Airtel Africa plc

Results for quarter ended 30 June 2021

29 July 2021

A strong financial and operational performance, with further improvement in revenue growth trends

Highlights

- Q1'22 Reported revenue grew by 30.7% to $1,112m, with constant currency growth of 33.1%. Revenue growth partially benefitted from a weakened quarter in the prior year during the peak of Covid-19 restrictions across the region. Even after adjusting for these effects, revenue growth rates for the Group, service segments and reporting regions were all ahead of Q4'21 trends.
- Strong revenue growth was recorded across all regions: Nigeria up 38.2%, East Africa up 32.8% and Francophone Africa up 24.9%; and across key services, with revenues for voice up 26.0%, data up 37.4% and mobile money up 53.7%.
- Underlying EBITDA grew by 42.4% to $534m in reported currency, while constant currency growth was 46.2%.
- Underlying EBITDA margin was 48.0%, an increase of 396 basis points (increase of 428 basis points in constant currency) led by both revenue growth and improved operational efficiencies.
- Operating profit was $352m, up 67.6% in reported currency and 73.9% in constant currency.
- Profit after tax more than doubled to $142m, up 148.7%, largely due to the higher operating profits along with stable net finance costs which more than offset the increase in tax charges due to increased profits.
- Basic EPS was 3.3 cents, an increase of 200%, as a result of higher profit and stable finance costs and foreign exchange. EPS before exceptional items was 3.2 cents.
- Operating free cash flow (underlying EBITDA less capex) was $428m, up 38.7%.
- Customer base grew by 8.4% to 120.8 million, with increased penetration across mobile data (customer base up 14.8%) and mobile money services (customer base up 24.6%). The slowdown in customer base growth was due to new SIM registration regulations in Nigeria; excluding Nigeria the customer base grew by 15.9%.

Alternative performance measures [1] (Quarter ended)					**GAAP measures (Quarter ended)**			
Description	**June-21 $m**	**June-20 $m**	**Reported currency change %**	**Constant currency change %**	**Description**	**June-21 $m**	**June-20 $m**	**Reported currency change %**
Revenue	1,112	851	30.7%	33.1%	Revenue	1,112	851	30.7%
Underlying EBITDA	534	375	42.4%	46.2%	Operating profit	352	210	67.6%
Underlying EBITDA margin	48.0%	44.1%	396 bps	428 bps	Profit before tax	259	111	132.4%
EPS before exceptional items (cents)	3.2	1.0	216.1%		Profit after tax	142	57	148.7%
Operating free cash flow	428	309	38.7%		Basic EPS (cents)	3.3	1.1	200.0%

[1] *Alternative performance measures (APM) are described on page 14.*

Raghunath Mandava, chief executive officer, on the trading update:

"Our Q1'22 results have been very strong, with reported growth of 30.7% in revenue and 42.4% in underlying EBITDA, with constant currency growth of 33.1% and 46.2% respectively. Q1 of last year was impacted by the start of Covid, but even after adjusting for these effects, our Q1'22 revenue growth rates for the Group, service segments and reporting regions were all ahead of Q4'21 trends.

We have posted strong double-digit growth across voice (26.0%), data (37.4%) and mobile money (53.7%), and across all our regions.

Sub-Saharan Africa is now experiencing a third wave of the pandemic. Governments are implementing balanced measures of lockdowns and restrictions. But vaccinations levels remain very low. In these challenging times our business model has so far proven resilient, but we continue to monitor the situation closely for the potential impact on local economies and consumers.

Our total customer base has returned to growth with acceleration in our East Africa and Francophone regions and despite continuing negative net additions in Nigeria. With the easing of these restrictions in late April we have since been able to gradually increase locations for activations in line with regulatory compliance across Nigeria, and we have begun adding new customers.

Our continued focus on modernisation and rollout of our network, along with simplifying our products and improving our distribution, have all helped us to make handsome gains on our ARPUs across voice, data and mobile money. Our robust operating model and solid execution should enable us to continue our profitable growth.

We continue to see huge potential across voice, data and mobile money due to the low penetration levels in Africa, as we continue to partner the nations in bridging the digital divide and enhancing financial inclusion. We remain committed to continue to efficiently and effectively deliver services that help to improve the lives, communities and economies we serve."

Airtel Africa plc ("Airtel Africa" or "Group") results for the quarter ended 30 June 2021 are unaudited and in the opinion of management, include all adjustments necessary for the fair presentation of the results of the same period. The financial information has been prepared based on International Accounting Standard 34 (IAS 34) issued by the International Accounting Standards Board (IASB) approved for use in the UK by the UK Accounting Standards Endorsement Board (UKEB) and apply the same accounting policies, presentation and methods of calculation as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2021 except to the extent required/ prescribed by IAS 34. This report should be read in conjunction with audited consolidated financial statements and related notes for the year ended 31 March 2021. The comparative information has been drawn based on Airtel Africa plc's Audited Consolidated Financial Statements for the year ended 31 March 2021. Comparative quarterly information is drawn from unaudited IAS 34 financials of respective quarters. All comparatives and references to the 'prior period' or 'previous period' in this report are for the reported metrics for the quarter ended 30 June 2020.

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 telecoms solutions to its subscribers, including mobile voice and data services as well as mobile money services, both nationally and internationally. We aim to continue providing a simple and intuitive customer experience through streamlined customer journeys.

Simon O'Hara
Group Company Secretary

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Conference call

The management team will host an analyst and investor conference call at 12:00pm UK time (BST), on Thursday 29 July 2021, including a Question and Answer session.

To receive an invitation with the dial in numbers to participate in the conference call, please register before the event using the following link:

https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=5445815&linkSecurityString=914c16fb6

Key financial information

Description	Unit of measure	Quarter ended June-21	June-20	Reported currency change %	Constant currency change %
<u>**Profit and loss summary**</u>					
Revenue [1]	**$m**	**1,112**	**851**	**30.7%**	**33.1%**
Voice revenue	$m	562	454	23.8%	26.0%
Data revenue	$m	356	265	34.5%	37.4%
Mobile money revenue [2]	$m	124	81	52.8%	53.7%
Other revenue	$m	98	78	26.6%	28.6%
Expenses	$m	(581)	(479)	21.3%	22.9%
Underlying EBITDA [3]	**$m**	**534**	**375**	**42.4%**	**46.2%**
Underlying EBITDA margin	%	48.0%	44.1%	396 bps	428 bps
Depreciation and amortization	$m	(182)	(161)	12.6%	13.8%
Operating exceptional items	$m	-	-	0.0%	0.0%
Operating profit [4]	**$m**	**352**	**210**	**67.6%**	**73.9%**
Net finance costs	$m	(97)	(99)	(1.2%)	
Non-operating exceptional items [5]	$m	4	-	0.0%	
Profit before tax	**$m**	**259**	**111**	**132.4%**	
Tax	$m	(117)	(61)	91.2%	
Tax - exceptional items	$m	-	7	(100.0%)	
Total tax charge	$m	(117)	(54)	114.9%	
Profit after tax [6]	**$m**	**142**	**57**	**148.7%**	
Non-controlling interest	$m	(17)	(15)	11.6%	
Profit attributable to owners of the company - before exceptional items	$m	121	38	215.8%	
Profit attributable to owners of the company	**$m**	**125**	**42**	**199.7%**	
EPS - before exceptional items	cents	3.2	1.0	216.1%	
Basic EPS	cents	3.3	1.1	200.0%	
Weighted average no of shares	million	3,755	3,758	(0.1%)	
Capex	$m	106	66	59.9%	
Operating free cash flow	$m	428	309	38.7%	
Net debt	$m	3,536	3,425		
Leverage (net debt to underlying EBITDA)	times	1.8x	2.2x		
Return on capital employed	%	18.3%	13.9%	4.3%	
Operating KPIs					
ARPU	$	3.1	2.6	20.6%	22.9%
Total customer base	million	120.8	111.5	8.4%	
Data customer base	million	42.4	37.0	14.8%	
Mobile money customer base	million	23.1	18.5	24.6%	

