

# Airtel Africa plc

## Year ended 31 March 2020

13 May 2020

**A strong set of results which delivered against our IPO aspirations with performance sequentially improving during the year**

### Key highlights

- Customer base up by 11.9% to 110.6 million
- Revenue increased by 11.2% to \$3,422m, with Q4 revenue growth up 15.1%
- Revenue in constant currency grew by 13.8% in the full year and 17.9% in Q4. Growth recorded across all business segments, with voice revenue up by 5.2%, data by 39% and mobile money by 37.2%
- Underlying EBITDA up 13.8% to \$1,515m, with underlying EBITDA growth in constant currency at 16.3%
- Reported underlying EBITDA margin improved to 44.3% by 100 bps (up 94 bps in constant currency)
- Operating profit grew by 22.8% to \$901m and increased by 25.4% in constant currency
- Free cash flow was \$453m, more than double compared to the same period last year
- Earnings per share (EPS) before exceptional items was \$7.3 cents and basic EPS was \$10.3 cents, a decrease of \$9.2 cents
- Net debt to underlying EBITDA was 2.1x, compared to 3.0x in March 2019
- The Board recommended a final dividend of \$3 cents per share, to a total dividend of \$6 cents per share

Alternative performance measures (Year ended)					GAAP Measures (Year ended)			
Description	Mar-20 \$m	Mar-19 \$m	Reported change %	Constant change %	Description	Mar-20 \$m	Mar-19 \$m	Reported change %
Revenue	3,422	3,077	11.2%	13.8%	Revenue	3,422	3,077	11.2%
Underlying EBITDA	1,515	1,332	13.8%	16.3%	Operating profit	901	734	22.8%
Underlying EBITDA margin	44.3%	43.3%	100 bps	94 bps	Profit before tax	598	348	71.7%
Free cash flow	453	151	200.7%		Profit after tax	408	426	(4.4%)
EPS before exceptional items (\$ cents)	7.3	14.0	(48.2%)		Basic EPS (\$ cents)	10.3	19.5	(47.3%)
EPS before exceptional items (\$ cents) - restated <sup>1</sup>	6.9	7.4	(6.4%)		Basic EPS (\$ cents) - restated <sup>1</sup>	9.8	10.3	(4.8%)

<sup>(1)</sup> In July 2019, after the announcement of Initial Public Offering (IPO), the company issued 676,406,927 new shares. EPS has been restated considering all the shares as at 31 March 2020 had been issued on 1 April 2018 for like for like comparison. <sup>(2)</sup> 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, on the trading update:

*"These are a strong set of results which delivered against our aspirations set out at the time of the IPO, with performance sequentially improving during the year. Revenue increased by 11.2%, 13.8% in constant currency, and underlying EBITDA by 13.8%, 16.3% in constant currency, to a reported \$1,515m, underpinned by significant improvement in our Free cash flow generation and reduced leverage. These results also demonstrate the strength and resilience of our business and the effectiveness of our strategy – with all three business services, voice, data and mobile money, contributing to revenue growth. We have also continued to invest in future growth opportunities as we expanded our distribution, modernised and expanded our network with 65% of sites now on 4G, acquired new spectrum in Nigeria, Tanzania, Malawi and Chad, and entered into strategic partnerships in our mobile money business.*

*More recently, the markets where we operate have begun to be impacted by the COVID-19 and the related actions that governments have implemented to reduce the risk of contagion. Our priority has been to keep our colleagues, suppliers and customers safe whilst supporting the communities in which we operate. Telecoms businesses provide strategically essential services to ensure the functioning of economies and communities and are, therefore, more resilient compared to some other sectors. In Africa, the spread of the COVID-19 has lagged the rest of the world and, therefore, it is difficult to precisely forecast what the impact of this will be on customers and business. However, our performance during the month of April has been resilient as the business continued to deliver constant currency revenue growth, although at a lower rate.*

*We enter this period of increased volatility in a strong financial position and our view on the medium-term opportunities across our footprint has not changed, as these markets will continue to benefit from strong population growth and the need for increased connectivity and financial inclusion.*

*Finally, I would like to thank wholeheartedly our employees and partners, without whom none of this would be possible."*

## Key financial information

Description	Unit of measure	Year ended				Quarter ended			
		Mar-20	Mar-19	Reported currency change %	Constant currency change %	Mar-20	Mar-19	Reported currency change %	Constant currency change %
<b>Profit and loss summary</b>									
<b>Revenue <sup>1</sup></b>	<b>\$m</b>	<b>3,422</b>	<b>3,077</b>	<b>11.2%</b>	<b>13.8%</b>	<b>899</b>	<b>781</b>	<b>15.1%</b>	<b>17.9%</b>
Voice revenue	\$m	1,970	1,915	2.9%	5.2%	510	482	5.9%	8.4%
Data revenue	\$m	930	683	36.1%	39.0%	253	187	35.6%	38.9%
Mobile money revenue <sup>2</sup>	\$m	311	234	32.9%	37.2%	83	67	24.3%	29.5%
Other revenue	\$m	302	309	(2.3%)	(0.2%)	77	69	12.8%	15.2%
Expenses	\$m	(1,924)	(1,772)	8.6%	11.3%	(505)	(442)	14.4%	17.1%
<b>Underlying EBITDA <sup>3</sup></b>	<b>\$m</b>	<b>1,515</b>	<b>1,332</b>	<b>13.8%</b>	<b>16.3%</b>	<b>397</b>	<b>344</b>	<b>15.5%</b>	<b>18.4%</b>
Underlying EBITDA margin	%	44.3%	43.3%	100 bps	94 bps	44.1%	44.0%	16 bps	17 bps
Depreciation and amortisation	\$m	(605)	(532)	13.8%	16.4%	(152)	(143)	6.0%	8.6%
Operating exceptional items	\$m	(4)	(62)	(93.9%)	(93.8%)	-	(7)	(100.0%)	(100.0%)
<b>Operating profit <sup>4</sup></b>	<b>\$m</b>	<b>901</b>	<b>734</b>	<b>22.8%</b>	<b>25.4%</b>	<b>244</b>	<b>192</b>	<b>26.9%</b>	<b>29.9%</b>
Net finance costs	\$m	(372)	(354)	5.3%	5.6%	(147)	(71)	108.2%	107.7%
Non-operating exceptional items	\$m	69	(8)	995.3%	995.3%	-	-	0.0%	0.0%
<b>Profit before tax <sup>5</sup></b>	<b>\$m</b>	<b>598</b>	<b>348</b>	<b>71.7%</b>	<b>77.2%</b>	<b>97</b>	<b>121</b>	<b>(19.9%)</b>	<b>(16.3%)</b>
Tax	\$m	(237)	(110)	115.6%	126.1%	(28)	(33)	(16.1%)	(20.8%)
Tax - exceptional items	\$m	47	188	(74.9%)	(75.1%)	8	-	0.0%	0.0%
Total tax charge	\$m	(190)	78	343.7%	330.7%	(20)	(33)	(39.1%)	(43.4%)
<b>Profit after tax</b>	<b>\$m</b>	<b>408</b>	<b>426</b>	<b>(4.4%)</b>	<b>(2.2%)</b>	<b>77</b>	<b>88</b>	<b>(12.8%)</b>	<b>(6.2%)</b>
Non-controlling interest	\$m	(38)	(38)	0.3%	0.3%	(12)	(6)	112.6%	117.1%
Profit attributable to parent company shareholder - before exceptional items	\$m	261	278	(6.4%)	(2.6%)	57	89	(35.8%)	(29.2%)
<b>Profit attributable to parent company shareholders</b>	<b>\$m</b>	<b>370</b>	<b>388</b>	<b>(4.8%)</b>	<b>(2.4%)</b>	<b>65</b>	<b>82</b>	<b>(21.7%)</b>	<b>(14.8%)</b>
Basic EPS - before exceptional items	cents	7.3	14.0	(48.2%)		1.5	2.9	(48.2%)	
Basic EPS - before exceptional items - restated <sup>6</sup>	cents	6.9	7.4	(6.4%)		1.5	2.4	(35.8%)	
Basic EPS	cents	10.3	19.5	(47.3%)		1.7	2.7	(36.7%)	
Weighted average no of shares	million	3,586	1,986	80.5%		3,758	3,037	23.7%	
<b>Capex</b>	<b>\$m</b>	<b>642</b>	<b>630</b>	<b>1.9%</b>		<b>246</b>	<b>305</b>	<b>(19.4%)</b>	
<b>Free cash flow</b>	<b>\$m</b>	<b>453</b>	<b>151</b>	<b>200.7%</b>		<b>62</b>	<b>(55)</b>	<b>(212.3%)</b>	
<b>Net debts</b>	<b>\$m</b>	<b>3,247</b>	<b>4,005</b>			<b>3,247</b>	<b>4,005</b>		
<b>Operating KPIs</b>									
ARPU	\$	2.7	2.7	0.9%	3.3%	2.7	2.6	3.8%	6.4%
Total customer base	million	110.6	98.9	11.9%		110.6	98.9	11.9%	
Data customer base	million	35.4	30.0	18.0%		35.4	30.0	18.0%	

<sup>(1)</sup> The revenue in above table includes intra-segment elimination of \$91m for the year ended March 2020 and \$64m for the year ended March 2019, \$24m for Q4 2020 and \$24m for Q4 2019.

<sup>(2)</sup> Mobile money revenue post intra-segment eliminations with mobile services is \$220m for the year ended March 2020 and \$170m for the year ended March 2019, \$58m for Q4 2020 and \$44m for Q4 2019.

<sup>(3)</sup> Underlying EBITDA includes other income of \$17m for the year ended March 2020 and \$26m for the year ended March 2019, \$3m for Q4 2020 and \$5m for Q4 2019.

<sup>(4)</sup> Operating profit includes \$5m CSR (Corporate social responsibility) expense in the year ended March 2020 and \$4m in the year ended March 2019, \$1m for Q4 2020 and \$2m for Q4 2019.

<sup>(5)</sup> Profit before tax in the year ended March 2019 included a \$24m share of loss from joint ventures and associates.

<sup>(6)</sup> In July 2019, following the announcement of the Initial Public Offering (IPO), the company issued 676,406,927 new shares. EPS has been restated considering all the shares as at 31 March 2020 had been issued on 1 April 2018 for like for like comparison.

## Financial review for the year, ended 31 March 2020

### GAAP measures

#### Revenue

Reported revenue grew by 11.2% as 13.8% constant currency growth was partially offset by currency devaluation. The strong performance was largely driven by the growth of our customer base, up by 11.9% to 110.6 million, as well as a 3.3% growth in ARPU. Across the regions, Nigeria and East Africa continued to deliver strong performance, and performance in Francophone Africa continued to improve with revenue up 4.1% in Q4 2020. Revenue growth was broadly based across all key segments: voice up 5.2%, data up 39.0% and mobile money up 37.2% in constant currency terms.

#### Operating profit

Reported operating profit was \$901m, up 22.8% and 25.4% in constant currency. This was the result of strong revenue growth with broadly stable operating expenditures as a percentage of revenue.

#### Net finance costs

Net finance costs increased by \$18m driven by higher other finance costs which more than offset reduced interest costs of \$64m as a result of lower debt. The increase in other finance costs was primarily driven by higher impact of devaluation on foreign exchange denominated liabilities largely driven by \$75m increase in Q4 2020 as a result of the devaluation of Nigerian naira, Kenyan and Ugandan shilling, and Zambian kwacha.

#### Taxation

The total tax charge amounted to \$190m, versus a tax gain of \$78m in the previous financial year. This was due to the higher operating profit and withholding tax on dividend declared. FY 2019 also benefited from one-off items amounting to \$170m for deferred tax recognition in Nigeria and a \$55m reversal of a tax provision.

#### Profit after tax

Profit after tax was \$408m, down by 4.4% due to a one-off deferred tax recognition in Nigeria in the year ended 30 March 2019 and a lower exceptional item gain in the current period. Post one-off tax benefit, profit after tax for the year increased by \$43m or 17%.

#### Basic EPS

Basic EPS was down 47% to \$10.3 cents, due to an increase in shares issued. If all the shares as of 31 March 2020 had been issued on 1 April 2018, the restated basic EPS for the year would have been \$9.8 cents and \$10.3 cents for the year ended 31 March 2019. Restated EPS reduced as a result of higher tax and finance costs. This was primarily the result of a \$75m, or \$2.0 cents per share, higher impact of foreign exchange on debt due to the devaluation of the Nigerian naira, Kenyan and Ugandan shilling and Zambian kwacha in Q4 2020.

### Alternative performance measures<sup>1</sup>

#### Underlying EBITDA

Underlying EBITDA grew by 13.8% to \$1,515m. This was largely driven by 16.3% constant currency growth, partially offset by currency devaluation. The reported underlying EBITDA margin of 44.3% improved by 100 bps, and by 94 bps in constant currency.

Foreign exchange had an adverse impact of \$76.5m on revenue and \$31.7m on underlying EBITDA, largely driven by the devaluation of the Zambian kwacha, Central African franc, Nigerian naira and other East African currencies.

#### Tax

The effective tax rate was 48.6% compared to 41.9% in the previous year largely as a result of the profit mix between countries and higher withholding tax on dividend declared. The effective tax rate at 48.6% is higher than the weighted average statutory tax rate of approximately 32%, largely due to the profit mix between various countries.

The adjusted effective tax rate was 38.7% compared to (1.0%), largely as a result of recognition in the prior year of deferred tax assets in Nigeria amounting to \$170m.

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<sup>1</sup> Alternative performance measures (APM) are described on page 52.

**Exceptional items**

Exceptional items of \$112m include \$72m gain related to the expired indemnity to certain pre-IPO investors and \$ 51m gain related to recognition of deferred tax asset in DRC. The previous year's \$119m exceptional items include \$170m in deferred tax recognition in Nigeria partially offset by \$41m of accelerated depreciation resulting from a network modernisation.

**Free cash flow**

Free cash flow grew by 201% to \$453m, largely due to the underlying EBITDA increase and reduced interest payments related to lower debt.

**EPS before exceptional items**

EPS before exceptional items was down 48.2% to \$7.3 cents, primarily due to the increase in the number of shares issued. If these shares had been issued on 1 April 2018, the restated EPS before exceptional items would have been \$6.9 cents for the year ended 31 March 2020 and \$7.4 cents for the year ended 31 March 2019. Restated EPS reduced by \$0.5 cents as a result of higher tax and finance costs primarily as a result of a \$75m, or \$2.0 cents per share, and higher impact of foreign exchange on debt due to the devaluation of the Nigerian naira, Kenyan shilling, Ugandan shilling and Zambian kwacha in Q4 2020.

**Net debt and leverage**

Net debt was \$3,247m compared to \$4,005m in March 2019. The \$758m reduction in net debt is due to an increase in cash of \$680m from the IPO proceeds and a \$122m proceeds from cancellation of derivatives. As a result, leverage improved to 2.1x at the end of March 2020 from 3.0x at the end of March 2019.

## COVID-19

In the countries where we operate, the spread of the COVID-19 has lagged the rest of the world. The situation is rapidly evolving, and in the last few weeks several governments in Africa have taken decisive actions to reduce the risk of contagion, including banning all commercial flights, closing educational facilities and in some case all non-essential establishments, limiting social gatherings and encouraging social distancing and working from home.

During these unprecedented times, governments have recognised the telecoms industry as a critical and essential service. We are working closely with them to keep people connected and the wheels of the economy turning. Our performance during the month of April has been resilient despite customers behaviour being impacted by lower disposable income and restrictions on movements. The business continued to deliver constant currency revenue growth, although at a lower rate. Increase in data and mobile money revenue growth more than offset revenue decline in voice.

We are constantly monitoring how the situation is evolving to identify key risks and take immediate action to put in place adequate mitigation plans to minimise any potential disruptions from the pandemic to our business.

**GOVERNANCE:** We have a dedicated executive COVID-19 committee mandated to regularly identify risks, agree on action plans and monitor their execution. As an outcome of the committee's role, the CEO and CFO have regularly updated the Board on the risks and actions identified. This ensures a direct channel between local management and executive and non-executive directors to ensure actions are agreed and executed quickly.

