

Conference call transcript

11 May 2023

FY 2023 RESULTS

Operator

Good day, ladies and gentlemen, and welcome to the Airtel Africa full year results call. All participants will be in listen only mode. For the participants on the webcast, please type your questions in the webcast question box. For the participants that have dialled in, there will be an opportunity to ask questions later during the conference. If you should need assistance during the call, please signal for an operator by pressing * then 0. Please note that this conference is being recorded. I would now like to turn the conference over to Mr Segun Ogunsanya. Please proceed, sir.

Segun Ogunsanya

Thank you. Hello everyone and thank you all for joining us today. As always, I have with me Jaideep, our Group CFO. I have Pier, who is Head of Investor Relations. Let me give you some brief highlights of the year and update you on our strategic vision and priorities before handing over to Jaideep to run through the results in detail. This year, our business and economies where we operate have faced considerable challenges, but our business has managed to emerge stronger. We have seen considerable progress on our priorities as we continue to deliver strong revenue growth and maintain our very high margins despite significant inflationary pressure.

This profitable growth has allowed us to not only continue investing to support future growth potential, but also to further enhance our capital structure through a very disciplined capital allocation process. As our business grows, we continue to create value for all of our stakeholders. We create more jobs, directly or indirectly. We pay more tax. We invest in infrastructure that is key to the development of this nation's economies. We continue to bring communities closer and give them the opportunity to access affordable financial services sometimes for the very first time. This enables us to further increase returns to our shareholders.

From a strategic perspective, our focus has been on investing in the future growth potential our markets offer, which includes 5G spectrum, as well as investments into fibre and data centres. In Nigeria, our largest market, we've also continued to invest aggressively. We've launched our mobile money service called Smart Cash, which

is supporting increased financial inclusion across the country, and it will supplement future growth. Operationally, we continue to expand our customer base, grow our ARPU, and increase 4G network coverage. Both mobile money and data continue to be our growth engines, although voice continues to grow double digit as well.

Financially, I'll let Jaideep talk through the details, but at a very headline level, we continue to deliver double-digit revenue growth in reported currency and have sustained our EBITDA margin, despite the inflationary pressures. We continue to strengthen our balance sheet and the board has recommended a total dividend of 5.45 cents for the full year. This is a reflection of a very solid trend. The momentum on our sustainability strategy remains unchecked, and it continues to be embedded in everything we do.

It will be very helpful to provide some context around our very strong operational performance. But let me start by reminding you that our industry is not immune to the macro and geopolitical challenges across the globe. However, we have adopted various initiatives to mitigate against those challenges. Consumer spend remains impacted by high inflation. However, with affordable and transparent offerings, we continue to see customer growth and higher usage driving strong constant currency revenue growth in our portfolio. On inflationary pressures, especially a rise in energy costs, this has been particularly challenging for our cost base, but we continue to focus on cost optimisation, allowing us to report a resilient margin performance.

Currency volatility across the region is not something new. It is not something we can control, but our strong constant currency performance has ensured double-digit reported revenue and EBITDA growth. And finally, despite FX liquidity challenges across some of our markets, we have been very successful in upstreaming over \$1 billion of cash from our OpCos to de-risk of our balance sheet.

Let me now update you on our strategic priorities and our achievements and how our new strategy is working for us. First, putting our business in the context by reflecting on the opportunity our various markets offer. This slide captures the key drivers of Airtel Africa's future growth potential. The demographics are in our favour. Combined with the low level of SIM penetration, we continue to support the growth in our customer base. And as the key services continue to develop, this will support continuous strong revenue trends.

Importantly, the mobile money journey is still at a very early stage across all of our markets, especially in Nigeria. As a group, we're very clear on how we will continue to capture this growth. Our win-win strategy has consistently

delivered on our performance to date, and we don't anticipate this changing in any way. Additionally, execution has to be successful, and the last 21 consecutive quarters of double-digit revenue and EBITDA growth has shown that as an organisation, we have the right framework and mindset to continue delivering.

The chart on slide number nine, reflects our growth algorithm, which has supported our operational success historically and will continue to underpin our growth aspirations in the years to come. As customers increase, our use cases continue to develop, so ARPU and revenue growth remains very strong. Our focus on cost allows us to drive strong efficiencies, which combined with operating leverage, drives strong free cash flow generation, which is very useful to invest in the future and to sustain further customer growth. This cycle will continue to sustain our strong operating momentum in future.

Slide number 10. This algorithm depicted on the previous slide is reflected in a delivery of double-digit revenue growth across all three service offerings, voice, data, and mobile money. Slide 11 shows our group strategy. There are six pillars, which are designed to capture the great opportunity that awaits and transform lives in Africa. Our strategy is clearly working. However, we continue to seek ways to enhance our service offerings, to enable sustained growth and create value for all of our stakeholders. The next few slides, I'd like to show you our strategy in action.

The first one is when win with distribution, slide number 12. Here you can see how we have continued to extend both our exclusive and non-exclusive distribution channels significantly over the year. Our primary objective is to increase the scale of our distribution, reduce friction, and get very close to the customers to support rising usage and revenues. We have almost 1.8 million touch points for our customers, which have reached 140 million customers across our 14 markets. A focus on digitalisation is important to improve the customer experience and reach. We put great focus on giving the opportunity to both recharge and onboard digitally.

The next slide is an example of what we've done in Zambia using this distribution pillar. We have seen a constant increase in agent network and the very strong partnership with the trade has made Airtel the go-to brand, resulting in a 40% increase in distribution points and an almost 50% increase in the Airtel money agents, driving a 15% growth in customers and over 30% growth in revenues.

Next slide, win with technology. The focus for this pillar is on increasing capacity to sustain customer experience, increase coverage, and start feature proofing our network through MoMo and importantly 5G. This is all underpinned by best in class IT infrastructure. We are continuing to add new network sites. We've added about 2,700 in the last year, with over a thousand of these in rural areas. And we have maintained our focus on modernising and increasing capacity with over 90%, nine out of 10 sites on 4G. Fibre rollout is a priority, with a rollout of over 6,000 kilometres of fibre, with a total of over 70,000 kilometres of fibre deployed across our network. In addition, we've been investing in new data centres as a way to further enhance the future growth potential across our markets.

Slide 15 shows our technology strategy in action in our largest market, Nigeria. Through focused planning and with a continued focus on efficiencies, we have spent over \$600 million on network investment and spectrum over the last year to increase capacity, enhance coverage, and future-proof the business with selective 5G deployment. Despite usage on our network being 44% over the last year, the strong customer experience remains intact with a peak hour data utilisation rate of only 50%. This has enabled Nigeria data revenue growth of 28% in constant currency.

