



Transforming lives

Airtel Africa plc Annual Report
and Accounts 2020



Who we are

We are a leading provider of telecoms and mobile money services in 14 countries in sub-Saharan Africa.

Our services already reach more than **110 million customers**, bridging digital divides and increasing financial inclusion.



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Welcome to our first annual report as a listed company. In the sections that follow, we aim to give you a fair, balanced and understandable account of our business and performance, in a year of sustained and profitable growth. We also aim to share our view of the opportunities and challenges we foresee, and the mitigating actions we're taking, as we continue to create value for our customers and shareholders, by growing profitably and as a powerful force for financial inclusion.

As we publish this report, the world is being impacted in tragic and unprecedented ways by the COVID-19 pandemic. We describe the impacts of this pandemic, and our response, on pages 9 and 10.

RAGHUNATH MANDAVA CHIEF EXECUTIVE OFFICER

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Financial performance

\$3,422m

revenue
+13.8% in constant currency

\$1,515m

underlying EBITDA
+16.3% in constant currency

\$901m

operating profit
+25.4% in constant currency

\$642m

capex
+1.9%

10.3 cents

basic earnings per share
decrease of 9.2 cents

Financial highlights

Alternative performance measure (year ended)

Revenue (\$m)

Mar '20	3,422
Mar '19	3,077

Reported change 11.2%, constant change 13.8%

Underlying EBITDA

Mar '20	1,515
Mar '19	1,332

Reported change 13.8%, constant change 16.3%

Underlying EBITDA margin

Mar '20	44.3%
Mar '19	43.3%

Reported change 100bps, constant change 94bps

Free cash flow (\$m)

Mar '20	453
Mar '19	151

Reported change 200.7%

EPS before exceptional items (\$ cents)

Mar '20	7.3
Mar '19	14.0

Reported change (48.2%)

EPS before exceptional items (\$ cents) – restated¹

Mar '20	6.9
Mar '19	7.4

Reported change (6.4%)

GAAP measures (year ended)

Revenue (\$m)

Mar '20	3,422
Mar '19	3,077

Reported change 11.2%

Operating profit (\$m)

Mar '20	901
Mar '19	734

Reported change 22.8%

Profit before tax (\$m)

Mar '20	598
Mar '19	348

Reported change 71.7%

Profit after tax (\$m)

Mar '20	408
Mar '19	426

Reported change (4.4%)

Basic EPS (\$ cents)

Mar '20	10.3
Mar '19	19.5

Reported change (47.3%)

Basic EPS (\$ cents) – restated¹

Mar '20	9.8
Mar '19	10.3

Reported change (4.8%)

1 In July 2019, after the announcement of Initial Public Offering (IPO), the company issued 676,406,927 new shares

Earnings per share (EPS) has been restated considering all the shares as at 31 March 2020 had been issued on 1 April 2018 for like for like comparison

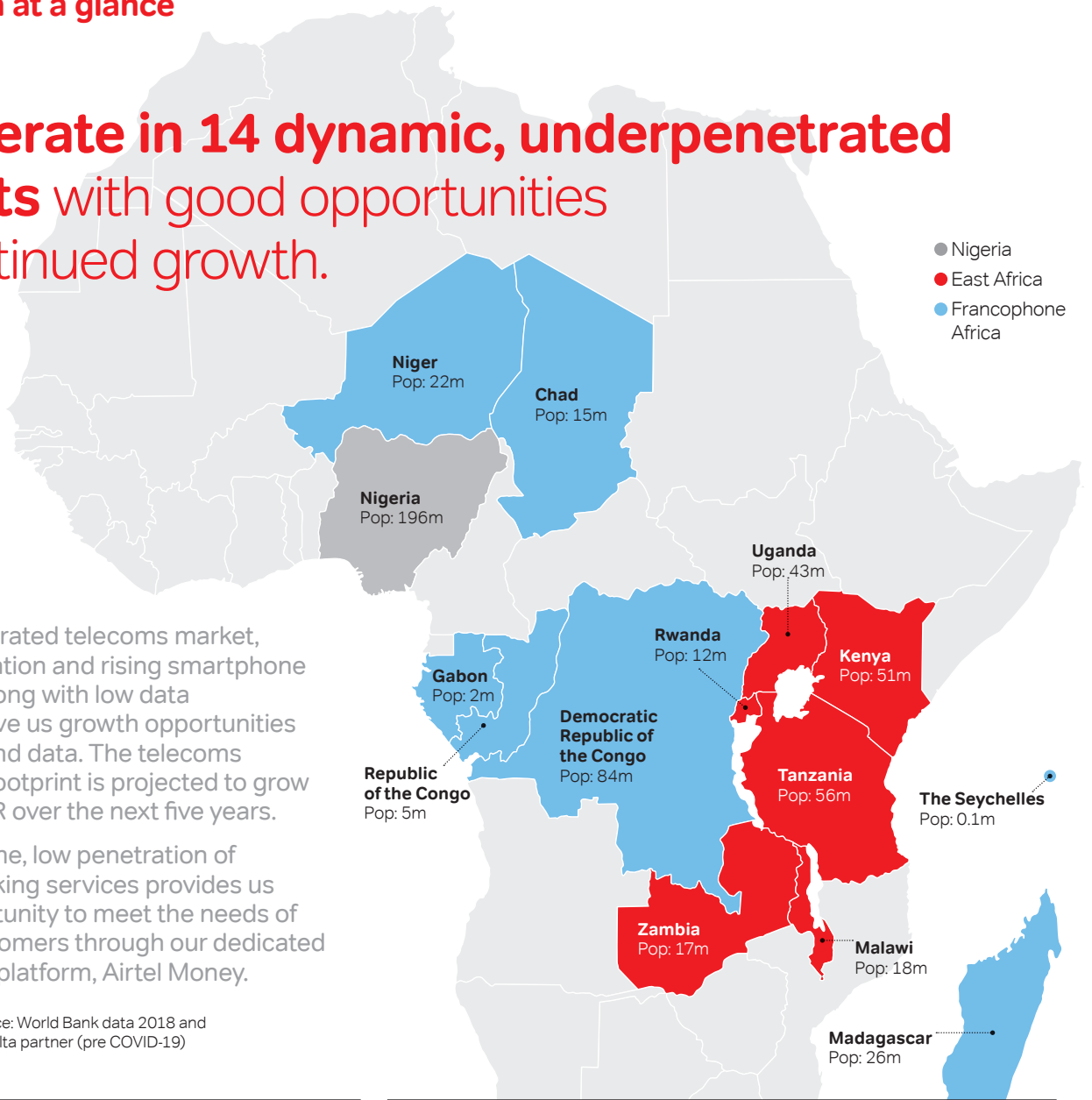
2 The difference between reported currency and constant currency growth rates is on account of currency movements with reference to the US dollar rate

3 The APMs have been fully defined and reconciled on pages 194-197. All other APM measures, in addition to those set out above, are the following: underlying operating expenditure, underlying profit/(loss) before tax, effective tax rate, adjusted effective tax rate, underlying profit/(loss) after tax, operating free cash flow, and net debt and leverage ratio. Growth rates presented in constant currency also represent APMs

4 The percentages included in the tables throughout the Annual Report are based on numbers calculated to the nearest \$1,000 and therefore minor rounding differences may result in the tables

Airtel Africa at a glance

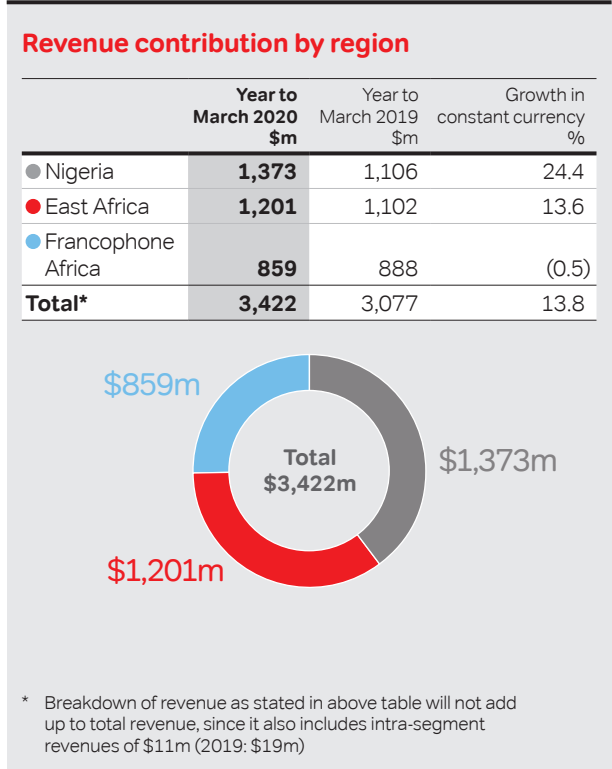
We operate in 14 dynamic, underpenetrated markets with good opportunities for continued growth.



An underpenetrated telecoms market, a young population and rising smartphone affordability, along with low data penetration, give us growth opportunities in both voice and data. The telecoms market in our footprint is projected to grow by 10.1% CAGR over the next five years.

At the same time, low penetration of traditional banking services provides us with the opportunity to meet the needs of unbanked customers through our dedicated mobile money platform, Airtel Money.

Population figures source: World Bank data 2018 and 5 year CAGR source: Delta partner (pre COVID-19)



Our voice, data and mobile money services are driving our growth and transforming customers' lives.

By expanding our network footprint in both rural and semi-urban areas and ensuring a resilient transmission network, we've enabled millions of people to access telecoms services. By taking the lead in the rollout of 4G networks, we've helped drive digitalisation. Our expanding footprint of retailers and distributors, supplemented by our unique operations, have helped deliver services across our markets. Our focus on increasing the number of use cases through international partnerships and the expansion of our dedicated distribution channel have helped drive the take up of our mobile money services, boosting financial inclusion.



Voice

We offer pre- and post-paid wireless voice services, international roaming and fixed-line telephone services.

110.6m

customers



Data

We offer a suite of data communications services, including 2G, 3G and 4G. We provide 4G services in all 14 of our markets.

35.4m

data customers



Airtel Money

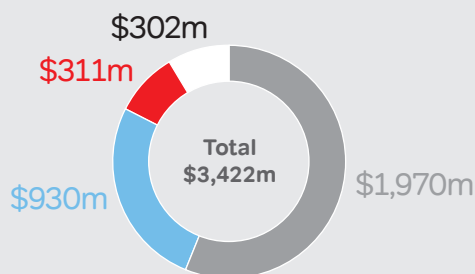
We offer mobile money services including payments systems, microloans, savings and international money transfers.

18.3m

Airtel Money active customers

Revenue contribution by service

	Year to March 2020 \$m	Year to March 2019 \$m	Growth in constant currency %
● Voice	1,970	1,915	5.2%
● Data	930	683	39.0%
● Airtel Money	311	234	37.2%
○ Other^	302	309	(0.2%)
Total*	3,422	3,077	13.8%



* Breakdown of revenue as stated in above table will not add up to total revenue, since it also includes intra-segment revenues of \$91m (2019: \$64m)

^ Other revenue includes messaging, value added services, tower sharing and enterprise

22,909

infrastructure sites

64.7%

sites providing 4G coverage

>1.6m

retail touchpoints
(agents and distributors)
in our network

43k+

kilometers of
connecting fibre

We're driving Airtel Money growth and financial inclusion through strategic partnerships.

WesternUnion WU



Ecobank
The Pan African Bank

Delivering vital services in challenging times



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A year of sustained growth demonstrates the success of our strategy to build Airtel Africa into a market-leading mobile service provider. The Board is confident that the business has the right measures in place to ensure that we can continue to provide vital services and create value for all our stakeholders.

SUNIL BHARTI MITTAL CHAIR

”

One of our core values as a business is 'Respectful', which reminds us that: 'We live the same lives as our customers, sharing the same joys and the same pains'.

As the world faces up to the challenges of COVID-19, this value has never been more true, or more important. I know that our mobile services, which support many vital functions in areas such as hospitals and emergency services, are playing their part in this global fight. For millions of people working from home or living with isolation or social distancing, our services are providing a crucial financial and social link to the outside world.

Protecting colleagues, serving customers, creating value

Our CEO Raghu describes the steps we are taking to protect our colleagues and serve our customers during this pandemic on page 9. While this is a time of uncertainty for everyone, the Board is confident that the business has the right measures in place to ensure that we can continue to provide vital services and create value for all our stakeholders. What is more, I'm convinced that by spurring on financial inclusion and digital transformation, Airtel Africa's services will also support the global recovery that we all hope will come very soon.

A milestone year of growth

This year has been a milestone for Airtel Africa. Our listings on the London and Nigerian stock exchanges have come alongside a year of sustained double-digit growth that demonstrates the success of our strategy to build Airtel Africa into a market-leading mobile service provider.

Our strategy is designed to take on the challenges presented by geography and infrastructure, to mitigate our risks, including foreign exchange risks, and to enable us to grow revenue faster than the markets in our footprint – as we did in 2019/20.

At the same time, we've improved our underlying EBITDA margin by 1% and reached \$1.5bn during the course of the year, while operating profit grew by 22.8% and leverage improved to 2.1x in March 2020 from 3.0x in March 2019.

Meeting the Board's priorities

The Board has had two key priorities over the last 12 months. The first was to move towards a position where our business has the appropriate structure and quality of capital, debt and liquidity. The second was to make sure we have a suitable and effective governance structure in place for a premium listed company – and I describe our governance processes on page 72.

I'm happy to say that we have made significant progress on both fronts, and in light of this, we paid an interim dividend of 3 cents per ordinary share in November 2019 in line with our policy, and the Board has approved a final dividend of 3 cents per ordinary share, lower than the approved policy but a prudent cash measure in these uncertain times.

Clear opportunities for growth and sustainable development

The markets we operate in have powerful and promising underlying macroeconomic and demographic trends – but they also face infrastructural and economic challenges that hold back sustainable development. Millions of people are excluded from the financial system. Millions lack access to the data services that customers want, and this prevents them from being part of the digital transformation.

Realising this huge unmet demand, we knew that investing in networks and distribution channels would not just benefit our business – which it has – but would also help transform the lives of people across sub-Saharan Africa.

I'd also like to highlight the strengths of our partnerships. We work hard to build lasting partnerships based on mutual values. This year, we have developed innovative partnerships that are helping us expand the range and depth of our Airtel Money offerings. We are working with Mastercard, Western Union and others on a range of products and services, including international money transfers. This helps build our transaction volumes – but it does far more. It promotes the wider adoption of mobile money, and of Airtel Money in particular, connecting millions of people to financial services and the global economy.

Making a difference to the lives of those around us

Alongside the positive impact of our services, we also aim to make a difference at a country level, drawing on the experience of Bharti Airtel Limited and the Bharti Foundation in delivering targeted programmes that address local needs in areas such as education, and through other initiatives that benefit the societies we serve.

Bharti Enterprises (a related party of Airtel Africa plc), through its joint venture with Softbank, is becoming a major force in the renewable energy space, thereby contributing towards the cause of the global climate agenda. This work means a great deal to me personally, and I know it means just as much to the many Airtel Africa colleagues who take a leading role in delivering our environmental and community support programmes in Africa, creating educational opportunities and health provision, increasing internet access across the continent, and offering assistance in disaster situations – work described on page 52. The Airtel Africa team – and indeed all our stakeholders, including our partners, our suppliers, and our entire distribution network – have all played a vital role in our profitable growth this year, and will be crucial to our future success. I'd like to end by thanking them for all of their hard work and dedication as we continue to grow our business and transform lives.

SUNIL BHARTI MITTAL
CHAIR
13 MAY 2020

Delivering social transformation in diverse markets



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While improving telecoms penetration through affordability and improved coverage, we have a clear vision of reducing the digital divide and enhancing financial inclusion in the countries we serve.

RAGHUNATH MANDAVA CHIEF EXECUTIVE OFFICER

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I'm delighted to introduce Airtel Africa's Annual Report – our first since we listed on the London and Nigerian stock exchanges in 2019.

As this report describes, we have much to be proud of, the impact our products and services have on the societies where we work and in terms of our performance.

As I write this, the world is battling with COVID-19. And my first thoughts are with our colleagues, customers and people everywhere.

Telecoms are essential services, and we know that maintaining our services is critical to society at large. Data and voice services are many people's only means of contact when in lockdown or confinement. Our services are also critical to supporting people working in other essential services.

At the end of this statement, we have included a special section on the impact of COVID-19 on our business, and the measures and mitigations we have put in place to protect our colleagues and maintain our vital services.

» We describe the risks to our business on **page 56**

Strategic overview

The 14 markets we operate in are all in the sub-Saharan belt of Africa, and while they vary substantially, all are in the developing category and have many features in common.

Our markets are characterised by huge geographies with sparse populations and an average population density of 62 per square km. They typically have fast-growing populations with an overall average of 2.8% growth per year, and a high proportion of youth, with 32% of the population aged 10-24 years old.

Most of these countries are experiencing rapid urbanisation, with high migrant populations seeking a better life. Some countries are commodity- and oil- dependent, and some rely on agriculture, tourism and minerals. They are all beautiful places with an abundance of wildlife.

The average per capita income is \$3,814ppp (Purchasing power parity). In most countries incomes are between \$1,000 and \$6,000, with exceptions like the Seychelles and Gabon which are far more affluent.

The unique customer mobile telecoms penetration is around 45% on average. This, coupled with a very low availability of fixed wire connections, means that mobile networks are the mainstay of telecommunications. Most customers' internet device is their mobile phone (mobile internet user penetration is 24%). Smartphone penetration is about 39%. In some countries, banking penetration is around 40%, but in most it is far lower – and the large distances between branches and ATM machines mean many people face great challenges in accessing banking services. Mobile money is a critical tool for the people in these countries.

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Our strategy is delivering profitable growth – and it is helping us bridge the digital divide and grow financial inclusion in the countries we serve.

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Telecoms companies have a very important role in the economic and social growth of these countries. Telecoms is an essential service everywhere, and it is even more critical in geographies with vast distances and limited infrastructure. These physical and infrastructural difficulties mean that we need to find innovative business models and use superior, robust technology. Airtel Africa's endeavour has been to work on a model which can provide affordable telecoms services in a profitable and sustainable manner.

While improving telecoms penetration through affordability and improved coverage, we have a clear vision of reducing the digital divide and enhancing financial inclusion in the countries we serve.

The markets we operate in have been characterised by high economic growth, but also risks in terms of foreign exchange volatility, financial availability, affordability and possible regulatory intervention. Our strategy is designed to overcome these risks by delivering faster revenue growth with improved profitability. Details of how we mitigate these and other principal risks are set out on pages 56-62.

During the last year we have been able to grow our revenues by 11.2% to \$3,422m (constant currency growth of 13.8%), with underlying EBITDA growing at 16.3% and underlying EBITDA margin improved by 94 basis points in constant currency. Our operating profit grew by 22.8% to \$901m (constant currency growth of 25.4%) and leverage improved to 2.1x in March 2020 from 3.0x in March 2019. We paid an interim dividend of 3 cents per ordinary share in November 2019 in line with our policy, and the Board has approved a final dividend of 3 cents per ordinary share.

While we detail our 'Win with' strategy on pages 21-31, I would like to say a few words on its key strategic elements.

Win with network

Over the last few years we have built a modernised single RAN network which enables us to move from 2G to 3G to 4G through software upgrades, which means we can create incremental data capacity at low marginal capex and opex. With 81.5% of our sites now equipped with single RAN and our robust and large backbone fibre network across our OpCos we have significant capacity, and we can provide huge data at affordable costs.

Win with customers

We have built a unique mix of multi-brand retail and exclusive franchise-run shops – which has grown by over 16% this year – where we can acquire customers in adherence to stringent Know Your Customer requirements. This has resulted in a double-digit customer growth of 11.9%, which has not only helped in increasing mobile penetration, but also helped grow our voice revenues by 5.2% in constant currency.

Win with data

In line with our vision of bridging the data divide in the countries where we operate, one of the first steps we took was to invest ahead of the curve in an expansive and a robust 4G network. This was backed by strong on-ground activities in collaboration with handset vendors, and has resulted in our data customers growing at 18% and an increase in smartphone penetration to 32.6%.

In addition, simple and clear pricing along with innovative products such as Airtel TV, Pocket Wifi and Home broadband have enabled a growth of data usage per customer by 56.1% to 2.1GB by Q4, resulting in data ARPU growth of 20% in 2019/20 in constant currency.

Win with mobile money

In line with our vision of enhancing financial inclusion, we have built a unique model of kiosks and Airtel Money branches, supplementing our vast agent network and thereby making available to customers assured wallet and cash. We have increased the number of 'use cases' by enabling customers to use Airtel Money for transactions, including disbursements of salaries, grants and merchant payments.

We have a growing number of partnerships that enable cross-border money transfers. We have also launched a virtual card that can help make payments anywhere in the world, and, in particular, digital payments across borders. All these helped us achieve a mobile money customer growth of 28.7% and a revenue growth of 37.2% in constant currency.

Chief executive officer's review continued

Win with cost

The countries we operate in are characterised by huge geographies, insufficient infrastructure and difficult terrain, which all place upward pressure on costs. At the same time, per capita GDPs are typically low, so it is very important to make mobile services affordable. Running an efficient and profitable telecoms operation in this environment requires an operating model totally unlike those found elsewhere. Our focus has been on redesigning each of our business operating models to enable this. Our focus on driving throughputs on fixed cost networks helps bring down cost per unit as volumes go up. This has helped us flow through almost 50% of our incremental revenues into underlying EBITDA.

Data sources: Population and GDP growth from IMF, per capita income derived, mobile internet user penetration and smartphone penetration from GSMA sub-Saharan Africa 2019 report. Unique customer mobile penetration from market analysts

Win with people

Our teams have demonstrated a strong growth mindset, which has enabled them to think differently and foster innovation across all levels. A focus on learning and mastering functional expertise has helped build a strong knowledge base of both leadership and cross-functional competencies. Our expanded leadership team, which includes three regional heads, as well as our strong functional chiefs, working collaboratively with independent and empowered OpCo managements led by Managing Directors and their teams, have provided us with executional agility which drives faster growth and keeps us closer to our markets. Our reward systems are based on simple and consistent metrics which drive the right behaviors.

Transforming lives

Our progress on these strategic pillars helps us bridge the digital divide and grow financial inclusion in a sustainable manner, which is helping transform lives in the countries we serve.

My review would not be complete if I did not thank our employees and all our partners who have put in a lot of hard work, especially as we go through these uncertain times during this pandemic. Telecoms and financial services are essential services and our teams are out there in the markets to ensure service availability to our customers – and my thanks go to all of them.

RAGHUNATH MANDAVA
CHIEF EXECUTIVE OFFICER
13 MAY 2020

Our investment proposition



Substantial growth, substantial potential

Average population growth in our footprint is projected to be 2.8% in the next 5-10 years, and the region currently has low unique SIM penetration.

» Our market environment is described on [pages 14-15](#)



Strong foundations for growing our business

We have a well-invested asset base, strong brand value and recognition, and effective distribution channels (both direct and indirect).

» Our strategy for growth is described on [pages 21-31](#)



Ready to meet the demand for data

Our investment in single RAN technology and 4G capability across all our operations, combined with extensive fibre coverage, means we have market-leading data capacity.

» Our mobile data business is described on [pages 40-41](#)



Airtel Money: driving financial inclusion, transforming lives

Our Airtel Money business continues to grow fast. In 2019/20, our Airtel Money customer base grew by 28.7%, resulting in revenue growth of 37.2% in constant currency.

» Our Airtel money business is described on [pages 42-43](#)



Strong growth story and operational performance

We continue to deliver strong topline growth. Our customer base increased by 11.9% in 2019/20, and we grew revenue by 13.8% in constant currency. Our underlying EBITDA margin for 2019/20 was 44.3%, an increase of 94 basis points on 2018/19.

» See our financial review on [pages 44-51](#)



Effective management team, with support from globally-recognised shareholders

Strong country-level management teams with deep knowledge of their markets are well supported by subject matter experts at Group level. We also leverage the support of our globally recognised shareholders, including Bharti Airtel, one of the world's largest telecoms operators.

All growth percentages are in constant currency unless specified

We're closely monitoring the fast-moving situation, acting quickly to minimise risks to our business.

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

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

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

Governance

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

Safety

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

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

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

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

Our network

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

Distribution

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

Our response to COVID-19 continued

Capital expenditure

The current pandemic may affect the timely deliveries of capital goods. Our capex deliveries are planned ahead of time, and as a policy we carry a deployable stock of network active equipment in our warehouses. Currently we have around \$280m of capital work in progress and \$250m of capital commitments which are expected to be fulfilled, so we have enough deployable materials in our warehouse to ensure timely rollouts across our markets.

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

Mobile money

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

Liquidity

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

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

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

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

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

» See [page 117](#) for our going concern assessment

Foreign exchange

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

» See [pages 63-64](#) for our long-term viability statement

Our key performance indicators

We use our KPIs to manage and measure the delivery of our ‘Win with’ strategy.

They give our Board and management a clear sense of where we’re making progress, and where we need to improve.

Measuring the success of our strategy

Our KPIs give us a vital insight into the delivery of our strategy. Our financial KPIs monitor our revenue growth ambitions and our goal to ‘Win with cost’. And our operational KPIs reflect our focus on growing our customer base, strengthening our network, and succeeding even more in two key areas of opportunity: data and mobile money.

KPIs are set of metrics, ideally quantifiable in nature, which help our organisation to measure and monitor its progress towards articulated organisational goals. KPIs also form an essential component of our Group’s governance and performance management process. KPIs facilitate the communication and articulation of the Group’s chosen strategy across all levels of the organisation.

Ensuring our KPIs are meaningful and responsive

We keep our KPIs under review to make sure they stay relevant to our strategy and our business. Given our strategic focus, our primary operational KPIs are average revenue per user (ARPU), customers, net additions, churn, usage, Airtel Money transactions and transaction value. We’re also focused on aspects of our business not currently covered by a KPI. For example, while we have a clear strategic direction on our environmental and social performance, and on developing a skilled workforce as an employer of choice, these areas are not currently covered by a KPI for the purpose of our first Annual Report.

» See definition and reconciliation of alternative performance measures **pages 194-197**

Linking KPIs to remuneration

Our key targets for remuneration are in line with the key drivers of our strategy and are made up of financial KPI’s (revenue, underlying EBITDA and operational free cash flow) and non-financial measures (including the development of talent). In addition, as part of our long-term incentive scheme we benchmark our total shareholder return performance against a broad-based representative peer group. We keep these KPIs under review to ensure they stay relevant to the strategy of the business.

» See Remuneration Committee report **page 100**.

Financial KPIs

Revenue (growth in constant currency) \$3,422m +13.8% 2018/19 \$3,077m +11.9%	Underlying EBITDA \$1,515m 2018/19 \$1,332m	Underlying EBITDA margin 44.3% 2018/19 43.3%
Capital expenditure \$642m 2018/19 \$630m	Net debt and leverage \$3,247m (2.1x) 2018/19 \$4,005m (3.0x)	Basic earnings per share (restated) 9.8 cents 2018/19 10.3 cents

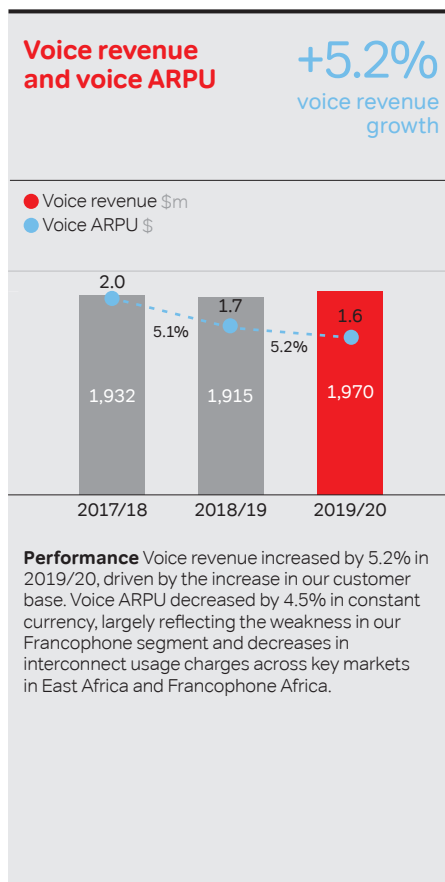
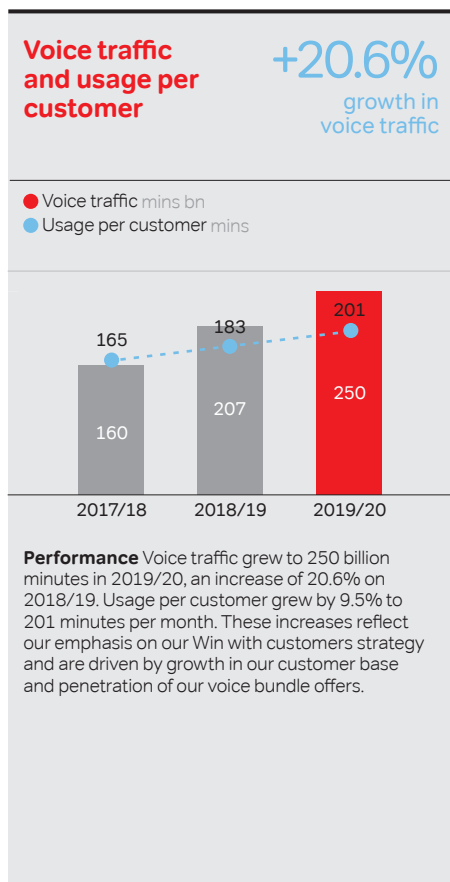
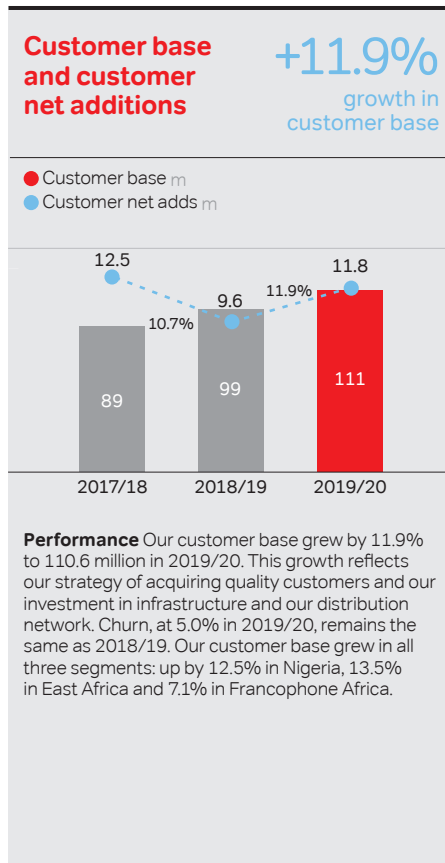
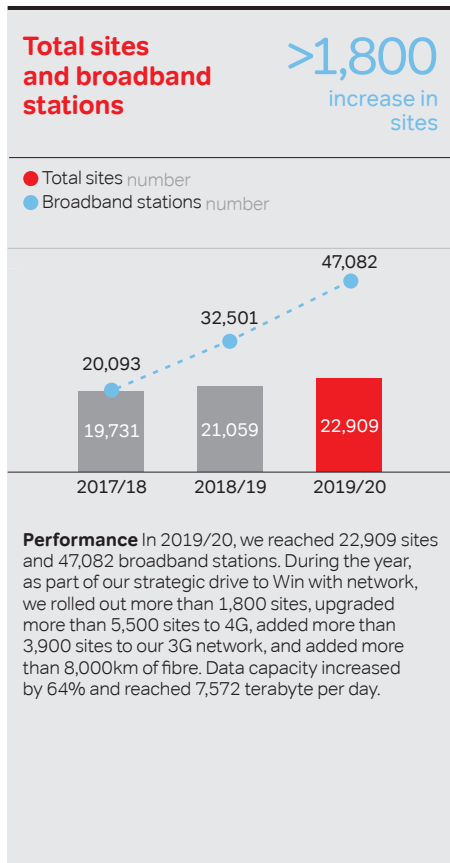
In July 2019, after the announcement of Initial Public Offering (IPO), the company issued 676,406,927 new shares. EPS has been restated considering all the shares as at 31 March 2020 had been issued on 1 April 2018 for like-for-like comparison.

Growth percentages in KPIs are in constant currency unless specified

» See our financial review for the performance of financial KPIs on **page 44**

Our key performance indicators continued

Operational KPIs

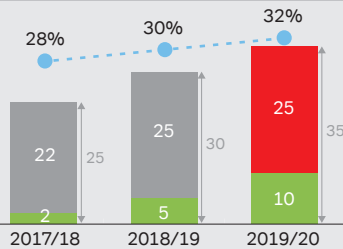


Numbers for 2017/18 refer to 14 countries for like-for-like comparison. Growth percentages in KPIs are in constant currency unless specified

Data customers, 4G data customers and penetration

+105%
growth in 4G data customers

- Data customers m
- 4G data customers m
- Penetration %

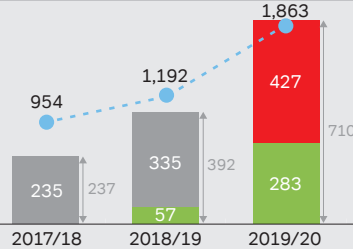


Performance We reached 35.4 million data customers in 2019/20, an increase of 18.0%, and data customers now make up 32% of our total customer base. Our 4G customer base grew by 105%, and now makes up 29% of the total data customer base. This growth was fuelled by our Win with network, Win with customers and Win with data strategic pillars, including the rollout of 4G network. The percentage of 3G and 4G enabled smartphones increased to 32.6% from 30% in the previous year.

Data usage, 4G data usage and data usage per customer

+81%
growth in data usage

- Data usage mbs bn
- 4G data usage mbs bn
- Data usage per customer mbs

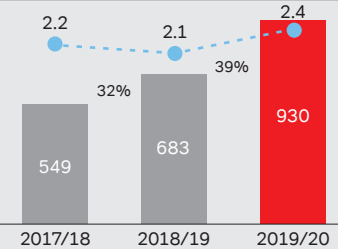


Performance Data usage increased by 81% in 2019/20 to 710 billion MBs, while data usage per customer grew 56.3% to 1,863 MB each month. 4G data usage rose fivefold over the year to 40% of total data usage. This growth was supported by the rapid expansion of our 4G network (Win with network) and our simple and affordable data products, including 'more for more' bundles. Q4 2020, data usage per customer reached 2,145 MB per month.

Data revenue and data ARPU

+39%
growth in data revenue

- Data revenue \$m
- Data ARPU \$

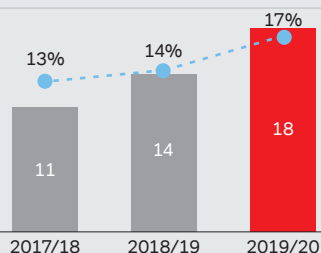


Performance Data revenue grew by 39% in constant currency in 2019/20. This growth was largely driven by an 18.0% increase in data customers, the rollout of our 4G network and an 81% growth in data usage. Data ARPU was \$2.4 for 2019/20, up by 20% in constant currency.

Airtel Money customer base and penetration

+28.7%
growth in customer base

- Airtel Money customer base m
- Penetration %

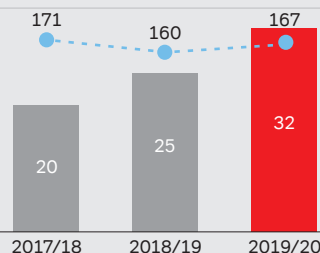


Performance Our Airtel Money customer base grew by 28.7% to 18.3 million in 2019/20, representing 16.5% of our total customer base. This growth was largely driven by our expansion of our distribution network, as we continued to invest in kiosks and exclusive Airtel Money branches.

Airtel Money transaction value and transaction value per customer

+31%
growth in transaction value

- Airtel Money transaction value \$bn
- Transaction value per customer \$

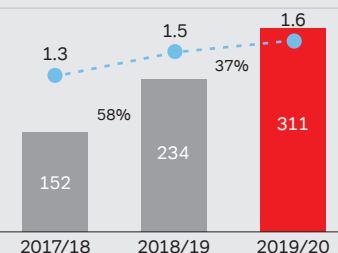


Performance Our transaction value grew 31.0% to \$32bn in constant currency in 2019/20. Transaction value per customer was \$167 per customer per month, up by 9.0% in constant currency. This growth in transaction value was driven by customer base growth, the expansion of our distribution network, and popular offerings.

Airtel Money revenue and ARPU

+14.2%
growth in ARPU

- Airtel Money revenue \$m
- Airtel Money ARPU \$



Performance Airtel Money revenue grew by 37.2% in 2019/20 in constant currency, driven by the growth in customers and transaction values. Airtel Money ARPU was \$1.6, up by 14.2% in constant currency reflecting the growth in transaction value per customer.

» For more on our 'Win with' strategy, see page 21

Our market environment

A young and growing population. An expanding urban middle class, and large rural areas with limited coverage. Some of the least penetrated markets in the world, with just 45% of the population owning one or more SIMs.

Together, these factors are creating ever-increasing demand for data, mobile voice, and mobile money services in sub-Saharan Africa. The result is a highly attractive sector – in which a strong vision and outstanding execution are key to success.

A continent of rapid growth

Africa is one of the world's fastest-growing regions by GDP, population, urbanisation and income levels. While the impact of COVID-19 is not yet known, before the pandemic the IMF World Economic Outlook Database forecast African nominal GDP to grow at a compound annual growth rate (CAGR) of 6.9% from 2018 to 2023. The African population reached 1.2 billion in 2018, and is forecast by the United Nations to reach 2.5 billion by 2050.

Young, growing populations

While each of our markets has its own unique profile, the dynamics in our overall footprint reflect those of Africa as a whole: 32% of the population in our markets is between the ages of 10 and 24 years. The population in our footprint is forecast to grow at a CAGR of 2.8% between 2019 and 2024.

The middle class is also growing, alongside a longstanding trend of urbanisation and, in many markets, rising household incomes. We aim to offer a mix of products, content and pricing structures that reach and retain this emerging customer base.

[Link to strategy](#)



Limited infrastructure, low mobile connectivity

Many parts of Africa lack landline infrastructure, and fixed broadband levels are a fraction of those in developed markets. That means mobile networks are the primary source of voice and data services in many places.

Across Africa, mobile connectivity is low relative to other markets – but it is growing fast. Mobile connectivity in our overall markets is forecast to increase by 10.1% each year between 2018 and 2023, reaching 574 million connections by 2023, compared to \$354m in 2018. Our own focus on expanding and improving our networks is helping drive this trend – and win and retain customers.

[Link to strategy](#)



The data opportunity

Smartphone penetration in our markets is also low relative to global levels. But demand for data is high, and in the relative absence of fixed broadband, mobile data demand is growing fast.

Increasing availability of 4G is encouraging the rapid uptake of 4G smartphones. We aim to fuel smartphone uptake by leading on 4G networks and product offerings.

We're also offering more content. The Airtel TV app is available in Android as well as iOS and is a one-stop platform for Live TV, music videos, news, sports and much more, all offered without subscription fees.

[Link to strategy](#)



The mobile money opportunity

In many of our markets there is limited access to traditional financial institutions, and little banking infrastructure: as of 2017, there were only 7.4 bank branches for every 100,000 adults in sub-Saharan Africa. In the region as a whole, less than half of the population has a bank account, the lowest proportion of any emerging market region.

This creates a clear opportunity for mobile money services. Mobile money has been embraced to varying degrees across our markets, as regulators explore the opportunity it creates for financial inclusion and growth.

Across our markets, mobile money is forecast to deliver CAGR of 31.2% in terms of registered accounts and 25.5% in terms of revenue between 2018 and 2023.

Our Airtel Money strategy includes a focus on winning new customers through services including inter-operability, payments, microloans and international money transfers.

[Link to strategy](#)



» We describe the impact of COVID-19 on our business on [pages 9-10](#)

Key to strategic pillars

- Win with network
- Win with customers
- Win with data
- Win with mobile money
- Win with cost
- Win with people

A growing market in which pricing is important

The sub-Saharan African mobile landscape is dominated by a few large competitors, with some smaller regional companies in some markets. As well as Airtel Africa, the key players include MTN, Vodacom, Orange and Tigo.

We compete for customers through our range of services, our advertising and brand image, the quality and reliability of our service, our wide coverage, strong data networks – and price. We offer pricing plans that are simple and transparent, based on the principle of ‘more for more’. We use a tailored pricing strategy that varies depending on our position in each market.

This agile pricing approach works alongside our focus on improving our network to win new customers, and on increasing our data and digital offerings to drive revenues from our customer base.

[Link to strategy](#)



Diverse markets which demand risk discipline

Fluctuating currencies and high rates of inflation can impact some of the economies in sub-Saharan Africa. We manage foreign exchange risk as one of our 14 principal risks, described in detail on page 61.

Working with governments and regulators

The telecoms sector is highly regulated, and all operators must work within the frameworks created by governments and regulatory authorities. These cover telecoms regulations, banking regulations and licences.

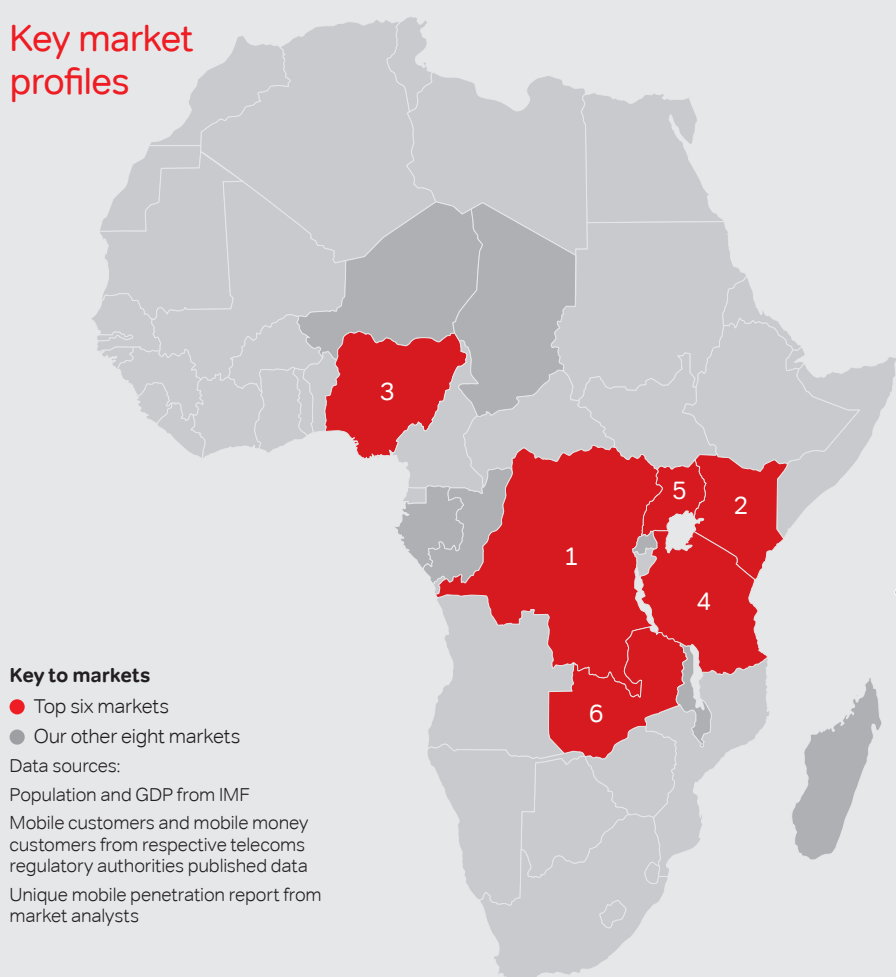
Know Your Customer regulations apply in many of our markets – these require customers to register their identity to access mobile services. Providing easy access to a fast and compliant registration process is a key part of our Win with customers approach.

Telecoms businesses also have a vital role to play in helping the countries of sub-Saharan Africa achieve their goals of digitalisation, financial inclusion and sustainable development. So as well as focusing on strict compliance, we aim to work collaboratively with governments to make sure we integrate our services into their key initiatives.

[Link to strategy](#)



Key market profiles



1. DRC	2019	2018
Population	98m	95m
GDP	\$49bn	\$47bn
Mobile customers	37m	36m
Unique mobile penetration	39%	37%
Mobile money users	7m	6m

3. Nigeria	2019	2018
Population	201m	196m
GDP	\$447bn	\$398bn
Mobile customers	184m	172m
Unique mobile penetration	45%	44%

5. Uganda	2019	2018
Population	40m	39m
GDP	\$31bn	\$28bn
Mobile customers*	26m	23m
Unique mobile penetration	42%	42%
Mobile money users*	16m	14m

2. Kenya	2019	2018
Population	49m	48m
GDP	\$99bn	\$88bn
Mobile customers	55m	50m
Unique mobile penetration	62%	61%
Mobile money users	29m	32m

4. Tanzania	2019	2018
Population	56m	55m
GDP	\$62bn	\$57bn
Mobile customers	48m	44m
Unique mobile penetration	49%	48%
Mobile money users	26m	23m

6. Zambia	2019	2018
Population	18m	18m
GDP	\$24bn	\$27bn
Mobile customers	17m	15m
Unique mobile penetration	54%	53%

* Uganda data from September 2018-September 2019

Legal and regulatory frameworks

Our strategy is to work with governments and regulators to create a fair and stable business environment while taking into account the rapid technological advancements. We aim to abide by all laws and regulatory frameworks. Additionally, we are supporting governments and regulatory agencies in their continuous effort of enhancing digital and financial inclusion.

Legal and regulatory frameworks

While legal and regulatory frameworks are unique to each country, they can be broadly classified in three categories: telecoms services, mobile financial services and broadcasting services. National competition law and laws developed by economic blocks also apply in some of our markets.

Government policy in each country determines the exact local regulatory framework, but these categories typically include:

Telecoms services

- Telecoms law and regulations
- Data protection and cybersecurity laws
- Licences

Mobile financial services

- National payment systems laws and regulations
- Anti-money laundering laws and regulations
- Licences

Broadcasting services

- National broadcasting laws and regulations

We published a full list of the regulations that apply in each market, and of our licences and other relevant permissions, in our Airtel Africa Prospectus, June 2019, which is available on our website. We've set out below some examples of the legal and regulatory frameworks in some of our key markets. These are subject to change.

SNAPSHOT: REGULATIONS IN OUR LARGEST MARKETS

Nigeria

Telecoms services: these have been liberalised since 2000. The regulator is the Nigeria Communications Commission, which issues licences for the operation and provision of communication services and facilities.

Mobile financial services: these are regulated by the Central Bank of Nigeria, which issues licences for Payment Service Banks and enforces Anti-money laundering laws. Airtel has applied for and awaits the issue of a Payment Service Bank Licence from the Central Bank of Nigeria.

Broadcasting services: these are regulated by the National Broadcasting Commission, which issues licences. Airtel Nigeria obtained a provisional broadcasting licence on 20 December 2019.

East Africa

Kenya

Telecoms services: these have been liberalised since 1998. The regulator is the Communications Authority of Kenya, which issues licences for the operation and provision of communications services and facilities.

Mobile financial services: these are regulated by the Central Bank of Kenya, which issues various licences such as the National Payment Systems Licence and the International Money Transfer Licence. The Central Bank also enforces anti-money laundering legislation.

Uganda

Telecoms services: these have been liberalised since 1997. The regulator is the Uganda Communications Commission (UCC), which issues licences for the operation and provision of communications services and facilities. The UCC has recently revised its licensing framework and is consulting with operators.

New telecoms licensing framework:

On 10 December 2019, the UCC formally communicated the new Licensing Framework and called upon operators to apply for desired licences. On 20 January 2020, we submitted to the UCC an Expression of Interest for the National Telecom Operator (NTO) Licence, subject to further discussions on licence fees and licence terms and conditions.

In Uganda our Public Service Provider (PSP) Licence expired on 16 October 2018 but has been extended indefinitely, pending conclusion of negotiations for the NTO Licence. Our Public Infrastructure (PI) Licence is valid until 2023.

Mobile financial services: the National Payments Bill is currently under discussion in Parliament. Pending the passing of this law, the Bank of Uganda issues letters of no objection to banks partnering with telecom providers to offer mobile financial services. The Bank of Uganda also enforces anti-money laundering legislation.

Tanzania

Telecoms services: these have been liberalised since 2003. The regulator is the Tanzania Communications Regulatory Authority, which issues licences for the operation and provision of communications services and facilities. Since 2016, Telecom licensees are required to list at least 25% of their shares on the local stock exchange.

Mobile financial services: these are regulated by the Bank of Tanzania, which issues various licences to mobile financial service providers. The Bank of Tanzania also enforces anti-money laundering legislation.

Zambia

Telecoms services: these have been liberalised since 1991. The regulator is the Zambia Information and Communications Technology Authority (ZICTA), which issues licences for the operation and provision of communications services and facilities. Airtel Zambia is a listed entity. Listed entities are required to have a minimum of 25% of listed shares on the Lusaka Stock Exchange held by the public.

Mobile financial services: these are regulated by the Bank of Zambia, which issues various licences to mobile financial service providers. Bank of Zambia also enforces anti-money laundering legislation.

Francophone Africa

DRC

Telecoms services: the Information and communications technology sector (ICT) is managed by the Autorité de Régulation de la Poste et des Télécommunications du Congo (ARPTC). ARPTC is responsible for issuing licences for the operation and provision of communications services and facilities. The law prescribes a minimum local shareholding of 30%. A further 5% of the shareholding must be reserved for employees of the operators.

Mobile financial services: these are regulated by the Central Bank of Democratic Republic of the Congo. The Central Bank also enforces anti-money laundering legislation.

» See description of our compliance to legal requirements on [page 62](#)

Our dynamic business model delivers value to stakeholders while transforming lives through digitalisation and financial inclusion.

VISION

Our vision is to enrich the lives of our customers. Our obsession is to win customers for life through an exceptional experience.



Our services are integral to the growth and development of economies. We work to integrate our mobile and mobile money services to help transform lives.



HOW WE CREATE VALUE

An efficient network and business structure...

- **Spectrum assets** in every country, with multiple layers of data capacity
- **A modernised network** offering 2G, 3G and 4G, largely on efficient single RAN technology
- **22,909** network towers and **47,082** mobile broadband base stations
- **43,000+** km of fibre across our markets
- **3,300+** employees

Other key inputs and enablers

- Compliance with regulatory framework in all markets
- A sound capital allocation strategy and financial management that targets revenue growth ahead of the market and underlying EBITDA margin improvement
- Mobile network partnerships that outsource the management and operation of our network infrastructure
- A strong management structure with operating companies in each market that can leverage Group expertise
- Active policies to protect the natural environment and conserve resources
- Sound and transparent governance
- A network of around 2,700 partners, including mobile brands, IT companies and telecoms infrastructure providers



... delivering outstanding services and products...

- **Voice**
- **Data**
- **Airtel Money**
- **Other services**, including fixed line telephony, home broadband and data centres



... through a unique distribution network that is close to our customers...

- More than **29,000** exclusive retail touchpoints (including minishops, kiosks and Airtel Money branches)
- Around **226,500** SIM selling outlets, including freelance sales agents
- A wide network of more than **1.6 million** retail touchpoints
- **Strategic collaborations** with regional and international partners to offer financial and money transfer services

Other key inputs and enablers:

- Efficient Know Your Customer processes
- Easier onboarding processes, self-service through our app, and our My Airtel Money app, currently available in four markets

VALUES

Alive

We act with passion and a can-do attitude. Innovation and an entrepreneurial spirit drive us.

Inclusive

We champion diversity. We anticipate, adapt and deliver solutions that enrich the lives of the communities we serve.

Respectful

We share the joy and pain of our customers. We act with humility and are always open and honest.

99.2%

of our customers use pre-paid services

1.6+ million

people earning through working with Airtel*

* Includes partnerships and wider distribution network

99%

of customer requests processed digitally

WHAT MAKES US DIFFERENT?

There are many aspects of our strategy and business model that are unique to us. If we had to choose three important ways in which we stand apart from the competition, they would be:



Our vision for data in Africa

We could see that African customers wanted and needed data to connect, work and thrive. We invested in 4G to meet this demand ahead of the competition, using single RAN technology to offer more capacity to customers at a low incremental cost to ourselves. We now have an extensive, resilient and reliable 4G network in most of our markets.



Simple, trusted pricing and service

Our straightforward pricing models, simple 'more for more' offers and intuitive customer journeys are helping us to win and keep customers all over Africa.



A unique distribution network

By building exclusive channels and developing effective onboarding processes, we've been able to grow our customer base faster than the market.

... offering simple customer journeys and competitive pricing...

- **Simple**, convenient and intuitive customer journeys
- **Straightforward** pricing plans based on the principle of 'more for more'
- **A tailored** pricing strategy that varies depending on market position

Other key inputs and enablers

- Marketing and brand-building to increase consumer awareness and build customer loyalty

... to reach...

110.6m

customers

including

35.4m

data customers

and

18.3m

Airtel Money customers

... creating value for our stakeholders

Our customers

- **Convenient and competitive** services that enable people to connect, live and work
- **Financial inclusion** and opportunity through connections to local and global economies

Our economies

- **Accelerated sustainable development** through increased penetration of mobile service and enhancing financial inclusion and 'banking the unbanked'
- **Direct contributions** through licences and operating agreements, and overall tax contributions of \$458m in 2019/20
- **1.6 million people earning through working with Airtel** as entrepreneurs and in our distribution networks

Our people

- **Direct employment** in a growing business offering competitive pay and skill enhancement

Our communities

- **Programmes to support** health, education, the environment and disaster relief

Our shareholders

- Constant currency revenue growth of **13.8%** in 2019/20
- Underlying EBITDA margin of **44.3%**
- Total dividends of **6 cents** (interim and the final declared)



Our ‘Win with’ strategy is driving our profitable growth – and helping to transform lives

Our strategy is delivering sustainable, profitable growth for our business. At the same time our products and services are helping transform lives across sub-Saharan Africa by fostering **financial inclusion**, driving **digitalisation**, supporting **education** and **empowering** our 110 million customers.

Our strategic pillars



Win with network

» See more on **page 24**



Win with customers

» See more on **page 26**



Win with data

» See more on **page 28**



Win with mobile money

» See more on **page 30**



Win with cost



Win with people

» See our Group strategy on **page 21**

To achieve our vision of enriching the lives of our customers, we have a clear business objective: to grow market share profitably and create superior enterprise value.

STRATEGIC PILLARS

1 Win with network



Our strategic intent

We aim to create a leading, modernised network that can provide the data capacity to meet rapidly growing demand, and enhance connectivity and digitalisation in our markets.

That means improving basic network uptime and quality as well as expanding our network footprint and our 3G and 4G capabilities.

We will achieve this through:

- **Building and modernising our network** through optimal end-to-end design, including spectrum additions, carrier aggregation, the use of single RAN technology and fibre rollout
- Ensuring we have the right speed and latency to provide **best-in-class customer experience** on video and social media platforms
- **Delivering voice quality** index while improving network uptime

How we measure progress

We measure network through a number of KPIs, described on page 11, including:

Total sites and broadband stations: in 2019/20 we reached 22,909 sites and 47,082 broadband stations. During the year, we rolled out more than 1,800 sites, upgraded more than 5,500 sites to 4G, added more than 3,900 sites to our 3G network, and added more than 8,000km of additional fibre. Data capacity increased by 64% and reached 7,572 terabyte per day.

» We consider 9 principal risks in relation to this strategic intent, as described on page 56

2 Win with customers



Our strategic intent

We aim to build on our distribution network to increase our quality customer base.

We will increase penetration through:

- **Strengthening our distribution network** to ensure depth and width, and to win more quality customers
- **Enhancing the customer's experience** through simplified processes, including the Know Your Customer (KYC) process

We will drive loyalty and consumption through our smart product approach and tailored pricing:

- **Simple, transparent products** with few tariffs
- **'More for more'** bundles that offer lower unit prices, longer validity, and more content in exchange for a higher recharge cost
- **Build customer airtime balances** through promotions
- **Segmented offers** based on balance, usage and type of device

How we measure progress

We measure customers through a number of KPIs, described on page 11, including:

Customer base and net adds: our customer base grew by 11.9% to 110.6 million in 2019/20.

» We consider 9 principal risks in relation to this strategic intent, as described on page 56

3 Win with data



Our strategic intent

We aim to maximise the value of data-based services and increase data penetration in all our markets.

That means encouraging smartphone ownership and increasing data usage at scale.

Our approach includes:

- **Continuous investment in our 4G network**
- **Focusing on 4G 'handset bundling' (recruiting customers who buy new handsets)**
- **Developing our wireless home broadband business**
- **Developing our enterprise business**

How we measure progress

We measure data through a number of KPIs, described on page 11, including:

Data customers, 4G data customers and penetration: we reached 35.4 million data customers in 2019/20, an increase of 18%. Our 4G customer base grew by 105%, reaching 29% of the total.

Data usage, 4G data usage and data usage per customer: data usage increased by 81% in 2019/20 to 710 billion MBs, while data usage per customer grew 56.3% to 1,863 MB/customer/month. Q4 2020, data usage per customer reached 2,145 MB per month.

» We consider 10 principal risks in relation to this strategic intent, as described on page 56

Our 'Winning with' strategy describes the six strategic pillars in which we are actively working to achieve this objective. Cutting across all these pillars is our commitment to transforming lives, driving sustainable development and acting as a responsible business.

We have a unique opportunity to play a key part in the social and economic transformation of the people in our markets through enhanced digitalisation and financial inclusion. Working with the governments and institutions of the countries in which we operate is a central element of our strategy. We aim to help them realise their goals for sustainable development by working to integrate mobile and mobile money approaches to their economies. At the same time, we know that strict and continued compliance with local laws and regulations and listing requirements are a vital element in our current and future success.

At all times, we aim to act as a responsible business. That means doing business transparently and with a sound governance structure. It also means being a good neighbour and an active contributor to society, by creating jobs, paying taxes and respecting the environment. We also support our communities by working with local stakeholders in our core sustainability programmes: improving digital education, improving health and supporting communities through disaster relief. These are described on pages 52-55.

4 Win with mobile money



Our strategic intent

We aim to drive the uptake of Airtel Money services in all our markets, harnessing the ability of a profitable mobile money business to enhance financial inclusion in some of the most 'unbanked' populations in the world.

We will achieve this by:

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

How we measure progress

We measure mobile money progress through a number of KPIs, described on page 11, including:

Airtel Money customer base and penetration: our Airtel Money customer base grew by 28.7% to 18.3 million in 2019/20.

Airtel Money transaction value and transaction value per customer: our transaction value grew 31% to \$32bn in 2019/20. Transaction value per customer grew by 9.0% in constant currency.

Airtel Money revenue and ARPU: Airtel Money revenue grew by 37.2% in 2019/20. Airtel Money ARPU was \$1.6, up by 14.2% in constant currency.

» We consider 9 principal risks in relation to this strategic intent, as described on page 56

5 Win with cost



Our strategic intent

We aim to achieve an efficient operational model, leading to an effective cost structure and improved margins. This enables us to build large incremental capacity at low marginal cost.

Our approach includes:

- Our **cost efficiency** initiatives, which seek to optimise site operational and maintenance expenses, and bandwidth cost
- **A detailed analysis of expenses** with the aim of improving operating margins in individual markets
- **Optimal design** for vendor service delivery

How we measure progress

We measure cost optimisation through a KPI, described on page 11:

Underlying EBITDA for 2019/20 was \$1,515m, up by 16.3% versus 2018/19 in constant currency. Underlying EBITDA margin improved by 1% to 44.3%.

» We consider 9 principal risks in relation to this strategic intent, as described on page 56

6 Win with people



Our strategic intent

We aim to be an employer of choice with a dynamic working environment that drives productivity and fosters the health, knowledge, skills, experience, drive and inventiveness of our colleagues.

We will achieve this by:

- **Building a diverse pipeline of talent** (both internal and external) to meet current and future business needs
- Improving the functional skills of our colleagues through **training** and the use of cognitive skills assessments
- Redesigning and automating our human resources processes to **improve the overall colleague experience**

How we measure progress

We measure our people through a number of KPIs, including:

Diversity – both in terms of gender (28% women) and nationality (35 nationalities represented).

Learning and development – colleagues completed an average of 2.7 courses in 2019/20.

Automation of HR processes – as of March 2020, 67% of our HR processes had been automated, and this will continue to be a key focus to improve the colleague experience at Airtel Africa.

» We consider 5 principal risks in relation to this strategic intent, as described on page 56



Win with network

Group KPIs – performance across all our markets

22,909

sites as of 31 March, 2020

64.7%

of sites have 4G

43,000+km

of fibre

» See more Group KPIs on pages 11-13

Winning with network in Malawi

100%
of our sites are 4G



In 2019, Malawi joined the growing list of African countries where Airtel is the top 4G provider – and is now one of the few African countries where 100% of our sites are 4G. In modernising our network with reliable, high capacity 4G infrastructure, we're delivering on our business strategy to increase data consumption, as well as attracting new customers and helping the Malawi government achieve its goal of extending information technologies to the entire population.

Most of the over 18 million people in Malawi live in rural areas (83%), and businesses of all types are increasingly expanding outside the cities. With 65% of the country's population under the age of 25 and the use of smartphones on the rise, there's a fast-growing demand for data and fast, reliable connectivity everywhere.

“

Ever since I started using Airtel, I prefer it for voice and data over other service providers. Not only does Airtel have the widest coverage in Malawi, but the cost of making calls and data is way more affordable than its competitors. I prefer using Airtel, even when making calls to numbers belonging to other mobile network operators.

EZEKIEL MANGANI ICT INFRASTRUCTURE & SECURITY MANAGER,
BLANTYRE, MALAWI

”

4G for all

To meet this increasing demand, we set ourselves the goal of bringing quality and affordable 4G connectivity to all Malawians, regardless of where they live or work. To do this, we needed to extend our 4G network beyond the main cities. We had to anticipate customer desires and needs and build a data network for the future. And we had to raise awareness around 4G – what is it? How can people upgrade? And why should they?

We've been working since 2018 to expand our 4G infrastructure across the country. This has involved building two fibre routes across borders in Africa, establishing reliable connectivity between Malawi's main cities and increasing the fibre networks within the cities. The final step was to expand our 4G service to all of our existing sites – we reached 100% of our sites in September 2019, a 123% increase between March 2019 and March 2020.

This latest expansion was largely in rural areas, bringing our world-class 4G service to all of our customers. Due to our enhanced capacity and more 4G customers, 4G data usage in rural areas grew by sixfold in 2019/20, with urban usage rising by 173% and overall 4G data usage in Malawi growing by 216% over the same period. Rural 4G data usage was 21% of our 4G data total in 2019/20.

Encouraging upgrades

To deepen our 4G penetration, we had to make it quick, easy and attractive for customers to securely upgrade their phones.

So, once we had our 4G infrastructure in place, we began to promote 4G through our distribution network and through traditional and online advertising. We emphasised the speed and reliability of the network, also promoting affordable 4G phones through mobile outlets.

Improvements all round

As a result of all of this hard work, we've seen overall data usage jump by 63% in 2019/20, and overall data revenue increase by 41.5% in 2019/20.

This shift to 4G also good for our customers and their businesses. Malawians now have a fast and reliable means of accessing the internet wherever they are – whether for personal entertainment, learning or doing business. Our enhanced 4G network is helping our business customers of all types – NGOs, entrepreneurs, government bodies, small businesses, enterprises – to work more efficiently and expand into new areas to take advantage of the 4G network.

A 4G future

We're building on these successes and continuing to move customers all over Malawi to 4G.

We're working behind the scenes to increase our 4G capacity and speed, while continuing to attract customers to 4G with competitive offers.

» For more details of our strategy, see **pages 21-31**

Our strategy in action continued



Win with customers

Group KPIs – performance across all our markets

110.6m
customer base
+11.9%

\$2.7
average revenue
per customer
+3.3%

\$3,422m
revenue
+13.8%

» See more Group KPIs on pages 11-13

Winning with customers in Nigeria

41.8m

customers in Nigeria,
an increase of 12.5% in
2019/20



Our customers are at the heart of what we do – and increasing our customer base is a central part of our business strategy.

Whether they're in fast-growing urban centres or in remote rural areas, it's important that we get close to our new customers – and, crucially, register them in ways that meet national Know Your Customer (KYC) requirements. So we've invested in an innovative mix of our own outlets, franchised agents and non-franchised agents to reach more people than ever before – leading the way in meeting KYC regulations with efficient, tech-driven registration.

“

Airtel has helped me stay connected with my family, even in the remote village of Agalawa. We have good data service, which is a thing of joy and ease, knowing what goes on in the rest of the world. We're no longer cut off.