**SAFETY:** Our priority is the health and wellbeing of our employees, outsourced partners and customers, and we are making every effort to ensure that our OpCos have taken all necessary steps to ensure their safety. All offices have an agreed policy in place for remote working, working in shifts and social distancing practices, depending on the critical needs of individual functions. All full-time employees have medical insurance, with additional provisions being made in case there is a need to help with medical costs over and above insurance cover.

The outsourced staff in our call centres have all been given the option and equipment to either work from home or, if necessary, from the office following strict social distancing practices. Safety protective equipment and hand sanitisers have also been made available to all our outsourced partner staff in shops.

The safety of our customers is paramount to us. We have executed various social educational digital campaigns explaining best practices during the COVID-19 outbreak, and the importance of being safe. We have also made a number of sites across our businesses accessible free of charge to give students continuous access to quality education.

In addition, we have implemented a number of initiatives to support our customers, including zero transaction fees on money transfers, free text messages, extra bonuses on data bundles through Airtel Money subscriptions, and increased availability of home broadband products to support working from home.

**NETWORK:** In these challenging times, our network remains the main source for many people for social interactions, work and entertainment. We have already seen an increase in data traffic, and our priority is to keep our 110m customers connected to the network. We implemented key business continuity plans to ensure that both active and passive maintenance services can be safely carried out even when the movement of people is restricted. We have also identified key spare part components and made them available at different strategic locations across our markets. All of our Network Operations Centres can be operated remotely if needed.

**DISTRIBUTION:** Continuous and increasing lockdown measures may have some impact on our ability to both expand our distribution system and keep adequate levels of stock. So, we have increased stock levels of SIM cards and recharge vouchers by 30% to 50% to ensure availability in our shops over the next few months. We are also encouraging customers to use more digital methods of recharge, including through SMS, bank portals, our app, Airtel Money and E-Recharge to minimise the impact of any possible disruption to our distribution network. For example, Airtel customers in Nigeria can now recharge their phones using SMS through their credit cards or bank account details.

**CAPITAL EXPENDITURE:** The current pandemic may affect the timely deliveries of capital goods. Our capex deliveries are planned ahead of time, and as a policy we carry a deployable stock of network active equipment in our warehouses. Currently we have around

\$280m of capital work in progress and \$250m of capital commitments which are expected to be fulfilled, so we have enough deployable materials in our warehouse to ensure timely rollouts across our markets.

Our strategy of diversifying our sourcing across four major providers is also protecting us from a company- or country-specific supply chain risk.

**MOBILE MONEY:** As a result of the actions taken by governments to reduce the risk of contagion, the mobile money business has been affected by social distancing measures and non-essential service closures, reducing the ability of customers to deposit and withdraw cash. Several governments have also asked mobile money operators to waive fees on certain transactions, including person-to-person and merchant payments. We have engaged with governments and regulators to allow certain mobile money outlets to be classified as essential services so that customers can fully access mobile money services. Mobile money represents 9% of the Group's gross revenues.

**LIQUIDITY:** We enter this period of high volatility with a strong financial position. Free cash flow more than doubled in the last 12 months to \$453m, and with a 44.3% underlying EBITDA margin we benefit from strong profitability. Our net debt to underlying EBITDA ratio continued to improve to 2.1x at the end of this financial year. Our cash balances in conjunction with up to \$814m of committed undrawn facilities ensure we can meet our financial obligations. We have \$2.3bn in long-term debt with the first repayment of €750m due in May 2021. The next major debt repayment of \$505m is due in March 2023.

We have agreed to extend the maturity of \$254m of debt facilities loans due to mature in December 2020 and January 2021 by an average of 18 months to two years, further improving our liquidity.

We have identified other ways to conserve cash, reduce costs and mitigate risks from COVID-19. We have conducted a review of our operating expenses, and discretionary spend has to a large extent stopped. There is a travel ban across the business which has resulted in significant savings. We have also deferred the salary review for management and employees until there is more clarity on the COVID-19 impact. This will be now reviewed by the Remuneration Committee in June and, if required, again in September.

We intend to continue to invest in our network and spend our planned \$650m to \$700m of capex in the next financial year, in line with our guidance. A detailed analysis of this planned capex indicates that, in a worst-case scenario, we would be able to reduce it significantly without compromising network quality by prioritising expenditure.

After considering the uncertainty caused by the COVID-19 pandemic the Board has recommended a final dividend of \$3 cents per share. This means the total dividend will be \$6 cents per share or \$226m, amounting to 50% of free cash flow.

See page 26 for our going concern assessment.

**FOREIGN EXCHANGE:** The global economic slowdown combined with lower oil and commodity prices has resulted in currencies devaluing across our markets, including the Nigerian naira, Kenyan shilling, Ugandan shilling and Zambian kwacha. By far our largest exposure is in Nigeria, which represents 40% of our revenue and 49% of underlying EBITDA. We estimate that 1% of Nigerian naira devaluation will have a negative \$13m impact on revenues, \$8m on underlying EBITDA and \$6m on finance costs.

## Other significant updates

### Dividend

The Board has recommended a final dividend of \$3 cents per ordinary share. The proposed final dividend will be paid on 24 July 2020 to shareholders who are on the register of members at the close of business on 3 July (the record date). We will announce more details in due course. We paid an interim dividend of \$3 cents per ordinary share in November 2019.

### Airtel Africa plc IPO

On 28 June 2019, Airtel Africa plc announced the successful pricing of its IPO on the London Stock Exchange at 80 pence (NGN 363) per share. The offer comprised 676,406,927 new shares (637,178,959 shares available to institutional investors outside of Nigeria and 39,227,968 shares available to qualified institutional investors and high net worth investors in Nigeria). Unconditional trading of the shares on the London Stock Exchange began on 3 July 2019 and 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.

### Airtel Malawi plc

On 24 February 2020, Airtel Malawi made its debut on the Malawi Stock Exchange as the largest IPO in Malawi's history. The listing, which debuted at a price of MK12.69 (\$2 cents) per ordinary share consisted of secondary offer of 2.2 billion shares, representing 20% of issued share capital. Gross proceeds amounted to MK27.92bn (\$37.5m) and the price implies a market capitalisation on admission of MK139.59bn (\$187.4m).

### Nigeria spectrum acquisition of 900 MHz

In March 2020, Airtel Networks Limited (Airtel Nigeria) acquired from Intercellular Nigeria Limited 10 MHz spectrum in the 900 band for \$70m, excluding the Nigerian Communications Commission (\$94m including NCC fees, in line with the NCC Spectrum trading guidelines).

In June 2019, Airtel Networks Limited (Airtel Nigeria) acquired a spectrum of 20 MHz in 2600 band.

### Tanzania additional spectrum

Airtel Tanzania has been allocated an additional spectrum of 10 MHz in the 1800 band for an annual fee of \$0.6m. This brings Airtel Tanzania to 22.5 MHz of spectrum in the 1800 band. Airtel Tanzania has been authorized by the TCRA (Tanzania Communications Regulatory Authority) to use 10 MHz in the 700 band for eight months from 21 October 2019. The licence of 700 band will be issued post completion of a total of \$12m payment to the regulatory authorities in June 2020.

### Other spectrum allocations

Additional spectrum has been acquired in Chad (5 MHz in 1800 band) and Malawi (10 MHz in 2100 and 5 MHz in 1800 band) during the period.

### Airtel TV

In February 2019, we launched Airtel TV in Uganda. Now we have more than half a million installations across Nigeria, Uganda and Zambia. We also launched Hollywood and premium international content on our platform, with movies and TV shows from MGM, Lionsgate, BBC and NBC Universal as well as local content, primarily Nollywood. Hollywood content has brought high-quality marketing promotions and trailers, increasing registrations and product loyalty.

### Western Union

In January 2020, the Group signed a strategic partnership with Western Union. This will allow Airtel Money customers to reliably send and receive international money transfers directly from their phones using our mobile money wallet. This paves the way for Airtel Africa to further cater to the needs of local and global community members to move money and enable international cross-border payments. This partnership helps Airtel Africa to take an active part in the international money transfer business that happens to and from its operating countries.

### Mastercard

On 9 October 2019, the Group announced a partnership with Mastercard which allows Airtel Money customers to make online payments globally using a virtual Airtel Money Mastercard. Airtel Money customers, even those using a feature phone, are also able to make in-person payments at outlets using QR codes. To date, there are over 1 million shops across Africa that accept Mastercard QR payments. Approximately 700,000 are in Nigeria, our largest market and where we have applied for a payment service bank licence.

**Ecobank**

On 21 October 2019, the Group announced a partnership with Ecobank which will allow millions of Airtel Money and Ecobank customers across Africa improved access to mobile financial services and a variety of mobile transactions.

**Earnings call**

Management will host an analyst call today at 9.30am UK time. Details on how to access the call are on page 18.

**Information on additional KPIs**

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



## Strategic overview

To achieve our vision of enriching the lives of our customers, we have a clear business objective: to grow market share profitably and create superior enterprise value. Our 'Winning with' strategy describes the six strategic pillars through which we are actively working to achieve this. Cutting across all these pillars are our commitments to transforming lives, driving sustainable development and acting as a responsible business.

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 characterised by low but increasing levels of mobile connectivity, with unique user penetration at 45% highlighting the potential for growth across the footprint.

The Group's strategy underpins its medium-term aspirations for delivering growth in revenues and earnings, as does our belief in enhancing connectivity and digitising the countries where we operate. To this end, we have invested to expand our network footprint and 4G sites to enhance network capabilities and support our future business growth. A combination of an under-penetrated telecoms market, a young population and rising smartphone affordability, along with low data penetration and a relatively unbanked population, provide growth opportunities for our data and mobile money segments.

During the reporting period, we continued to make clear progress across each of our core strategic pillars: Win with network, Win with customers, Win with data, Win with mobile money, Win with cost and Win with people.

### Win with network

The Group's strategy to invest in the 4G network through single RAN technology has resulted in better 4G coverage and enhanced the network's capacity, making high-speed data available to more of our customers. We aim to create a leading, modernised network that can provide the data capacity to meet rapidly growing demand and enhance connectivity and digitalisation in our markets. This is possible through:

- Building and modernising our network through optimal end-to-end design, including spectrum additions, carrier aggregation and fibre rollout
- Providing best-in-class customer experience on video and social media platforms
- Delivering voice quality index while improving network uptime

With continued investment in the 4G network across our footprint, 65% of our total sites are now 4G. During the year, the Group launched 4G services in Democratic Republic of Congo, Tanzania and Niger, making 4G services available across all our 14 countries.

We continued to modernize our network across all countries.

The Group continued to invest in building large fibre capacities, adding more than 8,000km of additional fibre (43,000km in total). In FY 2020, we increased the number of sites on fibre and long-distance fibre capacities. This has helped us to support more uptime and offer high-speed data to more customers.

The Group also acquired additional spectrum, adding 2600 band and 900 band frequency in Nigeria, 1800 band in Chad, 1800 band and 2100 band in Malawi. The Group continued spectrum refarming activities to maximise network capacity.

In FY 2020 investment activities resulted in total capex of \$642m, excluding spectrum acquisitions.

### Win with customers

Sub-Saharan Africa is characterised by low penetrated markets, with unique subscriber penetration at 45%. The continued focus on building exclusive channels, combined with a simplified digital onboarding app to provide seamless onboarding customer experience have enabled us to add quality customers, resulting in 11.9% growth to 110.6m customers across our footprint. The Customers growth remains well diversified across our three geographical segments, increasing by 12.5% in Nigeria, 13.5% in East Africa and 7.1% in Francophone Africa. Overall churn is stable at 5.0%.

The Group continued to invest in its distribution network to increase our quality customer base. During the year, the Group added more activating outlets for KYC and exclusive franchise stores. We will increase penetration through:

- Strengthening the distribution network to ensure depth and width, and to win more quality customers
- Enhancing the customer experience through simplified processes, including the Know Your Customer process

We are also driving loyalty and consumption through our high-quality service, which is enhanced through our digital on-boarding app. Smart offerings approach and tailored pricing strategy includes:

- Simple, transparent offerings
- 'More for more' bundles offering lower unit prices, longer validity, and more content in exchange for a higher recharge cost
- Segmented offers based on balance, usage and type of device

The digital app captures all regulatory requirements and allows most activations to be completed within minutes of a SIM sale. The Group's processes for improved self-care through the My Airtel Africa app and our interactive and dynamic IVRs have helped to resolve customer queries more quickly, resulting in an improved customer experience. The attractive pricing propositions led to 9.5% higher usage per customer, contributing to a 5.2% increase in voice revenue.

#### **Win with data**

Data growth is a key pillar of the Group's strategy. We aim to maximise the value of data-based services and increase data penetration in all our markets. That means encouraging smart phone ownership and increasing data usage at scale. Our approach includes:

- Continuously investing in the 4G network
- Developing home broadband business
- Developing enterprise business

The improved LTE network offered by the industry has contributed to increased smartphone penetration. The percentage of 3G and 4G enabled smartphones increased to 32.6% from 30% in the previous year. This has resulted in data customers increasing by 18% to 35.4m, representing almost 32% of our total customer base.

Increased take-up of larger data bundles has helped to push data usage per customer to 1.8 GB per customer from 1.2GB per customer in the previous period. All this has contributed to 39% data revenue growth in constant currency.

As a result of the increased penetration and usage of 3G and 4G data customers, data ARPU increased by 20%.

#### **Win with mobile money**

The Group continue to work on enhancing financial inclusion across its footprint through building greater confidence and interest in Airtel Money. The lower penetration of traditional banking services demands mobile money services to fulfil the needs of largely unbanked customers. We aim to drive the uptake of Airtel Money services in all our markets, harnessing the ability of a profitable mobile money business model to enhance financial inclusion in some of the most 'unbanked' populations in the world. We are working to achieve this model by:

- Further strengthening our distribution platform of kiosks, mini shops and dedicated Airtel Money branches, so that customers can access cash
- Introducing additional mobile money services, including merchant and commercial payments, benefits transfers, loans and savings
- Building international money transfer services through partnerships

Expanded distribution and an enhanced offering contributed to a 4m increase in mobile money customers to a total of 18.3m, leading to a \$34.5bn (Q4 annualised) transaction value in constant currency.

Mobile money continues to be Airtel Africa's fastest-growing business segment, delivering revenue growth of 37.2% in FY 2020. It is an increasingly more important part of our business and currently accounts for 9.1% of our total revenue.

The Group continued to enhance its customer offering by entering into partnerships with leading institutions such as Mastercard and Western Union. Partnerships like these improve customers' access to digital payments and financial services, allowing people to receive funds from 160 different countries conveniently and affordably.

#### **Win with cost**

The Group has an efficient operating model, focused on enhancing our cost efficiency and digitalisation initiatives. We embrace robust cost discipline and continuously seek to improve processes to deliver one of the highest underlying EBITDA margins in the industry. We use latest technology to optimally design our network to bring enhanced efficiencies to our capital expenditure. This enables us to build large incremental capacity at low marginal cost. Our initiatives include:

- Cost efficiency initiatives to optimise site operational and maintenance expenses, and bandwidth cost
- A detailed deep dive on all expenses aimed to improve operating margin in individual markets
- Optimal design for vendor service delivery

In FY 2020, underlying EBITDA margin expanded by 100 bps to 44.3% as a result of double-digit revenue growth and cost efficiencies.

### **Win with people**

The Group's employees have demonstrated a strong growth mindset, which has enabled them to think differently and foster innovation across all levels. A focus on learning and mastering functional expertise has helped build a strong knowledge base along with enhanced leadership and cross functional competencies. The Group's expanded leadership team, which includes three regional heads, as well as the strong functional chiefs, working collaboratively with independent and empowered local OPCO managements led by Managing Directors, have provided with executional agility which drives faster growth and keeps the Group closer to the markets it operates. The reward systems are based on simple and consistent metrics which drive the right behaviours.

