are talking in the context of Francophone. There is a significantly large penetration opportunity that we have in Francophone. You know, overall Africa operates at about, as I said, 40% to 50%. That's the range we have across markets. There are parts of Francophone where the penetration opportunity is actually even larger. So, that's one.

Upgrade is another very, very large opportunity that we have in Francophone and we are seeing this. And that is the reason we are seeing upgrade from 2G to 4G phones, and that's driving growth. And predominantly it's the data consumption which is driving the growth in the Francophone markets. So, given the opportunity that we have, which is very, very compelling, our quality of execution that we have and we continue to make investments behind this growth opportunity, we remain very confident of this trajectory continuing in Francophone markets.

Coming to your question on EBITDA, last year in quarter one, we have launched our cost efficiency programme. And over the years, this cost efficiency programme has consistently delivered results. And we've seen this programme continues to deliver. The margin, if you ask me, is a function of two or three things very broadly, which is what we're seeing this margin improvement. The first is very clearly the cost efficiency programme and the focus on eliminating waste, which is something that we've been doing. And we are very cautious that no growth spend is kind of compromised. It's only eliminating waste, that is one.

The second is we have also seen a more stable macroeconomic environment. The fuel prices have been stable and that seems to be contributing to the overall margin improvement. That in my mind is the second factor. And the third is obviously if we continue to deliver better top-line performance, we're seeing the overall flow-through that's contributing to the margin improvement in the overall business. And it's very difficult to distinguish the impact of the macroeconomic stability and the other factors. But the way we see it, it's a combination of these three factors. Our cost efficiency programme, which continues with even more rigor. The second is the macroeconomic stability and then continued progression on our overall top line growth which is contributing.

Ganesh Rao

Thank you.

Operator

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

Rohit Modi

Thank you for the opportunity and congratulations on a great set of results. Three from my side. Firstly, in Nigeria, on the elasticity, we have seen the voice usage per customer has declined this quarter. Certainly, the growth has declined over quarters, but this quarter it has actually declined as a negative growth. But on the other hand, data actually grew significantly compared to last quarter. If you can give a bit more colour, if it's like the elasticity that is impacting the voice, or it's the shift due to VoIP and higher smartphone penetration that's moving. So, a bit more colour on the voice elasticity there.

Second, again on margins, particularly on Nigeria, you clearly have a bit of a benefit coming from the tariffs. If you can just give more colour that the existing levels are kind of a run rate that you see going forward during this year or you see there could be a further chance of improvement given there's elasticity, you might see higher revenue growth and there could be a bit of shift in the margins as well.

And lastly, just a colour in terms of your currently your capacity to upstream cash from Nigeria, I believe there was a negative equity on the balance sheet that you that you indicated last year. Has that changed or do you think that will be changed this year and that will mean you can pull more cash to the HoldCo? Will that change your capital allocation policy in terms of shareholder returns? That would be great.

Sunil Taldar

Okay. Thanks, Rohit. I will try and answer the first three questions that you asked and then I will hand over to Kamal to talk about the Nigeria equity question that you raise. Let me first talk about the Nigeria performance. See, this is the first full quarter of the price adjustment, impact of the price adjustment that we saw in the Nigeria results. Overall, we are pleased with the operating performance of the business. If you look at the demand for our service it continues to remain strong in Nigeria, which is reflected in the overall consumption story that the way it has played out.

As you pointed out, there is a slight degradation, reduction in consumption that we've seen on the voice side. See, what happens is whenever you see a price adjustment of about 40% to 50%, there is some amount of degrading of consumption that we see across categories, which is something that we've seen even in Nigeria. And normally this migration happens predominantly towards the lower end of the market. And this is an over a period of time, the market normally recovers. It's something that we've seen in the past, which is exactly what we said last quarter on the call to say, we will need a little more time to be able to understand how the market takes the overall price adjustment. But by and large, the price adjustments has gone well.

To your point on, is the consumption moving to VoIP? It's too early for us to draw that conclusion because it's only been three months. On the data side, there is, we've seen a very healthy growth of data consumption per customer, which also is contributing to the upgrade to the smartphones that we're seeing very aggressive upgrade to smartphone that we're seeing happening in the Nigerian market.

