

Airtel Africa plc

Results for the nine-month period ended 31 December 2020

29 January 2021

Another quarter of double-digit growth, with continued improvement in revenue growth and EBITDA profitability

Highlights

- Reported revenue increased by 13.8% to \$2,870m with Q3'21 reported revenue growth of 19.5%.
- Constant currency underlying revenue growth was 18.6%, with Q3'21 growth of 22.8%. Growth for the nine months was recorded across all regions: Nigeria up 21.6%, East Africa up 23.4% and Francophone Africa up 8.0%; and across all services, with voice revenue up 10.4%, data up 31.1% and mobile money up 34.2%.
- Underlying EBITDA for the nine months was \$1,297m, up 16% in reported currency while constant currency underlying EBITDA growth was 22.5%.
- Underlying EBITDA margin for the nine months was 45.5%, up by 118 bps (up 144 bps in constant currency). Q3'21 underlying EBITDA margin was 46.9%.
- Operating profit increased by 21.8% to \$800m in reported currency, and by 29.9% in constant currency.
- Free cash flow was \$466m, up 20% compared to the same period last year.
- Basic EPS was 5.5 cents, down 36.5%, largely due to prior year exceptional items and a one-off derivative gain. Excluding these, basic EPS rose by 19.8%. EPS before exceptional items was 5.0 cents.
- Customer base up 11.0% to 118.9 million, with increased penetration across mobile data (customer base up 23.5%) and mobile money services (customer base up 29.0%). 2.5 million customers were added in Q3'21.

Alternative performance measures (Nine-month period ended)					GAAP Measures (Nine-month period ended)			
Description	Dec-20 \$m	Dec-19 \$m	Reported Currency change %	Constant Currency change %	Description	Dec-20 \$m	Dec-19 \$m	Reported Currency change %
Underlying revenue ¹	2,850	2,522	13.0%	18.6%	Revenue	2,870	2,522	13.8%
Underlying EBITDA	1,297	1,118	16.0%	22.5%	Operating profit	800	657	21.8%
Underlying EBITDA margin	45.5%	44.3%	118 bps	144 bps	Profit before tax ²	482	501	(3.8%)
Free cash flow	466	388	20.0%		Profit after tax ²	261	331	(21.1%)
EPS before exceptional items (cents)	5.0	5.8	(13.7%)		Basic EPS (cents)	5.5	8.6	(36.5%)
EPS before exceptional items (cents) - restated ³	5.0	5.4	(8.1%)		Basic EPS (cents) - restated ³	5.5	8.1	(32.4%)

⁽¹⁾ Underlying revenue excludes a one-time exceptional revenue of \$20m relating to a settlement in Niger in the nine months to 31 December 2020.

⁽²⁾ PBT and PAT decline is largely due to one-off items incurred in the same period in the prior year, excluding the benefit of exceptional items and one-off derivative gain in the prior period, PBT and PAT increased by 20.4% and 30.1% respectively. Please refer to page 4 for explanations of GAAP measures movements.

⁽³⁾ In July 2019, after the announcement of Initial Public Offering (IPO), the company issued 676,406,927 new shares. EPS has been restated considering all the shares as of 31 December 2020 had been issued on 1 April 2019 for like for like comparison.

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

"Our nine-month performance reflects both the resilience of our business model through the Covid-19 pandemic and, for the last six months, a continued improvement in our execution and performance as lockdown restrictions have eased across our countries of operation.

I am particularly pleased with our performance in the latest third quarter, which has demonstrated accelerated growth in both revenue and underlying EBITDA in constant currency to 22.8% and 28.3% respectively.

In part this is due to our continued delivery of strong customer growth in Q3, despite the introduction mid-December of additional customer registration requirements in Nigeria. This has meant a temporary halt to the ability of all operators in the country to onboard new customers. But we are working closely with the government to ensure that all our subscribers provide their valid National Identification Numbers (NINs) and update their SIM registration records, such that disruption is minimised.

Our performance improvement is evident across the business. Regionally, I am pleased to see that the continued strong revenue growth in Nigeria and East Africa, growing 21.6% and 23.4% in constant currency, is increasingly being matched by improvements across Francophone Africa, posting 8.0% growth for the period and 15.0% in Q3. Our rollout into rural markets, along with robust customer growth, helped voice grow 10%, while data and mobile money continued to be growth engines, with over 30% growth.

Finally, while the Covid-19 pandemic has had little impact on our most recent quarter, we remain vigilant about the recent news flow around new strains of the virus and further actions by governments to minimise contagion in our countries of operation. The opportunities for sustainable profitable growth from our underpenetrated markets for both mobile 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 nine months ended 31 December 2020 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) 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 2020 except to the extent required/ prescribed by IAS 34. This report should be read in conjunction with audited consolidated financial statements and related notes for the year ended 31 March 2020. The comparative information has been drawn based on Airtel Africa plc’s Audited Consolidated Financial Statements for the year ended 31 March 2020 prepared under International Financial Reporting Standard (IFRS). All comparatives are for the reported metrics for the nine-month period to 31 December 2019, unless otherwise stated.

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

The management team will host an analyst and investor conference call / webcast at 2:00 PM UK time (GMT), on Friday 29 January 2021, including a Question and Answer session.

To participate in the conference call and webcast, and to ask questions, please register before the event using the following link:

<https://www.diamondpass.net/4467631>

Please note that you will only receive your dial in number and link to the webcast upon registration.

Key financial information

Description	Unit of measure	Nine-month period ended				Quarter ended			
		Dec-20	Dec-19	Reported currency change %	Constant currency change %	Dec-20	Dec-19	Reported currency change %	Constant currency change %
Profit and loss summary									
Underlying Revenue ¹	\$m	2,850	2,522	13.0%	18.6%	1,034	883	17.2%	22.8%
Voice revenue	\$m	1,537	1,459	5.3%	10.4%	565	505	11.8%	16.9%
Data revenue	\$m	842	677	24.4%	31.1%	294	243	20.8%	27.0%
Mobile money revenue ²	\$m	291	228	27.8%	34.2%	110	82	34.0%	41.1%
Other revenue ³	\$m	255	224	13.6%	18.6%	90	76	18.7%	23.9%
Expenses	\$m	(1,563)	(1,419)	10.1%	15.1%	(551)	(488)	12.8%	17.7%
Underlying EBITDA ⁴	\$m	1,297	1,118	16.0%	22.5%	485	399	21.7%	28.3%
Underlying EBITDA margin	%	45.5%	44.3%	118 bps	144 bps	46.9%	45.2%	173 bps	200 bps
Depreciation and amortization ⁵	\$m	(505)	(453)	11.3%	15.9%	(176)	(154)	14.5%	19.6%
Operating exceptional items ⁶	\$m	14	(4)	(463.4%)	(386.7%)	20	18	13.3%	11.4%
Operating profit ⁷	\$m	800	657	21.8%	29.9%	328	262	25.1%	32.4%
Net finance costs	\$m	(318)	(225)	41.4%		(128)	(76)	67.2%	
Non-operating exceptional items	\$m	-	69	-		-	-	-	
Profit before tax ⁸	\$m	482	501	(3.8%)		200	186	7.9%	
Tax	\$m	(235)	(210)	12.1%		(89)	(95)	(5.6%)	
Tax - exceptional items	\$m	14	40	(63.5%)		5	12	(59.8%)	
Total tax charge	\$m	(221)	(170)	29.7%		(84)	(83)	2.2%	
Profit after tax ⁹	\$m	261	331	(21.1%)		116	103	13.1%	
Non-controlling interest	\$m	(55)	(26)	112.9%		(21)	(13)	69.8%	
Profit attributable to parent company shareholder - before exceptional items	\$m	187	203	(8.1%)		74	63	17.8%	
Profit attributable to parent company shareholders	\$m	206	305	(32.4%)		95	90	5.2%	
EPS - before exceptional items	cents	5.0	5.8	(13.7%)		2.0	1.7	17.8%	
EPS - before exceptional items - restated ¹⁰	cents	5.0	5.4	(8.1%)		2.0	1.7	17.8%	
Basic EPS	cents	5.5	8.6	(36.5%)		2.5	2.4	5.2%	
Weighted average no of shares	million	3,758	3,529	6.5%		3,758	3,758	0.0%	
Capex	\$m	403	396	1.8%		188	150	25.1%	
Free cash flow	\$m	466	388	20.0%		146	178	(17.8%)	
Net debts	\$m	3,518	3,233			3,518	3,233		
Operating KPIs									
ARPU	\$	2.8	2.7	1.0%	6.1%	2.9	2.8	4.2%	9.3%
Total customer base	million	118.9	107.1	11.0%		118.9	107.1	11.0%	
Data customer base	million	40.6	32.9	23.5%		40.6	32.9	23.5%	
Mobile money customer base	million	21.5	16.6	29.0%		21.5	16.6	29.0%	

