AIRTEL AFRICA

REGISTRATION DOCUMENT

MAY 2019

This document comprises a registration document (the "Registration Document") relating to Airtel Africa Limited (the "Company") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "FCA") made under section 73A of the Financial Services and Markets Act 2000 (the "FSMA"). A copy of this Registration Document has been filed with, and approved by, the FCA and has been made available to the public in accordance with the Prospectus Rules.

The directors of the Company, whose names appear on page 34 of this Registration Document (the "Directors"), and the Company accept responsibility for the information contained in this Registration Document. To the best of the knowledge of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Registration Document is in accordance with the facts and contains no omission likely to affect the import of such information.

This Registration Document should be read in its entirety. See Part 1 (Risk Factors) for a discussion of certain risks relating to the Group.

airtel

THE SMARTPHONE NETWORK

Airtel Africa Limited

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 11462215)

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This Registration Document may be combined with a securities note and summary to form a prospectus in accordance with the Prospectus Rules. This Registration Document may be combined with a securities note and summary to form a prospectus in accordance with the Prospectus Rules. A prospectus is required before an issuer can offer transferable securities to the public or request the admission of transferable securities to trading on a regulated market. However, this Registration Document, where not combined with the securities note and summary to form a prospectus, does not constitute an offer or invitation to sell or issue, or a solicitation of an offer or invitation to purchase or subscribe for, any securities in the Company in any jurisdiction, nor shall this Registration Document alone (or any part of it), or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to any offer or otherwise.

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This Registration Document speaks as of the date hereof.

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Dated: 28 May 2019

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PART 1
RISK FACTORS

The risk factors described below are not an exhaustive list or explanation of all risks relating to the Group and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Risks relating to the business and industry of the Group

The Group faces competition in the markets in which it operates.

The Group operates in an increasingly competitive environment, particularly with respect to pricing and market share, across its markets and segments, which may adversely affect its revenue and margins. The nature and level of the competition the Group faces vary for each of the markets, products and services it offers. The Group's traditional telecommunications competitors generally fall into three broad categories: (a) international diversified telecommunications and infrastructure companies, (b) state-owned and partly state-owned telecommunications and infrastructure companies, and (c) local and regional telecommunications and infrastructure companies. These competitors, as well as other competitors that enter the markets in which the Group operates in the future, may enjoy certain competitive advantages that the Group does not, such as having easier access to financing, greater personnel resources, fewer regulatory burdens or closer relationships with regulatory authorities. In a number of countries in which the Group operates, its competitors are also government-owned entities or major local business participants, and may have certain advantages from being incumbent service providers. Local operators may be able to leverage their knowledge of the local markets more efficiently than the Group. Some of the Group's competitors may have fewer regulatory burdens with which they are required to comply because, amongst other reasons, they use different technologies to provide their services, do not own their own network, are state-owned or partly state-owned or are not subject to obligations applicable to network operators with significant market power. Any of these competitive advantages may make it difficult for the Group to grow its market share, any of which could give the Group's competitors an advantage and negatively impact the Group's competitive position and business, results of operations and financial condition.

The Group competes for customers principally on the basis of price, services offered, advertising and brand image, quality and reliability of service and coverage area. Price competition for mobile services is significant. Mobile services revenue before inter-product elimination and including tower infrastructure sharing income represented the vast majority of the Group's consolidated revenue in the years ended 31 March 2019, 2018 and 2017 (representing 94.8%, 95.4% and 96.9% of total Group consolidated revenue, respectively), and these services are largely commoditised, as the ability to differentiate these services among operators is limited. This increased pricing pressure could impact the Group's profitability, especially in competitive markets across the Group's footprint. All these factors may result in slower growth or a decrease in the Group's returns on investment and, ultimately, its profitability as its customers may choose to switch to the Group's competitors, which could adversely affect the Group's business, results of operations, financial condition and prospects.

Increasing competition has also led, in certain markets, to declines in the prices the Group is able to charge for its services. Some of the Group's competitors may further reduce pricing and offer unsustainable price reductions or discounts in an effort to strengthen their market position, and the Group may not be able to match these price reductions while maintaining profitability. Furthermore, in certain markets in which the Group operates which have relatively higher levels of customer penetration, there are fewer new customers entering the market compared to other developing markets in which the Group is active. Therefore in order to increase its market share in these markets, the Group is largely dependent on attracting customers from its competitors, which intensifies the competitive pressures in these markets and increases the Group's subscriber acquisition costs. Moreover, even where the Group is successful in procuring new customers, there may be high subscriber acquisition costs associated with obtaining such customers relative to the average revenue that such customers generate, particularly given that rates of customer churn can be high and rates of smartphone penetration relatively low, in the markets in which the Group operates.

The Group's success in the markets in which it operates may be adversely affected by the actions of its competitors in a number of ways, including:

- lowering prices or increasing the quality of their services, features or content;
- developing and deploying of new or improved products and services;
- entering into business combinations or strategic alliances; and
- enhancing their networks.

Any failure to compete effectively, including in terms of pricing of services, acquisition of new customers and retention of existing customers, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

If the Group does not continue to provide telecommunications or related products and services that are useful and attractive to customers on a timely basis, it may not remain competitive.

The Group's commercial success depends on providing attractive products and services such as voice, data, mobile money, connectivity and other value-added services ("VAS") to its customers on a timely basis and at a competitive cost. The services the Group offers are technology-intensive and the development or acceptance of new technologies may render such services non-competitive, replace such services or reduce prices for such services. The telecommunications industry is characterised by an increasing pace of technological change in industry standards combined with ongoing improvements in the capacity and quality of technology to cater for changing customer needs and expectations. As new technologies develop, the Group's equipment or internal processes may need to be replaced, upgraded or digitalised, the Group may need to acquire additional licences and the Group's networks may need to be rebuilt in whole or in part to sustain its competitive position. To upgrade its existing infrastructure in response to technological advances (and to ensure that it can handle increased numbers of customers and amounts of traffic), the Group may require additional capital expenditures and access to related or enabling technologies to integrate new technology with existing technology. If the Group is unable to anticipate customer preferences or industry changes or if the Group is unable to modify its service offerings or otherwise react to changing customer demands on a timely and cost-effective basis, it may lose customers.

As the convergence of services accelerates, the Group has made and may continue to make substantial additional investments in new technologies and services to remain competitive. The new technologies or services the Group introduces may not prove to be commercially successful or profitable. Changes in technology and the Group's service offering may also lead the Group to compete with new competitors, including both emerging players as well as established technology companies entering new sectors and bundling technologies as a means of increasing their competitive advantage. Moreover, the Group is typically required to make these investments prior to the time it generates revenue from such new technologies and services, and must monitor and upgrade its internal processes to support these developments. The Group's operating results will also suffer if its new technologies and services are not responsive to the needs of its customers, are not able to be integrated with the Group's existing infrastructure, are not appropriately timed with market opportunities, are not effectively brought to market or are not priced competitively.

As telecommunications technology continues to develop, the Group's competitors may be able to offer telecommunications products and services that are, or are perceived to be, substantially similar or better than those offered by the Group. This could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. If it is not successful in anticipating and responding to technological change and changing customer preferences in a timely and cost-effective manner, the Group's quality of services, business, results of operations financial condition and prospects could be materially adversely affected.

The Group may face increased competition from non-traditional OTT telecommunications players.

The telecommunications environment in the markets in which the Group operates is rapidly changing. There has been a significant increase in the number of non-conventional and over-the-top ("OTT") players (internet-based alternatives to traditional telephony services), such as social networking sites and messaging applications, in these markets and this poses a threat to traditional telecommunications revenue streams such as pre-paid mobile voice services, which have historically comprised a significant part of the Group's revenue. The Group also experiences competition in its core network services from competitors investing in and partnering with new technology areas, including non-conventional and OTT players. The ability of these players to retain and attract subscribers or provide an attractive alternative to traditional subscriber models could materially adversely affect the Group's profitability, business, results of operations and financial condition.

Demand for traditional paid voice services across the telecommunications industry globally is in decline.

While demand for the Group's mobile voice services increased in the year ended 31 March 2019, and voice revenue may continue to grow in the future as mobile voice penetration improves in the countries in which the Group operates, demand for traditional paid voice services is in decline across the telecommunications industry globally (source: Delta Partners). Revenue from the Group's mobile voice services before inter-product eliminations and including infrastructure tower sharing income made up 62.2% of the Group's total consolidated revenue in the year ended 31 March 2019, as compared to 66.4% and 69.7% of total consolidated revenue in the years ended 31 March 2018 and 2017, respectively, primarily due to the increasing use of OTT and data-based voice over internet protocol ("VoIP") services. Any decline in demand for voice services across the industry may also lower the revenue the Group is able to generate from interconnect services. Revenue from the Group's mobile data services before inter-product eliminations and including infrastructure tower sharing income, on the other hand, made up 22.2% of the Group's total consolidated revenue in the year ended 31 March 2019, as compared to 18.9% and 16.2% of total consolidated revenue in the years ended 31 March 2018 and 31 March 2017, respectively. Although the Group has identified mobile data demand and mobile financial services ("MFS") as important drivers for future growth and has heavily invested in and upgraded its infrastructure and product offerings in response to these anticipated trends, there can be no assurance that the Group will successfully monetise the expected increase in data traffic or be able to respond to changing customer needs and expectations in a timely manner, and any increase in revenue generated from data services or MFS may not be sufficient to offset the substantial capital expenditures required to upgrade the Group's networks to handle increased data traffic or to develop secure and reliable MFS (see "—Telecommunications businesses require substantial capital investment and the Group may not be able to obtain sufficient financing on favourable terms, or at all" and "—If the Group does not continue to provide telecommunications or related products and services that are useful and attractive to customers on a timely basis, it may not remain competitive") as well as the declining demand for traditional paid voice services. This could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group may experience a failure or interruption in the operations of its networks, gateways to its networks or the networks of other operators (some of which may be outside its control).

The Group is dependent on the uninterrupted operation of its telecommunications networks to provide its services. Telecommunications networks are subject to risks of technical failures, aging infrastructure, human error, wilful acts of destruction or natural disasters, which can include equipment delays and failures, shortages of spare parts, energy or fuel shortages, software errors, damage to fibres, lack of redundancy plans, insufficient disaster recovery plans and staff shortages amongst service providers.

From time to time, the Group's customers have experienced blocked or dropped calls or slow data speeds because of capacity constraints in the Group's networks. The Group may not be able to improve or maintain these networks at current levels, particularly if traffic volume grows significantly beyond the Group's capacity. Additionally, spectrum capacity may not become available when required or may otherwise be insufficient, which may result in an increase in the Group's capital expenditure in order to increase the capacity of networks ahead of customer demand.

The Group also relies to a certain extent on interconnection with the networks of other telecommunications operators and carriers to carry calls from its customers to the customers of fixed-line operators and other mobile operators, both within the Group's existing footprint and more broadly. While the Group has interconnection and international roaming agreements with a number of other telecommunications operators, the Group does not have direct control over the quality of these networks (which may be variable) and the interconnections and international roaming services they provide. Any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide reliable interconnections or roaming services to the Group, could result in a loss of subscribers or a decrease in traffic, which could materially adversely affect the Group's business, results of operations, financial condition and prospects.

Additionally, between 2015 and 2017, approximately two-thirds of the Group's tower portfolio was sold to Helios Towers Africa, American Tower Corporation, IHS Towers and Eaton Towers. Any difficulties or breakdown in the commercial relationship with these tower companies or the failure of these tower companies to provide reliable services to the Group on a consistent basis could materially adversely affect the Group's business, results of operations, financial condition and prospects (see "—The Group is dependent on third parties for the supply of certain of the Group's services").

The Group's network, including its information systems, information technology and infrastructure, and the networks of other operators with which the Group's customers interconnect, are vulnerable to damage or interruptions in operation from a variety of sources including earthquakes, fires, floods, power loss, equipment failure, network software flaws, transmission cable disruption or other similar events (see "—Underdeveloped infrastructure in certain of the countries in which the Group does business could have an adverse effect on the Group's business, results of operations and financial condition"). Any interruption in the Group's operations or the provision of any service, including for a short period of time, whether from operational disruption, natural disaster or otherwise, could damage the Group's ability to attract and retain customers, cause significant customer dissatisfaction and have a material adverse effect on the Group's brand, business, results of operations, financial condition and prospects.

The Group may not be able to pass on increased costs to consumers.

The Group's operating costs are subject to fluctuations, including in response to changes in global commodity prices, including energy consumption costs (such as diesel and electricity) and hard commodities (such as steel and zinc), the cost of obtaining and maintaining licences, spectrum and other regulatory requirements, market uncertainty and prevailing macroeconomic conditions and a variety of additional factors beyond the Group's control. The Group is not subject to price regulation with respect to retail prices in 11 of the 14 countries in which it operates. In those countries, the relevant government does not set a maximum price at which the Group is able to offer its services to customers. Fluctuations in, and volatility of, energy consumption costs and other variable operating costs, therefore, create a need for the Group to adjust the price at which it sells its services. Consequently, in the deregulated countries in which it operates, the Group generally seeks to promptly pass price increases on to customers. There can be no assurance, however, that the Group will be able to pass on successfully or at all such cost increases, as the Group's ability to do so is driven by many factors, including local competitive pressure in a specific market, which may include price sensitivity among customers or pricing by the Group's competitors in such market, or the imposition of price controls (or other adverse regulation) by governmental authorities in the affected countries. In addition, in markets where the Group is subject to existing price regulation, it may not be able to effectively pass on similar increases in such costs to customers, depending on the relevant local regulatory scheme. See "—Price regulations in certain of the Group's operating countries influence, and will continue in the future to influence, the Group's margins and impact return on investment." In addition, no assurance can be given that energy consumption costs and the cost of obtaining and maintaining licences, spectrum and other regulatory requirements will be sustained at levels which will enable the Group to operate profitably. Energy consumption costs and the cost of obtaining and maintaining licences, spectrum and other regulatory requirements may not remain at their current levels, and any volatility in these and other variable operating costs or any inability to pass on increased costs could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

In addition, to the extent that all or a substantial part of increased costs are passed on to customers through a corresponding increase in the Group's sales prices, this could negatively affect short-term and long-term demand for the Group's services, particularly in markets where customers have lower levels of disposable income. Any decrease in demand for the Group's services as a result of cost increases could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group may not be able to successfully implement the Group's overall strategy, including its growth strategy.

Expanding the Group's operations (including into new markets) and achieving its other objectives involves inherent costs and uncertainties, and there can be no assurance that the Group will achieve its objectives. There can be no assurance that the Group will be able to undertake these activities within the expected timeframe, that the cost of achieving any of the Group's objectives will be at expected levels, that the Group will be able to achieve its objectives within the expected timeframe or at all, or that the Group will be successful in entering new markets and promoting new services to the extent it endeavours to do so. The Group's strategies may be affected by factors beyond its control, such as volatility in the global economy and in particular in countries in which the Group operates or the availability of acquisition opportunities in a particular market.

The Group's growth strategy depends in part on its ability to develop and integrate new services into its existing services offering, including in connection with the expansion of the Group's networks, as well as to expand its footprint into new markets, including through acquisitive growth.

The construction of new mobile sites (including broadband stations) or the redevelopment of existing sites, as well as the infrastructure to support those sites, involves numerous regulatory, environmental, political and legal uncertainties, many of which may be beyond the Group's control. Such projects may not be completed on schedule or at all or at the budgeted cost. In order to keep pace with increasing customer demand for voice and data volumes, the Group expects that it will continue to be required to invest heavily in building data capacities and broadband coverage expansion. The Group may also construct network facilities to capture anticipated future growth in demand in a region in which such growth does not materialise, resulting in throughput being lower than anticipated and a failure to achieve the Group's expected investment return. In addition, the Group faces competition for new mobile sites (including broadband stations), and it may not be successful in identifying or acquiring sites that meet its criteria, or which it is able to acquire on satisfactory terms. The Group faces competition from both international and local operators, some of which may have a different view from the Group on value or potential returns. Furthermore, some competitors may have a greater risk appetite than the Group or the inclination to acquire sites at higher prices or on terms less favourable than the Group may be prepared to accept.

Any failures, material delays or unexpected costs related to the implementation of the Group's growth strategy could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group's insurance coverage may not be adequate.

The Group's operations subject it to various risks that are either not fully insured against or not insured against at all, such as in relation to the actual or perceived health risks associated with cellular and other wireless communications technology or for acts of war and terrorism. While the Group believes this positioning is in line with market practice in the industry in which it operates, the Group's insurance and its contractual limitations on liability may not adequately protect the Group in all cases against liability and losses for such events. Moreover, the Group may not be able to maintain insurance at levels that it deems adequate or ensure that every contract contains adequate limitations on liabilities. There is no assurance that such insurance coverage will adequately protect the Group against liability from all of the consequences of the hazards and risks faced by the Group's business. The occurrence of an event not fully insured against, or the failure of an insurer to meet its insurance obligations, could result in substantial losses. In addition, even if insurance is available, insurance premiums or other costs may rise significantly in the future, so as to make the cost of such insurance prohibitive. Any future damage caused by the Group's products or services that is not covered by insurance, is in excess of policy limits, or is not limited by contractual limitations of liability, could adversely affect the Group's business, results of operations, financial condition and prospects.

The Group may be unable to identify or accurately evaluate suitable candidates for acquisition or merger, or to complete or integrate past or prospective acquisitions or mergers successfully or in a timely or cost-effective manner, which could adversely affect the Group's overall strategy. In addition, the Group may also face risks with respect to any divestments.

The Group's business has historically and in recent years grown inorganically through mergers and acquisitions, and has undertaken strategic divestments to streamline its footprint and focus on its core subscriber-facing operations. To the extent the Group undertakes mergers, acquisitions or divestments, it may strain the Group's management and financial resources. Amongst the risks associated in particular with mergers or acquisitions that could materially adversely affect the Group's growth, are the following:

- the Group may not identify suitable candidates;
- the Group may not plan or manage any merger or acquisition effectively;
- the financing needed for any such inorganic growth may be unavailable in a timely manner or be only available on unfavourable terms;
- the Group may incur substantial costs, delays or other operational or financial problems in integrating businesses, such as costs and issues relating to adopting and implementing consistent Group-wide policies and procedures, monitoring, hiring and training of new personnel, subscriber loss in certain acquisitions of customer bases or the integration of IT and accounting, internal control and internal reporting systems;

- the Group may incur costs associated with introducing new co-brands, rebranding newly acquired subscriber bases or developing appropriate risk management and internal control structures for operations in a new market, or understanding and complying with a new regulatory scheme;
- the Group may be subject to adverse price regulation changes made after a merger or an acquisition;
- increased investments may be needed in order to understand new markets and adapt to trends in these markets in order to effectively compete;
- the Group may not be sufficiently familiar with the market of an acquired business to accurately predict its performance;
- mergers or acquisitions may divert management's attention from the operation of existing businesses;
- the Group may not be able to retain key personnel at the newly-integrated businesses;
- the Group may encounter unanticipated events, circumstances or legal liabilities related to the newly-integrated businesses; and
- a merger or acquisition may not achieve anticipated synergies or other expected benefits.

In addition, following the integration of a new business into the Group, whether through merger or acquisition, such business may not be able to generate the expected margins or cash flows. The inorganic component of the Group's growth strategy is based, in part, on strategic streamlining of the Group's operational footprint, which included the Group's exit from Burkina Faso and Sierra Leone in June 2016 and July 2016, respectively, as well as the expected continuation of its ongoing divestitures of tower assets.

Although the Group assesses each candidate for inorganic growth, these assessments are subject to a number of assumptions and estimates concerning markets, profitability, growth, addressable subscriber base, market pricing, interest rates and company and asset valuations. The Group's assessments of, and assumptions regarding, candidates may prove to be incorrect and actual developments may differ significantly from the Group's expectations. Moreover, the Group may incur write downs, impairment charges or unforeseen liabilities, or encounter other difficulties in connection with mergers, acquisitions or divestments, that could adversely affect the Group's business, results of operations, financial condition and prospects.

Current and future antitrust and competition laws in the countries in which the Group operates may limit its growth and subject it to antitrust and other investigations or legal proceedings.

The antitrust and competition laws and related regulatory policies in many of the countries in which the Group operates generally favour increased competition in the telecommunications industry and may prohibit the Group from making further acquisitions or continuing to engage in particular practices to the extent that it holds a significant market share in such countries. Changes to public policy or regulatory intervention to mitigate the potential or perceived anti-competitive climate in the telecommunications industry may also impact the Group, including in countries where there are existing competitors. This could adversely impact the Group in markets where it already has a strong or dominant market position. For example, in March 2018 the Zambia Information and Communications Technology Authority ("ZICTA") awarded a fourth mobile operator licence to encourage further competition and improved service quality in the telecommunications industry. According to Ovum, as at December 2018, the Group held one of the top two market shares by subscriber base in 11 of the 14 markets in which it operates, and the Group is considered to have a dominant market position in Niger, Congo and Gabon. In addition, violations of antitrust and competition laws and policies could expose the Group to administrative proceedings, civil lawsuits or criminal prosecution, including fines and the imprisonment of its personnel, and to the payment of punitive damages, any of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Telecommunications businesses require substantial capital investment and the Group may not be able to obtain sufficient financing on favourable terms.

The Group operates in a capital-intensive industry that requires substantial amounts of capital and other long term expenditures, including those relating to the development and acquisition of new networks and the expansion or improvement of existing networks. The Group's capital expenditures were US$630 million, US$411 million and US$395 million in each of the years ended 31 March 2019, 2018 and 2017, respectively. In the past, the Group has financed these expenditures through a variety of means, including through banking facilities, particularly at the operating company level, accessing debt capital markets in some instances, and to a lesser extent, through accessing equity capital markets. While the Group does not believe it will require further access to such financing in the near term, the Group's use of a variety of external financing sources is likely to remain unchanged in the future.

The Group's continued ability to arrange diverse sources of external financing (both debt and equity), and the cost of such financing, depends on numerous factors, including its future financial condition and results of operations, as well as that of its individual operating companies, general macroeconomic and capital markets conditions, including the credit ratings of the countries in which the Group operates, interest rates, credit availability from banks or other lenders, foreign exchange rates, investor confidence in the Group, applicable provisions of tax and securities laws and political and economic conditions in any relevant jurisdiction. Moreover, the Group has historically obtained, and still has in place, a substantial amount of debt financing (including bond financing) with the benefit of guarantees provided by the Major Shareholder. Although the Group believes it will be able to continue to arrange debt financing on terms that are as favourable as such outstanding debt without the benefit of guarantees from the Major Shareholder, there can be no assurance that the terms of such debt will be as favourable. Going forward, any failure to arrange sufficient external financing on a timely basis or on satisfactory terms could have a material adverse effect on the Group's business, prospects, results of operations and financial condition.

The Group's success relies on the Group's central and local management team and other highly skilled personnel.

The Group's ability to maintain its competitive position and to implement its business strategy relies on the continued services of its executive officers and other members of senior management, both at the Group level and at its key operating subsidiaries. The Group's continued growth and strategic development rely on the ability of these individuals to operate effectively, both individually and as a group. If one or more of the Group's key management personnel become unable or unwilling to continue in their present position, the Group may not be able to timely identify, recruit and integrate qualified replacements without disruption to the Group's operations. The loss of a number of these individuals could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's ability to execute its business strategies in the future also depends in large part on the efforts of the Group's key personnel. There is a shortage of skilled personnel in the telecommunications industry in certain of the countries in which the Group operates, which the Group believes is likely to continue. As a result, the Group may face increased competition for skilled employees in many job categories from other mobile operators, as well as tower companies and new entrants to the market, and this competition is expected to intensify. In addition, as the Group expands its business, which could include acquisitive growth, the Group may be unable to retain and integrate skilled employees from acquired companies or businesses. The Group's inability to successfully integrate, recruit, train, retain and motivate key skilled employees could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group is reliant on local management to provide accurate and timely reporting.

In order to satisfy the needs of the Group's customers in different markets and to facilitate efficient decision-making, the Group's business model emphasises local decision-making and responsibility through a decentralised organisational structure, in which local managing directors retain substantial autonomy regarding the management and oversight of operations in their local markets. As a result of such decentralisation, the Group relies on local management for financial and other reporting purposes. The Group has implemented, and will continue to implement, internal risk management and reporting procedures at the central and local level that it believes are sufficient to protect against various risks. These methods depend on the evaluation of information that is publicly available or otherwise accessible to local management teams, and have inherent limitations as they may be subject to lapses in judgment and breakdowns resulting from human failures. Although the Group seeks to ensure consistency of process and reporting across its operations, reporting may be constrained by the distance between the Group's country-level operations across Africa, on the one hand, and central management in Nairobi on the other. Further, the Group's financial reporting is subject to the risk that controls may become inadequate in the future because of changes in internal or external conditions or new accounting requirements. A failure of local management to report, a delay in reporting, or inaccurate reporting could lead the Group to omit to take decisions, to take decisions on an uninformed basis or to report inaccurate data.

The Group is dependent on third parties for the supply of certain of the Group's services.

The Group's business is dependent on third party suppliers for the management, maintenance and operation of the Group's network equipment by the original equipment manufacturer or technology provider, as well as providers of network co-location facilities that are integrated into the Group's network and the operation and maintenance of its information technology platform. Continued co-operation between the Group and its key equipment and service providers is important to maintain the Group's telecommunications operations and any significant disruption or other adverse event affecting the Group's relationship with any of its major suppliers could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group does not have direct operational or financial control over its key equipment providers and key service providers (including the service providers with whom it has entered into sale and lease-back transactions in respect of the Group's tower infrastructure and other key components of its network and information technology platform) and has limited influence with respect to the manner in which the Group's key equipment and service providers conduct their businesses. Once a manufacturer of telecommunications equipment has designed and installed its equipment within the Group's system, the Group will often be reliant on the manufacturer for continued service and supply. The Group's ability to maintain and grow its subscriber base depends in part on its ability to source adequate supplies of network equipment and on the effective management and operation of its network equipment by third parties.

Further, certain of the Group's suppliers in Kenya are subject to the Information and Communications Technology Sector Policy Guidelines issued pursuant to the Kenya Information and Communications Act (CAP 411A, Laws of Kenya) ("KICA"), which require telecommunications companies to have at least 20% Kenyan citizen ownership and could be subject to fines, penalties (including criminal penalties), litigation and other enforcement actions, which could jeopardise these suppliers' abilities to perform under their contracts with the Group and in turn adversely affect the Group's business, results of operations, financial condition and prospects.

The Group's reliance on these equipment and service providers subjects it to risks resulting from delays in the delivery of services. The Group cannot assure investors that its key equipment and service providers will continue to provide equipment and services to the Group at attractive prices or that the Group will be able to obtain such equipment and services in the future from these or other providers on an appropriate scale within the time frames required or at all. There can be no assurance that the Group will be able to reduce its dependence on vendor-provided or vendor-managed services, which would require it to develop such expertise internally. The inability or unwillingness of key equipment and service providers to provide the Group's operations with adequate equipment and services on a timely basis and to manage the Group's infrastructure in accordance with best practices, including at attractive prices, could materially adversely impact the ability of these operations to retain and attract subscribers or provide attractive product offerings, either of which could materially adversely affect the Group's business, results of operations, financial condition and prospects.

The Group is also reliant on the Major Shareholder in respect of five software applications used within the Group's business. The Major Shareholder will grant the Group a royalty-bearing licence to use certain intellectual property in respect of these five customised software applications. In the near term these will be licensed under a formal software licence in perpetuity. The software licence may be terminated for convenience in respect of individual (or all) software applications by either the Group or the Major Shareholder with 180 days' notice. Whilst these applications are not critical to the Group's operations (and the Group could build similar applications locally if it needed to do so), the Group may not succeed in sourcing identical applications from third party vendors.

The Group relies on the use of the 'Airtel' brand, which is licensed to it by the Major Shareholder, and any limitation on or inability to use the brand or any trade marks licensed to it by the Major Shareholder may adversely affect the Group's business.

Substantially all of the Group's businesses trade under the 'Airtel' brand pursuant to the existing 'Airtel' Brand Licence agreement agreed between BAIN and the Major Shareholder. More broadly, the Brand Licences grant the members of the Group perpetual use of certain trade marks registered for use in the sale and marketing of the Group's services, and are terminable by the Group for convenience on 180 days' notice or by either party upon notice in the event of certain specified termination events including insolvency and material breach. The Directors believe that use of the 'Airtel' brand is an important indication to the Group's subscribers of the quality and provenance of the Group's services. Accordingly, the Group's business model assumes the continuation of the existing 'Airtel' Brand Licence and the entering into the new 'Airtel' and 'Wynk' Brand Licences as described in Part 7 (Operational Relationship with Major Shareholder) and the maintenance of a constructive working relationship with the Major Shareholder, and the Group's business would be materially adversely affected in the event of termination of the Brand Licences whether for reasons within or outside of its control or were the Group and the Major Shareholder to be engaged in a material unresolved dispute relating to the terms of the new and existing 'Airtel' Brand Licences or the Group's use of the 'Airtel' brand.

In addition to the trade marks licensed to the Group by the Major Shareholder, the Group has registered or will register certain trade marks relating to its business, such as 'It's Now', '2SIM' and 'Kabutu'. Such intellectual property rights are important to the Group's business.

There can be no assurance that trade mark registrations will be issued with respect to any of the Group's or the Major Shareholder's planned applications, or that the Group or the Major Shareholder will succeed in renewing its trade marks. In addition, third parties may infringe on or misappropriate the Group's or the Major Shareholder's rights, or assert rights in, or ownership of, the Group's or the Major Shareholder's trade marks and other intellectual property rights or in trade marks that are similar to trade marks that the Group or the Major Shareholder owns. The steps the Group or the Major Shareholder have taken or will take may not be sufficient to protect their respective intellectual property rights or to prevent others from seeking to invalidate their respective trade marks or the trade marks licensed to the Group by the Major Shareholder. If the Group or the Major Shareholder is unable to protect its intellectual property rights against infringement or misappropriation, or if others assert rights in or seek to invalidate the Group's or the Major Shareholder's intellectual property rights, this could have a material adverse effect on the Group's reputation, business, results of operations, financial condition and prospects.

Mobile money services are subject to a new and evolving regulatory environment.

In markets in which the Group has launched or intends to launch Airtel Money services, the regulations governing mobile money services are new and evolving and, as they develop, regulations could become more onerous, either by imposing additional licensing, reporting, pricing or control requirements or by limiting the Group's flexibility to design or implement new products, either of which may limit its ability to provide mobile money services efficiently or at all. The Group may not be able to modify its mobile money service offering to timely comply with any new regulatory requirements, or new regulations may be applied retroactively. Any failure to respond appropriately to these risks and uncertainties could reduce the Group's revenue, as well as damage its reputation.

Mobile money services involve cash handling, exposing the Group to risk of fraud and money laundering, imposition of fines or other penalties and potential reputational damage, including as a result of misconduct or collusion by the Group's mobile money partners or agents. In 2018, incidents of cash control frauds were identified in the Group's Airtel Money operations in Kenya and Niger, which involved circumvention of the Group's controls by Airtel Money employees and resulted in losses of US$6.7 million and US$670 thousand, respectively. The Group has received US$860 thousand as an insurance claim against the fraud in Kenya. While the Group has introduced enhanced controls, including increased segregation of duties, daily reconciliations and technical restrictions on the transfer of funds to non-Airtel bank accounts, the risk of fraudulent activity by individuals employed by or working in partnership with the Group cannot be eliminated completely. Additionally, technical or administrative errors could result in customer losses for which the Group could be responsible, and the Group may be liable for fraud and problems related to inadequately securing Group payment systems.

As the regulations governing mobile money services evolve, it is not always clear whether the Group is required to be licensed as a bank, financial institution or otherwise in order to offer Airtel Money services, including the facilitation of microloans to Airtel Money customers and commercial payment processing services offered in partnership with local financial institutions. For instance, the Group has partnered with Access Bank in Nigeria, where telecommunications providers are subject to specific regulations issued by the Central Bank of Nigeria ("CBN") in October 2018 around the provision of mobile money services. The Group also relies on partnerships with local banks to process payments and allocate mobile money float and cash between countries. The Group must also keep customers' Airtel Money deposits in local currency in local banks in each market and ensure customers' access to cash, exposing the Group to local banking risk including mismanagement of float or fraud by the Group's mobile money partners or agents. The Group also relies on a strong network of agents and franchisees with adequate mobile money float and cash to offer mobile money services efficiently and reliably. Any need to obtain licences, certifications or other regulatory approvals could impose substantial costs and involve considerable delay to the provision or development of Airtel Money services in a given market, or could require significant and costly operational changes or prevent the Group from providing any services in a given market, which could materially adversely affect the Group's business, results of operations, financial condition and prospects.

Disagreements with local communities in which the Group operates could adversely impact the Group's business and reputation.

The Group has experienced, and may in the future experience, local community opposition to the existing or proposed tower sites it relies on to operate its network, including concerns about alleged health risks. As a result of such local community opposition, the Group or the relevant tower operator could be required by the local authorities to dismantle and relocate certain towers. If the Group or the relevant tower operator is required to relocate a material number of towers the Group uses to operate its network and cannot locate replacement sites (or establish stations deploying alternative technology) that enable the continued provision of the Group's services in a manner that is acceptable to its customers, it could materially and adversely affect the Group's revenue and cash flow, which in turn could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group's IT systems may fail to perform their functions adequately or be interrupted, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's IT systems are vulnerable to damage or interruption from hardware or software failures, acts of war, terrorism, intentional wrongdoing, human error, fire and similar events. The Group's IT systems are critical to both its customer-facing and market-facing operations, as well as the proper functioning of its internal systems. In many of the markets in which the Group operates, the quality of IT connectivity lags behind that of more developed jurisdictions, which can affect the delivery of services to customers. Moreover, there is a shortage of qualified IT personnel in many of the markets in which the Group operates, which can adversely affect the quality of service provided.

Although the Group has recently invested heavily in building its disaster recovery set-up, unanticipated problems affecting any part of the Group's IT systems, such as system failures, hardware or software failures, computer viruses or hacker attacks could affect the quality of the Group's services and cause service interruptions. Any of these occurrences could result in reduced user traffic and reduced revenue and could harm the Group's operations.

Further, any security breaches, such as misappropriation, misuse, penetration by viruses, worms or other destructive or disruptive software, leakage, falsification or accidental release or loss of information (including customer, personnel and vendor data) maintained in the Group's IT systems and networks or those of the Group's business partners could damage its reputation, result in legal and regulatory action against the Group, and require the Group to expend significant capital and other resources to remedy any such security breach.

The effect of any of these events on the Group's business, results of operations, financial condition and prospects may be worsened to the extent that any such event involves risks for which the Group is uninsured or not fully insured, or which are not currently insurable, such as acts of war and terrorism.

In addition, the Group's information security requirements have increased, and will continue to increase, over time as a result of increased regulatory scrutiny of the telecommunications industry, as well as the expansion of the scope of the Group's digital services offering and the increasing amount of sensitive personal information the Group processes, including financial transactions through the continued expansion of the Group's Airtel Money services. While the Group periodically reviews and upgrades its IT systems and information security procedures across its footprint, including in respect of regulatory developments, there can be no assurance that such changes will be effective or sufficient to protect customer information in an evolving cybersecurity environment or to comply with all applicable legal and regulatory requirements. Any failure to comply with the legal and regulatory information security requirements applicable to the Group could damage the Group's reputation, result in legal and regulatory action against the Group and have a material adverse effect on its business, results of operations and financial condition.

A computer system failure, security breach or cyber-attack could significantly disrupt the Group's ability to operate its business.

The Group is 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 its IT systems, which could result in disruption to key operations, make it difficult to recover critical services, and damage assets. Moreover, if the Group is subject to a cyber-attack, its systems may be subject to down-time in an effort to prevent a security breach. Such an outage may lead to reputational damage or customer confusion, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects or damage its reputation. The Group continues to invest in its information security controls in response to emerging threats, such as cyber-crime and fraud, and to seek to ensure that controls for known threats remain robust. The risks associated with cyber-attacks, where an individual or group seeks to exploit vulnerabilities in IT systems for financial gain or to disrupt services, are a material risk to the Group. In addition, the Group's risk of cyber-crime and fraud may be compounded by the fact that each of the Group's business units operates largely independently. The Group cannot be certain that its infrastructure and controls will prove effective in all circumstances and any failure of the controls could result in significant financial losses and a material adverse effect on the Group's operational performance and reputation.

Certain of the Group's operating subsidiaries are loss-making.

The Group's operating subsidiaries in DRC, Chad, Congo, Niger and Gabon are regulated by the Organization for the Harmonization of Business Law in Africa ("OHADA"), a system of corporate law and implementing institutions adopted by 17 countries in west and central Africa. OHADA promulgated the Uniform Act on Commercial Companies and Economic Interest Groups in April 1997 and adopted a revised version thereof in January 2014 (together, the "Uniform Act"), which regulates the behaviour of commercial companies with a registered office in any countries that is party to the OHADA Treaty on the Harmonization of Business Law in Africa. Among other provisions, the Uniform Act requires companies to maintain shareholders' equity levels corresponding to at least half of the registered share capital in order to limit the risk of bankruptcy. Where an entity is non-compliant with this requirement and fails to rectify any non-compliance within two years, any interested party can petition the relevant court to seek the winding up of the entity. With the exception of Celtel Niger S.A., ("Airtel Niger"), the Group's primary operating subsidiaries in each of these countries, as well as Airtel Money Congo RDC S.A. in DRC, which together comprised 21.4% of the Group's total revenues in the year ended 31 March 2019, are not in compliance with this requirement. Although each of these entities has a shareholder loan in place, in each case which is in excess of the operating subsidiaries' negative reserves and which is convertible into equity, and although the Group has developed a strategy to effect the recapitalisation of each non-compliant entity, there can be no assurance that the subsidiaries' respective third-party creditors will not initiate winding up procedures, or that the shareholder loans can be converted into equity within the six-month curative period provided by the Uniform Act. If an interested party were to take such action, it could have a material adverse effect on business, results of operations, financial condition and prospects of the Group.

The Group depends on good relations with its employees, and any significant labour disputes or work stoppages may materially adversely affect the Group's business, results of operations, financial condition and prospects.

As at 31 March 2019, the Group employed 3,075 people on a full-time equivalent basis, excluding employees of the Major Shareholder providing full-time services to the Group, contractors and agency staff. As at 31 March 2019, approximately 33.7% of the Group's employees were unionised, and the Group operates in countries where strikes and other labour disputes are common. The Group believes that in general it has good relations with the personnel it employs. If the current terms and conditions of employment were materially changed and the Group's employees were to react adversely to any such changes, the Group may experience significant labour disputes and work stoppages at one or more of its operating offices. The Group also relies on third-party contractors in its operations, particularly with respect to the management, maintenance and operation of the Group's network equipment (see "—The Group is dependent on third parties for the supply of certain of the Group's services" above). Labour disputes involving its contractors' employees may cause disruption to the Group's operations, which could materially adversely affect the Group's business, results of operations, financial condition and prospects.

The Group operates a large distribution and channel partner network and is reliant on good working relationships with its franchisees and other third-party distributors.

The Group sells the majority of its services through physical locations across its footprint, which includes approximately 19,700 retail touchpoints, including kiosks and minishops and Airtel Money branches, other than SIM selling outlets and recharge selling outlets. The Group had approximately 286,000 Airtel Money agents as of 31 March 2019. The Group also operates further exclusive channels under certain arrangements with external operators, such as company-owned, franchisee-operated ("CoFo") or franchisee-owned, franchisee-operated ("FoFo") retail outlets. The formation and maintenance of good working relationships with franchisees, therefore, is important to ensure that both the Group's policies – including in respect of know your customer ("KYC") procedures and other safeguards designed to prevent the occurrence of fraud, bribery, theft and corruption – are implemented (see "—The Group's operations are subject to risks relating to fraud, bribery, theft and corruption") and the Group's brand is represented consistently across its network. In the year ended 31 March 2019, a majority of the Group's retail touchpoints were operated by franchisees. If franchisees fail to implement the Group's operational standards, the Group could be exposed to the risk of fraud and money laundering, imposition of fines or other penalties and potential reputational damage.

Although the Group endeavours to maintain good working relationships with its franchisees, there can be no assurance that the Group's current or future franchisees will choose to conduct business with the Group on an ongoing basis. The Group will continue to rely on franchisees as it expands and opens more sites across its footprint. Accordingly, if franchisees decide to give preference to the Group's competitors or cease to do business with the Group, it could have a material adverse effect on the Group's business, results of operations and financial condition.

Certain of the Group's operating subsidiaries are, or may in the future be, subject to local listing or ownership requirements, which may be difficult or costly to comply with in a timely manner, or at all, and which could make it harder for the Group to achieve its strategic objectives or which could otherwise have an adverse effect on the Group.

In certain jurisdictions, the Group may choose or be required due to legal requirements to undertake a listing of all or some of the shares of the Group's operating subsidiaries on a local stock exchange or be required to comply with local ownership requirements. The need to comply with these requirements could impact the ability of the Group to achieve its strategic objectives (for example, to the extent that intra-group transactions are subject to additional requirements), or could entail costs and burdens which could have an adverse effect on the Group.

Airtel Networks Zambia plc ("Airtel Zambia"), the Group's Zambian operating subsidiary, is publicly listed on the Lusaka Stock Exchange ("LuSE") (registered under the symbol 'ATEL') with a 3.64% float. In accordance with the Lusaka Stock Exchange Listings Rules, Airtel Zambia is obligated to list 25% of its share capital on the LuSE. While Airtel Zambia has taken several steps (including placing orders in a bookbuild process for a further 6.36% and making 21.36% of shares available to the public for purchase via a central depositary scheme), as a result of various factors, including potentially insufficient liquidity in the Zambian economy in general (resulting from a lack of investors with sufficient capital to subscribe for the shares), market conditions in the industry in which the Group operates, economic conditions in Zambia or other countries in the region and other factors affecting demand for the securities of Airtel Zambia, to date Airtel Zambia's float has not reached the required 25%. Although Airtel Zambia is in regular communication with the LuSE regarding its efforts to comply with the listing obligation, there can be no assurance that the LuSE will not pursue penal or civil actions against Airtel Zambia for non-compliance with its listing obligation. Furthermore, intra-group transactions may also be subject to applicable listing requirements, such as the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and accounts and press releases. If any of these requirements prevent or make it more difficult for the Company to take particular corporate actions or to realise its strategic objectives with respect to such subsidiary, this could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

In September 2018, the Uganda Communications Commission ("UCC") announced it will introduce a requirement for all telecommunications firms to list their shares on the Uganda Stock Exchange as a condition for obtaining or renewing a licence to operate in the country.

In Tanzania, pursuant to the Electronic and Postal Communications Act of 2010 (the "EPOCA") as amended by the Finance Act, No 2 of 2016, and further amended by the Finance Act in June 2017, each person or legal entity holding a licence to provide network facilities in Tanzania before 1 July

2016, is required to offer shares equal to at least 25% of its total share capital on the Dar es Salaam Stock Exchange by no later than 31 December 2016. Airtel Tanzania, the Group's operating subsidiary in Tanzania, is subject to the listing requirements of the EPOCA and in December 2017 filed a draft prospectus and listing application with the Tanzania Capital Markets and Securities Authority (the "CMSA"). Despite the Group's ongoing preparations to comply with the listing requirements of the EPOCA and regular engagement with the CMSA, such listing may be delayed or not be completed on satisfactory terms or at all, as a result of various factors, including the potentially insufficient liquidity in the Tanzanian economy in general (due to a potential lack of investors with sufficient capital to subscribe for the shares), market conditions in the industry in which the Group operates, economic and political conditions in Tanzania or other countries in the region and other factors affecting demand for the equity securities of Airtel Tanzania. To date, of the telecommunications providers in Tanzania only Vodacom Tanzania Limited has complied with the relevant listing requirements. To the Group's knowledge, neither the CMSA nor the Tanzania Communications Regulatory Authority ("TCRA") has taken any action against a licence holder for failing to comply with the EPOCA, nor, to the Group's knowledge, has any action been taken against a telecommunications company for failure to comply with the Communications Act of 2016.

Airtel Malawi Limited ("Airtel Malawi"), the Group's primary operating subsidiary in Malawi, must comply with a similar requirement of at least 20% Malawian citizenship ownership (the "Malawian Citizenship Ownership Requirement") under the Communications Act of 2016 and the Communications (Telecommunications and Broadcasting Licensing) Regulations of 2016, which required compliance with the Malawian Citizenship Ownership Requirement by 25 November 2018, and of at least 25% Malawian citizenship ownership under the listing rules of the Malawi Stock Exchange. The Group is taking all actions to comply with the Malawian Citizenship Ownership Requirement and continues to engage with the regulators to comply with the requirements. The Malawian regulator has imposed a fine of approximately US$700,000 (MWK500 million), which has been appealed given the good faith efforts the Group has undertaken to comply with the Malawian Citizenship Ownership Requirement.

While the Group continues to engage with the regulators and intends to timely comply with these requirements or otherwise seek an extension to comply with these requirements, there can be no assurance that it will be able to do so. There can, however, be no assurance that the relevant regulatory authorities will continue to refrain from taking any such enforcement action for any particular length of time. If a relevant regulatory authority were to take such action, it could have a material adverse effect on business, results of operations, financial condition and prospects. Further, as a result of various factors, including potentially insufficient liquidity in the relevant market (resulting from a lack of investors with sufficient capital to subscribe for the shares), market conditions in the industry in which the Group operates, economic conditions in the relevant country or in the region in general, there can be no assurance that the valuation obtained for such locally listed entities will be in accordance with the Group's expectations. This could have the effect of reducing the per share valuation of the Group's holdings in such companies, which could have an adverse impact on the Group.

If the Group fails to comply in a timely manner with the requirement to complete a local listing and/or obtain a minimum local shareholding in Zambia, Tanzania, Malawi or in other jurisdictions into which a similar requirement is introduced, it could be subject to fines, penalties (including criminal penalties), litigation and other enforcement actions, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Actual or perceived health risks or other problems relating to the use of mobile handsets or network transmissions or infrastructure could lead to litigation or decreased mobile communications usage.

Public perception of possible health risks associated with cellular and other wireless communications technology could negatively impact the demand for wireless services, which could in turn lead to a reduction in the Group's revenue or to a decline in the Group's revenue growth. The potential connection between radio frequency emissions and certain negative health effects as a result of mobile phone use has been the subject of substantial study by the scientific community in recent years and numerous health-related lawsuits have been filed around the world against wireless carriers and wireless device manufacturers.

Negative public perception of, and regulations regarding, any perceived health risks of mobile phone use could slow the market acceptance of wireless communications services and increase opposition to the development and expansion of wireless network coverage. If a scientific study or court decision resulted in a finding that radio frequency emissions pose health risks to consumers, it could negatively impact the market for wireless services, as well as the Group's wireless carrier customers, which could materially and adversely affect the Group's business, results of operations, financial condition and prospects. The Group does not maintain any significant insurance with respect to these matters.

Fluctuations in foreign currency exchange could increase the operating and debt servicing costs of, and the financial burden on, the Group and any hedging transactions involve risks that can harm the Group's financial performance.

The Group prepares its financial statements in US dollars but derives revenue and incurs costs in the local currencies used in the 14 countries in which it has operations. During the year ended 31 March 2019, approximately 14.8% of the Group's total revenue was in US dollars or pegged to US dollars and approximately 34.5% was in Nigerian naira, with the remaining revenue principally in Central African francs, which is pegged to the euro and comprised approximately 15.1% of the Group's total revenue in the year ended 31 March 2019. Further, extracting cash from certain countries in which the Group operates can be challenging due to exchange controls, liquidity deficits and cash shortages in respect of international payments from time to time. Accordingly, movements in exchange rates between these currencies and the US dollar could have a negative effect on the Group's results of operations and financial condition to the extent there is a mismatch between its earnings in any foreign currency and its costs that are denominated in that currency. Foreign exchange rates have seen fluctuation in recent years, and foreign exchange movements in Africa can be particularly volatile. In the year ended 31 March 2019, the Group experienced a net foreign exchange loss of US$92 million while it experienced a net foreign exchange loss of US$114 million in the year ended 31 March 2018.

Where possible, the Group manages foreign currency risk by matching same currency revenue to same currency expenses, and by strategically denominating debt in certain functional currencies in order to match with projected functional currency exposures. Nonetheless, the Group has a material amount of borrowings, operating and capital expenses in currencies other than those in which it derives revenue. Where appropriate, the Group enters into certain hedging arrangements to mitigate foreign exchange risk and may enter into further hedging arrangements in the future. Hedging itself carries certain risks, including that the Group may need to pay a significant amount (including costs) to terminate any hedging arrangements. There is no guarantee that the Group will be successful with this strategy.

In addition, the results of operations and financial condition of certain subsidiaries of the Group are denominated in the relevant functional currency of that subsidiary, which may not be US dollars. These Group member's assets and liabilities are converted based on the closing exchange rate for the period, and income statement items are converted based on the average exchange rate for the period. Having a financial position presented in US dollars could result in foreign exchange translation fluctuations depending on the relative strength of local currencies as compared to the US dollar during any given period. If the US dollar strengthens relative to the local currencies, the Group's financial position as reflected in its historical financial information will decrease. Any significant increases in the value of the US dollar relative to the functional currencies of the Group's operations could have a material adverse effect on the Group's reported financial results.

The imposition of exchange controls and limits on convertibility of funds in the countries in which the Group operates may restrict the Company's ability to transfer and receive funds from within the Group.

The introduction of new foreign exchange controls, new interpretations of existing foreign exchange controls or future shortages of foreign currency would subject local currency held by the Group's operating companies to variations in the exchange rate between the local currency and the relevant foreign currency. There can be no assurance that foreign exchange control restrictions will not be introduced in the future or that the Company's ability to receive funds from its subsidiaries and associate companies will not consequently be restricted. If the Group fails to adequately protect against currency exchange risk, the costs of servicing its debt obligations and providing its services may increase, which could have a material adverse effect on its business, results of operations, financial condition and prospects. Moreover, if the value of the currencies in which the Group derives its revenue declines relative to the currency in which its borrowing is denominated, it could increase the debt servicing costs of, and the financial burden on, the Group.

The Group is dependent on interconnection with its competitors' networks and associated infrastructure as well as roaming arrangements with other international telecommunications operators.

The Group's ability to provide commercially viable communications services depends, in part, upon its ability to interconnect with other mobile and fixed-line telecommunications networks and associated infrastructure. Interconnection agreements allow the Group to connect local, long distance and international calls that originate on its networks but terminate on other operators' networks, or vice versa. These arrangements are often entered into with operators with whom the Group is in direct competition, including the local postal, telegraph, and telephone and other local mobile telecommunications providers in each of the Group's countries of operation. The framework under which interconnection charges are made is often subject to extensive government regulation, and in certain jurisdictions where the Group engages in business, these agreements are currently being reviewed by the relevant government authorities. Furthermore, the counterparties to each of the Group's interconnection agreements currently may have, and exercise, the right to terminate such agreements. Any change to the framework or the basis upon which interconnection charges are made is likely to require the renegotiation of the Group's interconnection agreements. In the future, the Group may not be able to maintain or renew its interconnection agreements on a timely basis or on terms that are commercially acceptable to it and any material increase in the interconnection expenses could have a material adverse effect on the Company's financial condition and results of operations. The Group is also dependent on third parties (including operators in the Major Shareholder group) to obtain access to international communications capacity through terrestrial fibre networks and submarine cables to ensure sufficient bandwidth for international voice and data services that the Group provides to its customers. The Group contracts to use this capacity on short term leases or longer term rights to use.The failure of other operators to provide reliable, quality interconnections and international bandwidth to the Group on a consistent basis could have a material adverse effect on the Group's quality of service.

The Group is also dependent, but to a lesser extent, upon roaming agreements with other international telecommunications operators (including operators in the Major Shareholder group) as a source of revenue when other telecommunications operators' customers roam on the Group's networks and when the Group's customers roam on other international telecommunications operators' networks. Revenue from international roaming amounted to US$72.0 million, US$49.0 million and US$44.1 million in the years ended 31 March 2017, 2018 and 2019, representing 2.5%, 1.7% and 1.4%, respectively, of the Group's revenue for those years. If these roaming agreements were to terminate, or if the other international telecommunications operators were to deploy technologies that are incompatible with the Group's networks, the Group's roaming revenues and profits may be materially reduced.

The Group faces risks relating to its property and towers portfolio, including failure by the Group to renew leases, which could lead to decreased revenue, reduce the Group's network capacity and markets or raise the Group's costs.

The Group has to obtain the rights to construct and operate its towers and base stations, distribution outlets and other premises on land owned by third parties and governmental agencies. The Group is, as a result, subject to the possibility of more burdensome terms and increased costs to maintain necessary land use if its leases and rights-of-way lapse or terminate or it is determined that the Group does not have valid leases or rights-of-way. The Group's loss of these rights, through its inability to renew contracts or otherwise, could have a material adverse effect on its business, results of operations and financial condition and prospects.

As at 31 March 2019, the Group owned or leased 21,059 towers, 32,501 mobile broadband base stations, and over 1.5 million retail outlets across Africa, in addition to other properties such as the Group's corporate offices. Events that adversely affect the Group's ability to use these sites or provide the services delivered from them, which could include a failure by the Group to meet lease terms, renew leases, expiry of leases without securing future property rights or expropriation by authorities, could impact the Group's ability to maintain its service offering and network coverage, which could lead to decreased revenue, reduce the Group's network capacity and markets or raise the Group's costs. The Group could also face uncompetitively high property costs if it has acquired or leased property at high costs or the market value of property decreases.

Risks relating to countries where the Group operates

Several countries and regions in which the Group operates have experienced economic, regulatory, political and civil instability that could adversely affect the economy in the Group's markets and, therefore, the Group's business, results of operations, financial condition and prospects.

The Group's revenue and operations are and will remain highly dependent on the macroeconomic environment in the 14 countries across Sub-Saharan Africa in which it operates its networks, and the economic and political conditions in certain of these countries or in Sub-Saharan Africa more generally may not be favourable in the future. An economic slowdown which adversely affects, for example, disposable income or infrastructure development, in one or more of these countries could negatively impact the Group's sales and have a material adverse effect on its business, results of operations, financial condition and prospects. In addition, many of the countries in which the Group operates can be affected by economic downturns attributable to factors such as commodity price fluctuations, reduced financial aid, capital inflows and remittances. The Group may, therefore, be subject to fluctuations in the local economies and to the effect of such fluctuations on the ability of customers to pay for the Group's products and services or the amount of disposable income otherwise available to consumers in the markets in which it operates, which can have an adverse effect on consumer spending which in turn could have a material adverse effect on the Group's business.

The Group operates in countries with economies in various stages of development and structural reform, some of which are subject to rapid fluctuations in consumer prices, employment levels, gross domestic product and interest and foreign exchange rates. Several countries in Africa, including some where the Group operates, have experienced recent periods of governmental or economic instability. The Group may, therefore, be subject to fluctuations in the local economies and to the effect of such fluctuations on the ability of customers to pay for the Group's products and services or the amount of disposable income otherwise available to consumers in the markets in which it operates. In addition, these fluctuations may affect the ability of the market to support the Group's operations or any growth in its operations.

Such instability, its possible escalation and any associated unrest or violence may negatively impact the economies in these countries and the Group's local operations. Governmental instability in one or more countries in which the Group operates could in turn negatively impact the country's economy which could have a material adverse effect on the Group's business, results of operations and financial condition.

Actions by governments, political events, social tensions or macroeconomic factors in the countries in which the Group operates could have an adverse effect on the Group's business. The Group's activities expose it to various levels of political, economic and other risks and uncertainties that vary for each country and include, but are not limited to:

- renegotiation or nullification of existing leases, licences, permits and contracts;
- changes in applicable laws or regulations, including tax laws, compulsory stock obligations and price regulations;
- the risk of arbitrary governmental action;
- retroactive tax claims or claims for secondary tax liabilities;
- expropriation or nationalisation of property;
- limitations on the repatriation of earnings;
- levying of high penalties or demands, including interest on such penalties or demands, for alleged failure to comply with applicable laws or regulations;
- social and labour unrest;
- corruption;
- unstable political, financial, economic or legal systems;
- the lack of well-developed legal systems, which could make it difficult for the Group to enforce contractual rights;
- changing political conditions;
- local content legislation, such as local shareholder participation and local listing requirements;
- limitations on imports or other trade barriers and controls;
- changes to, or implementation of additional, environmental laws, regulations or permitting rules, including changes to existing interpretations of such laws, regulations or permitting rules;
- inflation and currency controls, fluctuations and devaluations;
- wage and price controls;
- governmental regulations that require foreign contractors to purchase supplies locally;

- investment policies for foreign investors, such as clearances and approvals;
- difficulties in staffing and managing operations and risks to the safety and security of employees;
- limitations of autonomy from contracts or joint ventures with public sector entities;
- the risk of uncollectible accounts and long collection cycles;
- allegations of violations of human rights in the countries in which the Group operates, leading to pressure on the Group to cease operations in those countries; and
- outbreaks of disease, civil strife, acts of war, guerrilla activities, insurrection and terrorism.

Furthermore, the Group may also be exposed to a lack of certainty with respect to the legal systems in a number of countries in which it operates, and, such legal systems may not be immune from the influence of political pressure, corruption or other factors that are inconsistent with the rule of law.

The Group's ability to pursue recourse against the impact of certain of these risks, should they materialise, may be limited or non-existent, including with respect to any countries where no investment treaty protection is available. For example, there are no bilateral investment treaties in force between the Democratic Republic of Congo and the UK or the Netherlands, and Tanzania gave notice for termination of its existing bilateral investment treaty with the Netherlands in October 2018, which became effective in April 2019. Without a bilateral investment treaty or similar protections in place, foreign private investment in certain of the countries in which the Group operates may be constrained.

The above risks could arise in any of the countries in which the Group operates. The occurrence of such risks could have a material adverse effect on the Group's business, results of operations and financial condition.

Actions by governments, political events or instability or changes in public policy in the countries in which the Group operates could have an adverse effect on the Group's business.

Governments in certain of the countries in which the Group operates may at times be influenced by political or commercial considerations outside of the Group's control, and may act arbitrarily, selectively or unlawfully, including in a manner that may be harmful to the macroeconomic environment or contrary to common commercial practice, including in ways that may be beneficial to the Group's competitors. The Group's operations in certain of the countries in which it operates could be at risk of expropriation or nationalisation by the relevant government or regulatory authorities, either by formal change in ownership, revocation of an operating licence or by changes in regulatory or financial policies, or the interpretation thereof, that have an equivalent effect.

For example, in December 2017, the Tanzanian government, then a 40% shareholder in Airtel Tanzania plc, the Group's primary Tanzanian operating subsidiary ("Airtel Tanzania"), alleged that the initial privatisation of Tanzania Telecommunications Company Limited, resulting in the creation of Celtel Tanzania B.V. (now Airtel Tanzania) in 2001 and certain divestments in 2005, were completed in violation of applicable law, regulations and procedure, and that the Tanzanian government was, therefore, entitled to sole ownership of Airtel Tanzania. Further, in March 2018 the Government of Tanzania has raised tax claims of approximately US$874 million against BAIN primarily relating to capital gains on transfers of ownership of Airtel Tanzania in 2005 and in 2010 and has further raised various tax claims against Airtel Tanzania totalling approximately US$47 million as at March 2019. By a Compliance Decision dated 20 April 2018, the Tanzania Communication Regulatory Authority ("TCRA") held Airtel Tanzania in breach of certain provisions of the Electronic and Postal Communications Act, 2010 and imposed fines of TZS418,987,500,000 (approximately US$183 million).

The Group has disputed the merits of each of these claims in their entirety. In January 2019, the Government of Tanzania and the Group agreed, subject to detailed agreements, (i) to the Government of Tanzania's withdrawal of the aforesaid tax claims and the TCRA fines and the entry into an agreement between the Government of Tanzania and Airtel Tanzania for the provision of support services to Airtel Tanzania on a "best efforts" basis in order to support Airtel Tanzania's development; (ii) to approve the sale of towers owned by Airtel Tanzania and to allow a significant portion of the net sale proceeds towards repayment of the outstanding shareholder loan granted to Airtel Tanzania by Bharti Airtel Tanzania B.V. ("BATBV"); (iii) to either exempt Airtel Tanzania from the listing obligations under the EPOCA or to ensure that the Group's beneficial ownership of Airtel Tanzania will not decrease below 51% at any time and that any shares to be offered to the public in compliance with the EPOCA will be offered by the Government of Tanzania; (iv) to an increase in the Tanzanian government's shareholding in Airtel Tanzania, to 49% at zero effective cost, and (v) the receipt by BATBV of the agreed portion of the sale proceeds from the sale by Airtel Tanzania of its tower portfolio shall be treated as full repayment by Airtel Tanzania of BATBV's outstanding shareholder loan.

As of the date of this Registration Document, the Group has no reason to believe that the January 2019 understanding will not be implemented on substantially similar terms. If, however, the January 2019 understanding does not result in detailed agreements between the Government of Tanzania and the Group on substantially similar terms, the Group's recourse will be through the pursuit of proceedings in Tanzania and in international fora, the outcome of which is uncertain and which may divert financial and management resources away from the business. Any similar actions in other markets in which the Group operates could negatively impact the Group.

Price regulations in certain of the Group's operating countries influence, and will continue in the future to influence, the Group's margins and impact return on investment.

The Group is subject to price regulation with respect to retail price controls in three of the 14 countries in which it operates. In these countries, the relevant government or regulator imposes a floor on the price at which certain of the Group's voice and data services can be sold. As a result, the margins the Group is able to achieve are influenced by these governmental or regulatory actions, as either the maximum margin attainable or the ability to compete primarily on the basis of price is then dependent on factors beyond the Group's pricing practices, such as the efficiency of the Group's distribution network and logistics chain, the quality of its products, the location of its retail outlets and its own costs. The pricing and bundling restrictions are periodically reviewed by the relevant government authorities to reflect fluctuations in prices and macroeconomic developments. There can be no assurance, however, that any such review would be favourable to the Group's pricing practices or the margins the Group is able to achieve. If a government or regulator elects to introduce new or more restrictive pricing regulations in the markets in which the Group operates, the Group's business, results of operations and financial condition could be materially adversely affected.

The Group's operations in Nigeria represent a large percentage of the Group's operations, and changes in demand for the Group's services in Nigeria or other factors could have a negative effect on the Group's business.

The Group's operations in Nigeria contribute a significant portion of the Group's revenues and operating profit, and are likely to continue to account for a large portion of the Group's business in the future. For the year ended 31 March 2019, the Group's operations in Nigeria accounted for 35.9% of the Group's revenues and 37.6% of the Group's total subscriber base. There can be no assurance that the Group can sustain these current levels or that demand in Nigeria for the Group's services will increase. In the event that there are adverse political, regulatory, competitive or other developments in Nigeria, revenues from these markets could decline and the Group's business may be adversely affected.

The Group's operations are subject to risks relating to fraud, bribery, theft and corruption.

Certain of the countries in which the Group conducts business have, from time to time, experienced high levels of criminal activity and governmental and business corruption. Although the Group adheres to a robust anti-bribery and anti-corruption compliance framework, the Group's operations may nevertheless be targets of criminal activity or corruption. Criminal activity, corruption or terrorist action against the Group and its properties or facilities could materially and adversely affect the Group's business, results of operations or financial condition.

While the Group maintains and regularly updates its IT and control systems, anti-corruption training programmes, codes of conduct, KYC procedures and other safeguards designed to prevent the occurrence of fraud, bribery, theft and corruption, it may not be possible for the Group to detect or prevent every instance of fraud, bribery, theft and corruption in every jurisdiction in which the Group's employees, agents, sub-contractors or commercial partners are located. If adverse investigations or findings are made against the Group or its directors, officers, employees, commercial partners or third-party contractors are found to be involved in bribery or corruption or other illegal activity, this could result in criminal or civil penalties, including substantial monetary fines, against the Company and other members of the Group, its directors, officers, employees, commercial partners or third-party contractors. Such alleged or actual involvement in corrupt practices or other illegal activities by the Group, its commercial partners, third-party contractors or others with which the Group conducts business could also damage the Group's reputation and business.

The Group may also be subject to allegations of corrupt practices or other illegal activities, which, even if subsequently proved to be unfounded, may damage the Group's reputation and require significant expense and management time to investigate. Instances or allegations of fraud, bribery, theft and corruption, and violations of laws and regulations in the jurisdictions in which the Group operates could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

While the Group's policies mandate compliance with applicable anti-bribery and anti-corruption laws, including with respect to itself and for its third-party contractors, the Group operates in jurisdictions that are reported or alleged to have elevated governmental and commercial corruption levels and in certain circumstances, strict compliance with anti-bribery and anti-corruption laws may conflict with local customs and practices. The Group's ability to comply with anti-bribery and anti-corruption laws is dependent on the success of its ongoing compliance programme, including its ability to continue to manage its agents and business partners, and supervise, train and retain competent employees. Violations of these laws may result in significant criminal or civil sanctions, which could disrupt the Group's business, damage its reputation and result in a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group is subject to inflation risks, which might adversely affect its business, results of operations, financial condition and prospects.

Several of the countries in which the Group operates have at times experienced relatively high rates of inflation. The volatility of the local currencies in those jurisdictions is a significant factor in reporting the Group's costs on a US dollar basis. High rates of inflation in some of the countries in which the Group operates may also cause consumer purchasing power to decrease, which may reduce consumer demand for the Group's services, particularly in those markets with lower levels of disposable income. It is possible that significantly higher inflation in the future could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Underdeveloped infrastructure in certain of the countries in which the Group does business could have an adverse effect on the Group's business, results of operations and financial condition.

Underdeveloped infrastructure and inadequate management of such infrastructure in the countries in which the Group operates can result in increased costs for the Group as well as create situations that could negatively impact the Group's ability to conduct business, such as electricity outages, high transmission and distribution losses and poor voltage output. Underdeveloped infrastructure may also make it more difficult for the Group to grow its business in line with its objectives, given the Group's reliance on infrastructure (including with respect to technology) for the provisions of its products and services.

Unreliable roadways or underdeveloped road systems, rails, pipelines, telecommunications networks, harbours or airports can cause disruptions to the Group's logistics flow and could hamper its ability to maintain its network, deliver products and provide services to customers efficiently and reliably. In addition, a lack of access to, or inadequate opportunities to expand the Group's network capacity in line with subscriber growth and increased usage per subscriber, could also negatively impact its ability to offer new services to customers or impede its ability to expand its operations into new markets.

The uncertainty regarding this underdeveloped infrastructure increases the operational challenges the Group faces, and the Group may incur costs which it did not anticipate to develop or maintain such infrastructure. Such risks may increase as the Group expands into new markets where infrastructure may be increasingly underdeveloped. Disruptions in the supply of products or services required for the Group's operations as a result of inadequate infrastructure, or the need to develop infrastructure, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Risks relating to legal and regulatory matters and litigation

It may be difficult for the Group to obtain all licences, permits, frequency allocations or other authorisations required to operate its existing network or to expand its operations or any other required licences, permits or other authorisations, and once obtained they may be subject to finite terms, ongoing review or periodic renewal, any of which may result in modification, suspension or early termination.

The operation of telecommunications networks and the provision of related services are regulated to varying degrees by national, state, regional or local governmental and regulatory authorities in the countries where the Group operates. The Group's operating licences or authorisations specify the services it is permitted to offer. The operating licences are subject to review, interpretation, modification or termination by the relevant authorities and the regulatory framework applicable to such licences may be amended from time to time. There can be no assurance that the relevant authorities will not take any action that could materially adversely affect the Group's operations. In addition, the Group may have difficulty obtaining the necessary licences, permits, frequency allocations or authorisations to the extent it seeks to expand its existing operations, including by entering into new markets. There can be no assurance that the Group will be successful in obtaining these non-discretionary licences or allocations, or, if such licences or allocations are awarded, that they can be obtained on terms acceptable to the Group.

The Group's licences, permits and frequency allocations are subject to finite terms, ongoing review and periodic renewal and, in some cases, are subject to modification or early termination or may require periodic renewal with the relevant government authorities. The Group's operating licences generally have terms ranging between 10 and 15 years. However, certain licences, authorisations and permissions, particularly those relating to spectrum, require annual renewal. While the Group does not expect that it or any of its subsidiaries will be required to cease operations at the end of the term of their business arrangements or licences, and while many of these licences provide for terms on which they may be renewed, there can be no assurance that these business arrangements or licences will in all cases be renewed on equivalent or satisfactory terms, or at all. Upon termination, the licences and assets of these companies may revert to the local governments or local telecommunications operators, in some cases without any or adequate compensation being paid.

On 16 August 2018, Airtel Uganda submitted an application for renewal of the PSP Licence as required by law. The five-year term of the PSP Licence under which Airtel Uganda provides voice and data services lapsed on 17 October 2018 and, following a one-month extension whilst negotiations between the UCC and Airtel Uganda regarding the renewal of the licence were ongoing, subsequently expired on 17 November 2018. In December 2018, the PSP Licence was officially extended for a term of one year, until 16 October 2019, on the same terms and conditions of the prior PSP license.

The UCC has publicly announced an intent to change the licensing framework in Uganda, which might include listing obligations and/or impact the licence fees payable and duration of the PSP Licence. Once the new licensing framework has been established, Airtel Uganda would be requested to submit an application based on the proposed new framework. Although there is currently no legal or regulatory requirement for telecommunications operators to list on the Uganda Securities Exchange, the National Broadband Policy 2018, issued by the Ministry of Information, Communications Technology and National Guidance proposes the introduction of a requirement for all telecommunication operators in Uganda to list on the local securities exchange through an initial public offering. As at the date of this Registration Document, the Group is not aware of any telecommunications operator undertaking a local listing.

The Group has in the past paid significant amounts for certain of its telecommunications licences and frequency allocations, and the competition for these licences and allocations has historically been high. While the Group does not believe the risk associated with obtaining or renewing the licences and frequency allocations required to operate its business will materially affect it in the near term, the Group anticipates that it may have to continue to pay substantial licence fees in certain markets, particularly those with anticipated high growth rates, and incur substantial costs to meet specified network build-out requirements to which it is committed. Further, if in the future the Group obtains or renews further licences or frequency allocations, it may need to seek future funding through additional borrowings or equity offerings and there can be no assurance that such funding will be obtained on satisfactory terms, or at all.

If the Group fails to renew any of its licences or spectrum allocation, it may lose the ability to continue to operate the relevant business and the realisable value of its relevant network infrastructure and related assets may be materially adversely affected. Some of these licences and other authorisations require particularly onerous and lengthy application processes to obtain and may subject the Group to ongoing compliance obligations. Moreover, if the Group fails to comply with the requirements of the applicable legislation or if it fails to meet any of the terms of its licences or spectrum allocation, the licences and other authorisations necessary for its operations may be suspended or terminated. A suspension or termination of the Group's licences or other necessary governmental authorisations could have a material adverse effect on the Group's reputation, business, results of operations, financial condition and prospects.

The tax laws of the countries in which the Group operates or changes thereto or to the Group's tax profile could result in a higher tax expense or a higher effective tax rate on the Group's worldwide earnings.

The Group is subject to changing tax laws, regulations and treaties in and between the countries in which it operates. The Group's tax expense is based upon the tax laws in effect in various countries at the time that the expense was incurred. A change in these tax laws, regulations or treaties or in the interpretation thereof, or in the valuation of the Group's deferred tax assets, which are beyond the Group's control, could result in a materially higher tax expense or a higher effective tax rate on the Group's worldwide earnings. Additionally, any expansion into new jurisdictions could adversely affect the Group's tax profile and significantly increase its future cash tax payments.

Given that tax laws and regulations in the various jurisdictions in which the Group operates may not provide clear or definitive doctrines, the Group's expectations regarding the tax regime applied to its operations and intra-group transactions are based on its interpretations of tax laws and regulations, and on advice received from third parties. Such interpretations may be questioned by the relevant tax authorities, and the Group could become subject to tax audits and tax reviews in the various jurisdictions in which it operates and could become the subject of adverse tax assessments with the local tax authorities in some of these jurisdictions. Any additional tax liability imposed by such tax authorities may not be provided for and may exceed any accounting provisions made for such tax and may have an adverse impact on the Group's financial condition or results of operations. In addition, the Group benefits from tax and other related exemption regimes in some of the jurisdictions where it operates. Changes in these exemption regimes or, more generally, any failure to comply with the tax laws or regulations of the countries in which the Group operates, may result in reassessments, late payment interest, fines and penalties, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Certain countries in which the Group operates may treat the indirect change of ownership of shares in a local Group company as triggering tax charges for the ultimate shareholders or for the local Group company itself.

Certain of the countries in which the Group operates treat the indirect change of ownership of shares in a local Group company as giving rise to a liability of the ultimate shareholders, when they sell the shares, to non-resident capital gains tax ("NRCGT"). In Congo, a liability is triggered when a transaction results in a change of control of more than 50% of the ultimate beneficial ownership of, or upon a change of the person holding the effective power of decision over, a company. While this is generally a primary liability of the ultimate shareholders, in a limited number of cases, the local Group company may also be liable for the NRCGT. Alternatively, in countries like Tanzania and Uganda, the indirect change of ownership beyond a specific threshold may be treated as triggering a deemed disposal by the local Group company of its assets and liabilities for tax purposes and as thereby giving rise to a corporate tax charge for which the local Group company is itself primarily liable.

The Company has sought advice from independent third party tax experts in relation to the applicability of NRCGT or corporate tax charges of the nature described above in respect of the relevant Group companies in the context of the transactions described in this document, including the pre-IPO funding rounds completed in October 2018 and January 2019. Based on the advice received, the Directors believe that, taking into account changes in shareholdings described herein, the transactions described in this Registration Document will not give rise to any material NRCGT or corporate tax liability for which local Group companies could be liable. Any tax obligations, such as stamp duty or otherwise that may arise as a result of the transactions described in this Registration Document or any transactions relating thereto, are not expected to be material to overall Group financial performance.

The Group is exposed to the risk of violations of sanctions, export control laws or other similar regulations.

The Group operates in jurisdictions that may expose it to heightened risks with respect to anti-bribery and sanctions laws and regulations, including the sanctions administered or enforced by the United States (including those administered by the Office of Foreign Assets Control of the US Department of the Treasury ("OFAC")), or any equivalent measure of the United Kingdom, the European Union or the United Nations. Among other measures, these laws impose asset freezes of certain designated persons and broadly prohibit transactions or other dealings for the benefit of the sanctioned persons or countries (including the clearing of US dollar payments through the US financial system). In particular, OFAC has imposed targeted sanctions which block the property and interests in property of, and restrict US persons from engaging in or facilitating certain transactions with specified individuals in DRC, namely members of certain armed militias threatening stability in the region and those employing child soldiers. Similarly, the United Kingdom, the European Union and the United Nations have imposed sanctions which restrict transactions with certain militia groups threatening stability within DRC. Violations of sanctions laws and regulations could expose the Group to potential civil or criminal penalties under the relevant applicable sanctions laws, which may have material adverse consequences on its business, financial condition, results of operations and prospects. The Group invests in legal and KYC procedures to ensure its compliance with such laws, which requires increased expenditure relative to businesses operating in lower risk jurisdictions.

Additionally, the Group's equipment suppliers or service providers may become subject to restrictions under export controls or sanctions laws or regulations administered or enforced by the United States, the United Nations or other jurisdictions in which the Group operates. For example, on 15 April 2018, ZTE Corporation, ZTE Kangxun Telecommunications Ltd., and entities acting on their behalf ("ZTE"), with which the Group partners for the provision of certain telecommunications equipment and services, became subject to a denial order imposed by US Department of Commerce's Bureau of Industry and Security ("BIS") for a period of seven years resulting from violations of a settlement agreement with the US government relating to sanctions violations. This denial order prohibited certain ZTE entities from directly or indirectly participating in any transaction involving certain technologies or activities that are subject to the US Export Administration Regulations (the "EAR") administered by BIS. The order also specifically prohibited other businesses and individuals, including the Group, from certain activities, including, for example, directly or indirectly providing to ZTE any commodity, software, or technology subject to the order; facilitating ZTE's acquisition of such items from the United States; obtaining from ZTE any such items that were previously exported from the United States; furnishing any service to ZTE relating to or involving the use of any such items; or taking any steps to facilitate any of these prohibited actions. The denial order was subsequently suspended on 13 July 2018. Further, on 16 May 2019, BIS added Huawei Technologies Co. Ltd and 68 of its non-US affiliates (collectively, Huawei) to the EAR's Entity List. As a result of this action, US and non-US exports, reexports or transfers of US goods, software, or technologies that are subject to the EAR, including where such exports, reexports or transfers are undertaken by the Group, to Huawei require a BIS export license. BIS has introduced a 90-day temporary general license (effective on 20 May 2019) that provides partial relief from the Entity List's licensing requirements on Huawei.

While the Group does not believe its operations across its footprint including in DRC or its exposure to ZTE, Huawei and the telecommunications sector in China present a material sanctions risk, it works with its vendors and suppliers to ensure that any equipment or software the Group may use that is subject to the EAR is properly licensed and authorised by BIS. Political developments related to Huawei and the telecommunication sector in China, however, that are outside of the Group's control could impact our business, financial condition and/or operations, including the Group's ability to continue to lawfully procure certain network equipment or maintain service levels in certain aspects of our business. Further, the Group derives a negligible portion of its revenues from roaming agreements with other telecommunications operators located in countries subject to sanctions. Sanctions laws and regulations are constantly evolving, and new requirements or restrictions could come into effect which may increase the scrutiny on the Group's business or result in one or more of the Group's business activities being deemed to have violated sanctions. The consequences that the Group may suffer as a result of violations of sanctions laws (if any) could have a material adverse effect on its reputation, business, financial condition, results of operations and prospects.

Because the Group operates in highly regulated business environments, changes in laws, regulations or governmental policy affecting its business activities could adversely affect its business, results of operations, financial condition and prospects.

The Group operates in a large number of jurisdictions, and therefore must comply with an extensive range of laws and regulations pertaining to the licensing, construction and operation of telecommunications networks and services, as implemented by relevant agencies or other regulatory bodies. Amongst the most significant of these laws and regulations are those governing tariffs, customer registration and identification, the ability to offer and bundle products and services, the allocation of frequency spectrum, interconnection and access, and those governing the regulatory agencies that monitor and enforce regulation and competition laws that apply to the telecommunications industry in the markets in which the Group operates. In addition, the Group is required to comply with anti-money laundering, anti-bribery and corruption and sanctions laws and regulations. Regulators in various of the markets in which the Group operates have introduced stringent regulations and guidelines in relation to KYC, maintaining a certain quality of service and undertaking subscriber verification, which may also be conditions for the maintenance and renewal of operational licences in the countries in which the Group operates and which are relevant for the Group's telecommunications business, as well as its growing Airtel Money operations. The Group has in the past been fined in several jurisdictions for failing to comply with customer KYC requirements and for failing to meet established quality control guidelines. Future failures by the Group to comply with these or any of the foregoing regulations could have a material adverse effect on its business (see "—It may be difficult for the Group to obtain all licences, permits, frequency allocations or other authorisations required to operate its existing network or to expand its operations or any other required licences, permits or other authorisations, and once obtained they may be subject to finite terms, ongoing review or periodic renewal, any of which may result in modification, suspension or early termination"). Decisions by regulators regarding the grant, amendment or renewal of licences, to the Group or to third parties, or regarding laws, rules, and regulations relating to the Group's licences, could materially and adversely affect the Group's operations in these geographic areas.

The Group operates in a number of emerging markets, in which the interpretation and application of laws and regulations affecting telecommunications services may be subject to increased uncertainties due to developing or incomplete regulatory regimes and monitoring and ensuring compliance may be more difficult compared to more developed markets. In many of the countries in which the Group operates, local regulators have significant latitude in the administration and interpretation of telecommunications licences and laws, rules and regulations. In certain countries in which the Group operates, such as Chad and DRC, governments have also sought to censor internet web sites and restrict internet activity of users, which can negative operational and reputational effects on telecom operators such as the Group. In addition, the actions taken by these regulators in the administration and interpretation of these licences and laws, rules and regulations may be influenced by local political and economic pressures. For instance, terrorist-related activities have caused subscriber registration requirements and the need to disconnect improperly registered customers to be an area of continual focus for regulators in most of the jurisdictions in which the Group operates. Obtaining required identity documentation can be challenging in a number of the markets in which the Group operates due to a lack of, or incomplete, national identity scheme. For example, Tanzania first introduced a SIM registration requirement in 2010. In 2015, an electronic recordkeeping process replaced the prior paper-based system and enabled swifter confirmation from the operator as to the completeness of the registrant's record and improved reliability. However, the lack of a national identification system prevents third party authentication of the registrant's record and requires a substantial degree of diligence by mobile network operators ("MNOs") to monitor their subscriber bases. There can also be no assurance that the Group will be able to collect and process such subscriber information in a consistent manner due to the broad network of retail touchpoints through which it collects such data, some of which are managed by third parties, and the Group may incur costs which it did not anticipate to develop or maintain such infrastructure in compliance with new or broadened local regulatory requirements.

The enforcement of regulations in the emerging markets in which the Group operates may also be subject to increased uncertainties as a result of limited regulatory history or historic inconsistencies in the application of regulations and the penalties rendered, which may be sizeable. For example, in October 2015, the Nigerian Communication Commission imposed a N1.040 trillion fine on a MNO (equivalent to approximately US$5.2 billion using the exchange rate prevailing at the time) for failing to disconnect 5.1 million subscribers whose registration documents were considered incomplete following the Nigerian regulator's introduction of a SIM registration process quickly enough. Although the fine was subsequently reduced, the severity of the initial penalty introduced a high degree of uncertainty for other operators in the market. Accordingly, although the Group seeks to comply with prevailing regulations in each of its markets, the Group cannot provide any assurance that it will not be subject to future regulatory enforcement actions, which may include fines that could be substantial, which could have a material adverse effect on its reputation and its business, results of operations, financial condition and prospects (see also "—The Group is, and may in the future be, party to litigation and legal, tax and regulatory proceedings, the outcome of which may affect the Group's business, results of operations, financial condition and prospects").

The Group could experience breaches of privacy laws and other information security requirements, which may materially adversely affect its reputation, lead to penalties and fines, subscriber lawsuit and/or loss of subscribers or hinder its ability to gain new subscribers.

The Group retains a significant amount of subscriber and employee personal data and may be exposed to breaches of privacy laws and other information security requirements which could result in the unauthorised dissemination of personal data about its subscribers, including their names, addresses, home phone numbers, mobile phone numbers, passport details, financial information and individual tax numbers. Any breach of security of the Group's databases or customer information held by the Group, including any illegal sale of the Group's subscribers' personal information could materially adversely impact its reputation, prompt lawsuits against it by subscribers, lead to adverse actions by telecommunications and other regulators (including relevant data privacy supervisory authorities), lead to a loss in customers and hinder its ability to attract new customers. If severe customer data security breaches are detected, the relevant data privacy supervisory authorities and telecommunications regulators could sanction the Group, and such sanctions could include a temporary suspension of operations. These factors, individually or in the aggregate, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

In particular, in respect of some processing of personal data relating to subscribers, employees or other individuals, the Group is likely to be subject to the General Data Protection Regulation (EU) 2016/679 (the "GDPR"). Whilst the Group has taken steps to comply with the GDPR, the Group will be required to continue to implement additional amendments to contracts, measures, controls, procedures and policies in the future to achieve and maintain GDPR compliance. Ensuring compliance with the GDPR is an ongoing process and it is possible that, despite the Group's efforts, supervisory authorities or third parties will assert that the Group's practices do not comply with aspects of the GDPR. If so, the Group may be subject to significant fines and reputational harm. In particular, serious breaches of the GDPR can result in administrative fines of up to the higher of 4% of annual worldwide turnover or EUR 20 million; fines of up to the higher of 2% of annual worldwide turnover or EUR 10 million can be levied for other specified infringements.

The Group is subject to health, safety and environmental laws and regulations and industry standards related to the Group's operations in each of its operating countries.

The Group's operations, particularly those relating to the use of towers and base stations, are subject to various environmental and occupational safety and health laws and regulations, including those relating to the management, use, storage, disposal, emission and remediation of, and exposure to, hazardous and non-hazardous substances, materials and waste and those relating to the construction of towers. As the owner, lessee or operator of numerous real estate sites underlying the Group's towers, the Group may be liable for substantial costs of remediating soil and groundwater contaminated by hazardous materials (including fuel and battery acid), without regard to whether the Group, as the owner, lessee or operator, knew of or was responsible for the contamination. Many of these laws and regulations contain information reporting and record-keeping requirements. The Group currently incurs substantial operating and capital costs to comply with these laws and regulations and industry standards. Despite the Group's efforts to comply, there is a risk that the Group may be in technical breach of certain laws and regulations which are unclear or subject to interpretation. In addition, since the Group uses third-party contractors, including for the operation of its towers and base stations and the operation of some of its distribution outlets, it relies on the compliance of those third parties with relevant environmental and occupational safety and health laws and regulations. The Group may be subject to potentially significant fines or penalties if it fails to comply with any of these requirements. The requirements of these laws and regulations are complex, change frequently and could become more stringent in the future, including new laws and regulations that may increase the cost of operating these sites above currently expected levels and require substantial future capital and other expenditures. The effect of any future laws and regulations or industry standards or any changes to existing laws and regulations or industry standards, or their current interpretation, could have a material adverse effect on the Group's business, results of operation, financial condition and prospects.

The Group is, and may in the future be, party to litigation and legal, tax and regulatory proceedings, the outcome of which may affect the Group's business, results of operations, financial condition and prospects.

The Group is from time to time named as a defendant or an interested party in legal actions, claims and disputes in connection with its business activities, which may result in litigation and which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Such legal actions, claims and disputes may relate to the Group's current business or past operations, including operations of businesses it has acquired and for which it may be fully or partially liable under the relevant contractual arrangements with respect to the acquisitions (see "—Actions by governments, political events or instability or changes in public policy in the countries in which the Group operates could have an adverse effect on the Group's business"). These involve proceedings with both governmental entities and private actors. For example, in December 2018, the offices of Airtel Niger were closed for two weeks by order of the General Tax Directorate of Niger for unpaid taxes of US$107 million, which Airtel Niger contested. The matter was settled without prejudice with the Ministry of Finance of Niger for US$26.6 million in December 2018, with an initial payment of US$17.7 million in December 2018 and the balance to be paid in five equal instalments of US$1.8 million between February 2019 and June 2019. In November 2018, the offices of Orange S.A. in Niger, the French MNO, were similarly closed by order of the General Tax Directorate of Niger for unpaid taxes and reopened following a settlement agreement in January 2019.

The Group cannot predict the outcome of any litigation or regulatory proceedings. If the Group is unsuccessful in defending itself in any such actions, claims or disputes, it may be forced to pay monetary damages or to take other actions that could have a material adverse effect on its business, results of operations, financial condition and prospects. Even if successfully resolved without direct adverse financial effect, litigation, claims or disputes of this nature could have a material adverse effect on the Group's brand and reputation and divert its financial and management resources away from the business. Additionally, in the ordinary course of business, the Group may be subject to *ad hoc* tax reviews. There can be no assurance that any future audits will not result in additional liability.

Disputes could also lead to a termination of agreements with the Group's service providers or a material modification of the terms of those agreements, either of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. If the Group is forced to resolve any of these disputes through litigation, its relationship with the applicable provider could be terminated or damaged, which could lead to decreased revenue or increased costs, which in turn could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Risks relating to the Group's structure

The Group has substantial debt outstanding, and the amount, structure and obligations of the debt covenants to which the Group is subject may restrict in certain conditions its ability to incur or guarantee additional indebtedness in future.

As of 31 March 2019, the Group had US$3,621 million in borrowings outstanding under its borrowing arrangements, including CHF350 million guaranteed senior notes due 2020, EUR750 million guaranteed senior notes due 2021, US$505 million guaranteed senior notes due 2023 and the US$1 billion guaranteed senior notes due 2024, which were issued by Bharti Airtel International (Netherlands) B.V. ("BAIN"), a wholly-owned subsidiary of the Group, and are guaranteed by the Major Shareholder (together, the "Notes"), which has itself incurred substantial indebtedness relative to its shareholders' equity. In addition, as of 31 March 2019, the Group had US$1,218 million in lease liabilities. As a result, the Group must dedicate a substantial portion of its cash flow from operating activities to the payment of principal of, and interest on, its borrowings and lease liabilities, thereby reducing the availability of such cash flow to fund acquisitions or other general corporate purposes in line with its growth strategy.

Moreover, under the terms of some of its existing debt, the Company and its subsidiaries are subject to certain covenants, including covenants relating to the ability to incur or guarantee additional indebtedness, to create or incur certain liens, to pay dividends in case of default, or distributions with respect to shares of certain of the Group's subsidiaries, and to sell, lease or transfer certain assets, as well as certain financial covenants, which could limit the Group's ability to finance future operations and take certain other actions.

Based on its expected sources and uses of funds, the Group does not believe its ability to service its debt and sustain its operations will be materially affected in the near term and the statements in this risk factor do not qualify the opinion of the Directors that the Group has sufficient working capital for its present requirements; however, any failure to comply with the covenants contained in the Group's financing arrangements could result in a default thereunder which would permit the acceleration of the maturity of the indebtedness under such agreements and, if the Group is unable to refinance in a timely fashion or on acceptable terms, would have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Major Shareholder will retain significant interest in, and may continue to exert substantial influence over, the Group and the Major Shareholder's interests may differ from or conflict with those of other Shareholders.

Bharti Airtel Limited owns beneficially approximately 68.31% of the issued ordinary share capital of the Company. As a result, the Major Shareholder possesses sufficient voting power to have an influence on all matters requiring Shareholder approval, including the election of directors and approval of significant corporate transactions. Although the Major Shareholder has no plans to sell down its stake in the near term, any significant change in the Major Shareholder's shareholding may result in changes in the Group's business strategy, focus or practices, which may in turn adversely affect the Group. Bharti Airtel Limited operates independently from the other Shareholders, and the interests of the Major Shareholder may not always be aligned with those of other Shareholders.

In addition, members of the Group have entered into a number of contracts, principally financing agreements, that contain provisions which can be triggered upon a change of control of the Company or by the reduction of the Major Shareholder's ownership of the Company below 51%. In the context of such financing agreements, such an occurrence may allow lenders to call an event of default, accelerate amounts due, require mandatory prepayment and/or terminate the agreement. For example, the Notes issued by BAIN which are held by public investors contain provisions under which it is an event of default if the Major Shareholder ceases to control, directly or indirectly, at least 51% of the voting power of the voting stock of BAIN. There are additional event of default clauses under the Notes which would be triggered if the Major Shareholder, BAIN or any of the Major Shareholder's significant subsidiaries were to default on a loan greater than US$50 million or fail to pay a final judgment of more than US$50 million, as well as other customary events of default in the event of a voluntary or involuntary bankruptcy, insolvency or similar proceedings relating to the Major Shareholder, BAIN or the Major Shareholder's significant subsidiaries. In addition, in respect of some of the Notes, were the rating of the bonds to drop below investment grade, the Major Shareholder, BAIN and significant subsidiaries of the Major Shareholder would be restricted from incurring indebtedness unless the Major Shareholder meets a designated consolidated indebtedness to Underlying EBITDA ratio or the indebtedness is otherwise permitted by the bonds. There are four series of the Notes outstanding which are due in 2020, 2021, 2023 and 2024, respectively, with a weighted average maturity of the Bonds of 3.2 years as at 15 June 2019. In addition, there are a number of financing agreements within the Group that contain change of control provisions which could be triggered (and could allow lenders to accelerate amounts due and/ or result in an event of default) where the Major Shareholder reduces its direct or indirect holding in BAIN below 51% or where the Company ceases to be controlled by, or ceases to be a subsidiary of, the Major Shareholder, including (a) a number of local credit facilities which have been provided to subsidiaries of BAIN by external lenders, (b) certain uncommitted credit facilities made available to BAIN by external lenders, (c) certain master agreements entered into by BAIN with external financial institutions in respect of certain hedging activities and (d) the New Airtel Africa Facility and the Other New Facilities (as defined herein). Any significant change in the Major Shareholder's shareholding in the Company, whether through a sale or disposition of existing Ordinary Shares, the issuance of new Ordinary Shares or the acquisition of Ordinary Shares by others, could result in a change of control of the Company or certain of its subsidiaries under certain of these contracts which could trigger the rights of counterparties described above. For example, these provisions (including in respect of the Notes) could be triggered in the event that the Company issues a substantial amount of Ordinary Shares to public investors in a manner that would cause the Major Shareholder's interest in BAIN to fall below 51%, or in connection with a pre-emptive offering of Shares where the Major Shareholder does not take up its rights and its interest is therefore diluted.

There are no change of control provisions in any material Group contract that would be triggered upon any disposal of shares by Airtel Africa Mauritius Limited ("AAML") or Network i2i Limited ("Ni2i") where the Major Shareholder's direct or indirect shareholding in the Company and BAIN remains above 51%. Aside from the agreements described above, there are no change of control provisions in any other Group contract which is material to the Group as a whole that would be triggered in the event of a disposal of shares by AAML or Ni2i where as a result the Major Shareholder's direct or indirect shareholding in the Company and BAIN would fall below 51%.

The Company is a holding company with no business operations of its own and depends on its subsidiaries for cash, including in order to pay dividends to the extent distributable reserves are not otherwise available.

The Company is a group holding company with no independent operations and is dependent on earnings and distributions of funds from its operating subsidiaries for cash, including in order to pay dividends to Shareholders if the Company does not otherwise have sufficient distributable reserves with which to pay dividends. As a matter of English law, the Company can pay dividends only to the extent that it has sufficient distributable reserves available, which depends upon the Company receiving cash from its operating subsidiaries in a manner which creates distributable reserves or, in certain cases, the creation of distributable reserves by other means. The Company's ability to pay dividends to Shareholders, therefore, depends on the future profitability of the Group, the ability to distribute or dividend profits from its operating subsidiaries up the Group structure to the Company, general economic conditions and other factors the Directors deem significant. The Group's distributable reserves can be affected by reductions in profitability as well as by impairment of assets.