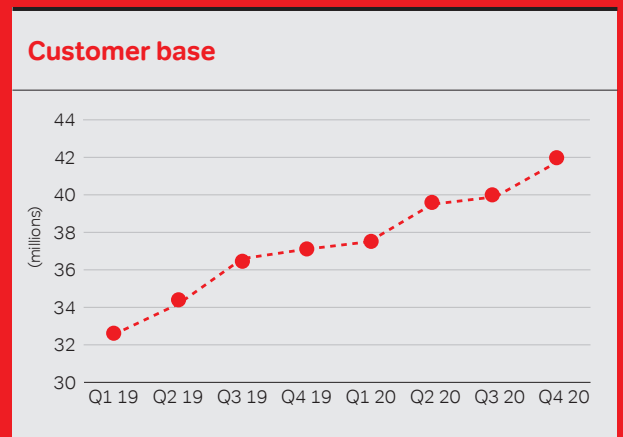
ABDULAH HALIRU FARMER, KANO STATE, NORTHERN NIGERIA

”

Registering the hard-to-reach

Our business in Nigeria shows the success of our distribution model in action. In 2019/20, we acquired 4.6 million new customers in Nigeria – growing our business in the country by almost 24.4%.

Reaching and registering rural customers through our unique distribution model played a key part in this rapid growth. We wanted people across Nigeria to be able to register an Airtel SIM quickly, efficiently, and in full compliance with Nigerian KYC regulations. So we tailored our strategy to meet Nigeria's diverse geography, and built and serviced a network of outlets and agents equipped with our own KYC kits allowing people to quickly subscribe and register in line with compliance requirements.



Economic growth

The growth in Airtel customers in Nigeria is underpinning our double-digit revenue growth and a rapid increase in data consumption.

Our distribution model is helping our business grow and, in turn, creating jobs and financial empowerment for thousands of agents. In 2019/20, we saw customers in Nigeria increased to 41.8 million, up by 12.5% from 37.1 million in 2018/19.

It's also creating real benefits for the local economy, especially in rural areas.

» For more details of our strategy, see **pages 21-31**
For our Nigeria business review, see **pages 34-35**



+23.8%
growth in data ARPU
within DRC in Q4 2020



Win with data

Group KPIs – performance
across all our markets

35.4m

data customer base
+18%

\$2.4

data average revenue
per customer
+20%

\$930m

data revenue
+39%

» See more Group KPIs
on pages 11-13

Winning with **data** in Democratic Republic of the Congo

There is a huge opportunity to meet the demand for data in sub-Saharan Africa. While 47% of mobile users worldwide are currently using data services, in sub-Saharan Africa that figure is just 24% – but with the region’s young demographics, that proportion is growing fast.

Winning with data is a core intent of our strategy. It presents a clear opportunity for profitable growth, while contributing to the digitalisation and economic transformation of the countries where we operate.

With our leading 4G network we’re well positioned to help customers get the data services they need, and we’re seeing fast data growth. Across Airtel Africa, we grew our data customer base by 18% in 2019/20, while data ARPU (average revenue per user) grew by 20%.

“

The fibre optic infrastructure we implemented this year is simply a game changer for Democratic Republic of the Congo. It will allow us to make a fundamental contribution to the development of the country.

THIERRY DIASONAMA MANAGING AND NETWORK DIRECTOR, AIRTEL, DEMOCRATIC REPUBLIC OF THE CONGO

”

Strong networks harnessing smartphone growth

Winning with data has two key elements: increasing the number of people using our data services, and increasing the overall amount of data being used.

Both depend on a resilient 4G network that both drives and absorbs accelerating demand as more and more people switch to 4G smartphones.

Our data initiatives in Democratic Republic of the Congo (DRC), where we’ve invested proactively in a leading 4G and fibre network, show how both these elements work together to foster growth. In DRC, our data ARPU grew 23.8% in 2019/20, while overall data revenue grew by 26.2%.

Winning new smartphone customers

As elsewhere in Africa, smartphone penetration is growing in DRC – smartphone handsets were used by 26.3% of customers in March 2020, up from 22.7% in March 2019.

The growth is fastest among a young content-hungry demographic, typically aged 15-25, as well as SME owners using data to boost their businesses. We aim to win these smartphone users over from the start. With our Airtel 4G Pocket WiFi service, smartphone users can create their own WiFi hotspots.

In DRC, our data customer base grew by 14.5% in 2019/20.

Driving data usage and revenue

We want our customers to make the most of the benefits data brings, so we’re focused on offering attractive service packages that drive data growth.

We have a wide range of affordable data bundles, based on the ‘more for more’ principle in which users who use more data get more value. We’re offering rationalised pay-as-you-go tariffs. And we’re actively upgrading customers from 3G to 4G.

The result has been a substantial growth in data usage per customer in DRC – a 126% increase in 2019/20.

Contributing to development where infrastructure is scarce

The growth of data in DRC has many potential benefits beyond our business.

By developing our 4G network and working with partners, including the government, to install over 2,700km of fibre cable between western and southern DRC, we’re substantially increasing connectivity in a country where traditional infrastructure is scarce. We’re opening up opportunities for businesses and individuals to access global information. And we’re investing in community projects that harness our data capabilities and expertise, as described on pages 52-55.

» For more details of our strategy, see **pages 21-31**

For our Francophone Africa business review, see **pages 38-39**



Win with
mobile money

Group KPIs – performance
across all our markets

18.3m

Airtel Money
customer base
+28.7%

\$32bn

Airtel Money
transaction value
+31.0%

\$311m

Airtel Money revenue
+37.2%

» See more Group KPIs
on **pages 11-13**

Winning with **Airtel Money** in Zambia

Growing our mobile money service, Airtel Money, is a core strategic focus across all our markets. We know there's a huge opportunity to meet the needs of tens of millions of customers in Africa who have little or no access to banking and financial services – and this demand is driving growth.

In 2019/20, across the Group Airtel Money customer numbers grew by 28.7%, with revenues up by 37.2%.

28.7%

growth in Airtel Money customer base in 2019/20

37.2%

revenue increase

“

It's been so gratifying to see our mobile money services empowering people and businesses and improving lives in many rural, underserved areas. While we've made great strides in our journey to create financial inclusion throughout Zambia, we still have a long way to go.

JAMES CHONA AIRTEL MONEY DIRECTOR, ZAMBIA

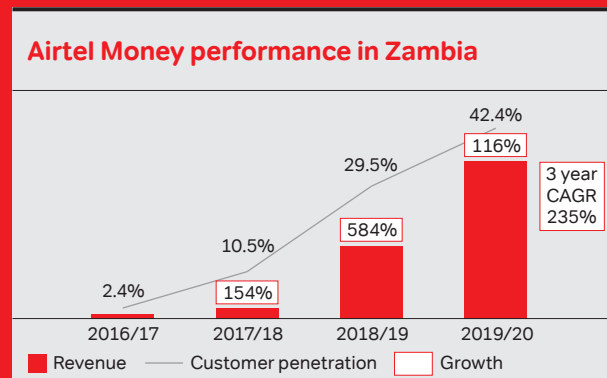
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Transforming the market

Our rapid growth in Zambia shows our Airtel Money strategy in action.

Back in 2016/17, competitors dominated the Zambian mobile money market. The Airtel Money contribution to our Zambia business that year was less than 1% of our overall revenue, with only 2.4% of our overall customers using our mobile money services.

Today, our business has been transformed. In 2019/20, 42.4% of our Zambian customers used Airtel Money – and Airtel Money contributed 21.8% of our overall revenue in Zambia.



Transforming our execution

We're driving this growth by executing the four pillars of our Airtel Money strategy:

- **Increase agents** – over this year, adding thousands of Airtel Money agents across Zambia to provide our Airtel Money customers with the funds they need.
- **Leveraging our mobile customer base** – converting thousands of existing Zambian mobile customers to Airtel Money, at the same time as winning new customers through our expanded distribution network and efficient customer processes.
- **Currency of choice** – building an ecosystem in which customers can use Airtel Money to pay utility bills or buy goods and services from participating merchants across the country.
- **Additional services** – offering Zambian customers access to our partners' services, including international money transfers and microloans.

Transforming lives

We can see the success of our Airtel Money strategy in our financial results from Zambia. And we can also see its impact on the people and communities we serve.

From living mainly in a cash economy, often hundreds of miles from the nearest bank, Airtel Money customers now have access to mobile money. And, through our money transfer services, they're more connected to the global economy than ever before with safe funds.

At the same time, we're seeing the financial empowerment of thousands of entrepreneurs now associated with us.

We're proud of the difference this financial inclusion and empowerment is making – to people's lives, and to the Zambian economy.

» For more details of our strategy, see **pages 21-31**

For our Airtel Money business review, see **pages 42-43**

Our stakeholders

Stakeholders are at the heart of our strategic decision-making.

Engaging effectively with our stakeholders is fundamental for our businesses, and the people in and around them, to thrive.

To become the preferred provider of telecoms and mobile money services in Africa, we must win – and keep – the trust of our many stakeholders. We work hard to understand exactly who they are, what they expect and need from us, and how we can create mutual and long-lasting value.

STAKEHOLDERS

Customers

Approximately 110 million people across Africa use our data, voice and mobile money services to connect, live and work.

How we engaged in the year

We work hard to understand and engage with our customers, and continue to innovate and develop our range of products and services to meet their needs. We engaged with customers through our 24/7 on-shore call centres, in person in our 1,500+ Airtel stores, and over email and social media.

Interests and concerns

With such a wide range of customers, we aim to meet a variety of needs. For example, our young, upwardly mobile customers seek extensive and affordable voice and data connectivity. Our mature business customers depend on Airtel Money for their daily economic activity and on our wide network for connecting to the world. Our Enterprise customers leverage our network to operate geographically spread businesses and connect their employees.

We know that overall, our customers want to have a seamless customer experience and be self-sufficient: to be able to easily find the information they need without having to ask for help. It's also important to offer them a variety of channels for reaching us – people are increasingly turning to social media for service.

110m

customers across Africa use our data, voice and mobile money services

Communities

We're deeply rooted in and dedicated to our communities across Africa where we live, work and provide our services.

How we engaged in the year

We aim to be a positive force and make a real and lasting difference in the communities where we operate by bridging the digital divide and increase financial inclusion. Individuals and organisations (NGOs and governments) in our communities regularly reach out to us – by calling, writing or visiting in person – to request our help with local initiatives and challenges. Each of our businesses has a CSR manager who reviews and vets all requests and, after gaining approval from their local MD and the head office compliance team, takes action on priority issues.

Interests and concerns

Through research with community stakeholders and employees, we assessed how we could best support our communities and now focus on three main areas – education, health and disaster relief – through the use of our technology. These are the focus of our employee-led community programmes, as well as our partnerships with external organisations.

We describe our work supporting communities in the Corporate social responsibility section on pages 52-55.

Regulators and governments

We work closely with key decision-makers in our markets to align ourselves with policies and regulations and ensure that our services support the ambitions of the countries in which we do business.

How we engaged in the year

We have formal meetings and ad hoc conversations with regulatory authorities, under our four-level approach for proactive engagement which spans from interactions with the local regulatory affairs director at each office to speaking directly to our Group CEO. We liaise with banks and telecoms operators as needed to discuss product approvals, licensing requirements and shaping the regulatory landscape towards best practice. Working well with local unions is critical to meeting our employees' needs.

Interests and concerns

Across Africa, governments want to strike a balance between the interests of investors, consumers and the state when it comes to financial and digital inclusion. We're seeing a push in many of our markets for telecoms licensees to have a local shareholding. We're seeing increasing recognition and regulation of mobile financial services. Compliance around anti-money laundering, data protection, quality of service and supply chain requirements remains critically important.

We describe our work with governments and regulators on pages 16-17.

“

Since the IPO in 2019 we have a diverse shareholder base. Through regular financial reporting and events, we ensure an ongoing conversation with shareholders.

”

section 172 statement

The information on these two pages, alongside the discussion on pages 78-79 of the governance report, serves as our section 172(1) statement under the 2006 Companies Act.

The directors are also responsible under section 172 of the Companies Act 2006 for promoting the success of the company with regard to the needs of wider society and stakeholders, including customers, consistent with our core business objectives.

Partners and suppliers

We work with almost 2,700 suppliers – mobile brands, IT companies and telecoms infrastructure providers – across Africa, with the top 100 accounting for just over 86% of our sales.

How we engaged in the year

We are very proactive in dealing with our partners and suppliers, aiming to make sure we resolve any operational issues or concerns quickly.

We meet our vendors through multiple forums. The majority of interactions happen through meetings between senior representatives in Nairobi, at least once a quarter. These include governance meetings, commercial meetings and, where necessary, grievance meetings. Our OpCo teams discuss operational matters with vendors at country level. We also engage with partners and suppliers at mobile industry conferences, such as Barcelona MWC and AfricaCom.

Interests and concerns

Our suppliers are typically very interested in operating with us due to our growth story and our track record of designing win-win solutions with them. They provide information on the latest developments and support us with the adoption of new technologies. We also discuss sales and project plans, bids and proposals, and payments.

2,700
suppliers

Our people

Our more than 3,300 full-time permanent employees in 17 countries represent 35 nationalities and are the heartbeat of our business.

How we engaged in the year

We hold quarterly online town halls (in both English and French) with all colleagues, where our CEO updates everyone on our performance, organisational changes and plans before taking questions from individuals. Each country-level business has a monthly town hall, as well as one-to-ones with management, regular union forums and local e-newsletters. We also have a WhatsApp chat line where people can ask our CEO anonymous questions at any time.

Interests and concerns

Our people are keen to develop themselves, and are very receptive to training that will help them to progress their careers. To share best practice, we send employees on short-term assignments in other countries to learn from teams who have made notable achievements.

3,300
full-time permanent employees

Investors and shareholders

Since the IPO in 2019 we have a diverse shareholder base. Through regular financial reporting and events, we ensure an ongoing conversation with shareholders.

How we engaged in the year

We follow each of our results announcements with presentations, conference calls and meetings with our shareholders. We held meetings with major institutional investors, shareholders and financial analysts throughout the year in various geographic locations to discuss the business performance and strategy.

The Board is regularly updated on the investor and shareholder feedback coming from these meetings to ensure we create sustainable long-term value for shareholders in a manner which contributes positively to a wider society.

We have consulted with our top 20 shareholders and three proxy agencies to provide an early opportunity to comment on the main elements of the directors' remuneration policy.

Interests and concerns

In addition to the obvious concerns around solid financials, such as delivering sustainable profitable growth, free cash flow and dividends, our shareholders expect to see high standards of governance at Airtel Africa.

We describe our relationship with our majority shareholders on pages 95-96.

Business review: Nigeria

Creating strong growth and exciting opportunities through better coverage and a dynamic distribution network.

\$1,373m

revenue
+24.4%*

\$565m

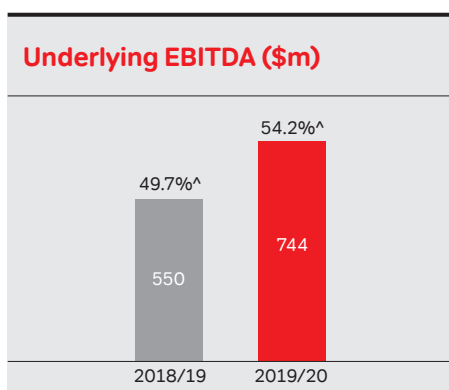
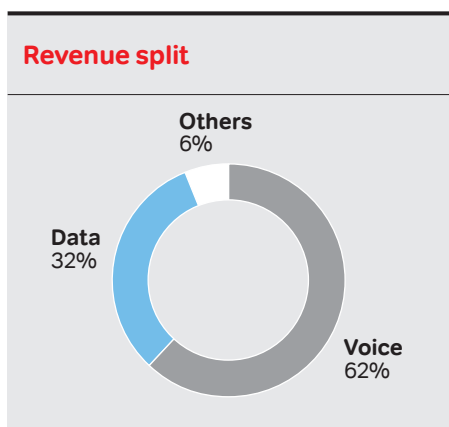
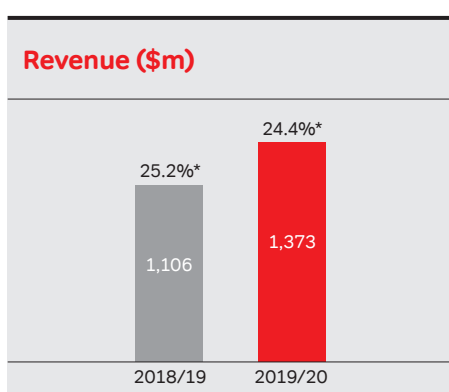
operating profit
+52.6%*

\$744m

underlying EBITDA
+35.6%*

\$2.9

ARPU
+9.4%*



Our market

Nigeria is the largest single country market for Airtel Africa – and presents some of our greatest opportunities. With a large and growing population, low banking penetration and rapidly rising demand for data, it offers enormous potential for us to both grow our business and increase our positive social impact.

Customers in Nigeria expect excellent coverage and a quality experience, and increasingly demand a strong data experience.

We've been working to meet this demand through modernising our network and rapidly upgrading our 4G capability. At the same time, we've led the way in strengthening and expanding our distribution network, meeting Know Your Customer (KYC) regulations, establishing fixed outlets for customers to comply with Nigeria's KYC requirements, a key element in building our customer base.

All of this has contributed to our double-digit revenue growth, a wider customer base and a rapid rise in data consumption.

We've also continued our commitment to working with the communities around us and the environment – see pages 52-55 for some of our CSR activities in these areas.

Nigeria also has low banking penetration – around 50% in 2019, according to the Central Bank of Nigeria. We currently provide services through a partnership with a local bank, but following regulatory changes in 2018 we applied for a licence to offer payment services independently. When approval for this licence is obtained, it will allow us to access one of the largest and least penetrated mobile money markets in Africa.

Other market participants

- MTN
- Glo
- 9 Mobile

Summarised statement of operations

Description	Unit of measurement	2019/20	2018/19	Reported currency change %	Constant currency change %
Revenue	\$m	1,373	1,106	24.1%	24.4%
Voice revenue	\$m	850	740	14.9%	15.1%
Data revenue	\$m	435	259	67.8%	68.1%
Other revenue	\$m	88	107	(17.4%)	(17.2%)
Underlying EBITDA	\$m	744	550	35.3%	35.6%
Underlying EBITDA margin	%	54.2	49.7	448 bps	449 bps
Depreciation & amortisation	\$m	(184)	(157)	16.9%	17.6%
Exceptional item	\$m	5	(22)	(123.8%)	(124.0%)
Operating profit¹	\$m	565	371	52.6%	52.6%
Capex	\$m	325	180	80.9%	80.9%
Operating free cash flow	\$m	419	370	13.2%	13.8%
Operating KPIs					
ARPU	\$	2.9	2.7	9.2%	9.4%
Total customer base	m	41.8	37.1	12.5%	-
Data customer base	m	16.7	14.7	14.0%	-

* Percentage in constant currency

^ Underlying EBITDA margin in reported currency

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

Our performance

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

Voice

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

Data

Data revenue growth of 68.1% was supported by a 14% growth in data customers and a 53.8% increase in data usage per customer. This growth was driven by an accelerated 4G rollout (with 68% of total sites now 4G), a 1.8% increase in smartphone penetration, and affordable products in our data bundles – 47.5% of total data usage is now through the 4G network. Data revenue accounted for 31.7% of total revenue, up by 8.2%.

Other

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

Airtel Money

We continue to engage the relevant regulatory body on the approval of our application for a payment services licence.

Underlying EBITDA

In 2019/20, underlying EBITDA margin increased by 449 bps due to the revenue growth and operating efficiencies. Exceptional items include \$5m one-off gain, largely as a result of the reassessment of the customers 'life cycle' which led to a deferral of customer acquisition cost.

Capital expenditure

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

Operating free cash flow

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



“

We're a force for greater good in Nigeria, the largest country by population in Africa, connecting 41 million people through enhanced 4G, extended voice coverage and newly launched home broadband.

OLUSEGUN OGUNSANYA MD & CEO, AIRTEL NIGERIA

”

“

My connection with Airtel Africa means I get to influence network deployment to communities, solve subscriber issues and provide a means of livelihood to others.

YAHAYA HAMMA, SALES AREA MANAGER, EMERGING MARKETS, KANO METROPOLIS, NIGERIA

”

Business review: East Africa

Airtel Money and data driving growth in segment with strong potential.

\$1,201m

revenue
+13.6%*

\$266m

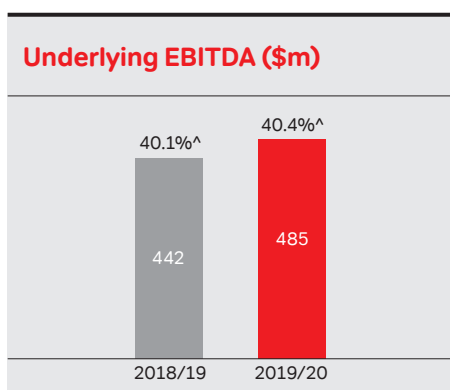
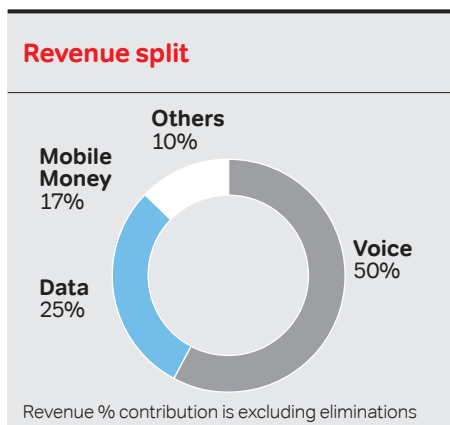
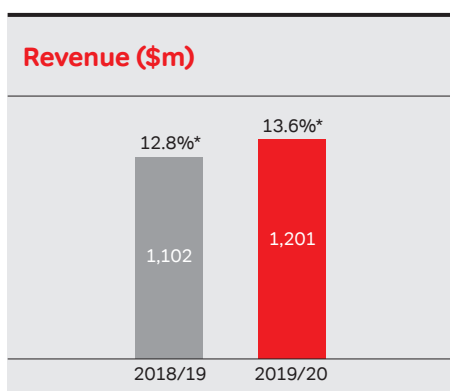
operating profit
+32.7%*

\$485m

underlying EBITDA
+14.6%*

\$2.2

ARPU
+3.4%*



Our market

The six markets in our East Africa segment are each unique – but overall they are characterised by positive GDP growth with a young and growing population, presenting a clear opportunity for us to grow our business and deepen our social impact. We're focused on three core activities: acquiring quality customers, accelerating the penetration of data and 4G, and further growing our Airtel Money business.

East Africa is our largest segment by customer base, and we continue to focus on our drive to win more quality customers through network improvements and distribution expansion, coupled with popular products.

Our network modernisation programme has delivered 4G coverage expansion to meet the needs of region's growing demand for data. We are the first company to offer nationwide 4G coverage in Uganda, Malawi and Zambia, where every tower is 4G enabled. We continue to expand 4G coverage in Kenya, and during the year we launched 4G services in Tanzania, on our newly-acquired 1,800 MHz spectrum.

We support the growth of data customers through a range of commercial initiatives, including smartphone promotions and 4G SIM upgrades. In Uganda and Zambia, we have launched Airtel TV as a platform to distribute local and international content, and will be launching in other markets within the next year.

We have continued to focus and expand our distribution network with the aim of getting closer to our customers, building more exclusive channel outlets, rolling out more kiosks and recruiting independent freelancers to support our business.

Summarised statement of operations

Description	Unit of measurement	2019/20	2018/19	Reported currency change %	Constant currency change %
Revenue²	\$m	1,201	1,102	9.0%	13.6%
Voice revenue	\$m	606	596	1.6%	6.2%
Data revenue	\$m	307	266	15.5%	20.3%
Airtel Money revenue ³	\$m	213	154	38.6%	43.7%
Other revenue	\$m	131	126	3.9%	7.6%
Underlying EBITDA	\$m	485	442	9.7%	14.6%
Underlying EBITDA margin	%	40.4	40.1	27 bps	37 bps
Depreciation & amortisation	\$m	(229)	(226)	1.5%	5.7%
Exceptional items	\$m	10	(7)	(239.2%)	(244.4%)
Operating profit	\$m	266	209	26.9%	32.7%
Capital expenditure	\$m	181	257	(29.6%)	(29.6%)
Operating free cash flow	\$m	304	185	64.3%	78.6%
Operating KPIs					
Average revenue per user	\$	2.2	2.2	(0.8%)	3.4%
Total customers	m	48.6	42.9	13.5%	
Data customers	m	13.3	10.9	22.0%	

1 East Africa segment includes Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia

2 The above table includes intra-segment eliminations of \$56m for the year ending March 2020 and \$40m for the year ending March 2019

3 Airtel Money revenue post intra-segment eliminations with mobile services is \$157m for the year ending March 2020 and \$114m for the year ending March 2019

* Percentage in constant currency

^ Underlying EBITDA margin in reported currency

In every market, we have made Know Your Customers (KYC) kits more accessible, ensuring compliance with local laws and regulations for the sign-up of new customers, and re-registration of existing customers.

Airtel Money revenue grew by 43.7% in 2019/20, showing that a mobile money ecosystem continues to grow in the region.

In such a diverse segment, each market has its own specific opportunities and challenges. We tailor market-specific plans to address each country context. As a partner to each of the countries we operate in, we continue to contribute directly in terms of job creation, digitalisation and financial inclusion.

Other market participants

- Kenya – Safaricom and Telkom
- Malawi – TNM
- Rwanda – MTN and KTRN
- Tanzania – Vodacom, Tigo, Halotel and TTCL
- Uganda – MTN and Africell
- Zambia – MTN and Zamtel

Our performance

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

Voice

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

“

Our cross-border money transfer service has revolutionised the way small traders in Tanzania can do business with neighbouring countries. With the support of the Central Bank of Tanzania, this is just one way we're bringing greater financial security to our customers and connecting them to the world.

ISACK NCHUNDA AIRTEL MONEY DIRECTOR, TANZANIA

”

Data

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

Airtel Money

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

Underlying EBITDA

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

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

Capital expenditure

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



“

I see great potential for us to grow our portfolio and revenue across East Africa. Through our strong and expanding network and distribution channels, we're capturing the increasing demand for fast data and mobile money services. Our activities and opportunities are driving financial inclusion and economic growth in communities across the region.

IAN FERRAO REGIONAL DIRECTOR, EAST AFRICA

”

Business review: Francophone Africa

Shaping the change that will allow society – and our business – to grow.

\$859m

revenue
(0.5%)*

\$91m

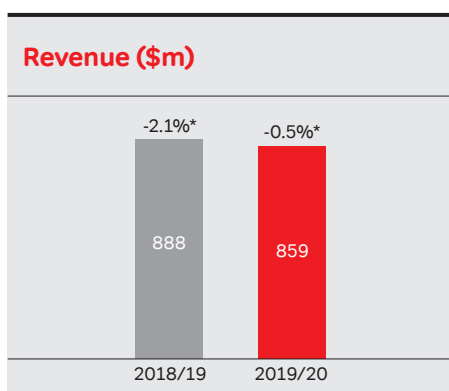
operating profit
(31.5%)*

\$292m

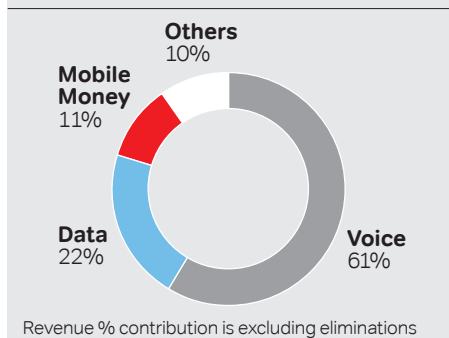
underlying EBITDA
(11.8%)*

\$3.7

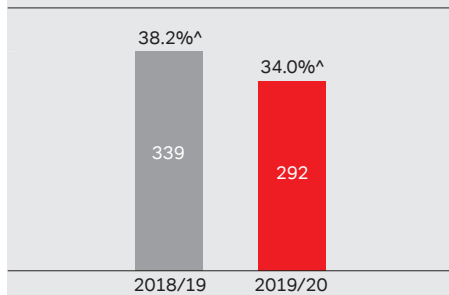
ARPU
(4.8%)*



Revenue split



Underlying EBITDA (\$m)



Our market

The seven countries in our Francophone Africa segment vary widely in size, geography, wealth and market environment. What they share, however, is strong potential: for growth in our voice, data, and Airtel Money offerings – and for our products to make lasting positive impact on people's lives.

Our Francophone Africa segment is made up of Republic of the Congo, Democratic Republic of the Congo (DRC), Chad, Niger, Gabon, Madagascar and the Seychelles. These are typically countries with young and growing populations, where demand for mobile voice and data services is high. We're well positioned here, as either the top or second-placed telecoms provider in six of our seven markets.

While disruptions and macro-economic weakness have affected our revenues and our recent performance, we believe the underlying dynamics in Francophone Africa remain strong.

We're continuing to focus on modernising our networks and investing in 4G and fibre, to make sure more customers can access quality data services, all of the time. In 2019/20, we more than doubled the number of our 4G sites, launching 4G in Republic of the Congo, DRC and Niger.

We see investing in digitalisation as part of a long-term approach to sustainable development in countries which often face severe infrastructure challenges. And we can see the difference our services are making. For example, we've worked with the government and the World Food Programme (WFP) in the Republic of the Congo on a project in which vulnerable beneficiaries receive donor transfers to their Airtel Money accounts. And we're continuing to work with local communities to improve education and health – see pages 52-55 for some of our CSR activities in these critical areas.

Summarised statement of operations¹

Description	Unit of measurement	Year ended		Reported currency change	Constant currency change
		March 20	March 19		
Revenue²	\$m	859	888	(3.2%)	(0.5%)
Voice revenue	\$m	525	597	(12.1%)	(9.5%)
Data revenue	\$m	189	159	19.0%	22.0%
Airtel Money revenue ³	\$m	93	75	25.0%	28.4%
Other revenue	\$m	86	81	6.5%	9.2%
Underlying EBITDA	\$m	292	339	(13.9%)	(11.8%)
Underlying EBITDA margin	%	34.0	38.2	(423) bps	(435) bps
Depreciation & amortisation	\$m	(189)	(180)	4.8%	7.9%
Exceptional items	\$m	(12)	(24)	(49.4%)	(49.1%)
Operating profit	\$m	91	135	(32.9%)	(31.5%)
Capital expenditure	\$m	133	190	(30.1%)	(30.1%)
Operating free cash flow	\$m	159	149	6.6%	12.0%
Operating KPIs					
Average revenue per user	\$	3.7	4.0	(7.5%)	(4.8%)
Total customers	m	20.2	18.9	7.1%	
Data customers	m	5.4	4.4	21.8%	

1 This business segment includes Niger, Chad, Gabon, Democratic Republic of the Congo, Republic of the Congo, Madagascar and the Seychelles. This was previously called Rest of Africa

2 The above table includes intra-segment eliminations of \$34m for the year ending March 2020 and \$24m for the year ending March 2019

3 Airtel Money revenue post intra-segment eliminations with mobile services is \$59m for the year ending March 2020 and \$51m for the year ending March 2019

* Percentage in constant currency

^ Underlying EBITDA margin in reported currency

Other market participants

- Chad: Maroc, Sotel
- DRC – Vodacom, Orange and Africell
- Gabon – Gabon Telecom
- Madagascar – Orange and Telma
- Niger – Zamani, Moov (Maroc Telecom), Niger Telecom
- Republic of the Congo – MTN
- Seychelles – Cable & Wireless, Intelvision

Our performance

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

Voice

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

Data

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

Airtel Money

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

Underlying EBITDA

Our underlying EBITDA margin decreased by 435 bps due to higher operating expenses resulting from investment in network expansion and higher marketing spends. While FY 2019 had \$13m in one-off benefits, FY 2020 was affected by a one-off quality of services charge in few countries. Excluding these one-offs, underlying EBITDA margin decreased by 190bps. Exceptional items of \$12m mainly contributed by accelerated depreciation resulting from a network modernisation.

Capital expenditure

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



“

Our voice, data and mobile money services contribute to the economic competitiveness of our francophone markets, most of which are near the bottom of the UN's Human Development Index. Our networks touch tens of millions of lives every day – connecting communities, enabling financial inclusion and supporting the societies in which we operate.

MICHAEL FOLEY REGIONAL DIRECTOR,
FRANCOPHONE AFRICA

”

“

To make sure we finished our 2,700km fibre cable project on time, I left my home and camped out near the installation. This cable is the first of its kind, connecting the south-east of DRC to the west coast. As well as providing enhanced connectivity, it gives our many customers access to improved livelihoods.

ALAIN MUKADI HEAD OF AIRTEL NETWORK DEPLOYMENT, DEMOCRATIC REPUBLIC OF THE CONGO

”

Business review: Mobile services

Mobile demand continuing to grow in some of the world's least penetrated markets.

110.6m

mobile services customer base

+11.9%*

35.4m

data customer base

+18%**

\$1.6

voice ARPU

-4.5%**

\$2.4

data ARPU

+20%**

\$1,970m

voice revenue

+5.2%**

\$930m

data revenue

+39%**

\$3,210m

mobile services revenue +12.5%**

\$780m

operating profit +26.7%**

Our market

Across Africa, a growing population of aspirational, price-conscious consumers demand high-quality mobile services. We've continued to grow our customer base and our revenues in 2019/20 by offering relevant voice and data products through an expanding distribution network.

Sub-Saharan Africa is the fastest-growing mobile telecoms market in the world, driven by demand for voice and data services. With our leading 4G network, we're well positioned to meet that demand. Our focus on customer acquisition has seen our customer base grow by 11.9% to 110.6 million over the last year, while our expansion of data services to more than 35 million customers is helping to drive the digitalisation and financial inclusion that's transforming economies and individual lives.

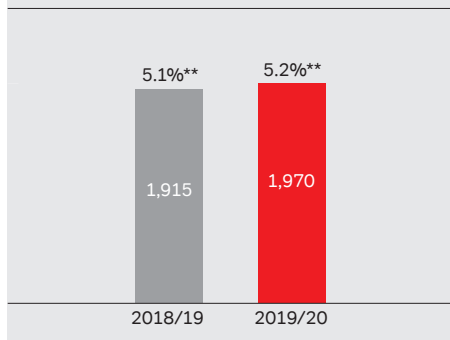
Our mobile voice business line – pre- and post-paid wireless voice services, international

roaming, fixed-line phone services and interconnect revenue – is the largest component of our revenue, contributing 57.6% to our consolidated revenue in 2019/20. We expect voice demand to continue growing for some years in this underpenetrated market. While reduced tariffs and, in some markets, reduced interconnect rates contributed to a fall in our average revenue per user in 2019/20, our overall voice revenue has continued to grow.

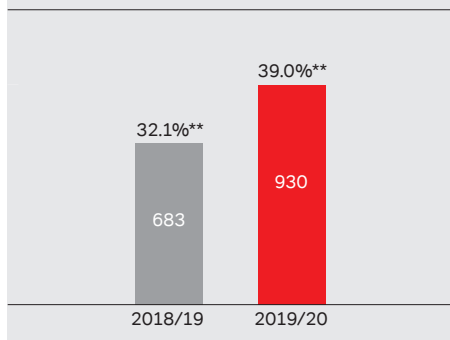
At the same time, we're seizing the opportunity presented by Africa's demand for data and the increasing availability and affordability of smartphones. We've consistently invested in our network, giving us the largest 4G capability in most of our markets. And we've developed simple and affordable data products, including 'more for more' bundles, to encourage data use. The result has been strong growth in customer numbers, data usage and revenue. We want to keep our momentum on acquiring new customers, while ensuring customer satisfaction through the quality of our network. At the same time, we aim to build customer 'stickiness' through offering other services, such as Airtel Money.

Mobile services

Voice revenue (\$m)



Data revenue (\$m)



Description	Unit of measurement	Year ended		Reported currency change	Constant currency change
		March 20	March 19		
Revenue¹	\$m	3,210	2,918	10.0%	12.5%
Underlying EBITDA	\$m	1,372	1,234	11.1%	13.5%
Underlying EBITDA margin	%	42.7	42.3	44 bps	38 bps
Depreciation & amortisation	\$m	(595)	(556)	7.0%	9.8%
Operating exceptional items	\$m	3	(53)	(106.6%)	(105.7%)
Operating profit ²	\$m	780	625	24.7%	26.7%
Capital expenditure	\$m	626	613	2.2%	2.2%
Operating free cash flow	\$m	746	621	20.0%	24.7%
Operating KPIs					
Voice					
Voice revenue	\$m	1,970	1,915	2.9%	5.2%
Voice customers	m	110.6	98.9	11.9%	
Voice average revenue per user	\$	1.6	1.7	(6.6%)	(4.5%)
Data					
Data revenue	\$m	930	683	36.1%	39.0%
Data customers	m	35.4	30.0	18.0%	
Data average revenue per user	\$	2.4	2.1	17.6%	20.0%

1 Mobile service revenue after intersegment eliminations amounted to \$3,199m for the year ending March 2020 and \$2,910m for the year ending March 2019

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

* As at March 2020

** Percentage in constant currency

Our performance

Revenue

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

Voice

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

Data

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

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

+81%

data usage



“

With demand set to continue, there's a huge opportunity in Africa for businesses able to reach, and hold on to, voice customers. By expanding our customer base beyond 110 million, we've shown that our focus on network and customer satisfaction is helping us win in a competitive marketplace.

ASHISH MALHOTRA CHIEF MARKETING OFFICER

”

Business review: Airtel Money

Banking the unbanked, driving double-digit growth.

18.3m
customer base[^]
+28.7%*

\$1.6
ARPU
+14.2%*

\$311m
revenue
+37.2%*

\$150m
underlying EBITDA
+57.2%*

\$143m
operating profit
+60.7%*

Sub-Saharan Africa has some of the world's lowest rates of banking penetration, with less than half the population having a bank account. This means our mobile money offering, Airtel Money, has huge potential – both for profitable growth and for helping to drive the financial inclusion that could transform economies and societies.

What we do

Airtel Money has a unique distribution and product strategy that enables us to quickly expand our customer base and drive revenues. At the same time, we're bringing financial services to societies in Africa that have long been underserved by traditional banking services, while creating thousands of employment opportunities. The result is growth for our business: Airtel Money revenue grew by 37.2% in 2019/20 to \$311m.

A strong and growing distribution network

Our distribution network uses a dynamic mix of agents, exclusive franchised agents and Airtel Money shops to get close to our customers.

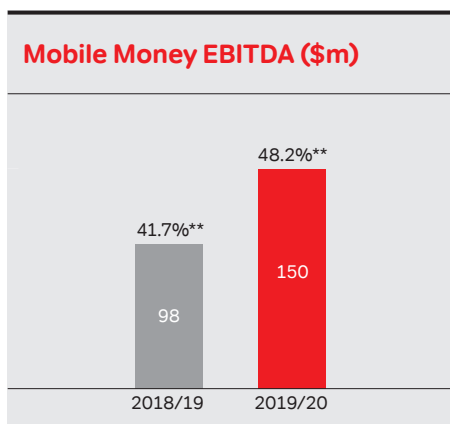
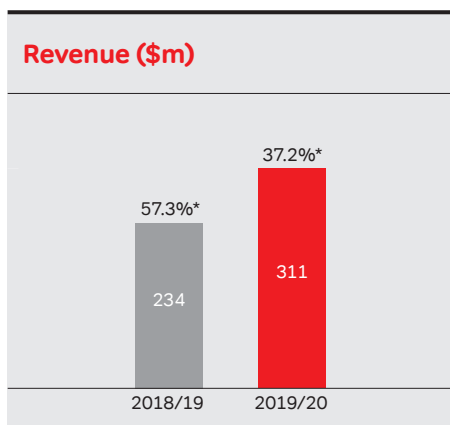
Our goal is 'assured float availability'. This means customers know that our exclusive outlets will have the funds to meet their needs, unlike competing distribution networks where customers may have to go from agent to agent to secure cash. Our 17,500 kiosks, 5,100 Airtel Money branches and shops and more than 335,000 Airtel Money agents mean that we can reach more customers than ever before. This strategy is working: our customer base grew by 28.7% to 18.3 million in 2019/20.

A reliable payments system that customers trust

We've built a payments system known as 'currency of choice'. This gives huge flexibility to customers, who can pay their bills anytime, anywhere, and use Airtel Money over the counter or online. It also reduces risk and increases convenience for a wide range of transactions – for example, paying government salaries in remote areas.

Access to global markets through partnerships

We're also empowering customers through a range of additional services delivered in partnerships, including microloans, savings, and fast, secure international money transfers. Our strategic partnerships with companies such as Mastercard, Western Union and Ecobank give our customers access to global markets and drive money flows.



Performance

Description	Unit of measurement	Year ended		Reported currency change	Constant currency change
		March 20	March 19		
Revenue¹	\$m	311	234	32.9%	37.2%
Underlying EBITDA	\$m	150	98	53.4%	57.2%
Underlying EBITDA margin	%	48.2	41.7	644 bps	609 bps
Depreciation & amortisation	\$m	(7)	(7)	5.6%	7.5%
Operating profit	\$m	143	91	56.8%	60.7%
Capital expenditure	\$m	12	14	(13.3%)	(13.3%)
Operating free cash flow	\$m	138	84	64.3%	68.3%
Operating KPIs					
Airtel Money KPIs					
Transaction value	\$m	31,598	25,118	25.8%	31.0%
Active customers	m	18.3	14.2	28.7%	-
Average revenue per user	\$	1.6	1.5	10.5%	14.2%

1 Airtel Money service revenue post intra-segment eliminations with mobile services is \$220m for the year ending March 2020 and \$170m for the year ending March 2019

[^] As at March 2020

* Percentage in constant currency

** Underlying EBITDA margin in reported currency

“

Using Airtel Money simplifies a lot of things. I withdraw a little for myself, then keep the rest on my mobile phone. If my family needs money I can easily transfer it to them.

ABDOULAYE BANI COMMUNITY TEACHER, CHAD

”

Huge potential for growth through our mobile customer base

Airtel Money has huge potential for growth, both within and beyond our mobile customer base. We're working with partners and regulators to rapidly expand the range and availability of our services. Our mobile customers are key to this. By enhancing the experience of these mobile customers, we aim to increase the penetration of Airtel Money services and reduce customer churn.

Our performance

Revenue

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

Underlying EBITDA

Underlying EBITDA increased by 53.4% to \$150m, driven by revenue growth and a lean cost structure. As a result, the underlying EBITDA margin grew to 48.2%, up from 41.7%.

Total transaction value was up 31% in constant currency, amounting to \$34.5bn (Q4 2020 annualised). This was primarily driven by the expansion of the distribution network.

Active customers grew to 18.3 million, up 28.7% on the previous year, with Airtel Money customers representing 16.5% of our total customers. Excluding Nigeria mobile money customers, 26.5% of our total customer base consisted of Airtel Money customers as of 31 March 2020. ARPU was up 14.2%, driven by a higher transaction values and increased contribution from person-to-person money transfer and merchant payments.

Banking the unbanked

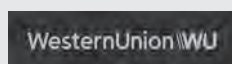
We're addressing the lack of banking services in our markets through a range of services that include:

- **Mobile banking:** in ten markets, we work with local and regional banks to enable customers to make transfers through Airtel Money wallets
- **Merchant payments:** customers can use Airtel Money in a growing range of scenarios, including paying utility and school fee bills, and for purchases in supermarkets, petrol stations and other retail sites
- **Loans:** we work with loan providers to give customers real-time unsecured credit for emergencies, small business trading, medical bills and similar needs in Kenya, Malawi, Tanzania, Uganda and Zambia
- **Savings:** Airtel Money Save enables Airtel customers to set up accounts on their Airtel Money wallets in Kenya and Tanzania
- **International money transfers:** we work with money transfer organisations (MTOs) and aggregators so that customers in eight of our markets can receive remittances and transfers from around the world, send and receive transfers within Africa to other Airtel Money customers and, where regulations allow, make transfers through other financial partners. We're waiting for regulatory approval to expand this service to four more markets

New partnerships transforming financial access

In September 2019, we announced our strategic partnership with Mastercard.

The Mastercard virtual card allows Airtel Money customers, even those without a bank account, to make payments to local and global online merchants that accept Mastercard. Customers can also make payments in person through Quick Response (QR) codes at more than 40,000 Mastercard QR merchants. The service launched in Tanzania and will be rolled out to more markets this year.



In January 2020, we signed a strategic partnership with Western Union which enables Airtel Money customers to reliably send and receive international money transfers directly from their Airtel wallets.

Chief financial officer's introduction to the financial review

Enhancing cash generation, improving operating leverage and **creating long-term value for shareholders.**



“

We recorded double-digit topline growth, improved margin and operating profit growth of 25.4% in constant currency, another year of strong performance for Airtel Africa.

JAIDEEP PAUL CHIEF FINANCIAL OFFICER

”

In the last 12 months we have focused on three key financial objectives. First, supporting the business in delivering profitable growth by improving underlying EBITDA margin. Second, maintaining a balanced capital allocation policy by prioritising investments in the business and by continuing to deleverage our balance sheet. Third, focusing on creating long-term value for shareholders.

Improved underlying EBITDA margin

We have improved our underlying EBITDA margin by 94bps as a result of double-digit growth in revenues as well as continued reengineering of our operating cost model. In turn this contributed to grow operating profit by 25.4%.

Maintaining a balanced capital allocation policy

We continued to invest in the business to support growth, and especially in improving our network.

Better operating profitability along with deleveraging our debt position has resulted in an improvement of 168bps in return on capital employed

Increased cash and lower debt meant we reduced net debt. Our leverage position improved to 2.1x net debt to underlying EBITDA. We aim to maintain our leverage ratio at the lower end of the 2.0x to 2.5x range, which is the anchor of our capital structure policy.

Financial performance

\$3,422m

revenue
+13.8%

\$1,515m

underlying EBITDA
+16.3%

\$901m

operating profit
+25.4%

\$642m

capex
+1.9%

9.8 cents

basic earnings per share restated
decrease of 0.5 cents

Growth % is in constant currency

Creating long term value for shareholders

Our free cash flow for the year was \$453m, up by 201%, largely contributed by underlying EBITDA expansion and lower interest costs due to reductions in debt. Reflecting this performance, we paid an interim dividend of 3 cents per ordinary share in November 2019. The Board recommended a final dividend of 3 cents per share. Basic EPS declined 9.2 cents due to an increase of shares issued, higher tax and higher impact of devaluation on foreign currency liabilities. After restating for same number shares, basic eps declined 5 cents due to higher tax and higher impact of devaluation on foreign currency liabilities.

OUTLOOK

Our assessment of the impact of COVID-19 on our business is described on page 9 of this report. Our focus will be on minimising the impact of COVID-19.

Finally, while our leverage ratio is within the lower range of our capital structure policy, we will focus on rebalancing our foreign and

local currency exposure to achieve a more effective natural hedging of our balance sheet, and also continue to explore asset monetisation opportunities to further deleverage our debt position.

JAIDEEP PAUL
CHIEF FINANCIAL OFFICER
13 MAY 2020

Performance highlights

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

Profit and loss snapshot

Description	Unit of measure	Year ended			
		March 2020	March 2019	Reported currency change %	Constant currency change %
Revenue¹	\$m	3,422	3,077	11.2%	13.8%
– Voice revenue	\$m	1,970	1,915	2.9%	5.2%
– Data revenue	\$m	930	683	36.1%	39.0%
– Airtel Money revenue ²	\$m	311	234	32.9%	37.2%
– Other revenue	\$m	302	309	(2.3%)	(0.2%)
Expenses	\$m	(1,924)	(1,772)	8.6%	11.3%
Underlying EBITDA³	\$m	1,515	1,332	13.8%	16.3%
– Underlying EBITDA margin	%	44.3	43.3	100 bps	94 bps
Depreciation & amortisation	\$m	(605)	(532)	13.8%	16.4%
Operating exceptional items	\$m	(4)	(62)	(93.9%)	(93.8%)
Operating profit⁴	\$m	901	734	22.8%	25.4%
Net finance costs	\$m	(372)	(354)	5.3%	5.6%
Non-operating exceptional items	\$m	69	(8)	995.3%	995.3%
Profit before tax⁵	\$m	598	348	71.7%	77.2%
Tax	\$m	(237)	(110)	115.6%	126.1%
Tax – exceptional items	\$m	47	188	(74.9%)	(75.1%)
Total tax charge	\$m	(190)	78	343.7%	330.7%
Profit after tax	\$m	408	426	(4.4%)	(2.2%)
Non-controlling interest	\$m	(38)	(38)	0.3%	0.3%
Profit attributable to parent company shareholder – pre-exceptional items	\$m	261	278	(6.4%)	(2.6%)
Profit attributable to parent company shareholders	\$m	370	388	(4.8%)	(2.4%)

1 The revenue in above table includes intra-segment elimination of \$91m for the year ending March 2020 and \$64m for the year ending March 2019

2 Airtel Money revenue post intra-segment eliminations with mobile services is \$220m for the year ending March 2020 and \$170m for the year ending March 2019

3 Underlying EBITDA includes other income of \$17m for the year ending March 2020 and \$27m for the year ending March 2019

4 Operating profit includes \$5m CSR (Corporate social responsibility) expense in the year ending March 2020 and \$4m in the year ending March 2019

5 Profit before tax in the year ending March 2019 included a \$24m share of loss from joint ventures and associate companies

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

Financial review

GAAP measures

Revenue

Reported revenue grew by 11.2% as 13.8% constant currency growth was partially offset by currency devaluation. The strong performance was largely driven by the growth of our customer base, up by 11.9% to 110.6 million, as well as a 3.3% growth in ARPU. Across the regions, Nigeria and East Africa continued to deliver strong performance and performance in Francophone Africa continued to improve with revenue up by 4.1% in Q4 2020.

Revenue growth was broadly based across all key segments: voice up by 5.2%, data by 39.0% and mobile money by 37.2% in constant currency terms.

Operating profit

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

Net finance costs

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

Taxation

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

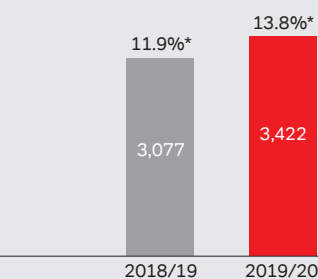
Profit after tax

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

Basic earnings per share (EPS)

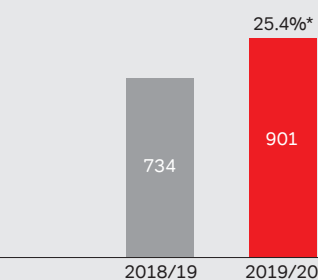
Basic EPS was down 47% to 10.3 cents, due to an increase in shares issued. If all the shares as of 31 March 2020 had been issued on 1 April 2018, the restated basic EPS for the year would have been 9.8 cents and 10.3 cents for the year ending 31 March 2019. Restated EPS reduced as a result of higher tax and finance costs. This was primarily the result of a \$75m, or 2 cents per share, higher impact of foreign exchange on debt due to the devaluation of the Nigerian naira, Kenyan shilling, Ugandan shilling, and Zambian kwacha in Q4 2020.

Revenue (\$m)



* Growth % in constant currency

Operating profit (\$m)



* Growth % in constant currency

Alternative performance measures

Underlying EBITDA

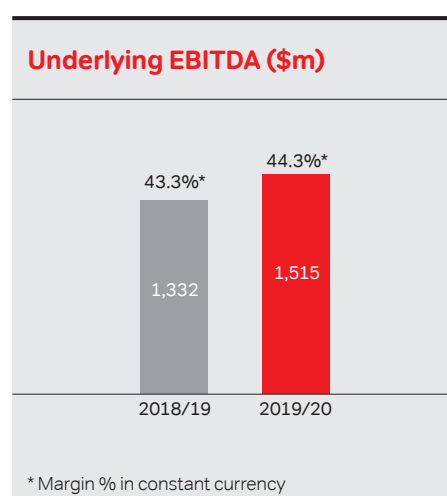
Underlying EBITDA grew by 13.8% to \$1,515m. This was largely driven by 16.3% constant currency growth, partially offset by currency devaluation. The reported underlying EBITDA margin of 44.3% improved by 100 bps, and by 94 bps in constant currency.

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

Tax

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

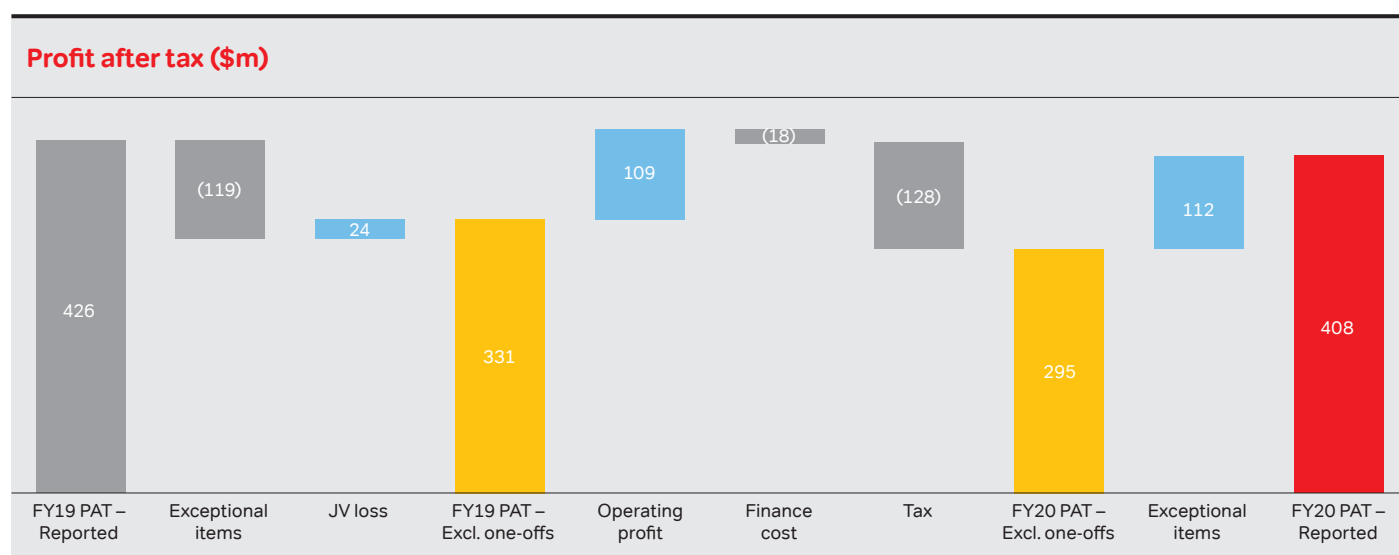
The adjusted effective tax rate was 38.7% compared to (1.0%) largely as a result of a recognition in the prior year of deferred tax asset in Nigeria amounting to \$170m.



Description	Unit of measure	Year ended March 2020			Year ended March 2019		
		Profit before taxation	Income tax expense	%	Profit before taxation	Income tax expense	%
Reported effective tax rate	\$m	598	190	31.8%	348	(78)	(22.4%)
Adjusted for:							
Exceptional items	\$m	(65)	47		69	189	
Foreign exchange rate movements for non-DTA operating companies and holding companies	\$m	(21)			(22)		
One-off tax adjustment	\$m		12			55	
Effective tax rate	\$m	512	249	48.6%	395	166	41.9%
Deferred tax triggered during the year	\$m		(51)			(170)	
Adjusted effective tax rate	\$m	512	198	38.7%	395	(4)	(1.0%)

Exceptional items

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



Financial review continued

Free cash flow

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

Description	Unit of measure	Year ended		Growth %
		March 2020	March 2019	
Underlying EBITDA	\$m	1,515	1,332	13.8%
Capex incurred	\$m	(642)	(630)	1.9%
Operating free cash flow	\$m	873	702	24.4%
Cash tax	\$m	(114)	(115)	(0.7%)
Cash interest	\$m	(288)	(355)	(18.7%)
Change in working capital	\$m	(18)	(81)	(78.3%)
Free cash flow	\$m	453	151	200.7%

Net debt, leverage and balance sheet measures

Description	Year ended	
	March 2020	March 2019
Free cash flow (a)	453	151
Purchase of intangible assets	(155)	(125)
Issue of share capital	680	2,387
Proceeds from sale of shares to non-controlling interests	34	–
Acquisition of non-controlling interest	–	(74)
Settlement of derivatives	97	–
Proceed -sale of Assets (Including leased back)	–	65
Dividend paid by subsidiaries	(221)	(112)
Dividend received by Holdcos	216	108
Dividend to Airtel Africa plc shareholders	(113)	–
Others	(96)	(44)
Sub total (b)	442	2,205
Conversion of shareholders loan into equity	–	1,107
Adjustment of shareholders loan against sale of investment	–	208
Addition of lease liabilities	(155)	(160)
Foreign exchange on borrowings and cash flows	18	239
Sub total (c)	(137)	1,394
Net debt (increase)/decrease d= a+b+c	758	3,755
Opening net debt	4,005	7,755
Closing net debt	3,247	4,005

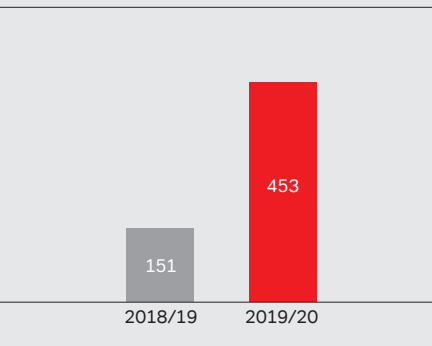
Purchase of intangible assets

Purchase of intangible assets in the year ending March 2019 include \$79m paid for licence in Francophone Africa. For the 2019/20 financial year, it includes \$128m paid for spectrum in Nigeria and \$6m for spectrum in East Africa.

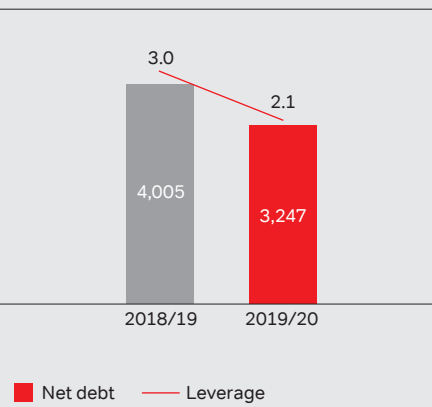
Issue of share capital

For the year ending March 2019, this represents shares issued to pre-IPO investors in Airtel Africa plc. For the year ending March 2020, it represents \$680m net proceeds from Airtel Africa plc IPO.

Free cash flow (\$m)



Net debt and leverage (\$m)



Settlement of derivatives

We took interest rate swap and currency swap contracts from various banks against our outstanding USD bonds. These bonds are all fixed-rate bonds, and to hedge our exposure from market interest rate fluctuations, we entered fixed-to-floating interest rate swap (IRS) contracts for USD bonds. In the year ended March 2020, these IRS contracts were cancelled and realised in cash for \$122m. Further, an amount of \$25m paid on maturity of derivatives taken against CHF bonds.

Acquisition of non-controlling interest

The acquisition of non-controlling interest in the year ended March 2019 represents the acquisition of non-controlling interest in Nigeria and one of our operating companies in Francophone Africa.

Others

Others includes payment to capex creditors over and above capex incurred, share issue expenses and changes in non-operating working capital.

Foreign exchange on borrowings and cash flows

Foreign exchange on borrowings and cash flows for the year ended March 2019 primarily represents gain on account of restatement of EUR and CHF bonds due to appreciation of US dollar against these currencies.

Dividend paid to shareholders

An interim dividend of 3 cents per share was paid to shareholders in November 2019.

Leverage

Description	March 2020		March 2019	
	\$m	Underlying EBITDA	\$m	Underlying EBITDA
Foreign Currency	2,791	1.8x	3,342	2.5x
HoldCo	2,330	1.5x	2,696	2.0x
OpCos	461	0.3x	645	0.5x
Local currency	297	0.2x	294	0.2x
OpCos	297	0.2x	294	0.2x
Less: Cash and cash equivalents	1,010	0.7x	848	0.6x
Net debt excluding lease obligations	2,078	1.4x	2,787	2.1x
Lease obligations	1,169	0.8x	1,218	0.9x
Net debt including lease obligations	3,247	2.1x	4,005	3.0x

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

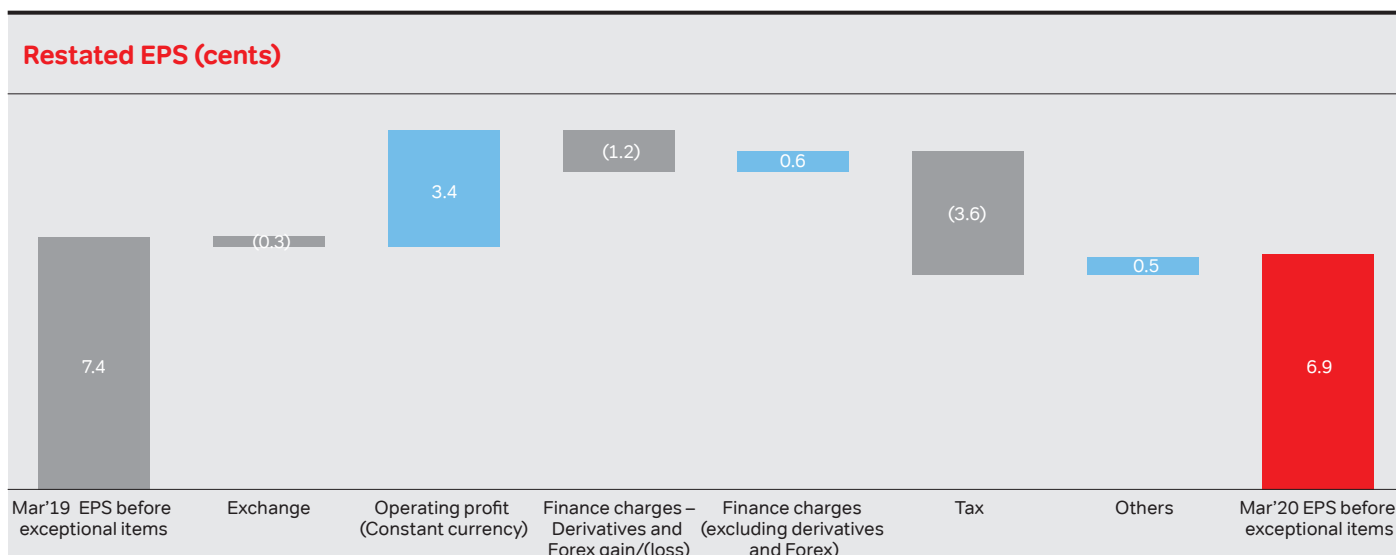
Financial review continued

Earnings per share (EPS) before exceptional items

Description	Unit of measure	March 2020	
		Reported	Restated
Weighted average shares outstanding 2019	m	1,986	3,758
Weighted average shares outstanding 2020	m	3,586	3,758
March 2019 EPS before exceptional items	cents	14.0	7.4
Exchange	cents	(0.6)	(0.3)
Operating profit (constant currency)	cents	6.4	3.4
Net Finance charges	cents	(1.0)	(0.5)
Derivatives and Forex gain/(loss)	cents	(2.2)	(1.2)
Finance Charges (excluding derivatives and Forex)	cents	1.2	0.6
Tax	cents	(6.7)	(3.6)
Others	cents	0.9	0.5
Number of shares changed	cents	(5.8)	
March 2020 EPS before exceptional items	cents	7.3	6.9

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

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



Financial information by service

We provide performance data for our mobile voice and data services and Airtel Money in our business review on pages 40-43.

Financial information by market

We provide performance data for each of our markets in our business review on pages 34-43.

Consolidated statement of financial position

The consolidated statement of financial position is set out on page 127. Details on the major movements of our assets and liabilities in the year are set out on this page.

Assets

Property, plant and equipment

Property, plant and equipment (including capital work in progress) increased by \$128m to \$2,091m. This was due to capital expenditure of \$642m linked to continued investment in network assets, which was partially offset by \$406m of depreciation and \$111m of foreign currency translation reserve.

Other intangible assets

Other intangible assets (including assets under development) increased by \$67m to \$486m. This was related to \$157m investment in licence/spectrum and partially offset by \$83m of amortisation.

Current assets

Current assets increased by \$250m to \$1,671m largely due to increases in:

- a) cash and cash equivalents – this rose by \$162m due to a \$680m IPO proceeds. This was partially offset by a \$365m repayment of CHF bonds on maturity and the \$113m interim dividend paid to shareholders of Airtel Africa plc.
- b) balance held under mobile money trust – these increased by \$57m, it represents balance held under mobile money trust on behalf of mobile money customers which are not available for use by the Group.

