Airtel Africa plc

Results for the quarter ended 30 June 2022

28 July 2022

Double-digit revenue growth, margin and earnings progression and further strengthening of our balance sheet

Highlights

- Revenue grew by 13.0% in reported currency to $1,257m. In constant currency terms revenue grew by 15.3%.
- Total revenues, for mobile services and mobile money services combined, grew in Nigeria by 18.3%, in East Africa by 14.1% and in Francophone Africa by 11.7%.
- Revenue growth in constant currency was posted across all four reporting segments. Mobile Services revenue in Nigeria grew by 18.3%, in East Africa by 11.1% and in Francophone Africa by 10.6% (and across the Group by 14.2%, with voice revenue up by 11.3% and data revenue up by 19.8%). Mobile Money revenue grew by 26.5%, driven by growth of 26.9% in East Africa and 25.4% in Francophone Africa.
- EBITDA grew by 14.9% to $614m in reported currency.
- EBITDA margin was 48.8%, an increase of 78 basis points in reported currency and 52 basis points in constant currency.
- Operating profit grew by 20.6% to $425m in reported currency.
- Profit after tax grew by 25.3% to $178m.
- Basic EPS increased to 4.4 cents (up by 31.0%). EPS before exceptional items was 3.8 cents, up from 3.2 cents in the prior period.
- Operating free cash flow grew by 10.3% to $473m, while net cash generated from operating activities reduced by 13.2% to $388m, mainly due to increased cash tax payments from both higher taxes on declared dividends and increased taxable profits.
- Leverage ratio has improved to 1.3x from 1.8x in the prior period. Post period end, in July 2022, the Group prepaid $450m of outstanding external debt at HoldCo. The remaining debt at HoldCo is now $550m, falling due in May 2024.
- Our total customer base increased to 131.6 million, up 8.9%, with increased penetration across mobile data (customer base up 9.7%) and mobile money services (customer base up 19.7%).

Alternative performance measures [1] (Quarter ended)					**GAAP measures (Quarter ended)**			
Description	**Jun-22 $m**	**Jun-21 $m**	**Reported currency change**	**Constant currency change**	**Description**	**Jun-22 $m**	**Jun-21 $m**	**Reported currency change**
Revenue	1,257	1,112	13.0%	15.3%	Revenue	1,257	1,112	13.0%
EBITDA	614	534	14.9%	16.5%	Operating profit	425	352	20.6%
EBITDA margin	48.8%	48.0%	78 bps	52 bps	Profit after tax	178	142	25.3%
EPS before exceptional items ($ cents)	3.8	3.2	18.3%		Basic EPS ($ cents)	4.4	3.3	31.0%
Operating free cash flow	473	428	10.3%		Net cash generated from operating activities	388	447	(13.2%)

[1] Alternative performance measures (APM) are described on page 15.

Segun Ogunsanya, chief executive officer, on the trading update:

'I am pleased to report that the Group has continued to post double-digit revenue growth, margin improvement and strong earnings growth. I am also particularly pleased with our ongoing strengthening of the balance sheet which continued after the period ended, with early repayment of $450m of debt at Group level.

As we flagged in our full year announcement, this quarter we have faced headwinds from outbound voice call barring for customers who had not yet registered their National Identification Numbers in Nigeria and the loss of site sharing revenue in those OpCos where we recently sold towers. Inflation is also having an impact on our cost base, particularly on energy costs, but our continued efficiency drives have ensured that we have still been able to increase our margins, albeit at a slightly slower rate.

After receiving the Payment Service Bank licence in Nigeria just a few months ago, it is a testament to our prior preparation that we have already managed to launch our mobile money operations in a few select locations without any operational issues. We are excited by the commercial developments and opportunities here. We also continued to invest for growth and have made a couple of major additional spectrum acquisitions recently in the DRC and Kenya in anticipation of continued strong data demand growth in these markets.

We continue to target growth ahead of the market this year and, despite inflationary pressures, our continued focus on cost efficiencies should also support margin resilience. Longer term, the opportunities for sustainable profitable growth stemming from our underpenetrated markets for each of mobile voice, data and mobile money services remain hugely attractive, and we are confident of continuing to deliver on our growth strategy.'

Airtel Africa plc ('Airtel Africa' or 'Group') results for the quarter ended 30 June 2022 are unaudited and in the opinion of management, include all adjustments necessary for the fair presentation of the results of the same period. The financial information has been prepared based on International Accounting Standard 34 (IAS 34) issued by the International Accounting Standards Board (IASB) approved for use in the UK by the UK Accounting Standards Endorsement Board (UKEB) and apply the same accounting policies, presentation and methods of calculation as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2022 except to the extent required/ prescribed by IAS 34. This report should be read in conjunction with the audited consolidated financial statements and related notes for the year ended 31 March 2022. The comparative information has been drawn based on Airtel Africa plc's audited consolidated financial statements for the year ended 31 March 2022. Comparative quarterly information is drawn from the unaudited IAS 34 financials of the respective quarters. All comparatives and references to the 'prior period' or 'previous period' in this report are for the reported metrics for the quarter ended 30 June 2021.

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.

Enquiries

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Conference call

Management will host an analyst and investor conference call at 12:00pm UK time (BST), on Thursday 28 July 2022, including a Question-and-Answer session.