(1) Revenue includes intra-segment eliminations of $28m for the quarter ended 30 June 2021 and $26m for the prior period.
(2) Mobile money revenue post intra-segment eliminations with mobile services was $96m for the quarter ended 30 June 2021, and $55m for the prior period.
(3) Underlying EBITDA includes other income of $3.5m for the quarter ended 30 June 2021 and $3.3m for the prior period.
(4) Operating profit includes $3.5m CSR (Corporate Social Responsibility) expense in the prior period.
(5) Non-operating exceptional items in the quarter ended 30 June 2021 include a gain of $4m from the profit on the sale of towers in Rwanda.
(6) Profit after tax increase was largely due to higher operating profit more than offsetting the increase in tax charges.

Financial review for the quarter ended 30 June 2021

Our continued focus on execution of our strategy has helped us to deliver another strong set of results for Q1'22. Our revenue growth was more than 30% in reported currency, with constant currency growth of 33.1%, with a strong performance across both our regional segments and our key services. Revenue growth for the quarter partially benefitted from a weakened performance in the first quarter of the prior year during the peak period of Covid-19 related restrictions across the region. Even after adjusting for these effects, our revenue growth rates were ahead of Q4'21 trends for the Group, and across all service segments and reporting regions.

Regionally, revenue in Nigeria grew by 38.2%, in East Africa by 32.8% and in Francophone Africa by 24.9%.

By service segment, mobile services revenue grew by 29.8% in constant currency (27.4% in reported currency), with voice revenue up 26.0%, and data revenue up 37.4%; and mobile money services revenue grew by 53.7% (52.8% in reported currency).

Net finance costs were broadly stable. Tax charges increased by $62m due to higher operating profit, a one-time tax charge and withholding tax on dividends by subsidiaries, with the prior period also benefitting from deferred tax credit recognition.

Basic EPS and EPS before exceptional items significantly improved to 3.3 cents and 3.2 cents respectively, with higher operating profits more than offsetting the increased tax and broadly stable net finance cost and minority interest.

Leverage also improved year on year, to 1.8x at 30 June 2021 from 2.2x at 30 June 2020, despite investing $247m of intangible capex renewing licences in two of our largest markets, Nigeria and Uganda, and acquiring additional spectrum. The increase in underlying EBITDA more than offset the increase in net debt.

GAAP measures

Revenue

Revenue grew by 30.7% to $1,112m in reported currency, driven by constant currency growth of 33.1% partially offset by currency devaluations, mainly in the Nigerian naira (6%) and Zambian kwacha (24.2%), in turn partially offset by appreciation in the Central African franc (6.6%) and Ugandan shilling (5.3%). Revenue growth for the quarter partially benefitted from a weakened performance in the first quarter of the prior year during the peak period of Covid-19 related restrictions across the region**.**

Operating profit

Operating profit increased by 67.6% to $352m in reported currency, due to a combination of strong revenue growth and improvements in operating efficiency. In constant currency operating profit grew by 73.9%.

Net finance costs

Net finance costs were broadly stable in the period. Effective interest rate increased to 5.0% from 4.7% in the prior year largely as a result of reduction in foreign currency debt and increase in local currency OpCo debt, however interest charges were broadly stable due to lower market debt and slightly higher interest income.

Taxation

Total tax charges increased by $62m, to $117m. The $62m increase in tax charges was due to higher operating profit, a one-time tax case settlement charge of $9m in one of our operating markets and higher withholding tax of $4m on dividends by subsidiaries. The prior period also benefited from the recognition of deferred tax credit of $7m in Tanzania.

Profit after tax

Profit after tax was $142m, a 148.7% increase on the $57m of the prior period. This increase was largely due to higher operating profits along with stable net finance costs, which more than offset the increase in tax charges due to increased profits.

Basic EPS

Basic EPS was 3.3 cents, up from 1.1 cents in the prior period. This increase was mainly due to higher operating profits which more than offset the increased tax charges from higher profits. Net finance cost and minority interest were broadly stable.

Alternative performance measures[1]

Revenue

Constant currency revenue growth of 33.1% was driven by the customer base growth of 8.4% to 120.8 million, and ARPU growth of 22.9%. The slowdown in customer base growth was due to new SIM registration regulations in Nigeria; excluding Nigeria, our customer base grew by 15.9%. The overall ARPU growth of 22.9% was driven by all service segments; with voice contributing 8.7%, data 8.3%, mobile money 4.0%, and the balance coming from other revenue.

Revenue growth was recorded across all our regions. Revenue in Nigeria grew by 38.2%, in East Africa by 32.8% and in Francophone Africa by 24.9%.

Revenue in each of our service segments grew by more than 25%. Revenue for voice grew by 26.0%, for data by 37.4%, and for mobile money by 53.7% (all in constant currency).

Revenue growth for the quarter partially benefitted from a weakened performance in the first quarter of the prior year during the peak period of Covid-19 related restrictions across the region**.** Even after adjusting for this, revenue growth rates were ahead of Q4'21 trends for the Group, and across all reporting regions and service segments.

Underlying EBITDA

Underlying EBITDA was $534m, an increase of 42.4% in reported currency and 46.2% in constant currency. The growth in underlying EBITDA was driven by revenue growth of 33.1% (in constant currency) and improved operating efficiency. The underlying EBITDA margin was 48.0%, an improvement of 396 basis points in reported currency and 428 basis points in constant currency.

Foreign exchange had an adverse impact of $14.3m on revenue and $8.9m on underlying EBITDA, reflecting currency devaluations, mainly the Nigerian naira and Zambian kwacha, partially offset by appreciation in the Central African franc and Ugandan shilling.

