# Airtel Africa plc

## Half yearly results, ended 30 September 2019

25th October 2019

**Airtel Africa reports a strong set of results with sustained growth across voice data and mobile money**

## Key Highlights

- Customer base grew by 10.4% to 104 Mn
- Revenue increased by 8.4% to $ 1,640 Mn in H1 with Q2 growth accelerating to 9.8%
- In constant currency terms, revenue grew 11.4% in H1 and 12.6% in Q2. This was the 7thconsecutive quarter of double-digit constant currency growth. The constant currency revenue growth of 11.4% was driven by double-digit growth in Nigeria and East Africa, partially offset by a slight decrease in Rest of Africa
- Growth was broad based across all services, with revenue in Voice, Data and Mobile Money up by 3.2%, 37.8% and 46.5% respectively
- Reported underlying EBITDA was $ 719 Mn in H1, up 10.9%, while constant currency underlying EBITDA growth was 13.7% over the same period
- Underlying EBITDA margin in reported currency was 43.9% in H1, an increase of 100 bps, while there was an increase of 90 bps in constant currency terms
- Operating profit increased 8.6%
- Free cash flow was $ 237 Mn, up by 28% in H1
- EPS before exceptional items was $ 4.1¢ and Basic EPS was $ 6.3¢
- Net debt to EBITDA was 2.3x, compared to 5.1x as of September 2018
- The board declared an interim dividend of 3 cents per share.

| Alternative Performance Measures | | | | | GAAP Measures | | | |
|---|---|---|---|---|---|---|---|---|
| Description | Sep-19 $ Mn | Sep-18 $ Mn | Reported Change % | Constant Change % | Description | Sep-19 $ Mn | Sep-18 $ Mn | Reported Change % |
| Revenue | 1,640 | 1,513 | 8.4% | 11.4% | Revenue | 1,640 | 1,513 | 8.4% |
| Underlying EBITDA | 719 | 649 | 10.9% | 13.7% | Operating Profit | 395 | 364 | 8.6% |
| Underlying EBITDA Margin | 43.9% | 42.9% | 100 bps | 90 bps | Profit Before Tax | 316 | 122 | 158.4% |
| Free Cash Flow | 237 | 185 | 28.0% | | Profit After Tax | 228 | 204 | 11.9% |
| EPS before exceptional items ($ cents) | 4.1 | 6.1 | (32.7%) | | Basic EPS ($ cents) | 6.3 | 15.5 | (59.4%) |
| EPS before exceptional items ($ cents)-Restated (1) | 3.7 | 1.9 | 96.8% | | Basic EPS ($ cents)-Restated (1) | 5.7 | 4.8 | 18.6% |

*(1) In July 2019, following the announcement of the Initial Public Offering, the company issued 676,406,927 new shares. EPS has been restated considering all the shares as at 30th September 2019 had been issued on 1st April 2018 for like for like comparison. (2) For a reconciliation between GAAP Measures and Alternative Performance Measures, refer to section "Reconciliation between GAAP and alternative performance measures on page no 40. (3) The difference between reported currency and constant currency growth rates is on account of currency movements with reference to the US dollar rate.*

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

*"These figures underline the strength of our ability to consistently deliver growth across voice, data and mobile money. In the first 6 months of this financial year, we delivered revenue growth of 11.4% in constant currency terms, with even higher underlying EBITDA growth as we continued to improve our operating leverage and tight focus on costs. This performance underlines our ability to consistently grow in double digits, powered by our growth engines of Data and Airtel Money growing at 37% and 46% respectively. This is the 7th quarter of double-digit growth with EBITDA margin expansion of over 90 basis points.*

*In July we reached an important milestone as we crossed 100 million customers across our footprint. Our strong customer growth aided by distribution expansion was a key driver behind voice revenue growth. Our investments ahead of the industry in LTE network along with our simple and intuitive customer journeys have helped grow data consumption by 81% and data revenue growth by 37.8%. Over the last 6 months we launched 4G services in Democratic Republic of Congo and Niger, and 4G sites now account for 58% of total sites. Now we are ready to launch in Tanzania, thereby making 4G services available across all our 14 countries.*

*Revenue in our Mobile Money business grew 46.5% in H1 and just above 50% in Q2, as a result of compelling customer propositions and the investments in our exclusive franchise stores and Kiosks. We have also announced exciting partnerships with Mastercard, Ecobank and Finablr which we believe will help to further support our growth aspiration and drive financial inclusion. The business continues to show positive momentum and we are confident we will continue to deliver sustained growth across Voice, Data and Mobile Money, underpinning our medium-term aspirations for revenue and profitable growth."*

# Key Financial information

| Description | UoM | Half Year ended | | | | Quarter ended | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Sep-19 | Sep-18 | Reported Currency Change % | Constant Currency Change % | Sep-19 | Sep-18 | Reported Currency Change % | Constant Currency Change % |
| **P&L Summary** | | | | | | | | | |
| **Revenue** | **$ Mn** | **1,640** | **1,513** | **8.4%** | **11.4%** | **844** | **769** | **9.8%** | **12.6%** |
| Expenses | $ Mn | (931) | (881) | 5.7% | 8.8% | (478) | (443) | 8.0% | 11.1% |
| **Underlying EBITDA** | **$ Mn** | **719** | **649** | **10.9%** | **13.7%** | **372** | **332** | **12.2%** | **14.6%** |
| Underlying EBITDA Margin | % | 43.9% | 42.9% | 100 bps | 90 bps | 44.1% | 43.2% | 96 bps | 79 bps |
| Depreciation & Amortization | $ Mn | (300) | (253) | 18.6% | 21.9% | (152) | (125) | 21.7% | 24.7% |
| Operating Exceptional Items | $ Mn | (22) | (30) | (26.9%) | (24.8%) | (10) | (12) | (19.4%) | (17.5%) |
| **Operating Profit** [1] | **$ Mn** | **395** | 364 | **8.6%** | **11.1%** | **210** | 194 | **8.5%** | **10.3%** |
| Net finance costs | $ Mn | (148) | (218) | (32.0%) | (31.7%) | (66) | (143) | (53.7%) | (53.5%) |
| Non-Operating Exceptional Items | $ Mn | 69 | - | 0.0% | 0.0% | 6 | - | 0.0% | 0.0% |
| **Profit Before Tax**[2] | **$ Mn** | **316** | **122** | **158.4%** | **172.1%** | **150** | **42** | **258.5%** | **279.9%** |
| Tax | $ Mn | (116) | (64) | 81.6% | 99.0% | (68) | (18) | 273.2% | 287.4% |
| Tax - Exceptional items | $ Mn | 28 | 147 | (81.2%) | (81.1%) | 14 | 30 | (53.8%) | (53.3%) |
| Total Tax Charge | $ Mn | (88) | 82 | 206.3% | 201.3% | (54) | 12 | 533.4% | 525.0% |
| **Profit After Tax** | **$ Mn** | **228** | **204** | **11.9%** | **11.8%** | **96** | **54** | **78.0%** | **83.6%** |
| Non Controlling Interest | $ Mn | (13) | (23) | (44.0%) | (44.0%) | (6) | 2 | (361.6%) | (361.6%) |
| Profit attributable to parent company shareholder - pre Exceptional items | $ Mn | 141 | 71 | 98.3% | 96.4% | 79 | 28 | 182.8% | 203.2% |
| **Profit attributable to parent company shareholder** | **$ Mn** | **215** | **181** | **18.6%** | **18.7%** | **90** | **56** | **58.9%** | **65.7%** |
| Basic EPS - pre Exceptional items | $ Cents | 4.1 | 6.1 | (32.7%) | | 2.1 | 2.4 | (13.0%) | |
| Basic EPS - pre Exceptional items -Restated[3] | $ Cents | 3.7 | 1.9 | 96.8% | | 2.1 | 0.7 | 178.7% | |
| Basic EPS | $ Cents | 6.3 | 15.5 | (59.4%) | | 2.4 | 4.8 | (50.4%) | |
| Weighted Average No of Shares | in Mn | 3,413 | 1,168 | 192.3% | | 3,741 | 1,168 | 220.3% | |
| **Capex** | **$ Mn** | **246** | **155** | **59.2%** | | **147** | **106** | **38.9%** | |
| **Free Cash Flow** | **$ Mn** | **237** | **185** | **28.0%** | | **166** | **84** | **96.7%** | |
| **Net Debts** | **$ Mn** | **3,191** | **6,439** | | | **3,191** | **6,439** | | |
| **Operating KPIs** | | | | | | | | | |
| ARPU | $ | 2.7 | 2.8 | (1.3%) | 1.5% | 2.8 | 2.8 | (0.1%) | 2.4% |
| Total customer base | Mn | 103.9 | 94.1 | 10.4% | | 103.9 | 94.1 | 10.4% | |
| Data customer base | Mn | 31.9 | 27.1 | 17.7% | | 31.9 | 27.1 | 17.7% | |

*[1] Operating profit includes $ 7.7 Mn contributed by other income & CSR expense in 6 months ended September 2019 as compared to $ 14.4 Mn in the 6 months ended September 2018*

*[2] Profit Before Tax in 6 months ended September 2018 included a $ 24 Mn loss from associates and JVs and $ 8 Mn for quarter ended September 2018*

*[3] In July 2019, following the announcement of the Initial Public Offering, the company issued 676,406,927 new shares. EPS has been restated considering all the shares as at 30th September 2019 had been issued on 1st April 2018 for like for like comparison.*

# Financial review for the Half Year, ended 30 September 2019

## GAAP Measures

**Revenue**

Revenue increased by 8.4%, with constant currency growth of 11.4% being partially offset by currency devaluation. Growth accelerated in the second quarter to 12.6% in constant currency as a result of improvement in performance of Rest of Africa. Constant currency revenue growth was largely driven by a 10.4% increase in the customer base, to 104 Mn, and ARPU growth of 1.5%. Double digit revenue growth in Nigeria and East Africa was partially offset by a decrease in Rest of Africa revenues. Across services, revenue growth in constant currency terms was positive with mobile Voice up 3.2%, Data up 37.8%, and Mobile Money up 46.5%.

**Operating Profit**

Operating profit increased by 8.6% as a result of strong revenue growth, while operating expenditures as percentage of revenue remained broadly flat. Operating profit in constant currency terms grew by 11.1%, partially offsetting the currency devaluation.

**Finance Cost**

Finance costs reduced by $ 70 Mn. A 23% decrease in interest costs, as a result of lower debt, and derivatives gains more than offset the impact from one-off benefits incurred in the prior year, higher costs related to the IPO and foreign exchange impact on debt.

**Taxation**

Total tax charge for the period was $ 88 Mn, as compared to a tax credit of $ 82 Mn in the same period last year as a result of one-off items which included deferred tax recognition in Nigeria for $ 116 Mn and a tax reversal of $ 27 Mn in the 6 months ended 30 September 2018.

**Profit After Tax**

Profit After Tax was $ 228 Mn, an increase of 11.9% driven by an increase in operating profit and lower finance costs partially offset by higher tax charges.

**Basic Earnings Per Share**

Basic EPS was $ 6.3¢, down 59.4%, due to the increase in the number of shares issued. If all the shares as at 30th September 2019 had been issued on 1st April 2018, the restated Basic EPS for 6 months ended 30 September 2019 would have been $ 5.7¢ and 6 months ended 30th September 2018 would have been $ 4.8¢.

## Alternative Performance Measures[1]

**Underlying EBITDA**

Underlying EBITDA was $ 719 Mn, up 10.9% largely driven by 13.7% constant currency growth, partially offset by currency devaluation. Underlying EBITDA margin was at 43.9%, an improvement of 100 bps as operating efficiencies in network expenses and other overheads partially offset by one-off impact from the quality of service charge in Gabon.

Foreign exchange has an adverse impact of $ 43 Mn on revenues and $ 17 Mn on underlying EBITDA, largely driven by the devaluation of the Zambian Kwacha and Central African Franc. The currency exchange rates in other markets remained broadly stable compared to the same period last year

**Tax**

The adjusted effective tax rate for the current period was 37.1% as compared to 47% in the same period of the last year. The adjusted effective tax rate is lower compared to last financial year primarily on account of deferred tax asset recognition in Rest of Africa.

The adjusted effective tax rate is higher than the weighted average statutory tax rate of 33% largely due to the profit mix between various countries.

**Exceptional Items**

Exceptional items of $ 74 Mn for the half year ended 30 September 2019, mainly consisted of a $ 72 Mn gain related to the expired indemnity to certain pre-IPO investors as disclosed in the registration document published on 28 May 2019.

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[1] *Alternative performance measures described on page 40*

**Free cash flow**

Free cash flow was $ 237 Mn, up by 28%, underlying EBITDA increase was partially offset by capex increase, due to network modernization as well as roll out of additional sites, and reduction in working capital. Higher tax payments, largely as a result of higher operating profit, were offset by lower interest payments due to lower debt.

**Earnings per share before exceptional items**

Earnings per share before exceptional items was $ 4.1¢, down 32.7%, as a result of an increase in the number of shares issued. However, if these shares had been issued on 1st April 2018, the restated EPS before exceptional items for 6 months ended 30 September 2019 would have been $ 3.7¢ and $ 1.9¢ cents for the 6 months ended 30th September 2018.

**Net Debt and Leverage**

Net debt reduced to $ 3,191 Mn in September 2019 compared to $ 6,439 Mn in September 2018. The reduction in net debt is a result of bond repayments of $ 2.2 Bn and an increase in cash from the net IPO proceeds of $ 670 Mn. As a result, leverage reduced to 2.3x as of September 2019 as compared to 5.1x as of September 2018 basis LTM EBITDA.

## Other significant updates

**Dividend**

The Board approved an interim dividend of $ 3¢ per ordinary share. The proposed interim dividend will be paid on 29 November 2019 to shareholders who are on the register of members at close of business on 15 November 2019 (the Record Date). Further details will be announced by the Company in due course.

**IPO**

On 28 June 2019 the Airtel Africa announced the successful pricing of its Initial Public Offering at 80 pence (NGN 363) per Share. The Offer comprised 676,406,927 new Shares (being the total of 637,178,959 new Shares in respect of the global offer to institutional investors in various jurisdictions outside of Nigeria and 39,227,968 new Shares in respect of the offer to qualified institutional investors and high net worth investors in Nigeria.

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

**FTSE 250 inclusion**

On 9 September 2019 it was announced that Airtel Africa plc would be added to the FTSE 250 index as from 23 September 2019.

**Mastercard partnership**

On 9 October 2019 the Group announced a partnership with Mastercard which will give Airtel Money customers the ability to make online payments globally via a virtual Airtel Money Mastercard. In addition, Airtel Money customers, even those using a feature phone, will also be able to make in-person payments at outlets via Quick Response (QR) codes. To date, there are over 1 Mn merchant locations across Africa that accept Mastercard QR payments, approximately 700,000 of which are in Nigeria, Airtel Africa's largest market and where the company has already applied for a payment service bank license.

**Ecobank partnership**

On 21 October 2019 the Group announced a partnership with Ecobank which will allow Mns of Airtel Money and Ecobank customers across Africa to improve their access to mobile financial services and carry out a variety of mobile transactions.

**FINABLR partnership**

On 22 October 2019 the Group announced partnership with Finablr which will enable Airtel Money customers to receive money directly to their phones, in their Airtel Money wallets, from more than 160 countries around the world. Money will be able to be sent conveniently and affordably through either the Finablr agent network in 160 countries, the Finablr online portal, an Airtel Money mobile app or the Airtel Africa online portal. Once the funds have been received on their handsets, Airtel Money customers have the choice to cash out in nearly 300,000 Airtel Money outlets and agents across Africa, make peer to peer payments, or pay bills and merchants Airtel Africa will shortly begin a marketing programme targeted at African communities abroad.