⁽¹⁾ Underlying Group revenue includes intra-segment eliminations of \$74.7m for the nine-month period ended 31 December 2020 and \$65.7m for the prior period. And it excludes one-time exceptional revenue of \$20m relating to a settlement in Niger in the nine-month and three-month periods to 31 December 2020.

⁽²⁾ Mobile money revenue post intra-segment eliminations with mobile services is \$216.3m for the nine-month period ended 31 December 2020 and \$162.1m for the nine-month period ended 31 December 2019.

⁽³⁾ Other revenue includes messaging, VAS, enterprise, site sharing and handset sale revenue. The same is applicable for segment financial performance tables.

⁽⁴⁾ Underlying EBITDA includes other income of \$10m for the nine-month period ended 31 December 2020 and \$15m for the prior period.

⁽⁵⁾ Depreciation and amortisation increase of \$51m is due to investment in capex and additional spectrum in Nigeria.

⁽⁶⁾ Operating exceptional items in December 2020 includes exceptional revenue on account of a one-time settlement in Niger amounting to \$20m.

⁽⁷⁾ Operating profit includes \$5.8m CSR (Corporate social responsibility) expense in the nine-month period ended 31 December 2020 and \$3.8m in the prior period.

⁽⁸⁾ Profit before tax in the nine-month period ended 31 December 2020 included a share of gain from joint ventures and associate of \$0.5m (\$0.1m in the prior period).

⁽⁹⁾ Profit after tax for the nine-month period ended 31 December 2020 is lower due to: (i) higher exceptional benefits of \$51m in the prior period (excluding tax exceptional item); (ii) other finance costs in the prior period included a derivative gain of \$47m; and (iii) higher tax in nine-month period ended 31 December 2020.

⁽¹⁰⁾ In July 2019, following the announcement of the Initial Public Offering (IPO), the company issued 676,406,927 new shares. EPS has been restated considering all the shares as of 31 December 2020 had been issued on 1 April 2019 for like for like comparison.

Financial review for the nine-month period, ended 31 December 2020

These results demonstrate that Airtel Africa is a highly resilient business with an effective strategy, delivering strong growth in its customer base and revenue, and expansion of its underlying EBITDA margin. This performance continues to be underpinned by a strong focus on the execution of our strategy which is capturing growth opportunities in a fast-growing region that is vastly underpenetrated in terms of both mobile and banking services. As a result, we were able to deliver double-digit constant currency mobile services revenue growth for the nine-months of 17.0% (11.5% on a reported basis), with 34.2% mobile money revenue growth (27.8% on a reported basis).

Basic EPS was 5.5 cents, down by 36.5%, as a result of higher other finance costs due to a \$47m derivative gain in the prior period, an increase in tax charges due to higher operating profit and withholding tax on dividends, higher non-controlling interest and the recognition in the prior period of one-off gain of \$72m related to the expired indemnity to certain pre-IPO investors which was accounted for as an exceptional item. Excluding exceptional items and the one-off \$47m derivative gain, basic EPS would be up 19.8%. Non-controlling interest more than doubled largely as a result of higher profit in OPCOs with minority shareholdings including Airtel Nigeria, Airtel Tanzania, Airtel Niger and Airtel Malawi.

GAAP measures

Revenue

Reported Group revenue increased by 13.8%, largely driven by 18.6% of underlying constant currency growth partially offset by currency devaluations, mainly in the Nigerian naira (7.9%), Zambian kwacha (46.6%) and Kenyan shilling (9%), partially offset by appreciation in the Central African franc (8.7%). Reported revenue also benefitted from one-time exceptional revenue of \$20m relating to a settlement in Niger.

The underlying constant currency growth was largely driven by customer base growth of 11.0%, to 118.9 million, and ARPU growth of 6.1%. Revenue growth was recorded across all regions, with Nigeria up 21.6%, East Africa up 23.4% and Francophone Africa up 8.0%. Double-digit revenue growth was also achieved across all service segments, with voice up 10.4%, data up 31.1% and mobile money up 34.2% in constant currency.

Q3'21 reported revenue growth accelerated to 19.5% (benefiting from the same \$20m exceptional revenue), while underlying constant currency revenue growth was 22.8%.

Operating profit

Operating profit amounted to \$800m, up 21.8% in reported currency, as a result of strong revenue growth and lower operating expenditures in proportion to revenue. Operating profit in constant currency grew by almost 30%.

Net finance costs

Net finance costs increased by \$93m, driven by higher other finance costs which more than offset the reduced interest costs of \$9.0m as a result of lower gross debt. Increase in other finance costs was primarily due to a higher forex impact of \$38m (\$81m in current period vs \$43m in previous period) and one-off derivative gains of \$47m in the previous period.

Taxation

Total tax charges for the period amounted to \$221m as compared to \$170m in the comparable period last year. This was due to higher operating profit and withholding tax on dividends declared. The prior period also benefitted from recognition of higher deferred tax credit of \$43m in DRC as against \$14m in Tanzania during the nine-month period ended 31 December 2020.

Profit after tax

Profit after tax was \$261m, down by 21.1%. This was largely a result of the prior year period recognition of a one-off gain of \$72m related to the expired indemnity to certain pre-IPO investors, a higher deferred tax credit of \$29m in the previous period, as well as higher finance costs and tax in the current period. Excluding the benefit of exceptional items and one-off derivative gain of \$47m in the prior period, profit after tax has increased by 30.1%.