Tax

The effective tax rate was 39.1% compared to 49.7% in the prior period, largely a result of profit mix changes amongst the OpCos. The effective tax rate is higher than the weighted average statutory corporate tax rate of approximately 33%, largely due to the profit mix between various OpCos and higher withholding tax on dividends by subsidiaries.

Exceptional items

An exceptional gain of $4m was recorded in the quarter ended 30 June 2021 in respect of a profit on the sale of towers in Rwanda. The exceptional gain of $7m in the prior period related to a deferred tax credit recognition in Tanzania.

EPS before exceptional items

EPS before exceptional items for the quarter was 3.2 cents, up from 1.0 cent in the prior period. This increase was mainly due to higher operating profits which more than offset the increased tax charges from higher profits. Net finance cost and minority interest were broadly stable.

Operating free cash flow

Operating free cash flow was $428m, up 38.7% on the prior period, due to higher underlying EBITDA more than offsetting increased capital expenditure. Prior period capital expenditure was lower due to logistical challenges faced during the pandemic.

Leverage

Leverage (net debt to underlying EBITDA) improved year on year, to 1.8x at 30 June 2021 from 2.2x at 30 June 2020, despite investing $247m of intangible capex to renew licences in two of our largest markets, Nigeria and Uganda, and acquiring additional spectrum across a few of our markets. The increase in underlying EBITDA more than offset the increase in net debt.

[1] *Alternative performance measures (APM) are described on page 14.*

Other significant updates

Sale of towers in Tanzania

In June 2021, Airtel Africa signed a deal for the sale of the tower portfolio belonging to Airtel Tanzania to a joint venture company owned by a wholly owned subsidiary of SBA Communications Corporation, a leading global independent owner and operator of wireless communications infrastructure, as majority owner, and by Paradigm Infrastructure Limited, a UK company focused on developing, owning and operating shared passive wireless infrastructure in selected growth markets.

The tower portfolio in Airtel Tanzania comprises approximately 1,400 towers which form part of the Group's wireless telecommunications infrastructure network. Under the terms of the transaction, the Group's subsidiary, Airtel Tanzania plc, will continue to develop, maintain and operate its equipment on the towers under a separate lease arrangement with the purchaser.

The consideration for the transaction is approximately $175m of which approximately $157.5m is payable on the first closing date (expected to take place in the second half of the Group's current financial year), with the balance payable in instalments upon the completion of the transfer of any remaining towers to the purchaser. Around $60m from the proceeds will be used to invest in network and sales infrastructure in Tanzania and for distribution to the Government of Tanzania, as per the settlement described in the Airtel Africa IPO Prospectus document published in June 2019. The balance of the proceeds will be used to reduce debt at Group level.

New SIM registration rules in Nigeria

As previously highlighted, following a directive issued by the Nigerian Communications Commission (NCC) on 7 December 2020 to all Nigerian telecom operators, Airtel Nigeria has been working with the government to ensure that all our subscribers provide their valid National Identification Numbers (NINs) to update SIM registration records.

Initially, new customer acquisitions were barred until significant progress had been made on linking the active customer base with verified NINs. Natural churn in the customer base led to a loss of 2.0 million active mobile customers in Nigeria in the first quarter of the year (following on from 2.5 million customer loss in the final quarter of the year to 31 March 2021), however, the financial impact has been minimal, with continued revenue growth, due largely to the significantly lower ARPU of the churned base and increased usage by the active base. In April, the NCC announced that it would allow new customer enrolment to recommence from certified outlets (a branch or kiosk where customers can sign up to Airtel). Airtel Nigeria has so far received approvals for over 2,100 outlets and new customer registrations have recommenced in those outlets accordingly. The NCC also issued a further directive in April with the effect that no individual customers can register more than four SIM cards under one NIN on any network.

The original regulatory directive set an initial deadline for customers to register their NIN with their SIM of 30 December 2020. This was subsequently moved several times with the latest deadline set for 31 October 2021.

We have made significant progress on capturing existing NINs and building the database in collaboration with National Identity Management Commission (NIMC). To date, out of Airtel Nigeria's 40.9 million active customers, we have collated NIN information for over 25.0 million active mobile customers. To complete the registration process, we must also verify the NIN information we have received from our subscribers with the NIMC.

For the still significant proportion of the population, and our customers, that do not have a NIN we have opened enrolment centres in collaboration with the NIMC and we are in the process of rolling out thousands of devices to further NIN enrolment. We continue to work closely with the government to ensure full compliance.

Refinancing

In April 2021, Airtel Africa agreed a new $500m loan facility with a group of relationship banks.

The new committed facility consists of a combination of a revolving credit facility and term loans with tenor of up to 4 years. The facility was used to partially refinance the Group's €750m euro denominated bond due 20 May 2021. The balance of the euro denominated bond was repaid with existing Group cash to reduce gross debt and associated interest costs.

The new loan facility further strengthens the core liquidity of the Group. It also has prepayment flexibilities that allow the Group to optimise the efficiency of its capital structure with the free cash flows and cash receipts anticipated over the next 12 months following the recent announcements related to tower sales and mobile money minority investments.

New shareholding requirements in Kenya

On 9 April 2021, the Minister for ICT published an amendment to the National Information Communications and Technology (ICT) Policy Guidelines, 2020 (ICT Policy). The ICT Policy amendment will affect Airtel Africa's Kenya business as follows:

- Airtel Networks Kenya Limited, which currently holds an indefinite exemption from the Minister for ICT, dated 20 March 2013, has three years with effect from 9 April 2021 to comply with the requirement to have a 30% local shareholding.
- Airtel Money Kenya Limited, which holds a Content Service Provider Licence from the Communications Authority of Kenya, with effect from November 2020, has three years from the date of the licence to comply with the requirement to have a 30% local shareholding.

Under the amended ICT policy, a licensee may apply to the ICT Minister for an extension of time to comply with the requirement, or to obtain an exemption.

Appointment of new CEO, and other senior executive changes

On 29 April 2021, Airtel Africa announced that Olusegun "Segun" Ogunsanya, managing director and chief executive officer Airtel Nigeria is to succeed Raghunath "Raghu" Mandava, as managing director and chief executive officer following Raghu Mandava's informing the Board of his intention to retire. Segun Ogunsanya will join the Board of Airtel Africa plc with effect from 1 October 2021.

Segun Ogunsanya joined Airtel Africa in 2012 as managing director and chief executive officer Airtel Nigeria and has been responsible for the overall management of our operations in Nigeria, our largest market in Africa. Segun has more than 25 years' business management experience in banking, consumer goods and telecoms. Before joining Airtel in 2012, Segun held leadership roles at Coca-Cola in Ghana, Nigeria, and Kenya (as managing director and chief executive officer). He has also been the managing director of Nigerian Bottling Company Ltd (Coca-Cola Hellenic owned) and Group head of retail banking operations at Ecobank Transnational Inc, covering 28 countries in Africa. He is an electronics engineer and also a chartered accountant.