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

Conference call registration link

Key consolidated financial information

Description	Unit of measure	Quarter ended			
		Jun-22	Jun-21	Reported currency change	Constant currency change
Profit and loss summary					
Revenue [1]	**$m**	**1,257**	**1,112**	**13.0%**	**15.3%**
Voice revenue	$m	610	562	8.6%	11.3%
Data revenue	$m	418	356	17.3%	19.8%
Mobile money revenue [2]	$m	159	124	28.6%	26.5%
Other revenue	$m	106	98	8.0%	10.4%
Expenses	$m	(645)	(581)	11.0%	13.7%
EBITDA [3]	**$m**	**614**	**534**	**14.9%**	**16.5%**
EBITDA margin	%	48.8%	48.0%	78 bps	52 bps
Depreciation and amortisation	$m	(189)	(182)	3.9%	6.8%
Operating exceptional items	$m	-	-	0.0%	0.0%
Operating profit	**$m**	**425**	**352**	**20.6%**	**21.5%**
Net finance costs	$m	(151)	(97)	55.2%	
Non-operating exceptional items[4]	$m	-	4	(100.0%)	
Profit before tax [5]	**$m**	**276**	**259**	**6.5%**	
Tax	$m	(119)	(117)	1.5%	
Tax - exceptional items [6]	$m	21	-	0.0%	
Total tax charge	$m	(98)	(117)	(16.3%)	
Profit after tax	**$m**	**178**	**142**	**25.3%**	
Non-controlling interest	$m	(15)	(17)	(16.1%)	
Profit attributable to owners of the company - before exceptional items	$m	143	121	18.2%	
Profit attributable to owners of the company	**$m**	**163**	**125**	**30.9%**	
EPS - before exceptional items	cents	3.8	3.2	18.3%	
Basic EPS	cents	4.4	3.3	31.0%	
Weighted average no of shares	million	3,754	3,755	(0.0%)	
Capex	$m	141	106	33.5%	
Operating free cash flow	$m	473	428	10.3%	
Net cash generated from operating activities	$m	388	447	(13.2%)	
Net debt	$m	3,056	3,536		
Leverage (net debt to EBITDA)	times	1.3x	1.8x		
Return on capital employed	%	24.6%	18.3%	634 bps	
Operating KPIs					
ARPU	$	3.2	3.1	3.4%	5.4%
Total customer base	million	131.6	120.8	8.9%	
Data customer base	million	46.5	42.4	9.7%	
Mobile money customer base	million	27.6	23.1	19.7%	

(1) Revenue includes inter-segment eliminations of $36m for the quarter ended 30 June 2022 and $28m for the prior period.

(2) Mobile money revenue post inter-segment eliminations with mobile services was $123m for the quarter ended 30 June 2022, and $96m for the prior period.

(3) EBITDA includes other income of $2m for the quarter ended 30 June 2022, and $3m for the prior period.

(4) Non-operating exceptional items in the previous period include a profit of $4m from the sale of towers in Rwanda.

(5) Profit before tax in the quarter ended 30 June 2022 include $2m share of profit from associates.

(6) Tax exceptional items in the quarter ended 30 June 2022 reflect the initial recognition of a deferred tax credit of $21m in Kenya.

Financial review for the quarter ended 30 June 2022

Revenue in reported currency grew by 13.0%. This overall growth is slightly slower than recent trends due to some specific challenges this quarter largely as a result of the effect of voice customers barred in Nigeria and the loss of tower sharing revenues following the recent sales of towers in Tanzania, Madagascar and Malawi. Revenue in constant currency grew by 15.3% for the Group. Excluding these specific challenges growth for the quarter would have been around 19% in constant currency terms.

Owing to significant growth in mobile money business and corresponding changes in the organization structure, combined with changes in the information provided to the Group CEO (Chief Operating Decision Maker) for the allocation of resources and the assessment of performance; with effect from April 2022, the Group has identified mobile money as a new operating and reportable segment. Thus, the Group now reports segmental performance for mobile services in Nigeria, East Africa and Francophone Africa, and for mobile money. The consolidated regional performance, comprising both mobile services and mobile money, for each of Nigeria, East Africa and Francophone Africa is provided on page 13 to help with reconciliation to historical segmental reporting.

Double digit revenue growth was posted across all reporting segments: with mobile services revenue in Nigeria up 18.3%, East Africa up 11.1% and Francophone Africa up 10.6% (with overall mobile services growing by 14.2%, with voice revenue growth of 11.3% and data revenue growth of 19.8%; and with growth of other revenues of 10.4%, marginally impacted by the c.$7m tower sharing revenues lost through tower sales). Mobile money revenue grew by 26.5% in constant currency, driven by growth of 26.9% in East Africa and 25.4% in Francophone Africa.

Net finance costs increased by $54m, as a result of $51m higher foreign exchange and derivative losses and $6m higher interest on lease obligations, partially offset by lower interest costs due to debt reduction (including the repayment of $505m bonds in March 2022).

Total tax charges were $19m lower mainly due to the initial recognition of a deferred tax credit of $21m in Kenya. Basic EPS improved to 4.4 cents, while EPS before exceptional items improved to 3.8 cents. The increase in basic EPS was mainly due to higher operating profits and the initial recognition of a deferred tax credit of $21m in Kenya, which more than offset foreign exchange and derivative losses.

Leverage improved to 1.3x from 1.8x in the prior period, largely driven by increased cash generation, the expansion of EBITDA and proceeds from Airtel Money investments. Our balance sheet has also been further de-risked by continued localisation of our debt into the OpCos and material debt reduction in HoldCo. Following the post period end prepayment of $450m bonds in July 2022, the remaining debt at HoldCo is now $550m.

GAAP measures

Revenue

Reported revenue increased to $1,257m, growing by 13.0% in reported currency, and by 15.3% in constant currency driven by both customer base growth of 8.9% and ARPU growth of 5.4%. The constant currency growth was partially offset by average currency devaluations between the periods, mainly in the Central African franc (13.2%), the Nigerian naira (1.8%), the Kenyan shilling (8.0%) and the Malawian kwacha (11.2%), in turn partially offset by appreciation in the Zambian kwacha (23.4%).

Mobile services revenue grew by 14.2% in constant currency, supported by growth of 18.3% in Nigeria, 11.1% in East Africa and 10.6% in Francophone Africa. Mobile money revenue grew by 26.5% in constant currency, driven by revenue growth in East Africa of 26.9% and Francophone Africa of 25.4%.

Revenue growth for the quarter was impacted by the effect of barring outgoing calls in Nigeria for those customers who had not submitted their National Identity Numbers ('NINs'). A total of 13.6 million customers were originally barred, out of which 5.3 million customers (39%) have subsequently submitted their NINs and 2.3 million customers (17%) have been fully verified and unbarred. We estimate that this resulted in the loss of approximately $34m of revenues in the quarter, providing a drag on revenue growth of almost 3% at Group level (impact of 7.5% in Nigeria). The growth in other revenues was also impacted by c.$7m of tower sharing revenues lost through associated tower sales.

Operating profit

Operating profit increased by 20.6% to $425m as a result of revenue growth and modest improvements in operating efficiency in East Africa and Francophone Africa.

Net finance costs

Net finance costs increased by $54m, as a result of $51m higher foreign exchange and derivative losses and $6m higher interest on lease obligations, partially offset by lower interest costs due to a reduction in debt (including $505m bonds repurchased in March 2022).

The Group's effective interest rate increased to 5.6% compared to 5.0% in the prior period, largely driven by the repayment of $935m of HoldCo debt, which carried a lower-than-average coupon, and due to higher local currency debt at the OpCo level.