Total equity and liabilities

Equity attributable to owners of the company

Equity attributable to the owners of the company increased by \$762m to \$3,388m. This was linked to the \$370m profit for the period and \$680m share capital issued on IPO, and partially offset by \$224m unfavourable foreign exchange movements and \$113m interim dividend paid to shareholders of Airtel Africa plc.

Borrowings

Gross borrowings (including short-term borrowings and current portion of long-term borrowings) decreased by \$560m to \$4,279m. This was largely due to a \$365m repayment of scheduled debt on maturity. Net debt of the Group as at March 2020 is \$3,247m.

Current liabilities (net of borrowings)

Current liabilities decreased by \$109m to \$1,625m. This was largely due to a \$93m decrease in derivative instruments, indemnity reversal of \$72m and \$54m decrease in trade payables, and partially offset by \$54m increase in mobile money wallet balance, as well as increase in corporate taxes payable by \$77m. Further details on Group's liquidity position and going concern assessment are shown on page 131, note 2.2 of financial statements.

Initial public offering

Airtel Africa plc

On 28 June 2019, Airtel Africa plc announced the successful pricing of its IPO on the London Stock Exchange at 80 pence (NGN 363) per share. The offer comprised 676,406,927 new shares (637,178,959 shares available to institutional investors outside of Nigeria and 39,227,968 shares available to qualified institutional investors and high net worth investors in Nigeria). Unconditional trading of the shares on the London Stock Exchange began on 3 July 2019 and on the Nigerian Stock Exchange on 9 July 2019.

Airtel Malawi plc

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

Dividends

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

We connect over 110 million people – to each other, to the global economy, and to new opportunities. We’re building on our positive social impact through our active community programmes, our work to protect the environment, and by acting as a responsible employer and corporate citizen.

We see the impact our products and services have on the people around us every day.

Mobile voice, data, and money services are providing an essential bridge to sustainable development across sub-Saharan Africa. In delivering these services, we’re bringing employment and opportunities to more than a million people in our business and distribution network.

Like our customers, we live and work in some of the world’s most challenged countries – while the markets we operate in are growing fast, many lack the essential infrastructure that underpins developed economies. Our services are helping to create a new, digital infrastructure. They’re promoting growth today, and laying the foundations for future growth. This is why working closely with governments and regulators to encourage financial inclusion and empowerment – vital enablers of the United Nations Sustainable Development Goals (SDGs) – is at the heart of our business strategy (see page 21).

A responsible corporate citizen, active in the community

Beyond our products and services, we have always aimed to make a positive difference through what we do, and who we are. As a newly-listed company, we know that we have work to do to on developing systems to measure and report our non-financial performance and the ways in which we contribute to those around us. We are confident, though, that we are making a substantial contribution through our sustainability framework, which outlines our core responsibilities and opportunities as a business.



Financial inclusion and the UN's sustainable development agenda

Research by the UN and others is providing increasing evidence of the importance of financial inclusion to achieving the UN SDGs.

In the words of Her Majesty Queen Máxima of the Netherlands, the UN Secretary General's Special Advocate for Inclusive Finance for Development: 'Financial inclusion is not an end in and of itself but an important enabler of development progress and a powerful tool to reach our main goal: achieving the SDGs.'



Engaging with our stakeholders

Understanding the needs and expectations of all our stakeholders helps us boost our positive impact – and makes us a better business.

We describe how we engage with our stakeholders on page 32.

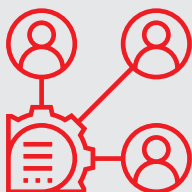
A simple set of principles guides all of our corporate social responsibility (CSR) programmes. We work with initiatives that:

Do:

- Draw on our own technology
- Align with local development plans or goals
- Address a pressing social need
- Offer opportunities to create partnerships with customers, employees, and public and private sector actors

Do not:

- Harm the environment
- Discriminate because of race or gender
- Support a political party, candidate or movement
- Support a particular religious doctrine



Our community

Supporting the communities in which we work is part of what makes us who we are as a business, and as Airtel Africa employees. Across our markets, employees volunteer in a wide range of community programmes, from providing meals to children at Christmas in Kenya to donating blood in Uganda, and from supporting orphanages in Madagascar to raising money for hospitals in Tanzania.

Alongside our support for our employees' volunteering efforts, we have a Group-wide approach to key community activities. After consulting our employees and other stakeholders, and assessing how we could add the most value to communities, we now focus on three main areas: health, education and disaster relief.

Giving a remote community a passport to the world

In October 2019, we opened a brand new ICT (Information Communication Technology) Centre serving 30,000 people in a large rural community in Southwest Nigeria. The many students, budding entrepreneurs and families in Imodi Ijebu now have uninterrupted internet access through 30 desktop computers with a suite of printers and scanners.

This new centre was the result of months of research and collaboration with community leaders and members to understand how best to support learning, innovation and social development in the area. The robust network in the Imodi Ijebu ICT Centre will help to unlock future success for this vibrant Nigerian community.



We're always excited to offer opportunities that will help uplift communities, empower young people and transform lives – and believe an ICT centre is critical to the development of both young and old.

EMEKA OPARAH DIRECTOR, CORPORATE COMMUNICATIONS & CSR, NIGERIA



1,200

people have used the state-of-the-art community ICT Centre

OUR COMMUNITY PROGRAMMES IN ACTION

Bridging the health information gap

Mobile and data technology is playing an important role in helping people get trustworthy information about their health. One example is our support for Malawi's Chipatala Cha Pa Foni (health centre by phone), a programme we run in partnership with the Ministry of Health. People can use this hotline free of charge to reach out to trained health professionals for advice. This is currently helping thousands of people each month, mainly young women and carers, with over 30,000 calls made in 2019.

In Nigeria, we operate a toll-free awareness hotline in partnership with the Lagos State Aids Control Agency to educate people about HIV and Aids, while supporting free testing, counselling and medication.

30,000

calls made to Chipatala Cha Pa Foni (health centre by phone) in 2019

300,000

students across our markets have benefited from the free internet

Empowering young people through knowledge

Digitalisation is helping drive economic development across sub-Saharan Africa – and it provides a clear path for young people to improve their life chances and the contribution they can make to their communities.

So beyond the impact we're having as a business in expanding data access, we run programmes specifically aimed at making the internet available to young people. In Uganda, for example, we support 14 libraries with fast, free Airtel 4G internet – a programme that has been used by over 21,000 learners so far.



Kawempe Public Library, part of the Kawempe Youth Centre in Kampala, is one of 14 libraries in Uganda we're supporting with free internet access.

Corporate social responsibility continued

Opening the world of data to Zambian students

Supporting schools and their students with access to data is one of the main ways we can serve the communities in which we work.

At Matero Girls' School in Lusaka, Zambia, we've helped more than 1,000 students by supplying their ICT (Information Communication Technology) hub with free data since it was opened as part of our then partnership with the British Council in 2015. The British Council have since moved on to support other educational programmes, however our programme has continued to expand to include 19 ICT hubs in schools across the country, directly supporting Zambia's 7th National Development Plan.

The benefits to students are clear – at Matero Girls' School, 100% of grade 9 pupils who took Zambia's ICT exams achieved a pass mark at the end of 2019.

“

With schools closed due to the coronavirus pandemic, teachers are able to send work for pupils via email and other online platforms using the ICT hub. In spite of various financial challenges the school encounters, we are still able to access a variety of materials online to enable us to continue acquiring knowledge.

ESAU NKHOMA HEAD TEACHER,
MATERO GIRLS' SCHOOL

”

19

schools in Zambia supported with free data for their ICT hubs

Our people

Our colleagues are an essential part of our business. We strive to be an employer of choice with a dynamic working environment that encourages productivity and fosters the health, knowledge, skills, experience, drive and inventiveness of our colleagues.

We have three main focus areas for our people: making sure our workplaces are fair through a robust human resources and policy framework, improving our diversity and inclusion, and ensuring the health and safety of our people.

A fair workplace

From our Code of Conduct

We are an equal opportunity employer and are committed to creating a safe and conducive work environment that enables employees to work without fear of prejudice, gender bias and/or sexual harassment.

Our Code of Conduct, available on our website, outlines the framework of robust policies we have in place to make sure we respect human rights throughout our operations. This is supported by our commitment to support people who speak out and ensure they have no reason to worry about retaliation. We have an independent whistleblowing mechanism in place which is managed by KPMG, described in Audit and Risk Committee report on page 83.

A diverse and inclusive environment

From our diversity and inclusion policy

Championing diversity and inclusion is embedded in our values. We recognise that a diverse and inclusive workforce is key to delivering our value proposition to customers.

We want to create an environment that embraces our differences and fosters inclusion, so that people can maximise their potential. We're committed to supporting the development of women in management and leadership roles and in the broader business, and we will be developing our measurement and reporting in this area in the coming year.

From our Code of Conduct

As part of our Code of Conduct, we do not discriminate on the basis of ethnicity, gender, language, age, race, sexual orientation, religion, socio-economic status, or any other arbitrary ground.

How we monitor our progress

Country management teams receive monthly briefings on our diversity and inclusion initiatives, and they report to our Group Executive Committee and HR Committee each quarter.



Health and safety

We know that a safe and healthy working environment helps people to be more productive – and aim to ensure the health and safety of all our employees and business associates at all our office locations and facilities. Our health and safety policy is part of our Code of Conduct and applies to all of our employees, as well as contractors and partners on Airtel Africa premises. We have training programmes in place for employees, including during induction, to raise awareness of how to stay healthy and safe at work.

We provide medical insurance to all our full-time permanent employees, and our health insurance partners hold a health screening and wellness day each year. Each of our country operations has detailed procedures in case of emergencies.

How we monitor health and safety

Monthly reports on health and safety issues are reviewed by managing directors at country level. All major incidents are reported immediately to the Group CEO and CHRO.



Our business

Integrity, transparency and respect for human rights underpin everything we do. Our Code of Conduct sets out how we do business, and what we expect from both ourselves and the people we work with. Not only are we committed to respecting and upholding human rights in our operations, but also to making sure our employees and business partners respect the rights of the people we interact and work with.

We always consider whether a prospective partner's values align with our own when making contracting and supplier decisions. For more information on our governance processes, including our zero tolerance of bribery and corruption, see page 84 of the governance report.

From our Code of Conduct

We will conduct our business in a way which respects human rights. We are committed to combatting any form of slavery, trafficking, child labour, forced labour, inhuman treatment or working conditions that are a threat to life or hinder the physical, emotional and/or mental wellbeing of a person.

Our environment

From our environment and sustainability policy

We are committed to conducting business in a responsible manner that will not intentionally harm the environment.

We understand the importance of the natural environments we work in – to our communities and to the world. As well as ensuring we comply with all legal and local environmental requirements, we aim to promote good environmental practices and reduce the impact of our business on the natural world.

We have two broad areas of focus: responsible use of energy and resources, and supporting biodiversity.

Responsible use of energy

Our offices, tower infrastructure and data centres all depend on energy to operate.

We take a responsible approach to our use of energy. We recognise that every company must contribute if the world is to address the climate crisis. We are committed to using energy from renewable sources whenever this is available and reliable enough to support our network. The continued modernisation of our infrastructure is contributing to more energy efficiency across the Group.

In the UK, our energy consumption is less than 40,000 kWh, which is below the threshold for energy and greenhouse gas emissions disclosure. We will report further on our progress next year.

Supporting biodiversity and reducing waste

Reducing the amount of plastic and other waste in our business is an important part of our sustainability ambition. Disposable plastic bottles are no longer available in our offices, while the use of e-billing and e-recharge systems is helping us to use and dispose of less paper.

At the same, we draw on our technology and expertise in our markets to support local biodiversity programmes such as Project Ngulia in Kenya (see case study below).

Overseeing our progress

Our Group Executive Committee has appointed a sustainability committee to monitor and report progress on our environmental initiatives.



Protecting rhinos

Putting our technology to good use is an important part of our strategy. In Kenya, we do this through Project Ngulia, which is helping to address the tragic loss of the country's black rhinos to poaching. With our 3G voice and data technology, the Kenya Wildlife Service and others are able to better monitor and protect the rhinos, whose numbers have fallen from around 20,000 to around 700 over the last 50 years.

700

number of black rhinos today, compared to around 20,000 50 years ago



“

We take care of our people, our customers and the communities we serve – it is who we are and how we do business. We understand that if we don't, there is no business.

ROGANY RAMIAH CHIEF HUMAN RESOURCES OFFICER

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Managing our risk

We operate in 14 countries across Africa.

Our markets offer both long-term growth opportunities and a diverse range of risks and uncertainties.

Managing these risks is an essential part of delivering our strategy. It means we can continue to create value for our business and shareholders, and for the millions of people whose lives we help transform.

Identifying and managing risk

The directors have carried out a robust assessment of the company's principal and emerging risks to comply with Provision 28 of the Governance Code.

We have designed our risk management framework to give us a consistent means of identifying, mitigating and monitoring risk across all 14 of our operating companies and Group entities. It provides senior management and our Board with oversight over our principal risks, and promotes a bottom-up approach to identifying and managing risks across the Group.

14 operating companies and Group entities use a consistent method of risk identification, mitigation and monitoring.

“

As we're a technology-driven business working in complex regulatory environments, an actively managed risk framework is essential to our key operating and financial decisions. Assessing and managing risk runs through the day-to-day working in all of our operating companies and functions – this is part of the fabric of Airtel Africa.



RAVI RAJAGOPAL CHAIR, AUDIT AND RISK COMMITTEE

”

Risk identification process

IDENTIFY



OpCo

Function

Risks are identified by analysing external and internal context both at an operating subsidiary and at a Group functional level

RISK ANALYSIS



Discuss and validate each risk

Assess each risk

Likelihood

Impact

RANK



Score and prioritize each risk

Each risk is then assigned a risk rating based on the likelihood of occurrence and the possible impact/consequence



Airtel Africa's principal risks

Risks impacting the Group's strategy, business model and solvency

Risk management governance

The Airtel Africa plc Board has overall responsibility for the Group's risk management framework and processes. Through the Audit and Risk Committee, the Board oversees the Group's risk management framework and regularly reviews its principal risks as well as emerging risks that may impact the Group. Within that overarching framework, the governance of risk management has been cascaded to various levels across the organisation to allow effective management of the Group's risks.

The framework covers the interplay between risks impacting Airtel Africa as a whole and risks identified at either the operating company (OpCo) level (geography-related) or the functional level (business function-related). Our Group Executive Risk Committee evaluates and prioritises the principal risks with the potential to undermine our strategy, business model and solvency, in line with our overall risk appetite.

Group functional teams identify functional risks cutting across our operating companies (OpCos) to create a consistent Group-wide risk mitigation strategy for similar risks. We operate a similar risk management governance structure at Group level and within our OpCos, with both having an Executive Risk Management Committee, and with overall risk management responsibility resting with the respective boards.

Each OpCo identifies risks within their business environment and takes appropriate mitigation actions. The governance of risk management at each OpCo rests with the OpCo Executive Risk Committee (ERC) and the OpCo Board, which is responsible for risk management processes and oversees the OpCo's principal risks and the effectiveness of its mitigation actions.

The Board's Audit and Risk Committee

The Board has overall responsibility for the Group's risk management processes. Through the Audit and Risk Committee, the Board oversees the Group risk management framework and regularly reviews our principal risks.

Group Executive Risk Committee

The Executive Risk Committee (ERC) is responsible for the implementation of the risk management framework across the Group. The ERC reviews our significant risks and the progress and effectiveness of mitigation actions. It continually monitors and assesses new and emerging risks.

Functional Risk Management Committee

The Group executive functional heads are responsible for identifying and mitigating risks at a functional level. The Group's risk register is created from risks identified either by the Group functional heads or the OpCo Executive Risk Committees.

OpCo Executive Risk Committee and OpCo Board

The OpCo Executive Risk Committee (ERC) performs a similar role to the Group ERC. They are responsible for implementing the risk management framework in our subsidiaries. They identify risks within the local environment and mitigation actions to manage those risks. Each OpCo Board has overall responsibility for the risk management process within that OpCo.

How we classify our risks

We classify our risks in four categories, described in this table. This allows a consistent approach to risk identification across Airtel Africa.

Strategic risks

External risks such as changes in market dynamics or risks to strategic partnerships

Financial risks

Risks impacting our liquidity or solvency, financial reporting or capital structure

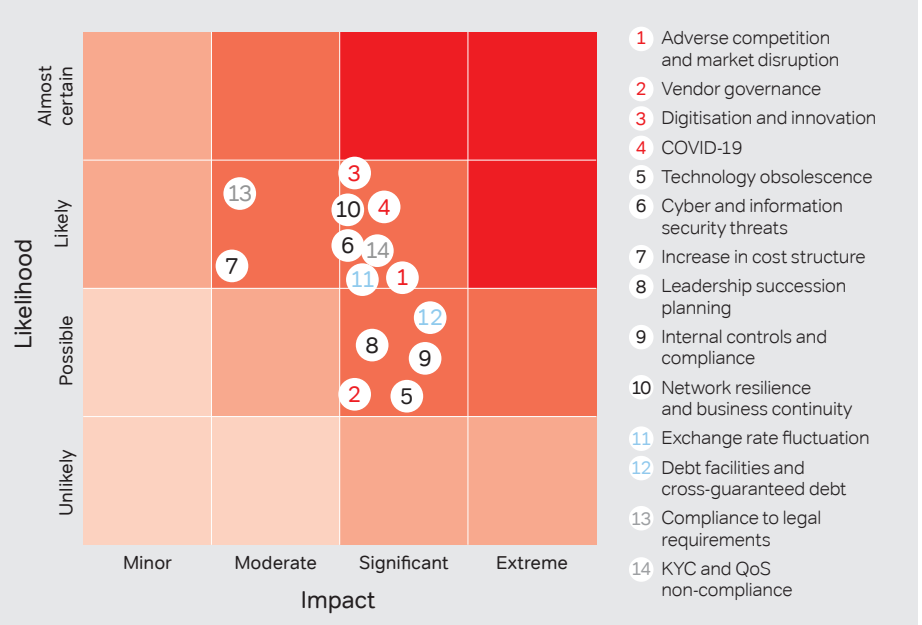
Operational risks

Risks affecting our ability to effectively operate our business model across a variety of functional areas

Governance and compliance risks

Risks affecting our ability to comply with our legal, regulatory and governance obligations

Risk heat map






Managing our risk continued

Our principal risks, and how we mitigate them

Our principal risks are those with the most significant potential impact on the achievement of our overall strategic objectives. This list of 14 principal risks is drawn from our consolidated risk register, based on how likely each is to occur and its potential business impact.

STRATEGIC RISKS

<h3>Adverse competition and market disruption</h3>	<h3>Vendor governance</h3>	<h3>Digitisation and innovation</h3>
<p>Link to strategy</p> 	<p>Link to strategy</p> 	<p>Link to strategy</p> 
<p>Risk owner Chief marketing officer</p>	<p>Risk owner Chief supply chain officer</p>	<p>Risk owner Chief information officer</p>
<p>Description</p> <p>We operate in an increasingly competitive environment across our markets and segments, particularly with respect to pricing and market share. Aggressive competition by existing players or the entry of a new player could put a downward pressure on prices, adversely affecting our revenue and margins, as well as our profitability and long-term survival. The nature and level of the competition we face varies for each of our markets, products and services. Likelihood = likely. Impact = significant.</p>	<p>Description</p> <p>We operate an outsourced business model, and our ability to deliver value for our stakeholders could be impacted by factors such as over-reliance on certain vendors, poor governance processes, non-adherence to service level agreements, or a general lack of accountability by our partners. Our business model relies on third-party suppliers and technology providers to manage, maintain and operate our network and IT infrastructure. Effective governance of our key equipment and technology providers is important to prevent any adverse effect on our business operations. Likelihood = possible. Impact = significant.</p>	<p>Description</p> <p>Our industry is continually facing pressure from non-conventional and over-the-top (OTT) players (internet-based alternatives to traditional telephony services) which provide similar services for our customers. We need to innovate to simplify our user experience, make our business processes more agile, and develop more digital touchpoints to reach our customers and meet their changing needs. These innovations are necessary to avoid the risk of losing customers. Likelihood = likely. Impact = significant.</p>
<p>Mitigation</p> <ol style="list-style-type: none"> 1. Ongoing monitoring of competitive landscape and competitor activities 2. Driving penetration of bundle offerings to lock in customers, increase affordability and reduce churn 3. Growing Airtel Money penetration as a tool for customer stickiness 4. Simplifying customer experience through self-care and other customer touchpoints 	<p>Mitigation</p> <ol style="list-style-type: none"> 1. Continuous monitoring of partner performance and strengthening of partner governance capabilities 2. Ongoing review of our strategic vendor landscape across markets and critical business processes to mitigate any long-term continuity risks arising from possible over-dependence on particular vendors 	<p>Mitigation</p> <ol style="list-style-type: none"> 1. Setting up the Airtel development centre as a hub for our digitisation initiatives 2. Simplifying our core IT systems and integration capabilities to allow for faster deployment of new products and services and integration with third-party applications 3. Rolling out various digital apps in some of our key markets

Key to strategic pillars

-  Win with network
-  Win with mobile money
-  Win with customers
-  Win with cost
-  Win with data
-  Win with people

» Our strategy is described in detail on **pages 21-31**

OPERATIONAL RISKS

COVID-19

Link to strategy

Risk owner

Chief executive officer

Description

The novel COVID-19 pandemic has paralysed the global economy, causing massive disruptions in the movement of people and the global supply chain, and adversely impacted the cash flow and liquidity of businesses. Despite the adverse effects of the pandemic, demand for telecommunications services, especially fixed and mobile internet, has increased as more people work from home and require the internet to connect to their work network. Telecommunication services are considered an essential service. However, the disruption caused by the COVID-19 pandemic may impact the Group's ability to operate its business effectively and achieve its objectives.

Likelihood = likely. **Impact** = significant.

Mitigation

1. Implementation of business continuity plans for all functions and operating subsidiaries within the Group to ensure minimal disruption of our abilities to provide critical telecom services during this period
2. Set-up of a crisis management centre for the Group with daily and weekly reviews at three layers: crisis management teams at the OpCo level, crisis management team at the Group office providing oversight over the OpCo crisis management teams, and the Executive Committee providing overall oversight
3. Ongoing engagement with relevant regulatory bodies in our operating markets to designate telecom companies as providers of essential services. This has allowed us to continue to operate our retail stores, and maintain our telecoms infrastructure and the movement of essential employees during lockdowns in some markets
4. To protect the health and safety of our employees, the Group has activated its work from home policy irrespective of local governments' lockdown restrictions, and instituted various measures.
The company has partnered with relevant health agencies in our operating markets to support the governments' response to the pandemic

Technology obsolescence

Link to strategy



Risk owners

- Chief technical officer
- Chief information officer

Description

An inability to effectively and efficiently invest and upgrade our network and IT infrastructure would affect our ability to compete effectively in the market. While we continually invest in improving and maintaining our networks and IT systems to address current levels of volume and capacity growth, we need to continue to commit substantial capital to keep pace with rapid changes in technology and the competitive landscape. **Likelihood** = possible. **Impact** = significant.

Mitigation

1. Refreshing our IT infrastructure with focus on cloud technology
2. Network modernisation project involving upgrades to our core (mobile switching) and packet (mobile data) networks
3. Reducing the cost of network operations by adopting radio agnostic technology, 'single RAN', which allows easy switching of network resources and spectrum between 2G, 3G and 4G networks at minimal marginal costs

Cyber and information security threats

Link to strategy



Risk owner

Chief information officer

Description

Cybersecurity threats through internal or external sabotage or system vulnerabilities could potentially result in customer data breaches and/or service downtimes. Like any other business, we are increasingly exposed to the risk that third parties or malicious insiders may attempt to use cyber-crime techniques, including distributed denial of service attacks, to disrupt the availability, confidentiality and integrity of our IT systems. This could disrupt our key operations, make it difficult to recover critical services and damage our assets. **Likelihood** = likely. **Impact** = significant.

Mitigation

1. Rolling out a security and cyber awareness training programme using various channels
2. Ongoing reviews and updates to our information security policy
3. Continuing to identify risk and assess vulnerability

Managing our risk continued

Key to strategic pillars

-  Win with network
-  Win with mobile money
-  Win with customers
-  Win with cost
-  Win with data
-  Win with people

» Our strategy is described in detail on pages 21-31

OPERATIONAL RISKS

Increase in cost structure

Link to strategy



Risk owner

Chief supply chain officer

Description

To maintain our profitability, we need to keep our cost structure in check. Increases in costs relative to the growth in revenues are a threat to our profitability. Our operating costs are subject to fluctuations, including in response to changes in global commodity prices, market uncertainty, energy costs (such as diesel and electricity), and the cost of obtaining and maintaining licences, spectrum and other regulatory requirements. Prevailing macroeconomic conditions and a variety of other factors beyond our control also contribute to this risk. We need to continually re-evaluate our operating model and cost structure to identify innovative ways to optimise our costs. **Likelihood** = likely. **Impact** = moderate.

Mitigation

1. Continuing to review opportunities to refine our operating model to further optimise costs
2. Rolling out various initiatives to optimise our operating structure to improve business performance

Leadership succession planning

Link to strategy



Risk owner

Chief human resources officer

Description

We need to continually identify and develop successors for key leadership positions across our organisation to ensure minimal disruption to the execution of our corporate strategy. Our ability to execute our business strategies depends in large part on the efforts of our key people. In some of the countries in which we operate, there's a shortage of skilled telecommunications professionals. Any failure to successfully recruit, train, integrate, retain and motivate key skilled employees could have a material adverse effect on our business, the results of our operations, financial condition and prospects. **Likelihood** = possible. **Impact** = significant.

Mitigation

1. Defined functional and leadership development plans for the leadership and critical roles within Airtel Africa
2. Put talent management processes in place to identify high potential people for development
3. The operation of long-term incentive arrangements structured to encourage employee retention and to align with the long-term objectives of the company

Internal controls and compliance

Link to strategy



Risk owner

Chief financial officer

Description

Gaps in our internal control and compliance environment could affect our reputation and lead to financial losses. Our financial reporting is subject to the risk that controls may become inadequate due to changes in internal or external conditions, new accounting requirements, or delays or inaccuracies in reporting. We continue to implement internal risk management and reporting procedures at Group and OpCo levels to protect against risks of internal control weaknesses and inadequate control over financial reporting. **Likelihood** = possible. **Impact** = significant.

Mitigation

1. Strengthening the Group's internal controls over financial reporting and compliance processes
2. Implementing a rigorous review process for addressing findings from internal audit, with oversight from the Audit and Risk Committee
3. Continually identifying and mitigating risks

FINANCIAL RISK

Network resilience and business continuity

Link to strategy



Risk owners

Chief information officer

Description

Our ability to provide unparalleled quality of service to our customers and meet quality of service (QoS) requirements depends on the robustness and resilience of our network and IT infrastructure and our ability to respond appropriately to any disruptions. Our telecommunications networks are subject to risks of technical failures, aging infrastructure, human error, willful acts of destruction or natural disasters. This can include equipment failures, energy or fuel shortages, software errors, damage to fibres, lack of redundancy plans and inadequate disaster recovery plans.

Likelihood = likely. **Impact** = significant.

Mitigation

1. Implementing geographically redundant disaster recovery sites for our networks and IT infrastructure across our OpCos
2. Establishing a governance process for the regular testing of fallback plans for all network and IT systems

Exchange rate fluctuation

Link to strategy



Risk owner

Chief financial officer

Description

Our multinational footprint means we're constantly exposed to the risk of adverse currency fluctuations and the macroeconomic conditions in the markets where we operate. Currency depreciation puts pressure on our liquidity and overall profitability. We derive revenue and incur costs in local currencies where we operate, but we also incur costs in foreign currencies, mainly from buying equipment and services from manufacturers and technology service providers. That means adverse movements in exchange rates between the currencies in our OpCos and the US dollar could have a negative effect on our liquidity and financial condition. **Likelihood** = likely. **Impact** = significant.

Mitigation

1. Renegotiating Forex denominated contracts to local currency contracts
2. Hedging foreign currency denominated payables and loans, and matching assets and liabilities, where possible

Debt facilities and cross-guaranteed debt

Link to strategy



Risk owner

Chief financial officer

Description

The Group has certain debt notes issued by Bharti Airtel International (Netherlands) B.V., a wholly owned subsidiary of the Group and guaranteed by the Group's majority shareholder. These debt notes contain covenants which could trigger an early repayment in the event of a default by the group's majority shareholder. The outstanding 2023 debt note of \$505m contains a covenant that could restrict certain major subsidiaries from incurring indebtedness unless the majority shareholder meets a designated consolidated indebtedness to underlying EBITDA ratio. This covenant is suspended when the notes become designated as investment grade. These cross-guaranteed debt notes and covenants mean that the Group could be adversely impacted by any material uncertainty affecting its majority shareholder if the Group is unable to refinance these debt notes in a timely fashion or on acceptable terms. **Likelihood** = possible. **Impact** = significant.

Mitigation

1. Obtaining a standalone credit rating for Airtel Africa plc from global credit rating agencies to enable access to the capital market
2. Creating a Finance committee, a sub-committee of the Audit and Risk Committee, to oversee significant matters relating to treasury, tax and other financing decisions
3. Making committed and non-committed debt facilities available to address any short-term funding needs
4. Reviewing any material development potentially impacting our major shareholder's ability to comply with debt note covenants

Managing our risk continued

Key to strategic pillars

-  Win with network
-  Win with mobile money
-  Win with customers
-  Win with cost
-  Win with data
-  Win with people

» Our strategy is described in detail on pages 21-31

GOVERNANCE AND COMPLIANCE RISKS

Compliance to legal requirements

Link to strategy



Risk owner

Chief legal officer

Description

We operate in a diverse and dynamic legal and regulatory environment. Establishing and maintaining adequate procedures, systems and controls enables us to comply with our obligations in all the jurisdictions in which we operate. We are required to comply with data privacy, anti-money laundering, anti-bribery and corruption, sanctions, and other laws and regulations. A failure to comply could lead to unanticipated regulatory penalties and sanctions or tax levies, as well as damage to our reputation. **Likelihood** = likely. **Impact** = moderate.

Mitigation

1. Instituting various policies across the Group to comply with the legal requirements in the jurisdictions where we operate
2. Implementing an escalation process for reporting significant matters to the Group office
3. Communicating with and training employees on relevant company policies

Know your customer (KYC) and Quality of service (QoS) non-compliance

Link to strategy



Risk owner

Chief regulatory officer

Description

As we operate in a large number of jurisdictions, we must comply with an extensive range of laws and regulations relating to the licensing, construction and operation of telecommunications networks and services. Focus on KYC and QoS regulations across our operating markets has increased in recent years. Regulators in several of the countries in which we operate have introduced stringent regulations and guidelines in relation to KYC and maintaining a certain quality of service. A failure to comply could lead to unanticipated regulatory penalties and sanctions and tax levies, and damage to our reputation. **Likelihood** = likely. **Impact** = significant.

Mitigation

1. Implementing a regular compliance tracking process against KYC requirements, identifying root causes for cases of non-compliance and taking corrective actions
2. Continuing to engage with regulators on quality parameters in certain markets
3. Periodic quality of service KPI monitoring

Monitoring other global or emerging risks

There are also a number of global risks which we keep under review. While we don't consider them principal risks, we monitor developments in these areas to determine if we need to elevate their risk rating. These include:

- **Climate change** – we continue to evaluate the potential impact of climate change on our business operations and on the economies in which we operate. It is clear that water scarcity, changing crop patterns, extreme weather events and other climate-related matters could have a range of impacts on the populations we serve, and therefore on our business, in the medium term. Our footprint also includes economies in which fossil fuel production makes an important contribution to GDP, and which could therefore be affected by the transition to a low-carbon economy. We combine monitoring of these developments with a focus on how we can operate a long-term environmentally sustainable business.
- **The UK's exit from the EU** – while we do not have any operational business in the UK, we're continually reviewing how the post-Brexit business environment could affect our business directly or indirectly.

Our long-term viability statement

The preparation of this viability statement involved both our management and Board assessing the Group's long-term prospects and ability to meet future commitments and liabilities as they fall due over the three-year review period. This included stress tests on various scenarios to test the resilience and strength of our forecasts.

Management assessment

Viability

Our viability statement is based on our current business model (see page 18-19 of this report), a three-year prospect horizon, and our strategy (see pages 22-23).

Long-term plan and headroom analysis

Our three-year plan has been prepared considering organic growth potential in the geographies where we operate. The plan has been approved by the Board.

Principal risk assessment

Our risk evaluation is described on pages 56-62. While each of principal risk has been carefully evaluated and an adequate monitoring and mitigation plan has been defined, we have also considered sensitivity analysis and stress tests on the three-year projections.

Sensitivity

We have quantified the impact of sensitivities on cash and liquidity headroom availability, both individually and collectively, in worst case scenarios. In assessing the impact, we have considered various mitigating actions which could be undertaken to ensure sufficient liquidity.

Management assessment of headroom based on forecast cash flows and sensitivities to assess our ability to meet future commitments and liabilities as they fall due over the next three years.

Board assessment

Assessment of our strategic intent

Adequacy of the assumptions used to prepare the plans as well as sensitivities applied to the plans

Additional and potential resources available to mitigate the combined impact of sensitivities

Board assessment of the reasonableness of management's conclusions on our ability to continue operations and meet our liabilities as they fall due over the assessment period.

Viability statement of Airtel Africa plc

In line with the UK Corporate Governance Code, the directors have assessed our long-term strategic prospects, as well as our ability to meet future commitments and liabilities as they fall due. While the prospects of the company exist for a much longer period, the directors believe a three-year period is most appropriate for our long-term viability assessment. The directors have taken various factors into consideration in arriving at this conclusion:

- The three-year period coincides with our strategic planning cycle.
- The design and payout of the management incentive plan is built around a three-year payout cycle.
- The level of visibility and control that can be exercised over the inputs and assumptions over a three-year period, specifically considering the dynamics of the telecoms industry, such as customer behavior, capital expenditure planning and visibility of risks

This plan has been prepared based on our strategy and adequate stress tests have been conducted through various scenarios, both individually and collectively, based on our overall risk assessment framework.

At the time of this report, we have not experienced any material impact of COVID-19 on our business. Given the rapidly changing external dynamics, it is extremely difficult to predict the impact of COVID-19 on our profitability, solvency and liquidity positions with any accuracy. We've applied various levels of additional stress tests to our cash flows in the plan, including possible incremental revenue decline, an unanticipated increase in costs, and currency devaluation.

As telecoms and mobile money businesses are considered essential and critical services by both customers and governments, the sector in which we operate is widely thought to be more resilient to COVID-19 than other consumer-facing services and industries. The countries where we operate will also continue to benefit from strong population growth and the need for increased connectivity and financial inclusion in the medium to long term.

Our detailed assessment of the possible impacts of COVID-19 is explained on page 09 of this report.

The company ended the year in a strong financial position. Free cash flow more than doubled in the last 12 months to \$453m and our net debt to EBITDA ratio continued to improve to 2.1x at the end of this financial year. Our cash balances and \$814m in committed undrawn facilities ensure we can meet our financial obligations. We have \$2.3bn in long-term debt, with the first repayment of €750m due in May 2021. The next major debt repayment of \$505m is due in March 2023.

We have also concluded standalone credit rating assessments that will enable us to access debt capital markets as and when required. Additionally, we have agreed to extend the maturity of \$254m of debt facilities due to mature in December 2020 and January 2021 to an average of 18 months to two years, further improving our liquidity.

Our long-term viability statement continued

Some of the key risks considered in the stress tests along with their potential negative impacts are detailed here:

Stress tests done for following scenarios	Link to principal risks and uncertainties	Description
Slowdown in revenue growth	<ul style="list-style-type: none"> • Adverse competition and market disruption • Technology obsolescence 	Revenue is projected on a number of assumptions such as subscriber base, rates and change in average revenue per user. Change in any of the assumptions due to adverse competition and market disruption may affect overall revenue growth. In most cases, these changes are compensated either fully or marginally by a corresponding change in other variables. Changes not fully compensated lead to a reduction in the rate of revenue growth.
Increase in operating expenses	<ul style="list-style-type: none"> • Vendor governance • Increase in cost structure 	With operations spread across 14 geographies and each country having a different economic and business environment, there is always a risk of operating costs increasing beyond projected levels.
Unanticipated regulatory and tax levies	<ul style="list-style-type: none"> • Compliance to various legal requirements • Know your customer (KYC) • Quality of service (QoS) compliance 	As we work in diverse and dynamic legal environments, it's necessary to establish and maintain adequate procedures, systems and controls to ensure we comply with our obligations in all the jurisdictions in which we operate. There will always be a risk of unanticipated regulatory and tax levies affecting our profitability and hence considered in the stress tests.
Exchange rate fluctuation	<ul style="list-style-type: none"> • Exchange rate fluctuation 	We are constantly exposed to the risk of adverse currency fluctuations, given our operations in 14 different geographies with different functional currencies. We have stress tested the plan for various levels of currency devaluation and the resulting impact on cash flows.
COVID-19 impact	<ul style="list-style-type: none"> • Uncertainties arising out of COVID-19 pandemic 	<p>The larger impact of COVID-19 will depend on how the virus spreads across the geographies where we operate and the response of the authorities to slow the spread. We've carried out extensive scenario analysis looking at the possible negative affect of the outbreak over shorter (six months) and longer time periods of time. The severe but plausible scenarios considered include:</p> <ol style="list-style-type: none"> 1. Changes to customer behaviour leading to revenue loss and an increase in operating expenses affecting cash flows 2. Currency devaluation 3. Changes to regulatory environments 4. Uncertainty around tax statute changes or demands <p>We operate largely in the prepaid segment, which has a higher propensity to changes in both usage and spend as there are no time-specific contracts. As such, a prolonged impact of COVID-19 would bring additional downside risks to our revenue and cash flow.</p>

Conclusion

We've stress tested the overall plan for the above sensitivities, including the foreseeable impact of COVID-19. The directors have a reasonable expectation that no single or plausible combination of events would be enough to affect our viability – and, even under the severe stress tests, we would be able to continue operating and meet our liabilities over the three-year period.

The directors have considered:

- Actions which can be taken to mitigate the impact of the events in the severe stress tests, including limiting or delaying discretionary capital expenditure without compromising on network quality, optimising operating expenditure and reducing or stopping dividend payments
- Our ability to access adequate sources of funding, including financing facilities and access to the debt capital markets, while determining the available liquidity headroom over the period considered
- The internal and external environment, current and long-term prospects, and the strategic intents and directions adopted by our management
- Our risk framework, potential sensitivities around the risks and mitigating factors

The directors have concluded that the Group would be in a position to access debt capital markets and meet our financing needs as and when required.

Based on this assessment and in accordance with requirements of paragraph 31 of the 2018 UK Corporate Governance Code, the Board has concluded that we have the ability to continue our operations and be able to meet our commitments and liabilities over the assessment period.

The Strategic Report was approved by the Board of Directors on 13 May 2020 and signed on its behalf by:

RAGHUNATH MANDAVA
CHIEF EXECUTIVE OFFICER
13 MAY 2020

Governance

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Our Board of directors

Sunil Bharti Mittal Chair, non-executive director, and chair of Nominations Committee

N

Date appointed to Board:
October 2018

Independent: no

Age: 62

Nationality: Indian

Skills, expertise and contribution

Sunil is the founder and chairman of Bharti Enterprises, one of India's leading conglomerates with diversified interests in telecoms, insurance, real estate, agriculture and food, renewable energy and other ventures. Bharti Airtel, the flagship company of Bharti Enterprises, is among the world's largest telecoms companies, offering mobile, fixed broadband and digital TV solutions to over 400 million customers across India, South Asia and Africa.

Sunil is the pioneering force behind the mobile revolution in India – he revolutionised the business model at Bharti Airtel to make affordable voice and data services available to all. As chair of the Board, his leadership has brought immense value to Airtel Africa through his futuristic vision, vast knowledge and industry expertise.

External commitments

- Founder and chairman of Bharti Enterprises and Bharti Airtel
- Honorary chairman of the International Chamber of Commerce (ICC)
- Member of the International Business Council, World Economic Forum (WEF)
- Member, Global Board of Advisors, Council of Foreign Relations (CFR)
- Commissioner of the Broadband Commission
- Trustee at the Carnegie Endowment for International Peace (CEIP)
- Member, Board of Qatar Foundation Endowment (QFE)
- Member of the India-US, India-UK and India-Japan and India-Sweden CEO Forums
- Co-chair of the India-Africa Business Council

Previous roles

Sunil has served on the boards of several international bodies. He was the chairman of the International Chamber of Commerce (ICC) from June 2016 to June 2018 and the chairman of GSM Association (GSMA) from January 2017 to December 2018. He was the president of the Confederation of Indian Industry (CII) from 2007 to 2008. Sunil is closely associated with spearheading the Indian industry's global trade, collaboration and policy – he has served on the Prime Minister of India's Council on Trade and Industry.

Sunil has also served on the boards of several multinational companies including Unilever PLC, Standard Chartered Bank PLC and SoftBank Corp.

Raghunath Mandava Chief executive officer

M

Date appointed to Board:
July 2018

Independent: no

Age: 53

Nationality: Indian

Skills, expertise and contribution

Raghu has held a variety of sales, marketing, customer experience and general management roles in the FMCG and telecoms industries. Raghu joined Airtel Africa Group as chief operating officer in 2016 and took over as CEO in January 2017. To his role as CEO, he brings a deep understanding of telecoms and a strong belief that connectivity can accelerate growth by helping to bridge the digital divide and advance financial inclusion. Raghu takes an innovative problem-solving approach to achieve disruptive growth and profitability. He has guided Airtel Africa in building a modernised 4G network. In his last role in Airtel India, he helped deliver a substantially improved customer experience while considerably reducing costs. He has an electronics engineering degree and an MBA specialising in marketing.

Other commitments

Board member of Bharti Airtel International (Netherlands) B.V., Bharti Airtel Africa B.V. and Airtel Networks Limited.

Previous roles

Raghu represented the Airtel Africa Group on the Board of Bharti Airtel until January 2019. He held various roles at Airtel India starting in 2003 as chief operating officer for Tamil Nadu, Circle CEO for Rajasthan, chief marketing officer of the Mobile Business, regional operations director for East India Mobile Business, regional operations director for B2C Business for West India, and customer experience director for India. Before joining Airtel India, Raghu held various sales, marketing and business operations roles at Hindustan Unilever.

Raghu is participating in a targeted mentoring programme to enhance his UK listed plc experience.

Andrew Green CBE Senior non-executive director

AR N M

Date appointed to Board:
April 2019

Independent: yes

Age: 64

Nationality: British

Skills, expertise and contribution

Andy brings many years of global financial and strategic experience to the Board. Through his work with a number of multinational organisations, he is able to draw on a wide knowledge of diverse issues and outcomes to provide constructive challenge and robust scrutiny of matters that come before the Board.

External commitments

- Group chairman of Simon Midco Limited (the holding company of Lowell Group)
- Non-executive director at Link Administration Holdings Limited
- Commissioner at the National Infrastructure Commission
- Trustee of WWF UK and Disasters Emergency Committee

Previous roles

Andy was previously senior independent director of Avanti Communications plc and ARM Holdings plc and chairman of the Digital Catapult and IG Group plc. He was Group chief executive officer of Logica plc until its sale in 2012. His prior roles include those at BT Group plc, including CEO of BT Openworld, CEO of BT Global Services and CEO of Group Strategy and Operations and various roles at Shell and Deloitte. Andy has held a number of non-executive directorships in the US, Hong Kong, Germany and the UK.

Awuneba Ajumogobia (née Iketubosin) Non-executive director

R

Date appointed to Board:
April 2019

Independent: yes

Age: 61

Nationality: Nigerian

Skills, expertise and contribution

Awuneba is a chartered accountant with broad experience in assurance, taxation, finance and advisory services across several industries. Her expertise as an assurance and finance specialist, garnered at leading professional services firms, make her an asset to Board decision-making.

External commitments

- Executive director at Multistream Energy Limited
- Board chair at CAP Plc
- Board member of UPDC (UACN Property Development Company) Plc
- Governing council chair at Grange School, Lagos
- Board Member of University of Ibadan Research Foundation
- Member of Finance Committee MUSON (Musical Society of Nigeria)
- Executive council member of WIMBIZ (Women in Management, Business and Public Service)

Previous roles

Awuneba was a board member at UAC of Nigeria Plc (UACN) from 2009 to 2019. During her tenure, she chaired the Risk Management Committee and was a member of the Statutory Audit Committee. Prior to this, she developed her career at Peat Marwick, Deloitte and Accenture. Awuneba has also had advisory and implementation roles with a number of national development projects in Nigeria.

Key to committees

- AR Audit and Risk Committee
- N Nominations Committee
- R Remuneration Committee
- M Market Disclosure Committee
- Committee chair

Douglas Baillie

Non-executive director and chair of Remuneration Committee



Date appointed to Board:
April 2019

Independent: yes

Age: 64

Nationality: British

Skills, expertise and contribution

Doug brings vast leadership experience in both private and public sectors to the Board and his role as the chair of the Remuneration Committee. His background in diverse leadership roles and human resources is particularly useful to the Board when considering the Airtel Africa culture, employee management, executive remuneration and other employee-related activities.

External commitments

- Vice chairman of the MasterCard Foundation
- Director of the Leverhulme Trust
- Non-executive director of the Huhtamaki Group

Previous experience

Doug spent 38 years at Unilever, and his roles there included president of Western Europe in the Netherlands until 2011, Group vice president of South Asia, CEO Hindustan Unilever in India until 2008, Group vice president Africa and the Middle East from 2004 until 2006, and chief HR officer from 2011 until 2016.

John Danilovich

Non-executive director



Date appointed to Board:
April 2019

Independent: yes

Age: 69

Nationality: American

Skills, expertise and contribution

John has held executive leadership roles in international business and government for several decades. As a global business leader and distinguished diplomat, he has extensive experience in regional and international trade-related issues. He brings skills in building international partnerships and advocacy with policymakers, foreign dignitaries and business leaders to Airtel Africa, and provides constructive challenge and robust scrutiny of matters that come before the Board.

External commitments

- Board member at d'Amico International Shipping
- Board and council member at the Harvard Chan School of Public Health, the Center for Strategic International Studies (CSIS) and Chatham House (UK)
- Member of the Council on Foreign Relations (New York) and of the American Academy of Diplomacy

Previous experience

John was Secretary General of the International Chamber of Commerce (ICC) in Paris from 2014 to 2018 and CEO of the Millennium Challenge Corporation in Washington from 2005 to 2009. He has been the US ambassador to Brazil and to Costa Rica. While on the board of the Panama Canal Commission, he acted as chairman of the Commission's Transition Committee prior to the handover of the canal by the US to Panama. In his distinguished career, he also played a significant role in the Central American Free Trade Agreement (CAFTA).

Annika Poutiainen

Non-executive director



Date appointed to Board:
April 2019

Independent: yes

Age: 49

Nationality: Finnish

Skills, expertise and contribution

Annika's wide-ranging experience in audit and regulatory engagements contributes to her role as the member of the Board and Audit and Risk Committee. With her legal background and deep knowledge of auditing, accounting and financial reporting, she brings a keen scrutiny to all governance and regulatory matters.

External commitments

- Working chair of the Council for Swedish Financial Reporting Supervision
- Member of the Swedish Audit Academy
- Member of the Nasdaq Helsinki Listing Committee
- Board member of the Carpe Diem Foundation, which runs the top-ranked Swedish elementary school, Fredrikshovs Slott Skola

Previous experience

Annika has been a board and audit committee member of listed companies eQ Abp, Hoist Finance AB, Saferoad AS (delisted in September 2018) and Swedbank AB, as well as industry advisor to strategic communications firm JKL Group. She advised the Swedish government on the national implementation of the reformed EU market abuse regime and was head of market surveillance Nordics at Nasdaq and head of unit, prospectuses, exchanges and clearing houses at the Swedish Financial Supervisory Authority. She was also an associate in the Capital Markets Group at Linklaters London and has been a practising solicitor in both the UK and Finland.

Ravi Rajagopal

Non-executive director and chair of Audit and Risk Committee



Date appointed to Board:
April 2019

Independent: yes

Age: 64

Nationality: British

Skills, expertise and contribution

With experience in diverse industries such as healthcare and consumer brands, Ravi brings a wealth of recent and relevant financial experience and cultural insight to the Board and our Audit and Risk Committee.

External commitments

- Chairman of Fortis Healthcare, India
- Independent director and chair of the Audit Committee of Vedanta Resources, UK
- Chairman of JM Financial, Singapore Pte Ltd
- Trustee of the Science Museum Foundation (UK)

Previous experience

Ravi held financial leadership roles at Diageo until retiring in 2015, such as group controller in the UK with responsibility for the spirits business across sub-Saharan Africa and global head of mergers and acquisitions. Starting in 1979, Ravi held various roles at ITC India, including a secondment to West Africa with BAT. He has held numerous positions on various joint venture boards and Diageo's India advisory board, and was non-executive director of United Spirits in India.

Our Board of directors continued

Arthur Lang

Non-executive director

Date appointed to Board: October 2018

Independent: no

Age: 48

Nationality: Singaporean

Skills, expertise and contribution

Arthur brings powerful global telecoms experience and strong financial acumen to the Board. As CEO International at Singapore Telecommunications Limited (Singtel), he oversees the growth of regional associates across Africa, India, Indonesia, the Philippines and Thailand. This includes strengthening relationships with overseas partners and driving regional initiatives such as mobile, financial and gaming businesses.

External commitments

- CEO International at Singtel
- Board member of Globe Telecom, Bharti Infratel, NetLink NBN Trust, the Land Transport Authority of Singapore, the National Kidney Foundation and the Straits Times School Pocket Money Fund
- On the advisory board of the Lee Kong Chian School of Business, Singapore Management University

Previous experience

Arthur was Group chief financial officer of CapitaLand, where he also ran the real estate fund management business. Before this, he was co-head of Morgan Stanley's Southeast Asia investment banking division and chief operating officer of its Asia Pacific investment banking division.

Akhil Gupta

Non-executive director

Date appointed to Board: October 2018

Independent: no

Age: 64

Nationality: Indian

Skills, expertise and contribution

Akhil brings vast financial, strategic and telecoms expertise to our Board. He has played a pivotal role in the Bharti Group's phenomenal growth in the telecoms sector, both organically and through various acquisitions. With innovative thought leadership, he has helped Bharti Airtel to achieve healthy margins while offering some of the lowest tariffs in the world.

External commitments

- Vice chairman of Bharti Group
- Executive chairman of Bharti Infratel
- Chairman of Tower and Infrastructure Providers Association (TAIPA)
- President of Telecom Sector Skill Council (TSSC)

Previous experience

Akhil led the formation of various partnerships for Bharti with operators like British Telecom, Telecom Italia, Singapore Telecom and Vodafone, as well as with financial investors such as Warburg Pincus, Temasek, KKR, Qatar Foundation Endowment, AIF and Sequoia. He was behind the separation of passive mobile infrastructure and the formation of one of the largest tower company in the world – a notable example of collaborating at the back end while competing at the front end. He also executed the acquisition of Zain Group's mobile operations in 15 countries across Africa, the second largest outbound deal by an Indian company.

Shravin Bharti Mittal

Non-executive director

Date appointed to Board: October 2018

Independent: no

Age: 32

Nationality: British

Skills, expertise and contribution

As the youngest Board member and the entrepreneurial founder of a top-performing global technology investment firm, Shravin brings a diversity of view and expertise in the tech sector to our discussions and decision-making.

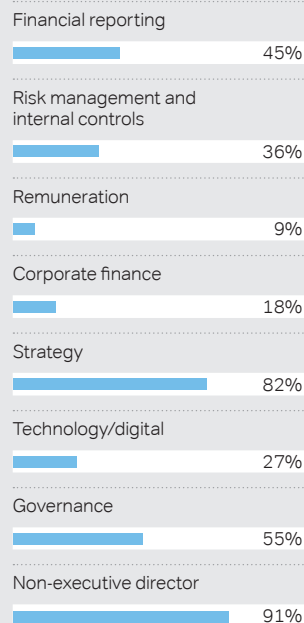
External commitments

- Founder of Unbound, a long-term investment firm aiming to build and back technology companies
- Managing director of Bharti Global Limited
- On the Board of Softbank Energy
- Board member of technology companies mPharma, Cars24, Syfe, Paack and FreightHub

Previous experience

Shravin was previously at SoftBank Vision Fund, a US\$100 billion fund investing in technology companies, and assistant director at Better Capital, a private equity firm in London where he turned around distressed retail and manufacturing businesses. Previously, he was involved in the launch of 3G at Airtel India and on the senior management team at Airtel Africa, where he spearheaded the post-acquisition integration of Zain. Before Airtel, he worked with J.P. Morgan investment bank covering technology, media and telecoms.

Board skills %



Our Executive Committee

Convened and chaired by our CEO, our Executive Committee (ExCo) brings together the heads of our main business areas to help him fulfil his responsibilities. The committee meets fortnightly to ensure the ongoing success of our strategy and culture. It also monitors our operating and financial performance, assesses risk, allocates resources and looks after day-to-day operational management across the business.

Jaideep Paul Chief financial officer

Jaideep brings 30 years of leadership and financial experience to our committee, with over 17 of those in the telecoms industry. Before becoming our chief financial officer in 2014, he was CFO at Airtel Nigeria, Fairtrade LLC Muscat and Bharti Retail. He held prior financial roles at Mumbai Circle and Bharti Airtel Delhi Circle, as well as senior roles at HCL, Telstra V-Com and Caltex. Jaideep started his career at Pricewaterhouse and is a qualified chartered accountant.

Jaideep is invited to all Board meetings and is participating in a targeted mentoring programme to enhance his UK listed plc experience.

Segun Ogunsanya Managing director and CEO, Nigeria

Segun has over 26 years' business management experience in banking, consumer goods and telecoms. Before joining Airtel, Segun held leadership roles at Coca-Cola in Ghana, the US, Nigeria and Kenya (as CEO). He has also been the managing director of Nigerian Bottling Company Ltd (Coca-Cola Hellenic owned) and Group head of retail banking operations at Ecobank Transnational Inc, covering 28 countries in Africa. Segun is a chartered accountant.

Ian Ferrao Regional director – East Africa

Ian has spent the last 14 years leading telecoms organisations in Africa, both as an entrepreneur and a corporate CEO. He joined Airtel Africa in September 2019 to lead the East Africa business segment, comprising Airtel operations in Kenya, Tanzania, Uganda, Rwanda, Zambia and Malawi. Before Airtel Africa, Ian was the CEO for Vodacom Tanzania PLC, where he led the company's IPO onto the DSE. He's also served as CEO of Vodacom Lesotho, CCO for Vodacom Business Africa and commercial director and shareholder of AfriConnect Zambia.

Michael Foley Regional director, Francophone Africa

Over the last 35 years, Michael has led telecoms, consumer goods, fintech and gaming businesses in the US, Asia and Africa, as well as in his native Canada. His most recent role was as CEO of Telenor's operations in Pakistan, Bulgaria and Bangladesh.

Razvan Ungureanu Chief technology officer

Razvan has 27 years' experience in telecoms and has worked in Romania, Belgium, Luxembourg and the Dominican Republic. Before joining Airtel Africa in 2016, he was chief technology and information officer for Digicel, with responsibility for 29 countries in the Caribbean and Central America.

Olivier Pognon Chief legal officer

Before joining Airtel Africa in June 2014, Olivier worked as senior legal counsel at MTN Group in Johannesburg. He has also held roles in corporate law and project finance at Agence Française de Développement, CMS BFL and Mayer Brown in Paris. With postgraduate degrees in business law, project and structured finance and executive education in finance, Olivier brings his sharp legal acumen to our affairs at Airtel Africa.

Neelesh Singh Chief information officer

Neelesh defines and implements the IT strategy across our business, including our operating subsidiaries in 14 countries. He specialises in defining and revamping operating models, delivering on complex business transformations, setting up greenfield operations, cloud infrastructure and architecture simplification. He brings over 19 years of international experience in IT across the public sector, independent software vendors and communications service providers to his role at Airtel Africa. Before joining us in 2017, he held a senior IT leadership role at the Telenor group, handling various aspects of IT across 13 countries in Scandinavia, Central and Eastern Europe and Asia.

Daddy Mukadi Chief regulatory officer

Before becoming our chief regulatory officer in early 2015, Daddy was executive head of international regulatory affairs and executive head of international commercial legal affairs at Vodacom Group. He has also held previous legal and regulatory leadership roles at Gateway Communications Group, MHA Attorneys (South Africa), the Communication Users Association of South Africa and the Cabinet M.T. (DRC).

With a master's degree in communications law and as the author of a handbook for media law practitioners, Daddy brings a broad understanding of legal and regulatory affairs to his role at Airtel Africa.

Ramakrishna Lella Chief supply chain officer

Ramakrishna has spent more than 30 years in the telecoms industry, with more than half of this time at Airtel. Before becoming our chief supply chain officer in 2016, he led the team setting up various types of networks (including mobile, NLD/ILD, Enterprise and DTH) and was the director of supply chain management for Airtel Nigeria. He has also held different roles in the telecoms sector covering research and development, manufacturing (Alcatel and Indian telephone industries) and telecom service providers (Airtel and Reliance Jio).

Rogany Ramiah Chief human resources officer

Rogany has more than 22 years' experience in retail, media and consulting, including as senior director with Walmart's International People Division and as an executive in Massmart (a division of Walmart). To her role as CHRO, she brings global expertise in supporting businesses on strategy, cultural transformation, business process re-engineering and organisational redesign. She also has experience in talent acquisition, talent planning, remuneration strategy, and developing and leading HR transformations.

Stephen Nthenge Head of internal audit and risk assurance

Stephen has over 24 years' experience in audit, enterprise risk and information security management, having worked for Deutsche Bank AG, JP Morgan Chase and KPMG in senior management roles in Australia, Singapore, London and New York. In addition to leading regional and global audit teams, he helped to establish risk and governance frameworks for new products and services as well as regulatory governance frameworks. He has also led strategic risk mitigation and transformational programmes. Stephen is a certified information systems auditor.

Luc Serviant Group enterprise director

Luc has more than 25 years' international experience in marketing and implementing core network and ICT solutions for the enterprise sector. He has held various roles at Orange Business Services – from head of global services in Switzerland to head of consulting and solutions integration APAC in Singapore, and most recently as vice president Middle East and Africa, based in Dubai. He has also held a variety of positions at SITA (Société Internationale de Télécommunications Aéronautiques), Global One Telecommunications and Alcatel-Lucent.

Chair's introduction

Committed to strong governance and transparent reporting against the 2018 UK Corporate Governance Code



“

I believe we are set apart by our commitment to good governance, our entrepreneurial energy and our vision to enrich the lives of our customers.

SUNIL BHARTI MITTAL CHAIR

”

Governance highlights for the year ended 31 March 2020

- Substantially met all the requirements of the UK Corporate Governance Code applying to Airtel Africa for 2019/20 – see page 74
- Began to set out our strategy for improving diversity and inclusion at all levels of our business – see page 87
- Conducted a comprehensive externally facilitated Board evaluation – see page 77
- Enhanced our succession and contingency planning processes – see page 88

The past year has been transformative for Airtel Africa. On 3 July 2019, Airtel Africa became a dual-listed company in London and Lagos, operating in 14 unique and growing markets in Africa and a challenging regulatory and governance environment. In these highly competitive markets, I believe we are set apart by our commitment to good governance, our entrepreneurial energy and our vision to enrich the lives of our customers.

As chair of the Board, I'm pleased to be able to make a personal statement on our approach to corporate governance. We have embraced the rigorous requirements of listing in London as part of our commitment to strong governance and transparent reporting, identifying three areas of non-compliance pursuant to the 2018 UK Corporate Governance Code, which are explained in this report.

The Board's priority over the last 12 months has been two things. One, to move towards a position where our business has the appropriate structure and quality of capital, debt and liquidity. And two, to make sure we have a suitable and effective governance structure in place for a premium listed company.

To strengthen the adequacy of our governance, the Board has been working, since our UK listing, on a financial position and prospects procedures (FPPP) review. This has focused on post-IPO priority areas impacting the financial reporting environment, which will embed good governance and corporate reporting processes throughout the business. Both the Board and our employees have been through a robust compliance training programme. In addition to putting in place an effective governance and financial structure for a company listed in both the UK and Nigeria, we have also focused this year on the performance and continuing development of Airtel Africa.

I strongly believe that the opportunities of operating in Africa outweigh the risks, given our strategy, appetite for risk and risk management, strong culture and commitment to good governance.

In this governance report, we explain how our Board has sought to comply with the principles of good governance, applied these to the business and addressed the challenges in doing so.

A responsible business

We recognise the importance of considering our responsibilities to our shareholders and believe that strong corporate governance benefits all our stakeholders.

The Board has taken a number of steps to ensure that these legal and regulatory obligations become part of our culture and decision-making processes. For example, the directors' duties under section 172 of the Companies Act 2006 help to underpin the good governance at the heart of how we work. Details of how the Board takes into account shareholder and wider stakeholder interests when making decisions and strategic planning are set out on pages 32-33.

The Board receives regular briefings and updates on corporate governance at Board and committee meetings. In this report on corporate governance, we aim to clearly explain the governance-related processes and procedures we have in place and which are so critical to our long-term success. We are always very pleased to engage with our shareholders and appreciate their constructive input.

I firmly believe that a responsible business has a duty to give back to the communities in which it operates. More on this is set out on pages 53-54.

Board and governance

The first independent board evaluation confirmed that our Board functions effectively. It's well balanced and diverse, with a strong mix of relevant skills and experience. With the help of the company secretary, I've drawn up a list of action points for the Board – these include a more sustained focus on business and strategic issues, continuing to improve our engagement with stakeholders, and developing board knowledge of regional markets. The Board will also keep its composition under review, with a view to bolstering the Group's technology expertise and understanding of technological developments. Related to this will be a cybersecurity deep-dive exercise conducted by our Audit and Risk Committee.

A strong culture

We firmly believe that good governance should be focused not only on how the Board operates, but importantly, on the culture that informs our business and affects how our employees do their jobs. There have been some challenging discussions around the boardroom table during the year, particularly after the adverse judgment by the Honourable Supreme Court of India on 24 October 2019 affecting telecoms service providers in India including our parent company Bharti Airtel Limited. I'm pleased to report that all discussions have been resolved amicably and with mutual respect.

Our three company values are alive, inclusive and respectful – and we expect all employees across our business to reflect these every day.

I'm grateful to all the members of the Board for their individual contributions, and particularly to the chairs of each committee for establishing and steering their committees during the year. The Audit, Remuneration and Nominations committee chairs have provided their own report on their committee's activities – see pages 80-89 and 100.

In conclusion

I am confident that your Board is effective and works well. We have the right balance of skills, expertise and professionalism to continue to deliver strong governance, while allowing the CEO and CFO to implement and deliver our strategy (as set out on pages 21-43) within the culture we've worked so hard to establish. Although I'm pleased with the Board's activities and approach when it comes to corporate governance, we continually look for ways to learn and improve.

I very much look forward to meeting with shareholders at the AGM on Wednesday 24 June 2020, which will be livestreamed from London and Lagos. Along with all of your directors (who will be at the AGM), I am available to respond to your questions, concerns and suggestions at any time.

SUNIL BHARTI MITTAL
CHAIR
13 MAY 2020

Our leadership

Our governance structure

Our Board of directors is the primary decision-maker at Airtel Africa. Its members are responsible for our operational and financial performance, for setting our strategy and for making sure that we manage risk effectively. See pages 66-68 for details of our Board members. As shown below, the Board has delegated certain responsibilities to specialist committees while maintaining overall accountability.

Board committees

In addition to the formal schedule of matters the Board considers, it delegates certain key aspects of governance to its committees. We have four main governance committees: Audit and Risk, Remuneration, Nominations and Market Disclosure. Each committee has written terms of reference which are available to view on our website: www.airtel.africa.

Board

Governance committees

Audit and Risk Committee

Monitors the integrity of financial reporting and helps the Board in reviewing the effectiveness of our internal controls and risk management

Meets at least three times a year

Chair:
Ravi Rajagopal

Members:
Andy Green and Annika Poutiainen

All independent non-executive directors

» See Audit and Risk Committee report **page 80**

Remuneration Committee

Determines the overall and specific remuneration for executive directors, officers and senior management

Meets at least twice a year

Chair:
Doug Baillie

Members:
Awuneba Ajumogobia
John Danilovich

All independent non-executive directors

» See Remuneration Committee report **page 100**

Nominations Committee

Advises on appointments, retirements and resignations from the Board and its committees and reviews succession planning and talent development for our Board and senior management

Meets at least twice a year

Chair:
Sunil Bharti Mittal (NED)

Members:
Doug Baillie (independent NED)
Andy Green (independent NED)
Ravi Rajagopal (independent NED)

» See Nominations Committee report **page 87**

Market Disclosure Committee

Oversees our disclosure of information to meet our obligations under the Market Abuse Regulations (MAR) by determining whether information is insider information, when it needs to be disclosed and whether it needs to be announced; also monitors compliance with our MAR disclosure, controls and procedures. Other responsibilities include monitoring the release of information under the Information Protocols and Services Agreement with Bharti Airtel

Meets as necessary

Chair:
Andy Green (independent NED)

Members:
Doug Baillie (independent NED)
Raghu Mandava (CEO)
Ravi Rajagopal (independent NED)

Administrative committees

The Board also delegates certain responsibilities to our Finance Committee and Share Scheme Committee.