PART 2
PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

No representation or warranty, express or implied, is made and no responsibility or liability is accepted by any person other than the Company and its Directors, as to the accuracy, completeness, verification or sufficiency of the information contained herein, and nothing in this Registration Document may be relied upon as a promise or representation in this respect, as to the past or future. No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by the Company. The delivery of this Registration Document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this Registration Document or that the information contained herein is correct as of any time subsequent to its date.

A copy of this Registration Document has been filed with, and approved by, the FCA and has been made available to the public in accordance with the Prospectus Rules. This Registration Document may be combined with a securities note and summary to form a prospectus in accordance with the Prospectus Rules. A prospectus is required before an issuer can offer transferable securities to the public or request the admission of transferable securities to trading on a regulated market. However, this Registration Document, where not combined with the securities note and summary to form a prospectus, does not constitute an offer or invitation to sell or issue, or a solicitation of an offer or invitation to purchase or subscribe for, any securities in the Company in any jurisdiction, nor shall this Registration Document alone (or any part of it), or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to any offer or otherwise.

The contents of this Registration Document are not to be construed as legal, business or tax advice.

This Registration Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, any of the Company's advisers or any of their affiliates or representatives regarding the securities of the Company.

Presentation of historical financial information

The Group's historical financial information as of and for the years ended 31 March 2019, 2018 and 2017 included in Part 11 (Historical Financial Information) of this Registration Document has been prepared in accordance with the requirements of the Prospectus Directive regulation, the Listing Rules and in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"), except for the exclusion of some entities and investments as described in the basis of preparation within Note 2.1 of the Historical Financial Information.

As described in Notes 1 and 2 of the Historical Financial Information, the Company was incorporated in July 2018 and became the holding company of BAIN and its subsidiaries in September 2018 through a purchase of shares of BAIN from the then existing shareholder. This transaction under common control, which is outside the scope of IFRS 3 – *Business Combinations*, was accounted for under pooling-of-interest method bases on predecessor values as if the current Group structure has been in place since 1 April 2016 and excludes: (1) the results for the period of ownership of its operations in Burkina Faso and Sierra Leone, both subsidiaries disposed of in June 2016 and July 2016, respectively; (2) the results for the period of ownership of operations in Ghana, a subsidiary until October 2017 and subsequently a joint venture until August 2018, when the remaining interest was disposed of; and (3) the results of the Group's investments in Helios and Tube INC disposed of in August 2018.

Because those entities and investments currently do not form part of the Group, in accordance with accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board they have been excluded from the Historical Financial Information because the Directors believe it provides more meaningful financial information to investors on the historical financial performance of the on-going Group. Proceeds received by the Group in connection with these investments have been recorded as a capital contribution on the date that they arose.

IFRS does not permit the exclusion of these entities and investments and therefore the Historical Financial Information does not comply with IFRS with respect to the treatment of these items. In all other respects, the Historical Financial Information has been prepared in accordance with IFRS.

The Historical Financial Information for the Group included in Section B of Part 11 (Historical Financial Information) is covered by the accountants' report included in Section A, which was prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom.

None of the Historical Financial Information used in this Registration Document has been audited in accordance with auditing standards generally accepted in the United States of America ("US GAAS") or auditing standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). In addition, there could be other differences between the Standards in Investment Reporting issued by the Auditing Practices Board in the United Kingdom and those required by US GAAS or the auditing standards of the PCAOB. Potential investors should consult their own professional advisers to gain an understanding of the Historical Financial Information in Part 11 (Historical Financial Information) and the implications of differences between the auditing standards noted herein.

Non-IFRS measures

This Registration Document contains certain financial measures that are not defined or recognised under IFRS, including Underlying EBITDA, Underlying EBITDA Margin, Operating Free Cash Flow, Leverage Ratio, Underlying Operating Expenditure, Underlying Profit/(loss) before tax, Underlying EBITDA before IFRS 16 and certain figures presented on a constant currency basis (the "Non-IFRS Measures"). The Directors use such measures to measure operating performance and as a basis for strategic planning and forecasting, as well as monitoring certain aspects of the Group's operating cash flow and liquidity.

These measures are sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company and therefore may not be comparable to other similarly titled measures used by other companies. These measures, by themselves, do not provide a sufficient basis to compare the Group's performance with that of other companies and have inherent limitations as analytical tools. The Non-IFRS Measures should not be considered in isolation or as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

Definitions of the Non-IFRS Measures, along with an explanation of their relevance, the reconciliations to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations appear in Part 9 (Selected Financial Information).

Financial Key Performance Indicators ("KPIs")

The Directors consider revenue, Underlying EBITDA and capital expenditure to be the primary financial KPIs used by the Group to help evaluate growth trends, establish budgets and assess financial performance and efficiencies. Some of those financial KPIs are Non-IFRS Measures, with inherent limitations in analytical value. See Part 9 (Selected Financial Information) for a discussion of the definitions of the Non-IFRS Measures, along with an explanation of their relevance, the reconciliations to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations.

Operational KPIs

The Directors consider ARPU, subscribers, customer net additions, churn, usage, revenue per site, Airtel Money transactions and Airtel Money transaction value to be the primary operational KPIs used by the Group.

ARPU: average revenue earned 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.

> **Voice ARPU:** the average voice revenue earned per user per month, which is derived by dividing total voice revenue earned during the relevant period by the average customers during the relevant period and dividing the result by the number of months in the relevant period.

Data ARPU: the average data revenue earned per user per month, which is derived by dividing total data revenue earned during the relevant period by the average data customers during the relevant period and dividing the result by the number of months in the relevant period.

AM ARPU: the average Airtel Money revenue earned per user per month, which is derived by dividing total Airtel Money revenue earned during the relevant period by the average Airtel Money customers during the relevant period and dividing the result by the number of months in the relevant period.

Subscribers: total subscribers that have carried out any revenue generating event in the prior 30 days on a rolling basis either through voice calls, SMS, data usage or Airtel Money transaction.

Data subscribers: total subscribers that consumed at least 1MB on the Group's GPRS, 3G or 4G network in the prior 30 days on a rolling basis.

Customer net additions: the net movement in the customer base over time, which is calculated as the customer base for the relevant period less the customer base for the previous period.

Churn: the total number of customer disconnections during the relevant period divided by the average customers in the relevant period.

Minutes of Usage ("MoU") per subscriber: total voice minutes of usage on the Group's network during the relevant period divided by the average number of customers during the same period, divided by the number of months in the relevant period.

Data usage per subscriber: the average data consumption per data subscriber on a per month basis. 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.

Revenue per site: total mobile revenues, excluding sale of goods (if any) during the relevant period, divided by the average sites in the relevant period.

Airtel Money Subscriber: the count/number of customers who have performed a revenue generating transaction on the Airtel Money platform in a rolling 30-day period.

Airtel Money transactions: the count of transactions on the Airtel Money platform during the relevant period.

Airtel Money transaction value: the total value of transactions on the Airtel Money platform during the relevant period.

The methodology for calculating subscriber or customer numbers varies substantially and is not standardised across the mobile telecommunications industry, particularly in Africa. As a result, customer numbers reported by various companies may vary from the numbers that would result from the use of a single methodology. In addition, it is not uncommon in the countries in which the Group operates for pre-paid mobile customers to have more than one subscriber identity module ("SIM") card, including using multiple SIM cards from competing mobile operators, which, depending on the methodology used to total customers or subscribers, can result in a mobile operator counting the same customer multiple times or in different mobile operators accounting for the same customer. Therefore, it may be difficult to compare customer numbers, ARPU or churn rates from period to period or between different mobile operators. The methodology for calculating other performance indicators, such as those based on minutes of usage or churn rates, varies among mobile operators, making it difficult to draw comparisons between these figures. Prospective investors should not assume that the Group's subscriber numbers and other performance indicators are directly comparable to those of other telecommunications operators. See Part 6 (Business Description—Customers, customer contracts and billing) and Part 13 (Definitions and Glossary).

Constant currency

The Group also presents 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 set as of 1 March of the prior financial year. Financial information presented on a constant currency basis is a Non-IFRS Measure. Management believes that this affords a better understanding of underlying business performance. The following table shows the constant currency rates to the US dollar that were applied during the years ended 31 March 2017, 2018 and 2019:

	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017
Kenyan shilling ("KES")	101.3	102.9	101.7
Malagasy ariary ("MGA")	3,192.5	2,900.0	3,200.5
Malawian kwacha ("MWK")	721.0	725.7	746.0
Nigerian naira ("NGN" or "₦")	360.0	315.3	199.1
Rwandan franc ("RWF")	864.0	821.8	765.0
Seychellois rupee ("SCR")	13.5	13.3	13.3
Tanzanian shilling ("TZS")	2,253.0	2,235.0	2,188.0
Ugandan shilling ("UGX")	3,645.0	3,589.1	3,340.0
Central African franc ("CFA")	538.7	625.4	603.6
Zambian kwacha ("ZMW")	9.8	9.7	11.4

The constant currency exchange rates above differ from the actual rates used in the preparation of the financial statements and other financial information that appears elsewhere in this Registration Document. The inclusion of constant currency exchange rates is for illustrative purposes only.

Currency presentation

Unless otherwise indicated, all references in this Registration Document to "sterling", "pounds sterling", "£", or "pence" are to the lawful currency of the United Kingdom. All references to the "euro" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. All references to "US dollars", "$", "US$" or "cents" are to the lawful currency of the United States. All references to "Swiss francs" or "CHF" are to the lawful currency of Switzerland.

Roundings

Certain data in this Registration Document, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this Registration Document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

Market, economic and industry data

Unless the source is otherwise stated, the market, economic and industry data in this Registration Document constitute the Directors' estimates, using underlying data from independent third parties. Certain market, economic and industry data and forecasts in this Registration Document were obtained from a report prepared by Delta Partners Corporate Finance Limited ("Delta Partners") which examines macroeconomic and telecommunications trends in Airtel Africa's 14 countries of operation (the "Delta Partners Report"). The Delta Partners Report has been produced by by Delta Partners Corporate Finance Limited ("Delta Partners"). In addition, the Company obtained market data and certain industry forecasts used in this Registration Document from a variety of internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including publications and data compiled by the International Monetary Fund ("IMF"), Ovum World Bank and McKinsey.

While the Directors believe the third-party information included herein to be reliable, the Company has not independently verified such third-party information. The Company confirms that all third-party data contained in this Registration Document has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Registration Document, the source of such information has been identified.

No incorporation of website information

The contents of the Group's websites do not form part of this Registration Document. To the extent information on any of the Group's websites or the Major Shareholder's websites differs from or is inconsistent with information presented herein, reference should be made only to the information contained in this Registration Document.

Definitions and glossary

Certain terms used in this Registration Document, including all capitalised terms and certain technical and other items, are defined and explained in Part 13 (Definitions and Glossary).

Information not contained in this Registration Document

No person has been authorised to give any information or make any representation other than those contained in this Registration Document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Registration Document nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this Registration Document or that the information in this Registration Document is correct as of any time subsequent to the date hereof.

Information regarding forward-looking statements

This Registration Document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned", "anticipates" or "targets" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Registration Document and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the future results of operations, financial condition, prospects, growth, strategies, and dividend policy of the Group and the industry in which it operates. In particular, the statements under the headings "Summary", "Risk Factors", "Business Description" and "Operating and Financial Review" regarding the Group's strategy, targets and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Registration Document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements.

Such forward-looking statements contained in this Registration Document speak only as of the date of this Registration Document. The Company, the Directors and the Company's advisers expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, rules and regulations.

PART 3
DIRECTORS, COMPANY SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Sunil Bharti Mittal, Chair Raghunath Venkateswarlu Mandava Andrew James Green Awuneba Sotonye Ajumogobia née Iketubosin Douglas Anderson Baillie John Joseph Danilovich Liisa Annika Poutiainen Ravi Rajagopal Akhil Kumar Gupta Arthur Tao Yih Lang Shravin Bharti Mittal
Company Secretary	Simon O’Hara
Registered and head office of the Company	First Floor 53/54 Grosvenor Street London W1K 3HU United Kingdom
English and US legal advisers to the Company	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS United Kingdom
Indian legal advisers to the Company	AZB & Partners AZB House Plot No. A8, Sector 4 Noida 201 301 India
Reporting Accountants and Auditors	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom
Date of incorporation	12 July 2018
Place of incorporation	England and Wales

PART 4
INDUSTRY OVERVIEW

The following information relating to the Group's industry has been provided for background purposes only. The information has been extracted from a variety of sources released by public and private organisations. The information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. This Part 4 (Industry Overview) should be read in conjunction with the more detailed information contained in this Registration Document including Part 1 (Risk Factors) and Part 10 (Operating and Financial Review).

While the Directors believe the third-party information included herein to be reliable, the Company has not independently verified such third-party information. The Company confirms that all third-party data contained in this Registration Document has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Unless otherwise indicated information contained in this Part 4 (Industry Overview) is sourced from the Delta Partners Report.

Introduction to the Africa telecommunications market

African macroeconomic overview

Africa is one of the world's fastest growing regions, whether measured by GDP growth, population and urbanisation growth, or in terms of rising income levels and an increasing middle class. The IMF World Economic Outlook Database forecasts African nominal GDP to grow at a CAGR of 6.9% from 2018 to 2023 and Delta Partners forecasts the nominal GDP of the countries in which the Group operates to grow at a CAGR of 10.7% from 2018 to 2023, making these markets the fastest growing region globally compared to Asia Pacific (CAGR of 7.1%), the Middle East and North Africa (CAGR of 4.2%), Latin America (CAGR of 4.4%), North America (CAGR of 3.9%) and Europe (CAGR of 3.3%). GDP in the countries in which the Group operates totalled US$671 billion in 2017 according to Delta Partners. The African population is young and Africa is the continent with the world's fastest growing population. According to the World Bank, as of December 2017, 32% of the population in the Group's footprint is between the ages of 10 and 24 years, compared to Asia Pacific (23%), Latin America (20%), North America (30%) and Europe (25%), and the median age in Africa is 19 compared to 30 in Asia and 38 in the United States, respectively, according to the United Nations. The African population, which exceeded the 1 billion mark in 2009, reached 1.2 billion in 2015 and is forecast by the United Nations to reach 2.5 billion by 2050[1]. This increase of 1.3 billion represents 59% of the projected global population growth over the period. In the longer term, beyond 2050, Africa is expected to be the only major region globally where population growth still remains substantial, as forecast by the United Nations.

Airtel Africa operates in 14 countries which have a total population of 563 million as of 2018, representing around 53% of the population of Sub-Saharan Africa, according to Delta Partners. The population in the Group's footprint is also forecast to grow at a CAGR of 2.8% between 2018 and 2023, according to Delta Partners. In addition to absolute population growth, Africa is one of the fastest urbanising continents in the world. Between 2015 and 2050, the percentage of the African population living in cities is forecast to increase from approximately 40% to 60%, representing an additional 997 million people, equivalent to a CAGR of 3.2% over the period, according to forecasts by the United Nations. The urban population of the Group's footprint represented 40.0% of the total in 2018 according to Delta Partners. In addition the average rate of urbanisation (non-weighted) in the Group's countries of operation between 2015 and 2020 is estimated as 3.9%[2].

Similar to the expected increase in population and urbanisation, the middle class in Africa is expected to experience growth. Deloitte defines the African middle class as people with earnings between US$2 to US$20 per day[3]. Following this definition, Africa's middle class was approximately 376 million individuals in 2013 and the growth of Africa's middle class is forecast to continue, with the African middle class expected to reach 582 million by 2030, representing 34% of the total African population. Projections over the longer term see the middle class accounting for 1.1 billion people, or 42% of the African population by 2060.

1 According to the report "World Population Prospects 2017".
2 Rate of urbanization is the % annual rate of change (2015-2020 est.)
3 According to the report "The Deloitte Consumer Review – Africa: a 21st century view" published by Deloitte LLP, 2014.

Urbanisation and an expanding middle class are drivers of increased household consumption in Africa. Household consumption across Africa has grown 56% from US$910 billion in 2005 to US$1,420 billion in 2015 and is forecast to increase 45% to US$2,065 billion in 2025, according to McKinsey[1]. These statistics position Africa as the second fastest region behind Asia in terms of household consumption growth. Population growth and rapid urbanisation coupled with a growing middle class are expected to continue to drive the need for infrastructure projects across Africa. McKinsey forecasts infrastructure spending in Africa to almost double from US$80 billion per year in 2015 to US$150 billion per year in 2025, with 68% to be spent on power and transportation and the remainder to be spent on the water and telecom sectors[2].

Mobile market overview

The African mobile market, specifically Sub-Saharan Africa, is characterised by low but increasing mobile connectivity, with mobile penetration[3] in Africa at 81% as of 2017, compared to Europe (138%), North America (132%), Asia Pacific (129%), the Middle East (112%) and Latin America (107%), according to Ovum. According to Delta Partners, mobile connectivity in the Group's footprint is forecast to increase at a CAGR of 10.1% between 2018 and 2023, reaching 574 million connections by 2023, compared to 354 million in 2018. Mobile revenues in the Group's footprint have grown at a steady CAGR of 8.6% between 2016 and 2018, estimated at US$12.8 billion in 2018. Between 2018 and 2023, mobile revenues are forecast to continue growing at a similar rate to reach US$20.8 billion by 2023.

The mobile opportunity is further supported by the lack of legacy fixed broadband infrastructure in Sub-Saharan Africa and increasing affordability of smartphones in emerging markets, particularly in Africa. In 2017, fixed broadband household penetration stood at 7.4% compared to North America (87.5%), Europe (83.9%), Asia Pacific (70.4%) and Latin America (42.9%), increasing the impetus on mobile networks to be the primary source of internet access. In the same period, the average selling price of smartphones in Sub-Saharan Africa stood at $101 (down 56% compared to 2012) compared to $163 in Latin America and $155 in Asia Pacific. The relative affordability of smartphones and access to the expanding 3G/LTE connectivity in Africa is expected to drive uptake of smartphones in Africa, with smartphone penetration expected to increase from 19% in 2018 to 51% in 2023 across the Group's footprint (excluding Chad) according to Delta Partners. This in turn provides a sizable data opportunity in the Group's markets, with data subscribers expected to triple between 2018 and 2023 (26.4% CAGR) growing from 101 million in 2018 to 325 million in 2023, with Nigeria in particular expected to deliver significant data subscriber growth as operators race to become the leading 4G network. In terms of revenue, the market is expected to more than double between 2018 and 2023, reaching US$6.0 billion at the end of 2023 from US$2.6 billion in 2018, increasing its share in overall mobile revenues from 20% in 2018 to 29% in 2023, according to Delta Partners.

The Sub-Saharan African mobile landscape is dominated by a few large multinational operators competing against smaller regional players across different markets. Key players include Airtel, MTN (competing with Airtel in Congo B, Nigeria, Rwanda, Uganda and Zambia), Vodacom (competing with Airtel in DRC, Kenya, and Tanzania), Orange (competing with Airtel in DRC, Madagascar and Niger), Tigo (competing with Airtel in Chad and Tanzania) and Maroc Telecom (competing with Airtel in Gabon and Niger).

Mobile money market overview

The Sub-Saharan African market is characterised by limited access to formal financial institutions with limited banking infrastructure; as of 2017, there were only 7.4 bank branches for every 100,000 adults in Sub-Saharan Africa according to Delta Partners. In Sub-Saharan African countries, less than half of the population has a bank account, which places the region significantly below other emerging market regions including Latin America and emerging Asian markets. The average banked population in the Group's footprint (excluding Seychelles) has stagnated at 30% between 2014 and 2017, while other emerging economies have seen an increase in coverage; in Indonesia, for example, coverage increased from 36% to 48% between 2014 and 2017, while in India coverage has increased from 53% to 80% in the same period, according to Delta Partners.

This has set the stage for growth in MFS. Sub-Saharan Africa has among the lowest rates of financial banking penetration, and mobile-money is expected to remain at the forefront of financial inclusion in the region. The penetration rate for MFS (total registered mobile money users / total population)

1 According to the report "Lions on the move II: realizing the potential of Africa's economies – 2016".
2 According to the report "Lions on the move II: realizing the potential of Africa's economies – 2016".
3 Calculated as total connections over population

varies across the Group's footprint, with markets like Kenya having over 60% penetration, defined as the percentage of the total population that are mobile money users, while other markets are newly embracing the mobile money opportunity, such as Nigeria, which adopted a new regulating framework for mobile money services in October 2018. Further growth in mobile money adoption is likely to come from new use cases including inter-operability, payments, cross-border transactions, bill payments and other financial services.

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, according to Delta Partners. Registered accounts are forecast to grow from 91 million in 2018 to 353 million in 2023 and mobile money revenue is forecast to grow from US$1.2 billion in 2018 to US$3.6 billion in 2023. Nigeria is poised to evolve from a negligible market to the largest single market in the region in terms of subscriptions driven by the government passing a new regulatory framework on mobile money in October 2018.

Content overview

In line with peers in developed markets, Sub-Saharan African mobile operators have increasingly launched various content offerings to improve engagement and monetisation across the subscriber base. While operators currently offer a relatively broad range of content, the offerings themselves are relatively basic, such as streaming video-on-demand and music streaming.

Across the Group's footprint, Nigeria, the Group's largest market, offers the most diversified content offering, with both Airtel Nigeria and Glo providing their subscribers with access to content across a range of verticals, including video, music, games, sports, news, education and live TV, among others, while MTN is also providing a more limited range of content services to its subscribers. Across the Group's other markets, Uganda, Kenya, Tanzania, Zambia and Malawi stand out as markets where local operators, such as Airtel, MTN, Halotel and Safaricom, provide customers with a wide range of content services.

The Group's key markets

The Group's largest markets are Nigeria, Uganda, DRC, Zambia, Tanzania and Kenya. For the year ended 31 March 2019, Nigeria, Uganda, DRC, Zambia, Tanzania and Kenya represented 36%, 10%, 9%, 7%, 7% and 6%, respectively, of Group revenue and 42%, 14%, 10%, 8%, 4% and 3% of Group Underlying EBITDA, respectively.

Nigeria

Macroeconomic overview

Nigeria is located in West Africa, with an Atlantic Ocean coastline of about 800 kilometres. It is bordered by Niger in the north and Chad in the north-east. Nigeria gained independence in 1960, and experienced a series of alternate democratic and military governments until a peaceful transition to a civilian government in 1999.

Nigeria has the largest population in Africa, with 193 million people in 2017 and is one of the most densely populated and most urbanised countries in Africa. The population grew at a rate of 2.6% in 2017 and is expected to grow at a CAGR of 2.6% between 2018 and 2023 according to Delta Partners. In addition, it has a very young demographic with more than three-fifths of the population aged under 25. The population is concentrated in the south and south-western regions with around 50% living in urban areas.

Nigeria is Africa's largest economy with a GDP of US$376 billion (current prices) as of 2017. It has seen accelerating GDP growth since 2017 as oil prices have recovered from historically low levels and is estimated to have grown 5.6% in 2018. The Nigerian economy fell into recession in 2016-17 following collapse of global crude oil prices. Its recovery remains highly dependent on the oil sector but in recent years the Nigerian government has focused on growing the non-oil sector and has brought about reforms that have improved the business environment. GDP is forecast to grow at a CAGR of 13.1% per annum between 2018 and 2023, driven by ongoing strength in the country's hydrocarbons sector and an uptick in government spending.

Nigeria's inflation rate has been fairly high over the past decade due to mix of energy prices hikes, accelerating food price and currency depreciation. Inflation is expected to remain at the low double-digit level as Nigeria's multiple exchange rate regime induces devaluation pressure on the currency, although partly balanced by improved outlook in supply conditions. The local currency is the Nigerian Naira, which has been floating since a temporary peg to the US dollar was lifted in June 2016.

Mobile market overview

Nigeria's mobile market is the largest in Africa by subscribers with an estimated 139 million connections generating revenues of US$4.8 billion in 2018. The subscriber base is dominated by prepaid connections which constitute more than 95% of the total connections in the country. Total connections declined 7.2% from 135 million to 126 million between 2016 and 2017 as a consequence of the introduction of a SIM registration process by the NCC as well as a more stringent redefinition of customer base by operator MTN. Total connections are estimated to have grown 11.1% in 2018 to 139 million with penetration improving by 5%, to 70.2%. A key characteristic of the market is the prevalence of multiple SIM users, with around 1.6 connections per unique subscriber in 2018.

Mobile ARPU has grown since 2016 and stood at approximately US$3.0 per month in 2018. As of 2018, voice ARPU stands at US$2.2 per month and currently constitutes around 73% of overall market ARPU. Voice usage behaviour has shown a high degree of elasticity attributable to the introduction and popularity of generous bundles and "community" offers with Minutes of Use ("MoU") per subscriber estimated to have risen around 40% in the period from 2016 to 2018, although this has been balanced by decline in outgoing price per minute coupled with the implementation of MTR glide path. Affordable smartphone pricing, alongside vendor and financing partnerships, has led to a rapid increase in smartphone users between 2016 and 2018, estimated to have grown at a CAGR of 27.5% with an estimated 37.9 million smartphone users in 2018 and smartphone penetration of 19.1%. The increase in smartphone penetration along with increasing mobile broadband penetration, improving network quality and attractive data offerings, has also led to a rapid growth in data usage from 732MB per month per user in 2016 to an estimated 1,344MB in 2018. Price per gigabyte is estimated to have dropped more than 55% since 2016. According to Delta Partners, Data ARPU is estimated to have contributed around 23% of mobile ARPU in 2018.

	2016	2017	2018
Mobile connections (millions)	135.2	125.5	139.3
Mobile penetration (%)	71.7	64.9	70.2
Mobile churn (%)	5.0	4.5	4.0

Source: Delta Partners.

Mobile money market overview

Nigeria's mobile money market is still in a nascent stage, with rapid transformation expected in the coming years as a result of the regulation passed by the CBN in October 2018, which enables mobile operators to offer mobile money services. One of the key factors behind the relatively slow uptake of mobile money in Nigeria is that the country has historically adopted a bank-led mobile money system in contrast to telco-led system adopted in reference African markets. The legislation passed in October 2018 enables the mobile operators to incorporate special purpose vehicles (SPV) to offer mobile money services. The passing of the legislation is expected to be a major boost to the Nigerian mobile market with key market players targeting to launch commercial mobile money services around the second quarter of 2019.

As of 2018, there were estimated to be 0.7 million MFS users in Nigeria with a penetration of close to 0.5% of total mobile connections in the country. Average transaction value was US$24.9 in 2018, although the overall volumes are low due to small number of transactions per month (under six). MFS fundamentals in Nigeria are expected to improve as the number of agents increases in the future.

	2016	2017	2018
MFS users (millions)	0.3	0.5	0.7
MFS adoption (%)	0.2	0.4	0.5

Source: Delta Partners.

Competitive landscape

	Airtel	MTN	GLO	9mobile
Service type[1]	Mobile voice and data	Fixed, mobile voice and data	Fixed, mobile voice and data	Mobile voice and data
Total subs (millions)[2]	44.2	67.1	45.3	15.9
Market share (%)[2]	26	39	26	9

Source: (1) Delta Partners (2) NCC.

Airtel Nigeria is the third-largest telecommunications player in Nigeria with a total subscriber base of 44.2 million and market share of 26% as of 2018 according to the NCC. Airtel Nigeria launched its 4G network in 2018 and is currently focused on improving its 4G coverage. Its major shareholders include Bharti Airtel (92%) and private shareholders and government (8%).

MTN is the largest telecommunications player in Nigeria and is focused on the premium market segment, with a total subscriber base of 67.1 million and a market share of 39% as of 2018. GLO is the second-largest telecommunications player in Nigeria with total subscriber base of 45.3 million and market share of 26% as of 2018. It aims to position itself at the more affordable end of the market. Formerly Etisalat Nigeria, 9mobile is the fourth largest operator with a total subscriber base of 15.9 million and market share of 9% as of 2018.

Network and infrastructure

Amongst all of Nigeria's operators, MTN holds the largest spectrum, most of it in the high bands. The below table lists the spectrum holding of mobile players across spectrum bands.

Frequency	Airtel	MTN	GLO	Ntel	9mobile
700	–	10.0	10.0	–	–
800	–	10.0	–	–	–
900	5.0	5.0	5.0	5.0	5.0
1,800	15.0	15.0	15.0	15.0	15.0
2,100	10.0	10.0	10.0	–	10.0
2,600	20.0	30.0	–	–	–
3,500	–	24.0	–	–	–
Total	**50.0**	**104.0**	**40.0**	**20.0**	**30.0**

Source: Delta Partners, Company information.

Since 2006, the NCC has issued several licenses for infrastructure sharing and collocation to service providers. The authorities have expressed an intention to license seven infrastructure companies to support the acceleration of the provision of broadband coverage throughout Nigeria. These companies plan to deploy broadband network infrastructure in their areas of coverage on an open access, non-discriminatory and price-regulated basis.

IHS is the dominant third party tower operator in Nigeria with over 15,000 towers while American Tower is the second-largest, with close to 5,000 towers.

Market outlook

Historically, Nigerian mobile market connections grew between 10 million and 17 million net new connections per year with the exception of the 2016 to 2017 period where the market contracted due to the regulatory requirement to disconnect inactive SIMs. Nigeria's mobile market is forecast to continue its upward trend and surpass 237 million mobile connections by 2023 with mobile penetration reaching 105% of the total population. The growth in mobile connection is projected to be driven by further uptake of mobile services, especially in rural areas, enabled by the improving affordability of mobile services to lower income population.

Mobile ARPU is expected to remain relatively stable in the future with further decline in voice prices and SMS revenues offset by growth in non-voice revenues especially mobile data and MFS. Data ARPU is forecast to increase its contribution to mobile ARPU to 30% by 2023 driven by increasing data usage and data penetration in the market. Improvement in LTE coverage and increasing data affordability is also expected to translate into higher data subscriber penetration, which is expected to triple to 63% by 2023. The expected growth of data subscribers is underpinned by strong efforts by the key industry stakeholders to drive mobile broadband adoption. MTN Nigeria has redirected capex from voice to data communication, a significant portion of N180 billion in capital expenditure is now targeted towards network expansion / upgrade and optimisation for data, while Airtel Nigeria plans to deploy LTE services in 100 cities by 2019.

The emergence of a regulatory framework specific to the MFS sector in October 2018 is expected to allow Nigeria's MFS adoption to catch up with neighbouring countries. MFS revenue is expected to increase two hundredfold, reaching approximately US$889 million by 2023 driven by increasing number of active users, around 138 million by 2023, and higher frequency of usage, around 12 transactions per month per user.

	2019	2020	2021	2022	2023
Mobile market					
Mobile connections (millions)	159.8	179.6	201.3	221.6	236.8
Mobile penetration (%)	78.5	86.0	94.0	100.9	105.2
MFS market					
MFS users (millions)...........................	13.9	28.7	53.0	91.4	137.8
MFS adoption (%)...............................	8.7	16.0	26.3	41.2	58.2

Source: Delta Partners.

Uganda

Macroeconomic overview

Uganda is located in East Africa and is completely landlocked by neighbouring countries, being bordered by Kenya, South Sudan, DRC, Rwanda and Tanzania. It gained independence in 1962 and has endured a military coup and civil war since then; however, since 1986, there has been relative stability and economic growth.

Uganda has one the youngest and most rapidly growing populations in the world with 43.6 million people in 2017, of which 67% are below 25 years of age. The population grew at a rate of 3.3% in 2017 and is expected to grow at a CAGR of 3.2% between 2018 and 2023, according to Delta Partners. Uganda also has a large rural population representing around 76.2% of total population, however Uganda's yearly urbanisation rate is among the highest in the region.

The economy in Uganda continues to deliver a strong performance with GDP growth averaging 6.6% per annum between 2016 and 2018, underpinned by loose monetary policy, subdued and low inflation supporting consumer demand, as well as an expansionary fiscal policy. GDP at current prices is forecast to grow at a CAGR of 8.8% per annum between 2018 and 2023, according to Delta Partners, driven by increased infrastructure investment and foreign direct investment in the oil and mining sectors.

Inflation in Uganda has remained subdued in single digits throughout 2016 to 2018. Going forward, inflationary pressures are likely to build up, due to stronger economic growth and the prospect of continued depreciation of the Ugandan shilling. The local currency is the Ugandan shilling, which is floating.

Mobile market overview

Amid a relatively modest customer growth rate, the Ugandan mobile market reached 24 million connections in 2018, generating revenues of US$808 million in 2018. Similar to other African markets, the subscriber base is dominated by prepaid connections which constitute more than 95% of the total connections base in the country. Total connections have steadily increased between 2016 and 2018 at a CAGR of 2.0% to 24.2 million connections in 2018, despite the introduction of a controversial social media and mobile money tax, as well as the implementation of new customer acquisition KYC processes. The major mobile players in the market include three operators: MTN, Airtel and Africell, with subscriber market shares of 45%, 45% and 7% respectively. MTN's revenue share has decreased by 1.5% since 2016, mainly in favour of Airtel which introduced its first 4G services in 2017.

Mobile ARPU in the country has been stable in recent years and currently stands at around US$2.8 per month in 2018. Voice ARPU has also remained relatively stable between 2016 and 2018 at US$1.6 per month; however, voice contribution to total ARPU declined from 60% in 2016 to 55% in 2018 as a result of increased data spend. The decline in effective price per minute due to years of aggressive price wars has driven the increase in average MoU, estimated to have risen around 35% in the period between 2016 and 2018 reaching around 232 minutes per month in 2018 (one of the highest voice traffic in the region). Despite a fairly nascent mobile data market, with active data subscribers penetration reaching less than 10% of the population, the Uganda data market has grown between 2016 and 2018 on the back of increasing 3G coverage and the rollout of 4G services by Airtel. Total penetration has consequently grown from 7.0% to 9.8% between 2016 and 2018, closely tracking smartphone penetration evolution, estimated to be at 11.9% at 2018. Data usage increased from 233MB per month in 2016 to 1,345MB per month in 2018, while prices dropped more than 86% since 2016. In 2018, data ARPU is expected to have contributed around 20% of the mobile ARPU.

	2016	2017	2018
Mobile connections (millons)[(1)]	23.3	23.7	24.2
Mobile penetration (%)	55.3	54.5	53.9
Mobile churn (%)	3.0	2.5	2.0

Source: Delta Partners.
(1) 90-day active connections.

Mobile money market overview

The Ugandan mobile money market is one of the more developed and faster growing markets in the region, with penetration of around 52% of total mobile connections in the country. Mobile money users have seen a rise between 2016 and 2018, having grown at a CAGR of 6.5% to reach 12.6 million in 2018. During the same period, average transaction value also increased at a CAGR of 17% to reach US$5.6 in 2018. Lastly, the average number of transactions per user in Uganda is still at the higher end of the region's range with 11.6 transactions per month per user in 2018. Recently, the government introduced a 1% tax applicable on mobile money deposits, withdrawals, transfers and payments, but it was reduced to 0.5% in November 2018 and now only applies to withdrawals. Additionally, parliament is discussing a bill to provide a statutory framework for mobile money.

All the leading mobile service providers in Uganda offer mobile money services, with MTN being the main provider with 45% subscriber share; Airtel and Africell follow MTN, with market shares of 45% and 7% respectively.

	2016	2017	2018
MFS users (millions)	11.1	11.9	12.6
MFS adoption (%)	47.5	50.1	52.0

Source: Delta Partners.

Competitive landscape

	MTN	Airtel	Africell
Service type	Fixed, mobile voice, data and mobile money	Voice, data and mobile money	Voice, data and mobile money
Total subs (millions)	10.9	10.8	1.7
Market share (%)	45	45	7

Source: Delta Partners.

Airtel is the second-largest telecom player in Uganda with total subscriber base of 10.8 million and market share of 45% as of 2018 which has grown from 43% in 2016. Airtel was the first MNO in Uganda, with monopoly from 1995 to 1998 and acquired Zain as part of a pan-African transaction in 2010. It launched the first 4G services in 2017, currently covering three cities.

Even though there are around seven players, Airtel's main competitors in the mobile market in Uganda include MTN and Africell. MTN is the main provider of mobile money services with approximately 5.2 million active subscribers. MTN launched its operations in 1998 and launched 4G services in 2013. Africell is the third-largest mobile operator in Uganda with total subscriber base of 1.7 million and market share of 7%. Africell was previously owned by Orange Group and introduced 4G in 2013.

Network and infrastructure

MTN owns the largest spectrum holdings in Uganda followed by Airtel and Africell. The below table lists the spectrum holding of mobile players across spectrum bands.

Frequency	**Airtel**	**MTN**	**Africell**	**Smile**[(1)]
800	–	–	10.0	10.0
E-900	5.0	–	5.0	–
P-900	5.8	8.2	–	–
1,800	15.0	15.0	10.0	–
2,100	20.0	15.0	10.0	–
2,600	10.0	10.0	10.0	10.0
3,500	21.5	31.5	–	–
Total	**77.3**	**79.7**	**45.0**	**20.0**

Source: Delta Partners, Company information.
(1) Mobile broadband only.

Network sharing has been permitted by the Uganda Communications Commission ("UCC"), which regulates Uganda's telecommunications industry, since January 2005. Facilities subject to sharing are passive infrastructure such as ducts and trenches for lines, poles and masts for line and radio communication and physical collocation at premises for interconnection and local loop access. In 2008, Orange (now Africell) and Warid (now part of Airtel Uganda) agreed to allow access to 150 of each other's base stations, lowering planned capital expenditure costs. Further, in March 2012, both entities signed leaseback agreements with independent tower companies. In December 2011, MTN Uganda and American Towers entered into an agreement to establish a joint venture, allowing MTN to divest all of its existing towers to the joint venture.

American Tower is the leading third party tower operator in Uganda with 1,490 towers, while Eaton Towers owns close to 1,300 towers.

Market outlook

Following a period of inactive SIMs deactivation, the market is expected to resume the historical growth reaching around 38.5 million connections in 2023. Projected mobile market revenue growth is expected to translate into 9.1% CAGR between 2018 and 2023, making Uganda one of the most rapidly growing mobile markets in Sub-Sarahan Africa.

Total market ARPU is forecast to remain relatively stable at US$2.8 as data ARPU expands, supported by decreasing prices and the development of VAS and OTT services, which are expected to offset the anticipated decline in voice ARPU. Data ARPU is poised to grow, bringing data contribution to total ARPU from approximately 20% in 2018 to approximately 32% in 2023. Data ARPU increase will be driven by the expansion of 4G coverage, as all main operators secured 4G licenses in 2018 and are expected to increase data subscription penetration from 10% in 2018 to 40% in 2023. Similarly, the smartphone market is expected to grow as the price of handsets decreases, seeing more than 15 million smartphone additions over the next five years and leading to a smartphone market of approximately 22 million in Uganda in 2023.

An increase in mobile penetration as well as significant efforts from the government to support financial inclusion initiatives is expected to drive MFS revenue between 2018 and 2023, which is expected to reach a total of US$272.7 million by 2023. Registered active users are expected to grow at 16.6% between 2018 and 2023, reaching 27.2 million by 2023 and implying a 70% penetration rate. Frequency of usage is expected to grow at 10.9% CAGR over the next five years, reaching 19.5 transactions per month in 2023, while average transaction value is expected to grow at 3.0% CAGR over the same period, driven by the adoption of new use cases (such as microloans and bill payments) (Source: Delta Partners).

	2019	2020	2021	2022	2023
Mobile market					
Mobile connections (millions)	27.6	31.2	34.8	36.7	38.5
Mobile penetration (%)	59.5	65.0	70.3	72.0	73.2
MFS market					
MFS users (millions)	16.6	20.0	23.2	25.5	27.2
MFS adoption (%)	60.0	64.2	66.8	69.4	70.5

Source: Delta Partners.

DRC

Macroeconomic overview

DRC has the second largest land area in Africa, covering almost one million square kilometres, and it is home to the fourth largest population in Africa. It is mainly landlocked and only connected to the Atlantic ocean by a narrow strip of land. It borders Angola, Congo, Central African Republic, Sudan, Uganda, Rwanda, Burundi, Tanzania and Zambia. DRC is one of the world's richest countries in natural resources but its economic progress has been eroded by civil conflicts since gaining its independence in 1960.

DRC has a population of 82.7 million, growing at a rate of 3.3% in 2017 and expected to grow at a CAGR of 3.1% between 2018 and 2023 according to Delta Partners. Over 60% of the population is aged under 25. Urban population represents approximately 44.5% of total population.

DRC's GDP has grown at 4.2% per annum from 2016 to 2018, driven by a large and young population and a wide natural resources base. DRC's GDP is expected to grow further at a CAGR of around 4.9% from 2018 to 2023, led by increasing production in DRC's diverse commodity base and a quickly growing and expanding labor force. The local currency is the Congolese franc, which is floating.

Mobile market overview

DRC mobile market is one of the fastest growing ones in the region, at a CAGR of 14.6% between 2016 and 2018, driven by increasing penetration, which is close to 40% of the total penetration today. The total number of connections grew significantly on the back of expanded mobile network coverage over 2016 and 2017, to 33.8 million connections in 2018. In the same period, penetration has increased by 7.5% to almost 40% in 2018.

Mobile ARPU in the country increased in recent years and currently stands at around US$2.8 per month in 2018, compared to US$2.5 per month in 2016. Voice ARPU decreased in US dollar terms between 2016 and 2018, as well as as a percentage of total ARPU, although it still remains the largest revenue contributor in DRC's market (70% of the total ARPU). In addition to increased competition in mobile voice, the regulator approved a lower MTR which became effective in February 2017. Despite the currency devaluation, data ARPU in US dollars has steadily increased between 2016 and 2018, reaching 18% of the total ARPU driven by customer upgrades to 4G services.

DRC's data market has boomed between 2016 and 2018 on the back of increasing 3G coverage and the rollout of 4G services by Vodacom and Orange, resulting in addition of over 6 million data subscribers over the period, reaching 10.7 million in 2018. Total penetration has consequently grown from 5.2% to 12.5% closely tracking the smartphone penetration evolution, estimated to be at 11.9% in 2018.

	2016	2017	2018
Mobile connections (m)	25.7	32.8	33.8
Mobile penetration (%)	32.1	39.7	39.6
Mobile churn (%)	6.0	6.0	6.0

Source: Delta Partners.

Mobile money market overview

In terms of both users and revenue, DRC is seen as one of the most promising mobile money markets and is estimated to be in the initial phase of a period of exponential growth, as has been observed in more developed markets historically. The mobile money users in DRC increased significantly from 2016 to 2018 as Vodacom's M-Pesa, Airtel Money, and Orange Money developed their agent networks. Mobile money users in DRC increased from 2.8 million to 8.0 million, while revenue associated with mobile money grew at a CAGR of 75%, from US$22.7 million to US$69.3 million between 2016 and 2018.

The average mobile money user today transacts US$346 per month, compared to US$216 per month in 2016, suggesting DRC's mobile money market is strongly progressing towards mass adoption on the back of the competition amongst M-Pesa, Airtel Money, and Orange Money.

	2016	2017	2018
MFS users (m)	2.8	4.7	8.0
MFS adoption (%)	11.0	14.5	23.7

Source: Delta Partners.

Competitive landscape

	Vodacom	Orange	Airtel	Africell
Service type	Mobile voice, data and mobile money	Mobile voice, data and mobile money	Mobile voice, data and mobile money	Mobile voice and data
Total subs (millions)	12.9	10.1	9.2	5.1
Market share (%)	38	30	25	6%

Source: Delta Partners.

The major mobile players in the market include three global operators (Airtel, Vodacom and Orange) and Africell which entered the market in 2012. Vodacom, Orange and Airtel are the top three players with subscriber market shares of 38%, 30% and 25% respectively.

Airtel is the third-largest telecom player in DRC with total subscriber base of 9.2 million and market share of 25% as of 2018. Bharti acquired Zain DRC as part of a pan-African transaction in 2010. 4G network has not been launched yet, but the Company has obtained license and formal approval to test LTE using 1800 MHz spectrum.

Airtel's main competitors in DRC's mobile market include Vodacom, and Orange. Vodacom is the market leader with a total subscriber base of 12.9 million and market share of 38% as of 2018. Orange is the second-largest mobile operator in DRC with total subscriber base of 10.1 million and market share of 30% as of 2018. Africell is a recent entrant in DRC mobile market having launched its services in 2012. The company has a total subscriber base of 5.1 million and market share of 6% as of 2018.

Network and infrastructure

Orange owns the largest spectrum holdings in DRC, followed by Vodacom. The below table lists the spectrum holdings of mobile players across spectrum bands.

Frequency	Airtel	Vodacom	Orange	Africell
700	–	–	10.0	–
800	10.0	10.0	–	10.0
E-900	–	–	4.0	–
P-900	6.0	6.0	8.0	4.0
1,800	12.0	17.8	24.0	9.0
1,900	–	15.0	–	–
2,100	10.0	10.0	20.0	10.0
2,500	–	–	68.0	–
3,500	–	15.0	–	–
Total	**38.0**	**73.8**	**134.0**	**33.0**

Source: Delta Partners, Company information.

Ongoing transition from analogue to digital TV is freeing up the lower bands of the spectrum which is being reallocated for 4G. General principles on interconnection, sharing of infrastructure and the management of scarce resources such as spectrum and numbering are covered by the Telecommunications Act adopted in May 2018. Helios Towers is the only independent tower operator in DRC (as a result of recent transactions with Airtel in 2016 and Millicom/Tigo in 2010) owning approximately 1,770 towers.

Market outlook

DRC's mobile market penetration is projected to reach 66% in 2023, while total mobile connections are expected to grow at 14.1% CAGR between 2018 and 2023, reaching 65.4 million. The mobile market revenue is projected to grow at 14.2% CAGR over the next five years, while total ARPU is expected to gradually increase from US$2.8 to US$2.9, driven mainly by increased mobile money and data uptake, coupled with contracting voice revenues. Data subscribers are poised to triple over the next five years, reaching 29 million subscriptions by 2023, fueled by improvements in 4G coverage and improving data affordability. Similarly, the smartphone market is expected to grow as the price of handsets decreases, seeing an addition of over 15 million smartphones over the next five years and leading to a 28 million smartphone market in DRC. As a result, data ARPU is expected to reach 27.9% of total ARPU by 2023, with data penetration and smartphone penetration growing to 29% and 28% in 2023 respectively (compared to 13% and 12%, respectively, in 2018) (Source: Delta Partners).

DRC's mobile money market is poised for significant growth over the next five years. The number of registered MFS accounts in DRC is expected to grow at 40% CAGR in the next five years, with telecommunications operators spearheading the country's financial inclusion. Registered MFS accounts are expected to reach 43.4 million by 2023, which would represent a 66% penetration over the total number of mobile connections (compared to 8.0 million accounts and penetration of 23.7% in 2018). From a revenue perspective, the marginal revenue contribution of those new users is forecast to decrease over time as the rapidly expanding user base taps into low-earning pockets, delivering a lower CAGR of 22.1% over the next five years.

	2019	2020	2021	2022	2023
Mobile market					
Mobile connections (million)	41.0	46.4	52.3	59.0	65.4
Mobile penetration (%)	46.5	51.0	55.8	61.0	65.7
MFS market					
MFS users (million)..............................	10.5	14.9	21.3	31.3	43.4
MFS adoption (%)................................	25.7	32.0	40.7	53.0	66.3

Source: Delta Partners.

Zambia

Macroeconomic overview

Zambia is a landlocked country located in Central Africa and bordering DRC, Tanzania, Malawi, Mozambique, Zimbabwe, Botswana, Namibia and Angola. It gained independence in 1964 and experienced single party rule until 1991; since then, Zambia has been a relatively stable democracy with no major conflicts since the late 1990s.

Zambia has a growing and youthful population of about 17 million in 2017. The population grew at a rate of 3.0% in 2017 and is expected to grow at a CAGR of 3.0% between 2018 and 2023 according to Delta Partners. In addition, it has a very young demographic with more than 64% of the population aged under 25 and is one of the most urbanised countries in Sub-Saharan Africa, with the urban population accounting for approximately 44% of total population.

The Zambian economy continues to deliver a strong performance with GDP growth averaging 10.9% per annum between 2016 and 2018, supported by growth in copper production and high infrastructure investments. GDP is expected to grow at a slower CAGR of 5.2% per annum between 2018 and 2023, as tailwinds from stronger mining activity is counterbalanced by sluggish growth in the agriculture sector and a bleak outlook for the wholesale and retail trade sector.

Zambia's inflation rate in 2016 was high at about 18% due to a number of reasons, including falling copper prices, energy shortages and a 25% depreciation of the Zambian kwacha in 2015. Since 2016, lowering inflation has been supported by the continued stability of the exchange rate and lower food prices but is expected to trend upwards in the following years, on the back of increasing pressures from food and oil prices. The local currency is the Zambian kwacha, which is pegged against the US dollar.

Mobile market overview

With around 14.8 million connections generating revenues of US$523 million in 2018, Zambia's subscriber base is dominated by prepaid connections which constitute approximately 95% of the total connections base in the country. Total connections have steadily increased between 2016 and 2018, growing at a CAGR of 10.1% to 14.8 million connections in 2018. In the same period, penetration has increased by 10% to 82.7% in 2018, one of the highest mobile penetration rates Africa.

Mobile ARPU in the country has declined marginally in recent years due to lower market prices and currently stands at around US$3.1 per month in 2018. Reduction in price per minute in 2018 and intensifying competition, resulted in a CAGR of 9.7% in MoU per subscriber, estimated to have reached around 166 minutes per month in 2018. Although decreasing over time, voice ARPU still represents the largest share of total ARPU, accounting in 2018 for 63% of the overall market ARPU. On the data side, increasing smartphone affordability has led to a steady increase in smartphone users between 2016 and 2018, with 4.3 million smartphone users in 2018, a penetration of 24.2%. Data usage between 2016 and 2018 has more than tripled, from 373MB per month in 2016 to 1,235MB per month in 2018, as price per gigabyte has dropped approximately 79% since 2016. In 2018, data ARPU is expected to constitute 22% of the overall market ARPU.

	2016	2017	2018
Mobile connections (mm)	12.2	13.3	14.8
Mobile penetration (%)	72.5%	76.7%	82.7%
Mobile churn (%)	3.0%	3.5%	4.0%

Source: Delta Partners.

Mobile money market overview

Mobile money represented a key catalyst to accelerate financial inclusion in Zambia between 2016 and 2018, and Zambia's mobile money market experienced substantial growth over the same period, reaching 26.9% penetration over the total mobile connections in 2018.

MFS users increased significantly between 2016 and 2018, growing at a CAGR of 216% to reach 4.0 million in 2018. In the same period, the increase in frequency of transactions put downwards pressure on the average transaction value, which slightly decreased from US$10.8 to US$10.1. A fast-growing network of agents and merchants has led to an increased number of transactions per active user in Zambia. The average number of transactions per user exceeded 20 per month, one of the highest rates of use in Sub-Saharan Africa. All the leading mobile service providers in Zambia offer mobile money services, with Airtel and MTN being the leading players in the country.

Competitive landscape

	MTN	Airtel	Zamtel
Service type	Fixed, mobile voice, data and mobile money	Mobile voice, data and mobile money	Fixed, mobile voice, data and mobile money
Total subscribers (millions)	6.2	5.8	2.9
Market share (%)	42	39	19

Source: Delta Partners.

Airtel is the second-largest telecommunications operator in Zambia with total subscriber base of 5.8 million and market share of 39% as of 2018. Founded in 1996, Airtel was the first mobile operator in the region and acquired Zain ZA in 2010 as part of a pan-African transaction. In December 2014, Airtel announced the divestment of a total of 1,100 telecommunications towers in Zambia and Rwanda to IHS.

Airtel's main competitors in the Zambian mobile market include MTN and Zamtel Mobile. MTN is the market leader with a total subscriber base of 6.2 million and market share of 42% as of 2018. MTN entered the market through the acquisition of Telecel in 2015. Zamtel Mobile is the third-largest mobile operator in Zambia and is the mobile operating arm of Zambia's national fixed line operator. Zamtel started commercial services in 2003 and launched 4G services in 2018. The operator has a total subscriber base of 2.9 million and market share of 19% as of 2018.

Network and infrastructure

Unitel currently has the broadest spectrum out of all carriers. The below table lists down the spectrum holding of mobile players across spectrum bands.

Frequency	**Airtel**	**MTN**	**Zamtel**	**Unitel**	**Vodafone[(1)]**
E-900	5.0	–	–	5.0	–
P-900	5.0	8.0	8.0	3.0	–
1,800	20.0	25.0	19.6	10.0	–
2,100	20.0	20.0	20.0	–	–
2,300	–	–	20.0	30.0	30.0
2,500	–	–	–	30.0	–
3,500	–	21.0	–	–	–
Total	**50.0**	**74.0**	**67.6**	**78.0**	**30.0**

Source: Delta Partners, Company information.

(1) Mobile broadband only.

Section 43 of the ICT Act and the Information and Communications Technology Regulations 2009 establish a framework under which licensees may freely negotiate access agreements. Licensed operators are obliged on request to enter into negotiations in good faith to provide access to a range of elements of their passive infrastructure network.

IHS Towers acquired Airtel and MTN's tower assets in 2014, making it the only third-party tower operator in Zambia with over 1,714 towers.

Market outlook

The mobile market in Zambia is expected to maintain strong momentum, with approximately 1.5 million new connections every year, and is expected to reach nearly 22.2 million connections and mobile penetration of approximately 107.2% by 2023. A new market entrant, UZI Zambia Mobile, is expected to launch in late 2019, which is expected to disrupt the market. The growth in mobile connections is projected to be driven by further uptake of mobile services, especially in rural areas, enabled by the improving affordability of mobile services to lower income population.

Market ARPU is expected to remain flat between 2018 and 2023 at around US$3.1, mainly driven by continued voice ARPU decline, but mitigated by growth in mobile data spend and the emergence of mobile money. The entry of a fourth MNO player and the resulting increase in competition in the Zambian market is also expected to have an impact on projected ARPU. Data ARPU is forecast to increase its contribution to mobile ARPU from 23.1% in 2019 to 32.9% in 2023, driven by increasing data usage and data penetration in the market. Particularly, telecommunications operators' commitment to invest in infrastructure to expand 4G networks and the entering of a fourth MNO in 2019 are expected to drive data penetration uptake. Conversely, average spend per connection on voice is expected to decline to around US$1.4 in 2023 as MoU growth declines and as the voice market matures.

MFS revenue is expected to grow to US$148 million by 2023 as competition between Airtel Africa and MTN is expected to accelerate mobile money adoption. The Zambian MFS market revenue is expected to grow at a CAGR of 34% between 2018 and 2023, standing out as one of the future leading mobile money markets in Sub-Saharan Africa after Kenya, Nigeria, Uganda, Tanzania and DRC.

	2019	**2020**	**2021**	**2022**	**2023**
Mobile market					
Mobile connections (millions)	16.4	17.8	19.3	20.8	22.2
Mobile penetration (%)	89.0	93.9	98.8	103.3	107.2
MFS market					
MFS users (millions)	6.0	7.9	9.7	11.5	13.0
MFS adoption (%)	36.6	44.4	50.5	55.2	58.7

Source: Delta Partners.

Tanzania

Macroeconomic overview

Tanzania is the largest country in East Africa, with an Indian Ocean coastline of about 1,400 kilometres. It is bordered by Kenya, Uganda, Rwanda, Burundi, DRC, Zambia, Malawi and Mozambique. It became independent in 1961 and held its first democratic elections in the 1970s.

Tanzania has the largest population in East Africa, with 58 million people in 2017, and the lowest population density. The population grew at a rate of 3.1% in 2017 and is expected to grow at a CAGR of 3.0% between 2018 and 2023 according to Delta Partners. In addition, it has a very young demographic with 65% of the population aged under 25. It also has a large rural population representing around 66% of total population with a significant proportion of the population employed in agriculture.

The Tanzanian economy continues to deliver a strong performance with GDP growth averaging an estimated 8.1% per annum between 2016 and 2018, underpinned by infrastructure development and a strengthening consumer base. GDP is forecast to grow at a CAGR of 8.4% per annum between 2018 and 2023, driven by robust inward investment, growth in its tourism sector and development of several large infrastructure schemes in rail, port and road.

Inflation in Tanzania has remained subdued in single digits throughout 2016 and 2017. Going forward, inflation is expected to remain at the single digit level, underpinned by continued favourable domestic food supply, subdued oil prices, and a prudent monetary policy. The local currency is the Tanzania shilling, which is floating.

Mobile market overview

Tanzania's mobile market is the second largest in East Africa by subscribers, after Kenya. Similar to other African markets, the subscriber base is dominated by prepaid connections which constitute more than 95% of the total connections base. Total connections have steadily increased between 2016 and 2018, estimated to have grown at a CAGR of 5.7% to 43.6 million connections in 2018 although subscriber growth has recently been impacted by the updated and more stringent KYC requirements introduced by the Tanzania regulator. In the same period, penetration is estimated to have increased by 3% to 72.7% in 2018. The market is characterised by a high contrast in mobile penetration between the coastal region which enjoys very high mobile penetration (141% in 2018, excluding Zanzibar) and the rest of the country which remains relatively underpenetrated. Another key characteristic of the market is the prevalence of multiple SIM users, with around 1.7 connections per unique subscriber in 2018, keeping constant since 2016.

Mobile ARPU in the country has been stable in the recent years and currently stands at around US$2.3 per month. Voice ARPU has continued to gradually decline as a result of lower prices charged, although the decline in effective price per minute has driven the increase in average MoU, estimated to have reached around 174 minutes per month in 2018. In 2018, Voice ARPU is expected to constitute 45% of the overall market ARPU. Attractive smartphone offerings with affordable prices has also led to a steady increase in smartphone users between 2016 and 2018, with an estimated 13.8 million smartphone users in 2018, a penetration of 23.1%. Increasing smartphone penetration along with offering of a broad range of mobile data plans has also led to a rapid growth in data usage from 1,024MB per month in 2016 to 1,500MB per month estimated in 2018, while prices have dropped by 30% in the same time period. The rapid pick-up in data usage and along with adoption of emerging services like MFS have balanced the fall in voice revenues and kept the ARPU stable. In 2018, data ARPU is estimated to have constituted 20% of the overall market ARPU. Tanzania has also experienced a significant increase of VAS and MFS revenue contribution between 2016 and 2018.

	2016	**2017**	**2018**
Mobile connections (millions)	39.1	40.1	43.6
Mobile penetration (%)	69.2	68.9	72.7
Mobile churn (%)	4.8	4.3	4.3

Source: Delta Partners.

Mobile money market overview

Tanzania has high MFS penetration of around 43% of total mobile connections in the country in 2018. Mobile money solutions have allowed Tanzania to provide banking access to a large section of the population, who might have historically not been covered by the traditional banking system.

All the leading mobile service providers in Tanzania offer mobile money services. After successfully deploying P2P money transfer in Tanzania, the focus has now shifted towards introducing new financial services such as merchant payments, saving and loans platform and insurance. MFS remains a key contributor of growth for the mobile market with increasing MFS penetration and expanding service portfolio being drivers for further upside.

Apart from Kenya, Tanzania is considered one of the most successful MFS markets globally in terms of active mobile money accounts. MFS users in Tanzania have seen a healthy rise between 2016 and 2018, estimated to have grown at a CAGR of 14.8% to reach 18.7 million, with a penetration of 43% of total mobile connections in the country. In the same period, average transaction value is also estimated to have increased at 8.9% CAGR to reach US$14.9 in 2018, driven by the economic uptake in Tanzania, the possibility of interoperator transactions and the increase in MFS penetration and resultant additional recipients of P2P transfers. Along with high MFS penetration and growing average transaction value, the average number of transactions per user per month in Tanzania is slightly below average across the Group's footprint, with an estimated 14.0 transactions per user per month in 2018.

	2016	2017	2018
MFS users (million)	14.1	16.2	18.7
MFS adoption (%)	36.1	40.3	42.9

Source: Delta Partners.

Competitive landscape

	Airtel	Vodacom	Tigo	Halotel
Service type	Voice, data and mobile money	Fixed, mobile voice, data and mobile money	Fixed, mobile voice, data and mobile money	Voice, data and mobile money
Total subscribers (millions)	11.0	14.1	12.6	3.8
Market share (%)	25%	32%	29%	9%

Source: Delta Partners.

Airtel is the third-largest telecommunications player in Tanzania with total subscriber base of 11.0 million and market share of 25% as of 2018. Since its inception, Airtel Tanzania has established itself as a nationwide mass market challenger. Its major shareholders include Bharti Airtel (60%) and the Government of Tanzania (40%), with the Government of Tanzania's stake potentially increasing to 49%. See Part 6 (Business Description—Litigation and legal proceedings—Tanzania Ownership and Other Disputes).

Vodacom is the market leader with a total subscriber base of 14.1 million and market share of 32% as of 2018 and focuses on the premium segment, with a predominant position in the non-coastal regions. It is also the first operator to list on the Dar es Salaam Stock Exchange as part of Tanzanian government's mandatory listing requirement. Tigo Tanzania is the second-largest mobile operator in Tanzania with total subscriber base of 12.6 million and market share of 29% as of 2018 and focuses on youth and mass market in the coastal region. Halotel is a recent entrant in the Tanzanian mobile market having launched its services in 2014. The company primarily focuses on the mass market and has a total subscriber base of 3.8 million and market share of 9% as of 2018.

Network and infrastructure

Spectrum holdings in Tanzania are well distributed across all operators. Below table lists down the spectrum holding of mobile players across spectrum bands.

Frequency	Airtel	Vodacom	Tigo	Zantel	Halotel	Azam
700	–	10.0	–	–	–	10.0
800	–	–	10.0	–	–	–
E-900	–	–	–	–	5.0	–
P-900	7.5	7.5	5.0	5.0	–	–
1,800	12.5	10.0	12.5	10.0	10.0	–
2,100	10.0	15.0	10.0	10.0	10.0	–
2,600	–	–	–	–	15.0	–
3,500	–	14.0	–	–	–	–
Total	**30.0**	**56.5**	**37.5**	**25.0**	**40.0**	**10.0**

Source: Delta Partners, Company information.

In July 2016, an infrastructure sharing initiative was launched between Airtel, Millicom and Vodacom, aimed at expanding mobile broadband coverage in rural Tanzania. In March 2017, Millicom and Ericsson launched the first active 3G sites under the infrastructure-sharing partnership in parts of the rural Lindi and Mtwara regions.

Helios Towers is the leading independent tower operator in Tanzania with over 3,500 towers while the other independent tower operators own close to 350 towers.

Market outlook

Tanzania's mobile market is expected to continue its upward trend and grow to approximately 62 million mobile connections in 2023 with mobile penetration improving to 90% by 2023. The growth in mobile connections is projected to be driven by further uptake of mobile services, especially in rural areas, enabled by the improving affordability of mobile services to lower income population.

Mobile ARPU is expected to remain relatively stable in the future with total market revenues growing at 7.3% CAGR over the next five years. Further decline in voice prices and SMS revenues are expected to be compensated by growth in both data and MFS ARPU, with data ARPU constituting 32% of mobile ARPU in 2023 while voice ARPU's contribution declines to 38%. Improvement in LTE coverage and increasing data affordability is also expected to translate into higher data subscriber penetrations, which is expected to double to 50% by 2023 while smartphone penetration increases to around 51% in the same time period.

Approximately 43% of Tanzania's mobile customers are using MFS currently with the user base forecast to grow at 19% CAGR between 2018 and 2023. This is also expected to drive up the MFS revenues, expected at US$383 million by 2023. MFS users are expected to perform steadily with growing number of transactions in the next few years, around 16 per month by 2023 and average transaction value is forecast to grow at a steady pace to around US$16 by 2023.

	2019	2020	2021	2022	2023
Mobile market					
Mobile connections (millions)	47.6	51.2	54.8	58.5	62.3
Mobile penetration (%)	77.0	80.3	83.5	86.5	89.5
MFS market					
MFS users (millions)	23.6	28.1	33.0	38.3	43.8
MFS adoption (%)	49.5	54.9	60.2	65.5	70.4

Source: Delta Partners.

Kenya

Macroeconomic overview

Kenya is situated on the equator in East Africa and has a coastline of 536 kilometres. It borders Ethiopia, Somalia, South Sudan, Tanzania and Uganda. Kenya gained independence in 1963. In 2010, Kenyans adopted a new constitution in a national referendum that introduced additional checks and balances to executive power and significant devolution of power to 47 newly created counties.

Kenya has a population of approximately 50.3 million as of 2017 with annual growth of 2.5% and expected to grow at a CAGR of 2.4% between 2018 and 2023 according to Delta Partners. In addition, it has a very young demographic with approximately 60% of the population aged under 25. The urban population represents approximately 27% of the total population. Agriculture remains the backbone of the economy with 75% of the population working in agriculture, contributing around a third of GDP.

The Kenyan economy continues to deliver a strong performance with GDP growth averaging 12.4% per annum between 2016 and 2018. The economy outlook is positive with Kenya's GDP expected to see robust growth of approximately 9% from 2018 to 2023. A growing labor force, strong public investment in infrastructure and a dynamic services sector with a continued recovery in tourism are predicted to be the key drivers of the expected GDP growth.

Inflation in Kenya has remained subdued at single digits throughout 2016 to 2018. The Kenyan shilling is expected to remain relatively stable in the coming years. Greater political stability post 2017 elections and improved business confidence will support the currency. The local currency is the Kenyan shilling, which is floating.

Mobile market overview

The Kenyan mobile market has grown steadily between 2016 and 2018. Total connections exhibited a strong growth between 2016 and 2018, growing at a CAGR of 10.6% to 47.8 million connections in 2018. This strong growth can be attributed to intensifying price competition driven by Airtel Kenya, the introduction of low cost pricing plans and a continued low unique subscriber penetration. In the same period, penetration has increased by 13% to 92.6% in 2018 (one of the highest penetrations in Sub-Saharan Africa).

The market ARPU has stabilised at around US$4.6 per month, with the historical evolution driven by an increase of Safaricom's ARPU due to strong mobile data growth and decline in Airtel's ARPU attributable to an effort to grow its share of the market through attractive pricing. Voice ARPU has continued to gradually decline as a result of more intense price competition and growing contribution of mobile data and M-PESA to the overall revenue mix. In 2018, voice ARPU is expected to constitute 47% of the overall market ARPU.

Smartphone users have steadily increased between 2016 and 2018, reaching 20.9 million in 2018 with a penetration of 40.6%. Average data consumption per data active customer has more than doubled from 328MB per month in 2016 to 697MB per month in 2018. As a result data ARPU contribution has been increasing steadily due to aggressive data plans stimulating the data usage, reaching 17% of total ARPU in 2018.

	2016	2017	2018
Mobile connections (millions)	39.1	42.4	47.8
Mobile penetration (%)	79.6	84.2	92.6
Mobile churn (%)	2.8	2.7	3.0

Source: Delta Partners.

Mobile money market overview

Kenya is the most advanced MFS market not only in Africa but in the world, with high MFS penetration of around 74% of total mobile connections in the country, and revenues growing at almost 24% between 2016 and 2018.

MFS users have seen a healthy rise between 2016 and 2018, reaching 35.5 million in 2018. In the same period, the number of transactions per user per month increased as the mobile money ecosystem matured, while the average transaction value decreased. Kenya's average active user transaction approximately US$342 per month in 2018 using mobile money products, compared to an average of US$327 per month in 2016.

	2016	2017	2018
MFS users (millions)	28.0	31.2	35.5
MFS adoption (%)	71.6	73.5	74.3

Source: Delta Partners.

Competitive landscape

	Safaricom	Airtel	Telkom[(1)]	Faiba
Service type	Fixed, mobile voice, data and mobile money	Mobile voice, data and mobile money	Fixed, mobile voice, data and mobile money	Fixed, mobile voice and data
Total subscribers (millions)	30.2	13.1	4.3	0.2
Market share (%)	63	28	9	0

Source: Delta Partners.

(1) Pending regulatory approvals and fulfilment of other conditions, Telkom Kenya proposes to transfer its mobile operations, enterprise and carrier services business to Airtel Kenya.

Kenya's mobile market comprises three key players and a new entrant, Faiba. The major mobile players in the market include Safaricom, Airtel and Telkom, with subscriber market shares of 63%, 28% and 9% respectively.

Airtel is the second-largest telecommunications player in Kenya with total subscriber base of 13.1 million and market share of 28% as of 2018. It entered Kenya in 2010 by acquiring Zain Kenya as part of a pan-African transaction. In 2015, the company announced to invest US$190 million between 2016 and 2018 to improve network quality, products and services and launched 4G in 2017 (currently covering Nairobi and Mombasa).

Airtel's main competitors include Safaricom and Telkom Kenya. Safaricom was the first mobile operator in Kenya with a monopoly from 1993 to 2000 and introduced MFS in 2007, which became one of the most successful MFS platforms in Africa with around 21 million active customers as of 2018. Safaricom is the market leader with a total subscriber base of 30.2 million and market share of 63% as of 2018; however it has been losing market share to Airtel due to Airtel's attractive pricing and efforts to improve network quality. Telkom Kenya is the third largest mobile operator in Kenya with total subscriber base of 4.3 million and market share of 9% as of 2018. Pending regulatory approvals and fulfilment of other conditions, Telkom Kenya proposes to transfer its mobile operations, enterprise and carrier services business to Airtel Kenya. In 2017, the broadband operator Jamii Telecom entered the mobile sector with a launch of its own 4G network under the brand Faiba. Its subscriber base is estimated to be approximately 0.2 million as of 2018.

Network and infrastructure

The below table lists down the spectrum holding of mobile players across spectrum bands in Kenya. Key priorities for the regulator are to free-up and re-assign spectrum currently used by the Government in the 800MHz and 2.3-2.6GHz bands as well as the re-assignment of television broadcasting spectrum with the transition from analogue to digital television.

Frequency	Airtel	Telkom	Safaricom	Jamii Telecom
700	–	–	–	10.0
800	10.0	10.0	10.0	–
E-900	–	2.5	7.5	–
P-900	10.0	5.0	10.0	–
1,800	10.0	10.0	30.0	–
2,100	10.0	10.0	10.0	–
3,500	–	11.0	15.0	7.0
Total	**40.0**	**48.5**	**82.5**	**17.0**

Source: Delta Partners, Company information.

The legal framework for infrastructure sharing is provided in the Kenya Information and Communication Act (2008) aimed at promoting fair competition in the provision of telecommunication services. The regulator allows for both active and passive infrastructure sharing and co-location. In 2014, the regulator included infrastructure sharing as a pre-condition for licensing Safaricom's 4G rollout, requiring the Safaricom to cede at least 30% of its network capacity to rivals on a commercial basis (though this requirement has not to date been enforced). However in December 2015, the CA asked Safaricom to return 5MHz of the 15MHz it was awarded a year before, which was then handed to Airtel and Telkom Kenya along with an additional 15MHz, giving each of the three operators an equal 10MHz allocation of 800MHz spectrum.

Safaricom is the leading independent tower operator in Kenya with over 4,400 towers while the other independent tower operators – Eaton Towers and American Towers – own close to 2,000 towers together.

Market outlook

The maturing Kenya mobile market is expected to stabilise over the next five years. The total connections are forecast to grow at 7% CAGR between 2018 and 2023 reaching approximately 67 million in 2023 while mobile penetration will reach approximately 115% by 2023. Out of those subscriptions, only around 3% are expected to be postpaid, thus maintaining prepaid's dominance over the market.

The market ARPU is expected to experience a modest decline over the next five years from US$4.6 in 2018 to US$4.5 in 2023. The projected ARPU evolution is driven mostly by continuous voice ARPU decline and increase in non-voice revenues, especially mobile data. Kenya's data penetration is expected to reach 72% by 2023 from 43% in 2018, driven by continued efforts from the operators to increase 4G coverage, decreasing price per gigabyte as well as improving affordability of smartphones. In terms of active subscribers, it would represent a ~2x increase from 22 million in 2018 to 42 million in 2023. To that end, the intended transfer of Telkom Kenya's mobile operations, enterprise and carrier services business to Airtel Kenya is expected to increase competition as it would improve Airtel-Telkom's capacity to progress its roll-out efforts. Total smartphones are expected to follow a similar trend, growing from 21 million to 40 million, representing a 68% penetration over population by 2023.

Kenya's MFS registered accounts are expected to grow at 8.6% CAGR between 2018 and 2023, a similar pace of that of the mobile connections, as the market has already reached high adoption levels. As a result, MFS users are expected to incrementally increase as the population ages and as additional users come from remote areas. MFS revenue is projected to outpace the growth of mobile money revenues, reaching a CAGR of 13.5% between 2018 and 2023, and approximately US$1.4 billion users by 2023. MFS's omnipresence in Kenya is expected to generate an increasing number of transactions per user, which are forecast to increase to 22 per month per active user by 2023. At the same time, a larger number of merchants (and frequency of payments) in an already advanced ecosystem would put pressure on the average transaction value, which is projected to stabilise around US$19 (Source: Delta Partners).

	2019	2020	2021	2022	2023
Mobile market					
Mobile connections (millions)	51.2	54.8	58.5	62.5	66.7
Mobile penetration (%)	96.8	101.2	105.6	110.1	114.8
MFS market					
MFS users (millions)	38.9	42.3	45.8	49.7	53.6
MFS adoption (%)	76.0	77.1	78.4	79.5	80.5

Source: Delta Partners.

Republic of the Congo

Macroeconomic overview

Congo is an equatorial Central African country on the West Coast of Africa, with a coastline of about 170 km on the Atlantic Ocean. Congo became independent in 1960, with democracy established in 1992.

Congo has a small but fast-growing population of 5.3 million people as of 2017. Congo's population is sparse, with a population density of just 13 people per square kilometre. The population grew at a rate of 2.6% in 2018 and is expected to grow at a CAGR of 2.6% between 2018 and 2023, according to Delta Partners. In addition, it has a very young population, with approximately 59% aged under 25.

Lastly, Congo is a highly urbanised country in Africa, with urban population accounting for 66.9% of total population.

Congo's GDP (at current prices) grew at 21.3% per annum between 2016 and 2018, underpinned by rising oil prices and increased domestic production of hydrocarbons. GDP growth however is expected to decline by 2.1% per annum between 2018 and 2023, driven by expected contraction of oil production contracts, unless substantial new investment goes into the sector to deliver new projects.

Inflation in Congo has remained subdued in single digits throughout 2016 to 2018. In 2019, inflation is expected to remain at 2%, as the euro-pegged CFA helps Congo keep inflation low by Sub-Saharan African standards, while encouraging foreign investment. The local currency is the CFA, which is pegged to euro.

Mobile market overview

Congo mobile connections are estimated to have reached five million, generating revenues of US$326 million in 2018. Similar to other African markets, the subscriber base is dominated by prepaid connections which constitute more than 95% of the total connections base. Total connections have been rising since 2016 due to organic population growth, however connections declined slightly in 2018, compared to 2017, due to the cancellation of inactive SIMs.

Mobile ARPU in the country has declined significantly between 2016 and 2018, owing to a maturing and highly competitive voice market, and currently stands at around US$5.4 per month in 2018. Even though data revenue contribution increased to over 20% in 2018, this increase is mostly attributable to the drop in voice spend, with voice ARPU continuing to gradually decline as a result of lower prices charged. Data ARPU has not risen substantially in recent years given that 4G services have not yet become widely adopted as higher-value mobile broadband is an available alternative. Average MoU declined between 2016 and 2018 at approximately 5% per annum and is estimated to have reached around 105 minutes per month in 2018. Additionally, price per minute fell from US$0.055 in 2016 to US$0.035 in 2018, as the regulator capped MTR rates for MTN and Airtel in 2016. In 2018, voice ARPU is expected to constitute 69% of the overall market ARPU. Although the mobile market is still relatively nascent, with data penetration remaining well below 20% in 2018, efforts are underway to accelerate 3G/4G adoption in Congo. Data usage rose from 459MB per month in 2016 to 1,347MB per month in 2018, as prices have dropped by approximately 72% since 2016 due to increasing price competition and greater data allowances.

	2016	**2017**	**2018**
Mobile connections (millions)	4.8	5.1	5.0
Mobile penetration (%)	92.3	94.9	91.7
Mobile churn (%)	5.0	5.5	5.5

Source: Delta Partners.

Mobile money market overview

Congo's mobile money market is at a very early stage, achieving 3% adoption in 2018. Adoption of mobile money services remains low, without a key catalyst to drive uptake having emerged in recent years, MFS mobile connections are estimated to have reached 0.14 million in 2018, with adoption levels still remaining low. MFS revenue increased from US$1.0 million in 2016 to US$1.3 million in 2018. During the same period, average transaction value is estimated to have reduced at a 3.6% CAGR to US$39.8 in 2018, which is relatively high for the region due to high costs of living in Congo, especially in Brazzaville. The average number of transactions per active user per month increased from 10.2 in 2016 to 15.8 in 2018.

	2016	**2017**	**2018**
MFS users (millions)	0.14	0.14	0.14
MFS adoption (%)	2.9	2.7	2.8

Source: Delta Partners.

Competitive landscape

	MTN	Airtel	Equateur Telecom Congo
Service type	Mobile voice, data and mobile money	Mobile voice, data and mobile money	Mobile voice and data
Total subscribers (millions)	2.4	2.4	0.2
Market share (%)	48.5	48.2	3.3

Source: Delta Partners.

Even though there are four active players, Congo's mobile market is a *de facto* duopoly between Airtel and MTN. Airtel is the second-largest operator with a market share of 48.2% and was the second MNO to launch in Congo, and the first to roll out digital services. Initially known as Celtel Congo, Airtel Congo inaugurated its GSM-900 network in December 1999 and in 2012 partnered with Ericsson to offer MFS. MTN, the largest operator in the region with 48.5% market share in 2018, was founded by Egypt's Orascom Telecom as Libertis Telecom and launched commercial services in May 2000.

Network and Infrastructure

MTN and Airtel hold the majority share of spectrum. The below table lists down the spectrum holding of mobile players across spectrum bands:

Frequency	Airtel	MTN	Equateur Telecom Congo
900	15.2	13.2	5.6
1,800	29.8	30.0	15.0
1,900	5.0	5.0	–
2,100	15.0	25.0	–
2,300	40.0	–	–
2,500	–	40.0	40.0
Total	**105.0**	**113.2**	**60.6**

Source: Delta Partners, Company information.

The legal framework is determined by the ARPCE (*Agence de Régulation des Postes et des Communication Electroniques Republique)* which decided to promote widespread deployment of mobile broadband technologies. This allowed for MNO's holding spectrum in the 900MHZ and 1800MHZ bands to refarm it for 3G (UMTS) and 4G (LTE) technologies.

Helios Towers is the principal third party tower company in Congo, after acquiring approximately 400 towers from Airtel in 2014. Separately, MTN and Azur Congo hold 416 towers which are shared between themselves.

Market outlook

The mobile market in Congo is expected to reach close to 6.8 million mobile connections in 2023, with mobile penetration improving to 109.5% by 2023. Total connections are expected to rise between 2018 and 2023 due to organic population growth as well as increased dual SIM use.

Mobile market ARPU is forecast to expand slightly from $US5.4 in 2016 to $US5.5 in 2018 as a result of data and mobile money uptake, as well as continued operator pricing power resulting from the market's duopoly structure. Data ARPU is forecast to increase its contribution to mobile ARPU from 22.2% in 2018 to 33.0% in 2023 as more Congolese gain access to the service, particularly outside the capital, Brazzaville.

Congo's mobile money market growth is expected to grow significantly between 2018 and 2023, as operators build up sizeable agent and merchant networks. MFS revenue is expected to reach $US10.7 million by 2023, growing at a CAGR of 52.5%. The average number of transactions per active user is forecast to marginally increase to 16.8 transactions per user per month in 2023, as operators deploy their mobile money ecosystems, while the average transaction value is forecast to remain stable at around US$40.

	2019	2020	2021	2022	2023
Mobile market					
Mobile connections (millions)	5.3	5.6	5.9	6.3	6.8
Mobile penetration (%)	94.0	97.0	100.5	104.5	109.5
MFS market					
MFS users (millions)	0.30	0.45	0.70	1.08	1.55
MFS adoption (%)	5.6	8.1	11.8	17.1	22.7

Source: Delta Partners.

Niger

Macroeconomic Overview

Niger is a landlocked country in West Africa. It is bordered by Algeria, Libya, Chad, Nigeria, Benin, Burkina Faso and Mali. Over 80% of the country's land is covered by the Sahara desert. Niger gained independence in 1960 and experienced single-party and military rule until democracy was achieved in 1993.

Niger has a relatively small population of 21.9 million as of 2017, however, it is one of the fastest growing populations in the region. It is expected to grow at 3.9% per annum between 2018 and 2023 and around 68% of the population is aged under 25.

Niger's GDP (at current prices) grew at 12.1% per annum from 2016 to 2018 driven by a buoyant season in agriculture supported by conducive weather conditions and an expansion of crop irrigation. GDP is expected to grow at about 8.4% per annum from 2018 to 2023, driven by continued growth in the agricultural sector, underpinned by an expansion of irrigated land and development of mini dams.

Inflation has remained in the low single digits in recent years. In 2016, inflation was almost flat at 0.2% and increased to 2.4% in 2017, well below the West African Economic and Monetary Union ("WAEMU") target of 3%. Inflation rose further in 2018 to 3.9% reflecting tax and administrative price hikes. Niger's membership in WAEMU pegs the CFA to the euro, which helps Niger limit the currency risks.

Mobile market overview

Despite the rapid growth between 2016 and 2018, Niger is one of the least penetrated mobile markets in sub-Saharan Africa with around 9.8 million connections generating revenues of US$325 million in 2018. Similar to other African markets, the subscriber base is dominated by prepaid connections which constitute more than 95% of the total connections base in the country. Total connections have steadily increased between 2016 and 2018, growing at a CAGR of 14.8% to 9.8 million connections in 2018. During the same period, penetration has increased by 7.8% to 43.3% in 2018.

Mobile ARPU in the country has sharply declined in recent years and currently stands at around US$2.9 per month in 2018, mainly due to the prominence of voice as a market driver, with voice ARPU constituting 81% of total ARPU in 2018. MoU per subscriber reached a state of saturation in 2018, reaching between 100 minutes and 120 minutes per month. Data penetration remains low at around 5.% in 2018, while data usage is estimated to have increased from 500MB per month in 2016 to 1,000MB per month in 2018, as prices have dropped by approximately 57.3% since 2016. In 2018, data ARPU is expected to constitute 13% of the overall market ARPU.

	2016	2017	2018
Mobile connections (millions)	7.5	8.8	9.8
Mobile penetration (%)	35.5	40.1	43.3
Mobile churn (%)	3.0	3.5	4.0

Source: Delta Partners.

Mobile money market overview

Despite Airtel's early introduction of mobile money services in 2009, Niger's MFS market has lagged behind other Sub-Saharan African countries and currently stands at 4.3% adoption rate in 2018. Although Niger has a very low banking penetration (approximately 15% of population aged above 15), mobile money has not had significant uptake as operators have not yet built a reliable network of agents in order to offer a viable, convenient alternative.

MFS users have nonetheless risen between 2016 and 2018, growing at a CAGR of 13.2% to reach 0.42 million in 2018. In the same period, average transaction value is also estimated to have increased at a CAGR of 4.1% to reach US$14.3 in 2018, which is above the region's monthly average. The average number of transactions per active user per month in Niger is estimated to be 16.0 in 2018.

	2016	2017	2018
MFS users (millions)	0.32	0.39	0.42
MFS adoption (%)	4.3	4.4	4.3

Source: Delta Partners.

Competitive landscape

	Airtel	Orange	Moov
Service type	Mobile voice, data and mobile money	Fixed, mobile voice, data and mobile money	Fixed, mobile voice, data and mobile money
Total subscribers (millions)	4.5	2.4	2.4
Market share (%)	45.4	24.8	24.6

Source: Delta Partners.

Airtel is the largest telecom player in Niger with total subscriber base of 4.5 million and market share of 45.4% as of 2018. Airtel's main competitors in the Niger market are Orange and Moov. Orange is the second largest market player with a total subscriber base of 2.4 million and market share of 24.8% as of 2018. In November 2017, Orange Group was awarded a unified fixed line, mobile and internet operating license for US$64 million. Moov is the third-largest operator in the region and launched its network in December 2003 under the Telecel banner, which was later rebranded Moov in 2006.

Network and infrastructure

Airtel holds the majority of spectrum in Niger, having won a competitive bidding process in 2018, receiving additional spectrum in the 1800 MHz (8MHz) and 800 MHz (10MHz) frequency bands.

Frequency	Airtel	Orange	Moov
800	10.0	–	–
E-900	–	4.4	–
P-900	10.0	1.6	6.0
1,800	18.0	10.0	10.0
2,100	15.0	15.0	15.0
Total	**53.0**	**31.0**	**31.0**

Source: Delta Partners.

The licences process is initiated by the Ministry of Posts, Telecommunications and Digital Economy, and handled by the Electronics Communications and Post Office Regulatory Authority (*Autorité de Régulation des Communications Electroniques et des Postes)* ("ARCEP")*. A*uctions must include a formalised bidding process and operators have to abide by specific obligations (such as the provision of free emergency calls). Other telecommunication services are subject to receiving regulator's authorisation or declaration of intention (such as VAS and internet service provision).

Eaton Towers is the main independent tower company in Niger, after they acquired 600 towers from Airtel in 2014. Separately, Moov, Orange and Sahelcom hold 1,200 towers which are shared amongst themselves.

Market outlook

The mobile market in Niger is expected to reach nearly 15.6 million mobile connections in 2023 with mobile penetration increasing from 43.3% in 2018 to 56.7% by 2023. Market ARPU is expected to decline slightly over the same period from US$2.9 in 2018 to US$2.6 in 2023, given the entrance of Niger Telcoms as a new competitor in the market. Further decline in voice prices and revenues is expected to be compensated by growth in data ARPU, which is expected to account for 23.3% of mobile

ARPU in 2023. Data penetration is expected to increase five-fold in the next years to 25.0% in 2023, driven by increased investments into networks by MNOs, and especially by Niger Telcoms.

The MFS user base in Niger is forecast to grow at a CAGR of 55.7% between 2018 and 2023 as Airtel, Orange and Moove are expected to build out the required ecosystem for mobile money in the near term. During the same period, MFS revenues are expected to increase at a CAGR of 57.1%, reaching US$13.6 million by 2023. An increasing number of agents and merchants is expected to drive the number of transactions per active user upwards to approximately 16.8 per month in 2023. The average transaction value is forecast to increase from US$14.3 in 2018 to US$14.7 by 2023.

	2019	2020	2021	2022	2023
Mobile market					
Mobile connections (millions)	10.6	11.5	12.6	14.1	15.6
Mobile penetration (%)	45.0	47.0	49.5	53.3	56.7
MFS market					
MFS users (millions)	0.77	1.14	1.73	2.68	3.85
MFS adoption (%)	7.3	9.9	13.7	19.0	24.7

Source: Delta Partners.

Rwanda

Macroeconomic overview

Rwanda had a population of 12.4 million as of 2017, which is expected to grow at 2.2% per annum between 2018 and 2023. The population is mainly rural (with only 17.2% living in urban areas) and young (over half of the population is below 19 years of age). Total GDP amounted to US$9.1 billion, or US$772 per capita (at current prices) as of 2017, with agriculture accounting for 33% of the total (as of 2017). The 1994 genocide destroyed Rwanda's fragile economic base and eroded its ability to attract private and external investment. However, strong population growth combined with a solid business operating environment is set to support continued economic growth. GDP is expected to grow at a CAGR of 9.3% from 2018 to 2023, driven by continuing public investments and efforts to increase job creation.

Inflation is trending around multi-year lows at 4.8% in 2017 and 3.3% in 2018; however, increasing energy prices and expansionary fiscal policy are expected to be a source of inflationary pressures in upcoming years. The local currency is the Rwandan franc with the RWF/USD exchange rate relatively stable in the past.

Mobile market overview

There are two major mobile operators in Rwanda, Airtel Africa (merged with Tigo in 2017; 53.9% subscriber mobile market share) and MTN (45.8% subscriber mobile market share), who together had 9.4 million subscribers as of 2018. Despite broadly flat market ARPU, total revenue has increased by a CAGR of 2.9%, driven by increased connections. It is estimated mobile revenue will grow at a CAGR of 13.9% between 2018 and 2023, driven by voice-data substitution and further uptake of mobile money services, making Rwanda one of the fastest growing mobile markets in Sub-Saharan Africa.

Voice ARPU has historically remained relatively stable, at US$0.9 per month between 2016 and 2018, and is expected to decline further to US$0.8 per month in 2023. Voice MoU per subscriber have increased from 141 minutes to 238 minutes between 2016 and 2018, explained by a steady decline in price per minute during the period. In fact, Rwanda has one of the lowest average price per minute rates in the region.

Data ARPU has been stable at US$0.4 between 2016 and 2018, with little impact from improvements to 3G network quality and coverage, and is expected to reach US$0.7 in 2023 as a consequence of the launch of LTE services by all three incumbent MNOs over KT Rwanda Networks's open-access 4G network. Data subscribers have increased from 0.6 million to 1.7 million between 2016 and 2018, and are expected to reach 9.2 million in 2023, with 65.0% penetration (compared to 13.6% in 2018). Growth in data subscribers is driven by higher smartphone penetration, increasing from 3.8% in 2016 to 9.6% in 2018, and is expected to reach 61.8% in 2023. Additionally, megabytes per user increased from 404 per month to 1,374 per month between 2016 and 2018, and is expected to reach 5,120 megabytes per month in 2023. Growth in megabytes per user is driven by attractive bundle offerings and steady decreases in price per gigabyte, which dropped from US$15.5 in 2016 to US$2.1 in 2018, and is expected to be US$0.3 in 2023.

	2016	2017	2018
Mobile connections (millions)	8.6	8.5	9.5
Mobile penetration (%)	71.6	69.0	75.0
Mobile churn (%)	4.0	4.5	5.0

Source: Delta Partners.

Mobile money market overview

Rwanda's mobile money market is includes a relatively advanced suite of products available to MFS users, owing to bilateral agreements with banks, with opportunities for further penetration. As of 2018, there were 2.4 million mobile money users and adoption reached 25% of total mobile connections. The Rwandan government has set a goal to reach 90% financial inclusion as part of the government's Vision 2020 and mobile money is seen as instrumental to achieve this goal. In recent years, operators have introduced beyond-payment products in order to drive adoption, such as interest-bearing savings accounts or insurance products.

	2016	2017	2018
MFS users (millions)	1.5	1.9	2.4
MFS adoption (%)	17.3	21.9	25.0

Source: Delta Partners.

Competitive landscape

Rwanda's mobile market consists of two operators, MTN and Airtel, which merged with Tigo in 2017. Following the merger, Airtel is the largest telecom player in Rwanda with a total subscriber base of 5.1 million and a market share of 53.9% as of 2018. In November 2014, Airtel Rwanda commercially introduced LTE services over the wholesale network operated by KT Rwanda Networks. However, as of April 2018, Airtel's 4G service has not yet been extended to mobile device coverage. MTN is the second largest operator in Rwanda, with 4.3 million subscribers and 45.8% market share. MTN launched 'mobile money' services in February 2010.

Network and infrastructure

Following the Airtel-Tigo merger, Airtel-Tigo owns the largest spectrum holding. MNOs have limited holdings of LTE spectrum, as LTE services are provided over KT Rwanda Networks's network. On the other hand, IHS dominates the towers market in Rwanda, owing over 65% of the total towers in Rwanda, having acquired portfolios from Airtel and MTN in 2014. Approximately 460 towers remain operated by MNOs, and are shared between MTN, Airtel and KT Rwanda Networks.

Frequency	Airtel-Tigo	MTN	Korea Telecom
800	–	–	30.0
900	15.0	15.0	–
1,800	25.2	27.0	15.0
2,100	20.0	20.0	–
3,500	40.0	–	–
Total	**100.2**	**62.0**	**45.0**

Market outlook

Rwanda's mobile market is expected to grow at a CAGR of 10.8% between 2018 and 2023, reaching 15.8 million mobile connections in 2023, with mobile penetration growing from 75.0% to approximately 112% over the same period. Mobile ARPU is expected to increase from US$1.6 to US$1.8, with total mobile market revenues growing at a CAGR of 13.9% between 2018 and 2023. MFS is expected to continue growing in Rwanda, with the user base forecast to grow at a CAGR of 32% between 2018 and 2023, driving penetration to 59% by 2023 (Source: GSMA, Ovum, Delta Partners analysis).

	2019	2020	2021	2022	2023
Mobile market					
Mobile connections (millions)	10.5	11.7	12.8	14.1	15.8
Mobile penetration (%)	81.5	88.3	95.0	102.0	112.0
MFS market					
MFS users (millions)	3.0	3.9	5.1	7.0	9.4
MFS adoption (%)	28.6	33.2	39.9	50.0	59.4

Source: Delta Partners.

Chad

Macroeconomic overview

Chad has a population of 15.1 million as of 2017 which is expected to grow at 2.9% per year between 2018 and 2023. The population is mainly rural (23% living in urban areas) and unevenly distributed with the highest population concentration found in the southwest. 48% of the population is below 14 years of age.

Total GDP amounted to US$9.9 billion, or US$810 per capita (current prices) as of 2017, with agriculture accounting for 52% of the total (as of 2016). The outlook of the economy is positive and GDP is expected to grow at a CAGR of 8.0% from 2018 to 2023.

Inflation is trending around multi-year lows at 2.1% in 2018 and 2.6% in 2019. The 2016 and 2017 recession in Chad caused deflation in the country, however the rise in fossil fuel prices in 2018 has recovered the inflation levels. Chad's currency is the CFA, which is pegged to the euro. The peg to euro helped Chad to survive the fall in oil prices without currency collapse, inflation spikes and fiscal distress.

Mobile market overview

There are two major mobile operators in Chad, Airtel Africa (47.8% subscriber mobile market share) and Tigo (50.6% subscriber mobile market share), who together had 7.0 million subscribers as of 2018. It is estimated that mobile revenue will grow at an annual growth of 7.7% from 2018 to 2023, recovering after the recent historical slowdown between 2016 and 2018 (21.6% decline per annum).