Raghu Mandava will be retiring as managing director and chief executive officer, as a director of Airtel Africa plc and as a member of the Market Disclosure Committee on 30 September 2021. Arrangements have been made to ensure a smooth transition of responsibilities. Following his cessation of employment at Airtel Africa, Mr. Mandava will be available to advise the Chairman, the Airtel Africa Board and the newly appointed managing director and chief executive officer for a 9-month period.

Jaideep Paul, chief financial officer, was appointed as an executive director and joined the Board of Airtel Africa plc with effect from 1 June 2021.

Information on additional KPIs

An investor relations pack with information on the additional KPIs and balance sheet is available to download on our website at airtel.africa/investors.

Financial review for the quarter ended 30 June 2021

Nigeria

Description	Unit of measure	Quarter ended			
		June-21	June-20	Reported currency change %	Constant currency change %
Summarised statement of operations					
Revenue	**$m**	**445**	**341**	**30.5%**	**38.2%**
Voice revenue	$m	238	197	20.8%	28.0%
Data revenue	$m	171	122	40.5%	48.8%
Other revenue [1]	$m	36	22	61.4%	70.9%
Underlying EBITDA	**$m**	**246**	**182**	**35.3%**	**43.3%**
Underlying EBITDA margin	%	55.2%	53.3%	195 bps	195 bps
Depreciation and amortisation	$m	(63)	(52)	20.8%	28.0%
Exceptional item	$m	-	-	0.0%	0.0%
Operating profit	**$m**	**183**	**130**	**41.2%**	**49.5%**
Capex	$m	49	30	60.4%	60.4%
Operating free cash flow	$m	197	152	30.0%	39.6%
Operating KPIs					
ARPU	$	3.6	2.7	31.9%	39.7%
Total customer base	million	40.9	42.5	(3.9%)	
Data customer base	million	17.8	17.3	2.5%	

(1) Other revenue includes inter-segment revenue of $0.5m in the quarter ended 30 June 2021. Excluding inter-segment revenue, other revenue was $35m in the quarter ended 30 June 2021.

Reported currency revenue grew by 30.5%, with constant currency revenue growth of 38.2% offset by Nigerian naira devaluation of 6% (YoY). Revenue growth for the quarter partially benefitted from a weakened performance in the first quarter of the prior year during the peak period of Covid-19 related restrictions in Nigeria**.** Even after adjusting for this, revenue growth rates were ahead of Q4'21 trends. Overall ARPU in Nigeria grew by 39.7%, driven by a 17% growth contribution from voice, 18% from data and the balance from other revenue.

Voice revenue grew by 28.0%, driven by voice ARPU growth of 29.3% from an identical increase in voice usage per customer. The customer base decline of 1.6 million from the prior period, and 1.1 million in the quarter, was due to the implementation of the new "Know-Your-Customer" (KYC) requirements in Nigeria which had included a temporary halt to new customer activations. New activations have been permitted in regulatory approved outlets since the end of April 2021.

Data revenue grew by 48.8% in constant currency, driven by data ARPU growth of 41.5%, supported by a 42.2% increase in data consumption per customer (to 3.8 GB per month from 2.7 GB per month), combined with data customer base growth of 2.5%. The customer base growth was driven by expansion of our 4G network, with 87.3% of total sites now on 4G, and an increase in smartphone penetration. Data customer penetration increased by 2.7 percentage points to 43.5% compared with previous period. Data revenue accounted for 38.5% of total revenue in the quarter, up 2.7 percentage points from 35.7% in the prior period. The 4G data customer base now contributes to 40.2% of the total data customer base with a total data usage contribution of 69%, up from 57.9% in prior period.

Other revenue grew by 70.9%, with the main contribution coming from the growth in value added services revenue, led by airtime credit services.

Underlying EBITDA was $246m, up by 35.3% in reported currency, with a constant currency growth of 43.3%. Underlying EBITDA margin was at 55.2%, an increase of 195 basis points in both reported and constant currency. The margin expansion was due to improvements in operational efficiency.

Capital expenditure was $49m, 60.4% higher than the prior period due to the logistical challenges faced earlier in the pandemic. Operating free cash flow was $197m, up 39.6%, due to expansion of the underlying EBITDA marginally offset by higher capital expenditure.

East Africa[1]

Description	Unit of measure	Quarter ended			
		June-21	June-20	Reported currency change %	Constant currency change %
Summarised statement of operations					
Revenue [2]	**$m**	**394**	**305**	**29.5%**	**32.8%**
Voice revenue	$m	178	143	24.8%	27.8%
Data revenue	$m	105	86	22.6%	25.3%
Mobile money revenue [4]	$m	91	58	57.6%	62.4%
Other revenue [3]	$m	38	35	8.5%	10.9%
Underlying EBITDA	**$m**	**184**	**129**	**42.5%**	**45.7%**
Underlying EBITDA margin	%	46.6%	42.4%	425 bps	414 bps
Depreciation and amortisation	$m	(58)	(53)	8.5%	10.4%
Exceptional item	$m	-	-	0.0%	0.0%
Operating profit [5]	**$m**	**126**	**74**	**69.7%**	**74.1%**
Capex	$m	33	19	70.6%	70.6%
Operating free cash flow	$m	151	110	37.6%	41.2%
Operating KPIs					
ARPU	$	2.4	2.1	15.3%	18.2%
Total customer base	million	55.4	48.8	13.6%	
Data customer base	million	17.3	14.0	23.2%	
Mobile money customer base	million	19.2	15.5	23.9%	

(1) The East Africa business region includes Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia.

(2) Revenue includes intra-segment eliminations of $18m for the quarter ended 30 June 2021 and $17m for the quarter ended 30 June 2020.

(3) Other revenue includes inter-segment revenue of $1.3m in the quarter ended 30 June 2021. Excluding inter-segment revenue, other revenue was $37m in the quarter ended 30 June 2021.

(4) Mobile money revenue post intra-segment eliminations with mobile services was $73m for the quarter ended 30 June 2021 and $41m for the prior period.

(5) Operating profit includes CSR (Corporate social responsibility) expense of $1.5m in the prior period.

East Africa continued to deliver a strong set of results, with reported currency revenue growth of 29.5%. In constant currency, revenue growth was 32.8% with strong contributions across all service segments; voice revenue growing by 27.8%, data revenue by 25.3% and mobile money revenue by 62.4%. Reported currency revenue growth reflects the strong constant currency revenue growth partially offset by currency devaluation, mainly in Zambia and Malawi, while the Ugandan shilling appreciated. Revenue growth for the quarter partially benefitted from a weakened performance in the first quarter of the prior year during the peak period of Covid-19 related restrictions across the region. Even after adjusting for this, revenue growth rates were slightly ahead of Q4’21 trends.

Voice revenue grew by 27.8%, driven by customer base growth of 13.6% and voice ARPU growth of 13.8%. The customer base growth was driven largely by the expansion of our network coverage and distribution network. Voice ARPU growth was driven largely by the increase in voice usage per customer of 7.5%, to 335 minutes per customer per month in Q1’22.