Taxation

Total tax charges were $98m, a reduction of $19m, due to the initial recognition of a deferred tax credit of $21m in Kenya. Excluding exceptional items, tax was higher by $2m due to higher operating profit and withholding tax on dividends by subsidiaries.

Profit after tax

Profit after tax increased by 25.3% to $178m, mainly led by higher operating profits which more than offset the foreign exchange and derivative losses. Additionally, the current quarter benefited from the initial recognition of a deferred tax credit of $21m in Kenya.

Basic EPS

Basic EPS improved to 4.4 cents, an improvement of 1.1 cents (+31.0%) from 3.3 cents in the prior period. This increase was mainly due to higher operating profits and the recognition of a deferred tax credit of $21m in Kenya this quarter, which more than offset foreign exchange and derivative losses.

Net cash generated from operating activities

Net cash generated from operating activities was $388m, 13.2% lower than the $447m of the prior period. This was largely due to higher cash tax payments as a result of higher dividend tax on declared dividend and increased taxable profits, partially offset by higher profit before tax.

Alternative performance measures[1]

EBITDA

EBITDA increased to $614m, up by 14.9% in reported currency, and by 16.5% in constant currency. Growth in EBITDA was led by revenue growth and supported by continued improvement in operating efficiencies which more than offset inflationary cost pressures. The EBITDA margin improved by 78 basis points in reported currency to 48.8%.

Foreign exchange had an adverse impact of $23m on revenue, and $8m on EBITDA, as a result of currency devaluations, mainly in the Central African franc (13.2%), the Nigerian naira (1.8%), the Kenyan shilling (8.0%) and the Malawian kwacha (11.2%), in turn partially offset by appreciation in the Zambian kwacha (23.4%).

With respect to currency devaluation sensitivity, on a 12-month basis, a 1% currency devaluation across all currencies in our OpCos would have a negative impact of $45m on revenues, $27m on EBITDA and $19m on finance costs. Our largest exposure is to the Nigerian naira, for which a 1% devaluation would have a negative impact of $19m on revenues, $11m on EBITDA and $7m on finance costs.

Tax

The effective tax rate was 39.9%, compared to 39.1% in the prior period, largely due to profit mix changes amongst the OpCos and the impact of withholding taxes on dividends. The effective tax rate is higher than the weighted average statutory corporate tax rate of approximately 33%, largely due to the profit mix between various OpCos and withholding taxes on dividends by subsidiaries.

Exceptional items

Non-operating exceptional items in the previous period relate to a gain of $4m from the profit on the sale of towers in Rwanda. Tax exceptional items this quarter benefited from the initial recognition of a deferred tax credit of $21m in Kenya.

EPS before exceptional items

EPS before exceptional items increased to 3.8 cents, up by 18.3% from 3.2 cents in the prior period. This increase was mainly due to higher operating profits which more than offset foreign exchange and derivative losses.

[1] *Alternative performance measures (APM) are described on page 15.*

Operating free cash flow

Operating free cash flow was $473m, up by 10.3%, as higher EBITDA more than offset increased capital expenditure. Capital expenditure during the period was $35m higher relating mainly to planned network expansion.

Leverage

Leverage (net debt to EBITDA) improved to 1.3x at 30 June 2022, from 1.8x at 30 June 2021, largely driven by increased cash generation, EBITDA expansion and the receipt of $550m from mobile money minority investments. Our balance sheet has continued to be de-risked through a reduction of HoldCo debt to $1bn, from $1.9bn in the prior period; and the increased localisation of our debt into the OpCos, such that our HoldCo debt is significantly lower than gross OpCo debt of $3bn (including lease obligations). In July 2022, our HoldCo debt was reduced even further to $550m, following the early repayment of $450m of senior notes due in May 2024.

Other significant updates

NIN - SIM linkage implementation in Nigeria

Following a directive issued by the Nigerian Communications Commission (NCC) on 7 December 2020 to all Nigerian telecom operators, Airtel Nigeria has been working with the government to ensure that all our subscribers provide their valid National Identification Numbers (NINs) to update SIM registration records. To complete the registration process, we must link the NIN information received with the SIM of the respective subscribers and share the same with the National Identity Management Commission (NIMC).

The original regulatory directive set an initial deadline for customers to register (link) their NIN with their SIM of 30 December 2020. This was subsequently moved several times, with the last deadline being 31 March 2022. Airtel Nigeria was subsequently notified that with effect from 4 April 2022, all SIMs that have not been linked to a NIN were to be placed on 'receive only' status, meaning all their outgoing calls have been barred with immediate effect. Subscribers of such lines can still link their SIMs to their NINs in order that these restrictions can be lifted. Customers have therefore been given a final opportunity to fully comply with the latest registration requirements. A total of 13.6 million customers were initially barred out of which 5.3 million (39%) have subsequently submitted their NIN and 2.3 million (17%) have subsequently been verified and unbarred.

As at the end of June 2022, we had collated NIN information for 40.7 million active customers. Revenues for those subscribers who have not yet linked their NIN with their SIM amount to around 7% of total revenues from Nigeria, and around 3% of total revenues for the Group. As we reported might happen, SIM registration has accelerated, and some SIM consolidation is occurring in response to implementation, potentially reducing the future financial impact.

We continue to work closely with the regulator and impacted customers to help them to comply with the registration requirements, making every effort to minimise disruption and ensure affected customers can continue to benefit from full-service connectivity as soon as possible; in line with our aim to drive increased connectivity and digital inclusion across Nigeria.

Nigeria mobile money operationalisation

On 29 April 2022, we announced that the Central Bank of Nigeria ('CBN') had confirmed that Smartcash Payment Service Bank limited ('Smartcash'), had received final approval for a full Payment Service Bank ('PSB') licence, affording the Group the opportunity to deliver a full suite of mobile money services into Nigeria. This news followed our announcement of 26 April that the CBN had also awarded our subsidiary, Airtel Mobile Commerce Nigeria Ltd, with a full super-agent licence, allowing the business to create an agency network that can service the customers of licenced Nigerian banks, payment service banks and licenced mobile money operators in Nigeria.

On 19 May 2022, we announced that Smartcash had commenced operations in Nigeria. Services were initially made available at selected retail touchpoints, and operations are now being expanded gradually across the country.

This marks the beginning of our journey to revolutionise the financial services landscape in Nigeria, to help further digitise the Nigerian economy, and to help bank the unbanked by reaching the millions of Nigerians who do not currently have access to financial services by delivering current and savings accounts, payment and remittance services, debit and prepayment cards and more sophisticated services.