Between 2016 and 2018, market ARPU declined from US$5.1 to US$2.7, which was attributable to a steady contraction in voice. ARPU is expected to moderately decrease to US$2.6 as of 2023 as the market is a *de facto* duopoly between Tigo and Airtel. The average voice usage per subscriber has increased over the last 12 months, by almost 2x, from 70 minutes per month in 2016 to 135 minutes per month in 2018, and is expected to reach 164.5 minutes per month by 2023. Despite the steady decline in voice ARPU, voice continues to comprise the majority of customer spend. Data ARPU declined from US$0.6 to US$0.3 between 2016 and 2018, and is expected to reach US$0.6 in 2023. Data subscribers have increased from 0.2 million to 0.6 million over 2016 and 2018 and are expected to be 5.0 million in 2023. However, data penetration is low, estimated at around 4% due to limited 3G coverage in less than ten cities and low data affordability, and is expected to reach 28.0% by 2023. Data usage has more than doubled over the last 24 months, from 290Mb per user per month to 700Mb in 2018. However, it still remains one of the lowest in the region.

	2016	2017	2018
Mobile connections (millions)	5.6	6.2	6.7
Mobile penetration (%)	38.0	41.3	42.7
Mobile churn (%)	4.0	4.5	5.0

Source: Delta Partners.

Mobile money market overview

MFS were first introduced in Chad in 2012, when Airtel launched Airtel Money, which currently allows users to transfer funds, pay bills and make purchases. Since then, Chad's mobile money market has seen limited adoption, driven both by the country's tax environment and by operators not prioritising development of a mobile money network. MFS adoption has remained at about 2.5% between 2016 and 2018, while MFS users have increased from 0.14 million to 0.16 million. Chad's average active user transacts less frequently than the average user in the region, driven by the limited functionality and number of merchants accepting mobile payments; in 2018, the average active user completed

12.8 transactions per month. Despite that, an average active user generates in excess of US$250 in mobile money transaction volume per month, highlighting potential that remains.

	2016	2017	2018
MFS users (millions)	0.14	0.15	0.16
MFS adoption (%)	2.5	2.4	2.5

Source: Delta Partners.

Competitive landscape

Chad's mobile market is effectively a duopoly between Airtel and Tigo, both with similar market shares. Airtel is the second-largest telecom player in Chad with total subscriber base of 3.4 million and market share of 47.8% as of 2018. Airtel Chad was awarded a ten-year 3G/4G concession in April 2014, under the terms of which it was obliged to begin offering 3G services in the Capital within six months. Airtel introduced MFS in conjunction with Ecobank in June 2012, 'Airtel Money'. Tigo is the first mobile operator in Chad with 3.6 million subscribers and 50.6% market share as of 2018. In November 2012, Tigo expanded its portfolio by launching MFS, dubbed 'Tigo Cash', in conjunction with Orabank.

Network and infrastructure

Chad's spectrum is mostly held by Airtel with approximately 75MHz. Tigo holds approximately 45MHz across P-900MHz, 1,800MHz, 2,100MHz and 2600MHz bands. Mobile towers are owned by 3 parties – 2,000 towers are shared between Millicom, Airtel and Sotel.

Frequency	Airtel	Tigo
P-900	9.8	9.6
1,800	25.0	25.0
2,100	20.0	10.0
2,600	20.0	–
Total	**74.8**	**44.6**

Source: Delta Partners, Company information.

Market outlook

Chad's mobile market is expected to continue its upward trends and grow at 8.1% CAGR between 2018 and 2023, reaching nearly 10 million mobile connections in 2023. Mobile penetration is expected to rise steadily from 43% to 55% over the next five years; however, it is likely to remain one of the lowest in the region. Despite a challenging regulatory regime, Chadian mobile market revenue is expected to rise over the next five years, as both ARPU and the number of connections increase. Total revenue is expected to grow at a CAGR of 7.7% between 2018 and 2023, reaching US$296 million in 2023. ARPU is expected to moderate to US$2.6 as a result of the *de facto* duopoly between incumbents, Tigo and Airtel. Voice spending, while expected to decrease between 2018 and 2023, is likely to contribute over 50% of total ARPU, while data ARPU is expected to increase to 24% of total ARPU by 2023. Data penetration is expected to increase from 3.8% in 2018 to 28.0% in 2023, while data subscribers are expected to increase from 0.6 million in 2016 to 5.0 million in 2023.

MFS is expected to expand strongly in Chad, with user base forecast to grow at 69% CAGR between 2018 and 2023, driving up the penetration from 2.5% in 2018 to 23.4% by 2023. Transactions per active user are projected to increase at a CAGR of 12.1% between 2018 and 2023, in line with mobile money adoption rates and the expected increase of mobile payments-enabled stores. On the other hand, the average transaction value is forecast to remain stable at between US$20 and US$21 as the country's rural population begins to adopt mobile money solutions.

	2019	2020	2021	2022	2023
Mobile market					
Mobile connections (millions)	7.1	7.7	8.3	9.0	9.8
Mobile penetration (%)	44.0	46.5	48.5	51.5	54.5
MFS market					
MFS users (millions)	0.41	0.68	1.09	1.65	2.30
MFS adoption (%)	5.8	8.8	13.2	18.3	23.4

Source: Delta Partners.

Malawi

Macroeconomic overview

Malawi has a population of 19.4 million as of 2018, which is expected to grow at 2.8% per annum between 2018 and 2023. Malawi ranks among the world's most densely populated countries with over 80% of the population living in rural areas. 67% of the population is below 24 years of age.

Total GDP amounted to US$6.2 billion, or US$326 per capita (at current prices) as of 2017. Malawi's economy relies heavily on agriculture, which accounts for approximately one-third of GDP and 80% of export revenues. GDP is expected to grow at a CAGR of 6.5% from 2018 to 2023.

Malawi's inflation has stabilised after the introduction of a tight monetary policy of the Reserve Bank of Malawi ("RBM"), reaching approximately 9% in 2018. The currency is the Malawian kwacha.

Mobile market overview

There are two major mobile operators in Malawi, Airtel Africa (50% subscriber mobile market share) and TNM (50% subscriber mobile market share), who had a combined 7.9 million subscribers as of 2018.

The reduction in the number of mobile operators from three to two following the exit of Malawi Telecommunication Limited in 2017 led to an ARPU increase, both in US dollars as well as local currency terms, of approximately 12% increase from 2016 to 2018. This allowed the Malawi mobile market to grow in revenue terms, despite static subscriber levels, at a CAGR of approximately 15% over the same period, reaching US$262 million at the end of 2018. It is estimated that mobile revenues will continue growing at an annual growth of 15.0% from 2018 to 2023, reaching US$532 million by 2023.

Voice remains the main product in Malawi's mobile market, accounting for 67% of total ARPU. However its contribution to total ARPU is expected to decrease, reaching 50.5% in 2023, driven by a decrease in absolute terms from US$1.8 per month in 2018 to US$ 1.5 per month in 2023. Malawi's voice usage has not experienced large variations between 2016 and 2018, with MoU per subscriber stable at between 60 and 70 minutes per month. Price per minute has trended upwards over the same period, despite a mobile termination rate decrease, implemented by MACRA, effective from January 2018.

Data ARPU increased by 1.5x from 2016 to 2018, contributing 19% to the total ARPU in 2018; this increase was driven by the introduction of 4G services and is expected to reach US$0.9 in 2023 (30% of total ARPU). Total data penetration has accelerated over 2018, reaching 8.8% while the subscribers increased from 1.0 million in 2016 to 1.7 million in 2018. The strong growth in data subscribers and penetration is expected to continue, reaching 10.3 million and 46.3%, respectively, by 2023.

The average data subscriber in Malawi has almost tripled its megabyte usage between 2016 and 2018, from 453 megabytes per month in 2016 to 1,109 megabytes per month in 2018. Over the same period, the implied price per gigabyte has decreased from US$6.2 to US$2.6.

	2016	2017	2018
Mobile connections (millions)	7.1	7.8	8.0
Mobile penetration (%)	38.8	41.5	41.1
Mobile churn (%)	5.0	5.5	5.5

Source: Delta Partners.

Mobile money market overview

Malawi's mobile money market grew significantly over 2018, increasing its mobile account penetration from 38% to 61% to reach five million new registered accounts. Both operators have introduced mobile money innovations (such as self-reversal transfers) through their respective MFS solutions, Airtel Money and TNM Mpamba. In 2018, the mobile money market generated US$21 million, more than double the annual revenue in 2016. The average number of transactions per active user increased to 11 a month over 2016 to 2018, while the average transaction value remained stable at US$6. As a result, the average mobile money volume per active user increased from US$54 per month to US$68 per month.

	2016	2017	2018
MFS users (millions)	2.7	3.6	4.9
MFS adoption (%)	37.6	45.8	60.8

Source: Delta Partners.

Competitive landscape

Malawi's mobile market is a duopoly between TNM and Airtel. TNM is the largest operator in Malawi, with 4.0 million subs and 50% market share. TNM invested approximately US$17 million in its mobile network in the first half of 2017, with funds mainly spent on 4G and improving quality of services. Airtel is the country's second largest mobile operator, with 3.9 million subscribers and 50% market share. In 2017, the Airtel Malawi invested approximately US$20 million to upgrade its voice and data networks to improve coverage and quality of service. It also commenced 4G operations in 2018.

Network and infrastructure

Spectrum holdings are relatively evenly allocated between Airtel and TNM. The below table lists the spectrum holdings of mobile players across spectrum bands.

Frequency	**Airtel**	**TNM**
P-900	11.6	11.6
1,800	19.8	18.0
2,100	10.0	10.0
2,600	–	30.0
3,500	30.0	–
Total	**71.4**	**69.6**

Source: Delta Partners, Company information.

There are no independent towers companies operating in Malawi at present; mobile towers are exclusively owned and operated by MNOs.

Market outlook

Compared to other East African peers, Malawi's mobile market is underpenetrated (below 42%). Total mobile connections are set to grow to 15.6 million by 2023, translating into a 70% penetration. Malawi is consequently expected to be one of the fastest growing mobile markets in Sub-Saharan Africa, with projected CAGR of 14.4% between 2018 and 2023. Malawi's mobile market is expected to reach annual revenues of US$ 532 million by 2023, implying a CAGR of 15%, primarily driven by data uptake, which is expected to grow from 10.8% to 18.6% of the population over the same period. Data expansion is expected to offset anticipated declines in voice ARPU, resulting in a stable market ARPU of US$3.0. Data subscribers are expected to increase over the next five years, delivering nearly a ten-fold increase to reach 10.3 million subscribers by 2023 (compared to 1.7 million in 2018). The number of smartphones in the market is expected to follow a similar trend, driven by data demand, with a forecast smartphone penetration of 44% by the end 2023 (compared to 8.4% in 2018). As a result, data traffic is expected to grow at a CAGR of 36.5% between 2018 and 2023, increasing from 1.1 gigabytes per month in 2018 to 5.3 gigabytes per month in 2023.

MFS-registered accounts are expected to gradually increase to 66% of Malawi's total mobile connections, adding over five million new accounts by 2023 at a CAGR of 16.1%. Owing to further product innovation and mass adoption, MFS unit economics are projected to improve over the period, translating into even faster MFS revenue growth (at an expected CAGR of 30% between 2018 and 2023) and reaching a total MFS market of US$77 million by 2023.

	2019	**2020**	**2021**	**2022**	**2023**
Mobile market					
Mobile connections (millions)	9.6	11.1	12.6	14.2	15.6
Mobile penetration (%)	48.0	53.8	59.5	65.3	70.0
MFS market					
MFS users (millons)	5.8	6.9	8.0	9.1	10.3
MFS adoption (%)	59.9	62.2	63.6	64.4	65.6

Source: Delta Partners.

Gabon

Macroeconomic Overview

Gabon borders the Atlantic Ocean and lies across the equator bordering Equatorial Guinea, Cameroon and Republic of Congo. Gabon declared independence from France in 1960, and has been stable with only three presidents since then. Gabon is sparsely populated with forests covering 85% of the territory.

Rich in natural resources, Gabon is an oil-based economy and is among the largest oil producers in Africa; however the country is facing a decline in its oil reserves, with the government focusing its strategy on economic diversification. Gabon has one of the highest urbanisation rates in Africa with nearly 90% of Gabonese citizens living in urban areas.

GDP (at current prices) grew at 10.8% per annum between 2016 and 2018, following a decline in economic growth in 2016 due to declining oil prices. GDP is expected to grow at a 4.8% CAGR between 2018 and 2023 driven by the uptake in the oil prices as well as growth in exports of primary materials.

Although inflation increased slightly in 2017 to 2.7% due to the removal of fuel subsidies, this effect is expected to fade out in 2019 when inflation is expected to be 2.5%. Gabon's currency is the CFA, which is pegged to the euro.

Mobile market overview

With mobile market penetration in excess of 140% and over 3 million subscribers in 2018, generating revenues of US$329 million, Gabon is one of the most developed mobile markets in the region. Gabon's mobile market has little room to grow organically; however, if users continue to adopt a multi-SIM approach, there may be a further opportunity for growth. Total connections have increased between 2016 and 2018, growing at a CAGR of 1.3% to reach 3 million connections in 2018.

Despite the recent decline, mobile ARPU of around US$9.3 per month is one of the highest in the region. Both voice ARPU and minutes of use per subscriber have continued to gradually decline between 2016 and 2018. Conversely, the market spend on data has been growing steadily between 2016 and 2018, reaching around 22% of total revenue in 2018. Active users are estimated to have reached 1.1 million and smartphone penetration between 2016 and 2018 almost doubled to 62.7% in 2018. Additionally, declining cost of data has driven the average monthly usage per active customer from 450MB in 2016 to 1,250MB in 2018. Price per gigabyte has dropped by 63% in 2017, driven by greater price competition and more compelling data package options. Data ARPU is estimated to have contributed around 22% of mobile ARPU in 2018.

	2016	2017	2018
Mobile connections (millions)	3.0	2.8	3.0
Mobile penetration (%)	147.9	137.4	145.4
Mobile churn (%)	2.5	3.0	3.5

Source: Delta Partners.

Mobile money market overview

Gabon's mobile money user base experienced significant growth driven by operators' efforts to deploy a dense network of mobile money agents following the introduction of mobile money services to the Gabonese market in 2013. Additionally, Gabon's mobile money momentum has been supported by Gabon Telecom's partnership with Mahindra Comviva in 2013 and Airtel Gabon's partnership with BGFI Bank Group in 2014.

MFS users in Gabon have seen a healthy rise between 2016 and 2018, estimated to have grown at a CAGR of 41.4% to reach 1.8 million, with a penetration of close to 58.7% of total mobile connections in the country. In the same period, average transaction value has reduced at a CAGR of 3.8% to reach US$19.9 in 2018, driven by the increased frequency of transactions. Gabon's growing mobile money ecosystem saw an increase in the number of transactions per active user to 22.9 transactions per user per month in 2018, as operators' mobile money networks expanded their area of influence.

	2016	2017	2018
MFS users (millions)	0.9	1.2	1.8
MFS adoption (%)	30.1	43.5	58.7

Source: Delta Partners.

Competitive landscape

	Gabon Telecom	Airtel
Service type	Fixed, mobile voice, data and mobile money	Mobile voice, data and mobile money
Total subscribers (millions)	1.6	1.2
Market share (%)	52.4	42.3

Source: Telegeography, Maroc Telecom website.

Airtel Gabon is the second largest telecom player in Gabon with total subscriber base of 1.2 million and market share of 42.3% as of 2018. Airtel Gabon was awarded its mobile license in early 1999. Gabon Telecom has a total subscriber base of 1.6 million and market share of 52.4% as of 2018 and in March 2014 was awarded a 3G/4G mobile network operating license.

Network and infrastructure

Spectrum holdings are evenly allocated to Airtel and Gabon Telecom. The below table lists down the spectrum holdings of mobile players across spectrum bands.

Frequency	Airtel	Gabon Telecom
700	–	–
800	10.0	10.0
E-900	–	–
P-900	8.0	8.0
1,800	20.0	20.0
1,900	5.0	5.0
2,100	15.0	15.0
2,600	20.0	20.0
Total	**78.0**	**78.0**

Source: Delta Partners, Company information.

Networks must meet the general interests, in particular they need to achieve the public service mission and respect the tariffs constraints and geographic service that result. The Electronics Communications and Post Office Regulatory Authority (*Autorité de Régulation des Communications Electroniques et des Postes*) ("ARCEP") can, in the rural areas, grant local telephone service licences to any natural or legal person. Licences are awarded for a period not exceeding 10 years. In Gabon, all in-country towers are owned and operated by MNOs.

Market outlook

Mobile market in Gabon is expected to see a gradual deceleration of growth in the customer base between 2018 and 2023, reaching 3.8 million mobile connections in 2023, with mobile penetration improving to 167.0% by 2023.

Total ARPU is expected to remain constant, driven by continuous voice ARPU decline that is expected to be offset by an increase in non-voice revenue, especially mobile data and MFS. Data contribution to total ARPU is expected to increase to around 29.1% of total ARPU by 2023, while voice ARPU's contribution is expected to decline to 39.1% in 2023.

The MFS market is expected to moderate its growth rate after a growth phase between 2016 and 2018. With mobile money adoption expected to reach 59.6% in 2023, operators are expected to launch new products and features to further monetise the mobile money user base. MFS users are also expected to perform an increasing amount of transactions in the next few years, reaching an average of 29 transactions per user per month by 2023; transaction value is forecast to increase slightly to US$21.0 by 2023.

	2019	2020	2021	2022	2023
Mobile market					
Mobile connections (millions)	3.3	3.4	3.6	3.7	3.8
Mobile penetration (%)	153.4	158.3	161.9	164.7	167.0
MFS market					
MFS users (millions)	1.8	1.9	2.0	2.2	2.3
MFS adoption (%)	55.0	56.3	57.1	58.2	59.6

Source: Delta Partners.

Madagascar

Macroeconomic overview

Madagascar is located in the Indian Ocean, south-east of the African mainland and is the fourth largest island in the world by area. It had a population of 26 million people in 2017 growing at 2.7% compared to 2016 and a young demographic with around 60% of the population aged under 25. The majority of population is employed in the agriculture sector, including forestry and fishing.

Madagascar's economy has been growing rapidly at an estimated CAGR of 11.8% between 2016 and 2018 driven by growth in non-agriculture sectors. GDP is expected to grow at a CAGR of 7.1% per annum between 2018 and 2023, driven by transport, energy, public works, extractive industries and businesses in the export processing zone.

Inflation in Madagascar has remained in the high single digits since 2016, falling to an estimated 7.8% in 2018. The inflation rate is expected to fall further as Madagascar's central bank maintains a contractionary monetary policy. The local currency is the Madagascar ariary, which is floating and has been relatively stable in recent years.

Mobile market overview

Despite steady growth between 2016 and 2018, Madagascar's mobile market remains fairly underpenetrated. While total connections grew steadily between 2016 and 2018, at an estimated CAGR of 1.4% to 8.0 million connections in 2018, penetration has been relatively static at 30.0% since 2016.

Mobile ARPU has declined since 2016 and is estimated to have been US$2.2 in 2018. Voice ARPU has also continued to decline (US$1.6 in 2018) and currently constitutes around 69% of overall market ARPU. On the other hand contribution of data ARPU (US$0.1 in 2018) has remained flat at 6% since 2016. Customer spend in Madagascar is still highly voice centric and data still represents only a marginal share of the total wallet with ample space to grow in the future.

	2016	2017	2018
Mobile connections (millions)	7.8	7.8	8.0
Mobile penetration (%)	30.8	30.2	30.0
Mobile churn (%)	5.0	5.5	6.0

Source: Delta Partners.

Mobile money market overview

Madagascar's mobile money market is fairly underpenetrated with an estimated 1.6 million MFS users and 20.6% mobile connections penetration in 2018. Despite this, the number of mobile money accounts has overtaken the number of bank accounts driven by the rural nature of the population, and launch of interoperability in 2016. The average number of transactions per user in Madagascar has increased slightly between 2016 and 2018 to 14.3 in 2018 while average transaction value declined slightly to US$30.4, though remains one of the higher average transaction values in the region.

	2016	2017	2018
MFS users (millions)	1.2	1.4	1.6
MFS adoption (%)	14.9	17.7	20.6

Source: Delta Partners.

Competitive landscape

Madagascar's mobile market consists of one local operator, Telma, and two global operators, Airtel and Orange. Airtel is the second-largest telecom player in Madagascar with a total subscriber base of 2.8 million and market share of 31% as of 2018. Airtel launched its 4G network in 2017 and introduced its 'Airtel Money' mobile money services in 2010. Telma is the fixed line incumbent, majority owned by local conglomerate Group Axian, and is also the largest mobile player in Madagascar with total subscriber base of 3.2 million and market share of 36% as of 2018. Orange is the third-largest telecommunications player in Madagascar with total subscriber base of 2.1 million and market share of 24% as of 2018.

Network and infrastructure

Madagascar's spectrum is evenly distributed between the three leading operators which each holding around 60MHz of spectrum across E-900MHz, P-900MHz, 1,800MHz, 2,100MHz, 2,300MHz and 3,500MHz bands. Only Airtel and Orange hold spectrum in the 2,300MHz band.

In 2015, the World Bank-supported Communication Infrastructure Project (PICOM) helped expand mobile access in a number of very poor and remote areas in Madagascar by installing 68 towers through collaboration with all operators, infrastructure companies and the public sector. The public-private partnership was formalised as a 10-year BOO (Build, Operate and Own).

Frequency	**Airtel**	**Orange**	**Telma**
700	–	–	–
800	–	–	–
E-900	3.0	3.0	3.0
P-900	8.2	8.2	8.0
1,800	24.4	24.4	24.8
2,100	10.0	10.0	19.9
2,300	8.5	8.5	–
3,500	10.0	11.0	–
Total	**64.1**	**65.1**	**57.4**

Source: Delta Partners, Company information.

Market outlook

Madagascar's mobile market is expected to continue its upward trends and grow at 11.8% CAGR between 2018 and 2023, reaching close to 14 million mobile connections in 2023 and mobile penetration improving to 46% over the same period, leaving room for further growth. Mobile ARPU is expected to remain relatively stable in the future at around US$2, while total market revenues are forecast to grow at 8.9% CAGR over the next five years. Decline in voice ARPU will be partially compensated by growth in Data ARPU, buoyed by the continuous improvement in smartphone penetration and data subscribers. MFS is expected to continue gaining traction in Madagascar, with user base forecast to grow at 24% CAGR between 2018 and 2023, driving up the penetration to 35% by 2023 (Source: Delta Partners).

	2019	**2020**	**2021**	**2022**	**2023**
Mobile market					
Mobile connections (millions)	8.8	9.8	10.9	12.2	13.9
Mobile penetration (%)	32.3	35.0	38.0	41.3	46.0
MFS market					
MFS users (millions)	2.4	3.0	3.6	4.3	4.9
MFS adoption (%)	26.6	30.2	33.1	35.0	35.0

Source: Delta Partners.

Seychelles

Macroeconomic overview

The Republic of Seychelles is a collection of small islands in the Indian Ocean east of Kenya and northeast of Madagascar. It has one of the smallest populations in Africa, 0.1 million in 2017, with low demographic growth and 33% of the population below the age of 25, which is a relatively low proportion of the population when compared with other countries in the region. The majority of Seychelles' population resides on Mahe (island) where the capital, Victoria, is located.

Seychelles' economy has grown at a healthy rate in recent years, having grown at a CAGR of 4.7% per annum between 2016 and 2018. GDP is forecast to grow at a CAGR of 5.2% per annum between 2018 and 2023, driven by vibrant tourism and growing fishery sectors. Seychelles also ranks high on the development index and features one of the best infrastructure services in Africa.

Seychelles' inflation rate has increased since 2016 from (1.0%) to an estimated 4.4% in 2018, attributed to rising fuel and transportation costs. Delta Partners predicts inflation rate will taper in 2019 to 3.7%. The local currency is the Seychellois rupee, which is floating and has historically been relatively stable.

Mobile market overview

Seychelles' mobile market is one of the smallest yet most penetrated mobile markets in Africa. Total connections have shown a strong increase between 2016 and 2018, and are expected to grow at a CAGR of 9.2% to 0.2 million connections in 2018 with a penetration of 191.2%.

Despite showing decline since 2016, mobile ARPU still remain very high, expected to have been around US$24 in 2018. Voice ARPU has continued to decline (US$13.0 in 2018) and currently constitutes around 53% of overall market ARPU. On the other hand, data ARPU (US$8.0 in 2018) has been on the rise driven by rapidly increasing data usage and increasing smartphone penetration. Owing to a fairly advanced mobile broadband market, data contributes to more than a third of customer spend on mobile services.

	2016	2017	2018
Mobile connections (millions)	0.153	0.172	0.183
Mobile penetration (%)	162.1	180.7	191.2
Mobile churn (%)	6.5	6.5	6.0

Source: Delta Partners.

Mobile money market overview

The mobile money market in Seychelles is still in early stages with only a few thousand current MFS users and 1.1% mobile connections penetration in 2018. Airtel launched its 'Airtel Money' MFS solution in 2015, where users can transfer money through the phone, make payments, or buy airtime for oneself or other Airtel customers. Cable&Wireless also has its own, more limited, MFS offering – me2U, an e-payments portal between Cable&Wireless subscribers. While average transactions have increased modestly year-on-year to around 12 per month in 2018, average transaction values have declined since 2016 to around US$15, mainly due to more items being available to mobile money purchasers at a lower price.

	2016	2017	2018
MFS users (millions)	0.001	0.002	0.002
MFS adoption (%)	0.8	1.0	1.1

Source: Delta Partners.

Competitive landscape

Seychelles' mobile market is a duopoly and consists of Airtel and Cable&Wireless with similar market shares. Airtel is the second-largest telecom player in Seychelles with a total subscriber base of 89 thousand and market share of 49% as of 2018 which has grown from 47% in 2016. It launched its 4G network in 2014 and introduced its 'Airtel Money' mobile money services in 2015. The other operator in the market is Cable&Wireless, the largest telecom player with total subscriber base of 94 thousand and market share of 51% as of 2018.

Network and infrastructure

There is no differentiation in terms of spectrum allocation between the two players, Airtel and Cable&Wireless, with both owning 62.0MHz of spectrum across 800MHz, P-900MHz, 1,800MHz and 2,100MHz bands.

Frequency	Airtel	C&W
700	–	–
800	10.0	10.0
E-900	–	–
P-900	12.0	12.0
1,800	20.0	20.0
2,100	20.0	20.0
Total	**62.0**	**62.0**

Source: Delta Partners, Company information.

Market outlook

Seychelles' mobile market is forecast to grow steadily at 5.9% CAGR between 2018 and 2023, reaching around 0.2 million mobile connections in 2023 with mobile penetration improving further to 250% in the same period. Mobile ARPU is expected to decline from US$24 in 2018 to US$22 in 2023. However, total market revenues are forecast to grow at a CAGR of 3.9% over the next five years driven by improving data ARPU and further buoyed by the continuous improvement in smartphone penetration and data subscribers. MFS is forecast to grow rapidly from a low base, reaching 9,000 users by 2023 at a CAGR of 34.8%. Penetration is expected to remain below 5% as mobile operators focus their efforts on larger markets that present a more attractive growth opportunity. MFS revenue is expected to grow at 37.6% CAGR to US$0.03 million in 2023 (Source: GSMA, Ovum, Delta Partners analysis).

	2019	2020	2021	2022	2023
Mobile market					
Mobile connections (millions)	0.193	0.205	0.217	0.230	0.243
Mobile penetration (%)	201.7	212.8	224.6	236.9	250.0
MFS market					
MFS users (millions)	0.003	0.005	0.006	0.007	0.009
MFS adoption (%)	1.8	2.3	2.8	3.3	3.7

Source: Delta Partners.

PART 5
REGULATORY MATTERS

Introduction

The Group operates in the highly regulated telecommunications environment and across multiple challenging territories. This section sets out the material regulations and regulatory concerns in certain of the key markets in which the Group operates.

Nigeria

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

The primary statute and set of regulations governing the telecommunications sector in Nigeria is the Nigerian Communications Act (2003) (the "NCC Act") and regulations made under it. Also relevant are the Wireless Telegraphy Act (1966), as amended (the "WT Act"), Cybercrimes (Prohibition Prevention, Etc.) Act (2015), the National Information Technology Development Agency Act (2007) and, to the extent that telecommunications companies may wish to use spectra ordinarily reserved for broadcast, the National Broadcast Commission Act (1992) and the respective regulations made under these statutes.

The NCC Act is the key regulatory framework for the Nigerian telecommunications industry. The NCC Act stipulates rules relating to the classes of licences, licensing processes and offences for failure to comply with the provisions of the Act. It established the Nigerian Communications Commission ("NCC") as a Federal agency and regulator charged with the responsibility of facilitating investments in and entry into the Nigerian market for the provision and supply of communication services, equipment and facilities, granting and renewing communications spectrum and operating licences and the promotion of fair competition in the communications industry. The NCC has rule-making powers and the power to enforce the rules thus made.

Since the enactment of the NCC Act, the attitude of the Nigerian government has been towards liberalisation of the telecommunications sector. The Government of Nigeria's role is restricted to policy formulation and sector regulation. This has in turn resulted in massive private sector involvement and investment in the sector and improved availability and quality of services. The Nigerian Federal Office of Statistics reported in the second quarter of 2018 that the internet, communications and technology sectors today account for more than 10% of Nigeria's gross domestic product. Further, the Government of Nigeria's policies in the telecommunications market are geared to engender a competitive market and to prevent monopolies and the abuse of dominant market position by any telecommunications company.

Industry Regulator

The Nigerian telecommunications sector's main regulator is the NCC, which commenced operations in 1993. Other pertinent sector regulators are the Nigerian Information Technology Development Agency and the Nigerian Broadcasting Commission ("NBC").

The NCC's mandate includes: (i) protection and promotion of the interests of consumers against unfair practices; (ii) promotion of fair competition in the communications industry; (iii) granting and renewing communications licences and enforcing compliance with licence terms and conditions by licensees; (iv) fixing and collecting fees for grant of communication operations and spectrum licences and other regulatory services provided by the NCC; (v) development and monitoring of performance standards and indices relating to the quality of telephone and other communications services and facilities supplied to consumers; (vi) management and administration of frequency spectrum for the communications sector; and (vii) preparation and implementation of programmes and plans that promote and ensure the development of the communications industry. The NCC enforces the NCC Act and any regulations pursuant to it.

Market liberalisation

Nigeria has been actively liberalising its telecommunications sector since 2000, when it auctioned GSM telephony licences for the first time. The NCC Act was enacted in 2003 and repealed the Nigerian Communications Act (1992). As of the date of this Registration Document, nine entities (Global Independent Connect Limited, MTN Nigeria Communications Ltd., Intercellular Nig. Plc, Airtel Network Limited, Emerging Markets Telecommunications Services Limited, Gamjitel Limited, Smile

Communications Nigeria Limited, Megatech Engineering Limited and NATCOM Development Investment Limited) have been licenced in Nigeria to operate national cellular mobile telecommunications services on their own networks.

Foreign participation, local listing requirements and local shareholding requirements

There are currently no local listing or content requirements. However, both the NCC and MTN Nigeria Communications Ltd. have confirmed that as part of a settlement arrangement made between them regarding certain allegations of regulatory infractions, MTN Nigeria Communications Ltd. is to list its shares on the Nigerian Stock Exchange by the end of 2019.

Anti-Money Laundering Act and Anti-Money Laundering Regulations

Section 1 of the Money Laundering (Prohibition) Act, 2011 (the "MLA") provides that no body corporate shall, except in a transaction concluded through a financial institution, make or accept cash payment of a sum exceeding Nigerian naira ("₦") 10,000,000 (approximately US$27,000). Section 2 of the MLA places a reporting obligation on any body corporate transferring funds or securities exceeding US$10,000 or its equivalent to or from a foreign country. The relevant body corporate is required to report in writing, within seven days of the transaction, to the Central Bank of Nigeria and the Nigerian Securities Exchange Commission.

Data Protection laws

The Consumer Code of Practice Regulations (2007) (the "CCP Regulations") issued by the NCC regulates data protection in the telecommunications sector. The CCP Regulations obligate NCC licensees to take all steps reasonable to prevent the "inappropriate" and "inadvertent" disclosure of customers' information. The CCP Regulations also prohibit the transfer of the information of customers to third parties except as consented to by the customers or as permitted or required by the NCC or other applicable legal or regulatory requirements. Licensees that collect customers' information are required to adopt and implement a policy regarding the proper collection, use and protection of that information and ensure that other licensees to whom they disclose such information have adopted the consumer information policy.

The Nigeria Data Protection Regulations (2019) (the "NDPR") safeguard the rights of natural persons to data privacy and prohibit the manipulation of personal data. The NDPR applies to all transactions intended for the processing of personal data and the actual processing of personal data, notwithstanding the means by which the data processing is conducted or intended to be conducted, and in respect of natural persons present in Nigeria and natural persons residing in Nigeria or residing outside Nigeria but of Nigerian descent (the "Data Subject").

The NDPR imposes a duty of care on anyone entrusted with or in possession ("Data Controller") of any information relating to a Data Subject (including but not limited to names, photographs, bank details, posts on social networking sites, and IP addresses) ("Personal Data"). A Data Controller will be held accountable for acts and omissions in respect of data processing and in accordance with the principles of handling Personal Data in the NDPR which are: (a) collection and procession of Personal Data in line with the specific, legitimate and lawful purpose consented to by the Data Subject; (b) adequacy, accuracy and non-prejudice of Personal Data; (c) storage during a reasonable period of need; and (d) security against all foreseeable hazards and breaches including but not limited to cyber-attack, manipulations and damage by exposure to natural elements.

The consent of the Data Subject must be obtained by the Data Controller before processing the Personal Data of the Data Subject. In obtaining consent, the specific purpose of collection must be made known to the Data Subject. The Data Controller has an obligation to ensure that consent is not obtained by fraud, coercion or undue influence. Consent should also not be sought, given or accepted in any circumstance that will engender the direct or indirect propagation of criminal acts or antisocial conduct.

Expected changes in the laws

The Communications Service Tax Bill (the "CST Bill") is pending before the National Assembly. The CST Bill seeks to impose a 'communication service tax' at the rate of 9% on fees charged and payable by users of communication services in Nigeria. Section 2 of the CST Bill sets out the chargeable services provided by telecommunications operators and includes (i) voice calls; (ii) SMS; (iii) MMS; (iv) 'pay per view' TV stations; and (v) data usage from telecommunications operators and internet service providers. As at the date of this Registration Document, the CST Bill is pending before the National Assembly, a fixed date for its implementation is not available. The CST Bill is a reflection of the Nigerian Government's focus on increasing revenue derived from taxes.

Licensing Framework for the Telecommunications Sector

Licence requirement

Section 32 of the NCC Act empowers the NCC to issue communication licences for the operation and provision of communication services or facilities by way of class or individual licence on such terms and conditions as the NCC may from time to time determine. No person can operate a telecommunications system or facility, or provide a communications service in Nigeria unless authorised to do so under a communications licence or exempted under regulations made by the NCC.

The NCC also issues an 'international sub-marine cable infrastructure landing station services licence', which allows the licensee to land, install, operate and manage submarine cable infrastructure in Nigeria. The licence is typically for a period of 20 years or such other period as may be imposed by the regulator.

Airtel Networks Limited's licences

2GHz Spectrum Licence No. SL/2GHz/004/07

This licence was granted by the NCC on 1 May 2007 to Celtel Nigeria Limited, the predecessor to Airtel Networks Limited ("Airtel Nigeria"), for a term of 15 years, expiring in 2022, and enables Celtel Nigeria Limited to establish, install and use radio transmitting and receiving stations between 2140 and 2150 MHz and 1950 and 1960 MHz, respectively, and related equipment within Nigeria.

Unified Access Service Licence (UASL) No. UAS/008/06

This licence was granted by the NCC on 1 December 2006 to Celtel Nigeria Limited to construct, maintain, operate and use a network consisting of a mobile communication system, a fixed wire-line telecommunications system or a combination of these systems comprising radio, cable or satellite or their combinations for conveying voice, data, video or any kind of message in Nigeria. The initial 10-year term of this licence expired in 2016 and was extended at the option of Celtel Nigeria Limited to 15 years.

Digital Mobile Licence (DML 2G) No. 2G/003/01

This licence was granted on 9 February 2001 by the NCC under Section 12 of Act No. 75 of 1992 and Section 6 of the WT Act to Econet Wireless Nigeria Limited to provide and operate a national second generation digital mobile service in Nigeria. Under this licence, Econet Wireless Nigeria Limited is authorised under the 900MHz band and the 1800MHz band to receive frequencies between 910 and 915 MHz and to transmit frequencies between 955 and 960 MHz and to receive frequencies between 1755 and 1770 MHz and transmit frequencies between 1850 and 1865 MHz, respectively.

The licence's initial term of 15 years expired in 2016, and was renewed for a further five years. This licence is not expected to be renewed upon expiry of the five year extension as the services it covers are subsumed under the unified access service licence already issued to Airtel Nigeria by the NCC.

The annual operating fees of the 2GHz spectrum licence, unified access service licence and digital mobile licence under which Airtel Nigeria operates are assessed at 2.5% of the licensee's net revenue for the relevant period, being its gross revenue less its roaming, interconnect and bandwidth costs for the period pursuant to the Annual Operating Levy Regulations (2014). The NCC issues a compliance letter upon payment of the requisite operating fees each year.

Key industry regulatory issues

Spectrum allocation

The NCC Act, the WT Act and the respective regulations made thereunder govern the allocation of spectrum licences to telecommunications service providers in Nigeria. The NCC Act and the WT Act confer on the NCC the exclusive power to manage and administer the frequency spectrum for telecommunications, to grant spectrum licences to operators and to regulate the use of frequency spectrum.

Pursuant to the NCC Act, there are no restrictions on the indirect transfer of shares below 10%. However failure to obtain the prior consent/approval of the NCC where so required incurs a fine of N100,000 (approximately US$275) per day from the date the transaction is consummated and payable for as long as the contravention persists.

A frequency spectrum licensee must submit an annual report on the usage of the frequency spectrum it has been allocated or assigned. Every frequency spectrum allocated by the NCC shall be utilised or used up within a period of one year or such other validity period as the NCC may specify. Accordingly, any spectrum frequency not utilised in the designated manner may be revoked by the NCC. Any licence fee paid in respect of a revoked spectrum licence is not refundable.

The NCC recently issued the Spectrum Trading Guidelines, 2018 (the "Spectrum Guidelines") which govern spectrum transfer, leasing and sharing by telecommunication operators. The Spectrum Guidelines permit spectrum trading between licensees subject to the NCC's written consent and compliance with the provisions of the Spectrum Guidelines.

The 700Mhz band (which is primarily used for broadcasting spectrum) will remain under management by the NBC until completion of the digital dividend, expected by 2020, which will mark the transition from analogue to digital television. Following transition through the digital dividend, the NCC will govern the 700Mhz band as pursuant to ITU direction, it will be re-allocated for the provision of telecommunications services.

Interconnection

Interconnection among telecommunications operators in Nigeria is governed by the NCC Act and regulations made thereunder. Section 96 of the NCC Act mandates all service or facility providers to accede to requests for interconnection from other licensees pursuant to the terms and conditions negotiated by the parties in good faith. The Telecommunication Networks Interconnection Regulations (2007) (the "Interconnection Regulations") state that a licenced telecommunications operator shall, for each geographic tier for which it has been allocated coverage by the NCC, designate a minimum of one point of interconnection located in each geographic tier by a notice in writing to the NCC.

Further, interconnection agreements between licensees must be in writing and comply with the NCC Act and the Interconnection Regulations. In addition, interconnection agreements shall conform to the principles of neutrality, transparency, non-discrimination, fair competition, universal coverage, access to information, equality of access and equal terms and conditions. Regulation 3 of the Interconnection Regulations stipulates that parties shall negotiate interconnection agreements freely and in good faith, and each party shall not (a) intentionally mislead the other party; (b) coerce the other party into making an agreement that it would not otherwise have made; or (c) intentionally obstruct negotiations.

Tariff setting

The NCC Act regulates tariff setting by telecommunication service providers. Section 108 thereunder prohibits licensees from imposing tariffs or charges for the provision of services unless the NCC has approved such tariff rates and charges. Licensees shall provide services in conformity with tariffs and charges set by the NCC from time to time, and shall not depart therefrom without the prior written approval of the NCC. Licensees shall publish the tariff rates charged by them and any modifications thereto as may be approved by the NCC from time to time. Tariff setting shall be guided by the principles of fairness and non-discrimination and shall be cost-oriented. The NCC is vested with the power to prescribe and enforce appropriate financial penalties for non-compliance with the tariff rates duly approved by it.

Technical standards and duties to end customers

The NCC Act and guidelines issued pursuant to it prescribe technical standards to which Airtel Nigeria is required to adhere. Under Section 130 of the NCC Act, the NCC must publish technical codes and specifications for telecommunication equipment and facilities to be used in Nigeria. It is an offence to use any technical equipment or system which hinders network inter-operability, or which compromises public safety. The NCC must also conduct type approval tests and issue certificates in respect of communications equipment and facilities to be used in Nigeria. It is an offence punishable by fine or imprisonment to sell or install any communications equipment or facilities without first obtaining the NCC's type approval test certificate. The NCC regularly publishes technical standards applicable to all telecommunications equipment to be used in Nigeria on its website, as well as lists of approved handsets and telecommunications equipment that have been tested and approved by the NCC for use in Nigeria.

Universal service obligations

The NCC Act empowers the NCC to design, manage and implement a universal service system that will promote widespread availability and usage of network services and application services throughout

Nigeria. The NCC furthers this objective by encouraging the installation of network facilities and the provision of network services and applications to institutions in underserved areas and communities. Section 114 of the NCC Act establishes the Universal Services Provision Fund (the "USP Fund") to be funded from sources including contributions from the NCC based on the annual levies payable by licensees to the NCC. Pursuant to the NCC Act, the NCC issued the Universal Access and Universal Service Regulations, 2007 which regulate the provision of universal access and universal service in Nigeria. The Universal Access and Universal Service Regulations, 2007 empowers the NCC to establish a fee to be called the Universal Services Provision Levy (the "USP Levy") where it determines that its contributions to the USP Fund are insufficient to meet the financing needs of the USP Fund. The USP Levy shall not exceed 1% of the net revenues of the licensees from which the NCC collects annual levies.

Regulatory notifications and/or consents for change of control or transfers of changes or changes in shareholding and directorship

Section 38 of the NCC Act provides that the prior written approval of the NCC must be obtained for any transfer or assignment of a licence. Further, Regulation 28 of the Competition Practices Regulations, 2007 (the "Competition Regulation") provides that the prior notification and the approval of the NCC in respect of (i) transactions that involve the acquisition of more than 10% of the shares of a licensee or (ii) any other transaction that results in a change in control of the licensee or (iii) any transaction that results in the direct or indirect transfer or acquisition of any individual licence, previously granted by the NCC under the NCC Act and (iv) where the NCC determines, based on the preliminary information provided by a licensee in its initial transaction notification, that the transaction may result in a substantial lessening of competition in one or more communications markets or may, result in the licensee or any successor company having a dominant position in one or more communications markets.

Failure to obtain the prior consent/approval of the NCC where so required incurs a fine of N100,000 (approximately US$275) per day from the date the transaction is consummated and payable for as long as the contravention persists.

Where there is a change in shareholding or board composition of an entity involved in the MFS sector, to the extent that such change in shareholding meets the notification thresholds yet to be set by the Federal Competition and Consumer Protection (the "FCCP Commission"), there may be need for notification to and approval by the FCCP Commission.

Regulatory Framework for the Mobile Financial Services ("MFS") Sector

Legislation and Policy

The mobile money sector in Nigeria is governed by the Central Bank of Nigeria Act, 2007, the Central Bank of Nigeria Guidelines on Mobile Money Services in Nigeria, 2015 and the recently enacted Guidelines for Licensing and Regulation of Payment Service Banks on Nigeria which were released on October 2018. These regulations will empower the CBN to issue licences to telecommunications companies to set up subsidiaries which the CBN will licence to make mobile money payments and accept deposits, but not to make loans or facilitate foreign currency remittances.

Industry Regulator

The CBN, together with the NCC, regulates entities that render mobile financial services in Nigeria. The CBN is responsible for the issue of a mobile money licence while the NCC assigns unique short codes. Other mandates of the CBN include (i) promoting and facilitating the development of an efficient and effective system for the settlement of transactions, including the development of electronic payment systems; (ii) promoting a sound financial system in Nigeria; (iii) ensuring the structured and orderly development of mobile money services in Nigeria; and (iv) specifying the various participants in the mobile payment system and their expected roles and responsibilities.

Foreign participation and local shareholding requirements

There are no foreign participation and local shareholding requirements in relation to MFS in Nigeria. However, where the mobile money services will be provided in Nigeria, a Nigerian company will need to be incorporated for such purpose.

Licensing framework for the mobile money sector

The provision of mobile money services in Nigeria may require a mobile money licence, a payment service provider licence, a payment service bank licence and an international mobile money service licence. The requirements for the issuance of a mobile money licence are provided for in the CBN Guidelines on Mobile Money Services in Nigeria. The mobile money licence contemplated under the payment service bank regulations allows licensees to provide mobile financial services mostly and exclusively in rural or unbanked areas with a view to improving financial inclusion. A payment service provider licence will also be required for entities providing services that involve direct interactions with the payment and settlement system (Article 4, Bills Payment Regulation dated February 2018 issued by the CBN). An international mobile money service licence will be required where there would be inbound and outbound remittance of money (see the CBN Guidelines on International Mobile Money Remittance Service in Nigeria).

Regulatory overview for the provision of credit, microloans or other financial services

The regulatory framework governing the financial services sector and in particular the framework relating to the business of making cash loans in Nigeria on a small scale basis are regulated by the CBN. The provision of credit facilities, microloans or other financial services in Nigeria requires a licence issued by the CBN in accordance with Section 59 of the Banks and Other Financial Institutions Act (1991).

Competition Approval in Nigeria

The Federal Competition and Consumer Protection Act (2019) (the "FCCP Act"), enacted on 5 February 2019, applies to all undertakings and all commercial activities within, or having effect within, Nigeria and stipulates that every merger, purchase of shares or assets, amalgamation, business combination or joint venture between or among companies in Nigeria is subject to the prior notification to and approval by the FCCP Commission with exceptions for small mergers (the notification threshold for which will be determined by regulations to be published by the FCCP Commission). The FCCP Commission may, however, require the parties to the small merger to notify it of the merger, if in the opinion of the FCCP Commission, the merger may substantially restrict or lessen competition.

Pursuant to Section 90 of the NCC Act, exclusive regulatory competence in relation to the administration and enforcement of competition matters involving telecommunications companies rests with the NCC. The NCC regulates such mergers. Nevertheless, the general merger control regulator as the law currently stands (the Nigerian Securities and Exchange Commission) insists that it too has the power to scrutinise and approve mergers and acquisitions of all companies with no exemption for telecommunications companies. The apparent conflict of jurisdiction has not yet come before the courts for resolution. The FCCP Act explicitly seeks to override any sector-specific competition law provision in any other legislation, but the courts have in comparable circumstances given exclusive effect to the specific legislation or provision over the general one.

East Africa

Kenya

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

KICA, various regulations promulgated thereunder ("Kenyan Telecommunications Regulations"), and various guidelines and policy statements issued by the telecommunications regulator, the Communications Authority of Kenya (the "CA") and the Cabinet Secretary for Information, Communication and Technology ("ICT") provide the principal legal and regulatory framework for Kenya's telecommunications industry. KICA sets out a broad regulatory framework for a competitive and liberalised telecommunications sector. The Kenyan Telecommunications Regulations provide detailed regulations on specific licensing, frequency management, dispute resolution, fair trading, interconnection, numbering and tariffs. The Cabinet Secretary for ICT issues telecommunications sector policies, with the advice of the National Communications Secretariat of the Ministry of Information, Communication and Technology. The Government of Kenya released the National Information and Communications Technology (ICT) Policy in June 2016 to further develop the regulatory framework for Kenya's liberalised telecommunications sector.

Industry Regulator

Kenya's telecommunications sector is regulated by the CA, which commenced operation in 1999. The CA's mandate includes: (i) licensing and regulating the communications industry; (ii) managing the country's frequency spectrum and numbering resources; (iii) facilitating the development and management of a national cyber security framework; (iv) type approving and accepting communications equipment meant for use in Kenya; (v) regulating retail and wholesale tariffs for communication services; (vi) promoting effective competition in the sector; and (vii) protecting consumer rights within the communications environment. The CA is required to defer to the telecommunications policies promulgated by the Cabinet Secretary of ICT.

The CA enforces KICA, the Kenyan Telecommunications Regulations and licence provisions. Operators that fail to remediate shortcomings identified in compliance statements within the timeframe stipulated by the CA may be subject to applicable penalties. The CA also investigates complaints against operators or service providers alleged to be engaged in anti-competitive practices and can issue orders to prevent such conduct and/or impose penalties. The CA also enforces the obligations of operators to conform to applicable technical standards. Repeated and/or prolonged contravention of licence conditions by an operator may result in revocation of its licence.

Market liberalisation

Kenya has been actively liberalising its telecommunications sector since 1998, when it enacted KICA. As at the date of this Registration Document, three entities (Safaricom Limited, Airtel Networks Kenya Limited (Airtel Kenya) and Telkom Kenya) were licenced to operate national cellular mobile telecommunications services on their own networks. In addition, several entities hold mobile virtual network operator ("MVNO") licences to operate mobile telecommunications services relying on the network of another operator.

Foreign participation, local shareholding requirements and local listing requirements

The Information and Communications Technology Sector Policy Guidelines on minimum Kenyan shareholding requirements were issued by the Cabinet Secretary for ICT on 15 October 2008 (the "Policy Guidelines"). The Policy Guidelines provide that any entity licenced to provide communication services as an operator or service provider shall be required to ensure that at the end of the third year from the date of issue of a licence, or earlier as the case may be, and thereafter for the duration of the licence term, no less than 20% ownership and control by Kenyan persons, howsoever achieved. The Policy Guidelines provide that the Government may "exceptionally grant a waiver to this requirement" (although the Policy Guidelines do not set out the specific circumstances under which an exemption may be granted). The applicable laws do not prescribe a requirement for telecommunication entities to list its shares on the local securities exchange. In addition, licenced telecommunications operators in Kenya must be organised under Kenyan law. Airtel Kenya was granted an exemption from the local shareholding requirement by the Ministry of ICT in March 2013.

Other relevant regulatory requirements

Anti-Money Laundering Act and Anti-Money Laundering Regulations

The Anti-Money Laundering Act (the "AML Act") defines financial institutions to include institutions that engage in money and currency changing. The AML Act requires 'financial institutions' to comply with the requirements set out below on an on-going and continuous basis: (i) monitor all complex, unusual, suspicious, large or such other transactions; (ii) file reports to the Financial Reporting Centre in respect of all cash transactions equivalent to or exceeding US$10,000.00; and (iii) verify customer identity by requesting the documents from corporate entities and natural persons as part of the financial institutions KYC due diligence. The National Payment Systems Regulations, 2014 (the "NPS Regulations") require a payment service provider to comply with the AML Act.

Data protection laws

Currently, there is no specific legislation regarding data transfers or protection beyond the broad protections enshrined in the Constitution of Kenya 2010 (the "Kenyan Constitution"). The Kenyan Constitution provides that every person has the right to privacy, including the right not to have information relating to their family or private affairs unnecessarily required or revealed. The collection and use of personal information must be undertaken through lawful means. The purpose for which the data is collected must be disclosed and the use of the data must be limited to the lawful purpose for which the data was collected. The Data Protection Bill 2018, currently before parliament, seeks to regulate the collection, retrieval, processing, storage, use and disclosure of personal data.

Consumer protections laws

The rights of consumers in Kenya are set out in the Consumer Protection Act, Number 46 of 2012 Laws of Kenya. The Kenya Information and Communications (Consumer Protection) Regulations (2010) provide that customers of licensees have a right to receive clear and complete information about rates, terms and conditions for available and proposed products and services as well as protection from unfair trade practices, including false and misleading advertising.

Expected material changes in the laws

Other than the Data Protection Bill 2018, there are no material changes in the law.

Licensing Framework for the Telecommunications Sector

Licence requirement

KICA provides that any person involved in the provision of telecommunications services must be licenced by the CA. The CA has in place a Unified Licensing Framework ("ULF"), which is technology and service neutral. The ULF market is structured into three main licences, Network Facilities Provider ("NFP"), Application Service Provider ("ASP") and Content Service Provider ("CSP"). In addition, investors who wish to land a submarine cable in Kenya require a Submarine Cable Land licence while those interested in building a system for the provision of international voice or data services are required to get a licence for international systems and services, in each case under the ULF.

Airtel Kenya's operating licences

Network Facilities Provider Licence

Airtel Kenya obtained a 15-year Network Facilities Provider licence on 28 January 2000 which expired on 27 January 2015. Following Airtel Kenya's acquisition of Essar Telkom Kenya Limited in 2013, (the Essar acquisition), Airtel Kenya is operating under the Essar NFP license which was issued on 1 July 2007 and which will expire in January 2025. This license allows Airtel Kenya to provide national mobile telecommunications services and public payphone services in Kenya. Airtel Kenya's Network Facilities Provider licence was acquired for an initial cost of KES15 million (approximately US$150 thousand). Airtel Kenya is required to pay an annual operating fee, which is the higher of 0.5% of its annual gross turnover or KES5 million (approximately US$50 thousand).

Airtel Kenya's Network Facilities Provider licence requires it, among other things, to (i) operate and apply an assigned numbering plan; (ii) offer interconnection to other licenced operators; (iii) adhere to certain national network roll-out targets; (iv) submit an annual licence compliance report; and (v) adhere to specified payphone roll-out targets.

Application Services Provider Licence

Airtel Kenya obtained a 15-year Application Services Provider Licence on 28 January 2000 which expired on 27 January 2015. Following the Essar acquisition, Airtel Kenya is operating under the Essar International Systems and Service Provider ("ISSP") Licence which was issued on 7 June 2010 and which will expire in January 2025. Airtel Kenya's Application Services Provider licence was acquired for an initial cost of KES100 thousand (approximately US$1 thousand). Airtel Kenya is required to pay an annual operating fee, which is the higher of 0.5% of its annual gross turnover or KES100 thousand. Airtel Kenya's Application Services Provider licence requires it, among other things, to (i) provide electronic communications services and (ii) submit an annual licence compliance report.

Content Services Provider Licence

Airtel Kenya obtained a 15-year Content Service Provider Licence on 25 February 2010 which will expire in February 2025. Airtel Kenya's Content Service Provider licence was acquired for an initial cost of KES100 thousand (approximately US$1 thousand). Airtel Kenya is required to pay an annual operating fee, which the higher of 0.5% of its annual gross turnover or KES100 thousand Airtel Kenya's Content Service Provider licence requires it, among other things, to (i) operate electronic content services (ii) submit an annual licence compliance report.

International Systems and Service Provider Licence

Airtel Kenya obtained a 15-year International Systems and Services Provider Licence on 28 January 2000 which expired on 27 January 2015. Following the Essar acquisition, Airtel Kenya is operating under the Essar ISSP Licence which was issued on 7 June 2010 and which will expire in January 2025. Airtel Kenya's ISSP licence was acquired for an initial cost of KES100 thousand. Airtel Kenya is required to pay an annual operating fee of calculated as the higher of 0.5% of its annual gross turnover or KES100 thousand. Airtel Kenya's licence requires it, among other things, to (i) operate international gateway systems; and (ii) submit an annual licence compliance report.

Frequency Spectrum Licence for 2G Network

Airtel Kenya obtained a Spectrum Licence for 2G network on 20 June 2010. The term of this licence is tied to the NFP licence and will therefore also expire in January 2025. Airtel Kenya is required to pay annual frequency fees as per the applicable frequency fee charging methodology. Airtel Kenya's licence requires it, among other things, to (i) operate radio frequency spectrum (ii) submit an annual licence compliance report.

Frequency Spectrum Licence for 3G Network

Airtel Kenya obtained a Spectrum Licence for 3G network in 20 June 2010. The term of this licence is tied to the NFP licence and will therefore also expire in January 2025. Airtel Kenya's Frequency Spectrum licence was acquired for an initial cost of KES250 million (approximately US$25 million).

Frequency Spectrum Licence for 4G Network

Airtel Kenya obtained a Spectrum Licence for 4G network on 1 January 2018 for a 10-year term, which is also tied to the NFP Licence. Airtel Kenya's Frequency Spectrum Licence for 4G Network was acquired for an initial cost of KES250 million (approximately US$25 million). The CA may also issue a licence for the landing and operation of international sub-marine cable infrastructure which allows the licensee to land, install, operate and manage submarine cable infrastructure in Kenya.

Key industry regulatory issues

Spectrum allocation

The CA issues licences authorising the installation and use of radio communications equipment. When granting a mobile telecommunications licence, the CA allocates a particular band of frequency for use by the licensee. The term of these frequency licences is one year, and they are renewable annually. A licensee shall not transfer frequencies assigned and the rights therein without the written consent of the CA. The Kenya Information and Communications (Radio Communications and Frequency Spectrum) Regulations, 2010 (the "KICA Spectrum Regulations") provide a framework for spectrum pricing, allocation and trading. The CA generally encourages sharing of frequencies and may, where necessary, require a licensee to share a frequency.

Interconnection

The Kenya Information and Communications (Interconnection and Provision of Fixed Links, Access and Facilities) Regulations, 2010 (the "KICA Interconnection Regulations") apply to all interconnect licensees and interconnecting licensees, including the form and content of interconnection agreements, access and facilities. An interconnecting licensee has, subject to compliance with the provisions of KICA and any applicable guidelines on interconnection of telecommunications systems, the right to choose the interconnection licensee through which it routes its data traffic and calls towards customers of another licensee.

Where a telecommunications service licensee enters into an interconnection agreement with another telecommunications licensee, the CA may review the agreement to ensure that it conforms to the KICA Interconnection Regulations and any guidelines on interconnection of telecommunications networks issued by the CA.

Tariff setting

Mobile telecommunications operators in Kenya may set their own tariffs for the services that they provide. The terms of Airtel Kenya's licence, however, require Airtel Kenya to notify the CA of the terms and conditions applicable to the services that it provides, including the applicable tariffs, before they come into effect.

Technical standards and duties to end customers

Airtel Kenya's licence requires it to operate its network in conformity with the technical standards of the International Telecommunication Union ("ITU") and other internationally recognised organisations. Airtel Kenya must obtain approval from the CA prior to using any radio communications apparatus. All telecommunications equipment connected to the public switched telephone network must also be approved by the CA. The CA conducts routine inspections of the offices and facilities of service providers to enforce compliance with these standards.

Airtel Kenya's licence subjects it to a number of obligations to end customers, including: (a) providing bilingual (English and Swahili) directory information services to all persons at reasonable charges; (b) providing operator assistance services for free or at reasonable charges; (c) providing customer information services; (d) not showing undue preference or undue discrimination between customers; and (e) making available copies of its current tariffs and terms and conditions to any person on request.

Universal service obligations

The Kenya Information and Communications (Universal Access and Service) Regulations, 2010 provide a regulatory framework for the design and implementation of universal access and service provision, as well as a framework for the administration of the Universal Service Fund in Kenya, which is managed by the CA.

Section 84J (3) of KICA imposes the Universal Service Levy which is to be charged on all licensees offering communications systems and services on a commercial basis. The levy charged on licensees shall be an amount not exceeding 1% of the gross revenue of a licensee.

Regulatory notifications and/or consents for change of control or transfers of changes or changes in shareholding and directorship

Section 9 (2) of the Kenya Information and Communications (Licensing and Quality of Service) Regulations, 2010 (the "KICA Licensing Regulations") provides that a licensee is required to notify the CA of any proposed change in ownership, control or proportion of shares held in it, at least 30 days before the change is effected where there is any change in shareholding exceeding 15% of the issued share capital or where the acquisition by an existing shareholder of at least 5% of additional shares.

Such changes require the prior written consent of the CA. The CA shall notify the applicant of its acceptance or refusal, stating the reasons for its decision, within 30 days of receipt of the request for consent.

Where the applicant fails to obtain the CA's consent, the CA may within 60 days of notification of its disapproval of the change in shareholding, prohibit the change in shareholding having considered the representation made by the parties as well as its decision. In addition, this would constitute a breach of the licence conditions, which would entitle the CA to revoke the licence.

Regulatory Framework for the MFS sector

Legislation and Policy

The Central Bank of Kenya Act (Chapter 491 of the Laws of Kenya) (the "CBK Act") and the Money Remittance Regulations, 2013 (the "MR Regulations") provide the principal legal and regulatory framework in relation to financial services in Kenya. The National Payment Systems Act (Act Number 39 of 2011 of the Laws of Kenya) (the "NPS Act") pursuant to which the NPS Regulations provide the principal legal and regulatory framework in relation to the regulation and supervision of payment systems and payment service providers. The Ministry of Finance and National Treasury is responsible for setting the sector policy framework. The regulatory framework in Kenya has enabled the development of the MFS sector in the country, which has played a key role in the country's financial inclusion and tapping into the previously unbanked who now use the platform as primary accounts for financial inclusion.

Industry Regulator

Kenya's MFS sector is regulated by the Central Bank of Kenya ("CBK"), led by its board of directors, which is responsible for, amongst other things, the constant review and use of the CBK's resources and determining whether policy statements are consistent with the CBK's primary function and policy objectives.

Foreign participation and local shareholding requirements

The MR Regulations however provide that a shareholder of a money remittance operator shall not own more than 10% share capital of the money remittance business without prior written approval of the CBK.

Licensing framework for the mobile money sector

Money Remittance Licence

Entities involved in the money remittance business, pursuant to Regulation 4 of the MR Regulations are required to: (a) be incorporated as a limited liability company under the Companies Act, 2015 (Laws of Kenya); (b) obtain the approval of the CBK for the proposed business name before incorporation and have the words "*money remittance*" or "*money transfer*" as a brand name; and (c) be licenced to provide money remittance services under the MR Regulations.

Payment Service Provider Licence

Section 2 of the NPS Act defines a payment service provider as: (a) a person, company or organisation acting as provider in relation to sending, receiving, storing or processing of payments or the provision of other services in relation to payment services through any electronic system; (b) a person, company or organisation which owns, possesses, operates, manages or controls a public switched network for the provision of payment services; or (c) any other person, company or organisation that processes or stores data on behalf of such payment service providers or users of such payment services.

Airtel's operating licences

Money Remittance Licence

Airtel Money Transfer Limited holds a licence to conduct or carry out money remittance business in Kenya for the period of 2017 to 2018. The licence is renewable annually. Airtel Money Transfer Limited's licence requires it to comply with the Money Remittance Regulations, which oblige Airtel Money Transfer Limtied to maintain a minimum core capital of KES520 thousand (approximately US$200) at all times.

Payment Service Provider Licence

Airtel Kenya holds a licence to conduct or carry out the business of a payment service provider in Kenya for the period of 2018. The licence is renewable annually. Airtel Kenya's licence requires it to comply with the UPS Regulations, which oblige Airtel Kenya to maintain a minimum core capital of KES5 million (approximately US$50 thousand) as well as the Payment Service Provider Regulations.

Approvals or notifications required for changes in shareholding or board composition in MFS sector

Money Remittance Licence

Whilst the law requires the approval of the CBK for direct transfers of shareholding in respect to a money remittance operator, the CBK takes a wider interpretation and requires shareholders to obtain consent for an approval to a change to the indirect or beneficial interest of the shareholders of more than 5% and an approval to any person who acquire an indirect or beneficial interest of more than 10% of the money remittance business.

Pursuant to the MR Regulations, the CBK may levy monetary penalties not exceeding KES500,000 (approximately US$5,000) in general for the failure by a licensee to comply with the regulation or any directives issued by the CBK. Further, the CBK may levy monetary penalties not exceeding not exceeding KES500,000 (approximately US$5,000) specifically for a licensee's failure to obtain the prior written approval of the CBK to own or transfer shareholding of 5% share capital in a money remittance operator.

Further, the CBK may suspend the licence of a money remittance operator for a period of time (not in excess of 90 days) if the money remittance operator fails to comply with the provisions of the MR Regulations of any conditions attached to its licence.

Airtel Money Transfer Limited received a notice of intention to revoke the Money Remittance Licence from the CBK dated 19 February 2019 (the "Notice of Intention"). The Notice of Intention cites that Airtel Money Transfer Limited had not commenced business since it was licenced on 6 July 2017. The Notice of Intention require Airtel Money Transfer Limited, within 21 days from the date of the Notice of Intention, to "*show cause as to why the CBK should not revoke the licence for failure to commence business*".

Further, on 14 March 2019, the CBK imposed a fine of KES1 million (approximately US$10 thousand) for non-compliance with the NPS Regulations on Airtel Networks Kenya Limited pursuant to the relevant laws. The fine was settled by Airtel Networks Kenya Limited on 25 March 2019. Currently, Airtel Money Transfer Limited has commenced international money transfers with Airtel Rwanda and is in a testing phase for similar arrangements with Airtel Tanzania following discussions with the CBK. Airtel Kenya has shared the results of the successful user acceptance test for the Rwanda corridor and shall share the test results for Tanzania in due course.

Payment Service Provider Licence

Prior to appointing trustees, significant shareholders, directors and senior managers in control of a payment service provider, CBK is required to assess and approve such changes. A significant shareholder is defined as a person, other than the government or a public entity who holds directly or indirectly 5% or more of the share capital of a Payment Service Provider. Even though the NPS Regulations refers to "*a 5% or more"* change in shareholding, in practice, the CBK interprets this to mean at least 5% should be notified.

Compliance with CBK requirements

Pursuant to a letter dated 19 March 2019 from the CBK, the results of an inspection carried out on Airtel Kenya in March 2018 (the "Compliance Report"), the following issues were identified and require to be addressed by Airtel Kenya:

(a) Inadequate capitalisation

The Compliance Report noted that Airtel Kenya had a core capital of negative KES2.7 billion as at 31 March 2018 and was therefore not compliant with the statutory core capital requirement of KES5 million as expressly set out in the NPS Regulations 2014. As Airtel Kenya was expected to report a loss of KES1.2 billion, it was projected to be undercapitalised by KES3.895 billion as at 31 December 2018. Consequently, the CBK raised doubts regarding the operations of Airtel Kenya as a going concern due to a lack of a buffer to cushion it against losses.

Accordingly, the CBK required Airtel Kenya to submit capital restoration and business turnaround plans. Airtel Kenya submitted a plan proposing to separate the mobile money business from the telecommunication service; in addition to the formation of a new company for purposes of offering financial services; and enhancements of shareholder loans by a further US$100 million to stand at US$500 million. The CBK reviewed this plan but did not consider it sufficient. It required Airtel Kenya to further submit a comprehensive and time bound restoration plan within 21 days from the date of the Compliance Report and to inject capital into the business in order to comply with the minimum core capital requirement. As at the date of this document, Airtel Kenya has in principal agreed to recapitalise for a sum of up to KES3.85 billion (approximately US$38 million) by 31 August 2019 and has commenced the process for the requisite internal approvals. As at the date of this registration Document, the CBK has not provided a formal response to this proposal.

(b) Data Recovery

The CBK required a further update from Airtel Kenya with regard to the migration of the disaster recovery centre from Kampala, Uganda to Mombasa, Kenya which had a target completion timeline of 31 March 2019. A Disaster Recovery Drill Report was submitted to the CBK on 24 May 2019 indicating the site is now fully operational.

(c) Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT)

Airtel Kenya requested an extension of time from the CBK in order to comply with the AML/CFT requirements to 30 April 2019 so as to enable it complete the Risk Assessment Report including approval by the board. A risk assessment was conducted and submitted on 31 January 2019. The risk assessment report was subsequently ratified by the Board of Airtel Kenya and a resolution submitted on 19 March 2019. This report has also been submitted to the CBK on 7 May 2019. Further, the company has engaged PriceWaterhouseCoopers to commence the audit. The audit period is expected to be carried out in the four to six weeks following the date of this Registration Document.

(d) IT Systems

Airtel Kenya has requested the CBK for a “no-objection” clearance to migrate its IT platform from “Obopay” to “Mobiquity”. The CBK however decided to withhold its approval until Airtel Kenya satisfied certain requirements, such as the engagement by Airtel Kenya of an independent and reputable auditor to undertake the audit to verify the integrity of the system prior to the proposed migration. This audit report is thereafter required to be submitted to the CBK in order to enable it facilitate the review of the application to migrate to “Mobiquity” system. Airtel Kenya has commenced the audit as directed.

Following settlement of the penalty for non-compliance imposed by the CBK, in addition to Airtel Kenya addressing the various issues raised by the CBK as set out above, the risk of the CBK cancelling or revoking the Money Remittance Licence is highly unlikely.

Regulatory overview for the provision of credit, microloans or other financial services

The regulatory framework governing the financial services sector and in particular the framework relating to the business of making cash loans in Kenya on a small scale basis is also subject to the provisions of the Banking Act and its relevant regulations. Entities undertaking ‘banking business’ or ‘financial business’ as defined in the Banking Act are required to obtain the relevant licence from the CBK prior to commencing operations.

Competition Approval in Kenya

The Competition Authority of Kenya (the “CAK”) is established under the Competition Act, No. 12 of 2010 (the “Competition Act”) and is mandated to enforce the Competition Act with the objective of enhancing the welfare of the people of Kenya by promoting and protecting effective competition in markets and preventing misleading market conduct throughout Kenya. It does this by inter alia:

- promoting and enforcing compliance with the Competition Act;
- receiving and investigating complaints from legal or natural persons and consumer bodies;
- promoting public knowledge, awareness and understanding of the obligations, rights and remedies under the Act and the duties, functions and activities of the Authority;
- carrying out inquiries, studies and research into matters relating to competition and the protection of the interests of consumers;
- studying government policies, procedures and programs, legislation and proposals for legislation so as to assess their effects on competition and consumer welfare and publicise the results of such studies;
- investigating impediments to competition, including entry into and exit from markets, in the economy as a whole or in particular sectors and publicise the results of such investigations;
- investigating policies, procedures and programmes of regulatory authorities so as to assess their effects on competition and consumer welfare and publicise the results of such studies;
- liaising with regulatory bodies and other public bodies in all matters relating to competition and consumer welfare; and
- advising the government on matters relating to competition and consumer welfare.

The CA promotes fair competition in Kenya’s telecommunications sector. The Kenya Information and Communications (Fair Competition and Equality of Treatment) Regulations, 2010 provide a regulatory framework to promote fair competition and equal treatment in the communications sector and to protect against the abuse of market power or other anti-competitive practices within the communications sector.

Airtel Kenya’s licence prohibits it from engaging in activities that unfairly prevent, restrict or distort competition. Examples of prohibited unfair competition include an operator’s abuse of a dominant position to unfairly limit or exclude competition; agreements or concerted practices that unfairly prevent, restrict or distort competition; or causing anti-competitive changes in the structure of the telecommunications market, including anti-competitive mergers and acquisitions.

COMESA Competition Commission (the "CCC")

The Common Market for Eastern and Southern Africa ("COMESA") is a regional grouping of 19 African countries (Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, and Zimbabwe).

The COMESA Competition Regulations and Competition Rules (the "COMESA Regulations") provide that a merger is notifiable if it meets the below thresholds:

- The combined annual turnover or combined value of assets, whichever is higher, in the COMESA Common Market of all the parties to the merger equals or exceeds US$50 million; and
- The individual annual turnover or value of assets of at least two of the parties in the region must be US$10 million, unless each of the parties to a merger achieves at least 2/3 of its aggregate turnover or assets in the COMESA Common Market within one and the same member state.

If the combined turnover of the target and the acquirer falls within the above thresholds then the transaction will be notifiable to the CCC. Parties are required to notify the CCC within thirty (30) days of the parties' decision to merge. The CCC takes one hundred and twenty (120) days to make a determination after receiving a complete filing. The CCC may extend this period for an undefined period of time.

East Africa Community Competition Authority

The East African Community Competition Act ("EACC Act") was enacted in 2006 but the regime has not yet come into effect. The East African Community Competition Authority ("EACCA") is however in the process of being operationalised and has appointed five commissioners.

The EACC Act regulates competition matters in Kenya, Uganda, Tanzania, Rwanda and Burundi. South Sudan is not yet a member but is being considered for membership. Should the EACC Act become operational, its approval may be required as the EACC Act requires a person intending to execute a merger or an acquisition to notify the EACCA of the same. The EACC Act further provides that it applies to 'all economic activities and sectors having cross-border effect.' Therefore, presumably, it will only apply to transactions which occur in two or more EAC countries. This is however not entirely clear in the EACC Act.

Notification is required to be made promptly upon the conclusion of the agreement in respect of the acquisition. The EACCA is required to respond to the application within 45 days.

Uganda

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

The Uganda Communications Act 2013 ("UCA") is the principal law governing the telecommunications sector in Uganda. There are various sets of subsidiary legislation which provide the regulatory framework. These include: Communications (Fair Competition) Regulations 2005, Telecommunications (Interconnection) Regulations 2005, Telecommunications (Licensing) Regulations 2005, Telecommunications (Tariffs and Accounting) Regulations 2005, the Communications (Telecommunications and Radio Communications Equipment Type Approval) Regulations, 2005, Uganda Communications Commission Act (Fees and Fines) General Notice No. 977 of 2017 and the National Information and Communications Technology Policy 2014.

The Ministry of Information, Communication and Technology ("ICT") provides strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations and strategy for the ICT sector. The Ministry for ICT provides the principal legal and regulatory framework for the Uganda telecommunications industry. UCA sets out a broad regulatory framework for a competitive and liberalised telecommunications sector. The subsidiary legislation set out above provides detailed regulations on specific licensing, frequency management, dispute resolution, fair trading, interconnection, numbering and tariffs.

The Minister for ICT, pursuant to the UCA, issues policy guidelines to the Uganda Communications Commission ("UCC"). In 2014, the Ministry of ICT unveiled the National ICT Policy (the "Policy") with the principal objectives of the Policy centred around (i) promoting innovation in economic and social systems; (ii) expanding ICT infrastructure and its integration throughout the country; (iii) deepening utilisation of ICT services by government, private sector, Non-Government Organisations and citizens; and (iv) enhancing research and innovation in ICT products, applications and services.

Industry Regulator

Uganda's telecommunications sector is regulated by the UCC, which commenced operation in 1998. The UCC's mandate includes the power to monitor, inspect, licence, supervise, control and regulate communications services.

The UCC enforces UCA, the Telecommunications (Licensing) Regulations S.I- 20 of 2005, the Telecommunications (Interconnection) Regulations S.I- 25 of 2005: and licence provisions. The UCA issues annual compliance statements to operators and service providers that identify any failures by operators to comply with the terms of their licences. Operators that fail to remediate shortcomings identified in these statements within the timeframe stipulated by the UCC may be subject to applicable penalties. The UCC also investigates complaints against operators or service providers alleged to be engaged in anti-competitive practices and can issue orders to prevent such conduct and/or impose penalties. The UCC also enforces the obligations of operators to conform to applicable technical standards. Repeated and/or prolonged contravention of licence conditions by an operator may result in revocation of its licence.

Market liberalisation

Uganda has been actively liberalising its telecommunications sector since 1997, when it enacted the Communications Act, 1997. As of December 2018, six entities (Airtel Uganda, Africell, K2 Telecom, MTN Uganda, Smile Telecom, and Uganda Telecom) have been licenced to operate national cellular telephony and data mobile telecommunications services on their own networks. K2 Telecom holds an MVNO licence to operate mobile telecommunications services relying on the network of another operator.

Foreign participation, local shareholding requirements and local listing requirements

There are no minimum local or maximum foreign shareholding requirements under the law. However, the government has recently appeared to adopt an informal position that the major industry players, particularly MTN Uganda, should invite public participation in one form or the other. This was included as an annexure to the National Broadband Policy 2018. This is especially being emphasised at the point of renewal of the Public Service Provider (PSP) Licence and/or the Public Infrastructure Provider (PIP) Licence. Local laws however do not contain compulsory requirements for local telecommunication companies to list. A company may voluntarily opt to list if it meets the requirements of listing under the local listing rules.

Other relevant regulatory requirements

Anti-Money Laundering Act and Anti-Money Laundering Regulations

Anti-Money Laundering Act 2013, Anti-Money Laundering (Amendment) Act 2017 is the substantive law providing for the prohibition and prevention of money laundering, the establishment of a Financial Intelligence Authority and a Financial Intelligence Authority Board in order to; combat money laundering activities; to impose certain duties on institutions and other persons, businesses and professions who might be used for money laundering purposes; to make orders in relation to proceeds of crime and properties of offenders; to provide for international cooperation in investigations, prosecution and other legal processes of prohibiting and preventing money laundering; to designate money laundering as an extraditable offence; and to provide for other related matters and its subsequent amendment in 2017.

Data Protection laws

The Constitution of the Republic of Uganda, 1995 protects the right to privacy. Article 27 provides that no person shall be subjected to interference with the privacy of that person's home, correspondence, communication or other property.

The Data Protection and Privacy Bill 2018 (the "Data Protection Bill") was passed by the Parliament of Uganda in late 2018. It is yet to be assented by the President of Uganda. The Bill is likely to be assented to in the near term. In its current form, the Bill provides for the protection of privacy of the individual and of personal data by regulating the collecting and processing of personal information; it provides for the rights of the persons whose data is collected and the obligations of data collectors, data processers and data controllers. The Bill also regulates the use or disclosure of personal information.

The Data Protection Bill creates a civil remedy for a person who suffers damage or distress due to the contravention of the provisions of the Data Protection Bill by a data collector or processor. The Data Protection Bill also creates an offence of unlawful obtaining or disclosure of personal data. The penalty for commission of this offence is UGX4.8 million (approximately US$1,300) or imprisonment for up to 10 years or both. The Bill creates an offence of sale of personal data. The penalty for commission of this offence is UGX4.9 million (approximately US$1.3 thousand) or imprisonment for up to 10 years or both. For corporations, the Data Protection Bill imposes criminal liability on the corporation and every officer of the corporation that knowingly and wilfully authorised or permitted the contravention of the Data Protection Bill.

Consumer Protections laws

There is no specific legislation on consumer protection. The UCA and Communications (Fair Competition) Regulations has relevant provisions relating to consumer protection. The UCA provides that the UCC has a function to regulate rates and charges for communication services, with a view to protecting consumers from excessive tariffs and to prevent unfair competitive practices.

Expected material changes in the laws

There are 19 new sets of regulations (subsidiary legislation) covering various aspects of the telecommunications business which have been prepared by the Minister for ICT. The regulations are not publically available however operators such as Airtel Uganda Limited have been availed with copies of the draft regulations. It is expected that these regulations will be enacted within the next six months to one year.

Licensing Framework for the Telecommunications Sector

Licence requirement

The UCA provides that any person involved in the provision of telecommunications services must be licenced by the UCC. The law provides for various types of licences however the key licences required to conduct telecommunications business in Uganda are the Public Service Provider (PSP) Licence, Public Infrastructure Provider (PIP) Licence and the respective PSP and PIP annual certificates obtained following payment of the annual licensing fees (2% of the Gross Annual Revenue).The UCC also issues telecom apparatus licences to national distributors, importers and wholesalers of telecom apparatus.

Airtel Uganda's operating licences

Public Infrastructure Provider Licence Agreement

Airtel Uganda obtained a 15-year PIP Licence Agreement expiring on 18 October 2023, renewable for an additional five year period, to provide infrastructure services. Airtel Uganda's Public Infrastructure Provider Licence Agreement was acquired for an initial cost of US$100,000 in addition to the application fee of US$2,500. Airtel Uganda is required to pay an annual operating fee calculated as US$10,000 and 2% Gross Annual Revenues.

Airtel Uganda's licence requires it, among other things, to (i) ensure that its services cover as much area as possible all over the country in accordance with its business plan and the UCC regulatory obligations; (ii) interconnect its systems with those of other PIP providers and licenced PSP providers; (iii) comply with the tariffs and charges set by the UCC and must, seven days prior to introduction of new tariffs, notify the regulator of such new tariffs[1]; (iv) protect other public operator's facilities; (v) comply with UCC inspection procedures and reporting requirements; (vi) maintain adequate records and deliver detailed reports to the UCC every year[2]; and put in place a consumer complaint handling mechanism.

Public Service Provider Licence Agreement

Airtel Uganda obtained a five-year PSP Licence Agreement, which expired on 18 October 2018, to provide voice and data services and has applied for a renewal. The UCC has granted a one year extension of Airtel Uganda's PSP Licence Agreement pending its review of the licensing framework

1 The regulator may revoke the said tariffs if they are anti-competitive.

2 The detailed operations report are in the format provided by the UCC 90 days before the end of each fiscal year and financial statements 120 days before the end of the fiscal year.

and renewal application, which is expected to result in a reclassification of Airtel Uganda's licence to a converged National Operator Licence. Airtel Uganda is required to pay an annual operating fee of calculated as US$10,000 and 2% Gross Annual Revenues.

Airtel Uganda's licence requires it, among other things, to (i) ensure that its services cover as much area as possible all over the country in accordance with its business plan and the UCC regulatory obligations; (ii) interconnect its systems with those of other PIP providers and licenced PSP providers; (iii) comply with the tariffs and charges set by the UCC and must seven days prior to introduction of new tariffs, notify the regulator of such new tariffs[1]; (iv) protect other public operator's facilities; (v) comply with UCC inspection procedures and reporting requirements; (vi) maintain adequate records and deliver detailed reports to the UCC every year[2]; and put in place a consumer complaint handling mechanism. See Part 1 (Risk Factors—Risks relating to legal and regulatory matters and litigation—It may be difficult for the Group to obtain all licences, permits, frequency allocations or other authorisations required to operate its existing network or to expand its operations or any other required licences, permits or other authorisations, and once obtained they may be subject to finite terms, ongoing review or periodic renewal, any of which may result in modification, suspension or early termination) for further information about Airtel Uganda's PSP Licence.

Public Infrastructure Services Annual Certificate: PSP/ISS/126

Airtel Uganda obtained a one-year certificate expiring on 16 October 2018, renewable for an additional one year period. Airtel Uganda is required to pay a licence fee of US$10,000 to renew its Uganda's Public Infrastructure Service Annual Certificate.

Public Service Provider Annual Certificate: PSP/ISS/125

Airtel Uganda obtained a one-year certificate expiring on 11 December 2018, renewable for an additional one year period. Airtel Uganda is required to pay a licence fee of US$10,000 to renew its Uganda's Public Service Provider Annual Certificate.

Spectrum Licences

Airtel Uganda was awarded the following spectrum licences:

Band	MHz	Frequency
900	10.8	2G
1800	15	2G
2100	20	3G
2600	10	4G
3500	22	Internet

These licences are valid until further communication is received from the UCC. Furthermore, Airtel Uganda has also applied for additional spectrum licences as provided for below:

Frequency Band	Chanel bandwidth (MHz)	No of channels
11GHZ	40	2
15GHZ	28	3
18GHZ	27.5	2

Airtel Uganda also has plans to acquire spectrum in 700MHz and 800MHz. At the moment however Airtel Uganda has been informed by the UCC that its application for spectrum in 700 MHz is pending while the 800MHz band is fully allocated. In the future, there will be plans to acquire spectrum in 2300MHz. As per the UCC Radio Spectrum Management Guidelines 2017, spectrum is priced on a case by case basis.

Key industry regulatory issues

Spectrum allocation

The UCC regulates the use of spectrum and an intended user must apply to UCC for authorisation to use spectrum for public service delivery. The intended user has to apply to UCC and obtain authorisation after meeting all requirements including paying the associated fees before they can be allowed to use

1 The regulator may revoke the said tariffs if they are anti-competitive.

2 The detailed operations report are in the format provided by the UCC 90 days before the end of each fiscal year and financial statements 120 days before the end of the fiscal year.

spectrum. Depending on the intended use of the desired radio frequencies, there are several different requirements and different processes in place to facilitate smooth authorisation. The validity period of the radio frequency authorisation may vary depending on the period determined by UCC. Generally, annual authorisations are issued. For shorter or longer periods, the applicant is required to justify to UCC the required period in their application for the frequency authorisation.

Interconnection

The UCA and the Telecommunications (Interconnection) Regulations, 2005 establish the framework for interconnection in Uganda. The framework makes it mandatory for public services providers holding major licences from the UCC to make available their network, infrastructure facilities and equipment for interconnection, directly or indirectly with other operators entitled to interconnect. Interconnection shall include access to specified network elements or facilities on an unbundled basis, as may be identified and determined by the UCC. This includes both physical and virtual interconnection/collocation. The regulations require a public infrastructure provider holding major licences from the UCC to entire good faith negotiations for the interconnection, conclude agreements to permit interconnection and thereafter share the agreements with the UCC. In the event of failure to agree, the regulations make provision for arbitration by the UCC to ensure an agreement is concluded. The regulations also lay out a framework for interconnection charges and cost accounting.

Tariff setting

The UCA and the Telecommunications (Tariffs and Accounting) Regulations, 2005 establish the framework for interconnection in Uganda for the imposition of tariffs by telecommunications operators on consumers and for accounting procedures to be adopted by the said telecommunications operators. The regulations set out general objectives and mechanism to be followed by the telecommunications operators in setting tariffs and by the UCC in regulating the telecommunications operators. Additionally, the regulations require telecommunications operators to set annual price-cap filings proposing rates for the following year and how they should be filed by the operators. Finally, these regulations also established the requirement for telecommunications operators to prepare and publish financial statements according to the International Accounting Standards (IAS) in force at the time of filing.

Technical standards and duties to end customers

The UCA and the Telecommunications (Licensing) Regulations 2005 include as a requirement the provision of quality services by the operators. The regulations also provide for a mechanism through which the UCC can monitor and oversee the quality of service of each operator.

Universal service obligations

The UCA and the Telecommunications (Licensing) Regulations 2005 include as a mandatory requirement in every licence granted to an operator a universal service obligation. This is bolstered by the UCC which regularly monitors the quality and availability of service of each operator.

Regulatory notifications and/or consents for change of control or transfers of changes or changes in shareholding and directorship

The UCA places a restriction in the event of transfer of a licence. The transfer of a licence must be approved by the UCC prior to the transfer. The UCA defines transfer of a licence to include the acquisition of control of a licence holder. “Control” for the purposes of the UCA means the possession, directly or indirectly of the power to direct or cause the direction of the management of that person, whether through ownership of shares, voting, securities, partnership or other ownership interests, agreement or otherwise. The UCC has the powers to suspend or revoke the licence issued under the Ugandan Communications Act where there is serious breach of the licence conditions.

The failure by an operator to seek approval from the UCC for a transaction amounting to a transfer of a licence may amount to breach of the licence conditions warranting the suspension or revocation of its licence. The operator may also be subjected to fines.

Regulatory Framework for the MFS sector

Legislation and Policy

The Uganda Mobile Money Guidelines 2013 (“Uganda Mobile Money Guidelines”) are general guidelines regulating the mobile money industry in the absence of substantive law to fill this void. The Uganda

Mobile Money Guidelines lay out the regulatory and licensing requirements as well as the operational and procedural steps a mobile money services provider must satisfy to legally provide mobile money services to the public in Uganda.

Industry Regulator

Uganda's MFS sector is regulated by the Bank of Uganda ("BOU"), led by its board of directors, which is responsible for, amongst other things, the constant review and use of the BOU's resources and determining whether policy statements are consistent with the BOU's primary function and policy objectives.

Licensing framework for the mobile money sector

Letter of no-objection to provision of mobile money services

Entities involved in carrying out mobile money business, pursuant to the Uganda Mobile Money Guidelines are required to: (i) be a registered limited liability company; and (ii) be a licenced institution. An entity is considered a licenced institution where it is a licenced financial institution under the Financial Institutions Act 2004 or a licenced micro finance deposit taking institution under the Micro-Finance Deposit Taking Institutions Act 2003. The applicant may also partner with a licenced institution (as in the case of Airtel Uganda) but that institution must apply to the BOU seeking approval for the provision of mobile money services in partnership with a mobile money services provider. The applicant or in the case of a partnering licenced institution, the partnering licenced institution, must in its application to the BOU also demonstrate the following: (a) provide proof of its financial position, a business plan and a risk management proposal; (b) have appropriate and tested technology systems; (c) an agreement between the licenced FSP and the non-FSP partner; (d) an arrangement for an escrow account to hold customer money; (e) an arrangement for daily reconciliation of balances; (f) have anti-money laundering and terrorism financing mechanisms; (g) have a risk mitigation mechanism in place; (h) ensure compliance with consumer protection requirements; and (i) comply with any other requirement that BOU may deem necessary.

Airtel Uganda's operating licences

Letter of no objection to Airtel Uganda Limited

As of 2018, a financial institution has been working with Airtel Uganda in the provision of mobile money services. The approval to provide the mobile money services is valid until further communication from the BOU.

Approvals or notifications required for changes in shareholding or board composition in MFS sector

Letter of no-objection to provision of mobile money services

There are no restrictions prescribed under the Uganda Mobile Money Guidelines in relation to the direct or indirect transfer of shares (including by way of a transfer at a holding company level) which would require any approval of or notification to the BOU. It follows there is no adverse consequences set out in the law in relation to failure to obtain the regulator's consent for a change in control of shareholding.

Regulatory overview for the provision of credit, microloans or other financial services

The regulatory framework governing the financial services sector and in particular the framework relating to the business of making cash loans in Uganda on a small scale basis is also subject to the provisions of the Tier 4 Microfinance Institutions & Money Lenders Act, 2016 and its relevant regulations. Entities undertaking 'banking business' or 'financial business' are required to obtain the relevant licence from the BOU prior to commencing operations. An entity offering credit under this regime in Uganda is known as a Money Lender. A Money Lender requires a money lender's licence governed by the Tier 4 Microfinance Institutions and Money Lenders Act 2016. A Money Lender is required to apply for an annual licence from the Uganda Microfinance Regulatory Authority (the "URMA") prior to commencing operations. A money lender must register a Company in accordance with the Companies Act 2012 and the directors of the company must apply for certificates of good conduct from Interpol Uganda.

If the URMA is satisfied that the application meets the requirements, the URMA may issue a Money Lender's Licence within three months of the application. Once the application is granted the applicant must pay the licence fee of UGX500,000 (approximately US$140). The Money Lenders Licence lasts until the 31st December of the year in which it is granted. Renewal of the licence costs UGX50,000 (approximately US$14) and the licence fee is UGX500,000 (approximately US$140).

Competition Approval in Uganda

The Uganda Communications Act 2013 (the "UCA 2013") has anti-trust provisions which prohibit licensees/operators from engaging in any activities which have or are intended or are likely to have the effect of unfairly preventing, restricting or distorting competition in relation to any business activity relating to communications services. The UCA 2013 specifies effecting anticompetitive changes in the market structure and, in particular, anticompetitive mergers and acquisitions in the communications sector as one of the restricted acts.

The Communications (Fair Competition) Regulations, 2005 requires an operator who seeks to undergo a restructuring, consolidation, amalgamation, re-arrangement or re-composition of its structure, composition, management, control, ownership or shareholding by way of a merger, joint venture, acquisition, take-over or consolidation shall obtain the approval of the UCC before undergoing the desired scheme or arrangement. In addition, mergers that have effect on at least two member countries of COMESA are also regulated by the CCC.

Other regulatory approvals or notifications for change of control

Investment Authority Notification

Section 10(1) of the Investment Code Act Cap 92 (the "Uganda Investment Code") requires all foreign investors to apply for an investment licence before undertaking any business enterprise in Uganda. The Uganda Investment Code defines a foreign investor as: a person who is not a citizen of Uganda, a company, other than a company referred to in subsection (2), in which more than 50% of the shares are held by a person who is not a citizen of Uganda and a partnership in which the majority of partners are not citizens of Uganda.

Airtel Uganda's shareholding is entirely held by non-Ugandans and as such in order for Airtel Uganda to carry out business enterprises (this includes manufacturing enterprises, tourist enterprises and commercial or agricultural ventures) in Uganda it requires an investment licence. These licences are granted by the Uganda Investment Authority. Airtel Uganda is engaged in telecommunications services which are deemed a "priority area" under the Uganda Investment Code and as such Airtel Uganda is entitled to apply for investment incentives under the Uganda Investment Code. The Uganda Investment Code further requires that the holder of an investment licence to notify the Uganda Investment Authority of the indirect or direct transfer of an investment licence. After this notification the licence is then accordingly varied. Airtel Uganda is required to have an investment licence.

Rwanda

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

The Rwandan telecommunications sector is governed by the following primary statutes and regulations: Law Number 24/2016 of 18 June 2016 governing information and communication technologies, Law Number 09/2013 of 1 March 2013 establishing the industry regulator, the Rwanda Utilities Regulatory Authority ("RURA") and setting out RURA's mission, powers, organisation and function, Ministerial Order Number 7/DC/04 of 7 June 2004 specifying the content of RURA's register of telecommunications activities, Ministerial Order Number 5/DC/04 of 7 June 2004 on the general conditions and pricing principles to be respected in interconnection agreements and Ministerial Order Number 3/DC/04 of 7 June 2004 on telecommunications networks and services not requiring a telecommunication licence.

The Minister of the Ministry of ICT and Innovation is responsible for setting ICT Policies. The Minister issues regulations on critical issues of national importance following developments in the ICT sector. The mission of the Ministry of ICT and Innovation is to address national priorities for economic growth and poverty reduction through the development and coordination of national policies related to Information and Communication Technology policies. RURA sets out a broad regulatory framework for a competitive and liberalised telecommunications sector. The subsidiary legislation provides detailed regulations on specific licensing, frequency management, dispute resolution, fair trading, interconnection, numbering and tariffs.

Industry Regulator

Rwanda's telecommunications sector is regulated by the RURA, which commenced operation in 2001. RURA's mandate includes: (i) licensing and regulating the communications industry; (ii) managing the country's frequency spectrum and numbering resources; (iii) facilitating the development and management of a national cyber security framework; (iv) type approving and accepting communications equipment meant for use in Rwanda; (v) regulating retail and wholesale tariffs for communication services; (vi) promoting effective competition in the sector; and (vii) protecting consumer rights within the communications environment. RURA is required to defer to the telecommunications policies promulgated by the Minister of ICT.

RURA enforces Law Number 24/2016 of 18 June 2016, which governs information and communication technologies and licence provisions. RURA issues annual compliance statements to operators and service providers that identify any failures by operators to comply with the terms of their licences. Operators that fail to remediate shortcomings identified in these statements within the timeframe stipulated by RURA may be subject to applicable penalties. RURA also investigates complaints against operators or service providers alleged to be engaged in anti-competitive practices and can issue orders to prevent such conduct and/or impose penalties. RURA also enforces the obligations of operators to conform to applicable technical standards. Repeated and/or prolonged contravention of licence conditions by an operator may result in revocation of its licence.