Going to slide 16, it speaks to our data strategy. Our technology strategy continues to support our win with data strategy. Using single RAN technology, and with increased fibre rollout, we have deployed a network with significant data capacity. We have generally invested in 4G ahead of our peers, and across the group, over 90% of our size are now 4G capable. When combined with a smart, affordable and transparent data bundle of ours, customer data usage was up almost 30%, driving the 46% growth in data traffic across our network.

In DRC, we represent a great example of our data strategy in action. This is evidenced by this slide, which shows how despite increased pressure on consumer spending, like you've seen in almost all parts of the world, our competitively priced data offerings, combined with 4G network coverage expansion, drove our 4G customer base up by almost 40%. This contributed to 63% increase in total data traffic carried across the network, making us the leading data provider in DRC.

Turning to slide number 18, where we describe our win with mobile money strategy. The lack of traditional banking infrastructure in our markets means that the number of customers who are able to access traditional banking services is far lower than even the numbers who have bank accounts. Our focus remains on building this

distribution network, increasing the use cases, and ensuring the reliability of the platform. This focus has resulted in a 27% increase in our exclusive distribution channel, meaning our money branches, mini shops and kiosks, and also our multi-brand agents by over 44%. The connection with customer is clear, with continual upward growth and annualised transaction value of over \$102 billion in Q4 of 2023.

Uganda is a great example of our strategy to enhance the use cases. We already have a very strong and large mobile money business in Uganda. This has been further strengthened by the launch of a quick loan product which provides an instant loan to cover a payment shortfall. And it appeals to a broad range of customers. It's been used by more than 250,000 customers with a transaction value of over 8 million a month by March of this year. This was one of the many use cases that contributed to revenue growth of over 20% during the financial year.

The next slide, slide number 20, summarises the success of the previous two slides that I've shared with you. A 20% growth in customer base, combined with 40% plus growth in the transaction value as use cases expand, has resulted in 30% revenue growth for the mobile money. With this level of growth, and a high margin of almost 50%, the opportunity for us to add additional value over and above what other telecom players in the industry can deliver remains very significant.

Slide 21 shows the continuing evolution of our mobile money ecosystem. We're still seeing the digital wallet and cashless services as a major source of mobile money revenue. And we see huge growth potential for this from additional penetration with new customers. But there is also a continued diversification of the business towards additional payment solutions and also more sophisticated financial services like insurance, loans, investment and stock trading.

On slide number 22, I highlight the opportunity from our new PSB license in Nigeria, where we are very strongly positioned. We have made significant progress over the year, where we have prioritised investment into the reliability and trustworthiness of the systems and product offering. As our confidence around the platform stability has increased, we have accelerated our investment into the distribution network. And we have seen some initially encouraging performance with 12 million wallets opened and over 600,000 active customers. Given the early stages of this rollout, we're prioritising investment into the system and customer acquisition before revenues. The key finalised transaction value for the PSB business is approximately \$430 million, so just a significant opportunity as the product gathers momentum. Our strong presence across the market along with our

investment into further strengthening the distribution network positions as well to maximise the opportunity available to us.

The next slide is our win with people strategy. Our values and culture continues to be very critical to our ability to deliver on our business strategy. And this is underpinned by a strong governance culture. I'm particularly pleased with the improvements in gender diversity, and we continue to strive to make further progress on this agenda. Now, on sustainability, before I finally hand over to Jaideep. I've been particularly pleased with the progress we've made on our sustainability journey. Following the launch of our first report in October last year, we have made significant progress in two key areas.

Number one, we have launched a UNICEF partnership across six of our OpCos. It's eventually going to cover 13 countries, but we have launched six already, providing free educational resources to over 250,000 children this year. This is the beginning. We aim to provide these services free of charge to more than 1 million children by 2027. Secondly, we have done considerable work on our emissions reduction plan. And I'm encouraging that the work has shown our 2050 net zero ambition to be achievable and be supported by specific decarbonisation initiatives that would enable substantial reduction in emissions intensity of over 60% by the year ending 2022. This slide highlights the progress across all of the four pillars of our strategy. business, people, community, and environment. And I look forward to continuing reporting on this very important strategy, which underpins everything we do. Let me hand over to Jaideep to review our financial performance.

Jaideep Paul

Thank you, Segun, and good morning and good afternoon to all of you. Let me start with the key financial highlights. Slide 26. On overall terms, we have delivered a good set of results. We continue to expand our customer base by 9% year on year to reach 140 million customers. This helped us to continue our revenue and EBITDA growth momentum. Revenue growth for the full year was 17.6% with Q4 growth accelerating to 18.6% in constant currency.

Underlying EBITDA grew by 17.3% in constant currency to reach \$2.6 billion of EBITDA. Margin 49%, flat year on year despite inflationary cost pressure. Operating free cash flow at \$1.8 billion was up by 10%. Leverage at 1.4x was broadly stable despite \$500 million of spectrum investment during the year. The board has recommended a

final dividend of 3.27 cents per share. Therefore, the total dividend for the full year will be 5.45 cents per share, up 9% from last year in line with our dividend policy.

Coming to next slide, all of our key service segments of voice, data and mobile money grew double digit in constant currency. Revenue in reported currency grew by 11.5% while constant currency revenue growth was 17.6%. The differential in growth rate was due to currency devaluation, mainly in Central African Franc, which is largely pegged to Euro, the Nigerian Naira, Kenyan and Ugandan Shilling and Malawian Kwacha, partially offset by appreciation in Zambian Kwacha.

Coming to the next slide on the segment performance. Firstly, in Nigeria revenue grew by 20%, supported by both customer base growth of 9% and ARPU growth of 7% despite the impact of cash shortage in the country in Q4 2023 due to demonetisation. Voice revenue grew by 13.4% driven by customer-based growth and stable ARPU despite NIN impact in the first quarter of the year. Data revenue grew by almost 28%, contributed by 17.3% customer base growth and almost 10% growth in data ARPU. We further expanded our 4G network with 99% of our sites in Nigeria on 4G. This resulted in usage per customer growth of almost 25%, while 4G usage per customer grew by almost 50%. EBITDA margin at 51.3% dropped 423 basis point as a result of rising fuel prices and increased inflation.