### Regulatory Updates

The Group obtained a spectrum of 20 MHz in 2600 MHz band in Nigeria, an additional spectrum of 5 MHz in 1800 MHz band in Chad and 10 MHz in 2100 MHz band in Malawi during the period.

**Nigeria Payment Bank License:**

Application for Payment Service Bank (PSB) License and Super-Agent License has been filed with Central Bank of Nigeria (CBN). Approval of the brand name was received in July 2019.

**Regulatory development related to Bharti Airtel Limited**

On 24 October 2019, The Honourable Supreme Court of India delivered an adverse judgment impacting the Telecoms Service Providers in India including the Group's Parent company Bharti Airtel Limited. An assessment of this matter and whether it results in a material uncertainty regarding requiring the notes guaranteed by the Parent company to become repayable is included on page 23 Para 3.1.

**Earnings call**

Management will host an analyst call today at 9.30am. Details on how to access the call can be found on page 15.

**Information on additional KPI**

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

## Strategic overview

The Group is well positioned to capture growth opportunities presented by promising underlying macroeconomic and demographic trends in a fast-growing region that is vastly underpenetrated in terms of mobile and banking services. The Group's footprint is characterized by low but increasing levels of mobile connectivity, with a unique user penetration at 44%, highlighting the potential for growth across its footprint.

Airtel Africa's strategy underpins its medium-term aspirations for delivering growth in revenues and earnings, and our belief in enhancing connectivity and digitizing the countries where we operate. To this end, the Group has invested to expand its network footprint and number of 4G sites to enhance network capabilities and support its future business growth. A combination of an under-penetrated telecom market, a young addressable population and rising smartphone affordability, along with low data penetration and unbanked population, provide the growth opportunities for the data and Mobile Money segments.

The business continues to build momentum and the Group is confident of delivering sustained growth across voice, data and mobile money to deliver on its medium-term aspirations for revenue and profit growth. The young and fast-growing populations served by the Group are increasingly connecting to mobile networks, with solid growth in mobile subscribers in Airtel Africa's footprint expected in the years to come.

During the reporting period, the Group continued to make clear progress across each of its core strategic pillars, namely Win with Quality Customer; Win with Network; Win with Data; Win with Airtel Money; Win with Cost Optimization; Win with People and multiple in the areas of Additional Upside.

**Quality Customers**

Sub-Saharan Africa is characterized by low penetrated markets, with unique subscriber penetration at 44%. The Group's continued focus on building exclusive channels, combined with a simplified digital onboarding application with seamless onboarding customer experience have enabled to add quality customers, resulting in customer base growth of 10.4% to 104 Mn customers across our footprint. The customer growth remains well diversified across the three segments, where it increased by 15.6% in Nigeria, 9.1% in East Africa and 3.8% in the Rest of Africa. The overall churn decreased by 0.1% to 4.8%.

The Group continued to invest in its distribution network. During the first half of 2019, the Group added more activating outlets for KYC and exclusive franchise stores.

Customer onboarding experience continued to be enhanced through the launch of a Digital On-boarding application in 13 markets. The digitized application captures all regulatory requirements and allows most activations to be done within 5 minutes of SIM sale.

The Group's processes for improved self-care, implementation of interactive and dynamic IVRs helped to provide faster resolution to customer's queries, resulting in improved customer experience. In addition, the attractive pricing propositions resulted in increasing usage per customer by 3.7%, thereby contributing to voice revenue growth of 3.2%.

**Quality Network**

The Group strategy to invest in the 4G network through single RAN technology has resulted in better 4G coverage and enhanced the network's capacity, leading to high-speed data being made available to more of our customers. With continued investment in 4G network across our footprints, 4G sites now contributes 58% of total sites as compared to 27% in the last year. In the first half of the year, the Group launched 4G services in Democratic Republic of Congo and Niger and we are ready to activate the commercial launch in Tanzania, thereby making 4G services available across all of our 14 countries.

In the six months ended 30 September 2019, the Group completed its network modernization in nine countries (Uganda, Kenya, Zambia, Malawi, Rwanda, Congo B, Gabon, Madagascar and Seychelles) and continued the modernization in other countries.

The Group continued to invest to build large fibre capacities. In the past 6 months, the Group increased the number of sites on fibre and long-distance fibre capacities which has helped the Group to build strong redundancies, which further supported greater uptime and high-speed data availability to the Group's customers.

The Group also acquired additional spectrum, by adding 2600 MHz frequency (20 MHz) in Nigeria, 1800 MHz (5 MHz) in Chad and 2100 MHz (10 MHz) in Malawi. Furthermore, the Group continued the spectrum refarming activities to maximize network capacity.

The Group investment activities resulted in Capex amounting to $ 246 Mn in the first half of the year, excluding spectrum acquisitions.

**Data**

Data growth is a key pillar of the Group's strategy. The improved LTE network offered by the industry has contributed to increased smartphone penetration. The percentage of 3G and 4G enabled smartphones increased to 31% from 27.8% in the previous year. This has resulted in data customers increasing by 17.7% to 31.9 Mn which now represent 30.7% of our total customer base.

The Group's strategy to partner with key handset outlets, offering more affordable smartphone bundles and a customer-friendly SIM upgrade process has also supported data customer growth. Higher adoption of "More for More" data bundles has helped increase the data usage per customer to 1.6 GB/customer from 1GB/customer in previous period. All these have contributed to data revenue growth of 37.8%.

As a result of increased penetration and usage of 3G and 4G data customers, data ARPU increased by 18.5%, with every region contributing to data ARPU growth.

**Mobile money**

The Group continues to work on enhancing financial inclusion across its footprints. The lower penetration of traditional banking services demands mobile money services to fulfil the needs of largely unbanked customers. Continued expansion of distribution network of both agents and exclusive run franchisees (Kiosks, Mini-shops and Airtel Money Branches) contributed to ensure float availability to the customers. This has been a key driver of building greater confidence and interest towards Airtel Money across our footprints. The Group has also enhanced mobile money offerings to customers through enhancement of the merchant ecosystem, and offering insurance, loans and international money transfer facilities through partnership with other financial service providers.

Expanded distribution and enhanced offering contributed to mobile money customer growth of 2.6 Mn to a total of 15.5 Mn and an increased annualized transaction value to $ 30 billion from $ 24 billion in the previous period. Annualized transaction value in Q2'20 amounted to $ 32 billion.

Mobile money continues to be Airtel Africa's fastest-growing business segment, delivering revenue growth of 46.5% in the first half year, and slightly above 50% in Q2. It is an increasingly more important part of our business and currently accounts for 9% of total revenues.

The Group continued to enhance its customer offering by entering into partnerships with leading institutions such as Mastercard, Ecobank and Finablr to provide improved access to digital payments, to allow customers to receive conveniently and affordably funds from 160 different countries and improve customer access to financial services.

**Operational Efficiency**

The Group has an efficient operational model, focused on cost efficiency initiatives and enhancing our digitalization initiatives. We embrace robust cost discipline and continuously seek to improve processes with the aim to deliver one of the highest EBITDA margin in the industry. Additionally, we adopt technology in a financially efficient manner to optimize capital expenditures.

As we actively expand our infrastructure network, we adopt detailed analysis with the aim to minimise the incremental cost of building additional sites and additional capacity. We are also looking to limit on-going operating costs per-site by looking at initiatives to save energy costs, convert sites to a grid and consolidate sites already owned. Moreover, in the first half of the year we were able to largely reduce the cost per Mbps through our continued investments in large capacity IRUs and fibre in line with our model of creating huge throughputs.

We look at ways of simplifying our operating model on an on-going basis, making it seamlessly digitizable across all customer-facing and other processes. We established shared service centre in India, and we continue to look at ways to further leverage it by migrating more processes there.

In the first half year EBITDA margin expanded by 100bps to 43.9%, as a result of double-digit revenue growth and cost efficiencies.

**Areas of additional upside**

The Group's improved 4G network, alongside the increase in sites on fibre has provided an improved infrastructure to establish and grow both a wireless home broadband and enterprise businesses. The MiFi and the routers launched across the Group's footprints resulted in the growth of wireless home broadband. The Group has also witnessed encouraging results on fixed-line and enterprise business.

# Financial review for the Half Year, ended 30 September 2019

## Nigeria

| Description | UoM | Half Year ended | | | | Quarter ended | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Sep-19 | Sep-18 | Reported Currency Change % | Constant Currency Change % | Sep-19 | Sep-18 | Reported Currency Change % | Constant Currency Change % |
| **Summarized Statement of Operations** | | | | | | | | | |
| **Revenue** | **$ Mn** | **640** | **520** | **23.2%** | **23.1%** | **327** | **263** | **24.3%** | **24.2%** |
| Voice Revenue | $ Mn | 398 | 352 | 13.2% | 13.1% | 200 | 176 | 13.6% | 13.5% |
| Data Revenue | $ Mn | 199 | 113 | 75.9% | 75.7% | 105 | 59 | 78.3% | 78.1% |
| Other Revenue | $ Mn | 43 | 55 | (20.9%) | (20.9%) | 22 | 28 | (21.8%) | (21.9%) |
| **Underlying EBITDA** | **$ Mn** | **341** | **246** | **38.2%** | **38.0%** | **174** | **129** | **34.8%** | **34.6%** |
| Underlying EBITDA Margin | % | 53.2% | 47.4% | 575 bps | 574 bps | 53.1% | 49.0% | 413 bps | 414 bps |
| Depreciation & Amortisation | $ Mn | (89) | (78) | 13.5% | 13.4% | (45) | (37) | 20.1% | 20.1% |
| Exceptional Item | $ Mn | (3) | (25) | (88.8%) | (88.8%) | (2) | (11) | (78.1%) | (88.3%) |
| **Operating Profit** | **$ Mn** | **252** | **168** | **50.3%** | **49.5%** | **129** | **92** | **40.7%** | **40.6%** |
| Capex | $ Mn | 115 | 44 | 162.3% | 164.5% | 62 | 30 | 108.9% | 108.9% |
| Operating Free Cash Flow | $ Mn | 226 | 202 | 11.6% | 10.8% | 112 | 99 | 12.7% | 12.4% |
| **Operating KPIs** | | | | | | | | | |
| ARPU | $ | 2.8 | 2.6 | 6.4% | 6.3% | 2.8 | 2.6 | 7.4% | 7.3% |
| Total Customer base | Mn | 39.5 | 34.2 | 15.6% | | 39.5 | 34.2 | 15.6% | |
| Data Customer base | Mn | 15.5 | 12.8 | 20.8% | | 15.5 | 12.8 | 20.8% | |

In the six months ended 30 September 2019, reported revenue in Nigeria increased by 23.2%, broadly in line with constant currency growth as a result of a stable foreign exchange environment.

Revenue in constant currency was up 23.1%, largely driven by voice revenue growth of 13.1% and sustained growth in data with revenue up 75.7%.

Voice revenue growth of 13.1% was mainly driven by double-digit growth in customer base. Customer growth resulted from the efficient sales and distribution system and expansion of network infrastructure.

Data revenue was up 75.7% and it remained the largest contributor to revenue growth. Data revenue growth was driven by accelerated rollout of our 4G network, with 62% of the sites being 4G, an increase in data customer base by 20.8% and ARPU growth of 43.0%. During the period 4G data usage increased by almost 20 times. Data revenue now accounts for 31% of Airtel Nigeria revenue, compared to 22% in the prior year. The solid expansion of the 4G network is a pillar of strong growth in Nigeria.

Underlying EBITDA margin in constant currency increased by 574bps as a result of revenue growth and operating efficiencies across various cost items. The increase in network expenses, resulting from the expansion of network infrastructure was more than compensated by data and voice revenue growth.

During the period, capital expenditure almost doubled, to $ 115 Mn, as the business continued to expand and invest in the network infrastructure, largely 4G, as the number of 4G sites increased 2.4x.

Operating Free Cash Flow was $ 226 Mn, up 11.6%, largely as a result of double-digit underlying EBITDA growth partially offset by an increase in capital expenditures.

Airtel Nigeria received “Brand of the year and most customer-centric brand” award in Jun 2019 from “Marketing Edge Magazine.

## East Africa

| Description | UoM | Half Year ended | | | | Quarter ended | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Sep-19 | Sep-18 | Reported Currency Change % | Constant Currency Change % | Sep-19 | Sep-18 | Reported Currency Change % | Constant Currency Change % |
| **Summarized Statement of Operations** | | | | | | | | | |
| **Revenue [1]** | **$ Mn** | **578** | **546** | **5.8%** | **11.1%** | **301** | **281** | **7.5%** | **12.5%** |
| Voice Revenue | $ Mn | 296 | 299 | (0.9%) | 4.6% | 155 | 156 | (0.8%) | 4.3% |
| Data Revenue | $ Mn | 144 | 132 | 8.6% | 13.8% | 74 | 67 | 10.0% | 14.9% |
| Mobile Money Revenue[2] | $ Mn | 99 | 66 | 48.8% | 53.9% | 53 | 34 | 54.0% | 58.7% |
| Other Revenue | $ Mn | 66 | 61 | 7.6% | 12.4% | 34 | 31 | 7.6% | 12.1% |
| **Underlying EBITDA** | **$ Mn** | **233** | **211** | **10.3%** | **16.2%** | **123** | **111** | **10.6%** | **16.2%** |
| Underlying EBITDA Margin | % | 40.3% | 38.7% | 164 bps | 179 bps | 40.7% | 39.5% | 117 bps | 128 bps |
| Depreciation & Amortisation | $ Mn | (117) | (111) | 5.5% | 10.8% | (58) | (51) | 13.3% | 18.4% |
| Exceptional Item | $ Mn | (5) | (1) | 345.2% | 369.1% | (2) | - | 0.0% | 0.0% |
| **Operating Profit** | **$ Mn** | **116** | **100** | **15.5%** | **22.1%** | **65** | **60** | **8.3%** | **14.1%** |
| Capex | $ Mn | 60 | 74 | (19.0%) | (19.0%) | 30 | 53 | (43.1%) | (43.1%) |
| Operating Free Cash Flow | $ Mn | 173 | 138 | 26.0% | 36.1% | 93 | 58 | 59.6% | 73.3% |
| **Operating KPIs** | | | | | | | | | |
| ARPU | $ | 2.2 | 2.3 | (2.1%) | 2.8% | 2.3 | 2.3 | (0.5%) | 4.2% |
| Total Customer base | Mn | 45.0 | 41.3 | 9.1% | | 45.0 | 41.3 | 9.1% | |
| Data Customer base | Mn | 12.1 | 10.3 | 18.4% | | 12.1 | 10.3 | 18.4% | |

*[1] Breakup of revenue as stated in above table will not add up to total revenue, since it also includes eliminations. [2] Mobile Money revenue post intersegment eliminations is $ 73 Mn for Half year ended Sep'19 and $ 54 Mn for Half year ended Sep'18, $ 40 Mn for Q2'20 and $ 26 Mn for Q2'19.*

In the first six months ended 30 September 2019, reported revenue in East Africa increased by 5.8%, as constant currency growth of 11.1%, was partially offset by currency devaluation in Zambia and Malawi. Revenue growth of 11.1% in constant currency was driven by growth across all services.

In the East Africa region, Kenya, Tanzania, Malawi and Zambia recorded double-digit revenue growth in constant currency.