Market liberalisation

Rwanda has been actively liberalising its telecommunications sector since 2006, when the Government of Rwanda waived the monopoly given to MTN Rwanda. As of January 2019, two entities, MTN Rwanda and Airtel Rwanda have been licenced to operate national cellular mobile telecommunications services on their own networks.

Other relevant regulatory requirements

Anti-Money Laundering Act and Anti-Money Laundering Regulations

The Anti-Money Laundering is governed by Law Number 47/2008 of 9 September 2008 on prevention and penalising the crime of money laundering and financing terrorism. For the payment service provider, this law is supplemented by the Guidelines of the National Bank of Rwanda of June 2014 on Anti-Money Laundering and combating financing terrorism.

Data protection laws

Apart from the ICT law of 2016, data protection in telecommunications sector is governed by Regulation Number 001/R/TD-ICS/RURA/016 of 6 May 2016 governing telecom network security in Rwanda. In accordance with Article 269 of the telecommunication law, any licensee contravening an enforcement notice of RURA may be liable to monetary penalties, may have additional conditions imposed on its licence; risk the suspension of its licence for a specified period which may be determined in a notice of suspension to be issued by RURA; or risk having its licence revoked.

Consumer protections laws

Consumer protection in Rwanda is governed by Law Number 36/2012 of 21/09/2012 relating to competition and consumer protection and Law Number 31/2017 of 25 July 2017, establishing the Rwanda Inspectorate, Competition and Consumer Protection Authority.

Licensing Framework for the Telecommunications Sector

Any company providing communications networks or providing networks services, as well as companies providing information through communication networks are required to obtain a licence before commencing operations. The following categories of operators are required to obtain a licence:

(a) network infrastructure providers - providing network infrastructure to companies owning and operating electronic communications networks for primary services and broad band communications networks;

(b) network service providers - providing services for electronic communications networks;

(c) application service providers - providing services that draw from networks and services by the holders of network service licences allowing the latter to retail or buy from communications networks service provider for them to perform specific functions such as sound related services, electronic data storage, internet access services as well as other information transfer services. The holder of such licence shall neither own network installation equipment nor sell network; and

(d) content service providers - providing information through communications networks refer to those selling services that draw from communications networks including traditional satellite, television earth stations transmitting signals freely, signal transmission by radio earth stations, online information access services and any other possible electronic communication.

Airtel Rwanda's operating licences

Integrated licence

The integrated licence has been approved by the board of RURA on 30 January 2019 and, once issued, the integrated licence will supersede all previous licences obtained by Airtel Rwanda. As at the date of this Registration Document, issuance of the licence certificate is still pending with RURA.

National Telecommunications licence for Airtel Rwanda

Airtel Rwanda obtained a 15-year agreement expiring on September 2026, renewable for an additional five year period, to provide the telecommunication service. Airtel Rwanda's National Telecommunication Licence Agreement was acquired for an initial cost of US$30,000,000. Airtel Rwanda is required to pay an annual operating fee to be determined by RURA. Airtel Rwanda's licence requires it, among other things, to comply with the terms and conditions determined under the licence agreement.

Key industry regulatory issues

Spectrum allocation

The procedure for allocating rights to radio spectrum, as well as the conditions for participation in the allocation of rights to radio spectrum and the charges payable for spectrum rights are determined by RURA. RURA may use an auction, public offer and/or allocation for a pre-determined or negotiated fee to allocate rights for radio spectrum.

For the purpose of promoting the competition of providing communication service to the public, RURA may refuse to grant or reduce the right to compete for rights to radio spectrum. Such refusal or reduction is notified by writing and the applicant is given the opportunity to respond. As per the licence for usage of radio frequency spectrum resources and operation of radio communication services, Airtel Rwanda has been issued with particular band of frequency to be used.

Interconnection

RURA has the discretion to decide to interconnect networks. Interconnection of such networks is implemented following consultations at the national level.

Tariff setting

A licensee may determine and publish tariffs for the use of networks and services. A copy of applicable tariffs is required to be submitted to RURA. Submission of the tariffs to RURA must be completed prior to the tariffs taking effect. All tariffs must be set out in an itemised form. Tariffs for dominant organisations must be based on objective criteria and on the costs of providing the public electronic communications network and service. Electronic communications operators may set different tariffs for different times of the day. Tariffs for large organisations are required to be set out in clear and sufficient detail, such that a user of public networks and services is not obliged to take or pay for any facility that is not required. The tariffs or changes thereto or discount schemes do not come into effect before a period of 30 days from the date of their publication. RURA imposes tariff control schemes for dominant organisations.

Technical standards and duties to end customers

Electronic communications equipment and networks must comply with technical electronic communications guidelines and standards issued and published by RURA. RURA issues prohibition notices preventing the use of any equipment or network which does not comply with the technical standards in force.

Universal service obligations

Article 103 of the telecommunication law requires a licensee that is declared as a dominant operator to provide universal service.

Regulatory Framework for the MFS sector

Legislation and Policy

The applicable law governing the mobile money sector is Regulation N° 05/2018 of 27/03/2018 – Payment Services Providers ("PSP").

Industry Regulator

Rwanda's MFS sector is regulated by the National Bank of Rwanda, led by its board of directors, which is responsible for, amongst other things, the constant review and use of the National Bank of Rwanda's resources and determining whether policy statements are consistent with the National Bank of Rwanda's primary function and policy objectives.

Licensing framework for the mobile money sector

Payment Service Licence

Entities carrying out the business of payment services, pursuant to Regulation No. 05/2018 of 27/03/2018 governing payment services providers are required to be incorporated in Rwanda (local or subsidiary of a foreign company) and obtain approval from the National Bank of Rwanda and comply with the regulatory requirements as stipulated by the regulations.

Payment Service Provider ("PSP") is defined as any entity providing services enabling cash deposits and withdrawals, execution of Payment Transactions, issuing and/or acquisition of Payment Instruments, Money Remittances and any other services functional to the transfer of money. The term does not include solely who provides online services or by telecommunication services or network access.

Airtel Rwanda's operating licences

Payment Service Licence given to Airtel Rwanda, Certificate No 15

Airtel Rwanda holds a payment service licence issued by the National Bank of Rwanda. This licence was governed by Regulation No. 07/2015 of 13 November 2015 of the National Bank of Rwanda governing payment services providers has been replaced by Regulation No. 05/2018 of 27 March 2018 of the National Bank of Rwanda governing payment services providers (the "2018 Payment Services Provider Regulation"). The licence granted by the National Bank under the 2018 Payment Services Provider Regulation is perpetual unless revoked in accordance with this regulation. It is not be transferable, assignable or to be encumbered in any way.

Payment Service Licence given to Tigo Rwanda, Certificate No. 10

This licence was granted following the merger of Airtel Rwanda and Tigo Rwanda from 3 July 2018. The licence granted by the National Bank of Rwanda under the 2018 Payment Services Provider Regulation is perpetual unless revoked in accordance with this regulation

Approvals or notifications required for changes in shareholding or board composition in MFS sector

Payment Service Provider Licence

Service Payment Licence: the National Bank of Rwanda is required to provide its prior authorisation before any direct or indirect transfer of share representing at least five percent (5%) of the equity capital or voting rights, or whereby significant influence over the management of that payment service provider is exercised.

Regulatory overview for the provision of credit, microloans or other financial services

The regulatory framework governing the financial services sector and in particular the framework relating to the business of making cash loans in Rwanda on a small scale basis is also subject to the provisions of the Regulations. Entities undertaking 'banking businesses or 'financial business' are required to obtain the relevant licence from the National Bank of Rwanda prior to commencing operations.

Competition Approval in Rwanda

Rwanda has a competition regulatory framework (Number 36/2012 of 21 September 2012 relating to competition and consumer protection) that creates a regulatory body governing mergers and acquisitions. The regulatory body has not been operationalised to date and therefore, in practice there are no merger filings and/or control decisions required to be made in Rwanda.

The Telecommunication Regulatory Authority in Rwanda has the mandate to address all issues of competition related to ICT in accordance with the Telecommunication Law of 2016. However, there is no requirement to notify this regulator from a competition law perspective.

Despite the fact there is no regulatory body in place, under law Number 36/2012 of 21 September 2012, Article 17 specifies that an interested party to a notifiable merger shall notify the regulatory body of that merger within 30 days from the parties 'decision to merge'.

Tanzania

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

The main statute governing the telecommunications sector in Tanzania is the EPOCA, supplemented with various subsidiary regulations. Of these, the most relevant regulations for telecommunications licensing are: (i) the Electronic and Postal Communications (Licensing) Regulations, 2018; and (ii) the Electronic and Postal Communications (Licence Procedures) Rules, 2014. In February 2018, the regulations promulgated under the EPOCA were supplemented and overhauled, replacing most of the former regulations with updated versions, including (amongst several others) regulations governing licencing, interconnection, co-location and infrastructure sharing, radio frequency spectrum and mobile number portability.

The TCRA, through the Tanzania Communications Regulatory Authority Act (Act No. 12 of 2003, Laws of Tanzania) ("TCRA Act") has increasingly undertaken enforcement action to ensure telecommunications companies adhere to quality and standard requirements with respect to services rendered to their customers. For example, in April 2017, the TCRA penalised seven mobile operators with a total fine of TZS695 million (approximately US$302 thousand) for failure to comply with quality of service requirements.

Industry Regulator

The ministry responsible for the telecoms sector, including setting sector policy, is the Ministry of Works, Transport and Communication. The regulator mandated to regulate the telecoms (mobile network) sector and to grant licences under the EPOCA is the TCRA. The TCRA's mandate is to: (i) issue, renew and cancel licences (ii) establish standards for regulated services (iii) establish standards for the terms and conditions of supply of the regulated goods and services (iv) regulate rates and charges (v) make rules for carrying out the purposes and provisions of the TCRA Act and sector legislations (vi) monitor performance of the telecommunications sector including in relation to level of investment: availability, quality and standards of service, costs of service; the efficiency of production and distribution of services (vii) facilitate the resolution of complaints and disputes (viii) disseminate information about matters relevant to the functions of TCRA (ix) consult with other regulatory authorities or bodies or institutions discharging functions similar to itself in the Tanzania or elsewhere. The TCRA enforces the EPOCA and any regulations pursuant to it. Some of the consequences of non-compliance with the EPOCA imposed by the TCRA include monetary penalty of sums not less than TZS5 million (approximately US$2.2 thousand) and/or imprisonment for a term between one and five years, or suspension or cancellation of the licence.

Market liberalisation

Tanzania has been actively liberalising its telecommunications sector since 2003 when the TCRA was established and in 2010 when it enacted the EPOCA. As at 2019, seven MNOs that is Airtel Tanzania, Vodacom Tanzania Limited, MIC Tanzania Limited (which operates under the "Tigo" brand in Tanzania), Viettel Tanzania Limited ("Halotel"), Zanzibar Telecom Limited ("Zantel"), Tanzania Telecommunication Company Limited and Benson Informatics Limited (which operates under the "Smart" brand in Tanzania) have been licensed to operate mobile telecommunications services in Tanzania.

Foreign participation, local listing requirements and local shareholding requirements

Initially the EPOCA was amended by the Finance Act 2016 to require 25% of the shares of a Network Services, Application Services or Network Facilities licence holding company to be listed on the Dar es Salaam Stock Exchange ("DSE") and these listed shares could only be held by Tanzanians. The initial deadline for listing was 31 December 2016. However, as a result of the attempts at listing/IPO, this requirement was relaxed by the Finance Act 2017 such that (i) 25% of the shares of a Network Services and Network Facilities licence holding company had to be listed on the DSE but these listed shares could be held by the 'public' (i.e. not just Tanzanian citizens) and (ii) companies holding Application Services licences no longer had to be listed. Content Services Licensees have a minimum local shareholding requirement of 51% of authorised share capital.

The deadlines for listing were, for companies holding licences before 1 July 2016, 31 December 2016 and, for companies with licences issued on or after 1 July 2016, within two years from the date of the grant of the respective licence.

Although many of the other licence holding companies required to list have not yet done so, due to failures to meet the listing requirements of the CMSA, there remains a risk that a telecommunication's operator's Network Services Licences and Network Facilities Licences could be revoked for failure to comply with the listing requirements. Additionally, there is a higher risk that these licences will not be renewed as a result when these next expire. See Part 1 (Risk Factors—Risks relating to the business and industry of the Group—Certain of the Group's operating subsidiaries are, or may in the future be, subject to local listing or ownership requirements, which may be difficult or costly to comply with in a timely manner, or at all, and which could make it harder for the Group to achieve its strategic objectives or which could otherwise have an adverse effect on the Group) and Part (Additional Information—Disputes and proceedings) for further information about Airtel Tanzania's local listing obligation.

Anti-Money Laundering Act and Anti-Money Laundering Regulations

The principal legislation in Tanzania relating to anti-money laundering is the Tanzanian Anti Money Laundering Act, 2006 (Cap 423 of 2006, Laws of Tanzania), as amended by the Anti-Money Laundering (Amendment) Act 2012 (Act No. 1 of 2012, Laws of Tanzania) (the "AML Act") (and associated regulations) which applies to all legal persons, and makes a criminal offence of directly or indirectly laundering the proceeds from any criminal activity which constitutes a "predicate offence" if he knows or ought to have known that the property is the proceeds of a predicate offence.

The AML Act imposes KYC requirements on MNOs and entities with the central bank of Tanzania ("BoT") licences under the National Payment System Act, 2015 ("Tanzanian NPS Act") and the Payment Systems Licensing and Approval Regulations, 2015 ("NPS Regulations"). Regulation 45 of the NPS Regulations requires a payment systems provider to comply with AML and combating the financing of terrorism provisions by, amongst other things, employing customer identification procedures and taking KYC when giving customers SIM cards (directly or through agents) and establishing internal control procedures for identifying and reporting suspicious transactions. Penalties for infringement include:

(a) for individuals a fine of up to TZS500,000,000 (approximately US$224,000) or imprisonment of up to 10 years; and

(b) for corporate bodies, a fine of up to TZS1,000,000,000 (approximately US$448,430) or thrice the market value of property laundered (whichever will be greater) and, if a company is convicted of an offence under the AML Act, then a director, manager or controller or any person concerned in the management of the company's affairs at the time may be convicted of the offence (and liable to the penalties) unless the person proves that the offence was committed without his consent or connivance and that he exercised a certain degree of diligence (for example, had in place internal controls and training).

Data Protection laws

There is no specific legislation regulating data sharing and protection in Tanzania. However, principles of data protection can be inferred from various laws such as the Constitution of the United Republic of Tanzania of 1977, the Access to Information Act (Act No. 06 of 2016) and the Cyber Crimes Act (Act No. 14 of 2015). The draft Data Protection and Privacy Bill, 2014 remains under consideration by Parliament and there is not a clear timetable for its implementation.

Regulation 6 of the Electronic and Postal Communications (Consumer Protections) Regulations, 2018 however provides for protection of consumer information where a licensee is allowed to collect and maintain information on individual consumers where it is reasonably required for its business purposes which information should be fairly and lawfully collected and processed, processed for identified purposes, accurate, processed in accordance to the consumer's other rights, protected against improper or accidental disclosure and not transferred to any party except as permitted by any terms and conditions agreed with the customer, as permitted by any permission or approval of the TCRA or as otherwise permitted by other laws.

Licensing Framework for the Telecommunications Sector

Licence requirement

The main types of telecommunications licences granted under the EPOCA under a converged licensing framework system for telecoms businesses applicable to the target group are as follows:

(a) Network Services Licences: licences for providing services for the carrying of information in the form of speech or other sound, data, text or images, by means of guided and/or unguided electromagnetic energy (excluding services provided solely on the customer side of the network boundary). This is the main licence required for cellular mobile services or a mobile network provider.

(b) Application Services Licences: licences for providing services by means of network services (excluding services provided solely on the customer side of the network boundary).

(c) Network Facilities Licences: licences for constructing, maintaining, owning and making available one or more "network facilities"; being any element, or combination of elements of physical infrastructure used principally for, or in connection with the provision of one or more network services (excluding customer premise equipment) – for example, required for telecoms towers, poles, ducts and pits used in conjunction with other network facilities, earth stations, fixed links and cables, radio communications transmitters and links, satellite hubs, satellite control station, space station, submarine cable landing centre, and switching centre).

(d) Content Services Licences – licences for providing services offered to speech or other sound, data, text or images whether still or moving (such as broadcasting on cable).

These licences can be granted in four market segments, namely; the District, Regional, National and International Market segments.

In addition, a MNO will require a licence from the TCRA to use a frequency spectrum (any such assigned frequency spectrum is not transferrable) – and there are numerous other TCRA licences required for specific ancillary activities (such as import or installation of electronic communications equipment).

Network Services Licences, Application Services Licences and Network Facilities Licences attract initial application fees (payable on application), initial licence fees (payable upon grant) and annual royalties/annual fees based on Gross Annual Turnover ("GAT") which vary depending on the market segment (international/national/regional/district). For example, fees for a national Network Services Licence are: (i) US$5 thousand application fee; (ii) US$600 thousand initial licence fees; and (iii) royalty fee of 1% of GAT or US$3 thousand whichever is greater.

The durations of these licences are up to:

(a) Network Services – 25 years, if it covers international and national market segments and 10 years if it covers district market segment;

(b) Application Services – If issued with Network Facilities and Network Services Licence 10 years if it covers international and national market segments and five years if it covers regional and district market segments; if issued without the Network Facilities and Network Services Licence 10 years if it covers international market segment, five years if it covers national and regional market segments and three years if it covers national segment for private use or if it issued for numbers only.

(c) Network Facilities – 25 years; and

(d) Frequency Spectrum – 10 years (or the life of the associated Network Services/Network Facilities licence).

There are currently no legal requirements for companies holding Network Services, Application Services or Network Facilities licences to have local shareholders.

Airtel Networks Limited's licences

(a) National Network Service Licence dated 29 November 2007, with licence number: TCRA/NS/2/2007;

(b) National Network Facilities Licence dated 29 November 2007, with licence number: TCRA/NF/2/2007;

(c) National Application Services Licence dated 15 August 2014 (with effect from 28 November, 2012), with licence number: TCRA/AS/7/2014; and

(d) Radio Frequency Spectrum Resource Licence in effect from 29 November 2007, with licence number: TCRA/RF/2/2007.

No specific licence is required for investors intending to land a submarine cable; however, on application of the Network Facilities Licence the investor should specify the type of gateway facilities to be employed including either Earth Satellite Station, VSAT, Submarine cable, Switching Centres, Nodes or Servers, Multiplexer.

Key industry regulatory issues

Spectrum allocation

Spectrum allocation is governed by the EPOCA and the Electronic and Postal Communications (Radio Communication and Frequency Spectrum) Regulations, 2018. An application to the TCRA will be made for the spectrum licence. Pursuant to Regulations 27 (1) of the Electronic and Postal Communications (Radio Communication and Frequency Spectrum) Regulations, the allocation and assignments of radio frequency spectrum for network facilities licence shall be on the basis of competitive process. In the event of assigning the radio frequency spectrum under competitive process, TCRA may use competitive tendering process or auction. For the case of competitive tendering, TCRA may decide the assignment based on (a) rollout commitments such as the scale and scope of the network rollout; or (b) credibility of the applicant including the financial and technical capability of the applicant to operate the intended communication network.

Interconnection

Interconnection is governed by the Electronic and Postal Communications (Interconnection) Regulations 2018 which provides an obligation on every network service licensee to interconnect with the network of any other network service licensee in Tanzania. In this respect the interconnection, the seeker is required to make a request in writing to the interconnection provider upon they will enter an interconnection agreement which should be on reasonable terms and conditions. The interconnection provider is required to have a Reference Interconnection Offer (RIO) which should be approved by the TCRA which shall be the basis of the interconnection negotiations and agreement.

The charges for interconnections are to be agreed by the parties based on the principles of (i) objective transparency in reflecting underlying costs, (ii) FL-LRIC method, (iii) sufficient unbundling to ensure that an operator requesting interconnection is not required to pay for network elements or facilities not strictly required for the services to be provided and (iv) implementing compensation arrangements which are reciprocal for the transportation and termination of traffic.

Disputes arising out of an interconnection agreement are to be settled by way of arbitration by the TCRA and appeal thereafter to the Fair Competition Tribunal.

Tariff setting

Tariff setting is governed by the Electronic and Postal Communications (Tariff) Regulations, 2018 which require every licensee to set tariffs that are (i) just and reasonable (ii) cost based and made on objective criteria, (iii) sufficiently clear to the end user to determine the description of the services, the details relating to the nature of the service, amounts and charges payable for such service, and (iv) non-discriminatory and guaranteeing equal treatment. Every licensee is further required to file a schedule of their tariffs with the TCRA on a quarterly basis and when there are changes, publish the same in a widely circulated local newspaper and electronic media in English and Kiswahili languages. The implementation of any new tariffs requires prior approval of the TCRA. Dominant licensees are prevented from applying tariffs that prevent market entry or distort competition by applying tariffs below the underlying cost of service provided. Licensees are also allowed to provide promotion schemes or special offers on tariffs but should file all details of the promotion scheme or special offer with the TCRA and obtain approval thereof at least seven working days prior to their implementation or making such promotion schemes or special offers available to customer.

Technical standards and duties to end customers

The Electronic and Postal Communications (Consumer Protections) Regulations, 2018 impose different obligations and duties on the licences towards the end customer in a bid to ensure consumer protection. The Consumer Protection Regulations among other things impose the following obligations on the licensees:

(a) providing to the customers information on products and services which is complete, accurate and up to date in simple and clear English or Kiswahili language or both;

(b) supplying on request, a copy of the contract or agreement for the provision of services which should be written in plain and clear English and Kiswahili languages containing the commencement date, contract term, manner and consequence of terminations, situation where early termination is possible, amount or method of calculating charges payable, conditions and terms of renewal of the contract, terms and conditions that may apply to refund of any deposit including timing and any deductions or charges applicable, terms and conditions relating to situations that may give rise to the interruption, withdrawal or discontinuation of the service, and terms and conditions relating to the delivery, installation or activation of the service;

(c) issuing any advertisements which promote the availability of services, a licensee shall provide information on any geographical or technical limitations on the availability of the service to consumers;

(d) billing is done accurately, timely and verifiable and all records of consumers bill and related charges are retained for a period of 12 months; and

(e) establish walk in customer care centres and call centres which are accessible free of charge and comply with the quality of service parameters.

Universal service obligations

Universal service obligations are governed by the Universal Communications Services Access Act, 2006 provides for the establishment of the Universal Communications Services Access Fund. Tanzania enacted the Universal Communications Services Act in 2006, which established the Universal Communications Service Access Fund ("UCSAF") with objective of among others, ensuring the availability of communication services in rural and urban underserved areas. In fulfilment of the universal service obligations the universal service provider is required to meet targets set by the UCSAF.

Regulatory notifications and/or consents for change of control or transfers of changes or changes in shareholding and directorship

EPOCA requirements:

Section 25 of the EPOCA states that: "Any shareholder or licensee shall not transfer, alienate, sub-contract or assign any interest in his shares under the licence without approval of the TCRA".

Regulation 23 of the EPOCA Licensing Regulations states that: the holder of TCRA licences must "not change its shareholding structure without the approval of the TCRA".

Licence requirements:

Airtel Tanzania's Network Services, Network Facilities and Application Services Licence conditions require it to "notify" the TCRA "*in writing of any changes to its ownership and control structure".* Control is not defined under the relevant laws, however the TCRA's policy provides that the TCRA's prior written approval is required for any direct transfers of shares in an MNO holding TCRA licences or any indirect transfers of shares in an MNO holding TCRA licences, regardless of whether the transfer constitutes a change of control, including *de minimis* transfers.

Whilst section 25 of the EPOCA requires that "*Any shareholder or licensee shall not transfer, alienate, sub-contract or assign any interest in his shares under the licence without approval of the TCRA*", it does not refer to indirect shareholders. However, as can be seen from the fact that TCRA has issued a Compliance Order in 20 April 2018, the TCRA argues that this provision means that even an indirect transfer of shares (e.g. when Airtel acquired the Zain group in 2010) would be caught by the requirement for prior TCRA approval, and the TCRA may seek to revoke licences and/or impose high penalties if consent was not obtained at the time.

From February 2018, Regulation 23 of the Electronic and Postal Communications (Licensing) Regulations, 2018 introduced a new requirement for a holder of TCRA licences to ***"****not change its shareholding structure without the approval of the TCRA".* 'Shareholding structure' is not defined, and could theoretically apply to indirect shareholdings, but each of Airtel Tanzania Plc's TCRA licences refers to its "shareholding structure" in Appendix II which sets out only Airtel Tanzania Plc's direct shareholders. In addition, Regulation 23 requires that, following approval from the TCRA, the licence holder must *"submit the application for change of shareholders or transfer of shares to the Registrar of Companies in accordance with the Companies Act"*, which under interpretation principles would be the Tanzanian Companies Registry ("BRELA") and the Tanzanian Companies Act. As an indirect transfer of shares in a Tanzanian company is not registered at BRELA, Airtel could argue that Regulation 23 is only meant to apply to direct transfers.

Regulatory Framework for the MFS sector

Legislation and Policy

The main statute governing the MFS sector in Tanzania is the National Payment System Act 2015 (Act No. 4 of 2015, Laws of Tanzania) (the "Tanzanian NPS Act").

The principal regulations governing the MFS sector in Tanzania are the Payment Systems Licensing and Approval Regulations 2015 ("NPS Regulations") and the Electronic Money Regulations 2015 (the "E-Money Regulations").

Industry Regulator

The Ministry responsible for the mobile money sector, including setting its sector policy, is the Ministry of Finance and Planning of Tanzania. The regulator mandated to regulate the mobile money sector and to grant licences to MNOs for MFS services is the National Payments System Department ("NPS Department") of BoT. The BoT was established by the Bank of Tanzania Act (Act No. 5 of 2006, Laws of Tanzania), and its NPS Department was established pursuant to the NPS Act.

MFS Licences

The principal licences required by a MNO to conduct a mobile-money business are granted by the National Payments System office of BoT pursuant to the Tanzanian NPS Act, and are:

1. Payment System Licence: Issued to a 'payment system provider' a body corporate that provides an electronic payment services which require licensing under the Tanzanian NPS Act.
2. Electronic Payment Instrument Licence: Required by a 'payment system provider' with a Payment System Licence, which is not a bank or financial institution registered with the BoT, in order to issue a 'payment instrument', which is an instrument in electronic or written form used for ordering transmission or payment of money required by the NPS Regulations.
3. Non-Bank electronic money issuer licence: Required by a 'payment system provider' with a Payment System Licence, which is not a bank or financial institution registered with the BoT must establish a separate legal entity for the issuance of electronic money. The minimum capital for the separate legal entity is TZS500,000,000 (approximately US$227,275).

In addition, an MNO providing mobile money services must establish a separate legal entity to issue electronic money (Airtel Tanzania plc uses Airtel Money Tanzania Limited for these purposes) and have an independent trust responsible for holding MFS funds (customer deposits) on trust for customers (Airtel Mobile Commerce Tanzania Limited).

Status of MFS Licences

Airtel Tanzania Plc applied for and obtained the Payment System License. Airtel Money Tanzania Ltd applied for and obtained the Electronic Money Issuer license. The Payment Instrument License is issued for specific license products. Currently it has been issued for International Money Transfer to Kenya.

Change of Control provisions

There are no restrictions on the transfer of shares for companies holding Payment System Licences, Payment Instruments licences or Electronic Money Issuance Licences, except for the change of ownership notification and consent requirements referred to below:

1. Payment System Licence: Regulations 44 and 15 of the Payment Systems (Licensing and Approval) Regulation 2015 provides that a payment system provider shall seek and obtain written approval of the BoT before making any changes to its shareholding structure;
2. Electronic Payment Instrument Licence: Regulations 44 and 15 of the Payment Systems (Licensing and Approval) Regulation 2015 provides that a payment system provider shall seek and obtain written approval of the BoT before making any changes to its shareholding structure; and
3. Non-Bank electronic money issuer licence: Regulation 23 of the Payment Systems (Electronic Money) Regulations, 2015 provides that an electronic money issuer shall request for a written approval from the BoT prior to changing its shareholding structure.

Failure to obtain the BoT's consent to a transfer of shares can lead to revocation of the Payment System and Electronic Money Issuance Licences, and 'general' fines for breach of the NPS Act being: (a) for a natural person, a fine of at least TZS50,000,000, (approximately US$22,400) or imprisonment for a term of up to five years, or both; or (b) for a company, a fine of at least TZS500,000,000, approximately US$224,000). There are no statutory timelines for notice of a proposed transfer to be given to the BoT, but notice should be lodged before the transfer takes place and with sufficient time for the BoT to approve before the stages of the Proposed Transaction commence (i.e. 90 days or more before, as a precaution). No fees are currently prescribed or payable in order to obtain the BoT's prior approval to a change in shareholding structure.

Competition Approval in Tanzania

The Fair Competition Act ("Tanzanian FCA") and associated rules, as regulated by the Fair Competition Commission ("FCC") (with appeals from decisions of the FCC potentially being made to the Fair Competition Tribunal) is the operative competition law in Tanzania. The Tanzanian FCA defines a merger as: "an acquisition of shares, a business or other assets, whether inside or outside Tanzania, resulting in the change of control of a business, part of a business or an asset of a business in Tanzania." An "acquisition" is defined to mean: "in relation to shares or assets means acquisition, either alone or jointly with another person, of any legal or equitable interest in such shares or assets but does not include acquisition by way of charge only."

A merger is mandatorily notifiable to the FCC before the transaction takes place if the combined worldwide turnover or combined market value of the worldwide assets of the entities (i.e. the buyer/acquirer and target) is over the specified value threshold. The current threshold is low (being TZS3,500,000,000 (approximately US$1,600,000).

Neither the Tanzanian FCA nor the FCC Procedure Rules 2018 have defined the term "change of control". Based on definitions of "change of control" in other foreign jurisdictions, the FCC has adopted a "change of control" definition for purposes of merger control and regulation as the "potential ability of the acquiring firm to materially influence the business policy and operations of the target firm in the post-merger scenario irrespective of the size of ownership change". This definition is supported by a decision of the Fair Competition Tribunal (Appeal No. 6 of 2013) which upheld the FCC's interpretation. The FCC has interpreted the ability of a person to "materially influence the business policy and operations" extremely broadly such that almost every change in shareholding is notifiable to the FCC as long as the transaction meets the mandatorily notifiable turnover thresholds. In addition, section 7 of the Tanzanian FCA specifically provides that the FCA's provisions apply extraterritorially to the extent that an acquisition of assets outside Tanzania results in the change of control of a business or part of a business in Tanzania.

While the FCC Rules provide that the parties to a merger may not implement the merger until it has been approved, there is a lack of guidance on when parties will be considered to have implemented a merger. It is however understood that full or part payment of the purchase price, or full or partial transfer of the shares/assets, would be considered to constitute implementation of a merger. Further, please note that, along with the merger notification application/form to be submitted to the FCC, an undertaking is required to be provided to the FCC indicating that the parties would not implement the proposed transaction until approval from the FCC is obtained.

In addition mergers that have effect on at least two member countries of COMESA are also regulated by the CCC.

Other regulatory approvals or notifications for change of control

Regulation 23 of the Electronic and Postal Communications (Licensing) Regulations, 2018 requires any changes in the shareholding structure of a licence holder to be done upon approval of the TCRA. On receipt of the approval for change in shareholding structure, the licence will be required to submit the application for change in shareholders of transfer of shares to the BRELA, and thereafter submit the documents relating to the change in shareholding to TCRA.

Malawi

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

The Communications Act, 2016 (the “Malawi Communications Act”) is the primary law that regulates the telecommunications industry in Malawi. The Malawi Communications Act sets out the legal framework for the regulation and provision of services in the communications sector and establishes an independent oversight body known as the Malawi Communications Regulatory Authority (“MACRA”).

The Communications (Telecommunications and Broadcasting Licensing) Regulations, 2016 (the “Malawian Telecommunications Regulations”) provides detailed regulations on licensing of bodies providing telecommunication and broadcasting services including network service licences, application services licences and broadcasting content services. The Malawian Telecommunications Regulations provide for the rules relating to the provision of licences, modification of licences, renewals of licences, change of name, timeline for provision of services, accounting requirements, requirement to maintain privacy and confidentiality, transfer and assignment of rights or obligations, shareholding requirements, conditions, revocation of licences and enforcement among others. MACRA has issued the Licensing Application Guidelines, 2016 (the “Malawian Licensing Guidelines”) which govern the applications for licensing of telecommunication service providers in Malawi. The Guidelines provide for categories and types of licences, application procedures, information required for licence application, evaluation criteria and the grant of licences by the MACRA. The Government of Malawi has also developed a National ICT policy seeks to facilitate socio-economic development through maximum integration of ICT in all sectors especially the rural areas.

Industry Regulator

Malawi’s telecommunications sector is regulated by MACRA, which was established pursuant to the Communications, Act 1998 and is now under regulation of the Malawi Communications Act. MACRA commenced its operations in 2000. MACRA’s mandate includes (i) regulating and monitoring the provision of communication services; (ii) ensuring that reliable and affordable communication services are provided throughout Malawi sufficient to meet the country’s demand; and (iii) telecommunication services are provided in accordance with the principles of transparency, certainty, market orientation, efficiency and consumer satisfaction. MACRA has the power to exempt an entity or class of entities, for a period of time, from some of the requirements and obligation relating to an individual licence or a class licence issued under the Malawi Communications Act.

The Malawi Communications Act vests MACRA with the legal ownership of spectrum on behalf of the country and empowers MACRA to, inter alia, (i) grant licences for the provision of communications services; (ii) advise the Government of Malawi on policy issues relating to the communications sector; (iii) monitor the activities of licensee to ensure compliance with the Malawi Communications Act; (iv) establish a type approval regime for terminal equipment or any other electronic equipment; (v) provide technical support and represent the Government of Malawi at international communications forums; (vi) ensure compliance with national and international communications standards and obligations laid down by international communication agreements and treaties to which Malawi a party and to issue certificates of compliance in relation thereto; and (vii) develop and publish technical standards for regulated communications goods and services.

MACRA has various powers under the Malawi Communications Act, including the power to prevent anti-competitive practices by (after giving the licensee concerned an opportunity to make representations) ordering the licensee to cease or refrain from taking such action. MACRA may also suspend or revoke a licence granted under the Communications Act if the licensee fails to comply with the Communications

Act or the terms and conditions of his licence or indeed for contravention of any other written law relevant to the communications sector.

MACRA may, after obtaining a search warrant issued by a magistrate court, enter and search premises that are owned or occupied by any person that MACRA has reasonable cause to believe is using frequencies in contravention of the Malawi Communications Act or causing harmful interference with other communications. Where it is satisfied that an offence under the Malawi Communications Act has been committed or is about to be committed, it may stop the operation of the illegal activity, seal the premises, seize any equipment that is being used for illegal purposes or take any other action that it deems necessary.

MACRA may also issue fines under certain circumstances, for instance where licensees do not meet such minimum standards or quality as MACRA may specify and publish or where it does not comply with the terms and conditions specified in its service level agreements or customer service contracts among others. In brief, where MACRA determines that a licensee has contravened a provision of the Communications Act or Regulations or a condition of its licence, MACRA can impose any of the following sanctions: issue a compliance order, issue a cease and desist order, issue a compensation order, impose a fine, issue a warning, suspend or withdraw a licence for a maximum period of three years, revoke the licence; or make any other order it considers appropriate. MACRA may also exercise its discretion and refuse to renew a licence.

Market liberalisation

The enactment of the Communications Act, 1998, brought forth liberalisation in the telecommunications market in Malawi. As of the date of this Registration Document, six entities (Malawi Telecommunications Limited, Access Communications Limited ("ACL"), Telekom Networks Malawi ("TNM"), Airtel Malawi, Celcom and Lacell) have been licenced to operate as fixed and mobile national operators telecommunications services on their own networks. Although Celcom and Lacell (both mobile operators) have been issued with licences by MACRA, they have not commenced operations to date.

Foreign participation, local listing requirements and local shareholding requirements

Both the Malawi Communications Act and the Malawian Telecommunications Regulations provide for local shareholding requirements. The Malawian Telecommunications Regulations outline that applicants of individual licences, with the exception of content service provider licences, are required to have at least 20% local Malawian shareholding which should be maintained throughout the period of the licence. A licensee who at the commencement of the Malawian Telecommunications Regulations was not in compliance with this requirement was given two years from the effective date of the Regulations to ensure that it was in compliance with the local shareholding requirement. Changes in the shareholding structure of a licensee require prior approval of MACRA. See Part 1 (Risk Factors—Risks relating to the business and industry of the Group—Certain of the Group's operating subsidiaries are, or may in the future be, subject to local listing or ownership requirements, which may be difficult or costly to comply with in a timely manner, or at all, and which could make it harder for the Group to achieve its strategic objectives or which could otherwise have an adverse effect on the Group) and Part (Additional Information—Disputes and proceedings) for further information about Airtel Malawi's local listing obligation.

Consumer protection and Competition

The Communications Act provides that amongst the various functions of MACRA, one of them is to promote, develop and enforce fair competition and equality of treatment among operators in any business or service relating to the communications service sector. In the exercise of its powers under the Communications Act, MACRA is required to co-ordinate with the Competition and Fair Trading Commission established under the Competition and Fair Trading Act.

As part of its competition related functions under the Communications Act, MACRA is required to conduct market analysis and identify dominant market players. After identifying the dominant market player or players, MACRA is required to ensure that such licensee should comply with certain obligations under the Communications Act which include, among others, the obligation to publicly make available information regarding interconnection, access and infrastructure sharing and the obligation to submit to MACRA it technical and price offers with respect to interconnection, access and infrastructure sharing by such a date as MACRA may determine.

MACRA may, where justified, intervene in order to ensure non-discrimination, fair competition, economic efficiency and maximum benefit for customers. MACRA also has the power to prevent anti-competitive practices by ordering the licensee to cease or refrain from taking such action. In addition to its functions to promote, develop and promote competition, MACRA is also required to protect the interests of consumers, purchasers and other users of communication services. The Communications Act also requires every licensee to, in the provision of its services, adhere to the provisions of the Consumer Protection Act, the Competition and Fair Trading Act, and information and communication technology consumer rights and obligations.

Anti-Money Laundering Act and Anti-Money Laundering Regulations

The Payment Systems Act requires system operators to comply with anti-money laundering laws. Malawi's anti-money laundering laws do not make specific reference to the telecommunications sector. However, the Guidelines for Mobile Payment Systems issued by the Reserve Bank require all institutions providing mobile financial payment services to, within three days, furnish the Financial Intelligence Malawi Authority with information on any transaction having attributes of a suspicious transaction, agent or subscriber.

It should also be noted that under the Financial Crimes Act ("FC Act"), financial institutions include money transfer service providers (such as Airtel Mobile Commerce Limited). Financial institutions are considered reporting institutions for purposes of the FC Act. The FC Act places a number of anti-money laundering and terrorist financing obligations on such institutions such as appointment of a compliance officer, establishment of internal reporting procedures, verification of customer identity and reporting of suspicious transactions among others.

Data Protection laws

The Communications Act prohibits a communications service licensee from disclosing subscriber information which is in its custody. This is subject to any written law or an order issued by the High Court of Malawi on an inter parties hearing. The Electronic Transactions and Cyber Security Act ("ETCSA") covers data protection in general and is not specific to the telecommunications sector. The ETCSA makes provision for electronic transactions; for the establishment and functions of the Malawi Computer Emergency Response Team; makes provision for criminalising offences related to computer systems and information communication technologies; and provides for investigation, collection and use of electronic evidence; and for matters connected therewith and incidental thereto. MACRA is responsible for the implementation of the ETCSA. The ETCSA also provides for the protection of data and privacy. It provides guidelines for the processing of personal data, provides for the rights of data subjects and security obligations of data controllers, among others.

Expected material changes in the laws

As at the date of this disclosure, there are no material changes in the law. Regulations such as the Interconnections, Tariffs and Facilities Regulations are expected to come into force during the course of this year. These regulations are intended to provide further guidance to operators in the telecommunications sector.

Licensing Framework for the Telecommunications Sector

Licence requirement

The Malawi Communications Act also prohibits the provision of electronic communications services except in accordance with a licence issued by MACRA. The telecommunications market is segmented into various categories; the main categories of licences are Network Service Licence, Application Service Licence and Content Service Licence. MACRA may issue either an individual licence and/or a class licence. An individual licence is one which has a large socio-economic impact as well as crucial regulatory obligations and is issued subject to availability of resources such as radio frequency spectrum. A class licence, on the other hand has lesser social-economic impact.

The licence categories are further categorised into market segments namely (i) the national segment, which authorises licences to provide their services within Malawi; (ii) the international segment, which authorises licensees to offer services outside a licenced region; and (iii) the regional market segment, which authorises a licensee to offer services within a licenced region.

Airtel Malawi's operating licences

Airtel Malawi was issued an Individual Licence for renewal of public telecommunications services licence on 7 February 2014, which is valid for 10 years. An annual licence fee of US$200 thousand is payable in advance on or before each anniversary of the effective date. Airtel Malawi is authorised under the licence to provide public telecommunications services in Malawi and to install, commission and operate any domestic transmission capacity and switching infrastructure for providing the services that it may require for its public telecommunication network.

It should be noted that under the new licensing regime coming into force, the general individual licence will be replaced by licences relating to the specific activity carried out by the operator. Although MACRA has been working with both Airtel Malawi and TNM on splitting the licence with Airtel Malawi and although the regulations were gazetted on 2016, the new regime has not yet been implemented. As such, entities like Malawi Towers Limited, the Group's towers subsidiary in Malawi, would no longer operate under Airtel Malawi's individual licence and instead, would be issued with its own licence.

Key industry regulatory issues

Spectrum allocation

The Malawi Communications Act vests MACRA with the legal ownership of spectrum on behalf of the country. MACRA's website provides that frequencies are assigned based on "first-come, first-served" basis provided that frequencies are available and so long as licensing requirements are satisfied depending on the type of service to be licenced. The Malawi Communications Act requires MACRA to manage frequency spectrum through the allocation, assignment and use of frequencies. MACRA is required to make rules governing the allocation, assignment and use of frequencies.

Interconnection

The Malawi Communications Act provides that MACRA shall regulate the implementation of interconnection, access, co-location and infrastructure sharing, based on the catalogues, interconnection agreements and framed tariffs enforced by licensees. Licensees are, with the approval of MACRA, free to enter into interconnection agreements on terms and conditions that they agree. Interconnection agreements are required to be in writing and must set out the contractual terms and conditions including (i) the interconnection location between the two networks; (ii) the interconnection costs; (iii) the interconnection charges; and (iv) maintenance fees.

In order to ensure compliance with the Malawi Communications Act and regulations made under it, MACRA may, during the course of negotiations between the parties, set out matters that the interconnection agreement shall contain. Where parties fail to reach an agreement within 2 months, MACRA may order the interconnection of the parties' electronic communications networks on such terms and conditions as MACRA may determine. Draft Interconnections Regulations have been prepared by MACRA and are expected to come into force in June 2019.

Tariff setting

In 2018, MACRA developed draft Tariff Regulations with the intention to ensure that tariffs are cost based as well as provide rules that telecommunications operators in Malawi will be required to follow when setting or revising charges for their services may set their own tariffs for the services that they provide. The draft regulations set out penalties for non-compliant operators. These are yet to come into effect.

Technical standards and duties to end customers

The Communications Act requires MACRA to establish and publish technical and performance standards with regard to the manufacture, import, sale, shipment and use of all electronic communications equipment, appliances and devices to be used for connection to an electronic communications network in Malawi. These standards have not yet been published; however, MACRA uses European standards as guidelines. Under the Communications Act and the (Telecommunications and Broadcasting Licensing) Regulations, 2016 licensees are required to obtain prior approval of MACRA for the type of equipment to be used before using any equipment for connection to an electronic communications network.

Universal service obligations

MACRA has created a Universal Service Fund; however, the rules governing the fund have not yet been effected. The draft rules are ready but will only be effected when the MACRA board has been constituted (the previous board members had come to the end of their terms). MACRA expects this to happen soon as Government is aware of the urgency of the matter. As at the date of this disclosure, MACRA pays 1% of the levy paid to it by the various operators towards the Universal Service Fund.

Regulatory notifications and/or consents for change of control or transfers of changes or changes in shareholding and directorship

Pursuant to the Malawi Communications Act and the Telecommunications and Broadcasting Regulations, consent from MACRA is expressly required for a direct transfer of shares. Consent is also required for an indirect transfer of shares where the transfer amounts to an acquisition of control. The Communications Act and the Telecommunications and Broadcasting Regulations do not prescribe a threshold relating to an indirect transfer of shares.

Under the Malawi Communications Act, “control” as used with respect to any person, means the possession, directly or indirectly, of the power to direct or affect the direction of the management of that person, whether through the ownership of shares, voting, securities, partnership or other ownership interests, agreement or otherwise.

The Telecommunications and Broadcasting Regulations further provides in Regulation 26 (6) that the Authority (MACRA) shall deem any change of controlling shareholding that effectively affect the control of its licence or is of more than fifty percent (50%) of shareholding as a licence transfer and therefore the provisions of regulation 22(5) apply. Regulation 22(5) provides that MACRA shall treat the transferee as a new applicant and in accordance with Regulation 6 must make the application in writing and in the manner prior written prescribed by MACRA.

Regulatory Framework for the MFS sector

Legislation and Policy

The Reserve Bank of Malawi Act (the “RBM Act”), the Payment Systems Act, 2016 (the “PSA”) and the Communications Act provide the principal legal framework in relation to mobile financial services in Malawi. The Ministry of Finance is involved in the strategic policy development for mobile money as part of its broader framework in improving financial services in Malawi.

Industry Regulator

Malawi’s MFS sector is primarily regulated by the RBM through its intra-departmental workforce and its Board of Governors. RBM is involved in the regulation and oversight of Malawi’s national payment system and general mobile money sector. National Payments Council which is involved in the promotion of national payment systems in Malawi whose membership includes commercial banks and other financial institutions in Malawi. The Financial Intelligence Authority is an autonomous central national agency reporting directly to the Minister of Finance which has wide ranging powers in relation to combating money laundering and terrorist financing.

Foreign participation and local shareholding requirements

There is no local shareholding requirement. The Payment Systems Act provides that a system operator shall seek prior approval of the RBM before making any changes to its ownership, management personnel and structure, system operations and any other changes or actions as may be determined by the RBM.

Licensing framework for the mobile money sector

The Guidelines for Payment of Mobile Money Systems provided by the RBM also provide for certain requirements in which mobile financial payment service providers are required to meet in order to be licenced as such. In October 2017, RBM issued Guidelines for Application and Authorisation of Payment Service Providers. These guidelines were issued with the objective of providing a procedural framework and guidance for the application and authorisation process of payment service providers. They provide for the procedures, key information and other requirements necessary for assessment of applications.

The Guidelines for Application and Authorisation of Payment Service Providers apply to all prospective payment service providers, which may include commercial banks, non-bank financial institutions, MNOs, local remittance service providers, electronic money issuers, card issuers, third party processors and other persons intending to operate payment services in Malawi.

The Exchange Control Act and the Regulations issued thereunder provide for exchange control and matters related thereto. The Exchange Control Act controls the making of payments outside Malawi in foreign currency and local currency (among others) all of which require exchange control approval.

Airtel Malawi's operating licences

Airtel Malawi holds a Certificate of Authorisation issued under the Payment Systems Act 2016 authorising Airtel Malawi Limited as a payment system operator to offer a mobile money service called "Airtel Money". Airtel Mobile Commerce Limited has an International Money Transfer Licence issued under the Exchange Control Act 1989 authorising Airtel Mobile Commerce Limited to provide International Money Transfer Services for the period 1 October 2015 to 31 December 2017. Pursuant to the Payment Systems Act 2016, a system operator is required to seek prior approval before making any changes to *inter alia*, its ownership.

Regulatory overview for the provision of credit, microloans or other financial services

The regulatory framework governing the financial services sector and in particular the framework relating to the business of making cash loans in Malawi on a small scale basis is also subject to the provisions of the RBM Act and its relevant regulations. Entities undertaking 'banking business' or 'financial business' are required to obtain the relevant licence from the RBM prior to commencing operations.

Competition Approval in Malawi

Pursuant to the Competition and Fair Trading Act Number 43 of 1998 (the "CFT Act"), any category of agreements, decisions and concerted practices which are likely to result in the prevention, restriction or distortion of competition to an appreciable extent in Malawi or in any substantial part of it are deemed anti-competitive trade practices and are prohibited under the CFT Act. Enterprises are not permitted to limit access to markets or otherwise unduly restrain competition, or have or are likely to have adverse effect on trade or the economy in general. This includes engaging in predatory behaviour towards competitors, including the use of cost pricing to damage, hinder or eliminate competition.

Mergers in Malawi are also subject to the COMESA Regulations.

Zambia

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

The Zambia Information and Communication Technologies Act, Number 15 of 2009 (the "Zambian ICT Act") and the various regulations promulgated thereunder along with various guidelines and policy statements issued by the telecommunications regulator, the Zambia Information and Communications Technology Authority ("ZICTA") and the Ministry of Communication and Transport ("MCT") provide the principal legal and regulatory framework for Zambia's telecommunications industry. The other piece of legislation applicable to the sector is the Electronic Communications and Transactions Act of 2009 ("Zambian ECT Act"). The Zambian ICT Act sets out a broad regulatory framework for a competitive and liberalised telecommunications sector. Various Regulations and Guidelines issued pursuant to the Zambian ICT Act provide detailed regulations on specific licensing, frequency management, dispute resolution, fair trading, interconnection, numbering and tariffs.

The Minister of the MCT issues telecommunications sector policies, with the advice of various stakeholders both from the private and public sector appointed at the discretion of the Ministry of the MCT In general, the Government of Zambia's telecommunications policy encourages competition and the efficient provision of telecommunications services, including the use of available resources such as the available radio spectrum. For example, the Zambia National Information and Communications Technology ("ICT") Policy has been developed to address challenges currently faced around capacity building, effective regulatory and legal framework and efficient and competitive ICT sector.

Industry Regulator

Zambia's telecommunications sector is regulated by ZICTA, which commenced operation in 1994. ZICTA's mandate includes: (i) licensing and regulating the communications industry; (ii) managing the country's frequency spectrum and numbering resources; (iii) facilitating the development and management of a national cyber security framework; (iv) type approving and accepting communications equipment meant for use in Zambia; (v) regulating retail and wholesale tariffs for communication services; (vi) promoting effective competition in the sector; and (vii) protecting consumer rights within the communications environment. ZICTA enforces the Zambian ICT Act and the Zambian ECT Act, the relevant regulations promulgated thereunder and the licence provisions. ZICTA issues compliance statements from time to time to operators and service providers that identify any failures by operators to comply with the terms of their licences. Operators that fail to remediate shortcomings identified in these statements within the timeframe stipulated by ZICTA may be subject to applicable penalties. ZICTA also investigates complaints against operators or service providers alleged to be engaged in anti-competitive practices and providing services below the technical standards and can issue orders to prevent such conduct and/or impose penalties. Repeated and/or prolonged contravention of licence conditions by an operator may result in revocation of its licence.

Market liberalisation

The telecommunications sector in Zambia was historically dominated by Zambia Telecommunications Company Limited ("Zamtel"), a state owned company. Since 1991, there have been significant developments in the sector to actively liberalise the sector. As of the date of this Registration Document, four entities (Airtel Networks Zambia Plc (Airtel Zambia), MTN Zambia Limited, Zamtel and UZI Zambia Limited (a subsidiary of Unitel International holdings), which has been given a licence but has not as of the date of this disclosure, commenced operations) have been licenced to operate national cellular mobile telecommunications services on their own networks. In addition, several entities hold MVNO licences to operate mobile telecommunications services relying on the network of another operator.

Foreign participation, local shareholding requirements and local listing requirements

Airtel Zambia is a listed entity. Listed entities are required to have a minimum of 25% of its listed shares on the Lusaka Stock Exchange held by the public. Airtel Zambia's current public shareholding is less than the required threshold. However, no material adverse measures have been taken by the Lusaka Stock Exchange and Airtel Zambia has taken a number of steps to ensure its gradual compliance with the 25% public free float requirement. On 22 January 2017, the Lusaka Stock Exchange noted that Airtel Zambia had complied with its directive to deposit shares in the name of the Lusaka Stock Exchange Central Shares Depository as nominee. As of that date, the number of shares deposited and available for trading stood at 21.4%, being the amount outstanding of the minimum free float. Other steps taken include introducing an "investors" section on Airtel Zambia's website and preparing to undertake a domestic road show. The Lusaka Stock Exchange has provided oral confirmation of its comfort with Airtel Zambia's steps to become compliant.

Other relevant regulatory requirements

Data protection regulation

The ECT Act provides for data protection in Zambia. Data protection under the ECT Act only applies to personal information that has been obtained through electronic transactions. Section 41 of the ECT Act requires a data controller to subscribe to the principles outlined in section 42 of the ECT Act by recording such fact in any agreement with a data subject. Companies in telecommunications industry that collect personal data about client are required to comply with provisions of section 41 and 42 of the ECT Act.

Property Transfer Tax on transfer of shares

Transfers of shares in a Zambian company attracts property transfer tax ("PTT") at 5% of the realised value of the shares to be transferred. The burden of paying is on the transferor but the parties to a transaction can agree for the transferee to pay on behalf of the transferor. The Property Transfer Tax Amendment Act of 2017 provides that in the case of a transfer of a share or shares issued by a company incorporated outside Zambia where that company directly or indirectly owns at least 10% of a company incorporated in Zambia, PTT shall be charged and collected from the Zambian incorporated company at the rate of 5% of the realised value of the shares transferred. Transfers of shares listed on the Lusaka Stock Exchange such as shares in Airtel Zambia are specifically exempted from PTT, and in light of the Company's understanding of the policy objective of that exemption, the Company does not believe that PTT should or will be applied to transfers of shares in the Company following any listing of the Company's shares so long as they are listed for trading on the London Stock Exchange.

The Company became the holding company of BAIN and its subsidiaries in September 2018 through a purchase of shares of BAIN from the then existing shareholder. Based on third party advice, the Group believes that any applicable PTT would not be material to the overall financial performance of the Group.

Anti-money laundering

The Prohibition and Prevention of Money Laundering Act, 2001 makes it an offence to commit money laundering in Zambia which is defined as engaging, directly or indirectly, in a business transaction that involves property acquired with proceeds of crime, receiving, possessing, concealing, disguising, disposing of or bringing into Zambia, any property derived or realised directly or indirectly from illegal activity; or the retention or acquisition of property knowing that the property is derived or realised, directly or indirectly, from illegal activity.

There is also a requirement under the Financial Intelligence Centre Act of 2010 ("FICA") for companies in the telecommunications sector and those regulated by the Bank of Zambia to observe anti-money laundering regulations set out in the FICA Act which include (i) observing KYC rules in respect of its clients (ii) the requirement to develop and implement programmes for the prevention of money laundering ,financing of terrorism and other serious offences and (iii) the obligation to report suspicious transactions i.e. any transaction reasonably suspected to be related to or linked to, or to be used for, terrorism, terrorist acts or by terrorist organisations or persons who finance terrorism and any property suspected to be proceeds of crime.

Licensing Framework for the Telecommunications Sector

Licence requirement

The Zambian ICT Act provides that any person involved in the provision of telecommunications services must be licenced by ZICTA. ZICTA issues two main types of licences, a service licence and a network licence. The actual network or service will be noted on the licence issued to an operator specific to the network or service to be operated. In addition, investors who wish to land a submarine cable in Zambia require a network licence specific to that while those interested in building a system for the provision of international voice or data services are required to get a service licence for international Systems and Services.

Airtel Networks Zambia Plc's operating licences

Network Licence

Airtel Zambia obtained a Network Licence, expiring on 21 May 2028, to provide international mobile telecommunications services and public payphone services in Zambia and outside Zambia. The renewal period for network licences is discretionary on the part of ZICTA but usually network licences are renewed for the period of 15 years. Airtel Zambia's Facilities Network Licence was acquired for an initial cost of ZMW720 thousand (approximately US$55 thousand). Airtel Zambia is required to pay an annual operating fee of calculated at 1.5% of the company's annual gross turnover generated from provision of licenced services related to the network licence. Airtel Zambia's licence requires it, among other things, to: (i) operate and apply an assigned numbering plan; (ii) offer interconnection to other licenced operators; (iii) adhere to certain national network roll-out targets; (iv) submit an annual licence compliance report; and (v) adhere to specified payphone roll-out targets.

Services Licence

Airtel Zambia obtained a National Service Licence, expiring on 21 May 2028, to provide services in Zambia. Airtel Zambia's Service Licence was acquired for an initial cost of ZMW1.92 million (approximately US$147 thousand). Airtel Zambia is required to pay an annual operating fee of 3% of its annual gross turnover generated from provision of licensed services related to the service licence. Airtel Zambia's licence requires it, among other things, to (i) operate the services and (ii) submit an annual licence compliance report.

Radio Spectrum Licence

Airtel Zambia's radio spectrum licence is renewable annually upon payment of the required fees. The latest was granted on 1 October 2018 and will expire on 30 September 2019.

Key industry regulatory issues

Spectrum allocation

Section 28 of the Zambian ICT Act provides that a person shall not establish and operate a radio or provide a radio communication service without a licence issued by ZICTA. The duration of the licence is as specified in the licence by ZICTA. ZICTA is authorised to allocate frequency to licensees for the licensees' use in their business. The procedure for applying for and allocation of frequency spectrum is provided for in the 2017 Licensing Regulations issued by ZICTA.

Interconnection

Licensing guidelines issued by ZICTA from time to time regulate the manner in which interconnection is assigned to industry operators. According to the 2017 Licensing Guidelines, an applicant for an international individual network licence must demonstrate the interconnection system capability before the licence can be awarded to the applicant.

Tariff setting

Before tariffs are introduced by operators in the telecommunications service, they are submitted to ZICTA for approval.

Technical standards and duties to end customers

Under the Zambian ICT Act, ZICTA is required to regulate standards of the electronic communication services provided in Zambia. ZICTA conducts periodical inspections and investigates complaints from the public regarding quality of service provided by operators. Operators falling short of the standards are liable to penalties imposed by ZICTA including fines and directives to improve the quality of service.

In addition, consumer protection laws provide protection consumers of supplies on the Zambian market. For instance the Competition and Consumer protection Act No. 24 of 2010 ("Zambian Competition Act") prohibits suppliers of services from engaging in unfair trading practice. A trading practice is unfair if it misleads consumers, compromises the standard of honesty and good faith which an enterprise can reasonably be expected to meet; and thereby distorts, or is likely to distort, the purchasing decisions. There is also a duty for suppliers to supply services that are suitable for the purposes for which they are supplied. Injured consumers have a right to lodge a complaint with the consumer protection commission which, following investigation, can fine suppliers up to 10% of the annual turnover.

Regulatory notifications and/or consents for change of control or transfers of changes or changes in shareholding and directorship

The Zambian ICT Act prescribes an express requirement to notify ZICTA in the case of any direct or indirect changes in shareholding. As such, a post-transaction notification to ZICTA is required to be made. Further, ZICTA's prior written consent is required for any transfer of shares which would result in the direct or indirect ownership of more than 25% of the issued voting share capital of the licensee or any change in the ownership of the licensee's issued voting share capital that results in a change in the composition of one quarter of the licensee's board of directors. Where the applicant fails to obtain ZICTA's consent, ZICTA may cancel or suspend the licensee where the licensee contravenes the Zambian ICT Act or any terms of its licence.

Rule 66 of the First Schedule to the Securities (Take-Overs and Mergers) Rules provides:

"*a person acquiring or disposing of shares or voting rights in shares in a listed company is required to notify the company not later than 9:00 am on the dealing date following the date of acquisition or disposal if:*

(a) the acquiring entity holds shares representing 20% or more but less than 35% of the voting rights in the company; or

(b) acquiring or selling entity already holds 20% or more but less than 35% of the voting rights and this is increased or decreased by 20% but not exceeding 35% of the voting rights; or

(c) as a result of the disposal, his shares decrease from one representing 20% or more of voting rights to one representing less than 20%."

Voting rights are defined in the rules as *"all the voting rights currently exercisable at a general meeting of a company whether or not attributable to the share capital of the company."*

In light of this, the Lusaka Stock Exchange interprets voting control in shares of a listed entity as extending to indirect acquisition of interest in a Zambian listed entity. In practice, the notification is made by the broker for the listed entity to LuSe, the listed company and Zambian Securities Exchange Commission ("ZSEC").

The law in this case prescribes an express requirement to notify the Lusaka Stock Exchange, ZSEC and Airtel Zambia in the case of any direct or indirect changes in shareholding. As such, a post-transaction notification to the above mentioned authorities and the company is required to be made by the relevant stockbroker.

Regulatory Framework for the MFS sector

Legislation and Policy

The National Payment Systems Act No. 1 of 2007 ("Zambian PSA") and the National Payment Systems Directives on Electronic Money Issuance 2015 ("Zambian NPS Directives") provide the principal legal and regulatory framework in relation to payment systems businesses in Zambia as well as setting out the regulatory framework in relation to the regulation and supervision of payment systems and payment service providers. The Ministry of Finance and National Planning is responsible for setting the sector policy framework. The regulatory framework in Zambia has enabled the development of the MFS sector in the country.

Industry Regulator

Zambia's MFS sector is regulated by the Bank of Zambia ("BOZ"), led by its board of directors, which is responsible for, amongst other things, ensuring the integrity, effectiveness, efficiency, competitiveness and security of the payment system, as well as the constant review of the BOZ's resources and determining whether policy statements are consistent with the BOZ's primary function and policy objectives.

Licensing framework for the mobile money sector

Pursuant to the Payment Systems Act, the Airtel Mobile Commerce Zambia Limited is required to hold a licence to act as a payment system provider.

Airtel Mobile Commerce Zambia Limited's operating licences

For purposes of operating a mobile money business, the operating licence is issued by the BOZ upon the operator being designated as a payment system business.

Regulatory overview for the provision of credit, microloans or other financial services

The regulatory framework governing the financial services sector and in particular the framework relating to the business of making cash loans in Zambia on a small scale basis is subject to the provisions of the Banking and Financial Services Act of 2017 and the Banking and Financial Services (Microfinance) Regulations, 2006. Small scale lending is done by licenced microfinance institutions which can either be deposit taking or non-deposit taking institutions. Microfinance institutions require a licence from the bank of Zambia to operate and shareholders cannot hold more than 50% of shares in a microfinance institution without prior written approval of the Bank of Zambia. Microfinance institutions, unlike ordinary companies in Zambia, require at least 5 directors' majority of whom should be resident in Zambia. Members of the board, the chief executive officer and chief financial officer should be approved by BOZ prior to their taking office upon them satisfying the requirements and qualifications under the Banking and Financial Services (Microfinance) Regulations, 2006.

Charging of penalty interest is prohibited under Zambian law.

Competition Approval in Zambia

Mergers in Zambia are regulated by the Zambian Competition Act, Competition and Consumer Protection (General) Regulations Statutory Instrument No. 97 of 2011 (the Regulations) and the regulations and guidelines issued thereunder. Mergers that meet the threshold for approval that are implemented without approval are void and parties to such mergers may be fined up to 10% of their annual turnover by the competition commission. The Zambian Competition Act applies to all economic activity within or having an effect within Zambia under section 3 of the Zambian Competition Act including mergers and acquisitions. In addition, mergers that have effect in at least two member countries of COMESA are also regulated by the CCC.

COMESA Competition Commission

The COMESA Regulations provide that a merger is notifiable if it meets the below thresholds:

- The combined annual turnover or combined value of assets, whichever is higher, in the COMESA Common Market of all the parties to the merger equals or exceeds US$50 million; and

- The individual annual turnover or value of assets of at least two of the parties in the region must be US$10 million, unless each of the parties to a merger achieves at least 2/3 of its aggregate turnover or assets in the COMESA Common Market within one and the same Member State.

If the combined turnover of the target and the acquirer falls within the above thresholds then the transaction will be notifiable to the CCC. Parties are required to notify the CCC within thirty (30) days of the parties' decision to merge.

Rest of Africa

Niger

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

The telecommunications sector in Niger has developed over the last 15 years. The Ministry of Communications and Post, together with other relevant government authorities and stakeholders, is seeking to further update the legal and regulatory framework for telecommunications. The telecommunications sector in Niger is subject to a number of laws and regulations governing, amongst other things, conditions for interconnection, spectrum management and the offering of VAS.

Industry Regulator

Niger's telecommunications sector is regulated by ARCEP, which commenced operation in 2012. ARCEP's mandate includes: (i) licensing and regulating the communications industry; (ii) managing the country's frequency spectrum and numbering resources; (iii) facilitating the development and management of a national cyber security framework; (iv) type approving and accepting communications equipment meant for use in Niger; (v) regulating retail and wholesale tariffs for communication services; (vi) promoting effective competition in the sector; and (vii) protecting consumer rights within the communications environment.

ARCEP enforces the relevant telecommunications laws and licence provisions. ARCEP issues annual compliance statements to operators and service providers that identify any failures by operators to comply with the terms of their licences. Operators that fail to remediate shortcomings identified in these statements within the timeframe stipulated by ARCEP may be subject to applicable penalties. ARCEP also investigates complaints against operators or service providers alleged to be engaged in anti-competitive practices and can issue orders to prevent such conduct and/or impose penalties. ARCEP also enforces the obligations of operators to conform to applicable technical standards. Repeated and/or prolonged contravention of licence conditions by an operator may result in revocation of its licence.

Market liberalisation

Niger has been actively liberalising its telecommunications over the last few years. The state owned fixed line operator, Sonitel merged with its subsidiary, SahelCom providing cellular mobile telecommunications services to form a new entity, Niger Telecom. As of the date of this Registration Document, four entities (Airtel Niger, Orange, Niger Telecom and Moov) have been licensed to operate national cellular mobile telecommunications services on their own networks.

Licensing Framework for the Telecommunications Sector

Licence requirement

The law provides that any person involved in the provision of telecommunications services must be licenced by the Ministry and ARCEP.

The following licences are required for purposes of providing telecommunications services: GSM licence, spectrum licences (2G, 3G and 4G), Fixed Service Radio Frequencies licence and Radio Frequencies of Terrestrial Fixed Services.

Celtel Niger S.A.'s operating licences

Decree No. 2014-489/PRN/MPT/EN dated 22 July 2014 renewing Airtel Niger's 2G licence and granting the 3G licence for a period of 15 years, expiring in December 2030. Airtel Niger's licence was acquired for an initial cost of CFA34 billion (approximately US$58 million). Airtel Niger is required to pay an annual operating fee of 2% gross revenue less interconnection charges. Further, annual charges are levied or universal access, training and research, which amount to 4% and 1% of annual turnover.

Airtel Niger's licence requires it, among other things, to (i) operate 2G services and (ii) submit an annual licence compliance report.

Decree No. 2018-289/PRN/MPT/EN dated 23 April 2018 granting the 4G licence for a period of 15 years, expiring in April 2033. Airtel Niger's licence was acquired for an initial cost of CFA12 billion (approximately US$20 million). Airtel Niger is required to pay an annual operating fee of 2% gross revenue less taxes and interconnection charges. In addition, annual charges are levied for universal access, training and research levied at 2% and 1%, respectively, of annual turnover.

Airtel Niger's licence requires it, among other things, to (i) operate 4G services and (ii) submit an annual licence compliance report.

Key industry regulatory issues

Spectrum allocation

The Ministry of Communications issues licences authorising the installation and use of radio-communications equipment. When granting a mobile telecommunications licence, the Ministry of Communications allocates a particular band of frequency for use by the licensee. The term of these frequency licences is 15 years, and they are renewable. A licensee shall not transfer frequencies assigned and the rights therein without the written consent of the Ministry of Communications.

The Niger Telecom Law number 2018-45 of July 2018 provides a framework for spectrum pricing, allocation and trading. The Ministry of Telecommunications of Niger generally encourages sharing of frequencies and may, where necessary, require a licensee to share a frequency.

Interconnection

The Niger 2018 Telecom Law provides an interconnection framework that gives ARCEP the power to set rules and interconnection tariffs after performing a market study and consulting the relevant stakeholders.

Tariff setting

Mobile telecommunications operators in Niger may set their own tariffs for the services that they provide.

Technical standards and duties to end customers

Airtel Niger's licence requires it to operate its network in conformity with the technical standards of the ITU and other internationally recognised organisations. Airtel Niger must obtain approval from the Regulator prior to using any radio communications apparatus.

Airtel Niger's licence subjects it to a number of obligations to end customers, including: (i) providing operator assistance services for free or at reasonable charges; (ii) providing customer information services; (iii) not showing undue preference or undue discrimination between customers; and (iv) making available copies of its current tariffs and terms and conditions to any person on request.

Universal service obligations

The terms and conditions of the licence specify 2% of gross revenue less interconnection charges will be annually contributed to the Universal Service Fund. The Niger 2018 Telecom law allows for the amount to be paid directly to the national Universal Access project (Pay or Play).

Regulatory notifications and/or consents for change of control or transfers of changes or changes in shareholding and directorship

The regulator must be notified by the licensee of any change or modification of the composition of its shareholding and the voting rights two months prior to the date of completion as required under Article 27 under Law No. 2018-45 of 12 July 2018. In general, operating licence-backed specifications contain change of control clauses requiring licensees to notify the regulatory authority prior to any transfer of shares affecting more than 10% of the share capital. Article 28 under Law No. 45 of 12 July 2018 regarding Telecommunications and Article 30 of ordinance 99 provides that a licence or authorisation may be withdrawn in the event of a serious breach of the relevant requirements and obligations following the provision of formal notice from the regulator to cure the breach in addition to the imposition of other penalties, including fines up to 3% of the turnover for licence holders and 1% for assignment authorisations.

Regulatory Framework for the MFS sector

Legislation and Policy

The regulatory framework governing the financial services sector is provided by the instruction No008-05-2015- BCEAO related to Mobile money issuer activity.

Industry Regulator

The Mobile Money Activity is regulated by the Central Bank of West African States (BCEAO).

Foreign participation and local shareholding requirements

Pursuant to the instruction No008-05- 2015- BCEAO related to Mobile money issuer activity, the Airtel Mobile Commerce Niger is required to hold a licence to act as a payment system provider or to have a partnership with a licensee.

Airtel Niger's operating licences

Licence held by Ecobank bank with Airtel Niger as a technical partner.

Competition Approval in Niger

WAEMU Regulation No. 02/2002/CM/UEMOA of 23 May 2002 on anti-competitive practices (the "Regulation on Anti-Competitive Practices") within WAEMU prohibits one or more enterprises from exploiting an abusive position in the WAEMU Common Market or in a significant part of it this prohibition also extends to practices amounting to an abuse of a dominant position by one or more undertakings. A practice amounting to an abuse of a dominant position includes a "concentration", as defined in the Regulation on Anti-Competitive Practices, which creates or reinforces a dominant position, held by one or more undertakings, which has the effect of significantly impeding effective competition within the WAEMU Common Market.

Gabon

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

The principal Gabonese laws regulating the telecommunications sector are:

(a) Law No. 005/2001 dated 27 June 2001 ("Gabonese Telecom Law");

(b) Decree No. 84/PR/MCPTNTI dated 26 October 2006 relating to the rights, fees and contributions applicable to telecommunications operators holding a public service delegation or a licence; and

(c) Law No. 006/2012 ratifying the ordinance No. 8/PR/2012 creating ARCEP.

The Minister of the Ministry for Telecommunication is in charge of the implementation of the legal and regulatory framework for the Gabon telecommunications industry. In addition to the Gabonese Telecom Law, the subsidiary legislation set out above provides detailed regulations on specific licensing, frequency management, dispute resolution, fair trading, interconnection, numbering and tariffs.

Industry Regulator

Gabon's telecommunications sector is regulated by ARCEP, which commenced operations in 2011 replacing the previous regulator, ARTEL, which had regulated the sector since 2001). ARCEP is mandated to: (i) ensure operators comply with the obligations under Community rules, international agreements, national legislation and regulations applicable to electronic communications, postal services, and to punish infringements; (ii) prepare studies and draft texts relating to the sector of electronic communications and posts, on its own initiative or at the request of the Government of Gabon; (iii) assist ministries in the exercise of their powers over public services customised operating in the electronic communications and postal sector; (iv) issue opinions on all matters relating to the electronic communications sector and posts; (v) ensure compliance by the operators of the provisions contained in the licenses, authorisations, approvals and specifications and to sanction or have the offenders punished; (vi) ensure that operators fulfill the formalities for obtaining authorisations or declarations related to the exercise of the activities of the sector; issue prior agreements to operators of networks open to the public duly authorised by the texts in force, necessary for the exercise of their right of passage in the public domain and servitudes on private property; prevent and punish anti-competitive practices; (vii) ensure the fair treatment of consumers and to punish violations, compliance with contractual stipulations between operators, to prevent conflicts and to sanction breaches; (viii) issue opinions on any transaction for the sale or redemption of shares between the operators, operators comply with the obligations and prohibitions relating to the personal and non-assignable nature of the license and to punish infringements thereof; (ix) ensure that changes in direct or indirect control resulting from sales or purchases of shares do not become disguised licenses and punish the authors; and (x) collect all relevant information relating to operators' activities for the purpose of regulation.

ARCEP enforces the Gabonese Telecoms Law and licence provisions. Operators that fail to remediate shortcomings identified in compliance statements within the timeframe stipulated by ARCEP may be subject to applicable penalties. ARCEP also investigates complaints against operators or service providers alleged to be engaged in anti-competitive practices and can issue orders to prevent such conduct and/or impose penalties. ARCEP also enforces the obligations of operators to conform to applicable technical standards. Repeated and/or prolonged contravention of licence conditions by an operator may result in revocation of its licence.

Gabon has been actively liberalising its telecommunications sector since 2001, when it enacted Law No. 005/2001 regulating the telecommunications sector in Gabon. As of the date of this registration document, there are two entities (Airtel Gabon S.A. ("Airtel Gabon") and Gabon Telecom) that have been licensed to operate national cellular mobile telecommunications services on their own networks. In addition, several entities hold MVNO licences to operate mobile telecommunications services relying on the network of another operator.

Other relevant regulatory requirements

Anti-Money Laundering Act and Anti-Money Laundering Regulations

The Anti-Money Laundering legislation applicable in Gabon is the CEMAC Regulation N°01/CEMAC/UMAC/CM on the Prevention and Suppression of Money Laundering and the Financing of Terrorism and Proliferation in Central Africa dated 11 April 2016.

Data protection laws

Gabon has a data protection legislative framework in place, the Law N°001/2011 on the Personal Data Protection. According to that law processing data requires the prior authorisation of the person whose data will be processed or satisfaction of certain conditions. Processing of data that reveal racial or ethnic origin, political beliefs, trade unions membership, religious or philosophical beliefs, criminal convictions and health and sexual life is prohibited (article 47). Subject to certain provisions of the Personal Data Law, processing of personal data is subject to a declaration to the National Commission for the Protection of Personal Data (article 51).

Airtel Gabon S.A. licensing conditions require Airtel Gabon S.A. to keep certain categories of data for a period of at least five years (article 109), including service report files for voice, data and Short Message Service ("SMS") incoming and outgoing roaming data, and incoming and outgoing interconnection data, among other things.

Consumer protections laws

There is no specific consumer protection framework that is applicable in Gabon. Consumers are instead protected by several regulations according to the sector such as the Criminal Code, Law 15/89 on Competition and the Law No. 29/63 of 15 June 1963 regulating the price system in Gabon

Licensing Framework for the Telecommunications Sector

Licence requirement

The Gabonese Telecom Law provides that any person involved in the provision of telecommunications services must be licensed by the ARCEP.

Airtel Gabon's operating licences

Licence for the establishment and operation of a terrestrial cellular mobile network and the provision to the public of electronic communication services.

Airtel Gabon obtained a licence for the establishment and operation of a terrestrial cellular mobile network and the provision to the public of electronic communication services, dated of 10 July 2017 and granted to Airtel Gabon. The licence gives the right to establish and operate a terrestrial cellular mobile network on the Gabonese territory in order to provide electronic communication services to public and cannot be assigned or transferred. The licence is renewable for periods not in excess of 10 years each after the opinion of ARCEP. The licensee shall request the renewal 12 months prior to the expiry of the validity period of the licence. The licensee shall pay a duty of XAF9,000,000,000 and shall pay others various contributions and duties which amount such as provided by the regulatory texts.

Key industry regulatory issues

Spectrum allocation

The allocation of frequencies or frequency bands and the control of their use are ensured by ARCEP. Airtel Gabon has a right to use the radio frequencies assigned to its network for the operation of its cellular network, in particular the 800 MHz, 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz frequency bands. It can also benefit from new frequency bands reserved for IMT within the limits of availability (article 17 and 18 of the Operating License).

Interconnection

The legal framework for the provision of interconnection services are provided under the Gabonese Telecom Law and the Decree No. 540/PR/MPT dated 15 June 2005 regarding interconnection and infrastructure sharing. However, the licence itself also contains applicable conditions for the operator to abide by.

Airtel Gabon SA must interconnect its network with that of any other operator holding a license or authorisation, including universal service operators. It must offer fair treatment and shall not discriminate in the negotiations and interconnection transactions with other operators. Airtel Gabon S.A. is entitled to charge an interconnection charge which enables it to recover costs, including the cost of providing these services.

Tariff setting

Pursuant to Airtel Gabons licence conditions, Airtel Gabon benefits from the freedom to set the prices of the services offered to its customers and the freedom to determine its marketing policy and to organise its distribution network, subject to the provisions of the Anti-Competitive Actions and Practice Laws in addition to minimum thresholds on tariffs for incoming and international traffic on its network, which information must be notified to the ARCEP. Airtel Gabon is also required to publish and thereby inform the public/customers of its tariffs and general conditions of offers of services. The tariff of a license is provided by the specifications applicable to the operator. The Operating License of Airtel Gabon provide a license of an amount of XAF9 billion (approximately US$15.5 million).

Technical standards and duties to end customers

The relationship between Airtel Gabon and its customers must be governed by the terms of a contract. Users are treated equally and their access to the network is ensured under objective, transparent and non-discriminatory conditions. The connection, subscription and communication rates must respect the principle of equal treatment of users and be established in such a way as to avoid any discrimination. Except in the case of fraud, non-payment by a subscriber of the services of the licensee or the failure of a subscriber to respect the provisions of the contract binding him to the licensee, the licensee shall, in all the areas served, provide the service to any person who requests it and who is willing to pay the published price requested by the licensee and to comply with all other applicable general provisions established by the licensee in accordance with the license (Article 79 to 86 of the specifications of Airtel Gabon).

Universal service obligations

The universal service provides basic telecommunications services to any natural or legal person who so requests. This universal service ensures the routing of emergency calls, the provision of a universal directory and an information service and the service of the national territory in telephone booths installed on the public road domain. The universal service is set out in the tariff conditions of the specifications taking into account the specific difficulties of any kind for certain categories of population to access basic services. Funding for universal service obligations is provided by network operators open to the public and by telecommunications service providers. Airtel Gabon must pay to the ARCEP an annual contribution to the special fund for the universal telecommunications service, the amount of which is fixed in accordance with the regulations in force (article 22 of the Operating Licence).

ARCEP sanction

Airtel Gabon SA has been sanctioned by ARCEP and is now required to pay a fine for an amount of XAF8,170,612,478 (approximately US$ 14 million) due to the provision of poor quality services on its network. As of 13 December 2018, consequent to engagements with ARCEP, payment was suspended until further notice. On 27 May 2019, ARCEP issued a revised demand letter for US$8.6 million. Airtel Gabon will continue to engage with ARCEP on this matter and is confident of a positive outcome.

Regulatory Framework for the MFS sector

Legislation and Policy

The principal Gabonese laws regulating the mobile financial sector include:

(a) CEMAC regulation No. 02/03/CEMAC/UMAC/CM relating to systems, means and payment;

(b) CEMAC regulation No. 01/11-CEMAC/UMAC/CM relating to the activity of issuing electronic money dated 18 September 2011;

(c) Instruction No. 01-GR of 31 October 2011 of the Governor of BEAC, on the supervision of electronic money payment systems; and

(d) CEMAC regulation No. 04/ 18/CEMAC/UMAC/COBAC of 21 December 2018 relating to payment services in the CEMAC.

Industry Regulator

Central Africa Banking Commission ("COBAC"), is the regulatory supervisor for banking activities within the CEMAC community, in addition to the Central Bank of Central African States ("BEAC").

Foreign participation and local shareholding requirements

There are no minimum local shareholding or maximum foreign shareholding requirements for MFS.

Licensing framework for the mobile money sector

BGFI Bank Gabon is the mobile money licence holder.

Airtel Mobile Commerce Gabon is offering Airtel Money services through its partnership with BGFI Bank Gabon.

The MFS sector is governed by the following statutes and regulations:

(e) COBAC regulation R-2005/02 dated 1 December 2005 related to the establishment of electronic money;

(f) CEMAC regulation No. 01/11-CEMAC/UMAC/CM relating to the activity of issuing electronic money dated 18 September 2011;

(g) Instruction of the Governor No. 02 / GR / UMAC of 07 May 2014 relating to the establishment of the multi-banking within the framework of the activity of issue of the electronic money;

(h) Decision of the Governor No. 20/GR/UMAC on electronic money;

(i) Instruction No. 01-GR of 31 October 2011 of the Governor of BEAC, on the supervision of electronic money payment systems; and

(j) CEMAC regulation No. 04/18/CEMAC/UMAC/COBAC of 21 December 2018 relating to payment services in the CEMAC.

The Ministerial Committee of UMAC in its session dated of 21 December 2018 released a press release announcing that new regulations relating to payment system regulation had been adopted in December

2018 and were published in March 2019. The new regulation creates a new category of institution which is the Payment Services Institutions. Pursuant to the regulation, payment services institutions shall also be authorised by COBAC (article 23 of the regulation). Mobile companies should be concerned by this new regulation.

Regulatory overview for the provision of credit, microloans or other financial services

The provision of credit, microloans and other financial services is most notably governed by the following regulations:

(a) Convention of 17 January 1992 to harmonize banking regulations in Central Africa States;

(b) COBAC regulation R-2009/01 dated 1st April 2009 setting the minimum registered capital of the credit institutions;

(c) CEMAC regulation N°02/15/CEMAC/UMAC/COBAC dated 27th March 2015; and

(d) CEMAC regulation No. 01/17/CEMAC/UMAC/COBAC dated 27 September 2017 related to the conditions of exercise and control of the microfinance activities.

Granting credit, microloans and other financial services are considered to be banking activities. Due to the existing monopoly in the banking sector in the CEMAC area, entities undertaking banking activities as part of its business are required to obtain a banking license issued by COBAC to carry out the banking activities. The banking license shall take the form of an approval issued by the Minister in charge of Economy upon opinion of COBAC which is the regulatory supervisor for bank activities in CEMAC area.

Competition Approval in Gabon

The Central African Economic and Monetary Community (comprising Gabon, Cameroon, the Central African Republic (CAR), Chad, the Republic of the Congo and Equatorial Guinea) (“CEMAC”) regulation on competition only applies to mergers that have a regional dimension (i.e., involving legal entities registered and based in the CEMAC region).

Gabon law 5/89 on competition primarily deals with general anti-competitive practice provision such as monopolistic situation, abuse of dominant position, illicit agreement and other restrictive practices. Additionally, Law No. 014/1998 on competition, applicable to mergers has not come into force to date given that the Competition Commission has not been established to date. Once in force however, the law shall become applicable to merger transactions involving Gabonese entities and non-CEMAC entities.

Chad

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

The telecommunications sector in Chad is governed by the statutes and regulations set out below:

(a) Law No. 14/PR/2014 dated 21 March 2014 on electronic communications regulates licence allocation regimes and various authorisations for electronic communications, use of frequency, infrastructure related to electronic communications and interconnection pricing in the interest of consumers.

(b) Law No. 12/PR/2014 dated 14 December 2014 establishes the *Agence de Développement des Technologies de l’Information et de la Communication* (“ADETIC”). This law defines the status of ADETIC as a public administrative institution endowed with legal personality and financial autonomy. ADETIC is responsible, inter alia, for ensuring the harmonisation of technical standards and for proposing technical standards to promote interoperability between information systems.

(c) Law No. 13/PR/2014 dated 14 March 2014 laying down electronic and postal communications. This law determines the conditions for operators to contribute to the development of the universal service by promoting equitable treatment of operators involved in this sector of activity under the supervision of the Electronics Communications and Post Office Regulatory Authority (*Autorité de Régulation des Communications Electroniques et des Postes*) (“ARCEP”).

(d) Decree No. 2372/PR/PM/MPNTIC/2015 dated 8 December 2015 determines and fixes the fees and amounts of royalties on electronic communications. This decree determines various fees relating to electronic communications including the annual fees for the use of electronic communication channels and networks. Failure to pay fees may lead to sanctions.

(e) Decree No. 1606/PR/PM/MPNTIC/2014 dated 16 March 2014 determines the organisation and functioning of ARCEP. This decree determines the status of ARCEP as a public administrative institution with legal personality and management autonomy and its powers. As regulator, ARCEP ensures the application of the regulation of the sector.

(f) Order No. 036/MPNTIC/SG/2011 dated 10 August 2011 establishes the modalities and procedures of the approval of telecommunications terminal equipment. This order determines the procedure and conditions for approval of telecommunications terminal equipment. This procedure is accompanied by a certificate of approval and/or temporary admission certificate.

(g) Order No. 046/MPNTIC/SG/2011 dated 23 November 2011 relates to the operation of telecommunication services subject to statements. This order lays down the conditions of prior declaration to the opening, the operation and the transfer of the telecommunication networks as well as the obligations of the declarant.

(h) Order No. 007/MPNTI/SG/2012 dated 26 April 2012 determines and fixes the fees and amounts for the allocation of numbering resources. This order determines the conditions of the granting and use of resources of numbering including payment of fees and sanctions for non-compliant use.

Industry Regulator

Chad's telecommunications sector is regulated by the Ministry of Posts and New Information and Communication Technologies, which commenced operation in the 1990s. The Ministry of Posts and New Information and Communication Technologies is responsible for the determination, coordination, implementation and monitoring of government policy on Posts, New Information and Communication – *Technologies Nouvelles Technologies de l'Information et de la Communication* ("NTIC"). The Ministry of Posts and New Information and Communication Technologies mandate includes: (i) the implementation and monitoring of government policy on NTIC and related services; (ii) rehabilitation and modernisation of the post in order to ensure an optimal public service; (iii) regulation of electronic communications and posts; (iv) regulation, promotion and extension of the sector of NTIC; (v) regulation and development of postal financial services; (vii) negotiation and monitoring of the implementation of international conventions relating to postal services and NTIC in collaboration with the Ministries concerned; (viii) promotion of international cooperation regarding NTIC; (ix) promotion and management of the digital dividend; and (x) promotion of research, innovation and training in electronic and postal communications. An operator or supplier of electronic communications services is required to comply with the legal and regulatory provisions in force or the obligations arising from its specifications. Failure to comply with the provisions leads ARCEP to issue a 30 day notice for compliance.

Market liberalisation

Chad has been actively liberalising its telecommunications sector since 1998, when it enacted Law No. 009/PR/98 dated 17 August 1998 on telecommunications, which was abrogated and replaced by Law No. 14/PR/2014 dated 21 March 2014 on electronic communications. Since 1999, four entities, being Tchad Mobile Libertis (which lost its licence to operate since 2004), Tigo Tchad S.A. (a subsidiary of Millicom International Cellular), Airtel Tchad S.A. and Sotel Tchad (Salam), have been licenced to operate national cellular mobile telecommunications services on their own networks.

Other relevant regulatory requirements

(a) Law No. 005/PR/2015 dated 4 February 2015 on consumer protection in Chad ("Law No. 005/PR/2015") governs consumer transactions, including those relating to the production, supply, distribution, sale and exchange of goods, services and technologies. To this end, Law No. 005/PR/2015 determines the fundamental rights of the consumer, the quality and safety of products, goods and services and the loyalty of economic transactions. Law No. 005/PR/2015 also defines offences and sanctions.

(b) Law No. 014/PR/2014 dated 21 March 2014 on electronic communications determines ("Law No. 014/PR/2014"), in articles 94 to 98, the regime of the consumer protection. Consumers benefit from the secrecy of their communications, which is the responsibility of the operator or supplier, the collection and storage of data related to their identification. To this end, consumers are entitled to protection of the integrity and confidentiality of personal data and to fair billing in line with the level of the service rendered.

Anti-Money Laundering Act and Anti-Money Laundering Regulations

Under Regulation No. 01/CEMAC/UMAC/CM dated 11 April 2016 on the prevention and suppression of money laundering, terrorist financing and the proliferation in Central Africa ("Regulation No. 01/CEMAC/UMAC") certain general obligations apply to financial institutions regarding declarations, identification and verification of beneficial interest holders and oversight regarding business relationships. In addition, the specific obligations are imposed on financial institutions.

Pursuant to Article 27 of Regulation No. 01/16/CEMAC/UMAC, financial institutions must develop and implement programs to prevent money laundering and terrorist financing. To this end, these financial institutions must in particular:

(a) centralise information on the identity of customers, principals, beneficial owners, beneficiaries and proxy holders, agents, and suspicious transactions;

(b) set up an internal control system to verify the compliance, respect and effectiveness of the measures adopted;

(c) process suspicious transactions; and

(d) appoint a compliance officer in the central administration and in each branch, agency or local office and provide continuous training for personnel to detect the transactions related to the money laundering and the terrorist financing.

Essentially, the obligations of financial institutions prescribed by Articles 27 to 43 relate to the identification of clients according to their nature and status, the verification of transactions, the management of risks related to NTIC, the communication, retention of client documents and to allow the reconstitution of their transactions and the implementation of a more effective internal control system. Pursuant to COBAC Regulation R-2005/01 in relation to due diligence of reporting institutions in the fight against money laundering and terrorist financing in Central Africa, financial institutions are required to comply with the listed requirements, including KYC requirements, establishing clear policies and procedures, assessing competence of intermediaries and monitoring obligations. In the event of suspicious transactions, in particular transactions involving sums or property that could result from a crime or misdemeanour or be part of a money laundering process, an institution is required to report to ANIF.

Data protection laws

The data protection is governed by the following laws:

(a) Law No. 007/PR/2015 dated 10 February 2015 on the Protection of Personal Data. This law establishes a system for the privacy and professional protection including the collection, processing, transmission, storage and use of personal data. It shall ensure that information and communication technologies do not infringe the individual or public freedoms; and

(b) Law No. 009/PR/2015 dated 10 February 2015 on Cybersecurity and the Fight against Cybercrime: This law establishes the legal framework for the fight against cybercrime while respecting the rights and freedoms of individuals and defines offences and resulting sanctions related to the inappropriate use of information and communication technologies.

Consumer protections laws

In accordance with Law No. 014/PR/2014 dated 21 March, operators and suppliers as well as consumers have different rights and obligations. The operators and suppliers may freely set the tariffs of the electronic communications in accordance with the principles of transparency, objectivity and non-discrimination throughout the national territory (Article 60), these operators and suppliers also benefit to rights for access to the public domain and easements on private property necessary for the installation and operation of electronic communications equipment (Article 99).

Furthermore, operators and suppliers are required to facilitate access by other operators to electronic communications facilities and/or services open to the public (Article 84), these operators and suppliers must ensure consumer protection and environmental protection through the installation of equipment and infrastructure (Article 104), as well as operators and suppliers are required to share infrastructure between operators of electronic communications networks open to the public (Article 106). The commission of offences under Law No. 014/PR/2014 dated 21 March 2014 on electronic communications gives rise to criminal sanctions, including imprisonment and fines (Articles 113 to 124). In addition, consumers are more protected and therefore have rights than an obligation in the strict sense under Law No. 014/PR/2014 and Law No. 005/PR/2015.

Licensing Framework for the Telecommunications Sector

Licence requirement

Law No. 14/PR/2014 dated 21 March 2014 on electronic communications provides that any person involved in the provision of telecommunications services must be licenced by ARCEP. This law provides for four types of authorisation: concession, licence, general authorisation and approval. Each of these authorisations corresponds to a type of activity. The operation of electronic communications transport infrastructure open to the public and owned by the state or one of its branches, may be the subject of a concession granted for a period of 20 years following a procedure based on a call for applications. This concession is renewable once and the concession agreement approved by decree of the Council of Ministers.

A licence shall be issued to any legal person for the establishment and operation of electronic communications networks open to the public and the provision of electronic communications services to the public. A licence is granted by order of the Minister after consulting the ARCEP. The licence is valid for a period of 10 years, based on a public call for applications from legal entities that undertake to comply with the provisions of the law and the provisions of the specifications. The following activities are subject to the issue of a general authorisation issued by ARCEP; (i) the establishment and operation of independent networks; (ii) the operation of alternative infrastructures for the provision of electronic communications services to the public; (iii) the supply of radio equipment and terminals; and (iv) the allocation of frequency and numbering resources.

The exercise of electronic communications activities are subject to three types of regimes: the authorisation regime, the declaration regime and the free exercise regime.

The authorisation regime includes the licence, the concession, the general authorisation and the approval described above. (Articles 11 to 32).

The declaration regime applies to the provision of VAS to the public, the resale of telephone traffic, the operation of Global Satellite Communications Systems terminals, any electronic communications service not included in its specifications, the operation of high-capacity leased lines, the terminals of which will be set by ARCEP and the provision to the public of value-added services, the list of which is determined by decision of ARCEP. (Article 33).

The free exercise regime applies to the establishment of internal networks, the establishment of independent networks other than radio networks, the termination points of which are located at remote sites of a length less than a threshold set by ARCEP, the establishment of independent radio networks composed of low-power, short-range devices with characteristics defined by ARCEP, the operation of pay telephones open to the public and the provision of services not expressly subject to licence, general authorisation or declaration (Article 37).