Coming to East Africa, revenue grew by over 17% driven by double-digit revenue growth in all three services of voice, data and mobile money. This revenue growth was supported by customer base growth of around 10% and ARPU growth of 9% to reach \$2.7 per customer per month. Voice revenue grew by 12.2% driven by customers as well as ARPU growth. Data revenue grew by almost 23% driven by 20% growth in customers, over 9% growth in data ARPU. We further expanded the 4G network across the region. 47.3% of total data customers are 4G customers, up from 40.5% of the last year. Mobile money revenue grew by 32.6%, driven by over 18% growth in customer base and around 10% ARPU growth. Underlying EBITDA margin was 53.3%, expanding 193 basis point as a result of revenue growth and cost efficiencies.

Coming to Francophone Africa, revenue grew by around 13% in constant currency while reported currency revenue growth was 6.2%. As mentioned, the difference in the growth was largely on account of devaluation in Central African Franc, which is largely paid through Euro. Customer base of around 29 million, up 7.8% year on year, while ARPU grew 3.8% in constant currency to reach \$3.7. Voice revenue growth was around 9% driven by

customer base growth. Voice ARPU was largely flat due to decline in interconnect rates in Niger and Congo B. Data revenue grew over 16%, largely driven by over 9% growth in customer base and around 8% growth in data ARPU. Mobile money revenue grew over 20% due to 18% growth in customer base. EBITDA margin at 46.6% improved by 220 basis point. Adjusting \$19 million one-time opex benefit that we had during the first half of the year, normalized full year EBITDA margin for Francophone country was about 45%.

Next slide we show group underlying EBITDA growing by 11.4% in reported currency to almost \$2.58 billion. Underlying EBITDA has been adversely impacted by \$133 million as a result of currency devaluation in multiple OpCos, including Nigeria. The underlying EBITDA margin was at 49%, flat year on year despite rising energy costs and increased inflation across geographies. Impact of the fuel price increase was \$245 million for full year, out of which \$215 million was in Nigeria. And we managed to offset most of this impact through operational efficiencies alongside discipline cost control in various other areas.

Next slide. As you can see, we have a strong track record that reflects a very efficient operating model that has driven margin expansion over the last four years. We continue to focus on margin resilience as we move to next financial year. Next slide. Let me spend a few minutes discussing the finance cost as I am sure it is an area of interest for all of us. As you can see, finance cost in excluding foreign exchange and derivative loss was higher than last year, reflecting the higher interest on lease liabilities and other finance charges. The largest impact on a year on year basis was \$245 million increase in foreign exchange and derivative losses arising from currency devaluation, which resulted in the restatement of foreign currency denominated debt and liabilities.

As you can see in the chart on the right hand side, these includes losses on revaluation of bank debt, lease liabilities, creditors, shareholder liabilities, and derivative losses. We are actively working to reduce the impact of this currency revaluation on our income statement. Firstly, we are moving US Dollar debt into local currency debt at the operating company level. 64% of the OpCo market debt is now in local currency, and we continue to focus and keep converting the foreign currency loans into local currency loans.

Secondly, these liabilities are paid in local currency, but about 50% of these liabilities are pegged to the US Dollar. We'll continue to work with our tower companies, our partners to reduce this further. For traders, we have been working with our partners to move some Dollar capex to local currency capex. And finally, as we continue to

upstream cash from the operating companies, we will look to reduce the shareholder loans across various geographies.

Going to the next slide. Operationally, we are happy with our performance with double-digit growth in revenue and operating profit. However, forex has impacted our EPS. After normalising the net impact of these forex and derivative losses, the EPS before exceptional items would have been 20.6 cents, an increase of over 13%. However, the forex and derivative loss has adversely impacted the EPS. Basic EPS was 17.7 US cents in FY23 as compared to 16.8 US cents in FY22. EPS before exceptional items was dropped to 13.6 in FY23 as compared to 16, and that is because of the forex and derivative loss.

Coming to next slide, our capital allocation policy remains unchanged. As mentioned earlier, our priority remains to invest in the business, and at the same time, aim to further strengthen the balance sheet. Capex guidance for the next year is slightly higher, between \$800 and \$825 million, as compared to the last year. This includes data centre capex of roughly about \$40 million. Secondly, to return cash to shareholders through a progressive dividend policy, and the board has already recommended a final dividend of 3.27 cents per share, which is a total dividend for the full year 5.45 cents, which is up by 9% as compared to last year, in line with our dividend policy.

Slide 36, we continue to invest in future growth. We have invested \$748 million in FY23 intangible capex during the year. In addition to this, we have also acquired spectrum in Nigeria, Kenya, DRC, Zambia, Tanzania for an investment of about \$500 million. 87% of our capex investment is geared towards growth initiatives, which combined with spectrum purchases ensures a strong and reliable network for the future. We have also rolled out 6,000 kilometres of fibre network in the last one year resulting into 70,500 plus kilometres of local fibre network.

Coming to the normalised free cash flow, during the year we have generated \$121 million of cash from operations post-tax and interest payment. Our cash capex were higher by \$70 million. Lease liability payments were higher by \$28 million, and non-controlling interest was higher by \$27 million. Hence, our normalised free cash flow before spectrum investment was largely stable as compared to the previous year, despite the forex headwind. Further, \$472 million of increased spectrum payment was due to the total \$500 million spectrum investment in current year. Hence, our normalised free cash flow for the full year was \$82 million.

The next slide, our investment decisions are made only if they are following a stringent return on investment criteria, which is clearly reflected in the trend of our return on capital employed highlighted in the chart. Our ROCE has improved 101 basis points during the year and almost 7% in the last two years to reach 23.3%. Coming to our balance sheet, we continue to strengthen our balance sheet by firstly reducing our foreign currency debt, especially at HoldCo. We have prepaid bonds of \$450 million over the last 12 months as a result of strong cash upstream from our OpCos. As you can see, our upstreaming potential is very diversified across our region, not making us overly reliant on one specific region.

Secondly, our OpCo market debt increased by 29% to over \$1.6 billion, in line with our strategy to push down the debt at the OpCo level. Group leverage at 1.4x has remained largely stable compared to last year. And this is in spite of the fact that we invested about \$500 million in the spectrum. The total weighted average interest rate was 7.7% vis-à-vis 5.6% in the last year due to increase in the base rate, increase in local currency OpCo debt, and the repayment of HoldCo bond which had a lower interest rate. I will now hand over to Segun to conclude the presentation. Over to you, Segun.

Segun Ogunsanya

Yeah, thank you, Jaideep. And finally, from me on slide number 41, few words on summary and outlook. As you have seen from our results, our focus has contributed to strong operational and financial performance. And we continue to demonstrate positive developments on nearly every key metric. Our near term focus will be on investing in our network and unfurl our expanding our distribution to be closer to our customers, while at the same time, building new services for future growth, such as the PSB opportunity in Nigeria, as well as ambitions for data centre growth and fibre rollout.