Finance Committee

- Approves funding and other financial matters in line with our delegated authorities
- or as requested by the Board. Initiates and manages key policies and major operational decisions relating to treasury and direct taxes

Chair:
Jaideep Paul, CFO

Members:
Ravi Rajagopal (independent NED)
Annika Poutiainen (independent NED)
Raghu Mandava (CEO)
Pier Falcione (deputy CFO and treasurer)
Akhil Gupta (NED) attends to represent the interests of Bharti Airtel in proposed treasury transactions affecting the parent group and to convey actions of Bharti which may affect Airtel Africa

Share Scheme Committee

- Administers our share schemes
- Composed of any two directors, including at least one non-executive director

Executive Committee

Our CEO oversees the operation of our business with advice and support from our Executive Committee (ExCo). Convened and chaired by our CEO, this committee helps him to fulfil his responsibilities by, for example, developing and implementing our strategy, monitoring our operating and financial performance, assessing risk, allocating resources and day-to-day operational management. The committee meets fortnightly.

» More details on the ExCo can be found on **page 69**.

The Board's focus in 2019/20

Regular items at our Board meetings include:

- Reviewing the activities of our Audit and Risk, Nominations and Remuneration Committees
- Reports from the CEO on our progress towards strategic objectives
- Reports from the CFO on our financial position and prospects
- Reports and compliance updates from senior executives on legal and corporate governance matters

Other presentations received during the financial year included human resourcing and wider employee matters, updates on our FPPP progress, and updates from our Investor Relations team and brokers on shareholder movements, market and peer activity, and share price performance.

Preparing for our 2019 listing

2019 was a milestone year for Airtel Africa with our listing in both London and Nigeria. While becoming a listed entity took considerable effort, with good planning, effective execution and sheer hard work by our Board and company project teams, Airtel Africa plc is now a standalone and independent business. As part of this process, the Board established some new teams, including Treasury and Investor Relations, and a robust conflicts of interest framework. We have a services agreement in place to regulate a limited number of services, including global procurement and corporate advice, which Bharti Airtel may provide at our request. The agreement also regulates shared service centre teams which are part of day-to-day finance team activity.

Ahead of our listing, the Board formalised future arrangements for the limited sharing of information with our parent company, Bharti Airtel. This was necessary for three reasons:

1. Bharti Airtel's Group-wide policy and approach to ongoing monitoring, governance and oversight of subsidiary investments, which is informed in large part by its own regulators, the Securities Exchange Board of India and Reserve Bank of India
2. The legal requirement for Bharti Airtel to publish quarterly consolidated financial results
3. Bharti Airtel's obligations during the year arising from various bond covenants

We have protocols in place to make sure information is shared with Bharti Airtel in a way that complies with our legal and regulatory obligations. None of these arrangements in any way influences

our Board's discretion or ability to make independent decisions. These separation and information-sharing protocols and our mutual adherence to them were externally audited by ANB Global in early 2020 and found to be in order.

The Board is fully aware of our obligations under the Listing Rules and Market Abuse Regulations (MAR) obligations in making these arrangements.

Becoming listed on the London Stock Exchange brought new compliance and regulatory requirements to our business, in particular:

- Financial Conduct Authority's (FCA) Disclosure and Transparency Rules sub-chapters 7.1 and 7.2 which set out certain mandatory disclosure requirements (handbook.fca.org.uk)
- FCA's Listing Rules 9.8.6R, 9.8.7R and 9.8.7AR which include the 'comply or explain' requirement pursuant to the 2018 UK Corporate Governance Code (frc.org.uk)
- BEIS Directors' Remuneration Reporting Regulations and Narrative Reporting Regulations contained in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008

In order to meet these requirements and transform Airtel Africa to a standalone listed business, the Board undertook several key activities in 2019, including:

- Reviewing and approving the prospectus prepared for the admission of our shares to trading
- Appointing a senior independent director to support the Board chair and act as a liaison for shareholders

- Working since our UK listing to embed good governance and corporate reporting processes and controls throughout the business
- Appointing a corporate legal adviser and corporate brokers
- Establishing an Investor Relations team and beginning market consensus reporting with analysts, in addition to the company and consensus reports included in standard Board reporting packs

The Board also benefited from a series of pre-IPO training sessions, including:

- Introductory meetings between our chair, chief executive and company secretary and our auditors, brokers and legal advisers covering Board processes, corporate governance requirements and shareholder views
- An induction by our then legal adviser, Freshfields, providing insights into the wider legal and regulatory responsibilities of a listed company director
- A longer briefing by JPM, our listing sponsor, giving an external perspective on market and shareholder views

Our CEO and CFO are also participating in targeted mentoring programme to enhance their UK listed plc experience.

While we have made good progress in moving towards full compliance with the 2018 UK Corporate Governance Code, we do still have three areas of non-compliance. The following table sets out these areas at listing as compared to our position today.

Our leadership continued

The Company complied with the provisions of the Code during the financial year save as set out below:

Code provision	Explanation
Provision 9: the chair should be independent on appointment when assessed against the circumstances set out in provision 10	<p>The Board has concluded that Sunil Bharti Mittal did not on appointment meet the independence criteria of the Code due to his interests in the company. However, in view of his extensive involvement with the company and the Bharti Airtel Group over many years, the Board considers that he has made a major contribution to our growth and success and unanimously agrees that his continued involvement is crucially important to the ongoing success of Airtel Africa. The Board recognises a number of safeguards in place to ensure robust corporate governance during his tenure as chair.</p> <p>The Board believes he continues to effectively oversee our leadership and maintain a balanced shareholder agenda.</p>
Remuneration Committee chair – prior service	<p>The Board acknowledged at the time of listing that we did not comply with the requirements of the Code in this respect, but saw Doug Baillie as a seasoned HR professional with the experience and expertise to effectively manage the committee on its behalf.</p> <p>Having reviewed this appointment, the Board confirms that Doug has since displayed the skills and experience required for the role and has the full support of the Board.</p>
Executive director shareholding	<p>Raghu Mandava is expected to reach the target as soon as reasonably possible. A minimum requirement of 250% of salary will apply while he is in position.</p> <p>The Remuneration Committee is aware of investor guidance around post-employment share ownership. It considers that, in light of the company's unusual circumstances, with senior executives located in Africa where additional requirements on the holding of shares are not market practice, the operation of bonus deferral and post-vesting holding requirements currently provide sufficient alignment after employment has ended. We will, however, continue to keep this aspect of policy under review.</p> <p>For details of our share ownership policy see page 102.</p>

Special matters considered during the year

July 2019 – at the first meeting after our admission to the London Stock Exchange, the Board received a presentation on the share register and market liquidity, assessed the overall success of the listing and identified post-IPO priorities. The Board also approved the appointment of our two corporate brokers. The CEO gave his perspective on the business environment with a performance update.

October 2019 – the Board received information on market dynamics and expectations from our brokers; approved the publication of our half-year financials and RNS announcement; discussed our dividend policy and proposals for the interim dividend; discussed the implications of the Indian Supreme Court's adverse judgment affecting the telecoms providers in India, including our parent company Bharti Airtel, for our working capital requirements; and received a report on people, culture and diversity.

January 2020 – the Board conducted an externally facilitated Board evaluation and considered at its February Board meeting the recommendations for improvement and discussed a plan to achieve this.

May 2020 – the Board approved our full-year consolidated IAS and IFRS financials and RNS announcement, our investor presentation and final dividend.

Selected Board priorities

Strategy and execution

2019/20 objectives

- Ensuring our strategy remains robust in the light of forecast market and economic changes (in line with the disclosure requirement under Provision 1 of the Code)
- Monitoring and overseeing operational performance
- Authorising spectrum purchases and other key capital expenditure
- Discussing and authorising new strategic initiatives

To achieve these objectives, the Board:

- Regularly reviewed performance towards our strategic objectives, together with year-end performance projections
- Reviewed and agreed our 2020/21 budget and received a detailed review of our financial position, borrowing facilities and financing alternatives in relation to our strategic direction and latest forecasts
- Considered our dividend policy in light of performance reports, our strategic direction and outlook, and our financial position
- Received regular briefings on governance and compliance
- Reviewed detailed reports from the executive team on resourcing requirements for capital, finance and people
- In light of this information, and with input and advice from our Audit and Risk Committee:
 - determined the final ordinary dividend for 2020 and the interim dividend for 2019
 - approved in principle the full-year results statement, the half-year results statement and the quarterly statements
- Held additional meetings to discuss our strategic and operational response to the COVID-19 pandemic

Objectives for 2020/21

- To make sure our strategy remains robust in the light of forecast market and economic changes
- To ensure our performance is on track to achieve the strategy
- To develop a plan to act on and close within the financial year the agreed recommendations from the externally facilitated Board evaluation
- Responding to the challenges presented by the COVID-19 pandemic

Governance and values

2019/20 objectives

- Ensuring continued and improved compliance with the UK Corporate Governance Code
- Implementing the improvements recommended by the externally facilitated Board evaluation
- Monitoring and taking account of stakeholder feedback and continuing to actively promote wider engagement
- Launching the Finance Committee, including approved terms of reference
- Monitoring and reviewing the effectiveness of the information-sharing and separation protocols between Airtel Africa and Bharti Airtel
- Delivering the annual reporting process to the required timeline
- Resolution of post-IPO priorities for financial reporting processes at the point of listing

To achieve these objectives, the Board:

- Received regular updates on governance, regulatory and remuneration developments during the year from both internal and independent external sources
- Established a Finance Committee
- Approved a remuneration policy and directors' remuneration report to submit to shareholders at our 2020 AGM

- Conducted an externally facilitated Board evaluation and acted on the recommendations for improvement
- Assessed Airtel Africa and Bharti Airtel's adherence to separation and information-sharing protocols as part of an externally facilitated governance audit conducted from February through April by ANB Global and also considered whether additional training is required
- Retained external expertise and trained relevant teams to complete the annual reporting process
- Appointed a corporate legal advisor and broker

Objectives for 2020/21

- Ensuring our continued compliance with the Code and with wider statutory and regulatory requirements
- Considering the articulation of Airtel Africa's corporate purpose – building on our strong vision and values as stated in our business model
- Making sure our remuneration policy is appropriate and able to incentivise our executive team; that it remains flexible enough to adapt to each year's developments and strategy; and that remuneration is implemented in line with our Remuneration Policy
- Developing a plan to act on and close within the financial year the agreed recommendations from the externally facilitated Board evaluation
- Conducting another Board evaluation
- In keeping with our modern slavery statement, establishing processes and detailed guidance around the business and selecting key employees to be trained to identify, assess and report concerns to help reduce the risk of modern slavery and related practices
- Monitoring shareholder feedback and continuing to actively promote wider engagement
- Ensuring the success of the Finance Committee
- Supporting the CEO and CFO in their one-to-one mentoring programme

Our leadership continued

Board attendance

In addition to the quarterly scheduled meetings, during the 2019/20 reporting period the Board met another five times in connection with our full year financial statements and annual report approvals process. The Board regularly reviews the frequency of its meetings and has concluded that quarterly meetings are appropriate for the time being. The Board has decided to extend quarterly Board and committee meetings from one day to two to allow more time for strategic discussions. In addition to extra Board meetings when necessary, we have processes in place for approving transactions and other matters arising between meetings.

Directors make every effort to attend all Board and committee meetings – there was full attendance at all committee meetings and all but one Board meeting in 2019/20. If a director is unable to attend a meeting, they receive the papers in advance and give their comments to the chair to communicate at the meeting; he/she also follows up with them after the meeting about decisions taken.

Details of each director's attendance at Board and committee meetings are set out in this table.

Board members during 2019/20	Scheduled Board meetings	Number of additional Board meetings ¹ attended	Audit and Risk Committee	Remuneration Committee	Nominations Committee	Market Disclosure Committee ⁷
Sunil Bharti Mittal ² (chair)	4 (4)	5 (5)			1 (1)	
Raghunath Mandava (CEO)	4 (4)	5 (5)				9/(9)
Andrew Green ³ (independent non-executive director)	4 (4)	4 (5)	10 (10)		1 (1)	9/(9)
Awuneba Ajumogobia (independent non-executive director)	4 (4)	5 (5)		4 (4)		
Douglas Baillie (independent non-executive director)	4 (4)	5 (5)		4 (4)	1 (1)	9/(9)
John Danilovich (independent non-executive director)	4 (4)	5 (5)		4 (4)		
Annika Poutiainen (independent non-executive director)	4 (4)	5 (5)	10 (10)			
Ravi Rajagopal (independent non-executive director)	4 (4)	5 (5)	10 (10)		1 (1)	9/(9)
Akhil Gupta ² (non-executive director)	4 (4)	5 (5)				
Arthur Lang ^{4,5} (non-executive director)	4 (4)	5 (5)				
Shravin Bharti Mittal ⁶ (non-executive director)	4 (4)	5 (5)				

1 Additional unscheduled Board meetings took place in connection with the approval of the annual report and related matters

2 Appointed as a nominee of AAML in line with the Relationship Agreement

3 Unable to attend an unscheduled Board meeting on 31 March given a previous Board commitment; provided his comments to the chair before the meeting

4 Unable to attend one scheduled Board meeting in October 2019 and sent an alternate director, Koh Boon Chye

5 Appointed as a nominee of Singtel in line with the Relationship Agreement

6 Appointed as a nominee of ICIL in line with the Relationship Agreement

7 Meets on an ad hoc basis via written resolution before releasing information pursuant to the Information Protocols and Service Agreement with Bharti Airtel

Board evaluation

In early 2020, we engaged Lintstock to evaluate the Board's performance since the IPO, and to identify priorities for the coming year to further improve our effectiveness. Lintstock is a London-based advisory firm specialising in board effectiveness reviews and has no other connection with Airtel Africa or its directors.

Process

The first stage of the review involved Lintstock working with the company secretary to set the context for the evaluation, and to tailor survey content to our company circumstances. The surveys addressed core aspects of board performance, with a particular focus on:

- The clarity of our strategy, including internal and external communication, and the progress being made around our strategic pillars
- The Board's understanding of the markets and competitive context in which Airtel Africa operates, as well as the opportunities and threats presented to the business by technological developments
- The Board's oversight of succession and talent management processes, as well as company structure at senior levels and the capacity to deliver the strategy
- The Board's engagement with key stakeholders, including employees, and the effectiveness with which the Board monitors culture and behaviours throughout the company
- The Board's focus on risk and oversight of various aspects of the company's risk management, as well as the quality of risk discussions at meetings

- The atmosphere in the boardroom, in terms of encouraging candid discussion and critical thinking, and the extent to which the Board provides effective support and challenge to management
- The appropriateness of the Board's size and composition, including the skills, experience and diversity among members

The Board, each of its committees, all of the directors and the CFO and company secretary were either subject to or took part in the review. The evaluation was conducted using an online questionnaire. The performance of the chair and the Board committees were evaluated, and members were invited to assess their own individual contributions to the Board. All responses were kept anonymous throughout to promote open and honest feedback. Lintstock analysed the survey results and delivered detailed reports on the performance of the Board, the committees, the chair and individual directors.

While the results of the evaluation were positive overall, the Board acknowledged that the process took place relatively early on in the Board's cycle and oversight in certain areas is still developing. We look forward to continuing progress in key areas over the coming year. The chair drew up a list of action points based on the evaluation – these will be implemented by the Board with progress reviewed at each meeting.

Recommended priorities

Strategy, portfolio and positioning

– to move beyond the necessary focus on governance in preparation for our IPO to a more sustained focus on business and strategic issues by:

- increasing members' understanding of the primary growth drivers
- developing board knowledge of – and exposure to – regional markets in Africa by, for example, visiting subsidiaries and meeting colleagues in the regions
- focusing on the readiness plan for a digital future

Governance and compliance – this includes developing a clear environmental, social and governance (ESG) policy and continuing to improve board engagement with stakeholders. The Board will also extend its quarterly Board and committee programme to two days, with more meetings in Africa.

Board process and composition – this includes keeping the Board's composition under review, with a view to increasing gender diversity in the near term and bolstering the Group's technology expertise, as well as considering whether the CFO should join the Board.

Talent and succession – increasing engagement with our talent management framework to better understand the internal and external talent pipeline

Key actions

AR	Audit and Risk Committee	<ul style="list-style-type: none"> • Consider adding a fourth member to the committee • Additional training and induction on developments in UK regulations, including new codes such as Brydon and Kingman Reports, section 172 requirements and corporate governance standards • Better coordination between internal and external auditors (EY and Deloitte, respectively) while charting out annual plans • Greater understanding of capex controls • Greater independence and the ability to assess systems of internal controls rather than relying on management information • Significant progress on monitoring risk management versus concentrating on controls • Billing controls to avoid leakages, with network configuration hacking seen as a key potential risk • Future planning – agreeing on the agenda with management and external auditors
R	Remuneration Committee	<ul style="list-style-type: none"> • Training on different aspects of remuneration, including STIP, LTIP and benchmarking • Deeper focus and discussion on senior management remuneration • Provide updates on emerging and future trends in compensation
N	Nominations Committee	<ul style="list-style-type: none"> • Greater engagement with new hires and other senior executives • Robust succession plan for critical roles, with two to three candidates in the two- to four-year readiness bracket
Chair's review		<ul style="list-style-type: none"> • Support and encourage more strategic discussions in Board meetings • Share his larger vision for Airtel and Airtel Africa in particular • Update the Board on critical conversations with individual members

Engaging with our stakeholders

The telecoms and financial services we provide affect a wide range of people, and we work hard to understand the interests of our many stakeholders and to reflect these in the decisions we make as a Board. Our overall ambition is to proactively engage with our stakeholders in a variety of ways to drive both financial and digital inclusion.

The description here of our Board’s efforts to engage with and consider stakeholders in the 2019/20 financial year, taken alongside pages 32-33 of our strategic report, serves as our section 172(1) statement.

How we work to understand our stakeholders

Our directors receive information about our stakeholders through various channels. One is through regular reports and briefings in board and committee meetings, when concerns and initiatives related to stakeholders are presented to directors by, for example, our Investor Relations team or our chief HR officer.

Another is through direct interaction and engagement, something we place much importance on at Airtel Africa. Our directors spend time in our markets and at our businesses meeting with employees, leaders, customers, regulators and other partners. We aim for at least one board meeting each year to take place at a regional location with representatives from the business in the room.

How we consider stakeholder interests

Our directors foreground stakeholder interests when making key decisions for Airtel Africa. Sometimes this means considering the results of a direct consultation, such as the one between our Remuneration Committee and our shareholders. Other times, it involves distilling data and other metrics to inform improvement programmes, such as our move to a ‘single screen’ service advisor workspace to empower employees to better serve our customers (see side panel).

Our Board has also established clear business standards to which stakeholder interests are integral. Our Code of Conduct, for example, approved by the Board in 2019, encompasses everything from respect for human rights to data privacy to acting lawfully. This sets out our high expectations for how all of us at Airtel Africa should act in ways that create value for – and build trust in – our many stakeholders.

STAKEHOLDERS

Customers

Over the 2019/20 period, our Board objectives were to encourage customer engagement through our 24/7 on-shore call centres, more than 1,500 Airtel stores, and email and social media channels. We also wanted to continue to empower customers and bring all Airtel products and services on to self-service platforms like IVR, USSD, web and MyAirtel app. Our Board is kept informed of significant customer concerns and priorities through the CEO’s regular update.

Partners and suppliers

During the year, our business engaged proactively at both Group and operational company level with all of our top vendors. These are mainly mobile brands, IT companies and telecoms infrastructure providers, who collectively contribute around 90% of the value of all procurements. Relevant information from these engagements is communicated to the Board through the CEO’s update at quarterly meetings.

Governments and regulators

Over the financial year, we continued to engage with governments to understand key policy considerations and the direction in which governments are driving their countries. We also used a multi-layered approach to engage with regulatory stakeholders around potential changes to licensing frameworks in some countries, proposed policy initiatives that might increase our tax burden, mergers and acquisitions, and change of control issues arising from our listing.

The Board has empowered the CEOs and chief regulatory officers of our operating companies to represent them at various country-level engagements with governments and regulators. Management keeps the Board informed of regulatory developments in the markets on a monthly and quarterly basis. From time to time, we also commission audits to verify levels of regulatory compliance.

Improving the Airtel customer experience

We know that customers want to be able to quickly and easily find information about our services and reach us through various channels. So we’re re-engineering our customer journeys to make them quick and seamless – easier onboarding, a more dynamic and contextual IVR system, and self-service through a new app. We’ve piloted our My Airtel app in four countries and are rolling this out to all markets in 2020. We’re also introducing a ‘single screen’ workspace for our customer service advisors – this will hold each customer’s complete details and contact history, making it easier for us to help people effectively.

Staying on top of regulatory requirements

Operating across 14 countries means we work hard to stay ahead of regulatory changes in different markets. Our Board leads the way by maintaining a productive and open dialogue with regulatory bodies and policymakers, and by setting high standards of governance across our business.

In 2019, for example, our directors supported restructuring in our local businesses to better meet evolving regulations around mobile financial services. This involved forming new subsidiaries, appointing directors and injecting the capital necessary to support these changes, which were critical to give central banks confidence in the security of their customers’ funds in our system. Our directors have also authorised businesses to add new licences or spectrum bands where necessary for business growth. And crucially, the Board has insisted on the full implementation of a compliance management system across all operations to ensure we’re working in line with regulations in all of our markets.

Shareholders

We have an ongoing aim to actively encourage shareholder participation through clear messaging and reporting and careful review of shareholder feedback. Towards this aim, in 2019/20 we took part in a variety of activities, including:

- Holding investor roadshows before listing and after publishing our quarterly results in July, October and January, as well as ad hoc meetings and calls with both existing and prospective shareholders
- Encouraging shareholder attendance at our first AGM (June 2020) and voting on resolutions proposed through briefings to analysts and the press
- Reviewing shareholder feedback on our half year and quarterly results

From these interactions, we know that many shareholders are interested in our outlook on trading and market demand, our guidance for 2020 and beyond, and our financial targets and dividend policy.

All directors have formal briefings during the year about our investor relations programme and receive detailed shareholder and institutional feedback. This enables directors to act on major strategic and operational decisions with a good awareness of the views of our shareholders.

As set out in the remuneration report, our Remuneration Committee consults with shareholders each year on remuneration policy and, as part of this, the committee chair engages directly with shareholders and their representative bodies. More details are set out on pages 100-114.

All shareholders on the register receive any declared dividend, the information they are entitled to receive pursuant to applicable law and regulation, and have the right to receive the Annual Report as well vote at the AGM.

We describe our relationship with our majority shareholders on pages 95-96.

Communities

Airtel Africa works in many ways to support the communities in which we operate, with a particular focus on creating educational opportunities, improving health, providing access to the internet in rural communities and institutions, and using our technology for good in disaster situations.

We run local programmes focused on these areas through our employees, who are best placed to make direct contributions in the places where they live and work. We support charitable work of all types, both individual and through Airtel Africa – and have a formal programme of community initiatives in place. The Board periodically reviews these and approved a Code of Conduct in 2019. This sets out our standards on community work, among other things, emphasising our focus on technology and employee volunteerism and specifying the types of projects we will not invest in, such as ones aligned to a particular political party or religious group.

Our intention from 2020 onwards is to increase our community programmes that focus on sustainability, in line with growing concerns and challenges related to the effects of climate change.

3,300

employees
engaged quarterly through
CEO-led town halls

Our people

We know that the almost 3,300 people we employ across 17 countries have made Airtel Africa the success it is, and our Board works in various ways to interact with and understand employees across the business.

Over the 2019/20 financial year, the Board focus was to make sure we are in line with the 2018 Code requirement that companies must adopt one or a combination of three mechanisms (designated NED, workforce advisory panel or employee director) or agree on suitable alternative arrangements to engage with employees. Our Board chair is the Group's designated workforce director, given his regular travel to our operating companies. He will report to each Board meeting on his findings and engagement with our workforce. Over the 2020/21 financial year, we will formally review other ways for Board members to engage directly with employees by appointing more than one non-executive director to better cover each of the 16 markets in which we have offices.

This will be in addition to existing Board engagement with our employees, which includes:

- Quarterly CEO-led town halls and explanations of our performance around quarterly, half-year and full-year reporting announcements
- Regular director visits to local operations
- Board meetings taking place at regional locations with representatives from the business present
- A company-wide employee engagement survey every other year, with the next taking place in 2020
- Quarterly Board reports from the HR Forum and Remuneration Forum chair
- Chief HR officer presentations to directors twice a year and one-to-one meetings as necessary
- A full report on people and culture each quarter to the Remuneration Committee

Audit and Risk Committee report



RAVI RAJAGOPAL
CHAIR, AUDIT AND RISK COMMITTEE

PART 1

Chair’s statement

I am pleased to present the Audit and Risk Committee report for the reporting period ended 31 March 2020. This report gives insight into the committee structure and functions. It explains how the committee has worked during this period to ensure the independence and effectiveness of our internal and external audit functions and the integrity of our financial reporting and narrative statements. As well as our usual matters, including the financial results for each quarter, half year and full year, applicable accounting policies and going concern assumptions, we looked in depth at certain aspects of the control environment.

The committee meets with our external auditor and the head of internal audit, independent of the executive, to make sure our reporting, forecasting and risk management processes are rigorously reviewed throughout the reporting period.

Our committee terms of reference were put in place on listing, and we have determined that they reflect our roles and responsibilities under the Code and other related regulations. We evaluated the committee’s performance against these roles and responsibilities and are satisfied that we have complied with them as outlined in the committee’s terms of reference.

We will continue to focus on making sure that we work in line with all relevant codes and regulations so that the business is operating in a controlled and managed way. Between 3 July 2019 and 31 March 2020, we complied with all but three provisions of the 2018 Code. For more information on our compliance with the Code see pages 90-92.

Our risk assessment this year included an assessment around the treasury control environment, following which we established a finance committee, and an analysis of the impact of COVID-19 as it stood at 12 May 2020.

RAVI RAJAGOPAL
CHAIR, AUDIT AND RISK COMMITTEE
13 MAY 2020

Committee members and attendance

Our Audit and Risk Committee consists of three independent non-executive directors: Ravi Rajagopal (chair), Andy Green and Annika Poutiainen. The committee as a whole has competence relevant to the telecoms sector, including recent and relevant financial experience and expertise gained over the years through various corporate and professional appointments. For more about Ravi, Andy and Annika, see the directors’ biographies on pages 66-67.

Our meetings are also attended, by invitation, by the CEO, CFO, deputy CFO, other non-executive directors, head of internal audit along with internal auditor partners (ANB and EY) and other senior executives. Our external auditor, Deloitte, was invited to and attended all meetings.

Our scheduled quarterly meetings generally take place shortly before Board meetings. At each meeting, we review the summary reports of both internal and external auditors, as well as financial results and details of action taken or proposed in response. The committee chair then reports to the Board on our activities, recommendations and other relevant matters.

Throughout the period during which Bharti Airtel, Airtel Africa Mauritius Limited (AAML) and Bharti Telecom and their associates have a 10% or more interest in Airtel Africa plc ordinary shares, each can appoint one observer (who must be a director) to attend meetings of our committee. This observer can attend and speak at meetings but does not count towards quorum or have a right to vote. As such, Akhil Gupta attends our Audit and Risk Committee meetings.

“ We will continue to focus on making sure that we work in line with all relevant codes and regulations so that the business is operating in a controlled and managed way. ”

Attendance

	Meetings attended
Ravi Rajagopal Chair	10 (10)
Andy Green	10 (10)
Annika Poutiainen	10 (10)

Committee responsibilities

- Advises the Board on proposed full year, half year and quarterly reporting and connected announcements
- Reviews our annual and half year financial statements and accounting policies, internal and external audits and controls
- Recommends the dividend policy to the Board
- Assesses the effectiveness of our financial reporting procedures
- Oversees our relationship with the external auditor – advising on their appointment, effectiveness, reviewing and monitoring the scope of the annual audit and the extent of non-audit work
- Reviews the effectiveness of our internal audit, internal controls and fraud systems
- Reviews our whistleblowing arrangements, where employees and contractors can raise concerns in confidence
- Reviews our controls for preventing bribery, our code of corporate conduct/ business ethics and our policies for ensuring full compliance with regulatory and legal requirements
- Through the committee chair, engages with shareholder interests relevant to committee responsibilities
- Advises the Board on whether the annual financial statements are fair, balanced and understandable

2019/20 committee objectives

- To review and agree our risk appetite in line with our strategic objectives
- To make sure risk remains within our agreed appetite and is monitored and reviewed as needed to reflect external and internal changes
- As part of the risk management framework, to continually identify, assess and monitor new and emerging risks
- To regularly review the robustness of our systems for risk reporting, assessment and control

To achieve these objectives, we:

- Reviewed the risk management framework in detail during the committee induction in Nairobi
- Advised the Board on their own risk review at their October meeting, covering reported risks
- Identified climate change and Brexit as emerging risks and COVID-19 as a new risk
- Received quarterly reports from Internal Audit
- Received management reports on the monitoring and updating of post-FPPP priorities, together with comments by the auditor
- Reviewed other internal control environment actions

2020/21 areas of focus

Our committee will adopt a programme of in-depth reviews into specific financial, operational and regulatory areas. As part of these reviews, we'll meet with the business colleagues responsible for each area. Our 2020 priorities will include:

- COVID-19, as per the CEO's statement on page 9
- Discussing and defining the proper level of risk appetite for the company
- Increasing our oversight of various aspects of the company's risk management and improving the quality of risk discussions at meetings
- A deep-dive review of cybersecurity to assess both risks and necessary mitigating actions
- A review of our GDPR and data protection compliance arrangements
- Providing training for committee members on areas such as developments in UK regulations and section 172 obligations
- Supporting the internal audit team in a continuous review of internal financial controls and monitoring

“

Our committee will adopt a programme of in-depth reviews into specific financial, operational and regulatory areas.

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Financial reporting

We reviewed the integrity of the quarterly, half year and full year financial statements, as well as other statements containing financial information including trading updates and investor presentations and packs, and recommended their approval to the Board.

We assessed:

- The quality, appropriateness and completeness of the significant accounting policies and practices and any resulting changes to these
- The reliability of underlying processes leading to the integrity of financial reporting
- The clarity, consistency and completeness of the disclosure, including compliance with relevant financial reporting standards and other reporting requirements
- Significant issues where management judgements and/or estimates had been made that were material to the reporting, or where discussions had taken place with the external auditor to arrive at the judgement or estimate
- Whether the Annual Report and Accounts taken as a whole were fair, balanced and understandable and present a good view of the business – taking into consideration all the information available to the committee and whether other information presented in the Annual Report is consistent with the financial statements
- The application of the FRC's guidance on clear and concise reporting

The committee also deliberated and challenged the CFO's reports. These set out the rationale for the accounting treatment and disclosures regarding judgements and estimates, as well as for the sensitivities of the estimates to changes in assumptions. Deloitte also shared their views on the treatment of significant quarterly, half year and full year matters. They summarised each issue and assessed the appropriateness of management's judgements or estimates. In considering whether there was evidence of bias, the committee examined the overall level of reasonableness applied during the year.

Audit and Risk Committee report continued

PART 2

Specific considerations and our response

After considering the following significant issues, judgements and estimates in the context of the financial statements and discussing them with our external auditor, the committee agreed that the response to each was appropriate and acceptable.

Significant issue	Actions taken
Going concern assessment	The committee took into account all factors likely to affect our future performance and financial position, including cash flows under a base case and number of reasonable worst-case scenarios (capturing risks and uncertainties), solvency and liquidity positions, and borrowing facilities, and ensuring appropriate updates to reflect the expected impact of COVID-19. The committee confirmed that the going concern basis of accounting was appropriate for preparing the financial statements. For more details on the basis of going concern assessments performed during the year - see note 2.2 of the financial statements.
Viability statement	The viability statement is a longer-term view of the sustainability of our strategy and business model, including resourcing in the light of projected economic and market developments. The committee reviewed company prospects, the time period under consideration, principal risks, emerging risks, longer-term cash flow forecasts and the related sensitivities included in management's stress-testing mode, including expected impact of COVID-19. The committee was satisfied with the viability statement and endorsed a three-year period as a basis for preparation. More details on the assessment of viability and the statement are on page 63.
Significant one-off transactions	In June 2019, Bharti Airtel Tanzania B.V., Bharti Airtel International (Netherlands) B.V. and Airtel Tanzania signed three settlement agreements with the government of Tanzania (see note 5 for settlement details). Prior to this, the committee reviewed and challenged management's assumptions and judgements for:
Tanzania settlement	<ul style="list-style-type: none"> • The issue of additional shares to the government of Tanzania, which was considered a transaction with non-controlling interest shareholders in our consolidated accounts and consequently recorded in equity • Support services – on the basis of the management's assessment, the committee believes that Airtel Tanzania is receiving support services from the government as prescribed in the agreement in the form of a discounted licence fee and lit fibre arrangements. As such, we have capitalised the support service cost to the intangible asset, recognised with a corresponding liability for the deferred element of support service fee payments <p>The committee recommended to the Board that we accept the settlement agreements.</p>

In addition to the significant issues mentioned above, the committee also considered the following accounting and financial reporting issues, judgements and estimates in the context of the financial statements, discussing these with our external auditors.

Other issues	Actions and conclusions
Goodwill Impairment	<p>The committee considered the appropriateness of assumptions and judgements used for the annual impairment testing exercise during December 2019 and updated in March 2020 for currency devaluation, discount rates and potential impact of COVID-19, including:</p> <ul style="list-style-type: none"> • Operating cash flow forecasts over ten years • Discount rates • Terminal growth rates • Resulting headroom of recoverable value over carrying value <p>The committee also reviewed and challenged the recoverable value (of \$8.8bn) and resulting headroom (of \$1.8bn) against a set of sensitivities and concluded that no reasonable possible change in any key business assumption would result in headroom becoming negative. We confirmed that no impairment charge needs to be recorded this year. Given market volatility over March 2020, the Audit Committee assessed management's determination of discount rates at March 2020 and concluded that the discount rates determined were appropriate. Further detail can be found in note 15 in the consolidated financial statements. For more details on COVID-19 see pages 9-10.</p>
Taxation	<p>As part of our assessment of the trigger of a deferred tax asset, the committee reviewed the past profitability and expected future profit projections for the Democratic Republic of the Congo. They assessed that, since it's probable that taxable profit will be available against which the deductible temporary differences can be used, deferred tax assets can be recognised for deductible temporary differences, unused tax losses and unused tax credits; a deferred tax asset of \$58m was recognised during the year. See note 12 in the financial statements for details on deferred tax assets recognised in the current year. This calculation has been reviewed quarterly by the committee.</p> <p>The committee also reviewed and was satisfied with management's analysis of the effective tax rate and level of provisioning for key tax-related demands.</p>
Customer acquisition cost	<p>Until Q2 2019/20, we had recognised customer acquisition costs as upfront sales and distribution expenses, considering the legal contract to be less than 12 months for prepaid customers. With churn percentages having stabilised over the reporting period, we reassessed the expected life of a customer as 18 months on average across Africa. In Q3 2019/20, the committee reviewed and approved that it is now appropriate to recognise the cost of obtaining/fulfilling a contract from 'upfront recognition' to 'deferred amortisation over such expected customer life', in line with the requirements of IFRS 15. The impact of the change in previous periods (amounting to \$26.8m) was considered immaterial, so the committee upheld management's decision not to restate previous periods and to present this as an exceptional item in the 2019/20 financial year's income statement.</p>
Legal and regulatory matters	<p>The committee reviewed the key developments in material legal and regulatory cases during the period, management's estimate of key legal and regulatory disputes, and the basis of rating done by management and was satisfied with the provisioning and disclosures in the financial statements.</p>
Indemnity accounting	<p>Before our IPO, some global investors were given indemnity rights (including minority and other indemnity adjustments) as part of their investment in Airtel Africa. Under a deed between Airtel Africa, AAML and the global investors, the terms of minority adjustments were varied so that existing obligations were assumed by our parent company AAML.</p> <p>Consequently, these minority adjustment liabilities (amounting to \$64m) have been reversed through equity by the company. Other indemnity adjustments expired on the publication of our registration document in line with the original share subscription agreement. As such, the reversal of financial liability was recorded as non-operating income (\$72m) in the income statement. Since this was a one-off material item, this was presented as an exceptional item. The committee reviewed the accounting position and was satisfied that this was reasonable.</p>
IPO cost accounting	<p>As part of our listing process, we incurred various costs including those directly related to issuing equity and other costs related to the IPO as a whole (such as raising fresh equity as well as listing existing shares). Management concluded that all such costs, including legal and accountancy fees, were associated with our primary objective to raise equity so should be debited to equity. Listing and registration costs were linked to the entire equity base (out of which only 18% of new shares were issued). As such, only 18% of the cost linked to the listing of new equity was debited to equity, with the rest considered as a charge against profit presented as an exceptional item. The committee reviewed the accounting position and was satisfied that this is reasonable and correct.</p>

Audit and Risk Committee report continued

PART 3

Risk management and internal controls

Our approach to risk

As highlighted in the strategy and risk sections of the strategic report, risk management is inherent to our management thinking and business-planning processes. The Board has overall responsibility for establishing and maintaining our risk management and internal control systems.

For more information on our risks and mitigation and our risk management framework, see the risk report on pages 56-62.

Progress in 2019/20

Each quarter, our CEO and CFO provide a compliance certificate connected to the preparation of our financial results. This includes the policies and procedures for areas of the business under their responsibility and confirms the existence of adequate internal control systems throughout the year. Our committee reviews any exceptions noted in this exercise.

The key features of our internal control system which assures the accuracy and reliability of our financial reporting are listed on page 99. During the reporting period, we considered the process by which management evaluates internal controls across our business. Key themes for consideration included IT security and KYC procedures across all OpCos. The head of internal audit provided our committee with an overview of the assurance provided by our control framework and related testing.

The Board also reviewed more detailed assessments of risk from our committee. At its meeting in January 2020, it agreed that our system of internal control continues to be effective in identifying, assessing, and ranking the various risks we face as a business, as well as in monitoring and reporting progress in mitigating potential impact. The Board also approved the statement of the principal risks and uncertainties set out on pages 98-99.

Working to minimise the risk of fraud, bribery and corruption

We apply a range of activities to mitigate the risk of fraud; and minimising the risk of fraud remains one of the key areas of focus for Internal Audit. In doing this, we assess the quality of balance sheet reconciliations, key judgement matters, tenders and quotations, and controls over payments and associated applications.

We continue to focus on limiting our potential exposure to bribery and corruption risks, for example by providing mandatory training, reviewing financial records and developing our policies and procedures. Our contract management system now includes mandatory certification to our Code of Conduct and anti-bribery and corruption policy: each year, every employee must take part in computer-based training on anti-bribery and corruption and our Code of Conduct. Our Internal Audit team reviews our anti-bribery compliance programme to assess its continued effectiveness. We will continue to assess the bribery risks in the markets where we operate to refine and improve our anti-bribery compliance programme.

Our committee also monitors and oversees procedures around allegations of improper behaviour and employee complaints.

Whistleblowing procedures

Our whistleblowing programme is a confidential channel through which employees can report unethical practices or wrongdoing. We have an independent whistleblowing process managed by an external professional services firm from their Centre of Excellence in South Africa. Throughout the reporting period, we received updates on the volume of reports, key themes emerging from these reports and the results of related investigations.

Our Audit and Risk Committee chair provides a report to the Board at each of its meetings on the operation of our Code of Conduct, anti-bribery and corruption and whistleblowing procedures. This report contains enough detail to enable the Board to continue to oversee these areas and ensure that arrangements are in place for the proportionate and independent investigation of related matters and for follow-up action.

Going concern and viability statements

Our committee considered the company's going concern statement. We also challenged the nature, quantum and combination of the unlikely but significant risks to our business model, future performance, solvency and liquidity, which were modelled as part of the scenarios and stress-testing done to support our viability statement. As part of this review, we considered our forecast funding position over the next three years, conducted a principal risk assessment and analysed the impact of sensitivities on cash and headroom availability, individually and collectively in reasonable worst-case scenario. These scenarios considered the mitigating actions we could take.

We are satisfied that the going concern and viability statements have been prepared on an appropriate basis. Our 2019/20 going concern statement is on page 98 of the directors' report and our viability statement is on page 63 of the strategic report.

Internal Audit

Our Internal Audit function adopts a risk-based approach to reviewing the design and operating effectiveness of our internal control systems governing key business processes and risks, including compliance to internal policies, regulatory obligations and minimise the risk of fraud.

The Internal Audit function and its reporting lines enable it to be independent of the executive and to exercise its own judgement. Internal Audit reports to the committee functionally and to the Group chief executive administratively. The head of internal audit has direct access at all times to the chair of the committee, the chair of the Board and also to the chief executive officer.

The annual internal audit plan, and the individual audits conducted in line with the audit plan, are driven primarily by an assessment of the principal and emerging risks faced by the business. Following each review, an internal audit report is provided to both the management responsible for the area reviewed and the Executive Committee. These reports outline Internal Audit's opinion of the management control framework in place together with actions indicating improvements proposed or made as appropriate. The CEO, the Executive Committee and senior management consider the reports on an ongoing basis and are responsible for ensuring that improvements are made within the agreed timelines. Follow-up and escalation processes ensure that such improvements are implemented and fully embedded in a timely manner, and this is reviewed by the committee. The progress of the plan is monitored throughout the year and the plan may be revised during the year as a result of our ongoing assessment of key risks.

A report on all completed internal audit reviews, activities and resulting key issues is presented quarterly to the committee for review and discussion.

The updated internal audit charter, which codifies the aims, processes and outputs of internal audit, was reviewed for ongoing appropriateness and approved by the committee during the year. Given that this was our first year of reporting after listing, there was no independent formal evaluation of the Internal Audit function carried out on behalf of the committee. Based on its experience and the views of senior management, the committee requested a self-assessment by the head of internal audit and internal audit partners focusing on the methodology and planning approach. This resulted in a number of initiatives to ensure our Internal Audit function continues to meet both current good practice and the evolving needs of the Group. These included a revised issue assessment and reporting framework and a risk-based audit planning approach and more concise Board reporting.

To ensure that the internal audits are performed effectively, the Internal Audit function continues to work with two professional firms to enhance our in-house skills and enable access to technical and specialist skills.

Finance Committee

Given the complexity and importance of finance, treasury and tax policy matters, the Board has delegated oversight and governance to a specialist Finance Committee. We established this committee after our IPO on the recommendation of the Audit and Risk Committee and at the Board's direction following a specific treasury control event arising from a cancellation of banking facilities and the operation of the Relationship Agreement. The setting up of the Finance Committee with requirements to pre-approve treasury transactions will strengthen adherence to the Relationship Agreement and treasury and tax controls. This committee frames our finance policies and procedures, creating risk framework mechanisms for treasury and tax to help achieve our strategic financial goals with a balance of initiative and risk control. As this committee is overseen by the Audit and Risk Committee, it will be under the stewardship of the chair of the Audit and Risk Committee for the first 12 months. The continued participation of the Audit and Risk Committee chair and other independent non-executive directors will be reviewed each year.

Finance Committee duties

- Ensures our treasury activities are carried out within an agreed policy framework
- Ensures activities are within agreed levels of risk and that treasury activities will contribute to our financial performance through focused management
- Makes sure operations are appropriately funded and conducted in line with policy
- Ensures the overall treasury objective and the specific objectives for each main treasury activity are consistent with both financial and corporate business objectives

- Recommends the strategic tax policy for approval by the Board
- Ensures adequate liquidity to meet financial obligations based on cash flow forecasts
- Optimises the interest cost on gross debt within prudent risk parameters
- Determines and approves the derivatives policy on swaps, foreign exchange and interest rate hedges
- Generates reasonable commercial returns on investments with approved counterparties to protect investment capital and ensure desired liquidity
- Minimises the adverse impact of foreign exchange movements associated with transactions and our operating exposure in various currencies due to multinational operations
- Maintains diversified access to various local and global debt and borrowings markets
- Determines and approves our strategic tax planning policies
- Approve new debt and the cancellation and modification of borrowing and debt facilities

Finance Committee members

Members were appointed by the Board on the recommendation of the Nominations Committee in consultation with the Audit Committee chair. They are Jaideep Paul, CFO, as chair; deputy financial officer Pier Falcione; and two independent non-executive directors, Ravi Rajagopal and Annika Poutiainen. We review the composition of the committee each year.

Audit and Risk Committee report continued

PART 5

External auditors

Engaging our auditor

Our external auditor is Deloitte. The audit partner is Mark Goodey who has been in place since October 2018 and is due to be rotated in 2023. The appointment of Deloitte as the Group's external auditor is kept under review. Deloitte has audited Airtel Africa Ltd since October 2018.

The Committee has approved Deloitte's terms of engagement and is fully satisfied with the performance, objectivity, quality of challenge and independence of the external auditor.

The Committee will continue to comply with the Code and extant regulations on audit tendering. Accordingly, Deloitte will be subject to a mandatory tender after ten years.

Using our auditor for non-audit services

Where we consider our external auditor to have the most appropriate experience, technical skills and expertise, in addition to appropriate safeguards, we may consider using them for non-audit services in accordance with the available whitelist of acceptable services. Their knowledge of our business may also make such services more cost-effective and ensure confidentiality.

The continued objectivity and independence of our auditor is a priority for us. To this end, we have a non-audit services policy which restricts the provision of non-audit services prohibited by the FRC Revised Ethical Standard 2019 and provides a monetary threshold for approved services. Our committee reviews and pre-approves any non-audit services with fees above the threshold or not stipulated by the policy.

Our review of the auditor's performance during the reporting period included non-audit services and the ability of Deloitte to maintain its independence whilst providing these services. The value of non-audit services work for the year ended 31 March 2020 was \$4.4m representing approximately 52% of the total auditor's remuneration as set out in note 8 to the consolidated financial statements on page 152. Of this, \$2.5m fees related to pre IPO reporting accounting and \$1.9m related to quarterly review and audit work.

Effectiveness of the external audit process

The committee has discussed and reviewed the effectiveness of the external audit throughout the reporting period. It considered the performance of the auditor, based on the committee's own evaluation and feedback of senior finance personnel across the Group, focusing on a range of factors considered relevant to audit quality. Based on these reviews, the committee concluded that there had been appropriate focus, critical analysis and challenge by the auditor on the key areas of the audit and that it had applied robust challenge and scepticism throughout the audit.

We recommended to the Board, which in turn will recommend to shareholders in resolution 15 at our 2020 AGM, that Deloitte should continue as auditor.

Auditor Independence

The Committee believes that the independence of the external auditor is one of the primary safeguards for shareholders. The Committee reviewed audit independence and the scope of the non-audit services and independence safeguards with Deloitte. As part of this review, Deloitte has confirmed that in Deloitte's professional judgement, Deloitte is independent within the meaning of all UK regulatory and professional requirements and the objectivity of the audit partner and audit staff is not impaired.

“

The committee concluded that Deloitte had applied robust challenge and scepticism throughout the audit.

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Nominations Committee report



SUNIL BHARTI MITTAL
CHAIR, NOMINATIONS COMMITTEE

Attendance

	Meetings attended
Sunil Bharti Mittal Chair	1/1
Andy Green Senior independent non-executive director	1/1
Ravi Rajagopal Independent non-executive (Audit and Risk Committee chair)	1/1
Doug Baillie Independent non-executive (Remuneration Committee chair)	1/1

Committee responsibilities

- Reviews the balance, diversity, independence and effectiveness of the Board
- Oversees the selecting, interviewing and appointing of new Board members
- Reviews succession and contingency planning for the Board and senior leadership, including training, development and talent management
- Makes recommendations to the Board about the continued service of directors, including suspensions and terminations of service
- Makes sure directors disclose the nature and extent of any actual or potential conflicts of interest, monitors and assesses these disclosures and makes recommendations to the Board as appropriate
- Oversees, with the chair of the Board, an annual evaluation of Board, committee and director performance – in particular, determines with the chair whether this evaluation should be externally facilitated and, if so, the nature and extent of the external evaluator’s contact with the Board, committees and individual directors
- Oversees policy and objectives on Board, senior management and employee diversity and inclusion, considering our strategy, objectives and culture, and monitors the implementation of policies and progress towards objectives
- Through the committee chair, engages with shareholders on subjects relevant to committee responsibilities

Chair’s statement

I’m pleased to introduce the priorities of our Nominations Committee, to outline the work begun this year and to share our plans for the coming year.

The Board

We’re privileged to have a Board of directors with the broad range of skills, experience, age and nationality to perform such a vital role. All our directors have served at senior levels in global organisations and have international experience across a variety of businesses. Most have spent a considerable amount of time living outside the UK, and this diversity is invaluable in developing our business strategy and enhancing our governance capabilities.

The membership of the Board changed during the year as we took steps to establish ourselves ready for listing. Airtel Africa plc (formerly known as Airtel Africa Limited) was incorporated on 12 July 2018. The majority of the pre-IPO directors, being Alok Sama, Sunil Kant Munjal, Vishal Kashyap Mahadevia, Ravi Lambah and Richard Gubbins, resigned on or before April 2019.

Our new Board was formed in April 2019, and there was an immediate focus on the training and induction of all Board members into their new roles before listing in late June. As this was our first year, the committee conducted a light review of the tenure of the directors and of the future Board composition and agreed to review the current and future needs of the Board and its committees more deeply on an ongoing basis. As you will see from the biographies on pages 66-68, the committee chairs and other committee members have recent and relevant skills, experience and expertise.

We’re privileged to have a Board of directors with a broad range of skills, experience, age and nationality to perform such a vital role.

Our areas of focus

As part of our corporate governance review each year, we examine the independence and diversity of our Board and the balance of skills and development needs of members. As chair, I’ve written to the 30% Investor Club in response to their letter on gender diversity at Board level assuring them that the Nominations Committee will actively engage with recruiting another woman to the Board to move towards the 30% target in the near term.

The Nominations Committee also monitors the succession planning for senior management immediately below the Board. One of our priorities is to support and encourage the professional growth of our colleagues. So at our first committee meeting, we began to identify executives with potential and to discuss how to encourage their development.

Another area of focus for the committee is diversity and inclusion across our business. From 2020, we’ll report regularly on and discuss this with the Board.

Above all, we’ll focus on making sure that the present and future composition of our Board and executive management facilitates the delivery of our strategy, and that we continue to focus on meeting the requirements of the UK Corporate Governance Code.

SUNIL BHARTI MITTAL
CHAIR, NOMINATIONS COMMITTEE
13 MAY 2020

“We’re privileged to have a Board of directors with the broad range of skills, experience, age and nationality to perform such a vital role.”

Nominations Committee report continued

About the committee

We met formally once during the 2019/20 financial year, as well as informally around the time of listing, and will meet at least twice a year in future. Our primary focus is on longer-term succession planning for the senior executive team, diversity across the business and the progress of newly appointed directors. Led by the chair of our Board, the committee consists of independent non-executive directors.

Activities during 2019/20

The committee met during the reporting period to:

- Consider the balance and composition of the Board, including the role of the CFO
- Be updated on progress with succession planning and related development plans
- Review plans for developing talent
- Consider the directors' annual re-election at the 2020 AGM
- Receive the external evaluation of the committee and review its performance and effectiveness during the period

During the year, the committee reviewed the composition and performance of the Board and its committees. We believe that our Board has the experience, expertise and appetite for challenge to take Airtel Africa forward in line with our strategy while maintaining good governance. We will, of course, keep this under regular review.

Committee priorities for 2020/21

- To review the Board's composition, balance, diversity, skill sets, individual directors' time commitment and overall effectiveness against future needs
- To review our succession and contingency planning across the business, making sure there's a clear link to individuals' professional development and supporting the development of a diverse pipeline of talent
- To drive our diversity and inclusion agenda across all levels of the business and ensure progress is effectively embedded

During the year, the committee will identify key prospects and tailor development plans for our senior management level to help them demonstrate their potential for progression. As part of our succession planning, Executive Committee members are given direct access to the Board, including the chance to attend Board meetings and other Board-related functions. This gives Board members a good sense of the strength of our management team.

Developing our Board

During the year, the committee reviewed the induction programme for directors and considers this appropriate.

In addition to the pre-IPO training sessions, the Board benefited from a series of sessions after our listing. We held an induction day at our Nairobi head office with our CEO, CFO and members of our Executive Committee focusing on strategy, operating and financial performance, budget and forecasts, human resourcing, diversity challenges and medium-term plans. The day included presentations by the heads of key departments such as Compliance, Internal Audit and HR on their initiatives, challenges and plans.

Spending time with our businesses

To engage with employees and understand the business at all levels, all directors are encouraged to regularly visit our local operations. To this end, we arrange Board visits each year to operations – and at least one Board meeting will take place at a regional location with representatives from the business present.

During 2019/20, Board members visited Kenya, Uganda, Nigeria and Tanzania to speak directly to regional managers about local operations, finance and initiatives.

Annual Board evaluation

See page 77 for details of how this evaluation was conducted, actions taken and plans to address its outcome.

Board and committee balance, diversity, independence and effectiveness

The chair of the Board is responsible for making sure independent non-executive directors are able to constructively challenge executive directors, while supporting them to implement the strategy and run the business effectively. He works with this committee to make sure the Board has the right blend of skills, independence and knowledge.

Appointing and re-electing directors

The Board has the power to appoint additional directors or to fill any vacancy. Every director will seek election or re-election at our annual AGM, starting with our meeting in June 2020. All directors will stand for re-election at each year's AGM while in office.

Each director proposed for re-election at our AGM has been unanimously recommended by other members of the Board. This recommendation was made following the assessment of our annual Board evaluation process.

More information on our appointments process can be found on page 92.

Effectiveness: advice available to the Board

All directors have access to the advice and services of the company secretary. Directors may also take independent professional advice at our expense where this is judged necessary to fulfil their responsibilities.

During the year, the Board took advice from:

- Aon via the Remuneration Committee, as reported in more detail on page 100
- Brokers on the sector and the relative performance of our share price

Diversity

We fully recognise the importance of diversity for our Board. Airtel Africa listed in 2019 with a talented group of directors representing a broad range of skills, experience, age, ethnicity, gender and nationality and fulfilling our immediate business needs. Our youngest director is 32 and the group is ethnically diverse. Most have spent a considerable amount of time living outside the UK, and this diversity is invaluable in developing our business strategy and enhancing our governance capabilities.

Our Board policy which applies to the entire business, including the Board, is to appoint and promote the best person for each role only considering factors such as educational

and professional backgrounds as appropriate for the position, and without regard to age, gender, ethnicity or disability. Our objective is to build diversity into our appointment and promotion processes from Board level down.

We believe diversity underpins the successful operation of our Board and is a key ingredient in creating a balanced culture across our business. The Board regularly reviews its balance and composition taking into account targets and recommendations for gender diversity, as well as the Parker Review and its report into ethnic diversity. We are happy to report that we have met the Parker review targets. While we fully endorse the Hampton-Alexander Review's proposal to increase senior leadership diversity, we have not achieved the target introduced for the

proportion of women on FTSE 350 company boards to be 33% by 2020. 18% of our Board are women (2 out of 11), representing 33% of our independent directors (2 of 6). During the coming year the Nominations Committee will actively engage in the recruitment of more women Board members to meet this target.

Diversity and inclusion are, and will continue to be, a key focus for Airtel Africa.

Pay ratio reporting

Quoted companies with more than 250 UK employees are required to report each year on the difference in pay between their CEO and their UK employees. As Airtel Africa is outside the scope of this requirement, we will not be disclosing our pay ratio for this reporting period.

Gender balance

Category	Female	Male	Total	Female %	Male %
Group senior Executive Committee member	1	11	12	8.3%	91.7%
OpCo Executive Committee	30	107	137	21.9%	78.1%
Senior and middle management	109	513	622	17.5%	82.5%
All other employees	783	1,809	2,592	30.2%	69.8%
Grand total	923	2,440	3,363	27.4%	72.6%

Senior management is all general managers and above, excluding OpCo Executive Committee

Middle management includes all employees at senior manager level

Our diversity policy

Purpose

Diversity and inclusion are a part of who we are and how we do business – wholly in line with our values of being alive, inclusive and respectful.

Policy statement

We recognise that a diverse workforce is key to delivering value to our customers. So we work to create an inclusive environment that embraces our differences and helps employees work to their true potential. Our practices and policies to foster this include global mobility, talent acquisition and focused learning and development. We're particularly focused on developing women in management and leadership roles and across our business.

Initiatives

1. Searching for and using diverse talent pools for all management and senior leadership recruitment
2. Building succession and leadership development plans that encourage the promotion of women
3. Plans to launch a CEO's Women in Leadership council
4. Focused mentoring programmes
5. Facilities for expectant and new mothers, such as reserved parking and mothers' rooms
6. Putting in place a women's entrepreneurship programme to increase the percentage of self-employed women in sales and distribution roles

Policy, training and awareness

1. At the February 2020 leadership meeting with the MDs of our regional businesses, our CEO mandated MDs to work on increasing the number of women at senior levels
2. The rollout of a programme to counter unconscious bias
3. Using town hall sessions as a platform to drive awareness and tone from the top
4. All employees completing annual Code of Conduct training and certification, which covers our commitments on diversity, inclusion and anti-discrimination

Monitoring and reporting

1. Monthly diversity review by our chief HR officer with HR directors of our regional businesses
2. Quarterly progress reports to our Executive Committee
3. Quarterly progress reports to our management Human Resources Committee

Our compliance with the UK Corporate Governance Code

Airtel Africa plc ordinary shares were admitted to trading on the main market of the London Stock Exchange on 3 July 2019. This milestone required us to apply the principles and provisions of the 2018 UK Corporate Governance Code (the Code), and explain any non-compliance. (See the Code at frc.org.uk.) While we have a secondary listing on the Nigerian Stock Exchange, we are permitted by the NSE Listings Requirements to follow the corporate governance practices of our primary listing market in London.

The UK Financial Reporting Council (FRC) promotes high quality corporate governance and reporting through the Code, with which all companies with a premium listing on the UK Stock Exchange must either comply in full or explain why and to what extent they do not comply. Between 3 July 2019 and 31 March 2020, we complied with all but three provisions of the 2018 Code.

This section explains how we have applied the Code principles.

1. Board leadership and company purpose

A. An effective and entrepreneurial board

Our Board is responsible for Airtel Africa's system of corporate governance. As such, directors are committed to developing and maintaining high standards of governance that reflect evolving good practice.

The Board provides strategic and entrepreneurial leadership within a framework of strong governance, effective controls and an open and transparent culture; this enables opportunities and risks to be assessed and managed appropriately. Our Board also sets our strategic aims and risk appetite, makes sure we have the financial and human resources in place to meet our objectives, and monitors our compliance and performance against our targets. And finally, the Board ensures we engage effectively with all of our stakeholders and considers their views in setting our strategic priorities.

Roles and responsibilities

We have well-documented roles and responsibilities for directors, and a clear division of key responsibilities between our chair and CEO to help maintain a strong governance framework and the effectiveness of our Board. Our clearly defined policies, processes and procedures govern all areas of the business, and these will continue to be reviewed and refined to meet business requirements and changing market circumstances.

We re-examine budgets in light of business forecasts throughout the year to make sure they are robust enough to reflect the possible impact of changing economic conditions and circumstances.

We conduct regular reviews of actual results and future projections compared with the budget and prior year results, as well as with various treasury reports. Any disputes that could lead to significant litigation or contractual claims are monitored at each Board meeting, with updates tabled by the company secretary.

We have a Board-approved framework of delegated authority to identify and monitor individual responsibilities of senior executives.

B. Purpose, values and strategy and alignment with culture

Our Board believes that a healthy culture protects and generates value and that our employees engagement with our values and culture will lead to the successful delivery of our strategy. It is responsible for defining our values and setting clear standards from the top. Our chair leads the way on this by ensuring our Board operates correctly and with a clear culture of its own which can extend to our wider operations and dealings with all stakeholders. Our CEO, with the help of the CFO and his management team, is responsible for the culture within our wider operations. A report from our chief HR officer on culture, diversity and inclusion will be a standing agenda item at future Board meetings. In 2020, the Board will identify a number of areas to review and will share their findings in next year's report.

To meet their 2019/20 objective of ensuring our training and development plans support continuous improvement and contribute towards better organisational diversity, our Board:

- Reviewed both current and predicted availability of financial, people and supplier resourcing, as well as our financial performance, at each meeting
- Reviewed our strategy for Board and executive-level succession planning and put into place plans for achieving this (Nominations Committee)
- Reviewed arrangements for GDPR compliance, as well as actions to further improve the resilience and security of our information technology systems

In 2020/21, the Board will continue to ensure our resourcing – including capital, finance and people – is sufficient to achieve our strategy while continuously improving performance and diversity.

While our leadership establishes our culture and leads by example, our clear policies and Code of Conduct ensure that our obligations to shareholders and other stakeholders are clearly understood and met, as described in more detail on page 54.

C. Company performance and risk management

Our CEO manages the Group's business in line with the strategic plan and approved risk appetite and takes responsibility for the operation of the internal control framework. Our Audit and Risk Committee oversees potential risks and provides the Board with strategic advice on current and potential future risk exposures. Our risk management framework supports informed risk-taking by our businesses, setting out the risks that we are prepared to be exposed to and the risks that we want to avoid.

» More information on risk management can be found on **page 56**

D. Stakeholder engagement

Our Board members take an active role in engaging with shareholders and wider stakeholders. Our director induction process includes directors' duties under section 172 of the Companies Act 2006.

The Board regularly receives feedback on shareholder sentiment and sell-side analysts' views of our business and the wider industry. Our Investor Relations team and management have frequent contact with the five equity research analysts who follow Airtel Africa.

In February 2020, the Board held an additional meeting to review its understanding of the needs of each stakeholder group and to determine how best to consider stakeholder issues during Board discussions. Our aim is to better embed stakeholder issues in Board-level decision-making, as well as through key subsidiary and decision-making committees throughout the organisation.

As a first step, our Board agreed the following:

1. We will develop our stakeholder engagement framework so that we can better understand their perspectives and their expectations of us.
2. Since the February 2020 Board meeting, all Board papers must show that stakeholder considerations have been taken into account as part of the decision-making process.
3. For all major decisions, the Board will make sure it discusses the impact on employees before drawing its conclusion. We will also consider stakeholder impact in relation to material acquisitions and strategic expansion.

The Board factored the needs and concerns of our stakeholders into its discussions and decisions throughout the year, in accordance with section 172 of the Companies Act 2006 (see statement on page 33). More on our approach to stakeholder engagement can be found on pages 32-33 of the strategic report and pages 78-79 of the governance report.

E. Workforce policies and practices

We expect all businesses and employees to work with the highest standards of integrity and conduct at all times. Our Code of Conduct, which can be found on our website, sets out our expectations in detail. We also have policies on areas like anti-bribery and corruption, whistleblowing and data protection (GDPR) setting out the ethical framework that all companies and employees are expected to follow. Each year, our employees receive up-to-date training on legislative and regulatory matters.

Our management processes and divisions of responsibility are detailed in the following documents, which can be seen on our website:

- Schedule of matters reserved for Board decisions, including profit expectations and dividend policy
- Terms of reference for Audit and Risk, Nominations and Remuneration Committees
- Policies covering operational, compliance, corporate responsibility and stakeholder matters, including ones related to the Bribery Act 2010 and anti-corruption – these are updated as necessary in line with developments in corporate governance and legislation
- Our Articles of Association

Our policies are reported against to the Board and/or Audit and Risk Committee by the head of internal audit, chief compliance officer or the company secretary.

Description of our whistleblowing procedures is set out on page 84.

2. Division of responsibilities

F. Role of the chairman

The roles and responsibilities of the chair and the CEO have been clearly defined, set out in writing and signed by Sunil Bharti Mittal and Raghu Mandava.

The chair leads our Board and is responsible for its overall effectiveness in directing the company.

Our chair and the senior independent director hold separate meetings at least once a year with non-executive directors without the CEO present. Each did this once during the 2019/20 reporting period. The chair also met formally with independent non-executive directors without our CEO or other non-executive directors present. Through these meetings, the chair ensures we maintain a fair and open culture where all Board members are able to make a strong contribution.