Voice revenue was up 4.6%, largely driven by customer growth of 9.1% and an increased usage per customer of 12.0%.

Data revenue increased by 13.8%, driven by the increase in data customer base, up 18.4% and an increase in data usage per customer, up 56.5%. The growth in data revenue was driven by the rollout and expansion of 4G network. Smartphone penetration was up 5% and there was a continued higher adoption of the "more for more" data bundle offering, supporting the overall data usage and revenue growth. Data revenue accounted for 25% of total revenue in East Africa.

Mobile money revenue increased by 53.9%, due to the increase in customer base by 19.1% and transaction value per customer increased by 19%. We continued to expand the Mobile Money distribution network (Agents, Kiosks and Airtel Money Branches).

Underlying EBITDA margin in constant currency increased by 179 bps as a result of revenue growth and cost efficiencies.

During the period, capital expenditure was slightly lower as a large part of the network modernization in East Africa was completed in the previous year. As a result of lower capex and higher underlying EBITDA, operating free cash flow amounted to $ 173 Mn, up 26.0%.

## Rest of Africa

| Description | UoM | Half Year ended | | | | Quarter ended | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Sep-19 | Sep-18 | Reported Currency Change % | Constant Currency Change % | Sep-19 | Sep-18 | Reported Currency Change % | Constant Currency Change % |
| **Summarized Statement of Operations** | | | | | | | | | |
| **Revenue** [1] | **$ Mn** | **426** | **455** | **(6.5%)** | **(2.9%)** | **217** | **229** | **(4.9%)** | **(1.9%)** |
| Voice Revenue | $ Mn | 265 | 309 | (14.2%) | (10.8%) | 133 | 154 | (13.6%) | (10.7%) |
| Data Revenue | $ Mn | 91 | 77 | 17.9% | 21.9% | 48 | 40 | 19.0% | 22.4% |
| Mobile Money Revenue[2] | $ Mn | 44 | 34 | 28.5% | 33.1% | 23 | 18 | 32.5% | 36.1% |
| Other Revenue | $ Mn | 42 | 44 | (4.6%) | (1.3%) | 22 | 22 | 0.4% | 3.3% |
| **Underlying EBITDA** | **$ Mn** | **140** | **176** | **(20.3%)** | **(17.7%)** | **76** | **90** | **(16.1%)** | **(13.8%)** |
| Underlying EBITDA Margin | % | 32.9% | 38.6% | (570)bps | (590)bps | 34.9% | 39.6% | (465)bps | (481)bps |
| Depreciation & Amortisation | $ Mn | (93) | (95) | (2.3%) | 1.2% | (47) | (37) | 25.9% | 29.6% |
| Exceptional Item | $ Mn | (10) | (1) | 1520.2% | 1609.5% | (5) | (0) | | |
| **Operating Profit** | **$ Mn** | **47** | **81** | **(41.7%)** | **(40.2%)** | **29** | **53** | **(46.0%)** | **(44.7%)** |
| Capex | $ Mn | 69 | 36 | 91.1% | 91.1% | 54 | 22 | 145.7% | 145.7% |
| Operating Free Cash Flow | $ Mn | 71 | 140 | (48.9%) | (46.4%) | 22 | 68 | (68.5%) | (66.3%) |
| **Operating KPIs** | | | | | | | | | |
| ARPU | $ | 3.7 | 4.1 | (9.0%) | (5.6%) | 3.8 | 4.1 | (8.3%) | (5.4%) |
| Total Customer base | Mn | 19.4 | 18.6 | 3.8% | | 19.4 | 18.6 | 3.8% | |
| Data Customer base | Mn | 4.3 | 4.1 | 6.1% | | 4.3 | 4.1 | 6.1% | |

*[1] Breakup of revenue as stated in above table will not add up to total revenue, since it also includes eliminations. [2] Mobile Money revenue post intersegment eliminations is $ 28 Mn for Half year ended Sep'19 and $ 25 Mn for Half year ended Sep'18, $ 15 Mn for Q2'20 and $ 13 Mn for Q2'19*

Performance in Rest of Africa improved in the second quarter as a result of improved performance in data and mobile money. Nevertheless, Rest of Africa continued to be impacted by macro-economic weakness in some of the countries in the region.

Revenue decreased by 2.9%, as growth in data, mobile money and other revenue did not offset a decline in voice revenue.

Voice revenue decreased by 10.8%, due in large part by the impact of a reduction in interconnect usage charges in Niger, Madagascar and Chad and overall market weakness in some of the countries in the segment.

Data delivered a growth of 21.9% largely driven by increased data usage with 4G launches in Republic of the Congo, Democratic Republic of Congo and Niger. In addition, the first phase of network modernization has been completed in the Democratic Republic of Congo. In Rest of Africa segment, 1,400+ additional sites were rolled out on 4G network, which accounted for almost half of the total sites. More than 7,400 broadband base stations were rolled out during the period.

Mobile money revenue increased by 33.1% with all key markets delivering double digit growth, supported by mobile money customer base growth of 24.6% and expansion of distribution network.

Underlying EBITDA margin in constant currency decreased by 590 bps as a result of lower revenue and a one-off quality of services charge in Gabon in the first quarter.

Capital expenditure almost doubled during the reporting period to $ 69 Mn as the business continued to invest in network modernization, the rollout of 4G network, with the number of 4G sites increasing by more than threefold.

## Mobile Services:

| Description | UoM | Half Year ended | | | | Quarter ended | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Sep-19 | Sep-18 | Reported Currency Change % | Constant Currency Change % | Sep-19 | Sep-18 | Reported Currency Change % | Constant Currency Change % |
| **Summarized Statement of Operations** | | | | | | | | | |
| **Revenue[(1)]** | **$ Mn** | **1,540** | **1,435** | **7.3%** | **10.2%** | **790** | **730** | **8.1%** | **10.8%** |
| Underlying EBITDA | $ Mn | 644 | 597 | 7.8% | 10.5% | 335 | 310 | 8.0% | 10.5% |
| Underlying EBITDA Margin | % | 41.8% | 41.6% | 21 bps | 12 bps | 42.4% | 42.4% | (5)bps | (11)bps |
| Depreciation & Amortization | $ Mn | (297) | (282) | 5.1% | 8.4% | (149) | (125) | 19.1% | 22.3% |
| Operating Exceptional Items | $ Mn | 18 | 27 | (32.8%) | (32.2%) | 9 | 12 | (23.2%) | (22.7%) |
| Operating Profit | $ Mn | 347 | 315 | 10.1% | 12.3% | 186 | 185 | 0.4% | 2.4% |
| Capex | $ Mn | 241 | 150 | 60.8% | 60.8% | 145 | 102 | 43.0% | 43.0% |
| Operating Free Cash Flow | $ Mn | 403 | 447 | (9.9%) | (6.7%) | 189 | 208 | (9.1%) | (5.7%) |
| **Operating KPIs** | | | | | | | | | |
| **Mobile voice** | | | | | | | | | |
| Voice revenue | $ Mn | 956 | 953 | 0.4% | 3.2% | 487 | 483 | 0.6% | 3.2% |
| Customer base | Mn | 103.9 | 94.1 | 10.4% | | 103.9 | 94.1 | 10.4% | |
| Voice ARPU | $ | 1.6 | 1.7 | (8.6%) | (6.0%) | 1.6 | 1.7 | (8.4%) | (6.1%) |
| **Mobile data** | | | | | | | | | |
| Data revenue | $ Mn | 434 | 323 | 34.4% | 37.8% | 226 | 166 | 36.5% | 39.6% |
| Data customer base | Mn | 31.9 | 27.1 | 17.7% | | 31.9 | 27.1 | 17.7% | |
| Data ARPU | $ | 2.4 | 2.1 | 15.6% | 18.5% | 2.4 | 2.1 | 17.2% | 19.9% |

*[(1)] Mobile service revenue post intersegment eliminations is $ 1,534 Mn for Half year ended Sep'19 and $ 1,430 Mn for Half year ended Sep'18, $ 786 Mn for Q2'20 and $ 727 Mn for Q2'19.*

### Voice

Voice Revenue in constant currency grew by 3.2% largely driven by customer growth of 10.4%, as a result of stable churn and the expansion of sales and distribution network and expansion of network infrastructure.

Voice ARPU decreased by 6.0% in constant currency terms, largely driven by a weakness in Rest of Africa and decrease in interconnect usage charges across key markets in East Africa and Rest of Africa.

### Data

Data Revenue was up by 37.8% in constant currency, largely driven by data customer growth of 17.7% and higher data usage per customer, up 55.7%. Data customer growth led by increase in smartphone penetration by 3%, accelerated roll out of 4G network, with 58% of the sites being 4G and more than 13,800 broadband base stations added. More than 30.7% of total customer base are data users, increased from 28.8% in previous period.

During the period, overall data usage increased by 81.1% supported by the investments in growth the strength and reliability of our 4G network ( more than 7,300 additional sites now on 4G) and higher adoption of simplified “more for more” data bundles resulting in data ARPU growth of 18.5%. Data accounted for 26.4% of total revenue, up from 21.3% in the prior period.

## Mobile Money

| Description | UoM | Half Year ended | | | | Quarter ended | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Sep-19 | Sep-18 | Reported Currency Change % | Constant Currency Change % | Sep-19 | Sep-18 | Reported Currency Change % | Constant Currency Change % |
| **Summarized Statement of Operations** | | | | | | | | | |
| **Revenue[1]** | **$ Mn** | **146** | **103** | **41.8%** | **46.5%** | **78** | **53** | **46.7%** | **50.9%** |
| Underlying EBITDA | $ Mn | 70 | 37 | 91.3% | 95.1% | 38 | 20 | 84.5% | 87.6% |
| Underlying EBITDA Margin | % | 48.2% | 35.7% | 1247 bps | 1198 bps | 48.2% | 38.3% | 989 bps | 942 bps |
| Depreciation & Amortization | $ Mn | (3) | (3) | 2.6% | 3.3% | (1) | (1) | 12.2% | 13.8% |
| Operating Profit | $ Mn | 67 | 34 | 98.2% | 102.4% | 37 | 19 | 88.4% | 91.5% |
| Capex | $ Mn | 3 | 4 | (12.5%) | (12.5%) | 2 | 3 | (52.3%) | (52.3%) |
| Operating Free Cash Flow | $ Mn | 67 | 33 | 102.7% | 107.1% | 36 | 17 | 109.7% | 113.5% |
| **Operating KPIs** | | | | | | | | | |
| **Mobile Money Key KPIs** | | | | | | | | | |
| Transaction value | $ Mn | 14,968 | 12,088 | 23.8% | 29.4% | 7,856 | 6,092 | 29.0% | 34.6% |
| Active customers | Mn | 15.5 | 12.9 | 19.9% | | 15.5 | 12.9 | 19.9% | |
| Mobile Money ARPU | $ | 1.6 | 1.4 | 18.4% | 22.4% | 1.7 | 1.4 | 25.0% | 28.6% |

*[1] Mobile Money revenue post intersegment eliminations is $ 104 Mn for Half year ended Sep'19 and $ 82 Mn for Half year ended Sep'18, $ 56 Mn for Q2'20 and $ 40 Mn for Q2'19*

Mobile money revenue grew by 46.5% in constant currency, driven by customer growth and growth in transaction value. Growth of customer base was largely driven by the expansion of the distribution network, as the business invested in more exclusive kiosks and mobile money branches, up 32% and 141% respectively compared to last year.

Furthermore, the expansion of the merchant ecosystem and the provision of more affordable tariffs further contributed to transaction value growth.

Underlying EBITDA in mobile money increased by 91.3%, amounting to $ 70.0 Mn, driven by revenue growth and supported by efficient distribution cost structure, resulting into better flow through in EBITDA. As a result, underlying EBITDA margin improved to 48.2%, up from 35.7%.

Transaction value increased by 29.4% in constant currency, with an annualized value of more than $ 30 billion driven by the expansion of its distribution infrastructure.

Mobile money active customer base at 15.5 Mn, up 19.9% on the previous year with the mobile money customer base currently representing 15% of the total base.

ARPU in mobile money increased 22.4% driven by subscriber growth and higher contribution from P2P and merchant payments.

## Forward looking statements

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

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

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

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$ rounded to the nearest Mns. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding.

## About Airtel Africa

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

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

## For further information:

Airtel Africa Investor Relations

E-mail address: investor.relations@africa.airtel.com

Telephone number: +44 207 493 9315

Website: https://airtel.africa/investors

## Conference call

The management team will host an analyst and investor conference call at **9:30 AM UK time, on Friday 25 October 2019**, including a Question and Answer session.

**In order to participate in the event, please use the following options to access via:**

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

   Provide the operator with the **conference ID 8396762**

2) **Webcast**

   click on the link URL**: https://edge.media-server.com/mmc/p/biu3u6oi**

   Or use the below QR code from a mobile device
   - QR Code (mobile devices):

# Interim Condensed Consolidated Financial Statements

## Consolidated Statement of Comprehensive Income

(All amounts are in US Dollar Mns; unless stated otherwise)

| | Notes | For six months ended September 30, 2019 | September 30, 2018 |
|---|---|---|---|
| **Income** | | | |
| Revenue | 5 | 1,640 | 1,513 |
| Other income | | 11 | 17 |
| | | **1,651** | **1,530** |
| **Expenses** | | | |
| Network operating expenses | | 297 | 273 |
| Access charges | | 184 | 171 |
| License fee / spectrum charges (revenue share) | | 94 | 92 |
| Employee benefits expense | | 111 | 118 |
| Sales and marketing expenses | | 83 | 76 |
| Impairment loss on financial assets | | 2 | 16 |
| Other expenses | | 166 | 142 |
| Depreciation and amortisation | | 319 | 278 |
| | | **1,256** | **1,166** |
| **Operating profit** | | **395** | **364** |
| Finance costs | | 209 | 226 |
| Finance income | | (60) | (8) |
| Non-operating income | | (70) | - |
| Share of loss / profit of joint ventures and associate | | (0) | 24 |
| **Profit before tax** | | **316** | **122** |
| **Tax expense / (credit)** | 6 | 88 | (82) |
| **Profit for the period** | | **228** | **204** |

| | | | |
|---|---|---|---|
| **Profit before tax (as presented above)** | | **316** | **122** |
| Add: Exceptional items (net) | 7 | (46) | 30 |
| **Underlying profit before tax** | | **270** | **152** |

| | | | |
|---|---|---|---|
| **Profit after tax (as presented above)** | | **228** | **204** |
| Add: Exceptional items (net) | 7 | (74) | (117) |
| **Underlying profit after tax** | | **154** | **87** |

| | Notes | For six months ended September 30, 2019 | September 30, 2018 |
|---|---|---|---|
| **Profit for the period (continued from previous page)** | | **228** | **204** |
| **Other comprehensive income ('OCI')** | | | |
| Items to be reclassified subsequently to profit or loss: | | | |
| Net losses due to foreign currency translation differences | | (24) | (194) |
| Share of OCI of associate | | - | 0 |
| Net gain on net investments hedge | | 7 | 28 |
| Net loss on cash flow hedge | | (3) | (10) |
| **Other comprehensive loss for the period** | | **(20)** | **(176)** |
| **Total comprehensive income for the period** | | **208** | **28** |
| **Profit for the period attributable to:** | | **228** | **204** |
| Owners of the Company | | 215 | 181 |
| Non-controlling interests | | 13 | 23 |
| **Other comprehensive loss for the period attributable to:** | | **(20)** | **(176)** |
| Owners of the Company | | (20) | (173) |
| Non-controlling interests | | (0) | (3) |
| **Total comprehensive income for the period attributable to:** | | **208** | **28** |
| Owners of the Company | | 195 | 8 |
| Non-controlling interests | | 13 | 20 |
| **Earnings per share (In USD)** | | | |
| Basic | 8 | 0.06 | 0.16 |
| Diluted | 8 | 0.06 | 0.16 |