We remain mindful of the currency and repatriation risks, which are largely outside our control. But our results continue to demonstrate the effectiveness of our strategy and our strong execution bias. The growth opportunity remains very intact, and we see ourselves well positioned to deliver against this growth with a continued focus on the EBITDA margin resilience. And with that I would like to thank all of you for your attention today. I would now like to open the floor for questions. Thank you.

Operator

Thank you very much sir. Ladies and gentlemen, for the participants that have dialled in, if you'd like to ask a question, please press * and then 1 on your touchtone phone or on the keypad on your screen. If you decide to withdraw your question, please press * and then 2 to remove yourself from the list. For the participants on the webcast, just a reminder, if you want to ask a question, please type your questions in the webcast question box. We will pause to see if we have questions. The first question comes from Jonathan Kennedy Good from JP Morgan. Please proceed with your question, Jonathan.

Jonathan Kennedy Good

Good afternoon and thank you for the opportunity to ask questions. A quick question on Nigeria. Obviously, a solid result there, but trying to understand whether you will push for price increases given stubbornly high inflation rates there. So, perhaps some colour on what you think the government may allow there. And then also of the \$1 billion that you upstreamed, can you tell us how much of that was in the fourth quarter and how much came from Nigeria? And then finally, in terms of the mobile money potential value realisation via listing, is that on the back burner for now, or can you talk to a timetable for that given where we are in terms of the market cycles at the moment? Thank you.

Segun Ogunsanya

Yeah. Thank you, Jonathan. I'm going to take the last question first on the mobile money listing. About three years ago, we said we're going to list the mobile money business in four years' time. So, three years down the line, we are still committed to that deadline. Nothing has changed, so we still committed to listing our mobile money business in three years' time. So, that is a commitment we've given, and we stand by that commitment. On your second question about repatriation from Nigeria, overall, we've done about \$1 billion from different countries in our territory. Over \$360 - \$370 million of that came from Nigeria. And that is a fact. In terms of how much we took out in fourth quarter, I will get back to you on that. But as I speak now \$1 billion. \$370 million out of that came from Nigeria.

You spoke about price increase. Price increase is regulated in Nigeria. We've got a different philosophy around revenue growth and around EBITDA. We have the philosophy of growing our revenue by growing customer base and growing customer usage. So, our philosophy is to get a lot more customers, get them to use a lot more for voice, a lot more minutes, a lot more data, a lot more money. That's the aggregate of our own growth. And despite

the fact that we were asked to reverse a price increase we took in Q3, we still grew revenue in Nigeria by 20%, voice and data. So, price increase will be welcome. We continue to work with the regulators on what we can do for a price increase. But despite the fact that we don't have a price increase, we've got our own pillar of growth, which is an expanding customer base. Let them use the network for more voice, more data, and eventually more mobile money. And that's how we've done. We grew in Nigeria in the last couple of quarters. That's how we're going to continue to grow. In terms of remittance in the last quarter, Jaideep will give us a figure.

Jaideep Paul

Yeah. So, Jonathan, in Q4 we have upstreamed in total \$304 million, out of which \$150 was from Nigeria. The full year, we have upstreamed \$1 billion, out of which \$388 million from Nigeria.

Jonathan Kennedy Good

Thank you very much. That's really helpful. Thank you.

Operator

Thank you. The next question comes from Maurice Patrick from Barclays. Please proceed with your question, Maurice.

Maurice Patrick

Yes, thanks for taking the question. I'll ask a couple, please. First question on spectrum. So, you've spent \$500 million this year on spectrum, mostly in Nigeria. Just could you update us in terms of what visibility you have on other spectrum auctions coming up in the next 12 months? First question. And the second question, we have had lots of noise on mobile money around new entrant disruption and Wave made lots of noise. It feels as though some of that new entrant disruption seems to be going away. I was just curious for an update from you guys in terms of how much competition you're seeing from new entrants in that space. Thank you very much.

Segun Ogunsanya

Thank you, Maurice. Let me take the second one first. In terms of Wave, I mean, Wave came like a wave, but we're not seeing any more waves. So, I'm just not sure how sustainable their model is. They did very well in Senegal. I've not seen that replicated anywhere. And then they came to Uganda, and we took the fight to them. So, that's how much about Wave. And we've got a very different model for growing mobile money. It's based on the distribution

infrastructure that we built over the years. On top of that, we've got a captive base for our mobile money business. From that captive base, we're able to convert customers to mobile money. And we have three layers of services we offer. We offer mobile wallet. We offer payments. We offer financial services. These are clearly distinctive, and I'm just not sure how any fintech can replicate any of what we've done, given the resources and the advantages we have. So, we're good in terms of mobile money. You can see this in Uganda, where we're competing against the mobile operator and against Wave, and in a lot of our countries in East Africa.

Talking about spectrum, we spent \$500 million on spectrum last year. We bought spectrum in Nigeria. We bought in Zambia. We did Tanzania. We did Seychelles and Kenya and DRC as well. So close to \$500 million. And a couple of days ago, we renewed our 3G license in Nigeria, paid another \$120 - \$130 million to renew the 3G license in Nigeria. I don't expect any major outflow for spectrum for license renewals in this year. A major part of the \$500 million we spent last year was from Nigeria, the 5G spectrum, was about \$285 million. That was a big chunk of the money. On top of that, we also bought additional spectrum in 2.6 gig in Nigeria. So, almost \$317 million of that \$500 million was spent on Nigeria. But this year, I really don't expect any huge outflow on spectrum, and I don't see anything that would suggest that a major outflow is going to happen on spectrum in this financial year.

Maurice Patrick

Thank you very much.

Operator

Thank you. The next question comes from Cesar Tiron from BofA. Please proceed with your question Cesar.

Cesar Tiron

Yes, hi. Good afternoon. Thanks for the opportunity to ask questions. I have two if that is okay. The first one would be on capex for 2024. Do you have any formal guidance, or can you please tell us if capex in Dollars is likely to be higher or lower than what you spent in FY23? And then the second question would be on 5G in Nigeria. Can you please mention how far are you in the rollout and how many sites you intend to have 5G enabled, let's say in the next two to three years, and if you believe that there is a use case for fixed wireless solutions in Nigeria for 5G. Thank you.