DRC spectrum acquisition

On 6 June 2022, we announced the purchase of 58 MHz of additional spectrum in the DRC, spread across 900, 1800, 2100 and 2600 MHz bands, for a gross consideration of $42m. The licence for paired spectrum in the 2100 band comes up for renewal in September 2032. All the other licences continue until July 2036. This additional spectrum will support our 4G expansion in the DRC for both mobile data and fixed wireless home broadband capability, providing significant capacity to accommodate our continued strong data growth in the country. DRC is the largest country by area in our portfolio and our second largest market by population. This investment reflects our continued confidence in the tremendous opportunity inherent in the DRC, supporting the local communities and economies through furthering digital inclusion and connectivity.

Kenya spectrum acquisition

Post period end, on 15 July 2022, we announced that Airtel Kenya Networks Limited (‘Airtel Kenya’), had purchased 60 MHz of additional spectrum in the 2600 MHz band from the Communications Authority of Kenya, for a gross consideration of $40m. The licence is valid from July 2022 for a period of 15 years. This additional spectrum will support our 4G expansion in the market for both mobile data and fixed wireless home broadband capability and will allow for future 5G rollout, providing significant capacity to accommodate our continued strong data growth in the country. Airtel Kenya is one of our largest markets by revenue. This investment reflects our continued confidence in the tremendous opportunity inherent in the Kenya market, supporting the local communities and economies through furthering digital inclusion and connectivity.

$450m early bond redemption

Post the period end, on 8 July 2022 the Group announced the settlement of a cash tender offer, redeeming $450m of the $1 billion of 5.35% guaranteed senior notes due 2024 ('Notes'). An aggregate principal amount of $450m of Notes was accepted for purchase for a total of $462.6m. All Notes accepted for purchase were cancelled ahead of their maturity in May 2024. This early redemption was made out of the Group's cash reserves and is in line with our strategy of reduction of external foreign currency debt at Group level.

Information on additional KPIs

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

Financial review for the quarter ended 30 June 2022

Nigeria - Mobile services

Description	Unit of measure	Quarter ended			
		Jun-22	Jun-21	Reported currency change	Constant currency change
Summarised statement of operations					
Revenue	**$m**	**517**	**445**	**16.2%**	**18.3%**
Voice revenue	$m	259	238	8.8%	10.8%
Data revenue	$m	210	171	22.6%	24.8%
Other revenue [1]	$m	48	36	34.5%	37.0%
EBITDA	**$m**	**264**	**246**	**7.3%**	**9.2%**
EBITDA margin	%	51.0%	55.3%	(424) bps	(424) bps
Depreciation and amortisation	$m	(75)	(63)	19.0%	21.2%
Operating exceptional items	$m	-	-	0.0%	0.0%
Operating profit	**$m**	**189**	**183**	**3.3%**	**5.1%**
Capex	$m	56	49	14.6%	14.6%
Operating free cash flow	$m	208	197	5.4%	7.9%
Operating KPIs					
ARPU	$	3.8	3.6	4.9%	6.8%
Total customer base	Mn	46.0	40.9	12.7%	
Data customer base	Mn	20.5	17.8	15.6%	

(1) Other revenue includes inter-segment revenue of $0.5m in the quarter ended 30 June 2022. Excluding inter-segment revenue, other revenue was $47.5m in the quarter ended 30 June 2022.

Revenue grew by 16.2% in reported currency to $517m, and by 18.3% in constant currency. The differential in growth rates was due to devaluation of the Nigerian naira by 1.8%. The constant currency revenue growth was driven by both customer base growth of 12.7% and ARPU growth of 6.8%, largely driven by higher data and other revenue.

Voice revenue grew by 10.8% in constant currency, driven by customer base growth of 12.7% while voice ARPU growth was flat. Voice revenue growth was impacted by the barring of outgoing calls for customers who had not submitted their NINs. A total of 13.6 million customers were initially barred out of which 5.3 million (39%) have subsequently submitted their NIN and 2.3 million (17%) have subsequently been verified and unbarred. This has resulted in a loss of approximately. $34m revenue in the quarter and a corresponding impact of 7.5 percentage points on the growth rate.

Data revenue grew by 24.8% in constant currency, driven by data customer base growth of 15.6% and data ARPU growth of 7.1%. Data usage per customer increased by 19.1% to 4.6 GB per month (from 3.8 GB in the prior period). As we continued our 4G network rollout, nearly all our sites in Nigeria (99%) now deliver 4G. For the Q1’23 period, 44.3% of our data customer base were 4G users, contributing to 77.7% of total data usage. 4G data usage per customer reached 7.4 GB per month, an increase of 45.6% (from 5.1 GB per customer per month in Q1’22). Compared to recent quarters, data revenue growth was lower as a result of a slowdown in the growth of data usage per customer, as well as higher churn due to NIN-related call barring.

Other revenues grew by 37.0% in constant currency, with the main contribution coming from the growth in value added services revenue, led by airtime credit services.

EBITDA was $264m, growing by 9.2% in constant currency. The EBITDA margin declined to 51.0% from 55.3% due largely to the increase in operating costs.

Operating free cash flow was $208m, up by 7.9%, due to the expansion of EBITDA, partially offset by higher capex.

East Africa - Mobile services[1]

Description	Unit of measure	Quarter ended Jun-22	Jun-21	Reported currency change	Constant currency change
Summarised statement of operations					
Revenue	**$m**	**359**	**323**	**11.3%**	**11.1%**
Voice revenue	$m	203	178	14.2%	14.1%
Data revenue	$m	123	105	16.6%	15.9%
Other revenue [2]	$m	33	39	(15.4%)	(14.4%)
EBITDA	**$m**	**159**	**140**	**13.4%**	**12.5%**
EBITDA margin	%	44.2%	43.4%	81 bps	56 bps
Depreciation and amortisation	$m	(60)	(56)	8.3%	8.4%
Operating exceptional items	$m	-	-	0.0%	0.0%
Operating profit	**$m**	**99**	**84**	**17.0%**	**15.3%**
Capex	$m	44	31	41.4%	41.4%
Operating free cash flow	$m	115	109	5.4%	4.5%
Operating KPIs					
ARPU	$	2.1	2.0	4.2%	4.0%
Total customer base	Mn	58.5	55.4	5.6%	
Data customer base	Mn	18.5	17.3	6.8%	

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

(2) Other revenue includes inter-segment revenue of $2.4m in the quarter ended 30 June 2022. Excluding inter-segment revenue, other revenue was $31m in the quarter ended 30 June 2022.