So overall, what I would say is it's too early for us to draw a conclusion that there's a shift to VoIP. Overall demand remains strong. Nigeria remains a very, very large opportunity. We are actually very encouraged by the first quarter results and overall, the way the consumption has played out. There are big opportunities that make investments in Nigeria favourable. In addition to the mobile side, the B2B and home broadband remains very, very attractive opportunities for us in Nigeria.

Because of the overall stable currency environment and the positive macroeconomic environment as well, we've seen the margin expansion also in Nigeria. The margin expansion in Nigeria, in my mind, once again, is an outcome of effectiveness of our cost optimisation initiatives, relative stability in macroeconomic factors, as well as flow through from tariff adjustments, which is what seemed to have helped us. And that's the way I would say how the margin story has played out. On the equity question, I will hand over to Kamal to address your question on the Nigerian equity.

Kamal Dua

Yeah, thanks. Thanks, Sunil. See, in Nigeria, we have seen the massive devaluation in the last few years, we all are aware of it, which has actually resulted the retained earnings of Nigeria to negative. This year we certainly are not seeing that retained earnings to become positive. I don't think before 18 to 24 months we'll reach that state. It means the upstreaming from Nigeria, yes, would be a challenge. But we operate in a diverse portfolio, a diverse profitable portfolio. I would like to say that. And we continue to upstream despite that we've not been able to upstream much amount from Nigeria. Healthy cash from our OpCos at a HoldCo level. And at this stage we do not see there is any need for changing our capital allocation or we are in a process to change our capital allocation principles. So, we maintain our progressive dividend policies and the capital allocation principles which has been communicated earlier. Thank you.

Sunil Taldar

Just one more point. There is another question that you asked on margin expansion going forward. While we do not give any guidance on future, however, we constantly look for opportunities for margin expansion across all of our markets, not just only in Nigeria. And as I said, our cost efficiency programme continues. There's a lot of rigor there, and this is to be led by both cost efficiencies and strong revenue growth that we are pursuing across the markets and definitely for Nigeria.

Kamal Dua

Yeah, and subject to the stabilisation of the macroeconomic environment, yes, we should see this as a new baseline for Nigeria margins.

Rohit Modi

Very clear. Thank you.

Operator

Thank you. The next question we have comes from Cesar Tiron of Bank of America. Please go ahead.

Cesar Tiron

Yes. Hi. Thanks for the questions and taking my questions and for the call. I have three if that's okay. I wanted to ask, the first one would be on FinTech in Nigeria. Can we please get an update on the opportunity that you are seeing in that market for FinTech? Second, I wanted to ask about the margins in Nigeria. Obviously, you've highlighted the very strong operating leverage and cost cutting, etc. Do you think these margins have peaked at this level and can they remain at these levels? Or do you think there was anything exceptional in nature in the margin? And then the third one was really on the capex. Can you please explain why it was so low this quarter? I mean, I've seen that you've reiterated the fuller guidance, but just wanted to understand better why it was so low this quarter. Thank you so much.

Sunil Taldar

Okay, thank you. So, let me first address your first question on FinTech performance. I am assuming your question is specific to Nigeria. In Nigeria, it is a well-developed FinTech market, compared to many other markets. In Nigeria, this is a relatively better developed market. Our priority remains to acquire a decent customer base before we start to monetise them. Hence, we continue to focus on expanding customer base and keep on building the very wide ecosystem required for monetisation.

So, as I said, the first is to acquire customers. We have about 1.5 million active customers in Nigeria. In terms of the service to these customers, in terms of agent network that is required for customer acquisition and for float and cash supply in the market, we have close to about 100,000 active agents at the end of June 2025. In terms of transaction value in constant currency, it has increased 3.6x YOY.