Airtel Tchad S.A. operating licences

<u>3G Licence and 4G Licence</u>

Order No. 0010/PR/MPNTI/SG/2014 dated 8 April 2014, expiring on 8 April 2024, grants Airtel Chad a licence for the establishment, the provision and the operation of electronic communications services opened to public mobiles of third and fourth generation (3G and 4G) on the national territory and synchronisation of the duration of the authorisation of the second generation (2G).

The grant of the licence is subject to the payment of fees, the amount of which is specified in the allocation order. Order No. 0010/PR/MPTNI/PM/SG/2014, dated 8 April 2014 providing that Airtel Tchad SA has paid the initial fees of CFA10 billion (approximately US$17,195,000) to establish and operate third and fourth Generation mobile networks (3G and 4G licence) and for the synchronisation of the duration of the authorisation to establish and operate the second generation (2G) network issued in 2009. Thus, the amount of billion CFA10 billion represents the annual operating costs.

Specification (*Cahier des charges*) dated 8 April 2014

The conditions of the licence include the payment of fees and the contribution to the *"Fonds pour le Service Universel des Communications Electroniques"*. The licence is personal, it can neither be transferred nor assigned. The Licensee also undertakes to ensure the transfer of knowledge, technology, installation, operation and financing of the network in accordance with the specifications.

GHZ Spectrum allocation (*Assignation Frequences Band GHz*)

Decision No. 158/ARCEP/DG/DRN/SR/2017 dated 11 October 2017 expiring on 11 October 2022 authorises the use of 8 pairs of SHF frequencies for radio-relay systems in favour of Airtel Chad as regularisation. The licence conditions are the payment of fees and charges in accordance with Law No. 013/PR/2014 dated 14 March 2014 regulating electronic communications and postal activities, this authorisation is issued for a period of 5 years. It may only be transferred or assigned with the authorisation of ARCEP. Airtel Chad must comply with the specifications, laws and regulations in force.

SHF Bands allocation (*Assignation des canaux de fréquences SHF*)

Decision No. 036/MPTIC/SG/OTRT/DG/DR/SA/11 dated 1 March 2011 of an unlimited period assigns the SHF frequency channels to Airtel Chad. The Decision does not make reference to any conditions applicable to the licence.

SHF Spectrum allocation (*Assignation des fréquences SHF*)

Decision No. /MPTIC/SG/OTRT/DG/DR/SRA/10 for an unlimited period grants the SHF frequencies to Airtel Chad. The Decision does not make reference to any conditions applicable to the licence.

Key industry regulatory issues

Spectrum allocation

ARCEP may issue an authorisation for the installation and use of radiocommunication equipment. ARCEP issued an authorisation to Airtel Chad to use radio frequencies by Decision No. 164/ARCEP/DG/DRN/SR/2018 dated 19 November 2018.

Interconnection

ARCEP is mandated to approve technical and tariff offers for interconnection, ensuring that administrative and financial conditions do not constitute an obstacle to the provision of services. However, under the control of ARCEP, operators and suppliers of telecommunications networks open to the public must grant interconnection requests from other operators or suppliers, whether national or from CEMAC.

Tariff setting

The setting of tariffs by operators and suppliers of electronic communications services is in principle free, provided that it respects the principles of transparency, objectivity and non-discrimination throughout the national territory, except in cases of justified additional costs. However, ARCEP may decide to regulate the tariffs of an operator or supplier of electronic communications services to ensure compliance with the principles set out above.

Technical standards and duties to end customers

Technical standards are related to access to or provision of electronic communications services by operators. These operators are required to approve any request for reasonable access to these services. Operators have a right of easement, including the right of access to the public domain and private easements necessary for the installation and operation of electronic communications equipment. These installations must comply with the requirements of environmental protection. In addition, operators have an obligation to share the infrastructure of electronic communications networks open to the public. This sharing is subject to an agreement between the parties concerned. Operators are required to maintain the confidentiality and integrity of communications, identify consumers and charge for their communications in accordance with service provided.

Universal service obligations

The universal service obligation includes the provision of essential electronic communications services of good quality at an affordable price, in accordance with the principles of equality, continuity, adaptability and transparency as with any public service. The responsibility for this service lies with the State, the ARCEP and ADETIC. The universal service is covered by the *Fonds de Financement du Service Universal des Communications Electroniques*.

Regulatory notifications and/or consents for change of control or transfers of changes or changes in shareholding and directorship

In the event of a change in the share capital of the licensee or the voting rights of shareholders, the licensee must inform the ARCEP by registered letter, with acknowledgement of receipt, 30 days before the proposed operation. In addition, the licensee must obtain the prior written consent of the Ministry of Post and New Technologies of Information and Communication in the event of a direct or indirect change of control of the licensee and for any change of direct or indirect control of a company associated with the licensee, regardless of the legal terms.

According to Article 71 of Regulation No. 02/00/CEMAC/UMAC/CM dated 29 April 2000 related to exchange regulations, the transfer of investment capital is free subject to the following conditions:

(a) a declaration for the purposes of the compilation of statistics and the ex-post control of the monetary authorities; and

(b) it must not violate the texts repressing the financing of drugs, procuring or any other traffic contrary to the laws in force in CEMAC.

Failure to comply with these provisions will result in the application of the penalties provided for by the regulations in force. However, upon analysis, the regulations in force do not provide for penalties applicable to a failure to authorise or declare a change of control or a change in share capital. Pursuant to the above laws, the holder of a licence must obtain the prior written consent from the Ministry of Post and New Technologies of Information and Communication for any change of direct or indirect control of an associated company of the holder.

Regulatory Framework for the MFS sector

Legislation and Policy

There are various statutes and regulations that govern the mobile money sector in Chad. These are set out below. The Mobile Financial Services regulatory regime is governed at the Central African Economic and Monetary Community level by:

(a) Regulation No. 01/11-CEMAC/UMAC/CM dated 18 September 2011 relating to the activity of issuing electronic money. This regulation sets the framework for the exercise of the activity of issuing electronic money by credit institutions. Specifically, it determines: (i) the conditions of exercise of the activity of issuing electronic money, (ii) the regime of the issuance of electronic money and its conversion into fiduciary or scriptural money and (iii) the terms for regulating, controlling and supervising the activity of issuing electronic money.

(b) Instruction No. 01/GR/2014 dated 17 March 2014 relating to the oversight of payment systems within the CEMAC region. This instruction defines the organisation and sets the rules for the supervision of the payment systems operated in CEMAC, with a view to guaranteeing proper functioning, security and efficiency. This monitoring aims at ensuring compliance by the insured persons with the financial, operational, technical, legal and functional standards for the monitoring of payment systems set out in Article 16 thereto and concerns both endogenous and exogenous systems.

(c) Instruction No. 02/GR/2014 dated 7 May 2014 relating to the establishment of multibanking within the context of the activity of issuing electronic money. This instruction lays down the rules relating to multibanking as part of the activity of issuing electronic money in the Central African Economic and Monetary Community. It determines in particular: (i) the terms and conditions of participation in multibanking, (ii) organisation and operation of multibanking, (iii) the terms and conditions of clearing and settlement within the context of multibanking, (iv) the management of the guarantee fund dedicated to the multibanking activity and (v) the monitoring multibanking.

(d) CEMAC regulation No. 04/ 18/CEMAC/UMAC/COBAC of 21 December 2018 relating to the Payment services in the CEMAC region.

Industry Regulator

Chad's MFS sector is regulated by the Bank of Central African States (*Banque des Etats de l'Afrique Centrale – ("BEAC"))* and the Central African Banking Commission *(Commission Bancaire de l'Afrique Centrale – ("COBAC").* BEAC is the single central bank serving CEMAC. CEMAC is composed of six country members, Cameroon, the Central African Republic, Chad, Equatorial Guinea, Gabon and the Republic of the Congo. BEAC's role is to manage the region's monetary policy, issue currency, drive the exchange rate of the region, manage the foreign reserves of the member states and facilitate payments and settlement systems. BEAC regulates the sector through its regional banking commission, COBAC, which shares responsibility with the national Ministries of Finance for licensing new banks and regulating microfinance institutions.

Licensing framework for the mobile money sector

Regulation No. 01/11/CEMAC/UMAC/CM dated 18 September 2011 on the exercise of activities of issuing electronic money lays down the conditions for issuing electronic money, the procedures for regulating, controlling and supervising of this activity and the procedures for terminating of activity of issuing electronic money. Pursuant to Article 4 of Regulation No. 01/11/CEMAC/UMAC/CM dated 18 September 2011 on the exercise of activities of issuing electronic money, the licence is granted by the Governor of BEAC after approval of the technical committee. The issue of electronic money is subject to the prior authorisation of the Governor of BEAC.

Airtel Mobile Commerce Tchad SARL operating licences

Ecobank Chad Licence 2011

Decision No. 21/GR/2012 authorises Ecobank Tchad to carry out the activity of issuing electronic money. It determines the conditions for the use of issuance of electronic money in accordance with the regulations in force and in partnership with Airtel Mobile Commerce Tchad SARL dated 25 March 2012.

Regulatory overview for the provision of credit, microloans or other financial services

The regulatory framework governing the financial services sector and in particular the framework relating to the business of making cash loans in Chad on a small scale basis is also subject to the provisions of the BEAC and its relevant regulations. Entities undertaking 'banking business' or 'financial business' are required to obtain the relevant licence from the Governor of BEAC prior to commencing operations. Under the Convention dated 17 January 1992 in relation to the harmonisation of banking regulations in Central African States, the exercise by local law bodies and branches of institutions with their head offices abroad of the activity of credit institutions is subject to approval by the Monetary Authority ("BEAC") with the opinion of the *Commission Bancaire de l'Afrique Centrale* ("COBAC"). As part of the activity of credit, microcredits or other financial services in microfinance institutions, Article 47 of Regulation No. 01/17 dated 27 September 2017 on the conditions for the exercise and the control of microfinance activity provides that the exercise of this activity in the territory of one of the Member States of CEMAC is subject to the approval of the BEAC with the opinion of the COBAC.

Competition Approval in Chad

CEMAC regulations, Regulation No. 1/99/UEAC-CM-639, dated 25 June 1999, and Law No. 043/PR/2014, dated 13 November 2014, relating to competition prohibits the abuse of a dominant position, cartel behaviour and exclusivity arrangements under regional law. Abuse of dominant position, cartel behaviour and exclusivity arrangements is, if proven, subject to the payment of fines and other sanctions. Pursuant to Regulation No. 1/99/UEAC-CM-639 dated 25 June 1999 on the anti-competitive practices and Law No. 043/PR/2014 dated 24 December 2014 on competition, the anti-competitive practices and abuse of dominant positions are prohibited and subject to sanctions (the "CEMAC Regulation"). The authority responsible for regulating competition in Chad is the Conseil National de la Concurrence ("CNC"). The CNC is responsible for the promotion and protection of competition. It examines and issues an opinion on all matters relating to competition policy in Chad, and investigates, controls and sanctions anti-competitive practices.

Congo

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

Law No. 9-2009 on the regulation of the electronic telecommunications sector dated 25 November 2009 (“Congo Telecommunications Law”) and Ministerial Order Number 2711 MPTNTC/MEFB, 5 March 2005, (telecoms networks regulatory tax and fees) are the primary statute governing the telecommunications sector in Congo. The Congo Telecommunications Law sets out the regulatory and licensing framework for the telecommunications sector. The telecommunications sector in the Congo has rapidly developed over the last 20 years. The Ministry of Communications together with other relevant government authorities and stakeholders are seeking to further update the legal and regulatory framework for telecommunications.

Industry Regulator

Congo’s telecommunications sector is regulated by the Telecommunication Regulation Agency (“ARPCE”), which commenced operation in 2009. ARPCE’s mandate includes: (i) licensing and regulating the communications industry and issue technical opinions; (ii) managing the country’s frequency spectrum and numbering resources; (iii) type approving and accepting communications equipment meant for use in ROC; (iv) regulating retail and wholesale tariffs for communication services; (vi) promoting effective competition in the sector; and (vii) protecting consumer rights within the communications environment.

The Ministry of Communications, together with the ARPCE and the General Postal Office and Telecommunications Directorate, enforce the Congo Telecommunications Law and licence provisions. ARPCE issues annual compliance statements to operators and service providers that identify any failures by operators to comply with the terms of their licences. Operators that fail to remediate shortcomings identified in these statements within the timeframe stipulated by ARPCE may be subject to applicable penalties. ARPCE also investigates complaints against operators or service providers alleged to be engaged in anti-competitive practices and can issue orders to prevent such conduct and/or impose penalties. ARPCE also enforces the obligations of operators to conform to applicable technical standards. Repeated and/or prolonged contravention of licence conditions by an operator may result in revocation of its licence.

Market liberalisation

Congo has been actively liberalising its telecommunications over the last few years. As of the date of this Registration Document, four entities (Airtel Congo S.A., MTN, and Azur, in addition to Airtel Congo) have been licenced to operate national cellular mobile telecommunications services on their own networks.

Foreign participation, local shareholding requirements and local listing requirements

The Congo Telecommunications Law does not currently prescribe any minimum local shareholding requirements applicable to the telecommunications sector. Further, the Congo Telecommunications Law does

Licensing Framework for the Telecommunications Sector

Licence requirement

The Congo Telecommunications Law provides that any person involved in the provision of telecommunications services must be licenced by the Ministry of Communications and ARPCE. Telecom spectrum licences (2G and 3G) licences are required for purposes of providing telecommunications services.

Airtel Congo S.A.’s operating licences

<u>Telecom 4G licence dated 3 December 2018:</u> granted to Airtel Congo for a period of 15 years, expiring in December 2033. Airtel Congo’s licence was acquired for an initial cost of CFA10 billion (approximately US$17.6 million). Airtel Congo is required to pay an annual operating fee of 3% of gross revenue in the relevant period.

WiMax licence dated 12 October 2017: granted to Airtel Congo for a period of five years, expiring in October 2022. Airtel Congo's licence was acquired for an initial cost of CFA127,189,033 (approximately US$216,335).

Telecom 2G licence granted in March 2011: granted to Airtel Congo for a period of 15 years from 16 December 2013, expiring in March 2026. Airtel Congo's licence was acquired for an initial cost of CFA7 billion (approximately US$15 million).

Telecom 3G licence dated 25 February 2011: granted to Airtel Congo on 25 February 2011 for a period of 17 years, expiring in February 2028. Airtel Congo's licence was acquired for an initial cost of approximately CFA5 billion (US$10 million). Airtel Congo is required to pay an annual operating fee of 3% of gross revenue in the relevant period.

Authorisation No. 001/ARPTC/SI/016 dated 5 January 2017: allowing Airtel Congo to provide internet services in Congo for 10 years, expiring in January 2027. Airtel Congo's licence was acquired for an initial cost of CFA115 million (approximately US$200 thousand).

Key industry regulatory issues

Spectrum allocation

The Ministry of Communications issues licences authorising the installation and use of radio-communications equipment. When granting a mobile telecommunications licence, the ARPCE allocates a particular band of frequency for use by the licensee. The term of these frequency licences is one year, and they are renewable annually. A licensee shall not transfer frequencies assigned and the rights therein without the written consent of the ARPCE. The Congo Telecommunications Law provide a framework for spectrum pricing, allocation and trading.

Interconnection

The Congo Telecommunications Law specifies the technical and financial rules of interconnection and gives telecommunications providers the authority to determine mobile termination rates after consulting relevant stakeholders and performing a market study.

Tariff setting

Mobile telecommunications operators in Congo may set their own tariffs for the services that they provide.

Technical standards and duties to end customers

Airtel Congo's licence requires it to operate its network in conformity with the technical standards of the ITU and other internationally recognised organisations. Airtel Congo must obtain the homologation from the Regulator prior to using any radio communications apparatus.

Regulatory notifications and/or consents for change of control or transfers of changes or changes in shareholding and directorship

There are no restrictions on the direct or indirect transfer of shares (including by way of a transfer to a holding company). The Congo Telecommunications Law and OHADA Law do not set restrictions on the direct or indirect transfer of shares (including by way of a transfer to a holding company) and therefore no consents are required from the ARPCE. It is however recommended to address a post transaction notification to the Ministry of Telecommunications and the ARPCE. As such, there are no adverse consequences set out in the law in relation to failure to obtain the regulator's consent for a direct or indirect change in control of shareholding.

Regulatory Framework for the MFS sector

Legislation and Policy

The MFS sector is governed by the statutes and regulations set out below:

(a) CEMAC regulations on payment systems 2019 implementing the deposit guarantee fund (FOGADAC), revising the AML/CFT COBAC regulations for banks to implement the 2016 COBAC regulation, as well as the regulations on consumer protection, leverage ratio and consolidated supervision;

(b) Sector Regulation No. 01/11-CEMAC/UMAC/CM relating to the activity of issuing electronic money, 18 September 2011: This regulation sets the framework for the exercise of the activity of issuing electronic money by credit institutions. Specifically determining the following:

  (i) the conditions of exercise of the activity of issuing electronic money;

  (ii) the regime of the issuance of electronic money and its conversion into fiduciary or scriptural money; and

  (iii) the terms for regulating, controlling and supervising the activity of issuing electronic money,

(c) Instruction No. 01/GR/2014 relating to the oversight of payment systems within the CEMAC, 17 March 2014: this instruction defines the organisation and sets the rules for the supervision of the payment systems operated in CEMAC, with a view to guaranteeing proper functioning, security and efficiency;

(d) Instruction No. 02/GR/2014 relating to the establishment of multi-banking within the context of the activity of issuing electronic money, 7 May 2014: this instruction lays down the rules relating to multi-banking as part of the activity of issuing electronic money in the CEMAC. It determines in particular:

  (i) the terms and conditions of participation in multi-banking;

  (ii) organisation and operation of multi-banking;

  (iii) the terms and conditions of clearing and settlement within the context of multi-banking;

  (iv) the management of the guarantee fund dedicated to the multi-banking activity; and

  (v) the monitoring multi-banking; and

(e) CEMAC regulation No. 04/18/CEMAC/UMAC/COBAC of 21 December 2018 relating to payment services in the CEMAC.

Industry Regulator

Congo's financial sector is regulated by the BEAC led by its board of directors, which is responsible for, amongst other things, the constant review and use of the BEAC's resources and determining whether policy statements are consistent with the BEAC's primary function and policy objectives.

Foreign participation and local shareholding requirements

The relevant legislation prescribes local shareholding requirements.

Licensing framework for the mobile money sector

Airtel Mobile Congo S.A.'s operating licences

Licence held by BGFI bank with Airtel Mobile Congo S.A. as a technical partner.

Competition Approval in Congo

Mergers with dimension impacting CEMAC are regulated at a regional level by CEMAC pursuant to the CEMAC Regulation. The CEMAC Regulation provides that practices likely to impede competition including cartels, abuse of dominant position and concentration with a dimension impacting CEMAC or that substantially reduce competition are prohibited. CEMAC's competition authority is the *Organe de Surveillance de la Concurrence ("OSC").*

DRC

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

The primary statutes and regulations governing the telecommunications sector in DRC are Frame-Law Number 013/2002 (the "DRC Telecommunications Law") and Law Number 014/2002 (the "DRC Regulator Law"). The DRC Telecommunications Law and the DRC Regulator Law set out the regulatory and licensing framework for an increasingly competitive and liberalised telecommunications sector, as well as establishing the framework for the management of the ICT sector by the Ministry of Posts, Telecommunications and New Technology of Information and communications (*Societe Congolaise des Postes et Telecommunications*) ("SCPT") and the Regulatory Authority of Post and Telecommunications

(*Autorite de Regulation de la Poste et des Telecommunications du Congo*) ("ARPTC"). There are also several conventions and other instruments signed by the Government of DRC, including the Convention of the ITU, the Malouga-Torremolinos Convention and the Convention of the African Postal Union.

To further update the legal and regulatory framework for telecommunications and to further build the capacity of ARPTC in order to achieve its development objectives following the liberalisation of the sector, the Minister of SCPD, together with other relevant government authorities and stakeholders, has put forth amendments to the DRC Telecommunications Law. The amended and restated DRC Telecommunications Law has been approved by the parliament but it has not yet been promulgated. The Government of DRC is supportive of the enhancement of the telecommunications sector through the development and implementation of relevant policies.

Industry Regulator

DRC's telecommunications sector is regulated by ARPTC, which commenced operation in 2003. ARPTC's mandate includes: (i) licensing and regulating the communications industry; (ii) managing the country's frequency spectrum and numbering resources; (iii) facilitating the development and management of a national cybersecurity framework; (iv) type approving and accepting communications equipment meant for use in DRC; (v) regulating retail and wholesale tariffs for communication services; (vi) promoting effective competition in the sector; and (vii) protecting consumer rights within the communications environment.

ARPTC, together with SCPT, enforces the DRC Telecommunications Law and licence provisions and issues annual compliance statements to operators and service providers that identify any failures by operators to comply with the terms of their licences. Operators that fail to remediate shortcomings identified in these statements within the timeframe stipulated by ARPTC and SCPT may be subject to applicable penalties. ARPTC, together with SCPT, also investigates complaints against operators or service providers alleged to be engaged in anti-competitive practices and can issue orders to prevent such conduct and/or impose penalties. ARPTC, together with SCPT, also enforces the obligations of operators to conform to applicable technical standards. Repeated and/or prolonged contravention of licence conditions by an operator may result in revocation of its licence.

The DRC Telecommunications Law confers certain "exclusive" rights on SCPT in its capacity as "public operator" particularly in relation to the operation of international gateway. However, in practice, a number of the private network operators have been granted the right to establish their own international gateways given the SCPT's inability to do so.

Market liberalisation

DRC has been actively liberalising its telecommunications in recent years. As of the date of this Registration Document, six entities (Airtel DRC, Vodacom DRC, Tigo, Orange DRC, Africell DRC and Standard Telecoms) have been licenced to operate national cellular mobile telecommunications services on their own networks. In addition, several entities hold MVNO licences to operate mobile telecommunications services relying on the network of another operator.

Foreign participation, local shareholding requirements and local listing requirements

Article 19 of the DRC Telecommunications Law prescribes a minimum local shareholding of 30% in relation to telecommunication operators. Further, 5% of the local shareholding stake must be reserved for employees of the telecommunications operator, though there is no requirement for telecommunications operators to be listed on the local stock exchange.

Other relevant regulatory requirements

Telecommunication operators must be organised under DRC law and constituted under the form of a joint stock company in accordance with the OHADA Uniform Act on Commercial Companies and Economic Interest Groupings (*Acte uniforme révisé relatif au droit des sociétés commerciales et du groupement d'intérêt économique*).

Licensing Framework for the Telecommunications Sector

Licence requirement

The DRC Telecommunications Law provides that any person involved in the provision of telecom-munications services must be licenced by SCPD and ARPTC. The provision of telecommunications services requires telecommunications spectrum licences (2G and 3G) and Internet Service Provider licences. In addition, telecommunications providers who wish to land a submarine cable in DRC require an optic fibre licence, while those interested in building a system for the provision of international voice or data services are required to obtain an internet service provider licence.

Airtel DRC's operating licences

Airtel DRC operates under the 2G licence granted to Celtel Congo on 28 December 1999 for a period of 20 years, expiring on 28 December 2019. Airtel DRC's licence was acquired for an initial cost of Congolese Francs ("CDF") 4,937,621,383 (approximately US$3 million). Airtel DRC is required to pay an annual operating fee of CDF7,406,432,000 (approximately US$4.5 million). Airtel DRC operates under the 3G licence granted to Celtel Congo on 28 June 2012 for a period of 20 years, expiring on 9 July 2032. Airtel DRC's licence was acquired for an initial cost of approximately CDF24,688,106,915 (approximately US$15 million). Airtel DRC is required to pay an annual operating fee of approximately CDF7,406,432,074 (US$4.5 million).

Airtel DRC operates under the 4G licence granted to Celtel Congo on 9 July 2018 for a period of 20 years, expiring on 8 July 2038. Airtel DRC's licence was acquired for an initial cost of Congolese Francs ("CDF") 49,388,593,013 (approximately US$30 million).

Airtel DRC operates under the FTTx licence granted to Celtel Congo on 23 January 2019 for a period of 20 years, expiring on 22 January 2039. Airtel DRC's licence was acquired for an initial cost of CDF823,158,805 (approximately US$500 thousand).

Airtel DRC also holds a licence to provide internet services in DRC for 10 years granted on 5 January 2017, expiring in January 2027. Airtel DRC's licence was acquired for an initial cost of CDF246,881,069 (approximately US$150,000) and requires an annual operating fee of 3% of its annual gross revenue. Airtel DRC's respective licences require it, among other things, to operate the services for which it is licenced. The licences' requirements and conditions do not require Airtel DRC to submit annual licence compliance reports.

Key industry regulatory issues

Spectrum allocation

The SCPT issues licences authorising the installation and use of radio-communications equipment. When granting a mobile telecommunications licence, the SCPT allocates a particular band of frequency for use by the licensee. The term of these frequency licences is 20 years, and they are renewable twenty months prior to the end of the term. A licensee shall not transfer frequencies assigned and the rights therein without the written consent of the SCPT. The DRC Telecommunications Law provides a framework for spectrum pricing, allocation and trading. The SCPT generally encourages sharing of frequencies and may, where necessary, require a licensee to share a frequency.

Interconnection

The DRC Telecommunications Law provides for the interconnection between all telecommunications operators undertaking activities in DRC.

Tariff setting

Mobile telecommunications operators in DRC may set their own tariffs for the services that they provide in accordance with the principles of tariffing of public services of telecommunications set forth by ARPTC.

Technical standards and duties to end customers

Airtel DRC's licence requires it to operate its network in conformity with the technical standards of the ITU and other internationally recognised organisations. Airtel DRC must obtain approval from the SCPT or ARPTC prior to using any radio communications apparatus.

Airtel DRC's licence subjects it to a number of obligations to end customers, including: (i) providing bilingual (French and Congolese) directory information services to all persons at reasonable charges, (ii) providing operator assistance services at no cost or at reasonable charges, (iii) providing customer information services, (iv) not showing undue preference or undue discrimination between customers and (v) making available copies of its current tariffs and terms and conditions to any person on request.

Universal service obligations

The DRC Telecommunications Law provides that each DRC resident is entitled to benefit from universal service of telephone, telex and public phone at reasonable cost. However, there are no applicable levies with regard to the service provision.

Regulatory Framework for the MFS sector

Legislation and Policy

The Central Bank of DRC Regulations dated 25 March 2014 provide the principal legal and regulatory framework in relation to financial services in DRC.

Industry Regulator

DRC's financial sector is regulated by the Central Bank of the Democratic Republic of Congo (the "CBDRC"), led by its board of directors, which is responsible for, amongst other things, the continuous review of the CBDRC's resources and determining whether policy statements are consistent with the CBDRC's primary function and policy objectives.

Licensing framework for the mobile money sector

Articles 103 and 108 of the Central Bank of DRC Regulations dated 25 March 2014 require mobile money enterprises to be approved by the CBDRC. This text has been supplemented by Instruction N°24 of the CBDRC relating to electronic money and establishments of electronic money.

Airtel Money RDC S.A.'s operating licences

Airtel Money RDC S.A. holds a licence for mobile money dated 6 February 2012, which was granted to for an indefinite period. Airtel Money RDC S.A.'s licence requires it, among other things, to carry on the business it conducts.

Competition Approval in DRC

Mergers with a dimension impacting CEMAC are regulated at a regional level by CEMAC pursuant to the CEMAC Regulation. The CEMAC Regulation provides that practices likely to impede competition including cartels, abuse of dominant position and concentration with a Community dimension that reduce competition substantially are prohibited. CEMAC's competition authority is the OSC.

Madagascar

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

The primary statutes and regulations governing the telecommunications sector in Madagascar are: Law Number 2005-023 of Telecommunications (the "Madagascar Telecommunications Law"), Decree Number 2014-1650 in relation to the procedures to apply for regulation of the telecommunications sector, Decree Number 2014-1651 in relation to the regulation of telecommunications networks and services, Decree Number 2014-1652 in relation to the framework for mutualisation of the telecommunications sector, Decree Number 2006-213 establishing the sector regulator, the Authority for Communication Technologies (*Autorité de Régulation des Technologies de Communications*) ("ARTEC") and Decree Number 2006-202 in relation to the annual regulation tax.

The relevant ministry for telecommunications is the Ministry of Post, Telecommunications and Digital Development (*Ministère des Postes, des Télécommunications et du Développement Numérique)* ("MPTDN").

Industry Regulator

Madagascar's telecommunications sector is regulated by ARTEC, which commenced operations in April 2015. ARTEC's mandate includes: (i) licensing and regulating the communications industry; (ii) managing the country's frequency spectrum and numbering resources; (iii) facilitating the development and management of a national cyber security framework; (iv) type approving and accepting communications equipment meant for use in Madagascar; (v) regulating retail and wholesale tariffs for communication services; (vi) promoting effective competition in the sector; and (vii) protecting consumer rights within the communications environment.

ARTEC enforces the relevant telecom laws and licence provisions and undertakes supervisory investigations into compliance. ARTEC is also mandated to receive complaints from users and issues requests for information or compliance statements in response to any failures by operators to comply with the terms of their licences. Operators that fail to remedy shortcomings identified in these statements within the timeframe stipulated by ARTEC may be subject to applicable penalties. ARTEC also investigates complaints against operators or service providers alleged to be engaged in anti-competitive practices and can issue orders to prevent such conduct and/or impose penalties. ARTEC also enforces the obligations of operators to conform to applicable technical standards. Repeated and/or prolonged contravention of licence conditions by an operator may result in revocation of its licence or legal action. ARTEC must be informed within 30 days of a direct change in the capital structure of the operator.

Market liberalisation

Madagascar has been actively liberalising its telecommunications over the last few years. As of the date of this Registration Document, three entities (Airtel Madagascar S.A. ("Airtel Madagascar"), Orange Madagascar S.A. and Telma Madagascar S.A.) have been licenced to operate national cellular mobile telecommunications services on their own networks. In addition, Blueline Madagascar is the MVNO hosted by Telma Madagascar S.A. subject to a declaration regime to operate mobile telecommunications services relying on the network of another operator.

Data Protection laws

Law number 2014-038 provides that technology and telecommunications are to be used to serve everyone and not used to pose any risk of infringement of personal data. The Malagasy Commission for Data Protection may impose pecuniary sanctions as well as issue warnings or injunctions to stop infringements.

Licensing Framework for the Telecommunications Sector

Licence requirement

The Madagascar Telecommunications Law provides that any person involved in the provision of telecommunications services must be licenced by ARTEC. There are three types of licences under ARTEC's licensing regime, (i) fixed phone, (ii) mobile phone operator and (iii) radio data transmission. Telecommunications providers must follow the declaration process of ARTEC, whilst entities seeking to build a system for the provision of international voice or data services are also subject to the licensing regime.

Airtel Madagascar's operating licences

In August 2015, Airtel Madagascar's telecommunications operating licence was renewed for a further 10 years, expiring on 21 September 2025. Airtel Madagascar's licence requires it, among other things, to operate in compliance with applicable law and regulation and to submit annual licence compliance reports.

Key industry regulatory issues

Spectrum allocation

The MPTDN issues licences authorising the installation and use of radio-communications equipment. When granting a mobile telecommunications licence, the MPTDN allocates a particular band of frequency for use by the licensee. The term of these frequency licences is 20 years, and they are renewable for a period equal to the initial duration and under the same financial terms. A licensee shall not transfer frequencies assigned and the rights therein without the written consent of the MPTDN. The Madagascar Telecommunications Law provide a framework for spectrum pricing, allocation and trading. The MPTDN generally encourages sharing of frequencies and may, where necessary, require a licensee to share a frequency.

Interconnection

The Madagascar Telecommunications Law promotes the interconnection of telecommunication networks and information, communication technology. Article 21 of the Madagascar Telecommunications Law requires any operator of networks or services open to the public to provide interconnection services to any other operator. Interconnection agreements are subject to negotiations between the operators and the terms of which, once agreed, must be communicated to the regulatory authority.

Tariff setting

Mobile telecommunications operators in Madagascar may set their own tariffs for the services that they provide. The mobile phone operator licence is accompanied by a form of contract (*cahier des charges),* that states that the holder of the licence is free to set the tariffs applicable to its services. However, operators must deliver a copy of such tariff policy, distinguishing between short-term promotional offers, to ARTEC at least two days before the application of such tariffs. ARTEC may require that such tariffs be modified if they appear to violate anti-competition principles or are contrary to the promotion of competition amongst companies and the interests of consumers.

Technical standards and duties to end customers

Airtel Madagascar S.A.'s licence requires it to operate its network in conformity with the technical standards of the ITU and other internationally recognised organisations. Airtel Madagascar S.A. must obtain approval from ARTEC prior to using any radio communications apparatus.

Airtel Madagascar S.A.'s licence subjects it to a number of obligations to end customers, including:

- providing bilingual (French and Malagasy) directory information services to all persons at reasonable charges;
- providing operator assistance services for free or at reasonable charges;
- providing customer information services;
- not showing undue preference or undue discrimination between customers; and
- making available copies of its current tariffs and terms and conditions to any person on request.

Universal service obligations

Universal service obligations include the provision of free access to contact first responder organisations in charge of safeguarding human life, police and fire organisations as well as civil protection organisations.

Regulatory Framework for the MFS sector

Legislation and Policy

The applicable laws relating to the MFS sector in Madagascar include:

- Law Number 2016-056 dated 2 February 2017 relating to the Electronic Money and its Establishments;
- Law Number 2014-024 dated 5 November 2014 relating to the electronic transaction; and
- Decree Number 2017-851 dated 13 October 2017 implementing Law Number 2016-056.

Industry Regulator

The regulator for MFS in Madagascar is the *Commission de Supervision Bancaire et Financière* (the "CSBF"), a division of the Central Bank of Madagascar that is in charge of banking oversight.

The CSBF mandate includes:

- authority to grant licences *(agrément) to mobile money establishments;*
- setting out criteria for qualification as a mobile money establishment (access to the sector, qualification requirements and changes to those requirements, anti-money laundering and financing of terrorism rules and conditions relating to: the opening and use of mobile money accounts; management and prudential norms; accounting; changes in capital structure; agents for distribution and the protection of data of users);
- supervisory power, which includes a right to audit documents and a right to inspect premises; and
- disciplinary powers, such as the imposition of monetary sanctions.

Further, CSBF controls competition and the efficiency of the sector through the promotion of fair competition among mobile money establishments.

Licensing framework for the mobile money sector

In order to undertake mobile money activities, an operator may elect to operate as an authorised intermediary for an accredited banking establishment or to be accredited as a mobile money establishment.

Airtel Mobile Commerce Madagascar's operating licences

Airtel Madagascar has a number of agreements to operate as an authorised intermediary for local accredited banking institutions, including with Microcred Banque Madagascar, BGFI Bank Madagascar and Bank of Africa Madagascar. In November 2018, Airtel Madagascar commenced the application process before the CSBF to obtain its own mobile money licence.

Competition Approval in Madagascar

The relevant competition law in Madagascar is the Competition Act No. 2005-020 of 17 October 2005, as amended (the "Madagascar Competition Act") and No. 2008-771 of 28 July 2008, the implementing decree of the Madagascar Competition Act. The *Conseil de la Concurrence* (the "Competition Council") has been in operation since September 2015. *The* Competition Council seeks to control anti-competitive practices, including the abuse of a dominant position, economic concentration and monopolies. As such, it is mandatory to notify the Competition Council of any proposed concentration which is likely to have an effect on competition in the form of either the creation or strengthening of a dominant position. Under the Madagascar Competition Act, any merger between two Malagasy entities resulting in a concentration of economic power requires the Competition Council to be notified. The Madagascar Competition Act prescribes the thresholds for mandatory notification.

Seychelles

Regulatory Framework for the Telecommunications Sector

Legislation and Telecommunications Policy

The primary statute and set of regulations governing the telecommunications sector in Seychelles is the Broadcasting and Telecommunication Act 2000 (the "BT Act"). The BT Act sets out the various licences required by a telecommunications operator; primarily, this includes the Broadcasting Telecommunications Facility Licence.

Industry Regulator

Seychelles' telecommunications sector is regulated by the Department of Information and Communication Technology ("DICT"). DICT's mandate is to instil the use of ICT in supporting the delivery of its services and thereby creating the necessary framework (policies, legislations & regulations) that allowing the full potential of ICT to be harnessed nationally for the benefit of the country. In pursuit of this mandate the DICT has the following functions: (i) setting frameworks and standards for the development of software applications for government; (ii) enforcing standards and procedures pertaining to the administration and management of software systems throughout the department; (iii) undertaking forward planning and feasibility studies pertaining to the development and implementation of software solutions; (iv) focusing on the development, implement and maintain software applications that respond to common needs of the different government sectors; (v) providing end-user training and support of implemented solutions; (vi) providing support in the development and maintenance of software solutions to other divisions of the department; (vii) undertaking the planning, coordination, monitoring and evaluation (complete project management) of software development projects being undertaken by third parties (outsourced projects); (viii) providing consultancy services pertaining to the provision of software solutions; (ix) setting direction and plans for the ICT infrastructure of government; and (x) establishing and enforcing standards and procedures pertaining to ICT infrastructure within the department. Implement and maintain hardware and software infrastructure systems of the department/ministry and government.

The Broadcasting and Telecommunication Minister's mandate includes the following matters: (i) take all reasonable measures to provide such broadcasting and telecommunications services as will satisfy all reasonable demand for such services, including emergency services, public pay phone services and directory information services, (ii) promote the interests of consumers, purchasers and other users of broadcasting and telecommunications services in respect of the prices charged for, and the quality and variety of, such services and equipment supplied in connection with such services, (iii) promote and maintain competition among persons engaged in commercial activities for, or in connection with, the provision of broadcasting and telecommunication services and promote efficiency and economy on the part of such persons and (iv) promote the goals of universal service.

Market liberalisation

Seychelles has been actively liberalising its telecommunications sector since the year 2000 when it enacted the BT Act. As of the date of this Registration Document, three telecommunication service providers, namely Cable and Wireless(Seychelles) Limited, Airtel Telecom (Seychelles) Limited, and Intelvision (Seychelles) Limited have been licenced to operate national cellular mobile telecommunications services on their own networks.

Anti-money laundering laws

The National Payment Systems Act provides that payment service providers shall be required to meet the requirements and comply with the Anti-Money Laundering Act (AML), 2006 and the Prevention of Terrorism Act, 2004. The aim of the AML is to address the deficiencies that existed in the previous legislation and ensure that Seychelles is in line with international standards and best practice. The Prevention of Terrorism Act 2004, requires reporting entities to verify a customer's identity, maintain records, monitor transactions, ensure that accounts are in true names, ensure that money transmissions include originator information, report suspicious transactions and appoint a compliance officer.

Data protection laws

The Data Protection Act was enacted in 2003 (Act No. 9 of 2003) with the aim of protecting the fundamental privacy rights of individuals against the use of data concerning them without their informed consent. The Data Protection Act will come into operation on such date as the Minister notifies in the official Gazette. As of the date of this Registration Document, the Data Protection Act has not yet come into operation.

Licensing Framework for the Telecommunications Sector

Licence requirement

The BT Act provides that no person shall provide broadcasting service or a telecommunications service except under and in accordance with a licence granted under the Licences Act by the Seychelles Licensing Authority.

Airtel (Seychelles) Limited's licences

The Broadcasting Telecommunications Facility Licence is granted to telecommunications operators for a period of 10 years with fees being paid annually for the licence.

Mixed Licence (fixed GSM) was initially granted in 2006 for a period of five years and was renewed for a further fifteen year term in 2011, expring on 7 January 2026.

The non-exclusive 3G communication licence was granted on 25 February 2018 for an initial term of five years, with automatic renewal at the end of each term.

There is no license provided to land a submarine cable in Seychelles, but permission must be acquired from the Seychelles Government before doing so.

Key industry regulatory issues

Spectrum allocation

The 2012 Broadcast and Telecommunication Act provides that No person shall provide a broadcasting service, or a telecommunication service, except under, and in accordance with, a licence granted under the Licenses Act.

Interconnection

There is no regulation concerning interconnection. The two telecommunications companies have a signed agreement made under the aegis of DICT which is charged with determining interconnection rates.

Tariff setting

Tariff determination is approved by DICT.

Technical standards and duties to end customers

The BT Act has established a fund defined as the Telecommunication Universal Service Fund. Under the BT Act, A holder of a telecommunication licence to provide Voice over Internet Provider ("VOIP") must contribute to fund at such rate and at such Intervals as may be prescribed by the Minister.

Regulatory notifications and/or consents for change of control or transfers of changes or changes in shareholding and directorship

Any change in shareholding/directors of Airtel (Seychelles) Ltd must be notified by to DICT. A non-Seychellois person cannot acquire any share in Airtel (Seychelles) Ltd without the prior authorisation of the Seychelles Government because Airtel has bases on land in Seychelles. In order to obtain the permission an application is made by the intended new shareholder under the provisions of the Immovable Property (Transfer Restriction) Act, and it is entirely at the discretion of the Seychelles Government whether or not to grant permission.

Regulatory Framework for the MFS sector

Legislation and Policy

The following statutes and regulations govern the mobile money sector in Seychelles:

(1) National Payment Systems Act ("Seychelles NPS Act"), which establishes the national payment systems regulator, provides for the authorisation of operators and licensing of payment service providers and general ongoing oversight provisions in relation to the national payment systems;

(2) National Payment System (Licensing and Authorisation) Regulations, 2014, which provide for the application procedures for a licence under the Seychelles NPS Act including the qualifications for grant of licence, provisions on grant, revocation, renewal and suspension of a licence and the appeal procedures and other mechanisms to challenge decisions by the Central Bank of Seychelles ("CBS"); and

(3) the Financial Institutions Act, 2004, which considers money remittance as a banking activity and would require a banking license issued by the Central Bank of Seychelles.

Industry Regulator

The Seychelles NPS Act gives the CBS the mandate to regulate and oversee the national payment system sector in Seychelles. The CBS has the power to, among other things, licence payment service providers and authorise operators of payment, clearing and settlement systems.

Foreign participation and local shareholding requirements

Any transfer of shares in Airtel Seychelles Ltd to a non-Seychellois national, entity under non-Seychellois control requires the prior permission of the Seychelles Government.

Licensing framework for the mobile money sector

Airtel Mobile Commerce (Seychelles) Limited holds a perpetual licence to conduct or carry out the business of a payment service provider in Seychelles. Airtel Mobile Commerce (Seychelles) Limited's Payment Service Provider Licence was acquired at no initial cost. Airtel Mobile Commerce (Seychelles) Limited's licence requires it to comply with the provisions of the National Payment Service Act. The provision of credit, microloans and other financial series is considered a banking activity in accordance with section 4 of the Financial Institutions Act and would require a banking license issued by the Central Bank of Seychelles.

Competition and Consumer Protection Framework

The Fair Trading Commission (the "FTC") is an administrative agency and oversight authority established under the Fair Trading Commission Act. The FTC has a number of powers including investigation, management of consumer complaints and other quasi-judicial functions relating to consumer protection and fair competition. The primary legislation governing consumer protection is the Consumer Protection Act.

Other regulatory approvals or notifications for change of control

If a proposed change of control will lead to a merger with another company that could impact competition, the FTC's approval will be required.

PART 6
BUSINESS DESCRIPTION

This Part 6 (Business Description) should be read in conjunction with the more detailed information contained in this Registration Document including the financial and other information appearing in Part 10 (Operating and Financial Review). Where stated, financial information in this section has been extracted from Part 11 (Historical Financial Information).

Overview

The Group is a leading provider of telecommunications and mobile money services, with a presence in 14 countries in Africa, primarily in East Africa and Central and West Africa. The Group offers an integrated suite of telecommunications solutions to its subscribers, including mobile voice and data services as well as mobile money services both nationally and internationally. The Group offers traditional mobile voice services, with an increasing focus on data and non-voice services through the expansion of its 3G and 4G networks. The Group also offers mobile money services under its Airtel Money brand to customers in all of the Group's 14 countries of operation, which provides an opportunity for the Group to extend financial services and products to underserved populations. All of these services are offered under the unified 'airtel' brand. The Group also deploys, leases, owns and manages tower infrastructure and fibre cables pertaining to telecommunications operations. In addition, the Group intends to roll out fixed wireless broadband solutions, B2B offerings and fibre sharing and to build further content partnerships.

As at 31 December 2018, the Group was the second largest mobile operator in Africa by number of active subscribers, according to Ovum. The Group's footprint is well-diversified, serving an aggregate of 98.9 million subscribers and 14.2 million mobile money customers across its footprint as at 31 March 2019. Nigeria represents the Group's largest single country subscriber base, comprising 37.6% of the Group's total subscribers as at 31 March 2019, with 43.4% of subscribers in East Africa and the remaining 19.1% in the Group's Rest of Africa segment. In the year ended 31 March 2019, revenue in Nigeria was US$1,106 million (representing 35.9% of the Group's revenue in the year) and Underlying EBITDA was US$550 million. In the year ended 31 March 2019, revenue in East Africa was US$1,102 million (representing 35.8% of the Group's revenue in the year) and Underlying EBITDA was US$442 million. In the year ended 31 March 2019, revenue in Rest of Africa was US$888 million (representing 28.9% of the Group's revenue in the year) and Underlying EBITDA was US$339 million.

The Group operates in three main business lines, mobile voice, mobile data and Airtel Money:

Mobile voice – The mobile voice business line comprises pre- and post-paid wireless voice services, international roaming, fixed-line telephone services and interconnect revenue paid to the Group by other telecommunications providers. The mobile voice business line is the largest component of the Group's revenue, representing 62.2% and 66.4% in the years ended 31 March 2019 and 31 March 2018, respectively.

Mobile data **–** The mobile data business line comprises data communications services, including 2G, 3G and, increasingly, 4G data services, and other VAS for mobile subscribers. The mobile data business line accounted for 22.2% and 18.9% of the Group's consolidated revenue in the years ended 31 March 2019 and 31 March 2018, respectively.

On an aggregated basis, the Mobile business lines before inter-product elimination and including infrastructure tower sharing income accounted for 94.8% of the Group's consolidated revenue and 92.7% of the Group's Underlying EBITDA in the year ended 31 March 2019 and 95.4% of the Group's consolidated revenue and 95.2% of the Group's Underlying EBITDA in the year ended 31 March 2018.

Airtel Money – Mobile money services, offered under the Airtel Money brand, are an increasingly important part of the Group's service offerings. The Airtel Money business line comprises a mobile commerce service that is accessible 24 hours a day, 7 days a week through customers' mobile devices. Working in partnership with local financial institutions, this service enables Airtel Money customers to send and receive money and to make payments for utility bills and, in certain countries, to pay for goods and services, to deposit and withdraw funds through a linked bank account, to make card-less withdrawals from partnered ATMs and to access microloans, which are facilitated by the Group and accessible through its mobile network in partnership with third-party loan providers. Airtel Money services are available across the Group's footprint in which the Group serves 14.2 million customers. In Nigeria, the Group offers Airtel Money services in partnership with a local bank and has applied for a mobile banking licence. The Airtel Money business line before inter-product elimination, accounted for 7.6% of the Group's consolidated revenue and 7.3% of the Group's Underlying EBITDA in the year ended 31 March 2019 and 5.2% of the Group's consolidated revenue and 4.1% of the Group's Underlying EBITDA in the year ended 31 March 2018.

The Group has offered mobile services in Africa since 2010 and has leveraged this experience to roll out relevant products and services across its footprint. The Group offers a range of country-specific entertainment, lifestyle and general content through its VAS products. The Group aims to continue positioning its non-voice businesses, in particular through its investments in value-added digital services and continued expansion of mobile money services, as an opportunity for long-term sustainable growth in response to the rapidly changing telecommunications environment in the markets in which the Group operates.

The Group has emphasised efficient operations and cost management in recent years; its strategic considerations around achieving distribution excellence, ensuring excellent overall network quality and enabling existing customers to garner more benefits have yielded positive results. The Group's revenue grew by 6.7% between the years ended 31 March 2017 and 31 March 2019, from US$2,884 million to US$3,077 million, and Underlying EBITDA increased by 58.2% between the years ended 31 March 2017 and 31 March 2019, from US$842 million to US$1,332 million. The Group has also focused on optimising operations and developing internal capabilities to further propel the turnaround of its business in recent years, leading to further profitable top line growth.

Competitive strengths

The Group benefits from the following key business strengths:

Substantial market potential

The Group operates in a fast-growing region with powerful and promising underlying macroeconomic and demographic trends. The geographies in which the Group operates demonstrate strong GDP growth potential and have young and fast growing populations that are increasingly connecting to mobile networks, with 10.1% growth in mobile subscribers in Airtel Africa's footprint expected between 2018 and 2023 and a total population of 563 million as at 2018 (source: Delta Partners). As a growing number of people become connected to mobile networks, the Group is able to further develop and expand its mobile services offering to address the changing market demands. The Group is also reaching stability from a foreign exchange perspective across its footprint, with foreign exchange depreciation relative to the US dollar across its footprint comparing favourably to depreciation across Europe, Asia Pacific, Latin America and Africa more generally from 2017 to 2018.

The Group serves a large and fast-growing addressable market, with attractive mobile data and mobile money growth prospects as non-voice revenue remains lower than other geographies. Mobile data is becoming increasingly affordable across Africa, with a 56% decrease in smartphone prices between 2012 and 2017 (source: GSMA: Accelerating Affordable Smartphone Ownership in Emerging Markets), which has contributed to increased smartphone penetration across the Group's footprint and is expected to continue to fuel strong growth in mobile data traffic by as much as 26 times between 2017 and 2023 (source: Delta Partners). As data intensive applications become more popular and smartphones become more accessible, the Group is well-positioned to carry increased data traffic and capture higher mobile data revenue across its footprint.

The Group believes its footprint provides one of the most attractive markets for mobile money solutions, with access to traditional banking services at 40% of the total population in Airtel Africa's footprint (compared to an EU average of 95%) (source: World Bank). Mobile money services bridge the gaps between physical bank branches by providing a secure and convenient mechanism for customers to transfer funds remotely. As mobile money accounts continue to proliferate, having grown at a CAGR of 38% between 2011 and 2017 (source: GSMA: Global Mobile Money Dataset), the Group believes there remains significant potential to grow its market share and enhance the customer value proposition in the mobile money services market by leveraging the Group's existing pan-African platform.

Pan-African platform with leadership position across all markets

The Group's well-invested asset base, brand recognition and effective distribution channels provide a strong foundation for the Group's current service offering. As the second largest well-diversified telecommunications operator in Africa by total active mobile subscribers, as at 31 December 2018 (source: Ovum), operating in 14 markets across East Africa and Central and West Africa, the Group is well-positioned to monetise the significant market growth opportunities across its footprint, including in mobile data and mobile money services. Using its well-established, pan-African platform, the Group has successfully positioned itself as a market leader and scale player across its footprint. The Group offers 3G and Airtel Money services across its entire footprint of 14 countries, supported by a strong 4G presence in 11 markets, and has attained the largest or second largest market share by number of subscribers in 11 of its markets according to Ovum. There are significant barriers to entry in the Group's footprint given consolidation within its markets, resulting in less risk of potential disruptors, who would need to create a similar network and distribution infrastructure which would entail substantial time and capital expenditure.

The Group's implementation of a unified 'airtel' branding strategy across its footprint and distribution channels, spanning approximately 1.5 million retail touchpoints (including multibrand touchpoints) across its footprint, including more than 19,700 Airtel Money branches, kiosks and minishops and approximately 286,000 Airtel Money agents as well as purchase selling and activating outlets, enables strong customer growth and cross-selling through brand recognition across all 14 countries as at 31 March 2019. These multiple distribution channels, including exclusive and indirect channels, provide extensive availability, engagement and visibility to the Group's 99 million mobile subscribers (as of March 2019).

State-of-the-art telecommunications platform

The Group benefits from a solid spectrum and network position with extensive fibre coverage with east-to-west contiguity, which should position it well for data growth. Its network includes 30,000 kilometres of fiber, over 16,400 3G sites and over 9,200 4G sites as of 31 March 2019, with ample spectrum per country across its operating subsidiaries. Number of 3G, 4G and total sites increased to 16,426, 9,297, 21,059, respectively, as of 31 March 2019. 3G, 4G and total sites accounted for in capital expenditure for the year ended 31 March 2019 were 17,784, 13,630 and 22,177 respectively. In particular, the Group has a strong presence in the sub GHz frequency range, with its spectrum supporting migration from 2G to 3G and towards 4G. The Group is moving to an asset-light model to drive future growth, which it expects should enable it to add incremental capacity at a lower marginal capital expenditure and operating expenditure. As a result, the Group's platform is positioned to efficiently monetise data and benefit from the potential of the mobile money opportunity. The Group is well positioned in terms of network data capacity, with potential capacity, including current available capacity, additional capacity from new sites in the year ended 31 March 2020 and additional capacity from refarming 10MHz sites, stood at 10,880TB, which is nearly 8 times the 1,278TB of data carried on the Group's network in the last quarter of the year ended 31 March 2019.

Remarkable growth story and operational performance

The Group has demonstrated the ability to deliver strong top line growth, with its subscriber base increasing by 28.8% between the years ended 31 March 2017 and 31 March 2019. The Group's strong operational performance has delivered revenue growth of 4.7% on a constant currency basis between the years ended 31 March 2017 and 31 March 2018, and 11.6% between the years ended 31 March

2018 and 31 March 2019 and strong Underlying EBITDA growth of 41.6% between the years ended 31 March 2017 and 31 March 2018, and 23.2% between the years ended 31 March 2018 and 31 March 2019, based on constant currency amounts. Furthermore, through significant and efficiently-allocated network investments, the Group has delivered strong cash flow generation, which yielded a 79.8% increase in Operating Free Cash Flow between the years ended 31 March 2017 and 31 March 2018, and further 5.5% increase between the years ended 31 March 2018 and 31 March 2019, based on constant currency amounts. The Group has the right business model for Africa, with a simplified distribution model focused on customer acquisition, a strong 4G network, strategic pricing strategies and a focus on cost remodelling.

The Group's Airtel Money business has grown significantly in recent years, with Airtel Money active customers growing from 8.8 million in the year ended 31 March 2017 to 14.2 million in the year ended 31 March 2019, and ARPU growing at a CAGR of 24.5% in constant currency terms over the same period to US$1.5 per month in 2019. Transaction value in the Airtel Money business has grown from US$14.6 billion on a constant currency basis (US$14.7 billion in reported currency) in the year ended 31 March 2017 to US$26.2 billion on a constant currency basis (US$25.1 billion in reported currency) in the year ended 31 March 2019, with revenue growing at a CAGR of 54% over the same period in constant currency terms. The Airtel Money business had an Underlying EBITDA Margin of 42% in the year ended 31 March 2019, with capital expenditure constituting 6% of revenue.

The Group plans to continue growing its Airtel Money business through geographic expansion. Approximately 90% of Airtel Money revenue was derived from six countries for the year ended 31 March 2019, such that the Group has the potential to grow across markets in its entire footprint. In Nigeria, the Group provides payment services in partnership with a local bank and has applied for a mobile banking licence to further expand its offering. In addition, the Group will seek to grow its Airtel Money business through expanding its offering across its markets, including merchant payments, loans and savings, and international money transfers.

Highly experienced management team able to leverage support from globally recognised shareholders

The Group has strong country-level management teams with deep knowledge and understanding of the local markets in which the Group operates. The Group leverages the strength and support of globally recognized shareholders, including Bharti Airtel, one of the world's largest telecommunications operators, which has provided it access to best practices, expertise and innovation. The Group also benefits from support provided by numerous international investors such as Singtel, SoftBank,Temasek, Warburg Pincus and Qatar Investment Authority.

Strategy

Win with quality customers

The Group believes there are untapped opportunities for growth in the mobile communications services industry in its markets due to a combination of factors, including underpenetrated mobile markets and high population growth with a large proportion of youth. The Group aims to strengthen its market position by leveraging its existing distribution network to improve gross and net subscriber additions across its footprint. Ensuring widespread access to the Group's services and further investments to expand its distribution network, is key to winning new customers. The Group aims to continue providing a simple and intuitive customer experience through streamlined customer journeys. There is a continuous effort to provide better value to the Group's customers by improving bundled offerings to maximise utility for customers and, as a result, improve ARPU. The Group also intends to simplify access to its post-paid services and design customer-friendly post-paid processes that will enable greater participation in the Group's post-paid service offerings. The Group continuously studies various customer interactions and works to find solutions as it builds an intuitive experience for its customers.

Win with network

The Group aims to ensure its network is modernised in a timely and efficient manner. The Group believes in enhancing connectivity and digitising the countries in which it operates and has invested smartly to expand its network footprint and total number of 3G and 4G sites to enhance network capabilities and support future business growth, with a further aim to generate greater throughput per site. The Group will, in particular, focus on bandwidth capacity enhancement in order to procure IRUs for dark fibre, to build or co-build critical international routes across its footprint and to procure high capacities for transiting countries. The Group also possesses ample spectrum across geographies and bandwidths to provide voice and data connectivity to its customers with further spectrum easily acquirable in the future. The foundation of this component of the Group's strategy is to improve basic network uptime and quality and to execute holistic data capacity enhancement in response to the changing technological landscape and evolving customer expectations.

Win with data

The Group strives to usher its subscribers into smart phone ownership and toward increasing data usage through continuous investment on 4G network and by focusing on 4G handset bundling and 4G sim upgrades. The Group expects to roll out a variety of new data service offerings to capture this growth, including the development of a home broadband business to provide an alternative to underdeveloped fixed infrastructure in most of the markets in which the Group operates. The Group also expects to develop its enterprise business by utilising dormant elements of its existing network infrastructure. To further support data ARPU, the Group also aims to introduce laddered bundle offerings to incentivise data up-selling. As of FY19, 4G customers comprised 18% of the customer base and contributed US$1.0 to the overall data ARPU on a weighted average basis (US$6.0 on standalone basis). In comparison, 3G and 2G comprised 43% and 36% of the customer basis and contributed US$1.0 and US$0.2 to the overall data ARPU respectively.

Win with Airtel Money

Driven by a low penetration of traditional banking services, mobile money solutions have taken the lead in Sub-Saharan Africa to provide financial services to the population. The Group intends to work towards enhancing financial inclusion in the countries in which it operates and to facilitate the continued uptake of Airtel Money services by further strengthening its mobile money distribution platform of kiosks, minishops and dedicated Airtel Money branches. In addition to basic wallet and money transfer services already offered in all 14 countries across the Group's footprint, the Group aims to further enhance its mobile money offering to customers by introducing interrelated mobile money services, including merchant and commercial payments, benefits transfer, loans, savings and international money transfer services facilitated through partnerships with local financial institutions. The Group aims to improve financial inclusion in the countries in which it operates.

Win with cost optimisation

The Group has introduced several process and model redesign initiatives to achieve an efficient operational model, leading into an effective cost structure through its "War on Waste" initiatives. Amongst these initiatives, the most critical changes were implemented in the areas of site running expenses, where security, fuel and rentals were optimised; in the areas of bandwidth cost, including through redesign of the transmission plan; and in the areas of site maintenance, where a complete change in the service delivery model resulted in OEM vendors reworking their cost structures to pass the benefit to the Group.

Apart from these initiatives, the Group also focuses on standardisation and volume consolidation, which results in significant cost reductions, e.g. SIM and RCV design, media and creative framework and call centre norms. Through these initiatives, the Group has improved its margins in several countries since 2017. The Group follows a zero-based cost approach and evaluates optimal design for service delivery for all vendor negotiations, through which it expects to better optimise cost management.

As a result of the above measures, the Group has been successful in optimising its cost structure with Incremental Underlying EBITDA Margin increasing by 14 percentage points between 2017 and 2019 on a constant currency basis. The optimised cost structure also provides significant operating leverage to the Group, with the Incremental Underlying EBITDA Margin in 2019, based on constant currency amounts, being 79%.

Win with people

Led by a strong management team with extensive international and telecommunications experience and supported by operational leaders across its 14 countries of operation, the Group invests in training and assessment programmes to develop a skilled workforce and strives to be an employer of choice to attract the right talent and retain key staff. As part of this initiative, the Group intends to redesign and automate internal human resources processes to provide an improved employee experience. The Group aims to continuously foster a dynamic working environment to enhance productivity and believes that the health, knowledge, skills, experience, drive and inventiveness of the Group's employees are key to its success.

Partnering the nation

The Group believes that as a telecommunications company in Africa it is in a unique position to partner with countries, helping them realise their goals of digitalisation and financial inclusion. The Company aims to work collaboratively with respective governments to ensure it is fully integrated into countries' key initiatives and helps bringing them about through its mobile and mobile money propositions. The Group also ensures strict and continued compliance with local regulations and listing requirements, with heightened senior management attention on the compliance process.

Additionally, the Group also continuously strives to help local communities in its operating countries through various corporate social responsibility ("CSR") initiatives. The Group partners with local stakeholders to improve digital education including allowing free access to selected educational content services and sponsoring educational initiatives. The Group also encourages employee volunteerism and supports projects in the education and health sectors and extends its support during national calamities.

Multiple areas of additional upside

The Group aims to continue its expansion beyond its historical core voice offerings by leading the delivery of data access, digital services and mobile money services across the markets in which it operates. To achieve this, the Group is investing in and growing its 4G capacity and coverage to provide data solutions to the Group's subscribers and support growing data traffic. The Group's digital strategy is focused on utilising this increased 4G capacity to build out its digital entertainment and media services and to encourage the adoption of Airtel Money services by further strengthening its distribution platform and enhancing the range of related services offered to customers. The Group expects to focus on additional adjacent areas for maximising the opportunities available due to its existing infrastructure:

Fixed wireless broadband – The Group intends to provide wireless home broadband services across key cities and locations. This will enable it to access the large capacities of 4G data that are being built.

Enterprise – The Group expects to roll out end-to-end telecommunications solutions to businesses, governments and non-governmental organisations through the development of the Group's enterprise offering across the Group's footprint. This business line will house the Group's four pillars of business mobility services, fixed connectivity solutions, convergence and collaboration tools offered through its enterprise services, as well as mobile money payment solutions in collaboration with the Group's Airtel Money offering. The Group also intends to provide outsourced data centre services to its institutional customers, leveraging its existing infrastructure and strong and abundant end-to-end transmission network.

Fibre sharing and monetisation – The Group's fibre network spans over 30,000 kilometres. As the Group further fiberises its network, the Group intends to monetise its extensive fibre assets through long distance capacity sales to capitalise on anticipated growth in demand for digital services across the Group's footprint, coupled with increased use of data-intensive applications by consumers in sub-Saharan Africa.

Mobile Money services – Mobile money services is one of the key drivers of the Group's growth in the coming years driven by low penetration of financial services and increasing mobile usage. The Group plans to further leverage its mobile money platform to expand on existing products of merchant payments, savings and loans more widely across its captive footprint. The Group is further enhancing its mobile money team to introduce financial technology capabilities over and above the basic mobile money services already available through its platforms.

Payment Services Bank (Nigeria) – Nigeria is the largest market for Airtel Africa with more than 30% share of Group revenue. The current market is characterised by a low banking penetration, around 40% in 2017 (Source: World Bank) and a nascent mobile money market with Airtel Africa currently offering mobile money solutions as an agent in partnership with a local bank. Following the recent change in regulatory framework in the fourth quarter of 2018 allowing mobile operators to provide payment services independently, Airtel Nigeria is in the process of applying for a licence to offer payment services in Nigeria, providing access to one of the largest and underpenetrated mobile money markets in Africa. The payment service bank will provide access to financial services such as deposits and savings, P2P, merchant payments and utility payments to the Nigerian population.

Content partnerships – The Group has identified a long-term sustainable growth opportunity in the increasing demand for content services via mobile devices, such as free messaging platforms including social networking sites and mobile messaging applications, including OTT services that provide internet-based alternatives to traditional voice telephony services. This would entail introducing international and local content services as an opportunity to enter a market that has not yet been accessed by the existing global content players, to support cross-selling of the Group's services portfolio and to diversify the Group's historic emphasis on voice services.

History of the Group

Entry

Bharti Airtel Limited acquired the African operations of the Zain Group (formerly Mobile Telecommunications Group) in June 2010, comprising 36 million subscribers operating in 15 countries, including 12 of the Group's current 14-country footprint. The Zain Group is a mobile telecommunications group headquartered in Kuwait, which acquired a majority stake in the African assets from pan-African mobile communications group Celtel International in 2005, increasing to full ownership in 2007.

The Group further expanded its footprint in August 2010 with the acquisition of Telecom Seychelles Limited, thereby acquiring 57% of the Seychellois subscriber base.

In March 2012, the Group launched its greenfield operations in Rwanda by procuring its operating licence from the Government of Rwanda in September 2011. In April 2012, the Group further expanded its Rwandan presence through the acquisition of Rwandatel's mobile tower infrastructure.

The Group expanded its operations in Uganda in April 2013 and in Congo in November 2013 through the acquisition of Warid Telecom Uganda and Warid Congo SA from the Warid Group.

In January 2015, the Group acquired yuMobile's subscriber base in Kenya from Essar Telecommunications Kenya, a part of the Essar Group.

Portfolio optimisation and innovation

The Group completed the sale of its operations in Burkina Faso and Sierra Leone to France-based Orange in June 2016 and July 2016, respectively, to better streamline the Group's footprint in East Africa.

In October 2017, the Group deconsolidated its operations in Ghana upon entering into a joint venture with Millicom International Cellular (which operates under the "Tigo" brand in Ghana) whereby Airtel and Millicom share equal ownership and governance rights in a combined "AirtelTigo" entity. The Major Shareholder will continue to govern the "AirtelTigo" entity going forward, which does not form part of the Group.

In January 2018, the Group acquired the operations of Tigo Rwanda, a subsidiary of Millicom.

The Group has focused on the strategic divestment of its tower operations across its footprint in order to focus on its core subscriber-facing operations. The Group has divested more than 9,200 tower sites across Nigeria, Uganda, Zambia, Kenya, DRC, Niger, Congo and Rwanda since 2014. As at 31 March 2019, the Group had a tower portfolio of over 4,400 towers, though identifying suitable divestment opportunities continues to be a strategic priority for the Group.

In February 2019, Telkom Kenya Limited ("Telkom Kenya"), the third largest MNO in Kenya, announced its intention to transfer its mobile operations, enterprise, and carrier business to Airtel Kenya, the Group's operating subsidiary in Kenya. In consideration thereof, Telkom Kenya is expected to acquire a shareholding of approximately 32% in Airtel Kenya (the "Business Transfer"). Such percentage could, pursuant to a call option exercisable by Telkom Kenya any time in the 24 months following completion of the Business Transfer, be as high as 49%. Airtel Kenya will, post-completion of the Business Transfer, be renamed "Airtel-Telkom". As at the date of this Registration Document, the transaction remains subject to approval by the relevant authorities. For further details of the Business Transfer, see Part 6 (Business Description—Regional Operations—East Africa—Kenya).

Preparation for listing

Airtel Africa Limited, the Group's UK holding company, was incorporated and registered as a private company in England and Wales in July 2018.

In October 2018, the Company completed an initial round of pre-IPO funding through the issuance of 841,908,798 shares (the "Pre-IPO Subscription Shares") to a group of six investors, including entities affiliated with the Warburg Pincus Parties, Temasek Holdings Private Limited, Singapore Telecommunications Limited and SoftBank Group International, for a subscription amount of US$1.25 billion.

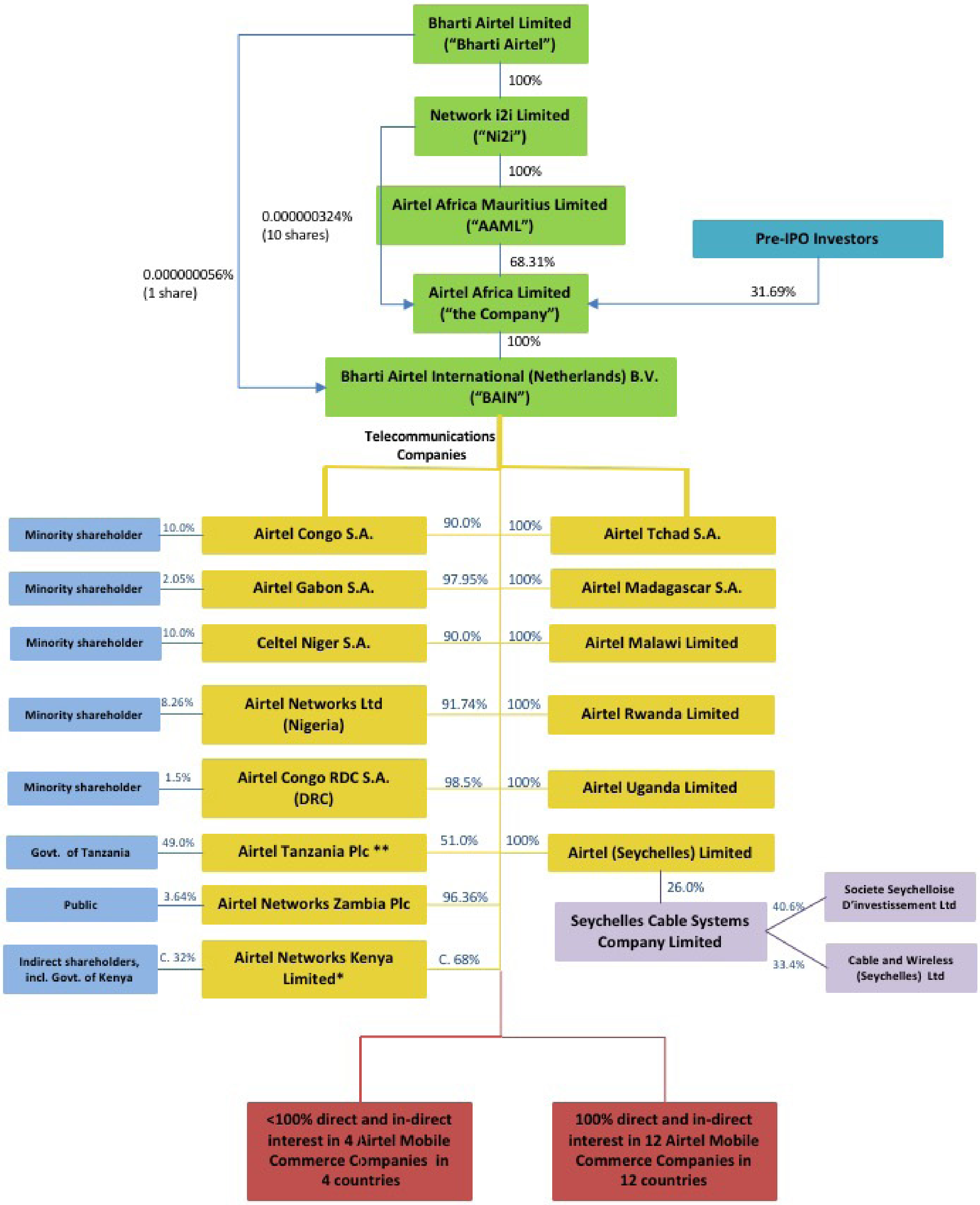
The Company entered into agreements to issue a further 134,726,964 Pre-IPO Subscription Shares to QIA for a subscription amount of US$200 million, which was completed on 30 January 2019 (this together with the October 2018 fundraising, the "Pre-IPO Funding"). In connection with their investment, the Pre-IPO Investors received the benefit of certain warranties, indemnities and other protections. The Company's obligations under these arrangements will have been terminated prior to any listing of the Company's shares on an internationally recognised stock exchange and admission of such shares to listing and trading becoming effective. For a description of the Pre-IPO Funding, see Part 12 (Additional Information—Material Contracts—Pre-IPO Funding Agreements) below.

The Group had 3,075 employees across its countries of operations as at 31 March 2019.

Corporate structure

The Group is part of the Bharti Airtel group, a leading global telecommunications company, which (together with the Group) has a presence in 18 countries across Asia and Africa. Bharti Airtel Limited, a member of the Bharti Airtel group, beneficially holds (through its shareholdings in Ni2i and AAML) 68.31% of the Company's issued ordinary share capital as at the date of this Registration Document; the group of investors participating in the Pre-IPO Funding collectively hold 31.69% of the Company's issued ordinary share capital as at the date of this Registration Document. The Group has subsidiaries in each of the jurisdictions in which it operates, which typically comprise a primary in-country network operating subsidiary, a subsidiary in respect of the Group's in-country mobile money services and a subsidiary in respect of the Group's in-country tower portfolio, where the Group's in-country tower assets are held.

The chart below depicts a summary of the Group's corporate structure, showing the Group's subsidiaries as at the date of this Registration Document and an estimated shareholding structure of the Group's operations in Kenya following the acquisition referred to above:



* Transaction subject to completion
** Currently 60% (expected to reduce to 51%)

Business overview

The Group operates through three business lines, mobile voice, mobile data and Airtel Money. The Group also offers enterprise and VAS in each of the 14 markets in which it operates.

Mobile voice offers a comprehensive offering targeting the full spectrum of subscribers, from high value to mass market. The Group's voice services include local, national and international calls made within its footprint and internationally. The mobile voice business line also includes interconnect revenue, which is paid to the Group by other telecommunications operators when their customers utilise the Group's network for interconnection purposes.

Mobile data comprises 2G, 3G and 4G data services, messaging (SMS) and other VAS for mobile subscribers, which may be bundled with the Group's voice service offerings.

Airtel Money offers mobile banking opportunities to customers in all of the Group's 14 countries of operation. Given the low penetration of traditional banking services in the Group's countries of operation, Airtel Money provides an opportunity for the Group to extend financial services and products to underserved populations.

The Group's business lines are described in further detail below.

Mobile

The Group's mobile operations are at the core of the Group's business. While voice communication services will remain a significant revenue generator for the Group in the medium-term, the Group expects its mobile data and mobile money business lines to be increasingly significant drivers of revenue growth in the longer term.

Voice

The key differentiators of the Group's voice offering are its straightforward portfolio of offerings tailored for small-, medium-, and high-usage subscribers, including daily, weekly or monthly top-up optionality, which is supplemented with customised products for each subscriber based on their usage behaviour. The Group operates a predominantly pre-paid business with post-paid constituting a relatively small component of its revenue. As at 31 March 2019, approximately 99.1% of the Group's total subscribers were on pre-paid plans (representing 96.2% of total customer usage-based revenue for the year ended 31 March 2019), with the remaining minority balance of subscribers on post-paid plans. The Group's pre-paid and post-paid services are made available to subscribers through exclusive 'airtel' branded stores and partnerships with multi-brand retailers. For a description of the Group's distribution and sales network, see "—Distribution and sales" below.

The Group's pre-paid services require the prepayment of a fee that includes connection charges and a charge for a SIM card. Pre-paid customers pay in advance for a fixed amount of airtime and services and recharge their account as needed. There are various methods through which customers can purchase airtime, including physical distribution (e.g. through the purchase of scratch cards or vouchers that provide a PIN that the customer enters into his or her phone in order to purchase airtime) and digital distribution (e.g. through his or her Airtel Money account or electronic recharge through retailers). The Group's pre-paid customers can purchase these services through a USSD interface or through the airtel selfCare app, which is accessible via Android and iOs operating systems.

Post-paid services customers are billed on a monthly basis (including a monthly subscription charge which is dependent upon the plan to which the customer subscribes). The Group's post-paid customers subscribe for these services in exclusive 'airtel' branded retail stores.

Data

The Group's data services business line includes data communications services offered via 2G, 3G and 4G technologies. The Group's mobile data service offerings focus on mobile broadband offerings over its 3G and 4G networks, which may be bundled with its voice service offerings. Revenue from data services comprised 22.2% of the Group's total mobile business line revenue for the year ended 31 March 2019. The customer can use mobile broadband either on a pre-paid basis or under a mobile data post-paid subscription package.

The Group's offering enables its customers to access the internet on a broad range of different platforms. Data services are an increasingly important contributor to the Group's mobile business, as digitisation accelerates rapidly across the Group's footprint, driven by expanding consumption of videos and social media. The Group's data strategy is designed to increase value for existing users while encouraging non-data customers to become data customers. The Group seeks to maximise the adoption of smartphones as it further deploys its mobile broadband network on 3G and 4G networks through promotions both on a standalone basis and in partnership with handset vendors.

Airtel Money

The majority of the countries in which the Group operates are cash economies with a substantial portion of retail transactions being conducted in cash and where consumers have less access to traditional banking services. In view of these market dynamics, the Group offers customers, through "Airtel Money" and in partnership with local financial institutions, the ability to use their mobile phone to secure their money in their "mobile wallet" and to pay utility bills, pay for goods and services from a range of businesses, receive and transfer funds to any other in-country customer on the Group's network and, in certain countries, take out a microloan through partnerships with third-party loan providers.

The Group began rolling out Airtel Money in 2011 and offers certain mobile money services through its Airtel Money platform in all of its countries of operation, as illustrated in the table below. The Group intends to substantially increase the scope and coverage of its Airtel Money operations across its network. In Nigeria, the Group provides these services in partnership with a local bank and has applied for a mobile banking licence in Nigeria to further expand this offering. Group customers in Zambia, Tanzania and Rwanda are able to send money to and receive money from customers in Malawi through a joint cross-border money transfer arrangement. Airtel Money customers in Kenya, Rwanda and Tanzania can send and receive money across borders: customers in Kenya can send to and receive from customers in Rwanda, and customers in Rwanda can likewise send to and receive from customers in Kenya. Customers in Tanzania and Malawi can send and receive between each other, and customers in Rwanda and Malawi can send and receive between each other. Niger and Malawi have partnerships with MFS Africa, a MFS provider, for inward international remittance. Niger is only able to send and receive within the UEMOA region in West Africa. Through partnership with Terrapay DRC, Airtel Money customers in Tanzania are able to receive international remittances. Further operating subsidiaries in the pipeline for international remittance facilitation via Terrapay are Zambia and Uganda, which were commercially rolled out in May 2019. For a description of the Group's relationships with local banks to facilitate settlement of transactions via Airtel Money, see "—Customers, customer contracts and billing—Billing" below.

To send money to anyone or complete a payment within the Group's in-country network using their mobile phone, subscribers deposit cash with an agent at an Airtel Money point of sale. Once the subscriber has received a text message confirming the deposit, the subscriber can use their device to transfer money to another customer. The recipient of the money transfer can withdraw cash from an Airtel Money point of sale. To pay bills, subscribers select the relevant utility company from their device and enter their unique reference number and the amount. The subscriber then enters a personal pin and confirms payment.

The Group also facilitates access to microloans from third-party loan providers in five countries in which it operates, including Uganda, Tanzania, Kenya, Malawi and Zambia, and intends to roll this service out across its footprint. Where available, Airtel Money subscribers can dial the Airtel Money USSD code for instant access to loans from the Group's third-party partners. The Group provides its loan partners with certain customer data, for use in assessing an applicant's creditworthiness and in ultimately making a lending decision. Although customers are able to access various information regarding their loans through the Group's mobile platform, including loan terms and conditions and repayment information, the Group does not bear lending risk with respect to the loans provided, and the third-party partners are primarily responsible for loan collection. In the year ended 31 March 2019, the Group facilitated the extension of a total of US$145 million in microloans, with individual microloans ranging between US$1 and US$200, to 7 million customers in partnership with local lending institutions. The microloans can be extended for as little as one week, and up to 28 days, and are subject to an interest rate of between 8% and 24% based on the candidate's risk profile.

The Group is in the process of implementing Airtel Money Virtual Card Number ("VCN") services. VCN refers to soft (non-plastic) equivalents of debit or pre-paid scheme cards for online merchant payments. The VCN will be linked with a customer's Airtel Money wallet as a source of funds, providing customers an additional channel to access their funds from their Airtel Money wallet. The card will supplement the existing pay bill and merchant payment solutions and enhance customers' e-commerce experience. The Group expects VCN services will provide a global platform for Airtel Money and further enhance the market perception that MFS are a viable alternative or supplement to traditional banking facilities.

The following table presents the MFS the Group offers in each of the Group's countries of operation as of 31 March 2019.

Country	Wallet services	Microloans	Bill payments	Merchant payments	Savings	International money transfer
Nigeria	✓	-	✓	-	-	-
Kenya	✓	✓	✓	✓	-	✓
Uganda	✓	✓	✓	✓	-	✓
Rwanda	✓	-	✓	-	-	✓
Tanzania	✓	✓	✓	✓	✓	✓
Malawi	✓	✓	✓	✓	-	✓
Zambia	✓	✓	✓	✓	-	✓
Niger	✓	-	✓	-	-	✓
Gabon	✓	-	✓	✓	-	-
Chad	✓	-	✓	✓	-	-
Congo	✓	-	✓	✓	-	-
DRC	✓	-	✓	-	-	✓
Madagascar	✓	-	✓	✓	-	-
Seychelles	✓	-	✓	-	-	-

The Group believes that there is significant growth potential for its Airtel Money services, as in December 2018, approximately 60% of people in Africa do not have access to traditional financial services (source: World Bank). As at 31 March 2019, there were 14.2 million active Airtel Money subscribers, which are subscribers who have transacted using the Airtel Money platform in the prior month. In the year ended 31 March 2019, 2.99 billion transactions were settled on the Airtel Money platform, amounting to US$25.1 billion in transaction value. In the year ended 31 March 2019, 62.7% of the Group's revenue from its Airtel Money business line was attributable to wallet services.

Enterprise

The Group offers enterprise products and services to corporates, multinationals, the public sector and the small-medium business market within each of the countries in which it operates. The Group also offers a portfolio of services that allows it to sell enterprise solutions across borders, which it groups under four service pillars: Communicate, Collaborate, Connect and Cloud.

The Communicate pillar includes products and services related to voice, data, roaming and messaging services, which are available on a pre- or post-paid basis. The Collaborate pillar comprises conferencing products and services, including audio conference lines. The Connect pillar relates to the Group's portfolio of national and international connectivity services and the Cloud pillar represents the Group's "IT as a service" offering, including data centre colocation services.

The Group continues to enrich its enterprise portfolio through an extensive partner network to ensure reliable service delivery, as well as strengthening its serviceable territory, especially into remote locations. For example, the Group has partnered with satellite providers, including Intelsat and O3B, that enable the Group to deliver industry-specific solutions to military, off-shore and mining companies that the Group's existing network would not be otherwise be able to service.

Digital content

The Group partners with leading organisations, including Econet Media, Mo-De, Comzafrica, Comviva, OnMobile and Nazara, to provide subscribers with a unique experience in VAS such as mobile TV, advanced credit services, music on demand, ring back tones, Airtel Games Club and other products and services. The Group has identified a long-term sustainable growth opportunity in the increasing use of content services to support cross-selling of the Group's services portfolio and to diversify the Group's historic emphasis on voice services.

Devices

There is a large and fast-growing base of smartphone users across most of the Group's operating countries. Many of these customers have limited access to entertainment as there are limited movie halls and, due to erratic electricity supply, even television is not a viable alternative. This coupled with a large and thriving content (music, films, short format videos) creation ecosystem in countries like Nigeria and Kenya, provides a significant opportunity to the Group to bridge the gap between large demand for entertainment and excellent content availability.

The Group aims to become a preferred partner for content creators and provide relevant local and international content to its customers to drive more data consumption on our network and build loyalty by providing a differentiated offering.

Regional operations

The Group operates a network spanning 14 countries, the operations and history of each of which is described in further detail below. The Group has had a presence in Africa since 2010.

Nigeria

The Group's operations in Nigeria were acquired from the Zain Group in June 2010. In Nigeria, through the Group's operating company Airtel Networks Limited ("Airtel Nigeria"), the Group primarily offers voice and data mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans. In Nigeria, revenue attributable to mobile voice services in the year ended 31 March 2019 was US$739.8 million, or 66.9% of the Group's revenue in Nigeria.

Airtel Nigeria was awarded "2018 Brand of the Year" by Leadership Newspaper, a prominent national newspaper in Nigeria and its televised CSR initiative, Airtel Touching Lives, won "Most Innovative CSR Campaign" at the 2018 Marketing Edge Awards. Airtel Nigeria also won the 'Service Excellence in Telecommunication Award' at the 2017 Commerce and Industry Awards organised by the Lagos Chamber of Commerce and Industry and received awards for "CSR Excellence", "Best TV Commercial" and "CEO of the Year" at the 2017 Nigeria Tech Innovation and Telecoms Awards. In 2017, Interswitch, an electronic payment and digital commerce solutions company, honoured Airtel Nigeria with the "Payment Innovation in Telecom" award. Airtel Nigeria won the 2017 "Most Outstanding Customer-centric Telecom Brand Award" at Marketing Edge's National Marketing Stakeholders Summit and Brands & Advertising Excellence Awards. Airtel Nigeria was acknowledged as the 'Best Company in Recruitment Strategy' during the HR People Magazine Awards in Lagos in the year ended 31 March 2018.

East Africa

In East Africa, revenue attributable to mobile voice services in the year ended 31 March 2019 was US$596.0 million, or 54.1% of the Group's revenue in East Africa.

Kenya

The Group's operations in Kenya were established in June 2010 following the acquisition of the Zain Group's business in the country. In January 2015, the Group acquired yuMobile's subscriber base in Kenya from Essar Telecommunications Kenya, a part of the Essar Group. In Kenya, through the Group's operating company Airtel Kenya, the Group primarily offers voice and data mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans. In February 2019, Telkom Kenya, the third largest mobile network operator in Kenya, announced its intention to transfer its mobile operations, enterprise, and carrier business to Airtel Kenya, the Group's operating subsidiary in Kenya and in consideration thereof, Telkom Kenya is expected to acquire a shareholding of approximately 32% in Airtel Kenya ("Business Transfer"). The formula for calculating the respective shareholding percentage of Telkom Kenya on completion will take into account the relative revenues (for the past 12 months prior to the closing of the Business Transfer) of each business being contributed. Telkom Kenya also has a call option exercisable in the 24 months following completion of the Business Transfer, to acquire such number of shares in Airtel Kenya not exceeding the lower of (i) 15% of the shares of Airtel Kenya; and (ii) such number of shares of Airtel Kenya which would result in Telkom Kenya's shareholding equaling 49%. Airtel Kenya will, post-completion of the transaction, be renamed "Airtel-Telkom". As at the date of this Registration Document, the transaction remains subject to approval by the relevant authorities.

In connection with the proposed Business Transfer, Airtel Kenya has agreed with Telkom Kenya that Telkom Kenya shall have the right to transfer shares in Airtel Kenya at any time in exchange for an issue of new shares in the Company (subject to compliance with applicable laws and receipt of relevant corporate and other approvals) after seven months from the listing of the Company's shares on an internationally recognised stock exchange and admission of such shares to listing and trading becoming effective and only until seven years from such date, on one or more occasions, at Telkom Kenya's sole discretion (the "Flip-up Right"). The aggregate number of the Company's shares to be received by Telkom Kenya as a result of any one or more exercises of the Flip-up Right shall be capped at such number which would result in Telkom Kenya's aggregate equity stake in the Company upon acquisition of such shares equaling 4.99% of the total issued shares of the Company ("Flip-up Cap"). The Company, or a nominee thereof, is required to purchase any of Telkom Kenya's shares in Airtel-Telkom that cannot be subject to the Flip-up Right as a result of the Flip-up Cap, as determined pursuant to the Flip-up Valuation.

The formula for determining the Flip-up Valuation is as follows:

To the extent the Flip-up Right is exercised in the first 12 months following closing of the Business Transfer, it shall be Telkom Kenya's equity value at closing of the Business Transfer transaction as increased by 8% per annum.

To the extent the Flip-up Right is exercised subsequent to the first 12 months following closing of the Business Transfer, the Flip-up Valuation will be calculated by:

(a) taking the Group's enterprise value (which is calculated by taking the 30 day volume weighted average price of the Company (converted to US dollars based on the average GBP:USD exchange rate over the previous five days) multiplied by outstanding shares in issue plus net debt) divided by the Group's last 12 months revenue multiple (the "Multiple", which is subject to a 2x cap);

(b) taking the last 12 months' revenue of Airtel-Telkom in Kenyan shillings and multiplying this by the Multiple;

(c) deducting the net debt of Airtel-Telkom in Kenyan shillings to arrive at an equity valuation of Airtel-Telkom;

(d) converting Airtel-Telkom's equity value into US dollars based on an average of USD:KES exchange rate for the five trading days prior to the date of the notice; and

(e) applying Telkom Kenya's percentage shareholding at the time of exercise.

The percentage shareholding of the Company to be issued to Telkom Kenya will be the Flip-up Valuation divided by the aggregate of the Company's market capitalisation plus the Flip-up valuation. The issue price for the Company's shares will be based on a 30 trading days volume weighted average price at the time of exercise, converted from GBP to USD based on the average rate over five days. Notwithstanding the existence of the Flip-up Right, the total of all issued warrants or options or other rights to subscribe for Ordinary Shares will not exceed 20% of the issued equity share capital (excluding any treasury shares) of the Company at the time of any issue, excluding rights under employee share schemes.

In 2017, Airtel Kenya received the Humanitarian/Corporate Award at the annual Kenya Red Cross Volunteer Awards. Airtel Kenya was also commended for "best call rates within and across networks" and "best marketing campaign" at the first annual Telecommunication Service Providers Awards in 2017 for the launch of Tubonge, a bundled prepaid voice subscription offer. Tubonge also received the Gold Award (Television, Video and Cinema category) and Craft Certificate (Television, Video and Cinema Crafts category) at the Association of Practitioners in Advertising Awards in 2017.

Uganda

The Group's operations in Uganda were acquired from Zain Group in June 2010. The Group expanded its operations in Uganda in April 2013 through the acquisition of Warid Telecom Uganda from the Warid Group. In Uganda, through the Group's operating company Airtel Uganda Limited, the Group primarily offers voice and data mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans.

Airtel Uganda's Airtel Money division was recognised by Digital Impact Awards Africa in October 2018 for "Best Saving and Lending Product (Digital Driven)" following the launch of Wewole, a micro-credit service available to customers via the Airtel Money platform. Airtel Uganda was also awarded "Best Digital Customer Experience" and "Best Digital Customer Experience by Technology Brand" by Digital Impact Awards Africa in October 2018.

Rwanda

The Group's operations in Rwanda commenced in April 2012 following the acquisition of Rwandatel's mobile tower infrastructure. In January 2018, the Group expanded this presence with the acquisition of the operations of Tigo Rwanda Limited, a subsidiary of Millicom. In Rwanda, through the Group's operating company Airtel Rwanda Limited, the Group primarily offers voice and data mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans.

Tanzania

The Group's operations in Tanzania were acquired from the Zain Group in June 2010. In Tanzania, through the Group's operating company Airtel Tanzania plc, the Group primarily offers voice and data mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans.

In January 2018, Airtel Tanzania received an appreciation award from the Tanga City Council for its contributions toward and continued support of improvement in local schools.

Malawi

The Group's operations in Malawi were acquired from the Zain Group in June 2010. In Malawi, through the Group's operating company Airtel Malawi Limited, the Group primarily offers voice and data mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans.

Airtel Malawi was recognised as the "Most Visible Brand of the Year", the "Outdoor Commercial of the Year" and the "Print Commercial of the Year" at the 2017-2018 Chartered Institute of Marketing's Marketing Excellence Awards. At the 2018-2019 Marketing Excellence Awards, Airtel Malawi received the "Radio Commercial of the Year".

Zambia

The Group's operations in Zambia were acquired from the Zain Group in June 2010 and have been listed on the Lusaka Stock Exchange since June 2008, having traded under the 'Celtel' brand prior to being acquired by the Group and the Group is in discussions with the Lusaka Stock Exchange to increase Airtel Zambia's free float. In Zambia, through the Group's operating company Airtel Networks Zambia plc, the Group primarily offers voice and data mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans.

Airtel Zambia was named the "Most Customer-focused Organisation" in 2017 by the Zambia Institute for Customer Management and was recognised as the "Best Dividend Payer" at the corporate governance awards of the Lusaka Stock Exchange that same year. In 2018, the Chartered Institute of Customer Management awarded Airtel Zambia the "2018 Most Customer Focussed Organisation in ICT and Data Service Providers".

Rest of Africa

In Rest of Africa, revenue attributable to mobile voice services in the year ended 31 March 2019 was US$597.3 million, or 67.3% of the Group's revenue in Rest of Africa.

Niger

The Group's operations in Niger were acquired from the Zain Group in June 2010. In Niger, through the Group's operating company Celtel Niger S.A., the Group primarily offers voice and data mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans.

In December 2017, the National Development Forum named Airtel Niger the "best and most impactful actor of development" in recognition of Airtel Niger's commitment to CSR initiatives and local engagement.

Gabon

The Group's operations in Gabon were acquired from the Zain Group in June 2010. In Gabon, through the Group's operating company Airtel Gabon Limited, the Group primarily offers voice and data mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans.

In December 2017, Airtel Gabon's Mass Market and Corporate divisions received Best Customer Service Awards from Corporate Awards, an HR-focused awards programme. In December 2018, Airtel Gabon's Airtel Money division was awarded the Best Service Delivery Award at the Gabonese Awards of the Year.

Chad

The Group's operations in Chad were acquired from the Zain Group in June 2010. In Chad, through the Group's operating company Airtel Tchad S.A., the Group primarily offers voice and data mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans.

In May 2018, the Group's operations in Chad were commended for 'Best Quality of Network Calls and Internet Services' by the Chadian Regulatory Authority for Electronic Communications and Posts.

Congo

The Group's operations in Congo were acquired from the Zain Group in June 2010. The Group expanded its operations in Congo in March 2014 through the acquisition of Warid Congo S.A. from the Warid Group. In Congo, through the Group's operating company Airtel Congo S.A., the Group primarily offers mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans.

DRC

The Group's operations in DRC were acquired from the Zain Group in June 2010. In DRC, through the Group's operating company Airtel Congo (RDC) S.A., the Group primarily offers voice and data mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans.

Madagascar

The Group's operations in Madagascar were acquired from the Zain Group in June 2010. In Madagascar, through the Group's operating company Airtel Madagascar S.A., the Group primarily offers voice and data mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans.

Airtel Madagascar has supported WHO (World Health Organization) and the Malagasy Government in the implementation of a comprehensive strategy and plague response plan, the aim of which was to communicate prevention, symptoms, transmission and treatment of the disease. In 2017, the HABAKA Innovation Hub recognised Airtel Madagascar for its contributions to promoting digital inclusion in Madagascar.