East Africa revenue grew by 11.3% in reported currency to $359m, and by 11.1% in constant currency. The constant currency growth was made up of voice revenue growth of 14.1% and data revenue growth of 15.9% partially offset by decline in other revenues. The reduction in other revenues was due to the loss of c.$6m of tower sharing revenues from tower sales in Malawi and Tanzania. The revenue growth rates in reported currency and constant currency were quite similar due to currency appreciation in Zambia almost offsetting currency devaluations in Malawi, Kenya and Uganda.

Voice revenue grew by 14.1% in constant currency, driven by both customer base growth of 5.6% and voice ARPU growth of 6.9%. The customer base growth was largely driven by expansion of both network coverage and the distribution network. Voice usage per customer increased by 10.8% to 371 minutes per customer per month, driving voice ARPU up by 6.9%.

Data revenue grew by 15.9% in constant currency, largely driven by data customer base growth of 6.8% and data ARPU growth of 4.4%. Our continued investment in network and expansion of 4G network infrastructure helped us to grow both the data customer base and usage levels. 87.0% of our East Africa network sites are now on 4G, compared with 80% in the prior period. In Q1’23, 4G customers accounted for 41.5% of our total data customer base and contributed to 65.4% of total data usage. Total data usage per customer increased to 3.9 GB per customer per month, up by 30%, and 4G data usage per customer increased to 6.2 GB per customer per month from 5.4 GB per customer per month in the prior period. Compared to recent quarters, data revenue growth is slower, as a result of a slowdown in customer additions in Kenya and Malawi and lower ARPU growth in Tanzania and Malawi.

EBITDA increased to $159m, up by 12.5% in constant currency. The EBITDA margin improved to 44.2%, an improvement of 56 basis points in constant currency, as a result of revenue growth and improved operating efficiencies.

Operating free cash flow was $115m, up by 4.5%, due largely to the expansion of EBITDA, partially offset by increased capex.

Francophone Africa – Mobile services[1]

Description	Unit of measure	Quarter ended			
		Jun-22	Jun-21	Reported currency change	Constant currency change
Summarised statement of operations					
Revenue	**$m**	**262**	**253**	**3.5%**	**10.6%**
Voice revenue [2]	$m	149	146	1.5%	8.8%
Data revenue	$m	85	80	6.7%	14.2%
Other revenue	$m	28	26	4.9%	9.5%
EBITDA	**$m**	**103**	**95**	**8.5%**	**14.8%**
EBITDA margin	%	39.2%	37.4%	180 bps	144 bps
Depreciation and amortisation	$m	(47)	(52)	(10.0%)	(3.5%)
Operating exceptional items	$m	-	-	0.0%	0.0%
Operating profit	**$m**	**56**	**43**	**30.7%**	**36.8%**
Capex	$m	27	20	35.9%	35.9%
Operating free cash flow	$m	76	75	1.3%	9.2%
Operating KPIs					
ARPU	$	3.2	3.5	(8.2%)	(1.9%)
Total customer base	Mn	27.0	24.5	10.1%	
Data customer base	Mn	7.5	7.4	2.0%	

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

(2) Voice revenue includes inter-segment revenue of $1m in the quarter ended 30 June 2022. Excluding inter-segment revenue, voice revenue was $148m in the quarter ended 30 June 2022.

Revenue grew by 3.5% in reported currency and by 10.6% in constant currency. The difference in growth rates was due to devaluation of the Central African franc (13.2%). The revenue growth in constant currency terms was largely driven by DRC, Niger, Chad and Gabon.

Voice revenue grew by 8.8% in constant currency, driven by customer base growth of 10.1% partially offset by voice ARPU decline of 3.5%. The customer base growth was driven by expansion of both network coverage and distribution infrastructure.

Data revenue grew by 14.2% in constant currency, supported by average customer base growth of 15.3%. Our continued 4G network rollout resulted in an increase in total data usage of 45.2% and a per customer data usage increase of 25.9%. For Q1'23, 4G data users constituted 49.7% of total data users, compared with 40.0% in the prior period. 4G users contributed 67.9% of total data usage this quarter. Data usage per customer increased to 2.9 GB per month (up from 2.3 GB in the prior period), while 4G data usage per customer reached 5.0 GB per month, from 4.5 GB in the prior period. Compared to recent quarters, data revenue growth has slowed as a result of lower ARPU in Chad and Niger.

EBITDA, at $103m, increased by 14.8% in constant currency. The EBITDA margin improved to 39.2%, an improvement of 144 basis points in constant currency. This EBITDA growth was driven by continued revenue growth and increased operating efficiencies.

Operating free cash flow was $76m, up by 9.2%, due to the expansion in EBITDA, partially offset by higher capex.

Mobile services

Description	Unit of measure	Quarter ended			
		Jun-22	Jun-21	Reported currency change	Constant currency change
Summarised statement of operations					
Revenue [1]	**$m**	**1,135**	**1,018**	**11.6%**	**14.2%**
Voice Revenue	$m	610	562	8.6%	11.3%
Data Revenue	$m	418	356	17.3%	19.8%
Other Revenue	$m	107	99	8.2%	10.6%
EBITDA	$m	526	481	9.4%	11.3%
EBITDA Margin	%	46.3%	47.2%	(93) bps	(119) bps
Depreciation & Amortization	$m	(182)	(171)	6.7%	9.6%
Operating Exceptional Items	$m	-	-	0.0%	0.0%
Operating Profit	$m	344	310	10.9%	12.3%
Capex	$m	127	100	27.0%	27.0%
Operating Free Cash Flow	$m	399	381	4.7%	7.2%
Operating KPIs					
Mobile voice					
Customer base	Mn	131.6	120.8	8.9%	
Voice ARPU	$	1.6	1.6	(0.7%)	1.8%
Mobile data					
Data customer base	Mn	46.5	42.4	9.7%	
Data ARPU	$	2.9	2.9	2.8%	5.0%

[1] Mobile service revenue after inter-segment eliminations was $1,134m in the quarter ended 30 June 2022 and $1,016m in the prior period.

Revenue from mobile services grew by 11.6% in reported currency, and in constant currency grew by 14.2%. The constant currency growth was evident in all regions and key services. Mobile services revenue grew in Nigeria by 18.3%, in East Africa by 11.1% and in Francophone Africa by 10.6%.