Data revenue grew by 25.3%, mainly driven by data customer base growth of 23.2% and data ARPU growth of 2.0%. The customer base growth was supported by the expansion of our 4G network infrastructure, with almost 80% of sites now on 4G in East Africa, compared with 68% during the prior period. Data ARPU growth was driven by an increase in usage per customer of 13.2%, reaching 3.0 GB per customer per month from 2.6 GB in the prior period. The 4G data customer base now contributes 34.5% of the total data customer base, with a total data usage contribution of 56.8%, up from 43.4% in previous period.

Mobile money revenue grew by 62.4%, largely driven by growth in Tanzania, Zambia, Uganda and Malawi. Revenue growth was driven by both customer base growth of 23.9% and ARPU growth of 34.5%, due largely to expansion of our distribution network. Mobile money ARPU growth was driven by the 39.3% growth in transaction value per customer (from $131 per customer per month to $176 per customer per month). Mobile money revenue accounted for 23.2% of total revenue in the quarter, up 4.2 percentage points from 19.0% in the prior period.

Underlying EBITDA margin was 46.6%, an improvement of 425 basis points in reported currency and 414 basis points in constant currency, led by both accelerated growth in revenue and efficiency improvements in operating expenses.

Capital expenditure was $33m, up 70.6% on the prior period due to planned network expansion. Operating free cash flow was $151m, up 41.2% due to the growth in underlying EBITDA.

Francophone Africa[1]

Description	Unit of measure	Quarter ended			
		June-21	June-20	Reported currency change %	Constant currency change %
Summarised statement of operations					
Revenue [2]	**$m**	**276**	**209**	**31.6%**	**24.9%**
Voice revenue	$m	146	117	25.2%	18.7%
Data revenue	$m	80	57	39.4%	32.1%
Mobile money revenue [3]	$m	33	23	41.3%	34.1%
Other revenue	$m	26	21	22.4%	17.9%
Underlying EBITDA	**$m**	**111**	**74**	**51.0%**	**44.2%**
Underlying EBITDA margin	%	40.3%	35.1%	520 bps	541 bps
Depreciation and amortisation	$m	(53)	(48)	9.0%	3.6%
Exceptional item	$m	-	-	0.0%	0.0%
Operating profit [4]	**$m**	**58**	**25**	**138.4%**	**129.0%**
Capex	$m	21	16	33.3%	33.3%
Operating free cash flow	$m	90	58	56.0%	47.1%
Operating KPIs					
ARPU	$	3.9	3.5	11.0%	5.4%
Total customer base	million	24.5	20.2	21.5%	
Data customer base	million	7.4	5.6	31.6%	
Mobile money customer base	million	3.9	3.0	28.4%	

(1) The Francophone Africa business region includes Chad, Democratic Republic of the Congo, Gabon, Madagascar, Niger, Republic of the Congo, and The Seychelles.

(2) Revenue includes intra-segment eliminations of $10m for the quarter ended 30 June 2021 and $9.6m for the quarter ended 30 June 2020.

(3) Mobile money revenue post intra-segment eliminations with mobile services was $23m in the quarter ended 30 June 2021 and $14m in the quarter ended 30 June 2020.

(4) Operating profit includes CSR (Corporate Social Responsibility) expense of $0.7m in the quarter ended 30 June 2020.

Francophone Africa has delivered another strong business performance, with the highest reported currency revenue growth of the regions at 31.6%. In constant currency revenue growth was 24.9%. The reported currency revenue growth is higher than in constant currency due to appreciation of the Central African franc. All the Francophone Africa OpCos delivered positive revenue growth. Revenue growth for the quarter partially benefitted from a weakened performance in the first quarter of the prior year during the peak period of Covid-19 related restrictions across the region**.** Even after adjusting for this, revenue growth rates were ahead of Q4'21 trends.

Voice revenue grew by 18.7% in constant currency mainly driven by the customer base growth of 21.5%. Total voice minutes on the network grew by 32.2% due to increased voice usage per customer (up 11.5%) and customer base growth.

Data revenue grew by 32.1% in constant currency, driven by customer growth of 31.6%. Data usage per customer increased 23.2% to 2.3 GB per customer per month, from 1.8 GB per customer per month in the prior period. The data customer base growth was driven largely by the expansion of our 4G network, with 60% of total sites now on 4G, and adoption of our "more for more" bundle offerings, up 18.4%. The 4G data customer base now contributes 40% to the total data customer base, with a total data usage contribution of 61.5%, up from 49.2% in the prior period.

Mobile money revenue grew by 34.1%, largely driven by a 28.4% increase in the mobile money customer base, supported by the expansion of our distribution network through more agents and Airtel Money branches.

Underlying EBITDA margin was 40.3% during the period, an improvement of 520 basis points in reported currency and 541 basis points in constant currency, driven by revenue growth and increased efficiency in operating expenses.

Capital expenditure was $21m, higher by 33.3%. Operating free cash flow was $90m, up 47.1%, due to the improvement in underlying EBITDA.

Mobile services

Description	Unit of measure	Quarter ended			
		June-21	June-20	Reported currency change %	Constant currency change %
Summarised statement of operations					
Revenue [1]	**$m**	**1,018**	**799**	**27.4%**	**29.8%**
Underlying EBITDA	$m	481	345	39.3%	43.2%
Underlying EBITDA margin	%	47.2%	43.2%	402 bps	443 bps
Depreciation and amortisation	$m	(171)	(151)	13.0%	14.2%
Operating exceptional items	$m	-	-	0%	0.0%
Operating profit [2]	$m	310	192	61.5%	68.4%
Capex	$m	100	64	55.7%	55.7%
Operating free cash flow	$m	381	281	35.5%	40.3%
Operating KPIs					
Mobile voice					
Voice revenue	$m	562	454	23.8%	26.0%
Customer base	million	120.8	111.5	8.4%	
Voice ARPU	$	1.6	1.4	14.2%	16.3%
Mobile data					
Data revenue	$m	356	265	34.5%	37.4%
Data customer base	million	42.4	37.0	14.8%	
Data ARPU	$	2.9	2.5	16.0%	18.5%

(1) Mobile service revenue after intersegment eliminations was $1,016m in the quarter ended 30 June 2021 and $798m in the quarter ended 30 June 2020.
(2) Operating profit includes CSR (Corporate Social Responsibility) expense of $2.3m in prior period.

Mobile services revenue grew by 27.4% in reported currency with constant currency growth of 29.8%, and both voice and data revenue contributing to the growth. Revenue growth for the quarter partially benefitted from a weakened performance in the first quarter of the prior year during the peak period of Covid-19 related restrictions across the region**.** Even after adjusting for this, revenue growth rates were ahead of Q4'21 trends.