Now, in terms of where we are going to make money, the take rate in Nigeria is relatively low, which is 0.4% to 0.5% compared to 0.6% to 0.8% that we have in the other markets. But it's a very large opportunity and we have many potential customers. What we believe is we have a right to win in this market. We have an existing relationship with about 56, 58 million customers in Nigeria who are happy with our overall service levels and they continue to give us decent revenues. What we are also doing, probably because I touched upon to say, it's a very well-developed FinTech market. We are now building digital use cases to participate aggressively in this market. So, whether it is launching a virtual card, whether it's providing other use cases, bill payments, savings bank account. So, making sure all those needs for the customers are met and they're able to transact on our platform and we meet all the requirements. This is predominantly in the urban markets, which is where the other FinTech or the banking apps are strong. And we want to make sure that our digital capabilities are marked to market. And that's where the focus is.

The second is we leverage our existing relationship with our customers in the rural markets or semi-urban markets and the strength of and leverage the strength of our GTM. And we are very, very positive about it and we see this as a large opportunity. And we definitely have a right to win in this market. And I keep saying this, that Nigeria is taking its time, but given the strength of this market, the size of the opportunity in this market, it's only a matter of time when we hit the inflection rate and we will see acceleration of growth in Nigeria. It remains a very, very large and attractive opportunity for us.

Commenting on the margin expansion in Nigeria, which is very similar to the question that I just answered. It's subject to the macroeconomic stability. We continue to chase margin expansion opportunities in Nigeria. There are three pillars to it. One is definitely our cost efficiency programme, which is something that we are pursuing. The second is continuing to drive very strong revenue growth. And finally, if the overall economic environment remains stable and strong, no reason why we should not see further margin expansion.

On your question on capex, which is the third question that you asked, our capex guideline for the year is $725 million to $750 million. And we are absolutely committed to this guidance. And the lower capex in quarter one is largely due to some timing gap. If you look at even in the past, our quarter one capex has been relatively low. It's only a timing gap. We should pick this up going forward in quarter two, quarter three. But our guidance for the year remains $725 million to $750 million. That's our range.

Cesar Tiron

Thank you so much for your help. Thank you.

Operator

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

Madhvendra Singh

Yes, hi. Thanks for taking my question. I have got two questions. First on just if you could give any update on your mobile money IPO process, where you are. Are you on track? If you could share potential timelines for that, by when do you expect to get it listed? And then part of the same question is in terms of potential listing locations. What criteria are you looking at? Whether you have the specific parameters you want to focus on. So, that would be quite helpful.

And then secondly, on the operations performance in Nigeria, of course, the growth was quite strong in first quarter. I wonder, do you think the full impact of the price hike is already reflected in the growth, or do you see more has to come through in the next quarter or so? So, could we see further acceleration actually in the revenue trends in Nigeria? And then finally on your Francophone performance, would you be able to say with this improved performance, the soft patch we had in Francophone, that is well behind us now and going forward we should expect this performance to continue? Thank you.

Sunil Taldar

Thank you very much. Let me first address the mobile money question. Let me give you a full context on the mobile money IPO. See, first of all, if you look at our mobile money business, it is a very strong business with a very strong track record of 30% growth over the years. It's a very profitable business and the future opportunity in business is very, very large. So, we are very, very positive about this business. It's a great business to have.

The right strategic path for this business is the IPO. And this is something that we are absolutely committed towards. And we are working towards the guidance that we had given in the last quarter of listing this business by middle of calendar year 2026. And that's what we are working towards at this point in time. So, from a timeline point of view, that's what I would like to say.

In terms of location, we continue to evaluate all major listing venues. And we will provide further updates to the market regarding the selected venue and the advisors in due course, as and when we have more clarity around this one. But the minority stakeholders are fully engaged in the process. They're aware of it, and we are working towards this IPO. So, that's one update that I want to provide on the mobile money.

Your second question on Nigeria, where you're saying the tariff adjustment, has it been fully implemented or not? See what we have done is, we have implemented the maximum cap that has been allowed by the regulator, which is 50%. However, the entire increase will not flow through on revenue growth since the reduction in consumption by the customers will have some impact. This is some reflection that we have seen in the reduction in the voice consumption.