Segun Ogunsanya

I'll just give you a talk about the capex and Jaideep will give further information on the capex. We did about \$750 million last year. This year we're looking at \$825 million, the increase coming mainly from additional money we want to spend on data centres in Nigeria and data centres in Mombasa, Kenya. And that explains the increase from the \$ 740 - \$750 million we spent last year on capex. On 5G launch, we continue to invest for future growth of our business. And the 5G investment, the 5G spectrum we brought across much of the countries is a reflection of our belief in the future potential of 5G. In the short term, we will continue to deploy 5G. We have very limited use cases in the short term. And the focus, now we can use 5G to deliver broadband. Remember in Africa, fibre broadband is very limited. So, our focus is how do we use 5G to deliver broadband to homes and small businesses. That is one use case.

But the bigger use case for mobile devices is still very limited now, given the very low penetration of 5G devices and the relatively high prices of 5G devices. As soon as it become cheaper, there's fairly deeper penetration of 5G devices. And I like to believe that a lot more consumer use cases will follow. Therefore, now, we find this for the future. In the short term, we're going to use the 5G to deliver broadband. And the initial focus is launching of 5G in select neighbourhoods and select cities.

Basically, we're looking at key cities of Africa. Lagos of course is one. We're looking at Zambia. We're looking at DRC. We're looking at Uganda. But just very major cities in each of those countries. And when we're talking about major cities, we're also talking about the very influential neighbourhoods where we reckon there's sufficient purchasing power, there are enough 5G devices, and they can afford to pay for the devices that will consume 5G. So, to summarise, it's going to happen. Is it immediate? No. Is it the right thing to do to prepare for it? Yes. Spectrum is limited. If you don't buy it now, you're not going to find it to buy when you need it anyway. So, we just decided to buy it ahead of the opportunity that comes.

Jaideep Paul

Okay, so on the capex, let me give you a little bit more detail of the capex. Firstly, for next year, our guidance for capex is between \$800 million and \$825 million, out of which about \$40 million we are earmarked for the data centre build up into two countries, Kenya and Nigeria. So, the balance of the capex largely will be between network, IT, sales and distribution and Airtel Money. A large part of the capex, I would say about \$600 million to \$650 million will be network rollout, expansion, capacity build, fibre, etc. In IT, there will be an IT infrastructure

investment plus Airtel Money IT infrastructure investment, about \$75 million to \$100 million. And of course, we have a distribution expansion, the kiosks, the branches, the KYC devices, and so on and so forth. So, broadly that's the way our capex is to be built up for next year. And overall, it will be between \$800 million to \$825 million, including the data centre. And roughly about 65% to 70% of our capex is Dollar pegged. So, that is broadly about if I take 70% of \$800 million, that is about \$550 - \$560 million will be Dollar pegged.

Cesar Tiron

Great, thank you so much.

Operator

Thank you. The next question comes from Rohit Modi from Citi. Please proceed with your question, Rohit.

Rohit Modi

Thank you for the opportunity. Just two questions from my side. Firstly, on the mobile money in Nigeria, if you can share any internal targets you have, when you start generating revenue from the mobile money side in Nigeria, and also any KPIs that you can share at this moment in terms of how many agents and merchants you have already on board and what's the current status on that side. Secondly, when you talk about margin resilience, can you give more colour between the geographies? You saw a decline in margins in Nigeria and it was much better in East Africa and Francophone. Is that kind of mix you will see next year as well in terms of the substantial increase in margins in those regions, and then again Nigeria will go further down? And also, if there is a potential price increase that happens in Nigeria, if allowed by the regulator, do you see an upside risk where margin will be in guidance in that case? Thank you.

Segun Ogunsanya

Thank you, Rohit. On the mobile money business, like I said in my opening remarks, we prioritise the customer acquisition ahead of revenue growth. And that I'm confident we're on the right path. In terms of KPIs, we've acquired about 600,000 active customers. We've opened over 12 million wallets, out of which 600,000 of them are very active. In terms of the agent network that is required for cash, for acquisition of customers, we've registered about 125,000 customers as of end of March, out of which 52,000 are active. So, the key figures are one, active wallets is 100,000, total number of wallets opened, 12 million. Two, number of agents, 125,000. 52,000

are active. And in terms of transaction value, if I'm to annualize Q4 transaction value, it's looking like \$500 million. So Q4 times four, transaction value that went through our chain is \$500 million.

And in terms of when we're going to make money, the take rate in Nigeria is relatively low. It's about 0.3% compared to 0.5% to 0.7% in other countries where we operate in. But remember, it's also a very large country with very, very many potential customers. But the algorithm for us in the first is just continuing to expand our customer base. Once we're at a certain stable level of customer base, we continue to look at the money. But we're very optimistic that it's going to be value accretive to our portfolio.

Now, talking about the margin picture. We've got a portfolio of countries, portfolio of regions. Nigeria is of course a region and it's a country. You've got a contraction in margin in Nigeria, but we had expansion in two other regions. East Africa expanded. West Africa expanded. And that helped us minimise the impact on the group EBITDA. As I said earlier, EBITDA is more or less stable at 49% despite the huge headwinds we had on fuel, headwinds on inflation. We still deliver at a stable EBITDA at 49%. Jaideep, do you want to add more information?

Jaideep Paul

Yeah, before I take that, Segun you should address the price increase question?

Segun Ogunsanya

On the price increase, once again pricing is regulated in Nigeria. We continue to engage regulators that given the level of inflation in the country, given that we surrendered currency, we require prices to really maintain the health of the industry. Beyond this, we're very committed to our own growth algorithm, which is using customer base expansion, growth increase in usage, talking about consuming more minutes, voice, consuming more data megabyte. Those are the two clear pillars we use for growing our revenue. Onboard more customers. Let them use more voice. Let them use more data. And of course, the pricing comes as a sweetener. Without pricing, we've delivered 20% growth in Nigeria in constant currency, and I think double digit growth in reported currency as well.

So, we've got a formula that works for us in Nigeria. And in terms of EBITDA, and I'm sure Jaideep will give more colour to this, we have a simple philosophy around the stable margin as well. That for every \$100 we add to our top line, at least between \$50 and \$55 should go towards the bottom line. Out of \$1, 50 to 55 cents should go towards the EBITDA line. That's what we've done consecutively in the last 21 quarters. That's a formula that I

made very clearly. And we do everything possible to maintain that formula. Between 50% and 55% flowed through from top line to EBITDA. Maybe, Jaideep, you want to...