The Board has concluded that Sunil Bharti Mittal did not meet the independence criteria of the Governance Code when he was appointed, due to his interests in the company. However, in light of the his extensive involvement with Airtel Africa and the Bharti Airtel Group over many years, the Board has considered his major contribution to the company's growth and success and unanimously agrees that his continued involvement is crucially important to our ongoing success. The Board recognises a number of safeguards which are in place to ensure robust corporate governance during his tenure as chair, including Andrew Green in position as a strong senior independent director.

The Board believes Sunil Bharti Mittal continues to effectively oversee our leadership and maintain a balanced shareholder agenda.

G. Composition of the Board and division of responsibilities

Our Board consists of 11 directors: non-executive chair Sunil Bharti Mittal, who is not independent, CEO Raghu Mandava, six independent non-executive directors and three non-executive directors. Andrew Green, CBE, is the senior independent director and Simon O'Hara is our Group company secretary. For more on our Board composition, see page 66.

The Board has an established framework of delegated financial, commercial and operational authorities which define the scope and powers of the CEO and of operational management.

Our compliance with the UK Corporate Governance Code continued

H. Role of non-executive directors

Our independent non-executive directors offer advice and guidance to the CEO and CFO from their wide experience in business and diverse backgrounds. They also provide a constructive challenge and hold management to account – monitoring the overall direction and strategy of the company, scrutinising the performance of the CEO and CFO, and ensuring the integrity of the financial information made available to the Board and our shareholders. They play an important part in general succession planning for the Board and other executive and senior management positions.

The senior independent director and the independent directors also play a critical role in fulfilling the requirements of the separation governance framework and ensuring Airtel Africa's independence.

Following their appointment, each of our non-executive directors (both independent and non-independent) received an induction that focused on the culture, operational structure and key challenges of Airtel Africa. You can see details of this induction on page 88.

I. Board processes and role of company secretary

We have a range of processes in place to make sure the Board is fully informed in a timely manner to be able to meet its duties. Directors receive papers before each Board and committee meeting. This allows them to prepare for meetings and also to send in their views if they're unable to attend.

The CEO also sends updates to members on important issues between meetings; and members receive a monthly report on key financial and management information, as well as regular updates on shareholder issues and analysts' notes. This information is distributed through a secure online portal.

All directors have direct access to the advice and services of the company secretary, and non-executive directors are able to take independent legal advice at our expense when necessary to fulfil their duties to the company.

3. Composition, succession and evaluation

J. Board appointments

As part of our 2019/20 Board evaluation, we reaffirmed that each of our independent non-executive directors is independent in character and that there are no relationships which could affect their judgement.

After the IPO, no new Board or committee appointments were made during the reporting period. The main objective of our Nominations Committee is to ensure that we have the best possible leadership team by overseeing a formal, rigorous and transparent process for appointing and removing directors to or from the Board, our committees and other senior roles. The committee also works with the aim of improving diversity and developing our succession-planning processes.

Our appointment process

When considering the recruitment of new members of the Board, the Nominations Committee adopts a formal and transparent procedure which considers the skills, knowledge and level of experience required, as well as diversity.

The recruitment process begins by evaluating the balance of skills, knowledge and experience of existing Board members, the diversity of the Board and the ongoing requirements and strategic developments of the business. This enables us to focus our search process on appointing a candidate who will complement and enhance the Board's effectiveness and overall performance.

The committee will use the services of a professional search firm to identify appropriate candidates. The committee will only choose firms that have adopted the voluntary code of conduct addressing gender diversity and best practice in search assignments. We retained no such firm during the reporting period.

We review a long list of globally drawn potential candidates and shortlist candidates for interview based on the objective criteria set out in the agreed specification – this addresses the strategic requirements of the Group, the balance of skills, knowledge and experience of current members, and the diversity of the Board. Non-executive appointees must be able to show that they have time available to devote to the role, and before being appointed all candidates must identify any potential conflicts of interest.

Short-listed candidates are interviewed by the committee chair, other committee members and the CEO. The committee then recommends the preferred candidate, who is invited to meet other Board members. Finally, the committee takes up detailed external references before making a formal recommendation to the Board for appointment.

No director took on a significant new appointment during the year.

» For more on our Nominations Committee's activities and processes, see [pages 87-89](#).

K. Skills, experience and knowledge of the Board and its committees

We have an engaged and diverse Board who reflect the cultural and ethnic diversity of the countries in which we operate. Our Board members bring a range of practical experience and deep expertise to our business – and at least half of our directors, excluding the chair, are independent non-executive directors, in line with the Code's recommendations. While not an executive director, our CFO attends all Board and Audit and Risk Committee meetings.

The Board acknowledged at the time of listing that the company did not comply with the requirements of the Governance Code in relation to the relevant experience of the Remuneration Committee chair, but saw Doug Baillie as a seasoned HR professional with the experience and expertise to effectively manage the Committee on its behalf. Having reviewed his appointment, the Board confirms that he has displayed the skills and experience required for the role and has the full support of the Board.

The Board considers that each director brings relevant and complementary skills, experience and background to the Board, details of which are set out in the biographies on pages 66-68.

L. Board evaluation

As part of good governance, it's important to make sure our Board as a whole, its committees and each director is operating and performing effectively. While the Code requires an externally facilitated evaluation at least every three years, we have chosen to do this in our first year to enable us to plan effectively for the future.

In 2019, we engaged Lintstock to facilitate this evaluation – a completely independent advisory firm specialising in Board performance reviews. All Board members and our company secretary were invited to complete an online survey on the performance of the Board, its committees and the chair, as well as their own contributions to the Board. The survey was completely anonymous to promote an open and frank exchange of views.

4. Audit, risk and internal control

M. Independence and effectiveness of internal and external audit

During 2019, we enhanced our control environment through a robust risk assessment and review led by our Audit and Risk Committee. This identified the key risks to be reviewed and assessed by Internal Audit as part of its programme of work during the year. For more on the activities and processes of this committee, see pages 80 and 86.

During 2019/20 Deloitte performed an external statutory audit of year end 31 March 2020, and three quarterly reviews. Refer to page 86 for consideration of their independence and effectiveness.

N. Fair, balanced and understandable assessment

Pages 1-64 of the strategic report set out our performance, business model and strategy, as well as the risks and uncertainties relating to the company's future prospects. When taken as a whole, the directors consider the annual report is fair, balanced and understandable and provides information necessary for shareholders to assess our performance, business model and strategy.

The directors made their assessment following the Board's review of the document at its meetings on 31 March, 14 April, 27 April and 12 May 2020.

O. Risk management, internal control and determining principal risks

As highlighted in the strategy and risk sections of the strategic report, risk management is inherent to our management thinking and business planning processes. The Board has overall responsibility for establishing and maintaining our risk management and internal control systems. Our Audit and Risk Committee supports the Board in reviewing the effectiveness of our internal controls, including financial, operational and compliance, as well as our risk management systems. For more on the activities and processes of this committee, see pages 80 and 86.

5. Remuneration

P. Remuneration policies and practices

Our proposed policy is intended to attract, motivate and retain high-calibre directors, to promote the long-term success of Airtel Africa, and to be in line with best practice and the interests of our stakeholders. There are two key principles of our remuneration policy. One, the structure of remuneration packages and, in particular, the design of performance-based schemes, should be aligned with stakeholders' interests and support our business strategy and objectives. And two, the performance-based element of remuneration should be appropriately balanced between the achievement of short-term objectives and longer-term objectives.

Our directors' remuneration policy (DRP) which sets out our policy for paying our CEO, chairman and non-executive directors will be put to a binding shareholder vote at our next AGM.

Raghu Mandava is expected to reach the minimum shareholding target as soon as reasonably possible. A minimum requirement of 250% of salary will apply while he is in employment.

The Remuneration Committee is aware of investor guidance around post-employment share ownership. It considers that, in light of the company's unusual circumstances, with senior executives located in Africa where additional requirements on the holding of shares are not market practice, the operation of bonus deferral and post-vesting holding requirements currently provide sufficient alignment after employment has ended. It will continue to keep this aspect of the policy under review.

Q. Procedure for developing remuneration policy

In 2019/20, we thoroughly reviewed the remuneration arrangements for our directors which had been put in place before our IPO. Our goal was to make sure our new policy would incentivise our management team to deliver longer-term shareholder value. We also wanted to make sure this reflects the latest Code requirements and is in line with UK good practice. As such, we have proposed a number of changes to the policy in the prospectus and consulted on this proposed policy with our largest shareholders who indicated their support.

R. Exercising independent judgement

In the year to 31 March 2020, Aon provided remuneration advice and benchmarking data to our Remuneration Committee. Aon was appointed by the committee in light of their experience and expertise in independent remuneration advisory work.

The committee uses its discretion, within the maximum policy limits, to consider the target bonus taking account of market development opportunities, specific events and evolving roles. While the committee has the discretion to change the choice of metrics and weighting for the bonus plan from year to year, we would normally consult with major shareholders before making any significant changes.

» See our remuneration report on **pages 100-114** for more detail.

Directors' report

About this report

The directors of Airtel Africa present this report together with the audited consolidated financial statements for the year ended 31 March 2020.

This report has been prepared in accordance with the requirements outlined in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and forms part of our management report as required under Disclosure Guidance and Transparency Rule (DTR) 4. Certain information that fulfils the requirements of the directors' report can be found elsewhere in this document and is referred to below. This information is incorporated into this directors' report by reference.

The directors' report comprises sections from pages 66-93 and 100-114 of the governance report, and this report on pages 94-97. Other relevant information which is incorporated by reference can be found in the strategic report:

- Financial performance on pages 45-51
- Business environment on pages 14-15
- Outlook and financial management strategies, including particulars of any important events affecting the company since the year-end (with subsidiary undertakings included in consolidated statements) on pages 1-64 and in note 36 on page 188
- Principal risks and risk management framework on pages 56-62

Other relevant information (required by Listing Rule 9.8.4 R) is incorporated by reference to the directors' report and appears in the Annual Report as follows:

Information	Pages
Likely future developments in the business of Airtel Africa and its subsidiaries	34-43
Profit before tax and after tax and minority interests	126
Our viability statement	63-64
The Directors' remuneration report	100-114
Details of our long-term share plans	109-112
Our subsidiary and associated undertakings, including branches outside the UK, affecting our profits or net assets	184
Our treasury management and funding, including information relating to financial instruments that fulfils the reporting requirements of Schedule 7 of the Large and Medium sized Companies and Group (Accounts and Reports) Regulations 2008	180
A statement that this Annual Report and Accounts meets the requirements of Section 4, Principle N, Provision 27 of the UK Corporate Governance Code 2018	93
Engagement with suppliers, customers and others	78

This section contains the remaining matters not covered elsewhere on which the directors are required to report each year.

Responsibility statement

As required under the DTRs, a statement made by the Board regarding the preparation of the financial statements is set out on page 98. This also gives details on the disclosure of information to our auditors and management's report on internal control over financial information.

Profit and dividends

Statutory profit for the Group after tax for 2019/20 was \$408m (2018/19: \$426m, and for the Company after tax was \$383m 2019/20 (2018/19 \$2m). Details of our dividend distribution during the year are set out on page 169 – note 28.1 to the consolidated financial statements.

Subject to the approval of our shareholders, the directors have recommended a final dividend for the financial year ended 31 March 2020 of 3 cents per ordinary share, which will be paid out of distributable reserves. You can find more about the dividend, including key dates, at www.airtel.africa. On 25 October 2019, the Board declared an interim dividend of 3 cents per ordinary share. This was paid on 29 November 2019 to shareholders who were on the UK and Nigerian share registers on 15 November 2019.

Directors

The names of our current directors, along with their biographical details, are set out on pages 66-67 and are incorporated into this report by reference. Those who served during the year are identified on pages 87.

Details of directors' interests in our share capital are in our remuneration report on page 113.

Our Articles of Association govern the appointment, removal and replacement of our directors and explain the powers given to them.

Avoiding conflicts of interest

The Board regularly reviews each director's interests outside Airtel Africa and considers how the chair ensures he is applying objective judgement in his role, as required by the UK Corporate Governance Code. To help directors avoid conflicts (or possible conflicts) of interest, the Board must first give clearance to any potential conflicts, including directorships or other interests in outside companies and organisations. This is recorded in a statutory register kept for this purpose.

If a director considers they are, or might be, interested in any contract or arrangement in which the company is or may be involved, they must give notice to the Board in line with the Companies Act 2006 and our Articles of Association. In this instance, unless allowed by the articles, the director cannot take part in any discussions or decisions about the contract or arrangement.

Re-registration and name change

On 13 June 2019, we re-registered as a public limited company and changed our name from Airtel Africa Limited to Airtel Africa plc.

Articles of Association

The Articles of Association can be amended in line with the provisions of the Companies Act 2006 through a special shareholder resolution. We adopted two new sets of Articles of Association during the year in preparation for our listing. The information below sets out the provisions in the Articles of Association in place at the date of this report.

Share capital and control

We have two classes of shares:

1. **Ordinary shares of \$0.50** – each carrying the right to one vote at our general meetings and other rights and obligations as set out below.
2. **Deferred shares** – these carry no voting rights.

Details of our share capital movement during the year are set out in note 27 on page 168.

Major shareholders

Major shareholders have the same voting rights as other shareholders. We publish information given to us by substantial shareholders through the regulatory information service and on our website www.airtel.africa, in line with the FCA's Disclosure Guidance and Transparency Rules. At 31 March 2020, we had been notified, in keeping with Rule 5, of the following holdings of ordinary share voting rights:

Shareholder	Number of voting rights at 31 March 2020	% of capital ¹	The company has not received any notifications in accordance with DTR5 from 1 April 2020 to the date of this annual report
Airtel Africa Mauritius Limited	2,105,108,805	56.01	
Indian Continent Investment Limited	292,424,330	7.78	
Singapore Telecom International Pte Ltd	208,093,705	5.54	
Warburg Pincus LLC	187,907,574	5.00	
Hero Inc Limited	145,720,186	3.88	
Qatar Holding LLC	134,726,964	3.58	
Bharti Global Limited	127,147,531	3.38	

1 % interest in voting rights attaching to issued shares

Significant agreements (change of control)

Airtel Africa's borrowing and bank facilities contain the usual provisions which could potentially lead to prepayment and cancellation by the other party if there's a change of company control. There are no other significant contracts or agreements that would take effect, change or come to an end on a change of control following a takeover bid. All our share plans contain provisions for a change of control as summarised in the directors' remuneration report on page 105.

We do not have agreements with any director or employee that would compensate for loss of office or employment resulting from a takeover bid.

Details relevant to the relationship agreement follow.

Voting rights of members

There are no restrictions on the size of a holding, the exercise of voting rights, or the transfer of shares. The directors are not aware of any agreements between shareholders that might restrict the transfer of shares or voting rights.

Rights under the employee share scheme

We operate an Employee Benefit Trust (EBT) for some employee share plans. The trustees of the EBT have all rights attached to Airtel Africa shares unless specifically restricted in the plan's governing document. It's the trustees' policy to abstain from exercising voting rights on Airtel Africa shares held in trust.

Purchase of own shares

The articles do not restrict Airtel Africa purchasing its own shares. No one person has any rights of control over our share capital and all issued shares are fully paid.

Relationship agreement

Airtel Africa entered into a relationship agreement with Bharti Airtel, Airtel Africa Mauritius Limited (AAML), our majority shareholder and an indirect subsidiary of Bharti Airtel, and Bharti Telecom on 17 June 2019. This agreement regulates the ongoing relationship and ensures that transactions and arrangements between parties are conducted at arm's length and on normal commercial terms, and contains the independence undertakings and provisions required by the Listing Rules (the 'Listing Rule Independence Undertakings'). During the financial year, Airtel Africa has complied with the terms of the Listing Rule Independence Undertakings contained in the relationship agreement.

So far as Airtel Africa is aware the majority shareholder and its associates have complied with Listing Rule Independence Undertakings contained in the relationship agreement.

Directors' report continued

Board and meeting participation

As long as Bharti Airtel and/or AAML are a controlling shareholder, Board meetings and certain committee meetings must include a non-executive director nominated by Bharti and/or AAML (subject to certain exemptions) to be valid (quorate). Each Board and committee meeting must include three directors including two independent directors to be valid.

As long as Bharti Airtel and/or AAML and their associates hold (directly or indirectly) ordinary shares in Airtel Africa, they are entitled to appoint non-executive directors to the Board as follows:

- One non-executive director for 10% or more interest in the ordinary shares
- Two non-executive directors for 15% or more interest in the ordinary shares

The first two Board members appointed under this agreement were Sunil Bharti Mittal and Akhil Gupta on 23 October 2018.

For every 10% or more interest (directly or indirectly) in the ordinary shares above 15% in aggregate, Bharti Airtel and/or AAML can nominate one additional non-executive director to the Board, up to a maximum of four directors. Independent non-executive directors must form the majority of the Board.

Similarly, as long as Bharti Airtel and/or AAML and Bharti Telecom and their associates have a 10% or more interest in Airtel Africa ordinary shares, each can appoint one observer (who must be a director) to attend meetings of the Audit and Risk Committee and Remuneration Committee. This observer can attend and speak at meetings but does not count towards quorum or have a right to vote. As such, Akhil Gupta attends the Audit and Risk Committee meetings.

Other provisions

The agreement provides that Airtel Africa will not make any market purchases that would cause Bharti or Bharti Telecom to have to make a mandatory offer under rule 9 of the Takeover Code, unless Airtel Africa has the necessary consents and waivers to prevent a mandatory offer obligation.

Amendments can only be made to this relationship agreement in writing and with the recommendation of a majority of the independent directors. The relationship agreement will come to an end upon the earlier of:

- Ordinary shares of Airtel Africa no longer being listed on the premium listing segment and traded on the London Stock Exchange (LSE)
- Bharti Airtel, AAML and Bharti Telecom Limited, together with their associates, ceasing to be interested (directly or indirectly in aggregate) in at least 10% of issued ordinary shares

The relationship agreement will terminate upon the shares ceasing to be listed on the LSE's main market or the principal shareholders and their associates ceasing to be interested in at least 10% of the issued shares.

We believe that the terms of this relationship agreement enable Airtel Africa to carry out its business independently of Bharti Airtel, AAML and Bharti Telecom.

Services agreement

Bharti Airtel Limited provides services to Airtel Africa and its subsidiaries including Bharti Airtel International (Netherlands) B.V. (BAIN) under a services agreement.

Provision of information

To provide services to Airtel Africa under the services agreement, Bharti Airtel Limited will have access to information related to the Airtel Africa Group which may include sensitive or confidential information. Bharti Airtel will ensure its affiliates comply with the terms of the information flow protocol to the extent that it is legally able to do so. Airtel Africa will provide Bharti Airtel with service-related information necessary for it to provide services under the agreement.

Future developments

The strategic report contains details of likely future developments within Airtel Africa.

Group policy compliance

Each Group policy is owned by a member of the Executive Committee to ensure clear accountability and the authority to make sure the associated business risk is adequately managed. The senior leadership team member responsible for each Group function has primary accountability for ensuring compliance with all Group policies by all our markets and entities. Our Group compliance team supports the policy owners and local markets in implementing policies and monitoring compliance. All of the key Group policies have been consolidated into our Code of Conduct which applies to all employees and those who work for or on behalf of Airtel Africa. It sets out the standards of behaviour expected in relation to areas such as insider dealing, bribery, and raising concerns through our whistleblowing process.

Directors' indemnities

We have agreed to indemnify directors for certain losses and liabilities in connection with their duties, powers and office. Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 March 2020. We also hold directors' and officers' liability insurance covering our directors for any legal action against them. We took legal advice on this subject.

Branch and representative offices

Bharti Airtel International (Netherlands) B.V. has a branch office in Nairobi, Kenya. It was issued a certificate of compliance on 7 October 2010 with number CF/2010/33117.

On 2 October 2019, the Kenyan branch of Netherlands-based Bharti Airtel Services B.V. registered in Nairobi under number F97/2007 was deregistered.

Anti-bribery and anti-corruption

In line with the Bribery Act 2010, we have written policies on avoiding and not tolerating bribery or corruption. These apply across all our businesses and can be found on our website. All employees are trained in anti-bribery and anti-corruption to help mitigate the risk of reputational damage, financial penalties and possible exclusion from certain approved partnerships.

Charitable donations

We support charities and local community causes relevant to our business, communities, partners and people. We aim to make a positive impact through donations of time, money and materials, as well as through encouraging our employees to get involved. See page 96 for more about our donations, activities and community initiatives.

Political donations

In line with our policy, we have not made any donations to political parties during the year.

At our next AGM, our directors will be asking for the authority to make political donations of no more than £25,000 in total. This is to strengthen our corporate governance by making sure that neither Airtel Africa nor our subsidiaries inadvertently breach the wide definitions in Part 14 of the Companies Act.

Employing people with disabilities

It is our policy that people with disabilities should be fairly considered for any job vacancy.

We are committed, wherever possible, to making sure people with disabilities are supported and encouraged to apply for employment and able to work successfully at Airtel Africa.

Important events since the end of the financial year

Details of those important events affecting the Group which have occurred since the end of the financial year are set out in the Strategic Report and note 36 to the consolidated financial statements on page 188. Information related to COVID-19 is set out on pages 9-10.

Our auditor

Deloitte LLP have confirmed their willingness to continue as our auditor. Following our Audit and Risk Committee's review of their effectiveness (described on page 85), we will propose at our AGM that we reappoint Deloitte.

Our policy is that our auditor will not carry out non-audit services, except where appropriate and in line with our policy for doing such work. Our Audit and Risk Committee also considers the ethical and auditing professional standards related to non-audit services by our external auditor. Deloitte provided limited non-audit services during the year in line with our policy as described in the Audit and Risk Committee report – see page 80.

Audit and Risk Committee recommendations and statements of compliance

The committee has completed its review of the effectiveness of internal controls, including risk management, during the year and up to the date of this Annual Report. The review covered all material controls including financial, operating and compliance. As such, we can provide assurance to the Board under the 2018 UK Corporate Governance Code. This is covered in more detail in the Audit and Risk Committee report – see pages 80-86.

Airtel Africa has complied throughout the reporting period with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee responsibilities) order 2014.

Annual general meeting (AGM)

Our AGM will be live-streamed on Wednesday 24 June 2020 at 11:00 hrs BST from 53/54 Grosvenor Street, London W1K 3HU. Details of the business to be transacted at the AGM are included in our 2020 Notice of the AGM available on our website at www.airtel.africa.

In line with recent practice and good governance, we'll conduct all voting on resolutions at this year's AGM by poll. The Board believes that this way of voting gives as many shareholders as possible the opportunity to have their votes counted.

The Directors' Report has been approved by the Board and is signed on its behalf by:

SIMON O'HARA
GROUP COMPANY SECRETARY
13 MAY 2020

Directors' statement of responsibility

Financial statements and accounting records

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Consequently:

- The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU), the Companies Act 2006 and Article 4 of the EU IAS Regulations
- The company only financial statements are prepared in accordance with FRS 101 "Reduced Disclosure Framework"

Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole
- The strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy

This responsibility statement was approved by the Board of directors on 13 May 2020 and is signed on its behalf by:

RAGHU MANDAVA
CHIEF EXECUTIVE OFFICER
13 MAY 2020

Disclosing information to our auditors

The directors have made the requisite enquiries and are not aware of any relevant audit information (as defined by section 418(3) of the Companies Act 2006) that our auditors are unaware of. The directors have taken all the necessary steps to make themselves aware of any relevant audit information and to establish that our auditors are also aware of that information.

Going concern

Based on our assessments, the directors have concluded that Airtel Africa plc should continue to adopt a going concern basis of accounting in preparing the financial statements. See the directors' statement of responsibilities for more details.

Business planning process and performance management

Our forecasting and planning cycle consists of preparing forecasts for one year and three year and long-range plans. These generate income statement, cash flow and net debt projections for assessment by our Board and Executive Committee.

Each forecast is compared with prior forecasts and actual results to identify variances and understand the drivers of changes and their future impact so that management can take action where appropriate. The key assumptions underpinning the forecasts are also reviewed.

Cash flow and liquidity reviews

The business-planning process provides outputs for detailed cash flow and liquidity reviews to ensure that we maintain adequate liquidity throughout the forecast periods. The prime output is a rolling liquidity forecast prepared and updated on a periodic basis which highlights the extent of the Group's liquidity based on projected cash flows and the headroom.

The key inputs into this forecast are:

- Cash generation from operations
- Bond and debt maturities
- Change in working capital, etc.
- Periodical cash flow forecast

We also continue to manage our foreign exchange and interest rate risks within the framework of policies and guidelines authorised and reviewed by the Board, with oversight provided by our Finance Committee.

The Group has \$2.35bn in intermediate parent guaranteed bonds. In May 2019 and ahead of our UK listing, we executed a bank facility agreement (the 'new Airtel Africa facility') for up to \$2bn, which was available to draw down for a period of six months. We expressed an intention at IPO to refinance the bonds through various suitable means, including a drawdown on the facilities by December 2019, where the bonds had not been refinanced or unless alternate committed liquidity had been put in place.

After receiving \$680m in IPO proceeds, in October 2019 we further reassessed the requirement for the bank facility agreement amounting to \$1.2bn (\$0.8bn already having been cancelled after the IPO). Having considered our business performance, free cash flows and liquidity expectation for the next 12 months, together with other existing drawn and undrawn facilities, we cancelled the remaining \$1.2bn of the agreement. As part of this evaluation, we have further considered committed facilities of \$814m as of date of authorisation of financial statements, which should take care of the Group's cash flow requirement under both base and a number of reasonable worst-case scenarios.

On 24 October 2019, the Honourable Supreme Court of India made an adverse court judgment on Bharti Airtel in relation to a long outstanding industry-wide case. In light of this, we've also considered whether any events are likely to arise that would result in the need to repay the balance of the bonds early. We have also assessed any material restrictions that may be imposed on Airtel Africa due to the actions or inactions of Bharti Airtel.

In January and February 2020, Bharti Airtel successfully raised approximately \$3.25bn through a combination of qualified institutional placement of shares and an overseas sale of convertible bonds, as well as other bond offerings. This has significantly reduced the level of uncertainty about their ability to comply with the judgment. In light of this long-term financing, the available liquidity and facilities with the Bharti Airtel Group and other developments, including payment made towards adjusted gross revenue (AGR) dues, Bharti Airtel's management has concluded that the previously reported material uncertainty during the period ended 30 September 2019 around its ability to continue as a going concern no longer exists.

Therefore, the likelihood of early repayment of the balance of the bonds as a consequence of the actions or inactions of Bharti Airtel is considered remote. We have also removed the previously reported material uncertainty during the period ended 30 September 2019 around our ability to continue as going concern. The directors have taken into account all factors likely to affect our future performance and financial position, including:

- Our cash flows under both base and a number of reasonable worst-case scenarios
- Our solvency and liquidity positions
- The availability of committed and uncommitted facilities
- The risks and uncertainty relating to our business activities
- Bharti Airtel's actions to comply with the Court judgment
- The potential impact arising from the spread of COVID-19 in Africa

At the time of this report, there has been no material impact from COVID-19 on our business. Given the rapidly changing global dynamics, it's extremely difficult to predict with any accuracy what the impact of COVID-19 will be on our profitability, solvency and liquidity positions. We have applied various levels of stress tests by way of revenue decline, increase in costs and the possibility of currency devaluation to the cash flows as part of the sensitivities applied to both base and reasonable worst-case scenarios.

Conclusion

The Group has considerable financial resources, and the directors believe that we are well placed to manage our business risks successfully. Accordingly, the directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Controls over financial reporting

Our Executive Committee and the Board are responsible for establishing and maintaining adequate internal control over financial reporting, emerging risks and principal risks for the Group.

Our internal control over financial reporting includes policies and procedures that:

- Relate to the maintenance of records that accurately and fairly reflect transactions and dispositions of assets in reasonable detail
- Are designed to provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with IFRS as issued by IASB as adopted by the EU, and that receipts and expenditures are being made only in line with authorisation by management and directors
- Provide reasonable assurance around prevention and timely detection of unauthorised acquisition, use or disposition of our assets that could materially affect the financial statements

Any internal control framework, no matter how well designed, has inherent limitations including the possibility of human error and the circumvention or overriding of controls and procedures – and may not prevent or detect misstatements. Also, projections of any evaluation of future effectiveness are subject to the risk that controls may become inadequate because of changes in conditions or because of reduced compliance with the policies or procedures.

Our Board and Executive Committee have assessed the effectiveness of our internal control over financial reporting at 31 March 2020. During the period covered by this document, there were no changes in the Group's internal control over financial reporting that have materially affected or are reasonably likely to materially affect the effectiveness of our internal controls over financial reporting.

On behalf of the Board

SIMON O'HARA
GROUP COMPANY SECRETARY

Directors' remuneration report

This report sets out our remuneration policy for our executive directors, what they've been paid since IPO and how this is linked to the performance achieved.

There are three sections to the report:

1. An introduction from our committee chair – this explains our approach to remuneration, and summarises the key decisions made by the committee during the year (also part of the annual remuneration report) and an overview of 2019/20 approach and policy.
2. The directors' remuneration policy (DRP) – this sets out our remuneration policy for our CEO, chair and non-executive directors. This policy will be put to a binding shareholder vote at our next AGM. We've prepared our policy taking into account our strategy, geography and markets, as well as market practice and the latest developments in the UK Corporate Governance Code (2018 Code). It also includes a summary of key changes we're proposing compared to our June 2019 prospectus for admission to the London Stock Exchange (LSE).
3. Our Annual Report on Remuneration – this sets out in detail how we've applied our remuneration policy in 2019/20, the remuneration received by directors for the year and how we'll apply the policy in 2020. This report will also be put to an advisory shareholder vote at the AGM.

All amounts in this report are in US dollars (\$) unless stated otherwise.



DOUG BAILLIE
CHAIR OF THE REMUNERATION COMMITTEE

Chair's introduction

I'm pleased to present the Remuneration Committee's report for 2019/20, and to propose our first directors' remuneration policy for shareholder approval at our 2020 AGM to be held on Wednesday 24 June 2020.

Work of the committee

As this is our first remuneration policy report, the committee spent considerable time fully understanding the UK and London Stock Exchange (LSE) requirements, as well as those of key shareholders and shareholder representative groups. We did this in the context of Airtel Africa's current practices, the environment that we operate in and the importance of getting this right – for shareholders and other stakeholders, including our executive director and all of our colleagues.

We also spent time understanding the pre-IPO executive remuneration schemes and agreeing executive awards, the targets set and the discretion applied in relation to the awards are detailed in this directors' remuneration report.

Policy overview

Remuneration for our executive directors is based on the key principles of simplicity, pay for performance, and alignment with shareholders and other stakeholders. At present, our CEO is the only executive director of Airtel Africa and the only executive formally subject to this policy.

The new policy contains elements of balance, given that we're listed on the London Stock Exchange (with a secondary listing on the Nigerian Stock Exchange) and operate in 14 countries in Africa from headquarters in Nairobi. We reviewed our remuneration arrangements at the time of IPO and made some revisions to bring them in line with UK good practice.

Proposed changes and key features

- Executive salary – salary increases will be generally guided by the level of increase for the broader employee population. Increases above this level may be made in specific situations – for example, to recognise development in the role or a change in responsibility, material changes to the business or exceptional company performance
- A total variable pay opportunity set at or below the median for listed companies of our size
- The introduction of an annual bonus deferral for a period of two years
- The introduction of three-year performance periods for the long-term incentive plan (LTIP)
- An LTIP comprising performance shares and restricted stock units with stretching performance measures and a financial underpin
- A new total shareholder return (TSR) peer group comprising the constituents of the MSCI Emerging Markets Communication Services Index
- A two-year post-vesting holding period on the LTIP
- A new minimum shareholding for the executive director
- Malus and clawback provisions applying to both the bonus and LTIP

The policy is consistent with the requirements of the 2018 Code and subsequent updates. We'll maintain a disciplined approach to executive remuneration so that we incentivise and reward the right behaviours to support our overall strategy and good governance principles. We developed our remuneration arrangements following discussions with our main shareholders, and these are intended to reflect current market and good practice.

We hope that you welcome and support our proposed policy. This is designed to create a clear link between performance and reward for our executives, and to support our continued growth in the interests of our shareholders and other stakeholders.

Applying our policy in the current climate

As I write this, it's not yet clear what the true impact of COVID-19 will be on our employees, the more than 110 million subscribers we serve, and the partners that make up the broader Airtel ecosystem. We know through dialogue with African governments that the mobile industry is seen as essential in keeping people connected and the wheels of the economy turning. We are a resilient company and all our employees will be all playing their part to ensure Airtel plays its role in seeing this crisis through.

As a Remuneration Committee, we recognise the difficulty in reviewing salaries and setting targets and metrics until the impact of COVID-19 is clear. We will hold a review in June and, if necessary, again at the end of September and will keep our shareholders posted with developments.

This past year has been a period of considerable change and challenge, and I would like to thank my fellow committee members for their diligence and dedication. We look forward to seeing solid support for our new remuneration arrangements at the 2020 AGM – and, more importantly, seeing the benefits of our work to all our stakeholders over the coming years.

DOUG BAILLIE
CHAIR, REMUNERATION COMMITTEE
13 MAY 2020



As Airtel Africa is newly listed, the committee spent considerable time understanding the key regulatory requirements in the context of our current business practices, the environments we operate in and the importance of getting our policy right – for our shareholders, executive directors, and all our other stakeholders.



Remuneration Committee

- Advises the Board on remuneration for Board members, executive directors, the company secretary, the Executive Committee and other senior employees
- Makes sure that remuneration arrangements identify and mitigate reputational and other risks from excessive rewards and inappropriate behaviour linked to target-based incentive plans
- Ensures that targets are appropriate, geared to delivering our strategy and enhancing shareholder value
- Makes sure that rewards for achieving or exceeding agreed targets are not excessive
- Promotes the increasing alignment of executive, employee and shareholder interests through appropriate share plan participation and executive shareholding guidelines
- Reviews employee remuneration and policies and the alignment of incentives with culture, particularly when setting the executive directors' remuneration policy
- Through the committee chair, engages with shareholders on remuneration-related matters

Main activities in 2019/20

During the financial year, the committee:

- Agreed the committee's terms of reference
- Formulated our first directors' remuneration policy as a listed company
- Implemented and made awards under our new share plans
- Determined the level of bonus payments for this financial year
- Drafted our first directors' remuneration report as a listed company

Review of directors' remuneration policy and shareholder consultation

In 2019, we thoroughly reviewed the remuneration arrangements for our directors which had been put into place before the IPO. Our aim was to make sure that our new policy incentivises our management team to deliver longer-term shareholder value and reflects the latest UK Corporate Governance Code requirements and UK good practice. To this end, we are proposing a number of changes.

Proposed changes

- Introducing an annual bonus deferral
- Requiring a minimum shareholding for executive directors
- Simplifying the LTIP structure to include only performance shares and restricted stock units (RSUs)
- Introducing three-year performance periods for all LTIP measures
- Introducing a new TSR peer group comprising the constituents of the MSCI Emerging Markets Communication Services Index and retaining net revenue and EBITDA
- Implementing a two-year post-vesting holding period on the LTIP

We have consulted on the proposed policy with our largest shareholders who have indicated their support.

Engaging with employees

The report on page 79 sets out some of the activities undertaken during the year and explains our work on diversity and employee engagement. Going forward, together we will work to ensure that employees are appropriately represented in the boardroom and when making Remuneration Committee decisions.

Directors' remuneration report continued

PART 1

Performance and remuneration for 2019/20

Business performance context

To recap on the performance as described in the strategic report (see pages 1 to 64), this year Airtel Africa delivered a strong performance, with double-digit revenue and Underlying EBITDA growth.

- Annual bonuses depend primarily on financial measures, with 35% linked to non-financial measures covering Airtel Money expansion, talent development and compliance in 2019/20 (reducing to 20% for 2020/21). Bonuses related to 2019/20 reflect our pre-IPO practices and are payable in cash. From 2020/21, any bonus paid of more than 100% of annual base salary will be deferred into Airtel Africa plc shares for two years.
- Raghunath Mandava, our CEO, received a bonus of 60% of maximum. This recognises Airtel Africa's overall financial performance as well as his individual performance against personal objectives set at the start of the year. In assessing the annual bonus outturn the committee has exercised its discretion by taking account of the unanticipated regulatory changes in Nigeria which saw the removal of the Unstructured Supplementary Service Data (USSD) charges. These negatively impacted revenue in Airtel Money from October 2019 onward by approximately \$3.71m. You can see bonus performance outcomes against targets in our remuneration report.
- The committee reviewed the formulaic outcomes against the bonus and LTIP targets and decided that these were a fair reflection of the overall performance achieved for shareholders.
- LTIPs granted in 2019 are subject to relative TSR measured over a three-year period ending in 2022 and net revenue and Underlying EBITDA measured over three consecutive annual periods.
- As a result of Airtel Africa's strong net revenue and underlying EBITDA growth in 2019/20, the conditions related to performance against these metrics during the year were partly achieved. Details are provided later in this report.
- IPO share options with a face value of 300% of salary were granted to the CEO shortly before our listing to create a mutual interest with IPO investors in the performance of our shares. Similar share options with a lower face value were also granted to other senior executives. These options will vest in three equal tranches in June 2020, 2021 and 2022 subject to continued employment.
- Replacement stock awards were granted shortly after our listing to replace the incentive arrangements used before the IPO. These consisted of awards over shares with an aggregate value of \$515,078 for the CEO and are subject to conditions based on Airtel Africa's performance over two years.

Applying our policy in 2020/21

Salary

Due to the exceptional global circumstances around COVID-19 and its impact, the timing and level of increase will be reviewed by no later than the end of the second quarter of the financial year. The current salary for Raghunath Mandava is therefore the same as in 2019/20 at \$825,000.

Benefits

No pension is payable to the CEO. Taxation equalisation benefits and other benefits, including car and expatriate living allowances, will be provided on the same basis as to other employees.

Variable pay

Due to the exceptional global circumstances around COVID-19, we will review targets and metrics within the guidelines of our policy by no later than the end of the second quarter of the financial year.

Maximum bonus opportunity will be capped at 200% of base salary. The 2020/21 target bonus will be set at 75% of base salary. Any bonus of more than 100% of salary will be deferred into shares for two years.

For 2020/21, LTIP grants for the CEO will consist of performance shares with a face value of 90% of salary and restricted stock units (RSUs) with a face value of 40% of salary. The mix of performance shares and RSUs reflects practices in the markets in which executive directors are located, as well as the challenges involved in setting robust performance targets given the locations of our operations.

We strongly support the principle that pay should be tied to performance. We will continue to set robust and challenging performance targets for both the bonus and the performance shares component of the LTIP, with vesting of restricted stock units (RSUs) dependent on the satisfaction of a financial underpin. It is intended that three performance conditions, as in 2019/20, will apply to the performance shares – relative TSR (20%), Underlying EBITDA (40%) and revenue (40%), with each being measured over three years. The underpin applying to the grant of RSUs will require a positive operating free cash flow over the three financial years ending with the year before the RSUs vest.

Non-executive directors' fees

Non-executive directors' fees will remain unchanged in 2020/21.

Proposed changes to directors' remuneration policy

Annual bonus

While the 2019 bonus is payable entirely in cash, annual bonus deferral has been introduced from 2020, with any bonus of more than 100% of base salary deferred into shares for two years.

The maximum bonus opportunity is set at 200% of base salary.

Long-term incentive plan (LTIP)

Performance for future grants of long-term incentives will be measured over a three-year period, with a compulsory two-year post-vesting holding period.

In 2020, we will continue with a balanced approach to long-term incentives. The LTIP will be delivered up to 100% of salary in performance shares and 50% of salary in RSUs. The use of RSUs reflects the difficulty with setting targets in some of our markets, combined with our strong desire for continuity below Board level, and talent retention.

Share ownership requirements (SORs)

SORs have been introduced at 250% of base salary for all executive directors, who will have to achieve the SOR requirement over a five-year period.

The Committee is aware of investor guidance in relation to post-employment share ownership. It considers that, in light of the Company's unusual circumstances, with senior executives located in Africa where additional requirements on the holding of shares are not market practice, that the operation of bonus deferral and post-vesting holding requirements currently provide sufficient alignment after employment has ended. However, it will continue to keep this aspect of the policy under review.

Dividend equivalents

Any dividend equivalents delivered on the deferred bonus or under the LTIP will be in shares and will only vest to the extent the award vests.

Directors' remuneration policy

This policy applies to our directors. It has been developed taking into account the principles of the UK Corporate Governance Code and the views of our major shareholders. Shareholders will be asked to approve this policy in a binding shareholder vote at our first AGM on Wednesday 24 June 2020.

Our proposed policy is intended to attract, motivate and retain high-calibre directors, to promote the long-term success of Airtel Africa, and to be in line with good practice and the interests of our shareholders.

Key principles of our remuneration policy

- **Proportionality:** remuneration packages should be set at competitive levels to ensure our ability to attract and retain premium talent.
- **Clarity, simplicity and alignment to culture:** the structure of these packages and, in particular, the design of performance-based remuneration schemes, should be aligned with stakeholders' interests, be easy to explain, and support our business strategy and objectives.
- **Predictability and risk:** a significant proportion of the remuneration of executive directors should be performance-based. The performance-based element of remuneration should be appropriately balanced between the achievement of short-term and longer-term objectives and not reward poor performance or encourage inappropriate risk-taking.
- **Reflect the diversity of our business:** the structure of the package, in particular benefits, should reflect local practices and employment conditions in the countries in which executive directors are based.

Executive directors' remuneration policy table

	Purpose and link to strategy	How we assess performance	Maximum opportunity
Base salary	To recruit and reward executive directors of a suitable calibre for the role and duties required	Reviewed annually by the committee, taking account of Group and individual performance, changes in responsibility and levels of increase for the broader employee population. Reference is also made to market levels in companies of similar size and complexity. The committee considers the impact of any base salary increase on the total remuneration package. Salaries (and other elements of the remuneration package) may be paid in different currencies as appropriate to reflect the geographic location.	There is no prescribed maximum salary or annual increase. However, increases will generally be guided by increases for the broader employee population. Increases above this level may be made in specific situations to recognise development in the role, changes in responsibility, material changes to the business or exceptional company performance.
Benefits	To provide market competitive benefits	Benefits for existing directors include a number of cash benefits, reflecting an expatriate package in a Kenyan environment. Future executive director appointments may be provided with an equivalent package reflecting their country of residence. Expatriate benefits include a housing allowance, education allowance and home leave tickets. Car allowances, life and medical insurance are also provided. Existing directors do not receive pension benefits. We may also equalise for double taxation between the UK and Kenya if required.	Maximum values are determined by reference to market practice, avoiding paying more than is necessary.

Directors' remuneration report continued

PART 2

	Purpose and link to strategy	How we assess performance	Maximum opportunity
Bonus plan	To give an incentive and reward for annual performance achievements. To also provide sustained alignment with shareholders through a component deferred in shares	<p>Awards are based on annual performance against a scorecard of metrics aligned with our strategy, KPIs and other yearly goals. Financial measures have the highest weighting. Performance against strategic financial and non-financial objectives may also be measured, but will not normally account for more than 20% of the total.</p> <p>The policy gives the committee the authority to select suitable performance metrics aligned to our strategy and shareholders' interests, and to assess the performance outcome.</p> <p>Any award in excess of the annual base salary is normally delivered in deferred shares for a further two years. Any dividend equivalents accruing on shares between the date when the awards were granted and when they vest will normally be delivered in shares.</p> <p>Malus and clawback provisions apply to both the cash and share-based element of awards for a period of two years from the date of payment (cash) or date of release (shares) if there is:</p> <ul style="list-style-type: none"> • Misstatement of the company's accounts • An error in calculating performance • Gross misconduct resulting in dismissal • Material failure in risk management • Reputational damage 	<p>The policy maximum annual bonus is 200% of base salary.</p> <p>The committee will use its discretion within the maximum policy limits to consider the target bonus opportunity taking account of market development opportunities, specific events and role expansion. For 2020/21, the CEO's target bonus opportunity will be set at 75% of his base salary.</p> <p>Dividend or dividend equivalents may be earned on the deferred bonus component.</p>
Long-term incentive plan (LTIP)	To provide an incentive and reward for the delivery of the company's strategic objectives and provide further alignment with shareholders through the use of shares	<p>Awards may comprise performance shares (PSP) or restricted stock units (RSUs). Individuals are considered each year for an award of shares that normally vest after three years to the extent that performance conditions are met and in line with the terms of the plan approved by shareholders.</p> <p>PSP awards are made subject to continued employment and the satisfaction of stretching performance conditions normally measured over three years set by the committee before each grant.</p> <p>For PSP awards to be made in 2020 it is intended that the metrics will comprise relative TSR against the MSCI Emerging Markets Communication Services Index (20%), net revenue (40%) and Underlying EBITDA (40%). The committee will have discretion to change the metrics and weighting from year to year. Major shareholders will normally be consulted before any significant changes.</p> <p>Awards of RSUs depend on continued employment and a financial underpin set by the committee prior to each grant. Awards granted in 2020 will require positive operating free cash flow over three financial years.</p> <p>The LTIP vesting outcome can be reduced, if necessary, to reflect the underlying or general performance of Airtel Africa.</p> <p>A two-year post-vesting holding period also normally applies for LTIP awards that vest (net of tax) after the adoption of this policy.</p> <p>Any dividend equivalents will normally be delivered at the end of the vesting period in shares based on the proportion of the award that vests.</p> <p>Malus and clawback provisions apply to awards made for three years from the date on which the award vests when there has been:</p> <ul style="list-style-type: none"> • A misstatement of the company's accounts • An error in calculating performance • Gross misconduct resulting in dismissal • Material failure in risk management • Reputational damage 	<p>The maximum annual grant limit is 200% of base salary (face value of shares at grant), of which normally not more than 50% of annual salary may be granted as RSUs to any individual in a single year.</p> <p>PSP awards with a face value of 100% of salary and RSUs with a face value of 50% of salary will normally be awarded.</p> <p>25% of the PSP award is available for threshold performance, rising on a straight-line scale to 100% of the grant for performance at the 'stretch' level.</p>
Share ownership policy	To further align the interests of executive directors with those of shareholders	<p>Executive directors are required to build up and retain shares worth 250% of base salary within five years of being appointed to the Board.</p> <p>Post-vesting holding periods and bonus deferral continue to apply post-employment to create continued alignment with shareholders after employment at Airtel Africa has come to an end.</p>	Not applicable

Discretion in operating the incentive plans

To make sure these plans are operated and administered efficiently, the committee has discretion in relation to a number of areas. Consistent with market practice, these include (but are not limited to):

- Selecting the participants
- The timing of grant and/or payment
- The size of grants and/or payments (within the limits set out in the policy table)
- The extent of vesting based on the assessment of performance
- Determining a 'good leaver' and, where relevant, the extent of vesting for share-based plans
- Treatment in exceptional circumstances such as a change of control, when the committee would act in the best interests of our business and its shareholders
- Making the adjustments required in certain circumstances (such as rights issues, corporate restructuring, variation of capital and special dividends)
- The form of settlement of awards in accordance with the discretions set out in the plan rules
- The annual review of performance measures, weightings and targets for the discretionary incentive plans from year to year

The committee has the right to amend or substitute any performance conditions if something occurs that would mean the condition would not achieve its original purpose. Any amended condition would not be materially less difficult to satisfy in the circumstances.

Choice of performance measures and approach to target setting

Targets for each year's annual incentive and long-term incentive award are determined by the committee, taking a range of factors into account. These include the annual budget, the relevant three-year strategic plan, analysts' consensus factors, wider economic facts and affordability for the business.

Bonus plan

The annual bonus is based on performance against a stretching combination of financial and non-financial performance measures aligned with our KPIs and operational goals for the year. As such, they typically include measures of revenue, profitability and cash flow, which reflect our focus on profitable growth, cash generation and satisfying our debt and other capital commitments. Executive directors and members of our senior management team are also assessed on personal objectives, as agreed by the committee at the start of each year. The committee reviews and adapts the objectives as appropriate to reflect the priorities for the business in the year ahead. As noted in the introduction, the metrics and proposed weightings will be reviewed no later than the second quarter to ensure they are still appropriate in light of COVID-19.

2020 metrics and rationale

Metric	Weighting	Why chosen	How targets are set
Net revenue	80%	Key indicator of our growth, market penetration and customer retention	Set each year by the committee taking account of prevailing market conditions and progress towards strategic goals
Underlying EBITDA		Measure of our profitability and cash-generating ability from year to year	Set each year by the committee taking account of prevailing market conditions and progress towards strategic goals
Operating free cash flow (OFCF)		Measure of the underlying profitability from our operations, as well as our ability to service debt and other capital commitments	Set each year by the committee taking account of prevailing market conditions and progress towards strategic goals
Non-financial	20%	Indicator of the performance of the organisation in key non-financial areas. For 2020, the non-financial measures relate to people and regulatory objectives	Set each year by the committee based on the priorities and responsibilities of each role

We set a sliding scale of targets for each financial measure to encourage continuous improvement and to stretch performance. The policy gives the committee the authority to select suitable performance metrics, aligned to our strategy and shareholder interests.

Long-term incentive plan (LTIP)

The performance conditions for the LTIP in 2020/21 are based on financial growth and total shareholder return (TSR). We set a sliding scale of challenging performance targets for each measure – for more on these targets, see page 105. The committee reviews the choice of performance measures and the appropriateness of the performance targets and TSR peer group before each PSP grant.

While different performance measures and/or weightings may be applied for future awards, the committee will consult with major shareholders before making any significant changes.

Directors' remuneration report continued

PART 2

2020 metrics and rationale

Metric	Weighting	Why chosen	How targets are set
TSR, relative to a peer group of competitors	20%	Measures the total returns to our shareholders, providing close alignment with shareholder interests	The committee sets the performance requirements for each grant. For grants in 2020, we intend to use a peer group of international emerging market communication services organisations (MSCI Emerging Markets Communication Services Index constituents).
Net revenue	40%	A key indicator of long-term growth achieved in the market	The committee sets threshold and stretch levels aligned to our strategic targets.
Underlying EBITDA	40%	A key indicator of long-term growth in profitability from operations	The committee sets threshold and stretch levels aligned to our strategic targets.

Legacy arrangements

Airtel Africa has the authority to honour any commitments entered into with current or former directors before this policy is approved or before their appointment to the Board. Details of any payments to former directors will be set out in our remuneration report for the relevant year.

Executive directors' existing service contracts

Our executive directors have entered into agreements with an indefinite term that may be terminated by either party on three months' written notice. At the committee's discretion, we may make a payment in lieu of notice – this is calculated relative to base salary and benefits only, paid on a phased basis and subject to mitigation.

Entitlement to both annual bonus and LTIP awards will typically lapse on cessation, although in good leaver circumstances we may pay a pro-rata bonus for the period worked. LTIP awards may vest at the normal vesting date subject to the performance conditions and are normally pro-rated for time.

If a director commits an act of gross misconduct or similar, he or she may be dismissed without notice and without further payment or compensation, except for sums accrued up to the leaving date.

Name of director	Date of service contract	Unexpired term
Raghunath Mandava	13 June 2019	Rolling contract

Approach to remuneration for new executive directors

The remuneration package for a newly appointed executive director will be set in line with the remuneration policy in force at the time. Variable remuneration will be determined in the same way as for existing executive directors, and is subject to the maximum limits on variable pay referred to in the policy table on page 108.

The committee may also buy out any remuneration and contract features that an executive director may be giving up in order to join Airtel. Such buyouts would take into account the nature of awards forfeited and would reflect (as far as possible) performance conditions, the value foregone and the time over which they would have vested or been paid. Where shares are used, these awards may be made under the terms of the LTIP or under a separate arrangement, as permitted under the UK Listing Rules.

The committee may agree that we will meet certain relocation, legal, tax equalisation and other incidental expenses as appropriate.

For an internal appointment, any legacy pay elements related to the prior role are allowed to pay out according to their terms.

Service contracts for new executive directors and policy on loss of office

Contracts for new executive directors will normally include up to six months' notice by either party. If the contract is brought to an end by the company other than for 'cause' as specified in the contract, the executive director would be eligible for payment of the base salary and benefits relating to the unexpired portion of the notice period. We may choose to continue providing some benefits instead of paying a cash sum representing their cost.

We would try to mitigate the termination payment by, for example, making payments in instalments that can be reduced or ended if the former director wants to begin alternative employment during the payment period. We will pay any statutory entitlements or sums to settle or compromise claims in connection with a termination (including, at the discretion of the committee, reimbursement for legal advice and provision of outplacement services) as necessary.

Good leavers may receive an annual bonus related to the period they have served. This would be payable following the relevant year end, subject to the normal conditions for the bonus and normally paid in cash.

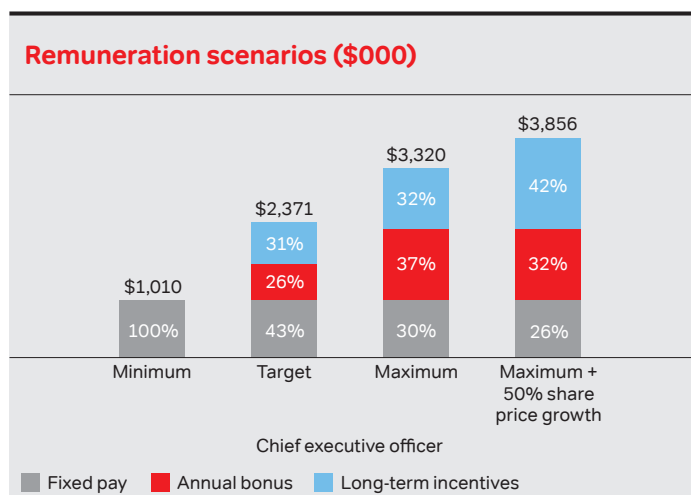
Share-based awards held by good leavers will typically vest according to the normal schedule, and are subject to performance conditions and usually pro-rated.

On a change of control of Airtel Africa, outstanding awards will normally vest early to the extent that the performance conditions have been satisfied. Awards would normally be reduced pro-rata to reflect the time between the grant date and the date of the corporate event.

If there is a demerger, special dividend or other event the committee thinks may affect the current or future value of shares, they may decide that awards will vest on the same basis as on a change of control. If there is an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company, unless the committee decides that awards should vest on the same basis as on a change of control.

Remuneration scenarios at different performance levels

These charts illustrate the total potential remuneration for the CEO at three performance levels.



- Assumptions:
 - Minimum = fixed pay only (salary + benefits + pension)
 - On-target = 50% vesting of maximum bonus and 55% for PSP awards and 100% for RSUs
 - Maximum = 100% vesting of maximum bonus and LTIP awards
 - Salary levels (on which other elements of the package are calculated) are based on those applying on 1 April 2020.
- Benefit values for the CEO exclude the costs of business travel and accommodation.
- To reflect the impact of a share price increase between award and vesting, the LTIP value in the maximum column has been increased by 50% in the share price growth column.

Remuneration policy for non-executive directors

Element	Purpose and link to strategy	Operation	Maximum opportunity
Non-executive Board chair fees	To attract and retain high-calibre chairs who have the necessary experience and skills. To provide fees which take account of the time commitment and responsibilities of the role.	<p>The chair receives an annual fee, plus a fee for chairing the Nominations Committee.</p> <p>We may also pay fees reflecting additional time commitments or time required to travel to Board meetings.</p> <p>In addition, to assist with the performance of his duties whilst in the UK, the chair has the use of a car and driver with the company settling any tax due.</p>	<p>The committee reviews the chair's fees periodically.</p> <p>While there is no maximum fee level, we set fees by reference to market data for companies of similar size and complexity.</p>
Other non-executive fees	To attract and retain high-calibre non-executive directors, with the necessary experience and skills. To provide fees which take account of the time commitment and responsibilities of the role.	<p>Non-executive directors are paid a basic fee.</p> <p>We may also pay additional fees to reflect extra responsibilities or time commitments, for example, for Board committee chairs, senior independent directors or designated non-executive directors, or time required to travel to Board meetings.</p>	<p>Non-executive directors' fees are reviewed periodically by the chair and executive directors.</p> <p>While there is not a maximum fee level, fees are set by reference to market data for companies of similar size and complexity to Airtel Africa.</p>

We may reimburse the reasonable expenses of directors that relate to their duties on behalf of Airtel Africa (including tax if applicable). We may also provide advice and assistance with directors' tax returns where these are affected by the duties they undertake on our behalf.

All non-executive directors have letters of appointment for an initial period of three years. In keeping with best practice, non-executive directors are subject to annual re-election each year at our AGM. The chair's appointment may be terminated by either party with six months' notice, and the appointments of the other non-executive directors may be terminated by either party with one month's notice. Either appointment can also be terminated at any time if the director is removed by resolution at an AGM or pursuant to the Articles.

Directors' letters of appointment are available for inspection during normal business hours at our registered office and also at our yearly AGM.

All directors have been appointed for a fixed term ending on the date of our 2022 AGM.

Shareholder context

The committee considers the views of shareholders when reviewing the remuneration of executive directors and other senior executives and consults directly with major shareholders about any material changes to policy.

If either the remuneration policy or implementation resolutions receive a significant proportion of votes against, the committee will work with shareholders to understand the reasons behind these votes and the concerns they have.

Broader employee context

The committee considers executive remuneration in the context of our wider employee population. The remuneration policy for executive directors is more weighted towards variable pay than for other employees to make a greater part of their pay conditional on the successful delivery of business strategy. Our aim is to create a clear link between the value created for shareholders and the remuneration received by our executive directors.

Given the diverse spread of geographical locations in which Airtel Africa operates, employees are not directly consulted on the directors' remuneration. However, employees will have the opportunity to express their views on remuneration arrangements through employee surveys and other forms of engagement, and these will be shared with senior management and the Board as appropriate.

Directors' remuneration report continued

PART 3

Annual Report on Remuneration

This report has been prepared by the committee and approved by our Board. As stipulated in the relevant UK regulations, Deloitte LLP have independently audited these items:

- Executive directors' and non-executive directors' remuneration and associated footnotes on page 113
- The table of share awards granted to executive directors and associated footnotes on page 109
- The statement of directors' shareholdings and share interests on page 111

2019/20 remuneration of directors (audited)

The table sets out the total remuneration for the executive directors for the year ended March 2020. This comprises the total remuneration received over the full year from April 2019 to March 2020, including remuneration received from the Group prior to Admission and the incorporation of the Company on 12 July 2018.

All amounts are in \$'000		Base salary ¹	Benefits ¹	Pension contribution ²	Annual bonus	LTIP	Other ⁴	Total fixed	Total variable	Total
Raghunath Mandava	2019/20	\$817	\$184	–	\$678	\$392 ³	\$1,252	\$1,001	\$1,070	\$3,323
	2018/19	\$765	\$186	–	\$546	\$554	\$349	\$951	\$1,100	\$2,400

Notes

1 Benefits include expatriate benefits (\$'000), including: housing allowance of \$68, education allowance of \$30, car allowance of \$58 and home travel allowance of \$20.

2 The existing executive directors do not participate in pension arrangements.

3 In accordance with the regulations, the 2019/20 LTIP value has been estimated based on the average price of Airtel Africa's shares in the period between 1 January 2020 to 31 March 2020. This will be restated based on the actual value at vesting in June 2020 in the 2020/21 accounts.

4 Other relates to the payment of the exceptional turnaround bonus of \$1m and the one-off deferred cash plan of up to \$375,000, both of which were put in place prior to the IPO and disclosed in the Prospectus. Two-thirds of the deferred cash plan was dependent on performance conditions; which were Relative TSR over one year (30% of this element), 2019/20 Net revenue (35%) and Underlying EBITDA (35%) against the targets shown on page 111; and one-third was dependent only on service conditions.

Annual bonus

Airtel Africa has continued to deliver strong performance during the year, with double-digit revenue growth in both reported and constant currency and double-digit underlying EBITDA growth in constant currency. This growth continues to be broad-based across our voice, data and Airtel Money divisions.

Our customer numbers increased by 11.9% this year, contributing to an increase in voice revenue. We're also increasingly seeing the success of the rollout of our modernised 4G networks, with a more than 39% increase in data revenues for the year. Alongside this, our focus on increasing the application of our mobile money services through international partnerships while growing our distribution footprint has driven the expansion of Airtel Money. It's in this context that we have set our incentive awards.

2019/20 bonus outcomes (audited)

	Bonus performance measures				
	Net revenue	Underlying EBITDA	OFCF	Personal	Total
Weighted total	25%	25%	15%	35%	100%
Outcomes (weighted % of maximum)	23%	13%	6%		
Raghunath Mandava (weighted % of maximum)				18%	60%

Financial objectives

Financial performance was assessed against the underlying net revenue, underlying EBITDA and OFCF ranges set for 2019/20.

All amounts are in \$million	Weighting (%)	Threshold (30%)	Target (50%)	Maximum (100%)	Actual
Net revenue	25%	\$2,815.1	\$2,887.3	\$2,959.5	\$2,947.4
EBITDA	25%	\$1,464.9	\$1,533.1	\$1,605.3	\$1,537.4
OFCF	15%	\$669.9	\$738.1	\$810.3	\$706.9

All targets and achievements are in AOP constant currency as at 1 March 2019

Personal objectives

Raghunath Mandava

Airtel Money amounts are in \$million	Weighting (%)	Target	Performance achieved	Outcome (weighted % of maximum)
Expand Airtel Money to new geographies and products	10%	Threshold: \$319.4 Target: \$327.6 Maximum: \$335.8	\$319.4	3% ¹
Build teams for running Airtel Money, Home Broadband & Enterprise	10%	Build teams to run and grow new line of businesses: Airtel Money, Home Broadband and Enterprise	Eight new hires at GM level and 17 new hires at a senior manager and below level	5%
Compliance score	5%	Threshold: 55 Target: 58 Maximum: 61	65.8	5%
Post-IPO listed company compliance	10%	Fulfill necessary compliance and stabilisation post-IPO	Post-IPO activities are on track	5%

All targets and achievements are in AOP constant currency as at 1 March 2019

1 On 23 October, 2019, the Nigerian Communications Commission withdrew the USSD charge which negatively impacted Airtel Money turnover by \$3.71m. The actual outturn for Airtel Money revenue was \$317.8m, \$1.6m below the threshold for this measure. The committee has used its discretion to partially adjust the outturn for the impact of the withdrawal of the USSD charge in its final assessment of the CEO's bonus award.

Annual bonus awarded

Name	Awarded in cash	Awarded in shares	Total
Raghunath Mandava	\$678,000	–	\$678,000

Long-term incentive plan (LTIP) (audited)

LTIP awards granted in 2019/20

As disclosed in our June 2019 prospectus, the CEO was granted LTIP awards on admission as set out below.

	Type of award (% weighting of maximum award)	Maximum number of shares	Face value ¹	Face value as a % of salary	Threshold vesting	End of performance period
Raghunath Mandava	PSP – Financial (1/3)	297,618	\$300,000	36%	25%	Revenue and EBITDA: 31 March 2020, 31 March 2021 and 31 March 2022
	PSP – TSR (1/3)	297,620	\$300,000	36%	25%	TSR element 3 July 2022
	RSU (1/3)	297,619	\$300,000	36%	100%	n/a

1 Face value is computed using initial offer price of \$1.008 (£0.8)

The performance conditions are based on three performance measures – TSR (50%), Underlying EBITDA (25%) and Revenue growth (25%). We measure relative TSR over a three-year performance period and the other two measures over a rolling one-year period. This combination of measures helps to align the operation of the LTIP with shareholders' interests and our business strategy.

Directors' remuneration report continued

PART 3

Targets applying to the performance share plan (PSP) awards

All amounts are in \$million Metric	Weighting on total PSP	Performance period	Below threshold (0%)	Threshold (25%)	Target (50%)	Maximum (100%)
Relative TSR	50%	3 years ending 3 July 2022	<Rank 2	Rank 2 and 5% p.a. TSR	Rank 2 and 10% p.a. TSR	Rank 1 and >10% p.a. TSR
Underlying EBITDA	8.33%	Year ended 31 March 2020	<\$1,464.9	\$1,464.9	\$1,533.1	\$1,605.3
	8.33%	Year ending 31 March 2021	Set in current year and therefore commercially sensitive. Subject to Committee confirmation at the end of Q1 2020 in light of COVID-19 implications. Will be disclosed retrospectively in 2021/22 accounts			
	8.33%	Year ending 31 March 2022	Set at the beginning of the 2021/22 financial year			
Net revenue	8.33%	Year ended 31 March 2020	<\$2,815.1	\$2,815.1	\$2,887.3	\$2,959.5
	8.33%	Year ending 31 March 2021	Set in current year and therefore commercially sensitive. Subject to Committee confirmation at the end of Q1 2020 in light of COVID-19 implications. Will be disclosed retrospectively in 2021/22 accounts			
	8.33%	Year ending 31 March 2022	Set at the beginning of the 2021/22 financial year			

All targets and achievements are in AOP constant currency as at 1 March 2019

For performance between threshold, target and stretch, awards vest on a straight-line pro-rata basis.