Basic EPS

Basic EPS was 5.5 cents, down 36.5%. This was a result of higher other finance costs, due to a \$47m derivative gain in the prior period, an increase in tax charges due to higher operating profit and withholding tax on dividend, higher non-controlling interest, and the recognition in the prior period of a one-off gain of \$72m related to the expired indemnity to certain pre-IPO investors which was accounted for as an exceptional item. Excluding exceptional items and the one-off \$47m derivative gain, basic EPS would be up 19.8%. Non-controlling interest increased by \$29m (113%), largely as a result of higher profit in OPCOs with minority shareholdings, including Airtel Nigeria, Airtel Tanzania, Airtel Niger and Airtel Malawi.

Alternative performance measures¹

Underlying EBITDA

Underlying EBITDA for the nine months was \$1,297m, up 16% year on year in reported currency. In constant currency underlying EBITDA grew 22.5%. This was driven by revenue growth of 18.6% and improved efficiency in operating expenses. Underlying EBITDA margin was 45.5%, an improvement of 118 bps in reported currency and 144 bps in constant currency.

Foreign exchange had an adverse impact of \$122m on constant currency revenue and \$60m on underlying EBITDA, largely driven by devaluation of the Nigerian naira, Zambian kwacha and Kenya shilling, partially offset by appreciation in the Central African Franc (CFA).

Q3'21 underlying EBITDA margin was 46.9%, an improvement of 173 bps in reported currency and 200 bps in constant currency.

Tax

The effective tax rate was 46% compared to 50% in the previous period, largely as a result of the profit mix change amongst the operating entities ("OPCOs"). The effective tax rate is higher than the weighted average statutory tax rate of approximately 33%, largely due to the profit mix between various OPCOs and higher withholding tax on dividend declared. The adjusted effective tax rate was 43% compared to 39% in the previous period, largely as a result of recognition of higher deferred tax credit of \$43m in DRC in the prior period as against \$14m in Tanzania during the nine-month period ended 31 December 2020.

Exceptional items

An exceptional gain of \$28m in December 2020 consisted of (i) a one-time benefit of \$20m on account of a settlement in Niger (Airtel Niger signed an IRU (Indefeasible Right of Use) deal with a Niger telecommunications operator, and as part of the commercial agreement the receivables from the operator for prior periods have been settled and recognised as an exceptional item) (ii) a deferred tax credit in Tanzania amounting to \$14m, partially offset by (iii) one-off costs of \$6.7m in Francophone Africa. Exceptional items for the nine-month period ended 31 December 2019 mainly consisted of a \$72m gain related to the expired indemnity to certain pre-IPO investors and a deferred tax credit of \$43m in DRC.

Free cash flow

Free cash flow was \$466m, up by 20% largely due to higher underlying EBITDA, with capex broadly stable. This was partially offset by an increase of \$71m in cash tax as a result of higher operating profit.

EPS before exceptional items

EPS before exceptional items was 5.0 cents, down by 13.7%, as a result of higher other finance costs due to the recognition of a \$47m derivative gain in the prior period, higher non-controlling interest, and an increase in tax charges due to the higher operating profit and withholding tax on the dividend. Excluding the one-time derivative gain of \$47m, restated EPS grew 19.8%. Non-controlling interest increased by \$29m (113%), largely as a result of higher profit in OPCOs with minority shareholdings including Airtel Nigeria, Airtel Tanzania, Airtel Niger and Airtel Malawi.

Net debt and leverage

Net debt to underlying EBITDA improved to 2.1x, as the increase in underlying EBITDA more than offset the increase in net debt.

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

Other significant updates

Strategic asset monetisation and investment opportunities

We are continuing to look at strategic asset monetisation and investment opportunities for the Group. We are actively pursuing the sale of the remaining owned tower sites that sit across several of our operating countries and the Group is in discussions with various potential investors in relation to possible minority investments into Airtel Money. Discussions are ongoing between the parties and there can be no certainty that a transaction will be concluded or as to the final terms of any transaction

Licence renewal in Nigeria

In January 2021, Airtel Networks Limited (“Airtel Nigeria”), announced that its application for renewal of the spectrum licences in the 900MHz and 1800MHz bands had been approved by the Nigerian Communications Commission (“NCC”). Pursuant to Section 43 of the Nigerian Communications Act, 2003 and Condition 20 of the Unified Access Service Licence (UASL), Airtel Nigeria had applied to renew its spectrum licences in the 900MHz and 1800MHz bands which would otherwise expire on 30 November 2021.

Following the application, the NCC offered Airtel Nigeria the opportunity to renew its spectrum licences in the 900MHz & 1800MHz bands for a period of ten years, with effect from 1 December 2021 until 30 November 2031, which Airtel Nigeria accepted.

Under the terms of the spectrum licences Airtel Nigeria paid 71.611 billion naira (\$189 million) in respect of the licence renewal fees.

New Licence in Uganda

In December, Airtel Uganda Limited was issued with a National Telecom Operator Licence following a period of negotiation and transition to a new Licensing Regime.

The new licence is with effect from 1 July 2020 and is for a period of 20 years. Airtel Uganda will retain all of its current spectrum subject to the law and terms of assignment. The scope of services will be the provision of basic telecommunication services, infrastructure services, and value-added telecommunication services. In addition, Airtel Uganda commits to achieving coverage of 90% of the geographical boundary of Uganda within five years of the effective date of the licence, with a minimum obligation of providing voice and data services.

Under the terms of the licence Airtel Uganda has paid \$74.6m which includes VAT of \$11.4m.

New SIM registration rules in Nigeria

Following a directive issued by the Nigerian Communications Commission on 15 December 2020 to all Nigerian telecom operators, Airtel Nigeria is working with the government to ensure that all our subscribers provide their valid National Identification Numbers (NINs) to update SIM registration records.

New customer acquisitions are currently barred until significant progress is made on linking the current active base with verified NINs. The deadline for customers to register their NIN with their SIM has moved from a provisional date of 30 December 2020 in the initial directive in order to accommodate the logistical challenges involved. The latest deadline for registration is currently 9 February 2021. We have made significant progress on capturing existing NINs and building the database in collaboration with National Identity Management Commission (NIMC). To date, out of Airtel Nigeria’s 44.4 million customers, we have collated NIN information for 21 million mobile customers (47%). To complete the registration process we still need to verify the NIN information we have received from our subscribers with the NIMC. This requires improved connectivity with the NIMC database which is currently being developed for all the Nigerian mobile operators. We have also opened enrolment centres in collaboration with the NIMC to facilitate customers obtaining NINs for roughly half of the population that do not currently have a NIN. We continue to work closely with the government to ensure full compliance.

We anticipate that this will affect customer growth in Nigeria in Q4’21, but the potential overall impact remains uncertain.

Dividend

In October 2020, the Board approved a new progressive dividend policy during the period as a result of the continued strong business performance, significant opportunities to invest in future growth and the aim to continue to reduce leverage. The newly adopted dividend policy aims to grow the dividend annually by a mid to high single digit percentage from a base of 4 cents per share for FY 2021, until reported leverage (calculated as net debt to underlying EBITDA) falls below 2.0x. At the point when reported leverage (calculated as net debt to underlying EBITDA) is below 2.0x, the Board will reassess the dividend policy in light of the growth outlook for the Group. On 28 October 2020, in line with the dividend policy, the Board declared an interim dividend of 1.5 cents per ordinary share which was paid on 11 December 2020.

Directorate change

On 27 October 2020 we announced the appointment of Kelly Bayer Rosmarin as a non-executive director with immediate effect.