Jaideep Paul

Yeah, Segun mostly has covered this. So, just a couple of points I want to add. Last year, just to remind you, we have got impacted by about \$245 million due to fuel price increase, and largely in Nigeria, because our dependency on fuel or generator in Nigeria is higher than any other country because of the shortage of grid power availability. So, while fuel price has also happened in some of the East African countries, however, in East African countries we are fortunate that the grid power availability is much higher as compared to Nigeria. That's why we've never seen that kind of impact. So, we are actively working with the TowerCos, the tower companies to see if we can participate in contributing in terms of conversion of some of these sites into solar, higher capacity batteries so that we can reduce this impact, for any future impact to a substantial level.

However, as you know that last year the diesel price in Nigeria has moved from ₦320 a litre to ₦800 plus a litre as we exited in March. Obviously, it is unprecedented. Whether next year there will be further increase, further pressure on the diesel price, we do not know. But assuming no significant increase in the diesel price, our margin as you have seen is quite resilient and we continue to thrive, as Segun has mentioned, in terms of incremental flow through over 50% in the margin for every Dollar which we generate incrementally as a revenue.

Operator

Rohit, does that answer all your questions?

Rohit Modi

Thank you. Sorry, just one last thing. If you can quantify what was the impact of demonetisation on the voice revenue in Nigeria or any guidance on that side?

Segun Ogunsanya

Demonetisation took a lot of cash out of the system in an economy that is predominantly cash. And the impact on our performance is 1.3% in Nigeria. And for the group is about 0.6% on the overall top line for the group.

Rohit Modi

Thank you.

Jaideep Paul

But just to add on the demonetisation, while demonetisation has been withdrawn and we have seen the trend coming back in Nigeria in the month of April. So, it has come back to the pre-demonetisation level in the month of April.

Rohit Modi

Thank you.

Operator

Thank you. Just another reminder for the participants on the phone lines. If you'd like to ask a question, please press * and then 1. If you'd like to ask a question, please press * and then 1. At this time, I will hand over for questions from the webcast, and then we'll return for questions on the phone lines. Thank you.

Pier Falcione

Yes, Jaideep and Segun, a couple of questions from the webcast. First is, what do you think is the average rate of inflation across our market if you were to take a guess? And the second one is on Kenya. What is a strategy to continue to grow shares in the market and any possibilities of a public listing in Kenya?

Jaideep Paul

So, inflation excluding Malawi and Nigeria, the inflation ranges between 8% and 10% across all of the geographies, which is very normal. In Nigeria and Malawi, we have seen the inflation trend between 18% and 20%.

Segun Ogunsanya

Back to the Kenya story. As part of our license obligation, there's a requirement to list in Kenya. For the last couple of months, there's been discussion around whether that condition is going to be changed or is going to stay. We still have been waiting for clarity from Kenya whether there's still an obligation to list. We are working on ways to comply with any lawful requirement of our license. So, if we are obliged to list, we will list. But once again, there's

been some indication from Kenyan authorities that this may not be a requirement. But whatever requirement there is, we will meet that requirement.

In terms of growth, of course Safaricom is clearly dominant in Kenya. But I've been very pleased with the progress we've made in our mobile services segment. We continue to gain share. We continue to acquire customers. Kenya, if you actually isolate the mobile money business and focus on only the mobile services, is a very significant part of our portfolio. So, I'm very pleased with the progress we're making in the growth of our mobile services business in Kenya. Back to you, operator.

Operator

Thank you. Are those all the questions on the webcast?

Pier Falcione

Yes, back to you.

Operator

Thank you. The next question on the phone lines comes from Faisal Al-Azmeh from Goldman Sachs. Please proceed with your question, Faisal.

Faisal Al-Azmeh

Yes, thank you for the opportunity to ask questions. Most of my questions have been answered. Maybe just a question more about the portfolio of countries that you have at the moment. You've been operating in this inflationary environment for a while. Do you see any room to effectively rationalise some of that exposure? And is that part of some medium-term strategy, or do you feel that you're comfortable with the current footprint that you currently have? And then my second question is more towards the... obviously, you've done a decent amount of work on deleveraging the balance sheet over the past few years. Do you feel you might actually now go back to a more progressive dividend policy in terms of linking it to the free cash flow level, or you're actually quite comfortable with how the policy currently stands up? Thank you.

Segun Ogunsanya

On dividend, I mean, of course it's directed by the board. We do have a progressive dividend policy. We increased by the high single digits. We've done 9% increase in this financial year to deliver 5.45 cents. And that's our policy. And we continue to look at different issues, investment required in a business for future growth. And we decide on what the right mix is. But Jaideep will give you more flavour on that. Talking about the portfolio of countries, we operate in 14 countries. This is a balanced portfolio. We have countries in East Africa. We have countries in West Africa. We have countries in Central Africa. We have French speaking and we have English speaking. And we have hard currencies. We have soft currencies. In most of the French speaking countries, the CFA is linked to the Euro, which is more or less a hard currency. And of course, we have weak currencies in some countries.

In term of attractiveness of our portfolio, I think it's a balanced portfolio. It is delivering its purpose. We continue to grow very strong double-digit. EBITDA is 49%, one of the fastest growing telcos in Africa. Our EBITDA is best in class, in the top quarter in terms of performance. So, I think it's a portfolio that delivers, despite the many challenges in Africa, despite inflation, despite the devaluation we continued to deliver in reported currency. That will get you a fair spread of a portfolio. I see no reason to change my faith in the power of our portfolio.

Jaideep Paul

With reference to the debt profile and the leverage etc. let me tell you that out of 1.4x, if you exclude lease liability, which constitutes about 0.8x out of 1.4x in this leverage, and this finance lease obligation is nothing but as we add almost 3,000 sites on an average every year, this obviously goes up. But then there are sites which are going out of finance lease obligation. So, it is more or less 0.8x static for quite some time now. In terms of our focus, our focus, as we mentioned in our main presentation, is strengthening the balance sheet, reduce the HoldCo level debt which we have done by and large, already achieved. And last piece of the bond, which is due in May 2024. After that, there is no HoldCo debt which remains. And we pushed down the debt at the OpCo level in local currency, which comes with a slightly higher interest cost, but it also reduces the impact of devaluation and restatement or revaluation of the forex debt.

So, our clear focus in the short to medium term is to now keep pushing down the debt at the Opco. And second is keep pushing making local currency debt rather than Dollar debt at OpCo so that we can de-risk our balance sheet in terms of the devaluation risk. So, that is our current position in terms of the overall debt management portfolio and leverage.

Faisal Al-Azmeh

Thank you very much.

Operator

Thank you. The next question comes from Madhvendra Singh from HSBC. Please proceed with your question, Madhvendra.

Madhvendra Singh

Yes, hi. Thanks for taking my questions. A couple of quick ones, and then maybe a bit detailed one. So, if you could talk about the growth rate in mobile money, especially in the Francophone African markets. It seems to be a bit slower than the overall annual run rate, especially during the Q4 period. So, if you could talk about is there any real underlying slowdown there or is it just a seasonality issue?