The TSR performance condition is based on our TSR relative to a small group of our competitors. For TSR performance testing for 2019 award, the comparator group is Vodacom, MTN and Safaricom, and we apply an absolute measure of TSR performance to compensate for the small group size.

IPO stock options and replacement stock awards granted in 2019/20

As disclosed in the prospectus, the CEO was granted IPO stock options and stock awards to replace legacy incentive arrangements in place before the IPO. Awards where the performance period ended in the year are shown below.

	Type of award	Maximum number of shares	Face value ¹	Face value as a % of salary	Exercise Price	Threshold vesting	End of performance period
Raghnath Mandava	IPO stock options	2,380,952	\$2,400,000	291%	£0.8	100%	n/a
	Replacement stock award – RSU	255,495	\$257,539	31%	Nil	100%	31 March 2020 and 31 March 2021
	Replacement stock award – PSU	510,990	\$515,078	62%	Nil	25%	31 March 2020 and 31 March 2021

1 Face value is computed using initial offer price of \$1.008 (£0.8)

The performance conditions for replacement stock PSU awards are based on four measures – relative TSR (10%), Underlying EBITDA (20%), Net revenue (35%) and Operating free cash flow (35%) – all measured over a rolling one-year period. These measures help to align the operation of the LTIP with shareholders' interests and our business strategy and reflect the company's pre-IPO remuneration policy.

Targets applying to the replacement stock award – PSU awards

All amounts are in \$million Metric	Weighting	Performance period	Below threshold (0%)	Threshold (25%)	Target (50%)	Maximum (100%)
Relative TSR	10%	Two annual periods ending on 31 May 2020 and 31 May 2021	<Rank 2	Rank 2 and 5% p.a. TSR	Rank 2 and 10% p.a. TSR	Rank 1 and >10% p.a. TSR
Underlying EBITDA	20%	Year ended 31 March 2020	<\$1,464.9	\$1,464.9	\$1,533.1	\$1,605.3
		Year ending 31 March 2021	Set in current year and therefore commercially sensitive. Subject to Committee confirmation at the end of Q1 2020 in light of COVID-19 implications. Will be disclosed retrospectively in 2021/22 accounts			
Net revenue	35%	Year ended 31 March 2020	<\$2,815.1	\$2,815.1	\$2,887.3	\$2,959.5
		Year ending 31 March 2021	Set in current year and therefore commercially sensitive. Subject to Committee confirmation at the end of Q1 2020 in light of COVID-19 implications. Will be disclosed retrospectively in 2021/22 accounts			
Operating free cash flow	35%	Year ended 31 March 2020	<\$669.9	\$669.9	\$738.1	\$810.3
		Year ending 31 March 2021	Set in current year and therefore commercially sensitive. Subject to Committee confirmation at the end of Q1 2020 in light of COVID-19 implications. Will be disclosed retrospectively in 2021/22 accounts			

All targets and achievements are in AOP constant currency as at 1 March 2019

For performance between threshold, target and stretch, awards vest on a straightline pro-rata basis.

The TSR performance condition is based on our TSR relative to a small group of competitors based on their size, the nature of their operations and the markets in which they operate. For TSR performance testing for 2019/20, the comparator group is Vodacom, MTN and Safaricom, and we apply an absolute measure of TSR performance to compensate for the small group size.

Share awards vesting in relation to 2019/20

Outcomes against each performance condition for awards made to executive directors on IPO, subject to performance measured to the end of 31 March 2020 against conditions.¹

All amounts are in US\$million Metric	Below threshold (0%)	Threshold (25%)	Target (50%)	Maximum (100%)	Actual	% achievement (of maximum)
Net revenue	<\$2,815.1	\$2,815.1	\$2,887.3	\$2,959.5	\$2,947.4	92%
Underlying EBITDA	<\$1,464.9	\$1,464.9	\$1,533.1	\$1,605.3	\$1,537.4	53%
Operating free cash flow	<\$669.9	\$669.9	\$738.1	\$810.3	\$706.9	39%

All targets and achievements are in AOP constant currency as at 1 March 2019

1 10% of the award (for Replacement Stock Awards-PSU) is subject to a TSR performance condition measured at the end of May 2020 and performance against that measure and the value of the award vesting will be disclosed in next year's accounts

For performance between threshold, target and stretch awards vest on a straight-line pro-rata basis.

As a result of this performance, the following awards were capable of vesting:

Type of award	Earliest date for vesting	Applicable performance conditions	Maximum number of shares comprised in each tranche	Number of shares vesting	Estimated value on vesting ¹	Estimated value attributable to (share price difference) ^{1,2}
Raghunath Mandava	1 Jun 2020	Underlying EBITDA, net revenue	99,206	71,719	\$59,527	(\$12,766)
	1 Jun 2020	N/A	99,206	99,206	\$82,341	(\$17,659)
	1 Jun 2020	TSR, Underlying EBITDA, net revenue and OFCF	283,770	159,352	\$132,262	(\$28,365)
	1 Jun 2020	N/A	141,885	141,885	\$117,765	(\$25,256)
Total			624,067	472,162	\$391,894	(\$84,045)

1 The estimated Value on vesting is the average price of Airtel Africa's shares in the period between 1 January 2020 to 31 March 2020 i.e. \$0.83 (£0.64). The estimated value attributable to share price difference is the change from the initial offer price of \$1.008 (£0.8)

2 Share price on grant date for all awards was the initial offer price \$1.008 (£0.8)

This table lists the non-executive directors' remuneration in accordance with UK reporting regulations.

All amounts are in '000		NED fees ¹	Benefits (actual paid)	Total	As at 31 March 2020 \$ ²
Sunil Bharti Mittal	2019/20	£90	£67	£157	\$194.7
	2018/19	N/A	N/A	N/A	N/A
Awuneba Ajumogobia	2019/20	£80	N/A	£80	\$99.2
	2018/19	N/A	N/A	N/A	N/A
Douglas Baillie	2019/20	£90	N/A	£90	\$111.6
	2018/19	N/A	N/A	N/A	N/A
John Danilovich	2019/20	£80	N/A	£80	\$99.2
	2018/19	N/A	N/A	N/A	N/A
Andrew Green	2019/20	£90	N/A	£90	\$111.6
	2018/19	N/A	N/A	N/A	N/A
Akhil Gupta	2019/20	£70	N/A	£70	\$86.8
	2018/19	N/A	N/A	N/A	N/A
Shravin Bharti Mittal	2019/20	£70	N/A	£70	\$86.8
	2018/19	N/A	N/A	N/A	N/A
Annika Poutiainen	2019/20	£80	N/A	£80	\$99.2
	2018/19	N/A	N/A	N/A	N/A
Ravi Rajagopal	2019/20	£90	N/A	£90	\$111.6
	2018/19	N/A	N/A	N/A	N/A
Arthur Lang	2019/20	£70	N/A	£70	\$86.8
	2018/19	N/A	N/A	N/A	N/A

1 NED fees determined in pound sterling

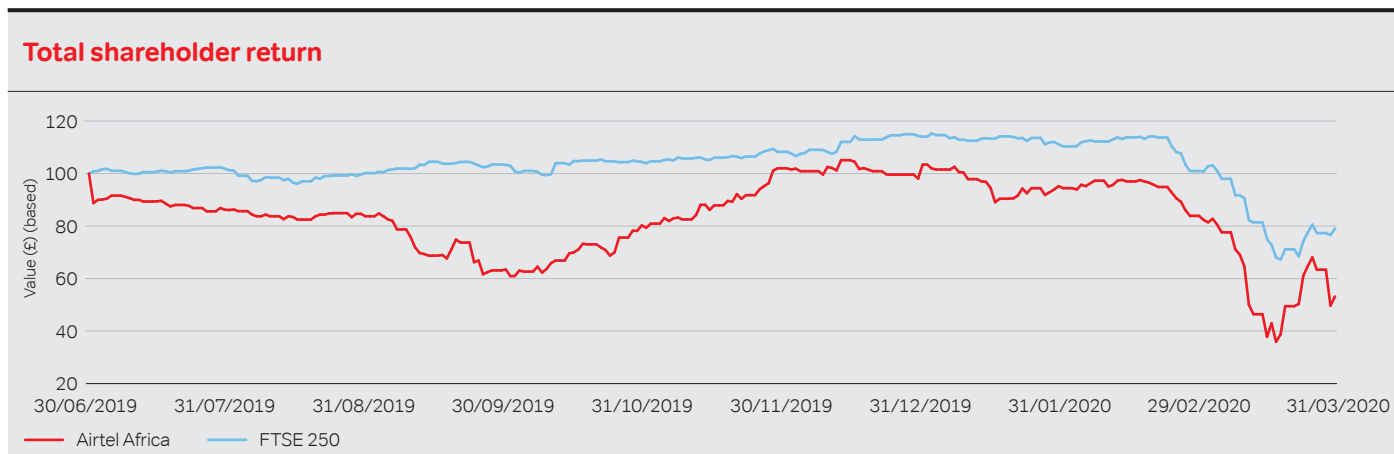
2 Adjustable closing FX rate of GBP/USD on 31 March 2020 – 1 GBP = \$1.24

Directors' remuneration report continued

PART 3

Our TSR performance from admission

The following graphs set out our comparative TSR relative to the FTSE 250 Index from 28 June 2019 (the date of our listing) to 31 March 2020, as required in UK reporting regulations. This index was chosen as it is a broad equity market index of which we are a member.



This graph shows the value, by 31 March 2020, of £100 invested in Airtel Africa on the date of admission (28 June 2019), compared with the value of £100 invested in the FTSE 250 Index on a daily basis.

CEO remuneration from our listing (28 June 2019)

This table sets out the single figure for the total remuneration paid to our CEO, together with the annual bonus payout and the LTIP payout (both as a percentage of the maximum opportunity), for the current year. Over time, the data in this table will show the CEO's remuneration over a ten-year period.

	2019/20
Total remuneration (\$'000)	\$3,323
% of maximum bonus earned	60%
% maximum LTI vested	76%

Comparison of 2019 and 2018 increase in CEO remuneration with increases in other employees

This table shows the percentage movement in the salary, benefits and annual bonus for our CEO between the current and previous financial year.

The majority of our employees are based in Africa, with only seven employees in the UK. As a result, we are not required to publish a CEO pay ratio. Given the numbers of employees in the UK versus those overseas and the fact that the roles located in the UK are principally involved in the operation of our head office, the ratio produced by comparing CEO remuneration with that of our UK workforce is likely to be misleading. As such, the committee has decided not to publish this information.

	Percentage change in remuneration elements from 2018/19 to 2019/20		
	Salary	Benefits	Bonus
CEO	6.4%	Nil	15%
Full-time employees	N/A	N/A	N/A

Relative importance of spend on pay

This table sets out, for the year ended 31 March 2020, the total cost of our employee remuneration and the total distributions to shareholders through dividends.

\$million	2019/20	2018/19	% change
Dividends	\$113	N/A	N/A
Overall remuneration expenditure	\$234	\$236	(0.8%)

Non-executive directors' remuneration (audited)

Current fee levels

Role	Annual fee ¹	As at 31 March 2020 \$ ²
Board chairman fee	£70,000	\$86,800
Non-executive base fee	£70,000	\$86,800
Additional fees		
Committee chair fee	£20,000	\$24,800
Supplement for senior independent director	£20,000	\$24,800
Committee membership fee	£10,000	\$12,400

1 NED fees determined in pound sterling

2 Adjustable closing FX rate of GBP/USD on 31 March 2020 – 1 GBP = \$1.24

Statement of directors' shareholdings and share interests (audited)

The beneficial and non-beneficial share interests of our directors and their connected persons, presented in accordance with the provisions of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), as at 28 June 2019 and as at 31 March 2020 are listed below.

Executive directors (audited)

Each executive director must build up and maintain a shareholding in Airtel Africa equivalent to 250% of their base salary within five years of being appointed to the Board. While the executive director is building to this shareholding level, deferred bonus awards net of the expected tax liability that will apply on vesting will count towards this requirement. LTIP shares that have vested and that are within the two-year post-vesting holding period will also count on a net of tax basis.

In order to deal with unexpected circumstances, the committee has discretion on how to operate the policy and may make exceptions and allowances if it sees fit.

	Shareholding at 28 June 2019	Shareholding at 31 March 2020	Total shareholding as multiple of salary (%)	Unvested LTIPs ¹
Raghunath Mandava	–	–	–	4,040,294
Total	–	–	–	4,040,294

1 Unvested LTIP shares subject to service and performance conditions

Non-executive directors (audited)

	Shareholding at 28 June 2019	Shareholding at 31 March 2020
Sunil Bharti Mittal ¹	–	–
Awuneba Ajumogobia	–	–
Douglas Baillie	–	20,000
John Danilovich	–	460,000
Andrew Green	–	–
Akhil Gupta	–	–
Shravin Bharti Mittal ^{1,2}	–	127,147,531
Annika Poutiainen	–	30,000
Ravi Rajagopal	–	86,500
Arthur Lang	–	–

1 Sunil Bharti Mittal and Shravin Bharti Mittal do not have any direct shareholding in the Company. The Company is an indirect subsidiary of Bharti Airtel Limited which is a listed company in India. Sunil Bharti Mittal and Shravin Bharti Mittal are members of the Bharti Mittal family group which has an indirect shareholding in Bharti Airtel Limited. Indian Continent Investment Limited and Bharti Global Limited are held ultimately by the Bharti Mittal family group. Each of Bharti Airtel Limited, Indian Continent Investment Limited and Bharti Global Limited hold voting rights in the Company as set out on page 95 (Major Shareholders)

2 Shares held by Bharti Global Limited, a connected person of Shravin Bharti Mittal for the purposes of this disclosure

There has been no change in the interests of the directors and their connected persons between 31 March 2020 and the date of this report.

Directors' remuneration report continued

PART 3

Committee governance

Our Remuneration Committee is a formal committee of the Board. Its remit is set out in terms of reference available on our website at www.airtel.africa. The committee reviews its performance against these terms each year and is satisfied that it has acted in line with its terms of reference during the year.

Committee composition

Members throughout the year	Meeting attendance (four meetings in the year)
Douglas Baillie, Chair	4 (4)
John Danilovich	4 (4)
Awuneba Ajumogobia	4 (4)

Other regular attendees:

- Chief executive officer
- Group head of HR
- Company secretary
- External remuneration consultants

The committee is authorised to seek information from any director and employee and to obtain external advice. The committee is solely responsible for the appointment of external remuneration advisers and for the approval of their fees and other terms. No director or other attendee takes part in any discussion about his or her personal remuneration.

In the year to 31 March 2020, Aon provided remuneration advice and benchmarking data to the committee. Aon was appointed by the committee in light of their experience and expertise in remuneration advisory work and is expected to provide independent advice. Aon does not undertake any other work for Airtel Africa and has no other connections to the Board or any director. Aon has signed the Code of Conduct of the Remuneration Consultants Group requiring the advice they provide to be objective and impartial. Total fees paid to Aon for the year in review were £185,744 of which £68,000 related to advice prior to listing and £117,744 related to support to the Committee following listing, based on the consulting time required.

Sums paid to third parties for directors' services

No sums were paid or were receivable by third parties for the services of any director of Airtel Africa while acting as a director of the company or of any of our subsidiaries, or as a director of any other undertaking by our nomination, or otherwise in connection with the management of Airtel Africa or any undertaking during the year to 31 March 2020.

Share awards granted to executive directors (audited)

These tables set out the share awards granted to the executive directors. All awards are determined by the £0.8 share price.

Type of award	Maximum awards held on 3 July 2019	Awards granted during year	Lapsed in year	Exercised in year	Maximum awards held as at 31 March 2020	Date of grant	Exercise price	Vesting date	Expiry date
Raghunath Mandava IPO share options	2,380,952	Nil	Nil	Nil	2,380,952	03 July 2019	£0.8	1 June 2020, 21, 22	02 Jul 2029
LTIP awards – PSP-financial	297,618	Nil	Nil	Nil	297,618	03 July 2019	Nil	1 June 2020, 21, 22	02 Jul 2029
LTIP awards – PSP-TSR	297,620	Nil	Nil	Nil	297,620	03 July 2019	Nil	03 July 2022	02 Jul 2029
LTIP awards – RSU	297,619	Nil	Nil	Nil	297,619	03 July 2019	Nil	1 June 2020, 21, 22	02 Jul 2029
Replacement stock awards	766,485	Nil	Nil	Nil	766,485	03 July 2019	Nil	1 June 2020, 21	02 Jul 2029

Airtel Africa share price

The closing price of an ordinary share on the London Stock Exchange on 31 March 2020 was £0.41, with the range between 1 April 2019 and 31 March 2020 being £0.28 (low) to £0.81 (high).

On behalf of the Board

DOUG BAILLIE

CHAIR, REMUNERATION COMMITTEE
13 MAY 2020

Financial statements

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Independent auditor's report to the members of Airtel Africa plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Airtel Africa plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2020 and of the Group's profit for the year then ended
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB)
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income
- the consolidated and parent company statement of financial position
- the consolidated and parent company statements of changes in equity
- the consolidated statement of cash flows
- the related notes 1 to 36 of the consolidated financial statements
- the related notes 1 to 10 of the parent company financial statements

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in note 8.1 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none"> • Going concern • Impairment of goodwill • Prepaid revenue • Classification of legal and regulatory cases
Materiality	The materiality we have used for the Group financial statements is \$30m which represents 5.0% of profit before tax, 2.0% of underlying earnings before interest, tax, depreciation and amortisation (EBITDA) or 0.3% of total assets.
Scoping	Our scope covered 17 components. Of these, nine were full-scope audits, five were subject to specific procedures on certain account balances by component audit teams or the Group audit team and the remaining three were subject to analytical review procedures. These covered 100% of Group profit before tax, EBITDA and total assets.

4. Conclusions relating to going concern, principal risks and viability statement

4.1. Going concern

We have reviewed the directors' statement in note 2.2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Group, its business model and related risks including, where relevant, the impact of the COVID-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Our challenge of the directors' going concern assessment and related disclosures have been identified as a key audit matter, which is discussed below in section 5.2.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

4.2. Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Group's and the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 56-62 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated
- the directors' confirmation on page 56 that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity
- the directors' explanation on pages 63 and 64 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions

We are also required to report whether the directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the Group to continue over the time horizon considered appropriate by the directors.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of Airtel Africa plc continued

5.1. Going concern

<p>Key audit matter description</p>	<p>The Group made a profit before tax of \$598m during the year ended 31 March 2020 and was in a net current liability position of \$817m at 31 March 2020. As set out in notes 23 to the financial statements, at 31 March 2020, the Group had committed facilities of \$505m and uncommitted facilities of \$363m. Net debt was \$3.2bn. Subsequent to 31 March 2020, uncommitted facilities of \$265m were converted into committed facilities.</p> <p>Net debt of \$3.2bn includes \$1.8bn of bonds which include cross-default clauses with the Group's majority shareholder, Bharti Airtel Limited. There would be a covenant breach on these bonds should Bharti Airtel Limited (or any of their subsidiaries) default on any debt in excess of \$50m. The \$1.8 billion of bonds includes a \$828m bond due for repayment in May 2021 and a \$505m bond which includes an incurrence covenant which requires Bharti Airtel Limited's credit rating to be assessed as investment grade by at least two credit rating agencies; when breached this can reduce the ability of the Group to raise additional debt.</p> <p>Note 2.2 to the financial statements includes the directors' assessment that they consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. The matter is also referred to within the Audit and Risk Committee's report on page 80.</p> <p>The directors' have forecast liquidity and cash flow to June 2021, which includes the repayment of the \$828m bond (on maturity) in May 2021. The forecasts assume that the Group will be impacted by COVID-19 for a period of six months, including a slowdown in revenue growth and higher costs. Further details on the impact of COVID-19 on the Group can be found on pages 9-10.</p> <p>Management has run a sensitivity to these forecasts (a 'reasonable worst case') which is a severe but plausible forecast, including a further slowdown in revenue growth (including that COVID-19 will impact the Group for 12 months), higher operating and regulatory costs and further devaluation of exchange rates. Management has identified a number of mitigating actions to preserve liquidity, including a reduction in costs and capital expenditure and, if required, a reduction in dividends. These forecasts project that the Group has adequate liquidity, taking into account the available cash at 31 March 2020 and committed facilities of \$814m at the date of approval of these financial statements. The directors, through enquiry with its majority shareholder, have assessed the risk of Bharti Airtel Limited defaulting on its debt (and the bonds of \$1.8bn being recalled) as remote.</p> <p>The directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.</p> <p>Given the above circumstances, we identified a key audit matter relating to the Group's going concern assessment, including the Group's ability to continue to service its debts and the actions available to the Group to preserve liquidity.</p>
<p>How the scope of our audit responded to the key audit matter</p>	<p>Our procedures involved:</p> <ul style="list-style-type: none"> • assessing key controls over the Group's forecasting process • performing enhanced risk assessment procedures in response to the significant economic disruption associated with the COVID-19 pandemic and increasing audit effort to challenge whether there was a material uncertainty over the Group and parent company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements • obtaining the directors' base case cash flow forecasts, a reasonable worst case scenario and the scenario of an event of a default by the majority shareholder, Bharti Airtel Limited, which would cause early repayment of certain bonds • working with our working capital specialists to assess the terms associated with the Group's borrowing facilities and whether they are committed at the date of approval of the annual report • assessing and challenging the assumptions used by the directors in each of the cash flow forecasts, considering our own expectations based on our knowledge of the Group • obtaining direct confirmations of the value, duration and terms for the Group's committed and uncommitted facilities • recalculating the cash headroom available using committed and uncommitted facilities in each of the scenarios prepared by management and approved by the directors • testing the integrity and mechanical accuracy of the going concern model • assessing the completeness and accuracy of the matters included in the directors' going concern disclosures based on our knowledge obtained from our evaluation of the directors' going concern assessment • assessing the reasonableness of the anticipated impact of COVID-19 on the Group's cash flow projections, including whether they are severe but plausible and the mitigating actions available to the Group to preserve liquidity • engaging and reviewing the work of the majority shareholder's auditor in relation to their work on going concern to challenge the directors' assessment that the risk of default at the majority shareholder is remote
<p>Key observations</p>	<p>We concur that it is appropriate for the directors to prepare the financial statements on a going concern basis and that there is no material uncertainty related to going concern.</p> <p>We consider the going concern disclosures within note 2.2 of the financial statements to be appropriate.</p>

5.2. Impairment of goodwill

<p>Key audit matter description</p>	<p>As set out in note 15 the Group has \$3.9bn of goodwill allocated across the Group's three operating segments – Nigeria, East Africa and Francophone Africa.</p> <p>Each operating segment is considered to be groups of cash generating units (CGU's) under IAS 36 – Impairment of assets. The recoverable amount, being the higher of fair value less costs of disposal and value-in-use, requires judgement around future revenue and EBITDA. Key assumptions are the timing of future capital expenditure, country-specific long-term growth rates, EBITDA margins and the most appropriate discount rate.</p> <p>COVID-19 led to significant market volatility over mid to late March 2020, including an increase in country risk premiums derived from an increase in observed sovereign credit default swap rates across all jurisdictions. Subsequent to 31 March 2020, these rates have reduced, albeit still not back to the levels pre March 2020. This leads to additional complexity in determining the appropriate discount rate at 31 March 2020. Management's methodology in determining the discount rate is set out in note 15 to the financial statements.</p> <p>Management has also assessed the potential impact of COVID-19 on the Group's cash flows and its impact on the overall impairment assessment.</p> <p>Further details on the Group's impairment assessment is included within notes 3.1 and 15 of the financial statements and in the Audit and Risk Committee's report on page 81. Management has concluded that no impairment to goodwill is required.</p> <p>With the continued development of the mobile network across Africa and the risks assigned to the different markets, there is a potential risk that goodwill is carried at an inappropriate value. We have identified a key audit matter with regard to the discount rates adopted across all segments and the impact on the assessment of the valuation of goodwill as this assumption has the most material impact on the value in use calculation, and was particularly volatile over the balance sheet date due to the ongoing COVID-19 pandemic as noted above.</p>
<p>How the scope of our audit responded to the key audit matter</p>	<p>Our procedures involved:</p> <ul style="list-style-type: none"> • Assessing the key controls over the Group's forecasting process and goodwill impairment review including the discount rate • Working with our valuation specialists to assess and challenge the discount rates through independently recalculating our own rates, assessing whether management's methodology for determining their rates is appropriate against the appropriate valuation methodology and to consider whether the rates are within our reasonable range. This included the methodology determined by management in adjusting the spot discount rates at 31 March 2020 to reflect volatility within the markets and the appropriate rate that a market participant would determine to reflect risk in the long term cash flows • Evaluating and challenging the Group's cash flow forecasts based on historical forecasting accuracy and external data (i.e. external industry and broker reports) to substantiate management's growth forecasts and management's assessment on the impact of COVID-19 on the Group • Reviewing and challenging management's assessment of the difference between the overall recoverable amount against the Group's market capitalisation, including understanding the reasons for the difference • Assessing the sensitivity of each group of CGU's to key inputs and testing the integrity and mechanical accuracy of the impairment models • Reviewing the impairment disclosures against the requirements of IAS 36 – Impairment of Assets
<p>Key observations</p>	<p>Based on the procedures performed we concur with management's judgement that there is no impairment in the goodwill held against each group of CGU's. We also concur with management's methodology to determine the discount rate at 31 March 2020.</p> <p>We consider the impairment disclosures within note 15 of the financial statements to be appropriate and in compliance with IAS 36, in particular around the sensitivities disclosed around the discount rate and the reasonable possible change in the discount rate should country risk premiums increase.</p>

Independent auditor's report to the members of Airtel Africa plc continued

5.3. Prepaid revenue

Key audit matter description	<p>As set out in note 6, service revenue of \$3.4bn (2019: \$3.1bn) is derived from the provision of telecommunication services. The majority of the customers of the Group subscribe to the services on a prepaid basis. Telecommunication service revenues mainly pertain to usage, subscription and customer onboarding charges, which include activation charges and charges for voice, data, messaging and value-added services. The Group's accounting policies on prepaid revenue is set out in note 2.21.</p> <p>There is a presumed fraud risk around the accuracy of prepaid revenue recorded due to the complexity of the Group's revenue recording systems and the volume of customer data. We have therefore identified a key audit matter in relation to (i) the incorrect set up of system tariffs and (ii) the manual journal posting of revenue from the billing system to the general ledger. Errors in each would impact the accuracy of prepaid revenue.</p>
How the scope of our audit responded to the key audit matter	<p>Our procedures involved:</p> <ul style="list-style-type: none"> • Working with our IT specialists to test the IT environment in which the revenue recording systems reside, including interface controls between different IT applications • Obtaining an understanding of and testing the relevant controls over (a) approvals and maintenance of new plans in the billing system and (b) authorisation of rate changes and the maintenance of rates within the billing systems • Testing the reconciliation process between the general ledger and revenue recording systems including any manual adjustments posted • Testing a sample of call record validations to test the accuracy of prepaid revenue and the resolution of exceptions; • Sample testing the accuracy of tariff set up in the system • Performing independent call testing with the objective of testing the accuracy of plans by checking that a sample of each major tariff has been correctly set up
Key observations	Based on our work, we noted no significant issues on the accuracy of revenue recorded in the year.

5.4. Classification of legal and regulatory cases

Key audit matter description	<p>As set out in note 26, management has recorded \$18m of provisions in respect of legal and regulatory claims and note 30 illustrates contingent liabilities of \$83m.</p> <p>Airtel Africa has a presence in 14 countries across Africa with different legal and regulatory environments. Each component maintains legal and regulatory case register which is updated on a monthly basis to summarise the current position of each legal and regulatory case and to consider whether a provision or contingent liability disclosure is required. Management of these matters is frequently supported by external counsel in local markets. Further information on the Group's policies for legal and regulatory matters, including the judgements taken can be found in notes 2.19 and 2.20 of the financial statements, and within the key source of estimation uncertainty disclosures in note 3.1.</p> <p>We identified a key audit matter relating to the appropriate classification and presentation of legal and regulatory cases as remote (no disclosure), possible (contingent liability, note 30) and probable (provision, note 26) in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent assets within the financial statements. There are a significant number of ongoing legal and regulatory cases covering a number of years across all operating companies. Management has exercised judgement in determining their assessment of the outcome and the accounting consequences thereon. Because of these factors and the legal and regulatory framework in the countries in which the Group operates, we consider there to be a fraud risk associated with this key audit matter.</p>
How the scope of our audit responded to the key audit matter	<p>Our procedures involved:</p> <ul style="list-style-type: none"> • Assessing key controls concerning the classification of legal and regulatory cases • Profiling the legal and regulatory claims to test a sample of key cases and challenging whether the cases are appropriately classified based on IAS 37 – Provisions, Contingent Liabilities and Contingent Assets • Holding discussions with internal legal counsel and obtaining supporting evidence for a sample of key cases; • Circularising external legal counsel for a sample of cases and checking their assessment of whether a legal or regulatory case is probable, possible or remote against management's assessment • Reviewing board minutes and holding discussions with local legal counsels • Assessing the consistency and completeness of approach across each operating company by considering if there is any precedent for similar cases to be settled within each jurisdiction as well as current legal settlements • Reviewed the financial statement disclosures including the articulation of each material case
Key observations	<p>Based on the procedures performed, we consider that the Group's classification of legal and regulatory cases as remote, possible or probable is appropriate.</p> <p>We consider the provision and contingent liability disclosures within notes 26 and 30 of the financial statements to be appropriate.</p>

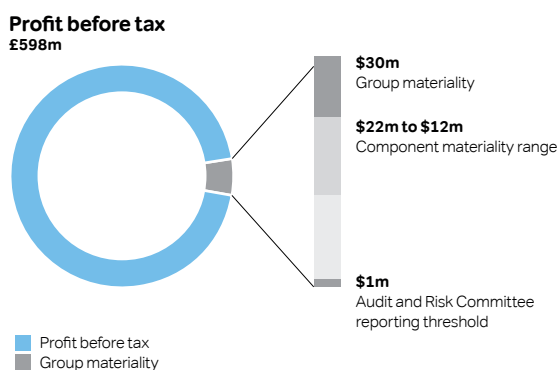
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	\$30m	\$27m
Basis for determining materiality	5.0% of profit before tax, 2.0% of underlying earnings before interest, tax, depreciation and amortisation (EBITDA) or 0.3% of total assets.	1% of net assets but capped at 90% of Group materiality.
Rationale for the benchmark applied	Profit before tax is our primary benchmark as it impacts distributable reserves and dividends, which is key for investors. We have also considered EBITDA as it is a key metric used in the telecommunications industry and total assets due to the size of the asset base.	Airtel Africa plc is a holding company, which holds investments in a number of subsidiaries. Thus, the primary users of the company's financial statements are the Group's shareholders and the directors and management of its holding company (Bharti Airtel Limited) and ultimate holding company (Bharti Enterprises (Holding) Private Limited and the Bharti Mittal family trust). We therefore considered net assets to be the most appropriate benchmark given the primary purpose of the company is a holding company.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at \$15m, being 50% of Group materiality for the 2020 audit. We have determined performance materiality, considering a number of factors:

- Our experience of auditing the Group as this was the second year we have performed an audit on the consolidated financial statements, but only the first time that such an audit was a statutory requirement; it was also the first audit following the parent company's listing on the London Stock Exchange
- Our assessment of the control environment: whilst we were able to rely on controls for some areas of the audit, there were other areas where we were unable to rely on controls as the controls are largely manual and not documented. We also considered progress against the remediation of certain entity level controls

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the committee all audit differences in excess of \$1m, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent auditor’s report to the members of Airtel Africa plc continued

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our component audit scope requires us to (a) achieve sufficient coverage across the Group to address the key risk areas and (b) meet the requirements of ISA (UK) 600 to plan and oversee the work performed by component audit teams. Our Group audit was scoped on an entity level basis, assessing components against the risk of material misstatement at the Group level. We also considered the quantum of financial statement balances and individual financial transactions of a significant nature. In performing our assessment, we have considered the geographical spread of the Group and any risks presented within each region.

The Group is made up of 14 operating entities, all in different countries across Africa and supported by the Group parent’s (Bharti Airtel Limited’s) shared service centre based in India, as well as a number of holding companies: based in the UK, The Netherlands and India.

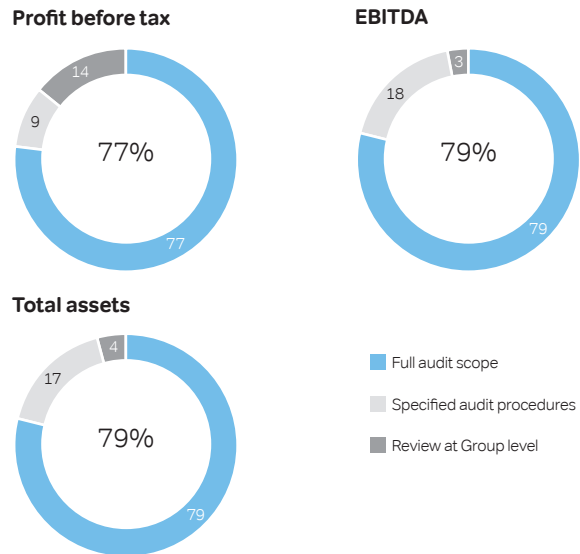
For the trading entities in the Group, component teams performed full scope audits on six components and audits of specified account balances for five components as set out in the table below. The Group audit team performed full scope audits on the two holding companies based in the UK and the Netherlands. A company audit team also performed procedures at the shared service centre in India.

The remaining three operating entities are not significant individually and include many small, low risk components and balances. For these components, the Group team performed other procedures, including conducting analytical review procedures, making enquiries of management, and evaluating and testing management’s Group-wide controls across a range of locations and segments in order to address the risk of residual misstatement on a segment-wide and component basis. At the Group level we also tested the consolidation process, performed procedures over our significant risks and controls and audited the UK holding company.

The below table summarises the segment allocation and scope of the Group’s components:

Segment	Full scope audit	Audits of specified balances	Review procedures
Nigeria	Nigeria		
East Africa	Uganda, Malawi, Zambia	Tanzania, Kenya	Rwanda
Francophone	Gabon, Democratic Republic of the Congo (DRC)	Republic of the Congo, Chad, Niger	Madagascar, the Seychelles
Central	Airtel Africa plc and Netherlands holding company Shared service centre in India		

Based on this assessment, our full scope audits of the principal operating units of the Group covered 77% of profit before tax, 79% of EBITDA and 79% of total assets. Our audit of specific account balances cover a further 9% of profit before tax, 18% of EBITDA and 17% of total assets.



7.2. Our consideration of the control environment

7.2.1 IT control environment

As a business, Airtel Africa plc is extremely reliant on technology. Therefore, effective technology controls are important not just to address financial risks, but also for other areas such as operational, regulatory and reputational risk. Given the high volume, low value nature of the Group's transactions, reliance on the IT control environment is a fundamental part of the audit approach, not least for the revenue account balance.

Our assessment of the IT control environment included general IT controls (such as user access and IT change management), automated controls (such as appropriate configuration of tariffs) and system generated reports (such as daily recharge reports).

The key systems in scope for the audit were accounting systems and in country revenue systems (such as those relating to prepaid and interconnect revenue). The Group is heavily reliant on third parties for the support and maintenance of these systems, and arrangements are in place with a range of third party IT providers and Bharti Airtel Limited.

7.2.2 Business processes

We relied on controls for our full scope audits and audits of specified balances over the revenue and receivables, expenditure and payables, property, plant and equipment and payroll cycles. We did not plan to rely on financial reporting, tax and legal and regulatory controls as these controls are largely manual and are not sufficiently documented to enable us to test the operating effectiveness of controls.

7.2.3 Governance controls

We pay particular attention to the governance of the relationship with the parent company. The control environment in relation to this relationship has been strengthened in the year following the establishment of the Finance Committee in response to those matters described in the Audit and Risk Committee's report on page 85. In response we increased the extent of procedures we performed over going concern and related treasury cycles.

7.3. Working with other auditors

As part of our Group audit we visited the shared service centre on a quarterly basis performing analytical reviews over each component and auditing key judgements. These procedures involved discussions with the shared service centre audit team, the component audit teams and local management. The majority of account balances are managed in the shared service centre in India; we therefore spent 21% of our total engagement time in India at the shared service centre.

During the planning of the annual audit, senior members of the engagement team have visited the corporate head offices in Kenya to meet the financial directors of each component as part of a Group wide finance conference. In addition, the engagement team held a planning conference in Kenya with all component engagement partners. In addition, senior members of the engagement team have remained in regular contact with all component teams throughout the year to understand key quarterly issues and appropriately plan the year end audit.

As part of our audit, we planned for senior members of the Group audit team to visit each of the most significant components of the Group, being Nigeria, India, Uganda, Malawi, Zambia, Kenya and the United Kingdom. However, due to the coronavirus pandemic and safety concerns in the Democratic Republic of the Congo and Gabon we were only able to visit Kenya, the United Kingdom and India during the year. We visited the India shared service centre multiple times during the year in quarters one, two and three. Therefore, we had to adapt our approach and undertook enhanced remote supervisory procedures, performing component oversight via video conference calls with both component management and the component audit teams. In addition to these procedures, we sent detailed instructions to our component audit teams, included them in our team briefings, discussed their risk assessment papers in person in Kenya as part of the planning meeting and reviewed component auditors' work papers with our direct access to their electronic audit systems. We have also held regular meetings with our component teams throughout the year to directly supervise these teams. In addition we have had regular meetings with the Audit and Risk Committee to communicate issues throughout the annual process.

8. Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit and Risk Committee reporting** – the section describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Airtel Africa plc continued

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets
- results of our enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities

- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations
- the matters discussed among the audit engagement team, including significant component audit teams and involving relevant internal specialists, including tax, working capital, share-based payments, mobile money, pensions, valuations, and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Prepaid revenue recognition and Classification of legal and regulatory cases related to the potential risk of fraud or non-compliance with laws and regulations. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Corporate Governance Code, as well as laws and regulations prevailing in each country in which we identified a full-scope component with a specific focus on telecoms regulations and operator licences.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. This primarily includes the telecommunication and Airtel Money regulator within each operating entity.

11.2. Audit response to risks identified

As a result of performing the above, we identified Prepaid revenue recognition and Classification of legal and regulatory cases as potential risk of fraud or non-compliance with laws and regulations. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax authorities including HM Revenue & Customs in the UK and local tax authorities within each operating entity
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including tax, working capital, share-based payments, mobile money, valuation and IT specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14. Other matters

14.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board in July 2019 to audit the financial statements for the year ended 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two years, covering the years ended 31 March 2019 to 31 March 2020.

14.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

MARK GOODEY (FCA) (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF DELOITTE LLP
STATUTORY AUDITOR
LONDON, UNITED KINGDOM

13 MAY 2020

Consolidated statement of comprehensive income

(All amounts are in US\$ millions unless stated otherwise)

	Notes	For the year ended	
		31 March 2020	31 March 2019
Income			
Revenue	6	3,422	3,077
Other income		17	26
		3,439	3,103
Expenses			
Network operating expenses		628	558
Access charges		376	345
Licence fee/spectrum usage charges		189	182
Employee benefits expense	7	234	236
Sales and marketing expenses		148	152
Impairment loss/(reversal) on financial assets		(2)	5
Other expenses	8	333	318
Depreciation and amortisation	9	632	573
		2,538	2,369
Operating profit		901	734
Finance costs	10	440	394
Finance income	10	(67)	(32)
Non-operating income	5a	(70)	-
Share of (profit)/loss of joint ventures and associate		(0)	24
Profit before tax		598	348
Tax expense/(credit)	12	190	(78)
Profit for the year		408	426
Profit before tax (as presented above)		598	348
Add: Exceptional items (net)	11	(65)	69
Underlying profit before tax		533	417
Profit after tax (as presented above)		408	426
Add: Exceptional items (net)	11	(112)	(119)
Underlying profit after tax		296	307
Other comprehensive income (OCI)			
Items to be reclassified subsequently to profit or loss:			
Net losses due to foreign currency translation differences		(219)	(170)
Share of OCI of associate		-	(0)
Net gain on net investments hedge		5	45
Net loss on cash flow hedge		(2)	(12)
		(216)	(137)
Items not to be reclassified subsequently to profit or loss:			
Re-measurement gain/(loss) on defined benefit plans		1	(2)
Tax (charge)/credit on above		(0)	0
		1	(2)
Other comprehensive loss for the period		(215)	(139)
Total comprehensive income for the period		193	287
Profit for the period attributable to:		408	426
Owners of the company		370	388
Non-controlling interests		38	38
Other comprehensive loss for the period attributable to:		(215)	(139)
Owners of the company		(224)	(136)
Non-controlling interests		9	(3)
Total comprehensive income for the period attributable to:		193	287
Owners of the company		146	252
Non-controlling interests		47	35
Earnings per share			
Basic	13	10.31c	19.54c
Diluted	13	10.30c	19.54c

Consolidated statement of financial position

(All amounts are in US\$ millions unless stated otherwise)

	Notes	As of	
		31 March 2020	31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	14	1,832	1,597
Capital work-in-progress	14	259	367
Right of use assets	31	639	655
Goodwill	15	3,943	4,126
Other intangible assets	15	456	349
Intangible assets under development	15	30	70
Investment in associate	16	3	3
Financial assets			
– Investments		0	0
– Derivative instruments	17	0	45
– Security deposits	18	7	9
– Others		1	–
Income tax assets (net)		39	31
Deferred tax assets (net)	12	333	346
Other non-current assets	19	112	87
		7,654	7,685
Current assets			
Inventories		3	3
Financial assets			
– Derivative instruments	17	10	5
– Trade receivables	20	132	121
– Cash and cash equivalents	21	1,010	848
– Other bank balances	21	6	15
– Balance held under mobile money trust		295	238
– Others	22	66	73
Other current assets	19	149	118
		1,671	1,421
Total assets		9,325	9,106
Current liabilities			
Financial liabilities			
– Borrowings	23	235	625
– Current maturities of long-term borrowings	23	429	559
– Lease liabilities	31	199	181
– Derivative instruments	17	3	96
– Trade payables		416	470
– Mobile money wallet balance		292	238
– Others	24	461	580
Provisions	26	70	70
Deferred revenue		124	110
Current tax liabilities (net)		144	67
Other current liabilities	25	115	103
		2,488	3,099
Net current liability		(817)	(1,678)
Non-current liabilities			
Financial liabilities			
– Borrowings	23	2,446	2,437
– Lease liabilities	31	970	1,037
– Derivative instruments	17	4	7
– Others	24	15	7
Provisions	26	23	22
Deferred tax liabilities (net)	12	69	33
Other non-current liabilities	25	29	34
		3,556	3,577
Total liabilities		6,044	6,676
Net Assets		3,281	2,430
Equity			
Share capital	27	3,420	3,082
Share premium	28	–	470
Retained earnings	28	2,805	1,688
Other reserve	28	(2,837)	(2,614)
Equity attributable to owners of the company		3,388	2,626
Non-controlling interests (NCI)		(107)	(196)
Total equity		3,281	2,430

The consolidated financial statements (company registration number: 11462215) on pages 126 to 188 were approved by the Board of directors and authorised for issue on 12 May 2020 and were signed on its behalf by:

RAGHUNATH MANDAVA
CHIEF EXECUTIVE OFFICER
13 MAY 2020

Consolidated statement of changes in equity

(All amounts are in US\$ millions unless stated otherwise)

	Equity attributable to owners of the company								
	Share Capital				Other reserves		Equity attributable to owners of the company	Non-controlling interests (NCI)	Total equity
	No of shares	Amount	Share premium	Retained earnings	Transactions with NCI reserve	Other components of equity (Note 28)			
As of 1 April 2018	1,781,248,325	2,359	2,551	(3,510)	(500)	(1,900)	(1,000)	(232)	(1,232)
Profit for the year	–	–	–	388	–	–	388	38	426
Other comprehensive loss	–	–	–	(2)	–	(134)	(136)	(3)	(139)
Total comprehensive income/(loss)	–	–	–	386	–	(134)	252	35	287
Transaction with owners of equity									
Shareholder loan conversion	1	0	1,107	–	–	–	1,107	–	1,107
Re-organisation adjustment Note 2.1	(613,490,706)	(1,191)	(3,659)	4,850	–	–	–	–	–
Common control transactions	–	–	–	98	–	–	98	–	98
Issue of share capital Note 27	1,913,986,957	1,914	473	(136)	–	–	2,251	–	2,251
Share issue costs	–	–	(2)	–	–	–	(2)	–	(2)
Transaction with NCI	–	–	–	–	(80)	–	(80)	6	(74)
Dividend paid (including tax) to NCI	–	–	–	–	–	–	–	(5)	(5)
As of 31 March 2019	3,081,744,577	3,082	470	1,688	(580)	(2,034)	2,626	(196)	2,430
Profit for the year	–	–	–	370	–	–	370	38	408
Other comprehensive loss	–	–	–	1	–	(225)	(224)	9	(215)
Total comprehensive income/(loss)	–	–	–	371	–	(225)	146	47	193
Transaction with owners of equity									
Reduction in nominal value of shares Note 27 (1)	–	(1,541)	–	–	–	–	(1,541)	–	(1,541)
Issue of deferred share capital Note 27 (1)	3,081,744,577	1,541	–	–	–	–	1,541	–	1,541
Issue of share capital Note 27 (2)	676,406,927	338	342	–	–	–	680	–	680
Issue of share capital to NCI	–	–	–	–	–	–	–	13	13
Share issue costs	–	–	(3)	(14)	–	–	(17)	–	(17)
Share stabilisation proceeds Note 5 (d)	–	–	–	–	–	7	7	–	7
Employee share-based payment expenses	–	–	–	–	–	0	0	–	0
Reversal of indemnities Note 5 (a)	–	–	–	64	–	–	64	–	64
Court approved reduction in share premium Note 5 (b)	–	–	(809)	809	–	–	–	–	–
Transactions with NCI Note 5 (c) and (f) ¹	–	–	–	–	(5)	–	(5)	36	31
Dividend to company's shareholders	–	–	–	(113)	–	–	(113)	–	(113)
Dividend (including tax) to NCI ²	–	–	–	–	–	–	–	(7)	(7)
As of 31 March 2020	6,839,896,081	3,420	–	2,805	(585)	(2,252)	3,388	(107)	3,281

1 'Transaction with NCI reserve' is net of tax impact of \$6m

2 Dividend to NCI includes tax of \$1m

Consolidated statement of cash flows

(All amounts are in US\$ millions unless stated otherwise)

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

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

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

Notes to consolidated financial statements

(All amounts are in US\$ millions unless stated otherwise)

1. Corporate information

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

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU), the Companies Act 2006 and Article 4 of the EU IAS Regulations.

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

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied by all the Group entities to all the periods presented in these financial statements except for the change in accounting policies set out below, all of which were effective as at 1 April 2019.

To provide more reliable and relevant information about the effect of certain items in the consolidated statement of financial position due to increasing significance of their balances and growth in mobile money business, the Group has changed the classification of such items. Previous year figures have been re-grouped or reclassified, to conform to such current year's classification including the following material items:

Mobile Money Balance:

- reclassification of liability and bank balances pertaining to mobile money business earlier presented as 'trade payables' and 'other bank balances' respectively. The liabilities and assets amounting to \$238m as of 31 March 2019 are now presented separately in the balance sheet as 'Mobile money wallet balance' and 'Balance held under mobile money trust' (being amounts held by the Group on behalf of customers) respectively. For the purpose of cash flow statement 'Balance held under mobile money trust' have been presented as cash and cash equivalents. The movement in 'Mobile money wallet balance' are presented separately in the statement of cash flows as part of operating activity.

Others:

- reclassification of provision for tax and regulatory sub-judice matters amounting to \$49m earlier presented as other current non-financial liabilities to current provisions and provision for legal sub-judice matters amounting to \$16m earlier presented as other current financial liabilities to current provisions.
- reclassification of other income received in advance in relation to sale and lease back transaction in one of the subsidiaries of \$11m earlier presented as current deferred revenue to other current liabilities and \$34m earlier presented as non-current deferred revenue to other non-current liabilities.

There is no impact on retained earnings or net assets due to these reclassifications.

Airtel Africa plc is the smallest group in which the company is consolidated. The largest group to consolidate the results of the company is Bharti Airtel Limited, which is registered in India. For the year ended 31 March 2019, the Group took the exemption available under the UK Companies Act from preparing consolidated statutory financial statements, as it was included in the group accounts of Bharti Airtel Limited. The Bharti Airtel Limited group financial statements are publicly available and can be obtained at www.airtel.in. The consolidated comparative information included within these financial statements was separately prepared for the Board of directors. Such comparative information is different from the Historical Financial Information (HFI) included within the company's IPO prospectus to the extent of 'Share of loss of joint ventures' amounting to \$24m pertaining to joint venture operations in Ghana. In accordance with the requirements of Annexure to SIR 2000, such operations were disposed of during August 2018 and consequently were excluded from HFI since the management believed that it provided more meaningful financial information to investors on the historical financial performance of the ongoing Group. Consequently, the profit before tax and profit for the year ended 31 March 2019 is lower by \$24m in these financial statements as compared to HFI. There are no differences in the statement of financial position as compared to HFI.

During the year ended 31 March 2019 the company became the parent of Bharti Airtel International (Netherlands) B.V. (BAIN) and its subsidiaries (such transaction being referred to as the 're-organisation') by acquiring 100% of the share capital of BAIN from Network i2i Limited (an entity owned by Bharti Airtel Limited). In exchange, 1,167,757,621 equity shares of \$1 each were issued to Airtel Africa Mauritius Limited (a subsidiary of Network i2i Limited). The shares were fully paid.

Since this re-organisation under common control is not within the scope of International Financial Reporting Standards (IFRS) 3 'Business Combinations', as permitted by International Accounting Standards (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the Group has accounted for the re-organisation under the pooling-of-interest method based on predecessor values as though the current Group structure had always been in place, to reflect the economic substance thereto. Accordingly, the results of the Group for both the current and the prior periods are presented as if the Group had been in existence throughout the periods presented, rather than from the re-organisation date.

The difference between the share capital value (comprising par value and share premium) of BAIN (\$6,018m) and share capital value of Airtel Africa Limited (\$1,168m) was included as 're-organisation adjustment' in retained earnings/accumulated deficit during the year ended 31 March 2019.

Changes in accounting policies and disclosures

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments:

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

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

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

2.2. Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for goods and services.

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants. The Group's accounting policies require measurement of certain financial/non-financial assets and liabilities at fair value (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed.

The Group is required to classify the fair valuation method of the financial/non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The three levels of the fair-value-hierarchy are described below:

- Level 1 – Quoted (unadjusted) prices for identical assets or liabilities in active markets
- Level 2 – Significant inputs to the fair value measurement are directly or indirectly observable
- Level 3 – Significant inputs to the fair value measurement are unobservable

Going Concern

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

Following successful completion of the IPO and receipt of \$680m of IPO proceeds, in October 2019 the Group further reassessed the requirement for the New Airtel Africa Facility amounting to \$1.2bn (\$0.8 bn already having been cancelled post IPO) and having considered business performance, free cash flows, liquidity expectation for the next 12 months together with its other existing drawn and undrawn facilities, the Group cancelled the remaining \$1.2bn New Airtel Africa Facility. As part of this evaluation, the Group has further considered committed facilities of \$814m as of the date of authorisation of financial statements, which should take care of the Group's cash flow requirement under both base and reasonable worst case scenarios.

On 24 October 2019, The Honorable Supreme Court of India delivered an adverse court judgment in India on the Group's intermediate parent in relation to a long outstanding industry wide case ('the Court Judgment') pertaining to Adjusted Gross Revenue (AGR). In light of aforesaid Court Judgment, the Group has also considered whether any events are likely to arise that would result in early repayment of the balance of the bonds and has assessed any material restrictions that may be imposed on it consequent to the actions/inactions of its intermediate parent company. For more details on covenants on these bonds, please refer to note 23 in the consolidated financial statements.

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

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

In order to assess its ability to be a going concern, the directors have taken into account all factors likely to affect its future performance and financial position, including the Group's cash flows under both base and reasonable worst case scenarios, solvency and liquidity positions and the availability of committed and uncommitted facilities. Further, the directors have considered all the risks and uncertainties relating to its business activities and actions implemented by its intermediate parent company to comply with the Court Judgment as well as the potential impact arising from COVID-19 spread in the countries where we operate.

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

2. Summary of significant accounting policies continued

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

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

2.3 Basis of consolidation

a. Subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 March each year. The Group controls an entity when it is exposed to or has right to variable return from its involvement with the entity, and has the ability to affect those returns through its power (that is, existing rights that give it the current ability to direct the relevant activities) over the entity. The Group re-assesses whether or not it controls the entity, in case the underlying facts and circumstances indicate that there are changes to above-mentioned parameters that determine the existence of control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and they are de-consolidated from the date that control ceases. Non-controlling interests is the equity in a subsidiary not attributable to the parent and is presented separately from the parent's equity. Non-controlling interests consist of the amount at the date of the business combination and its share of changes in equity since that date. Profit or loss and other comprehensive income/loss are attributed to the controlling and non-controlling interests in proportion to their ownership interests, even if this results in the non-controlling interests having a deficit balance. However, in cases where there are binding contractual arrangements that determine the attribution of the earnings, the attribution specified by such arrangement is considered.

The profit or loss on disposal (associated with loss of control) is recognised in the Consolidated statement of comprehensive income being the difference between (i) the aggregate of the fair value of consideration received and the fair value of any retained interest, and

(ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. In addition, any amounts previously recognised in other comprehensive income in respect of that de-consolidated entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in the other comprehensive income are re-classified to the profit and loss. Any retained interest in the entity is remeasured to its fair value with the resultant change in carrying value being recognised in the profit and loss.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as a transaction with equity holders. Any difference between the amount of the adjustment to non-controlling interests and any consideration exchanged is recognised in 'transactions with NCI reserve', within equity.

b. Joint ventures and associate

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in joint ventures and associate are accounted for using the equity method from the date on which the Group obtains joint control over the joint ventures/starts exercising significant influence over the associate.

At each reporting date, the Group determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of investment and its carrying value.

c. Method of consolidation

Accounting policies of the respective individual subsidiary, joint venture and associate are aligned wherever necessary, to ensure consistency with the accounting policies that are adopted by the Group under IFRS.

The stand-alone financial statements of subsidiaries are fully consolidated on a line-by-line basis after adjusting for business combination adjustments. Intra-group balances and transactions, and income and expenses arising from intra-group transactions, are eliminated while preparing the financial statements. The unrealised gains resulting from intra-group transactions are also eliminated. Similarly, the unrealised losses are eliminated, unless the transaction provides evidence as to impairment of the asset transferred.

The Group's investments in its joint ventures and associate are accounted for using the equity method. Accordingly, the investments are carried at cost less any impairment losses, as adjusted for post-acquisition changes in the Group's share of the net assets of investees. Any excess of the cost over the Group's share of net assets in its joint ventures/associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment. The unrealised gains/losses resulting from transactions with joint ventures and associate are eliminated against the investment to the extent of the Group's interest in the investee. However, unrealised losses are eliminated only to the extent that there is no evidence of impairment.

2.4 Business combination

The Group accounts for business combinations using the acquisition method of accounting, and accordingly, the identifiable assets acquired and the liabilities assumed in the acquisition are recorded at their acquisition date fair values (except certain assets and liabilities which are required to be measured as per the applicable standard) and the non-controlling interest is initially recognised at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The consideration transferred for the acquisition of a subsidiary is the aggregation of the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group in exchange for control of the acquiree.

The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is subsequently measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, along with the amount of any non-controlling interests in the acquiree and the acquisition-date fair value (with the resulting difference being recognised in Consolidated statement of comprehensive income) of any previous equity interest in the acquiree, over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Acquisition-related costs are expensed in the period in which the costs are incurred.

If the initial accounting for a business combination is incomplete as at the reporting date in which the combination occurs, the identifiable assets and liabilities acquired in a business combination are measured at their provisional fair values at the date of acquisition. Subsequently, adjustments to the provisional values are made within the measurement period, if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date; otherwise the adjustments are recorded in the period in which they occur.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'.

2.5 Foreign currency transactions

a. Functional and presentation currency

The items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates (i.e. 'functional currency').

The financial statements are presented in US\$, which is also the functional, and presentation currency of the company.

b. Transactions and balances

Transactions in foreign currencies are initially recorded in the relevant functional currency at the rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement/settlement, recognised in the Consolidated statement of comprehensive income within finance costs/finance income. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent, at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair value) – with the resulting foreign exchange difference, on subsequent re-statement/settlement, recognised in the profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity.

The equity items denominated in foreign currencies are translated at historical exchange rate.

c. Foreign operations

The assets and liabilities of foreign operations (including the goodwill and fair value adjustments arising on the acquisition of foreign entities) are translated into US\$ at the exchange rates prevailing at the reporting date whereas their statements of profit and loss are translated into US\$ at monthly average exchange rates and the equity is recorded at the historical rate. The resulting exchange differences arising on the translation are recognised in other comprehensive income and held in foreign currency translation reserve (FCTR), a component of equity. On disposal of a foreign operation (that is, disposal involving loss of control), the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

2.6 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

Deferred tax assets and liabilities, and all assets and liabilities which are not current (as discussed in the below paragraphs) are classified as non-current assets and liabilities.

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within 12 months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Derivatives designated in hedging relationship and separated embedded derivatives are classified based on the hedged item and the host contract respectively.

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

2. Summary of significant accounting policies continued

2.7 Property, plant and equipment (PPE) and capital work-in-progress

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. PPE is initially recognised at cost.

The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Further, it includes assets installed on the premises of customers as the associated risks, rewards and control remain with the Group.

Subsequent to initial recognition, PPE is stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the Group recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the statement of financial position and cost of the new item of PPE is recognised.

The expenditures that are incurred after an item of PPE has been put to use, such as repairs and maintenance, are normally charged to the Consolidated statement of comprehensive income in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Group, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. Freehold land is not depreciated as it has an unlimited useful life. The Group has established the estimated range of useful lives for different categories of PPE as follows:

Categories	Years
Leasehold improvement	Period of lease or 10 – 20 years, as applicable, whichever is less
Buildings	20
Plant and equipment	
– Network equipment (including passive infrastructure)	3 – 25
Computer equipment	3 – 5
Furniture & fixtures and office equipment	1 – 5
Vehicles	3 – 5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least, as at each reporting date so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and/or depreciation method are accounted prospectively, and accordingly, the depreciation is calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed of are de-recognised from the statement of financial position and the resulting gains/ (losses) are included in the consolidated statement of comprehensive income within other expenses/other income.

PPE in the course of construction is carried at cost, less any accumulated impairment and presented separately as capital work-in-progress (CWIP) including capital advances in the statement of financial position until capitalised. Such cost comprises of purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost.

2.8 Intangible assets

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be measured reliably.

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable net assets purchased (refer note 2.4). Goodwill is not amortised; however, it is tested for impairment (refer to note 2.9) and carried at cost less any accumulated impairment losses. The gains/(losses) on the disposal of a cash-generating unit (CGU) include the carrying amount of goodwill relating to the CGU sold (in case goodwill has been allocated to a group of CGUs; it is determined basis of the relative fair value of the operations sold).

The intangible assets that are acquired in a business combination are recognised at fair value as on acquisition date. Other intangible assets are recognised at cost. These assets having a definite useful life are carried at cost less accumulated amortisation and any impairment losses. Amortisation is computed using the straight-line method over the expected useful life of intangible assets.

The Group has established the estimated useful lives of different categories of intangible assets as follows:

- **Software**

Software are amortised over the period of the licence, generally not exceeding three years.

- **Licences (including spectrum)**

Acquired licences and spectrum are amortised commencing from the date when the related network is available for intended use in the relevant jurisdiction. The useful lives range from two to twenty-five years.

In addition, the Group incurs a fee on licences/spectrum that is calculated based on the revenue amount of the period. Such revenue share-based fee is recognised as a cost in the consolidated statement of comprehensive income when incurred.

- **Other acquired intangible assets**

Other acquired intangible assets include the following:

Customer relationship – Over the estimated life of such relationships which ranges from one year to five years.

The useful lives and amortisation method are reviewed, and adjusted appropriately, at least at each financial year end so as to ensure that the method and period of amortisation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives and/or amortisation method is accounted prospectively, and accordingly, the amortisation is calculated over the remaining revised useful life.

Further, the cost of intangible assets under development includes the amount of spectrum allotted to the Group and related costs for which services are yet to be rolled out and are presented separately in the statement of financial position.

2.9 Impairment of non-financial assets

a. Goodwill

Goodwill is tested for impairment, at least annually or earlier, in case circumstances indicate that their carrying value may exceed the recoverable amount (higher of fair value less costs of sell and the value-in-use). For the purpose of impairment testing, the goodwill is allocated to a cash-generating unit (CGU) or group of CGUs (CGUs) which are expected to benefit from the acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, but not higher than an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment occurs when the carrying value of a CGU/CGUs including the goodwill, exceeds the estimated recoverable amount of the CGU/CGUs. The recoverable amount of a CGU/CGUs is the higher of its fair value less costs to sell and its value in use. Value-in-use is the present value of future cash flows expected to be derived from the CGU/CGUs.

The total impairment loss of a CGU/CGUs is allocated first to reduce the carrying value of goodwill allocated to that CGU/CGUs and then to the other assets of that CGU/CGUs – on pro-rata basis of the carrying value of each asset.

b. Property, plant and equipment, right-of-use assets, intangible assets and intangible assets under development

At each reporting period date, the Group reviews the carrying amounts of its PPE, right-of-use assets, CWIP and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Intangible assets under development are tested for impairment, at least annually or earlier, in case circumstances indicate that it may be impaired.

For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the CGU level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the consolidated statement of comprehensive income is measured by the amount by which the carrying value of the asset/CGU exceeds their estimated recoverable amount and allocated on pro-rata basis.

c. Reversal of impairment losses

Impairment loss in respect of goodwill is not reversed. Other impairment losses are reversed in the consolidated statement of comprehensive income and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset/CGU in previous years.

2.10 Financial instruments

a. Recognition, classification and presentation

Financial instruments are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument.

The Group determines the classification of its financial instruments at initial recognition.

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows

The Group has classified all non-derivative financial liabilities as measured at amortised cost.

Financial assets with embedded derivatives are considered in their entirety for determining the contractual terms of the cash flow and accordingly, embedded derivatives are not separated. However, derivatives embedded in non-financial instrument/financial liabilities (measured at amortised cost) host contracts are classified as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts.

Financial assets and liabilities arising from different transactions are offset against each other and the resultant net amount is presented in the statement of financial position, if and only when, the Group currently has a legally enforceable right to set-off the related recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The amounts held by electronic account holders in their mobile money wallets are presented separately in the Balance Sheet as 'Mobile money wallet balance'. The amounts held in bank on behalf of such electronic account holders are restricted for use by the Group and are presented as 'Balance held under mobile money trust'.

b. Measurement – Non-derivative financial instruments

I. Initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other transaction costs are expensed as incurred in the Consolidated statement of comprehensive income.

II. Subsequent measurement – financial assets

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

• Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest rate (EIR) method (if the impact of discounting/any transaction costs is significant). Interest income from these financial assets is included in finance income.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

2. Summary of significant accounting policies continued

• Financial assets at fair value through profit or loss (FVTPL)

All equity instruments and financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVTOCI) are measured at FVTPL. Interest (basis EIR method) and dividend income from financial assets at FVTPL is recognised in the profit and loss within finance income/finance costs separately from the other gains/losses arising from changes in the fair value.

Impairment

The company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and debt instrument carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, 12 month expected credit loss (ECL) is used to provide for impairment loss; otherwise lifetime ECL is used.

However, only in case of trade receivables, the Group applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables.

III. Subsequent measurement – financial liabilities

Financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting/any transaction costs is significant).

c. Measurement – derivative financial instruments

Derivative financial instruments, including separated embedded derivatives that are not designated as hedging instruments in a hedging relationship are classified as financial instruments at fair value through profit or loss. Such derivative financial instruments are initially recognised at fair value. They are subsequently measured at their fair value, with changes in fair value being recognised in profit or loss within finance income/finance costs.

d. Hedging activities

I. Fair value hedge

Some of the Group's entities use derivative financial instruments (e.g. interest rate/currency swaps) to manage/mitigate their exposure to the risk of change in fair value of the borrowings. The Group designates certain interest swaps to hedge the risk of changes in fair value of recognised borrowings attributable to the hedged interest rate risk. The effective and ineffective portion of changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit and loss within finance income/finance costs, together with any changes in the fair value of the hedged liability that is attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to profit or loss over the period to remaining maturity of the hedged item.