## Financial review for the year ended 31 March 2020

### Nigeria

Description	Unit of measure	Year ended				Quarter ended			
		Mar-20	Mar-19	Reported currency change %	Constant currency change %	Mar-20	Mar-19	Reported currency change %	Constant currency change %
<u>Summarised statement of operations</u>									
Revenue	\$m	1,373	1,106	24.1%	24.4%	377	301	25.5%	27.1%
Voice revenue	\$m	850	740	14.9%	15.1%	234	200	16.8%	18.3%
Data revenue	\$m	435	259	67.8%	68.1%	120	80	50.6%	52.5%
Other revenue	\$m	88	107	(17.4%)	(17.2%)	23	21	12.5%	13.9%
Underlying EBITDA	\$m	744	550	35.3%	35.6%	209	161	30.3%	32.0%
Underlying EBITDA margin	%	54.2%	49.7%	448 bps	449 bps	55.5%	53.4%	207 bps	206 bps
Depreciation and amortisation	\$m	(183)	(157)	16.8%	17.6%	(47)	(41)	14.3%	13.3%
Exceptional item	\$m	5	(22)	(123.8%)	(124.0%)	-	5	(100.0%)	(100.0%)
Operating profit <sup>1</sup>	\$m	565	371	52.6%	52.6%	162	125	29.9%	32.4%
Capex	\$m	325	180	80.9%	80.9%	145	67	116.4%	116.4%
Operating free cash flow	\$m	419	370	13.2%	13.8%	64	94	(31.6%)	(28.3%)
<u>Operating KPIs</u>									
ARPU	\$	2.9	2.7	9.2%	9.4%	3.1	2.7	13.2%	14.7%
Total customer base	million	41.8	37.1	12.5%		41.8	37.1	12.5%	
Data customer base	million	16.7	14.7	14.0%		16.7	14.7	14.0%	

<sup>(1)</sup> The operating profit in above table includes CSR (Corporate social responsibility) expense of \$1m for the year ended March 2020.

Reported revenue was up 24.1%, with almost the same growth in constant currency. This was underpinned by 15.1% revenue growth in voice and 68.1% in data.

Voice revenue at \$850m, up by 15.1%, was supported by a 12.5% increase in the customer base and a 1.2% increase in average revenue per user (ARPU). We expanded our customer base as a result of efficient sales and distribution network supported by the accelerated rollout of our network infrastructure and 4G leadership.

Data revenue growth of 68.1% was supported by a 14% growth in data customers and a 42.2% increase in data ARPU. This growth was driven by an accelerated 4G rollout (with 68% of total sites now 4G), a 1.8% increase in smartphone penetration, and affordable products in our data bundles. 47.5% of total data usage is now through the 4G network. Data revenue accounted for 31.7% of total revenue, up 8.2%.

Other revenue decreased by 17.2%, affected by the rollout of new directives issued by the Nigerian Communication Commission on content-based revenue.

In FY 2020, underlying EBITDA margin increased by 449 bps due to the revenue growth and operating efficiencies. Exceptional items include \$5m one-off gain, largely as a result of the reassessment of the customers 'life cycle' which led to a deferment of customer acquisition cost.

Capital expenditure amounted to \$325m, up from \$180m year on year as the business continued to expand and invest in further rollout of network infrastructure.

The \$419m operating free cash flow was up 13.8%, largely as a result of double-digit underlying EBITDA growth partially offset by higher capital expenditure.

Description	Unit of Measure	Year ended				Quarter ended			
		Mar-20	Mar-19	Reported currency change %	Constant currency change %	Mar-20	Mar-19	Reported currency change %	Constant currency change %
Summarised statement of operations									
Revenue <sup>2</sup>	\$m	1,201	1,102	9.0%	13.6%	310	273	13.5%	18.4%
Voice revenue	\$m	606	596	1.6%	6.2%	153	143	6.7%	11.3%
Data revenue	\$m	307	266	15.5%	20.3%	82	67	23.3%	28.7%
Mobile money revenue <sup>3</sup>	\$m	213	154	38.6%	43.7%	58	46	25.7%	32.2%
Other revenue	\$m	131	126	3.9%	7.6%	32	33	(2.6%)	0.6%
Underlying EBITDA	\$m	485	442	9.7%	14.6%	125	114	10.0%	15.3%
Underlying EBITDA margin	%	40.4%	40.1%	27 bps	37 bps	40.3%	41.6%	(130)bps	(111)bps
Depreciation and amortisation	\$m	(229)	(226)	1.5%	5.7%	(55)	(56)	(1.6%)	2.5%
Exceptional item	\$m	10	(7)	(239.2%)	(244.4%)	-	(2)	(100.0%)	(100.0%)
Operating profit	\$m	266	209	26.9%	32.7%	70	55	26.4%	33.2%
Capex	\$m	181	257	(29.6%)	(29.6%)	61	119	(48.8%)	(48.8%)
Operating free cash flow	\$m	304	185	64.3%	78.6%	64	(5)	(1441.9%)	(1467.9%)
Operating KPIs									
ARPU	\$	2.2	2.2	(0.8%)	3.4%	2.2	2.1	0.9%	5.3%
Total customer base	million	48.6	42.9	13.5%		48.6	42.9	13.5%	
Data customer base	million	13.3	10.9	22.0%		13.3	10.9	22.0%	

<sup>(1)</sup> This business segment includes Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia.

<sup>(2)</sup> The above table includes intra-segment eliminations of \$56m for the year ended March 2020 and \$ 40m for the year ended March 2019, \$15m for Q4 2020 and \$16m for Q4 2019.

<sup>(3)</sup> Mobile money revenue post intra-segment eliminations with mobile services is \$157m for the year ended March 2020 and \$114m for the year ended March 2019, \$43m for Q4 2020 and \$30m for Q4 2019.

East Africa reported revenue grew by 9.0% and increased by 13.6% in constant currency. This was broadly based across services, and partially offset by currency devaluation in Zambia and Kenya. All countries, with the exception of Rwanda, delivered double-digit revenue growth. Performance improved in Q4 2020 largely as a result of an increase in voice and data customers in Tanzania, Uganda and Kenya.

Voice revenue at \$606m, up by 6.2%, largely driven by a 13.5% increase in customers and 15.8% increase in usage per customer slightly off-set by ARPU drop of 3.3%.

Data revenue grew by 20.3%, driven by 22% growth in data customers and a 4.6% increase in data ARPU. There was growth in all countries underpinned by the rollout of more than 2,400 of 4G sites, a 2.9ppts increase in smartphone penetration, and simple and affordable products through 'more for more' data bundles. Data revenue accounted for 25.6% of the total revenue in East Africa.

Mobile money revenue grew by 43.7%, largely driven by growth in Zambia, Tanzania, Uganda and Malawi. This was driven by a 28.9% increase in customers and a 21.4% growth in transaction value per customer, supported by the expansion of our distribution network through more agents, kiosks and Airtel Money branches. Expansion slowed in the second half compared to the same period in the prior year, which benefited from an extensive distribution rollout in Zambia.

The underlying EBITDA margin was 40.4%, an improvement of 37bps compared with the previous financial year. Q4 2020 underlying EBITDA margin declined by 111bps due to higher operating expenses resulting from our investment in network expansion, higher marketing spends, and increased regulatory charges in Kenya, Uganda and Rwanda.

Exceptional items include \$10m one-off gain, largely as a result of the reassessment of the customers 'life cycle' which led to a deferment of customer acquisition cost.

We invested \$181m in capex, slightly lower than the previous financial year. FY 2019 capex was higher due to network modernisation in East Africa. Due to this lower capex and higher underlying EBITDA, operating free cash was up 78.6% at \$304m.

## Francophone Africa<sup>1</sup>

Description	Unit of measure	Year ended				Quarter ended			
		Mar-20	Mar-19	Reported currency change %	Constant currency change %	Mar-20	Mar-19	Reported currency change %	Constant currency change %
<u>Summarised statement of operations</u>									
Revenue <sup>2</sup>	\$m	859	888	(3.2%)	(0.5%)	215	211	2.2%	4.1%
Voice revenue	\$m	525	597	(12.1%)	(9.5%)	127	142	(10.3%)	(8.6%)
Data revenue	\$m	189	159	19.0%	22.0%	51	40	26.3%	28.6%
Mobile money revenue <sup>3</sup>	\$m	93	75	25.0%	28.4%	25	19	28.7%	31.2%
Other revenue	\$m	86	81	6.5%	9.2%	22	16	36.0%	38.1%
Underlying EBITDA	\$m	292	339	(13.9%)	(11.8%)	70	79	(10.7%)	(9.1%)
Underlying EBITDA margin	%	34.0%	38.2%	(423) bps	(435) bps	32.7%	37.4%	(471) bps	(475) bps
Depreciation and amortisation	\$m	(189)	(180)	4.8%	7.9%	(47)	(45)	3.0%	4.4%
Exceptional item	\$m	(12)	(24)	(49.4%)	(49.1%)	-	(5)	(100.0%)	(100.0%)
Operating profit	\$m	91	135	(32.9%)	(31.5%)	23	29	(17.8%)	(16.8%)
Capex	\$m	133	190	(30.1%)	(30.1%)	40	118	(66.3%)	(66.3%)
Operating free cash flow	\$m	159	149	6.6%	12.0%	30	(39)	(178.0%)	(182.2%)
<u>Operating KPIs</u>									
ARPU	\$	3.7	4.0	(7.5%)	(4.8%)	3.6	3.8	(4.9%)	(3.1%)
Total customer base	million	20.2	18.9	7.1%		20.2	18.9	7.1%	
Data customer base	million	5.4	4.4	21.8%		5.4	4.4	21.8%	

<sup>(1)</sup> This business segment includes Niger, Chad, Gabon, Democratic Republic of the Congo, Republic of the Congo, Madagascar, and the Seychelles. This was previously called Rest of Africa.

<sup>(2)</sup> The above table includes intra-segment eliminations of \$34m for the year ended March 2020 and \$ 24m for the year ended March 2019, \$10m for Q4 2020 and \$6m for Q4 2019.

<sup>(3)</sup> Mobile money revenue post intra-segment eliminations with mobile services is \$59m for the year ended March 2020 and \$51m for the year ended March 2019, \$15m for Q4 2020 and \$12m for Q4 2019.

Performance in Francophone Africa was impacted by macroeconomic weakness in some countries. Reported revenue was down 3.2%, but it was broadly flat in constant currency, as growth in data, mobile money and other revenue did not fully offset the decline in voice revenue. Performance was mixed across countries, with growth in Democratic Republic of the Congo (DRC), Gabon and the Seychelles offset by a decline in other countries in the region. Revenue increased by 4.1% in Q4 2020 as a result of improved performance across services.

Voice revenue decreased by 9.5%, largely due to a drop in interconnect usage charges in Niger, Madagascar and Chad, and overall market weakness in some countries in the region. Revenue in DRC was also affected by rationalisation on bonus offers.

Data revenue grew by 22%, largely due to a 21.8% increase in customers and a 10.4% increase in data ARPU per customer. We saw revenue growth across all countries, with the exception of Madagascar. This growth was supported by our accelerated rollout of more than 1,600 of 4G sites, with 56.7% of sites now on the 4G network. It was also driven by a 3.1% increase in smartphone penetration and our popular data bundle offers. In FY 2020, we launched 4G services in Niger and DRC.

Mobile money revenue was up 28.4%, with our largest markets Gabon and DRC accounting for 82% of revenue in the region. This double-digit revenue growth was supported by a 28.1% increase in customers and the continued expansion of the distribution network.

Our underlying EBITDA margin decreased by 435 bps due to higher operating expenses resulting from investment in network expansion and higher marketing spends. While FY 2019 had \$13m in one-off benefits, FY 2020 was affected by a one-off quality of services charge in few OPCOs. Excluding these one-offs, underlying EBITDA margin decreased by 190bps.

Exceptional items of \$12m mainly contributed by accelerated depreciation resulting from a network modernisation.

Capex was at \$133m, a drop compared to the \$190m in the previous financial year which was higher due to network modernisation in Francophone Africa. In FY 2020, we continued to invest in modernising the infrastructure and rolling out the 4G network, more than doubling the number of 4G sites in the region.

## Mobile services

Description	Unit of measure	Year ended				Quarter ended			
		Mar-20	Mar-19	Reported currency change %	Constant currency change %	Mar-20	Mar-19	Reported currency change %	Constant currency change %
<b><u>Summarised statement of operations</u></b>									
Revenue <sup>1</sup>	\$m	3,210	2,918	10.0%	12.5%	844	739	14.1%	16.8%
Underlying EBITDA	\$m	1,372	1,234	11.1%	13.5%	366	321	13.9%	16.5%
Underlying EBITDA margin	%	42.7%	42.3%	44 bps	38 bps	43.3%	43.4%	(9) bps	(10) bps
Depreciation and amortisation	\$m	(595)	(556)	7.0%	9.8%	(146)	(142)	2.6%	5.3%
Operating exceptional items	\$m	3	(53)	(106.6%)	(105.7%)	-	(2)	(100.0%)	(100.0%)
Operating profit <sup>2</sup>	\$m	780	625	24.7%	26.7%	220	177	24.0%	26.3%
Capex	\$m	626	613	2.2%	2.2%	240	296	(18.8%)	(18.8%)
Operating free cash flow	\$m	746	621	20.0%	24.7%	126	25	403.9%	432.5%
<b><u>Operating KPIs</u></b>									
<b>Mobile voice</b>									
Voice revenue	\$m	1,970	1,915	2.9%	5.2%	510	482	5.9%	8.4%
Customer base	million	110.6	98.9	11.9%		110.6	98.9	11.9%	
Voice ARPU	\$	1.6	1.7	(6.6%)	(4.5%)	1.6	1.6	(4.5%)	(2.2%)
<b>Mobile data</b>									
Data revenue	\$m	930	683	36.1%	39.0%	253	187	35.6%	38.9%
Data customer base	million	35.4	30.0	18.0%		35.4	30.0	18.0%	
Data ARPU	\$	2.4	2.1	17.6%	20.0%	2.5	2.1	16.6%	19.4%

<sup>(1)</sup> Mobile service revenue after intersegment eliminations amounted to \$3,199m for the year ended March 2020 and \$2,910m for the year ended March 2019.

<sup>(2)</sup> The operating profit in above table includes CSR (Corporate social responsibility) expense of \$1m for the year ended March 2020.

Reported mobile services revenue was up by 10.0%, 12.5% in constant currency, with both voice and data revenue contributing to this growth.

Reported voice revenue grew by 2.9% while constant currency growth was 5.2%. This growth was largely driven by a 11.9% increase in customers as a result of the expansion of distribution and network infrastructure. Total minutes on the network grew by 20.6% and voice usage per customer grew 9.5% supported by the launch of exclusive voice bundles. ARPU dropped by 4.5% in constant currency terms, largely driven by a drop in interconnect usage charges across key markets in East Africa and Francophone Africa. The Q4 2020 voice revenue growth of 8.4% in constant currency was driven by a 17.5% increase in voice usage per customer.

Data revenue was up 39% in constant currency, largely due to a growth in data customers, the accelerated 4G network rollout and increasing data usage. The customers base grew by 18% as a result of accelerated rollout of 4G network across all markets, as well as a 2.5ppts growth in smartphone penetration. 32% of our total customers are data users, up from 30.4% in FY 2019. Overall data usage grew by 81% and data usage per customer was up 56.3% to 1.8GB per customer per month, largely linked to our 4G network expansion and popular data bundles. ARPU increased by 20% as a result of higher penetration of 3G and 4G customers.

Data revenue accounted for 27.2% of our total revenue, up from 22.2% in the previous financial year. For the quarter ended March 2020, data revenue was 28.2% of our total revenue.