The second question is also on mobile money, but for Nigeria. So, while we don't see any revenues being booked, has the commercial activity started already? So, if you could share what kind of transactions are happening on the network, what Dollar values. Maybe you have made the transactions free right now. If you could talk about what's actually happening on the ground on mobile money side in Nigeria, that will be helpful. And, yes, so these two questions.

And then on the margin side, you had a very resilient margin, obviously, for the year, but also for the quarter. So, I'm wondering if you are seeing any risks going forward, and maybe how confident you are of maintaining these margins, as well as especially if you also look at the mobile money business, how confident you would be of maintaining these margins. Thank you.

Segun Ogunsanya

Let me start with the margin story first. I've explained our margin philosophy earlier on. The fact that for every \$1 increase in the top line, our objective is to make sure between 50 and 55 cents that will go towards the bottom line. And we've done that really just for the past 21 quarters. We have a number of ways we use to deliver this. One is a very firm cost control process. We also continuously review our operating process to take processes out. We have a very efficient capex deployment machinery that would deploy capex that would lead to reduction in

operating expense. We've mentioned the fact that we're working with our cost to migrate some of our energy sources from diesel to battery to solar.

We also continue to increase the grid component of our energy sources. So, a number of things we do to mitigate the impact of inflation and costs. In the last year, the major impact has come from diesel energy, which is why we continue to work with our TowerCo partners to find other ways of powering our sites. And that speaks to battery. That speaks to solar. That speaks to grid. We're working on this. So, and on top of this, we just have a very neat structure that continuously takes cost out of the system. We continue to review our operating model to make sure things that should be done are done very cheaply. We're just very firm on the constant review of our processes to take cost out of the system.

Now, let me take you back to the mobile money in Nigeria. We got the license in April last year. We started business in June of last year. Our initial focus, once again, was to have a fraud proof IT platform. That is essential to build trust, to build transparency. We spent time in building this IT platform that will be fraud-proof, that will give confidence to our customers. I think we're in a very sweet spot now, very confident that what we've done is fraud proof. It would deliver services to the customers. It will also let us configure as many products as possible. We invested time behind this. We invested money behind this. We've done that.

The second thing we've done in the first couple of months is the distribution infrastructure, acquiring agents, setting up mobile branches, setting up kiosks, setting up mini shops. We've done that very well. And the testimony to we've done, that is what we saw in Q4, which is actually our first big month in terms of outcomes. We were able to open 12 million wallets for the full year. As of end of March, we had 600,000 active customers. I've mentioned we have 52,000 active agents. And in terms of revenue, if I'm to annualize it, the throughput in Q4 of our business in Nigeria is close to \$500 million.

The take rate is very low in Nigeria, but my focus right now is not even on take rate. It's on just building a structure that will give sustainable revenue in the future. And I'm willing to spend the next couple of quarters increasing this infrastructure with the right level of customer base that would make it profitable in a low margin economy. Because the margins are quite low in Nigeria, unlike what we have in other parts of Africa where take rates are between 0.6% and 0.7%. The take rate in Nigeria is 0.2%. So, the key to success is having a very large customer base, and that is what we continue to work upon in the first few months.

Now back to French speaking Africa. We are looking at the growth rate for mobile money. In our French speaking countries, we've grown the mobile money revenue by 20%. I won't say that is a bad growth. 20% is not bad. That's what we've done in the French speaking countries. In East Africa, where we have the most of our resources, we've grown revenue by more than 30%. So, that's the way the growth is bifurcated between the two major regions where we have substantial mobile money business. This is where we have most business in mobile money anyway, and we have done 32%. French speaking Africa is about 20% growth for the full year.

Madhvendra Singh

Q4 growth was only 16%. That's what I was talking about.

Jaideep Paul

Yes, so let me try to also add to what Segun has said. We have to keep in mind that Franco countries... We have seven countries in Franco, out of which only two countries, which I would say Gabon and DRC are actually the mobile money business which exists. And both are going at a very substantial rate, I would say, more than 20% in both the places.

Rest of the places you have to keep in mind that we just started, because we got the license in Chad, Niger, Congo B very recently. And we are just ramping up those countries. So, we have to probably wait a few quarters to see that growth, what you see in the East African countries, because East Africa, most of the markets, I would say four out of six countries are quite mature and a very well established Airtel Money business.

So, this Franco country, as and when the business will start picking up, the mobile money business will start picking up in the other countries, Franco will also go back to a decent growth rate as you see for East Africa. So, East Africa is blessed because we have four countries out of six countries which are pretty mature mobile money market. In Franco, it's only in the case of two countries.

Madhvendra Singh

Okay, thank you.

Operator

Thank you. The next question comes from Kayode Eseyin from Cardinal Stone Partners. Please proceed with your question, Kayode.

Kayode Eseyin

Yeah. Hello. Good afternoon. Thank you for this opportunity and congrats to you on what is an amazing performance at least on the top line level. So, my first question is as regards the discrepancy in the financial performances across your regions. I noticed and I think you mentioned on this call in East Africa and Francophone Africa, the EBITDA margin expanded, while Nigeria reported some 4% in pull back. And the explanation to my understanding is that most of it was due to diesel costs rising, diesel prices rising across the Nigerian business, almost tripling. But my question is, I know for a fact that the energy price issue was mostly broad based, several countries, almost everywhere around the world we are witnessing energy pressures. So, my question is, what exactly were the levers you were able to pull in other regions? Were you able to raise prices? And what happened? Why was your performance there significantly better on an EBITDA level compared to Nigeria?

And secondly, your strategy of redirecting debt from HoldCo to OpCo. I would like to understand because I know for a fact that the cost of debt in your operating countries, Nigeria, Kenya, and several of these other countries are significantly higher than your cost of debt at a HoldCo level. So, my question is what exactly are the benefits you're hoping to accrue by transferring debt from cheaper HoldCo to operating countries where you have double digits interest rates? And then also, do you have like a target debt to EBITDA ratio that you're looking at? So, maybe at what point do you think you will start to deleverage? At what point do you start getting worried about leverage?

And thirdly, the other question I have is, as we've seen, data continues to be the main driver of growth for telcos and MNOs, particularly in SSA. So, my question is, how long do you think this runway is for before you start seeing maybe some slowdown in growth for data usage? And how convinced are you about the use case for 5G, especially considering the fact that SSA continues to have the largest number of people below the poverty line? Those are my questions. I hope I was audible.