II. Cash flow hedge

Some of the Group's entities use derivative financial instruments (e.g. foreign currency forwards, options, swaps) to manage their exposure to foreign exchange and price risk. Further, the Group designates certain derivative financial instruments (or its components) as hedging instruments for hedging the exchange rate fluctuation risk attributable to either a recognised item or a highly probable forecast transaction (Cash flow hedge). The effective portion of changes in the fair value of derivative financial instruments (or its components) that are designated and qualify as cash flow hedges are recognised in other comprehensive income and held as cash flow hedge reserve (CFHR) – within other components of equity. Any gains/(losses) relating to the ineffective portion are recognised immediately in profit

or loss within finance income/finance costs. The amounts accumulated in equity are re-classified to the profit and loss in the periods when the hedged item affects profit/(loss).

When a hedging instrument expires or is sold, or when a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gains/(losses) existing in equity at that time remains in equity and is recognised (on the basis as discussed in the above paragraph) when the forecast transaction is ultimately recognised in the profit and loss. However, at any point of time, when a forecast transaction is no longer expected to occur, the cumulative gains/(losses) that were reported in equity is immediately transferred to the profit and loss within finance income/finance costs.

III. Net investment hedge

The Group hedges its net investment in certain foreign subsidiaries. Accordingly, any foreign exchange differences on the hedging instrument (e.g. borrowings) relating to the effective portion of the hedge is recognised in other comprehensive income as foreign currency translation reserve (FCTR) – within other components of equity, so as to offset the change in the value of the net investment being hedged. The ineffective portion of the gain or loss on these hedges is immediately recognised in profit or loss. The amounts accumulated in equity are included in the profit and loss when the foreign operation is disposed or partially disposed.

e. Derecognition

Financial liabilities are derecognised from the statement of financial position when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The financial assets are derecognised from the statement of financial position when the rights to receive cash flows from the financial assets have expired, or have been transferred and the Group has transferred substantially all risks and rewards of ownership. The difference in the carrying amount and consideration is recognised in the consolidated statement of comprehensive income.

2.11 Leases

At inception of a contract, the Group assesses a contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether the contract involves the use of an identified asset, the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Group has the right to direct the use of the asset.

a. Group as a lessee

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the statement of financial position. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on consumer price index (CPI), the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments including due to changes in CPI or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Subsequent to initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying property and equipment.

In the statement of financial position, the right-of-use assets and lease liabilities are presented separately.

When a contract includes lease and non-lease components, the Group allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

b. Group as a lessor

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under a finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance lease income is allocated to the periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

The Group enters into 'Indefeasible right to use' (IRU) arrangements wherein the right to use the assets is given over the substantial part of the asset life. However, as the title to the assets and the significant risks associated with the operation and maintenance of these assets remains with the Group, such arrangements are recognised as operating lease. The contracted price is recognised as revenue during the tenure of the agreement. Unearned IRU revenue received in advance is presented as deferred revenue within liabilities in the statement of financial position.

2.12 Taxes

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the profit and loss, except to the extent that it relates to items recognised in the same or a different period, outside profit or loss, in other comprehensive income or directly in equity, in which case the related income tax is also recognised accordingly.

a. Current tax

Current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date in the respective countries where the Group entities operate and generate taxable income. The payments made in excess/(shortfall) of the respective Group entities' income tax obligation for the respective periods are recognised in the statement of financial position under income tax assets/income tax liabilities, respectively.

Any interest, related to accrued liabilities for potential tax assessments are not included in Income tax charge or (credit), but are rather recognised within finance costs.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable or based on expected value approach, as applicable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice. Please also refer changes in accounting policies and disclosures under note 2.1.

b. Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Further, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax losses and tax credits can be utilised. Moreover, deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associate – unless the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets, recognised and unrecognised, are reviewed at each reporting date and assessed for recoverability based on best estimates of future taxable profits.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

2. Summary of significant accounting policies continued

Income tax assets and liabilities are offset against each other and the resultant net amount is presented in the statement of financial position if, and only when, (a) the Group currently has a legally enforceable right to offset the current income tax assets and liabilities, and (b) when it relate to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

2.13 Inventories

Inventories are stated at the lower of cost (determined using the first-in-first-out method) and net realisable value. The costs comprise its purchase price and any directly attributable cost of bringing it to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated variable costs necessary to make the sale.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the statement of cash flows, in addition to above items, any bank overdrafts that are integral part of the Group's cash management and balance held under mobile money trust are also included as a component of cash and cash equivalents.

2.15 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets-held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets (measured in accordance with IAS 12) and financial assets which are measured at fair value in accordance with IFRS 9. Non-current assets are not depreciated or amortised while they are classified as held for sale.

Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

Loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative loss previously recognised.

If the criteria for the held for sale are no longer met, it ceases to be classified as held for sale and is measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation/amortisation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

2.16 Share capital/share premium

Ordinary shares are classified as equity when the Group has an unconditional right to avoid delivery of cash or another financial asset, that is, when the dividend and repayment of capital are at the sole and absolute discretion of the Group and there is no contractual obligation whatsoever to that effect. Share premium account is used to record the premium on issue of shares.

2.17 Employee benefits

The Group's employee benefits mainly include wages, salaries, bonuses, defined contribution to plans, defined benefit plans, other long-term benefits including compensated absences and share-based payments. The employee benefits are recognised in the year in which the associated services are rendered by the Group employees. Short-term employee benefits are recognised in Statement of comprehensive income at undiscounted amounts during the period in which the related services are rendered. Details of long-term employee benefits are provided below:

- **Defined contribution plans**

The contributions to defined contribution plans are recognised in profit or loss as and when the services are rendered by employees. The Group has no further obligations under these plans beyond its periodic contributions.

- **Defined benefit plans**

The Group has defined benefit plans in the form of 'Retirement Benefits' and 'Severance Pay' wherein the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each quarterly reporting periods. The obligation towards the said benefits is recognised in the balance sheet under provisions, at the present value of the defined benefit obligations. The present value of the said obligation is determined by discounting the estimated future cash outflows, using appropriate discount rate.

Defined benefit costs are split into the following categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements
- interest expense
- remeasurements

The Group recognises service costs within profit or loss as employee benefit expenses. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Interest cost is calculated by applying a discount rate to the defined benefit liability and is recognised within finance costs. Remeasurements comprising actuarial gains and losses are recognised immediately as a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified.

- **Other long-term employee benefits**

The employees of the Group are entitled to compensated absences as well as other long-term benefits. Compensated absences benefit comprises encashment and the availing of leave balances that were earned by the employees over the period of past employment.

The Group provides for the liability (presented under provisions) towards the said benefits on the basis of actuarial valuation carried out quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method. The related re-measurements are recognised in the statement of profit and loss in the period in which they arise.

- **Share-based payments**

Please refer to note 2.18 below.

2.18 Share-based payments

The Group operates equity-settled and cash-settled compensation plans, under which the Group receives services from employees as consideration for cash-settled units/equity shares.

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 7.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates of the number of equity instruments expected to vest, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

The cost of cash-settled plans is measured initially at fair value at the grant date, further details of which are given in note 7. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to, and including, the settlement date, with changes in fair value recognised in employee benefits expense. The credit is recognised as a liability within other financial liabilities.

As at each reporting date, the Group revises its estimates of the number of options that are expected to vest, if required. It recognises the impact of any revision to original estimates in the period of change. Accordingly, no expense is recognised for awards that do not ultimately vest, except for which vesting is conditional upon a market performance/non-vesting condition. These are treated as vesting irrespective of whether or not the market/non-vesting condition is satisfied, provided that service conditions and all other non-market performance are satisfied.

Where the terms of an award are modified, in addition to the expense pertaining to the original award, an incremental expense is recognised for any modification that results in additional fair value, or is otherwise beneficial to the employee as measured at the date of modification.

2.19 Provisions

a. General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the relevant obligation, using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation. The increase in the provision due to un-winding of discount over passage of time is recognised within finance costs.

b. Provision for legal, tax and regulatory matters

The Group is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the Group. Management, in consultation with the legal, tax and other advisers, assesses the likelihood that a pending claim will succeed. The Group recognises a provision in cases where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations arising from such claims. Please also refer to the changes in accounting policies and disclosures under note 2.1.

c. Asset retirement obligation (ARO)

AROs are recognised for those lease arrangements where the Group has an obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. AROs are provided at the present value of expected costs to settle the obligation and are recognised as part of the cost of that particular asset. The estimated future costs of decommissioning are reviewed annually and any changes in the estimated future costs or in the discount rate applied are adjusted from the cost of the asset.

2.20 Contingencies

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised unless virtually certain and disclosed only where an inflow of economic benefits is probable.

2.21 Revenue

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the Group has received or expects to receive in exchange of those products or services, net of any taxes/duties and discounts. When determining the consideration to which the Group is entitled for providing promised products or services via intermediaries, the Group assesses whether the intermediary is a principal or agent in the onward sale to the end customer. To the extent that the intermediary is considered a principal, the consideration to which the Group is entitled is determined to be that received from the intermediary. To the extent that the intermediary is considered an agent, the consideration to which the Group is entitled is determined to be the amount received from the customer; the upfront discount provided to the intermediary is recognised as a cost of sale.

The Group has entered into certain multiple-element revenue arrangements, which involve the delivery or performance of multiple products, services or rights to use assets. At the inception of the arrangement, all the deliverables therein are evaluated to determine whether they represent distinct performance obligations, and if so, they are accounted for separately.

Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their relative stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells equipment and network services separately.

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

2. Summary of significant accounting policies continued

Revenue is recognised when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

- **Service revenue**

Service revenue is derived from the provision of telecommunication services and mobile money services to customers. The majority of the customers of the Group subscribe to the services on a pre-paid basis.

Telecommunication service revenues mainly pertain to usage, subscription charges for voice, data, messaging and value added services and customer onboarding charges, which include activation charges.

Telecommunication services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the Group's network and transmitted as data representing a digital signal on the network. The transmission consumes network bandwidth and therefore, irrespective of the nature of the communication, the customer ultimately receives access to the network and the right to consume network bandwidth.

Customers pay in advance for services of the Group, these cash amounts are recognised in deferred income on the consolidated statement of financial position and transferred to the consolidated income statement when the service obligation has been performed/when the usage of services becomes remote.

The Group recognises revenue from these services over time as they are provided. Revenue is recognised over time based on actual units of telecommunication services provided during the reporting period as a proportion of the total units of telecommunication services to be provided.

Subscription charges are recognised over the subscription pack validity period. Customer onboarding revenue is recognised upon successful onboarding of customers, i.e. upfront.

Revenues recognised in excess of amounts invoiced are classified as unbilled revenue. If amounts invoiced/collected from a customer are in excess of revenue recognised, a deferred revenue/advance income is recognised.

Service revenues also includes revenue from interconnection/roaming charges for usage of the Group's network by other operators for voice, data, messaging and signaling services. These are recognised upon transfer of control of services being transferred over time.

Revenues from long distance operations comprise voice services and bandwidth services (including installation), which are recognised on provision of services and over the period of respective arrangements.

The Group has interconnect agreements with local and foreign operators. This allows customers from either network to originate or terminate calls to each others' network. Revenue is earned and recognised as per bilateral agreements when other operators' calls are terminated to the Group's network i.e. the service is rendered.

As part of the mobile money services, the Group earns commission from merchants for facilitating recharges, bill payments and other merchant payments. It also earns commissions on transfer of monies from one customer wallet to another. Such commissions are recognised as revenue at a point in time on fulfillment of these services by the Group.

- **Costs to obtain or fulfil a contract with a customer**

The company has estimated that the historic average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life and has changed its policy on cost deferral recognition in these financial statements. Accordingly, the company has deferred such costs over expected average customer life (for more details refer to note 6).

- **Equipment sales**

Equipment sales mainly pertain to sale of telecommunication equipment and related accessories for which revenue is recognised when the control of equipment is transferred to the customer i.e. transferred at a point in time.

2.22 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

2.23 Operating profit

Operating profit is stated as revenue less operating expenditure including depreciation and amortisation and operating exceptional items. Operating profit excludes finance income, finance costs, non-operating income and share of results of joint ventures/associate.

2.24 Alternative performance measures (APM) – Exceptional items

Management exercises judgement in determining the adjustments to apply to IFRS measurements in order to derive APMs, which provide additional useful information on the underlying trends, performance and position of the Group. This assessment covers the nature of the item being one-off or non-routine, the cause of occurrence being non-controllable and the scale of impact of that item on reported performance in accordance with the exceptional items policy.

To monitor the performance, the Group uses the following APMs:

- 'Underlying profit before tax' representing profit before tax for the period excluding the impact of exceptional items
- 'Underlying profit after tax' representing profit after tax for the period excluding the impact of exceptional items and tax on exceptional items

Exceptional items refer to items of income or expense within the consolidated statement of comprehensive income, which are of such size, nature or incidence that their exclusion is considered necessary to explain the performance of the Group and improve the comparability between periods. Reversals of previous exceptional items are also considered as exceptional items. When applicable, these items include network modernisation, share issue expenses, restructuring costs, impairments, initial recognition of deferred tax assets, impact of mergers etc. A breakdown of the exceptional items included in the consolidated statement of comprehensive income is disclosed in note 11.

For other APMs, refer to pages 194-197 of this report.

2.25 Dividends

Dividend to shareholders of the company is recognised as a liability and deducted from equity, in the year in which the dividends are approved by the shareholders. Interim dividends are deducted from the retained earnings when they are paid.

2.26 Earnings per share (EPS)

The Group presents the basic and diluted EPS data. Basic EPS are computed by dividing the profit for the period attributable to the owners of the parent by the weighted average number of shares outstanding during the period.

Diluted EPS is computed by adjusting, the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.

3. Critical accounting estimates, assumptions and judgements

The estimates and judgements used in the preparation of these financial statements are continuously evaluated by the Group, and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Group believes to be reasonable under the existing circumstances. These estimates and judgements are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Although the Group regularly assesses these estimates, actual results could differ materially from these estimates – even if the assumptions underlying such estimates were reasonable when made, if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognised in the financial statements in the year in which they become known.

3.1 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below:

• Uncertain tax treatments

Uncertainties exist with respect to the interpretation of complex tax regulations. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions/contingencies, based on reasonable estimates, for potential consequences of matters which are subject to audits by the tax authorities of the respective countries in which it operates as well as where the probability of acceptability of such matters by tax authorities is in doubt. The amount of such provisions/contingencies is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority, which may be subject to a material change within the next financial year. For details on provisions and contingencies, refer to notes 26 and 30 respectively.

• Deferred tax assets

Deferred tax assets are recognised by the Group, for the unused tax losses and temporary differences for which there is probability of utilisation against the taxable profit. Uncertainties exist in determination of the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments. As at 31 March 2020, the Group has deferred tax assets recognised in Nigeria, Democratic Republic of the Congo (DRC), Niger, Gabon, Malawi, Zambia and Chad. Deferred tax assets in DRC were recognised during the year.

DRC has carried forward tax losses and timing differences on which deferred tax was not recognised in the past. Considering DRC has been in continuous and cumulative profits and on the basis of the likely timing and the level of future taxable profits, the Group has determined it is now probable that taxable profits will be available against which the tax losses and temporary differences can be utilised. Consequently, a deferred tax asset of \$58m was recognised during the year out of which \$13m has been utilised and the remaining balance as of 31 March 2020 is \$45m. For remaining loss making subsidiaries, the criteria to recognise a deferred tax asset was not met as of 31 March 2020. For details as to losses and deductible temporary differences for which deferred tax assets not recognised refer note 12.

• Impairment reviews

Goodwill is tested for impairment, at least annually and whenever circumstances indicate that it may be impaired. For details as to the impairment policy, refer to note 2.9. Accordingly, the company has performed impairment reviews. These did not result in any impairment charge.

The Group mainly operates in developing markets and in such markets, the plan for shorter duration is not indicative of the long-term future performance. Considering this and the consistent use of such robust ten-year information for management reporting purpose, the Group uses ten-year plans for the purpose of impairment testing.

In calculating the value in use, the Group is required to make significant judgements, estimates and assumptions inter-alia concerning the growth in EBITDA, long-term growth rates and discount rates to reflect the risks involved with in the cash flows. The key assumption is the discount rate adopted which is based on weighted average cost of capital for each group of CGUs. Key inputs into the weighted average cost of capital calculation include risk free rates, equity risk premiums, country inflation and country risk premiums. Given the volatility within financial markets, there is a risk that a prolonged pandemic arising from COVID-19 could lead to increased discount rates which may give rise to an impairment over the course of the next financial year.

Further detail including the key assumptions adopted to determine the recoverable amount of goodwill are detailed in note 15.

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

3. Critical accounting estimates, assumptions and judgements continued

• Useful lives of PPE

As described at 2.7 above, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Group determined that the current useful lives of its PPE remain appropriate. However, changes in economic conditions of the markets, competition and technology, among others, are unpredictable and they may significantly impact the useful life of PPE and therefore the depreciation charges. Decrease in useful life of plant and equipment by one year will result in increase in depreciation expenses for the next year by \$83m.

• Contingent liabilities and provisions

The Group is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the Group. Management in consultation with the legal, tax and other advisers to assess the likelihood that a pending claim will succeed. The Group has applied its judgement and has recognised liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable. However, given the nature of these matters, there may be a risk of a material change within the next financial year. For further detail on provisions amounting to \$65m and contingencies amounting to \$189m, refer to notes 26 and 30 respectively.

3.2 Critical judgments in applying the Group's accounting policies

The critical judgements, which the management has made in the process of applying the Group's accounting policies and have the most significant impact on the amounts recognised in the financial statements, are discussed below:

• Determining the incremental borrowing rate for lease contracts

The Group has recognised lease liabilities at present value using the incremental borrowing rate (IBR) based on considerations specific to the lease agreement. Since determination of incremental borrowings is not directly available for the given markets in which Group operates, the Group has used judgement in determining the IBR by taking into consideration risk free borrowing rate based on US\$ bonds and adjusting it for country and company specific risk premiums. The IBR used across the Group ranges from 6.09% to 18.82%. The value of the lease liability is sensitive to the IBR used in the calculation, for every 1% change in the average discount rate has an impact of \$25m on the lease liability and \$25m on the right-of-use asset.

• Separating lease and non-lease components

The consideration paid by the Group in telecommunication towers lease contracts include the use of land, passive infrastructure as well as maintenance, security services, etc. Therefore, in determining the allocation of consideration between lease and non-lease components, for the additional services that are not separately priced, the Group performs detailed analysis of cost split to arrive at relative stand-alone prices of each of the components. The Group bifurcation of the consideration paid between lease versus non-lease component across the Group mainly ranges from 55% to 78%, and a change of 5% would have change the right-of-use asset by \$44m.

• Determining the lease term

Under IFRS 16 if it is reasonably certain that a lease will be extended, the Group is required to estimate the expected lease period in excess of the current contractual terms. The Group has various lease agreements with a right to extend/renew wherein it considers the nature of the contractual terms and economic factors to determine. The Group has used judgement in determining the lease period considering such factors and the lease liability has been calculated using the remaining contractual lease period for all of such lease contracts.

• Determination of functional currency

The Group has determined the functional currency of the Group entities by identifying the primary economic environment in which the entity operates, based on underlying facts/circumstances. However, in respect of certain intermediary foreign operations of the Group, the determination of functional currency is not obvious due to mixed indicators, and the extent of autonomy enjoyed by the foreign operations. In such cases, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

4. New accounting pronouncements to be adopted on or after 1 April 2020

The following pronouncements issued by the IASB are relevant to the Group and effective for annual periods beginning on or after 1 January 2020. The Group's financial reporting will be presented in accordance with these requirements, which are being evaluated but not expected to have a material impact on the consolidated results, financial position or cash flows of the Group, from 1 April 2020.

- Amendments to IFRS 3 'Definition of business'
- Amendments to IAS 1 and IAS 8 'Definition of material'
- Conceptual Framework – Amendments to References to the Conceptual Framework in IFRS Standards

5. Significant transactions/new developments

a) Under a deed dated 28 May 2019 between the company, Airtel Africa Mauritius Limited (AAML/the 'parent') and the several global investors, the terms of minority adjustments were varied such that the obligations existing until such date were assumed by the parent of the company. Consequently, these minority adjustment liabilities amounting to \$64m have been reversed through equity.

Further, other indemnity adjustments amounting to \$72m expired on the publication of the registration document of the company on 28 May 2019 in accordance with the original share subscription agreement between the company and the global investors and hence these were recorded as non-operating income in the statement of comprehensive income. These were offset by other non-operating expense of \$2m.

5. Significant transactions/ new developments continued

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

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

- New shares to be issued by AT to the GoT at no cost such that the GoT will own 49% of the entire share capital of AT and BATBV will own 51%
- Tanzania Revenue Authority's (TRA) tax claim of approximately \$874m on BAIN will be treated as settled without any liability (no provision has been recognised currently)
- Tanzania Communications Regulatory Authority's (TCRA) Compliance Decision of 20 April 2018 imposing on AT a fine of approximately \$183m too will be treated as settled without any liability (no provision has been recognised currently)
- TRA's various tax claims against AT of approximately \$47m will, subject to verification and consideration of the records, be treated as settled without any liability (no provision has been recognised currently)
- AT will be issued a one-time tax clearance certificate in regard to tax disputes in respect of all historical tax claims up to 31 December 2018
- In all cases this shall not be construed as an admission of fact or law or as a concession or admission of any wrongdoing, obligation, liability by any party
- AT, subject to verification and consideration of the records by the TRA, will be allowed the carry-forward tax loss balance as recorded in AT's corporate tax return for the tax year ended 31 December 2017
- Parties will cooperate to effect the sale of towers and the proceeds thereof will be distributed in a pre-defined manner towards repayment of AT's shareholder loan, to be retained in AT and balance as a special one-time payout to the GoT. On receipt of its share of the proceeds from sale of towers, BATBV will waive the balance shareholder loan
- A valid Listing Waiver will be provided to AT and the Group entities in AT in accordance with the laws of Tanzania. Furthermore, in case of listing, the BATBV shares in AT are not subject to listing

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

Post the agreement following matters have been resolved:

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

The completion of all other steps set out above are still in progress at the date of authorisation of the financial statements.

- d) As part of the IPO process, the company, through one of the underwriters, carried out share price stabilisation activities during a 30-day period after the IPO. The company's parent lent shares to the underwriter to facilitate these stabilisation activities. Such stabilisation activities resulted in proceeds of \$7m which being earned on the company's own shares has been recorded as 'Share stabilisation reserve' within 'Other components of equity'.
- e) The Board approved an interim dividend of 3 cents per share on 24 October 2019, which has been paid on 25 November 2019.
- f) Pursuant to the requirement of New Telecommunications Act in Malawi, it was made mandatory for companies holding electronic communication licences to have 20% local shareholding. To give effect to this, the Group has transferred by way of a secondary sale, its 20% shareholding in Airtel Malawi plc (Airtel Malawi), a wholly owned subsidiary of Airtel Africa plc, to the public and consequently Airtel Malawi listed on Malawi Stock Exchange on 24 February 2020. Accordingly, with effect from the date of such transfer the Group has recognised a non-controlling interest equivalent to 20% of the net assets of Airtel Malawi. The excess of carrying value over consideration received from non-controlling interest (NCI) amounting to \$20m, has been recognised in the 'transaction with NCI reserve', within equity.
- g) In February 2019, Airtel Kenya, the Group's operating subsidiary in Kenya, entered into an agreement with Telkom Kenya Limited, the third largest mobile network operator in Kenya, to merge their respective mobile, enterprise and carrier services businesses to operate as 'Airtel-Telkom'. As at the date of these financial statements, the transaction is subject to final approval by the relevant authorities and consequently there is no impact within these financial statements.

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

6. Revenue

	For the year ended	
	31 March 2020	31 March 2019
Service revenue	3,413	3,070
Sale of products	9	7
	3,422	3,077

Transaction price allocated to the remaining performance obligations

Performance obligations that are unsatisfied (or partially unsatisfied) amounting to \$124m at 31 March 2020 and \$110m as at 31 March 2019 will be satisfied within a period of next one year, respectively.

The Group applies the practical expedient in IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Revenue recognised that was included in the deferred revenue balance at the beginning of the year:

	During the year ended	
	31 March 2020	31 March 2019
Revenue recognised that was included in the deferred revenue balance at the beginning of the period	110	107

Significant changes in the unbilled revenue and deferred revenue balances during the year are as follows:

	31 March 2020		31 March 2019	
	Unbilled revenue	Deferred revenue	Unbilled revenue	Deferred revenue
Revenue recognised that was included in the deferred revenue balance at the beginning of the period	–	110	–	107
Increases due to cash received, excluding amounts recognised as revenue during the period	–	124	–	110
Transfers from unbilled revenue recognised at the beginning of the period to receivables	42	–	44	–

Costs to obtain or fulfil a contract with a customer

In prior years, based on information available at that time, the company considered that the average life of customers across its network was less than 12 months and therefore the Group had taken the practical expedient available under IFRS 15 not to defer customer acquisition costs on initial recognition but to expense customer acquisition costs as incurred. With increased and more reliable data, the Group now estimates that the historical average customer life is longer than 12 months (up to 39 months in different geographies) and believes that its churn rate provides the best indicator of anticipated average customer life. The Group considers that it is now appropriate to change its estimate on cost deferral recognition within these financial statements, and now capitalises and amortises customer acquisition costs. The financial impact of this change was to increase profits before tax in total by \$37m, out of which \$10m is relating to the current year, \$6m is relating to prior year and \$21m is relating to earlier years. The amounts relating to the prior and earlier years are not considered material requiring restatement of the prior year financial statements and are presented as exceptional items - refer to note 11.

	During the year ended	
	31 March 2020	31 March 2019
Costs to obtain or fulfil a contract with a customer		
Opening balance	–	–
Costs incurred and deferred	91	–
Less: Cost amortised	(54)	–
Closing balance	37	–

6. Revenue continued

6.1 Segmental Information

The Group's segment information is provided on the basis of geographical clusters to the Group's chief executive officer (chief operating decision maker – CODM) for the purposes of resource allocation and assessment of performance. The Group's reporting segments are as follows:

Nigeria

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

Francophone Africa – Comprising operations in Niger, Gabon, Chad, Republic of the Congo, Democratic Republic of the Congo, Madagascar and the Seychelles

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

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

The segment result is underlying EBITDA, i.e. earnings before interest, tax, depreciation and amortisation before exceptional items as adjusted for charitable donation. This is the measure reported to the CODM for purposes of resource allocation and assessment of segment performance.

Inter-segment pricing and terms are reviewed and changed by the management to reflect changes in market conditions and changes to such terms are reflected in the period in which the changes occur.

Inter-segment revenues eliminated upon consolidation of segments/Group accounting policy alignments are reflected in the 'eliminations/adjustments' column.

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

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

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

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

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

6. Revenue continued

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

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

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

	As of	
	31 March 2020	31 March 2019
United Kingdom	1	–
Nigeria	1,142	867
Netherlands	3,891	4,072
Foreign	2,126	2,225
Total	7,160	7,164

7. Employee benefits expense

	For the year ended	
	31 March 2020	31 March 2019
Salaries	198	202
Defined contribution plan cost	14	14
Defined benefit plan cost	1	2
Staff welfare expenses	13	13
Others	8	5
	234	236

Employee benefit expenses also includes directors' remuneration. For further information about the remuneration of individual directors, please refer to pages 100-114 of the director's remuneration report.

Detail of year ended and monthly average number of people employed by the Group during the year:

	For the year ended			
	31 March 2020		31 March 2019	
	Year end	Average	Year end	Average
Nigeria	649	606	591	583
East Africa	1,179	1,145	1,116	1,121
Francophone Africa	1,226	1,228	1,224	1,266
Corporate and others	309	236	144	148
Total	3,363	3,215	3,075	3,118

7.1 Share-based payment plans

Until listing of the company, the Group had a performance unit plan (PUPs) in place, whereby the eligible employees of the Group were provided with cash-settled units. In these PUPs a cash payout was required to be made to the eligible employees on the basis of applicable vesting conditions in each year and as per the graded pre-defined vesting percentage. The eligible amount used for computation of the liability was calculated with reference to the share price of Bharti Airtel Limited. On IPO, these PUPs have been replaced with 'shadow stock plan' awards and 'replacement stock awards' at an offer price of \$1.01. The benefits under the new replaced plans are based on share price of Airtel Africa plc.

Apart from above mentioned plans, after IPO the company issued new plans to its employees therefore the following table provides an overview of all existing share option plans of the Company:

Scheme	Plans	Vesting period (years)	Contractual term (years)
Equity-settled plans	Replacement stock awards	1-2	2
	IPO awards	1-3	3
	IPO share options	1-3	10
	IPO executive share options	1-3	10
Cash-settled plans	Shadow stock plan	1-2	–

For IPO awards, replacement stock awards and shadow stock awards, vesting is subject to service, total shareholder return (TSR) and financial performance conditions while for IPO share options and IPO executive share options, vesting is subject to service condition only.

The followings table exhibits the net compensation expenses under the scheme:

	For the year ended	
	31 March 2020	31 March 2019
Expenses/(gain) arising from cash-settled share-based payment transaction	0	2

On completion of IPO, performance unit plans have been converted into shadow stock plans and replacement stock awards. Apart from above mentioned plans, the Group has given some new plans to its employees, therefore the following table provides an overview of all existing share option plans of the Group.

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

7. Employee benefits expense continued

Details of share options outstanding during the year are as follows:

	31 March 2020	
	Number of share options (in '000)	Weighted average exercise price
Replacement stock awards		
Outstanding at beginning of year	-	-
Converted from performance unit plans	674	-
Expired during the year	-	-
Outstanding at the end of the year	674	-
IPO Awards		
Outstanding at beginning of year	-	-
Granted during the year	755	-
Expired during the year	-	-
Outstanding at the end of the year	755	-
IPO share options		
Outstanding at beginning of year	-	-
Granted during the year	3,132	1
Expired during the year	-	-
Outstanding at the end of the year	3,132	1
IPO executive share options		
Outstanding at beginning of year	-	-
Granted during the year	12,517	1
Expired during the year	(636)	-
Outstanding at the end of the year	11,881	1
Shadow stock plan		
Outstanding at beginning of year	-	-
Converted from performance unit plans	2,276	-
Expired during the year	(433)	-
Outstanding at the end of the year	1,843	-

On completion of IPO, performance unit plans has been converted into shadow stock awards and replacement stock awards. Performance unit plans do not exist as on 31 March 2020:

	31 March 2020 Number of share options (in '000)	31 March 2019 Number of share options (in '000)
Performance unit plans (PUP)		
Outstanding at beginning of year	1,130	980
Granted	-	670
Exercised	(407)	(303)
Forfeited/expired	(102)	(217)
Converted into shadow stock plan	(479)	-
Converted into replacement stock awards	(142)	-
Outstanding at end of year	-	1,130
Exercisable at end of year	-	-

There are no shares as on 31 March 2020 which are exercisable.

The total carrying value of cash-settled share-based compensation liability is \$1m and \$3m as of 31 March 2020 and 2019, respectively.

7. Employee benefits expense continued

The fair value of options is measured using Black-Scholes valuation model. The key inputs used in the measurement of the grant date fair valuation of equity-settled plans and fair value of cash-settled plans are given in the below table:

	31 March 2020
Risk free interest rates	0.12% to 0.69%
Expected life (years)	0.67 to 6.46
Volatility	26.46% to 34.43%
Dividend yield	10.00%
Share price on the date of grant (US\$)	0.91 to 0.96

	31 March 2019
Performance unit plans (PUP)*	
Risk free interest rates	6.31% to 7.16%
Expected life (years)	0.36 to 4.36
Volatility	34.54%
Dividend yield	0.75%
Share price on the date of grant (US\$)	4.77

* Performance unit plans were linked to the share price of Bharti Airtel Limited hence valuation input of current plans and PUP are not comparable

The expected life of the stock options is based on the Group's expectations and is not necessarily indicative of exercise patterns that may actually occur. The expected volatility reflects the assumption that the historical volatility over a period to the expected life of the options is indicative of future trends, which may not necessarily be the actual outcome. Further, the expected volatility is based on the weighted average volatility of the comparable benchmark companies.

The details of weighted average remaining contractual life, weighted average fair value and weighted average share price for the options are as follows:

	31 March 2019
Performance unit plans (PUP)	
Remaining contractual life for the options outstanding as of (years)	0.35 to 2.36
Fair value for the options granted during the year ended (US\$)	4.62 to 5.13
Share price for the options exercised during the year ended (US\$)	2.7 to 8.56

	31 March 2020
Existing plans	
Remaining contractual life for the options outstanding as of (years)	1 to 9
Fair value for the options granted during the year ended (US\$)	0 to 0.45
Share price for the options exercised during the year ended (US\$)	-

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

7. Employee benefits expense continued

7.2 Employee benefits

The details of significant employee benefits (included within provisions) are as follows (for detail towards plans refer to note 2.17):

	For the year ended 31 March 2020				For the year ended 31 March 2019			
	Retirement benefits	Severance benefits	Compensated absences	Total	Retirement benefits	Severance benefits	Compensated absences	Total
Obligation:								
Balance as at beginning of the year	9	4	7	20	5	4	8	17
Current service cost	1	0	3	4	0	1	2	3
Interest cost	1	0	1	2	0	0	1	1
Benefits paid	(0)	(1)	(3)	(4)	–	(0)	(3)	(3)
Past service cost	0	–	0	0	1	–	–	1
Remeasurements	(1)	(0)	0	(1)	3	(1)	(1)	1
Exchange differences	(0)	(0)	(0)	(0)	0	(0)	(0)	(0)
Present value of employee benefit obligation	10	3	8	21	9	4	7	20
Liability recognised in the balance sheet	10	3	8	21	9	4	7	20
Current portion	2	1	3	6	2	0	3	5
Non-current portion	8	2	5	15	7	4	4	15

Amount recognised in other comprehensive income for the above plans

	For the year ended	
	31 March 2020	31 March 2019
Gain/(loss) from change in experience assumptions	1	(0)
Gain/(loss) from change in demographic assumptions	0	0
Gain/(loss) from change in financial assumptions	(0)	(2)
Remeasurements on Liability	1	(2)

Due to its defined benefit plans, the Group is exposed to the following risks:

Salary risk – The present value of the defined benefit plans liability is calculated by reference to the future salaries of the plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The financial (a year rates) and demographic assumptions used to determine defined benefit obligations are as follows:

	As of	
	31 March 2020	31 March 2019
Discount rate	7.70% to 16.00%	7.75% to 15.50%
Rate of return on plan assets	NA	NA
Rate of salary increase	2.34% to 6.00%	1.96% to 5.00%
Rate of attrition	5.57% to 11.00%	5.00% to 6.90%
Retirement age	59 to 60 years	59 to 60 years

The Group regularly assesses these assumptions with the projected long-term plans and prevalent industry standards.

7. Employee benefits expense continued

The impact of sensitivity due to changes in the significant actuarial assumptions on the defined benefit obligations is given in the table below:

		As of 31 March 2020			As of 31 March 2019		
		Retirement benefits	Severance benefits	Total	Retirement benefits	Severance benefits	Total
Discount rate	+1.00%	(1)	(0)	(1)	(1)	(0)	(1)
	-1.00%	1	0	1	1	0	1
Salary growth rate	+1.00%	1	0	1	1	0	1
	-1.00%	(1)	(0)	(1)	(1)	(0)	(1)
Withdrawal rate	+1.00%	(0)	1	1	(1)	1	0
	-1.00%	0	(1)	(1)	1	(1)	(0)

The above sensitivity analysis is determined based on a method that extrapolates the impact on the net defined benefit obligations, because of reasonable possible changes in the significant actuarial assumptions. Further, the above sensitivity analysis is based on a reasonably possible change in a particular underlying actuarial assumption, while assuming all other assumptions to be constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The table below summarises the maturity profile and duration of the defined benefits plan liability:

	As of	
	31 March 2020	31 March 2019
Within one year	3	2
Within one-three years	1	1
Within three-five years	6	4
Above five years	11	9
	21	16
Weighted average duration in years	7	7

8. Other expenses

	For the year ended	
	31 March 2020	31 March 2019
Cost of goods sold ¹	141	112
Repair and maintenance	38	35
Legal and professional fees	32	22
Rates and taxes	25	15
Content cost	21	28
IT expenses	16	21
Travel and conveyance	15	12
Customer care expenses	16	14
Charitable donation	5	4
Provision for capital work in progress and others	(17)	14
Others ²	41	41
	333	318

1 Cost of goods sold mostly relates to cost of handsets and payment gateway charges

2 Others include printing and stationery, security, rent and billing, insurance and software expenses

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

8. Other expenses continued

8.1 Auditor's remuneration

The total remuneration of the Group's auditor, Deloitte and other member firms of Deloitte, for services provided to the Group during the year ended 31 March 2020 and 2019 respectively is analysed below (\$'000):

	For the year ended	
	31 March 2020	31 March 2019
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	1,958	–
Fees payable to the Company's auditor and their associates for the audit of the Company's subsidiaries	2,125	–
Total audit fees post-IPO	4,083	–
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	–	744
Fees payable to the Company's auditor and their associates for other services to the Group – for audit of the Company's subsidiaries	–	1,933
Total audit fees pre Initial Public Offering (IPO)	–	2,677
Total audit	4,083	2,677
Non-audit services		
Fees payable to the Company's auditor associates for accountant's report on IPO of Airtel Malawi Limited	38	11
Fees payable to the Company's auditor associates for quarterly assurance services performed by component teams	946	–
Fees payable to the Company's auditors for quarterly review procedures performed by Deloitte UK for the purposes of Airtel Africa plc	544	–
Fees payable to the Company's auditors for half yearly review procedures performed by Deloitte UK for the purposes of Airtel Africa plc	379	–
Post-IPO non-audit services	1,907	11
Fees payable to the Company's auditor associates for quarterly assurance services performed by component teams	–	858
Fees payable to the Company's auditor associates for taxation and Ohada accounting support	–	354
Fees payable to the Company's auditors for other services to the Group – Airtel Africa IPO-related costs ¹	2,464	3,695
Pre-IPO non-audit services	2,464	4,907
Total non-audit fees	4,371	4,918
Total fees	8,454	7,595

1 These costs were incurred from the Group raising equity through an initial public offering and have been charged against equity

9. Depreciation and amortisation

	For the year ended	
	31 March 2020	31 March 2019
Depreciation	549	501
Amortisation	83	72
	632	573

10. Finance costs and income

	For the year ended	
	31 March 2020	31 March 2019
Finance costs		
Interest on borrowings	172	195
Interest on lease liabilities	127	126
Amortisation of loan origination costs	3	6
Net exchange loss	110	45
Other finance charges ¹	28	22
	440	394
Finance income		
Interest income on deposits	29	19
Interest income on others	0	2
Net gain on derivative financial instruments	38	11
	67	32

1 This includes bank charges, corporate guarantee fees and commitment fees

11. Exceptional items

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

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

1 Mainly includes accelerated depreciation pertaining to the non-usable de-installed network equipment as part of the Group's one time network modernisation programmes started in 2017 and is expected to be completed by June 2020

2 Represents equity issuance related expenses under IPO of the company including cost and fair value changes of derivatives taken for IPO proceeds. It also includes equity issuance cost of rights issue in a subsidiary, Republic of the Congo

3 Represents expiry of indemnity obligation on the publication of registration document of the company. This is presented as 'Non-operating income' in the statement of comprehensive income - for further details, refer to note 5a

4 Represents one time current year income statement impact relating to previous periods of \$27m on deferment of customer acquisition costs following reassessment of customer life - for further details, refer to note 6

5 Represents a charge due to settlement of past litigations, vendor claims, reconciliation of balances and tax related contingent liability

6 Represents accelerated amortisation of transaction costs and fair value hedge adjustment on account of prepayment of \$1,000m bonds

7 Mainly relates to the voluntary retirement of employees on account of restructuring in Madagascar and Rwanda

Underlying profit after tax excludes the following exceptional items:

	For the year ended	
	31 March 2020	31 March 2019
Profit after tax	408	426
– Exceptional item (as above)	(65)	69
– Tax on above exceptional items	4	(4)
– Deferred tax asset recognition in DRC and Nigeria ¹	(51)	(163)
– Reversal of current tax provision	–	(27)
– Settlement of tax litigations in a subsidiary	–	6
	(112)	(119)
Underlying profit after tax	296	307

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

1 See note 3.1 for information with regard to deferred tax assets

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

12. Income tax

The major components of the income tax (credit)/expense are:

	For the year ended	
	31 March 2020	31 March 2019
Current income tax		
– For the year	200	122
– Adjustments for prior periods	(24)	(33)
	176	89
Deferred tax		
– Origination and reversal of temporary differences	72	2
– Recognition of deferred tax on tax losses & temporary differences	(58)	(169)
	14	(167)
Income tax expense	190	(78)

Factors affecting the tax expense for the year

The table below explains the differences between the expected tax expenses, being the aggregate of the Group's geographical split of profits/(loss) multiplied by the relevant local tax rates and the Group's total tax expense for each year:

	For the year ended	
	31 March 2020	31 March 2019
Profit before tax as shown in the consolidated income statement	598	348
Blended tax rate ¹	32.16%	30.84%
Tax expense at the Group's blended tax rate	192	107
Effect of:		
Tax on dividend & undistributed retained earnings of subsidiaries	22	(7)
Withholding taxes on Group management fees/ Irrecoverable withholding taxes	11	9
Adjustment in respect of previous years	(24)	(33)
Deferred tax triggered during the year	(58)	(170)
Minimum alternate tax for which no credit is allowed	6	10
Items for which no deferred tax asset recognised	30	24
Expenses (net) not taxable/deductible	9	10
Settlement of various disputes/Adjustment in respect of prior year tax liabilities	3	(32)
Other tax	(1)	4
Income tax expense/(income)	190	(78)

1 Blended tax rate has been derived by applying the following formula: profit/(loss) before tax for each entity multiplied by respective statutory tax rate/consolidated profit before tax. For effective tax rate, please refer to the alternative performance measures on pages 194-201

For the year ended 31 March 2020, \$58m of deferred tax asset was recognised on brought forward tax losses and other deductible temporary differences for DRC due to continued improvement in profitability. During the year, unwinding of deferred tax for \$13m of this accounted in DRC is included as part of other tax. Hence, overall deferred tax assets on the reporting date reduced to \$45m in DRC. For the year ended 31 March 2019 includes income of \$170m of deferred tax asset recognised for Nigeria against deductible temporary differences and carried forward losses.

During the year, a current tax benefit of \$17m arose as a result of the use of tax losses in the period for which no deferred tax asset was recognised at prior year end.

Other tax includes reversal of withholding tax obligation for \$18m.

12. Income tax continued

The analysis of deferred tax assets and liabilities is as follows:

Deferred tax in jurisdictions with net deferred tax assets is comprised of:

	As of	
	31 March 2020	31 March 2019
Deferred tax assets (net)		
a) Deferred tax asset arising out of		
Provision for impairment of trade receivables/advances	28	47
Carry forward losses	288	302
Deferred revenue	2	5
Fair valuation of financial instruments and exchange differences	15	33
Depreciation/amortisation on PPE/intangible assets	28	23
Deferred tax asset on fair valuation of PPE/Intangible	6	25
Others	14	2
b) Deferred tax liability due to		
Fair valuation of financial instruments and exchange differences	(1)	(1)
Depreciation/amortisation on PPE/intangible assets	(47)	(90)
Others	0	–
	333	346

Deferred tax in jurisdictions with net deferred tax liabilities is comprised of:

	As of	
	31 March 2020	31 March 2019
Deferred tax liabilities (net)		
a) Deferred tax liability due to		
Fair valuation of financial instruments and exchange differences	0	(1)
Depreciation/amortisation on PPE/intangible assets	(55)	(42)
Others	(0)	–
Deferred tax liability on retained earnings	(18)	(1)
b) Deferred tax asset arising out of		
Provision for impairment of trade receivables/advances	4	5
Fair valuation of financial instruments and exchange differences	2	6
Others	(2)	–
	(69)	(33)

Deferred tax assets and liabilities are consolidated jurisdiction wise at component level and net deferred tax assets/liability in the jurisdictions is segregated into deferred tax assets and deferred tax liability component.

Net deferred tax asset/(liability) reflected in the statement of financial position is as follows:

	As of	
	31 March 2020	31 March 2019
Deferred tax asset	333	346
Deferred tax liabilities	(69)	(33)

Movement reflected in profit and loss for each of the temporary differences and tax losses carryforward is as follows:

	As of	
	31 March 2020	31 March 2019
Deferred tax expenses/(benefit)		
Provision for impairment of trade receivables/advances	16	(10)
Carry forward losses	(3)	(156)
Fair valuation of financial instruments and exchange differences	13	36
Depreciation/amortisation on PPE/intangible assets	(38)	(21)
Deferred revenue	–	(0)
Deferred tax asset on fair valuation of PPE/intangible	19	4
Undistributed retained earnings	17	(14)
Others	(10)	(6)
	14	(167)

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

12. Income tax continued

The movement in deferred tax assets and liabilities during the year is as follows:

	As of	
	31 March 2020	31 March 2019
Opening balance	313	163
Tax (expense) / Income recognised in statement of profit & loss	(14)	167
Translation adjustment and others - recognised in other comprehensive loss	(35)	(17)
Closing balance	264	313

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and carry forward tax losses/credits can be utilised. Accordingly, the Group has not recognised deferred tax assets in respect of deductible temporary differences and carry forward tax losses of \$1,835m and \$1,491m as of 31 March 2020 and 31 March 2019 respectively, as it is not probable that relevant taxable profits will be available in future. The applicable tax rates for the same vary from 20% to 40%, depending on the tax jurisdiction in which the respective Group entity operates.

Unused tax losses and deductible temporary differences for which no deferred tax assets is recognised:

	As of	
	31 March 2020	31 March 2019
Expiring within five years	1,050	915
Expiring beyond five years	267	361
Unlimited	518	215
	1,835	1,491

Unused tax losses and deductible temporary differences for which deferred tax assets is recognised:

	As of	
	31 March 2020	31 March 2019
Expiring within five years	173	29
Unlimited	786	955
	959	984

The Group has not recognised deferred tax liability with respect to unremitted retained earnings and associated foreign currency translation reserve with respect to certain of its subsidiaries where the Group is in a position to control the timing of the distribution of profits and it is probable that the subsidiaries will not distribute the profits in the foreseeable future. Also, the Group does not recognise deferred tax liability on the unremitted retained earnings of its subsidiaries wherever it believes that it would avail the tax credit for the dividend distribution tax payable by the subsidiaries on its dividend distribution. The taxable temporary difference associated with respect to unremitted retained earnings is \$18m and \$1m as of 31 March 2020 and 31 March 2019 respectively. The distribution of the same is expected to attract a tax in range of Nil to 20% depending on the tax rate applicable as of 31 March 2020 in the jurisdiction in which the respective the Group entity operates.

Factors affecting the tax charge in future years

a) The Group's future tax charge and effective tax rate, could be affected by the following factors:

- Change in income tax rate in any of the jurisdictions in which the Group operates
- Overall profit mix between profit and loss making entities
- Withholding tax on distributed and undistributed retained earnings of subsidiaries
- Recognition of deferred tax assets in any of the Group entities meeting the criteria

b) The Group is routinely subject to audit by tax authorities in the jurisdictions in which the Group entities operate. The Group recognises tax provisions based on reasonable estimates for those matters where tax determination is uncertain but it is considered probable that there will be a future outflow of funds to tax authorities. The amount of such provisions are based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the tax authority in jurisdictions in which the Group operates; the amount ultimately paid in these kind of uncertain tax cases may differ materially and could therefore affect the Group's overall profitability and cash flows in future.

c) The tax impact of a transaction disclosed as contingent liability can also be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. Refer to note 30 for details of the contingencies pertaining to income tax.

13. Earnings per share (EPS)

The details used in the computation of basic EPS:

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

1 During the current year, the company as part of its IPO issued 676,406,927 shares. For periods prior to the re-organisation, the weighted average number of shares has been calculated by multiplying the weighted average number of shares of BAIN by the share for share exchange ratio. For the period post re-organisation, the weighted average number of shares considered the shares in issue during the period from 7 September 2018 to 31 March 2019

The details used in the computation of diluted EPS:

	For the year ended	
	31 March 2020	31 March 2019
Profit for the period attributable to owners of the company	370	388
Weighted average ordinary shares outstanding for diluted EPS ^{1,2}	3,586,678,328	1,986,357,935
Diluted EPS	10.30c	19.54c

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

- 1 The difference between the basic and diluted number of shares at the end of March 2020 being 1,150,280 (March 2019: Nil) relates to awards committed but not yet issued under the Group's share-based payment schemes
- 2 Refer to note 27 for detail on the ordinary share movements as part of the Initial Public Offering (IPO) process during the year ended 31 March 2020

14. Property, plant and equipment (PPE)

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

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

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

2 Includes PPE amounting to \$4m and \$44m as at 31 March 2020 and 2019 respectively, pledged against the Group's borrowings. For details towards pledge of the above assets, refer to note 23.2

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

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(All amounts are in US\$ millions unless stated otherwise)

15. Intangible assets

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

	Other intangible assets					Intangibles under development
	Goodwill	Software	Licences (including spectrum)	Others	Total	
Gross carrying value						
Balance as of 1 April 2018	4,322	5	743	32	780	–
Additions	–	–	19	–	19	70
Disposals/adjustments ¹	–	–	3	(5)	(2)	–
Exchange differences	(196)	–	(39)	(1)	(40)	–
Balance as of 31 March 2019	4,126	5	726	26	757	70
Additions/capitalisation	–	–	202	–	202	162
Disposals/adjustments ¹	–	–	(139)	–	(139)	(202)
Exchange differences	(183)	–	(54)	(1)	(55)	–
Balance as of 31 March 2020	3,943	5	735	25	765	30
Accumulated amortisation						
Balance as of 1 April 2018	–	5	334	23	362	–
Charge	–	–	72	–	72	–
Disposals/adjustments ¹	–	–	–	1	1	–
Exchange differences	–	–	(26)	(1)	(27)	–
Balance as of 31 March 2019	–	5	380	23	408	–
Charge	–	–	82	1	83	–
Disposals/adjustments ¹	–	–	(143)	–	(143)	–
Exchange differences	–	–	(38)	(1)	(39)	–
Balance as of 31 March 2020	–	5	281	23	309	–
Net carrying value						
As of 1 April 2018	4,322	–	409	9	418	–
As at 31 March 2019	4,126	–	346	3	349	70
As at 31 March 2020	3,943	–	454	2	456	30

1 Mainly consists of reversal of gross carrying value and accumulated depreciation on retirement of intangibles and reclassification from one category of asset to another. Weighted average remaining amortisation period of licence as of 31 March 2020 and 2019 is 8.46 years and 6.50 years, respectively.

Impairment review

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

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

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

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

15. Intangible assets continued

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

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

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

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

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

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

Assumptions	Nigeria	East Africa	Francophone Africa
Capital expenditure ¹	10% – 20%	7.5% – 17.5%	6% – 15%
Long-term growth rate	2.6%	5.1%	3.8%

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

Discount rate

A critical assumption in the impairment assessment is the discount rate. The Group estimates the discount rate for each group of CGUs based on the weighted average cost of capital for each group of CGUs plus additional risk premiums, if required. Key inputs into the weighted average cost of capital calculation include risk free rates, equity risk premiums, country inflation and country risk premiums. Following the outbreak of COVID-19, there was significant volatility within the financial markets over mid and late March 2020. This led to a significant increase in equity and country risk premiums, with the increase in country risk premiums derived from an increase in observed sovereign credit default swap rates across all jurisdictions. Subsequent to 1 April 2020, these rates have reduced, albeit still not back to the levels pre-March 2020. This volatility has led to greater complexity in determining the appropriate discount rate for the 31 March 2020 impairment assessment.

The Group has analysed the level of volatility within country risk premiums by reference to credit default swap rates in the period between 31 December 2019 and 31 March 2020, and the reduction in these rates since that date. The Group has concluded that in determining the discount rate at 31 March 2020, using spot country risk premiums would not give a discount rate that a market participant would expect at the balance sheet date in determining the present value of cash flows over the ten year business plan. Consequently, given this volatility, to determine an appropriate discount rate for the purpose of the 31 March 2020 impairment assessment, consideration has been given to average country risk premiums at December 2019, March 2020 and subsequent to March 2020, which, in the Group's view, better reflects the risks associated with cash flows over ten years and beyond. The rates adopted by management in the 31 March 2020 impairment assessment, taking into account these average country risk premiums, were as follows:

Assumptions	Nigeria	East Africa	Francophone Africa
Pre tax discount rate	24.5%	17.1%	16.4%

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

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

15. Intangible assets continued

Reasonably possible change in discount rate and other assumptions

Discount rate

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

Assumptions	Nigeria	East Africa	Francophone Africa
Pre-tax discount rate – spot country risk premiums	26.8%	20.0%	19.4%
Pre-tax discount rate – break even	27.3%	19.6%	21.7%

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

Other assumptions

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

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

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

16. Investment in joint venture and associate

The Group's interests in joint ventures/associate are accounted for using the equity method of accounting. The details (principal place of operation/country of incorporation, principal activities and percentage of ownership, interest and voting power, direct or indirect, held by the Group) of joint venture and associate are set out in note 35.

The amounts recognised in the statement of financial position are as follows:

	As of	
	31 March 2020	31 March 2019
Joint ventures	–	–
Associate	3	3
	3	3

The amount recognised in the income statement is as follows:

	For the year ended	
	31 March 2020	31 March 2019
Recognised in profit and loss		
Joint ventures	–	(24)
Associate	(0)	0
	(0)	(24)

	For the year ended	
	31 March 2020	31 March 2019
Recognised in other comprehensive income		
Joint ventures	–	–
Associate	–	(0)
	–	(0)

17. Derivative financial instruments

	As of	
	31 March 2020	31 March 2019
Assets		
Currency swaps, forward and option contracts	9	4
Interest swaps	1	46
	10	50
Liabilities		
Currency swaps, forward and option contracts	4	28
Interest swaps	0	7
Embedded derivatives ¹	3	68
	7	103
Non-current derivative financial assets	0	45
Current derivative financial assets	10	5
Non-current derivative financial liabilities	(4)	(7)
Current derivative financial liabilities	(3)	(96)
	3	(53)

1 During the year ended 31 March 2019, the company issued shares to several global investors. The share subscription agreements included certain indemnities that are embedded derivatives not clearly and closely related to the shares and therefore have been bifurcated and presented separately as a derivative financial liability. The fair value of those embedded derivatives was \$64m as of the date of subscription. These derivative liabilities expired on 28 May 2019. Please refer to note 5 (a)

18. Security deposits

	As of	
	31 March 2020	31 March 2019
Security Deposits	10	13
Less: allowance for impairment of security deposits	(3)	(4)
	7	9

Security deposits primarily include deposits given towards rented premises, cell sites, interconnect ports.

19. Other non-financial assets

Non-current

	As of	
	31 March 2020	31 March 2019
Advances (net) ¹	23	19
Prepaid expenses ²	77	68
Others ³	12	0
	112	87

1 Advances (net) mainly includes payments made to various government authorities under protest, for tax, legal and regulatory sub judice matters and are net of allowance recognised as part of the Group's recoverability assessment of \$8m and \$9m as of 31 March 2020 and 2019 respectively

2 Prepaid expenses mainly includes of prepaid payment in respect of indefeasible right to use (IRU)

3 Others mainly include amount receivable from minority shareholders on account of issue of share capital in one of the subsidiaries

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

19. Other non-financial assets continued

Current

	As of	
	31 March 2020	March 31, 2019
Prepaid expenses ¹	86	65
Taxes recoverable ²	39	22
Advances to suppliers (net) ³	15	25
Others	9	6
	149	118

1 Prepaid expenses mainly includes costs to obtain or fulfil contracts with customers, prepaid payment in respect of infeasible right to use (IRU), network costs and advance rent related to offices and shops

2 Taxes recoverable include customs duty, sales tax and value added tax

3 Advance to suppliers (net) are disclosed net of provision of \$8m and \$9m as of 31 March 2020 and 2019 respectively

20. Trade receivables

	As of	
	31 March 2020	31 March 2019
Trade receivable ¹	322	322
Less: allowance for impairment of trade receivables	(190)	(201)
	132	121

1 Refer to note 33 for credit risk

The movement in allowances for doubtful debts is as follows:

	For the year ended	
	31 March 2020	31 March 2019
Opening balance	201	214
Additions	28	–
Reversal	(39)	–
Net reversal	(11)	(13)
Closing balance	190	201

There has been no change in the estimation techniques or significant assumptions made in calculating the provision.

21. Cash and bank balances

Cash and cash equivalents

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

Other bank balances

	As of	
	31 March 2020	31 March 2019
Margin money deposits ¹	6	15
	6	15

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

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

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

22. Financial assets – others

Current

	As of	
	31 March 2020	31 March 2019
Unbilled revenue	37	42
Claims recoverable	10	11
Interest accrued on investments/deposits	2	2
Others	17	18
	66	73

23. Borrowings

Non-current

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

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

23. Borrowings continued

Current

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

1 It includes impact of fair value hedges refers to note 33. During the year ended 31 March 2020, the Group made payment of non-convertible bonds of CHF 350m at maturity

23.1 Analysis of borrowings

The details given below are gross of debt origination cost and fair valuation adjustments with respect to the hedged risk.

23.1.1 Repayment terms of borrowings

The table below summarises the maturity profile of the Group's borrowings:

	As of	
	31 March 2020	31 March 2019
Within one year	665	1,181
Between one and two years	895	88
Between two and five years	1,528	2,364
	3,088	3,633

23.1.2 Interest rate and currency of borrowings

	Weighted average Rate of Interest	Total borrowings	Floating rate borrowings	Fixed rate borrowings
USD	5.07%	2,003	390	1,613
EUR	3.31%	896	-	896
XAF	6.84%	81	-	81
XOF	6.61%	58	-	58
Others	8.14% to 20.25%	50	30	20
31 March 2020		3,088	420	2,668
USD	5.17%	2,144	565	1,579
EUR	3.29%	924	86	838
CHF	3.00%	351	-	351
XAF	7.40%	63	-	63
XOF	6.69%	90	-	90
Others	9% to 20.64%	61	60	1
31 March 2019		3,633	711	2,922

23. Borrowings continued

23.2 Security details

The Group has taken borrowings in various countries towards funding of its acquisition and working capital requirements. The details of security provided by the Group in various countries are as follows:

Entity	Relation	Outstanding loan amount		Security Detail
		31 March 2020	31 March 2019	
Bharti Airtel Africa B.V. and its subsidiaries	Subsidiaries	4	44	Pledge of all fixed and floating assets – Tanzania (31 March 2019 – Kenya, Nigeria, Tanzania, Uganda and DRC)

All bonds contain a negative pledge covenant whereby BAIN, Bharti Airtel Limited and certain of their significant subsidiaries are not permitted to create any security interest to secure any indebtedness for borrowed money or obligations evidenced by bonds, debentures or notes (among other things, and subject to certain exceptions), without at the same time granting security equally and ratably to the holders of these bonds.

All the bonds also contain an event of default if the Bharti Airtel Limited ceases to control, directly or indirectly, at least 51% of the voting power of the voting stock of BAIN; events of default which would be triggered if the Bharti Airtel Limited, BAIN or any of the Bharti Airtel Limited's significant subsidiaries were to default on a loan greater than \$50m or fail to pay a final judgment of more than \$50m, and other customary events of default in the event of a voluntary or involuntary bankruptcy, insolvency or similar proceedings relating to the Bharti Airtel Limited, BAIN or the Bharti Airtel Limited's significant subsidiaries.

The US\$ bonds due in 2023 (2023 bonds) amounting to \$505m additionally are subject to certain covenants whereby the Bharti Airtel Limited, Bharti Airtel International (Netherlands) B.V. (BAIN) (a subsidiary of the company) and significant subsidiaries of the Bharti Airtel Limited would be restricted from incurring indebtedness unless Bharti Airtel Limited meets a designated consolidated indebtedness to underlying EBITDA ratio or the indebtedness is otherwise permitted by the 2023 bonds. These covenants are suspended if the 2023 bonds are designated as investment grade by at least two of the prescribed rating agencies. As of the date of the authorisation of these financial statements, these covenants are under suspension, and therefore, currently not applicable, based on the current credit rating of the 2023 bonds.

All the bonds are guaranteed by Bharti Airtel Limited (intermediate parent entity), for detail please refer to note 33. Such guarantee is considered an integral part of the bonds and therefore accounted for as part of the same unit of account.

23.3 Unused lines of credit¹

The below table provides the details of un-drawn credit facilities that are available to the Group.

	As of	
	31 March 2020	31 March 2019
Secured	505	122
Unsecured	363	161
	868	283

1 Excluding non-fund based facilities

For updated details around the committed facilities available to the Group as of the date of authorisation of financial statements, see note 2.2 on going concern.

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

24. Financial liabilities – others

Non-current

	As of	
	31 March 2020	31 March 2019
Security deposits	2	–
Payable against capital expenditure	9	–
Others ¹	4	7
	15	7

1 For 31 March 2019, this mainly includes consideration payable to Millicom International Cellular S.A. for acquisition of Tigo Rwanda Limited

Current

	As of	
	31 March 2020	31 March 2019
Payable against capital expenditure	347	359
Employees payables	31	41
Interest accrued but not due	52	56
Security deposit ¹	11	11
Indemnity payable ²	–	72
Contingent/deferred consideration payable ³	3	21
Others ⁴	17	20
	461	580

1 This pertains to deposits received from customers/channel partners, which are repayable on demand after adjusting the outstanding if any

2 During the year ended 31 March 2019, the company issued shares to several global investors. The shares subscription agreements included certain indemnities for claim under certain stipulated indemnities or for breach of agreed warranties

3 This pertains to contingent/deferred consideration payable to Millicom International Cellular S.A. for acquisition of Tigo Rwanda Limited

4 This mainly pertains to amount payable to related parties and minority shareholders towards dividend

25. Other non-financial liabilities

Non-current

	As of	
	31 March 2020	31 March 2019
Income received in advance	29	34
	29	34

Current

	As of	
	31 March 2020	31 March 2019
Taxes payable ¹	110	92
Income received in advance	5	11
	115	103

1 Taxes payable include value added tax, excise, withholding taxes and other taxes payable. The timing of future cash flows are subject to significant inherent uncertainty due to the nature and progression of such cases, it being in early/nascent stage, no damages or remedies being specified and/or slow pace of litigation

26. Provisions

Non-current

	As of	
	31 March 2020	31 March 2019
Asset retirement obligation	7	7
Employee benefit obligations	16	15
Total	23	22

Current

	As of	
	31 March 2020	31 March 2019
Provision for sub judice matters ¹	65	65
Employee benefit obligations	5	5
Total	70	70

1 This includes provision for withholding income taxes on interconnect and roaming charges in one of the Group's subsidiaries amounting to \$22m (March 2019: \$20m). Other items included are individually immaterial

The movement of provision for sub judice matters is as given below:

	For the year ended 31 March 2020		
	Tax cases	Legal and regulatory cases	Total
Opening balance	49	16	65
Additions during the year ¹	6	16	22
Reversal during the year	(4)	(1)	(5)
Utilisation during the year ¹	(4)	(13)	(17)
Closing balance	47	18	65

1 Includes provision for payment of \$9m for demand related to quality of services in one of the Group's subsidiaries

	For the year ended 31 March 2019		
	Tax cases	Legal and regulatory cases	Total
Opening balance	102	24	126
Additions during the year	11	1	12
Reversal during the year ¹	(62)	(2)	(64)
Utilisation during the year	(2)	(7)	(9)
Closing balance	49	16	65

1 Majorly related to income tax case in one of the Group's subsidiaries, where provision was reversed on completion of assessment

For details of contingent liabilities, see note 30.