## Consolidated Statement of Financial Position

(All amounts are in US Dollar Mns; unless stated otherwise)

| | Notes | As of September 30, 2019 | As of March 31, 2019 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | 1,658 | 1,597 |
| Capital work-in-progress | 9 | 314 | 365 |
| Right of use assets | | 638 | 655 |
| Goodwill | | 4,099 | 4,126 |
| Other intangible assets | | 381 | 349 |
| Intangible assets under development | | 31 | 70 |
| Investment in associate | | 4 | 3 |
| **Financial assets** | | | |
| - Investments | | 0 | 0 |
| - Derivative instruments | | 0 | 45 |
| - Security deposits | | 7 | 9 |
| - Others | | 1 | - |
| Income tax assets (net) | | 35 | 31 |
| Deferred tax assets (net) | | 319 | 346 |
| Other non-current assets | | 104 | 89 |
| | | **7,591** | **7,685** |
| **Current assets** | | | |
| Inventories | | 3 | 3 |
| **Financial assets** | | | |
| - Derivative instruments | | 3 | 5 |
| - Trade receivables | | 131 | 121 |
| - Cash and cash equivalents | | 1,469 | 848 |
| - Other bank balances | | 277 | 259 |
| - Others | | 66 | 73 |
| Other current assets | | 108 | 118 |
| | | **2,057** | **1,427** |
| **Total assets** | | **9,648** | **9,112** |

| | Notes | As of September 30, 2019 | March 31, 2019 |
|---|---|---|---|
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Share capital | 11 | 3,420 | 3,082 |
| Other equity | | 136 | (455) |
| **Equity attributable to owners of the Parent** | | **3,556** | **2,627** |
| Non-controlling interests | | (171) | (195) |
| | | **3,385** | **2,432** |
| **Non-current liabilities** | | | |
| **Financial liabilities** | | | |
| - Borrowings | 12 | 2,700 | 2,437 |
| - Lease liabilities | | 996 | 1,037 |
| - Derivative instruments | | 1 | 7 |
| - Others | | 2 | 7 |
| Deferred revenue | | 32 | 34 |
| Provisions | | 24 | 20 |
| Deferred tax liabilities (net) | | 27 | 33 |
| | | **3,782** | **3,575** |
| **Current liabilities** | | | |
| **Financial liabilities** | | | |
| - Borrowings | 12 | 284 | 625 |
| - Current maturities of long-term borrowings | 12 | 513 | 559 |
| - Lease liabilities | | 192 | 181 |
| - Derivative instruments | | 39 | 96 |
| - Trade payables | | 705 | 712 |
| - Others | | 389 | 604 |
| Provisions | | 5 | - |
| Deferred revenue | | 123 | 121 |
| Current tax liabilities (net) | | 73 | 67 |
| Other current liabilities | | 158 | 140 |
| | | **2,481** | **3,105** |
| **Total liabilities** | | **6,263** | **6,680** |
| **Total equity and liabilities** | | **9,648** | **9,112** |

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

# Consolidated Statement of Changes in Equity (All amounts are in US Dollar Mns; unless stated otherwise)

| | Equity attributable to owners of the Company | | | | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | | Other equity | | | | | | | | |
| | | | Reserves and surplus | | | | | Other components of equity | Total | | |
| | No of shares | Amount | Share premium | Retained earnings | Shared-based payment reserve | Transactions with NCI reserve | Other reserves | | | | |
| **As of April 1, 2018** | **1,781,248,325** | **2,359** | **2,551** | **(3,510)** | **-** | **(500)** | **-** | **(1,903)** | **(1,003)** | **(231)** | **(1,234)** |
| Profit for the period | - | - | - | 181 | - | - | - | - | 181 | 23 | 204 |
| Other comprehensive loss | - | - | - | - | - | - | - | (173) | (173) | (3) | (176) |
| **Total comprehensive income / (loss)** | **-** | **-** | **-** | **181** | **-** | **-** | **-** | **(173)** | **8** | **20** | **28** |
| **Transaction with owners of equity** | | | | | | | | | | | |
| Shareholder loan conversion | 1 | 0 | 1,107 | - | - | - | - | - | 1,107 | - | 1,107 |
| Common control transactions | - | - | - | 98 | - | - | - | - | 98 | - | 98 |
| Dividend (including tax) to NCI | - | - | - | - | - | - | - | - | - | (4) | (4) |
| Transaction with NCI | - | - | - | - | - | (80) | - | - | (80) | 6 | (74) |
| **As of September 30, 2018** | **1,781,248,326** | **2,359** | **3,658** | **(3,231)** | **-** | **(580)** | **-** | **(2,076)** | **130** | **(209)** | **(79)** |
| Profit for the period | - | - | - | 207 | - | - | - | - | 207 | 15 | 222 |
| Other comprehensive income | - | - | - | - | - | - | - | 40 | 40 | - | 40 |
| **Total comprehensive income** | **-** | **-** | **-** | **207** | **-** | **-** | **-** | **40** | **247** | **15** | **262** |
| **Transaction with owners of equity** | | | | | | | | | | | |
| Re-organization adjustment | (613,490,706) | (1,191) | (3,658) | 4,850 | - | - | - | - | - | - | - |
| Issue of share capital | 1,913,986,957 | 1,914 | 473 | (136) | - | - | - | - | 2,251 | - | 2,251 |
| Share issue costs | - | - | (2) | - | - | - | - | - | (2) | - | (2) |
| Dividend (including tax) to NCI | - | - | - | - | - | - | - | - | - | (1) | (1) |
| **As of March 31, 2019** | **3,081,744,577** | **3,082** | **471** | **1,690** | **-** | **(580)** | **-** | **(2,036)** | **2,626** | **(195)** | **2,432** |
| Profit for the period | - | - | - | 215 | - | - | - | - | 215 | 13 | 228 |
| Other comprehensive loss | - | - | - | - | - | - | - | (20) | (20) | (0) | (20) |
| **Total comprehensive income / (loss)** | **-** | **-** | **-** | **215** | **-** | **-** | **-** | **(20)** | **195** | **13** | **208** |
| **Transaction with owners of equity** | | | | | | | | | | | |
| Reduction in nominal value of shares [Note 11 (1)] | - | (1,541) | - | - | - | - | - | - | (1,541) | - | (1,541) |
| Issue of deferred share capital [Note 11 (1)] | 3,081,744,577 | 1,541 | - | - | - | - | - | - | 1,541 | - | 1,541 |
| Issue of redeemable deferred share capital [Note 11 (3)] | 50,000 | 0 | - | - | - | - | - | - | 0 | - | 0 |
| Issue of share capital [Note 11 (2)] | 676,406,927 | 338 | 342 | - | - | - | - | - | 680 | - | 680 |
| Issue of share capital to NCI | - | - | - | - | - | - | - | - | - | 13 | 13 |
| Share issue costs | - | - | (4) | (13) | - | - | - | - | (17) | | (17) |
| Share stabilisation proceeds [Note 4 (d)] | - | - | - | - | - | - | 7 | - | 7 | - | 7 |
| Employee share-based payment expenses | - | - | - | - | 0 | - | - | - | 0 | - | 0 |
| Reversal of indemnities [Note 4 (a)] | - | - | - | 64 | - | - | - | - | 64 | - | 64 |
| Dividend (including tax) to NCI | - | - | - | - | - | - | - | - | - | (2) | (2) |
| **As of September 30, 2019** | **6,839,946,081** | **3,420** | **809** | **1,956** | **0** | **(580)** | **7** | **(2,056)** | **3,556** | **(171)** | **3,385** |

## Statement of Cash Flows (All amounts are in US Dollar Mns; unless stated otherwise)

| | For six months ended | |
|---|---|---|
| | September 30, 2019 | September 30, 2018 |
| **Cash flows from operating activities** | | |
| **Profit before tax** | **316** | **122** |
| ***Adjustments for -*** | | |
| Depreciation and amortisation | 319 | 278 |
| Finance income | (60) | (8) |
| Finance cost | 209 | 226 |
| Share of loss / profit of joint ventures and associate | (0) | 24 |
| Non-operating adjustments | (70) | - |
| Other adjustments | (7) | 12 |
| **Operating cash flow before changes in working capital** | **707** | **654** |
| **Changes in working capital** | | |
| Increase in trade receivables | (12) | (14) |
| Increase / (decrease) in inventories | 0 | (0) |
| Decrease in trade payables | 4 | (53) |
| Increase / (decrease) in provisions | 2 | (3) |
| Decrease in other financial and non financial liabilities | (9) | (25) |
| Increase in other financial and non financial assets | (27) | (63) |
| Decrease in deferred revenue | (0) | (6) |
| **Net cash generated from operations before tax** | **665** | **490** |
| Income tax paid | (69) | (63) |
| **Net cash generated from operating activities (a)** | **596** | **427** |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment and capital work-in-progress | (349) | (273) |
| Purchase of intangible assets | (35) | (56) |
| Proceeds on sale of tower assets | - | 41 |
| Interest received | 14 | 8 |
| **Net cash used in investing activities (b)** | **(370)** | **(280)** |
| **Cash flows from financing activities** | | |
| Proceeds from issue of shares | 680 | - |
| Proceeds from issue of shares to NCI | 3 | - |
| Acquisition of non- controlling interest | - | (74) |
| Payment of share issue expenses | (16) | - |
| Proceeds from borrowings | 144 | 238 |
| Repayment of borrowings | (319) | (182) |
| Proceeds from sale and lease back of towers | - | 22 |
| Repayment of lease liabilities | (89) | (81) |
| Dividend paid to non-controlling interests | - | (4) |
| Interest and other finance charges paid | (176) | (178) |
| Proceeds from borrowings from related parties | - | 337 |
| Share stabilisation proceeds | 7 | - |
| Proceeds from sale of derivatives | 122 | - |
| **Net cash generated from financing activities (c)** | **356** | **78** |
| **Net increase in cash and cash equivalents during the period (a+b+c)** | 582 | 225 |
| Effect of exchange rate on cash and cash equivalents | 3 | 2 |
| Cash and cash equivalent as at beginning of the period | 632 | 56 |
| **Cash and cash equivalents as at end of the period (Note 10)** | **1,217** | **283** |

# Notes to Interim Condensed Consolidated Financial Statements

(All amounts are in US Dollar Mns; unless stated otherwise)

## 1. Corporate information

Airtel Africa Limited was incorporated as a private company limited by shares on July 12, 2018 as a subsidiary of Airtel Africa Mauritius Limited ('the Parent'), a company registered in Mauritius. It was subsequently re registered as Airtel Africa plc ('the Company') on June 13, 2019. The Company is incorporated and domiciled in England and Wales (registration number 11462215). The registered address of the Company is First Floor, 53/54 Grosvenor Street, London, W1K 3HU, United Kingdom.

The Company listed on London Stock Exchange ('LSE') on July 3, 2019 and on Nigerian Stock Exchange ('NSE') on July 9, 2019.

The Company, together with its subsidiary undertakings (hereinafter referred to as 'the Group') has operations in Africa. The principal activities of the Group and its associate consist of provision of telecommunication services and mobile money services.

## 2. Basis of preparation

These interim condensed consolidated financial statements ('financial statements') have been prepared to comply in all material respects with the International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and the disclosure requirements of the Listing Rules. These financial statements are unaudited.

These financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. Accordingly, the financial statements do not include all the information required for a complete set of financial statements, and should be read in conjunction with the Group's Historical Financial Information for the year ended March 31, 2019 included as part of the Airtel Africa prospectus published during the Company's listing process. Further, selected explanatory notes have been included to explain events and transactions that are significant for the understanding of the changes in the Group's financial position and performance since the latest annual consolidated financial statements.

These financial statements for the six months ended September 30, 2019 and financial year ended March 31, 2019 do not constitute statutory accounts as defined in section 434 of the U.K. Companies Act 2006. For the year ended March 31, 2019, the Group took the exemption available under the UK Companies Act from preparing consolidated statutory financial statements, as it was included in the group accounts of Bharti Airtel Limited. The Bharti Airtel Limited group financial statements are publically available and can be obtained at www.airtel.com. The comparative information included within these interim financial statements was separately prepared for the Board of Directors. This comparative financial information will also be included in the financial statements for the year ended March 31, 2020.

The financial statements of the Group for the six months ended September 30, 2019 were authorised by the Board of Directors on October 24, 2019.

These financial statements apply the same accounting policies, presentation and methods of calculation as those followed in the preparation of the Group's Historical Financial Information for the year ended March 31, 2019. Further, there have been no changes in critical accounting estimates, assumptions and judgements other than the following change in judgement:

- Airtel Congo (RDC) S.A. (a subsidiary of the Company in DRC) has carried forward tax losses and timing differences on which deferred tax was not recognised in the past. Considering DRC has been in continuous and cumulative profits and on the basis of the likely timing and the level of future taxable profits, the Group has determined that it is now probable that taxable profits will be available against which the tax losses and temporary differences can be utilised in the foreseeable future. Consequently, a deferred tax asset of USD 27 was recognised during the six months ended September 30, 2019. For remaining loss making subsidiaries, the criteria to recognise a deferred tax asset was not met.

## 3. Basis of measurement

The financial statements have been prepared under the historical cost convention and are presented in United States Dollars (USD), with all values stated in USD Mn and rounded to the nearest Mns except when otherwise indicated. Further, amounts which are less than a Mn are appearing as '0'.

### 3.1 Working capital and Going Concern

The Group has USD 2.7 Bn of intermediate parent guaranteed Bonds ("the Notes"). In May 2019 and ahead of IPO, the Group executed a bank facility agreement (the 'New Airtel Africa Facility') in a principal amount of up to USD 2 Bn which was available to draw down for a period of six months. In addition certain of the Group's subsidiaries arranged for USD 425 other committed facilities. The Group expressed an intention at IPO to refinance the Notes through various suitable means including the draw down on the facilities by December 2019 to the extent that the Notes had not been refinanced or unless alternate committed liquidity have been put in place.

Following successful completion of the IPO and receipt of USD 680 of IPO proceeds, in October 2019 the Group further reassessed the requirement for the New Airtel Africa Facility amounting to USD 1.2 Bn (USD 0.8 Bn already having been cancelled post IPO) and having considered business performance, free cash flows, liquidity expectation for the next 12 months together with its other existing drawn and undrawn facilities, the Group cancelled the remaining USD 1.2 Bn New Airtel Africa Facility. As part of this evaluation the Group has considered its future working capital requirements and has to date secured letters of intent and term sheets including underwrites for Debt Capital Market issuances from several institutions totalling USD 1.5 Bn, subject to customary terms and conditions. In the Group's assessment these, once executed, along with existing cash and facilities will provide an option to the Group to refinance the Notes should it choose to do so.

On October 24, 2019, The Honourable Supreme Court of India delivered an adverse court judgement in India on the Group's intermediate parent in relation to a long outstanding industry wide case ("the Court Judgement"). The overall financial impact arising out of the Court Judgement, is still being assessed by the intermediate parent company but this could result in USD 505 of the Group's Notes requiring to be prepaid on a voluntary basis to avoid loan incurrence covenants on those Notes coming into force. If required, this prepayment can be made from the Group's existing facilities with no adverse impact to the Group's operations or going concern.