Ms. Bayer Rosmarin’s appointment was by nomination of the controlling shareholder pursuant to the terms of the relationship agreement dated 17 June 2019 between the Company, Bharti Airtel, Airtel Africa Mauritius Limited, the majority shareholder and

an indirect subsidiary of Bharti Airtel, and Bharti Telecom. Ms. Bayer Rosmarin replaced Arthur Lang who stepped down as a non-executive director on the same date.

Ms. Bayer Rosmarin is currently CEO of Singtel Optus and Consumer Australia. She was previously with Commonwealth Bank of Australia, where she held several senior positions and varied portfolios, before being appointed as Group Executive of Institutional Banking and Markets. Ms Bayer Rosmarin is recognised for leveraging technology, data and analytics to develop leading customer services and experience. Ms. Bayer Rosmarin was named in the Top 10 Businesswomen in Australia and the Top 25 Women in Asia Pacific Finance and holds a variety of Board and advisory responsibilities.

Ms. Bayer Rosmarin has, since February 2019, served as an Independent non-executive director on the Board of OpenPay, listed on the Australian Securities Exchange, and will continue in that role. Openpay is a payments technology company based in Australia.

Additional spectrum

In June 2020, Airtel Malawi plc was allocated 10 MHz of spectrum in the 2600 band. In October, additional spectrum of 10 MHz in the 2600 band and 5 MHz in the 1800 band was allocated to Airtel Uganda. In December, Airtel Chad received 5 MHz of spectrum in the 900 band and Airtel Zambia received 10 MHz in the 800 band.

Abandonment of merger of Airtel Networks Kenya Limited with Telkom Kenya Limited

In August 2020, Airtel Africa plc announced that its subsidiary Airtel Networks Kenya Limited ("Airtel Kenya") and Telkom Kenya Limited ("Telkom") had decided to no longer pursue completion of the M&A transaction. The transaction was announced in February 2019 and was subject to the satisfaction of various conditions precedent, including regulatory approvals. Despite Airtel Africa plc and Telkom's respective endeavours to reach a successful closure, the transaction had gone through a very lengthy process which led the parties to reconsider their stance.

Partnership with UNICEF

In May 2020, Airtel Africa announced a partnership with UNICEF aimed at providing children with access to remote learning and enabling access to cash assistance for their families via mobile cash transfers. Under this partnership, UNICEF and Airtel Africa will use mobile technology to benefit an estimated 133 million school age children currently affected by school closures in 13 countries across sub-Saharan Africa during the Covid-19 pandemic.

Mobile money

(a) Partnership with remittance leading institutions

Airtel Africa entered into several strategic partnerships with MoneyGram, Mukuru and WorldRemit. Through these partnerships, more than 20 million Airtel Money customers in 12 countries can transfer and receive funds across the globe directly from and into their mobile money wallets on their phone. Mobile money service alliances with these leading international money transfer or remittance service providers will extensively enhance customer access to the digital world.

(b) Partnership with Standard Chartered Bank

In August 2020, Airtel Africa announced a strategic partnership with Standard Chartered Bank, a leading international banking group, to drive financial inclusion across key markets in Africa by providing customers with increased access to mobile financial services. Standard Chartered and Airtel Africa work together to co-create new, innovative products aimed at enhancing the accessibility of financial services and ultimately, better serve people across Africa. In line with this, Airtel Money's customers will be able to make real-time online deposits and withdrawals from Standard Chartered bank accounts, receive international money transfers directly to their wallets, and access savings products amongst other services.

(c) Partnership with Mastercard, Samsung and Asante

In September 2020, Airtel Africa announced an expansion of its partnership with Mastercard by launching a Pay-on-Demand payments platform to drive the digital economy across Africa. This Pay-on-Demand platform enables safe, secure, and convenient consumer financing via Samsung devices with an embedded Knox security platform, through Airtel Africa's network. The partnership facilitates usage-based payments and builds creditworthiness.

These partnerships align with the Group's strategy of expanding the range and depth of Airtel Money offerings to drive customer growth and penetration.

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 nine-month period, ended 31 December 2020

Nigeria

Description	Unit of measure	Nine-month period ended				Quarter ended			
		Dec-20	Dec-19	Reported currency change %	Constant currency change %	Dec-20	Dec-19	Reported currency change %	Constant currency change %
Summarised statement of operations									
Revenue	\$m	1,130	995	13.5%	21.6%	412	355	15.9%	24.1%
Voice revenue	\$m	657	616	6.6%	14.2%	244	218	11.6%	19.4%
Data revenue	\$m	397	315	26.2%	35.2%	140	115	21.6%	30.2%
Other revenue	\$m	76	65	16.9%	25.3%	28	21	29.9%	39.0%
Underlying EBITDA	\$m	608	535	13.6%	21.7%	221	194	14.0%	22.0%
Underlying EBITDA margin	%	53.8%	53.7%	6 bps	6 bps	53.8%	54.7%	(91) bps	(92) bps
Depreciation and amortisation	\$m	(177)	(137)	29.1%	38.2%	(62)	(48)	29.4%	38.4%
Exceptional item	\$m	-	5	(100.0%)	(100.0%)	-	8	(100.0%)	(100.0%)
Operating profit¹	\$m	431	403	6.9%	14.5%	159	154	3.2%	10.5%
Capex	\$m	178	180	(0.8%)	(0.8%)	81	64	26.4%	26.4%
Operating free cash flow	\$m	430	355	20.9%	34.2%	140	130	7.9%	19.8%
Operating KPIs									
ARPU	\$	2.9	2.9	0.7%	7.9%	3.0	3.0	2.3%	9.5%
Total customer base	million	44.4	39.9	11.5%		44.4	39.9	11.5%	
Data customer base	million	18.8	15.2	23.6%		18.8	15.2	23.6%	

⁽¹⁾ The operating profit in above table includes a CSR (Corporate social responsibility) expense of \$0.4m for the nine-month period ended December 2020 and \$0.2m in the nine-month period ended December 2019.

Revenue in reported currency grew by 13.5%, while in constant currency revenue grew by 21.6% as a result of Nigerian naira devaluation by 7.9% (YoY). Revenue growth in Q3'21 improved to 15.9% in reported currency, and to 24.1% in constant currency.

Voice revenue continued to grow by double digit to \$657m in the nine-month period, up by 14.2% in constant currency. Voice revenue growth was driven by the combination of growing customer base and ARPU. The customer base increased by 11.5%, driven by continued expansion of our distribution network and network infrastructure. Voice ARPU growth of 1.4% was a result of increased voice usage per customer, up 12.4%. Q3'21 voice revenue growth accelerated to 19.4% in constant currency, mainly driven by voice ARPU growth.

Data revenue growth of 35.2% in constant currency was driven by 23.6% growth in data customers and the 12.2% growth in data ARPU. Data customer penetration was up by 4.1ppts from the previous period and reached 42.4% as of December 2020. The data customer base growth of 23.6% was a result of expansion of the 4G network, with 82% of total sites now on 4G. Data usage per customer increased by 49.2% and data revenue accounted for 35.1% of total revenue in the nine-month period, up by 3.5ppts from 31.6% in previous period.

Underlying EBITDA grew by 13.6% in reported currency, with constant currency growth of 21.7%. Underlying EBITDA margin during the period was almost flat compared with the previous period. The slight drop in Q3 underlying EBITDA margin is due to increased operating expenses as a result of higher new sites rollout (1600+ additional sites during the period).