Voice revenue grew by 11.3% in constant currency, supported by both customer base growth of 8.9% and voice ARPU growth of 1.8%. Customer base growth was driven by the expansion of our network and distribution infrastructure. The slowdown in voice revenue growth this quarter was due to the barring of outgoing calls for those customers in Nigeria who had not submitted their NINs. A total of 13.6 million customers were initially barred out of which 5.3 million (39%) have subsequently submitted their NIN and 2.3 million (17%) have subsequently been verified and unbarred. The voice ARPU growth of 1.8% was driven by an increase in voice usage per customer of 6.0%, reaching 264 minutes per customer per month, with total minutes on the network increasing by 15.9%.

Data revenue grew by 19.8% in constant currency, driven by both customer base growth of 9.7% and data ARPU growth of 5.0%. The customer base growth was recorded across all the regions supported by the expansion of our 4G network. 88.4% of our total sites are now on 4G, compared with 79.4% in the prior period. 44.1% of total data customers are 4G users (up from 37.9%) contributing to 71.9% of total data usage. Data usage per customer increased to 4.0 GB per customer per month (from 3.2 GB in the prior period) while 4G data usage per customer reached 6.6 GB per month (from 5.1 GB in the prior period). In the quarter, data revenue contributed to 36.8% of total mobile services revenue, up from 35.0% in the prior period. Compared to recent quarters, data revenue growth was slower largely the result of a slowdown in the growth of data usage per customer as well as higher churn due to NIN-related call barring in Nigeria and lower ARPU growth in certain markets.

EBITDA was $526m, growing by 11.3% in constant currency. The EBITDA margin declined by 93 basis points to 46.3% (declined by 119 basis points in constant currency). The reduction in EBITDA margin was due to an increase in operating cost.

Operating free cash flow was $399m, up by 7.2%, due to the expansion of EBITDA partially offset by higher capex.

Mobile money

Description	Unit of measure	Quarter ended			
		Jun-22	Jun-21	Reported currency change	Constant currency change
Summarised statement of operations					
Revenue [1]	**$m**	**159**	**124**	**28.6%**	**26.5%**
Nigeria [2]	$m	0	0	-	-
East Africa	$m	121	91	32.8%	26.9%
Francophone Africa	$m	38	33	16.9%	25.4%
EBITDA	$m	79	60	30.5%	28.3%
EBITDA Margin	%	49.5%	48.8%	70 bps	67 bps
Depreciation & Amortization	$m	(4)	(3)	27.7%	28.5%
Operating Profit	$m	75	57	30.9%	28.3%
Capex	$m	9	3	173.3%	173.3%
Operating Free Cash Flow	$m	70	57	22.0%	20.1%
Operating KPIs					
Transaction value	$m	18,886	14,651	28.9%	26.1%
Active customers	Mn	27.6	23.1	19.7%	
Mobile money ARPU	$	2.0	1.8	7.7%	5.9%

(1) Mobile money service revenue post inter-segment eliminations with mobile services was $123m in the quarter ended 30 June 2022 and $96m in the prior period.
(2) On 19 May 2022, we announced that Smartcash had commenced operations in Nigeria. Services were initially made available at selected retail touchpoints, and operations are now being expanded gradually across the country.

Mobile money revenue grew by 28.6% in reported currency, with constant currency growth of 26.5%. The reported currency growth was higher than constant currency due to appreciation in the Zambian kwacha. The slowdown in mobile money revenue growth since July 2021 has been largely due to the implementation of levies by the Government of Tanzania on mobile money withdrawal and P2P transactions (subsequently revised on several occasions). Excluding Tanzania, mobile money revenue grew by 34.2%. The constant currency mobile money revenue growth was driven by revenue growth in both East Africa and Francophone Africa, of 26.9% and 25.4% respectively. In Nigeria, mobile money services (Smartcash) launched in June 2022.

The constant currency revenue growth of 26.5% was driven by both customer base growth of 19.7% and mobile money ARPU growth of 5.9%, with the growth largely coming from Zambia, Uganda, Malawi and DRC. The expansion of our distribution network, particularly our exclusive channels of Airtel Money branches and kiosks, supported customer base growth of 19.7% in both East Africa and Francophone Africa. The mobile money ARPU growth of 5.9% was driven by an increase in the transaction value per customer of 5.6% to $234 per customer per month.

Q1'23 annualised transaction value reached $75.7bn in constant currency, with mobile money revenue contributing 12.7% of total Group revenue in the quarter.

The mobile money customer base increased to 27.6 million, up by 19.7%. Mobile money customer base penetration reached 21.0%, an increase of 1.9 percentage points. Mobile money ARPU growth of 5.9% was largely driven by an increase in transaction values and higher contributions from cash transactions, merchant payments and mobile service recharges through Airtel Money.

EBITDA was $79m, up by 28.3% in constant currency. The EBITDA margin reached 49.5%, an improvement of 67 basis points in constant currency.

Regional Performance

Nigeria

Description	Unit of measure	Quarter ended Jun-22	Jun-21	Reported currency change	Constant currency change
Revenue	**$m**	**517**	**445**	**16.2%**	**18.3%**
Voice Revenue	$m	259	238	8.8%	10.8%
Data Revenue	$m	210	171	22.6%	24.8%
Mobile Money Revenue	$m	0	0	-	-
Other Revenue	$m	48	36	34.5%	37.0%
EBITDA	**$m**	**263**	**246**	**6.9%**	**8.9%**
EBITDA Margin	%	50.8%	55.2%	(441) bps	(441) bps
Operating KPIs					
ARPU	$	3.8	3.6	4.9%	6.8%

East Africa

Description	Unit of measure	Quarter ended Jun-22	Jun-21	Reported currency change	Constant currency change
Revenue	**$m**	**455**	**394**	**15.3%**	**14.1%**
Voice Revenue	$m	203	178	14.2%	14.1%
Data Revenue	$m	123	105	16.6%	15.9%
Mobile Money Revenue	$m	121	91	32.8%	26.9%
Other Revenue	$m	32	38	(16.2%)	(15.2%)
EBITDA	**$m**	**221**	**184**	**19.9%**	**17.9%**
EBITDA Margin	%	48.5%	46.6%	187 bps	157 bps
Operating KPIs					
ARPU	$	2.6	2.4	8.0%	6.8%