## Mobile money

Description	Unit of measure	Year ended				Quarter ended			
		Mar-20	Mar-19	Reported currency change %	Constant currency change %	Mar-20	Mar-19	Reported currency change %	Constant currency change %
<b>Summarised statement of operations</b>									
Revenue <sup>1</sup>	\$m	311	234	32.9%	37.2%	83	67	24.3%	29.5%
Underlying EBITDA	\$m	150	98	53.4%	57.2%	39	32	21.6%	26.2%
Underlying EBITDA Margin	%	48.2%	41.7%	644 bps	609 bps	47.3%	48.4%	(108) bps	(125) bps
Depreciation and amortisation	\$m	(7)	(7)	5.6%	7.5%	(3)	(1)	94.7%	100.8%
Operating profit	\$m	143	91	56.8%	60.7%	36	31	18.2%	22.8%
Capex	\$m	12	14	(13.3%)	(13.3%)	5	8	(31.4%)	(31.4%)
Operating free cash flow	\$m	138	84	64.3%	68.3%	34	24	38.8%	45.0%
<b>Operating KPIs</b>									
<b>Mobile money key KPIs</b>									
Transaction value	\$m	31,598	25,118	25.8%	31.0%	8,266	6,489	27.4%	33.2%
Active customers	million	18.3	14.2	28.7%		18.3	14.2	28.7%	
Mobile money ARPU	\$	1.6	1.5	10.5%	14.2%	1.6	1.6	(0.8%)	3.4%

<sup>(1)</sup> Mobile money service revenue post intra-segment eliminations with mobile services is \$220m for the year ended March 2020 and \$170m for the year ended March 2019.

Reported mobile money revenue was \$311m, up 32.9% and 37.2% in constant currency. This was driven by a 28.7% increase in customers and a 31.0% growth in transaction value. We continue to expand our distribution network through investing in exclusive kiosks and Airtel Money branches. The continued focus on expanding distribution network through partnering with financial service providers and enhancing product offering continues to attract more customers and reduce churn.

Underlying EBITDA increased by 53.4% to \$150m, driven by revenue growth and a lean cost structure. As a result, the underlying EBITDA margin grew to 48.2%, up from 41.7%. Total transaction value was up 31% in constant currency, amounting to \$34.5bn (Q4 2020 annualised). This was primarily driven by the expansion of the distribution network.

Active customers grew to 18.3m, up 28.7% on the previous year, with Airtel Money customers representing 16.5% of our total customers. Excluding Nigeria mobile money customers, 26.5% of our total customer base consisted of Airtel Money customers as of 31 March 2020. ARPU was up 14.2%, driven by a higher transaction values and increased contribution from person-to-person money transfer 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 million. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding. The growth numbers YoY are provided on constant currency basis unless stated differently.

## About Airtel Africa

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

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

## For more information

Airtel Africa Investor Relations

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Website: [airtel.africa/investors](http://airtel.africa/investors)

## Conference call

The management team will host an analyst and investor conference call / webcast at **9:30 AM UK time, on Wednesday 13 May 2020**, including a Question and Answer session.

**In order to participate in the conference call and ask questions, please follow the instructions:**

1. In the 10 minutes prior to the start, call the appropriate participant **dial-in number**:
  - Standard International: +44 (0) 2071 928000
  - United Kingdom Freephone: 08003767922
  - United Kingdom Local Call: 08445718892
  - United States: 18669661396
  - United States, New York 16315107495
  - Nigeria, Lagos: 12278975
  - Nigeria, Lagos: 12278750
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## Consolidated Financial Statements

### Consolidated Statement of Comprehensive Income

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

	Notes	For the year ended	
		31 March 2020	31 March 2019
<b>Income</b>			
Revenue	5	3,422	3,077
Other income		17	26
		<b>3,439</b>	<b>3,103</b>
<b>Expenses</b>			
Network operating expenses		628	558
Access charges		376	345
License fee / spectrum usage charges		189	182
Employee benefits expense		234	236
Sales and marketing expenses		148	152
Impairment loss / (reversal) on financial assets		(2)	5
Other expenses		333	318
Depreciation and amortisation		632	573
		<b>2,538</b>	<b>2,369</b>
<b>Operating profit</b>		<b>901</b>	<b>734</b>
Finance costs		440	394
Finance income		(67)	(32)
Non-operating income	4(a)	(70)	-
Share of (profit) / loss of joint ventures and associate		(0)	24
<b>Profit before tax</b>		<b>598</b>	<b>348</b>
Tax expense / (credit)	7	190	(78)
<b>Profit for the period</b>		<b>408</b>	<b>426</b>
<b>Profit before tax (as presented above)</b>		<b>598</b>	<b>348</b>
Add: Exceptional items (net)	6	(65)	69
<b>Underlying profit before tax</b>		<b>533</b>	<b>417</b>
<b>Profit after tax (as presented above)</b>		<b>408</b>	<b>426</b>
Add: Exceptional items (net)	6	(112)	(119)
<b>Underlying profit after tax</b>		<b>296</b>	<b>307</b>

	Notes	For the year ended	
		31 March 2020	31 March 2019
<b>Profit for the period (continued from previous page)</b>		<b>408</b>	<b>426</b>
<b>Other comprehensive income ('OCI')</b>			
<b>Items to be reclassified subsequently to profit or loss:</b>			
Net losses due to foreign currency translation differences		(219)	(170)
Share of OCI of associate		-	(0)
Net gain on net investments hedge		5	45
Net loss on cash flow hedge		(2)	(12)
		(216)	(137)
<b>Items not to be reclassified subsequently to profit or loss:</b>			
Re-measurement gain/(loss) on defined benefit plans		1	(2)
Tax (charge)/credit on above		(0)	0
		1	(2)
<b>Other comprehensive loss for the period</b>		<b>(215)</b>	<b>(139)</b>
<b>Total comprehensive income for the period</b>		<b>193</b>	<b>287</b>
<b>Profit for the period attributable to:</b>		<b>408</b>	<b>426</b>
Owners of the Company		370	388
Non-controlling interests		38	38
<b>Other comprehensive loss for the period attributable to:</b>		<b>(215)</b>	<b>(139)</b>
Owners of the Company		(224)	(136)
Non-controlling interests		9	(3)
<b>Total comprehensive income for the period attributable to:</b>		<b>193</b>	<b>287</b>
Owners of the Company		146	252
Non-controlling interests		47	35
<b>Earnings per share</b>			
Basic	<b>8</b>	10.31c	19.54c
Diluted	<b>8</b>	10.30c	19.54c

## Consolidated Statement of Financial Position

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

		As of	
	Notes	31 March 2020	31 March 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	1,832	1,597
Capital work-in-progress	9	259	367
Right of use assets		639	655
Goodwill		3,943	4,126
Other intangible assets		456	349
Intangible assets under development		30	70
Investment in associate		3	3
<b>Financial assets</b>			
- Investments		0	0
- Derivative instruments		0	45
- Security deposits		7	9
- Others		1	-
Income tax assets (net)		39	31
Deferred tax assets (net)		333	346
Other non-current assets		112	87
		<b>7,654</b>	<b>7,685</b>
<b>Current assets</b>			
Inventories		3	3
<b>Financial assets</b>			
- Derivative instruments		10	5
- Trade receivables		132	121
- Cash and cash equivalents	11	1,010	848
- Other bank balances	11	6	15
- Balance held under mobile money trust		295	238
- Others		66	73
Other current assets		149	118
		<b>1,671</b>	<b>1,421</b>
<b>Total assets</b>		<b>9,325</b>	<b>9,106</b>

	Notes	As of	
		31 March 2020	31 March 2019
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	12	235	625
- Current maturities of long-term borrowings	12	429	559
- Lease liabilities		199	181
- Derivative instruments		3	96
- Trade payables		416	470
- Mobile money wallet balance		292	238
- Others		461	580
Provisions		70	70
Deferred revenue		124	110
Current tax liabilities (net)		144	67
Other current liabilities		115	103
		<b>2,488</b>	<b>3,099</b>
<b>Net current liability</b>		<b>(817)</b>	<b>(1,678)</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	12	2,446	2,437
- Lease liabilities		970	1,037
- Derivative instruments		4	7
- Others		15	7
Provisions		23	22
Deferred tax liabilities (net)		69	33
Other non-current liabilities		29	34
		<b>3,556</b>	<b>3,577</b>
<b>Total liabilities</b>		<b>6,044</b>	<b>6,676</b>
<b>Net Assets</b>		<b>3,281</b>	<b>2,430</b>
<b>Equity</b>			
Share capital	13	3,420	3,082
Share premium		-	470
Retained earnings		2,805	1,688
Other reserve		(2,837)	(2,614)
<b>Equity attributable to owners of the company</b>		<b>3,388</b>	<b>2,626</b>
Non-controlling interests ('NCI')		(107)	(196)
<b>Total equity</b>		<b>3,281</b>	<b>2,430</b>

## 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 (NCI)	Total equity	
	Share Capital		Share premium	Retained earnings	Other reserves				Equity attributable to owners of the company
	No of shares	Amount			Transactions with NCI reserve	Other components of equity			
As of 1 April 2018	1,781,248,325	2,359	2,551	(3,510)	(500)	(1,900)	(1,000)	(232)	(1,232)
Profit for the year	-	-	-	388	-	-	388	38	426
Other comprehensive loss	-	-	-	(2)	-	(134)	(136)	(3)	(139)
Total comprehensive income / (loss)	-	-	-	386	-	(134)	252	35	287
Transaction with owners of equity									
Shareholder loan conversion	1	0	1,107	-	-	-	1,107	-	1,107
Re-organisation adjustment	(613,490,706)	(1,191)	(3,659)	4,850	-	-	-	-	-
Common control transactions	-	-	-	98	-	-	98	-	98
Issue of share capital (Note 13)	1,913,986,957	1,914	473	(136)	-	-	2,251	-	2,251
Share issue costs	-	-	(2)	-	-	-	(2)	-	(2)
Transaction with NCI	-	-	-	-	(80)	-	(80)	6	(74)
Dividend paid (including tax) to NCI	-	-	-	-	-	-	-	(5)	(5)
As of 31 March 2019	3,081,744,577	3,082	470	1,688	(580)	(2,034)	2,626	(196)	2,430
Profit for the period	-	-	-	370	-	-	370	38	408
Other comprehensive loss	-	-	-	1	-	(225)	(224)	9	(215)
Total comprehensive income / (loss)	-	-	-	371	-	(225)	146	47	193
Transaction with owners of equity									
Reduction in nominal value of shares [Note 13(1)]	-	(1,541)	-	-	-	-	(1,541)	-	(1,541)
Issue of deferred share capital [Note 13 (1)]	3,081,744,577	1,541	-	-	-	-	1,541	-	1,541
Issue of share capital [Note 13 (2)]	676,406,927	338	342	-	-	-	680	-	680
Issue of share capital to NCI	-	-	-	-	-	-	-	13	13
Share issue costs	-	-	(3)	(14)	-	-	(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
Court approved reduction in share premium [Note 4 (b)]	-	-	(809)	809	-	-	-	-	-
Transactions with NCI [Note 4 (c) & (f)] <sup>(1)</sup>	-	-	-	-	(5)	-	(5)	36	31
Dividend to Company's shareholders	-	-	-	(113)	-	-	(113)	-	(113)
Dividend (including tax) to NCI <sup>(2)</sup>	-	-	-	-	-	-	-	(7)	(7)
As of 31 March 2020	6,839,896,081	3,420	-	2,805	(585)	(2,252)	3,388	(107)	3,281

(1) transaction with NCI reserve is net of tax impact of USD 6m.

(2) dividend to NCI includes tax of USD 1m.

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

	For the year ended	
	31 March 2020	31 March 2019
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>598</b>	<b>348</b>
<b>Adjustments for -</b>		
Depreciation and amortization	632	573
Finance income	(67)	(32)
Finance cost	440	394
Share of profit / loss of joint ventures and associate	(0)	24
Non-operating adjustments [Note 4 (b)]	(70)	-
Other adjustments <sup>(1)</sup>	(45)	16
<b>Operating cash flow before changes in working capital</b>	<b>1,488</b>	<b>1,323</b>
<b>Changes in working capital</b>		
Increase in trade receivables	(11)	(29)
Increase in inventories	(1)	(1)
Decrease in trade payables	(15)	(38)
Increase in mobile money wallet balance	53	41
Decrease in provisions	2	(66)
Increase in deferred revenue	20	8
Decrease in income received in advance	(11)	(21)
Increase in other financial and non financial liabilities	4	13
Increase in other financial and non financial assets	(28)	(44)
<b>Net cash generated from operations before tax</b>	<b>1,501</b>	<b>1,186</b>
Income taxes paid	(114)	(115)
<b>Net cash generated from operating activities (a)</b>	<b>1,387</b>	<b>1,071</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and capital work-in-progress	(656)	(568)
Purchase of intangible assets	(155)	(125)
Payment of deferred consideration for past business combination	(19)	-
Proceeds on sale of tower assets	-	42
Interest received	29	21
<b>Net cash used in investing activities (b)</b>	<b>(801)</b>	<b>(630)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares to Airtel Africa plc shareholders	680	2,387
Proceeds from sale of shares to non-controlling interests	34	-
Acquisition of non-controlling interests	-	(74)
Payment of share issue expenses	(17)	-
Proceeds from borrowings	174	534
Repayment of borrowings	(720)	(2,485)
Proceeds from sale and lease back of towers	-	23
Repayment of lease liabilities	(189)	(163)
Dividend paid to non-controlling interests	(5)	(4)
Dividend paid to Airtel Africa plc shareholders	(113)	-
Interest and other finance charges paid	(318)	(376)
Proceeds from borrowings from related parties	-	337
Share stabilisation proceeds	7	-
Proceeds from cancellation of derivatives	122	-
Payment on maturity of derivatives	(25)	-
<b>Net cash (used)/generated from financing activities (c)</b>	<b>(370)</b>	<b>179</b>
<b>Increase in cash and cash equivalents during the period (a+b+c)</b>	<b>216</b>	<b>620</b>
Currency translation differences relating to cash and cash equivalents	1	4
Cash and cash equivalent as at beginning of the period	870	246
<b>Cash and cash equivalents as at end of the period (Note 11) <sup>(2)</sup></b>	<b>1,087</b>	<b>870</b>

(1) For the year ended 31 March 2020, this mainly includes deferment of customer acquisition costs and reversal of provision for capital work in progress.

(2) Includes balance held under mobile money trust of USD 295m (2019: USD 238m) on behalf of mobile money customers which are not available for use by the group.



# Notes to 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 12 July 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 13 June 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 3 July 2019 and on Nigerian Stock Exchange ('NSE') on 9 July 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

The results for the year ended 31 March 2020 are an abridged statement of the full annual report which was approved by the Board of Directors on 12 May 2020 and signed on its behalf on 13 May 2020. The consolidated financial statements within the full annual report are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU'), the Companies Act 2006 and Article 4 of the EU IAS Regulations. The auditor's report on those consolidated financial statements was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 March 2020 and 2019, but is derived from those accounts. Statutory accounts for March 2019 have been delivered to the Registrar of Companies and those for 2020 will be delivered following the company's annual general meeting.

The financial information included in this release announcement does not itself contain sufficient information to comply with IFRS. The company will publish full financial statements that comply with IFRS, in May 2020.

All the amounts included in the financial statements are reported in United States dollars, with all values rounded to the nearest millions (USD m) except when otherwise indicated. Further, amounts which are less than half a million are appearing as '0'.

## Changes in accounting policies and disclosures

### IFRIC Interpretation 23 Uncertainty over Income Tax Treatments:

This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately or on a combined basis;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ; and

- How an entity considers changes in facts and circumstances

Upon adoption of the Interpretation, the group considered whether it has any uncertain tax positions. The company's and its subsidiaries' tax filings in different jurisdictions include deductions and other tax treatments which the relevant taxation authorities may challenge. The group determined that, despite some differences in the recognition and measurement requirements between the Interpretation and the group's previous policies for recognising tax provisions, that there was no material impact on the consolidated financial statement of the group as a result of applying the Interpretation in addition to that which the group had already recorded/ disclosed.

### **3. Working capital and Going concern**

The group has USD 2.35bn of Bonds which are guaranteed by the group's intermediate parent, the Bharti Airtel group ("the bonds") of which USD 828m is due for repayment in May 2021. The next repayment is USD 505m due in March 2023. 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 2bn which was available to draw down for a period of six months. In addition, certain of the group's subsidiaries arranged additional committed facilities of USD 425m. The group expressed an intention at IPO to refinance the bonds through various suitable means including the draw down on the facilities by December 2019 to the extent that the bonds had not been refinanced or unless alternate committed liquidity have been put in place.