As part of its assessment of going concern, the Directors have taken into account all factors likely to affect its future performance and financial position, including the Group's cash flows under both base and a number of reasonable worst case scenarios, solvency and liquidity positions, and borrowing facilities and all the risks and uncertainties relating to its business activities. The Group has also considered whether any events are likely to arise that would result in an early repayment requirement of the balance of the Notes and has assessed any material restrictions that may be imposed on it consequent to the actions / inactions of its intermediate parent company. The Group will continue to assess this risk as the impact of the Court Judgement becomes clearer and has considered whether this could give rise to the early repayment of the balance of the remaining USD 2.2 Bn of Notes. This represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. However the Group has cash and facilities together with a number of financing options as detailed above and other operational mitigation measures available to it should they be required and has concluded that despite the risks associated with the Court Judgement against the intermediate parent and its impact on the Notes, the Group will be able to continue as a going concern.

## 4. Significant transactions / new developments

a) Under a deed dated May 28, 2019 between the Company, Airtel Africa Mauritius Limited ('AAML' / the 'parent') and the several global investors, the terms of minority adjustments were varied such that the obligation existing until such date were assumed by the parent of the Company. Consequently, these minority adjustment liabilities have been reversed through equity.
Further, other indemnity adjustments expired on the publication of the registration document of the Company on May 28, 2019 in accordance with the original Share Subscription Agreement between the Company and the global investors and hence these were recorded as non-operating income in the statement of comprehensive income.

b) As outlined in the Company's prospectus dated June 17, 2019 and pursuant to a resolution of the Company passed on May 24, 2019, the Company has completed a reduction of its share capital by cancelling and extinguishing 50,000 redeemable deferred shares and reducing the amount standing to the credit of the share premium account of the Company to zero. The capital reduction was formally approved by the High Court in London and registered with the Registrar of Companies on October 22, 2019. Consequently GBP 50,000 will be repaid to the holder of the redeemable deferred shares.

c) During the six months ended September 30, 2019 the Government of Tanzania ('GoT'), Bharti Airtel Tanzania B.V. ('BATBV') and Airtel Tanzania ('AT') executed agreements to resolve all disputes. These mainly cover the following: (i) New shares to be issued by AT to the GoT at no cost such that the GoT will own 49 per cent of the entire share capital of AT and BATBV will own 51 percent; (ii) Tanzania Revenue Authority's (TRA) tax claim of approximately USD 874 on

Bharti Airtel International (Netherlands) B.V. ('BAIN') will be treated as settled without any liability; (iii) Tanzania Communications Regulatory Authority's Compliance Decision of April 20, 2018 imposing on AT a fine of approximately USD 183 too will be treated as settled without any liability; (iv) TRA's various tax claims against AT of approximately USD 47 will; subject to verification and consideration of the records, be treated as settled without any liability; (v) AT will be issued a one-time tax clearance certificate in regard to tax disputes in respect of all historical tax claims up to December 31, 2018; (vi) In all cases this shall not be construed as an admission of fact or law or as a concession or admission of any wrongdoing, obligation, liability by any party; (vii) AT, subject to verification and consideration of the records by the TRA will be allowed the carry-forward tax loss balance as recorded in AT's corporate tax return for the tax year ended December 31, 2017; (viii) Parties will co-operate to effect the sale of towers and the proceeds thereof will be distributed in a pre-defined manner towards repayment of AT's shareholder loan, to be retained in AT and balance as a special one-time pay-out to the GoT. On receipt of its share of the proceeds from sale of towers, BATBV will waive the balance shareholder loan; (ix) A valid Listing Waiver will be provided to AT and the Group entities in AT in accordance with the laws of Tanzania. Furthermore, in case of listing, the BATBV shares in AT are not subject to listing; (x) Group entities will not be subject to any tax in connection with any of the transactions described above; and (xi) AT will pay to GOT, approximately USD 0.4 every month for a period of 60 months, effective April 1, 2019 for the support services provided. As at September 30, 2019, TRA's tax claim of approx. USD 874 has been vacated without any liability. The completion of all other steps set out above are still in progress at the date of authorisation of the financial statements.

d) As part of the IPO process, the Company through one of the underwriters, carried out share price stabilisation activities during a 30 day period after the IPO. Company's parent lent shares to the underwriter to facilitate these stabilisation activities. Such stabilization activities resulted in proceeds of USD 7 which being earned on Company's own shares has been recorded as 'Other reserves' within equity.

e) Airtel Gabon is involved in a dispute with a company, 2JTH, with respect to disputed invoices for services provided by 2JTH to Airtel Gabon under a service contract. Although the original order under the contract was issued by Airtel Gabon for a total amount of CFA 473,800,000 (approximately USD 1), in 2014 2JTH initiated arbitration claiming a sum of approximately CFA 1.9 billion (approximately USD 3.3), which was awarded by an arbitral tribunal. A lower court on the September 29, 2015 enforced the arbitral award and ordered certain of Airtel Gabon's banks to release the funds under a penalty of CFA 50 Mn per day (approximately USD 0.08). Airtel Gabon appealed to the Court of Appeal, which dismissed the appeal on June 15, 2016 and imposed an additional CFA 1 billion (approximately USD 1.7) as damages for abuse of court process. Airtel Gabon filed an appeal before the OHADA Common Court of Justice and Arbitration ('CCJA' in Abidjan), Ivory Coast, the highest commercial court of OHADA countries, which confirmed the arbitral award but quashed the rulings of September 2015 and June 2016, including the imposition of the daily penalty in November 2018. In mid- May 2019, a lower court in Gabon issued an order against Airtel Gabon reinstating the daily penalty imposed in 2015, for an amount of approximately CFA 35 billion (approximately USD 60). Airtel Gabon lodged an immediate appeal and stay of execution. On June 19, 2019, the Supreme Court granted a stay of execution. Airtel Gabon believes that the lower court order is without merit given the prior decision of CCJA. In July 2019 the Court of Appeal delivered a judgment, which was served on Airtel in August 2019, confirming the ordinance of mid - May 2019 condemning Airtel to pay the sum of CFA 35 billion (approximately USD 60) which was intended to be seized on the assets of Airtel Gabon. Airtel Gabon appealed to the Supreme Court and applied for a stay by challenging the merits of the Appeal Court ruling itself. The magistrate of the lower court who took the injunction and the presiding Judge of the court of appeal have both been removed from their respective positions by the President and a criminal complaint has been lodged by Airtel against 2JTH since June 2019 for fraud and extortion on the ground that 2JTH is using null and void decisions against banks to try to extort money from the company. In September 2019, the Supreme Court of Gabon issued a stay of execution against the ruling of the court of appeal of July 2019. With this stay of execution by the Supreme Court, 2JTH is not in position to pursue the seizure of Airtel Gabon's bank accounts. The next step is the proceeding before the OHADA regional court where Airtel Gabon will seek the annulment of the injunction of the mid-May 2019 and court of appeal ruling of July 2019.

f) On December 13, 2018, Authority for Regulations of Electronic Communication & Post (ARCEP) "the regulator" in Gabon sanctioned Airtel Gabon for provision of poor quality services on its network. In connection with such sanction, ARCEP has issued Quality of Service charges of approximately USD 14. Consequent to engagements between Airtel Gabon and the regulator, payment was suspended by the regulator until further notice. On May 27 2019, the regulator had issued a revised demand letter for USD 8.6. Airtel Gabon continued to engage with the regulator on this matter. The regulator through a letter dated July 3, 2019 (received on July 4 2019) informed that Airtel Gabon has to pay a final amount of USD 8.6 within 72 hours. Airtel Gabon through a letter dated July 8 2019 informed the regulator that the reduced penalty of USD 8.6 will be paid in instalments, first instalment of USD 3.4 will be paid in the 3rd week of July 2019, and other 2 instalments of USD 2.6 and USD 2.6 in August 2019 and September 2019 respectively. In response to Airtel Gabon's request, the regulator has provided onetime approval on this payment plan through their letter dated July 15 2019. Accordingly, the Company has paid the penalty of USD 8.6 in instalments during the quarter as per the approved plan from the regulator.

g) The proposed interim dividend of $ 3¢ per share was approved by the Board on 24 October 2019 and has not been included as a liability as at September 30, 2019.

## 5. Segmental Information

In line with the new strategy and the re-organisation, the Group revised its organisational structure on the basis of geographical clusters (from erstwhile one Africa segment) in March 2019. Segment information is provided on the basis of geographical clusters to the Group's Chief Executive Officer (Chief Operating Decision Maker - 'CODM') for the purposes of resource allocation and assessment of performance. The reporting segments, which have been retrospectively applied for all the periods in the financial statements, are as follows:

**Nigeria**

**East Africa:** Comprising of operations in Kenya, Uganda, Rwanda, Tanzania, Malawi and Zambia

**Rest of Africa:** Comprising of operations in Niger, Gabon, T Chad, Congo, DRC, Madagascar and Seychelles

Each segment derives revenue from mobile services, mobile money and other services. Expenses, assets and liabilities primarily related to the corporate headquarters of the Group are presented as Unallocated Items.

The amounts reported to CODM are based on the accounting principles used in the preparation of the financial statements. Segmental performance is evaluated based on segment revenue and segment result.

Segment result is Underlying EBITDA i.e. earnings before interest, tax, depreciation and amortisation before exceptional items as adjusted for corporate social responsibility costs. This is the measure reported to the CODM for purposes of resource allocation and assessment of segment performance.

Inter-segment pricing and terms are reviewed and changed by the management to reflect changes in market conditions and changes to such terms are reflected in the period in which the changes occur.
Inter-segment revenues eliminated upon consolidation of segments are reflected in the 'Eliminations / Adjustments' column.

Segment assets and segment liabilities comprise those assets and liabilities directly managed by each segment. Segment assets primarily include receivables, property, plant and equipment, capital work in progress, right-to-use assets, intangibles assets, inventories, cash and cash equivalents. Segment liabilities primarily include operating liabilities. Segment capital expenditure comprises of investment in property, plant and equipment, capital work in progress, intangible assets (excluding licenses) and capital advances.

Summary of the segmental information for the six months ended and as of September 30, 2019 is as follows:

| **Sep-19** | **Nigeria** | **East Africa** | **Rest of Africa** | **Unallocated** | **Eliminations** | **Total** |
|---|---|---|---|---|---|---|
| **Revenue from external customers** | | | | | | |
| Mobile services | 636 | 503 | 395 | - | - | 1,534 |
| Mobile money | 3 | 73 | 28 | - | - | 104 |
| Others | 0 | 2 | 2 | - | - | 4 |
| | **639** | **578** | **425** | (2) | **-** | **1,640** |
| **Inter-segment revenue** | 1 | 0 | 1 | - | (2) | - |
| **Total revenue** | **640** | **578** | **426** | **(2)** | **(2)** | **1,640** |
| Segment results: Underlying EBITDA | 341 | 233 | 140 | (20) | 25 | 719 |
| **Less:** | | | | | | |
| Depreciation and amortisation (excluding exceptional items) | 89 | 117 | 93 | 1 | (0) | 300 |
| Finance costs | | | | | | 209 |
| Finance income | | | | | | (60) |
| Non-operating Income, (net) | | | | | | (70) |
| Share of loss of associate | | | | | | (0) |
| Corporate social responsibility costs | 0 | 0 | 0 | 3 | - | 3 |
| Exceptional items pertaining to operating profit | 3 | 5 | 10 | - | 3 | 21 |
| **Profit before tax** | | | | | | **316** |
| **Other segment items** | | | | | | |
| Capital expenditure | 115 | 60 | 69 | 2 | - | 246 |
| **As of September 30, 2019** | | | | | | |
| Segment assets | 1,237 | 1,604 | 1,618 | 30,775 | (25,586) | 9,648 |
| Segment liabilities | 962 | 2,614 | 2,664 | 17,057 | (17,034) | 6,263 |
| Investment in associate (included in segment assets above) | - | - | 4 | - | - | 4 |

Summary of the segmental information for the six months ended September 30, 2018 and as of March 31, 2019 is as follows:

| Sep-18 | Nigeria | East Africa | Rest of Africa | Unallocated | Eliminations | Total |
|---|---|---|---|---|---|---|
| **Revenue from external customers** | | | | | | |
| Mobile services | 516 | 490 | 424 | - | - | 1,430 |
| Mobile money | 3 | 54 | 25 | - | - | 82 |
| Others | 0 | 1 | 2 | - | - | 4 |
| | **519** | **545** | **451** | **(2)** | **-** | **1,513** |
| **Inter-segment revenue** | 1 | 1 | 4 | - | (6) | - |
| **Total revenue** | **520** | **546** | **455** | **(2)** | **(6)** | **1,513** |
| Segment results: Underlying EBITDA | 246 | 211 | 176 | (10) | 26 | 649 |
| **Less:** | | | | | | |
| Depreciation and amortisation (excluding exceptional items) | 78 | 111 | 95 | 1 | (32) | 253 |
| Finance costs | | | | | | 226 |
| Finance income | | | | | | (8) |
| Share of profit of joint venture and associate | | | | | | 24 |
| Corporate social responsibility costs | 0 | 0 | 0 | 2 | - | 2 |
| Exceptional items pertaining to operating profit | 25 | 1 | 1 | 3 | - | 30 |
| **Profit before tax** | | | | | | **122** |
| **Other segment items** | | | | | | |
| Capital expenditure | 44 | 74 | 36 | 1 | - | 155 |
| **As of March 31, 2019** | | | | | | |
| Segment assets | 1,253 | 1,888 | 1,526 | 29,781 | (25,336) | 9,112 |
| Segment liabilities | 1,130 | 2,896 | 2,696 | 16,926 | (16,968) | 6,680 |
| Investment in joint venture and associate (included in segment assets above) | - | - | 3 | - | - | 3 |

## 6. Taxation

The tax expense / (credit) is as follows:

| | For the six months ended | |
|---|---|---|
| | **September 30, 2019** | **September 30, 2018** |
| Current tax | 70 | 37 |
| Deferred tax | 18 | (119) |
| **Tax expense / (credit)** | **88** | **(82)** |

## 7. Exceptional items

Underlying profit before tax excludes the following exceptional items:

| | For the six months ended | |
|---|---|---|
| | **September 30, 2019** | **September 30, 2018** |
| **Profit before tax** | **316** | **122** |
| Add: Exceptional items | | |
| - Network modernisation [1] | 19 | 25 |
| - Settlement of litigations and claims [2] | - | 3 |
| - Share issue and IPO related expenses [3] | 7 | - |
| - Voluntary retirement scheme [4] | - | 2 |
| - Reversal of indemnities [5] | (72) | - |
| | **(46)** | **30** |
| **Underlying profit before tax** | **270** | **152** |

[1] mainly includes accelerated depreciation pertaining to the non-usable de-installed network equipment as part of the Group's network modernisation programmes started in 2017. The network modernisation programmes which are under progress are expected to be completed by March 2020.

[2] represents a charge due to settlement of past litigations, vendor claims, reconciliation of balances and tax related contingent liability.

[3] represents equity issuance related expenses under IPO of the Company including cost and fair value changes of derivatives taken for IPO proceeds. It also includes equity issuance cost of rights issue in a subsidiary, Congo B.

[4] mainly relates to the voluntary retirement of employees on account of restructuring in Madagascar and Rwanda.

[5] represents expiry of indemnity obligation on the publication of registration document of the Company. This is presented as 'Non-operating income' in the statement of comprehensive income.