Francophone Africa

Description	Unit of measure	Quarter ended Jun-22	Jun-21	Reported currency change	Constant currency change
Revenue	**$m**	**288**	**276**	**4.6%**	**11.7%**
Voice Revenue	$m	148	146	1.4%	8.8%
Data Revenue	$m	85	80	6.8%	14.3%
Mobile Money Revenue	$m	38	33	16.9%	25.4%
Other Revenue	$m	28	26	4.6%	9.2%
EBITDA	**$m**	**122**	**111**	**10.0%**	**16.5%**
EBITDA Margin	%	42.4%	40.3%	210 bps	172 bps
Operating KPIs					
ARPU	$	3.6	3.9	(7.3%)	(0.9%)

Consolidated performance

Description	UoM	Quarter ended- June 2022					Quarter ended- June 2021				
		Mobile services	Mobile money	Unallocated	Eliminations	Total	Mobile services	Mobile money	Unallocated	Eliminations	Total
Revenue	**$m**	**1,135**	**159**	**(0)**	**(37)**	**1,257**	**1,018**	**124**	**(0)**	**(30)**	**1,112**
Voice revenue	$m	610		(0)	(0)	610	562		(0)	(0)	562
Data revenue	$m	418		-	-	418	356		-	(0)	356
Other revenue	$m	107		-	(1)	106	99		-	(1)	98
EBITDA	**$m**	**526**	**79**	**9**	**0**	**614**	**481**	**60**	**(7)**	**(0)**	**534**
EBITDA margin	%	46.3%	49.5%			48.8%	47.2%	48.8%			48.0%
Depreciation and amortization	$m	(182)	(4)	(3)	-	(189)	(171)	(3)	(8)	-	(182)
Operating exceptional items	$m	-	-		-	-	-	-		-	-
Operating profit	**$m**	**344**	**75**	**6**	**0**	**425**	**310**	**57**	**(15)**	**(0)**	**352**

Forward looking statements

This document contains certain forward-looking statements regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates.

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

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

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

Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the impact of competition from illicit trade; the impact of adverse domestic or international legislation and regulation; changes in domestic or international tax laws and rates; adverse litigation and dispute outcomes and the effect of such outcomes on Airtel Africa's financial condition; changes or differences in domestic or international economic or political conditions; the ability to obtain price increases and the impact of price increases on consumer affordability thresholds; adverse decisions by domestic or international regulatory bodies; the impact of market size reduction and consumer down-trading; translational and transactional foreign exchange rate exposure; the impact of serious injury, illness or death in the workplace; the ability to maintain credit ratings; the ability to develop, produce or market new alternative products and to do so profitably; the ability to effectively implement strategic initiatives and actions taken to increase sales growth; the ability to enhance cash generation and pay dividends and changes in the market position, businesses, financial condition, results of operations or prospects of Airtel Africa.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. The forward-looking statements contained in this document reflect the knowledge and information available to Airtel Africa at the date of preparation of this document and Airtel Africa undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements.

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

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

Alternative performance measures (APMs)

Introduction

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

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

Purpose

The directors believe that these APMs assist in providing additional useful information on the 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	Adjustments to reconcile to IFRS measure	Definition and purpose
EBITDA and margin	Operating profit	• Depreciation and amortisation • Exceptional items	The Group defines EBITDA as operating profit/(loss) for the period before depreciation and amortisation and adjusted for exceptional items. The Group defines EBITDA margin as EBITDA divided by revenue. 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. 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, EBITDA and margin are APMs. 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 EBITDA and margin. Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at EBITDA and margin.
Underlying profit / (loss) before tax	Profit / (loss) before tax	• Exceptional items	The Group defines underlying profit/(loss) before tax as profit/(loss) before tax adjusted for exceptional items. The directors view underlying profit/(loss) before tax to be a meaningful measure to analyse the Group's profitability. Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying profit/(loss) before tax.

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Effective tax rate	Reported tax rate	• Exceptional items • Foreign exchange rate movements • One-off tax impact of prior period, tax litigation settlement and impact of tax on permanent differences	The Group defines effective tax rate as reported tax rate (reported tax charge divided by reported profit before tax) adjusted for exceptional items, foreign exchange rate movements and one-off tax items of prior period adjustment, tax settlements and impact of permanent differences on tax. This provides an indication of the current on-going tax rate across the Group. Exceptional tax items or any tax arising on exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at effective tax rate. Foreign exchange rate movements are specific items that are non-tax deductible in a few of the entities which are loss making and where DTA is not yet triggered and hence are considered to hinder comparison of the Group's effective tax rate on a period-to-period basis and therefore excluded to arrive at effective tax rate. One-off tax impact on account of prior period adjustment, any tax litigation settlement and tax impact on permanent differences are additional specific items that because of their size and frequency in the results, are considered to hinder comparison of the Group's effective tax rate on a period-to-period basis.
Underlying profit/(loss) after tax	Profit/(loss) for the period	• Exceptional items	The Group defines underlying profit/(loss) after tax as profit/(loss) for the period adjusted for exceptional items. The directors view underlying profit/(loss) after tax to be a meaningful measure to analyse the Group's profitability. Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying profit/(loss) after tax.
Earnings per share before exceptional items	EPS	• Exceptional items	The Group defines earnings per share before exceptional items as profit/(loss) for the period before exceptional items attributable to owners of the company divided by the weighted average number of ordinary shares in issue during the financial period. This measure reflects the earnings per share before exceptional items for each share unit of the company. Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at earnings for the purpose of earnings per share before exceptional items.
Operating free cash flow	Cash generated from operating activities	• Income tax paid • Changes in working capital • Other non-cash items • Non-operating income • Exceptional items • Capital expenditures	The Group defines operating free cash flow as net cash generated from operating activities before income tax paid, changes in working capital, other non-cash items, non-operating income 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.
Net debt and leverage ratio	Borrowings	• Lease liabilities • Cash and cash equivalent • Term deposits with banks • Deposits given against borrowings/ non-derivative financial instruments • Fair value hedges	The Group defines net debt as borrowings including lease liabilities less cash and cash equivalents, term deposits with banks, deposits given against borrowings/non-derivative financial instruments, processing costs related to borrowings and fair value hedge adjustments. The Group defines leverage ratio as net debt divided by EBITDA for the preceding 12 months. The directors view net debt and the leverage ratio to be meaningful measures to monitor the Group's ability to cover its debt through its earnings.