Following successful completion of the IPO and receipt of USD 680m of IPO proceeds, in October 2019 the group further reassessed the requirement for the New Airtel Africa Facility amounting to USD 1.2bn (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 1.2bn New Airtel Africa Facility. As part of this evaluation, the group has further considered committed facilities of USD 814m as of date of authorisation of financial statements, which should take care of the group's cash flow requirement under both base and reasonable worst case scenarios.

On 24 October 2019, The Honourable Supreme Court of India delivered an adverse court judgment in India on the group's intermediate parent in relation to a long outstanding industry wide case ("the Court Judgement") pertaining to Adjusted Gross Revenue ('AGR'). In light of aforesaid Court Judgment, the group has also considered whether any events are likely to arise that would result in early repayment of the balance of the bonds and has assessed any material restrictions that may be imposed on it consequent to the actions / inactions of its intermediate parent company.

In January and February 2020, the group's intermediate parent company successfully raised USD 3.25bn through a combination of qualified institutional placement and convertible and other bond offerings. The execution of these activities have significantly reduced the level of uncertainty about the group's parent company to comply with the judgment. Pursuant to this infusion of long term financing, available liquidity/facilities with the Bharti Airtel group and other developments including payment made towards AGR dues, the management of Bharti Airtel has concluded that the previously reported material uncertainty during the period ended 30 September 2019 on the its ability to continue as a going concern no longer exists.

Based on these developments and assessment received as of 31 March 2020, the group had concluded that the likelihood of early repayment of the balance of the bonds as a consequence of the actions/inactions of its intermediate parent company is considered remote and the previously reported material uncertainty during the period ended 30 September 2019 on the group's ability to continue as going concern has also been removed.

In order to assess its ability to be a 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 reasonable worst case scenarios, solvency and liquidity positions and the availability of committed and uncommitted facilities. Further the Directors have considered all the risks and uncertainties relating to its business activities and actions implemented by its intermediate parent company to comply with the Court Judgement as well as the potential impact arising from COVID-19 spread in the countries where we operate.

At the time of the approval of the group Financial Statements, the group has not experienced any material impact arising from the impact of COVID-19 on its business. Given the rapidly changing dynamics in the external environment, it is extremely difficult to predict with any accuracy what the impact of COVID 19 will be on the group's profitability, solvency and liquidity positions. However, the group have applied various levels of stress tests by way of revenue decline, increase in costs and possibility of currency devaluation to the cash flows as part of the sensitivities applied to both base and reasonable worst case scenarios. Stress tests have been performed on the overall plan for the above sensitivities, including the foreseeable impacts of COVID-19, and through this analysis the Directors have a reasonable expectation that no singular or plausible combination of events would be sufficient enough to impact the group's going concern assessment and even under the severe stress tests situations, the group would be able to continue in operation and meet its liabilities over the period covered under going concern assessment, as and when they fall due. Our cash balances in conjunction with USD 814m of committed undrawn facilities (as of date of authorisation of financial statements) ensure we can meet our financial obligations. In severe stress tests performed, the Directors have also considered actions which can be undertaken to mitigate these events, including limiting or delaying discretionary capital expenditure without compromising on network quality, optimisation of opex and also reducing or ceasing dividend payments. The Directors have also assessed the group's ability to access adequate sources of funding, which include financing facilities and access to the debt capital markets to further improve liquidity headroom availability under the severe stress test scenarios.

Based on this assessment the Directors have concluded that the group continues to adopt going concern basis of accounting in preparing the financial statements.

#### 4. Significant transactions/new developments

- a) Under a deed dated 28 May 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 amounting to USD 64m have been reversed through equity.

Further, other indemnity adjustments amounting to USD 72m expired on the publication of the registration document of the company on 28 May 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. These were offset by other non- operating expense of USD 2m.

- b) As outlined in the company's prospectus dated 17 June 2019 and pursuant to a resolution of the company passed on 24 May 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 and share premium reduction were formally approved by the High Court in London and registered with the Registrar of Companies on 22 October 2019. Consequently GBP 50,000 were repaid to the holder of the redeemable deferred shares and entire balance of share premium was transferred to retained earnings.

- c) During the year ended 31 March 2020 the government of Tanzania ('GoT'), Bharti Airtel Tanzania B.V. ('BATBV'), Bharti Airtel International (Netherlands) B.V. ('BAIN') and Airtel Tanzania ('AT') executed agreements to resolve all disputes. These mainly cover the following:

- New shares to be issued by AT to the GoT at no cost such that the GoT will own 49% of the entire share capital of AT and BATBV will own 51%;
- Tanzania Revenue Authority's (TRA) tax claim of approximately USD 874m on BAIN will be treated as settled without any liability (no provision has been recognised currently);
- Tanzania Communications Regulatory Authority's Compliance Decision of 20 April 2018 imposing on AT a fine of approximately USD 183m too will be treated as settled without any liability (no provision has been recognised currently);
- TRA's various tax claims against AT of approximately USD 47m will, subject to verification and consideration of the records, be treated as settled without any liability (no provision has been recognised currently);
- AT will be issued a one-time tax clearance certificate in regard to tax disputes in respect of all historical tax claims up to 31 December 2018;
- 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;
- 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 31 December 2017;
- Parties will cooperate 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 payout to the GoT. On receipt of its share of the proceeds from sale of towers, BATBV will waive the balance shareholder loan;

- 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;
- group entities will not be subject to any tax in connection with any of the transactions described above;
- AT will pay to GOT, approximately USD 0.4m every month for a period of 60 months, effective 1 April 2019 for the support services provided and
- AT will pay a special dividend ('Special Dividend') to its shareholders in proportion of their shareholding of upto 25% EBITDA based on its audited financial statements for the financial year ending 31 December 2019 subject to applicable laws.

Post the agreement following matters have been resolved:

- TRA's tax claim of approx. USD 874m, TCRA's imposition of approx. USD 183m and various tax claims against AT of approx. USD 22m have been vacated without any liability. Since the group did not carry any provisions for these matters, no accounting implications have arisen due to such resolution.
- On 29 November 2019 AT issued 36,176,471 shares to GOT at zero effective cost thus increasing GOT's shareholding in AT to 49%. The group has thus recognised non-controlling interest to the extent of 9% of carrying value of net assets of AT.
- Corporate tax return for carried forwards tax losses of AT has been concluded until 31 December 2016.

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. The company's parent lent shares to the underwriter to facilitate these stabilisation activities. Such stabilisation activities resulted in proceeds of USD 7m which being earned on company's own shares has been recorded as 'Share stabilisation reserve' within 'Other components of equity'.
- e) The Board approved an interim dividend of 3 cents per share on 24 October 2019, which has been paid on 25 November 2019.
- f) Pursuant to the requirement of New Telecommunication Act in Malawi, it was made mandatory for companies holding electronic communication licences to have 20% local shareholding. To give effect to this, the group has transferred by way of a secondary sale, its 20% shareholding in Airtel Malawi plc (Airtel Malawi), a wholly owned subsidiary of Airtel Africa plc, to the public and consequently Airtel Malawi listed on Malawi Stock Exchange on 24 February 2020. Accordingly, with effect from the date of such transfer the group has recognised a non-controlling interest equivalent to 20% of the net assets of Airtel Malawi. The excess of carrying value over consideration received from non-controlling interest ('NCI') amounting to USD 20m, has been recognised in the 'transaction with NCI reserve', within equity.

- g) In February 2019, Airtel Kenya, the group's operating subsidiary in Kenya, entered into an agreement with Telkom Kenya Limited, the third largest mobile network operator in Kenya, to merge their respective mobile, enterprise and carrier services businesses to operate as 'Airtel-Telkom'. As at the date of these financial statements, the transaction is subject to final approval by the relevant authorities and consequently there is no impact within these financial statements.

## 5. Segmental Information

The group's 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 group's reporting segments are as follows:

### Nigeria

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

**Francophone Africa** - Comprising operations in Niger, Gabon, T Chad, Congo B, 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. Each segment's performance is evaluated based on segment revenue and segment result.

The segment result is Underlying EBITDA i.e. earnings before interest, tax, depreciation and amortisation before exceptional items as adjusted for charitable donation. 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/group accounting policy alignments 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 and cash and cash equivalents. Segment liabilities primarily include operating liabilities. Segment capital expenditure comprises investment in property, plant and equipment, capital work in progress, intangible assets (excluding licenses) and capital advances.

Investment elimination upon consolidation and resulting goodwill impacts are reflected in the 'elimination /adjustment' column.

Summary of the segmental information and disaggregation of revenue for the year ended and as of 31 March 2020 is as follows:

	Nigeria	East Africa	Francophone Africa	Unallocated	Eliminations	Total
<b>Revenue from external customers</b>						
Mobile services	1,367	1,039	793	-	-	3,199
Mobile money	4	157	59	-	-	220
Other	-	4	4	-	-	8
	<b>1,371</b>	<b>1,200</b>	<b>856</b>	<b>(5)</b>	-	<b>3,422</b>
<b>Inter-segment revenue</b>	2	1	3	-	(6)	-
<b>Total revenue</b>	<b>1,373</b>	<b>1,201</b>	<b>859</b>	<b>(5)</b>	<b>(6)</b>	<b>3,422</b>
Segment results: Underlying EBITDA	744	485	292	2	(8)	1,515
<b>Less:</b>						
Depreciation and amortisation (excluding exceptional items)	183	229	189	2	2	605
Finance costs						440
Finance income						(67)
Non-operating Income, (net)						(70)
Share of loss of associate						(0)
Charitable donation	1	0	0	4	-	5
Exceptional items pertaining to operating profit	(5)	(10)	12	-	7	4
<b>Profit before tax</b>						<b>598</b>
<b>Other segment items</b>						
Capital expenditure	325	181	133	3	-	642
<b>As of 31 March 2020</b>						
Segment assets	1,476	1,672	1,663	26,202	(21,688)	9,325
Segment liabilities	1,078	2,678	2,632	16,985	(17,329)	6,044
Investment in associate (included in segment assets above)	-	-	3	-	-	3

Summary of the segmental information and disaggregation of revenue for the year ended and as of 31 March 2019 is as follows:

	Nigeria	East Africa	Francophone Africa	Unallocated	Eliminations	Total
<b>Revenue from external customers</b>						
Mobile services	1,100	983	827	-	-	2,910
Mobile money	5	114	51	-	-	170
Others	-	3	4	-	-	7
	<b>1,105</b>	<b>1,100</b>	<b>882</b>	<b>(10)</b>	-	<b>3,077</b>
<b>Inter-segment revenue</b>	1	2	6	-	(9)	-
<b>Total revenue</b>	<b>1,106</b>	<b>1,102</b>	<b>888</b>	<b>(10)</b>	<b>(9)</b>	<b>3,077</b>
Segment results: Underlying EBITDA	550	442	339	(26)	27	1,332
<b>Less:</b>						
Depreciation and amortisation (excluding exceptional items)	157	226	180	1	(32)	532
Finance costs						394
Finance income						(32)
Non-operating Income, (net)						-
Share of results of associate						24
Charitable donation	0	0	(0)	4	-	4
Exceptional items pertaining to operating profit (net)	22	7	24	3	6	62
<b>Profit before tax</b>						<b>348</b>
<b>Other segment items</b>						
Capital expenditure	180	257	190	-	3	630
<b>As of 31 March 2019</b>						
Segment assets	1,253	1,883	1,525	29,781	(25,336)	9,106
Segment liabilities	1,130	2,891	2,695	16,926	(16,966)	6,676
Investment in associate (included in segment assets above)	-	-	3	-	-	3

The other geographical information disclosure on non-current assets (PPE, CWIP, ROU, Intangible assets including goodwill and intangible assets under development) required by IFRS 8 is given below:

	As of	
	31 March 2020	31 March 2019
United Kingdom	1	-
Nigeria	1,142	867
Netherlands	3,891	4,072
Others	2,126	2,225
<b>Total</b>	<b>7,160</b>	<b>7,164</b>



## 6. Exceptional items

Underlying profit/loss before tax excludes the following exceptional items:

	For the year ended	
	31 March 2020	31 March 2019
<b>Profit before tax</b>	<b>598</b>	<b>348</b>
Add: Exceptional items		
- Network modernisation <sup>(1)</sup>	27	41
- Share issue and IPO related expenses <sup>(2)</sup>	7	-
- Reversal of indemnities <sup>(3)</sup>	(72)	-
- Deferment of customer cost acquisition <sup>(4)</sup>	(27)	-
- Settlement of litigations and claims <sup>(5)</sup>	-	19
- Prepayment of bonds <sup>(6)</sup>	-	7
- Voluntary retirement scheme <sup>(7)</sup>	-	2
	<b>(65)</b>	<b>69</b>
<b>Underlying profit before tax</b>	<b>533</b>	<b>417</b>

<sup>(1)</sup> mainly includes accelerated depreciation pertaining to the non-usable de-installed network equipment as part of the group's one time network modernisation programmes started in 2017 and is expected to be completed by June 2020.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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. For detail, refer note 4a.

<sup>(4)</sup> represents one time current year income statement impact relating to previous periods of USD 27m on deferment of customer acquisition costs following reassessment of customer life.

<sup>(5)</sup> represents a charge due to settlement of past litigations, vendor claims, reconciliation of balances and tax related contingent liability.

<sup>(6)</sup> represents accelerated amortisation of transaction costs and fair value hedge adjustment on account of prepayment of USD 1,000m bonds.

<sup>(7)</sup> mainly relates to the voluntary retirement of employees on account of restructuring in Madagascar and Rwanda.

Underlying profit after tax excludes the following exceptional items:

	For the year ended	
	31 March 2020	31 March 2019
<b>Profit after tax</b>	<b>408</b>	<b>426</b>
-Exceptional item (as above)	(65)	69
- Tax on above exceptional items	4	(4)
- Deferred tax asset recognition	(51)	(163)
- Reversal of current tax provision	-	(27)
- Settlement of tax litigations in a subsidiary	-	6
	<b>(112)</b>	<b>(119)</b>
<b>Underlying profit after tax</b>	<b>296</b>	<b>307</b>

Profit attributable to non-controlling interests include benefit of USD 3m and USD 9m during the year ended 31 March 2020 and 2019 respectively, relating to the above exceptional items.

## 7. Income tax

The tax expense / (credit) is as follows:

	For the year ended	
	31 March 2020	31 March 2019
Current tax	176	89
Deferred tax	14	(167)
<b>Tax expense / (credit)</b>	<b>190</b>	<b>(78)</b>

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

The details used in the computation of basic EPS:

	For the year ended	
	31 March 2020	31 March 2019
Profit for the period attributable to owners of the Company	370	388
Weighted average ordinary shares outstanding for basic EPS <sup>(1)</sup>	3,585,634,531	1,986,357,935
<b>Basic EPS</b>	<b>10.31c</b>	<b>19.54c</b>

- (1) During the current year, the company as part of its IPO issued 676,406,927 shares. For periods prior to the re-organisation, 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 considered the shares in issue during the period from 7 September 2018 to 31 March 2019.

The details used in the computation of diluted EPS:

	For the year ended	
	31 March 2020	31 March 2019
Profit for the period attributable to owners of the Company	370	388
Weighted average ordinary shares outstanding for diluted EPS <sup>(1)(2)</sup>	3,586,678,328	1,986,357,935
<b>Diluted EPS</b>	<b>10.30c</b>	<b>19.54c</b>

Deferred shares have not been considered for EPS computation as they do not have right to participate in profits.

- (1) The difference between the basic and diluted number of shares at the end of March 2020 being 1,150,280 (March 2019: Nil) relates to awards committed but not yet issued under the group's share-based payment schemes.
- (2) Refer Note 13 for detail on the ordinary share movements as part of the initial public offering process during the year ended 31 March 2020.