Underlying profit after tax excludes the following exceptional items:

| | For the six months ended | |
|---|---|---|
| | **September 30, 2019** | **September 30, 2018** |
| **Profit after tax** | **228** | **204** |
| -Exceptional item (as above) | (46) | 30 |
| -Tax on above exceptional items | (1) | (4) |
| - Deferred tax asset recognition | (27) | (116) |
| - Reversal of current tax provision | - | (27) |
| | **(74)** | **(117)** |
| **Underlying profit after tax** | **154** | **87** |

Profit attributable to non-controlling interests include benefit of USD 0 and expense of USD 7 during the six months ended September 30, 2019 and 2018 respectively, relating to the above exceptional items.

## 8. Earnings per share ('EPS')

The details used in the computation of basic EPS:

| | For the six months ended | |
|---|---|---|
| | **September 30, 2019** | **September 30, 2018** |
| Profit for the period attributable to owners of the Company | 215 | 181 |
| Weighted average ordinary shares outstanding for basic EPS[1] | 3,413,117,559 | 1,167,757,622 |
| **Basic EPS** | **0.06** | **0.16** |

The details used in the computation of diluted EPS:

| | For the six months ended | |
|---|---|---|
| | September 30, 2019 | September 30, 2018 |
| Profit for the period attributable to owners of the Company | 215 | 181 |
| Weighted average ordinary shares outstanding for diluted EPS (1) (2) | 3,414,000,861 | 1,167,757,622 |
| **Diluted EPS** | **0.06** | **0.16** |

Deferred shares have not been considered for EPS computation as they do not have right to participate in profits. For periods prior to the re-organisation (whereby the Company became the parent of BAIN and its subsidiaries), the weighted average number of shares has been calculated by multiplying the weighted average number of shares of BAIN by the share for share exchange ratio. For the period post re-organisation, the weighted average number of shares considers the shares in issue during the respective periods.

(2) The difference between the basic and diluted number of shares at the end of September 2019 being 883,303 (September 2018: Nil) relates to awards committed but not yet issued under the Group's share-based payment schemes.

(3) Refer Note 11 for detail on the ordinary share movements as part of the initial public offering process during the six months ended September 30, 2019.

## 9. Property, plant and equipment ('PPE')

The following table presents the reconciliation of changes in the carrying value of PPE for the six months ended September 30, 2019 and 2018:

| | Leasehold Improvements | Building | Land | Plant and Equipment | Furniture & Fixture | Vehicles | Office Equipment | Computer | Total | Capital work-in-progress |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value** | | | | | | | | | | |
| **Balance as of April 1, 2018** | **52** | **56** | **29** | **1,725** | **15** | **30** | **21** | **652** | **2,580** | **271** |
| Additions | 0 | 0 | - | 162 | 3 | 0 | 4 | 12 | 181 | 183 |
| Acquisition through business combinations | - | - | - | 6 | - | - | - | - | 6 | - |
| Disposals / adjustments | (0) | (0) | 3 | (7) | (1) | (1) | 1 | 5 | (0) | (183) |
| Exchange differences | (2) | (4) | (1) | (143) | (2) | (1) | (2) | (23) | (179) | (8) |
| **Balance as of September 30, 2018** | **50** | **52** | **31** | **1,743** | **15** | **28** | **24** | **646** | **2,589** | **263** |
| **Balance as of April 1, 2019** | **50** | **52** | **30** | **1,957** | **18** | **27** | **29** | **670** | **2,833** | **365** |
| Additions | 0 | 0 | 0 | 286 | 5 | 0 | 3 | 10 | 304 | 260 |
| Disposals / adjustments | (1) | - | (0) | (14) | (2) | (2) | 0 | (4) | (23) | (306) |
| Exchange differences | (1) | (1) | (0) | (64) | (1) | (0) | (1) | (12) | (80) | (5) |
| **Balance as of September 30, 2019** | **48** | **51** | **30** | **2,165** | **20** | **25** | **31** | **664** | **3,034** | **314** |
| **Accumulated depreciation** | | | | | | | | | | |
| **Balance as of April 1, 2018** | **40** | **11** | **1** | **297** | **7** | **27** | **14** | **624** | **1,021** | **-** |
| Charge | 1 | 2 | 0 | 162 | 2 | 1 | 2 | 16 | 186 | |
| Disposals / adjustments | 0 | 0 | 1 | 0 | (1) | (1) | (3) | 7 | 4 | |
| Exchange differences | (2) | (1) | (0) | (91) | (2) | (0) | (2) | (25) | (123) | |
| **Balance as of September 30, 2018** | **39** | **12** | **2** | **368** | **6** | **27** | **11** | **622** | **1,087** | **-** |
| **Balance as of April 1, 2019** | **41** | **13** | **2** | **505** | **9** | **25** | **14** | **627** | **1,236** | **-** |
| Charge | 2 | 2 | 0 | 186 | 2 | 0 | 4 | 12 | 208 | - |
| Disposals / adjustments | (1) | - | 0 | (6) | (1) | (2) | (0) | (2) | (12) | - |
| Exchange differences | (1) | (0) | 0 | (42) | (1) | (0) | (1) | (11) | (56) | - |
| **Balance as of September 30, 2019** | **41** | **15** | **2** | **643** | **9** | **23** | **17** | **626** | **1,376** | **-** |
| **Net carrying value** | | | | | | | | | | |
| As of April 1, 2018 | 12 | 45 | 28 | 1,428 | 8 | 3 | 7 | 28 | 1,559 | 271 |
| As of September 30, 2018 | 11 | 40 | 29 | 1,375 | 9 | 1 | 13 | 24 | 1,501 | 263 |
| As of April 1, 2019 | 9 | 39 | 28 | 1,452 | 9 | 2 | 15 | 43 | 1,597 | 365 |
| As of September 30, 2019 | 7 | 36 | 28 | 1,522 | 11 | 2 | 14 | 38 | 1,658 | 314 |

## 10. Cash and cash equivalents ('C&CE')

For the purpose of the statement of cash flows, C&CE are as follows:

| | As of | |
|---|---|---|
| | September 30, 2019 | September 30, 2018 |
| C&CE as per statement of financial position | 1,469 | 439 |
| Bank overdraft | (252) | (156) |
| | **1,217** | **283** |

## 11. Share Capital

| | As of | |
|---|---|---|
| | September 30, 2019 | March 31, 2019 |
| **Issued, Subscribed and fully paid-up shares** | | |
| 3,758,151,504 Ordinary shares of Airtel Africa Limited of USD 0.5 each (March 2019: 3,081,744,577 Ordinary shares of USD 1 each) [(1) (2)] | 1,879 | 3,082 |
| 3,081,744,577 Deferred shares of USD 0.5 each [(1)] | 1,541 | - |
| 50,000 redeemable Deferred shares of GBP 1 each [(3)] | 0 | - |
| | **3,420** | **3,082** |

[(1)] On June 27, 2019, the Company sub-divided and converted each ordinary share of USD 1 into:

- One ordinary share of USD 0.50 each having the same rights and being subject to the same restrictions as the existing ordinary shares of the Company; and
- One deferred share of USD 0.50 each. These deferred shares are not listed and are intended to be cancelled in due course. No share certificates are to be issued in respect of the deferred shares. These are not freely transferable and would not affect the net assets of the Company. The deferred shareholders shall have no right to receive any dividend or other distribution or return whether of capital or income. On a return of capital in a liquidation, the deferred shareholders shall have the right to receive the nominal amount of each deferred share held, but only after the holder of each Other share (i.e. shares other than the deferred shares) in the capital of the Company shall have received the amount paid up on each such Other share held and the payment in cash or in specie of GBP 100,000 (or its equivalent in any other currency) on each such Other shares held. The Company shall have an irrevocable authority from each holder of the deferred shares at any time to purchase all or any of the deferred shares without obtaining the consent of the deferred shareholders in consideration of the payment of an amount not exceeding one US cent in respect of all of the deferred shares then being purchased.

[(2)] On July 3, 2019 and July 9, 2019, the Company completed its listing on the London Stock Exchange (LSE) and Nigerian Stock Exchange (NSE) respectively and raised USD 680 (including share premium of USD 342) from the issue of 676,406,927 new ordinary shares.

[(3 )] During the six months ended September 30, 2019, in order to meet the share capital requirements for re-registration as a public limited company, the Company allotted 50,000 redeemable deferred shares of GBP 1.00 each (the 'Redeemable Deferred Shares') to AAML.

## 12. Borrowings

### Non- Current

| | As of | |
|---|---|---|
| | September 30, 2019 | March 31, 2019 |
| **Secured** | | |
| Term loans | 10 | 20 |
| Less: Current portion | (10) | (20) |
| | 0 | 0 |
| **Unsecured** | | |
| Term loans | 503 | 296 |
| Non-convertible bonds | 2,700 | 2,680 |
| | 3,203 | 2,976 |
| Less: Current portion | (503) | (539) |
| | 2,700 | 2,437 |
| | **2,700** | **2,437** |

### Current

| | As of | |
|---|---|---|
| | September 30, 2019 | March 31, 2019 |
| **Secured** | | |
| Term loans | 0 | 0 |
| Bank overdraft | 42 | 24 |
| | **42** | **24** |
| **Unsecured** | | |
| Term loans | 32 | 409 |
| Bank overdraft | 208 | 192 |
| | **240** | **601** |
| | **283** | **625** |
| **Current maturities of long-term borrowings** | **513** | **559** |

Additional amounts of USD 180 were drawn down under the Group's loan facilities and overdraft.

Repayments of other bank loans amounting to USD 319 were made during the period, in line with previously disclosed repayment terms.

## 13. Contingent liabilities and commitments

### (i) Contingent liabilities

| | As of | |
|---|---|---|
| | September 30, 2019 | March 31, 2019 |
| (i) Taxes, Duties and Other demands (under adjudication / appeal / dispute) | | |
| -Sales Tax & Service Tax | 38 | 40 |
| -Income Tax | 50 | 51 |
| -Customs Duty & Excise Duty (1) | 11 | 20 |
| -Other miscellaneous demands (2) | 12 | 13 |
| (ii) Claims under legal cases including arbitration matters | 21 | 22 |
| | **132** | **146** |

There are uncertainties in the legal, regulatory and tax environments in the countries in which the Group operates, and there is a risk of demands which may be raised based on current or past business operations. Such demands have in past been challenged and contested on merits with appropriate authorities and appropriate settlements agreed. Other than amounts provided where the group believes there is a probable settlement and contingent liabilities where the group has assessed the additional possible amounts, there are no other legal, tax or regulatory obligations which may be expected to be material to the financial statements.

The movement in contingent liabilities during the six months ended September 30, 2019 majorly comprise of:

(1) Settlement of Excise Duty assessment pertaining to year 2014 and 2015 in DRC amounting to USD 15. Demand raised under fresh Custom Duty assessment pertaining to year 2014 to 2018 in DRC amounting to USD 5.
(2) Settlement of cases pertaining to social contribution in DRC for year 2012 to 2015 amounting to USD 5.

**Guarantees:**

Guarantees outstanding as of September 30, 2019 and March 31, 2019 amounting to USD 17 and USD 19 respectively have been issued by banks and financial institutions on behalf of the Group. These guarantees include certain financial bank guarantees which have been given for sub judice matters, the amounts with respect to these have been disclosed under capital commitments, contingencies and liabilities, as applicable, in compliance with the applicable accounting standards.

**(ii) Capital commitments**

The Group has contractual commitments towards capital expenditure (net of related advances paid) of USD 348 and USD 273 as of September 30, 2019 and March 31, 2019 respectively.

## 14. Related Party disclosure

**(a) List of related parties**

**i. Parent company**

Airtel Africa Mauritius Limited (since September 6, 2018)

Network i2i Limited (until September 6, 2018)

**ii. Intermediate parent entity**

Network i2i Limited (since September 6, 2018)

Bharti Airtel Limited

**iii. Ultimate controlling entity**

Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the company.

**iv. Joint ventures**

Bharti Airtel Ghana Holding B.V. (until August 24, 2018)

Airtel Ghana Limited (until August 24, 2018)

Millicom Ghana Company Limited (until August 24, 2018)

Airtel Mobile Commerce (Ghana) Limited (until August 24, 2018)

Mobile Financial Services Limited (until August 24, 2018)

**v. Associate**

Seychelles Cables Systems Company Limited

**vi. Other entities with whom transactions have taken place during the reporting period**

**a. Fellow subsidiaries**

Bharti Airtel International (Mauritius) Limited

Nxtra Data Limited

Bharti Airtel (Services) Limited

Bharti International (Singapore) Pte Ltd

Bharti Airtel (UK) Limited

Bharti Airtel (USA) Limited

Bharti Airtel (France) SAS

Bharti Airtel Lanka (Private) Limited

Bharti Hexacom Limited

**b. Other related parties**

Airtel Ghana Limited (since August 24, 2018)

Singapore Telecommunication Limited

**c. Key Management Personnel ('KMP')**

Raghunath Venkateswarlu Mandava (w.e.f. July 12, 2018)

Jantina C. Uneken – Van de Vreede (till November 12, 2018)

(b) The details of significant transactions with the related parties for the six months ended September 30, 2019 and 2018 respectively, are provided below:

| | For the six months ended | |
|---|---|---|
| | **September 30, 2019** | **September 30, 2018** |
| **Sale / rendering of services** | | |
| Airtel Ghana Limited | 0 | 1 |
| Bharti Airtel (France) SAS | 2 | 3 |
| Bharti Airtel (UK) Limited | 43 | 35 |
| Bharti Airtel Limited | 4 | 7 |
| Bharti International (Singapore) Pte Ltd | 1 | 0 |
| Singapore Telecommunication Limited | 0 | 0 |
| Bharti Airtel Lanka (Private) Limited | 0 | 0 |
| Bharti Airtel Services Limited | 0 | - |
| Network i2i Ltd. | 0 | - |
| **Purchase / receiving of services** | | |
| Airtel Ghana Limited | 0 | 1 |
| Bharti Airtel (France) SAS | 7 | 7 |
| Bharti Airtel (UK) Limited | 27 | 17 |
| Bharti Airtel Limited | 13 | 13 |
| Bharti Airtel Services Limited | 0 | 1 |
| Bharti International (Singapore) Pte Ltd | 6 | 6 |
| Network i2i Ltd. | 3 | 3 |
| Nxtra Data Limited | 1 | 0 |
| Singapore Telecommunication Limited | 0 | 0 |
| Bharti Airtel Lanka (Private) Limited | 0 | 0 |
| Seychelles Cable Systems Company Limited | 0 | 0 |
| **Guarantee and collateral fees** | | |
| Bharti Airtel Limited | 5 | 9 |
| **Loan conversion** | | |
| Network i2i Ltd. | - | 1,107 |
| **Loans repayment** | | |
| Network i2i Ltd. | - | 259 |
| Bharti Airtel (France) SAS | - | 2 |
| Bharti Airtel (UK) Limited | - | 31 |
| Bharti Airtel (USA) Limited | - | 6 |
| **Loans received** | | |
| Network i2i Ltd. | - | 410 |
| Bharti Airtel (UK) Limited | - | 9 |
| Bharti Airtel (USA) Limited | - | 1 |

## 15. Fair Value of financial assets and liabilities

The category wise details as to the carrying value, fair value and the level of fair value measurement hierarchy of the Group's financial instruments are as follows:

| | | Carrying value as of | | Fair value as of | |
|---|---|---|---|---|---|
| | | September 30, 2019 | March 31, 2019 | September 30, 2019 | March 31, 2019 |
| **Financial assets** | | | | | |
| **FVTPL** | | | | | |
| Derivatives | | | | | |
| - Forward and option contracts | Level 2 | 1 | 4 | 1 | 4 |
| - Currency swaps and interest rate swaps | Level 2 | 2 | 46 | 2 | 46 |
| Investments | Level 2 | 0 | 0 | 0 | 0 |
| **Amortised cost** | | | | | |
| Security deposits | | 7 | 9 | 7 | 9 |
| Trade receivables | | 131 | 121 | 131 | 121 |
| Cash and cash equivalents | | 1,469 | 848 | 1,469 | 848 |
| Other bank balances | | 277 | 259 | 277 | 259 |
| Other financial assets | | 67 | 73 | 67 | 73 |
| | | **1,954** | **1,360** | **1,954** | **1,360** |
| **Financial liabilities** | | | | | |
| **FVTPL** | | | | | |
| Derivatives | | | | | |
| - Forward and option contracts | Level 2 | 35 | 28 | 35 | 28 |
| - Currency swaps and interest rate swaps | Level 2 | 1 | 7 | 1 | 7 |
| - Embedded derivatives | Level 2 | 4 | 4 | 4 | 4 |
| - Embedded derivatives | Level 3 | - | 64 | - | 64 |
| **Amortised cost** | | | | | |
| Borrowings - fixed rate | Level 1 | 2,700 | 2,680 | 2,791 | 2,747 |
| Borrowings - fixed rate | Level 2 | 49 | 65 | 53 | 71 |
| Borrowings - floating rate | | 748 | 875 | 748 | 875 |
| Trade payables | | 705 | 712 | 705 | 712 |
| Other financial liabilities | | 391 | 611 | 391 | 611 |
| | | **4,633** | **5,046** | **4,728** | **5,119** |

The following methods / assumptions were used to estimate the fair values:

i. The carrying value of bank deposits, trade receivables, trade payables, short-term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments.

ii. Fair value of quoted financial instruments is based on quoted market price at the reporting date.

iii. The fair value of non-current financial assets, long-term borrowings and other financial liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.

iv. The fair values of derivatives are estimated by using pricing models, wherein the inputs to those models are based on readily observable market parameters. The valuation models used by the Group reflect the contractual terms of the derivatives (including the period to maturity), and market-based parameters such as interest rates, foreign exchange rates, volatility etc. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement and inputs thereto are readily observable.