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Return on capital employed	No direct equivalent	• Exceptional items to arrive at EBIT	The Group defines return on capital employed ('ROCE') as EBIT divided by average capital employed. The directors view ROCE as a financial ratio that measures the Group's profitability and the efficiency with which its capital is being utilised. The Group defines EBIT as operating profit/(loss) for the period adjusted for exceptional items. Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period-to-period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at EBIT. Capital employed is defined as sum of equity attributable to owners of the company, non-controlling interests and net debt. Average capital employed is average of capital employed at the closing and beginning of the relevant period. For quarterly computations, ROCE is calculated by dividing EBIT for the preceding 12 months by the average capital employed (being the average of the capital employed averages for the preceding four quarters).

Some of the Group's IFRS measures and APMs are translated at constant currency exchange rates to measure the organic performance of the Group. In determining the percentage change in constant currency terms, both current and previous financial reporting period's results have been converted using exchange rates prevailing as on 31 March 2022. Reported currency percentage change is derived on the basis of the average actual periodic exchange rates for that financial period. Variances between constant currency and reported currency percentages are due to exchange rate movements between the previous financial reporting period and the current period.

Changes to APMs

- Underlying revenue: The underlying revenue has not been defined as an APM due to the absence of any exceptional items during the period.

Glossary

Technical and Industry Terms

4G data customer	A customer having a 4G handset and who has used at least 1 MB on any of the Group's GPRS, 3G & 4G network in the last 30 days.
Airtel Money (mobile money)	Airtel Money is the brand name for Airtel Africa's mobile money products and services. The term is used interchangeably with 'mobile money' when referring to our mobile money business, finance, operations and activities.
Airtel Money ARPU	Mobile money average revenue per user per month. This is derived by dividing total mobile money revenue during the relevant period by the average number of active mobile money customers and dividing the result by the number of months in the relevant period.
Airtel Money customer base	Total number of active subscribers who have enacted any mobile money usage event in last 30 days.
Airtel Money customer penetration	The proportion of total Airtel Africa active mobile customers who use mobile money services. Calculated by dividing the mobile money customer base by the Group's total customer base.
Airtel Money transaction value	Any financial transaction performed on Airtel Africa's mobile money platform.
Airtel Money transaction value per customer per month	Calculated by dividing the total mobile money transaction value on the Group's mobile money platform during the relevant period by the average number of active mobile money customers and dividing the result by the number of months in the relevant period.
Airtime credit service	A value-added service where the customer can take an airtime credit and continue to use our voice and data services, with the credit recovered through subsequent customer recharge. This is classified as a Mobile Services product (not a Mobile Money product).
ARPU	Average revenue per user per month. This is derived by dividing total revenue during the relevant period by the average number of customers during the period and dividing the result by the number of months in the relevant period.
Average customers	The average number of active customers for a period. Derived from the monthly averages during the relevant period. Monthly averages are calculated using the number of active customers at the beginning and the end of each month.
Capital expenditure	An alternative performance measure (non-GAAP). Defined as investment in gross fixed assets (both tangible and intangible but excluding spectrum and licences) plus capital work in progress (CWIP), excluding provisions on CWIP for the period.
Constant currency	The Group has presented certain financial information that is calculated by translating the results for the current financial year and previous financial years at a fixed 'constant currency' exchange rate, which is done to measure the organic performance of the Group. Growth rates for reporting regions and service segments are in constant currency as it better represents the performance of the business. Constant currency growth rates for prior periods are calculated using closing exchange rates as at the end of prior period.
Customer	Defined as a unique active subscriber with a unique mobile telephone number who has used any of Airtel's services in the last 30 days.
Customer base	The total number of active subscribers that have used any of our services (voice calls, SMS, data usage or mobile money transaction) in the last 30 days.
Data ARPU	Data average revenue per user per month. Data ARPU is derived by dividing total data revenue during the relevant period by the average number of data customers and dividing the result by the number of months in the relevant period.
Data customer base	The total number of subscribers who have consumed at least 1 MB on the Group's GPRS, 3G or 4G network in the last 30 days.
Data customer penetration	The proportion of customers using data services. Calculated by dividing the data customer base by the total customer base.
Data usage per customer per month	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.
Digitalisation	We use the term digitalisation in its broadest sense to encompass both digitisation actions and processes that convert analogue information into a digital form and thereby bring customers into the digital environment, and the broader digitalisation processes of controlling, connecting and planning processes digitally; the processes that effect digital transformation of our business, and of industry, economics and society as a whole through bringing about new business models, socio-economic structures and organisational patterns.
Diluted earnings per share	Diluted EPS is calculated by adjusting the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares actually been issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.
Earnings per share (EPS)	EPS is calculated by dividing the profit for the period attributable to the owners of the company by the weighted average number of ordinary shares outstanding during the period.
Foreign exchange rate movements for non-DTA operating companies and holding companies	Foreign exchange rate movements are specific items that are non-tax deductible in a few of our operating entities, hence these hinder a like-for-like comparison of the Group's effective tax rate on a period-to-period basis and are therefore excluded when calculating the effective tax rate.

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

Abbreviations

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

Risk Factors

The Group's business and the industry in which it operates, together with all other information contained in this document, including, in particular, the risk factors summarised 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.

Principal risks summarised

1. We operate in a competitive environment with the potential for aggressive competition by existing players, or the entry of new players, which could both put a downward pressure on prices, adversely affecting our revenue and profitability.
2. Failure to innovate through simplifying the customer experience, developing adequate digital touchpoints in line with changing customer needs and competitive landscape could lead to loss of customers and market share.
3. An inability to invest and upgrade our network and IT infrastructure could affect our ability to compete effectively in the market.
4. Cybersecurity threats through internal or external sabotage or system vulnerabilities could potentially result in customer data breaches and/or service downtimes.
5. Adverse changes in our external business environment and macro-economic conditions such as supply chain disruptions and inflationary pressures could lead to a significant increase in our operating cost structure and negatively impact profitability.
6. Shortages of skilled telecommunications professionals in some markets and the inability to identify and develop successors for key leadership positions could both lead to disruptions in the execution of our corporate strategy.
7. Our internal control environment is subject to the risk that controls may become inadequate due to changes in internal or external conditions, new accounting requirements, delays, or inaccuracies in reporting.
8. Our telecommunications networks are subject to the risks of technical failures, aging infrastructure, human error, wilful acts of destruction or natural disasters.
9. Our multinational footprint means we are exposed to the risks of currency fluctuations including the availability of funds for repatriation to the Group company triggered by adverse macroeconomic conditions in the markets where we operate.
10. We operate in a diverse and dynamic legal, tax and regulatory environment. A failure to comply with relevant laws and regulations could lead to penalties, sanctions, and reputational damage.