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

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended 31 March 2020 and 31 March 2019:

	Leasehold Improvements	Building	Land	Plant and Equipment (2)	Furniture & Fixture	Vehicles	Office Equipment	Computer	Total	Capital work in progress (3)
<b>Gross carrying value</b>										
<b>Balance as of 1 April 2018</b>	<b>52</b>	<b>56</b>	<b>29</b>	<b>1,725</b>	<b>15</b>	<b>30</b>	<b>21</b>	<b>652</b>	<b>2,580</b>	<b>273</b>
Additions	1	-	-	430	7	-	10	43	491	676
Disposals / adjustments (1)	-	-	3	(7)	(1)	(2)	1	4	(2)	(574)
Exchange differences	(3)	(4)	(2)	(191)	(3)	(1)	(3)	(29)	(236)	(8)
<b>Balance as of 31 March 2019</b>	<b>50</b>	<b>52</b>	<b>30</b>	<b>1,957</b>	<b>18</b>	<b>27</b>	<b>29</b>	<b>670</b>	<b>2,833</b>	<b>367</b>
Additions / capitalisation	2	0	0	689	13	0	11	34	749	655
Disposals / adjustments (1)	(0)	-	(3)	(17)	(3)	(3)	(0)	(8)	(34)	(747)
Exchange differences	(2)	(5)	(1)	(221)	(3)	(0)	(3)	(35)	(270)	(16)
<b>Balance as of 31 March 2020</b>	<b>50</b>	<b>47</b>	<b>26</b>	<b>2,408</b>	<b>25</b>	<b>24</b>	<b>37</b>	<b>661</b>	<b>3,278</b>	<b>259</b>
<b>Accumulated Depreciation</b>										
<b>Balance as of 1 April 2018</b>	<b>40</b>	<b>11</b>	<b>1</b>	<b>297</b>	<b>7</b>	<b>27</b>	<b>14</b>	<b>624</b>	<b>1,021</b>	<b>-</b>
Charge	3	3	-	334	4	1	5	26	376	-
Disposals / adjustments (1)	-	-	1	5	(1)	(2)	(3)	7	7	-
Exchange differences	(2)	(1)	-	(130)	(2)	(1)	(2)	(30)	(168)	-
<b>Balance as of 31 March 2019</b>	<b>41</b>	<b>13</b>	<b>2</b>	<b>506</b>	<b>8</b>	<b>25</b>	<b>14</b>	<b>627</b>	<b>1,236</b>	<b>-</b>
Charge	3	3	0	362	6	0	8	24	406	-
Disposals / adjustments (1)	(0)	-	(1)	(12)	(3)	(3)	(0)	(2)	(21)	-
Exchange differences	(2)	(1)	0	(134)	(2)	(0)	(3)	(33)	(175)	-
<b>Balance as of 31 March 2020</b>	<b>42</b>	<b>15</b>	<b>1</b>	<b>722</b>	<b>9</b>	<b>22</b>	<b>19</b>	<b>616</b>	<b>1,446</b>	<b>-</b>
<b>Net carrying value</b>										
As of 1 April 2018	12	45	28	1,428	8	3	7	28	1,559	273
As at 31 March 2019	9	39	28	1,451	10	2	15	43	1,597	367
As at 31 March 2020	8	32	25	1,686	16	2	18	45	1,832	259

(1) Related to the reversal of gross carrying value and accumulated depreciation on retirement of PPE and reclassification from one category of asset to another.

(2) Includes PPE amounting to USD 4m and USD 44m as at 31 March 2020 and 2019 respectively, pledged against group's borrowings.

(3) The carrying value of capital work-in-progress as at 31 March 2020 and 2019 mainly pertains to plant and equipment.

## 10. Impairment review

The carrying amount of goodwill is attributed to the following groups of CGUs:

	As of	
	31 March 2020	31 March 2019
Nigeria	1,373	1,468
East Africa	1,853	1,935
Francophone Africa	717	723
	<b>3,943</b>	<b>4,126</b>

The group tests goodwill for impairment annually on 31 December. The recoverable amounts of the above group of CGUs are based on value-in-use, which are determined based on ten-year business plans that have been approved by management for internal purposes. The group mainly operates in emerging markets and in such markets, the plans for the short term is not indicative of the long-term future prospects and performance. Considering this and the consistent use of such robust ten-year information for management reporting purposes, the group uses ten-year plans for the purpose of impairment testing. Management believes that this planning horizon reflects the assumptions for medium to long term market developments and better reflects the expected performance in the markets in which the group operates.

The cash flows beyond the planning period are extrapolated using appropriate long term terminal growth rates. The long term terminal growth rates used do not exceed the long-term average growth rates of the respective industry and country in which the entity operates and are consistent with internal/external sources of information.

The discount rates applied in performing the impairment assessment at 31 December were as follows:

Assumptions	Nigeria	East Africa	Francophone Africa
Pre tax Discount Rate	23.0%	15.3%	14.3%

At 31 December 2019, the impairment testing did not result in any impairment in the carrying amount of goodwill in any group of CGUs.

Following the outbreak of the COVID-19 pandemic, the group's impairment tests and sensitivity analysis were updated at 31 March 2020 for current devaluations in certain countries, in particular Nigeria and Zambia, the potential impact of COVID-19 on the group and the impact on the discount rates used. The key assumptions in performing the 31 March 2020 impairment assessment were as follows:

Assumptions	Basis of assumptions
Discount rate	Discount rate reflects the market assessment of the risks specific to the group of CGUs and estimated based on the weighted average cost of capital for respective CGUs.
Capital expenditures	The cash flow forecasts of capital expenditure are based on experience after considering the capital expenditure required to meet coverage and capacity requirements relating to voice, data and mobile money services and facilitate continued revenue and EBITDA growth.
Earnings before interest, taxes, depreciation and amortization ('EBITDA') margins	The margins have been estimated based on past experience after considering incremental revenue arising out of, voice, data services and mobile money services from the existing and new customers. Margins will be positively impacted from the increased flowthrough of revenues, efficiencies and cost optimisation / other initiatives driven by the Company; whereas, factors like higher churn, increased volume based cost of operations may impact the margins negatively. EBITDA incorporates the potential impact of Covid-19 on the Group's cashflows
Growth rates	The growth rates used are in line with the long-term average growth rates of the respective industry and country in which the entity operates and are consistent with the internal / external sources of information.

Details around the capital expenditure and growth rates used within the value in use calculations at 31 March 2020 are as follows:

Assumptions	Nigeria	East Africa	Francophone Africa
Capital expenditure <sup>(1)</sup>	10% - 20%	7.5% - 17.5%	6% - 15%
Long term growth Rate	2.6%	5.1%	3.8%

(1) Capital expenditure is expressed as a percentage of revenue over the plan period.

### Discount rate

A critical assumption in the impairment assessment is the discount rate. The group estimates the discount rate for each group of CGUs based on the weighted average cost of capital for each group of CGUs plus additional risk premiums, if required. Key inputs into the weighted average cost of capital calculation include risk free rates, equity risk premiums, country inflation and country risk premiums. Following the outbreak of Covid-19, there was significant volatility within the financial markets over mid and late March 2020. This led to a significant increase in equity and country risk premiums, with the increase in country risk premiums derived from an increase in observed sovereign credit default swap rates across all jurisdictions. Subsequent to 01 April 2020, these rates have reduced, albeit still not back to the levels pre March 2020. This volatility has led to greater complexity in determining the appropriate discount rate for the 31 March 2020 impairment assessment.

The group has analysed the level of volatility within country risk premiums by reference to credit default swap rates in the period between 31 December 2019 and 31 March 2020, and the reduction in these rates since that date. The Group has concluded that in determining the discount rate at 31 March 2020, using spot country risk premiums would not give a discount rate that a market participant would expect at the balance sheet date in determining the present value of cash flows over the ten year business plan. Consequently, given this volatility, to determine an appropriate discount rate for the

purpose of the 31 March 2020 impairment assessment, consideration has been given to average country risk premiums at December 2019, March 2020 and subsequent to March 2020, which in the group's view, better reflects the risks associated with cash flows over ten years and beyond. The rates adopted by management in the 31 March 2020 impairment assessment, taking into account these average country risk premiums, were as follows:

Assumptions	Nigeria	East Africa	Francophone Africa
Pre tax Discount Rate	24.5%	17.1%	16.4%

The results of the impairment tests using these rates show that the recoverable amount exceeds the carrying amount by USD 383m for Nigeria (16%), USD 669m for East Africa (22%) and USD 714m for Francophone Africa (46%). The group therefore concluded that no impairment was required to the Goodwill held against each groups of CGUs.

#### Reasonably possible change in discount rate and other assumptions

- **Discount rate**

As previously noted, the impairment assessment is sensitive to a change in discount rates. The table below sets out the March 2020 discount rate for spot country risk premiums and the breakeven discount rate for each group of CGUs.

Reasonably possible change in discount rate assumptions	Nigeria	East Africa	Francophone Africa
Pre tax Discount Rate – spot country risk premiums	26.8%	20.0%	19.4%
Pre tax Discount Rate –breakeven	27.3%	19.6%	21.7%

Given the volatility within financial markets, there is a risk that a prolonged pandemic which could lead to increased credit default rates and other inputs into determining the discount rate over a prolonged period. This could lead to discount rates moving higher than the levels seen in March 2020, thus giving rise to a possible impairment in future periods (up to USD 100m at the above March 2020 rates). There is also a risk that Covid-19 could lead to a decrease in future revenue growth should the impact of Covid-19 extend further into 2021 and 2022.

- **Other assumptions**

The below table, presents the increase in isolation in capital expenditure which will result in equating the recoverable amount with the carrying amount of the group of CGU's:

Assumptions	Nigeria	East Africa	Francophone Africa
Capital expenditure	3.8%	6.2%	8.8%

No reasonably possible change in the terminal growth rate would cause the carrying amount to exceed the recoverable amount.

## 11. Cash and bank balances

### Cash and cash equivalents

	As of	
	31 March 2020	March 31, 2019
Balances with banks		
- On current accounts	153	59
- Bank deposits with original maturity of 3 months or less	836	774
Cheques on hand	0	0
Cash on hand	21	15
	<b>1,010</b>	<b>848</b>

### Other bank balances

	As of	
	31 March 2020	31 March 2019
Margin money deposits <sup>(1)</sup>	6	15
	<b>6</b>	<b>15</b>

(1) Margin money deposits represents amount given as collateral for legal cases and/or bank guarantees for disputed matters.

For the purpose of the statement of cash flows, cash and cash equivalents are as follows:

	As of	
	31 March 2020	31 March 2019
Cash and cash equivalents as per balance sheet	1,010	848
Balance held under mobile money trust	295	238
Bank overdraft	(218)	(216)
	<b>1,087</b>	<b>870</b>

## 12. Borrowings

### Non-current

	As of	
	31 March 2020	31 March 2019
<b>Secured</b>		
Term loans	0	20
Less: Current portion (A)	(0)	(20)
	<b>0</b>	<b>0</b>
<b>Unsecured</b>		
Term loans	522	296
Non- convertible bonds <sup>(1)</sup>	2,353	2,680
	<b>2,875</b>	<b>2,976</b>
Less: Current portion (B)	(429)	(539)
	<b>2,446</b>	<b>2,437</b>
	<b>2,446</b>	<b>2,437</b>
<b>Current maturities of long-term borrowings (A + B)</b>	429	559

### Current

	As of	
	31 March 2020	31 March 2019
<b>Secured</b>		
Bank overdraft	4	24
	<b>4</b>	<b>24</b>
<b>Unsecured</b>		
Term loans	17	409
Bank overdraft	214	192
	<b>231</b>	<b>601</b>
	<b>235</b>	<b>625</b>

(1) It includes impact of fair value hedges. During the year ended 31 March 2020, the group made payment of non-convertible bonds of CHF 350m at maturity.



### 13. Share capital

	As of	
	31 March 2020	31 March 2019
<b>Authorised shares</b>		
3,758,151,504 Ordinary shares of USD 0.5 each (March 2019: 3,081,744,577 Ordinary shares of USD 1 each)	1,879	3,082
3,081,744,577 Deferred shares of USD 0.5 each (March 2019: Nil)	1,541	-
	<b>3,420</b>	<b>3,082</b>
<b>Issued, Subscribed and fully paid-up shares</b>		
3,758,151,504 Ordinary shares of USD 0.5 each (March 2019: 3,081,744,577 Ordinary shares of USD 1 each) <sup>(1) (2) (3)</sup>	1,879	3,082
3,081,744,577 Deferred shares of USD 0.5 each <sup>(1)</sup> (March 2019: Nil)	1,541	-
	<b>3,420</b>	<b>3,082</b>

- (1) On 27 June 2019, the company sub-divided and converted each ordinary share of USD 1 into:
- One ordinary share of USD 0.5 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 0.5 each.
- (2) On 3 July 2019 and 9 July 2019, the company completed its listing on the London Stock Exchange (LSE) and Nigerian Stock Exchange (NSE) respectively and raised USD 680m (including share premium of USD 342m) from the issue of 676,406,927 new ordinary shares.
- (3) During the current year, 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 each (the 'Redeemable Deferred Shares') to AAML. In accordance with approval of High Court in London on 22 October 2019, these shares have been reduced to Nil and the amount has been paid to the shareholder.

## 14. Contingent liabilities and commitments

### (i) Contingent liabilities

	As of	
	31 March 2020	31 March 2019
<b>(i) Taxes, Duties and Other demands (under adjudication / appeal / dispute)</b>		
-Income tax	53	51
-Customs duty & Excise duty	7	20
-Other miscellaneous demands	13	13
- Value added tax	33	40
	83	22
<b>(ii) Claims under legal cases including arbitration matters</b>		
	<b>189</b>	<b>146</b>

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 year ended 31 March 2020 of USD 43m primarily relates to the settlement of Excise Duty & social contributions assessments pertaining to years 2012 to 2015 in one of the subsidiaries of the group amounting to USD 20m, offset by other new cases in few subsidiaries of the group amounting to USD 70m including the following matter amounting to USD 59m:

One of the subsidiaries of the group has been involved in a dispute with one of its vendors, with respect to disputed invoices for services provided to the subsidiary under a service contract. Although the original order under the contract was issued by the subsidiary for a total amount of Central Africa Franc ('CFA') 473,800,000 (approximately USD 1m). In 2014, the vendor initiated arbitration claiming a sum of approximately CFA 1.9bn (approximately USD 3.3m). Between 2015 and mid-May 2019, lower courts imposed penalty of CFA 35bn (approximately USD 59m) and ordered certain banks of the subsidiary to release the funds. The subsidiary lodged an immediate appeal in the Supreme Court having jurisdiction over the subsidiary for stay of execution. On June 19, 2019, the Supreme Court granted a stay of execution. In July 2019 the Court of Appeal delivered a judgment confirming the order of mid - May 2019 condemning the subsidiary to pay the said penalties. The subsidiary appealed to the Supreme Court and applied for a stay by challenging the merits of the ruling of Court of Appeal. In September 2019, the Supreme Court issued a stay of execution against the July 2019 ruling of the Court of Appeal. With this stay of execution, the vendor was not in position to pursue the seizure of subsidiary's bank accounts. The vendor filed an appeal before the Common Court of Justice and Arbitration ('CCJA') against the Supreme Court stay

order. Quite unexpectedly, the CCJA on 22 April 2020 annulled the September 2019 stay order of Supreme Court and lifted the stay of execution. The subsidiary has sought review of the CCJA order of 22 April 2020 and will also approach Supreme Court to seek reaffirmation of its stay of execution order issued in September 2019. The group continues to believe that the demand has no merit, however pending the outcome of these actions has disclosed USD 59m under contingent liabilities.

#### **Guarantees:**

Guarantees outstanding as of 31 March 2020 and 31 March 2019 amounting to USD 10m and USD 19m 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) Commitments**

##### **Capital Commitments**

The group has contractual commitments towards capital expenditure (net of related advances paid) of USD 234m and USD 273m as of 31 March 2020 and 31 March 2019 respectively.