Voice revenue increased 26.0% in constant currency, driven by customer base growth of 8.4% and voice ARPU growth of 16.3%. The customer base growth was driven by expansion of the distribution network and network infrastructure. The slowdown in customer base growth of recent quarters has been due to the new SIM registration regulations in Nigeria. Excluding Nigeria, the rest of the customer base grew by 15.9%. Since the end of April activations have recommenced in regulatory approved outlets across Nigeria. Voice ARPU growth was driven by an increase in voice usage per customer of 14.3% to 249 minutes per customer per month, resulting in overall minutes growth of 23.8%.

Data revenue grew by 37.4% in constant currency, largely driven by growth in the data customer base of 14.8% and data ARPU growth of 18.5%. The data customer base growth was driven by expansion of our 4G network infrastructure, with 79.4% of sites now operating on 4G, compared with 66.7% in the prior period, and increased smartphone penetration, up almost 1 percentage point. The data customer base as a proportion of total customers reached 35.1%, an increase of 2 percentage points. The data ARPU growth of 18.5% was driven largely by the increase in data consumption per customer, up 26.7% to 3.2 GB per month (from 2.5 GB per month). Growing penetration of 4G helped to drive the data ARPU growth. The 4G data customer base now contributes 37.9% to the total data customer base, with a total data usage contribution from 4G of 63.6%, up from 51.2% in previous period.

Data revenue contribution reached 32.1% of total Group revenue in the quarter, up from 31.1% in the prior period.

Mobile money

Description	Unit of measure	Quarter ended			
		June-21	June-20	Reported currency change %	Constant currency change %
Summarised statement of operations					
Revenue [1]	**$m**	**124**	**81**	**52.8%**	**53.7%**
Underlying EBITDA	$m	60	39	53.5%	53.3%
Underlying EBITDA margin	%	48.8%	48.5%	24 bps	(12) bps
Depreciation and amortisation	$m	(3)	(3)	0.2%	(1.2%)
Operating profit	$m	57	36	57.9%	57.6%
Capex	$m	3	2	85.4%	85.4%
Operating free cash flow	$m	57	37	52.4%	51.2%
Operating KPIs					
Mobile money key KPIs					
Transaction value	$m	14,651	9,007	62.7%	64.4%
Active customers	million	23.1	18.5	24.6%	
Mobile money ARPU	$	1.8	1.5	24.7%	25.4%

(1) Mobile money service revenue post inter-segment eliminations with mobile services was $96m in the quarter ended 30 June 2021 and $55m in the quarter ended 30 June 2020.

Mobile money revenue grew by 52.8% to $124m in reported currency. In constant currency mobile money revenue grew 53.7%. Revenue growth for the quarter partially benefitted from a weakened comparative in the first quarter of the prior year due to Covid-19 restrictions and waiver of charges on certain transactions in a few markets to support those economies. Even after adjusting for these effects, the revenue growth rate was ahead of the Q4’21 trend. The Q1’22 constant currency revenue growth of 53.7% was driven by 24.6% growth of the customer base and 25.4% growth in ARPU, led by transaction value per customer growth of 34.2%. The customer base growth was largely driven by expansion of our distribution network, as we continued to invest in exclusive kiosks and mobile money branches. The expansion of our mobile money product portfolio, through partnerships with leading financial institutions, and the expansion of our merchant ecosystem further strengthened our mobile money propositions.

Underlying EBITDA for mobile money grew by 53.5% to $60m in reported currency. In constant currency, underlying EBITDA grew by 53.3%. Underlying EBITDA margin was 48.8%, an improvement of 24 basis points in reported currency, while in constant currency the underlying EBITDA margin dropped by 12 basis points. The total transaction value grew by 64.4% in constant currency, driven by customer base growth and growth in the transaction value per customer per month of 34.2% (to $217 per month in Q1’22). The Q1’22 annualised transaction value reached $58.3bn in constant currency, with mobile money revenue contributing 11.1% of total revenue in the quarter.

The mobile money customer base reached 23.1 million at 30 June 2021, up 24.6% from the prior period, with 19.1% of our total customer base now Airtel Money customers, an increase of 2.5 percentage points. Mobile money ARPU grew by 25.4%, driven by the increase in transaction values and a higher contribution from merchant payments, cash transactions, P2P transfers and mobile services recharges through Airtel Money.

Forward looking statements

This document contains certain forward-looking statements 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.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual future financial condition, performance and results to differ materially from the plans, goals, expectations and results expressed in the forward-looking statements and other financial and/or statistical data within this communication.

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.

No statement in this communication is intended to be, nor should be construed as, a profit forecast or a profit estimate and no statement in this communication should be interpreted to mean that earnings per share of Airtel Africa plc for the current or any future financial periods would necessarily match, exceed or be lower than the historical published earnings per share of Airtel Africa plc.

Financial data included in this document are presented in US dollars rounded to the nearest million. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding. The percentages included in the tables throughout the document are based on numbers calculated to the nearest $1,000 and therefore minor rounding differences may result in the tables. Growth metrics are provided on a constant currency basis unless otherwise stated. The Group has presented certain financial information on a constant currency basis. This is calculated by translating the results for the current financial year and prior financial year at a fixed 'constant currency' exchange rate, which is done to measure the organic performance of the Group. Growth rates for our reporting regions and service segments are provided in constant currency as this better represents the underlying performance of the business.

Alternative performance measures (APMs)

Introduction

In the reporting of financial information, the directors have adopted various APMs. These measures are not defined by International Financial Reporting Standards (IFRS) and therefore may not be directly comparable with other companies APMs, including those in the Group's industry.

APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

Purpose

The directors believe that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group.

APMs are also used to enhance the comparability of information between reporting periods and geographical units (such as like-for-like sales), by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance. Consequently, APMs are used by the directors and management for performance analysis, planning, reporting and incentive-setting purposes.

The directors believe the following metrics to be the APMs used by the Group to help evaluate growth trends, establish budgets and assess operational performance and efficiencies. These 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 following metrics are useful in evaluating the Group's operating performance:

APM	Closest equivalent IFRS measure	Adjustment to reconcile to IFRS measure	Definition and purpose
Underlying EBITDA and margin	Operating profit	• Depreciation and amortisation • Charity and donation • Exceptional items	The Group defines underlying EBITDA as operating profit/ (loss) for the period before depreciation and amortisation, charity and donation and adjusted for exceptional items. Group defines underlying EBITDA margin as underlying EBITDA divided by total revenue. Underlying EBITDA and margin are measures used by the directors to assess the trading performance of the business and are therefore the measure of segment profit that the Group presents under IFRS. Underlying EBITDA and margin are 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 and margin are APM. Depreciation and amortisation is a non-cash item which fluctuates depending on the timing of capital investment and useful economic life. Directors believe that a measure which removes this volatility improves comparability of the Group's results period on period and hence is adjusted to arrive at underlying EBITDA and margin. Charity and donations are not related to the trading performance of the Group and hence adjusted to arrive at underlying EBITDA and margin. 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 period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying EBITDA and margin.
Underlying profit / (loss) before tax	Profit / (loss) before tax	• Exceptional items	The Group defines underlying profit / (loss) before tax as profit/ (loss) before tax adjusted for exceptional items. The directors view underlying profit / (loss) before tax to be a meaningful measure to analyse the Group's profitability. 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 period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying profit / (loss) before tax.