Having said that, so to answer your question, the entire pricing, whatever was allowed, price adjustment was allowed to us, has been passed on. Going forward, we should continue to see our focus on acquiring more customers, making sure that we deliver a great experience to them, continue to upgrade our customers from 2G phones to 4G phones, and then drive consumption. Look at other areas of growth, which is home broadband, B2B. All these are opportunities for Nigeria to continue to drive growth in one very large market and a huge opportunity that we have in Nigeria.

On Francophone, which is your other question, is the soft patch. See, what I will say on Francophone is we've seen consistent improvement in our performance in Francophone, and it's a very large opportunity. There is no reason for us to go back to the 4% or 5% growth that we saw in the first quarter of last year. We continue to make investments. We are building significant capability to be able to serve our customers better, both in our network as well as in the go-to-market. And we remain very confident of the opportunity that we have in front of all markets.

Madhvendra Singh

Thank you.

Operator

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

John Karidis

Thank you very much. First of all, Kamal, the best of luck to you in your new role. I have two questions, please. The first one is, could you advise us of any spectrum license renewals that we should be anticipating over the next few quarters? And then secondly, my question has to do with home broadband and B2B. To what extent is your work in these adjacent markets helping your financials now? And aside from saying that the opportunity is huge, is there anything you can say to help us think of how much or to what extent this work might help your financials, say, two or three years from now, and which geographies are likely to benefit the most? Thank you.

Sunil Taldar

Thank you. What I will do is let me take the second question first on home broadband and B2B and then I will hand over to Kamal to answer your first question on spectrum license renewal. See, if you look at home broadband and B2B, these are both opportunities that we had called out when we refreshed our strategy in the beginning of this last year. And both these opportunities are very large opportunities.

Home broadband, for example, is close to about 30 million households and growing opportunity across our footprint. And this opportunity is something that we are working towards. It's a function of two or three things that we need to build. One is our network. And what we are looking at is serving this opportunity through both fixed wireless access and fibre. And this is a little bit of a long gestation, and that's the work that we are doing right now to making sure that we build capability in our business, make the right investments, identify the right location, so that we are able to convert our investments into revenue quickly. So, that's from a network and a global market capabilities is something that we're developing right now.

The second is on B2B. B2B is another big opportunity. So, one is the connectivity that we sell, and that's something that’s an existing revenue that we have. It's not that we're starting from a zero base. There is a business that we do in B2B and it's a decent size, well-performing business for us. But the future opportunity is the ICT solutions that we need to provide, and we are developing those solutions right now. And we will share more colour and detail when we start to call out these segments separately.

The third is we see a significant opportunity in the data centre, because as you know, Africa will not be left behind, I'm sure, because the data consumption overall is on the rise. And we see the entire AI wave to further create opportunities in this segment for us. And on the data centre side, we've already announced three data centres. The one we announced about a year ago, more than a year ago, which was in Nigeria. At this point in time, it's the largest data centre that is being announced in Nigeria. The construction work is on. We announced the second data centre, which is in Kenya, and the third data centre in DRC. For both these data centres, the land acquisition is complete and it can move to the next phase of construction. So, as I said, right now, because we do not provide a separate segment of revenue numbers for home broadband and on B2B, in the future we definitely will start calling, but at the appropriate time, and we'll share more numbers.

But we see these as opportunities. We have a question on whether this will be more towards a few markets or across the footprint. When we look at this opportunity, we see this opportunity across our entire footprint. The size and magnitude of this opportunity will definitely differ between one market and the other. But home broadband is one opportunity we are seeing across the entire footprint. And so is also for B2B. And that's the reason this entire capacity and capability that we need to build to service both these segments is an enormous amount of work that we are doing across our all 14 markets. I will now hand over to Kamal to address your question on the spectrum license renewal.

Kamal Dua

Yeah, thanks. Thanks, Sunil. So, this financial year nothing has been coming up for renewal in terms of either the spectrum or the license across our 14 countries. I think there's some spectrum in Nigeria which has been coming up for renewals next year, I think mid of next year. So, that eventually we have to get it renewed. Having said that, spectrum is the fuel for this business for the real growth. We'll keep on looking for strengthening our spectrum portfolio wherever the need will arise to enhance our data capacities. But in the next two years, I think Nigeria is an example where the license or the spectrum is going to be renewed. And after two years, Kenya has also come up for the renewals for the license spectrum.