#### **15. Related Party disclosure**

##### **(a) List of related parties**

###### **i. Parent company**

Airtel Africa Mauritius Limited (since 6 September 2018)

Network i2i Limited (until 6 September 2018)

###### **ii. Intermediate parent entity**

Network i2i Limited (since 6 September 2018)

Bharti Airtel Limited

###### **iii. 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 24 August 2018)

Singapore Telecommunication Limited

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

Raghunath Venkateswarlu Mandava

Segun Ogunsanya

Ian Ferrao (since 2 September 2019)

Michael Foley (since 3 February 2020)

Jaideep Paul

Razvan Ungureanu

Luc Serviant (since 2 December 2019)

Daddy Mukadi

Neelesh Singh

Ramakrishna Lella

Olivier Pognon

Rogany Ramiah (since 6 May 2019)

Stephen Nthenge (since 2 May 2019)

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In the ordinary course of business, there are certain transactions among the group entities and all these transactions are on arm's length basis. However, the intra-group transactions and balances, and the income and expenses arising from such transactions, are eliminated on consolidation. The transactions with remaining related parties for the years ended 31 March 2020 and 2019 respectively, are described below:

**The summary of transactions with the above-mentioned parties is as follows:**

Relationship	For the year ended											
	31 March 2020						31 March 2019					
	Parent company	Intermediate parent entity	Fellow subsidiaries	Joint venture	Associates	Other related parties	Parent company	Intermediate parent entity	Fellow subsidiaries	Joint venture	Associates	Other related parties
Sale / rendering of services	-	8	84	-	-	0	-	11	83	1	-	0
Purchase / receiving of services	-	26	64	-	1	0	3	26	71	1	0	1
Repayment of loans received	-	-	-	-	-	-	-	-	31	-	-	-
Rent Including other charges	-	1	-	-	-	-	-	-	-	-	-	0
Guarantee and collateral fee paid	-	11	-	-	-	-	-	16	-	-	-	-
Loan conversion <sup>(1)</sup>	-	-	-	-	-	-	-	1,107	-	-	-	-
Purchase of assets	-	-	9	-	-	-	-	-	6	-	-	-
Dividend Paid	63	-	-	-	-	-	-	-	-	-	-	-

(1) Includes interest accrued but not due.

The outstanding balance of the above mentioned related parties are as follows:

Relationship	Parent company	Intermediate parent entity	Fellow subsidiaries	Joint venture	Associate	Other related parties
<b>As of 31 March 2020</b>						
Trade payables	-	20	32	-	0	1
Trade receivables	-	3	24	-	-	1
Corporate Guarantee fee payable	-	4	-	-	-	-
Guarantees and collaterals taken (including performance guarantees)	-	7,056	-	-	-	-
<b>As of 31 March 2019</b>						
Trade payables	-	22	24	-	0	1
Trade receivables	-	1	18	-	-	1
Corporate Guarantee fee payable	-	12	-	-	-	-
Guarantees and collaterals taken (including performance guarantees)	-	7,956	-	-	-	-

Outstanding balances at period end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

### Key management compensation

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director, whether executive or otherwise. Remuneration to key management personnel were as follows:

	For the year ended	
	31 March 2020	31 March 2019
Short-term employee benefits	7	5
Performance linked incentive ('PLI')	2	2
Share-based payment	0	1
Other long term benefits	2	1
Other awards	1	-
	<b>12</b>	<b>9</b>

*(This space has been intentionally left blank)*

## 16. 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	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Financial assets</b>					
<b>FVTPL</b>					
Derivatives					
- Forward and option contracts	Level 2	9	4	9	4
- Currency swaps and interest rate swaps	Level 2	2	46	2	46
Investments	Level 2	0	0	0	0
<b>Amortised cost</b>					
Security deposits		7	9	7	9
Trade receivables		132	121	132	121
Cash and cash equivalents		1,010	848	1,010	848
Other bank balances		6	15	6	15
Balance held under mobile money trust		295	238	295	238
Other financial assets		67	73	67	73
		<b>1,528</b>	<b>1,354</b>	<b>1,528</b>	<b>1,354</b>
<b>Financial liabilities</b>					
<b>FVTPL</b>					
Derivatives					
- Forward and option contracts	Level 2	4	27	4	27
- Currency swaps and interest rate swaps	Level 2	0	7	0	7
- Embedded derivatives	Level 2	3	5	3	5
- Embedded derivatives	Level 3	-	64	-	64
<b>Amortised cost</b>					
Borrowings - fixed rate	Level 1	2,353	2,681	2,274	2,747
Borrowings - fixed rate	Level 2	48	65	48	71
Borrowings - floating rate		710	875	710	875
Trade payables		416	470	416	470
Mobile money wallet balance		292	238	292	238
Other financial liabilities		476	587	476	587
		<b>4,302</b>	<b>5,019</b>	<b>4,223</b>	<b>5,091</b>

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

- 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.
- Fair value of quoted financial instruments is based on quoted market price at the reporting date.
- 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.
- 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 year ended 31 March 2020 and year ended 31 March 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 31 March 2020 and 31 March 2019:

<b>Financial assets / liabilities</b>	<b>Inputs used</b>
- 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 borrowing / 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)**

	<b>For the year ended</b>	
	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Opening Balance</b>	64	-
Issuance	-	64
Reversal in retained earnings	(64)	-
<b>Closing Balance</b>	<b>-</b>	<b>64</b>

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

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

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

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



**17. Events after the balance sheet date**

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 year ended 31 March 2020 except as disclosed below:

- In one of the matters under litigation between one of the group's subsidiaries and its vendor, there has been a ruling after the balance sheet date on account which the group has disclosed the matter under contingent liability. Refer note 14 for details.
- The Board approved a final dividend of 3 cents per share on 12 May 2020.

## Appendix

### Additional information pertaining to three months ended March 31, 2020

#### Consolidated Statement of Comprehensive Income (unaudited)

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

	For three months ended	
	31 March 2020	31 March 2019
<b>Income</b>		
Revenue	899	781
Other income	3	4
	<b>902</b>	<b>785</b>
<b>Expenses</b>		
Network operating expenses	168	142
Access charges	94	88
License fee / spectrum usage charges	51	44
Employee benefits expense	62	59
Sales and marketing expenses	46	40
Impairment loss / (reversal) on financial assets	(1)	(9)
Other expenses	86	79
Depreciation and amortisation	152	150
	<b>658</b>	<b>593</b>
<b>Operating profit</b>	<b>244</b>	<b>192</b>
Finance costs	159	85
Finance income	(12)	(13)
Share of profit for associate	(0)	(1)
<b>Profit before tax</b>	<b>97</b>	<b>121</b>
Tax expense / (credit)	20	33
<b>Profit for the period</b>	<b>77</b>	<b>88</b>
<b>Profit before tax (as presented above)</b>	<b>97</b>	<b>121</b>
Add: Exceptional items (net)	-	7
<b>Underlying profit before tax</b>	<b>97</b>	<b>128</b>
<b>Profit after tax (as presented above)</b>	<b>77</b>	<b>88</b>
Add: Exceptional items (net)	(7)	7
<b>Underlying profit after tax</b>	<b>70</b>	<b>95</b>
<b>Other comprehensive income ('OCI')</b>		
<b>Items to be reclassified subsequently to profit or loss:</b>		
Net losses due to foreign currency translation differences	(186)	5
Share of OCI of associate	-	(0)
Net gain on net investments hedge	2	8
Net gain/(loss) on cash flow hedge	(2)	1
	<b>(186)</b>	<b>14</b>
<b>Items not to be reclassified subsequently to profit or loss:</b>		
Re-measurement gain / (loss) on defined benefit plans	(0)	(1)
Tax charge/(credit) on above	(0)	0
	<b>(0)</b>	<b>(1)</b>
<b>Other comprehensive loss for the period</b>	<b>(186)</b>	<b>13</b>

	For three months ended	
	31 March 2020	31 March 2019
<b>Total comprehensive income for the period</b>	<b>(109)</b>	<b>101</b>
<b>Profit for the period attributable to:</b>	<b>77</b>	<b>88</b>
Owners of the Company	65	82
Non-controlling interests	12	6
<b>Other comprehensive loss for the period attributable to:</b>	<b>(186)</b>	<b>13</b>
Owners of the Company	(183)	13
Non-controlling interests	(3)	0
<b>Total comprehensive income for the period attributable to:</b>	<b>(109)</b>	<b>101</b>
Owners of the Company	(118)	95
Non-controlling interests	9	6

## 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 <sup>(1)</sup>	Definition and Purpose
Underlying EBITDA and Margin	Operating Profit	<ul style="list-style-type: none"> <li>Depreciation and amortisation</li> <li>Charity and donation</li> <li>Exceptional Item</li> </ul>	Table A	<p>The Group defines Underlying EBITDA as Operating profit/ (loss) for the period before depreciation and amortization, charity and donation and adjusted for exceptional items.</p> <p>Group defines Underlying EBITDA Margin as Underlying EBITDA divided by total revenue.</p> <p>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.</p> <p>Depreciation and amortisation is a non-cash item which fluctuates depending on the timing of capital investment and useful economic life. Directors believe that a measure which removes this volatility improves comparability of the Group's results period on period and hence is adjusted to arrive at Underlying EBITDA and Margin.</p> <p>Charity and donation is not related to the trading performance of the Group and hence adjusted to arrive at Underlying EBITDA and Margin.</p> <p>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.</p>

APM	Closest equivalent IFRS measure	Adjustment to reconcile to IFRS measure	Table Reference <sup>(1)</sup>	Definition and Purpose
Underlying Operating Expenditure	Expenses	<ul style="list-style-type: none"> <li>Access charges</li> <li>Depreciation and amortisation</li> <li>Charity and Donation</li> <li>Exceptional items</li> </ul>	Table B	<p>The Group defines Underlying Operating Expenditure as expenses excluding access charges, depreciation and amortisation, charity and donation and adjusted for exceptional items.</p> <p>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.</p> <p>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.</p> <p>Depreciation and amortisation is a non-cash item which fluctuates depending on the timing of capital investment and useful economic life. Directors believe that a measure which removes this volatility improves comparability of the Group's results period on period and hence is adjusted to arrive at Underlying EBITDA and Margin.</p> <p>Charity and donation is not related to the trading expenses of the Group and hence adjusted to arrive at Underlying Operating Expenditure.</p> <p>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.</p>
Underlying Profit / (Loss) Before Tax	Profit / (Loss) Before Tax	<ul style="list-style-type: none"> <li>Exceptional Items</li> </ul>	Table C	<p>The Group defines Underlying Profit / (Loss) before Tax as Profit/ (loss) before tax adjusted for exceptional items.</p> <p>The Directors view Underlying Profit / (Loss) Before Tax to be a meaningful measure to analyse the Group's profitability.</p> <p>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.</p>
Effective tax rate	Reported tax rate	<ul style="list-style-type: none"> <li>Exceptional items</li> <li>Foreign Exchange rate movements</li> <li>One off tax impact of prior period, tax litigation settlement and impact of tax on permanent differences</li> </ul>	Table D	<p>The Group defines effective tax rate as reported tax rate (reported tax charge divided by reported profit before tax) adjusted for exceptional items, foreign exchange rate movements and one off tax items of prior year adjustment, tax settlements and impact of permanent differences on tax.</p> <p>This provides an indication of the current on-going tax rate across the Group.</p> <p>Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period to period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at effective tax rate.</p> <p>Foreign exchange rate movements are specific items that are non-tax deductible in few of the entities which are loss making and where DTA is not yet triggered and hence are considered to hinder comparison of the Group's effective tax rate on a period to period basis and therefore excluded to arrive at effective tax rate.</p> <p>One off tax impact on account of prior year adjustment, any tax litigation settlement and tax impact on permanent differences are additional specific items that because of their size and frequency in the results, are considered to hinder comparison of the Group's effective tax rate on a period to period basis.</p>

APM	Closest equivalent IFRS measure	Adjustment to reconcile to IFRS measure	Table Reference <sup>(1)</sup>	Definition and Purpose
Adjusted effective tax rate	Reported tax rate	<ul style="list-style-type: none"> <li>Deferred tax triggered during the year and accounted as exceptional tax item.</li> </ul>	Table D	<p>The Group defines adjusted effective tax rate as effective tax rate after normalizing any impact arising on account of deferred tax triggered during the year for the first time which has been reported as exceptional item.</p> <p>This provides an indication of the tax rate across the Group for the current financial year after considering any deferred tax triggered during the year.</p>
Underlying profit/(loss) after tax	Profit/(loss) for the period	<ul style="list-style-type: none"> <li>Exceptional Items</li> </ul>	Table E	<p>The Group defines Underlying Profit / (Loss) after Tax as profit / (loss) for the period adjusted for exceptional items.</p> <p>The Directors view Underlying Profit / (Loss) after Tax to be a meaningful measure to analyse the Group's profitability.</p> <p>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.</p>
Earnings per share before exceptional items	EPS	<ul style="list-style-type: none"> <li>Exceptional Items</li> </ul>	Table F	<p>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.</p> <p>This measure reflects the earnings per share before exceptional items for each share unit of the Group.</p> <p>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.</p>
Operating Free Cash Flow	Cash generated from operating activities	<ul style="list-style-type: none"> <li>Income tax paid,</li> <li>Changes in working capital,</li> <li>Other non-cash items,</li> <li>Non-operating income,</li> <li>Charity and donation and</li> <li>Exceptional items</li> <li>Capital expenditures</li> </ul>	Table H	<p>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.</p>
Free Cash Flow	Cash generated from operating activities	<ul style="list-style-type: none"> <li>Changes in working capital,</li> <li>Capital expenditures</li> <li>Cash tax</li> <li>Cash Interest</li> </ul>	Table I	<p>The Group defines Free Cash Flow as net cash generated from operating activities after change in operating working capital, cash tax &amp; cash interest. It is computed as "EBITDA less change in operating working capital, capital expenditure, cash tax and cash interest"</p> <p>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.</p>
Net Debt and Leverage Ratio	No direct equivalent	<ul style="list-style-type: none"> <li>Borrowing</li> <li>Lease liabilities</li> <li>Cash and cash equivalent</li> <li>Fair value hedges</li> </ul>	Table J	<p>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.</p> <p>The Group defines Leverage Ratio as net debt divided by underlying EBITDA.</p> <p>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.</p>

<sup>(1)</sup> 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

Definition of effective tax rate and adjusted effective tax rate has been further elaborated in the APM. Reason for using two different set of measure is that effective tax rate provides an indication of the current on-going tax rate across the Group where as adjusted effective tax rate provides an indication of the tax rate across the group for current financial year after taking into account the initial deferred tax recognition during the year.