APM	Closest equivalent IFRS measure	Adjustment to reconcile to IFRS measure	Definition and purpose
Effective tax rate	Reported tax rate	• Exceptional items • Foreign exchange rate movements • One-off tax impact of prior period, tax litigation settlement and impact of tax on permanent differences	The Group defines effective tax rate as reported tax rate (reported tax charge divided by reported profit before tax) adjusted for exceptional items, foreign exchange rate movements and one-off tax items of prior period adjustment, tax settlements and impact of permanent differences on tax. This provides an indication of the current on-going tax rate across the Group. 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 period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at effective tax rate. Foreign exchange rate movements are specific items that are non-tax deductible in few of the entities which are loss making and where DTA is not yet triggered and hence are considered to hinder comparison of the Group's effective tax rate on a period-to-period basis and therefore excluded to arrive at effective tax rate. One-off tax impact on account of prior period adjustment, any tax litigation settlement and tax impact on permanent differences are additional specific items that because of their size and frequency in the results, are considered to hinder comparison of the Group's effective tax rate on a period-to-period basis.
Underlying profit/(loss) after tax	Profit/(loss) for the period	• Exceptional items	The Group defines underlying profit / (loss) after tax as profit / (loss) for the period adjusted for exceptional items. The directors view underlying profit / (loss) after tax to be a meaningful measure to analyse the Group's profitability. 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 period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying profit/(loss) after tax.
Earnings per share before exceptional items	EPS	• Exceptional items	The Group defines earnings per share before exceptional items as profit/ (loss) for the period before exceptional items attributable to owners of the company divided by the weighted average number of ordinary shares in issue during the financial period. This measure reflects the earnings per share before exceptional items for each share unit of the company. 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 period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at earnings for the purpose of earnings per share before exceptional items.
Operating free cash flow	Cash generated from operating activities	• Income tax paid • Changes in working capital • Other non-cash items • Non-operating income • Charity and donation • Exceptional items • Capital expenditures	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.

APM	Closest equivalent IFRS measure	Adjustment to reconcile to IFRS measure	Definition and purpose
Net debt and leverage ratio	No direct equivalent	• Borrowing • Lease liabilities • Cash and cash equivalent • Term deposits with banks • Fair value hedges	The Group defines net debt as borrowings including lease liabilities less cash and cash equivalents, term deposits with banks, processing costs related to borrowings and fair value hedge adjustments. The Group defines leverage ratio as net debt divided by underlying EBITDA. The directors view net debt and the leverage ratio to be meaningful measures to monitor the Group's ability to cover its debt through its earnings.
Return on capital employed	No direct equivalent	• Exceptional items to arrive at underlying EBIT	Group defines return on capital employed ('ROCE') as underlying EBIT divided by average capital employed. The directors view return on capital employed as a financial ratio that measures the Group's profitability and the efficiency with which its capital is being utilised. The Group defines underlying EBIT as operating profit/ (loss) for the period 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 period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at Underlying EBIT. Capital employed is defined as sum of equity attributable to owners of the company, non-controlling interests and net debt. Average capital employed is average of capital employed at the closing and beginning of the relevant period. For quarterly computations, ROCE is calculated by dividing Underlying EBIT for the preceding 12 months by the average capital employed (being the average of the capital employed averages for the preceding four quarters).

Some of the Group's IFRS measures and APMs are translated at constant currency exchange rates to measure organic performance of the Group. In determining the percentage change in constant currency terms, both current and previous financial reporting period's results have been converted using exchange rates prevailing as on 31 March 2021. Reported currency percentage change is derived on the basis of average actual periodic exchange rates for that financial period. Variances between constant currency and reported currency percentages are due to exchange rate movements between the previous financial reporting period and the current period.

Changes to APMs

No exceptional revenue has been recorded for the quarter ended 30 June 2021 or prior period. Hence, underlying revenue has not been defined as an APM for this quarter. No deferred tax has been recorded under exceptional tax item for the quarter ended 30 June 2021. Hence adjusted effective tax rate has similarly not been defined as an APM for this quarter. Finally, the dividend is no longer linked with free cash flow. Hence, free cash flow is no longer defined as an APM.

Glossary

Technical and Industry Terms

4G data customer	A customer having a 4G handset and who has used at least 1MB on any of the Group's GPRS, 3G & 4G network in the last 30 days.
Airtel Money (mobile money)	Airtel Money is the brand name for Airtel Africa's mobile money products and services. The term is used interchangeably with 'mobile money' when referring to our mobile money business, finance, operations and activities.
Airtel Money ARPU	Mobile money average revenue per user. This is derived by dividing total mobile money revenue during the relevant period by the average number of active mobile money customers and dividing the result by the number of months in the relevant period.
Airtel Money customer base	Total number of active subscribers who have enacted any mobile money usage event in last 30 days.
Airtel Money customer penetration	The proportion of total Airtel Africa active mobile customers who use mobile money services. Calculated by dividing the mobile money customer base by the Group's total customer base.
Airtel Money transaction value	Any financial transaction performed on Airtel Africa's mobile money platform.
Airtel Money transaction value per customer per month	Calculated by dividing the total mobile money transaction value on the Group's mobile money platform during the relevant period by the average number of active mobile money customers and dividing the result by the number of months in the relevant period.
ARPU	Average revenue per user per month. This is derived by dividing total revenue during the relevant period by the average number of customers during the period and dividing the result by the number of months in the relevant period.
Average customers	The average number of active customers for a period. Derived from the monthly averages during the relevant period. Monthly averages are calculated using the number of active customers at the beginning and the end of each month.
Broadband base stations	Base stations that carry either 3G and/or 4G capability across all technologies and spectrum bands.
Capital expenditure	An alternative performance measure (non-GAAP). Defined as investment in gross fixed assets (both tangible and intangible but excluding spectrum and licences) plus capital work in progress (CWIP), excluding provisions on CWIP for the period.
Constant currency	The Group has presented certain financial information that is calculated by translating the results for the current financial year and previous financial years at a fixed 'constant currency' exchange rate, which is done to measure the organic performance of the Group. Growth rates for reporting regions and service segments are in constant currency as it better represent the underlying performance of the business. Constant currency growth for prior periods are calculated using closing exchange rates as at the end of prior period.
Churn	Churn is derived by dividing the total number of customer disconnections during the relevant period by the average number of customers and dividing the result by number of months in the relevant period.
Customer	Defined as a unique active subscriber with a unique mobile telephone number who has used any of Airtel's services in the last 30 days.
Customer base	The total number of active subscribers that have used any of our services (voice calls, SMS, data usage or mobile money transaction) in the last 30 days.
Data ARPU	Data ARPU is derived by dividing total data revenue during the relevant period by the average number of data customers and dividing the result by the number of months in the relevant period.
Data customer base	The total number of subscribers who have consumed at least 1MB on the Group's GPRS, 3G or 4G network in the last 30 days.
Data customer penetration	The proportion of customers using data services. Calculated by dividing the data customer base by the total customer base.
Data usage per customer	Calculated by dividing the total MBs consumed on the Group's network during the relevant period by the average data customer base over the same period and dividing the result by the number of months in the relevant period.
Diluted earnings per share	Diluted EPS is calculated by adjusting the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares actually been issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.
Earnings per share (EPS)	EPS is calculated by dividing the profit for the period attributable to the owners of the company by the weighted average number of ordinary shares outstanding during the period.
Foreign exchange rate movements for non-DTA operating companies and holding companies	Foreign exchange rate movements are specific items that are non-tax deductible in a few of our operating entities, hence these hinder a like-for-like comparison of the Group's effective tax rate on a period-to-period basis and are therefore excluded when calculating the effective tax rate.
Free cash flow	An alternative performance measure (non-GAAP). Free cash flow is defined as operating free cash flow less cash interest, income tax paid and change in operating working capital.
Information and communication technologies (ICT)	ICT refers to all communication technologies, including the internet, wireless networks, cell phones, computers, software, middleware, videoconferencing, social networking, and other media applications and services.