Capital expenditure was broadly stable at \$178m. Operating free cash flow was \$430m, up by 34.2%, largely as a result of the growth in underlying EBITDA.

East Africa¹

Description	Unit of Measure	Nine-month period ended				Quarter ended			
		Dec-20	Dec-19	Reported currency change %	Constant currency change %	Dec-20	Dec-19	Reported currency change %	Constant currency change %
Summarised statement of operations									
Revenue²	\$m	1,023	891	14.9%	23.4%	364	313	16.3%	26.0%
Voice revenue	\$m	486	453	7.3%	15.4%	174	157	11.1%	20.4%
Data revenue	\$m	262	225	16.5%	25.1%	88	81	8.3%	17.2%
Mobile money revenue ³	\$m	211	155	36.0%	47.0%	80	56	41.1%	54.1%
Other revenue	\$m	112	99	13.0%	19.5%	38	34	13.6%	21.1%
Underlying EBITDA	\$m	463	360	28.5%	38.8%	170	127	34.2%	45.6%
Underlying EBITDA margin	%	45.2%	40.4%	481 bps	501 bps	46.8%	40.5%	625 bps	625 bps
Depreciation and amortisation	\$m	(164)	(174)	(5.7%)	0.5%	(58)	(57)	1.8%	8.6%
Exceptional item	\$m	(0)	7	(100.0%)	(100.0%)	(0)	12	(100.0%)	(100.0%)
Operating profit	\$m	297	193	54.2%	68.8%	112	82	37.7%	50.8%
Capex	\$m	168	121	39.3%	39.3%	87	61	42.9%	42.9%
Operating free cash flow	\$m	295	239	23.1%	38.6%	83	66	26.3%	48.5%
Operating KPIs									
ARPU	\$	2.3	2.2	1.5%	9.0%	2.3	2.3	2.9%	11.5%
Total customer base	million	52.6	47.4	11.1%		52.6	47.4	11.1%	
Data customer base	million	15.6	12.9	21.2%		15.6	12.9	21.2%	
Mobile Money customer base	million	17.9	13.9	28.5%		17.9	13.9	28.5%	

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

⁽²⁾ Group revenue includes intra-segment eliminations of \$48.1m for the nine-month period ended December 2020 and \$41.2m for the nine-month period ended December 2019.

⁽³⁾ Mobile money revenue post intra-segment eliminations with mobile services was \$163.3m for the nine-month period ended December 2020 and \$114.2m for the nine-month period ended December 2019.

⁽⁴⁾ Operating profit includes a CSR (Corporate social responsibility) expense of \$1.6m for the nine-month period ended December 2020.

Performance in East Africa continued to be strong with 14.9% revenue growth in reported currency and 23.4% in constant currency. Revenue growth in Q3'21 accelerated to 16.3% in reported currency, and 26% in constant currency, supported by growth across all key business segments, but particularly mobile money. Constant currency revenue growth was partially offset by currency devaluation, mainly in Zambia and Kenya.

Voice revenue amounted to \$486m, with growth of 7.3% in reported currency and 15.4% in constant currency, driven by customer base growth of 11.1% and voice ARPU growth of 2%. Total minutes on the network were up 35.7%, led by a 20% increase in voice usage per customer and customer base growth. In Q3'21 voice revenue was up 11.1% in reported currency and 20.4% in constant currency.

Data revenue was \$262m, up 25.1% year on year in constant currency. This was driven by data customer base growth of 21.2% and a data ARPU increase of 2%. Growth was recorded across all OPCOs, driven by expansion of our network infrastructure, with 72% of sites now on 4G, compared with 64% during the previous period. Data usage per customer reached 2.6GB per customer, up 45.4% from 1.8GB per customer in the prior period. Total data usage on our network grew 78.4% year on year.

During the period "Pay as you Go tariffs" in certain markets were updated and this resulted in a revenue reallocation of bundled products of voice and data in such tariffs. On a like for like basis voice and data revenue growth was 11.1% and 33.8% respectively.

Mobile money revenue grew 47% in constant currency, largely from growth in Zambia, Tanzania, Uganda and Malawi. This was driven by 28.5% customer base growth and 27% growth in the transaction value per customer, due to expansion of our distribution network. Mobile money ARPU grew by 15.1% in the nine-month period. Q3'21 mobile money revenue grew 54.1% with 28.5% growth in the customer base and mobile money ARPU growth of 20.2% in constant currency.

Underlying EBITDA margin was 45.2%, an improvement of 481 bps in reported currency and 501 bps in constant currency, due to accelerated growth in revenue and efficiency improvement in operating expenses.

Capital expenditure was \$168m, up 39.3% as a result of planned network expansion. Operating free cash flow was \$295m, up by 38.6% due largely to the improvement in underlying EBITDA.

Francophone Africa¹

Description	Unit of measure	Nine-month period ended				Quarter ended			
		Dec-20	Dec-19	Reported currency change %	Constant currency change %	Dec-20	Dec-19	Reported currency change %	Constant currency change %
Summarised statement of operations									
Underlying revenue ²	\$m	704	644	9.4%	8.0%	259	218	18.9%	15.0%
Voice revenue	\$m	397	398	(0.1%)	(1.6%)	146	133	9.6%	5.6%
Data revenue	\$m	183	138	32.9%	31.4%	66	47	40.2%	35.8%
Mobile money revenue ³	\$m	79	68	15.9%	13.9%	30	25	20.7%	16.1%
Other revenue	\$m	71	64	10.4%	10.5%	26	22	20.3%	18.9%
Underlying EBITDA	\$m	254	222	14.7%	13.0%	108	82	32.2%	28.2%
Underlying EBITDA margin	%	36.1%	34.5%	166 bps	160 bps	41.7%	37.5%	421 bps	431 bps
Depreciation and amortisation	\$m	(155)	(142)	8.8%	7.5%	(57)	(49)	15.6%	12.0%
Exceptional item ⁴	\$m	14	(12)	(212.6%)	(204.8%)	20	(2)	(1321.9%)	(1223.6%)
Operating profit	\$m	112	67	66.8%	62.3%	71	30	133.6%	124.2%
Capex	\$m	56	93	(40.2%)	(40.2%)	20	24	(18.8%)	(18.8%)
Operating free cash flow	\$m	198	129	54.1%	51.7%	88	57	54.0%	48.3%
Operating KPIs									
ARPU	\$	3.8	3.7	1.9%	0.6%	4.0	3.7	9.0%	5.4%
Total customer base	million	21.8	19.9	9.7%		21.8	19.9	9.7%	
Data customer base	million	6.2	4.7	29.6%		6.2	4.7	29.6%	
Mobile Money customer base	million	3.6	2.7	32.3%		3.6	2.7	32.3%	

⁽¹⁾ This business segment includes Niger, Chad, Gabon, Democratic Republic of the Congo, Republic of the Congo, Madagascar, and Seychelles.

⁽²⁾ Underlying revenue includes intra-segment eliminations of \$26.6m for the nine-month period ended December 2020 and \$24.5m for the nine-month period ended December 2019. And it excludes a one-time exceptional revenue of \$20m relating to a settlement in Niger in the nine-month and three-month periods to 31 December 2020.