Seychelles

The Group's operations in Seychelles commenced in August 2010 following the acquisition of Telecom Seychelles Limited, through which the Group acquired 57% of the Seychellois subscriber base. In Seychelles, through the Group's operating company Airtel (Seychelles) Limited, the Group primarily offers voice and data mobile telecommunications services to subscribers under pre-paid and post-paid plans, the overwhelming majority of which are provided through pre-paid plans.

Airtel Seychelles was named CSR of the Year 2017 in the fifth annual Seychelles Chamber of Commerce and Industries Business Awards. In 2018, Airtel Seychelles was recognised for its support of and partnership with Paster Lanwit (*Night Pastor*), a non-governmental organisation supporting Seychelles' homeless population.

Network infrastructure, Airtel Money Platform and operations

The Group's operating model combines a local sales and client focus with a centralised management structure that optimises scale, standardisation and expertise across its footprint, using a vertical approach to run operations efficiently. The Group manages complex operations across 14 countries and navigates the various regulatory hurdles that come with operating a large multi-national network.

The Group focuses on network performance for the benefit of the customer through network resilience enhancement and deployment of ring topology, additional fibre routes for redundancy and disaster recovery sites. The Group's network operations model is key to enhancing network performance through different management services contacts with prominent telecommunication vendors, along with supporting contractors to enhance network availability, reduce outages and enhance network uptime.

The Group monitors network performance through various data souces (including, amongst others, OSS counters, drives tests and competitive benchmarks and crowdsourced data) in order to drive network excellence and measures certain KPIs that provide an indication of customer perception and help guide network investments to the most effective area when appropriate.

The Group is also expanding its network team resources in order to capture diversified, reliable resources to improve network performance. The Group also optimises its capital expenditure both through the leverage the Group has in the market through its partnership with top suppliers and through using the competition between suppliers, as well as through careful planning and anticipation of short- and medium-term needs to avoid duplicative spending.

Mobile infrastructure

The Group's mobile network is in the large part built using Single RAN capabilities, which allows different technologies to be configured on the same hardware by using software to enable broader compatability, which allows for efficient and scalable network expansion to introduce new technologies. The Group's incremental implementation for all new sites is done by way of Single RAN capability to enable faster expansion of 3G and 4G coverage. The Group has partnerships with the leading telecommunications equipment manufacturers, including Ericsson, Huawei, Nokia and ZTE; this diversity provides the Group with both stability and the opportunity to remain competitive in its technology offering, to expedite its time to market and to optimise capital expenditure.

The Group's mobile network is designed using 2G, 3G and 4G technologies (with speeds of up to 150 megabytes per second). The network equipment is supplied by leading telecommunication equipment manufacturers, including Huawei, Ericsson and ZTE (see "—Network partners" below). The Group has 2G-enabled networks across all its footprints and 3G-enabled networks across 78% of its footprint, and is rolling out 4G technologies as a strategic priority, with 4G-enabled networks launched in 11 of the Group's 14 countries of operation and further roll-outs pending in two further countries. The Group has deployed 4G-LTE coverage across all sites in Uganda and has achieved 4G population coverage of approximately 76%. The Group also has 4G population coverage of 39%, 43% and 26% in Zambia, Malawi and Nigeria, respectively.

The Group's 2G technologies enable it to offer subscribers voice services, SMS, VAS and data services. The Group deploys Enhanced Data for Global Evolution ('EDGE') technology to deliver its 2G services across its footprint, with speeds of up to 253 Kbps, through which the Group is able to offer certain services, such as Airtel Money to 2G customers without smartphones.

The Group's 3G technologies enable it to offer subscribers a wide range of advanced services, including data services, such as wireless broadband, while achieving greater network capacity through improved spectral efficiency. Subscribers using 3G technology are able to access advanced services like mobile broadband data, and a full internet experience with richer mobile content. The Group's 3G networks also provide more capacity to deliver data and voice services than its 2G networks using the Group's current spectrum.

The Group continues to expand and modernise its mobile broadband network across its footprint. The Group co-locates all of its 3G network with existing 2G infrastructure, allowing faster and cost-effective network deployment. The Group has rolled out 4G services in eleven of the markets in which it operates, including Kenya, Uganda, Zambia, Malawi, Seychelles, Madagascar, Congo, Gabon, Chad, Nigeria and Rwanda, and continues to prioritise the roll-out of 4G services across its footprint, including through ongoing roll-out initiatives in Niger and DRC. These technologies allow the Group to offer faster upload and download speeds as compared with 3G technologies. 4G enables the Group to offer subscribers fast access to high definition video streaming, video conferencing, multiple chatting, instant uploading of photos and other data intensive applications and complements the Group's strategic focus on the roll-out of wireless home broadband services.

In the year ended 31 March 2019, the Group added 12,408 broadband base stations, 58% of which are equipped for 4G technology. In the same year, the Group added 4G technology to 7,182 sites. The Group's broadband base station portfolio has grown at a compound annual growth rate of 40% between March 2016 and March 2019 to reach approximately 32,501 broadband base stations as of 31 March 2019. The Group enters into agreements for the location of base stations in the form of either leases or co-operation agreements that provide it with the use of certain spaces for its base stations and equipment. Under these leases or co-operation agreements, the Group typically has the right to use such property to place its towers and equipment shelters. The Group is also party to certain network managed services agreements to maintain its networks and infrastructure. For a description of the Group's network partners, see "—Network partners" below.

The Group also enters into agreements with other operators for radio network sharing, where either the passive equipment, physical site and towers are shared or the operation of the radio equipment is combined with other operators. Network sharing brings not only substantial savings on site rentals and maintenance costs but also on investments in equipment for the roll-out of new base stations.

The Group has deployed an extensive project to modernise its core network through network function virtualisation (NFV) in partnership with well established telecommunications vendors. With this modernisation, the Group benefits from faster time to market for the new services, a scalable system with quick and smooth expansions and a reduced footprint that is still responsive to the Group's requirements.

The Group has also invested in international submarine cable capacity, with part-ownership in the East Africa Submarine System (EASSy) cable and the Seychelles East Africa Submarine (SEAS) cable, to exchange voice and data traffic globally at a lower cost and reduced latency compared to traditional satellite connections. In addition, the Group continues to explore new undersea projects where commercially beneficial. In September 2018, the Group, through Seychelles Cable Systems Company (in which it is a shareholder together with the Seychelles government and Cable & Wireless (Seychelles) Limited, a telecommunications company), entered into a memorandum of understanding together with the Pakistan East Africa Cable Express (PEACE), Cable International Networks, Huawei Marine Networks and Huawei International for the construction of a second submarine cable link between Seychelles and the African continent, which is expected to be completed in 2020.

Towers infrastructure

Towers are part of the passive infrastructure that comprise the non-active components of the Group's wireless telecommunications infrastructure network, including the tower structure, shelters, industrial air conditioners, diesel generators, batteries, switch mode power supplies and voltage stabilisers.

As of 31 March 2019, the Group had 21,059 network towers, of which 16,427 are mobile broadband towers, and 32,501 mobile broadband base stations in 14 countries. 39.7%, 40.1% and 20.1% of the Group's towers were located in Nigeria, East Africa and Rest of Africa, respectively, as at 31 March 2019. To focus on its core subscriber-facing operations and to manage its costs, the Group has undertaken the strategic divestment of a large portion of its tower portfolio to tower companies, including Helios Towers Africa, American Tower Corporation, IHS Towers and Eaton Towers; between 2015 and 2017, the Group sold more than 9,200 towers across Nigeria, Uganda, Zambia, Kenya, DRC, Niger, Congo and Rwanda. The Group has prioritised the divestment of tower sites for which complete documentation enabling a quick divestment is available and has maintained certain strategic sites, including hub and core locations or base station controller and radio network controller sites. In 2015, BAIN entered into agreements with Helios Towers Africa for the divestment of over 1,300 telecom towers in Congo and DRC. It also entered into agreements with Eaton Towers Limited for the divestment of over 2,100 telecom towers in a further three countries across Africa in 2015. In 2015, Airtel Nigeria and American Towers Corporation entered into an agreement for the sale of over 4,700 telecom towers in Nigeria, and Airtel Zambia and Airtel Rwanda entered into agreements in 2015 with IHS Zambia Limited and IHS Rwanda Limited, respectively, for the sale of a total over 1,100 telecom towers in these two countries. The Group continues to retain ownership of approximately 4,400 tower sites, the majority of which are in countries where tower divestment has not taken place (including Tanzania, Chad, Gabon, Malawi, Madagascar and Seychelles). Identification of suitable divestment opportunities continues to be a strategic priority for the Group as it focuses on an asset-light business model.

Spectrum

The Group has access to a rich inventory of spectrum assets in every country in which it operates and reaching across different bands (typically in the 900MHz, 1,800MHz and 2,100MHz bands), facilitating the efficient use of spectrum for coverage and the upper frequencies for optimal coverage and capacity. For instance, the Group has efficiently utilised the 900MHz band in 3G/4G technology to improve coverage in addition to using it as a main driver for reliable 2G coverage, allowing efficient use of resources whilst expanding the Group's coverage. The Group has deployed a similar strategy with its holdings in the 1800MHz band to roll out 4G technology. This strategy has secured multiple layers of data capacity.

MHz	800	900	1800	1900	2100	2300	2600	3500/ 3300	
Type	paired	paired	paired	paired	paired	unpaired	paired	unpaired	
Country									**Total**
DRC	10.0	6.0	12.0		10.0				38.0
Chad		9.8	25.0		20.0		20.0		74.8
Congo		15.2	29.8	5.0	15.0	40.0			105.0
Gabon	10.0	8.0	20.0	5.0	15.0		20.0		78.0
Kenya	10.0	10.0	10.0		10.0				40.0
Madagascar		11.2	24.4		10.0	8.5		10.0	64.1
Malawi		11.6	19.8		10.0			30.0	71.4
Niger	10.0	10.0	18.0		15.0				53.0
Nigeria		5.0	15.0		10.0		20.0		50.0
Rwanda		15.0	25.2		20.0			40.0	100.2
Seychelles	10.0	12.0	20.0		20.0				62.0
Tanzania		7.5	12.5		10.0				30.0
Uganda		10.8	15.0		20.0		10.0	21.5	77.3
Zambia		10.0	20.0		20.0				50.0
Total	50.0	142.1	266.7	10.0	205.0	48.5	70.0	101.5	893.8

As the Group expects use of 3G and 4G technologies to continue to grow significantly in the medium term, it is continuously monitoring opportunities to prepare and expand its existing spectrum assets to support 4G technology as it is rolled out across the Group's footprint. In particular, in recent years, the Group has acquired valuable sub-GHz blocks of radio spectrum in Seychelles, Kenya, DRC, Gabon and Niger to support its continued roll-out of 4G network coverage.

Fibre infrastructure

The Group intends to deploy a fixed-line service alongside its fixed wireless build-out in the medium term whilst leveraging the Group's existing network density to cost-effectively deliver fixed-line services in response to increasing consumer expectations of network availability and persistently low fixed broadband penetration across its footprint. Whilst fixed broadband penetration in the Group's six most populated countries of operation was below 0.75%.The Group is in the process of increasing the fiberisation of its existing broadband sites in order to build a robust wireless 4G network and to secure capacity on the 4G sites for anticipated data growth. In addition, these sites are typically suitable candidates for last mile connectivity services, which enable the Group to provide fixed-line broadband services, including in partnership with fibre network infrastructure operators that are complementary to the Group's existing mobile telecommunications services.

The Group is continuously redesigning and streamlining its transmission network to handle additional traffic and to provide further resilience. The redesign of fibre optics rings, in particular, provides more resilience and capacity to the network and increases the number of sites connected to fibre network. The size of the Group's microwave rings has been reduced up to 6 sites per ring and the design currently being implemented will maximise direct access of the sites to fibre by targeting a maximum ratio of 5:1.

Network partners

The Group maintains long-term strategic partnerships with other businesses in the telecommunications sector to deliver the Group's strategy centred on enhancing the consumer experience via network modernisation and deployments. These partnerships are primarily with the original equipment manufacturers ("OEMs") to ensure the Group has access to the highest quality of material at the right cost. The Group believes its strategic partnerships enable it to provide reliable, affordable service while efficiently modernising its networks.

Mobile network partners

The Group generally outsources the management and operation of its mobile network infrastructure to the OEM or technology provider, which is contractually obligated to meet specified performance targets under service level agreements (SLAs) as well as to scale their operations within defined parameters to meet the Group's growth strategy. Management service contracts with partner OEMs and technology providers are typically for durations of three to five years, and typically provide for termination for convenience by either party upon three to six months' notice. The Group typically enters into contractual mobile network partner relationships and framework agreements at a Group level, with ongoing relationships managed at the local operating company level.

In addition to OEM vendors, the Group has lease back arrangements in place with tower companies, including Helios Towers Africa, American Tower Corporation, IHS Towers and Eaton Towers, for 51% of the towers it utilises for its services and relies on these operators for ongoing build-out, maintenance and management of its passive infrastructure. The service agreements in place typically require 99.90% uptime availability, which delivers better service availability as compared to when the Group operated its towers portfolio independently, and typically provide for site access and management, maintenance of the tower structure, access to and supply of power, including the supply and replacement of generators and batteries, a combination of diesel, on-grid and hybrid solutions to ensure consistent uptime and site security.

Fibre network partners

The Group engages reputed vendors to lease fibre capacity (which can be shared) or to build fibre capacity that is exclusive to the Group to cater to both mobile data as well as fixed enterprise data customers. These vendors provide expertise in building and maintaining fibre networks and generally have an existing, multinational presence in Africa. For ongoing maintenance of the Group's enterprise equipment, such as routers, the Group engages either the OEM or local market maintenance vendors with expertise in the relevant equipment. The Group believes that these partnerships allow the Group to efficiently access sufficient fibre capacity while leveraging the expertise of third-party vendors to maintain the relevant equipment and fibre, thereby allowing the Group to focus on customer facing activities in relation to its products and services.

Airtel Money platform

The Group's Airtel Money services are operated through a platform of over 19,700 fixed points of sale and over 286,000 Airtel Money agents as at 31 March 2019. To send money to anyone or complete a payment within the Group's in-country network using their mobile phone, subscribers deposit cash with an agent at an Airtel Money point of sale. Once the subscriber has received a text message confirming the deposit, the subscriber can use their device to transfer money to another customer. The recipient of the money transfer can withdraw cash from an Airtel Money point of sale. To pay bills, subscribers select the relevant utility company from their device and enter their unique reference number and the amount. The subscriber then enters a personal pin and confirms payment.

The Group utilises partnerships with local banks to settle transactions and extend loans via its Airtel Money services. The Group opens a trust bank account with preferred banks in each country in which Airtel Money services are available, providing assurance that the e-value in the Airtel Money system is liquid. The Group provides a risk profile for microloan candidates based on mobile and Airtel Money transaction data (including recharge pattern, cash in and cash out transaction values) to assist its partnered financial institution in making a lending determination. To enable a faster flow of value between the trust bank and the channel partners, the Group is rolling out automation in every country across its Airtel Money platform. This automation is already enabled in eight countries, including Tanzania, Madagascar, Zambia, Malawi, Rwanda, Gabon, Niger and Uganda. The Group is in the process of expanding the automated allocation of float in the countries in which it has been made available, as well as finalising the initial roll-out in other countries of operation, including DRC, as a matter of strategic priority. The Group also maintains various partnerships at a retail level with local banks, which allow smooth flow of money from the banks to customers' virtual wallets and vice versa.

The intent of the Group is to provide simple, convenient and intuitive customer journeys, which becomes even more important given the lower level of literacy in many of the countries in which the Group operates. In pursuit of this, the Group has redesigned several key processes such as resetting a forgotten PIN (password) and allowing customers to set-up favourites for sending money and paying bills, hence removing the need for the customer to remember recipient number or biller's account numbers.

Customers, customer contracts and billing

The Group primarily serves mass market customers, who tend to be highly price sensitive, and is increasingly targeting business (including small- and medium-sized enterprises and corporate clients) and other professional customers, who place a premium on the Group's ability to provide complete end-to-end communications solutions.

The majority of the Group's customers subscribe to Group services on a pre-paid basis (comprising 99.1% of total subscribers as at 31 March 2019). Pre-paid services require the payment of a non-refundable subscription fee (that includes connection charges and a charge for a SIM card). Pre-paid subscribers pay in advance for a fixed amount of airtime and services and recharge their account at one of the Group's retail touchpoints, or through an online account, when they run out of credit. Pre-paid services constituted 96.2% of total customer usage-based revenue in the year ended 31 March 2019. The Group does not anticipate a material shift away from pre-paid services in the near term due to the lack of well-developed credit evaluation mechanisms in the countries in which the Group operates.

The majority of the Group's post-paid contracts are with small- and medium-sized enterprises and corporate subscribers, with contracts typically lasting two years. Post-paid services require the customer to pay an initial one-time non-refundable connection fee, following which the customer is billed on a monthly basis (including a monthly subscription charge which is variable depending on the plan to which the customer has subscribed). Post-paid services contributed 3.8% of total customer usage-based revenue in the year ended 31 March 2019.

Billing

The Group's pre-paid services are paid for at point of sale, and are typically settled in cash. The Group's billing operations for post-paid and data services are fully automated using telecommunications industry-specific billing applications. The billing of post-paid voice services is performed using a single application while the billing of post-paid data services is performed using a single application for each operating country. All of the Group's billing systems are fully integrated with its network and accounting systems.

The Group utilises partnerships with local banks to settle transactions conducted via its Airtel Money services and charges a variable fee, based on the size and type of transaction. Most of the Group's Airtel Money revenue is earned upon settlement of the transaction and is debited directly from the customer's account. For certain other transactions, including bill payments or merchant payments, the applicable charges are either to the customer or to the billing party or merchant or both, and are also collected at the time of the transaction. For microloans, disbursement and collection is performed by the local financial institutions through the customer's Airtel Money account, and the Group's commission is credited at the end of the month. For the Group's savings product, which is also offered through local financial institutions, the partner bank invests the amount, the customer is paid interest based on the terms of the savings product (based on the duration of the savings) and the Group receives a fixed percentage.

Pricing

The Group endeavours to provide pricing plans that are very simple for customers to understand, and does this through flexible plans that are based on the principle of "more for more", where if the customer pays more, he or she will get either more validity or more benefit (minutes / data volume). The Group uses a tailored pricing strategy that varies depending on the Group's market position in each of its countries of operation.

Where the Group is a market leader, the Group's pricing strategy is closely marked to prevailing market rates. In Chad, where the Group holds a leading market share in terms of number of subscribers, and where industry pricing has been recently been subject to downward regulatory pressure, the Group's pricing strategy is focused on winning high value subscribers by offering free on-net calling to subscribers contributing a daily ARPU in excess of three times the daily ARPU of the country average daily. There has been significant uptake of these bundles since they were introduced in February 2018, which contributed 21.5% of the Airtel Chad's total voice revenue in the year ended 31 March 2019. Like all MNOs, the cost of international bandwidth access impacts the prices that the Group charges its customers. The Group believes it benefits from economies of scale in this regard.

In markets where the Group is seeking to obtain market leadership, the Group offers more benefits to better differentiate the value for money available to Airtel Africa subscribers. For instance, in Kenya, where the Group is a market challenger, the pricing strategy prioritises affordability and is built on three pillars: offering the most affordable data bundles, building the on-net community and providing any network calling at an affordable rate (and on a pay-as-you-go basis).

As a large proportion of the Group's customer base is prepaid, their usage is influenced by the amount of balance in their account. To encourage increased customer balances, the Group runs tailored promotions based on the past purchase and usage behaviour of a particular customer.

The Group also supplements the few simple, open market plans based on "more for more" concept with segmented offerings which are based on insights generated through customer analytics. These offerings aim to increase the ARPU of a given customer based on that customer's past usage, balance, age on network, location and other factors.

In addition to these strategic levers, certain countries in which the Group operates, including DRC, Congo and Nigeria, have established floor pricing where the regulator defines the minimum rate.

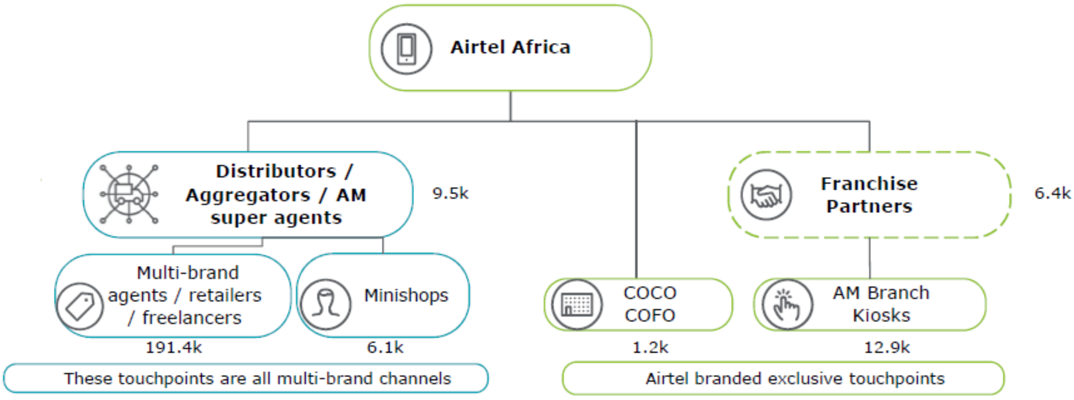
Distribution and sales

Sub-Saharan Africa has several characteristics that pose unique challenges in ensuring effective distribution. It has a large geographic area, the population density is low and the population is scattered across small clusters – especially in rural areas. These factors, coupled with a underdeveloped transport infrastructure, pose significant challenge in distribution. The Group addresses this by ensuring that it creates distribution infrastructure close to where customers are to ensure that availability of Group's products is closer to the customer and also assured. In addition to that the Group has significantly increased its frontline sales force to ensure that the distribution infrastructure created close to customer's is adequately trained, incentivised, serviced and monitored to deliver on the distribution objectives.

The Group sells the majority of its services through physical locations across its 9.7 million square kilometre footprint, which, as at 31 March 2019, includes approximately 19,700 retail touchpoints (including minishops, kiosks and Airtel Money branches), approximately 180,000 SIM selling outlets ("SSOs"), including freelance sales agents, and a wide network of recharge selling outlets ("RSOs"), approximately 286,000 Airtel Money agents and exclusive 'airtel' brand ambassadors. Many of these retail touchpoints are operated by third parties, which can act exclusively on behalf of the Group or as multi-brand points of sale. The Group believes its strong distribution network, including longstanding relationships with its distribution partners, is a critical part of its business and a key reason for its subscriber growth.

The Group has tailored its distribution approach in each country to comply with local regulatory regimes, including in respect of required KYC processes, and adjusted for varied degrees of population density and availability of effective transportation and typical modes of transacting business. The Group relies heavily on a mix of retail touchpoints across all of the markets in which it operates to acquire new subscribers, facilitate Airtel Money transactions and sell airtime on the Group's network. Sales of SIM cards are highly regulated in every country in which the Group operates, requiring a physical interaction between the seller and the buyer, limiting the Group's ability to digitise the SIM sales process. While subscribers are able to purchase airtime through the Group's online channel using credit or debit cards or other e-banking facilities, online sales account for less than 1% of the Group's total airtime sales as a result of low penetration of access to formal or semi-formal financial services across the Group's footprint.

The chart and table below present the primary types of retail touchpoints that comprise the Group's sales network:



Retail Touchpoint	Description
Large format retail stores.........................	Large brick and mortar stores that provide all of the Group's services. Large format retail stores can be owned and operated by the Group, or operated by franchisees under CoFo or FoFo operating models (comprising approximately 18%, 9% and 74% of the Group's stores as at 31 March 2019, respectively).
Minishops and kiosks	Brick and mortar shops (in the case of minishops) and small open-air fibre structures (in the case of kiosks) operated by exclusive franchise partners with a primary focus on facilitating Airtel Money transactions but can also sell SIM cards and airtime.
RSOs...	Fixed or mobile sales points for airtime, which are typically multi-brand sales points. RSOs purchase airtime from Group distributors for resale.
SSOs	Fixed sales points for SIM cards, which are typically multi-brand sales points. SSOs purchase SIM cards from Group distributors for resale and are able to conduct the Group's KYC process at point of sale through the use of kits that are distributed by the Group.
Airtel Money branches............................	Fixed branches operated by franchisees that maintain a direct billing relationship with the Group, which are intended to provide a secure setting for Airtel Money customers transacting in higher amounts. Though focused on Airtel Money services, branches can also sell SIM cards and airtime.
Airtel Money agents................................	Individuals or businesses that are contracted to facilitate Airtel Money transactions for customers. They can also register new customers and teach customers how to make the best use of the Airtel Money services.
Brand ambassadors and freelancers.......	Mobile points of sale for SIM cards, targeting high traffic urban sites and market days in rural areas. Brand ambassadors and freelancers are exclusive partners that purchase SIM cards from Group distributors for resale where the Group's distribution network lacks a permanent retail touchpoint.

Marketing and brand

The Group develops marketing initiatives at the Group level, which are then implemented through marketing campaigns developed at the local operating company level. As the Group continues to grow the number of products and services offered, increasing customer awareness of these new products and services, and how they can supplement the Group's existing customers' subscriber experience, is critical to the Group's continued success.

Substantially all of the Group's businesses trade under the 'Airtel' brand pursuant to the existing 'Airtel' Brand Licence agreement between BAIN and the Major Shareholder. More broadly, the Brand Licences grant the members of the Group perpetual use of certain trademarks registered for use in the sale and marketing of the Group's services, and are terminable upon notice in the event of certain specified termination events including insolvency and material breach. The Group is among the strongest brands in Africa, and monitors several metrics including brand bonding (how well subscribers relate to the 'Airtel' brand), awareness of the 'Airtel' brand, brand use and brand consideration (how likely potential subscribers are to choose Group products over competitors), in most of its countries of operation (excluding Rwanda and Seychelles). As of December 2018, the Group had the leading brand bonding score in six countries across its footprint, with the second highest score in four and the third highest in two. As of December 2018, the Group had the leading brand awareness score in eight countries across its footprint, with the second highest score in three and the third highest in one. As of December 2018, the Group had the leading brand use score in six countries across its footprint, with the second highest score in five and the third highest in one. As of December 2018, the Group had the leading brand consideration score in six countries across its footprint, with the second highest score in five and the third highest in one.

Each local operating company seeks to increase consumer awareness of its new products and services, build customer loyalty, differentiate its services from those of competitors, enhance customer experience and improve ease of use. The Group primarily relies on radio advertising, billboards, points of sale and digital marketing (comprising 78% of marketing spend in the year ended 31 March 2019), as well as sponsorship of sports teams and television advertisements. As mass market customers (the vast majority being pre-paid customers) are generally more sensitive to price, the Group's local operating companies employ targeted marketing and promotion campaigns (such as discounts and bundle options) to individual subscribers (for example via SMS) and regularly refresh promotional offers to ensure subscribers are continually engaged and prompted to purchase airtime, data or additional services.

The Group's marketing strategy for mobile money is tailored to the specific requirements of each country. For countries where the MFS are well developed, the Group focuses marketing initiatives on driving cross-sales between the wide variety of services the Group offers in a particular market. For example, in Uganda, the Group's marketing strategy is focused on establishing the Group as the leading provider of merchant payments. In countries where the usage of mobile money is still not very well developed, the Group focuses on educating potential users on mobile money services more generally, including the ease of opening accounts and the simple mechanism for depositing and withdrawing cash and, most importantly building confidence in the service.

Property

The Group leases most of the principal property, plant and equipment it operates, including administrative and commercial office buildings, business centres and technical properties, which consist of switching, international exchanges, transmission equipment, towers, mobile base stations, data centres, cabling and other technical ancillaries. Other properties include stores and warehouses.

The following table sets forth the Group's key properties as at 31 March 2019:

Country	Location	Primary Function	Owned/Leased	Size (m²)
Congo	Brazzaville	Airtel Congo Head Office	Leased	3,219
DRC	Kinshasa	Airtel DRC Head Office	Leased	2,364
Gabon	Libreville	Airtel Gabon Head Office	Leased	1,720
Kenya	Nairobi	Airtel Kenya Head Office	Owned	10,000
Madagascar	Antananarivo	Airtel Madagascar Head Office	Leased	2,761
Nigeria	Lagos	Airtel Nigeria Head Office	Leased	5,040

Seychelles	Victoria	Airtel Seychelles Head Office	Leased	3,816
Tanzania	Dar es Salaam	Airtel Tanzania Head Office	Leased	10,900
Chad	Ndjamena	Airtel Chad Head Office	Owned	3,228
Kenya	Nairobi	BAIN Branch Office	Leased	2,072
Malawi	Lilongwe	Airtel Malawi Head Office	Owned	3,564
Niger	Niamey	Airtel Niger Head Office	Owned	4,948
Rwanda	Kigali	Airtel Rwanda Head Office	Owned	2,613
Uganda	Kampala	Airtel Uganda Head Office	Owned	1,934
Zambia	Lusaka	Airtel Zambia Head Office	Owned	8,151

Research and development

The Group's growth and development has been underpinned by an ambitious growth strategy that requires it to undertake substantial capital expenditure, including to develop and integrate new networks and to expand and improve existing network capacity. The Group engages with third-party developers to support the Group's research and development activities.

Information technology

The Group has a lean and diverse information technology ("IT") team led by experts operating centrally in Kenya, at the operating company level in each country and offshore in India. Each of the Group's operating companies maintains its own primary IT systems, with expert subject matter support and governance oversight situated centrally and access to standardised tools through the Group's offshore network operations centre ("NOC") support system, which is anchored by the Africa Development Centre. The Group's IT systems are comparable to those typically used by other telecommunications service providers, and comprise operational support systems (which support the Group's telecommunications network and include processes such as maintaining network inventory, provisioning services, configuring network components and managing faults) and business support systems (which support processes relating to the Group's customers, such as taking orders, processing bills, collecting payments and customer relationship management). The Group believes that its existing IT systems are adequate for the purposes of its existing business.

The Group enjoys a competitive advantage in deploying its key customer-facing applications, as it has internal capabilities to build and developed these tools through the Africa Development Center and has a robust landscape of over 300 applications that are standardised and scalable across the Group, including a single Oracle instance for the entire Group covering mobile and Airtel Money entities. The Group is therefore able to roll out new applications efficiently across the common platforms across its footprint.

The Group uses a simplified multi-partner operating model specialising in application development, application management, infrastructure management and security operations. Further, the Group is in the process of transitioning from basic virtualisation to efficient software-defined cloud services, resulting in lower operational maintenance costs and preparing to deliver high availability and geographic resilience to promote business continuity.

The Group's IT capabilities are supported by a strong and robust IT security environment governed by four layers of security defence, including Security Operations, Security Managed Services, External Security Testing and the Airtel Africa Security Team. These layers safeguard the Group's business from information security threats through three primary areas of focus: People, Process and Technology.

The Group prioritises reliability across its IT infrastructure; each of the Group's 14 primary IT systems is designed for 99.99% uptime and is supported by 12 secondary disaster recovery systems in order to ensure the recovery and continuation of the Group's technology infrastructure following potential disruptive events, such as natural disaster or terrorism. Each operating company has procedures in place to either back up critical data on-site or automatically copy this backed-up data to off-site storage, or to back-up and replicate critical data directly to off-site storage. Each of the Group's operating companies reports to the central IT team in Kenya on a regular basis.

Intellectual property

The Group owns or holds rights to use (under licence) a relatively large number of trademarks. The most significant of these trademarks are registered as word mark trademarks, protecting words, including

‘Airtel’, and logo trademarks, protecting the ‘Airtel’ logo. In addition to the main ‘Airtel’ trademarks the Group has also registered various trademarks in specific territories where they are used, including, ‘It’s Now’, ‘2SIM’ and ‘Kabutu’.

The Group currently holds or has procured use of the rights to all its brand names, logos and trademarks, as well as registered website domain names for operational, commercial and advertising purposes in the jurisdictions in which it operates. Substantially all of the Group’s businesses trade under the ‘Airtel’ brand pursuant to the existing ‘Airtel’ Brand Licence agreement between BAIN and the Major Shareholder which is then able to be sub-licensed to other Group entities. More broadly, the Brand Licences grant the members of the Group perpetual use of certain trademarks, and are terminable by the Group for convenience upon 180 days’ notice or by either party upon notice in the event of certain specified termination events including insolvency and material breach. The Group holds or has procured use of the rights to all patents or other significant intellectual property rights that are material to its business or profitability.

Insurance

The Group maintains several insurance policies across multiple jurisdictions covering a range of risks, including those related to physical damage to, and loss of, equipment and property, injury to employees, cyber and business interruption as well as coverage against claims and general liabilities which may arise through the course of normal business operations. The Group engages an insurance broker to advise on the necessary types and levels of coverage, and reviews its coverage with its selected brokers. The Group also maintains various other insurance policies to cover a number of other risks related to its business, such as director and officer cover and employment practices. The Group maintains the types and amounts of insurance coverage that the Directors believe are consistent with customary industry practices in the jurisdictions in which the Group operates.

Licences

The Group’s network operating licences specify the services it can offer and the frequency spectrum it can utilise for its operations in each market in which it operates. The Group also held 14 licences, directly or indirectly, permitting the Group to offer Airtel Money services across its footprint as at 31 March 2019. Each of the Group’s licences is subject to review, local law ownership requirements, interpretation, modification or termination by the relevant authorities. The operating licences are generally renewable upon expiration, whereas the Group’s financial services licences require periodic recertification. The Group aims to ensure that it has the appropriate amount of spectrum and the required licences to meet its strategic objectives over the long term. However, there can be no assurance that the Group’s licences will be renewed or that any renewal on new terms will be commercially acceptable. See “Risk Factors—Risks relating to legal and regulatory matters and litigation—It may be difficult for the Group to obtain all licences, permits, frequency allocations or other authorisations required to operate its existing network or to expand its operations or any other required licences, permits or other authorisations, and once obtained they may be subject to finite terms, ongoing review or periodic renewal, any of which may result in modification, suspension or early termination”. For a further description of the licences the Group holds in each of the jurisdictions in which it operates, see Part 5 (Regulatory Matters) for additional information.

Regulatory matters

The operation of telecommunications networks and the provision of related services, including MFS, are regulated to varying degrees by national, state, regional or local governmental and/or regulatory authorities. In order to comply with applicable law, telecommunications regulations, banking regulations and the respective licences granted under such laws, the Group may be required to obtain consents or approvals from regulatory authorities for certain activities, such as operating or owning the Group’s wireless networks, extending credit and establishing the rates charged to the Group’s customers. For example, in certain countries, the Group cannot raise the rates it charges beyond a specified regulatory ceiling, unless the relevant regulator raises such ceiling.

The regulatory regimes in the countries in which the Group operates vary from market to market and are influenced by factors such as population, economic development, geographical landscape, available technologies, customer penetration rates, political factors, government, social and economic policy and the number of existing competitors. The Group works with local regulators in each of the countries in its footprint with a view to ensuring fair and efficient regulation that is appropriate to the particular characteristics of the relevant market. For a further description of the regulatory framework in which the Group operates, see Part 5 (Regulatory Matters) for additional information.

Competition

The Group operates in highly competitive markets. The Group's competitors generally fall into three broad categories: (i) international diversified telecommunications and infrastructure companies; (ii) state-owned and partly state-owned telecommunications and infrastructure companies; and (iii) local and regional telecommunications and infrastructure companies. Like other emerging markets mobile telecommunications operators, the Group competes for customers principally on the basis of price, services offered, advertising and brand image, quality and reliability of service and coverage area. Price competition for mobile services is significant. Mobile services revenue before inter-product elimination and including infrastructure tower-sharing income represented the vast majority of the Group's consolidated revenue, the years ended 31 March 2019, 2018 and 2017 (representing 94.8%, 95.4% and 96.9% of total Group consolidated revenue, respectively), and these services are largely commoditised, as the ability to differentiate these services among operators is limited and coverage in most of the Group's markets is increasing. This has resulted in increased pricing pressure especially in competitive markets such as Nigeria and Kenya, where competitors have pushed down pricing.

The number of services the average customer uses in a given market, and thus the level of fees that the average customer pays, drives the revenue that the Group is able to generate from its customer base. Alongside improving network coverage and strength for voice services, the Group is also strategically increasing its data and digital service offering in order to increase revenue. Selling additional services to the Group's existing customers thus increases the revenue generated by that customer base. In an effort to counter the impact of competition and declining voice revenue and ARPU, the Group is exploring opportunities to expand its offering to include OTT, enterprise and fixed broadband services. For more information on the competitive landscape in each of the countries in which the Group operates, see Part 4 (Industry Overview).

Health, safety and environment

The Group has compliance programmes and monitoring projects to help ensure that it is in substantial compliance with applicable occupational health and safety and environmental laws and regulations. Nevertheless, the Group faces certain risks in connection with compliance with existing or future occupational health and safety and environment laws and regulations (see Part 1 (Risk Factors—The Group is subject to health, safety and environmental laws and regulations and industry standards related to the Group's operations in each of its operating countries) for more information).

Health and safety

The Group's operations, like those of other companies engaged in similar businesses, are subject to the requirements of various occupational health and safety laws and regulations, including those relating to the management, use, storage, disposal, emission and remediation of, and exposure to, hazardous and non-hazardous substances, materials and waste and those relating to the Group's operations as a telecommunications network operator. The Group abides by applicable occupational health and safety standards as stipulated by local legislative and regulatory requirements for each country in which it operates, and has implemented management systems and reporting structures to ensure effective oversight and implementation of these across its footprint. The Group has not been subject to any fines or legal or regulatory action involving non-compliance with applicable occupational health and safety laws and regulations which are material to the Group as a whole. The Group is unaware of any material non-compliance with or liability from relevant occupational health and safety laws and regulations.

Environment

The Group is subject to a large number of environmental laws and regulations, which vary by country of operation. These laws and regulations govern, among other things, the management and disposal of hazardous materials, air emissions and water discharge, the clean-up of contaminated sites and health and safety matters. The Group is also required to obtain environmental permits, licences and/or authorisations or provide prior notification to the appropriate authorities when building parts of its network or installing types of communications equipment. To the extent the Group fails to fully comply with applicable environmental laws and regulations, it could incur costs, including fines, penalties and other sanctions, clean-up costs and third-party claims for property damage or personal injuries. The Group has not been subject to any fines or legal or regulatory action involving non-compliance with applicable environmental laws and regulations which are material to the Group as a whole. The Group is unaware of any material non-compliance with or liability from relevant environmental laws and regulations.

Group operations

Operational management

The Group operates a decentralised business model, with significant operational discretion delegated to management at the operational level across its 14-country footprint, with supervisory oversight at the Group level over the operating companies. This approach is designed to ensure that the Group's business practices are appropriately tailored to the needs of each of its markets while retaining centralised oversight of Group operations. The Group's central management oversees the activities of its operating companies across the footprint and is responsible for, amongst other things, the adoption of strategic plans, the monitoring of operational performance and management, and the development of appropriate and effective risk management policies and processes. However, the implementation of Group policies and initiatives, as well as the day-to-day operations, are left to the individual operating companies and their management, which carry out their activities within a general operational framework implemented at the Group level. Further, pursuant to certain guidelines, it is compulsory for operating companies to escalate material issues to the central management to ensure a cohesive and effective overall Group approach. The Group operates in three geographical segments: Nigeria, East Africa (comprising Kenya, Uganda, Rwanda, Tanzania, Malawi and Zambia) and Rest of Africa (comprising Niger, Gabon, Chad, Congo, DRC, Madagascar and Seychelles), which are managed through a segment steering committee comprised of a chair and representatives for each segment.

Employees

The following table details the numbers of the Group's employees by function:

Employees by function (full time)

	As at 31 March		
	2019	**2018**	**2017**
Network & IT	550	602	601
Commercial (Marketing, Brand, Sales & Distribution, Home Broadband, Customer Service, Enterprise)	1,563	1,706	1,810
Finance	361	403	410
Supply Chain	128	130	151
Human Resources & Facilities	116	125	126
Legal & Regulatory	85	82	83
Directors' Office & Corporate Social Responsibility	124	114	137
Airtel Money	148	111	121
Total	**3,075**	**3,273**	**3,439**

The following table details the numbers of the Group's full-time employees by location:

Employees by location (full time)

	As at 31 March		
	2019	**2018**	**2017**
Nigeria	591	604	650
East Africa	1,116	1,187	1,254
Rest of Africa	1,224	1,336	1,399
Other[1]	144	146	136
Total	**3,075**	**3,273**	**3,439**

(1) Other comprises employees in the United Kingdom, the Netherlands and the Kenya branch office of BAIN.

As of 31 March 2019, women comprised 28% of the Group's employee base.

The Group invests in building functional skills within its workforce, specifically in network and information technology, which the Group believes are the backbone of its operations. The Group has further identified the need to build expertise internally, reducing the dependence on vendor-managed services as a strategic priority. To this end, it launched 'Airtel 101', an interactive learning interface delivered via a mobile app, in March 2018. The app aims to provide an enjoyable, engaging and easily accessible learning experience for employees. In addition, the Group provides digital learning programmes through its 'Airtel Learn Alive' e-learning platform, which features a catalogue of programmes targeting the development of a wide range of cross-functional skills and which run in parallel with other classroom-based and coaching opportunities to enhance skills development within the organisation.

The Group also works with a number of third-party contractors to maintain and operate its tower portfolio. As of 31 March 2019, the Group partnered with Helios Towers Africa, American Tower Corporation, IHS Towers and Eaton Towers, which provide maintenance technicians and other operational personnel.

The Group also works with the Major Shareholder for the provision of services relating to finance, operations and certain corporate head office services. For further details of the Group's relationship with the Major Shareholder, see Part 7 (Operational Relationship with Major Shareholder).

Pension and related arrangements

The group makes statutory and/or private social security contributions such as pension contributions in its subsidiaries across Africa. As at 31 March 2019, the Group had pension arrangements that are defined contribution in nature across all of its operating companies.

Labour relations

The Group's employees in Congo, Chad, DRC, Gabon and Niger are unionised, and the Group's relationship with each of these unions is governed by a collective bargaining agreement. The Group considers its relationship these unions to be good and to date there have been no instances of strikes or of work being curtailed.

Litigation and legal proceedings

The Group is party to various legal proceedings from time to time arising in the ordinary course of business. See Part 12 (Additional Information—Litigation) for a description of certain material governmental, legal or arbitration proceedings during the 12 months preceding the date of this document, which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability. As of 31 March 2019, the Group had provisioned US$67 million for pending litigation and claims.

Corporate social responsibility

The Group strives to be a leading corporate social investor and is committed to contributing towards the development of the communities in which it operates, with a particular focus on creating educational opportunities, improving accessibility of healthcare services, increasing internet access across the continent and offering assistance in disaster situations. The Group's programmes are executed at the local level, through local employees, thereby directing contributions to areas of greatest impact in each region. The Group does not invest in projects that are harmful to the environment, marginalise race or gender, are aligned to a political party or candidate or support religious groups where the purpose is furthering religious doctrine.

Airtel Kenya was awarded the 'Humanitarian / Corporate Award 2017' at the Red Cross Volunteer Awards and Airtel Seychelles was feted 'CSR Company of the Year' at the business awards organised by Seychelles Chambers of Commerce and Industry in the year ended 31 March 2018. The National Development Forum in Niger awarded Airtel Niger 'The best and most impactful actor in development' in 2017 for its CSR initiatives. Airtel Nigeria was also awarded the 'CSR Excellence Award' at the 2017 Nigeria Tech Innovation and Telecoms Awards and was also recognised for 'Excellence in CSR' by Global Patriot, a Nigerian news platform.

Education

Through the 'Adopt-a-School' initiative, the Group's flagship programme in Africa, the Group has impacted the lives of more than 25,000 under-privileged children across its footprint by helping schools rebuild infrastructure, providing reading materials, supporting feeding programs and promoting e-learning.

Airtel Zambia partners with the British Council, Samsung Electronics, Huawei and the Ministry of Education to bridge the digital gap in Zambia by donating computers and providing internet accessibility to more than 5,000 students through dedicated 'internet hubs' across the country.

Disaster support

In response to the 2017 plague outbreak which led to 2,119 confirmed, probable and suspected cases, including 171 deaths in Madagascar, Airtel Madagascar partnered with the World Health Organization and the Madagascan government to implement a short code number to provide Group subscribers with free access to information on prevention, symptoms, transmission and treatment from the World Health Organization; the hotline received approximately 40,000 calls. The initiative received a commendation from the World Health Organization.

Healthcare

Airtel Malawi supports 'Chipatala cha Pa Foni' or 'health centre by phone', a toll-free health and nutrition hotline in Malawi operated in partnership with Village Reach, a non-governmental organisation, and the Malawi Ministry of Health, which recently expanded to a nationwide coverage, supporting approximately 50,000 callers to date. Group subscribers can use the hotline free of charge to reach out to trained health professionals for advice in relation to any health-related concern.

Airtel Nigeria operates a toll-free awareness hotline in partnership with the Lagos State AIDS Control Agency to support a community awareness campaign and to provide education on HIV and AIDS in addition to providing free testing and counselling as well as distributing medications and relief materials to community members. Airtel Nigeria was honoured by the Lagos State Government with the "HIV and AIDS Response Award" in 2018 for its commitment to this cause.

Youth empowerment

Airtel Gabon initiated the 'Train My Generation' project in partnership with UNESCO in 2014 to improve digital literacy among Gabonese students and young people. 'Train My Generation' has trained almost 4,800 students between the ages of 17 and 35 in information and communication technology ("ICT").

PART 7
OPERATIONAL RELATIONSHIP WITH MAJOR SHAREHOLDER

Overview of relationship with the Major Shareholder

The Group sources certain services and supplies from the Major Shareholder's group as described below. The Group:

(a) sources certain telecoms connectivity and bandwidth supplies from the Major Shareholder's group;

(b) sources some non-telecoms services from the Major Shareholder being services related to: (i) finance; (ii) operations; and (iii) certain corporate head office services (together, the "Major Shareholder Services");

(c) will be a party to an IT services agreement entered into between BAIN and the Major Shareholder in relation to the provision of software development, IT security and hosted applications services by the Major Shareholder to the Group (the "IT Services Agreement");

(d) licenses the use of the 'Airtel' and 'Wynk' brands from the Major Shareholder group. BAIN is a party to a trade mark licence agreement granted by the Major Shareholder in respect of the 'Airtel' brand, and the Company will be a party to two trade mark licence agreements granted by the Major Shareholder group: (i) one in respect of the 'Airtel' brand in the United Kingdom; and (ii) one in respect of 'Wynk' brand (the "Brand Licences"); and

(e) the Group has historically obtained a substantial amount of debt financing (including the Notes) with the benefit of guarantees provided by the Major Shareholder. These parental guarantees relating to the Notes will continue to exist for so long as any Notes are outstanding, and the Group will continue to incur a recurring charge in direct relation to these guarantees (further detailed in Part 1 (Risk Factors)).

The arrangements for supplies and services referred to at (a) – (d) above are described in more detail below.

The services referred to at (a) and (b) above are formally documented in various arm's-length services agreements between the Group and Major Shareholder group entities either by way of existing agreements or by entering into of new agreements or a combination. The Group is not obliged to source any of these services from the Major Shareholder and is not committed to source any minimum volume of services from the Major Shareholder group. The Group believes these services from the Major Shareholder will, in general terms, represent the most cost-effective and efficient commercially available solutions for the Group taking into account the quality of the support received to date, the avoidance of disruption and the competitive charging arrangements.

The Major Shareholder Services

The Major Shareholder Services are described below. The Major Shareholder has agreed to comply with certain protocols which regulate the flow of information from the Group to the Major Shareholder to enable the provision of these services. These services may be terminated by the Group for convenience on 90 days' notice. Further details of termination provisions applicable to Major Shareholder Services may be found at paragraph 10 (Material Contracts) in Part 12 (Additional Information). However, termination of one or more of the Major Shareholder Services may disrupt some aspects of the Group's operations.

If the Group, at its sole discretion, were to seek to migrate away from any of the Major Shareholder Services, the Major Shareholder is obliged to provide transition assistance under the relevant arrangements in the event that a Major Shareholder Service is terminated. For example, following termination, the Major Shareholder is obliged to continue providing the terminated services until the Group has either successfully completed transition of that service (as confirmed by an independent third party of international repute appointed by the Group) or has notified the Major Shareholder that it no longer requires the terminated service. In respect of transition itself, the Major Shareholder is also required to use reasonable endeavours to co-operate and provide all assistance requested by the Group to ensure an orderly transition of any terminated service to a party nominated by the Group (including a designated Group company or a third party service provider, as the case may be). Additionally, in respect of Finance Shared Services, the Group and the Major Shareholder have agreed to develop a transition plan at least three months prior to any transition taking effect to ensure that such a transition would be achieved efficiently.

Finance Shared Services

The Major Shareholder provides Finance Shared Services to the Group. These are transaction accounting, financial statement review, consolidation of the Group's results, consolidation of financial planning information and revenue assurance services. The Finance Shared Services are provided by approximately 282 full time equivalent employees of the Major Shareholder who are arranged into four 'sub' teams based in India, namely the Airtel Centre of Excellence, the Airtel Information Office, the financial reporting & consolidation team and the Revenue Assurance Centre of Excellence. The Major Shareholder's head office finance function is not involved with the Company's financial accounting process (aside from consolidation of the Group accounts into the Major Shareholder's accounts). It is anticipated that migrating these services to the Group (or the appointment of a third party supplier) would take time.

The Airtel Centre of Excellence and the Airtel Information Office

The Airtel Centre of Excellence is responsible for transaction accounting and the Airtel Information Office is an information and reporting resource.

The Airtel Centre of Excellence and the Airtel Information Office are staffed by employees of the Major Shareholder who assist both the Major Shareholder and the Group. The Airtel Centre of Excellence functions include responsibility for compiling the Group's accounts payable, Airtel Money accounting, payments, invoice processing, master data management, partner help desk, vendor reconciliation, revenue reporting, limited vendor accounting governance, treasury accounting, bank reconciliation, customer accounting, channel accounting, data entry to treasury management system and fixed assets. The Airtel Information Office function provides information and reporting resources to Airtel Africa.

Financial Reporting and Consolidation

The financial reporting and consolidation team, which consists of a general ledger team and a subject matter expert team (and which has a governance and reporting team to assist with the requirements of a publicly listed company), is responsible for financial statement review and consolidation of the Group's results.

The team will be 100% dedicated to working on behalf of the Group and will report to a manager who will be 100% dedicated to providing the service to the Group. This manager will report to the Company finance controller.

Revenue Assurance Centre of Excellence

The Revenue Assurance Centre of Excellence monitors accuracy and completeness across charging systems and provides services to the Group's revenue assurance and fraud management team. Within the Revenue Assurance Centre of Excellence, there are dedicated team members working solely in support of the Group who keep corresponding business hours to those of the Group's African operating companies to ensure reliable, predictable and efficient service delivery.

Operations Support Services

Nxtra Data Centre

The Group has appointed Nxtra (a Major Shareholder group company) to provide data centre services to the Group; however, the Group intends to migrate to a new data centre in Africa owned and operated by the Group by the end of July 2019. Details of termination provisions are included in paragraph 10 (Material Contracts) in Part 12 (Additional Information).

Global Procurement Services

The Group uses the Major Shareholder's global sourcing team to achieve lower pricing on sourcing equipment from global vendors (e.g. Nokia) of physical network equipment (for example radio access network, transmission equipment, and sims). While the Group has a fully functioning supply chain team with dedicated resources for both network and non-network procurement, it benefits by virtue of the Major Shareholder's large-scale operations and long-term relationships.

The Group is solely responsible for its procurement requirements, including quantity and specifications, the placing of purchase orders and supplier management. The Group initiates and approves, and the Group's operating companies enter into, the purchase contracts with these global suppliers and the Major Shareholder is not, and will not be, a party to the relevant purchase contracts and the Major

Shareholder's role is limited to reaching an agreement on pricing with suppliers. These contracts are not contingent on the relationship of the Major Shareholder with the global suppliers. The Group does not use the services of the Major Shareholder for procurement of equipment from local vendors. If the Group ceased to be able to rely on the Major Shareholder in connection with rate negotiations with global suppliers, the Group might become subject to higher pricing in respect of some procurement activity.

Corporate Advisory Services

The Group has the option, at its own discretion, to receive best practice and know-how support in relation to legal and regulatory matters and M&A execution and to receive tax and treasury services, in each case from the Major Shareholder. Following formation of the Group's board in November 2018, all decision making related to legal, tax and M&A matters has been performed by the Group. For treasury, the Group has formally appointed a Joint Head of Treasury and Investor Relations to approve treasury matters so that no such matters are referred to the Major Shareholder's employees for input following any listing of the Company's shares on an internationally recognised stock exchange and admission of such shares to listing and trading becoming effective.

The Group is free to contract with third parties for the provision of any of the Corporate Advisory Services related to legal, tax, M&A and treasury matters. The Group will not be obliged to source any of these functions from the Major Shareholder and will not be committed (formally or informally) to source any minimum volume of Corporate Advisory Services from the Major Shareholder. Any decision to source any Corporate Advisory Service from the Major Shareholder will be solely at the discretion of the Company or other members of the Group. In respect of legacy matters, the Group may be more likely to achieve a prompt and efficient resolution by relying on Corporate Advisory Services from the Major Shareholder.

Treasury

The Joint Head of Treasury and Investor Relations is responsible for FX risk management, funding and liquidity management, debt facilities and investments for the Group. He will also lead the Group's treasury function in accordance with the treasury policy approved by the Company's Board and shall report to the Company's chief financial officer. All local operating companies within the Group will have Local Treasury Managers to provide governance for their respective operating companies that functionally report to the Joint Head of Treasury and Investor Relations.

The Joint Head of Treasury and Investor Relations will instruct and control any treasury advisory services received from the Major Shareholder. The Major Shareholder's treasury team will, if and to the extent requested by the Group, provide:

- presentation materials for use in presentations by the CFO and others to the Company's board;
- treasury reports;
- macro-economic tracker;
- inflation tracker;
- upstream/downstream summary; and
- other treasury services (including compiling relevant monthly and quarterly reports) as requested by the Group.

The Group currently expects to receive such services from the Major Shareholder.

Legal

The Major Shareholder's legal team shall provide the Group with know-how and best practice assistance, solely to the extent requested by the Group, in relation to liaising with external counsel in the context of M&A transactions (but not legal advice pertaining to local law) and in respect of regulatory issues.

Tax

The Major Shareholder's tax team shall provide the Group with know-how and best practice assistance and certain advisory services, solely to the extent requested by the Group, in relation to transfer pricing, M&A transactions and tax settlement matters (but not tax advice). The Group currently expects to receive such services from the Major Shareholder.

M&A

The Major Shareholder's services in respect of M&A shall be limited to execution advisory services, solely to the extent requested by the Group.

Change of control

The Services Agreement and the Nxtra Agreement, further detailed in Part 12 (Additional Information), under which the Major Shareholder group provides the Major Shareholder Services to the Group are immediately terminable by either the Group or the Major Shareholder in the event of a change of control of the Major Shareholder. However, termination due to a change of control of the Major Shareholder will not terminate the Major Shareholder Services until the Group has either successfully completed transition of that service (as confirmed by an independent third party of international repute appointed by the Group) or has notified the Major Shareholder that it no longer requires the terminated service.

IT Services Agreement

The Major Shareholder provides the Group with IT services under the IT Services Agreement, these include:

- software development services, including in respect of customising software provided by the Major Shareholder to the Group under the software licence;
- managed services, including the hosting of certain limited services and servers which use third party off the shelf software which is licensed to the Major Shareholder for the benefit of its group-wide operations and on-provided by the Major Shareholder to the Group; and
- the provision of IT security policies and managed services, related knowledge sharing and know-how provision, and monitoring to protect the Group's IT systems from cyber security breaches.

The IT Services Agreement is terminable by the Group in the event of a change of control of the Major Shareholder. Further details in respect of the contractual arrangements under the IT Services Agreement (including other termination provisions available thereunder) can be found in Part 12 (Additional Information).

Intellectual property

Brand Licences

The existing 'Airtel' Brand Licence between BAIN and the Major Shareholder grants BAIN and its subsidiaries a royalty-bearing perpetual licence to allow BAIN and its subsidiaries to use the 'Airtel' brand in most countries in which the Group has a presence (i.e. across Africa and the Netherlands). Additionally, the Company and the Major Shareholder group will also enter into a new 'Airtel' Brand Licence granting the Company a royalty-free perpetual licence to allow the Company to use the 'Airtel' brand in the United Kingdom. Finally, the Company and Wynk Limited will enter into a 'Wynk' Brand Licence to grant the Group a royalty-bearing perpetual licence to allow the Group to use the 'Wynk' Brand Licence agreement to allow the use of the 'Wynk' brand in the countries in which the Group has a presence (i.e. across Africa, the United Kingdom and the Netherlands).

As further detailed in Part 1 (Risk Factors) and Part 6 (Business Description), the Directors see the 'Airtel' brand as key to the Group's success by indicating to its subscribers the quality of the Group's services.

In using the licensed trade marks, the Group will comply with the Major Shareholder's directions and brand guidelines, with the Major Shareholder retaining the right to consent in advance to advertising featuring the licensed trade marks.

The existing 'Airtel' Brand Licence (between BAIN and the Major Shareholder) will be amended and aligned with the new 'Airtel' Brand Licence (between the Company and the Major Shareholder) and the 'Wynk' Brand Licence (between the Company and Wynk Limited) in respect of termination rights and transitional run-off period. Under the existing 'Airtel' Brand Licence and the new 'Airtel' and 'Wynk' Brand Licences, the Group will have the right to terminate the Brand Licences by giving 180 days' written notice to the Major Shareholder. Unless the Group and the Major Shareholder reach a different written agreement, in the event that the Brand Licences are to be terminated in the future, the Group will have a 12 month transitional run-off period to dispose of 'Airtel' and 'Wynk' branded material. Termination would oblige the Group to re-brand its business and, while the Group believes it would be able to continue operating day-to-day, this might result in considerable marketing expenditure and time costs associated with re-branding and, possibly, a loss of consumer recognition in the short term. The success of a new brand cannot be predicted with certainty. Further details of the termination provisions in respect of the Brand Licences can be found in Part 12 (Additional Information).

Other Intellectual Property

The Major Shareholder will grant the Group a royalty-bearing licence to use intellectual property in respect of certain customised software applications. In the near term these will be licensed for use in perpetuity under a formal software licence. Under the terms of the software licence, the Group must comply with certain of the Major Shareholder's policies in respect of conduct and bribery. The software licence may be terminated for convenience in respect of individual applications by either the Group or the Major Shareholder with 180 days' notice. In the event of termination, while the Group cannot source the Major Shareholder's proprietary applications from third party vendors, these applications are not critical to the Group's operations and the Group could build similar applications locally if it needed to do so or, to the extent available, may procure similar applications from other vendors.

The Group also benefits from the right to use a number of software applications in common with the Major Shareholder that will be licensed under formal licences sourced directly from the relevant third party vendors.

Charging methodologies

Major Shareholder Services

The Major Shareholder will cross-charge the Group for the Major Shareholder Services in accordance with the following methodologies:

- the charges payable for the Corporate Advisory Services shall be calculated by reference to an agreed hourly rate card in respect of the Major Shareholder group's employee time spent providing the Corporate Advisory Services to the Group;
- for all other Major Shareholder Services, the cross-charge comprises three components: (i) Group-dedicated resources are charged in full at cost plus a margin of 20%; (ii) resources which are not dedicated to the Group are charged at the relevant proportion of the cost (where the proportion is calculated by measuring the Group's revenues as a percentage of the Major Shareholder revenues) plus a margin of 20%; and (iii) travel expenses and third party vendor costs are charged in full plus a margin of 20%; and
- the service charges payable to Nxtra Data Limited will be determined by reference to the actual proportion of each Nxtra server rack's capacity utilised by each of the Group's relevant operating companies. The charges payable by the Group to Nxtra Data Limited will be comparable to the charges payable by third parties to Nxtra Data Limited for similar services.

IT Services Agreement

The Major Shareholder shall charge the following amounts to the Group in respect of services provided under the IT Services Agreement:

- the cost incurred by the Major Shareholder plus a mark-up, both of which are to be agreed by BAIN and the Major Shareholder, for the provision of the IT operations-related services; and
- a fixed sum for the provision of the IT security services for the duration of the term of the IT Services Agreement.

Intellectual Property

Under the existing 'Airtel' Brand Licence the Major Shareholder shall charge the Group royalties of 0.25% of 'incremental revenues' for the use of the 'Airtel' brand. The incremental revenue is determined as follows:

- in relation to existing subsidiaries (other than the subsidiary in Rwanda), the incremental revenue in this instance is the annualised difference in the relevant subsidiary's revenues between January to March 2012 and January to March 2011;
- in relation to the subsidiary in Rwanda, the incremental revenue is the annualised revenue generated by the subsidiary in Rwanda between April to June 2013;

- in relation to any subsidiaries acquired by the Group, the incremental revenue in this instance is the annualised difference between the quarter following the launch of the 'Airtel' brand and the corresponding quarter in the following year; and
- in relation to any subsidiaries launched by the Group, the incremental revenue in this instance is the annualised revenue in the fourth quarter following the launch of the subsidiary.

The royalty charge calculated in accordance with the above formula will be increased by 15% every three years.

Under the 'Wynk' Brand Licence, Wynk Limited shall charge the Group royalties at a certified arms-length price for the use of the 'Wynk' brand.

Under the new 'Airtel' Brand Licence, the Major Shareholder shall not charge the Company royalties.

The Group shall also pay the following charges to the Major Shareholder in respect of use of Major Shareholder software:

- a one-time fixed fee; and
- the cost of application development (plus a mark-up in accordance with arms' length pricing) in respect of the licensed software source code.

In respect of licences to common software applications (hosted or managed by the Major Shareholder group) used by both the Major Shareholder group and the Group, these will be subject to the licence fee arrangements stipulated by the relevant third party partners.

Network arrangements

Submarine cables and terrestrial fibre networks

To enable the provision of certain telecoms services to its customers, the Group needs to have access to international communications services, including through terrestrial fibre networks or submarine cables from third parties to ensure sufficient bandwidth for international voice and data services that the Group provides to its customers. The bandwidth capacity in such cables is measured in bits per second ("bps") and, in 2018, the total capacity sourced by the Group from third parties was 208,459 million bps. It is standard practice for mobile operators, such as the Company, to source excess network capacity and have immediate access to a 'redundant' network. The redundant network serves as a backup mechanism to permit, at short notice, network operators to have direct access to redundant infrastructure in the event of unplanned network outages.

Access to submarine cables and terrestrial cables is achieved by the Group on the basis of: (i) monthly leases; or (ii) an indefeasible right of use ("IRU") (a long term contract). The Major Shareholder's group has purchased IRUs from various unaffiliated cable consortiums. The Group has both monthly lease and IRU arrangements in place with Network i2i Limited, Airtel France SAS and Bharti Airtel (UK) Limited (the first a direct and the latter two indirect subsidiaries of the Major Shareholder) for use of certain cables, which, in the case of Network i2i Limited, are either owned by the provider itself or sourced from cable owners under different arrangements. The cable capacity sourced from subsea and terrestrial cables via Network i2i Limited, Airtel France SAS and Bharti Airtel (UK) Limited represented 45% (94,700 million bps) of total international capacity sourced from third parties by the Group in 2018, and the weighted average length (by capacity) of the agreements with Network i2i Limited, Airtel France SAS and Bharti Airtel (UK) Limited, under (i) and (ii) above, is 8 years. It should be noted that 40,000 million bps of the 94,700 million bps was sourced (on a 15 year IRU) from Airtel France SAS via Malawi in 2018, however none was utilised, and only 33,508 million bps out of the 94,700 million bps was utilised in 2018, which represents only 16% of total third party capacity sourced. KPMG is appointed to certify, and has certified, that rates charged by Network i2i Limited, Airtel France SAS and Bharti Airtel (UK) Limited for use of the cables have been charged on an arm's length pricing between the related parties.

One of the advantages of the current arrangements is that it allows the Group to benefit from rate discounts on account of the bulk volumes that Network i2i Limited, Airtel France SAS and Bharti Airtel (UK) Limited source and which they sell on to multiple telecommunications operators, including the Group. The Group is not constrained from buying capacity from other sources and is not dependent on capacity sourced from the Major Shareholder's group. There is sufficient capacity available to the Group from various unrelated third parties offering terrestrial and submarine connectivity.

Roaming, interconnect and leased lines

In addition to the Group's access to the Major Shareholder group's international submarine cable and terrestrial arrangements, the Group relies to a certain extent on interconnection with the networks of other telecommunications operators and carriers (via interconnect agreements). In addition, the Group has roaming agreements with third party operators to allow the Group's customers to use their devices when outside the Group's coverage area. The Group has standard short-term interconnection and roaming agreements with Major Shareholder entities which allow Group customers to interact with customers outside the Group. The Major Shareholder is one of many carriers for interconnect and roaming, along with other international networks. The Company uses the Major Shareholder for these purposes alongside other carriers, with the decision to use the Major Shareholder being based on price. Any such arrangements with the Major Shareholder group are charged on an arm's length pricing basis as certified by KPMG.

Although the Company may have not identified all relevant contracts, based on a sample of the telecommunications-related contracts reviewed, agreements are generally for 12-month terms, with automatic further renewals for 12-month terms, and do not include provisions granting either Group companies or counterparties exclusivity in respect of receiving or providing the services. While there are no change of control provisions in the sample reviewed, the agreements can be terminated for convenience with relatively short notice periods, usually between 30 to 60 days.

PART 8
DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

Directors

The following table lists the names, positions and ages of the Directors.

Name	Age	Position
Sunil Bharti Mittal	61	Chair*
Raghunath Venkateswarlu Mandava	52	Chief Executive Officer
Andrew James Green	63	Independent Non-Executive Director
Awuneba Sotonye Ajumogobia née Iketubosin	59	Independent Non-Executive Director
Douglas Anderson Baillie	63	Independent Non-Executive Director
John Joseph Danilovich	68	Independent Non-Executive Director
Liisa Annika Poutiainen	48	Independent Non-Executive Director
Ravi Rajagopal	64	Independent Non-Executive Director
Akhil Kumar Gupta	63	Non-Executive Director*
Arthur Tao Yih Lang	47	Non-Executive Director**
Shravin Bharti Mittal	31	Non-Executive Director***

* Appointed to the Board as a nominee of AAML pursuant to the Investor Rights Agreement (see Part 12 (Additional Information—Material Contracts—Pre-IPO Funding Agreements) below).

** Appointed to the Board as a nominee of Singtel pursuant to the Investor Rights Agreement (see Part 12 (Additional Information—Material Contracts—Pre-IPO Funding Agreements) below).

*** Appointed to the Board as a nominee of ICIL pursuant to the Investor Rights Agreement (see Part 12 (Additional Information—Material Contracts—Pre-IPO Funding Agreements) below).

Sunil Bharti Mittal (*Chair*)

Sunil Bharti Mittal is the Founder and Chairman of Bharti Enterprises, one of India's leading conglomerates with diversified interests in telecom, insurance, real estate, agri and food, in addition to other ventures. Bharti has joint ventures with several global leaders, including SingTel, SoftBank, AXA, and Del Monte, amongst others.

Bharti Airtel, the flagship company of Bharti Enterprises, is amongst the world's largest telecommunications companies, offering mobile, fixed broadband, digital TV solutions and mobile commerce to over 400 million customers across India, South Asia and Africa.

Sunil has been the pioneer of the mobile revolution in India. At a time when mobile telecom was considered inaccessible for the masses, Bharti Airtel revolutionised the business model to offer affordable voice and data services. Starting from operations in one Indian city in 1994, to a presence across 18 countries today, Bharti Airtel has transformed the quality of lives of millions of people globally, providing connectivity and digital empowerment. Bharti Airtel continues to focus on driving data as the ensuing growth frontier, and is leading the rollout of next generation data networks across India and Africa.

Sunil is a recipient of the Padma Bhushan, one of India's highest civilian honours, awarded to individuals for demonstrating distinguished services of high order. He has also been awarded Harvard Business School's Alumni Achievement Honor – the utmost honour accorded by the institution to its alumni. He is the recipient of GSMA's prestigious Chairman award, besides being decorated with numerous industry honours. Sunil has been conferred Honorary Doctorates by several leading universities in India and Europe.

Sunil serves on many international bodies and think tanks; after serving as Chairman for two years, he is now Honorary Chairman of the International Chamber of Commerce (ICC). He was Chairman of the GSM Association (GSMA) from January 2017 to December 2018. He is a member of the International Business Council-WEF, a member of the Telecommunications Board of International Telecommunication Union (ITU), and Commissioner of the Broadband Commission, a member of the Global Board of Advisors at the Council on Foreign Relations (CFR), a Trustee at the Carnegie Endowment for International Peace (CEIP) and on the Board of Qatar Foundation Endowment (QFE). From 2007 to 2008, he also served as President of the Confederation of Indian Industry (CII), the premier industry body in India. Sunil has served on the board of several multinational companies including Unilever PLC, Standard Chartered Bank PLC and SoftBank Corp.

Sunil is closely associated with spearheading Indian industry's global trade, collaboration and policy; he has served on the Prime Minister of India's Council on Trade and Industry. He is also a member of the India-US, India-UK, India-Japan and India-Sweden CEO Forums. He is Co-Chair of the India-Africa Business Council and India-Sri Lanka CEO Forum.

Deeply associated with the cause of education, Sunil is on Harvard University's Global Advisory Council and has served on the Board of Dean's Advisors at Harvard Business School and is also on the Governing Board of the Indian School of Business.

Sunil believes that a responsible corporate has a duty to give back to the community in which it operates. This belief has resulted in Bharti Foundation, which operates nearly 200 Satya Bharti Schools and supports over 750 government schools under its Quality Support Program to ensure holistic education for over 270,000 under-privileged children in rural India. He is also a Member of the Board of Trustees of Qatar's Education Above All Foundation.

Raghunath Venkateswarlu Mandava **(Chief Executive Officer)**

Raghunath Mandava joined Airtel in Africa as the Chief Operating Officer in April 2016. He took over as Managing Director and Chief Executive Officer from January 2017.

Over his tenure as Managing Director and CEO, he had been a permanent invitee to the board of Bharti Airtel Limited, representing Airtel Africa until January 2019. He is also a board member of Bharti Airtel International (Netherlands) B.V and Bharti Airtel Africa B.V (Netherlands).

Raghu joined Airtel Africa from Airtel India, where he worked in various capacities 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 lastly as Customer Experience Director for India.

Raghu brings an innovative problem-solving approach to achieve disruptive growth in the business roles. In his last role in Airtel India he helped deliver a substantially improved customer experience while reducing costs considerably.

Prior to Airtel, Raghu worked in Hindustan Unilever across various roles in sales, marketing and business operations in the food business.

Raghu holds a bachelor's degree in Electronics from IIT, Kharagpur and a master's degree in Business Administration from IIM, Bangalore in India.

Andrew James Green **(Independent Non-Executive Director)**

Andrew James Green is currently the chairman of IG Group plc and a non executive director at Link Administration Holdings Limited. He is President of UKSpace and a commissioner at the National Infrastructure Commission. Andrew has previously served as senior independent director of Avanti Communications plc and ARM Holdings plc, and as chairman of the Digital Catapult. Andrew was group chief executive officer of Logica plc until its sale in 2012. Prior to joining Logica plc, he held various roles at BT Group plc, including CEO of BT Openworld, CEO of BT Global Services and CEO of Group Strategy and Operations. His earlier experience was at Shell and Deloitte. He has also held a number of non-executive directorships in the United States of America, Hong Kong, Germany and the United Kingdom. Andrew has a bachelor's degree in Chemical Engineering from Leeds University.

Awuneba Sotonye Ajumogobia née Iketubosin **(Independent Non-Executive Director)**

Awuneba Ajumogobia is a fellow of the Institute of Chartered Accountants of Nigeria and graduated from the University of Ibadan with a degree in Economics. She has acquired broad professional experience over three decades in the provision of assurance, taxation, finance and advisory services across several industries. She worked at the professional service firms of Peat Marwick, Deloitte and Accenture. Awuneba has served on the board of UAC of Nigeria PLC since July 2009 and is the chair of the board risk management committee, as well as a member of the statutory audit committee. She has also served on the boards of a number of private companies including her current role as Executive Director of Multistream Energy Limited. In addition she gives her time to a number of research, educational and social projects which include her membership of the Board of University of Ibadan Research Foundation, Finance Committee of Musical Society of Nigeria (MUSON), role as chairperson of the Governing Council of Grange School, Lagos and is on the Executive Council of WIMBIZ (Women in Management, Business and Public Service).

Douglas Anderson Baillie **(Independent Non-Executive Director)**

Douglas Baillie was Chief HR Officer at Unilever from 2011 until his retirement in 2016. He spent 38 years at Unilever in a range of leadership roles around the world, including President of Western Europe in the Netherlands until 2011, Group Vice President of South Asia and CEO Hindustan Unilever in India until 2008 and Group Vice President Africa and the Middle East from 2004 until 2006. Douglas has also worked in South Africa, Australia and London. He has served on a number of industry bodies and associations throughout his career and is currently the Vice Chairman of the MasterCard Foundation, a director of the Leverhulme Trust, and a non-executive director of the Huhtamaki Group. Douglas graduated from the University of Natal in South Africa with a bachelor of commerce in marketing, business finance and business administration.

John Joseph Danilovich **(Independent Non-Executive Director)**

John Danilovich has held executive leadership roles in international business and government for several decades, most recently as the Secretary General of the International Chamber of Commerce (ICC) in Paris (between 2014 and 2018) and as the Chief Executive Officer of the Millennium Challenge Corporation in Washington (between 2005 and 2009). He served as the U.S. Ambassador to Brazil and to Costa Rica and was on the Board of the Panama Canal Commission and was the Chairman of the Commission's Transition Committee prior to the handover of the canal by the United States to Panama. As a global business leader and distinguished diplomat, Danilovich has had extensive experience in regional and international trade related issues and played a significant role in driving the Central American Free Trade Agreement (CAFTA). Surmounting significant diplomatic challenges, Danilovich secured Observer Status at the United Nations for the International Chamber of Commerce, establishing the ICC as the only business portal for international business at the United Nations. He has been active in the international maritime industry for several decades, holding executive board positions in a number of companies, and is presently on the board of d'Amico International Shipping.

John serves on the advisory boards or councils of the Harvard Chan School of Public Health, the Center for Strategic International Studies (CSIS),Chatham House (United Kingdom) and is a member of the Council on Foreign Relations (New York) and of the American Academy of Diplomacy.

John is skilled in building international partnerships and has established advocacy relationships with policymakers, foreign dignitaries and business leaders in major international fora. He is the recipient of several national and international awards and is a member of the Sovereign Military Order of Malta. He attended The Choate School in Wallingford, Connecticut and received a BA in political science from Stanford University and an MA in international relations from the University of Southern California (London).

Liisa Annika Poutiainen **(Independent Non-Executive Director)**

Liisa Annika Poutiainen was appointed as a non-executive director in April 2019. Annika is currently the working chair of the Council for Swedish Financial Reporting Supervision with responsibility for supervising the financial reporting of Swedish listed companies. She is a member of the Nasdaq Helsinki Listing Committee and a board member of the Carpe Diem Foundation, which runs the top ranked Swedish elementary school, Fredrikshovs Slott Skola. She is a former board member of the listed companies eQ Abp, Hoist Finance AB, Saferoad AS (delisted in September 2018) and Swedbank AB, where she also was a member or chair of the respective audit committees. She has acted as an industry advisor to strategic communications firm JKL Group. She was part of a group of experts advising the Swedish Government on the national implementation of the reformed EU market abuse regime. She has previously held positions in Nasdaq (as Head of Market Surveillance Nordics), the Swedish Financial Supervisory Authority (as Head of Unit, Prospectuses, Exchanges and Clearing Houses) and Linklaters London (as Associate in the Capital Markets Group). Annika holds a Master of Laws from the University of Helsinki and a Master of Laws in Banking and Finance Law from King's College London. She is qualified as a solicitor in England and Wales and has practised in both the United Kingdom and Finland.

Ravi Rajagopal **(Independent Non-Executive Director)**

Ravi Rajagopal is currently the chairman of Fortis Healthcare, a listed entity operating in the healthcare industry in India. Ravi joined the board of Fortis Healthcare in April 2018. Ravi has also been an independent director and chair of the audit committee of Vedanta Resources, UK since 2016. Vedanta Resources was a public listed entity until it de-listed from the London Stock Exchange in October 2018. He is chairman of JM Financial, Singapore, a wholly owned subsidiary of JM Financial, a listed Indian entity. Until 2015, Ravi had a full time career working for two leading and very large consumer and brand marketing organisations. He started his career in ITC in India in 1979, where he held progressively senior roles across five different businesses. This included a secondment to West Africa with BAT for two and a half years. He moved to Diageo plc in 1997 and held a variety of senior roles. These included that of group controller for Diageo plc in the UK and business responsibility for the spirits business across sub-Saharan Africa. He was global head of mergers and acquisitions until he retired in 2015. Ravi has held numerous board positions over his career, including membership on various joint venture boards, Diageo's India advisory board, which he formed in 2008 and led until 2015 and as a nominee non-executive director of United Spirits in India. He is also a trustee of the Science Museum Foundation in the UK. Ravi is a qualified chartered and cost accountant and has attended the Advanced Management Program at Harvard Business School.

Akhil Kumar Gupta (Non-Executive Director)

Akhil Kumar Gupta is the Vice Chairman of Bharti Group and Executive Chairman of Bharti Infratel Limited. He has played a pivotal role in Bharti's phenomenal growth right since inception and has been closely involved from the beginning in the growth of Bharti in the telecommunication services sector, both organically and by way of various acquisitions.

He has led the formation of various partnerships for Bharti Enterprises with leading international operators like British Telecom, Telecom Italia, Singapore Telecom and Vodafone in addition to induction of leading financial investors like Warburg Pincus, Temasek, KKR, Qatar Foundation Endowment, AIF and Sequoia among many other private equity funds. He has also been instrumental in raising several billion dollars by way of project finance for Bharti over the years from global banks and bond markets.

He has conceptualised and implemented the transformational initiatives that include the outsourcing deals undertaken by the group in the areas of Information Technology (IT) with IBM, Network Management and has also been responsible for the separation of passive mobile infrastructure and forming Indus Towers - a joint venture with Vodafone and Idea, which has become the largest tower company in the world and is a unique example of collaborating at the back-end while competing at the front end. With innovative thought leadership, he has helped Bharti Airtel in becoming the lowest cost producer of minutes worldwide while ensuring that it provides good margin despite the lowest tariffs in the world.

In June 2010, he was instrumental in executing the acquisition of Zain Group's mobile operations in 15 countries across Africa for an enterprise valuation of over US$10 billion which is the second largest outbound deal by an Indian company.

He has also spearheaded the successful public listings of both Bharti Airtel (2002) and Bharti Infratel (2012) and has been instrumental in introducing global benchmarks like full quarterly audits and transparent quarterly reports to provide all relevant information to investors and stakeholders. Consequently, Bharti Airtel and Bharti Infratel have been awarded the highest ratings for corporate governance and are acknowledged globally for the highest standards of ethics.

He is currently the Chairman of TAIPA (Tower and Infrastructure Providers Association) and President of TSSC (Telecom Sector Skill Council). He has represented the Indian telecommunications industry and Bharti regularly at various forums and important seminars in India and abroad.

He is a Chartered Accountant by qualification with over 30 years of professional experience. He has also done an "Advanced Management Program" at the Harvard Business School in 2002.

He is the recipient of numerous awards which include Voice&Data "Lifetime Contribution Award 2018", "EY Entrepreneur of the Year Award 2017" as an Entrepreneur CEO, CA Lifetime Achievement Award by ICAI, Lifetime Achievement Award by Amity University, "CEO of the Year" award at National Telecom Awards, "CA Business Achiever" award, "Asia Corporate Dealmaker" award at the Asia Pacific M&A Atlas Awards, "Best CFO" awards in multiple categories at CNBC – TV18 and induction to "Hall of Fame" by CFO India.

Arthur Tao Yih Lang (*Non-Executive Director*)

Arthur Lang is the CEO, International of Singtel, having joined Singtel in January 2017. His main responsibilities are to oversee the growth of Singtel Group's regional associates across Africa, India, Indonesia, the Philippines and Thailand, strengthen its relationship with overseas partners, and drive regional initiatives, such as the mobile financial services and gaming businesses, for scale and synergies.

Prior to joining Singtel, Arthur was Group Chief Financial Officer of CapitaLand Limited, where he directly oversaw the functions of treasury, financial reporting and controls, risk management, strategic projects, tax, investor relations and private equity fund management. As Group CFO of CapitaLand, Arthur received the Best CFO of the Year Award for listed companies with market capitalisation of S$1 billion and above at the Singapore Corporate Awards 2015.

Prior to CapitaLand, Arthur was at Morgan Stanley where he was co-head of the Southeast Asia investment banking division and prior to that, Chief Operating Officer of the Asia Pacific investment banking division.

Arthur is a board member of Globe Telecom, Bharti Infratel Limited, NetLink Trust, the Land Transport Authority of Singapore, the National Kidney Foundation and the Straits Times Pocket Money Fund. He is also on the Board of Trustees for the SMU Business School. In 2018, Arthur was awarded the Public Service Medal for his contributions.

Arthur holds an MBA from Harvard Business School and a Bachelor of Arts in Economics (magna cum laude) from Harvard University.

***Shravin Bharti Mittal* (Non-Executive Director)**

Shravin Bharti Mittal is the Founder of Unbound and the managing director of Bharti Global Limited. Under his leadership Unbound is becoming one of the top performing technology funds globally, focusing on healthcare, financial services, cybersecurity, enterprise software and mobility and logistics.

Shravin was an Investor at SoftBank Vision Fund between 2016 and 2017, a US$100 billion fund that invests in technology companies. Prior to that, Shravin was an Assistant Director at Better Capital, a private equity firm in London, from 2014 to 2015. Shravin was responsible for turning around distressed businesses in the retail and manufacturing industry.

Between 2010 and 2012, Shravin was a manager at Airtel Africa, where he was part of the senior management team spearheading the post-acquisition integration of Zain. Following his tenure in Africa, Shravin joined the Airtel India team to launch 3G. Prior to that he worked with J.P.Morgan in investment banking covering technology, media and telecommunications.

Shravin holds a bachelor's degree in Accounting and Finance from the University of Bath and a master's degree and an MBA from Harvard Business School.

Senior Managers

The Company's Senior Managers, in addition to the Executive Directors listed above, are as follows:

Name	Age	Position
Jaideep Paul	58	Chief Financial Officer
Razvan Ungureanu	51	Chief Technology Officer
Olivier Pognon	45	Chief Legal Officer
Neelesh Singh	42	Chief Information Officer
Daddy Mukadi	45	Chief Regulatory Officer
Ramakrishna Lella	54	Chief Supply Chain Officer
Rogany Ramiah	48	Chief Human Resources Officer
Stephen Nthenge	48	Head of Internal Audit & Risk Assurance
Segun Ogunsanya	53	Managing Director, Nigeria

Raghunath Mandava (*Chief Executive Officer*)

See "—Directors" above for Raghunath Mandava's biography.

Jaideep Paul (*Chief Financial Officer*)

Jaideep Paul is currently the Chief Finance Officer of Airtel Africa, a position he has held since May 2014. His career spans 30 years across various industries, with over 17 years in telecommunications. He started his career at Pricewaterhouse in 1989. He moved to Hindustan Zinc in 1991 and progressively held a variety of senior roles in HCL, Telstra V-Com and Caltex (a Chevron Texaco JV). He joined Bharti Airtel Delhi Circle in 2002, moved to Mumbai Circle as Principal Finance Officer in 2004, and became Regional Finance Controller - East in 2006, a position he held until 2007. He thereafter worked as Chief Finance Officer of Bharti Retail Limited (franchisee of Walmart India) for 2 years (2008 and 2009), and moved to Fairtrade LLC Muscat, in the same capacity for a short period of 8 months before joining Airtel Nigeria as CFO in September 2010. Mr Paul is a qualified chartered accountant and holds a bachelor's degree in commerce (Honors) from University of Calcutta.

Razvan Ungureanu (*Chief Technology Officer*)

Razvan Ungureanu is the Chief Technology Officer of Airtel Africa. He has 27 years' experience in the telecommunications sector, across multiple geographies. After commencing his career in Romania, he joined Orange for fourteen years, working in Romania, Belgium, Luxembourg and the Dominican Republic. He then took over as chief technology and information officer for Caribbean and Central America for Digicel, with responsibility for twenty nine countries. He joined Airtel Africa as Chief Technology Officer in 2016. Mr Ungureanu has undertaken management courses at INSEAD and Cranfield University.

Olivier Pognon (*Chief Legal Officer*)

Olivier Pognon is the chief legal officer at Airtel Africa, a position he has held since June 2014. He has previously worked for MTN Group in Johannesburg, where he was senior legal counsel from 2009 until 2014. Prior to joining MTN Group, Mr Pognon was legal counsel at Agence Française de Développement and previously an associate specialising in corporate law and project finance, respectively at CMS BFL and Mayer Brown in Paris. Mr Pognon holds post-graduate degrees in business law from Paris V Malakoff University and in project and structured finance from ENPC Paris, as well as qualifications in strategic leadership and finance from INSEAD (France).

Neelesh Singh (*Chief Information Officer*)

Neelesh Singh leads Information Technology function for Airtel Africa. His role involves defining and implementing IT strategy across the Group, including its operating subsidiaries across the Group's 14-country footprint. Neelesh specialises in defining and revamping operating models, delivering on complex business transformations, setting up greenfield operations, cloud infrastructure and architecture simplification. Mr Singh has over 19 years of international experience working in the IT sector in various roles across the public sector, independent software vendors and communications service providers. Prior to joining Airtel in 2017, he was in a senior IT leadership role at the Telenor group, handling various aspects of IT, like Strategy, Operating Models, Architecture and Analytics, across thirteen countries in Scandinavia, Central and Eastern Europe and Asia. He holds a master's degree in computer science and engineering from the Indian Institute of Science, Bangalore and bachelor's degree in Electronics and Telecommunications.

Daddy Mukadi (*Chief Regulatory Officer*)

Daddy Mukadi is the Chief Regulatory Officer of Airtel Africa, a position he has held since January 2015. Mr Mukadi previously worked at Vodacom Group, where he was the Executive Head of International Regulatory Affairs and the Executive Head of International Commercial Legal Affairs. Prior to joining Vodacom Group in 2010, he was Group Corporate Legal Counsel at Gateway Communications Group. He previously worked at MHA Attorneys in South Africa, the Communication Users Association of South Africa and the Cabinet M.T in DRC.

Mr Mukadi holds a Masters of Law Degree in Communications Law (i.e. Broadcasting, Telecommunication, Space / Satellite and Media Laws) from the University of Witwatersrand (South Africa – 2006), an Executive Dev. Program from Witwatersrand Business School (South Africa – 2013), a Strategic Leadership Certificate from INSEAD (France – 2018) and an LLB from the University of Lubumbashi (DRC - 2000). He co-authored (with Justine White, Visiting Senior Fellow at Wits School of Law) volumes 2 (2005) and 3 (2006) of the SADC Media Law Book, a handbook for media law practitioners.

Ramakrishna Lella (**Chief Supply Chain Officer*****)***

Ramakrishna Lella has been Chief Supply Chain Officer, Airtel Africa since September 2016. He has total work experience of more than 30 years in the telecommunications industry, more than half of which has been spent at Airtel. Ramakrishna held various leadership roles in shaping the supply chain function in the telecommunications sector, covering manufacturing (Alcatel and Indian Telephone Industries), R&D (CDOT) and Service Provider (Airtel and Reliance Jio). Ramakrishna has served as a lead member of the team involved in setting up mobile networks (including 2G/3G/LTE coverage), NLD/ILD network, enterprise network, DTH network and implementation of ERP systems as part of transformational projects and achieved business goals across India and Africa. He was formerly the Director SCM for Airtel Nigeria between 2012 and 2014.

He holds a bachelor's degree in Mechanical Engineering from Jawaharlal Nehru Technological University and a master's degree in Industrial Management – Materials Management from the Indian Institute of Technology, Kharagpur.

Rogany Ramiah (**Chief Human Resources Officer*****)***

Rogany Ramiah is currently the Chief Human Resources Officer at Airtel Africa. She has more than 22 years' experience in the retail, media and consulting sectors. She was an executive director of mass discounters for nine years before taking on the role of senior director with Walmart International People Division in May 2016. She served as an executive in Massmart (a division of Walmart) from July 2018 to December 2018 where she assisted with various group HR projects. She has global expertise in supporting businesses on strategy, cultural transformation, business process reengineering and organisational re-design. She also has experience in talent acquisition, talent planning, remuneration strategy developing and leading human resources transformations. Ms Ramiah has a bachelor's degree in psychology from the University of Witwatersrand.

Stephen Nthenge (**Head of Internal Audit & Risk Assurance*****)***

Stephen Nthenge is Head of Internal Audit and Risk Assurance. He has over 24 years' experience in Audit, Enterprise Risk and Information Security Management. He previously worked for Deutsche Bank AG, JP Morgan Chase and KPMG in various senior management roles across multiple countries including Australia, Singapore, London and New York. In addition to leading regional and global audit teams, he has been involved in establishing risk and governance frameworks for new products and services as well as regulatory governance frameworks. Stephen also led strategic risk mitigation and transformational programmes, including overseeing regulatory mandated initiatives. Stephen is a Certified Information Systems Auditor and holds a bachelor's degree in Management Information Systems from United States International University and a master's degree in Management from the Macquarie Graduate School of Management.

Segun Ogunsanya (**Managing Director, Nigeria*****)***

Segun is the Managing Director and CEO of Airtel Nigeria. He has over 26 years' business management experience garnered across multiple geographies (including Ghana, Kenya and Nigeria), organisations and diverse sectors, including in consultancy, banking, fast-moving consumer goods and telecommunications. Prior to joining Airtel, Segun served as the managing director for Nigerian Bottling Company Ltd (Coca-Cola Hellenic owned bottling operation), CEO for Coca-Cola Sabco in Kenya, Group Head of Retail Banking operations of Ecobank Transnational Inc. covering 28 countries in Africa and various other roles in Coca-Cola in Ghana, the United States and Nigeria. Segun is a Chartered Accountant from the Institute of Chartered Accountants of Nigeria and holds a bachelor's degree in Electrical & Electronics Engineering from the University of Ife, Nigeria.

Corporate governance

UK Corporate Governance Code

As an unlisted private company, the Company is not subject to the UK Corporate Governance Code (the "Governance Code") published in July 2018 by the Financial Reporting Council. However, the Board is committed to high standards of corporate governance and, as such, has established an audit and risk committee, a nomination committee and a remuneration committee. If the need should arise, the Board may set up additional committees as appropriate.

Audit and risk committee

The audit and risk committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group's annual and half year financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, whistleblowing and fraud systems in place within the Group. The audit and risk committee will normally meet not less than three times a year. The audit and risk committee is chaired by Ravi Rajagopal and its other members are Andy Green and Annika Poutiainen.

Nomination committee

The nomination committee assists the Board in reviewing the structure, size and composition of the Board. It is also responsible for reviewing succession plans for the Directors, including the Chair and the Chief Executive and other senior executives. The nomination committee will normally meet not less than three times a year. The nomination committee is chaired by Sunil Bharti Mittal and its other members are Doug Baillie, Andy Green and Ravi Rajagopal.

Remuneration committee

The remuneration committee recommends the Group's policy on executive remuneration, determines the levels of remuneration for Executive Directors and the Chair and other senior executives and prepares an annual remuneration report for approval by the Shareholders at the annual general meeting. The Remuneration Committee will normally meet not less than twice a year. The remuneration committee is chaired by Doug Baillie and its other members are John Danilovich and Awuneba Ajumogobia.

Conflicts of interest

Save as set out in this Part 8 (Directors, Senior Managers and Corporate Governance), there are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Company and their private interests or other duties.

PART 9
SELECTED FINANCIAL INFORMATION

Selected Financial Information

The tables below set out the Group's selected financial information as at and for the years ended 31 March 2019, 2018 and 2017 and has been extracted without material adjustment from Section B of Part 11 (Historical Financial Information).

As described in Note 2.1 to the Historical Financial Information, the historical financial information presents the financial position and results of operations of the Group under the pooling-of-interest method based on predecessor values as if the current Group structure had been in place since 1 April 2016 and excludes: (1) the results for the period of ownership of operations in Burkina Faso and Sierra Leone, both subsidiaries disposed of in June 2016 and July 2016, respectively; (2) the results for the period of ownership of operations in Ghana, a subsidiary of the Group until October 2017 and subsequently a joint venture until August 2018, when the remaining interest was disposed of; and (3) the results of the Group's investments in Helios and Tube INC disposed of in August 2018. IFRS does not permit the exclusion of these entities and the investments and therefore the Historical Financial Information does not comply with IFRS with respect to the treatment of these items. In all other respects, the Historical Financial Information has been prepared in accordance with IFRS.

The selected financial information should be read in conjunction with Part 2 (Presentation of Financial and Other Information), Part 10 (Operating and Financial Review) and the Historical Financial Information included in Part 11 of this Registration Document.

Consolidated statement of profit or loss

	Year ended 31 March		
	2019	**2018**	**2017**
Income	**US$ million**		
Revenue	3,077	2,910	2,884
Other income	26	17	7
	3,103	**2,927**	**2,891**
Expenses			
Network operating expenses	558	562	572
Access charges	345	372	447
Licence fee / spectrum charges (revenue share)	182	180	181
Employee benefits expense	236	232	262
Sales and marketing expenses	152	140	210
Other expenses	323	312	386
Depreciation and amortisation	573	577	660
	2,369	**2,375**	**2,718**
Operating profit	**734**	**552**	**173**
Finance costs	447	590	855
Finance income	(85)	(12)	(16)
Non-operating income (net)	–	(14)	(14)
Share of results of associate	0	(3)	–
Profit / (loss) before tax	**372**	**(9)**	**(652)**
Tax (credit) / expense			
Current tax	89	93	99
Deferred tax	(167)	32	18
Profit / (loss) for the year	**450**	**(134)**	**(769)**
Profit / (loss) before tax (as presented above)	372	(9)	(652)
Add: Exceptional items	69	151	322
Underlying profit / (loss) before tax*	**441**	**142**	**(330)**

* Underlying profit / (loss) before tax is a non-IFRS measure. For more information on the Group's use of non-IFRS measures, please see Part 2 (Presentation of Financial and Other Information—Non-IFRS financial information) and Part 9 (Selected Financial Information—Non-IFRS Measures) for a description of this measure and the respective reconciliation to the closest IFRS measure.