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

27. Share capital

	As of	
	31 March 2020	31 March 2019
Authorised shares		
3,758,151,504 Ordinary shares of \$0.5 each (March 2019: 3,081,744,577 Ordinary shares of \$1 each)	1,879	3,082
3,081,744,577 Deferred shares of \$0.5 each (March 2019: Nil)	1,541	–
	3,420	3,082
Issued, subscribed and fully paid-up shares		
3,758,151,504 Ordinary shares of \$0.5 each (March 2019: 3,081,744,577 Ordinary shares of \$1 each) ^{1,2}	1,879	3,082
3,081,744,577 Deferred shares of \$0.5 each ¹ (March 2019: Nil)	1,541	–
	3,420	3,082

1 On 27 June 2019, the company sub-divided and converted each ordinary share of \$1 into:

- One ordinary share of \$0.5 each having the same rights and being subject to the same restrictions as the existing ordinary shares of the company; and
- One deferred share of \$0.5 each. (Please refer terms/rights attached below)

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

3 During the current year, in order to meet the share capital requirements for re-registration as a public limited company, the company allotted 50,000 redeemable deferred shares of £1 each (the Redeemable Deferred Shares) to AAML. In accordance with approval of High Court in London on 22 October 2019, these shares have been reduced to Nil and the amount has been paid to the shareholder

Terms/rights attached to equity shares

The company has the following two classes of ordinary shares:

- Ordinary shares having par value of \$0.5 per share. Each holder of equity shares is entitled to cast one vote per share and carry a right to dividends.
- Deferred shares of \$0.5 each. These deferred shares are not listed and are intended to be cancelled in due course. No share certificates are to be issued in respect of the deferred shares. These are not freely transferable and would not affect the net assets of the company. The deferred shareholders shall have no right to receive any dividend or other distribution or return whether of capital or income. On a return of capital in a liquidation, the deferred shareholders shall have the right to receive the nominal amount of each deferred share held, but only after the holder of each Other share (i.e. shares other than the deferred shares) in the capital of the company shall have received the amount paid up on each such Other share held and the payment in cash or in specie of £100,000 (or its equivalent in any other currency) on each such Other shares held. The company shall have an irrevocable authority from each holder of the deferred shares at any time to purchase all or any of the deferred shares without obtaining the consent of the deferred shareholders in consideration of the payment of an amount not exceeding one US cent in respect of all of the deferred shares then being purchased.

28. Other equity

a. Retained earnings

Retained earnings represent the amount of accumulated earnings of the company and gains/(losses) on common control transactions.

The company's distributable reserves are equal to the balance of its retained earnings of \$1,009m (as presented on page 190 in the company only financial statements). The majority of the Group's distributable reserves are held in investment and operating subsidiaries. Management continuously monitors the level of distributable reserves in each company in the Group, ensuring adequate reserves are available for upcoming dividend payments and that the company has access to these reserves. During the year, the company reduced the amount standing to the credit of the share premium account of the company to zero, thereby increasing its distributable reserves by \$809m, pursuant to approval by the High Court in London (see note 5(b) for more details).

b. Share premium

The aggregate difference between the par value of shares and the subscription amount is recognised as share premium.

28. Other equity continued

c. Other components of equity

	Foreign currency translation reserve	Cash flow hedge reserve	Share stabilisation reserve	Shared-based payment reserve	Total
As of 1 April 2018	(1,914)	14	–	–	(1,900)
Net losses due to foreign currency translation differences	(167)	–	–	–	(167)
Net gains on net investments hedge	45	–	–	–	45
Net losses on cash flow hedge	–	(12)	–	–	(12)
As of 31 March 2019	(2,036)	2	–	–	(2,034)
Net losses due to foreign currency translation differences	(228)	–	–	–	(228)
Net gains on net investments hedge	5	–	–	–	5
Net losses on cash flow hedge	–	(2)	–	–	(2)
Share stabilisation proceeds (see note 5 (d))	–	–	7	–	7
Employee share-based payment expenses	–	–	–	0	0
As of 31 March 2020	(2,259)	–	7	0	(2,252)

28.1 Dividends

	For the year ended	
	31 March 2020	31 March 2019
Distributions to equity holders in the year:		
Interim dividend for the year of 3 cents per share	113	–
Proposed final dividend for the year of 3 cents per share	113	–

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of members on 3 July 2020. The payment of this dividend will not have any tax consequences for the Group.

29. Investments in subsidiaries

The details (principal place of operation/country of incorporation, principal activities and percentage ownership interest and voting power (direct/indirect) held by the Group) of subsidiaries are set out in note 35.

Summarised financial information of the principal subsidiaries having material non-controlling interests is as follows:

A. Airtel Networks Limited (Nigeria)

Summarised financial position

	As of	
	31 March 2020	31 March 2019
Assets		
Non-current assets	1,415	1,211
Current assets	11	47
Liabilities		
Non-current liabilities	483	577
Current liabilities	512	498
Equity	431	183
% of ownership interest held by NCI	8.26%	8.23%
Accumulated NCI	36	15

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

29. Investments in subsidiaries continued

Summarised income statement

	For the year ended	
	31 March 2020	31 March 2019
Revenue	1,373	1,106
Net profit	343	442
Other comprehensive loss/income	(94)	35
Total comprehensive income	249	477
Profit allocated to non-controlling interest	20	39

Summarised cash flows

	For the year ended	
	31 March 2020	31 March 2019
Net cash inflow from operating activities	730	508
Net cash outflow from investing activities	(422)	(235)
Net cash outflow from financing activities	(248)	(250)
Net cash inflow	60	23

B. Airtel Tanzania Public Limited Company

Summarised financial position

	As of	
	31 March 2020	31 March 2019
Assets		
Non-current assets	234	190
Current assets	99	89
Liabilities		
Non-current liabilities	525	528
Current liabilities	218	184
Equity	(410)	(433)
% of ownership interest held by NCI	49%	40%
Accumulated NCI ¹	(180)	(173)

1 Includes share of goodwill of \$21m (March 2019: \$Nil)

Summarised income statement

	For the year ended	
	31 March 2020	31 March 2019
Revenue	236	208
Net profit/loss	27	(18)
Other comprehensive (loss)/income	(4)	14
Total comprehensive income/(loss)	23	(4)
Profit/(loss) allocated to NCI	11	(2)

Summarised cash flows

	For the year ended	
	31 March 2020	31 March 2019
Net cash inflow from operating activities	71	43
Net cash outflow from investing activities	(51)	(21)
Net cash outflow from financing activities	(18)	(20)
Net cash inflow	2	2

29. Investments in subsidiaries continued

C. Airtel Malawi plc (refer to note 5(f))

Summarised financial position

	As of 31 March 2020
Assets	
Non-current assets	126
Current assets	26
Liabilities	
Non-current liabilities	59
Current liabilities	61
Equity	32
% of ownership interest held by NCI	20%
Accumulated NCI ¹	53

1 Includes share of goodwill of \$47m (March 2019: \$Nil)

Summarised income statement (refer to note 5(f))

	For the year ended 31 March 2020
Revenue	11
Net profit	5
Other comprehensive loss/income	0
Total comprehensive income	5
Profit allocated to non-controlling interest	1

Summarised cash flows (refer note 5(f))

	For the year ended 31 March 2020
Net cash inflow from operating activities	7
Net cash outflow from investing activities	(3)
Net cash outflow from financing activities	(2)
Net cash inflow	2

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

30. Contingent liabilities and commitments

(i) Contingent liabilities

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

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

The movement in contingent liabilities during the year ended 31 March 2020 of \$43m primarily relates to the settlement of excise duty and social contributions assessments pertaining to years 2012 to 2015 in one of the subsidiaries of the Group amounting to \$20m, offset by other new cases in a few subsidiaries of the Group amounting to \$70m including relating to a dispute between one of the subsidiaries and its vendor amounting to \$59m as disclosed below:

One of the subsidiaries of the Group has been involved in a dispute with one of its vendors, with respect to disputed invoices for services provided to the subsidiary under a service contract. Although the original order under the contract was issued by the subsidiary for a total amount of Central African franc (CFA) 473,800,000 (approximately \$1m). In 2014, the vendor initiated arbitration claiming a sum of approximately CFA 1.9bn (approximately \$3.3m). Between 2015 and mid-May 2019, lower courts imposed penalty of CFA 35bn (approximately \$59m) and ordered certain banks of the subsidiary to release the funds. The subsidiary lodged an immediate appeal in the Supreme Court having jurisdiction over the subsidiary for stay of execution. On 19 June, 2019, the Supreme Court granted a stay of execution. In July 2019 the Court of Appeal delivered a judgment confirming the order of mid-May 2019 condemning the subsidiary to pay the said penalties. The subsidiary appealed to the Supreme Court and applied for a stay by challenging the merits of the ruling of Court of Appeal. In September 2019, the Supreme Court issued a stay of execution against the July 2019 ruling of the Court of Appeal. With this stay of execution, the vendor was not in a position to pursue the seizure of subsidiary's bank accounts. The vendor filed an appeal before the Common Court of Justice and Arbitration (CCJA) against the Supreme Court stay order. Quite unexpectedly, the CCJA on 22 April 2020 annulled the September 2019 stay order of the Supreme Court and lifted the stay of execution. The subsidiary has sought review of the CCJA order of 22 April 2020 and will also approach Supreme Court to seek reaffirmation of its stay of execution order issued in September 2019. The Group continues to believe that the demand has no merit, however pending the outcome of these actions has disclosed \$59m under contingent liabilities.

The company and its subsidiaries are currently and may become, from time to time, involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities that are incidental to their operations. The company does not believe (after considering the analysis of IFRIC 23 for income tax matters) that it or its subsidiaries are currently involved in (i) any legal or arbitration proceedings which may have, or have had in the 12 months preceding these financial statements, a material adverse effect on the financial position or profitability of the Group; or (ii) any material proceedings in which any of the company's directors, members of senior management or affiliates are either a party adverse to the company or its subsidiaries or have a material interest adverse to the company or its subsidiaries, except as discussed below:

Tax audit 2015/2016

One of the Group's subsidiaries received preliminary tax assessments for \$22m relating to Value Added Tax (VAT), Withholding Tax (WHT) and Taxes on income from securities for the period 2015/2016 from the tax authorities in December 2016.

Tax authorities claimed WHT on Interconnect user charges (IUC) services, which is the incorrect treatment under the International Telecommunication Regulations enshrined in the Melbourne Treaty; moreover, tax authorities have attempted to levy Impôt sur le revenu des valeurs mobilières (IRVM), which is also incorrect as IUC expenses are tax deductible. For VAT, the tax authorities alleged differences between the revenue stated in the draft statutory accounts, versus the revenue figures declared in the submitted VAT returns. The company rebutted this on the basis that no such difference existed once the statutory accounts had been finalised.

In addition, objections were filed in December 2016 on the basis that the tax office in Pointe-Noire raising the assessment does not have jurisdiction. A non-recoverable cash tax payment of \$0m (0.5% of the assessment) was made in June 2017 following receipt of a Notice of Recovery. A bank guarantee for \$2m in favour of the tax authorities was put in place in order to proceed to litigation and an application was made to the Tax authorities in order to initiate proceedings, the response to which is awaited. An amount of \$23m is included within contingent liabilities in respect of this matter.

30. Contingent liabilities and commitments continued

VAT audit 2016

In July 2016, one of the subsidiaries in the mobile services business made payment to another subsidiary engaged in passive infrastructure services for all invoices raised since 2013 for rendering tower services and claimed input credit of the VAT charged on these invoices.

During the desktop VAT audit conducted by the tax authorities for 2016, the above mentioned input VAT credit claimed by the mobile services subsidiary was denied alleging that the VAT credit was time-barred. Based on the VAT rules, the mobile services subsidiary is of the view that the time limitation for claiming input VAT credit starts from the year in which payment is made against invoice. Since the payment was made in 2016, the time limit for claiming input credit (by 31 December of following year) had not lapsed.

In October 2016, the mobile services subsidiary received a Notice of Recovery and proceeded to make the 20% deposit in order to initiate litigation. The subsidiary submitted a comprehensive letter to the authorities in October 2017, for which a response is awaited from the tax authorities. An amount of \$12m is included within contingent liabilities in respect of this matter.

VAT on sale of towers 2016

One of the Group's subsidiaries received a notice of assessment of \$26m by the tax authorities in September 2016, which alleged that the sale of towers should have been subject to VAT. As per the VAT rules in that jurisdiction, towers should be regarded as immovable assets and should be subject to registration duty (which was duly paid) and exempt from VAT.

The subsidiary submitted a response to the tax authorities in December 2016 for which a response is awaited from the tax authorities. The company believes that the current assessment by the tax authorities contradicts their own position from an earlier assessment where towers were previously transferred. An amount of \$11m is included within contingent liabilities in respect of this matter.

Other contingent liabilities

In addition to the individual matters disclosed above, in the ordinary course of business, the Group is a defendant or co-defendant in various litigations and claims. For other disputes related to tax claims in the different jurisdictions in which the Group operates, an aggregated amount of \$60m has been estimated for such contingencies, whereas the total value for all other legal disputes amounts to \$24m.

No provision has been made against the above claims in the financial statements, as the Group considered that it is possible, but not probable, that these contingent liabilities will crystallise.

Guarantees:

Guarantees outstanding as of 31 March 2020 and 31 March 2019 amounting to \$10m and \$19m respectively have been issued by banks and financial institutions on behalf of the Group. These guarantees include certain financial bank guarantees which have been given for sub justice matters; the amounts with respect to these have been disclosed under capital commitments, contingencies and liabilities, as applicable, in compliance with the applicable accounting standards.

(ii) Commitments

Capital commitments

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

31. Leases

(a) As a lessee

Right-of-use assets

2019/20	Plant and equipment	Others	Total
Balance at 1 April 2019	635	20	655
Additions	146	9	155
Depreciation charge for the year	(133)	(9)	(142)
Foreign currency translation reserve	(31)	2	(29)
Balance at 31 March 2020	617	22	639

2018/19	Plant and equipment	Others	Total
Balance at 1 April 2018	611	29	640
Additions	156	4	160
Depreciation charge for the year	(112)	(13)	(125)
Foreign currency translation reserve	(20)	–	(20)
Balance at 31 March 2019	635	20	655

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

31. Leases continued

Lease liabilities

	As of	
	31 March 2020	31 March 2019
Maturity analysis:		
Less than one year	316	299
Later than one year but not later than two years	300	285
Later than two years but not later than five years	778	743
Later than five years but not later than nine years	165	323
Later than nine years	10	4
Total undiscounted lease liabilities	1,569	1,654
Lease liabilities included in the statement of financial position	1,169	1,218

Amounts recognised in profit or loss

	For the year ended	
	31 March 2020	31 March 2019
Interest on lease liabilities	127	126

i. Plant and equipment

The Group leases passive infrastructure for providing telecommunication services under composite contracts which include lease of passive infrastructure and land on which the passive infrastructure is built as well as maintenance, security, provision of energy and other services. These leases typically run for a period of 3-15 years. Some leases include an option to renew the lease mainly for an additional period of 3-10 years after the end of initial contract term based on renegotiation of lease rentals. Considering this, the Group has only considered the original lease period for lease term determination.

A portion of certain lease payments change on account of changes in consumer price indices (CPI). Such payment terms are common in lease agreements in the countries where the Group operates. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

ii. Other leases

The Group's other leases comprise of lease of shops, showrooms, guest houses, warehouses, data centres, vehicles and Indefeasible right of use (IRU).

(b) As a lessor

The Group's lease arrangements as a lessor mainly pertain to passive infrastructure. Lease income from such arrangements is presented as revenue in the statement of comprehensive income.

	For the year ended	
	31 March 2020	31 March 2019
Operating lease		
Lease income recognised in profit or loss	38	34

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	For the year ended	
	31 March 2020	31 March 2019
Less than one year	34	35
One to two years	24	26
Two to three years	19	23
Three to four years	5	17
Four to five years	4	4
More than five years	19	16
Total	105	121

32. Related party disclosure

(a) List of related parties

i. Parent company

Airtel Africa Mauritius Limited (since 6 September 2018)

Network i2i Limited (until 6 September 2018)

ii. Intermediate parent entity

Network i2i Limited (since 6 September 2018)

Bharti Airtel Limited

iii. Ultimate controlling entity

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

iv. For list of subsidiaries, joint venture and associate refer to note 35

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

a. Fellow subsidiaries

Bharti Airtel International (Mauritius) Limited

Nxtra Data Limited

Bharti Airtel (Services) Limited

Bharti International (Singapore) Pte Ltd

Bharti Airtel (UK) Limited

Bharti Airtel (USA) Limited

Bharti Airtel (France) SAS

Bharti Airtel Lanka (Private) Limited

Bharti Hexacom Limited

b. Other related parties

Airtel Ghana Limited (since 24 August 2018)

Singapore Telecommunications Limited

vi. Key Management Personnel (KMP)

Raghunath Mandava

Segun Ogunsanya

Ian Ferrao (since 2 September 2019)

Michael Foley (since 3 February 2020)

Jaideep Paul

Razvan Ungureanu

Luc Serviant (since 2 December 2019)

Daddy Mukadi

Neelesh Singh

Ramakrishna Lella

Olivier Pognon

Rogany Ramiah (since 6 May 2019)

Stephen Nthenge (since 2 May 2019)

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

32. Related Party disclosure continued

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

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

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

1 Includes interest accrued but not due

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

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

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

Key management compensation

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director, whether executive or otherwise. Fuller disclosures on directors' remuneration are set out in the directors' remuneration report on pages 100-114. Remuneration to key management personnel were as follows:

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

33. Financial risk management objectives and policies

The Group has liabilities in the form of borrowings, guarantees, trade and other payables as well as receivables in the form of loan and other receivables, trade and other receivables, and cash and deposits. These arise as a part of the business activities and operations of the Group.

The business activities of the Group expose it to a variety of financial risks, namely market risks (that is, foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Further, the Group uses certain derivative financial instruments to mitigate some of these risk exposures. The Group's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of directors and Audit Committee. During the year, the directors decided to form a Finance Committee (for details refer to the Audit and Risk Committee report on page 80). The committee has been constituted and the major responsibilities include framing of policies and execution procedures as well as laying down the risk framework mechanisms for Treasury that will help the company achieve its strategic financial goals balancing opportunity with prudence and initiative with risk control measures. This provides assurance to the Group that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of directors of the ultimate holding company reviews and agrees policies for managing each of these risks which are summarised below:

- **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk – currency rate risk, interest rate risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments and derivative financial instruments.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group may use derivative financial instruments such as foreign exchange forward contracts, options, currency swaps and interest rate swaps and options to manage its exposures to foreign exchange fluctuations and interest rates.

The sensitivity of the relevant consolidated statement of comprehensive income item (i.e. profit/loss before tax and other comprehensive income/loss) is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March 2020 and 2019.

- **Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group transacts business in US\$ with parties of other countries and strategic vendor purchases are also in US\$. The Group has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The Group may use foreign exchange options, currency swaps or forward contracts towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities depending upon the primary host contract requirement and risk management strategy of the Group. The Group manages its foreign currency risk by hedging a certain proportion of its foreign currency exposure, as approved by Board as per established risk management policy or higher as considered appropriate and whenever necessary.

This existing cash flow and net investment hedge accounting relationships as of the end of each year, and their respective impacts, are as follows:

Cash flow hedge

	31 March 2020		31 March 2019
Currency exchange risk hedged	CHF to USD¹	EUR to USD ²	CHF to USD
Nominal amount of hedging instruments	CHF 350m	€870m	CHF 350m
Maturity date	March 2020	December 2018	March 2020
Weighted average forward price	1 CHF: 1.12 USD	1 Euro: 1.12 USD	1 CHF: 1.12 USD
Carrying value of derivative instruments (liabilities)	-	-	26
Change in fair value during the year			
Hedged item	(26)	113	31
Hedging instrument	26	(113)	(31)
CFHR for continuing hedge (cumulative)	-	-	2
Hedging loss recognised during the year	-	(113)	(31)
Gain reclassification during the year to P&L	2	107	25

1 Bharti Airtel International (Netherlands) B.V., a subsidiary of the company, redeemed CHF 350m bonds in March 2020 on maturity. Consequently, the cash flow hedges on these bonds have been discontinued

2 Bharti Airtel International (Netherlands) B.V., a subsidiary of the company, had redeemed EUR 1,000m bonds in December 2018. Consequently, the cash flow hedges on these bonds were discontinued

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

33. Financial risk management objectives and policies continued

Net investment hedge

	31 March 2020	31 March 2019
Currency exchange risk hedged	EUR to USD	EUR to USD
Nominal amount of hedging instruments (borrowings)	€160m	€365m
Maturity date	May 2021	May 2021
Nominal value of hedging instruments (borrowings)	177	410
Change in fair value during the year		
Hedged item	(5)	(45)
Hedging instrument	5	45
FCTR gain for continuing hedge (cumulative)	420	415
Hedging gain recognised during the year	5	45

Key sources of ineffectiveness in net investment hedges include reduction in amount of net assets. Key sources of ineffectiveness in cash flow hedges include reduction in amount of borrowings, changes in terms/cancellation of forward contracts and significant changes in credit risk of either party to the hedging relationship.

Foreign currency sensitivity

The following table demonstrates the sensitivity in the USD and EUR account balances to the functional currency of the respective entities, with all other variables held constant. The impact on the Group's loss before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives (excluding options and currency swaps). The impact on Group's equity is due to change in the fair value of intra-group monetary items that form part of the net investment in foreign operations and other foreign currency monetary items designated as a hedge of the net investment in foreign operations or cash flow hedge of a highly probable forecast transaction.

	Change in currency exchange rate ¹	Effect on Profit before tax ²	Effect on equity (OCI) ²
For the year ended 31 March 2020			
USD	+5%	81	61
	-5%	(81)	(61)
EUR	+5%	36	9
	-5%	(36)	(9)
For the year ended 31 March 2019			
USD	+5%	113	61
	-5%	(113)	(61)
EUR	+5%	26	20
	-5%	(26)	(20)

1 '+' represents appreciation and '-' represents depreciation in USD/EUR against respective functional currencies of subsidiaries

2 Represents losses/(gains) arising from conversion/translation

• Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt interest obligations with floating interest rates. Further, the Group engages in financing activities which are dependent on market rates; any changes in the interest rates environment may impact future rates of borrowing. The Group monitors the interest rate movement and manages the interest rate risk based on its risk management policies, which inter-alia include entering into interest swaps contracts – as considered appropriate and whenever necessary. Key sources of ineffectiveness in fair value hedges include reduction in the amount of borrowings, changes in terms/cancellation of IRS contracts and significant changes in credit risk of either party to the hedging relationship. The management also maintains a portfolio mix of floating and fixed rate debt. As of 31 March 2020, after taking into account the effect of interest rate swaps, approximately 86% of the Group's borrowings are at a fixed rate of interest (31 March 2019 – 47%).

33. Financial risk management objectives and policies continued

The existing fair value hedge accounting relationships as of the end of each year, and their respective impacts, are as follows:

	31 March 2020	31 March 2019
Interest rate risk covered for currency	USD	USD
Nominal amount of hedging instruments	\$1200m¹	\$1200m
Maturity date ²		March 2023 – May 2024
Carrying value of hedging instruments (derivative assets)	–	15
Carrying value of hedging instruments (derivative liabilities)	–	7
Carrying value of hedged item (borrowings)	–	1,200
Change in fair value during the year		
Hedged item	(37)	(38)
Hedging instrument	38	49
Hedge ineffectiveness recognised in finance income/cost during the year	1	11
Cumulative change in fair value of hedged item	–	(7)
Unamortised portion of fair value hedge adjustment	(27)	15

1 During the year, the derivatives designated for fair value hedges has been cancelled

2 These instruments carry semi-annual payouts

Interest rate sensitivity of borrowings

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on the floating rate portion of loans and borrowings after considering the impact of interest rate swaps, wherever applicable.

Interest rate sensitivity	Increase '+'/ decrease '-' in basis points	Effect on profit before tax ¹
For the year ended 31 March 2020		
USD borrowings	+100	4
	-100	(4)
Other currency borrowings	+100	0
	-100	0
For the year ended 31 March 2019		
USD borrowings	+25	4
	-25	(4)
Other currency borrowings	+100	1
	-100	(1)

1 Represents losses/(gains) arising from increase/decrease of interest rates

The assumed movement in basis points for interest rate sensitivity analysis is based on the movements in the interest rates historically and prevailing market environment.

• Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily from trade receivables but also from cash, other banks balances, derivative financial instruments other financial receivables.

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

33. Financial risk management objectives and policies continued

Trade receivables

Trade receivables are typically non-interest bearing unsecured and derived from sales made to a large number of independent customers. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk.

As there is no independent credit rating of the customers available with the Group, the management reviews the credit-worthiness of its customers based on their financial position, past experience, ageing and other factors.

Credit risk related to trade receivables is managed/mitigated by each business unit in accordance with the policies and procedures established in the Group, by setting appropriate payment terms and credit period, and by setting and monitoring internal limits on exposure to individual customers. The credit period provided by the Group to its customers generally ranges from 14 to 30 days.

The Group uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer note 20 for details on the impairment of trade receivables.

Based on the industry practices and the business environment in which the entity operates, management considers trade receivables are credit impaired if the payments are more than 270 days past due in case of interconnect customers and 90 days past due in other cases. In determining the amount of impairment, management considers the collateral against such receivables and any amount payable to such customers.

The following table details the risk profile of trade receivables based on the Group's provision matrix:

	Neither past due nor impaired	Past due but not impaired			Above 90 days	Total
		Less than 30 days	30 to 60 days	60 to 90 days		
Trade receivables as of 31 March 2020	21	34	17	5	55	132
Trade receivables as of 31 March 2019	25	29	14	9	44	121

The movement in lifetime expected credit losses that has been recognised for trade receivables is disclosed in note 20.

The Group performs ongoing credit evaluations of its customers' financial condition and monitors the credit worthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

Financial instruments and cash deposits

The Group's treasury, in accordance with the Board approved policy, maintains its cash and cash equivalents and deposits and enters into derivative financial instruments – with banks, financial and other institutions, having good reputation and past track record, and high/sovereign credit rating. Similarly, counter-parties of the Group's other receivables carry either no or very minimal credit risk. Further, the Group reviews the creditworthiness of the counter-parties (on the basis of its ratings, credit spreads and financial strength) of all the above assets on an ongoing basis, and if required, takes necessary mitigation measures.

- **Liquidity risk**

Liquidity risk is the risk that the Group may not be able to meet its present and future obligations as and when due, without incurring unacceptable losses. The Group's prudent liquidity risk management objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including term loans, debts and overdraft from both domestic and international banks at an optimised cost. It has also implemented all necessary steps to enjoy strong access to international capital markets. For details as to borrowings and going concern, refer to notes 23 and 2.2, respectively.

33. Financial risk management objectives and policies continued

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As of 31 March 2020							
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings ¹	3,162	120	236	491	982	1,669	3,498
Lease liabilities ²	1,169	–	159	158	300	953	1,570
Financial derivatives	7	–	3	–	–	4	7
Other financial liabilities	424	–	407	3	5	12	427
Trade payables	416	–	416	–	–	–	416
Mobile money wallet balance	292	292	–	–	–	–	292
	5,470	412	1,221	652	1,287	2,638	6,210

As of 31 March 2019							
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings ¹	3,677	216	441	769	247	2,692	4,365
Lease liabilities ²	1,218	–	150	149	285	1,070	1,654
Financial derivatives	103	–	69	27	–	7	103
Other financial liabilities	531	–	525	–	0	7	532
Trade payables	470	–	470	–	–	–	470
Mobile money wallet balance	238	238	–	–	–	–	238
	6,237	454	1,655	945	532	3,776	7,362

1 Includes contractual interest payment based on interest rate prevailing at the end of the reporting period after adjustment for the impact of interest rate swaps, over the tenor of the borrowings

2 Maturity analysis is based on undiscounted lease payments

The derivative financial instruments disclosed in the above table represent fair values of the instrument. However, those amounts may be settled gross or net.

Reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities in the statement of cash flows:

		Non-cash movements								
	Statement of cash flow line items	1 April 2019	Cash flow	Interest and other finance charges	Foreign exchange loss	Lease liability additions	Fair value changes	Foreign currency translation reserve	Others	31 March 2020
Borrowings ¹	Proceeds/repayment of borrowings	3,404	(546)	–	0	–	35	(2)	1	2,892
Lease liability	Repayment of lease liability	1,218	(307)	127	–	153	–	(22)	–	1,169
Derivative assets net	Proceeds/repayment of borrowings	(11)	97	–	(86)	–	–	–	–	–
Interest accrue but not due	Interest and other finance charges paid	56	(200)	196	–	–	–	–	–	52

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(All amounts are in US\$ millions unless stated otherwise)

33. Financial risk management objectives and policies continued

	Statement of cash flow line items	1 April 2018	Cash flow	Non-cash movements							31 March 2019
				Interest and other finance charges	Foreign exchange loss	Lease liability additions	Shareholder loan conversion	Fair value changes	Foreign currency translation reserve	Others	
Borrowings ¹	Proceeds/repayment of borrowings	6,516	(1,629)	–	(187)	–	(1,315)	38	(23)	4	3,404
Lease liability	Repayment of lease liability	1,230	(287)	126	–	150	–	–	(1)	–	1,218
Derivative assets net	Proceeds/repayment of borrowings	(67)	14	–	42	–	–	–	–	–	(11)
Interest accrue but not due	Interest and other finance charges paid	77	(252)	230	–	–	–	–	–	–	55

1 This does not include bank overdraft

- **Capital management**

Capital includes equity attributable to the equity holders of the company. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made to the objectives, policies or processes during the year ended 31 March 2020 and 2019.

The Group monitors capital using a leverage ratio, which is net debt divided by underlying EBITDA. Net debt is calculated as borrowings including lease liabilities less cash and cash equivalents, processing costs related to borrowings and fair value hedge adjustments.

	For the year ended	
	31 March 2020	31 March 2019
Borrowings (including lease liabilities)	4,279	4,839
Adjusted for:		
Cash and cash equivalents	(1,010)	(848)
Processing costs related to borrowings	5	6
Fair value hedge adjustment	(27)	8
Net debt	3,247	4,005
Underlying EBITDA	1,515	1,332
Underlying EBITDA	1,515	1,332
Leverage ratio	2.14	3.01

34. Fair value of financial assets and liabilities

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

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

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

- The carrying value of bank deposits, trade receivables, trade payables, short-term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments.
- Fair value of quoted financial instruments is based on quoted market price at the reporting date.
- The fair value of non-current financial assets, long-term borrowings and other financial liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.
- The fair values of derivatives are estimated by using pricing models, wherein the inputs to those models are based on readily observable market parameters. The valuation models used by the Group reflect the contractual terms of the derivatives (including the period to maturity), and market-based parameters such as interest rates, foreign exchange rates, volatility etc. These models don't contain a high level of subjectivity as the valuation techniques used don't require significant judgement and inputs thereto are readily observable.

During the year ended 31 March 2020 and year ended 31 March 2019 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

34. Fair Value of financial assets and liabilities continued

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of the Level 2 financial assets/liabilities as of 31 March 2020 and 31 March 2019:

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

Reconciliation of fair value measurements categorised within level 3 of the fair value hierarchy – financial assets/(liabilities) (net)

	For the year ended	
	31 March 2020	31 March 2019
Opening balance	64	–
Issuance	–	64
Reversal in retained earnings	(64)	–
Closing balance	–	64

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

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

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

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

35. Companies in the Group, joint ventures and associate

Information of Group's directly and indirectly held subsidiaries and associate are as follows:

Details of subsidiaries:

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest ¹	
					% As of	
					31 March 2020	31 March 2019
1	Africa Towers N.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
2	Airtel (Seychelles) Limited	Emerald House, P.O. Box 1358, Providence, Mahe, Seychelles	Telecommunication services	Ordinary	100	100
3	Airtel Congo (RDC) S.A.	130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Telecommunication services	Ordinary	98.50	98.50
4	Airtel Congo S.A.	2ème Etage de L'Immeuble SCI Monte Cristo, Rond-Point de la Gare, Croisement de l'Avenue Orsy et de Boulevard Denis Sassou Nguesso, Centre Ville, B.P. 1038, Brazzaville, Congo	Telecommunication services	Ordinary	90	90
5	Airtel Gabon S.A.	Immeuble Libreville, Business Square, Rue Pecqueur, Centre-Ville, B.P. 9259 Libreville, Gabon	Telecommunication services	Ordinary	97.95	97.95
6	Airtel International LLP	Plot No. 5, Sector 34, Gurgaon, Haryana, 122001 India	Support services	Ordinary	100	100
7	Airtel Madagascar S.A.	Immeuble Kube B, Zone Galaxy, Andraharo, Anantananarivo 101, Madagascar	Telecommunication services	Ordinary	100	100
8	Airtel Malawi plc (formerly known as Airtel Malawi Limited)	Airtel Complex, Off Convention Drive, City Centre, P.O. Box 57, Lilongwe, Malawi	Telecommunication services	Ordinary	80	100

35. Companies in the Group, joint ventures and associate continued

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest ¹	
					% As of	
					31 March 2020	31 March 2019
9	Airtel Mobile Commerce (Kenya) Limited	Parkside Towers, Mombasa Road, P. O. Box 73146-00200, Nairobi, Kenya	Mobile commerce services	Ordinary	100	100
10	Airtel Mobile Commerce (Rwanda) Limited	Remera, Gasabo, P.O. Box 4164, Kigali, Rwanda	Mobile commerce services	Ordinary	100	100
11	Airtel Mobile Commerce (Seychelles) B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
12	Airtel Mobile Commerce (Seychelles) Limited	Emerald House, P.O. Box 1358, Providence, Mahe, Seychelles	Mobile commerce services	Ordinary	100	100
13	Airtel Mobile Commerce (Tanzania) Limited	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road/Kawawa Road, Kinondoni District P.o.Box 9623, Dar es Salaam, Tanzania	Mobile commerce services	Ordinary	100	100
14	Airtel Mobile Commerce B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
15	Airtel Mobile Commerce Congo B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
16	Airtel Mobile Commerce Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
17	Airtel Mobile Commerce Kenya B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
18	Airtel Mobile Commerce Limited	Airtel Complex, Off Convention Drive, City Centre, P.O. Box 57, Lilongwe, Malawi	Mobile commerce services	Ordinary	100	100
19	Airtel Mobile Commerce Madagascar B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
20	Airtel Mobile Commerce Madagascar S.A.	Immeuble Kube B, Zone Galaxy, Andraharo, Antananarivo 101, Madagascar	Mobile commerce services	Ordinary	100	100
21	Airtel Mobile Commerce Malawi B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
22	Airtel Mobile Commerce Nigeria B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
23	Airtel Mobile Commerce (Nigeria) Limited	Plot L2, 401 Close, Banana Island, Ikoyi, Lagos, Nigeria	Mobile commerce services	Ordinary	91.74	91.77
24	Airtel Mobile Commerce Rwanda B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
25	Airtel Mobile Commerce Tchad B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
26	Airtel Mobile Commerce Tchad S.a.r.l.	Immeuble du Cinéma Etoile, Rue du Commandant Galyam Négal, B.P. 5665, N'Djaména, Tchad	Mobile commerce services	Ordinary	100	100
27	Airtel Mobile Commerce Uganda B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

35. Companies in the Group, joint ventures and associate continued

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest ¹	
					% As of	
					31 March 2020	31 March 2019
28	Airtel Mobile Commerce Uganda Limited	Airtel Towers, Plot 16-A Clement Hill Road, Kampala, Uganda	Mobile commerce services	Ordinary	100	100
29	Airtel Mobile Commerce Zambia B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
30	Airtel Mobile Commerce Zambia Limited	Airtel House, Stand 2375, Addis Ababa Drive, P.O. Box 320001, Lusaka, Zambia	Mobile commerce services	Ordinary	100	100
31	Airtel Money RDC S.A.	130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Mobile commerce services	Ordinary	98.50	98.50
32	Airtel Money Niger S.A.	2054 Route de l'Aéroport, B.P. 11 922, Niamey, Niger	Mobile commerce services	Ordinary	90	90
33	Airtel Money S.A.	Avenue du Colonel Parrant, B.P. 23 899, Libreville, Gabon	Mobile commerce services	Ordinary	100	100
34	Airtel Money Tanzania Limited	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road/Kawawa Road, Kinondoni District, P.O. Box 9623, Dar es Salaam, Tanzania	Mobile commerce services	Ordinary	51	60
35	Airtel Money Transfer Limited	Parkside Towers, Mombasa Road, P.O. Box 73146-00200, Nairobi, Kenya	Mobile commerce services	Ordinary	100	100
36	Airtel Money Trust	Airtel Complex, Off Convention Drive, City Centre, P.O. Box 57, Lilongwe, Malawi	Mobile commerce services	Ordinary	100	100
37	Airtel Networks Kenya Limited	Parkside Towers, Mombasa Road, P.O. Box 73146-00200, Nairobi, Kenya	Telecommunication services	Ordinary and Preference	100	100
38	Airtel Networks Limited	Plot L2, 401 Close, Banana Island, Ikoyi, Lagos, Nigeria	Telecommunication services	Ordinary	91.74	91.77
39	Airtel Networks Zambia plc	Airtel House, Stand 2375, Addis Ababa Drive, Lusaka, Zambia	Telecommunication services	Ordinary	96.36	96.36
40	Airtel Rwanda Limited	Airtel Building, Remera, KG 17Ave, P.O. Box 4164, Kigali, Rwanda	Telecommunication services	Ordinary	100	100
41	Airtel Tanzania plc (formerly known as Airtel Tanzania Limited)	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road/Kawawa Road, Kinondoni District, P.O. Box 9623, Dar es Salaam, Tanzania	Telecommunication services	Ordinary	51	60
42	Airtel Tchad S.A.	Rue du Commandant Galyam Négal, Immeuble du Cinéma Etoile, B.P. 5665, N'Djaména, Tchad	Telecommunication services	Ordinary	100	100
43	Airtel Uganda Limited	Airtel Towers, Plot 16 –A, Clement Hill Road, P.O. Box 6771, Kampala, Uganda	Telecommunication services	Ordinary	100	100
44	Bharti Airtel Africa B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
45	Bharti Airtel Chad Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
46	Bharti Airtel Congo Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
47	Bharti Airtel Developers Forum Limited	Stand No. 2375, Corner of Great East/Addis Ababa Road, Lusaka, Zambia	Investment Company	Ordinary	96.36	96.36
48	Bharti Airtel Gabon Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
49	Bharti Airtel International (Netherlands) B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100

35. Companies in the Group, joint ventures and associate continued

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest ¹	
					% As of	
					31 March 2020	31 March 2019
50	Bharti Airtel Kenya B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
51	Bharti Airtel Kenya Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
52	Bharti Airtel Madagascar Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
53	Bharti Airtel Malawi Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
54	Bharti Airtel Mali Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
55	Bharti Airtel Niger Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
56	Bharti Airtel Nigeria B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
57	Bharti Airtel Nigeria Holdings II B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
58	Bharti Airtel RDC Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
59	Bharti Airtel Rwanda Holdings Limited	C/o Ocorian Corporate Services (Mauritius) Limited, 6th floor, Tower A, 1 Cybercity, Ebene, 72201 Republic of Mauritius	Investment Company	Ordinary	100	100
60	Bharti Airtel Services B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
61	Bharti Airtel Tanzania B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
62	Bharti Airtel Uganda Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
63	Bharti Airtel Zambia Holdings B.V.	Overschiestraat 65, 1062 XD Amsterdam, The Netherlands	Investment Company	Ordinary	100	100
64	Celtel (Mauritius) Holdings Limited	C/o Ocorian Corporate Services (Mauritius) Limited, 6th floor, Tower A, 1 Cybercity, Ebene, 72201 Republic of Mauritius	Investment Company	Ordinary	100	100
65	Celtel Niger S.A.	2054 Route de l'Aéroport, B.P. 11 922, Niamey, Niger	Telecommunication services	Ordinary	90	90
66	Channel Sea Management Company (Mauritius) Limited	C/o Ocorian Corporate Services (Mauritius) Limited, 6th floor, Tower A, 1 Cybercity, Ebene, 72201 Republic of Mauritius	Investment Company	Ordinary	100	100
67	Congo RDC Towers S.A.	130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Infrastructure sharing services	Ordinary	100	100
68	Gabon Towers S.A. ²	124 Avenue Bouët, B.P. 23 899, Libreville, Gabon	Infrastructure sharing services	Ordinary	97.95	97.95
69	Indian Ocean Telecom Limited	28 Esplanade, St. Helier, Jersey JE2 3QA, Channel Islands	Investment Company	Ordinary	100	100
70	Madagascar Towers S.A.	Immeuble Kube B, Zone Galaxy, Andraharo, Antananarivo 101, Madagascar	Infrastructure sharing services	Ordinary	100	100
71	Malawi Towers Limited	Airtel Complex, Off Convention Drive, P.O. Box 57, Lilongwe, Malawi	Infrastructure sharing services	Ordinary	100	100
72	Mobile Commerce Congo S.A.	2ème Etage de L'Immeuble SCI Monte Cristo, Rond-Point de la Gare, Croisement de l'Avenue Orsy et de Boulevard Denis Sassou Nguesso, Centre Ville, B.P. 1038, Brazzaville, Congo	Mobile commerce services	Ordinary	100	100

Notes to consolidated financial statements continued

(All amounts are in US\$ millions unless stated otherwise)

35. Companies in the Group, joint ventures and associate continued

S. no.	Name of subsidiary	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest ¹	
					% As of	
					31 March 2020	31 March 2019
73	Montana International	C/o Ocorian Corporate Services (Mauritius) Limited, 6th floor, Tower A, 1 Cybercity, Ebene, 72201 Republic of Mauritius	Investment Company	Ordinary	100	100
74	Partnership Investment S.a.r.l.	130 b, Avenue Kwango, Gombe, B.P. 1201, Kinshasa 1, République Démocratique du Congo	Investment Company	Ordinary	100	100
75	Société Malgache de Téléphone Cellulaire S.A.	C/o Ocorian Corporate Services (Mauritius) Limited, 6th floor, Tower A, 1 Cybercity, Ebene, 72201 Republic of Mauritius	Investment Company	Ordinary	100	100
76	Tanzania Towers Limited	Airtel House, Block 41, Corner of Ali Hassan Mwinyi Road/Kawawa Road, Kinondoni District, P.O. Box 9623, Dar es Salaam, Tanzania	Infrastructure sharing services	Ordinary	51	60
77	Tigo Rwanda Limited (merged with Airtel Rwanda Ltd w.e.f. 3 July 2018)	Airtel Building, Remera, KG 17Ave, P.O. Box 4164, Kigali, Rwanda	Telecommunication services	Ordinary	100	100

Details of associate:

S. no.	Name of associates	Principal place of business and registered office address	Principal activities	Holding	Proportion of ownership interest ¹	
					% As of	
					31 March 2020	31 March 2019
1	Seychelles Cable Systems Company Limited	Caravelle House, 3rd floor, Victoria, Mahe, Seychelles	Submarine cable system	Ordinary	26	26

1 Companies proportion of voting power held is same as proportion of ownership interest held

2 Under dissolution

The Group had interest in Joint Venture entities in Ghana, which were disposed off on 24 August 2018. The results of operations of such JVs are included in the Consolidated statement of comprehensive income until the date of such disposal.

36. Events after the balance sheet date

No subsequent events or transactions have occurred since the date of the statement of financial position or are pending that would have material effect on the financial statements as at and for the year ended 31 March 2020 except as disclosed below:

- In one of the matters under litigation between one of the Group's subsidiaries and its vendor, there has been a ruling after the balance sheet date on account which the Group has disclosed the matter under contingent liability (see note 30 for more details).
- The Board approved a final dividend of 3 cents per share on 12 May 2020.

Company statement of financial position

(All amounts are in US\$ thousands unless stated otherwise)

	Notes	As of	
		31 March 2020	31 March 2019
Assets			
Non-current assets			
Property, plant and equipment		96	118
Capital work-in-progress		112	256
Right-of-use assets		775	–
Investment in subsidiary undertakings	4	3,533,231	3,532,758
Loan receivables	5	98,500	–
Other non-current assets		708	–
		3,633,422	3,533,132
Current assets			
Financial assets			
– Cash and cash equivalents	6	802,952	25,180
– Others		1,787	19
Other current assets		477	–
		805,216	25,199
Total assets		4,438,638	3,558,331
Current liabilities			
Financial liabilities			
– Lease liabilities		173	–
– Derivative instruments	7	–	64,000
– Trade and other payables	8	1,128	72,347
Current tax liabilities (net)		–	584
		1,301	136,931
Net current assets/(liabilities)		803,915	(111,732)
Non-current liabilities			
Financial liabilities			
– Lease liabilities		612	–
– Others		23	–
		635	–
Total liabilities		1,936	136,931
Net assets		4,436,702	3,421,400
Equity			
Share capital	9	3,419,948	3,081,745
Share premium		–	473,164
Retained earnings ¹		1,009,303	(133,509)
Other reserves ²		7,451	–
Equity attributable to owners of the company		4,436,702	3,421,400

1 The profit for the financial year dealt with in the financial statements of the company is \$382,562 thousands (March 2019: \$2,491 thousands)

2 Comprises of shared-based payment reserve and share stabilisation reserve

The company only financial statements of Airtel Africa plc (company registration number: 11462215) on pages 189-193 were approved by the Board of directors and authorised for issue on 12 May 2020. They were signed on its behalf by:

RAGHUNATH MANDAVA
CHIEF EXECUTIVE OFFICER
13 MAY 2020

Company statements of changes in equity

(All amounts are in US\$ thousands unless stated otherwise)

	Share capital			Retained earnings	Other reserves		Equity attributable to owners of the company
	No of shares	Amount	Share premium		Shared-based payment reserve	Others	
As of 12 July 2018	–	–	–	–	–	–	–
Profit for the year		–	–	2,491	–	–	2,491
Total comprehensive income/(loss)		–	–	2,491	–	–	2,491
Transaction with owners of equity							
Issue of share capital	3,081,744,577	3,081,745	473,164	(136,000)	–	–	3,418,909
As of 31 March 2019	3,081,744,577	3,081,745	473,164	(133,509)	–	–	3,421,400
Profit for the year		–	–	382,562	–	–	382,562
Total comprehensive income/(loss)		–	–	382,562	–	–	382,562
Transaction with owners of equity							
Reduction in nominal value of shares ¹		(1,540,872)	–	–	–	–	(1,540,872)
Issue of deferred share capital ¹	3,081,744,577	1,540,872	–	–	–	–	1,540,872
Issue of share capital ²	676,406,927	338,203	341,968	–	–	–	680,171
Share issue costs		–	(6,138)	–	–	–	(6,138)
Share stabilisation proceeds ³		–	–	–	–	7,193	7,193
Employee share-based payment expenses		–	–	–	258	–	258
Reversal of indemnities ⁴		–	–	64,000	–	–	64,000
Court approved reduction in share premium ⁵		–	(808,994)	808,994	–	–	–
Dividend to company's shareholders ⁶		–	–	(112,744)	–	–	(112,744)
As of 31 March 2020	6,839,896,081	3,419,948	–	1,009,303	258	7,193	4,436,702

1 Refer to note 27 (1) of consolidated financial statements

2 Refer to note 27 (2) of consolidated financial statements

3 Refer to note 5 (d) of consolidated financial statements

4 Refer to note 5 (a) of consolidated financial statements

5 Refer to note 5 (b) of consolidated financial statements

6 Refer to note 28 (1) of consolidated financial statements

Notes to company only financial statements

(All amounts are in US\$ thousands unless stated otherwise)

1. Summary of significant accounting policies

Basis of preparation

The company only financial statements are presented as required by the Companies Act, 2006. The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, the company has prepared financial statements as per FRS 101 'Reduced Disclosure Framework'.

All the amounts included in the financial statements are reported in US dollars, with all values rounded to the nearest thousands (\$ thousands) except when otherwise indicated. Further, amounts which are less than half a thousand are appearing as '0'.

As permitted by Section 408(3) of the Companies Act 2006, no profit and loss account of the company is presented.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available in relation to:

- The requirements of IFRS 7 Financial Instruments: Disclosures
- The requirements of IAS 7 Statement of cash flows
- The statement of compliance with Adopted IFRSs
- The effects of new but not yet effective IFRSs
- The requirements in IAS 24 'Related party disclosure' to disclose related party transactions entered into between two or more members of a group
- Disclosures in respect of capital management and
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Shared-based payment' (details of the number and weighted-average exercise prices of share options)

3. Employee expenses

The average monthly number of employees during the year was six. (March 2019: one)

Where required, equivalent disclosures are given in the consolidated financial statements. The company financial statements have been prepared on a going concern and historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period. The principal accounting policies adopted are the same as those set out in note 2 of the consolidated financial statements except as noted below:

- Investment in subsidiary undertakings are accounted for at cost
- Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably)

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no critical accounting judgments that would have a significant effect on the amount recognised in the company financial statements.

The company's investment in subsidiaries are reviewed for indicators of impairment. In performing such review, management considers the results of goodwill impairment test performed for the group. For details of key sources of estimation uncertainty in relation to such test, please refer to note 15 of the consolidated financial statements.

	For the year ended	
	31 March 2020	31 March 2019
Salaries	1,262	122
Bonuses	132	–
Share-based payment expense	51	–
Others	92	191
	1,537	313

Notes to company only financial statements continued

(All amounts are in US\$ thousands unless stated otherwise)

4. Investment in subsidiary undertakings

	As of	
	31 March 2020	31 March 2019
Cost		
Opening balance	3,532,758	–
Additions	473	3,532,758
Disposals	–	–
Carrying cost at 31 March	3,533,231	3,532,758
Bharti Airtel International (Netherlands) B.V.	3,532,758	3,532,758
Airtel International LLP	473	–

On 7 September 2018, the company acquired 1,781,248,325 shares and a shareholder's loan in Bharti Airtel International (Netherlands) BV (BAIN) from Network i2i Limited (Ni2i) for a consideration of \$1,167m. The consideration was settled by issuing shares to Airtel Africa Mauritius Limited. Subsequently, the company has made capital contributions amounting \$2,365m in Bharti Airtel International (Netherlands) B.V.

During the year ended 31 March 2020, the company made investment amounting \$473 thousands by way of initial capital contribution in Airtel International LLP, domiciled in India.

For details of subsidiary undertakings, refer to note 35 of consolidated financial statements.

5. Loan receivables

	As of	
	31 March 2020	31 March 2019
Opening balance	–	–
Additions	98,500	–
Balance at 31 March 2020	98,500	–
Bharti Airtel International (Netherlands) B.V.	98,500	–

The loan is unsecured, bears interest at the rate of three Months LIBOR+ 2.25% per annum with a maturity date of 26 March 2027. The credit facility is denominated in US\$.

6. Cash and cash equivalents

	As of	
	31 March 2020	31 March 2019
Cash at bank in current accounts	2,952	1,680
Fixed deposits with maturity of less than 90 days	800,000	23,500
	802,952	25,180

7. Derivative financial liabilities

	As of	
	31 March 2020	31 March 2019
Derivatives	–	64,000
	–	64,000

During the year ended 31 March 2019, the company issued shares to several global investors. The Share Subscription Agreements included certain indemnities that are embedded derivatives not closely related to the shares and therefore have been bifurcated and presented separately as a derivative financial liability. The fair value of those embedded derivatives was \$64m as of the date of subscription.

Under a deed dated 28 May 2019 between the company, Airtel Africa Mauritius Limited (AAML/the parent) and the several global investors, the terms of these derivatives were varied such that the obligation existing until such date were assumed by the parent of the company. Consequently, these derivatives liabilities have been reversed through equity. Refer note 5 (a) of consolidated financial statements. Further, refer note 34 of consolidated financial statements for details around fair value measurement of these derivative liabilities.

8. Trade and other payables

	As of	
	31 March 2020	31 March 2019
Indemnity liability ¹	-	72,000
Employees payable	177	126
Legal and professional expenses payable ²	791	188
Administrative and other payable ³	160	33
	1,128	72,347

1 During the year ended 31 March 2019, the company had issued shares to several global investors. The Share Subscription Agreements included certain indemnities for claims under certain stipulated indemnities or for breach of agreed warranties

These indemnities expired on the publication of the registration document of the company on 28 May 2019 in accordance with the original Share Subscription Agreement between the company and the global investors and hence these were recorded as non-operating income in the statement of comprehensive income. Refer to note 5 (a) consolidated financial statements

2 The auditor's remuneration for the current year in respect of audit and audit-related services was \$47 thousands (March 2019: \$47 thousands)

3 Includes wages tax payable amounting to \$160 thousands (March 2019: \$Nil)

9. Share capital

Refer to note 27 of the consolidated financial statements.

10. Related party disclosure

Refer to note 32 of the consolidated financial statements.

Alternative performance measures (APMs)

Introduction

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

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

Purpose

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

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

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

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

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

APM	Closest equivalent IFRS measure	Adjustment to reconcile to IFRS measure	Table reference ¹	Definition and purpose
Underlying EBITDA and Margin	Operating Profit	<ul style="list-style-type: none"> • Depreciation and amortisation • Charity and donation • Exceptional Item 	Table A	<p>The Group defines underlying EBITDA as operating profit/(loss) for the period before depreciation and amortisation, charity and donation and adjusted for exceptional items.</p> <p>Group defines Underlying EBITDA Margin as underlying EBITDA divided by total revenue.</p> <p>Underlying EBITDA and margin are measures used by the directors to assess the trading performance of the business and are therefore the measure of segment profit that the Group presents under IFRS. Underlying EBITDA and margin are also presented on a consolidated basis because the directors believe it is important to consider profitability on a basis consistent with that of the Group's operating segments. When presented on a consolidated basis, underlying EBITDA and margin are APM.</p> <p>Depreciation and amortisation is a non-cash item which fluctuates depending on the timing of capital investment and useful economic life. The directors believe that a measure which removes this volatility improves comparability of the Group's results period on period and hence is adjusted to arrive at underlying EBITDA and margin.</p> <p>Charity and donation is not related to the trading performance of the Group and hence adjusted to arrive at underlying EBITDA and margin.</p> <p>Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period to period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at underlying EBITDA and margin.</p>

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

Alternative performance measures (APMs) continued

APM	Closest equivalent IFRS measure	Adjustment to reconcile to IFRS measure	Table reference ¹	Definition and purpose
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 	Table D	<p>The Group defines adjusted effective tax rate as effective tax rate after normalising any impact arising on account of deferred tax triggered during the year for the first time which has been reported as exceptional item.</p> <p>This provides an indication of the tax rate across the Group for the current financial year after considering any deferred tax triggered during the year.</p>
Underlying profit/(loss) after tax	Profit/(loss) for the period	<ul style="list-style-type: none"> Exceptional items 	Table E	<p>The Group defines underlying profit/(loss) after tax as profit/(loss) for the period adjusted for exceptional items.</p> <p>The directors view underlying profit/(loss) after tax to be a meaningful measure to analyse the Group's profitability.</p> <p>Exceptional items are additional specific items that because of their size, nature or incidence in the results are considered to hinder comparison of the Group's performance on a period to period basis and could distort the understanding of our performance for the period as well as 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 	Table F	<p>The Group defines earnings per share before exceptional items as profit/(loss) for the period before exceptional items attributable to owners of the Group divided by the weighted average number of ordinary shares in issue during the financial period.</p> <p>This measure reflects the earnings per share before exceptional items for each share unit of the Group.</p> <p>Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a period to period basis and could distort the understanding of our performance for the period and the comparability between periods and hence are adjusted to arrive at earnings for the purpose of earnings per share before exceptional items.</p>
Operating free cash flow	Cash generated from operating activities	<ul style="list-style-type: none"> Income tax paid Changes in working capital Other non-cash items Non-operating income Charity and donation Exceptional items Capital expenditures 	Table H	<p>The Group defines operating free cash flow as net cash generated from operating activities before income tax paid, changes in working capital, other non-cash items, non-operating income, charity and donation and exceptional items less capital expenditures. The Group views operating free cash flow as a key liquidity measure, as it indicates the cash available to pay dividends, repay debt or make further investments in the Group.</p>
Free cash flow	Cash generated from operating activities	<ul style="list-style-type: none"> Changes in working capital Capital expenditures Cash tax Cash Interest 	Table I	<p>The Group defines free cash flow as net cash generated from operating activities after change in operating working capital, cash tax and cash interest. It is computed as 'EBITDA less change in operating working capital, capital expenditure, cash tax and cash interest'.</p> <p>The Group views free cash flow as a key liquidity measure as it indicates the cash available to pay dividends, repay debt or make further investments in the Group.</p>
Net debt and leverage ratio	No direct equivalent	<ul style="list-style-type: none"> Borrowing Lease liabilities Cash and cash equivalent Fair value hedges 	Table J	<p>The Group defines net debt as borrowings including lease liabilities less cash and cash equivalents, processing costs related to borrowings and fair value hedge adjustments.</p> <p>The Group defines leverage ratio as net debt divided by underlying EBITDA.</p> <p>The directors view net debt and leverage ratio to be a meaningful measure to monitor the Group's ability to cover its debt through its earnings.</p>

¹ Refer to 'Reconciliation between GAAP and Alternative Performance Measures' for respective table on pages 198-201

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

Changes to APMs

Definition of effective tax rate and adjusted effective tax rate has been further elaborated in the APM. Reason for using two different sets of measure is that effective tax rate provides an indication of the current ongoing tax rate across the Group whereas adjusted effective tax rate provides an indication of the tax rate across the Group for current financial year after taking into account the initial deferred tax recognition during the year.

Reconciliation between GAAP and alternative performance measures

Table A: Underlying EBITDA and margin

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

Table B: Underlying operating expenditure

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

Table C: Underlying profit/(loss) before tax

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

Table D: Effective tax rate and Adjusted effective tax rate

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

Table E: Underlying profit/(loss) after tax

Description	UoM	Year ended	
		Mar-20	Mar-19
Profit/(loss) after tax	\$m	408	426
Exceptional items	\$m	(112)	(119)
Underlying profit/(loss) after tax	\$m	296	307

Table F: Earnings per share (EPS) before exceptional items

Description	UoM	Year ended	
		Mar-20	Mar-19
Profit/(loss) after tax before exceptional items attributable to owners of the Group (Refer Table G)	\$m	261	278
Weighted average number of ordinary shares in issue during the financial period.	million	3,586	1,986
EPS before exceptional items	\$ cents	7.3	14.0

Reconciliation between GAAP and alternative performance measures continued

Table G: Earnings per share (EPS) – Restated

Description	UoM	Year ended	
		Mar-20	Mar-19
Weighted average shares	million	3,586	1,986
Weighted average shares – Restated	million	3,758	3,758
Profit for the period attributable to owners of the parent	\$m	370	388
Operating and Non-operating exceptional items	\$m	(65)	69
Tax exceptional items	\$m	(47)	(188)
Non-controlling interest exceptional item	\$m	3	9
Profit attributable to parent company shareholder – pre-exceptional items	\$m	261	278
Basic EPS	\$ cents	10.3	19.5
EPS before exceptional items	\$ cents	7.3	14.0
Basic EPS – Restated¹	\$ cents	9.8	10.3
EPS before exceptional items – Restated¹	\$ cents	6.9	7.4

1 EPS has been restated considering all the shares as at 31 March 2020 had been issued on 1 April 2018 for like-for-like comparison

Table H: Operating free cash flow

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

Table I: Free cash flow

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

Table J: Net debt and leverage

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

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.

Definition of terms

Technical and industry terms

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

Definition of terms continued

Company related	
HQ user	User department in headquarters based out at Nairobi, Kenya. This will be any department such as IT (Information technology), CSD (Customer services dept), NW (Network dept) etc.
Impôt sur le revenu des valeurs mobilières (IRVM)	A withholding tax that is applicable to dividends, debenture interest, director's fees, and branch net income that is deemed distributed
Interconnect user charges (IUC)	Interconnect user charges: a charge paid to the telco on whose network a call terminates
Lease obligation	Lease obligation represents the present value of the future lease payment obligation.
Minutes of usage	Duration in minutes for which a customer uses the Group's network. It is typically expressed over a period of one month. It includes incoming, outgoing and in-roaming minutes.
Mobile service	Mobile service is defined as the core telecoms services provided by the Group and excludes Airtel Money services.
Net debt	It is not a GAAP measure and is defined as the long-term borrowings, short-term borrowings and leased liability less cash and cash equivalents.
Net debt to underlying EBITDA (LTM)	It is not a GAAP measure and is computed by dividing Net Debt as at the end of the relevant period by Underlying EBITDA for preceding last 12 months (from the end of the relevant period). This is also referred to as leverage ratio.
Net revenue	It is not a GAAP measure and is defined as total revenue adjusted for IUC (Interconnection usage charges) charges, cost of goods sold and Airtel Money commission.
Network towers/sites	Comprises of base transmission system (BTS) which holds the radio transceivers (TRXs) that define a cell and coordinates the radio links protocols with the mobile device. It includes all the ground-based, roof top and in building solutions as at the end of the period.
Operating company	Operating company is defined as business units providing telecoms services and mobile money services across the Group's footprint.
Operating free cash flow	It is computed by subtracting Capital expenditure from underlying EBITDA.
Operating leverage	Operating leverage is measure to derive the operating efficiency of the business and is computed by dividing the Operating expenditure (excluding regulatory charges) by total revenue.
Operating profit	It is a GAAP measure and is computed as revenue less operating expenditure including depreciation & amortisation and operating exceptional items.
Reported currency	Reported currency is the currency where actual periodic exchange rates are used to translate the local currency financial statements of OpCo 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 mobile phone with interactive touch screen that allows the user to access internet apart from making calls and sending text messages.
Smartphone penetration	It is computed by dividing the smartphone devices by total customer
Total MBs on network	Total MBs consumed (uploaded and downloaded) by customers on the Group's GPRS, 3G and 4G network during the relevant period.
Voice minutes of usage per customer per month	It is computed by dividing the total voice minutes of usage on Group's network during the relevant period by the average number of customers and dividing the result by number of months in the relevant period.
Weighted average number of shares	The weighted average number of shares is calculated by taking the number of outstanding shares and multiplying the portion of the reporting period those shares covered, doing this for each portion and, finally, summing the total.

Abbreviations

2G	Second-generation technology
3G	Third-generation technology
4G	Fourth-generation technology
AAML	Airtel Africa Mauritius Limited
ARPU	Average revenue per user
bps	Basis points
bn	Billion
CAGR	Compounded annual growth rate
Capex	Capital expenditure
CSR	Corporate Social Responsibility
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
EU	European Union
FPPP	Financial Position and Prospects Procedures
GAAP	Generally Accepted Accounting Principles
GB	Gigabyte
GDP	Gross Domestic Product
HoldCo	Holding company
IAS	International Accounting Standards
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)
LSE	London Stock Exchange
LTM	Last 12 months
m	Million
MB	Megabyte
MI	Minority interest (Non-controlling interest)
NGO	Non government organisation
NSE	Nigerian Stock Exchange
OpCo	Operating company
P2P	Person 2 Person
ppts	Percentage points
QoS	Quality of service
RAN	Radio access network
SIM	Subscriber Identification Module
Single RAN	Single radio access network
SMS	Short Messaging Service
SPOC	Single point of contact (Vendor SPOC: Designated person from vendor's side who interacts with Airtel teams on a regular basis for various requirements)
Telecoms	Telecommunication
UoM	Unit of measure

General shareholders' information

Annual General Meeting (AGM)

Date	24 June 2020
Day	Wednesday
Time	11:00 Hrs BST
Venue	AGM will be live-streamed from 53/54 Grosvenor Street, London W1K 3HU

Dividend

Ex-dividend date for final dividend	2 July 2020
Record date for final dividend	3 July 2020
AGM	24 June 2020
Final dividend payment	3 cents per ordinary share

Financial calendar

Financial year: 1 April to 31 March

Airtel Africa plc share price

Airtel Africa's ordinary shares have a premium listing on the London Stock Exchange's main market for listed securities and are listed under the symbol AAF. Current and historical share price information is available on our website: www.airtel.africa

Shareholders as at 31 March 2020

Number of ordinary shares held	Number of accounts	% of total issued shares
1–1,000	8	0.00%
1,001–5,000	27	0.00%
5,001–50,000	71	0.04%
50,001–100,000	30	0.06%
100,001–500,000	63	0.39%
More than 500,000	82	99.51%

Warning to shareholders ('boiler room' scams)

In recent years, many companies have become aware that their shareholders have received unsolicited calls or correspondence concerning investment matters. These callers typically make claims of highly profitable opportunities in UK investments which turn out to be worthless or simply do not exist. These approaches are usually made by unauthorised companies and individuals and are commonly known as 'boiler room' scams. Airtel Africa plc shareholders are advised to be extremely wary of such approaches and advised to only deal with firms authorised by FCA. See the FCA website at fca.org.uk/scamsmart for more detailed information about this or similar activities.

Registrar and Transfer Agent

All the work related to share registry, both in physical and electronic form, is handled by the company's Registrar and Transfer Agent at the address mentioned in the communication addresses section.

Communication addresses

	Contact	Email	Address
For corporate governance and other secretarial related matters	Mr. Simon O'Hara Group company secretary	investor.relations@africa.airtel.com	First Floor, 53/54 Grosvenor Street, London, W1K 3HU, UK
For queries relating to financial statements and corporate communication matters	Mr. Pier Falcione Deputy CFO and Head of investor relations	investor.relations@africa.airtel.com	First Floor, 53/54 Grosvenor Street, London, W1K 3HU, UK
Registrar & Transfer Agent	Computershare Investor Services PLC United Securites Limited	webqueries@computershare.co.uk Website: www.unitedsecuritieslimited.com	The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, UK 9 Amodu Ojikutu Street, Victoria Island, Lagos, Nigeria Tel: +234 1 271 4566-7

Notes

Designed and produced by **Friend**
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Print **Pureprint Group**

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Airtel Africa plc

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