⁽³⁾ Mobile money revenue post intra-segment eliminations with mobile services is \$52.8m for the nine-month period ended December 2020 and \$43.9m for the nine-month period ended December 2019. ⁽⁴⁾ The operating profit in above table includes a CSR (Corporate social responsibility) expense of \$1m for the nine-month period ended December 2020.

⁽⁴⁾ Operating exceptional items in December 2020 includes exceptional revenue on account of a one-time settlement in Niger amounting to \$20m.

Performance in Francophone Africa improved strongly, with reported revenue growth of 9.4% and constant currency growth of 8.0%. Reported currency growth was higher than constant currency growth due to appreciation in the value of the Central African and West Africa franc. Performance across the region was mixed, with revenue growth in Democratic Republic of the Congo (DRC), Gabon, Niger and Chad partially offset by marginal decline in a few countries in the region. For Q3'21 revenue growth accelerated significantly to 18.9% in reported currency and 15.0% in constant currency.

Voice revenue was almost flat in reported currency for the nine-month period ended December 2020. However, Q3'21 voice revenue grew by 9.6% in reported currency and 5.6% in constant currency. This was driven by customer base growth of 9.7% offset by a decline in Voice ARPU of 3.2%. The Voice ARPU trend reflects reductions in interconnect rates in Gabon and Chad and roaming revenues. Total voice minutes on the network grew by 28% in Q3 year on year.

Data revenue increased by 31.4% in constant currency, driven by customer growth of 29.6% and data ARPU growth of 1.8%. Smartphone penetration increased by 4ppts and reached 29.3%. Data usage per customer increased from 1.2GB per customer to 1.9GB per customer. As a result, total data usage more than doubled and data usage per customer was up 60.7%. The data customer base growth of 29.6% was due to expansion of our 4G network, with 59% of total sites now on 4G, and the success of our "More for More" bundle offerings driving data uptake by customers.

Mobile money revenue for the nine-month period was \$79m, with constant currency growth of 13.9%. This was largely driven by a 32.3% increase in the mobile money customer base supported by the expansion of our distribution network through more agents, kiosks and Airtel Money branches.

Underlying EBITDA margin was 36.1% during the period, an improvement of 160bps in constant currency. Q3'21 underlying EBITDA margin at 41.7%, an improvement of 431bps in constant currency driven by revenue growth and opex efficiency.

Capital expenditure during the period was \$56m. This is almost half the level of the previous period due to a significant network modernisation programme last year. Operating free cash flow was at \$198m, up 51.7% as a result of an improvement in underlying EBITDA and lower capital expenditure.

Mobile services

Description	Unit of measure	Nine-month period ended				Quarter ended			
		Dec-20	Dec-19	Reported currency change %	Constant currency change %	Dec-20	Dec-19	Reported currency change %	Constant currency change %
Summarised statement of operations									
Underlying Revenue ¹	\$m	2,637	2,366	11.5%	17.0%	948	826	14.7%	20.2%
Underlying EBITDA	\$m	1,183	1,006	17.6%	24.4%	446	363	23.1%	29.7%
Underlying EBITDA margin	%	44.9%	42.5%	233 bps	265 bps	47.1%	43.9%	318 bps	345 bps
Depreciation and amortisation	\$m	(489)	(449)	8.9%	13.4%	(175)	(153)	14.7%	18.7%
Operating exceptional items	\$m	14	(0)	-	-	20	18	12.6%	11.4%
Operating profit ²	\$m	705	557	26.6%	35.5%	291	228	27.9%	35.8%
Capex	\$m	395	386	2.3%	2.3%	184	145	26.5%	26.5%
Operating free cash flow	\$m	788	620	27.1%	39.4%	262	217	20.7%	32.0%
Operating KPIs									
Mobile voice									
Voice revenue	\$m	1,537	1,459	5.3%	10.4%	565	505	11.8%	16.9%
Customer base	million	118.9	107.1	11.0%		118.9	107.1	11.0%	
Voice ARPU	\$	1.5	1.6	(5.9%)	(1.3%)	1.6	1.6	(0.5%)	4.0%
Mobile data									
Data revenue	\$m	842	677	24.4%	31.1%	294	243	20.8%	27.0%
Data customer base	million	40.6	32.9	23.5%		40.6	32.9	23.5%	
Data ARPU	\$	2.5	2.4	1.5%	7.0%	2.4	2.5	(3.5%)	1.5%

⁽¹⁾ Mobile service revenue after intersegment eliminations amounted to \$2,634m for the nine-month period ended 31 December 2020 and \$2,364m for the nine-month period ended 31 December 2019. And it excludes a one-time exceptional revenue of \$20m relating to a settlement in Niger in the nine-month and three-month periods to 31 December 2020.

⁽²⁾ Operating profit includes a CSR (Corporate social responsibility) expense of \$3.1m for the nine-month period ended 31 December 2020 and \$0.6m for the nine-month period ended 31 December 2019.

Underlying mobile services revenue increased by 11.5% on a reported basis and by 17% in constant currency, with both voice and data revenue contributing to revenue growth.

Voice revenue increased by 5.3% in reported currency and 10.4% in constant currency, driven by customer base growth of 11% as a result of the expansion of the distribution network and network infrastructure, partially offset by a slight decline in voice ARPU by 1.3%. Voice usage per customer increased by 17.4% resulting in overall minutes growth of 31.3%. In Q3'21 voice revenue grew by 16.9% with an improved performance across all regions.

Data revenue was up by 31.1% in constant currency in the nine-month period, largely driven by an increase in the data customer base and data usage growth. Our data customer base grew 23.5% supported by continued expansion of our 4G network (with 74% of sites now on 4G), increased smartphone penetration by 1.7ppts, and an increase in data ARPU of 7.0%. 34.2% of our total customer base are now data customers, up from 30.7% in the prior nine-month period. Data usage per customer per month was 2.6GB, up 48.4% year on year, largely driven by our 4G network expansion and increasingly popular data bundle offerings. Total data usage was up 81.9% driven by increase in both customer base and data usage per customer. Growing penetration on our 4G network helped drive data ARPU growth up 7%, with 4G data usage more than doubling and contributing 59% to total data usage on the network in Q3'21.

For the nine-month period data revenue contributed 29.5% to total Group revenue, up from 26.8% in the previous period.

Mobile money

Description	Unit of measure	Nine-month period ended				Quarter ended			
		Dec-20	Dec-19	Reported currency change %	Constant currency change %	Dec-20	Dec-19	Reported currency change %	Constant currency change %
Summarised statement of operations									
Revenue ¹	\$m	291	228	27.8%	34.2%	110	82	34.0%	41.1%
Underlying EBITDA	\$m	142	110	28.3%	34.1%	54	40	33.3%	39.6%
Underlying EBITDA Margin	%	48.7%	48.5%	21 bps	(6) bps	48.7%	49.0%	(24) bps	(53) bps
Depreciation and amortisation	\$m	(7)	(4)	57.1%	63.1%	(2)	(1)	17.3%	25.6%
Operating profit	\$m	135	106	27.2%	32.9%	52	39	33.9%	40.1%
Capex	\$m	7	7	(0.7%)	(0.7%)	3	4	(18.6%)	(18.6%)
Operating free cash flow	\$m	135	103	30.3%	36.5%	51	36	38.6%	45.0%
Operating KPIs									
Mobile money key KPIs									
Transaction value	\$m	33,471	23,332	43.5%	51.6%	12,799	8,365	53.0%	62.0%
Active customers	million	21.5	16.6	29.0%		21.5	16.6	29.0%	
Mobile money ARPU	\$	1.7	1.7	(0.0%)	5.1%	1.8	1.7	4.1%	9.7%

⁽¹⁾ Mobile money service revenue post intra-segment eliminations with mobile services was \$216.3m for the nine-month period ended December 2020 and \$162.1m for the nine-month period ended December 2019.