During the six months ended September 30, 2019 and year ended March 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of the Level 2 financial assets / liabilities as of September 30, 2019 and March 31, 2019:

| **Financial assets / liabilities** | **Inputs used** |
|---|---|
| - Currency swaps, forward and option contracts | Forward foreign currency exchange rates, Interest rate |
| - Interest rate swaps | Prevailing/forward interest rates in market, Interest rate |
| - Embedded derivatives | Prevailing interest rates in market, inflation rates |
| - Other financial assets / fixed rate borrowings / other financial liabilities | Prevailing interest rates in market, Future payouts , Interest rates |

**Reconciliation of fair value measurements categorised within level 3 of the fair value hierarchy – Financial Assets / (Liabilities) (net)**

| | **For the three months ended September 30, 2019** | **For the year ended March 31, 2019** |
|---|---|---|
| **Opening Balance** | 64 | - |
| Issuance | - | 64 |
| Reversal in retained earnings | (64) | - |
| **Closing Balance** | **-** | **64** |

**Valuation process used for fair value measurements categorized within level 3 of the fair value hierarchy**

As part of issue of equity shares to global investors, the Group has committed indemnities pertaining to acquisition of non-controlling interest in Group's operations in Nigeria and Congo B. The liability for such indemnity derives its value based on the price of the shares in these entities and hence is a derivative liability. The significant input to valuation is the probability of acquisition of minority interest at a lower value and avoiding this pay-out to the global investors. The liability has been valued on the basis of probability weighted amount payable for acquisition of non-controlling interest in these entities which is a significant unobservable input to the valuation.

**Narrative description of sensitivity of fair value changes to changes in unobservable inputs**

As at March 31, 2019, any increase / decrease in probability of expected pay-outs under non-controlling indemnity liability by 5% would have resulted in 6% increase / decrease in the derivative liability value.

## 16. Events after the balance sheet date

Other than the following matters, no subsequent events or transactions have occurred since the date of statement of financial position or are pending that would have material effect on the financial statements as at and for the six months ended September 30, 2019:

- The capital reduction (refer Note 4 (b)) was formally approved by the High Court in London and registered with the Registrar of Companies on October 22, 2019. Consequently GBP 50,000 will be repaid to the holder of the redeemable deferred shares.

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**Additional information pertaining to three months ended September 30, 2019**

**Condensed Consolidated Statement of Comprehensive Income**

(All amounts are in US Dollar Mns; unless stated otherwise)

| | For three months ended | |
|---|---|---|
| | **September 30, 2019** | **September 30, 2018** |
| **Income** | | |
| Revenue | 844 | 769 |
| Other income | 7 | 6 |
| | **851** | **774** |
| **Expenses** | | |
| Network operating expenses | 156 | 141 |
| Access charges | 94 | 85 |
| License fee / spectrum charges (revenue share) | 48 | 47 |
| Employee benefits expense | 61 | 53 |
| Sales and marketing expenses | 46 | 42 |
| Impairment loss on financial assets | (3) | 7 |
| Other expenses | 76 | 68 |
| Depreciation and amortisation | 162 | 137 |
| | **641** | **581** |
| **Operating profit** | **210** | **194** |
| Finance costs | 96 | 148 |
| Finance income | (38) | (5) |
| Non-operating cost | 2 | - |
| Share of loss / profit of joint ventures and associate | (0) | 8 |
| **Profit before tax** | **150** | **42** |
| **Tax expense / (credit)** | 54 | (12) |
| **Profit for the period** | **96** | **54** |

| | | |
|---|---|---|
| **Profit before tax (as presented above)** | **150** | **42** |
| Add: Exceptional items (net) | 4 | 12 |
| **Underlying profit before tax** | **153** | **54** |

| | | |
|---|---|---|
| **Profit after tax (as presented above)** | **96** | **54** |
| Add: Exceptional items (net) | (11) | (18) |
| **Underlying profit after tax** | **85** | **36** |

| | | |
|---|---|---|
| **Other comprehensive income ('OCI')** | | |
| Items to be reclassified subsequently to profit or loss: | | |
| Net gains / (losses) due to foreign currency translation differences | 7 | (86) |
| Share of OCI of associate | - | 0 |
| Net gain on net investments hedge | 7 | 0 |
| Net loss on cash flow hedge | (2) | (2) |
| **Other comprehensive income / (loss) for the period** | **12** | **(88)** |

| | For three months ended | |
|---|---|---|
| | **September 30, 2019** | **September 30, 2018** |
| **Total comprehensive income / (loss) for the period** | **109** | **(33)** |
| **Profit for the period attributable to:** | **96** | **54** |
| Owners of the Company | 90 | 56 |
| Non-controlling interests | 6 | (2) |
| **Other comprehensive income / (loss) for the period attributable to:** | **12** | **(88)** |
| Owners of the Company | 13 | (84) |
| Non-controlling interests | (0) | (4) |
| **Total comprehensive income / (loss)for the period attributable to:** | **109** | **(34)** |
| Owners of the Company | 103 | (27) |
| Non-controlling interests | 6 | (7) |

## INDEPENDENT REVIEW REPORT TO AIRTEL AFRICA PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2019 which comprises the Interim Condensed Consolidated Statement of Comprehensive Income, Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Statement of Changes in Equity, Interim Condensed Consolidated Statement of Cash Flows and related notes 1 to 16.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

### Our responsibility

Our responsibility is to express to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### Emphasis of matter related to going concern

We draw attention to note 3.1 to the condensed set of financial statements. On 24 October 2019, the Honourable Supreme Court of India has ruled on a matter that will result in unknown financial penalties being levied against Bharti Airtel Limited (the intermediate parent company). The impact of these penalties on the intermediate parent company, and whether this could result in an early call on any or all of $2.7 billion of intermediate parent guaranteed bonds set out in note 3 indicates the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. Notwithstanding this material uncertainty note 3.1 describes the Directors' view on why it is appropriate to prepare the financial information on a going concern basis. Our review conclusion is not modified in respect of this matter.

Deloitte LLP

Statutory Auditor

London, United Kingdom

25 October 2019

# 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 | Table Reference[1] | Definition and Purpose |
|---|---|---|---|---|
| Underlying EBITDA and Margin | Operating Profit | • Depreciation and amortisation<br>• Charity and donation<br>• Exceptional Item | Table A | The Group defines Underlying EBITDA as Operating profit/ (loss) for the period before depreciation and amortization, charity and donation and adjusted for exceptional items.<br><br>Group defines Underlying EBITDA Margin as Underlying EBITDA divided by total revenue.<br><br>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.<br><br>Depreciation and amortisation is a non-cash item which fluctuates depending on the timing of capital investment. 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.<br><br>Charity and donation is not related to the trading performance of the Group and hence adjusted to arrive at Underlying EBITDA and Margin.<br><br>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. |

| APM | Closest equivalent IFRS measure | Adjustment to reconcile to IFRS measure | Table Reference(1) | Definition and Purpose |
|---|---|---|---|---|
| Underlying Operating Expenditure | | • Access charges<br>• Depreciation and amortisation<br>• Charity and Donation<br>• Exceptional items | Table B | The Group defines Underlying Operating Expenditure as expenses excluding access charges, depreciation and amortisation, charity and donation and adjusted for exceptional items.<br><br>The Directors view Underlying Operating Expenditure to be a meaningful measure to track the actual cost of the Group's business, excluding exceptional items, as well as to track the efficiency and productivity of the business.<br><br>The Directors view access charges in net level (net of revenue and cost) in revenue account and hence adjusted to arrive at Underlying Operating Expenditure.<br><br>Depreciation and amortisation is a non-cash item which fluctuates depending on the timing of capital investment. Directors believe that a measure which removes this volatility improves comparability of the Group's trading expenses period on period and hence is adjusted to arrive at Underlying Operating Expenditure.<br><br>Charity and donation is not related to the trading expenses of the Group and hence adjusted to arrive at Underlying Operating Expenditure.<br><br>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 trading expenses 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 Operating Expenditure. |
| Underlying Profit / (Loss) Before Tax | Profit / (Loss) Before Tax | • Exceptional Items | Table C | The Group defines Underlying Profit / (Loss) before Tax as Profit/ (loss) before tax adjusted for exceptional items.<br><br>The Directors view Underlying Profit / (Loss) Before Tax to be a meaningful measure to analyse the Group's profitability.<br><br>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. |
| Adjusted effective tax rate | Reported tax rate | • Exceptional items and<br>• Foreign Exchange rate movements<br><br>One off tax litigation settlement | Table D | The Group defines adjusted 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 litigation settlements.<br><br>This provides an indication of the on-going tax rate across the Group.<br><br>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 Adjusted effective tax rate.<br><br>Foreign exchange rate movements are specific items that are non-tax deductible and hence are considered to hinder comparison of the Group's effective tax rate on a period to period basis.<br><br>One off tax litigation settlement 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 | Table E | The Group defines Underlying Profit / (Loss) after Tax as profit / (loss) for the period adjusted for exceptional items.<br><br>The Directors view Underlying Profit / (Loss) after Tax to be a meaningful measure to analyse the Group's profitability. |

| APM | Closest equivalent IFRS measure | Adjustment to reconcile to IFRS measure | Table Reference(1) | Definition and Purpose |
|---|---|---|---|---|
| | | | | 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 | Table F | The Group defines Earnings per share before exceptional items as profit/(loss) for the period before exceptional items attributable to owners of the Group divided by the weighted average number of ordinary shares in issue during the financial period.<br>This measure reflects the earnings per share before exceptional items for each share unit of the Group.<br>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,<br>• Changes in working capital,<br>• Other non-cash items,<br>• Non-operating income,<br>• Charity and donation and<br>• Exceptional items<br>• Capital expenditures | Table H | 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. |
| Free Cash Flow | Cash generated from operating activities | • Changes in working capital,<br>• Capital expenditures<br>• Cash tax<br>• Cash Interest | Table I | The Group defines Free Cash Flow as net cash generated from operating activities after change in operating working capital, cash tax & cash interest. It is computed as "EBITDA less change in operating working capital, capital expenditures, cash tax and cash interest"<br>The Group views 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. |
| Net Debt and Leverage Ratio | No direct equivalent | • Borrowing<br>• Lease liabilities<br>• Cash and cash equivalent<br>• Fair value hedges | Table J | The Group defines Net debt as borrowings including lease liabilities less cash and cash equivalents, processing costs related to borrowings and fair value hedge adjustments.<br>The Group defines Leverage Ratio as net debt divided by underlying EBITDA.<br>The Directors view Net debt and Leverage Ratio to be a meaningful measure to monitor the Group's ability to cover its debt through its earnings. |

(1) Refer "Reconciliation between GAAP and Alternative Performance Measures" for respective table.

Some of the Group's APMs are translated at constant exchange rates. Constant exchange rates are the average actual periodic exchange rates for the previous financial period and are used to eliminate the effects of exchange rate fluctuations in assessing performance. Actual exchange rates are the average actual periodic exchange rates for that financial period.

**Changes to APMs**

During the period, there has not been any change in Group's APM.