Segun Ogunsanya

Let me start with the first one about alternative fuel. There are structural differences between the various regions and countries. Nigeria has a very low level of grid availability. So, we've got a very dependence on the diesel for powering our sites. Or like in East Africa and the French speaking African countries for us, where we have a relatively decent level of grid availability. So, that means we don't have over-reliance on diesel. So, that's a major difference. That is why you're not going to see a massive impact on performance in French speaking countries, East African countries, compared with Nigeria, where we rely mainly on a diesel to power the sites. That is one point of a difference.

The second point of difference looking at the East Africa specifically, is on the fact that last financial year, we actually sold some towers in East Africa. We sold towers in Malawi. We sold towers in Tanzania. That also affected our revenue. That slowed our revenue. So, by the time you observe one against the other, you begin to see why we had a very relatively better EBITDA margin this year in East Africa, for instance, compared to the slowdown in Nigeria.

Talking about the debt profile, I'm sure Jaideep will give you more information on the debt profile. Why are we pushing debt to the OpCos? There are tax advantages. There is currency matters as well. But Jaideep will give you more information on this. And the last piece on the data growth, in terms of data revenue, let me give you a few data points. In terms of data consumption, across our portfolio it's about 4.45 gig per person. Let me take Asia or India as an example. It's close to 16 gig per person. That shows a very long runway we have available between what our customers are consuming and what a typical consumer consumes in other countries. So that's a very, very long runway. That gives us a lot of optimism that with continuous investment in 4G, with 4G devices becoming cheaper, then we're going to continue to see very high level of growth in data revenue.

And secondly, if you look at the population profile in our territories, we've got the fastest growing population in the world. Most of the people are very young, below 20 or 21. Median age is about 19 in Africa. That shows that young people are very many. What do young people do? They consume data. Where do they consume data? Mobile devices. They are mobile first, mobile only. If you consume data on iPhone, Samsung, Nokia, any phone, you're using the pie we've created. And with this huge number of young adults, some of them entered the digital device for the first time, either because we expanded our network to where they live, or because they're able to

afford the device to consume 4G, to consume data. That shows a very long runway available for us to continue to grow data revenue.

So, we are still in the early stages of the growth I'm firmly optimistic that we are still going to continue to grow data volume in Africa. Now, talking about 5G use cases. Home broadband is major use case for us given the very low penetration of fibre broadband in Africa. I think 5G can be a good vehicle for deploying broadband to small businesses and to homes in Africa. That we're going to do. We're also beginning to see a pocket of 5G handsets in rich neighbourhoods in some parts of our key cities who could afford the 5G as well. And there are some enterprise use cases that I imagine as well. We are seizing this opportunity. In one of our countries, we are actually deploying a private network for one of the mining operators in one of our countries. So, such niche cases are also coming to view. And we are positioned to capture these opportunities in the medium term. Jaideep, do you want to talk about that?

Jaideep Paul

Yes. So, a few things we have to keep in mind which we stated earlier and today also we discussed it. As we stated, one of our objectives is to push down the debt in local currency at the OpCo, primarily for two reasons. If you see historically the devaluation impact, the three year CAGR devaluation that you see across various geographies, you will see an average devaluation of 8% to 10% CAGR almost on every year. That's our average. I'm talking about the average devaluation. There can be a little bit plus minus here and there, but that's mainly in the East Africa and Nigeria.

Now, also we have to keep in mind that if we source Dollar at HoldCo at 6% or 7% and push down that debt to OpCo, there is no tax shield on the interest which we pay for servicing that debt. Whereas in the local currency or if the debt is pushed down to the OpCo level, you get a straight 30% tax shield. An average 30% tax shield on the interest which we pay, number one. Number two, we also avoid this 8% to 10% average devaluation which we have seen. So, there is no requirement of any restatement of the local currency loan. And we have to also keep in mind that this is a natural thing that most of our income is in local currency, therefore the endeavour should be the expenditure as well as the debt should be in local currency so that there is no mismatch between the income, which is in local currency, and the debt profile, which should be ideally in local currency.

Now, this is our endeavour. Whether we will be able to do it in the short term, the answer is we will require some time because the markets in each country are different, the financial market. But we are clearly focused on doing this activity over the next couple of years so that we minimise the impact of devaluation as well as start getting the tax shield on the interest part of it.

Operator

Thank you. At this time, I'd like to hand over for questions from the webcast. Thank you.

Pier Falcione

So, a last couple of questions, Segun and Jaideep. First is, are there more tower asset sales to expect?

Segun Ogunsanya

Okay, we've got only two countries left. And the countries are Gabon and Chad. They've got very strict rules on private TowerCos. And we continue to work with regulators and interested parties to get the rules liberalised to make it possible for towers to be sold. These are very small number of towers anyway. We've got only two countries left to go. And the rules are just slightly different from the rules in other countries on sale of towers.

Pier Falcione

Now, to close, unsurprisingly, on Nigeria. Could you give some cover on the Nigeria rate that you used for upstreaming cash from Nigeria? One, second one is if this cash crisis in Nigeria can be a boost for the mobile money development in the country. And thirdly, is there is any plan to raise debt instruments in Nigeria?

Segun Ogunsanya

In terms of the demonetisation, like I said, the impact is fully over. We ended in March, so we're back to growth. And out of every strange policy, something good comes out of it. So, I expect this to really encourage customers to open wallets. And I'm sure they're going to open a Smart Cash wallet, the wallet that works. So, that's probably the good thing that will come out of this. We're pushing a lot more people to digital channels and not keep cash under their bed or keep cash in their wallet. So, I expect that to be a boost for our business.

In terms of debt instruments, there is an opportunity to issue debt instrument commercial papers. The rates are quite cheaper than taking bank loans, and I'm sure that Pier and Jaideep are looking at various options of having

the right structure for our business in Nigeria and the other OpCos. So that is a possibility. And the last question, did I miss anything? Oh, in terms of rates, we access foreign exchange from banking sources in the country. We don't use parallel market sources for accessing foreign exchange in any of our markets. And the rates are determined by the banks, and we are bound to customer rates. And we just comply with the rates given by the banks, and we use official sources to access foreign exchange. That's the facts.

Pier Falcione

Thank you. Thank you, operator. I think we can now close the conference.

Segun Ogunsanya

Thank you, gentlemen and ladies. Have a good day.

Jaideep Paul

Thank you. Thank you very much.

Operator

Thank you very much. Ladies and gentlemen, that does conclude today's conference. Thank you very much for joining us. You may now disconnect your lines.

END OF TRANSCRIPT