Consolidated statement of financial position

	As of 31 March		
	2019	2018	2017
Assets		US$ million	
Non-current assets			
Property, plant and equipment	1,597	1,559	1,692
Capital work-in-progress	365	271	110
Right-of-use assets	655	640	673
Goodwill	4,126	4,322	4,403
Other intangible assets	349	418	477
Intangible assets under development	70	–	–
Investment in associate	3	3	–
Financial assets			
Investments	0	–	–
Derivative instruments	45	30	70
Security deposits	9	8	7
Others	–	1	166
Income tax assets (net)	31	8	26
Deferred tax assets (net)	346	198	248
Other non-current assets	89	89	59
	7,685	**7,547**	**7,931**
Current assets			
Inventories	3	2	4
Financial assets			
Derivative instruments	5	134	21
Trade receivables	121	111	109
Cash and cash equivalents	848	232	102
Other bank balances	259	214	159
Others	73	121	69
Other current assets	118	145	207
	1,427	**959**	**671**
Total assets	**9,112**	**8,506**	**8,602**
Equity and liabilities			
Equity			
Share capital	3,082	2,359	2,359
Other equity	(456)	(3,444)	(3,127)
Equity attributable to owners of the Parent	**2,626**	**(1,085)**	**(768)**
Non-controlling interests (NCI)	(196)	(232)	(230)
	2,430	**(1,317)**	**(998)**
Non-current liabilities			
Financial liabilities			
Borrowings	2,437	3,818	4,928
Lease liabilities	1,037	1,069	1,156

Derivative instruments	7	81	39
Others	7	40	10
Deferred revenue	34	55	68
Provisions	20	29	37
Deferred tax liabilities (net)	33	36	17
	3,575	**5,128**	**6,255**
Current liabilities			
Financial liabilities			
Borrowings	625	1,359	1,364
Current maturities of long-term borrowings	559	1,521	122
Lease liabilities	181	161	135
Derivative instruments	96	1	10
Trade payables	714	694	919
Others	604	554	368
Deferred revenue	121	118	112
Current tax liabilities	67	77	93
Other current liabilities	140	210	222
	3,107	**4,695**	**3,345**
Total liabilities	**6,682**	**9,823**	**9,600**
Total equity and liabilities	**9,112**	**8,506**	**8,602**

Consolidated statement of cash flows

	Year ended 31 March		
	2019	2018	2017
Cash flows from operating activities	US$ million		
Profit/(loss) before tax	372	(9)	(652)
Adjustment for			
Depreciation and amortisation	573	577	660
Finance income	(85)	(12)	(16)
Finance cost	447	590	855
Other non-cash items	16	(35)	3
Share of results of associate	0	(3)	–
Operating cash flow before changes in working capital	**1,323**	**1,108**	**850**
Changes in working capital			
Trade receivables	(29)	(38)	(199)
Inventories	(1)	3	10
Trade payables	(3)	(69)	48
Provisions	(4)	2	1
Other financial and non-financial liabilities	(49)	101	(99)
Other financial and non-financial assets	(79)	(169)	(144)
Advance from customers	(13)	(13)	23
Net cash generated from operations before tax	**1,145**	**925**	**490**
Income tax paid	(115)	(94)	(69)
Net cash generated from operating activities	**1,030**	**831**	**421**
Cash flows from investing activities			
Loans given to related parties	–	–	(1)
Loan repayment received from related parties	–	–	5
Purchase of property, plant and equipment and capital work-in-progress	(559)	(274)	(549)
Proceeds from sale of property, plant and equipment	–	5	3
Purchase of intangible assets	(134)	(72)	(25)
Purchase of investments	(0)	(0)	–
Proceeds from sale of tower assets	42	76	159
Proceeds from sale of interest in associate	–	–	7
Investment in subsidiary (net of cash acquired)	–	(19)	–
Interest received	21	1	3
Net cash used in investing activities	**(630)**	**(283)**	**(398)**
Cash flows from financing activities			
Acquisition of non-controlling interest	(74)	–	(45)
Issue of share capital	2,387	–	–
Capital contribution received	–	–	1,335
Capital contribution returned	–	(5)	(642)
Proceeds from borrowings	534	472	1,254
Repayment of borrowings	(2,485)	(717)	(1,698)
Proceeds from sale and finance leaseback	23	46	139
Repayment of lease liabilities	(163)	(135)	(129)
Dividend paid to non-controlling interests	(4)	(4)	(1)
Interest and other finance charges paid	(376)	(358)	(241)
Proceeds/(repayment) from borrowings from related parties	337	292	(32)

Net cash generated from/(used in) financing activities	**179**	**(409)**	**(60)**
Net increase/(decrease) in cash and cash equivalents during the year	**579**	**139**	**(37)**
Effect of exchange rate on cash and cash equivalents	4	1	(17)
Cash and cash equivalents as at the beginning of the year	49	(91)	(37)
Cash and cash equivalents at end of year	**632**	**49**	**(91)**

Non-IFRS Measures

The Directors believe the following metrics to be the Non-IFRS Measures used by the Group to help evaluate growth trends, establish budgets and assess operational performance and efficiencies. Non-IFRS Measures have inherent limitations as analytical tools and should not be considered in isolation or as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

The Directors believe that these Non-IFRS Measures, in addition to IFRS 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 Directors believe the following metrics are useful in evaluating the Group's operating performance:

- Underlying EBITDA;
- Underlying EBITDA Margin;
- Operating Free Cash Flow;
- Leverage Ratio;
- Underlying Operating Expenditure;
- Underlying profit/(loss) before tax; and
- Underlying EBITDA before IFRS 16.

Each metric is described more fully below. See also Part 2 (Presentation of Financial and Other Information—Non-IFRS financial information) and Part 10 (Operating and Financial Review—Key Performance Indicators).

Underlying EBITDA

The Group defines Underlying EBITDA as profit / (loss) for the year before tax (credit) / expense, share of results of associate, non-operating income (net), finance income, finance costs, depreciation and amortisation, charity and donation and adjusted for exceptional items. Exceptional items are additional specific items that because of their size, nature or incidence in the results, are considered to hinder comparison of the Group's performance on a year to year basis. The Directors view Underlying EBITDA as a useful measure because it is used to analyse the Group's and the segments' operating profitability.

Underlying EBITDA is the measure used by the Directors to assess the trading performance of the business and is therefore the measure of segment profit that the Group presents under IFRS. Underlying EBITDA is 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 is a non-IFRS measure.

The following tables provide Underlying EBITDA for the periods indicated.

	Year ended 31 March		
	2019	**2018**	**2017**
	US$ million		
Profit / (Loss) for the year	**450**	**(134)**	**(769)**
Tax (credit) / expense	(78)	125	117
Share of results of associate	0	(3)	–
Non-operating income (net)	–	(14)	(14)
Finance income	(85)	(12)	(16)
Finance costs	447	590	855
Depreciation and amortisation	573	577	660
Charity and donation	4	4	2
Exceptional items[(1)]	21	6	7
Underlying EBITDA	**1,332**	**1,139**	**842**

(1) Exceptional items comprises settlement of litigations and claims of US$19 million for the year ended 31 March 2019, US$4 million for the year ended 31 March 2018 and US$1 million for the year ended 31 March 2017 and voluntary retirement scheme charges of US$2 million for the year ended 31 March 2019 US$2 million for the year ended 31 March 2018 and US$6 million for the year ended 31 March 2017. For further details on exceptional items refer to Note 30 of Section B of Part 11 (Historical Financial Information).

	Quarter Ended				
	31-Mar-18	**30-Jun-18**	**30-Sep-18**	**31-Dec-18**	**31-Mar-19**
Profit / (Loss) for the quarter	**(33)**	**166**	**62**	**133**	**89**
Tax (credit) / expense	31	(71)	(12)	(28)	33
Share of results of associate	–	–	–	1	(1)
Non-operating income (net)	–	–	–	–	–
Finance income	(66)	(13)	(5)	(68)	1
Finance costs	242	88	148	141	70
Depreciation and amortisation	129	141	137	144	151
Charity and donation	1	1	2	–	1
Exceptional items[(1)]	3	5	–	16	–
Underlying EBITDA	**307**	**317**	**332**	**339**	**344**

(1) Exceptional items comprises settlement of litigations and claims of US$16 million for the quarter ended 31 December 2018, US$3 million for the quarter ended 30 June 2018, US$3 million for the quarter ended 31 March 2018 and voluntary retirement scheme charges of US$2 million for the quarter ended 30 June 2018.

Underlying EBITDA Margin

The Group defines Underlying EBITDA Margin as Underlying EBITDA divided by total revenue. The Group considers Underlying EBITDA Margin to be a meaningful measure to assess operational performance of the business.

The following table provides Underlying EBITDA Margin for the periods indicated.

	Year ended 31 March		
	2019	**2018**	**2017**
	US$ million, unless otherwise indicated		
Underlying EBITDA	**1,332**	**1,139**	**842**
Revenue	3,077	2,910	2,884
Underlying EBITDA Margin (%)	**43.3%**	**39.1%**	**29.2%**

Underlying EBITDA and Underlying EBITDA Margin have limitations as analytical tools. Some of these limitations are:

- they do not reflect the Group's cash expenditures or future requirements for capital expenditure or contractual commitments;

- they do not reflect changes in, or cash requirements for, the Group's working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Group's debt;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and Underlying EBITDA and Underlying EBITDA Margin does not reflect any cash requirements for such replacements;
- they are not adjusted for all non-cash income or expense items that are reflected in the Group's statements of cash flows; and
- the further adjustments made in calculating Underlying EBITDA and Underlying EBITDA Margin are those that management consider are not representative of the underlying operations of the Group and therefore can be subjective in nature.

Operating Free Cash Flow

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.

Operating Free Cash Flow has limitations as an analytical tool. Operating Free Cash Flow does not reflect any restrictions on the transfer of cash and cash equivalents within the Group or any requirement to repay the Group's borrowings and does not take into account cash flows that are available from disposals or the issue of shares. The Directors therefore take such factors into account in addition to free cash flow when determining the resources available for acquisitions and for distribution to shareholders.

The following table provides Operating Free Cash Flow for the periods indicated.

	Year ended 31 March		
	2019	**2018**	**2017**
	US$ million		
Net Cash Generated from Operating Activities	**1,030**	**831**	**421**
Income tax paid	115	94	69
Cash Generation from Operation before tax	**1,145**	**925**	**490**
Changes in working capital			
Increase in trade receivables	29	38	199
(Increase) / decrease in inventories	1	(3)	(10)
(Decrease) / increase in trade payables	3	69	(48)
(Decrease) / increase in provisions	4	(2)	(1)
(Decrease) / increase in other financial and non financial liabilities	49	(101)	99
Increase in other financial and non financial assets	79	169	144
(Decrease) / increase in advance from customers	13	13	(23)
Operating cash flow before changes in working capital	**1,323**	**1,108**	**850**
Other Non Cash items	(16)	35	(3)
Non Operating Income	–	(14)	(14)
Charity and donation	4	4	2
Exceptional items[(1)]	21	6	7
Underlying EBITDA	**1,332**	**1,139**	**842**
Less: Capital Expenditure	**(630)**	**(411)**	**(395)**
Operating Free Cash Flow	**702**	**728**	**447**

(1) Exceptional items comprises settlement of litigations and claims of US$19 million for the year ended 31 March 2019, US$4 million for the year ended 31 March 2018 and US$1 million for the year ended 31 March 2017 and voluntary retirement scheme charges of US$2 million for the year ended 31 March 2019 US$2 million for the year ended 31 March 2018 and US$6 million for the year ended 31 March 2017. For further details on exceptional items refer to Note 30 of Section B of Part 11 (Historical Financial Information).

Leverage Ratio

The Group defines Leverage Ratio as net debt divided by Underlying EBITDA. The Directors view Leverage Ratio to be a meaningful measure to monitor the Group's ability to cover its debt through its earnings.

Leverage Ratio has limitations as an analytical tool. Leverage ratio in isolation provides a limited view of the Group's financial strength and must be looked at in conjunction with other ratios and parameters to obtain a comprehensive view. It also does not, in isolation, adequately reflect the future borrowing needs of the Group to invest in long-term capital intensive growth objectives.

The following table presents Leverage Ratio for the periods indicated.

	As at 31 March		
	2019	**2018**	**2017**
	US$ million		
Borrowings and lease liabilities	**4,839**	**7,928**	**7,705**
Adjusted for:			
Cash and cash equivalents	(848)	(232)	(102)
Processing costs related to borrowings	6	13	18
Fair value hedge adjustment	8	46	(25)
Net debt	**4,005**	**7,755**	**7,596**
Underlying EBITDA	1,332	1,139	842
Leverage Ratio	**3.01x**	**6.81x**	**9.03x**

Underlying Operating Expenditure

The Group defines Underlying Operating Expenditure as expenses excluding access charges, depreciation and amortisation, charity and donation and adjusted for exceptional items. 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.

Underlying Operating Expenditure has limitations as an analytical tool as adjustments made in calculating Underlying Operating Expenditure are those that management consider are not representative of the underlying operations of the Group and therefore can be subjective in nature, it does not reflect changes in the Group's cash expenditure or cash requirements for working capital needs and, although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and Underlying Operating Expenditure does not reflect cash requirements for such replacements.

The following table provides a reconciliation from expenses to Underlying Operating Expenditure.

	Year ended 31 March		
	2019	**2018**	**2017**
	US$ million		
Expenses	**2,369**	**2,375**	**2,718**
Less:			
Access charges	345	372	447
Depreciation and amortisation	573	577	660
Charity and donation	4	4	2
Exceptional items[(1)]	21	6	7
Underlying Operating Expenditure	**1,426**	**1,416**	**1,602**

(1) Exceptional items comprises settlement of litigations and claims of US$19 million for the year ended 31 March 2019, US$4 million for the year ended 31 March 2018 and US$1 million for the year ended 31 March 2017 and voluntary retirement scheme charges of US$2 million for the year ended 31 March 2019 US$2 million for the year ended 31 March 2018 and US$6 million for the year ended 31 March 2017. For further details on exceptional items refer to Note 30 of Section B of Part 11 (Historical Financial Information).

Underlying profit / (loss) before tax

The Group defines Underlying profit / (loss) before tax as profit / (loss) for the year adjusted for tax (credit) / expense and exceptional items. The Directors view Underlying profit / (loss) before tax to be a meaningful measure to analyse the Group's profitability.

Underlying profit / (loss) before tax has limitations as an analytical tool as it does not include impact of tax (credit) / expense and exceptional items.

The following tables provide a reconciliation from profit / (loss) for the year to underlying profit / (loss) before tax.

	Year ended 31 March		
	2019	**2018**	**2017**
	US$ million		
Profit / (loss) for the year	**450**	**(134)**	**(769)**
Tax (credit) / expense	(78)	125	117
Exceptional items[(1)]	69	151	322
Underlying profit / (loss) before tax	**441**	**142**	**(330)**

(1) Exceptional items comprises Network modernization of US$41 million for the year ended 31 March 2019, US$41 million for the year ended 31 March 2018 and US$15 million for the year ended 31 March 2017, Transition from administered to market base exchange rate of US$109 million for the year ended 31 March 2018 and US$297 million for the year ended 31 March 2017, settlement of litigations and claims of US$19 million for the year ended 31 March 2019, US$4 million for the year ended 31 March 2018 and US$1 million for the year ended 31 March 2017, (gain) / loss on divestments of US($5) million for the year ended 31 March 2018 and US$3 million for the year ended 31 March 2017, prepayments of bonds of US$7 million for the year ended 31 March 2019 and voluntary retirement scheme charges of US$2 million for the year ended 31 March 2019 US$2 million for the year ended 31 March 2018 and US$6 million for the year ended 31 March 2017. For further details on exceptional items refer to Note 30 of Section B of Part 11 (Historical Financial Information).

Underlying EBITDA before IFRS 16

The Group defines Underlying EBITDA before IFRS 16 as profit / (loss) for the period before tax (credit) / expense, share of results of associate, non-operating income (net), finance income, finance costs and depreciation and amortization adjusted for charity and donation, exceptional item and IFRS-16 impact. The group considers Underlying EBITDA before IFRS 16 to be an useful measure because it is used to analyze the Group's operating profitability before considering IFRS 16 impact.

The following table provides a reconciliation from profit / (loss) for the period to Underlying EBITDA before IFRS 16.

	Quarter ended				
	31-Mar-18	**30-Jun-18**	**30-Sep-18**	**31-Dec-18**	**31-Mar-19**
Profit / (Loss) for the quarter	**(33)**	**166**	**62**	**133**	**89**
Tax (credit) / expense	31	(71)	(12)	(28)	33
Share of results of associate	–	–	–	1	(1)
Non-operating income (net)	–	–	–	–	–
Finance income	(66)	(13)	(5)	(68)	1
Finance costs	242	88	148	141	70
Depreciation and amortisation	129	141	137	144	151
Charity and donation	1	1	2	–	1
Exceptional items[(1)]	3	5	–	16	–
IFRS-16 Impact	(32)	(31)	(33)	(34)	(38)
Underlying EBITDA before IFRS 16	**275**	**286**	**299**	**305**	**306**

(1) Exceptional items comprises settlement of litigations and claims of US$16 million for the quarter ended 31 December 2018, US$3 million for the quarter ended 30 June 2018, US$3 million for the quarter ended 31 March 2018 and voluntary retirement scheme charges of US$2 million for the quarter ended 30 June 2018.

PART 10
OPERATING AND FINANCIAL REVIEW

This Part 10 (Operating and Financial Review) should be read in conjunction with Part 2 (Presentation of Financial and Other Information), Part 4 (Industry Overview), Part 6 (Business Description) and Part 11 (Historical Financial Information). The financial information considered in this Part 10 (Operating and Financial Review) is extracted from the financial information set out in Part 11 (Historical Financial Information).

The following discussion of the Company's results of operations and financial condition contains forward-looking statements. The Company's actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Registration Document, particularly under Part 1 (Risk Factors) and Part 2 (Presentation of Financial and Other Information). In addition, certain industry issues also affect the Company's results of operations and are described in Part 4 (Industry Overview).

Overview

The Group is a leading provider of telecommunications and mobile money services, with a presence in 14 countries in Africa, primarily in East Africa and Central and West Africa. The Group offers an integrated suite of telecommunications solutions to its subscribers, including mobile voice and data services as well as mobile money services both nationally and internationally. The Group offers traditional mobile voice services, with an increasing focus on data and non-voice services through the expansion of its 3G and 4G networks. The Group also offers mobile money services under its Airtel Money brand to customers in all of the Group's 14 countries of operation, which provides an opportunity for the Group to extend financial services and products to underserved populations. All of these services are offered under the unified 'airtel' brand. The Group also deploys, leases, owns and manages tower infrastructure and fibre cables pertaining to telecommunications operations. In addition, the Group intends to roll out fixed wireless broadband solutions, B2B offerings and fibre sharing and to build further content partnerships.

As at 31 December 2018, the Group was the second largest mobile operator in Africa by number of active subscribers, according to Ovum. The Group's footprint is well-diversified, serving an aggregate of 98.9 million subscribers and 14.2 million mobile money customers across its footprint as at 31 March 2019. Nigeria represents the Group's largest single country subscriber base, comprising 37.6% of the Group's total subscribers as at 31 March 2019, with 43.4% of subscribers in East Africa and the remaining 19.1% in the Group's Rest of Africa segment. In the year ended 31 March 2019, revenue in Nigeria was US$1,106 million (representing 35.9% of the Group's revenue in the year) and Underlying EBITDA was US$550 million. In the year ended 31 March 2019, revenue in East Africa was US$1,102 million (representing 35.8% of the Group's revenue in the year) and Underlying EBITDA was US$442 million. In the year ended 31 March 2019, revenue in Rest of Africa was US$888 million (representing 28.9% of the Group's revenue in the year) and Underlying EBITDA was US$339 million.

The Group operates in three main business lines, mobile voice, mobile data and Airtel Money:

Mobile voice – The mobile voice business line comprises pre- and post-paid wireless voice services, international roaming, fixed-line telephone services and interconnect revenue paid to the Group by other telecommunications providers. The mobile voice business line is the largest component of the Group's revenue, representing 62.2% and 66.4% in the years ended 31 March 2019 and 31 March 2018, respectively.

Mobile data – The mobile data business line comprises data communications services, including 2G, 3G and, increasingly, 4G data services, and other VAS for mobile subscribers. The mobile data business line accounted for 22.2% and 18.9% of the Group's revenue in the years ended 31 March 2019 and 31 March 2018, respectively.

On an aggregated basis, the Mobile business lines before inter-product elimination and including infrastructure tower sharing income accounted for 94.8% of the Group's consolidated revenue and 92.7% of the Group's Underlying EBITDA in the year ended 31 March 2019 and 95.4% of the Group's consolidated revenue and 95.2% of the Group's Underlying EBITDA in the year ended 31 March 2018.

Airtel Money – Mobile money services, offered under the Airtel Money brand, are an increasingly important part of the Group's service offerings. The Airtel Money business line comprises a mobile commerce service that is accessible 24 hours a day, 7 days a week through customers' mobile devices. Working in partnership with local financial institutions, this service enables Airtel Money customers to send and receive money and to make payments for utility bills and, in certain countries, to pay for goods and services, to deposit and withdraw funds through a linked bank account, to make card-less withdrawals from partnered ATMs and to access microloans, which are facilitated by the Group and accessible through its mobile network in partnership with third-party loan providers. Airtel Money services are available across the Group's footprint in which the Group serves 14.2 million customers. In Nigeria, the Group offers Airtel Money services in partnership with a local bank and has applied for a mobile banking licence. The Airtel Money business line before inter-product elimination accounted for 7.6% of the Group's consolidated revenue and 7.3% of the Group's Underlying EBITDA in the year ended 31 March 2019 and 5.2% of the Group's consolidated revenue and 4.1% of the Group's Underlying EBITDA in the year ended 31 March 2018.

The Group has offered mobile services in Africa since 2010 and has leveraged this experience to roll out relevant products and services across its footprint. The Group offers a range of country-specific entertainment, lifestyle and general content through its VAS products. The Group aims to continue positioning its non-voice businesses, in particular through its investments in value-added digital services and continued expansion of mobile money services, as an opportunity for long-term sustainable growth in response to the rapidly changing telecommunications environment in the markets in which the Group operates.

The Group has emphasised efficient operations and cost management in recent years as its key strategic considerations, with a focus on achieving distribution excellence, ensuring excellent overall network quality and enabling existing customers to garner more benefits have yielded positive results. The Group's revenue grew by 6.7% between the years ended 31 March 2017 and 31 March 2019, from US$2,884 million to US$3,077 million, and Underlying EBITDA increased by 58.2% between the years ended 31 March 2017 and 31 March 2019, from US$842 million to US$1,332 million. The Group has also focused on optimising operations and developing internal capabilities to further propel the turnaround of its business in recent years, leading to further profitable top line growth.

Key factors affecting the Group's results of operations

The results of the Group's operations have been, and will continue to be, affected by many factors, some of which are beyond the Group's control. This section sets out certain key factors the Directors believe have affected the Group's results of operations in the period under review and could affect its results of operations in the future.

Customer additions and churn

The number of mobile subscribers that the Group has in a given period directly impacts its overall revenue and profitability. The Group had 98.9 million subscribers as at 31 March 2019 and occupied the first or second market share position in 11 of the 14 markets in which it operates as at 31 December 2018 (source: Ovum). The Group's mobile subscriber base increased by 10.7% from 89.3 million as at 31 March 2018 to 98.9 million subscribers as at 31 March 2019. The Group had positive net additions of 12.5 million subscribers in the year ended 31 March 2018 and of 9.6 million subscribers in the year ended 31 March 2019. As of 31 March 2019, the Group also had 30.0 million active data users (a 20.4% increase as compared to the prior year) and 14.2 million MFS customers (a 24.0% increase as compared to the prior year).

The Group expects demand for telecommunications services and its subscriber base will grow in parallel with favourable macroeconomic trends in the markets in which it operates, which will continue to be key drivers of the Group's revenue. Similarly, the Group expects demand for its MFS will continue to grow in parallel with increasing mobile penetration and persistently low accessibility to traditional banking infrastructure in the countries in which the Group operates, which it expects will increasingly be a key driver of the Group's revenue. In particular, demand for the Group's services depends primarily on a number of demographic and economic factors, all of which are outside of the Group's control, such as population growth and gross domestic product ("GDP") per capita. According to the IMF World Economic Outlook Database, the population of sub-Saharan Africa is expected to grow by approximately 2.5% per year between 2018 and 2023. Many of the countries in which the Group operates are among the youngest and fastest growing societies in the world in terms of population and GDP (source: World Bank IMF World Economic Outlook Database). These factors vary across the markets in which the Group operates and have historically impacted its results of operations. The Group believes that the countries in which it operates have favourable demographic and economic profiles for a telecommunications operator.

Furthermore, in addition to the number of new subscribers, the number of Group subscribers at any time is also impacted by the number of Group subscribers whose services are terminated over a given period, which is measured by churn (the rate of disconnection over a given period of time). Churn is a factor which could negatively affect the Group's results of operations through loss of revenue and lower return on investment due to the relatively high cost of acquiring new subscribers. Subscriber terminations are motivated by a number of factors, including changes in the Group's own or its competitors' prices, the breadth of the Group's service offerings, subscriber regulations, the quality and reliability of the Group's services, new technologies or services, opportunities for service bundling, developments in the macroeconomic environment, political stability and other external factors. Subscriber disconnections can also occur on an involuntary basis, including under the Group's policy of disconnecting subscribers who have been inactive for 60 days. The Group's average churn for the years ended 31 March 2017, 2018 and 2019 was 4.9%, 4.4% and 5.0%, respectively. Increases in churn may lead to increased subscriber acquisition costs (resulting from customer retention discounts, marketing and advertising, staff cost, commissions and other expenses) and reduced revenue. As a result, in addition to attracting new subscribers, the Group also seeks to retain existing subscribers, which in turn reduces the rate of churn.

The success of the Group's business and its ability to limit churn by retaining existing customers or acquiring new customers, depend upon, among other factors, network quality and reliability, reach of the network, the introduction of new or enhanced products and services, flexible and competitive pricing models, high quality customer service and improved network capabilities in response to evolving customer expectations. High churn rates also place significant pressure on the Group to find innovative ways of distinguishing itself from its competitors to gain, and retain, customers.

The Group seeks to attract new subscribers and retain existing subscribers by offering attractive services and pricing, as well as maintaining the 'airtel' brand value and high quality customer service. The Group believes its network and spectrum holdings give it a competitive advantage over its peers. As its subscriber base grows, the Group is also able to further leverage its scale to (i) secure more competitive pricing from vendors, (ii) reduce infrastructure duplication and (iii) promote and raise the visibility of the 'airtel' brand without incurring additional marketing costs.

Competition, pricing and the entry of new operators

The markets in which the Group operates are competitive in nature and competition is expected to remain high, which puts pressure on the Group's revenue growth and market share. Mobile telecommunications operators in the Group's markets of operation compete for customers principally on the basis of price, services offered, advertising and brand image, quality and reliability of service and coverage area. Price competition is significant on voice and data services, which represent the vast majority of the Group's revenue and these services are largely commoditised, as the ability to differentiate these services among operators is limited. The adoption of OTT services which enable VOIP may also impact the Group's voice revenues. This impact is expected to be most pronounced on the Group's international services, both outgoing and incoming, due to the difference in effective pricing on OTT (data pricing) and international GSM voice calling. This has resulted in increased pricing pressure.

The amount of use and number of services that the average customer uses in a given market, and thus the level of fees that the average customer pays, drive the revenue that the Group is able to generate from its subscriber base. The Group therefore aims to increase the amount of data and, to a lesser extent VAS, that its subscribers consume in order to increase the Group's revenue. Selling additional services to the Group's existing subscribers increases the revenue generated by that customer base. In an effort to counter the impact of competition and the expected decreasing prominence of traditional mobile voice services over the coming years, the Group has expanded its offering to include data, digital, financial, information and communications technology and enterprise services. Each of the Group's potential products or service offerings is vetted through a structured internal process which assesses the product's potential cost, performance and features, value and time-to-market, with the ultimate aim of minimising operating and capital expenditures and increasing market share. This business model has enabled the Group to expand its subscriber base and thereby increase its sales volume and, in turn, its revenue.

Increase in data customers, smartphone penetration and data usage

The Group's revenue is driven primarily by number of subscribers but is increasingly influenced by consumer spending on data services. The Group generates data revenue through mobile and, to a lesser extent, fixed data offerings. Data usage has become an increasingly important measure of demand and component of revenue, reflecting evolving customer trends across a range of customer segments, as revenue from voice services has been affected by decreases in the price per voice minute in recent years as a result of competitive pressure. The Group believes there is significant growth opportunity in mobile data in sub-Saharan Africa, driven by a young population with growing smartphone penetration and ongoing expansion of 3G and 4G access. Additionally, there is limited fixed broadband penetration in the markets in which the Group operates, which provides the Group with an opportunity to use mobile infrastructure to expand data services more rapidly than fixed infrastructure.

The Group had 30 million active data users (users who have used the Group's services within last 30 days) and 18.7 million smartphone users as at 31 March 2019. Mobile data revenue represented US$548.9 million and US$683.3 million, or 18.9% and 22.2% of the Group's revenue in the year ended 31 March 2018 and the year ended 31 March 2019, respectively. The Group's data revenue in the year ended 31 March 2019 increased 24.5% as compared to the previous year. The Group's mobile data revenue is primarily driven by the quality and availability of the Group's network; data and smartphone penetration in the markets in which the Group operates; the reliability of the Group's 3G service offering and expansion of its 4G service offering; and smartphone adoption campaigns and other marketing of the Group's mobile data services. The Group expects further increases in overall mobile phone usage and mobile data penetration, data usage per user and increasing smartphone adoption, which are expected to be important drivers for future growth in the Group's mobile data revenue and to provide further opportunities for the Group to diversify its service offering in response to the expected decline in demand for traditional paid voice services.

Increases in capital expenditure relating to network expansion and modernisation

The Group operates in a capital-intensive industry that requires substantial amounts of capital and other long-term expenditures, including those relating to the development and acquisition of new networks and the expansion or improvement of existing networks, as well as capital expenditure spend on IT, licences and the roll-out of new services. The Group's capital expenditures were US$395 million, US$411 million and US$630 million in each of the years ended 31 March 2017, 2018 and 2019, respectively. The Group seeks to continually enhance its market and competitive position through ongoing investment in infrastructure, and completed a network modernisation exercise in the first half of 2019. The Group's capital expenditure programme seeks to further improve network quality, coverage and capacity, and support higher voice and data traffic which helps ensure that the Group remains competitive and is able to roll out data solutions and digital services beyond traditional voice offerings. In order to support the Group's growing subscriber base and addressable market, as well as increasing demand for data services, the Group undertakes the expansion and modernisation of its mobile network coverage and capacity to accommodate the increases in usage, which requires the purchase of additional spectrum, the expansion of existing infrastructure and other capital expenditures. For instance, in August 2018, the Group introduced home broadband services in Seychelles available over the Group's 4G network and in February 2019, the Group achieved country-wide 4G LTE coverage in Uganda following the completion of the network modernisation exercise, which commenced in 2018. In the term, the Directors anticipate total capital expenditure should stabilise between US$600 million and US$700 million. Changes in the Group's capital expenditures affect its investing cash flows, property, plant and equipment and intangible asset balances, interest expense (to the extent they are funded by debt) and depreciation and amortisation expense.

Impact of currency devaluation

Certain of the Group's operating expenses are incurred in, or otherwise linked, to US dollars. The Group considers expenses to be US dollar-based where (i) cost is both denominated and paid in US dollars or (ii) although cost is denominated in US dollars in the relevant contract, the amount of local currency due is determined by reference to the US dollar amount invoiced and paid at the spot rate for the purchase of US dollars with the applicable currency at the time of the invoice. The Group pays for its capital expenditures in a mix of US dollars and local currency. Additionally, certain expenses, such as US dollar denominated debt interest payments and certain maintenance contracts, are paid in US dollars. As such, increases or decreases in the value of the US dollar compared to the various local currencies in which the Group operates will affect the Group's results. For instance, in Nigeria, the Group's largest country of operation, between March 2015 and June 2016, the Nigerian naira was pegged to the US dollar at a fixed exchange rate. However, in June 2016, the Central Bank of Nigeria de-pegged the exchange rate, which resulted in the devaluation of the naira against the US dollar of more than 40% and led to increases in the Group's operating costs. Such devaluation of the naira relative to the US dollar have had an adverse impact on Airtel Nigeria's costs and margins. The Group's results of operations will continue to be strongly impacted by fluctuations in exchange rates, particularly the naira to US dollar rate.

Furthermore, the Group's operating subsidiaries generate revenue, incur overhead costs and record their financial results in local currency. However, the Group's consolidated financial results are reported in US dollar. Therefore, a significant depreciation of one of the Group's functional currencies in relation to the US dollar, including in particular any significant depreciation of the Nigerian naira or Central African franc, could significantly reduce its financial results as reported in US dollars and could have a significant negative impact on the Group's financial position and cash flows. See Part 1 (Risk Factors—Risks relating to the business and industry of the Group—Fluctuations in foreign currency exchange could increase the operating and debt servicing costs of, and the financial burden on, the Group and any hedging transactions involve risks that can harm the Group's financial performance). For the year ended 31 March 2019, 5.6% of the Group's revenue and 17.5% of the Group's expenses were denominated either in foreign currency.

Increase in Underlying Operating Expenditure

The Group's Underlying Operating Expenditures which were US$1,426 million, US$1,416 million and US$1,602 million in the years ended 31 March 2019, 31 March 2018 and 31 March 2017, respectively, can be categorised as fixed or variable. A majority of the Group's costs are fixed in nature and do not increase materially with additional subscribers. The fixed component of the Group's operating expenses relates to network, marketing and employee expenses. The network expenses of the Group are variable only in relation to new site deployment, while the majority of other network related expenses remain fixed in nature. For example, the cost of upgrading the equipment installed on the Group's network to transport a substantially higher amount of data and with greater efficiency, for example, is marginal, relative to the initial investment to create the network. The variable component of the Group's operating expenses includes other expenses, such as commissions paid to retailers / agents / ambassadors / franchisees. This fixed cost structure allows the Group to benefit from the fast growth in demand and associated potential revenues, with high margins for data services in particular.

The Group has initiated cost optimisation efforts and continuously evaluates opportunities to ensure that it has an effective cost base for future growth and profitability to mitigate any increase on account of additional network site deployment or any increase of direct selling cost on account of revenue increase. The Group's cost optimisation initiatives primarily focus on redesign of processes and systems to deliver a superior service delivery with an optimised and fixed cost model. A number of initiatives have already resulted in cost benefits.

The Group's "Underlying Operating Expenditure", representing expenses excluding access charges, depreciation and amortisation, charity and donation and adjusted for exceptional items, were US$1,602 million, US$1,416 million and US$1,426 million in each of the years ended 31 March 2017, 2018 and 2019, respectively, which were primarily driven by redesign of the Group's bandwidth and transmission network, optimising tower company cost structures and redesigning network operations and logistics.

The Group generally works towards achieving satisfactory operating margins in its businesses and focuses on revenue enhancing measures to continually lift such margins. The Group continuously works towards optimising its cost base by implementing initiatives to improve its cost structure across the various regions in which it operates. It has also achieved and expects to continue to achieve substantial reductions in its operating expenses as it implements “war on waste” measures to streamline business operations and optimise network costs. While significant operational discretion is delegated to management at the operational level across the Group’s 14-country footprint, the Group benefits from economies of scale through common procurement processes across the Group, resulting in reduced operating and capital expenditure costs.

Changes in law and regulation relating to the Group’s business across mobile and Airtel Money

The Group operates in a highly regulated industry. The Group’s business is dependent on a variety of licences and permits granted by regulators in the countries in which it operates. Any change in how regulators award and renew these licences and permits could impact the Group’s business and results of operation. In particular, the Group’s mobile services offering requires access to licensed spectrum, and it expects its operations and the mobile industry in general will require more spectrum in the future to meet future mobile data traffic needs. In addition, regulators can impose certain constraints and obligations that can have an impact on how the Group operates its business and on its profitability.

Several regulatory developments have and will likely continue to influence the Group’s results of operations. The Group has entered into interconnection agreements with several companies at the regulated price for termination of voice calls set by the respective regulatory authority in all of the countries in which the Group operates, and the Group may in the future be subject to greater regulatory scrutiny, in particular in markets where the Group holds a dominant position (being Niger, Congo and Gabon), including reduced regulatory price caps, which may in the future affect the prices at which the Group is able to provide its services or prohibit the Group from introducing, or otherwise adversely impact its time to market for, certain services and promotional plans in the markets in which the Group operates.

The frequency licences the Group requires to provide 2G, 3G, 4G and LTE services are currently awarded by the relevant authorities in each jurisdiction. The Group currently has a strong spectrum position, particularly in Congo, Gabon, Niger, Uganda, Chad, Malawi, Rwanda and Seychelles, where the Group holds 621.7MHz, which enables the Group to maintain an innovative and cost-effective product offering.

There is also regulatory momentum toward enabling the direct licensing of telecommunications providers as providers of MFS across the Group’s footprint. Telecommunications companies have generally been supportive of this trend as an opportunity for first-hand engagement with product development and a stake in the general development of MFS, which has historically not been available under earlier regulatory regimes under which the licensee is the bank and the telecommunications company is partnered with the licensed bank to facilitate the execution of transactions. A telecommunications-led regulatory model also creates a direct relationship between the telecommunications company and the relevant central banking authority where no such avenue previously existed. Of the 14 countries in which the Group currently operates, only Uganda, Chad, Congo and Gabon have yet to introduce a telecommunications-led regulatory model. The Ugandan Parliament is considering a National Payment Systems Bill, which was presented in late 2018, and which introduces a telecommunications-led model. Chad, Congo and Gabon are countries in the CEMAC region, which is regulated by the BEAC. The BEAC is in the final stages of formalising a law that creates a telecommunications-led model that will be rolled out in each of these countries.

The Group’s results of operations, including the price of its services and its cost structure, can be affected by any decision by the governments or regulators in the countries in which the Group operates to revoke licences, to limit the number of licence-holders, to fix caps on wholesale market prices or to otherwise amend the grounds on which licences and frequencies are distributed in the markets in which the Group operates.

Availability of funding, increases in interest costs and any change in tax rates

US dollar-denominated bank loans have historically been a significant source of the Group’s funding, primarily to finance both its organic and inorganic expansions. However, since BAIN, a wholly-owned subsidiary of the Company, issued US$1.5 billion guaranteed senior notes due 2023 in March and

April 2013 and US$1 billion guaranteed senior notes due 2024 and EUR750 million guaranteed senior notes due 2021 in May 2014, senior notes guaranteed by the Major Shareholder have represented the majority of the Group's funding. The Group's borrowings are mostly denominated in US dollars and euros, with the remainder in local currencies. The Group's total borrowings and lease liabilities as at 31 March 2019 was US$4,839 million, of which 9.9% was denominated in local currency, with 63.8% denominated in US dollars, 19.1% denominated in euros and 7.2% denominated in CHF.

The Group's interest expense on borrowings and on lease liabilities has therefore been a significant component of its finance costs in each of the years ended 31 March 2017, 2018 and 2019, at US$347 million, US$340 million and US$321 million, respectively. Portions of the Group's indebtedness are subject to floating interest rates, which together with increased outstanding principal indebtedness, caused the Group's interest expense to fluctuate with changes in interest rates. As a result, currency fluctuations can significantly impact the Company's finance costs. In addition, our cost of funding may be impacted when we incur indebtedness that is not guaranteed by the Major Shareholder. For a description of the Group's borrowings, see "—Borrowings" below.

Changes in taxation legislation applicable to the Group have also impacted the Group's results from operations in the past; therefore, further changes in taxation legislation could impact on the Group's results from operations in the future. However, the Group is not currently aware of any proposed changes to tax legislation in jurisdictions in which it operates which would have a material impact on the group's financial performance in the near term.

Recent Accounting Pronouncements

See Note 4 of Section B of Part 11 (Historical Financial Information).

Description of key line items

Revenue

Revenue comprises revenues from the provision of services and the sale of telecommunications equipment and related accessories. Revenue from services mainly pertains to usage, subscription and customer onboarding charges, which include activation charges and charges for voice, data, messaging and value added services. Service revenues includes revenue from interconnection and roaming charges for usage of the Group's network by other operators for voice, data, messaging and signaling services. The Group also earns service revenue from mobile money services, where it 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.

Network operating expenses

Network operating expenses represent site running expenses, managed services for active equipment, annual maintenance cost, mobile switching centre expense, leaseline cost and other network expenses. Site running expenses include rental cost of site location, energy charges, security guards expense and managed services for passive equipment on the site location.

Access charges

Access charges reflect interconnect cost, which is paid to other telecommunications operators when Group subscribers utilise other operators for interconnection purposes while making outgoing calls to a customer of another telecommunications operator. This also includes the cost of international outgoing traffic carrier charges to the international traffic carrier.

Employee benefits expense

Employee benefits expense represents the cost of all short-term and long-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, which are recognised in the period in which the employee renders the related service.

Sales and marketing expenses

Sales and marketing expenses consist of acquisition expenses, additional trade commissions, other sales and distribution related expenses and marketing expenses.

Acquisition expenses are the costs incurred on the acquisition of a new customer, including acquisition commissions paid to the trade, SIM card cost and KYC cost.

Additional trade commission is the cost paid to trade channels after achievement of the target at the end of an agreed period (weekly or monthly or quarterly).

Other sales and distribution expenses include the cost of scratch cards, existing subscriber verification, logistics, commercial warehouse cost and trade/business promotional expense.

Other expenses

Other expenses represent customer service costs, information technology, legal expense, rates and taxes, bad debts and facility expenses.

Depreciation and amortisation

Depreciation consists of depreciation charges on the property, plant and equipment. Depreciation is calculated and recorded on a straight-line basis over the estimated useful lives of the assets.

Amortisation consists of expenses incurred on intangible assets, such as licence fees and IRUs for spectrum and bandwidth. Amortisation is calculated and recorded over the life of the contract for each intangible asset.

Finance costs

Finance costs primarily comprise interest expenses relating to borrowings and finance leases and other borrowing costs, as well as realised and unrealised losses on foreign exchange transactions.

Finance income

Finance income primarily comprises interest income on deposits and realised and unrealised gains on foreign exchange transactions.

Tax expense

Tax expense comprises current and deferred income tax. Income tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity, in which case the related income tax is recognised accordingly.

Profit / (loss) for the year

Profit / (loss) for the year consists of operating profit adjusted for finance cost, finance income, net non-operating income, share of results of associate and tax expense.

Exceptional items

Exceptional items refer to income or expense items within the statement of profit and loss from activities or events which are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group.

Current Trading and Prospects

In the medium term, the Group aspires to grow revenue in its mobile business (voice and data, exclusive of Airtel Money) at a rate of approximately 1.2 to 1.3 times the rate of market growth, with a target of Incremental Underlying EBITDA Margin for the mobile business of approximately 50% to 60% (all on a constant currency basis, using closing currency rates as of 1 March 2018). In the medium term, the Group aspires to grow revenue in its Airtel Money business at a rate of approximately 1.3 to 1.4 times the rate of market growth, with a medium-term target Underlying EBITDA Margin of approximately 50% (all on a constant currency basis, using closing currency rates as of 1 March 2018).

The Group's ability to attain the aspirations set out above will depend upon a number of factors outside its control. These include significant business, economic and competitive uncertainties and contingencies, as well as actions taken by counterparties. These targets have been developed based upon assumptions with respect to future business decisions and conditions that are subject to change, including the Group's execution of its strategies and product development, as well as growth in the markets in which the Group operates. As a result, the Group's actual results may vary from the targets set out above, and those variations may be material. See Part 2 (Presentation of Financial and Other Information—Information regarding forward-looking statements) and the risk factors set out in Part 1 (Risk Factors).

Results of Operations

The table below presents the Group's results of operations for the periods indicated which has been extracted without material adjustment from the historical financial information set out in Part 11 (Historical Financial Information).

	Year ended 31 March		
	2019	**2018**	**2017**
		US$ million	
Income			
Revenue	3,077	2,910	2,884
Other income	26	17	7
	3,103	**2,927**	**2,891**
Expenses			
Network operating expenses	558	562	572
Access charges	345	372	447
Licence fee / spectrum charges (revenue share)	182	180	181
Employee benefits expense	236	232	262
Sales and marketing expenses	152	140	210
Other expenses	323	312	386
Depreciation and amortisation	573	577	660
	2,369	**2,375**	**2,718**
Operating profit	**734**	**552**	**173**
Finance costs	447	590	855
Finance income	(85)	(12)	(16)
Non-operating income net	–	(14)	(14)
Share of results of associate	0	(3)	–
Profit / (loss) before tax	**372**	**(9)**	**(652)**
Tax expense			
Current tax	89	93	99
Deferred tax	(167)	32	18
Profit / (loss) for the year	**450**	**(134)**	**(769)**
Profit / (loss) before tax (as presented above)	**372**	(9)	(652)
Add: Exceptional items	69	151	322
Underlying profit / (loss) before tax*	**441**	**142**	**(330)**

* Underlying profit / (loss) before tax is a non-IFRS measure. For more information on the Group's use of non-IFRS measures, please see Part 2 (Presentation of Financial and Other Information—Non-IFRS financial information) and Part 9 (Selected Financial Information—Non-IFRS Measures) for a description of this measure and the respective reconciliation to the closest IFRS measure.

Segmental Reporting

The Group operates in three geographical segments: Nigeria, East Africa (comprising Kenya, Uganda, Rwanda, Tanzania, Malawi and Zambia) and Rest of Africa (comprising Niger, Gabon, Chad, Congo, DRC, Madagascar and Seychelles). The table below sets out the Group's revenue, Underlying EBITDA, capital expenditure and Operating Free Cash Flow by segment for the periods indicated. For additional metrics by business line, see *"—Key Performance Indicators" below.*

	Year ended 31 March		
	2019	**2018**	**2017**
	US$ million		
Revenue[1]	**3,077**	**2,910**	**2,884**
Nigeria	1,106	989	982
East Africa	1,102	1,019	1003
Rest of Africa	888	919	925
Underlying EBITDA*[1]	**1,332**	**1,139**	**842**
Nigeria	550	405	344
East Africa	442	385	307
Rest of Africa	339	341	182
Capital expenditure[1]	**630**	**411**	**395**
Nigeria	180	185	172
East Africa	257	138	105
Rest of Africa	190	88	114
Operating Free Cash Flow*[1]	**702**	**728**	**447**
Nigeria	370	220	172
East Africa	185	247	202
Rest of Africa	149	253	68

(*) Underlying EBITDA on a consolidated basis and Operating Free Cash Flow on a consolidated basis and reporting segments basis are non-IFRS measures. For more information on these metrics and the Group's use of non-IFRS measures, please see Part 2 (Presentation of Financial and Other Information—Non-IFRS financial information) and Part 9 (Selected Financial Information—Non-IFRS Measures) for a description of such measures and the respective reconciliations to the closest IFRS measure.

(1) Segment information is before inter-segment eliminations and does not include unallocated amounts. For further details, see Note 32 of Section B of Part 11 (Historical Financial Information).

Results of operations for the year ended 31 March 2019 compared to the year ended 31 March 2018

Revenue

Revenue increased by US$167 million, or 5.74%, to US$3,077 million in the year ended 31 March 2019 from US$2,910 million in the year ended 31 March 2018. This increase was primarily due to mobile data revenue growth and Airtel Money revenue growth.

Network operating expenses

Network operating expenses decreased by US$4 million, or 0.71%, to US$558 million in the year ended 31 March 2019 from US$562 million in the year ended 31 March 2018.

Access charges

Access charges decreased by US$27 million, or 7.26%, to US$345 million in the year ended 31 March 2019 from US$372 million in the year ended 31 March 2018. This decrease was primarily due to IUC rate reduction in Tanzania, Uganda, Malawi and Niger as well as a reduction in outgoing international traffic as a result of an increased uptake of OTT services.

Licence fee / spectrum charges

Licence fees and spectrum charges increased by US$2 million, or 1.11%, to US$182 million in the year ended 31 March 2019 from US$180 million in the year ended 31 March 2018.

Employee benefits expense

Employee benefits expense increased by US$4 million, or 1.72%, to US$236 million in the year ended 31 March 2019 from US$232 million in the year ended 31 March 2018. This increase was primarily due to annual salary incremental increases in the ordinary course of the Group's operations.

Sales and marketing expenses

Sales and marketing expenses increased by US$12 million, or 8.57%, to US$152 million in the year ended 31 March 2019 from US$140 million in the year ended 31 March 2018. This increase was primarily due to an increase in the number of new activations and was partially offset by reduced payout per activation.

Other expenses

Other expenses increased by US$11 million, or 3.53%, to US$323 million in the year ended 31 March 2019 from US$312 million in the year ended 31 March 2018. This increase was primarily due to a one time recovery of US$10 million in interconnect bad debts made during the year ended 31 March 2018.

Depreciation and amortisation

Depreciation and amortisation decreased by US$4 million, or 0.69%, to US$573 million in the year ended 31 March 2019 from US$577 million in the year ended 31 March 2018. The Group's depreciation and amortisation charge remained broadly stable in the years ended 31 March 2019 and 31 March 2018.

Finance costs

Finance costs decreased by US$143 million, or 24.24%, to US$447 million in the year ended 31 March 2019 from US$590 million in the year ended 31 March 2018. This decrease was primarily due to a reduction in overall borrowings from US$7,928 million to US$4,839 million, which led to a decrease in interest cost incurred during the year. Further, there was a gain on derivative financial instruments during the current year as compared to a loss in the previous year.

Finance income

Finance income increased by US$73 million, or 608.33%, to US$85 million in the year ended 31 March 2019 from US$12 million in the year ended 31 March 2018. This increase was primarily due to a gain on derivative financial instruments and an increase in interest income on deposits.

Tax expense

Tax expense decreased by US$203 million, or 162.40%, to US$(78) million in the year ended 31 March 2019 from US$125 million in the year ended 31 March 2018. This decrease was primarily due to the recognition of deferred tax assets in Nigeria.

Profit / (loss) for the year

As a result of the above, profit for the year increased by US$584 million, to a profit of US$450 million ended 31 March 2019 from a loss of US$134 million incurred in the year ended 31 March 2018.

Exceptional items

Exceptional items decreased by US$82 million, or 54.30%, to US$69 million in the year ended 31 March 2019 from US$151 million in the year ended 31 March 2018. This decrease during the year end 31 March 2018 was primarily due to the impact of foreign exchange loss in Nigeria as a consequence of changing the reference foreign exchange rate.

Results of operations for the year ended 31 March 2018 compared to the year ended 31 March 2017

Revenue

Revenue increased by US$26 million, or 0.90%, to US$2,910 million in the year ended 31 March 2018 from US$2,884 million in the year ended 31 March 2017. This increase was primarily due to mobile data revenue growth and Airtel Money revenue growth.

Network operating expenses

Network operating expenses decreased by US$10 million, or 1.75%, to US$562 million in the year ended 31 March 2018 from US$572 million in the year ended 31 March 2017. This decrease was primarily due to cost saving initiatives.

Access charges

Access charges decreased by US$75 million, or 16.78%, to US$372 million in the year ended 31 March 2018 from US$447 million in the year ended 31 March 2017. This decrease was primarily due to decreased outgoing international data traffic as a result of increase uptake of OTT services, as well as a 42% reduction in the IUC rate in Tanzania from January 2018.

Licence fee / spectrum charges

Licence fees and spectrum charges decreased by US$1 million, or 0.55%, to US$180 million in the year ended 31 March 2018 from US$181 million in the year ended 31 March 2017.

Employee benefits expense

Employee benefits expense decreased by US$30 million, or 11.45%, to US$232 million in the year ended 31 March 2018 from US$262 million in the year ended 31 March 2017. This decrease was primarily due to headcount rationalisation.

Sales and marketing expenses

Sales and marketing expenses decreased by US$70 million, or 33.33%, to US$140 million in the year ended 31 March 2018 from US$210 million in the year ended 31 March 2017. This decrease was primarily due to a reduction in the recharge commission, contributed by increase in width of distribution leading to lower layers, increased penetration of electronic recharge (through mobile money and digital channels) and lower recharges through paper coupons, as well as cost saving initiatives relating primarily to paper scratch card printing costs and SIM card costs. The Group’s advertisement costs also decreased by US$15 million as a result of a shift to targeted marketing through mass media, rather than event-driven marketing.

Other expenses

Other expenses decreased by US$74 million, or 19.17%, to US$312 million in the year ended 31 March 2018 from US$386 million in the year ended 31 March 2017.This decrease was primarily due to reduced IT service charges, reduced inbound customer service requests following the roll-out of an Interactive Voice Response system in seven markets, as well as optimised space usage in DRC and Gabon.

Depreciation and amortisation

Depreciation and amortisation decreased by US$83 million, or 12.58%, to US$577 million in the year ended 31 March 2018 from US$660 million in the year ended 31 March 2017. This decrease was primarily due to the impact of increased currency devaluation in Nigeria.

Finance costs

Finance costs decreased by US$265 million, or 30.99%, to US$590 million in the year ended 31 March 2018 from US$855 million in the year ended 31 March 2017. This decrease was primarily due to reduction in negative impact of foreign exchange fluctuation arising on account of currency devaluation in Nigeria, along with decrease in hedging costs against the euro- and Swiss franc-denominated Notes, as well as finance expenses on short-term bank borrowings.

Finance income

Finance income decreased by US$4 million, or 25.00%, to US$12 million in the year ended 31 March 2018 from US$16 million in the year ended 31 March 2017. This decrease was primarily due to a decrease in interest income on deposits and others.

Tax expense

Tax expense increased by US$8 million, or 6.84%, to US$125 million in the year ended 31 March 2018 from US$117 million in the year ended 31 March 2017. This increase was primarily due to increased profit before tax.

Profit / (loss) for the year

Loss for the year ended 31 March 2018 decreased by US$635 million to US$134 million an improvement from a loss of US$769 million in the year ended 31 March 2017. This decrease was primarily due to improved margins, lower finance costs and exception items arising during the period.

Exceptional items

Exceptional items decreased by US$171 million, or 53.11%, to US$151 million in the year ended 31 March 2018 from US$322 million in the year ended 31 March 2017. This decrease was primarily due to a reduction in the negative impact of foreign exchange fluctuations arising on account of currency devaluation in Nigeria.

Key Performance Indicators

The Directors consider certain financial and operational KPIs to be helpful in evaluating growth trends, establishing budgets and assessing financial and operational performance and efficiencies.

The table below sets out the Group's financial KPIs by business line for the periods indicated.

	Year ended 31 March		
	2019	**2018**	**2017**
	US$ million		
Revenue	**3,077**	**2,910**	**2,884**
Mobile[(1)]	2,918	2,777	2,795
Airtel Money[(2)]	234	152	103
Underlying EBITDA[(3)]	**1,332**	**1,139**	**842**
Mobile	1,234	1,084	814
Airtel Money	98	46	19
Capital expenditure	**630**	**411**	**395**
Mobile	616	407	390
Airtel Money	14	5	6

(1) Mobile services revenue is before inter-product elimination and including infrastructure tower sharing income.

(2) Airtel money revenue is before inter-product elimination.

(3) Underlying EBITDA on a consolidated basis and by business line is a non-IFRS measure. For more information on this metric and the Group's use of non-IFRS measures, please see Part 2 (Presentation of Financial and Other Information—Non-IFRS financial information) and Part 9 (Selected Financial Information—Non-IFRS Measures) for a description of such measures and the respective reconciliations to the closest IFRS measure.

Quarterly information (*unaudited*)

The Group's revenue for the three months ended 31 March 2018, 30 June 2018, 30 September 2018, 31 December 2018 and 31 March 2019 was US$736 million, US$745 million, US$769 million, US$783 million and US$781 million, respectively. This represented year-on-year growth measured from the end of each such period of 8%, 9%, 4%, 4%, and 6%, respectively (10%, 14%, 11%, 12% and 10% on a constant currency basis). The Group's Underlying EBITDA for the three months ended 31 March 2018, 30 June 2018, 30 September 2018, 31 December 2018 and 31 March 2019 was US$307 million, US$317 million, US$332 million, US$339 million and US$344 million, respectively, representing an Underlying EBITDA Margin for such periods of 42%, 43%, 43%, 43% and 44%, respectively. This represented year-on-year growth in Underlying EBITDA measured from the end of each such period of 45%, 33%, 14%, 12% and 12%, respectively (49%, 40%, 21%, 20% and 16% on a constant currency basis). The Group's net debt as of 31 March 2018, 30 June 2018, 30 September 2018, 31 December 2018 and 31 March 2019 was US$7,755 million, US$7,700 million US$6,439 million, US$4,189 million and US$4,005 million, respectively.

Without giving effect to the impact of IFRS 16, the Group's Underlying EBITDA before IFRS 16 for the three months ended 31 March 2018, 30 June 2018, 30 September 2018, 31 December 2018 and 31 March 2019 was US$275 million, US$286 million, US$299 million, US$305 million and US$306 million, respectively, representing an Underlying EBITDA Margin for such periods of 37%, 38%, 39%, 39% and 39%, respectively. This represented year-on-year growth in Underlying EBITDA measured from the end of each such period of 51%, 37%, 15%, 11% and 11%, respectively (56%, 44%, 22%, 19% and 15% on a constant currency basis).

The table below sets out the Group's operational KPIs for the periods indicated.

	Year ended 31 March		
	2019	**2018**	**2017**
ARPU (US$ per user)	**2.72**	**3.01**	**3.24**
Mobile voice	1.69	2.00	2.25
Mobile data	2.07	2.20	2.46
Airtel Money	1.49	1.30	1.01
Subscribers (millions)			
Mobile voice	98.9	89.3	76.7
Mobile data	30.0	24.9	16.9
Airtel Money	14.2	11.5	8.8
Customer net additions	**9.6**	**12.5**	**5.7**
Churn (% per month)	**5.0%**	**4.4%**	**4.9%**
Usage			
Mobile voice (millions of minutes)	207,334	159,549	134,614
Mobile data (millions of MBs)	392,631	237,563	125,101
Revenue per site (US$)	**12,659**	**12,638**	**12,904**
Airtel Money transactions (millions)	**2,989**	**1,771**	**1,360**
Airtel Money transaction value (US$ million)	**25,118**	**20,121**	**14,701**

For more information on these metrics and the Group's use of non-IFRS measures, please see Part 2 (Presentation of Financial and Other Information—Non-IFRS financial information) and Part 9 (Selected Financial Information—Non-IFRS Measures).

Constant Currency

The tables below set out certain selected financial information by business line and geographic segment presented on a constant currency basis for the periods indicated.

	Year ended 31 March(2)		
	2019	**2018**	**2017**
	US$ million		
Revenue	**3,153**	**2,827**	**2,700**
Business line:			
Voice	1,961	1,873	1,883
Data	700	533	436
Airtel Money	243	152	102
Segment:			
Nigeria	1,112	889	753
East Africa	1,142	1,014	984
Rest of Africa	919	942	990
Underlying EBITDA(*)	**1,365**	**1,108**	**783**
Nigeria	553	369	272
East Africa	461	382	304
Rest of Africa	350	349	201
Capital expenditure(1)	**630**	**411**	**395**
Nigeria	180	185	172
East Africa	257	138	105
Rest of Africa	190	88	114
Operating Free Cash Flow(*)	**735**	**697**	**388**
Nigeria	373	184	99

	Year ended 31 March(2)		
	2019	2018	2017
	US$ million		
East Africa	204	244	199
Rest of Africa	160	261	86

(*) Amounts presented on a constant currency basis are non-IFRS measures; for more information on these metrics and the Group's use of non-IFRS measures, please see Part 2 (Presentation of Financial and Other Information—Non-IFRS financial information) and Part 9 (Selected Financial Information—Non-IFRS Measures) for a description of such measures and the respective reconciliations to the closest IFRS measure.

(1) Capital expenditure numbers are presented in reported currency.

(2) Segment information is before inter-segment eliminations and does not include unallocated amounts.

Two-year CAGR in Underlying EBITDA for Airtel Money on a constant currency basis was 132% from the year ended 31 March 2017 to the year ended 31 March 2019. Two-year CAGR in capital expenditure for Airtel Money on a constant currency basis was 56% from the year ended 31 March 2017 to the year ended 31 March 2019.

Year-on-year growth in revenue in Nigeria on a constant currency basis for voice and data, respectively, was 16.9% and 56.1% from the year ended 31 March 2018 to the year ended 31 March 2019. Year-on-year growth in revenue in East Africa on a constant currency basis for voice, data and Airtel Money, respectively, was 6.2%, 22.0% and 58.2% from the year ended 31 March 2018 to the year ended 31 March 2019. Year-on-year growth in revenue in Rest of Africa on a constant currency basis for voice, data and Airtel Money, respectively, was (8.1)%, 16.8% and 57.2% from the year ended 31 March 2018 to the year ended 31 March 2019.

Year-on-year growth in ARPU on a constant currency basis for voice, data and Airtel Money, respectively, was (10.5)%, (0.7)% and 19.2% from the year ended 31 March 2018 to the year ended 31 March 2019. Year-on-year growth in transaction value per subscriber for Airtel Money on a constant currency basis was (2.6)% ((1.0)% for East Africa and 1.0% for Rest of Africa) from the year ended 31 March 2018 to the year ended 31 March 2019.

Quarterly information (*unaudited*)

For the three months ended 30 June 2016, on a constant currency basis, the Group's revenue, Underlying Operating Expenditure, Underlying EBITDA and Underlying EBITDA Margin was US$660 million, US$321 million, US$173 million and 26.3%, respectively, compared to revenue, Underlying Operating Expenditure, Underlying EBITDA and Underlying EBITDA Margin of US$807 million, US$287 million, US$354 million and 43.8% for the three months ended 31 March 2019.

Liquidity and capital resources

The Group's primary sources of liquidity are the cash flows generated from its operations. The primary use of this liquidity is to fund the Group's operations and capital expenditure requirements.

Cash flows

The table below presents a summary of the Group's cash flows for the periods indicated, which have been extracted without material adjustment from the historical financial information set out in Part 11 (Historical Financial Information).

	Year ended 31 March		
	2019	2018	2017
	US$ million		
Operating cash flows before changes in working capital	1,323	1,108	850
Net cash generated from operations before tax	1,145	925	490
Net cash generated from operating activities	1,030	831	421
Net cash used in investing activities	(630)	(283)	(398)
Net cash generated from / (used in) financing activities	179	(409)	(60)
Effect of exchange rate on cash and cash equivalents	4	1	(17)
Cash and cash equivalents at beginning of year	49	(91)	(37)
Cash and cash equivalents at end of year	**632**	**49**	**(91)**

Operating cash flows before changes in working capital

Operating cash flows before changes in working capital consists primarily of profit/(loss) before tax adjusted for depreciation and amortisation, finance income, finance cost and share in result of associates.

Operating cash flows before changes in working capital increased by US$215 million, or 19.40%, to US$1,323 million in the year ended 31 March 2019 from US$1,108 million in the year ended 31 March 2018 primarily due to an increase in profits before tax, depreciation and amortisation, finance income, finance costs and other non-cash items.

Operating cash flows before changes in working capital increased by US$258 million, or 30.35%, to US$1,108 million in the year ended 31 March 2018 from US$850 million in the year ended 31 March 2017 primarily due to profit before tax, depreciation and amortisation, finance income, finance costs and other non-cash items.

Net cash generated from operating activities

Net cash generated from operating activities consists primarily of changes in profits from operating activities before depreciation, amortisation, financing cost, finance income and exceptional items and after adjusting changes in working capital during the financial year.

Net cash generated from operating activities increased by US$199 million, or 23.95%, to US$1,030 million in the year ended 31 March 2019, from US$831 million in the year ended 31 March 2018. The increase was primarily due to an increase in profits for the year before depreciation and amortisation, finance income, finance costs, other non-cash items and changes in working capital.

Net cash generated from operating activities increased by US$410 million, or 97.39%, to US$831 million in the year ended 31 March 2018 from US$421 million in the year ended 31 March 2017. This was primarily due to an increase in profits for the year before depreciation, amortisation, finance income, finance cost, other non-cash items and changes in working capital.

Net cash used in investing activities

Net cash used in investing activities consists primarily of purchases of property, plant and equipment, intangibles including licences and spectrum allocation and investment in other businesses, joint ventures and associates. It also includes proceeds from the sale of property, plant and equipment, intangibles or divestment in other businesses, joint ventures and associates.

Net cash used in investing activities increased by US$347 million, or 122.61%, to US$630 million in the year ended 31 March 2019, from US$283 million in the year ended 31 March 2018. The increase was primarily due to an increase in capital expenditure on network equipment.

Net cash used in investing activities decreased by US$115 million, or 28.89%, to US$283 million in the year ended 31 March 2018 from US$398 million in the year ended 31 March 2017. This was primarily due to a reduction in payments related to capital expenditure during the year.

Net cash generated from / (used in) financing activities

Net cash generated from / (used in) financing activities consists primarily of proceeds from issuing stock to investors, borrowing debt from banks or related parties and issuing bonds to investors. It also includes payments on account of dividends, interest on borrowings, repurchase of stocks, repayments against debt and borrowings.

Net cash generated from financing activities was US$179 million in the year ended 31 March 2019, compared to a net cash outflow of US$409 million in the year ended 31 March 2018. The increase in cash generated from financing activities was primarily due to proceeds from the issue of shares to AAML and the Pre-IPO Investors during the current year.

Net cash used in financing activities was US$409 million in the year ended 31 March 2018, compared to US$60 million in the year ended 31 March 2017. The increased cash outflow in the year ended 31 March 2018 was primarily due to higher proceeds from capital contribution during the year 2017.

Borrowings and lease liabilities

The table below presents a breakdown of the Group's borrowings and lease liabilities as at the dates indicated.

		Year ended 31 March		
		2019	**2018**	**2017**
	Average maturity	**US$ million**		
Term loans	1-6 years	316	371	308
Non-convertible bonds	5-10 years	2,680	4,968	4,742
Lease liabilities	3-15 years	1,218	1,230	1,291
Overdraft facilities	0-1 year	216	183	193
Payable on demand (incl. Group facilities)	0-1 year	409	1,176	1,171
Total		**4,839**	**7,928**	**7,705**
Of which current		1,365	3,041	1,621
Of which non-current		3,474	4,887	6,084

Current borrowings consist of bank overdraft facilities and on demand borrowings, such as working capital loans, bank loans, trade finance agreements and current portion of long-term debt. Most of these facilities are taken locally and carry interest rates based on the local lending rates in local and foreign currency.

The principal source of the Group's borrowings as at 31 March 2019 are the Notes, which are senior unsecured notes that have been issued by BAIN, a wholly-owned subsidiary of the Company, all of which are guaranteed by the Major Shareholder. As at 31 March 2019, the following senior notes were outstanding:

- in March 2013, BAIN issued US$1 billion of senior notes, followed by a tap issuance in April 2013 of an additional US$500 million of senior notes, all bearing a fixed rate of interest of 5.125% and maturing on 11 March 2023 (together the "2023 Notes"). On 27 November 2018, BAIN repurchased approximately US$995 million of the 2023 Notes. As at 31 March 2019, US$505 million of the 2023 Notes were outstanding;
- in March 2014, BAIN issued CHF350 million of senior notes, bearing a fixed rate of interest of 3.0% and maturing on 31 March 2020 (the "2020 Notes"). As at 31 March 2019, CHF350 million of the 2020 Notes were outstanding;
- in May 2014, BAIN issued US$1 billion of senior notes, bearing a fixed rate of interest of 5.35% and maturing on 20 May 2024 (the "2024 Notes"). As at 31 March 2019, US$1 billion of the 2024 Notes were outstanding; and
- in May 2014, BAIN issued EUR750 million of senior notes, bearing a fixed rate of interest of 3.375% and maturing on 20 May 2021 (the "2021 Notes"). As at 31 March 2019, EUR750 million of the 2021 Notes were outstanding.

The 2023 Notes contain a negative pledge covenant whereby BAIN, the Major Shareholder 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 the 2023 Notes.

The 2023 Notes also contain an event of default if the Major Shareholder 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 Major Shareholder, BAIN or any of the Major Shareholder's significant subsidiaries were to default on a loan greater than US$50 million or fail to pay a final judgment of more than US$50 million, and other customary events of default in the event of a voluntary or involuntary bankruptcy, insolvency or similar proceedings relating to the Major Shareholder, BAIN or the Major Shareholder's significant subsidiaries.

The 2020 Notes, the 2021 Notes and the 2024 Notes all contain a similar negative pledge covenant and similar events of default to the 2023 Notes.

In addition, the 2023 Notes are subject to certain covenants whereby the Major Shareholder, BAIN and significant subsidiaries of the Major Shareholder would be restricted from incurring indebtedness unless the Major Shareholder meets a designated consolidated indebtedness to Underlying EBITDA ratio or the indebtedness is otherwise permitted by the 2023 Notes. These covenants are suspended if the 2023 Notes are designated as investment grade by at least two of the prescribed rating agencies. As of the date of this *Registration Document*, these covenants are under suspension based on the current credit rating of the 2023 Notes.

The Group's lease liabilities primarily relate to leaseback arrangements that the Group has in place with tower companies, including Helios Towers Africa, American Tower Corporation, IHS Towers and Eaton Towers, for a portion of the towers it utilises for its services. The lease liabilities reflect the Group's right to use the allocated part of the tower for its operations.

The table below analyses the Group's borrowings into relevant maturity groupings based on the remaining period as at 31 March 2019 to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The maturity of lease liabilities is presented below as contractual commitments.

Year ended 31 March 2019 US$ million	**Within 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Borrowings.......................................	1,181	88	2,364	–	**3,633**

In May 2019 the Company arranged for bank facilities in a principal amount up to US$2 billion to be made available subject to execution of the facility agreement (the "New Airtel Africa Facility"), and certain of its subsidiaries arranged for committed facilities totalling up to an additional US$425 million (the "Other New Facilities" and, together with the New Airtel Africa Facility, the "New Facilities"). The New Airtel Africa Facility contains customary representations, warranties and undertakings, including certain financial covenants such as covenants to maintain (a) a consolidated net indebtedness to Underlying EBITDA ratio and (b) a total indebtedness at the African operating subsidiary level to Underlying EBITDA ratio. In addition, under the terms of the New Airtel Africa Facility, the lenders will not be obliged to fund a loan or may require pre-payment of any amounts drawn if (x) the Major Shareholder ceases to hold a majority of the voting rights and economic interest in the Company or (y) the individual acting as the nominee of the Major Shareholder in the Board of the Company ceases to serve in such capacity for the duration of the availability period (and the replacement appointed is not acceptable to the lenders). The New Airtel Africa Facility will be available for a period of six months following the announcement of a price band or valuation setting method for a listing of the Company's shares and admission of such shares to listing and trading.

It is the Board's intention to refinance the Notes with more flexible borrowings in the coming months from various sources. The New Facilities will be drawn on or before December 2019 to the extent that the Notes have not been refinanced or unless alternate committed liquidity arrangements have been made to refinance the Notes outstanding at that point in time.

As at 31 March 2019, there were no material inter-company financial or other transactions.

Net Debt

The table below presents the Group's Net Debt and Leverage Ratio as at the dates indicated.

	As at 31 March		
	2019	**2018**	**2017**
Net Debt (US$ million)	4,005	7,755	7,596
Leverage Ratio(*)	3.01x	6.81x	9.03x

(*) Leverage Ratio is a non-IFRS measure. For more information on this metric and the Group's use of non-IFRS measures, please see Part 2 (Presentation of Financial and Other Information—Non-IFRS financial information) and Part 9 (Selected Financial Information—Non-IFRS Measures) for a description of such measures and the respective reconciliations to the closest IFRS measure.

The Group's leverage ratio decreased to 3.01x as at 31 March 2019 from 6.81x as at 31 March 2018 due to improved Underlying EBITDA as well as the reduction in net debt by US$3,750 million during the year ended 31 March 2019, including through the completion of the Pre-IPO Funding in October 2018 and January 2019. For more information, see Part 12 (Additional Information—Material Contracts—Pre-IPO Funding Agreements) The Group's leverage ratio decreased to 6.81x as at 31 March 2018 from 9.03x as at 31 March 2017 due to improved Underlying EBITDA, and partially offset by an increase in debt of US$159 million.

The Group endeavours to continuously monitor capital market conditions and optimise its capital structure. As a result, the Group may, from time to time, undertake debt capital raising activities and other liability management transactions.

Contractual commitments and contingent liabilities

Contractual commitments

In addition to its operating lease commitments, the Group has purchase obligations, under various agreements, made in the normal course of business. The table below sets out the Group's capital commitment obligations as at the dates indicated:

	As at 31 March		
	2019	**2018**	**2017**
	US$ million		
Capital commitments	273	255	311

The table below analyses the Group's lease liabilities in relevant maturity groupings based on the remaining period as at 31 March 2019 to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Year ended 31 March 2019 US$ million	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Lease liability	299	285	743	327	**1,654**

The Group has finance leases for passive infrastructure, sale and lease back of passive infrastructure towers, lease of shops, showrooms, guest houses, warehouses, data centres, vehicles and indefeasible rights of use. These leases typically run for a period of 3 to 15 years. Certain leases include an option to renew the lease, typically for an additional period of 3 to 10 years after the end of initial contract term.

Contingent liabilities

The Group prepares its best estimate of contingent liabilities that should be recognised in respect of legal claims in the ordinary course of business. Apart from the disputes and proceedings described in Part 12 (Additional Information—Disputes and proceedings), the Group is not presently aware of any other litigations, claims or other legal proceedings that should be disclosed. As at 31 March 2019, contingent liabilities recognised from tax and legal cases amounted to US$146 million, which mainly relate to cases pertaining to sales tax or VAT, income tax, customs duties and legal cases.

In many markets there is a high degree of complexity involved in the local tax regimes. In common with other businesses operating in these markets, the Group is required to exercise judgment in the assessment of any potential exposures in these areas. Where appropriate, the Group will make provisions or disclose contingencies in accordance with the relevant accounting principles.

Retirement benefit schemes

The Group makes statutory and/or private social security contributions such as pension contributions in its subsidiaries across Africa. As at 31 March 2019, the Group had pension arrangements that are defined contribution in nature across all of its operating companies. The annual social security benefits cost is US$12.6 million.

As at 31 March 2019, the Group recognised a deficit of US$19 million in respect of the retirement benefits, under IAS 19 'Employee Benefit' accounting principles, as compared to US$17 million and US$12 million as at 31 March 2018 and 31 March 2017, respectively.

Capital expenditure

The table below presents the Group's capital expenditure for the periods indicated.

	Year ended 31 March		
	2019	**2018**	**2017**
	US$ million		
Capital expenditure[1]	**630**	**411**	**395**
Nigeria	180	185	172
East Africa	257	138	105
Rest of Africa	190	88	114

(1) This table does not include unallocated amounts. For further details, see Note 32 of Section B of Part II (Historical Financial Information).

The most significant elements of the Group's capital expenditure during the periods under review were related to the modernisation of the Group's existing network, along with the introduction of single RAN network compatibility with multiple technologies to prepare for LTE coverage at each site. As of 31 March 2019, the Group provides LTE services in 11 countries.

Off-balance sheet arrangements

Other than purchase obligations, the Group did not have any material off-balance sheet arrangements as at 31 March 2019.

Dividend policy

The Board understands the importance of dividend payments to shareholders and of maintaining a reasonably conservative policy in respect of liquidity and leverage. As such the Group's dividend policy is to return surplus cash to shareholders when it is concluded by the Board that (i) the Group does not have suitable avenues to generate significantly higher returns on such surplus than what a common shareholder can generate, or (ii) that by returning such surplus, the Group would be able to improve its return on equity, while simultaneously maintaining a prudent and reasonably conservative leverage.

In line with this policy, at the individual operating country level, the Company will recommend to the local boards a dividend pay-out of a minimum of 80% of the free cash flow at the country level as long as a ratio of net debt to Underlying EBITDA between 2.5 to 3.5 times is maintained, subject to all regulatory, statutory and monetary restrictions. The Company aims to distribute to its shareholders a minimum of 80% of consolidated free cash flow as long as a ratio of net debt to Underlying EBITDA between 2 to 2.5 times is maintained, subject to all regulatory, statutory and monetary restrictions.

The Company publishes its accounts in US dollars. Any dividends declared by the Company will generally be paid in US dollars unless a Shareholder elects to receive dividends in pounds sterling.

Fluctuations in the exchange rate between pounds sterling and US dollars will affect the pound sterling amount received in respect of dividend payments declared in US dollars by the Company.

The Board shall consider a variety of factors before declaring or recommending a dividend to shareholders, including financial parameters and internal factors (such as financial performance, the impact of return on equity and the alternative use of cash) and external factors (such as macroeconomic conditions, statutory requirements and agreements with lending institutions). The Company may revise its dividend policy from time to time.

Quantitative and qualitative disclosures about market risks

For a description of the Group's management of market risk (including foreign currency risk, interest rate risk, credit risk and liquidity risk), credit risk and liquidity risk, see Note 34 of Section B of Part 11 (Historical Financial Information).

Critical accounting policies and estimates

For a description of the Group's critical accounting estimates, assumptions and judgements and key sources of estimation uncertainty, see Note 3 of Section B of Part 11 (Historical Financial Information).

PART 11
HISTORICAL FINANCIAL INFORMATION

This section of the Registration Document includes Historical Financial Information as well as an accountant's report thereon prepared by Deloitte LLP in relation to the Group. This Part 11 (Historical Financial Information) is set out in two sections as follows:

- Section A sets out Deloitte LLP's report on the Group's Historical Financial Information, as of and for the three years ended 31 March 2019, 2018 and 2017, as prescribed by the Prospectus Rules; and
- Section B sets out the Group's Historical Financial Information and includes the accounting policies and notes to the historical financial information.

Section A – Accountants' report on the Historical Financial Information of the Group

Deloitte.

Deloitte LLP
1 Little New Street
London
EC4A 3TR

The Board of Directors
Airtel Africa Limited
53/54 Grosvenor Street
London
W1K 3HU

28 May 2019

Dear Sirs / Madams

Airtel Africa Limited

We report on the financial information for the years ended 31 March 2017, 2018 and 2019 set out in Part 11 of the registration document dated 28 May 2019 of Airtel Africa Limited (the "Company" and together with its subsidiaries the "Group") (the "Registration Document"). This financial information has been prepared for inclusion in the Registration Document on the basis of the accounting policies set out in note 2 to the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Note 2.1 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Annex I item 1.2 of the Prospectus Directive Regulation to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Registration Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Registration Document, a true and fair view of the state of affairs of the Group as at 31 March 2017, 31 March 2018 and 31 March 2019 and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in Note 2.1 to the financial information

Declaration

For the purpose of item 1.2 of Annex I to the Prospectus Directive Regulations, we are responsible for this report as part of the Registration Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Registration Document in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NWE LLP do not provide services to clients.

Section B – Historical Financial Information of the Group

Airtel Africa Limited
Consolidated Statement of Financial Position
(All amounts are in millions of US dollars)

	Notes	As of March 31, 2019	As of March 31, 2018	As of March 31, 2017
Assets				
Non-current assets				
Property, plant and equipment	6	1,597	1,559	1,692
Capital work-in-progress	6	365	271	110
Right-of-use assets	23	655	640	673
Goodwill	7	4,126	4,322	4,403
Other intangible assets	7	349	418	477
Intangible assets under development	7	70	-	-
Investment in associate		3	3	-
Financial assets				
– Investments		0	–	–
– Derivative instruments	9	45	30	70
– Security deposits	10	9	8	7
– Others	11	–	1	166
Income tax assets (net)		31	8	26
Deferred tax assets (net)	12	346	198	248
Other non-current assets	13	89	89	59
		7,685	**7,547**	**7,931**
Current assets				
Inventories		3	2	4
Financial assets				
– Derivative instruments	9	5	134	21
– Trade receivables	14	121	111	109
– Cash and cash equivalents	15	848	232	102
– Other bank balances	15	259	214	159
– Others	11	73	121	69
Other current assets	13	118	145	207
		1,427	**959**	**671**
Total assets		**9,112**	**8,506**	**8,602**
Equity and liabilities				
Equity				
Share capital	16	3,082	2,359	2,359
Other equity		(456)	(3,444)	(3,127)
Equity attributable to owners of the Parent		**2,626**	**(1,085)**	**(768)**
Non-controlling interests ('NCI')		(196)	(232)	(230)
		2,430	**(1,317)**	**(998)**
Non-current liabilities				
Financial liabilities				
– Borrowings	18	2,437	3,818	4,928
– Lease liabilities	23	1,037	1,069	1,156
– Derivative instruments	9	7	81	39
– Others	19	7	40	10
Deferred revenue		34	55	68
Provisions	20	20	29	37
Deferred tax liabilities (net)	12	33	36	17
		3,575	**5,128**	**6,255**
Current liabilities				
Financial liabilities				
– Borrowings	18	625	1,359	1,364
– Current maturities of long-term borrowings	18	559	1,521	122
– Lease liabilities	23	181	161	135
– Derivative instruments	9	96	1	10
– Trade payables		714	694	919
– Others	19	604	554	368
Deferred revenue		121	118	112
Current tax liabilities		67	77	93
Other current liabilities	21	140	210	222
		3,107	**4,695**	**3,345**
Total liabilities		**6,682**	**9,823**	**9,600**
Total equity and liabilities		**9,112**	**8,506**	**8,602**

The accompanying notes form an integral part of this historical financial information.

Airtel Africa Limited
Consolidated Statement of Comprehensive Income
(All amounts are in millions of US dollars)

		For the year ended		
	Notes	March 31, 2019	March 31, 2018	March 31, 2017
Income				
Revenue	24	3,077	2,910	2,884
Other income		26	17	7
		3,103	**2,927**	**2,891**
Expenses				
Network operating expenses		558	562	572
Access charges		345	372	447
Licence fee / spectrum charges (revenue share)		182	180	181
Employee benefits expense	25	236	232	262
Sales and marketing expenses		152	140	210
Other expenses	27	323	312	386
Depreciation and amortisation	28	573	577	660
		2,369	**2,375**	**2,718**
Operating profit		**734**	**552**	**173**
Finance costs	29	447	590	855
Finance income	29	(85)	(12)	(16)
Non-operating income (net)		–	(14)	(14)
Share of results of associate		0	(3)	–
Profit / (loss) before tax		**372**	**(9)**	**(652)**
Tax (credit) / expense				
Current tax	12	89	93	99
Deferred tax	12	(167)	32	18
Profit / (loss) for the year		**450**	**(134)**	**(769)**
Profit / (loss) before tax (as presented above)		**372**	**(9)**	**(652)**
Add: Exceptional items (net)	30	69	151	322
Underlying profit / (loss) before tax		**441**	**142**	**(330)**
Other comprehensive income ('OCI')				
Items to be reclassified subsequently to profit or loss:				
Net losses due to foreign currency translation differences		(172)	(103)	(570)
Share of OCI of associate		(0)	0	–
Net gains / (losses) on net investments hedge		45	(66)	33
Net (losses) / gains on cash flow hedge		(12)	12	13
		(139)	**(157)**	**(524)**
Comprehensive income / (loss) for the year		**311**	**(291)**	**(1,293)**
Gain / (loss) for the year attributable to:		**450**	**(134)**	**(769)**
Owners of the Parent		412	(138)	(630)
Non-controlling interests		38	4	(139)
Other comprehensive loss for the year attributable to:		**(139)**	**(157)**	**(524)**
Owners of the Parent		(136)	(155)	(543)
Non-controlling interests		(3)	(2)	19
Total comprehensive gain / (loss) for the year attributable to:		**311**	**(291)**	**(1,293)**
Owners of the Parent		276	(293)	(1,173)
Non-controlling interests		35	2	(120)
Earnings per share (Face value : 2019: $ 1 each, 2018: € 1 each, 2017: € 1 each) (In USD)				
Basic and diluted	31	0.21	(0.12)	(0.54)

The accompanying notes form an integral part of this historical financial information.

Consolidated Statement of Changes in Equity

(All amounts are in millions of US dollars 'USD'; unless stated otherwise)

	Equity attributable to owners of the Parent								
			Other equity						
	Share capital		Reserves and surplus						
	No of shares	Amount	Share premium	Retained earnings / accumulated deficit	Transactions with NCI reserve	Other components of equity (Note 17)	Total	Non-controlling interests (NCI)	Total equity
As of April 1, 2016	**1,781,248,325**	**2,359**	**2,625**	**(3,707)**	**(305)**	**(1,141)**	**(169)**	**(121)**	**(290)**
Loss for the year	–	–	–	(630)	–	–	(630)	(139)	(769)
Other comprehensive loss	–	–	–	–	–	(543)	(543)	19	(524)
Total comprehensive loss	**–**	**–**	**–**	**(630)**	**–**	**(543)**	**(1,173)**	**(120)**	**(1,293)**
Transaction with owners of equity									
Capital contribution (refer note 17b)	–	–	568	705	–	–	1,273	–	1,273
Distributions from capital contribution (refer note 17b)	–	–	(642)	–	–	0	(642)	–	(642)
Transactions with NCI	–	–	–	–	(57)	–	(57)	12	(45)
Dividend paid (including tax) to NCI	–	–	–	–	–	–	–	(1)	(1)
As of March 31, 2017	**1,781,248,325**	**2,359**	**2,551**	**(3,632)**	**(362)**	**(1,684)**	**(768)**	**(230)**	**(998)**
Loss for the year		–	–	(138)	–	–	(138)	4	(134)
Other comprehensive loss	–	–	–	–	–	(155)	(155)	(2)	(157)
Total comprehensive loss	**–**	**–**	**–**	**(138)**	**–**	**(155)**	**(293)**	**2**	**(291)**
Transaction with owners of equity									
Capital contribution	–	–	–	–	–	–	–	–	–
Distributions from capital contribution	–	–	–	(24)	–	(0)	(24)	–	(24)
Transactions with NCI	–	–	–	–	–	–	–	–	–
Dividend paid (including tax) to NCI	–	–	–	–	–	–	–	(4)	(4)
As of March 31, 2018	**1,781,248,325**	**2,359**	**2,551**	**(3,794)**	**(362)**	**(1,839)**	**(1,085)**	**(232)**	**(1,317)**
Profit for the year				412			412	38	450
Other comprehensive loss	–	–	–	–	–	(136)	(136)	(3)	(139)
Total comprehensive loss	**–**	**–**	**–**	**412**	**–**	**(136)**	**276**	**35**	**311**
Transaction with owners of equity									
Shareholder loan conversion	1	0	1,107	–	–	–	1,107	–	1,107
Capital contribution	–	–	–	159	–	–	159	–	159
Re-organisation adjustment (refer note 2.1)	(613,490,706)	(1,191)	(3,659)	4,850	–	–	–	–	–
Issue of share capital (refer note 16)	1,913,986,957	1,914	473	(136)	–	–	2,251	–	2,251
Share issuance costs	–	–	(2)	–	–	–	(2)	–	(2)
Dividend (including tax) to NCI	–	–	–	–	–	–	–	(5)	(5)
Transactions with NCI	–	–	–	–	(80)	–	(80)	6	(74)
As of March 31, 2019	**3,081,744,577**	**3,082**	**470**	**1,491**	**(442)**	**(1,975)**	**2,626**	**(196)**	**2,430**

The accompanying notes form an integral part of this historical financial information.

(All amounts are in millions of US dollars – USD)

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Cash flows from operating activities			
Profit / (loss) before tax	372	(9)	(652)
Adjustments for –			
Depreciation and amortisation	573	577	660
Finance income	(85)	(12)	(16)
Finance cost	447	590	855
Other non-cash items	16	(35)	3
Share of results of associate	0	(3)	–
Operating cash flow before changes in working capital	**1,323**	**1,108**	**850**
Changes in working capital			
Increase in trade receivables	(29)	(38)	(199)
(Increase) / decrease in inventories	(1)	3	10
(Decrease) / increase in trade payables	(3)	(69)	48
(Decrease) / increase in provisions	(4)	2	1
(Decrease) / increase in other financial and non-financial liabilities	(49)	101	(99)
Increase in other financial and non-financial assets	(79)	(169)	(144)
(Decrease) / increase in advance from customers	(13)	(13)	23
Cash generated from operations before tax	**1,145**	**925**	**490**
Income tax paid	(115)	(94)	(69)
Net cash generated from operating activities[(a)]	**1,030**	**831**	**421**
Cash flows from investing activities			
Loans given to related parties	–	–	(1)
Loan repayment received from related parties	–	–	5
Purchase of property, plant and equipment and capital work-in-progress	(559)	(274)	(549)
Proceeds from sale of property, plant and equipment	–	5	3
Purchase of intangible assets	(134)	(72)	(25)
Purchase of investments	(0)	(0)	–
Proceeds on sale of tower assets	42	76	159
Proceeds from sale of interest in associate	–	–	7
Investment in subsidiary (net of cash acquired)	–	(19)	–
Interest received	21	1	3
Net cash used in investing activities[(b)]	**(630)**	**(283)**	**(398)**
Cash flows from financing activities			
Acquisition of non-controlling interest	(74)	–	(45)
Issue of share capital (refer note 16)	2,387	–	–
Capital contribution received	–	–	1,335
Capital contribution returned	–	(5)	(642)
Proceeds from borrowings	534	472	1,254
Repayment of borrowings	(2,485)	(717)	(1,698)
Proceeds from sale and finance lease back	23	46	139
Repayment of lease liabilities	(163)	(135)	(129)
Dividend paid to non - controlling interests	(4)	(4)	(1)
Interest and other finance charges paid	(376)	(358)	(241)
Proceeds / (repayment) from borrowings from related parties	337	292	(32)
Net cash generated / (used in) from financing activities[(c)]	**179**	**(409)**	**(60)**
Net increase / (decrease) in cash and cash equivalents during the year (a+b+c)	579	139	(37)
Effect of exchange rate on cash and cash equivalents	4	1	(17)
Cash and cash equivalents as at the beginning of the year	49	(91)	(37)
Cash and cash equivalents as at the end of the year (refer note 15)	**632**	**49**	**(91)**

The accompanying notes form an integral part of this historical financial information.

1. Corporate information

Airtel Africa Limited ('Company') is a private company limited by shares incorporated on 12 July 2018 and is a subsidiary of Airtel Africa Mauritius Limited ('the Parent'), a company registered in Mauritius. 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, 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

During the year ended March 31, 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 US$ 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 in 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 (USD 6,018) and share capital value of Airtel Africa Limited (USD 1,168) has been included as 're-organisation adjustment' in retained earnings / accumulated deficit.

The historical financial information for the periods ended March 31, 2019, March 31, 2018 and March 31, 2017 has been prepared in accordance with the requirements of the Prospectus Directive Regulation, the Listing Rules and in accordance with this basis of preparation.

The historical financial information has been prepared under the historical cost convention and is presented in United States Dollars, with all values rounded to the nearest millions ($Mn) except when otherwise indicated. Further, amounts which are less than a million are appearing as '0'.

The historical financial information has been prepared on a going concern basis as Bharti Airtel Limited, the intermediate parent company, intends to support the Company to ensure it can meet its obligations as they fall due, provided the Company remains a member of the Bharti Airtel Limited Group. The Directors have received confirmation that Bharti Airtel Limited intends to support the Group for at least one year after the historical financial information was authorised for issue or until it becomes going concern independently; whichever is earlier.

The results for the period of ownership of the entities and investments listed below have not been included in the historical financial information because these entities and investments will not be part of the Group at the date of the initial public offering. Therefore in accordance with accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board they have been excluded from the historical financial information because Management believes it provides more meaningful financial information to investors on the historical financial performance of the on-going Group. Proceeds received by the Group in connection with these investments have been recorded as a capital contribution on the date that they arose. The specific entities and investments excluded are listed below:

a) Bharti Airtel Ghana Holdings B.V. and its subsidiaries Airtel Ghana Limited and Airtel Mobile Commerce (Ghana) Limited (together referred to as 'Ghana') were controlled by the Group until October 11, 2017 and with effect from October 12, 2017 Ghana was accounted for as a 'Joint Venture' on the basis of a joint venture agreement between Bharti Airtel Africa B.V. and MIC Africa B.V. On August 24, 2018, the Group's share in the joint venture was sold to Bharti Airtel Overseas

(Mauritius) Limited, which is a related party of the Group. In addition, a shareholder loan granted to Ghana and converted into equity during 2018, has also been excluded from the historical financial information and included within retained earnings as a capital contribution. Any movements on that loan during the periods have been presented as a capital contributions / distributions from capital contributions as appropriate.

The historical financial information excludes the consolidation of Ghana for all periods prior to October 12, 2017 (date on which it became a joint venture) and equity accounting for all periods between October 12, 2017 and August 24, 2018 (date on which it was sold outside the Group).

b) Bharti Airtel Sierra Leone Holdings B.V. and its subsidiaries Airtel (SL) Limited and Airtel Mobile Commerce (SL) Limited (together referred to as 'Sierra Leone') were controlled by the Group until July 19, 2016, when they were sold to Orange S.A. The historical financial information excludes the consolidated results of Sierra Leone for all periods prior to its sale to Orange S.A.

c) Airtel Burkina Faso S.A. and its subsidiary Airtel Mobile Commerce Burkina Faso S.A. (together referred to as 'Burkina Faso') were controlled by the Group until June 22, 2016, when they were sold to Orange S.A. The historical financial information excludes the consolidated results of Burkina Faso for all periods prior to its sale to Orange S.A.

d) The Group had investments in Helios acquired on July 7, 2016 and in Tube INC on March 7, 2016, May 26, 2015 and August 19, 2016. The Helios investment was sold on August 20, 2018 and the Tube INC investment was sold on August 21, 2018 to Network i2i Limited. The historical financial information has been prepared excluding the investments made in Helios and Tube INC from their respective date of investment to the date of sale of these investments, including the related disposal transactions.