# Reconciliation between GAAP and Alternative Performance Measures

### Table A: Underlying EBITDA and Margin

| Description | UoM | Half Year ended | |
|---|---|---|---|
| | | 30-Sep-19 | 30-Sep-18 |
| Operating profit | $ Mn | 395 | 364 |
| Add: | | | |
| Depreciation and amortisation | $ Mn | 319 | 278 |
| Charity and donation | $ Mn | 3 | 2 |
| Exceptional items | $ Mn | 2 | 5 |
| Underlying EBITDA | $ Mn | 719 | 649 |
| Revenue | $ Mn | 1,640 | 1,513 |
| Underlying EBITDA Margin (%) | $ Mn | 43.9% | 42.9% |

### Table B: Underlying Operating Expenditure

| Description | UoM | Half Year ended | |
|---|---|---|---|
| | | 30-Sep-19 | 30-Sep-18 |
| Expenses | $ Mn | 1,256 | 1,166 |
| Less: | | | |
| Access charges | $ Mn | (184) | (171) |
| Depreciation and amortisation | $ Mn | (319) | (278) |
| Charity and donation | $ Mn | (3) | (2) |
| Exceptional items | $ Mn | (2) | (5) |
| Underlying Operating Expenditure | $ Mn | 748 | 710 |

### Table C: Underlying Profit / (Loss) Before Tax

| Description | UoM | Half Year ended | |
|---|---|---|---|
| | | 30-Sep-19 | 30-Sep-18 |
| Profit / (loss) before tax | $ Mn | 316 | 122 |
| Exceptional items (net) | $ Mn | (46) | 30 |
| Underlying profit / (loss) before tax | $ Mn | 270 | 152 |

### Table D: Adjusted Effective tax rate

| Description | UoM | Half Year ended | | | | | |
|---|---|---|---|---|---|---|---|
| | | 30-Sep-19 | | | 30-Sep-18 | | |
| | | Profit before taxation | Income tax expense | Tax Rate % | Profit before taxation | Income tax expense | Tax Rate % |
| Reported Effective tax rate | $ Mn | 316 | 88 | 28% | 122 | (82) | (67%) |
| Adjusted for : | | | | | | | |
| Exceptional Items (provided below) | $ Mn | (46) | 2 | | 30 | 147 | |
| Foreign Exchange rate movements for Non DTA opco's & Hold Co's | $ Mn | (28) | | | (15) | | |
| Adjusted effective tax rate | $ Mn | 242 | 90 | 37% | 137 | 65 | 47% |
| Exceptional items | | | | | | | |
| 1. Deferred tax asset recognition | $ Mn | | | | | (116) | |
| 2. Reversal of current tax provision | $ Mn | | | | | (27) | |
| 3. Network modernisation | $ Mn | 19 | 2 | | 25 | | |
| 4. Settlement of litigations and claims | $ Mn | | | | 3 | | |
| 5. Voluntary retirement scheme | $ Mn | | | | 2 | | |
| 6. Tax on exceptional items | $ Mn | | | | | (4) | |
| 7. Reversal of indemnities | $ Mn | (72) | | | | | |
| 8. Share issue and IPO related expenses | $ Mn | 7 | | | | | |
| Total | $ Mn | (46) | 2 | | 30 | (147) | |

### Table E: Underlying Profit / (Loss) After Tax

| Description | UoM | Half Year ended | |
|---|---|---|---|
| | | 30-Sep-19 | 30-Sep-18 |
| Profit / (loss) after tax | $ Mn | 228 | 204 |
| Exceptional items | $ Mn | (74) | (117) |
| Underlying profit / (loss) after tax | $ Mn | 154 | 87 |

### Table F: Earnings Per Share before exceptional items

| Description | UoM | Half Year ended | |
|---|---|---|---|
| | | 30-Sep-19 | 30-Sep-18 |
| Profit / (loss) after tax before exceptional items attributable to owners of the Group (Refer Table G) | $ Mn | 141 | 71 |
| Weighted average number of ordinary shares in issue during the financial period. | Mn | 3,413 | 1,168 |
| Earnings per share before exceptional items | $ Cents | 4.1 | 6.2 |

### Table G: Earnings Per Share –Restated

| Description | UoM | Half Year ended | |
|---|---|---|---|
| | | 30-Sep-19 | 30-Sep-18 |
| Weighted average shares | Mn | 3,413 | 1,168 |
| Weighted average shares - Restated | Mn | 3,758 | 3,758 |
| **Profit for the period attributable to owners of the parent** | **$ Mn** | **215** | **181** |
| Operating and Non Operating Exceptional Items | $ Mn | (46) | 30 |
| Tax Exceptional Items | $ Mn | (28) | (147) |
| Non Controlling Interest Exceptional Item | $ Mn | (0) | 7 |
| **Profit attributable to parent company shareholder - pre Exceptional items** | **$ Mn** | **141** | **71** |
| **Basic EPS** | **$ cents** | **6.3** | **15.5** |
| **EPS before exceptional items** | **$ cents** | **4.1** | **6.1** |
| **Basic EPS -Restated** (1) | **$ cents** | **5.7** | **4.8** |
| **EPS before exceptional items -Restated** (1) | **$ cents** | **3.7** | **1.9** |

(1) EPS has been restated considering all the shares as at 30th September 2019 had been issued on 1st April 2018 for like to like comparison.

### Table H: Operating Free Cash Flow

| Description | UoM | Half Year ended | |
|---|---|---|---|
| | | 30-Sep-19 | 30-Sep-18 |
| Net cash generated from operating activities | $ Mn | 596 | 427 |
| Add: Income tax paid | $ Mn | 69 | 63 |
| Net cash generation from operation before tax | $ Mn | 665 | 490 |
| Less: Changes in working capital | | | |
| Increase in trade receivables | $ Mn | 12 | 14 |
| Increase / (decrease) in inventories | $ Mn | (0) | 0 |
| Decrease in trade payables | $ Mn | (4) | 53 |
| Increase / (decrease) in provisions | $ Mn | (2) | 3 |
| Decrease in other financial and non financial liabilities | $ Mn | 9 | 25 |
| Increase in other financial and non financial assets | $ Mn | 27 | 63 |
| Decrease in deferred revenue | $ Mn | | 6 |
| Operating cash flow before changes in working capital | $ Mn | 707 | 654 |
| Other adjustments | | 7 | (12) |
| Charity and donation | $ Mn | 3 | 2 |
| Exceptional items | $ Mn | 2 | 5 |
| Underlying EBITDA | $ Mn | 719 | 649 |
| Less: Capital Expenditure | $ Mn | (246) | (155) |
| Operating Free Cash Flow | $ Mn | 473 | 494 |

### Table I: Free Cash Flow

| Description | UoM | Half Year ended | |
|---|---|---|---|
| | | 30-Sep-19 | 30-Sep-18 |
| Underlying EBITDA | $ Mn | 719 | 649 |
| Less: Capital Expenditure | $ Mn | (246) | (155) |
| Operating free cash flow | $ Mn | 473 | 494 |
| Add: Changes in working capital | | | |
| Increase in trade receivables | $ Mn | (12) | (14) |
| Increase / (decrease) in inventories | $ Mn | 0 | (0) |
| Decrease in trade payables | $ Mn | 4 | (53) |
| Increase / (decrease) in provisions | $ Mn | 2 | (3) |
| Decrease in deferred revenue | $ Mn | (0) | (6) |
| Operating cash after changes in working capital | $ Mn | 467 | 418 |
| Less: Cash Tax | $ Mn | (69) | (63) |
| Less: Cash Interest (net) | $ Mn | (162) | (170) |
| Free Cash Flow | $ Mn | 237 | 185 |

### Table J: Net Debt and Leverage

| Description | UoM | As at 30-Sep-19 | As at 31-Mar-19 | As at 30-Sep-18 |
|---|---|---|---|---|
| Long term borrowing, net of current portion | $ Mn | 2,700 | 2,437 | 3,825 |
| Short-term borrowings and current portion of long-term borrowing | $ Mn | 797 | 1,184 | 1,765 |
| Add: Processing costs related to borrowings | $ Mn | 5 | 6 | 10 |
| Add/(less): Fair value hedge adjustment | $ Mn | (30) | 8 | 75 |
| Less: Cash and Cash Equivalents | $ Mn | (1,469) | (848) | (439) |
| Net Debt excluding Lease Obligations | $ Mn | 2,003 | 2,787 | 5,236 |
| Add: Lease Obligations | $ Mn | 1,188 | 1,218 | 1,203 |
| Net Debt including Lease Obligations | $ Mn | 3,191 | 4,005 | 6,439 |
| | | | | |
| Underlying EBITDA (LTM) | $ Mn | 1,402 | 1,332 | 1,259 |
| Underlying EBITDA (Annualized) | $ Mn | 1,439 | 1,366 | 1,297 |
| Leverage (LTM) | Times | 2.3 | 3.0 | 5.1 |
| Leverage (Annualized) | Times | 2.2 | 2.9 | 5.0 |

# Glossary

## Technical and Industry Terms

| Company Related | |
|---|---|
| **Average Customers** | Average customers are derived by computing the average of the monthly average customers for the relevant period. |
| **ARPU** | Average revenue earned per user per month, which is derived by dividing total revenue during the relevant period by the average number of customers and dividing the result by the number of months in the relevant period |
| **Capital Expenditure** | It is not a GAAP measure and is defined as investment in gross fixed assets (tangible and intangible excluding spectrum/license) and capital work in progress (CWIP) excluding provisions on CWIP for the period. |
| **Churn** | The total number of customer disconnections during the relevant period divided by the average customers in the relevant period. |
| **Customer Base** | Total number of subscribers that used any of our services (voice calls, SMS, data usage or Airtel Money transaction) in the last 30 days. |
| **Data Customer Base** | Total subscribers that consumed at least 1MB on the Group's GPRS, 3G or 4G network in the last 30 days |
| **Data Usage per Customer** | The average data consumption per data subscriber on a monthly basis. It is 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. |
| **Underlying EBITDA** | It is not a GAAP measure; it is defined as operating profit before depreciation, amortization, CSR cost and exceptional items. |
| **Underlying EBITDA Margin** | It is not a GAAP measure; It is computed by dividing Underlying EBITDA for the relevant period by total revenue for the relevant period. |
| **Earnings Per Share (EPS)** | EPS is computed by dividing the profit for the period attributable to the owners of the parent company by the weighted average number of shares outstanding during the period. |
| **Free Cash Flow** | Free Cash Flow defined as Operating Free Cash Flow less cash interest, cash tax and change in operating working capital. |
| **Lease Obligation** | Lease Obligation represents the present value of the future lease payment obligation. |
| **Mobile Broadband Base stations** | It includes all the 3G and 4G Base stations deployed across all technologies/spectrum bands |
| **Minutes of Usage** | Total voice minutes used by customers on the Group's network during the relevant period. |
| **Network Towers/Sites** | Comprises of Base Transmission System (BTS) which holds the radio transceivers (TRXs) that define a cell and coordinates the radio links protocols with the mobile device. It includes all the Ground based, Roof top and In Building Solutions as at the end of the period. Towers as referred to be revenue generating Towers. |
| **Net Debt** | It is not a GAAP measure and is defined as the long-term borrowings, short term borrowings and leased liability less cash and cash equivalents. |
| **Net Debt to Underlying EBITDA (LTM)** | It is not a GAAP measure and is computed by dividing Net Debt as at the end of the relevant period by Underlying EBITDA for preceding last 12 months (from the end of the relevant period). |
| **Net Debt to Underlying EBITDA (Annualized)** | It is not a GAAP measure and is computed by dividing net debt as at the end of the relevant period by Underlying EBITDA for the relevant period (annualized). |
| **Operating Free Cash flow** | It is computed by subtracting Capital Expenditure from Underlying EBITDA. |
| **Operating Profit** | It is a GAAP measure and is computed as Revenue less operating expenditure including depreciation & amortisation and operating exceptional items. |
| **Return On Equity attributable to equity holders of parent** | For the full year ended it is computed by dividing net profit for the period by the closing Equity attributable to equity holders of parent. For the quarterly computations, it is computed by dividing net profit for the preceding last 12 months from the end of the relevant period by the closing Stockholder's equity for the relevant period. |
| **Total MBs on Network** | Includes total MBs consumed (uploaded & downloaded) via our network during the relevant period. |
| **Voice Minutes of Usage per Customer per month** | Total voice minutes of usage the Group's network during the relevant period divided by the average number of customers during the same period, divided by the number of months in the relevant period. |

| | |
|---|---|
| **Weighted Average No of Shares** | The weighted average number of shares is calculated by taking the number of outstanding shares and multiplying the portion of the reporting period those shares covered, doing this for each portion and, finally, summing the total. |

| **Abbreviations** | |
|---|---|
| **3G** | Third - Generation Technology |
| **4G** | Fourth - Generation Technology |
| **ARPU** | Average Revenue Per User |
| **bps** | Basis points |
| **EBITDA** | Earnings Before Interest, Tax, Depreciation and Amortisation |
| **EPS** | Earnings Per Share |
| **IPO** | Initial Public Offering |
| **IVR** | Interactive Voice Response |
| **LTM** | Last twelve months |
| **LTE** | Long-Term Evolution (4G technology) |
| **MI** | Minority Interest (Non Controlling Interest) |
| **MB** | Megabyte |
| **Mn** | Mn |
| **GAAP** | Generally Accepted Accounting Principles |
| **GB** | Gigabyte |
| **KYC** | Know Your Customer |
| **IAS** | International Accounting Standards |
| **IFRS** | International Financial Reporting Standards |
| **ppts** | Percentage points |
| **P2P** | Person 2 Person |
| **RAN** | Radio Access Network |
| **RoE** | Return on Equity |
| **SIM** | Subscriber Identification Module |

# Risk Factors

The Group's business and the industry in which it operates, together with all other information contained in this document as a whole, including, in particular, the risk factors summarized below. The risk factors described in the prospectus are not an exhaustive list or explanation of all risks which investors may face and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deem immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations and financial condition. For detailed risks, refer page number 14 to 45 in the prospectus which was filled in June 2019, just before the Initial Public Offering of the Ordinary shares.

**Summarized Risks**

1. The Group operates in an increasingly competitive environment, particularly with respect to pricing and market share, across its markets and segments, which may adversely affect its revenue and margins.
2. If the Group does not continue to provide telecommunications or related products and services that are useful and attractive to customers on a timely basis, it may not remain competitive.
3. The Group may face increased competition from non-traditional OTT telecommunications players.
4. Demand for traditional paid voice services across the telecommunications industry globally is in decline.
5. The Group may experience a failure or interruption in the operations of its networks, gateways to its networks or the networks of other operators (some of which may be outside its control).
6. The Group may not be able to pass on increased costs to consumers.
7. The Group may not be able to successfully implement the Group's overall strategy, including its growth strategy.
8. The Group's insurance coverage may not be adequate.
9. The Group may be unable to identify or accurately evaluate suitable candidates for acquisition or merger, or to complete or integrate past or prospective acquisitions or mergers successfully or in a timely or cost-effective manner, which could adversely affect the Group's overall strategy.
10. Current and future antitrust and competition laws in the countries in which the Group operates may limit its growth and subject it to antitrust and other investigations or legal proceedings.
11. Telecommunications businesses require substantial capital investment and the Group may not be able to obtain sufficient financing on favourable terms.
12. The Group's success relies on the Group's central and local management team and other highly skilled personnel.
13. The Group is reliant on local management to provide accurate and timely reporting.
14. The Group is dependent on third parties for the supply of certain of the Group's services.
15. Mobile money services are subject to a new and evolving regulatory environment.
16. The Group's IT systems may fail to perform their functions adequately or be interrupted, which could have a material adverse effect on the Group's business
17. A computer system failure, security breach or cyber-attack could significantly disrupt the Group's ability to operate its business.
18. The Group operates a large distribution and channel partner network and is reliant on good working relationships with its franchisees and other third-party distributors.
19. Fluctuations in foreign currency exchange could increase the operating and debt servicing costs of, and the financial burden on, the Group and any hedging transactions involve risks that can harm the Group's financial performance.
20. The Group is dependent on interconnection with its competitors' networks and associated infrastructure as well as roaming arrangements with other international telecommunications operators.
21. The Group faces risks relating to its property and towers portfolio, including failure by the Group to renew leases, which could lead to decreased revenue, reduce the Group's network capacity and markets or raise the Group's costs.
22. Risks relating to countries where the Group operates
23. Actions by governments, political events or instability or changes in public policy in the countries in which the Group operates could have an adverse effect on the Group's business.
24. The Group is subject to inflation risks, which might adversely affect its business, results of operations, financial condition and prospects.
25. There are uncertainties in the legal, regulatory and tax environments in the countries in which the Group operates, and there is a risk of demands which may be raised based on current or past business operations. Such demands have in past been challenged and contested on merits with appropriate authorities and appropriate settlements agreed. Other than amounts provided where the group believes there is a probable settlement and contingent liabilities where the group has assessed the additional possible amounts, there are no other legal, tax or regulatory obligations which may be expected to be material to the financial statements.

# Statement of Director's Responsibilities

For the 6 month period ended 30 September 2019

Each of the directors of Airtel Africa plc, confirms to the best of his or her knowledge and belief that:

- The condensed set of financial statements, which has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union, gives a true and fair view of the assets, liabilities, financial position and profit or loss of Airtel Africa plc.
- The interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the Group's 31 March 2019 Historical Financial Information, within the Prospectus, that could do so.

The Directors of Airtel Africa plc are listed on pages 196 of the Prospectus. No changes to the Directors have been made since the date of the Prospectus.

On behalf of the Board

Raghunath Mandava

Chief Executive Officer

25th of October 2019