Mobile money revenue amounted to \$291m, up 27.8% in reported currency and up 34.2% in constant currency. The latter was driven by 29% growth in the customer base and transaction value growth of 51.6%. Growth in the customer base was largely driven by the expansion of our distribution network, as we continued to invest in exclusive kiosks and mobile money branches. Throughout the period, the expansion of our mobile money product portfolio, through various partnerships with leading financial institutions, and the expansion of our merchant ecosystem have further strengthened our mobile money propositions.

Underlying EBITDA amounted to \$142m for the period, an increase of 28.3% in reported currency and 34.1% in constant currency. The underlying EBITDA margin was 48.7%, broadly stable with the previous period. The growth in total transaction value of 51.6% in constant currency was driven by customer base growth of 29% and 18.6% growth in transaction value per customer per month. The Q3'21 annualised transaction value reached \$52bn and mobile money revenue now accounts for 10.2% of total revenue.

Our mobile money customer base reached 21.5 million, up 29% over the previous period, with Airtel Money customers now representing 18% of our total customers, an increase of 2.5ppts. Mobile money ARPU was up 5.1%, driven by the increase in transaction values and a higher contribution from merchant payments, cash out, P2P transfer and recharge of mobile services through Airtel Money.

Forward looking statements

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

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

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

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

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

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

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

Financial data included in this document are presented in US\$ rounded to the nearest million. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding. The 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. The growth numbers YoY are provided on constant currency basis unless stated differently.

Alternative performance measures (APMs)

Introduction

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

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

Purpose

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

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

Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive-setting purposes.

The Directors believe the following metrics to be the APMs used by the Group to help evaluate growth trends, establish budgets and assess operational performance and efficiencies. These measures provide an enhanced understanding of the Group's results and related trends, therefore increasing transparency and clarity into the core results of the business.

The following metrics are useful in evaluating the Group's operating performance:

APM	Closest equivalent IFRS measure	Adjustment to reconcile to IFRS measure	Definition and Purpose
Underlying Revenue	Revenue	<ul style="list-style-type: none"> Exceptional Item 	<p>The Group defines underlying revenue as revenue for the period adjusted for exceptional items.</p> <p>The Directors view underlying revenue to be a meaningful measure to analyse the Group's revenue, excluding exception items.</p> <p>Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period to period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying revenue.</p>
Underlying EBITDA and Margin	Operating Profit	<ul style="list-style-type: none"> Depreciation and amortisation Charity and donation Exceptional Item 	<p>The Group defines underlying EBITDA as operating profit/ (loss) for the period before depreciation and amortization, charity and donation and adjusted for exceptional items.</p> <p>Group defines underlying EBITDA margin as underlying EBITDA divided by total underlying revenue.</p> <p>Underlying EBITDA and margin are measures used by the Directors to assess the trading performance of the business and are therefore the measure of segment profit that the Group presents under IFRS. Underlying EBITDA and margin are also presented on a consolidated basis because the Directors believe it is important to consider profitability on a basis consistent with that of the Group's operating segments. When presented on a consolidated basis, underlying EBITDA and margin are APM.</p> <p>Depreciation and amortisation is a non-cash item which fluctuates depending on the timing of capital investment and useful economic life. Directors believe that a measure which removes this volatility improves comparability of the Group's results period on period and hence is adjusted to arrive at underlying EBITDA and margin.</p> <p>Charity and donations are not related to the trading performance of the Group and hence adjusted to arrive at underlying EBITDA and margin.</p> <p>Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period to period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying EBITDA and margin.</p>

APM	Closest equivalent IFRS measure	Adjustment to reconcile to IFRS measure	Definition and Purpose
Underlying Operating Expenditure	Expenses	<ul style="list-style-type: none"> • Access charges • Depreciation and amortisation • Charity and donations • Exceptional items 	<p>The Group defines underlying operating expenditure as expenses excluding access charges, depreciation and amortisation, charity and donation and adjusted for exceptional items.</p> <p>The Directors view underlying operating expenditure to be a meaningful measure to track the actual cost of the Group's business, excluding exceptional items, as well as to track the efficiency and productivity of the business.</p> <p>The Directors view access charges in net level (net of revenue and cost) in revenue account and hence adjusted to arrive at underlying operating expenditure.</p> <p>Depreciation and amortisation is a non-cash item which fluctuates depending on the timing of capital investment and useful economic life. Directors believe that a measure which removes this volatility improves comparability of the Group's results period on period and hence is adjusted to arrive at underlying operating expenditure.</p> <p>Charity and donations are not related to the trading expenses of the Group and hence adjusted to arrive at underlying operating expenditure.</p> <p>Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's trading expenses on a period to period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying operating expenditure.</p>
Underlying Profit / (Loss) Before Tax	Profit / (Loss) Before Tax	<ul style="list-style-type: none"> • Exceptional items 	<p>The Group defines underlying profit / (loss) before tax as profit/ (loss) before tax adjusted for exceptional items.</p> <p>The Directors view underlying profit / (loss) before tax to be a meaningful measure to analyse the Group's profitability.</p> <p>Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period to period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying profit / (loss) before tax.</p>
Effective tax rate	Reported tax rate	<ul style="list-style-type: none"> • Exceptional items • Foreign exchange rate movements • One-off tax impact of prior period, tax litigation settlement and impact of tax on permanent differences 	<p>The Group defines effective tax rate as reported tax rate (reported tax charge divided by reported profit before tax) adjusted for exceptional items, foreign exchange rate movements and one-off tax items of prior year adjustment, tax settlements and impact of permanent differences on tax.</p> <p>This provides an indication of the current on-going tax rate across the Group.</p> <p>Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period to period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at effective tax rate.</p> <p>Foreign exchange rate movements are specific items that are non-tax deductible in few of the entities which are loss making and where DTA is not yet triggered and hence are considered to hinder comparison of the Group's effective tax rate on a period to period basis and therefore excluded to arrive at effective tax rate.</p> <p>One-off tax impact on account of prior year adjustment, any tax litigation settlement and tax impact on permanent differences are additional specific items that because of their size and frequency in the results, are considered to hinder comparison of the Group's effective tax rate on a period to period basis.</p>
Adjusted effective tax rate	Reported tax rate	<ul style="list-style-type: none"> • Deferred tax triggered during the year and accounted as exceptional tax item. 	<p>The Group defines adjusted effective tax rate as effective tax rate after normalizing any impact arising on account of deferred tax triggered during the year for the first time which has been reported as exceptional item.</p> <p>This provides an indication of the tax rate across the Group for the current financial year after considering any deferred tax triggered during the year.</p>