John Karidis

Thank you both very much.

Operator

Thank you, sir. The next question we have comes from Tracy Kivunyu of SBG Securities. Please go ahead. Tracy, your line is live. Apologies. It seems that we can't hear Tracy. The next question we have comes from Linet Muriungi of Absa. Please go ahead.

Linet Muriungi

Thank you, gentlemen, and congratulations on the strong set of performance. Two questions for me, please. First, could you please give a breakdown of the tariff increment in Nigeria? Have you fully implemented the full 50%

increment, or will you stagger the increment over the next three quarters in FY25? And the second question is tied to the partnership with Starlink. Could you please give more colour on this? Will Starlink have access to Airtel Africa's data centres in all the nine markets it has licenses in? And how will the revenue generation structure look like for Airtel Africa? Thank you.

Sunil Taldar

Thank you very much for those questions. First let me just answer your first question on Nigeria pricing. As I said before, we have implemented the full extent of price adjustment that we were offered on in Nigeria. In terms of impact at a consolidated group level, Nigeria pricing will have contributed to circa 3.5% of the overall growth in the business. So, that is one thing on the, on Nigeria pricing.

On your second question on Starlink, our arrangement with Starlink is broadly on three areas. First and foremost, Starlink has received license to operate in nine out of the 14 geographies that we operate in. And our agreement with Starlink is around three areas. The first is to sell connectivity to our B2B customers. And that's something that we are going to start very, very soon. The second is this entire agreement that we have with Starlink will help us in our backhauling or transmission capabilities, especially when we have to connect our sites in remote locations or expand network coverage in remote locations. And that's a huge benefit that we get out of this arrangement that we have with Starlink.

And finally, on our connectivity when it comes to international gateways across borders to build redundancy to be able to service our customers better is the third benefit that we derive out of this arrangement that we have with Starlink. So therefore, what we are achieving with Starlink is primarily three or four things. First and foremost is speed to market to expand our coverage, and that should benefit us at an overall level. Improved customer experience because we will build resilient networks wherever there is redundancy is not adequate, or we do not have enough redundancy. And finally, is cost efficiency because fibre becomes very, very expensive when it comes to remote areas. So, these are some of the benefits that come out of the Starlink agreement that we have. And those are some of the problems that we are trying to solve with this. And we will go in market execution very soon.

Now, coming to your question on will Starlink have access to our data centre? That will be a revenue line for us and we are talking to Starlink wherever they need capacity, wherever they need our help. That's something that these are conversations which are still on. But at this point in time, we'll not be able to give any further guidance or colour to this, but this is an opportunity that we continue to discuss.

Linet Muriungi

Awesome. Thank you.

Operator

Thank you. The next question we have comes from Samuel Gbadebo of CardinalStone Securities. Please go ahead.

Samuel Gbadebo

Thank you for this opportunity to ask questions. I'm just going to be asking just two if you permit me. The first one would be on your 4G population coverage. Based on your Q1 numbers, it currently stands at 74.7%. So, I'm just trying to ask for what your medium target is and how we should think about any form of incremental returns on future site rollouts. The next one will now be with the NCC's new NIN verification framework, which is now active, has there been any form of customer friction or churn risk, and is it going to materially affect any form of compliance cost? Those are my questions.

Sunil Taldar

I'm assuming the second question is with respect to Nigeria.

Samiel Gbadebo

Yes, it is.

Sunil Taldar

So, let me address your first question which is on 4G coverage. See, you called out our 4G coverage at about 74.7% or 75%. If you look at our overall sites, almost all of our sites today are 4G sites. And going forward, that remains our focus to say, as we expand our coverage, we have not only a voice, but also data coverage. And this is the approach that we've taken as we expand our network. So, annually, we deploy anywhere between 2,500 to 3,000 sites, which is what our historical average is. And that continues to remain. Now, some of that will go into coverage expansion. Some of those sites will go into infill sites, which is plugging either the coverage holes or capacity requirements in our existing network. So, but you know, every site that goes in today goes with a 4G sites, with a

4G coverage. So, that remains our focus to drive both voice as well as data revenue and service and needs of our customers for both voice and data.