Interconnect user charges (IUC)	Interconnect user charges are the charges paid to the telecom operator on whose network a call is terminated.
Lease liability	Lease liability represents the present value of future lease payment obligations.
Leverage	An alternative performance measure (non-GAAP). Leverage (or leverage ratio) is calculated by dividing net debt at the end of the relevant period by the underlying EBITDA for the preceding 12 months.
Minutes of usage	Minutes of usage refer to the duration in minutes for which customers use the Group's network for making and receiving voice calls. It is typically expressed over a period of one month. It includes all incoming and outgoing call minutes, including roaming calls.
Mobile services	Mobile services are our core telecom services, mainly voice and data services, but also including revenue from tower operation services provided by the Group and excluding mobile money services.
Net debt	An alternative performance measure (non-GAAP). The Group defines net debt as borrowings including lease liabilities less cash and cash equivalents, term deposits with banks, processing costs related to borrowings and fair value hedge adjustments.
Net debt to underlying EBITDA (LTM)	An alternative performance measure (non-GAAP) Calculated by dividing net debt as at the end of the relevant period by underlying EBITDA for the preceding 12 months (from the end of the relevant period). This is also referred to as the leverage ratio.
Network towers or "sites"	Physical network infrastructure comprising a base transmission system (BTS) which holds the radio transceivers (TRXs) that define a cell and coordinates the radio link protocols with the mobile device. It includes all ground-based, roof top and in-building solutions.
Operating company (OpCo)	Operating company (or OpCo) is a defined corporate business unit, providing telecoms services and mobile money services in the Group's footprint.
Operating free cash flow	An alternative performance measure (non-GAAP). Calculated by subtracting capital expenditure from underlying EBITDA.
Operating leverage	An alternative performance measure (non-GAAP). Operating leverage is a measure of the operating efficiency of the business. It is calculated by dividing operating expenditure (excluding regulatory charges) by total revenue.
Operating profit	Operating profit is a GAAP measure of profitability. Calculated as revenue less operating expenditure (including depreciation and amortisation and operating exceptional items).
Other revenue	Other revenue includes revenues from messaging, value added services (VAS), enterprise, site sharing and handset sale revenue.
Reported currency	Our reported currency is US dollars. Accordingly, actual periodic exchange rates are used to translate the local currency financial statements of OpCos into US dollars. Under reported currency the assets and liabilities are translated into US dollars at the exchange rates prevailing at the reporting date whereas the statements of profit and loss are translated into US dollars at monthly average exchange rates.
Smartphone	A smartphone is defined as a mobile phone with an interactive touch screen that allows the user to access the internet and additional data applications, providing additional functionality to that of a basic feature phone which is used only for making voice calls and sending and receiving text messages.
Smartphone penetration	Calculated by dividing the number of smartphone devices in use by the total number of customers.
Total MBs on network	Total MBs consumed (uploaded & downloaded) by customers on the Group's GPRS, 3G and 4G network during the relevant period.
Underlying EBIT	An alternative performance measure (non-GAAP). Defined as operating profit before exceptional items.
Underlying EBITDA	An alternative performance measure (non-GAAP). Defined as operating profit before depreciation, amortisation, CSR cost and exceptional items.
Underlying EBITDA margin	An alternative performance measure (non-GAAP). Calculated by dividing underlying EBITDA for the relevant period by revenue for the relevant period.
Unstructured Supplementary Service Data	Unstructured Supplementary Service Data (USSD), also known as "quick codes" or "feature codes", is a communications protocol for GSM mobile operators, similar to SMS messaging. It has a variety of uses such as WAP browsing, prepaid callback services, mobile-money services, location-based content services, menu-based information services, and for configuring phones on the network.
Voice minutes of usage per customer per month	Calculated by dividing the total number of voice minutes of usage on the Group's network during the relevant period by the average number of customers and dividing the result by the number of months in the relevant period.
Weighted average number of shares	The weighted average number of shares is calculated by multiplying the number of outstanding shares by the portion of the reporting period those shares covered, doing this for each portion and then summing the total.

Abbreviations

2G	Second-generation mobile technology
3G	Third-generation mobile technology
4G	Fourth-generation mobile technology
ARPU	Average revenue per user
bn	Billion
bps	Basis points
CAGR	Compound annual growth rate
Capex	Capital expenditure
CSR	Corporate social responsibility
DTA	Deferred Tax Asset
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
FPPP	Financial position and prospects procedures
GAAP	Generally accepted accounting principles
GB	Gigabyte
HoldCo	Holding company
IAS	International accounting standards
ICT	Information and communication technologies
ICT (Hub)	Information communication technology (Hub) IFRS
IFRS	International financial reporting standards
IMF	International monetary fund
IPO	Initial public offering
KPIs	Key performance indicators
KYC	Know your customer
LTE	Long-term evolution (4G technology)
LTM	Last 12 months
m	Million
MB	Megabyte
MI	Minority interest (non-controlling interest)
NGO	Non-governmental organisation
OpCo	Operating company
P2P	Person to person
PAYG	Pay-as-you-go
QoS	Quality of service
RAN	Radio access network
SIM	Subscriber identification module
Single RAN	Single radio access network
SMS	Short messaging service
TB	Terabyte
Telecoms	Telecommunications
UoM	Unit of measure
USSD	Unstructured supplementary service data