APM	Closest equivalent IFRS measure	Adjustment to reconcile to IFRS measure	Definition and Purpose
Underlying profit/(loss) after tax	Profit/(loss) for the period	<ul style="list-style-type: none"> Exceptional items 	<p>The Group defines underlying profit / (loss) after tax as profit / (loss) for the period adjusted for exceptional items.</p> <p>The Directors view underlying profit / (loss) after tax to be a meaningful measure to analyse the Group's profitability.</p> <p>Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period to period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying profit/(loss) after tax.</p>
Earnings per share before exceptional items	EPS	<ul style="list-style-type: none"> Exceptional items 	<p>The Group defines earnings per share before exceptional items as profit/ (loss) for the period before exceptional items attributable to owners of the Group divided by the weighted average number of ordinary shares in issue during the financial period.</p> <p>This measure reflects the earnings per share before exceptional items for each share unit of the Group.</p> <p>Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period to period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at earnings for the purpose of earnings per share before exceptional items.</p>
Operating Free Cash Flow	Cash generated from operating activities	<ul style="list-style-type: none"> Income tax paid, Changes in working capital, Other non-cash items, Non-operating income, Charity and donation Exceptional items Capital expenditures 	<p>The Group defines operating free cash flow as net cash generated from operating activities before income tax paid, changes in working capital, other non-cash items, non-operating income, charity and donation and exceptional items less capital expenditures. The Group views operating free cash flow as a key liquidity measure, as it indicates the cash available to pay dividends, repay debt or make further investments in the Group.</p>
Free Cash Flow	Cash generated from operating activities	<ul style="list-style-type: none"> Changes in working capital, Capital expenditures Cash tax Cash Interest 	<p>The Group defines free cash flow as net cash generated from operating activities after change in operating working capital, cash tax & cash interest. It is calculated as "Underlying EBITDA less change in operating working capital, capital expenditure, cash tax and cash interest."</p> <p>The Group views free cash flow as a key liquidity measure, as it indicates the cash available to pay dividends, repay debt or make further investments in the Group.</p>
Net Debt and Leverage Ratio	No direct equivalent	<ul style="list-style-type: none"> Borrowing Lease liabilities Cash and cash equivalent Fair value hedges 	<p>The Group defines net debt as borrowings including lease liabilities less cash and cash equivalents, processing costs related to borrowings and fair value hedge adjustments.</p> <p>The Group defines leverage ratio as net debt divided by underlying EBITDA.</p> <p>The Directors view net debt and the leverage ratio to be meaningful measures to monitor the Group's ability to cover its debt through its earnings.</p>

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

Changes to APMs

Definition of underlying EBITDA margin has been clarified as underlying EBITDA divided by underlying revenue. Underlying revenue is included in the APM and is defined as revenue for the period adjusted for exceptional items. The reason for using underlying revenue is because exceptional revenue has been recorded for the first time in the nine-month period ended 31 December 2020.

Glossary

Technical and Industry Terms

4G Data customer	A customer having a 4G handset and who has used at least 1MB on any of the Group's GPRS, 3G & 4G network in the last 30 days.
Airtel Money ARPU	Airtel Money average revenue per user, which is derived by dividing total Airtel Money revenue during the relevant period by the average number of Airtel Money customers and dividing the result by the number of months in the relevant period.
Airtel Money customer base	Total number of subscribers who have enacted any Airtel Money usage event in last 30 days.
Airtel Money customer penetration	The proportion of total Airtel customers who use Airtel Money services. Calculated by dividing the Airtel Money customer base by the Group's total customer base.
Airtel Money transaction value	Any financial transaction performed on the Airtel Money platform.
Airtel Money transaction value per customer per month	Calculated by dividing the total Airtel Money transaction value on the Group's Airtel Money platform during the relevant period by the average number of Airtel Money customers and dividing the result by number of months in the relevant period.
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 customers for a period. Derived from the monthly averages during the relevant period. Monthly averages are calculated using the number of customers at the beginning and the end of each month.
Broadband Base Stations	Base stations that carry either 3G and/or 4G capability across all technologies and spectrum bands.
Capital expenditure	An alternative performance measure (non-GAAP). Defined as investment in gross fixed assets (both tangible and intangible, but excluding spectrum and licences) plus capital work in progress (CWIP), excluding provisions on CWIP for the period.
Constant currency	The Group has presented certain financial information that is calculated by translating the results for the current financial year and prior financial years at a fixed 'constant currency' exchange rate, which is done to measure the organic performance of the Group.
Churn	Churn is derived by dividing the total number of customer disconnections during the relevant period by the average number of customers and dividing the result by number of months in the relevant period.
Customer	Defined as a unique 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 subscribers that have used any of our services (voice calls, SMS, data usage or Airtel Money transaction) in the last 30 days.
Data ARPU	Data ARPU is derived by dividing total data revenue during the relevant period by the average number of Data customers and dividing the result by the number of months in the relevant period.
Data customer base	The total number of subscribers who have consumed at least 1MB on the Group's GPRS, 3G or 4G network in the last 30 days.
Data customer penetration	The proportion of customers using Data services. Calculated by dividing the data customer base by the total customer base.
Data usage per customer	Calculated by dividing the total MBs consumed on the Group's network during the relevant period by the average data customer base over the same period and dividing the result by the number of months in the relevant period.
Underlying EBITDA	An alternative performance measure (non-GAAP). Defined as operating profit before depreciation, amortisation, CSR cost and exceptional items.
Underlying EBITDA margin	An alternative performance measure (non-GAAP). Calculated by dividing underlying EBITDA for the relevant period by underlying revenue for the relevant 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.
Free cash flow	An alternative performance measure (non-GAAP). Free cash flow is defined as operating free cash flow less cash interest, cash tax and change in operating working capital.
Leverage	An alternative performance measure (non-GAAP). Leverage (or leverage ratio) is computed by dividing net debt at the end of the relevant period by the underlying EBITDA for the preceding 12 months.
Minutes of usage	The duration in minutes for which customers use the Group's network for making and receiving voice calls. It is typically expressed over a period of one month. It includes all incoming and outgoing call minutes, including roaming calls.
Mobile services	Mobile services are our core telecom services, mainly voice and data services, but also including revenue from tower operation services provided by the Group and excluding Airtel Money services.
Net debt	An alternative performance measure (non-GAAP). Defined as the total of long-term borrowings, short term borrowings and lease liabilities, less cash and cash equivalents.
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 free cash flow	An alternative performance measure (non-GAAP). calculated by subtracting capital expenditure from underlying EBITDA.
Operating leverage	An alternative performance measure (non-GAAP). Operating leverage is a measure of the operating efficiency of the business. It is calculated by dividing operating expenditure (excluding regulatory charges) by total revenue.
Operating profit	A GAAP measure of profitability. Calculated as revenue less operating expenditure (including depreciation & 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	Smartphone is defined as a mobile phone with an interactive touch screen that allows the user to access the internet and additional data applications, in addition to the functionality of a basic phone 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.
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

3G	Third-generation mobile technology
4G	Fourth-generation mobile technology
ARPU	Average revenue per user
bps	Basis points
bn	Billion
CSR	Corporate Social Responsibility
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
GAAP	Generally Accepted Accounting Principles
GB	Gigabyte
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
OPCO	Operating company
KPIs	Key performance indicators
m	Million
MB	Megabyte
P2P	Person to Person
ppts	Percentage points
SIM	Subscriber Identification Module
Single RAN	Single radio access network
SMS	Short Messaging Service
UoM	Unit of measure