## Reconciliation between GAAP and Alternative Performance Measures

**Table A: Underlying EBITDA and Margin**

Description	Unit of measure	Year ended	
		Mar-20	Mar-19
Operating profit	\$m	901	734
Add:			
Depreciation and amortisation	\$m	632	573
Charity and donation	\$m	5	4
Exceptional items	\$m	(23)	21
Underlying EBITDA	\$m	1,515	1,332
Revenue	\$m	3,422	3,077
Underlying EBITDA Margin (%)	\$m	44.3%	43.3%

**Table B: Underlying Operating Expenditure**

Description	Unit of measure	Year ended	
		Mar-20	Mar-19
Expenses	\$m	2,538	2,369
Less:			
Access charges	\$m	(376)	(345)
Depreciation and amortisation	\$m	(632)	(573)
Charity and donation	\$m	(5)	(4)
Exceptional items	\$m	23	(21)
Underlying Operating Expenditure	\$m	1,548	1,426

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

Description	Unit of measure	Year ended	
		Mar-20	Mar-19
Profit / (loss) before tax	\$m	598	348
Exceptional items (net)	\$m	(65)	69
Underlying profit / (loss) before tax	\$m	533	417

**Table D: Effective tax rate and adjusted Effective tax rate**

Description	Unit of measure	Year ended					
		Mar-20			Mar-19		
		Profit before taxation	Income tax expense	Tax Rate %	Profit before taxation	Income tax expense	Tax Rate %
<b>Reported Effective tax rate</b>	<b>\$m</b>	<b>598</b>	<b>190</b>	<b>31.8%</b>	<b>348</b>	<b>(78)</b>	<b>(22.4%)</b>
Adjusted for:							
Exceptional Items (provided below)	\$m	(65)	47		69	189	
Foreign Exchange rate movements for Non DTA opco's & Hold Co's	\$m	(21)			(22)		
One-off tax adjustment	\$m		12			55	
<b>Effective tax rate</b>	<b>\$m</b>	<b>512</b>	<b>249</b>	<b>48.6%</b>	<b>395</b>	<b>166</b>	<b>41.9%</b>
Deferred tax triggered during the year	\$m		(51)			(170)	
<b>Adjusted effective tax rate</b>	<b>\$m</b>	<b>512</b>	<b>198</b>	<b>38.7%</b>	<b>395</b>	<b>(4)</b>	<b>(1.0%)</b>
<b>Exceptional items</b>							
1. Deferred tax asset recognition	\$m		51			170	
2. Reversal of current tax provision	\$m					20	
3. Network modernisation	\$m	27	2		41	5	
4. Settlement of litigations and claims	\$m				19	(6)	
5. Voluntary retirement scheme	\$m				2		
6. Tax on exceptional items	\$m						
7. Reversal of indemnities	\$m	(72)					
8. Share issue and IPO related expenses	\$m	6					
9. Finance Cost	\$m	1			8		
10. Customer acquisition cost	\$m	(27)	(6)				
<b>Total</b>	<b>\$m</b>	<b>(65)</b>	<b>47</b>		<b>69</b>	<b>189</b>	

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

Description	Unit of measure	Year ended	
		Mar-20	Mar-19
<b>Profit / (loss) after tax</b>	<b>\$m</b>	<b>408</b>	<b>426</b>
Exceptional items	\$m	(112)	(119)
<b>Underlying profit / (loss) after tax</b>	<b>\$m</b>	<b>296</b>	<b>307</b>

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

Description	Unit of measure	Year ended	
		Mar-20	Mar-19
<b>Profit / (loss) after tax before exceptional items attributable to owners of the Group (Refer Table G)</b>	<b>\$m</b>	<b>261</b>	<b>278</b>
Weighted average number of ordinary shares in issue during the financial period.	Mn	3,586	1,986
<b>Earnings per share before exceptional items</b>	<b>\$ Cents</b>	<b>7.3</b>	<b>14.0</b>



**Table G: Earnings Per Share –Restated**

Description	Unit of measure	Year ended	
		Mar-20	Mar-19
Weighted average shares	million	3,586	1,986
Weighted average shares - Restated	million	3,758	3,758
<b>Profit for the period attributable to owners of the parent</b>	<b>\$m</b>	<b>370</b>	<b>388</b>
Operating and Non-Operating Exceptional Items	\$m	(65)	69
Tax Exceptional Items	\$m	(47)	(188)
Non-Controlling Interest Exceptional Item	\$m	3	9
<b>Profit attributable to parent company shareholder - pre-Exceptional items</b>	<b>\$m</b>	<b>261</b>	<b>278</b>
<b>Basic EPS</b>	<b>\$ cents</b>	<b>10.3</b>	<b>19.5</b>
<b>EPS before exceptional items</b>	<b>\$ cents</b>	<b>7.3</b>	<b>14.0</b>
<b>Basic EPS -Restated <sup>(1)</sup></b>	<b>\$ cents</b>	<b>9.8</b>	<b>10.3</b>
<b>EPS before exceptional items -Restated <sup>(1)</sup></b>	<b>\$ cents</b>	<b>6.9</b>	<b>7.4</b>

<sup>(1)</sup> EPS has been restated considering all the shares as at 31 March 2020 had been issued on 1 April 2018 for like for like comparison.

**Table H: Operating Free Cash Flow**

Description	Unit of measure	Year ended	
		Mar-20	Mar-19
<b>Net cash generated from operating activities</b>	<b>\$m</b>	<b>1,387</b>	<b>1,071</b>
Add: Income tax paid	\$m	114	115
<b>Net cash generation from operation before tax</b>	<b>\$m</b>	<b>1,501</b>	<b>1,186</b>
<b>Less: Changes in working capital</b>			
Increase in trade receivables	\$m	11	29
Increase in inventories	\$m	1	1
Decrease in trade payables	\$m	15	38
Increase in mobile money wallet balance	\$m	(53)	(41)
Decrease in provisions	\$m	(2)	66
Increase in deferred revenue	\$m	(20)	(8)
Decrease in income received in advance	\$m	11	21
Increase in other financial and non financial liabilities	\$m	(4)	(13)
Increase in other financial and non financial assets	\$m	28	44
<b>Operating cash flow before changes in working capital</b>	<b>\$m</b>	<b>1,488</b>	<b>1,323</b>
Other adjustments	\$m	45	(16)
Charity and donation	\$m	5	4
Exceptional items	\$m	(23)	21
<b>Underlying EBITDA</b>	<b>\$m</b>	<b>1,515</b>	<b>1,332</b>
Less: Capital Expenditure	\$m	(642)	(630)
<b>Operating Free Cash Flow</b>	<b>\$m</b>	<b>873</b>	<b>702</b>

**Table I: Free Cash Flow**

Description	Unit of measure	Year ended	
		Mar-20	Mar-19
Underlying EBITDA	\$m	1,515	1,332
Less: Capital Expenditure	\$m	(642)	(630)
<b>Operating free cash flow</b>	<b>\$m</b>	<b>873</b>	<b>702</b>
<b>Add: Changes in working capital</b>			
Increase in trade receivables	\$m	(11)	(29)
Increase in inventories	\$m	(1)	(1)
Decrease in trade payables	\$m	(15)	(38)
Decrease in income received in advance	\$m	(11)	(21)
Increase in deferred revenue	\$m	20	8
<b>Operating cash after changes in working capital</b>	<b>\$m</b>	<b>855</b>	<b>621</b>
Less: Cash Tax	\$m	(114)	(115)
Less: Cash Interest (net)	\$m	(288)	(355)
<b>Free Cash Flow</b>	<b>\$m</b>	<b>453</b>	<b>151</b>

**Table J: Net Debt and Leverage**

Description	Unit of measure	As at Mar-20	As at Mar-19	As at Mar-18
Long term borrowing, net of current portion	\$m	2,446	2,437	3,818
Short-term borrowings and current portion of long-term borrowing	\$m	664	1,184	2,880
Add: Processing costs related to borrowings	\$m	5	6	13
Add/(less): Fair value hedge adjustment	\$m	(27)	8	46
Less: Cash and Cash Equivalents	\$m	(1,010)	(848)	(232)
<b>Net Debt excluding Lease Obligations</b>	<b>\$m</b>	<b>2,078</b>	<b>2,787</b>	<b>6,525</b>
Add: Lease Obligations	\$m	1,169	1,218	1,230
<b>Net Debt including Lease Obligations</b>	<b>\$m</b>	<b>3,247</b>	<b>4,005</b>	<b>7,755</b>
<b>Underlying EBITDA (LTM)</b>	<b>\$m</b>	<b>1,515</b>	<b>1,332</b>	<b>1,139</b>
<b>Leverage (LTM)</b>	<b>Times</b>	<b>2.1</b>	<b>3.0</b>	<b>6.8</b>

## Glossary

### Technical and Industry Terms

<b>4G Data customer</b>	A customer having 4G handset and who used atleast 1 MB on Group's GPRS, 3G & 4G network in the last 30 days.
<b>Airtel Money ARPU</b>	Airtel Money ARPU, which is derived by dividing total Airtel Money revenue during the relevant period by the average number of Airtel Money customers and dividing the result by the number of months in the relevant period.
<b>Airtel Money customer base</b>	Total number of subscribers who has done any Airtel Money usage event in last 30 days.
<b>Airtel Money customer penetration</b>	It is computed by dividing the Airtel Money customer base by total customer base.
<b>Airtel Money transaction</b>	It is defined as value of any financial transaction performed on Airtel Money platform.
<b>Airtel Money transaction value per customer per month</b>	It is computed by dividing the total Airtel Money transaction value on Group's AM platform during the relevant period by the average number of Airtel Money customers and dividing the result by number of months in the relevant period.
<b>ARPU</b>	Average revenue 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.
<b>Average customers</b>	Average customers are derived by computing the average of the monthly average customers for the relevant period.
<b>Broadband Base Stations</b>	It includes all the 3G and 4G Base stations deployed across all technologies/spectrum bands.
<b>Capex intensity</b>	It is computed by dividing the total capital expenditure during the period by gross revenue.
<b>Capital expenditure</b>	It is not a GAAP measure and is defined as investment in capital work in progress (CWIP) gross fixed assets (tangible and intangible excluding spectrum/licence) and excluding provision on capital work in progress
<b>Capital Employed</b>	Capital Employed is defined as sum of equity attributable to equity holders of parent and net debt.
<b>Constant currency</b>	The Group has presented certain financial information that is calculated by translating the results for the current financial year and prior financial years at a fixed 'constant currency' exchange rate, which is done to measure the Organic performance of the Group.
<b>Churn</b>	Churn is derived by dividing the total number of customer disconnections during the relevant period by the average number of customers and dividing the result by number of months in the relevant period.
<b>Customer</b>	A customer is defined as a unique subscriber with a unique mobile telephone number who used any of Airtel's services in the last 30 days.
<b>Customer base</b>	Total number of subscribers that used any of our services (voice calls, SMS, data usage or Airtel Money transaction) in the last 30 days.
<b>Data ARPU</b>	Data ARPU is derived by dividing total data revenue during the relevant period by the average number of Data customers and dividing the result by the number of months in the relevant period.
<b>Data customer base</b>	Total subscribers who consumed at least 1MB on the Group's GPRS, 3G or 4G network in the last 30 days.
<b>Data customer penetration</b>	It is computed by dividing the data customer base by total customer base.
<b>Data usage per customer</b>	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.
<b>Diluted Earnings per share</b>	Diluted EPS is computed by adjusting, the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.
<b>Underlying EBITDA</b>	It is not a GAAP measure and is defined as operating profit before depreciation, amortisation, CSR cost and exceptional items.
<b>Underlying EBITDA margin</b>	It is not a GAAP measure and is computed by dividing Underlying EBITDA for the relevant period by total revenue for the relevant period.
<b>Earnings per share (EPS)</b>	EPS is computed by dividing the profit for the period attributable to the owners of the company by the weighted average number of ordinary shares outstanding during the period.
<b>Foreign exchange rate movements for non-DTA operating companies and holding companies</b>	Foreign exchange rate movements are specific items that are non-tax deductible in few of the entities, hence are considered to hinder comparison of the Group's effective tax rate on a period to period basis and therefore excluded to arrive at effective tax rate.

<b>Free cash flow</b>	Free cash flow defined as Operating free cash flow less cash interest, cash tax and change in operating working capital.
<b>HQ user</b>	User department in head quarters based out at Nairobi, Kenya. This will be any department like IT (Information technology), CSD (Customer services dept), NW (Network dept) etc.
<b>Lease obligation</b>	Lease obligation represents the present value of the future lease payment obligation.
<b>Leverage</b>	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). This is also referred to as leverage ratio.
<b>Minutes of usage</b>	Duration in minutes for which a customer uses the Group's network. It is typically expressed over a period of one month. It includes incoming, outgoing and in-roaming minutes.
<b>Mobile broadband base stations</b>	It includes all the 3G and 4G Base stations deployed across all technologies/spectrum bands.
<b>Mobile service</b>	Mobile service is defined as the core Telecom services provided by the Group and excludes Airtel Money services.
<b>Net debt</b>	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.
<b>Net revenue</b>	It is not a GAAP measure and is defined as total revenue adjusted for IUC (Interconnection Usage charges) charges, cost of goods sold and Airtel Money commission.
<b>Network towers/sites</b>	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.
<b>Operating company</b>	Operating company is defined as business units providing telecommunication services and mobile money services across the Group's footprint.
<b>Operating free cash flow</b>	It is computed by subtracting Capital expenditure from underlying EBITDA.
<b>Operating leverage</b>	Operating leverage is measure to derive the operating efficiency of the business and is computed by dividing the Operating expenditure (excluding regulatory charges) by total revenue.
<b>Operating profit</b>	It is a GAAP measure and is computed as revenue less operating expenditure including depreciation & amortisation and operating exceptional items.
<b>Reported currency</b>	Reported currency is the currency where actual periodic exchange rates are used to translate the local currency financial statements of OPCO into US dollar. Under Reported currency the assets and liabilities are translated into US dollar at the exchange rates prevailing at the reporting date whereas the statements of profit and loss are translated into US dollar at monthly average exchange rates.
<b>Smartphone</b>	Smartphone is defined as mobile phone with interactive touch screen that allows the user to access internet apart from making calls and sending text messages.
<b>Smartphone Penetration</b>	It is computed by dividing the smartphone devices by total customer
<b>Total MBs on network</b>	Total MBs consumed (uploaded & downloaded) by customers on the Group's GPRS, 3G and 4G network during the relevant period.
<b>Voice minutes of usage per customer per month</b>	It is computed by dividing the total voice minutes of usage on Group's network during the relevant period by the average number of customers and dividing the result by number of months in the relevant period.
<b>Weighted average number of shares</b>	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

<b>2G</b>	Second-generation technology
<b>3G</b>	Third-generation technology
<b>4G</b>	Fourth-generation technology
<b>AAML</b>	Airtel Africa Mauritius Limited
<b>ARPU</b>	Average revenue per user
<b>bps</b>	Basis points
<b>bn</b>	Billion
<b>CAGR</b>	Compounded Annual Growth Rate
<b>CSR</b>	Corporate Social Responsibility
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation
<b>EPS</b>	Earnings per share
<b>EU</b>	European Union
<b>FPPP</b>	Financial Position and Prospects Procedures
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>GB</b>	Gigabyte
<b>GDP</b>	Gross Domestic Product
<b>HoldCo</b>	Holding company
<b>IAS</b>	International Accounting Standards
<b>ICT (Hub)</b>	Information communication technology (Hub) IFRS
<b>IFRS</b>	International Financial Reporting Standards
<b>IMF</b>	International Monetary Fund
<b>IPO</b>	Initial Public Offering
<b>KPIs</b>	Key performance indicators
<b>KYC</b>	Know your customer
<b>LTE</b>	Long-term evolution (4G technology)
<b>LSE</b>	London Stock Exchange
<b>LTM</b>	Last twelve months
<b>m</b>	Million
<b>MB</b>	Megabyte
<b>MI</b>	Minority interest (Non-controlling interest)
<b>NGO</b>	Non government organisation
<b>NSE</b>	Nigerian Stock Exchange
<b>OpCo</b>	Operating company
<b>P2P</b>	Person 2 Person
<b>ppts</b>	Percentage points
<b>QoS</b>	Quality of service
<b>RAN</b>	Radio access network
<b>SIM</b>	Subscriber Identification Module
<b>Single RAN</b>	Single radio access network
<b>SMS</b>	Short Messaging Service
<b>SPOC</b>	Single point of contact (Vendor SPOC: Designated person from vendor's side who interacts with Airtel teams on a regular basis for various requirements)
<b>UoM</b>	Unit of measure

## 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. 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 disclosure of key risks and mitigating actions refer to the Annual report.

### 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.
26. The group's outlook may be impacted by uncertainties arising from the Covid-19 pandemic
27. The group may be adversely impacted by any material uncertainty affecting its majority shareholder due to the existence of certain covenants in its debt notes which are guaranteed by the Group's majority shareholder

## Statement of Director's Responsibilities

The responsibility statement below has been prepared in connection with the company's full annual report for the year ending 31 March 2020. Certain parts thereof are not included in this announcement.

We confirm to the best of our knowledge:

- a) the consolidated financial statements, prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU'), give a true and fair view of the assets, liabilities, financial position and profit of the group;
- b) the Strategic Report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces; and
- c) the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide information necessary for shareholders to assess the group's performance, business model and strategy

This responsibility statement was approved by the board of directors on 12 May 2020 and is signed on its behalf by:

Raghunath Mandava

Chief Executive Officer

13 May 2020