Coming to your question on Nigeria NIN requirements that we have. See, NIMC has instructed all MNOs to migrate their customers to the new authentication system and have stop the new customer registration on the old system. And this is something that we are also following. The way we see it is actually it because it's coming from NCC or it's coming from NIMC, they're only trying to make the process even smoother for onboarding the customers and make it more robust.

Because if you look at the recent past, almost all the actions that have been taken by NCC have been in the direction to make sure that our quality of customer acquisition is fool proof. And it's not only for Airtel, but entire industry acquires quality customers and onboards them smoothly. So, we are following that. One is we know that the underlying intent and what the NCC is trying to achieve is this. We are in line with whatever the instructions that we have received from NIMC and whatever be the impact, which I do not think should be material, but you know time will tell us as the system is in the implementation phase.

But whatever be the impact, the impact is not just specific to Airtel, but it is applicable for the entire industry as well. Right now, we are in the process of discussing with the regulator to complete the migration process. And we may have some teething issues, but I don't think it should be material. And therefore, we should be able to continue to onboard and acquire customers as we've done in the past.

Operator

Thank you very much, sir. Our final question comes from Tracy Kivunyu of SBG Securities. Please go ahead.

Tracy Kivunyu

Thank you very much. I have three questions. Maybe I'll just start with a follow-up to the answer on NIMC news status on upgrading the customer registration process. So, did that by any chance affect the level of subscription acquisition in Nigeria? Because there was an odd 200K to 300K customers which seemed slow for the quarter in terms of acquisition. So, what was the driver behind that?

And then second, an update on East Africa EBITDA margins, if you will. Why are we still seeing some weakness in terms of EBITDA margin performance and when do you expect that to resolve? And my last question is on the MoMo margins contraction as well. It was written in the release that there's been a higher spend in marketing. I just wanted to understand if that was primarily towards the Nigeria OpCo or it was for across the Airtel money strategy across all OpCos. Thanks.

Sunil Taldar

Thank you very much. So, first let me answer your question on Nigeria, the NIMC question that you asked. As we move to the new system or as NIMC moves to the new system, there was a pause that was imposed by the regulator on acquisition towards the end of June. And as we speak, we are in the process of restarting the acquisitions. And this is, as I said, an impact on the entire industry, not only specific to Airtel. So, the impact of this, as I said, this has been done with the intent of making sure that our quality of acquisition is even more stronger, and onboarding process is even more stronger and onboarding process is even more smoother.

Once the system is rolled out is when we will know if there is any impact on the overall customer acquisition. And whatever will be the impact, it will be an impact to the overall industry and not specific to Airtel. But we should be able to resolve this very soon. This was for about 20 days this acquisition got impacted.

Coming to your question on EBITDA margin in East Africa. In Q1 2026, the East Africa mobile services EBITDA margin declined by 55 basis points YOY and 73 basis points in constant currency. It's just primarily impacted by rising fuel prices and poor grid availability in some of our markets, resulting into increased fuel consumption in few of our markets, coupled with some inflationary pressures.

Other than that, there is nothing, because I'm sure you've read Zambia has experienced one of the most severe droughts over the last about a year or so. That's leading to higher fuel consumption. That has impacted the overall margin progression. But if you look at the overall margin, it remains still pretty healthy in East Africa.

Coming to your question on margins on Airtel Money. If you look at the margins on Airtel Money, they are very healthy. This margin that has remained stable is primarily because we've stepped up our growth spends, which is what you also alluded to, are these marketing spends. So, we have stepped up our growth spends because it's healthy margin business, significant opportunity for us to acquire customers and then upgrade them to different use cases. That's where the focus is. And that's the reason we're seeing a lower margin progression on Airtel Money.

Tracy Kivunyu

Thank you very much.

Operator

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

Sunil Taldar

I would like to thank you all for joining this call and I look forward to speaking to you again and hopefully meeting with many of you later this year. Thank you. Thank you once again.

Operator

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

END OF TRANSCRIPT