As a result of the above adjustments, a capital contribution of USD 705 was recognized in the year ended March 31, 2017 representing the aggregate effect of removing the profits and related transaction costs on disposal of Sierra Leone and Burkina Faso, the carrying amount of the shareholder loan between the Group and Ghana and the carrying amount of the investment in Helios and Tube Inc. During the year ended March 31, 2018 a distribution of USD 24 was recognized as the aggregate effect of removing the profit on disposal of Ghana and the remaining carrying amount of the shareholder loan between the Group and Ghana. During the year ended March 31, 2019, a capital contribution of USD 159 was recognized representing the aggregate effect of proceeds from disposal of Ghana, investment in Helios and Tube Inc. offset by payment for future contractual obligations related to Burkina Faso and Sierra Leone.

IFRS does not permit the exclusion of these entities and the investments and therefore the historical financial information does not comply with IFRS with respect to the treatment of these items. In other respects, the historical financial information has been prepared in accordance with IFRS as adopted by the European Union.

All transactions between the Group and carved-out entities / carved-out investments have been disclosed in note 33 under 'Other related parties'. These transactions include but are not limited to rendering and receiving of mobile services.

2.2 Basis of measurement

The historical financial information has been prepared on the accrual and going concern basis, and the historical cost convention, except for financial instruments classified as fair value through profit or loss or through other comprehensive income (refer note 2.10 b), liability for cash-settled awards measured at fair value (refer note 2.17) and the changes in fair value of the hedged risk included in the carrying value of liabilities designated in fair value hedges (refer note 2.10 d).

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 values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said historical financial information.

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 historical financial information, 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.

2.3 Basis of consolidation

a. Subsidiaries

Subsidiaries include all the entities over which the Group has control except as described in note 1. 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 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 case 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. Associate

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 associate is accounted for using equity method; from the date on which the Group 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 and associate are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group.

The standalone historical 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 historical financial information. 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 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 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 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 combinations

The Group accounts for business combinations using the acquisition method of accounting, and accordingly, the identifiable assets acquired and the liabilities assumed in the acquiree 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 historical 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 historical financial information is presented in US Dollar which is 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 cost.

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 Dollar at the exchange rates prevailing at the reporting date whereas their statements of profit and loss are translated into US Dollar 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 twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve 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 twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve 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.

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. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

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 - 20
Computer equipment	3
Furniture & fixture and Office equipment	2 - 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) 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 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 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:

a. Software

Software are amortised over the period of the licence, generally not exceeding three years.

b. 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 also incurs on 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.

c. Other acquired intangible assets

Other acquired intangible assets include the following:

Distribution network: One year to two years

Customer relationships: 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 (including borrowing costs that are directly attributable to the acquisition or construction of qualifying assets) (refer note 2.21), if any, 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: a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and b) 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, the embedded derivatives are not separated. However, derivatives embedded in non-financial instrument / financial liabilities (measured at amortized 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 off-set 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.

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, 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:

i. 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.

ii. 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 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, twelve 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

The Group has applied IFRS 16 using the modified retrospective approach with effect from April 1, 2016. The Group elected to apply the practical expedient included in IFRS 16 and therefore retained its existent assessment under IAS 17 and IFRIC 4 as to whether a contract entered or modified before April 1, 2016 contains a lease.

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

On initial application of IFRS 16, the Group recognised a lease liability measured at the present value of all the remaining lease payments, discounted using the lessee's incremental borrowing rate at April 1, 2016 whereas the Group has elected to measure right-of-use asset at its carrying amount as if IFRS 16 had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at April 1, 2016. The Group has elected not to recognise a lease liability and a right-of-use asset for leases for which the lease term ends within twelve months of April 1, 2016 and has accounted for these leases as short-term leases.

For new lease contracts, 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.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the Group's incremental borrowing rate.

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 assets 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 and leases of low-value assets

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 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 payment made in excess / (shortfall) of the respective Group entities' income tax obligation for the period are recognised in the statement of financial position under non-current income tax assets / liabilities.

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.

The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 historical financial information. 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 or 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 can be utilised. Moreover, deferred tax is recognised on temporary differences arising on investments in subsidiaries 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.

The unrecognised deferred tax assets / carrying amount of deferred tax assets are reviewed at each reporting date for recoverability and adjusted appropriately.

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.

Income tax assets and liabilities are off-set 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 set-off 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, 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, financial assets that are carried at fair value. 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 are 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 un-conditional 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 reserve is used to record the premium on issue of shares.

2.17 Share-based payments

The Group operates cash-settled compensation plans, under which the Group receives services from employees as consideration for cash settled units.

The cost of cash-settled plans is measured initially at fair value at the grant date, further details of which are given in Note 26. 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 non-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.

2.18 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 said obligation, and the amount of the said 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. Asset Retirement Obligation ('ARO')

ARO 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. ARO 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.

2.19 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 and disclosed only where an inflow of economic benefits is probable.

2.20 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 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 standalone selling prices. The stand-alone selling prices are determined based on the prices at which the Group sells equipment and network services separately.

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:

a. 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 and customer onboarding charges, which include activation charges and charges for voice, data, messaging and value added services.

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.

A contract liability is recognised for amounts received in advance, until the services are provided or when the usage of services becomes remote.

The Group recognises revenue from these services as they are provided. Revenue is recognised 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 and associated cost is recognised upon successful onboarding of customer 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 of voice services and bandwidth services (including installation), which are recognised on provision of services and over the period of respective arrangements.

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 on provision of these services by the Group.

b. 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.

2.21 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 capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

2.22 Alternative performance measures (APM) - Exceptional items

Management exercises judgment 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, whether the cause of occurrence was within the Group's control or not and the scale of impact of that item on reported performance in accordance with the exceptional items policy.

To monitor the financial performance, the Group uses "Underlying Profit / loss before tax", an APM representing profit or loss before tax for the period excluding the impact of 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. A breakdown of the exceptional items included in the consolidated statement of comprehensive income is disclosed in Note 30.

2.23 Dividends paid

Dividend to shareholders 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.

2.24 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. For periods prior to the re-organisation (refer Note 2.1) 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.

The Group has no dilutive potential equity shares and therefore diluted earnings per share are the same as the basic earnings per share.

3. Critical accounting estimates, assumptions and judgements

The estimates and judgements used in the preparation of the said historical financial information 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 historical financial information 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.

a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. 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, 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. The amount of such provisions 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.

Deferred tax assets are recognised for the unused tax losses and minimum alternate tax credits for which there is probability of utilisation against the future taxable profit. Significant management judgement is required to determine 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.

b) 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 note 2.9. Accordingly the Group has performed impairment reviews. However, the said reviews did not result in any impairment charge.

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. Also, judgement is involved in determining the CGU /grouping of CGUs for allocation of the goodwill.

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. The key assumptions used to determine the recoverable amount of goodwill are detailed in Note 7.

c) Determining the incremental borrowing rate for lease contracts

The initial recognition of lease liabilities at present value requires the identification of an appropriate discount rate. The discount rate is the rate implicit in the lease if readily determinable, or if not, the incremental borrowing rate (IBR) based on considerations specific to the lease agreement. The Group has used the IBR approach taking consideration of the risk free borrowing rate based on USD bonds adjusted 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: every 1% change in the average discount rate has an impact of USD 16 on the lease liability and USD 13 on the right of use asset.

d) Separating lease and non-lease components

The consideration paid by the Group in telecommunication towers lease contracts include the use of land and passive infrastructure as well as maintenance, security, provision of energy etc. services. 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's bifurcation of the consideration paid between lease versus non-lease component across the Group mainly ranges from 55% to 70% and a change of 5% would have change the right of use asset and lease liability by USD 18.

3.2 Critical judgments in applying the Group's accounting policies

The critical judgement's, which the management has made in the process of applying the Group's accounting policies and has the most significant impact on the amounts recognised in the historical financial information, is discussed below:

a) 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 live of PPE and therefore the depreciation charges.

b) 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 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.

c) 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 operation. 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.

d) 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. After assessing such factors, the lease liability has been calculated using the remaining contractual lease period for all of such lease contracts.

4. New accounting pronouncements to be adopted on or after April 1, 2019

The following pronouncements issued by the International Accounting Standards Board (the "IASB") are relevant to the Group and effective for annual periods beginning on or after January 1, 2019. 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 April 1, 2019.

– IFRIC 23 'Uncertainty over Income Tax Treatments'
– Amendments to IAS 12 'Recognition of deferred tax assets for unrealized losses'

5. Significant transactions / new developments

a) During the year ended March 31, 2019, Bharti Airtel International (Netherlands) B.V., a subsidiary of the Group, early redeemed an amount of USD 995 from its USD 1,500 5.125% Guaranteed Senior Notes due in March 2023 at a consideration equivalent to 98.5% of the par amount of each bond plus interest accrued.

b) During the year ended March 31, 2019, Airtel Africa Limited issued to global investors 976,635,762 equity shares for an aggregate investment of USD 1,450 together with certain indemnities. These indemnities represent an obligation for adjustment of subscription amounts triggered on payouts for the indemnified contingencies. These have been recorded as derivatives measured at fair value through profit and loss and other financial liabilities initially measured at fair value and subsequently re-measured at amortised cost. The key assumptions taken into measurement of these liabilities are around the probability of the outcome on which the indemnities are based and expected settlement amount.

c) During the year ended March 31, 2019, the Group acquired an 8.52% equity stake in Airtel Networks Limited, thereby increasing its shareholding to 91.77%. The excess of consideration paid to NCI over the carrying value of the interest acquired amounting to USD 64, has been recognized in 'transaction with NCI reserve', within equity.

During the year ended March 31, 2017, the Group acquired a 4.20% equity stake in Airtel Networks Limited, thereby, increasing its shareholding to 83.25%. The excess of consideration paid to NCI over the carrying value of the interest acquired, USD 57, had been recognised in 'transaction with NCI reserve', within equity.

d) In January 2019, the Government of Tanzania ('GoT') and the Group, on a composite basis, agreed (i) to the GoT's withdrawal of certain tax claims and regulatory fines (ii) the entry into an agreement between the GoT and Airtel Tanzania ('AT') for the provision of support services to AT on a 'best efforts' basis in order to support its development; (iii) to approve the sale of towers owned by AT; (iv) to allow a defined portion of the net sale proceeds of the tower sale towards repayment of the outstanding shareholder loan granted to AT by Bharti Airtel Tanzania B.V. ('BATBV') which shall be treated as full repayment of said loan; (iv) to either exempt AT from the listing obligations or to ensure that the Group's beneficial ownership of AT will not decrease below 51% at any time;

(All amounts are in millions of US dollars -‘USD’; unless stated otherwise)

and (v) to an increase in the GoT’s shareholding in AT, to 49% at zero effective cost. The said document also provided for execution of detailed agreements between GoT, AT and the Group, wherever required, to give effect to the above.

Pursuant to the above arrangement, the Group believes that the above-mentioned settlement amongst the shareholders of AT should be accounted for as an equity transaction on the consummation of the said agreements.

e) 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 this Historical Financial Information, the transaction remains subject to approval by the relevant authorities.

f) During the year ended March 31, 2019, the Group acquired a 7.95% equity stake in Airtel Gabon S.A., thereby increasing its shareholding to 97.95%. The excess of consideration paid to non-controlling interest (‘NCI’) over the carrying value of the interest acquired amounting to USD 16, has been recognized in the ‘transaction with NCI reserve’, within equity.

g) During the year ended March 31, 2019, Bharti Airtel International (Netherlands) B.V. converted a shareholder loan from Network i2i Limited amounting to USD 1,107 (including interest accrued) into 1 Class B ordinary shares.

h) During the year ended March 31, 2018, the Group entered into a share purchase agreement with Millicom International Cellular S.A. to acquire 100% equity interest in Tigo Rwanda Limited. The acquisition made the Group the second largest mobile operator in Rwanda and has been accounted for as a business combination. The difference of USD 12 between the fair value of the purchase consideration of USD 48 and the fair value of the net assets of USD 36 has been recognized as goodwill.

Further, with effect from July 1, 2018, Tigo Rwanda Limited was merged with Airtel Rwanda Limited. Accordingly, Tigo Rwanda Limited has ceased to exist.

The fair value of the assets and liabilities recognised at the date of acquisition for the above acquisition is as follows:

	Tigo Rwanda As at January 31, 2018
Non-current assets	
Property, plant and equipment	71
Intangible assets	15
Non-current liabilities	
Borrowings	27
Deferred tax liabilities	12
Working capital	(11)
Net assets acquired	**36**

i) During the year ended March 31, 2017, the Group sold its entire stake in its African associate, Tanzania Telecommunications Company Limited and recognized a gain of USD 7 on disposal.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

6. Property, plant and equipment ('PPE')

The following table presents the reconciliation of changes in the carrying value of PPE and capital work-in-progress for the year ended March 31, 2019, 2018 and 2017:

	Leasehold improvement	Building	Land	Plant and equipment	Furniture & fixture	Vehicles	Office equipment	Computer	Total	Capital work-in-progress[5]
Gross carrying value										
As of April 1, 2016	**57**	**67**	**31**	**2,114**	**21**	**30**	**42**	**817**	**3,179**	**175**
Additions	1	1	0	349	8	2	3	11	375	337
Disposals / adjustments[1]	(7)	(1)	(4)	(350)	(13)	(1)	(12)	(48)	(436)	(361)
Net transfers to / from assets-held-for-sale[2]	–	–	–	74	–	–	–	–	74	3
Exchange differences	(6)	(8)	(2)	(603)	(4)	(2)	(12)	(135)	(772)	(45)
As of March 31, 2017	**45**	**59**	**25**	**1,584**	**12**	**29**	**21**	**645**	**2,420**	**110**
Additions	1	2	1	189	3	0	7	(0)	203	460
Acquisition through business combinations[3]	0	2	0	58	0	0	–	8	68	3
Disposals / adjustments[1]	4	(7)	1	(45)	(2)	(0)	(6)	4	(51)	(292)
Exchange differences	2	(0)	2	(61)	2	1	(1)	(5)	(60)	(8)
As of March 31, 2018	**52**	**56**	**29**	**1,725**	**15**	**30**	**21**	**652**	**2,580**	**271**
Additions	1	0	0	430	7	0	10	43	491	676
Disposals / adjustments	(0)	(0)	3	(7)	(1)	(2)	1	4	(2)	(574)
Exchange differences	(3)	(4)	(2)	(191)	(3)	(1)	(3)	(29)	(236)	(8)
As of March 31, 2019	**50**	**52**	**30**	**1,957**	**18**	**27**	**29**	**670**	**2,833**	**365**
Accumulated Depreciation										
As of April 1, 2016	**38**	**1**	**2**	**360**	**7**	**24**	**33**	**693**	**1,158**	**–**
Charge[4]	5	3	0	362	6	2	4	61	443	–
Disposals / adjustments[1]	(7)	10	(0)	(240)	4	(2)	(26)	(50)	(311)	–
Net transfers to / from assets-held-for-sale	–	–	–	40	–	–	–	–	40	–
Exchange differences	(5)	(1)	(0)	(460)	(7)	(1)	(8)	(120)	(602)	–
As of March 31, 2017	**31**	**13**	**2**	**62**	**10**	**23**	**3**	**584**	**728**	**–**
Charge[4]	3	4	0	312	5	2	5	45	376	–
Disposals / adjustments[1]	5	(6)	(1)	(41)	(9)	(0)	6	1	(45)	–
Exchange differences	1	0	(0)	(36)	1	2	0	(6)	(38)	–
As of March 31, 2018	**40**	**11**	**1**	**297**	**7**	**27**	**14**	**624**	**1,021**	**–**
Charge[4]	3	3	0	334	4	1	5	26	376	–
Disposals / adjustments[1]	0	0	1	5	(1)	(2)	(3)	7	7	–
Exchange differences	(2)	(1)	0	(130)	(2)	(1)	(2)	(30)	(168)	–
As of March 31, 2019	**41**	**13**	**2**	**506**	**8**	**25**	**14**	**627**	**1,236**	**–**
Net Carrying Amount										
As of March 31, 2017	14	46	23	1,522	2	6	18	61	1,692	110
As of March 31, 2018	12	45	28	1,428	8	3	7	28	1,559	271
As of March 31, 2019	9	39	28	1,451	10	2	15	43	1,597	365

(1) Mainly consists of reversal of gross carrying value and accumulated depreciation on retirement of PPE and reclassification from one category of asset to another.
(2) Tanzania's towers assets do no longer meet the definition of non-current assets held for sale in IFRS 5 and therefore have been reclassified back to property, plant and equipment.
(3) refer note 5 (h).
(4) Includes PPE amounting to USD 1,242, 1,221 and 1,518 as at March 31, 2019, 2018 and 2017 respectively, pledged against Group's borrowings.
(5) The carrying value of capital work-in-progress as at March 31, 2019, 2018 and 2017 mainly pertains to plant and equipment.

For details towards pledge of the above assets refer note 18.2.

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(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

7. Intangible assets

The following table presents the reconciliation of changes in the carrying value of goodwill and other intangible assets for the year ended March 31, 2019, 2018 and 2017:

		Other intangible assets				
	Goodwill	**Software**	**Licences (including spectrum)**	**Other acquired intangibles**	**Total**	**Intangibles under development**
Gross carrying value						
As of April 1, 2016	**6,263**	**5**	**1,294**	**23**	**1,322**	**–**
Additions	–	–	5	–	5	–
Exchange differences	(1,860)	0	(345)	1	(344)	–
As of March 31, 2017	**4,403**	**5**	**954**	**24**	**983**	**–**
Additions	–	–	42	–	42	–
Acquisition through business combinations[2]	12	–	5	10	15	–
Disposals / adjustments[1]	–	–	(211)	(4)	(215)	–
Exchange differences	(93)	–	(47)	2	(45)	–
As of March 31, 2018	**4,322**	**5**	**743**	**32**	**780**	**–**
Additions	–	–	19	–	19	70
Disposals / adjustments	–	–	3	(5)	(2)	–
Exchange differences	(196)	–	(39)	(1)	(40)	–
As of March 31, 2019	**4,126**	**5**	**726**	**26**	**757**	**70**
Accumulated amortisation						
As of April 1, 2016	**–**	**3**	**540**	**13**	**556**	**–**
Charge	–	0	107	5	112	–
Disposals / adjustments	–	2	(5)	1	(2)	–
Exchange differences	–	(0)	(160)	0	(160)	–
As of March 31, 2017	**–**	**5**	**482**	**19**	**506**	**–**
Charge	–	1	78	7	86	–
Disposals / adjustments[1]	–	(1)	(205)	(4)	(210)	–
Exchange differences	–	–	(21)	1	(20)	–
As of March 31, 2018	**–**	**5**	**334**	**23**	**362**	**–**
Charge	–	(0)	72	0	72	–
Disposals / adjustments	–	0	0	1	1	–
Exchange differences	–	(0)	(26)	(1)	(27)	–
As of March 31, 2019	**–**	**5**	**380**	**23**	**408**	**–**
Net carrying value						
As of March 31, 2017	4,403	–	472	5	477	–
As of March 31, 2018	4,322	–	409	9	418	–
As of March 31, 2019	4,126	–	346	3	349	70

(1) The disposal during the year ended March 31, 2018 in licenses (including spectrum), mainly pertains to the derecognition of the gross carrying value and accumulated amortization of license (including spectrum assets whose useful life has expired). This also includes reclassification from one category of asset to another.
(2) refer note 5 (h).

Weighted average remaining amortisation period of license as of March 31, 2019, 2018 and 2017 is 6.5 years, 7.5 years and 7.05 years, respectively.

For details towards pledge of the above assets refer note 18.2.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

Impairment review

The Group tests goodwill for impairment annually on December 31. During the year ended March 31, 2019, 2018 and 2017 the testing did not result in any impairment in the carrying amount of goodwill. The impairment of goodwill test for the year ended March 31, 2019 took place before the reorganisation discussed in note 32.

For the purposes of impairment testing, the carrying amount of goodwill was attributed to the following group of CGUs:

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Mobile Services	4,126	4,322	4,403
	4,126	**4,322**	**4,403**

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 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. Management believes that the said planning horizon reflects the assumptions for short-to-midterm market developments and better reflects the expected performance in the market in which the Group operates.

The cash flows beyond the planning period are extrapolated using appropriate terminal growth rates. The 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 the internal / external sources of information.

The key assumptions used in value-in-use calculations are as follows:

- Earnings before interest, taxes, depreciation and amortisation ('EBITDA') margins
- Discount rate
- Growth rates
- Capital expenditures

EBITDA margins: The margins have been estimated based on past experience after considering incremental revenue arising out of adoption of valued added and data services from the existing and new customers, though these benefits are partially offset by decline in tariffs in competitive scenario. Margins will be positively impacted from the efficiencies and cost rationalisation / others initiatives driven by the Company; whereas, factors like higher churn, increased cost of operations may impact the margins negatively.

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 CGUs. Pre-tax discount rates used for Mobile Services are 21.61% for the year ended March 31, 2019, 24.14% for the year ended March 31, 2018 and 21.98% for the year ended March 31, 2017.

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. The average growth rates used in extrapolating cash flows beyond the planning period is 4% for March 31, 2019, is 4% for March 31, 2018 and is 4% for March 31, 2017.

Capital expenditures: The cash flow forecasts of capital expenditure are based on past experience after considering the capital expenditure required to meet coverage requirements relating to voice and data services.

Sensitivity to changes in assumptions

The recoverable amount exceeds the carrying amount by USD 2198 (39.39%) as of December 31, 2018, USD 847 (15.2%) as of December 31, 2017 and USD 611 (10.32%) as of December 31, 2016. An increase of 5.67% (December 2017: 2.4%, December 2016: 0.9%) in pre-tax discount rate in December

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31, 2018 shall equate the recoverable amount with the carrying amount of the Mobile Services as of December 31, 2018. Further, no reasonably possible change in the terminal growth rate beyond the planning horizon would cause the carrying amount to exceed the recoverable amount.

New goodwill allocation

As disclosed in note 32, on March 11, 2019, the Group commenced revision of its organisational structure that resulted in new operating segments. Consequently, goodwill has been reallocated to new operating segments based on implicit goodwill approach as an alternative to the relative fair value method. Implicit goodwill has been determined as the difference between value in use and carrying value of each segment relative to the total implicit goodwill. This is similar to the approach used for deriving goodwill using a purchase price allocation method in the case of a business combination. At the date of implementation of the new organisational structure; goodwill allocated to the three segments is given in the table below:

Nigeria	1,464
East Africa	1,907
Rest of Africa	709
	4,080

On reallocation of goodwill the Group performed impairment tests for the three segments which did not result in any impairment.

8. 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 36.

Summarised financial information of the principal subsidiaries having material non-controlling interests is as follows:

A. Airtel Networks Limited

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Assets			
Non-current assets	1,211	935	1,107
Current assets	47	22	99
Liabilities			
Non-current liabilities	577	674	781
Current liabilities	498	577	654
Equity	**183**	**(294)**	**(229)**
% of ownership interest held by NCI	8%	16.75%	16.75%
Accumulated NCI	15	(49)	(38)

Summarised income statement

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Revenue	**1,106**	**989**	**982**
Net loss	442	(68)	(356)
Other comprehensive loss	35	3	(51)
Total comprehensive loss	477	(65)	(406)
Loss allocated to Non-controlling interests	39	(11)	(68)

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

Summarised cash flows

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Net cash inflow from operating activities	508	332	223
Net cash outflow from investing activities	(235)	(143)	(153)
Net cash outflow from financing activities	(250)	(225)	(117)
Net cash inflow / (outflow)	**23**	**(36)**	**(47)**

B. Airtel Tanzania Public Limited Company

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Assets			
Non-current assets	190	223	275
Current assets	89	34	35
Liabilities			
Non-current liabilities	528	549	540
Current liabilities	184	138	206
Equity	**(433)**	**(430)**	**(436)**
% of ownership interest held by NCI	40%	40%	40%
Accumulated NCI	(173)	(172)	(174)

Summarised income statement

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Revenue	**208**	**209**	**226**
Net loss	(18)	(23)	(39)
Other comprehensive income / (loss)	14	30	(43)
Total comprehensive income / (loss)	(4)	7	(82)
Profit / (loss) allocated to NCI	(2)	3	(33)

Summarised cash flows

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Net cash inflow from operating activities	43	8	4
Net cash outflow from investing activities	(21)	(1)	(51)
Net cash (outflow) / inflow from financing activities	(20)	(13)	42
Net cash inflow / (outflow)	**2**	**(6)**	**(5)**

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

9. Derivative financial instruments

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Assets			
Currency swaps, forward and option contracts	4	128	10
Interest rate swaps	46	31	75
Embedded derivatives	–	5	6
	50	**164**	**91**
Liabilities			
Currency swaps, forward and option contracts	27	2	23
Interest rate swaps	7	80	14
Embedded derivatives[(1)]	69	0	12
	103	**82**	**49**
Bifurcation of above derivative instruments into current and non-current			
Non-current derivative financial assets	45	30	70
Current derivative financial assets	5	134	21
Non-current derivative financial liabilities	(7)	(81)	(39)
Current derivative financial liabilities	(96)	(1)	(10)
	(53)	**82**	**42**

(1) During the year ended March 31, 2019, the Company issued shares to several global investors. The shares 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 USD 64 as of the date of subscription. These derivative liabilities will expire on or prior to occurrence of the date that is 12 months after the date of closing of subscription agreement and IPO Publication Date. Under a deed dated May 28, 2019 between the Company, Airtel Africa Mauritius Limited ('AAML') and the several global investors, the terms of certain indemnities were varied and these specific derivative indemnities were extinguished, as the same were assumed/will be paid by the Company's parent.

10. Security deposits

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Security deposits	13	12	12
Less: provision for impairment	(4)	(4)	(5)
	9	**8**	**7**

Security deposits primarily include deposits given towards rented premises, cell sites, interconnect ports.

For details towards pledge of the above assets refer note 18.2.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

11. Financial assets – others

Non-Current

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Tower sale receivable[(1)]	–	–	159
Claims recoverable	–	1	1
Others	–	–	6
	–	**1**	**166**

Current

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Unbilled revenue	42	44	38
Claims recoverable	11	11	24
Tower sale receivable[(1)]	–	60	–
Interest accrued on deposits	2	2	7
Others	18	4	0
	73	**121**	**69**

(1) The Group sold telecommunication towers to Eaton, a third party, recognising a loan with an interest rate of 9% per annum. The loan was paid in August 2018.

For details towards pledge of the above assets refer note 18.2.

12. Income tax

The major components of the income tax (credit) / expense are:

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Current income tax			
– For the year	90	101	98
– Adjustments for prior periods	(1)	(8)	1
	89	93	99
Deferred tax			
– Origination & reversal of temporary differences	19	61	44
– Adjustments for prior periods	(186)	(29)	(26)
	(167)	32	18
Income tax (credit) / expense	**(78)**	**125**	**117**

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

The reconciliation between the amount computed by applying the blended tax rate to the profit before tax expense and income tax charge is summarised below:

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Profit / (loss) before tax	372	(9)	(652)
Blended tax rate[(1)]	30%	(209%)	31%
Tax expense at the Group's blended tax rate	111	18	(205)
Effect of:			
Tax holiday	–	–	5
Tax on undistributed retained earnings	(14)	3	2
Adjustment in respect of previous years	(1)	(8)	1
Deferred tax in respect of previous years[(2)]	(186)	(29)	(26)
Taxes for which no credit is allowed	26	27	62
Difference in overseas tax rates	0	–	3
Items for which no deferred tax asset recognised	8	115	235
Expenses (net) not taxable / deductible	10	8	28
Items subject to different tax rates	–	–	3
Settlement of various disputes	(32)	(10)	6
Others	–	1	3
Income tax (credit) / expense	**(78)**	**125**	**117**

(1) Blended tax rate has been derived by applying the following formula:
Profit before tax for each entity * Respective statutory tax rate / Consolidated profit before tax

(2) Includes income of USD 169 of deferred tax asset recognized for Nigeria against taxable temporary differences and carried forward losses for the year ended March 31, 2019. Includes income of USD 14 being deferred tax asset recognised for Gabon against taxable temporary differences and carried forward losses for the year ended March 31, 2018. Includes income of USD 14 being deferred tax asset recognised for Uganda against taxable temporary differences and carried forward losses for the year ended March 31, 2017.

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(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

The analysis of deferred tax assets and liabilities is as follows:

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Deferred tax assets (net)			
a) Deferred tax asset arising out of			
Provision for impairment of trade receivables / advances	48	35	44
Carry forward losses	302	30	25
Deferred revenue	5	4	1
Fair valuation of financial instruments and exchange differences	33	30	28
Depreciation / amortisation on PPE / ROU / intangible assets	63	154	179
Deferred tax asset on fair valuation of PPE / ROU / intangible assets	25	29	32
Others	2	2	1
b) Deferred tax liability due to			
Provision for impairment of trade receivables / advances	–	(0)	(6)
Fair valuation of financial instruments and exchange differences	(1)	(10)	(2)
Depreciation / amortisation on PPE / ROU / intangible assets	(86)	(22)	(31)
Deferred tax asset on fair valuation of PPE / ROU / intangible assets	(39)	(45)	(18)
Others	(6)	(9)	(5)
	346	**198**	**248**

	As of		
Deferred tax liabilities (net)	**March 31, 2019**	**March 31, 2018**	**March 31, 2017**
a) Deferred tax liability due to			
Provision for Impairment of trade receivables & Advances	–	–	0
Carry forward losses	–	–	0
Fair valuation of financial instruments and exchange differences	1	–	12
Depreciation / amortisation on PPE / ROU / intangible assets	39	56	31
Undistributed retained earnings	1	16	13
Others	3	1	2
b) Deferred tax asset arising out of			
Provision for Impairment of trade receivables / advances	(5)	(16)	(15)
Carry forward losses	–	(3)	(11)
Deferred revenue	–	–	(5)
Fair valuation of financial instruments and exchange differences	(6)	(12)	(6)
Depreciation / amortisation on PPE / ROU / intangible assets	–	–	(3)
Others	–	(6)	(1)
	33	**36**	**17**

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Deferred tax expenses			
Provision for impairment of trade receivables / advances	10	(16)	6
Carry forward losses	156	(7)	(4)
Fair valuation of financial instruments and exchange differences	(36)	2	(9)
Depreciation / amortisation on PPE / ROU / intangible assets	21	11	3
Unearned income	0	(8)	1
Fair valuation of intangibles / PPE on business combination	(4)	(13)	(11)
Undistributed retained earnings of foreign subsidiaries	14	(3)	(2)
Others	6	2	(2)
	167	**(32)**	**(18)**

The movement in deferred tax assets and liabilities during the year is as follows:

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Opening balance	**162**	**231**	**291**
Tax expense recognised in statement of comprehensive income	167	(32)	(18)
Translation adjustment and others	(16)	(37)	(42)
Closing balance	**313**	**162**	**231**

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 USD 1,491, USD 2,279 and USD 2,076 as of March 31, 2019, 2018 and 2017 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 35%, depending on the tax jurisdiction in which the respective Group entity operates. Of the above balance as of March 31, 2019, 2018 and 2017, USD 215, USD 729 and USD 573 respectively have an indefinite carry forward period and amount expires, if unutilised, as follows:

	As of		
Expiry date	**March 31, 2019**	**March 31, 2018**	**March 31, 2017**
Within one – three years	567	787	501
Within three – five years	349	297	477
Above five years	575	1,195	1,098
	1,491	**2,279**	**2,076**

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 and associated foreign currency translation reserve is Nil, USD 10 and USD 6 as of March 31, 2019, 2018 and 2017 respectively. The distribution of the same is expected to attract tax in the range of Nil to 20% depending on the tax rates applicable as of March 31, 2019 in the jurisdiction in which the respective Group entity operates.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

13. Other non-financial assets

Non-Current

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Advances (net)[(1)]	15	30	19
Capital Advance	2	2	4
Prepaid expenses	64	51	32
Others	8	6	4
	89	**89**	**59**

(1) Advances (net) represent payments made to various government authorities under protest for sub-judice matters and are net of any allowance recognised as part of the Group's recoverability assessment.

Current

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Prepaid expenses[(1)]	62	91	122
Taxes recoverable[(2)]	22	8	26
Advances to suppliers (net)[(3)]	20	37	52
Others[(4)]	14	9	7
	118	**145**	**207**

(1) Prepaid expenses include prepaid licence fees, 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 USD 14, USD 10 and USD 14 as of March 31, 2019, 2018 and 2017 respectively.
(4) Others include employee receivables principally consist of advances given for business purposes.

14. Trade receivables

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Unsecured			
Trade receivables[(1)]	322	325	314
Less: Provision for doubtful receivables	(201)	(214)	(205)
	121	**111**	**109**

(1) Trade receivables includes amount due from related party, refer note 33.

Refer Note 34 for credit risk.

The movement in allowances for doubtful debts is as follows:

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Opening balance	**214**	**205**	**211**
Additions/Deletions	(13)	9	(6)
Closing balance	**201**	**214**	**205**

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

15. Cash and bank balances

Cash and cash equivalents

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Balances with banks			
– On current accounts	59	73	85
– Bank deposits with original maturity of three months or less	774	146	12
Cheques on hand	0	1	–
Cash on hand	15	12	5
	848	**232**	**102**

Other bank balances

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Restricted cash[(1)]	244	209	154
Margin money deposits[(2)]	15	5	5
	259	**214**	**159**

(1) The Group provides mobile money services under which customers can send and receive money, make payments for utility bills, goods and services and access other financial services using their mobile devices. Cash received from subscribers as part of such services is restricted cash and presented as other bank balances. A corresponding liability for such cash is included in Trade payables in the statement of financial position.

(2) 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		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Cash & cash equivalents as per statement of financial position	848	232	102
Bank overdraft	(216)	(183)	(193)
	632	**49**	**(91)**

16. Share capital

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Issued, Subscribed and fully paid-up shares			
3,081,744,577 Ordinary shares of Airtel Africa Limited of USD 1 each	3,082	–	–
1 Ordinary shares "A" of BAIN of Euro 1 each	0	0	0
1,781,248,325 Ordinary shares "B" of BAIN of Euro 1 each	0	2,359	2,359
	3,082	**2,359**	**2,359**

The share capital of the Company on incorporation in July 2018 was 15 ordinary shares of USD 0.1 each, which were later on consolidated into 2 ordinary shares of USD 1 each.

In September 2018, the Company became the parent of BAIN and its subsidiaries by acquiring 100% of the share capital of BAIN from Network i2i Limited and in exchange issued 1,167,757,621 ordinary shares of USD 1 each to Airtel Africa Mauritius Limited. The shares were fully paid for a total consideration of USD 1,168. Further, 10 ordinary shares were issued to Network i2i Limited.

In October 2018, the Company issued 841,908,798 ordinary shares to a group of six global investors, for a subscription amount of USD 1,250.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

In October 2018, the Company issued 937,351,184 ordinary shares to Airtel Africa Mauritius Limited, for a subscription amount of USD 936.

In January 2019, the Company issued a further 134,726,964 ordinary shares to another global investor for a subscription amount of USD 200.

During the year ended March 31, 2019 a shareholder loan from Network i2i Limited amounting to USD 1,107 (including interest accrued) was converted into 1 Class B ordinary share.

During the year ended March 31, 2017, BAIN's direct shareholders Bharti Airtel Limited ('BAL'), Bharti International (Singapore) Pte Ltd, and Bharti Airtel International (Mauritius) Limited have sold all their shares aggregating to 1,781,248,325 shares of EUR 1 each (except one share held by Bharti Airtel Limited), to Network i2i (a wholly-owned subsidiary of BAL).

Terms/rights attached to equity shares

The Company has one class of ordinary shares having par value of USD 1 per share. Each holder of equity shares is entitled to cast one vote per share and carry a right to dividends.

BAIN had two classes of ordinary shares having par value of Euro 1 per share with each holder of equity shares entitled to cast one vote per share and right to dividends.

17. Other equity

a. Accumulated deficit

Accumulated deficit represent the amount of accumulated losses of the Group.

b. Share premium

The aggregate difference between the shares' par value and the subscription amount is recognised as share premium. During the year ended March 31, 2019, USD 473 was recognised as a result of the issuance of 976,635,762 shares to global investors described above.

During the year ended March 31, 2017, USD 349 and USD 220 were received from Bharti International (Singapore) Pte Ltd and Bharti Airtel International (Mauritius) Limited, respectively. During the year ended March 31, 2017, USD 642 were distributed by BAIN to Bharti International (Singapore) Pte Ltd. The capital contribution made by shareholders during the year ended March 31, 2017 refer to net contribution made by the Shareholders as permitted by the Netherlands law.

c. Other components of equity

	Foreign currency translation reserve	Cash flow hedge reserve	Total
As of April 1, 2016	**(1,130)**	**(11)**	**(1,141)**
Net losses due to foreign currency translation differences	(589)	–	(589)
Net gains on net investments hedge	33	–	33
Net gains on cash flow hedge	–	13	13
As of March 31, 2017	**(1,686)**	**2**	**(1,684)**
Net losses due to foreign currency translation differences	(100)	–	(100)
Net gains on net investments hedge	(67)	–	(67)
Net gains on cash flow hedge	–	12	12
As of March 31, 2018	**(1,853)**	**14**	**(1,839)**
Net losses due to foreign currency translation differences	(169)	–	(169)
Net gains on net investments hedge	45	–	45
Net gains on cash flow hedge	–	(12)	(12)
As of March 31, 2019	**(1,977)**	**2**	**(1,975)**

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

18. Borrowings

Non-current

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Secured			
Term loans	20	257	138
Less: Current portion	(20)	(222)	(52)
	–	**35**	**86**
Unsecured			
Term loans	296	114	170
Non-convertible bonds(1)	2,680	4,968	4,742
	2,976	**5,082**	**4,912**
Less: Current portion	(539)	(1,299)	(70)
	2,437	**3,783**	**4,842**
	2,437	**3,818**	**4,928**

Current

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Secured			
Term loans	0	–	–
Bank overdraft	24	78	10
	24	**78**	**10**
Unsecured			
Payable on demand	409	1,176	1,171
Bank overdraft	192	105	183
	601	**1,281**	**1,354**
	625	**1,359**	**1,364**
Current maturities of long-term borrowings	**559**	**1,521**	**122**

(1) Non-convertible bonds includes impact of fair value hedge. Refer note 34.

18.1 Analysis of borrowings

The details given below are gross of debt origination cost and fair valuation adjustments with respect to the hedged risk.

18.1.2 Repayment terms of borrowings

The table below summarises the maturity profile of the Group's borrowings:

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Within one year	1,181	2,881	1,487
Between one and two years	88	436	1,181
Between two and five years	2,364	2,440	1,238
Over five years	–	1,000	2,502
	3,633	**6,757**	**6,408**

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

18.1.3. Interest rate and currency of borrowings

	Weighted average Rate of Interest	Total borrowings	Floating rate borrowings	Fixed rate borrowings
USD	5.17%	2,144	565	1,579
Euro	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
March 31, 2019		**3,633**	**711**	**2,922**
USD	Nil to 6%	4,014	523	3,491
Euro	3.73%	2,148	-	2,148
CHF	3.00%	366	-	366
XAF	6.61%	72	-	72
XOF	6.80%	108	22	86
Others	11% to 19%	49	11	38
March 31, 2018		**6,757**	**556**	**6,201**
USD	5.61%	3,992	1,450	2,542
Euro	3.73%	1,866	-	1,866
CHF	3.00%	350	-	350
XAF	6.56%	91	-	91
XOF	7.10%	80	-	80
Others	14% to 26%	29	15	14
March 31, 2017		**6,408**	**1,465**	**4,943**

18.2 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
		March 31, 2019	March 31, 2018	March 31, 2017	
Bharti Airtel Africa B.V. and its subsidiaries	Subsidiaries	44	335	148	Pledge of all fixed and floating assets - Kenya, Nigeria, Tanzania, Uganda, and DRC

The USD bonds due in 2023 contains certain covenants relating to limitation on indebtedness. All bonds carry restriction on incurrence of any lien on its assets other than as permitted under the agreement, unless the bonds and guarantee are ranked pari- pasu with such indebtedness. The limitation on indebtedness covenant on the USD bonds due in 2023 is suspended as the agreed criteria for such covenants to be in force, has not been met. The debt covenants remained suspended as of the date of the authorisation of the historical financial information.

These bonds along with the CHF bonds due in 2020, the Euro bonds due in 2021 and the USD bonds due in 2024 are guaranteed by Bharti Airtel Limited (intermediate parent entity). Such guarantee is considered an integral part of the bonds and therefore accounted for as part of the same unit of account.

18.3 Unused lines of credit [(1)]

The below table provides the details of un-drawn credit facilities that are available to the Group.

	As of		
	March 31, 2019	March 31, 2018	March 31, 2017
Secured	122	23	1
Unsecured	161	378	169
Total unused line of credit	**283**	**401**	**170**

(1) Excluding non-fund based facilities.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

19. Financial liabilities - others

Non-current

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Others [(1)]	7	40	10
	7	**40**	**10**

(1) For March 31, 2018, this mainly includes consideration payable to Millicom International Cellular S.A. for the acquisition of Tigo Rwanda Limited.

Current

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Equipment supply payables	359	353	250
Employees payables	42	43	23
Interest accrued but not due	56	78	81
Security deposit [(1)]	11	12	14
Others[(2)]	136	68	0
	604	**554**	**368**

(1) Security deposits pertains to deposits received from subscriber / channel partners which are repayable on demand after adjusting the outstanding, if any.
(2) During the year ended March 31, 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. The liability estimated against the claims was USD 72 which is included in 'Others'. Under the terms of the share subscription agreements, these stipulated indemnities will expire at the earlier of 12 months from the subscription agreement and the IPO Publication date, being the date of issuance of the Registration Document. Any residual obligation existing until such date were assumed/will be paid by the parent of the Company. It also includes non-interest bearing advance received from customers and international operators and liability towards cash settled employee share based payment plans.

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(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

20. Provisions

Non-current

	As of		
	March 31, 2019	March 31, 2018	March 31, 2017
Asset retirement obligation	20	29	37
	20	**29**	**37**

Due to the large number of lease arrangements of the Group, the range of expected period of outflows of provision for asset retirement obligation is wide. The movement in provision for asset retirement obligation is as below:

	For the year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Opening balance	29	37	31
Net (reverse) / additions	(5)	(8)	12
Interest cost	(4)	(0)	1
Disposal of tower operations	–	–	(7)
Closing balance	**20**	**29**	**37**

21. Other non-financial liabilities

Current

	As of		
	March 31, 2019	March 31, 2018	March 31, 2017
Taxes payable and sub-judice matters provision(1)	140	210	222
	140	**210**	**222**

(1) This balance includes value added tax, other taxes payable and provision towards sub-judice matters. 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.

The movement of provision towards tax sub-judice matters is as below:

	For the year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Opening balance	**102**	**114**	**158**
Additions during the year	11	13	6
Reversal during the year (1)	(62)	(25)	(48)
Utilisation during the year	(2)	(0)	(2)
Closing balance	**49**	**102**	**114**

(1) During year ended March 31, 2019, the reversals were mainly related to Chad for value added tax on international inter-connection usage charges, Madagascar for value added tax and excise duty on international inter-connection usage charges and Nigeria for Pay-as-you-earn (PAYE). During year ended March 31, 2018, the reversal was mainly related to a Nigerian tax case, where provision was reversed on completion of FIRS assessment for the period 2012-15. During year ended March 31, 2017, the reversals were mainly due to reversal of provision on conclusion of WHT case in Congo B, tax provision reversal due to cases becoming time barred, currency movement during the year.

The movement of provision towards legal sub-judice matters is as below:

	For the year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Opening balance	**26**	**6**	**34**
Additions during the year	1	23	2
Reversal during the year	(2)	(3)	(6)
Utilisation during the year (1)	(7)	(0)	(24)
Closing balance	**18**	**26**	**6**

(1) During year ended March 31, 2017, utilization was mainly due to closure of case related to Econet Wireless Limited (EWL) for various proceedings related to shareholding issue of Airtel Networks Limited, Nigeria.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

22. Contingent liabilities and commitments

(i) Contingent liabilities

	As of		
	March 31, 2019	March 31, 2018	March 31, 2017
(a) Taxes, duties and other demands (under adjudication / appeal / dispute)			
– Sales tax & VAT	40	60	137
– Income tax	51	57	67
– Customs duty	20	36	11
– Other miscellaneous demands	13	14	75
(b) Claims under legal cases including arbitration matters	22	30	42
	146	**197**	**332**

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 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 the date of this report, 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:

Republic of Congo: Tax Audit 2015-2016

Airtel Congo received preliminary tax assessments for USD 21.6 relating to Value Added Tax ("VAT"), Withholding Tax ("WHT") and Taxes on income from securities ("IRVM") for the periods 2015-2016 from the tax authorities in December 2016. 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 USD 0.1 (0.5% of the assessment) was made in June 2017 following receipt of a Notice of Recovery ("AMR"), and a bank guarantee for USD 2.2 in favour of the tax authorities was put in place in order to proceed to litigation, with an application being made to the General Directorate of Taxation in order to initiate proceedings, and a response is awaited. An amount of USD 22.6 is included within contingent liabilities in respect of this matter.

DR Congo: VAT Audit 2016

In July 2016, Airtel DRC made payment to DRC Tower Co 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 Airtel DRC was denied alleging that the VAT credit was time barred. Based on the VAT rules, Airtel DRC is of the view that the time limitation for claiming input VAT credit starts from the year in which the invoice is received and payment is made. Since the payment was made in 2016, the time limit for claiming input credit (by 31st Dec of following year) had not lapsed.

In October 2016, Airtel DRC received a Notice of Recovery and proceeded to make the 20% deposit in order to initiate litigation. The Company submitted a comprehensive letter to the authorities in October 2017, for which a response is awaited from the tax authorities. An amount of USD 12.3 is included within contingent liabilities in respect of this matter.

DR Congo: VAT on sale of towers 2016

Airtel DRC received a notice of assessment of USD 25.5 by the tax authorities in September 2016 which alleged that the sale of towers by DRC Tower Co to Helios should have been subject to VAT. As per the VAT rules in DRC, Towers should be regarded as immovable assets and should be subject to registration duty (which was duly paid) and exempt from VAT.

The company 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 by

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

Airtel DRC to DRC Tower Co. An amount of USD 11.2 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 the Group operates, an aggregated amount of USD 77.9 has been estimated for such contingencies, whereas the total value for all other legal disputes, amounts to USD 22. No provision has been created against the above claims in the historical financial information, as the Group considers that it is possible, but not probable, that these contingent liabilities will crystalize.

Guarantees:

Guarantees outstanding as of March 31, 2019, 2018 and 2017 amounting to USD 19, USD 13 and USD 9 respectively have been issued by banks and financial institutions on behalf of the Group. These guarantees include certain financial bank guarantees which have been given for sub judice matters the amount 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 advance) of USD 273, USD 255 and USD 311 as of March 31, 2019, 2018 and 2017 respectively.

23. Leases

(a) As a lessee

Right-of-use assets

2016-17	Plant and equipment	Others	Total
Balance at April 1, 2016	648	29	677
Additions	237	13	250
Depreciation charge for the year	(95)	(10)	(105)
Foreign currency translation reserve	(145)	(4)	(149)
Balance at March 31, 2017	645	28	673

2017-18	Plant and equipment	Others	Total
Balance at April 1, 2017	645	28	673
Additions	81	13	94
Depreciation charge for the year	(104)	(11)	(115)
Foreign currency translation reserve	(11)	(1)	(12)
Balance at March 31, 2018	611	29	640

2018-19	Plant and equipment	Others	Total
Balance at April 1, 2018	611	29	640
Additions	156	4	160
Depreciation charge for the year	(112)	(13)	(125)
Foreign currency translation reserve	(20)	–	(20)
Balance at March 31, 2019	635	20	655

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

Lease liabilities

	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Maturity analysis:			
Less than one year	299	281	266
Later than one year but not later than two years	285	281	273
Later than two years but not later than five years	743	748	778
Later than five years but not later than nine years	323	525	724
Later than nine years	4	5	15
Total undiscounted lease liabilities	**1,654**	**1,840**	**2,056**
Lease liabilities included in the statement of financial position	**1,218**	**1,230**	**1,291**

Amounts recognised in profit or loss

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Interest on lease liabilities	126	129	127
Loss arising from sale and leaseback transactions	–	–	8

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 etc. services. These leases typically run for a period of 3 to 15 years. Some leases include an option to renew the lease mainly for an additional period of 3 to 10 years after the end of the initial contract term.

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 centers, vehicles and Indefeasible right of use (IRU).

iii. Sale-and-leaseback

During the year ended March 31, 2017, sale and lease back of 1,510 passive infrastructure towers in two African countries was completed for a consideration of USD 197. The portion leased back, which has been classified as finance lease, has been retained at the carrying value of USD 81 and the financial lease obligation has been recorded at USD 87 being the fair value of the leased back portion.

(b) As a lessor

The Group's lease arrangements as a lessor mainly pertain to passive infrastructure. Certain of these lease arrangements have escalations up to 2.5% per annum.

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Operating lease			
Lease income recognised in profit or loss	34	32	40

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	As of		
	March 31, 2019	March 31, 2018	March 31, 2017
Less than one year	8	12	12
One to five years	29	53	59
More than five years	9	39	46
Total	**46**	**104**	**117**

24. Revenue from operations

	For the year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Service revenue	3,070	2,893	2,862
Sale of products	7	17	22
	3,077	**2,910**	**2,884**

Disaggregation of revenue

For disaggregation by geographical markets and major products / service lines refer note 32.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

During the period				
2019-20	2020-21	2021-22	2022-26	Total
121	5	5	24	155

The Group applies 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		
	March 31, 2019	March 31, 2018	March 31, 2017
Revenue recognised that was included in the contract liability balance at the beginning of the year	118	112	151

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

Significant changes in the unbilled revenue and deferred revenue balances during the year are as follows:

	During the year ended					
	March 31, 2019		March 31, 2018		March 31, 2017	
	Unbilled revenue	Deferred revenue	Unbilled revenue	Deferred revenue	Unbilled revenue	Deferred revenue
Revenue recognised that was included in the deferred revenue balance at the beginning of the year	–	118	–	112	–	151
Increases due to cash received, excluding amounts recognised as revenue during the year	–	(17)	–	(7)	–	29
Transfers from unbilled revenue recognised at the beginning of the period to receivables	44	–	38	–	29	–
Business combination	–	–	1	1	–	–

Contract costs

Applying the practical expedient, the Group recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

25. Employee benefits expense

	For the year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Salaries	202	202	231
Contribution to provident and other funds	14	8	11
Staff welfare expenses	13	9	11
Others	7	13	9
	236	**232**	**262**

26. Share based compensation plans

The Group operates cash settled employee share based compensation plans under which the Group receives services from employees as consideration for cash settled units. The cash settled units are linked to the share price of the intermediate parent company and vesting is subject to service and certain performance conditions mainly pertaining to certain financial parameters defined as a part of annual budgeting process.

The following table provides an overview of such plans:

Scheme	Plan	Vesting period (years)	Contractual term (years)
Cash settled Plans			
Performance Unit Plan (PUP)	PUP 2013 – PUP 2018	1 – 5	3–5

The following table exhibits the net compensation expense under the scheme:

	For the year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Expense / (gain) arising from cash-settled share based payment transaction	2	2	(2)

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

Information concerning the units issued is presented below:

	For the year ended					
	March 31, 2019		March 31, 2018		March 31, 2017	
	Number of share options ('000)	Weighted average exercise price (USD)	Number of share options ('000)	Weighted average exercise price (USD)	Number of share options ('000)	Weighted average exercise price (USD)
Performance Unit Plans						
Number of shares under option:						
Outstanding at beginning of year	980	–	894	–	1,898	–
Granted	670	–	690	–	359	–
Exercised	(303)	–	(314)	–	(79)	–
Forfeited / expired	(217)	–	(290)	–	(1,284)	–
Outstanding at end of year	1,130	–	980	–	894	–
Exercisable at end of year	–	–	–	–	–	–

The following table summarises information about units exercised and granted during the year and about options outstanding and their remaining contractual life:

	For the year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Weighted average remaining contractual life for the options outstanding as of (years)	0.35 to 2.36	0.35 to 2.37	0.00 to 2.08
Weighted average fair value for the options granted during the year ended (USD)	4.62 to 5.13	6.13 to 6.22	4.61 to 5.43
Weighted average share price for the options exercised during the year ended (USD)	2.7 to 8.56	5.89	1.97 to 5.63

The total carrying value of cash settled share based compensation liability is USD 2, USD 2, and USD 5 as of March 31, 2019, 2018 and 2017, respectively.

The fair value of units granted is estimated using the Black-Scholes valuation model with the following assumptions:

	For the year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Risk free interest rates	6.31% to 7.16%	6.30% to 7.18%	5.79% to 6.71%
Expected life	4.34 to 52.37 months	10.31 to 52.26 months	4 to 55 months
Volatility	34.54%	30.16%	27.08%
Dividend yield	0.75%	0.25%	0.39%
Share price on the date of grant (USD)[(1)(2)(3)]	4.77	6.53	5.40

(1) Share price on the date of grant is Indian Rupees 332.90 which is converted at the exchange rate as of March 31, 2019.
(2) Share price on the date of grant is Indian Rupees 425.59 which is converted at the exchange rate as of March 31, 2018.
(3) Share price on the date of grant is Indian Rupees 349.95 which is converted at the exchange rate as of March 31, 2017.

The expected life of the option is based on historical data & current expectation and not necessarily indicative of exercise pattern that may occur. The volatility of the options is based on the historical volatility of the share price since equity shares of Bharti Airtel Limited (intermediate parent company) are publicly traded.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

27. Other expenses

	For the year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Customer care expense	14	13	38
Legal & professional charges	22	25	33
Cost of goods sold(1)	112	99	91
Charity and donation	4	4	2
IT expenses	21	50	53
Rates and taxes	15	13	25
Repair and maintainance	35	23	25
Travel and conveyance	12	9	14
Content cost	29	30	45
Provision for doubtful debts	18	8	21
Others(2)	41	38	39
	323	**312**	**386**

(1) Cost of goods sold mostly relates to cost of handsets and payment gateway charges.
(2) Others include printing and stationary, security, rent and billing, insurance and software expenses.

28. Depreciation and amortisation

	For the year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Depreciation	501	491	551
Amortisation	72	86	109
	573	**577**	**660**

29. Finance costs and income

	For the year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Finance costs			
Interest on borrowings	195	211	220
Interest on lease liabilities	126	129	127
Unwinding of discount on provisions	4	6	9
Net loss on derivative financial instruments	8	100	165
Net exchange loss	92	114	302
Other finance charges(1)	22	30	32
	447	**590**	**855**
Finance income			
Interest income on deposits	19	2	3
Interest income on others	2	10	13
Net gain on derivative financial instruments	64	-	-
	85	**12**	**16**

(1) Other finance charges includes bank charges, trade finance charges, charges relating to derivative instruments and interest charges towards sub-judice matters.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

30. Exceptional items

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

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Profit / (loss) before tax	372	(9)	(652)
Add: Exceptional items			
– Network modernisation(1)	41	41	15
– Transition from administered to market based exchange rate(2)	–	109	297
– Settlement of litigations and claims(3)	19	–	1
– Reversal of legal cases provision(4)	–	4	–
– (Gain) / loss on divestments(5)	–	(5)	3
– Prepayment of bonds(6)	7	–	–
– Voluntary retirement scheme(7)	2	2	6
	69	**151**	**322**
Underlying profit / (loss) before tax	**441**	**142**	**(329)**

(1) mainly includes accelerated depreciation pertaining to the non-usable de-installed network equipment as part of the Group's network modernisation program started in 2017.
(2) During the year ended March 31, 2017, the Group moved from an administered foreign exchange rate (Central Bank of Nigeria) towards a market driven foreign exchange rate. USD 109 and USD 297 represent the impact in the Group's results as a consequence of changing the reference foreign exchange rates.
(3) represents a charge due to settlement of past litigations, vendor claims, reconciliation of balances and tax related contingent liability.
(4) represents actualisation of provisions for legal cases recorded at the time of acquisition of Africa business.
(5) Gain of USD 5 during the year ended March 31, 2018 relates to gain on sale of Group's telecom towers mainly in Congo, Niger and Nigeria. Net loss of USD 3 during the year ended March 31, 2017 corresponds to the sale of the Group's telecom towers in DRC and Niger and the sale of Tanzania Telecommunications Company Limited.
(6) represents accelerated amortisation of transaction costs and fair value hedge adjustment on account of prepayment of USD 1,000 bonds.
(7) mainly relates to the voluntary retirement of employees on account of restructuring in Madagascar and Rwanda.

Tax expenses include benefit of USD 189, USD 28 and expense of USD 44 during the year ended March 31, 2019, 2018 and 2017 respectively on above exceptional items.

Profit attributable to non-controlling interests include benefit of USD 9, USD 21 and expense of USD 66 during the year ended March 31, 2019, 2018 and 2017 respectively, relating to the above exceptional items.

31. Earnings per share ('EPS')

The details used in the computation of basic and diluted EPS:

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Profit / (loss) for the year attributable to owners of the parent	412	(138)	(630)
Weighted average shares outstanding for basic / diluted EPS	1,986,357,935	1,167,757,620	1,167,757,620
Basic and diluted EPS	**0.21**	**(0.12)**	**(0.54)**

For periods prior to the re-organisation (refer Note 2.1) 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.

32. Segmental information

In line with the new strategy and the re-organisation, the Group commenced the revision of its organisational structure on the basis of geographical clusters (from erstwhile one Africa segment) in March 2019. As a result, basis paragraph 49 of Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board, 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 reporting segments, which have been retrospectively applied for all the periods in the historical financial information, are as follows:

Nigeria

East Africa: Comprising of operations in Kenya, Uganda, Rwanda, Tanzania, Malawi and Zambia

Rest of Africa: Comprising of operations in Niger, Gabon, T Chad, Congo, DRC, Madagascar and Seychelles

Each segment derives revenue from mobile services, mobile money and other services. Expenses, assets and liabilities primarily related to the corporate headquarters of the Group are presented as Unallocated Items.

The amounts reported to CODM are based on the accounting principles used in the preparation of the historical financial information. Segment's performance is evaluated based on segment revenue and segment result. Segment result is Underlying EBITDA i.e. earnings before interest, tax, depreciation and amortisation before exceptional items as adjusted for corporate social responsibility costs. 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, cash and cash equivalents. Segment liabilities primarily include operating liabilities. Segment capital expenditure comprises of investment in property, plant and equipment, capital work in progress, intangible assets (excluding licences) and capital advances.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

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

	Nigeria	East Africa	Rest of Africa	Unallocated	Eliminations	Total
Revenue from external customers						
Mobile services	1,100	985	827	–	–	2,912
Mobile money	5	112	50	–	–	167
Others	0	3	5	–	–	8
	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						447
Finance income						(85)
Non-operating Income, (net)						–
Share of results of associate						0
Corporate social responsibility costs	0	0	(0)	4	–	4
Exceptional items pertaining to operating profit (net)	22	7	24	3	6	62
Profit before tax						**372**
Other segment items						
Capital expenditure	180	257	190	–	3	630
As of March 31, 2019						
Segment assets	1,253	1,888	1,526	29,781	(25,336)	9,112
Segment liabilities	1,130	2,897	2,696	16,926	(16,966)	6,683
Investment in associate (included in segment assets above)	–	–	3	–	–	3

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

Summary of the segmental information for the year ended and as of March 31, 2018 is as follows:

	Nigeria	East Africa	Rest of Africa	Unallocated	Eliminations	Total
Revenue from external customers						
Mobile services	984	922	878	–	–	2,784
Mobile money	2	92	30	–	–	124
Others	–	2	1	–	–	3
	986	**1,016**	**909**	**(1)**	**–**	**2,910**
Inter-segment revenue	**3**	**3**	**10**	**–**	**(16)**	**–**
Total revenue	**989**	**1,019**	**919**	**(1)**	**(16)**	**2,910**
Segment results: Underlying EBITDA	405	385	341	(6)	14	1,139
Less:						
Depreciation and amortisation (excluding exceptional items)	180	204	219	1	(68)	536
Finance costs						590
Finance income						(12)
Non-operating expense, (net)						(14)
Share of results of associate						(3)
Corporate social responsibility costs	0	0	0	4	–	4
Exceptional items pertaining to operating profit (net)	32	7	6	(0)	2	47
Loss before tax						**(9)**
Other segment items						
Capital expenditure	185	138	88	–	–	411
As of March 31, 2018						
Segment assets	978	1,692	1,476	25,181	(20,821)	8,506
Segment liabilities	1,274	2,632	2,656	18,594	(15,333)	9,823
Investment in associate (included in segment assets above)	–	–	3	–	–	3

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

Summary of the segmental information for the year ended and as of March 31, 2017 is as follows:

	Nigeria	East Africa	Rest of Africa	Unallocated	Eliminations	Total
Revenue from external customers						
Mobile services	977	928	877	–	–	2,782
Mobile money	0	68	25	–	–	93
Others	–	2	10	–	–	12
	977	**998**	**912**	**(3)**	**–**	**2,884**
Inter-segment revenue	**5**	**5**	**13**	**–**	**(23)**	**–**
Total revenue	**982**	**1,003**	**925**	**(3)**	**(23)**	**2,884**
Segment results: Underlying EBITDA	344	307	182	(8)	17	842
Less:						
Depreciation and amortisation (excluding exceptional items)	199	234	255	1	(44)	645
Finance costs						855
Finance income						(16)
Non-operating expense, (net)						(14)
Share of results of associate						–
Corporate social responsibility costs	1	0	1			2
Exceptional items pertaining to operating profit (net)	2	12	(4)	14	(2)	22
Profit before tax						**(652)**
Other segment items						
Capital expenditure	172	105	114	–	4	395
As of March 31, 2017						
Segment assets	1,120	1,464	1,444	13,934	(9,361)	8,602
Segment liabilities	1,413	2,324	2,690	6,971	(3,798)	9,600
Investment in associate (included in segment assets above)	–	–	–	–	–	–

The other geographical information disclosure on non-current assets required by IFRS 8 is given below:

	As of		
	31 March, 2019	**31 March, 2018**	**31 March, 2017**
United Kingdom	–	–	–
Rest of the world	7,162	7,210	7,355
Total	**7,162**	**7,210**	**7,355**

33. Related party disclosure

List of related parties

i. Parent company

Airtel Africa Mauritius Limited (since September 6, 2018)

Network i2i Limited (until September 6, 2018)

ii. Intermediate parent entity

Bharti Airtel Limited (since March 15, 2017)

Network i2i Limited (since September 6, 2018)

iii. Ultimate controlling entity (since November 3, 2017)

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 said company.

iv. Joint ventures

Bharti Airtel Ghana Holding B.V. (Until August 24, 2018)

Airtel Ghana Limited (Until August 24, 2018)

Millicom Ghana Company Limited (Until August 24, 2018)

Airtel mobile Commerce (Ghana) Limited (Until August 24, 2018)

Mobile Financial Services Limited (Until August 24, 2018)

v. Associate

Seychelles Cables Systems Company Limited

vi. Other entities with whom transactions have taken place during the reporting period

a. Fellow subsidiaries

Bharti Airtel International (Mauritius) Limited (since March 16, 2017)

Bharti International (Singapore) Pte Ltd (since March 16, 2017)

Nxtra data limited

Bharti Airtel (Services) Limited

Bharti Airtel (UK) Limited

Bharti Airtel (USA) Limited

Bharti Airtel (France) SAS

Bharti Airtel Lanka (Private) Limited

Bharti Hexacom Limited

b. Other related parties

Bharti Airtel Ghana Holdings B.V.

Airtel Ghana Limited

Airtel Mobile Commerce (Ghana) Limited

Airtel Burkina Faso S.A.

Airtel Mobile Commerce Burkina Faso S.A.

Bharti Airtel Sierra Leone Holdings B.V.

Airtel (SL) Limited

Airtel Mobile Commerce (SL) Limited

Northholt Holdings Ltd

c. Key Management Personnel ('KMP')

Raghunath Venkateswarlu Mandava

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

In the ordinary course of business, there are certain transactions among the Group entities and all these transactions are on arm's length basis. However, the intra-group transactions and balances, and the income and expenses arising from such transactions, are eliminated on consolidation. The transactions with balance related parties for the years ended March 31, 2019, 2018 and 2017 respectively, are described below:

	For the year ended													
	March 31, 2019					March 31, 2018				March 31, 2017				
Relationship	Parent company	Intermediate parent entity	Fellow subsidiaries	Associate	Other related parties	Parent company	Intermediate parent entity	Fellow subsidiaries	Other related parties	Parent company	Intermediate parent entity	Fellow subsidiaries	Other related parties
Sale / rendering of services	–	11	83	–	1	–	6	86	5	–	7	47	2
Purchase / receiving of services	3	26	71	0	2	16	14	67	7	5	17	51	5
Loans received	–	–	–	–	–	632	–	32	–	535	–	34	–
Repayment of loans received	–	–	31	–	–	351	–	19	–	53	506	42	–
Interest expense on loan	–	–	–	–	–	–	–	0	–	6	9	0	–
Interest income on loan	–	–	–	–	–	–	–	0	–	–	–	0	–
Capital contribution	–	–	–	–	–	–	–	–	–	–	–	568	–
Distributions from capital contribution	–	–	–	–	–	–	–	–	–	–	–	642	–
Guarantee and collateral fee paid	–	16	–	–	–	–	38	–	–	–	–	–	–
Loan given	–	–	–	–	–	–	–	–	–	–	–	1	–
Repayment of loans given	–	–	–	–	–	–	–	–	–	–	–	5	–
Loan conversion	–	1,107	–	–	–	–	–	–	–	–	–	–	–
Purchase of assets	–	–	6	–	–	–	–	–	–	–	–	–	–
Expenses incurred on behalf of group companies	–	–	–	–	–	–	–	0	–	–	–	–	–

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

The significant related party transactions are summarised below:

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Rendering of services			
Intermediate parent entity			
Bharti Airtel Limited	11	6	7
Fellow subsidiaries			
Bharti Airtel (UK) Limited	77	80	46
Bharti Airtel (France) SAS	5	–	–
Receiving of services			
Parent company			
Network i2i Limited (until September 6, 2018)	3	16	5
Intermediate parent entity			
Bharti Airtel Limited	23	14	17
Fellow subsidiaries			
Bharti Airtel (France) SAS	14	20	–
Bharti Airtel (UK) Limited	42	39	43
Bharti International (Singapore) Pte Ltd	11	–	–
Loan received			
Parent company			
Network i2i Limited	–	632	535
Fellow subsidiaries			
Bharti Airtel (France) SAS	–	6	3
Bharti Airtel (UK) Limited	–	22	22
Repayment of loan received			
Parent company			
Network i2i Limited	–	351	53
Intermediate parent entity			
Bharti Airtel Limited	–	–	506
Fellow subsidiaries			
Bharti Airtel (UK) Limited	27	9	36
Bharti Airtel (USA) Limited	4	–	–
Purchase of assets			
Fellow subsidiaries	6	–	–
Bharti Airtel (France) SAS			
Capital contribution			
Fellow subsidiaries			
Bharti Airtel International (Singapore) Pte Ltd.	–	–	349
Bharti Airtel International (Mauritius) Limited	–	–	220
Distributions from capital contribution			
Fellow subsidiaries			
Bharti Airtel International (Singapore) Pte Ltd.	–	–	642
Loan conversion			
Intermediate parent entity			
Network i2i Limited (w.e.f September 6, 2018)	1,107	0	0
Guarantee and collateral fee paid			
Intermediate Parent entity			
Bharti Airtel Limited	16	38	–

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

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

Relationship	Parent company	Intermediate parent entity	Fellow subsidiaries	Associate	Other related parties
As of March 31, 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	–	–	–
As of March 31, 2018					
Trade payables	16	4	1	–	7
Trade receivables	–	6	2	–	5
Borrowings (including interest accrued)	956	–	29	–	–
Guarantees and collaterals taken (including performance guarantees)	–	10,808	–	–	–
As of March 31, 2017					
Trade payables	18	3	5	–	22
Trade receivables	–	1	1	–	23
Borrowings (including interest accrued)	679	–	19	–	–
Guarantees and collaterals taken (including performance guarantees)	–	10,911	–	–	–

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

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

	For the year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Short-term employee benefits	1	1	2
Performance linked incentive (PLI)	1	0	1
	2	**1**	**3**

34. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to manage finances for the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also enters into derivative transaction.

The Group is exposed to market risk, credit risk and liquidity risk.

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 frame work for the Group are accountable to the Board of Directors and Audit Committee of the Company. This process provides assurance to the Group's senior management 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 respective operating entities periodically reviews the exposures to financial risks and the measures taken for risk mitigation and the results thereof. The Board of Directors of the Company reviews and agrees policies for managing each of these risks which are summarised below:

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

- **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 uses 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 rate.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analysis excludes the impact of movements in market variables on the carrying value of provisions and on the non-financial assets and liabilities.

The sensitivity of the relevant consolidated statement of comprehensive income item 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 March 31, 2019, 2018 and 2017.

- **Foreign currency risk**

Foreign currency 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 U.S. dollars with parties of other countries and strategic vendor purchases are in U.S. dollars. 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 percentage of its foreign currency exposure, as approved by Board as per established risk management policy.

This existing cash flow and net investment hedge accounting relationships as of the end of each year, and their respective impacts, are as follows:

A) Cash flow hedge

	March 31, 2019		**March 31, 2018**		**March 31, 2017**	
Currency exchange risk hedged	Euro to USD	CHF to USD	Euro to USD	CHF to USD	Euro to USD	CHF to USD
Nominal amount of hedging instruments	Euro 870 Mn	CHF 350 Mn	Euro 870 Mn	CHF 350 Mn	Euro 870 Mn	CHF 350 Mn
Maturity date	December 2018	March 2020	December 2018	March 2020	December 2018	March 2020
Weighted average forward price	1 Euro: 1.12 USD	1 CHF: 1.12 USD	1 Euro: 1.12 USD	1 CHF: 1.12 USD	1 Euro: 1.12 USD	1 CHF: 1.12 USD
Carrying value of derivative instruments (assets)	–	–	113	6	2	–
Carrying value of derivative instruments (liabilities)	–	26	–	1	14	10
Change in fair value during the year						
Hedged item	113	31	(125)	(15)	53	17
Hedging instrument	(113)	(31)	125	15	(53)	(17)
Cash Flow Hedge Reserve for continuing hedge	–	2	6	8	3	(1)
Hedging gain / (loss) recognised during the year	(113)	(31)	125	15	(53)	(17)
(Loss) / Gain reclassification during the year to P&L	107	25	(122)	(5)	61	22

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

B) Net investment hedge

	March 31, 2019	March 31, 2018	March 31, 2017
Currency exchange risk hedged	Euro to USD	Euro to USD	Euro to USD
Nominal amount of hedging instruments	Euro 365 Mn	Euro 460 Mn	Euro 400 Mn
Carrying value of hedging instruments (borrowings)	410	566	428
Maturity date	May 2021	May 2021	May 2021
Change in fair value during the year			
Hedged item	(45)	66	(33)
Hedging instrument	45	(66)	33
FCTR gain for continuing hedge (net of tax and NCI)	415	370	436
Hedging gain/ (loss) recognised during the year	45	(66)	33
Loss reclassification during the year to P&L	–	–	–

Key sources of ineffectiveness in net investment hedges include reduction in amount of borrowings or 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 Euro to the functional currency of the respective entity, 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 operation 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	Effect on profit/(loss) before tax	Effect on equity (OCI)
For the year ended March 31, 2019			
US Dollars	+5%	113	61
	-5%	(113)	(61)
Euro	+5%	26	20
	-5%	(26)	(20)
For the year ended March 31, 2018			
US Dollars	+5%	123	62
	-5%	(123)	(62)
Euro	+5%	26	28
	-5%	(26)	(28)
For the year ended March 31, 2017			
US Dollars	+5%	123	49
	-5%	(123)	(49)
Euro	+5%	26	21
	-5%	(26)	(21)

- **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 at market linked rates, any changes in the interest rates environment may impact future rates of borrowing. To manage this, the Group may enter into interest rate derivatives like swap and option contracts, whereby it agrees with other parties to exchange, at specified intervals, the difference between the fixed and contract rate interest amounts and the floating rate interest amounts calculated by reference to the agreed notional principal amounts. Key sources of ineffectiveness in fair value hedges include reduction in 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 March 31, 2019, after taking into account the effect of interest rate swaps, approximately 47.41% of the Group's borrowings are at a fixed rate of interest (March 31, 2018: 63.63%, March 31, 2017: 42.56%).

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

The existing fair value hedge accounting relationships as of the end of each year, and their respective impacts, are as follows:

C) Fair value Hedge

	March 31, 2019		**March 31, 2018**		**March 31, 2017**	
Interest rate risk covered for currency	USD	Euro	USD	Euro	USD	Euro
Nominal amount of Hedging instruments	USD 1200 Mn	–	USD 1900 Mn	–	USD 1900 Mn	–
Carrying value of hedging instruments (derivative assets)	15	–	0	–	24	–
Carrying value of hedging instruments (derivative liabilities)	7	–	43	–	13	–
Maturity date[(1)]	March 2023 – May 2024	–	March 2023 – May 2024	–	March 2023 – May 2024	–
Carrying value of hedged item (borrowings)	1,200	–	1,900	–	1,900	–
Change in fair value during the year						
Hedged item	(38)	–	53	–	89	–
Hedging instrument	49	–	(50)	–	(102)	–
Hedge ineffectiveness recognised in finance income/cost during the year	11	–	2	–	(14)	–
Cumulative change in fair value of hedged Item	(7)	–	35	–	(27)	–
Unamortised portion of fair value hedge adjustment	15	–	–	11	–	3

(1) These instruments carry semi-annual pay-outs.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

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 floating rate portion of loans and borrowings after considering the impact of interest rate swaps.

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit/(loss) before tax
For the year ended March 31, 2019		
US Dollar -borrowings	+25	4
	-25	(4)
Other Currency -borrowings	+100	1
	-100	(1)
For the year ended March 31, 2018		
US Dollar -borrowings	+25	6
	-25	(6)
Other Currency -borrowings	+100	0
	-100	(0)
For the year ended March 31, 2017		
US Dollar -borrowings	+25	9
	-25	(9)
Other Currency -borrowings	+100	0
	-100	(0)

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

- **Credit risk**

Credit risk is the risk that a counter party 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.

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 14-30 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 14 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.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

The following table details the risk profile of trade receivables based on the Group's provision matrix:

		Past due but not impaired				
	Neither past due nor impaired	**Less than 30 days**	**30 to 60 days**	**60 to 90 days**	**Above 90 days**	**Total**
Trade receivables as of March 31, 2019	25	29	14	9	44	121
Trade receivables as of March 31, 2018	–	34	9	9	59	111
Trade receivables as of March 31, 2017	21	18	23	27	20	109

The movement in lifetime expected credit losses that has been recognised for trade receivables is disclosed in note 14.

The Group performs on-going 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 credit-worthiness of the counter-parties (on the basis of its ratings, credit spreads and financial strength) of all the above assets on an on-going 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 cash and collateral obligations without incurring unacceptable losses. The Group's 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 bilateral loans, debt, and overdraft from both domestic and international banks at an optimised cost. It also enjoys strong access to domestic and international capital markets across debt, equity and hybrids.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	As of March 31, 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	555	–	549	–	0	6	555
Trade payables	714	–	714	–	–	–	714
	6,267	**216**	**1,923**	**945**	**532**	**3,775**	**7,391**

	As of March 31, 2018						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings[(1)]	6,776	1,133	326	1,729	610	3,924	7,722
Lease liabilities[(2)]	1,230	–	142	140	281	1,278	1,841
Financial derivatives	82	–	0	0	2	80	82
Other financial liabilities	516	–	475	–	2	39	516
Trade payables	694	–	694	–	–	–	694
	9,298	**1,133**	**1,637**	**1,869**	**895**	**5,321**	**10,855**

	As of March 31, 2017						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings[(1)]	6,495	965	664	172	1,376	4,378	7,555
Lease liabilities[(2)]	1,291	–	133	133	273	1,517	2,056
Financial derivatives	49	–	4	15	10	20	49
Other financial liabilities	297	14	273	–	8	2	297
Trade payables	919	–	919	–	–	–	919
	9,051	**979**	**1,993**	**320**	**1,667**	**5,917**	**10,876**

(1) Interest bearing deposits 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 tenure 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.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

- **Reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities in the statement of cash flows:**

	Statement of cash flow line items	April 1, 2018	Cash flow	Non Cash Movements: Interest expense	Foreign exchange loss	Lease liability additions	Shareholder loan conversion	Fair value changes	Foreign currency translation reserve	IRS Settlement	Others	March 31, 2019
Borrowings[1]	Proceeds / repayment of borrowings	6,515	(1,615)	–	(184)	–	(1,315)	38	(38)	–	4	3,405
Lease liability	Repayment of lease liability	1,230	(287)	126	(2)	150	–	–	1	–	–	1,218
Derivative assets/ liability................	Proceeds / repayment of borrowings	78	–	–	(144)	–	–	49	–	–	–	(17)
Interest accrued but not due..........	Interest and other finance charges paid	78	(252)	243	(4)	–	–	–	–	(9)	–	56

	Statement of cash flow line items	April 1, 2017	Cash flow	Non Cash Movements: Interest expense	Foreign exchange gain	Lease liability additions	Fair value adjustments	Acquisition of Business	Foreign currency translation reserve	Others	31 March, 2018
Borrowings[1]	Proceeds / repayment of borrowings	6,221	46	–	297	–	(53)	–	(2)	6	6,515
Lease liability	Repayment of lease liaibility	1,291	(267)	129	(4)	82	–	9	(10)	–	1,230
Derivative assets/ liability................	Proceeds / repayment of borrowings	(11)	–	–	140	–	(51)	–	–	–	78
Interest accrued but not due..........	Interest and other finance charges paid	81	(226)	218	5	–	–	–	–	–	78

(1) Borrowings does not include bank overdraft.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

- **Capital management**

Capital includes equity attributable to the equity holders of the Parent. 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 maximize 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 in the objectives, policies or processes during the year ended March 31, 2019, 2018 and 2017.

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		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Borrowings (including lease liabilities)	4,839	7,928	7,705
Adjusted for:			
Cash and cash equivalents	(848)	(232)	(102)
Processing costs related to borrowings	6	13	18
Fair value hedge adjustment	8	46	(25)
Net debt	**4,005**	**7,755**	**7,596**
Underlying EBITDA	1,332	1,139	842
Underlying EBITDA	**1,332**	**1,139**	**842**
Leverage ratio (times)	**3.01**	**6.81**	**9.03**

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

35. Fair value of financial assets and liabilities

The details as to the carrying value and fair value of the Group's financial instruments are as follows:

	Level	Carrying value as of			Fair value as of		
		March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2019	March 31, 2018	March 31, 2017
Financial assets							
FVTPL							
Derivatives							
- Currency swaps, forward and option contracts	Level 2	4	128	10	4	128	10
- Interest swaps	Level 2	46	31	75	46	31	75
- Embedded derivatives	Level 2	–	5	6	–	5	6
Amortised cost							
Security deposits		9	8	7	9	8	7
Trade receivables		121	111	109	121	111	109
Cash and cash equivalents		848	232	102	848	232	102
Bank deposits		258	214	159	258	214	159
Other financial assets		73	122	235	73	122	235
		1,359	**851**	**703**	**1,359**	**851**	**703**
Financial assets							
FVTPL							
Derivatives							
- Currency swaps, forward and option contracts	Level 2	27	2	23	27	2	23
- Interest rate swaps	Level 2	7	80	14	7	80	14
- Embedded derivatives	Level 2	5	0	8	5	0	8
- Embedded derivatives	Level 3	64	–	4	64	–	4
Amortised cost							
Borrowings – fixed rate	Level 1	2,681	4,968	4,743	2,747	5,129	4,961
Borrowings – fixed rate	Level 2	65	122	123	71	126	129
Borrowings – floating rate		875	1,608	1,548	875	1,608	1,548
Trade payables		714	694	919	714	694	919
Other financial liabilities		611	594	378	611	594	378
		5,049	**8,068**	**7,760**	**5,121**	**8,233**	**7,984**

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

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

i. The carrying value of bank balances, trade receivables, trade payables, short-term borrowings, long term floating rate borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments.

ii. Fair value of quoted financial instruments is based on quoted market price at the reporting date.

iii. The fair value of non-current financial assets, long-term borrowings and other non-current financial liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.

iv. The fair values of derivatives are estimated by using pricing models, wherein the inputs to those models are based on readily observable market parameters. The valuation models used by the Group reflect the contractual terms of the derivatives (including the period to maturity), and market-based parameters such as interest rates, foreign exchange rates, volatility etc. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement and inputs thereto are readily observable.

During the year ended March 31, 2019, 2018 and 2017 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

The following table describes the key input in the valuation (basis discounted cash flow technique) of level 2 financial assets / liabilities as of March 31, 2019, 2018 and 2017:

Financial assets / liabilities	**Inputs used**
- Currency swaps, forward and option contracts	Forward currency exchange rates, Interest rates
- Interest swaps	Prevailing / forward interest rates in market, Interest rates
- Embedded derivatives	Forward currency exchange rates, Interest rates
- Other financial assets / fixed rate borrowings / other financial liabilities	Prevailing / forward interest rates in market, Future payouts, Interest rates

Reconciliation of fair value measurements categorized within level 3 of the fair value hierarchy – Financial assets / (liabilities) (net)

	For the year ended		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Opening balance	–	(4)	(5)
Issuance	(64)	–	–
Gain recognised in consolidated statement of profit and loss (including settlements)			
-Recognised in finance costs / finance income	–	4	3
Exchange difference recognised in OCI	–	(0)	6
Closing balance	**(64)**	**–**	**(4)**

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

As part of the issue of equity shares to global investors, the Group has committed indemnities pertaining to the acquisition of non-controlling interests in the Group's operations in Nigeria and Congo B. The liability for such indemnity derives its value based on the price of the shares in these entities and hence is a derivative liability. The significant input to valuation is the probability of acquisition of non-controlling interests at a lower value and avoiding this payout to the global investors. The liability has been valued on the basis of probability weighted amount payable for acquisition of non-controlling interest in these entities. This being a significant unobservable input to the valuation, the embedded derivative has been classified as Level 3 in the fair value hierarchy.

Also the Group has entered into technology outsourcing contract under which payouts are linked to revenue during the contract period. The portion of the payout payable at spot rate in foreign currency, results in an embedded derivative. The significant inputs to the valuation model of these embedded derivatives are future revenue projections and USD/INR forward rates over the contract period. The revenue projections, being based on the rolling ten-year financial plan approved by management, constitute a significant unobservable input to the valuation, thereby resulting in the embedded derivative being classified as Level 3 in the fair value hierarchy.

The Group engages external, independent and qualified valuation experts to determine the fair value of the Group's embedded derivative categorized within level 3.

The value of the embedded derivative is the differential of the present value of future payouts on the reporting date, over that determined based on the forward rates prevailing at the inception of the contract. The present value is calculated using a discounted cash flow model.

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

Any increase/ decrease in the probability of expected payouts under the non-controlling indemnity liability by 5% will result in a 6% increase/ decrease in the derivative liability value.

The fair value of the embedded derivative is directly proportional to the expected future payouts to vendor (considered for the purpose of valuation of the embedded derivatives). If future payout to vendor were to increase/decrease by 5% with all the other variables held constant, the fair value of embedded derivative would increase/decrease by 5%.

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

36. Companies in the Group and associate

Information of Group's directly and indirectly held subsidiaries and associate are as follows:

				% As of		
				March 31, 2019	**March 31, 2018**	**March 31, 2017**
1	Bharti Airtel International (Netherlands) B.V.	Netherlands	Investment Company	100	100	100
2	Airtel DTH Services Nigeria Limited	Nigeria	Direct-to-home services	–	–	100
3	Africa Towers N.V.	Netherlands	Investment Company	100	100	100
4	Africa Towers Services Limited	Kenya	Infrastructure sharing services	–	100	100
5	Airtel (Seychelles) Limited	Seychelles	Telecommunication services	100	100	100
6	Airtel Congo S.A.	Congo Brazzaville	Telecommunication services	90	90	90
7	Airtel Money Tanzania Limited	Tanzania	Mobile commerce services	60	60	60
8	Airtel Gabon S.A.	Gabon	Telecommunication services	97.95	90	90
9	Airtel Madagascar S.A.	Madagascar	Telecommunication services	100	100	100
10	Airtel Malawi Limited	Malawi	Telecommunication services	100	100	100
11	Airtel Mobile Commerce B.V.	Netherlands	Investment Company	100	100	100
12	Airtel Mobile Commerce Holdings B.V.	Netherlands	Investment Company	100	100	100
13	Airtel Mobile Commerce (Kenya) Limited	Kenya	Mobile commerce services	100	100	100
14	Airtel Mobile Commerce Limited	Malawi	Mobile commerce services	100	100	100
15	Airtel Mobile Commerce Madagascar S.A.	Madagascar	Mobile commerce services	100	100	100
16	Airtel Mobile Commerce Rwanda Limited	Rwanda	Mobile commerce services	100	100	100
17	Airtel Mobile Commerce (Seychelles) Limited	Seychelles	Mobile commerce services	100	100	100
18	Airtel Mobile Commerce (Tanzania) Limited	Tanzania	Mobile commerce services	100	100	100
19	Airtel Mobile Commerce Tchad S.a.r.l.	Chad	Mobile commerce services	100	100	100
20	Airtel Mobile Commerce Uganda Limited	Uganda	Mobile commerce services	100	100	100
21	Airtel Mobile Commerce Zambia Limited	Zambia	Mobile commerce services	100	100	100
22	Airtel Money (RDC) S.A.	Democratic Republic of Congo	Mobile commerce services	98.50	98.50	98.50
23	Airtel Money Niger S.A.	Niger	Mobile commerce services	90	90	90
24	Airtel Money S.A. (Gabon)	Gabon	Mobile commerce services	100	100	100
25	Airtel Networks Kenya Limited	Kenya	Telecommunication services	100	100	100
26	Airtel Networks Limited	Nigeria	Telecommunication services	91.77	83.25	83.25
27	Airtel Networks Zambia Plc	Zambia	Telecommunication services	96.36	96.36	96.36
28	Airtel Rwanda Limited	Rwanda	Telecommunication services	100	100	100
29	Airtel Tanzania Public Limited Company (formerly known as Airtel Tanzania Limited) Tanzania		Telecommunication services	60	60	60
30	Airtel Tchad S.A.	Chad	Telecommunication services	100	100	100
31	Airtel Uganda Limited	Uganda	Telecommunication services	100	100	100
32	Bharti Airtel Africa B.V.	Netherlands	Investment Company	100	100	100
33	Bharti Airtel Chad Holdings B.V.	Netherlands	Investment Company	100	100	100
34	Bharti Airtel Congo Holdings B.V.	Netherlands	Investment Company	100	100	100
35	Bharti Airtel Developers Forum Limited	Zambia	Investment Company	96.36	96.36	96.36
36	Bharti Airtel DTH Holdings B.V.	Netherlands	Investment Company	–	–	100
37	Bharti Airtel Gabon Holdings B.V.	Netherlands	Investment Company	100	100	100
38	Bharti Airtel Kenya B.V.	Netherlands	Investment Company	100	100	100
39	Bharti Airtel Kenya Holdings B.V.	Netherlands	Investment Company	100	100	100
40	Bharti Airtel Madagascar Holdings B.V.	Netherlands	Investment Company	100	100	100
41	Bharti Airtel Malawi Holdings B.V.	Netherlands	Investment Company	100	100	100
42	Bharti Airtel Mali Holdings B.V.	Netherlands	Investment Company	100	100	100
43	Bharti Airtel Niger Holdings B.V.	Netherlands	Investment Company	100	100	100
44	Bharti Airtel Nigeria B.V.	Netherlands	Investment Company	100	100	100
45	Bharti Airtel Nigeria Holdings B.V.	Netherlands	Investment Company	–	–	100
46	Bharti Airtel Nigeria Holdings II B.V.	Netherlands	Investment Company	100	100	100
47	Bharti Airtel RDC Holdings B.V.	Netherlands	Investment Company	100	100	100
48	Bharti Airtel Services B.V.	Netherlands	Investment Company	100	100	100
49	Bharti Airtel Tanzania B.V.	Netherlands	Investment Company	100	100	100
50	Bharti Airtel Uganda Holdings B.V.	Netherlands	Investment Company	100	100	100
51	Bharti Airtel Zambia Holdings B.V.	Netherlands	Investment Company	100	100	100

(All amounts are in millions of US dollars -'USD'; unless stated otherwise)

				% As of		
				March 31, 2019	March 31, 2018	March 31, 2017
52	Celtel (Mauritius) Holdings Limited	Mauritius	Investment Company	100	100	100
53	Airtel Congo (RDC) S.A.	Democratic Republic of Congo	Telecommunication services	98.50	98.50	98.50
54	Celtel Niger S.A.	Niger	Telecommunication services	90	90	90
55	Channel Sea Management Company (Mauritius) Limited	Mauritius	Investment Company	100	100	100
56	Congo RDC Towers S.A.	Democratic Republic of Congo	Infrastructure sharing services	100	100	100
57	Gabon Towers S.A.	Gabon	Infrastructure sharing services	90	90	90
58	Madagascar Towers S.A.	Madagascar	Infrastructure sharing services	100	100	100
59	Malawi Towers Limited	Malawi	Infrastructure sharing services	100	100	100
60	Mobile Commerce Congo S.A.	Congo Brazzaville	Mobile commerce services	100	100	100
61	Montana International	Mauritius	Investment Company	100	100	100
62	MSI–Celtel Nigeria Limited	Nigeria	Investment Company	–	–	100
63	Partnership Investments S.a.r.l.	Democratic Republic of Congo	Investment Company	100	100	100
64	Société Malgache de Téléphone Cellulaire S.A.	Mauritius	Investment Company	100	100	100
65	Tanzania Towers Limited	Tanzania	Infrastructure sharing services	60	60	60
66	Towers Support Nigeria Limited	Nigeria	Infrastructure sharing services	–	–	83.25
67	Zap Trust Company Nigeria Limited	Nigeria	Mobile commerce services	–	–	100
68	Airtel Money Transfer Limited	Kenya	Mobile commerce services	100	100	100
69	Bharti Airtel Rwanda Holdings Limited	Mauritius	Investment Company	100	100	100
70	Airtel Mobile Commerce Nigeria Limited (incorporated w.e.f. August 31, 2017)	Nigeria	Mobile commerce services	91.77	83.25	–
71	Tigo Rwanda Limited (subsidiary w.e.f. January 31, 2018)	Rwanda	Telecommunication services	–	100	–
72	Indian Ocean Telecom Limited	Jersey	Investment Company	100	100	100
73	Bharti Airtel Burkina Faso Holdings B.V.	Netherlands	Investment Company	–	100	100
74	Airtel Mobile Commerce Rwanda B.V.	Netherlands	Investment Company	100	–	–
75	Airtel Mobile Commerce Zambia B.V.	Netherlands	Investment Company	100	–	–
76	Airtel Mobile Commerce Uganda B.V.	Netherlands	Investment Company	100	–	–
77	Airtel Mobile Commerce Kenya B.V.	Netherlands	Investment Company	100	–	–
78	Airtel Mobile Commerce Madagascar B.V.	Netherlands	Investment Company	100	–	–
79	Airtel Mobile Commerce Malawi B.V.	Netherlands	Investment Company	100	–	–
80	Airtel Mobile Commerce (Seychelles) B.V.	Netherlands	Investment Company	100	–	–
81	Airtel Mobile Commerce Tchad B.V.	Netherlands	Investment Company	100	–	–
82	Airtel Mobile Commerce Congo B.V.	Netherlands	Investment Company	100	–	–
83	Airtel Mobile Commerce Nigeria B.V	Netherlands	Investment Company	100	–	–
84	Airtel Africa Limited	United Kingdom	Holding Company	100	–	–
85	Airtel International LLP	India	Business Support Services	100	–	–

				% As of		
				March 31, 2019	March 31, 2018	March 31, 2017
1	Seychelles Cable Systems Company Limited	Seychelles	Submarine cable system	26	26	26

37. Events after the balance sheet date

Other than these matters, no subsequent events or transactions have occurred since the date of statement of financial position or are pending that would have material effect on the historical financial information as at and for the year ended March 31, 2019.

- Under a deed dated May 28, 2019 between the Company, Airtel Africa Mauritius Limited ('AAML') and the several global investors, the terms of certain of the indemnities were varied such that any residual obligation existing until such date have been assumed/will be paid by the parent of the Company.

- Airtel Gabon is involved in a dispute with a company, 2JTH, with respect to disputed invoices under a service contract. Although the original order under the contract was issued by Airtel Gabon for a total amount of CFA 473,800,000 (approximately USD 1), in 2014 2JTH initiated arbitration claiming a sum of approximately CFA 1.9 billion (approximately USD 3.3), which was awarded by an arbitral tribunal. A lower court in September 2015 enforced the arbitral award and ordered certain of Airtel Gabon's banks to release the funds under a penalty of CFA 50 million per day (approximately USD 0.08). Airtel Gabon appealed to the Court of Appeal, which dismissed the appeal on June 15, 2016 and imposed an additional CFA 1 billion (approximately USD 1.7) as damages for abuse of court process. Airtel Gabon filed an appeal before the OHADA Common Court of Justice and Arbitration ("CCJA" in Abidjan), Ivory Coast, the highest commercial court of OHADA countries, which quashed the rulings of September 2015 and June 2016, including the imposition of the daily penalty. In mid-May 2019, a lower court in Gabon issued an order against Airtel Gabon reinstating the daily penalty imposed in 2015, for an amount of approximately CFA 35 billion (approximately USD 60). Airtel Gabon lodged an immediate appeal and stay of execution and a hearing is set for late May. Airtel Gabon believes that the lower court order is without merit given the prior decision of CCJA.
- In May 2019 the Company arranged for bank facilities in a principal amount up to USD 2 billion to be made available subject to execution of the facility agreement (the "New Airtel Africa Facility"), and certain of its subsidiaries arranged for committed facilities totaling up to an additional USD 425 (the "Other New Facilities" and, together with the New Airtel Africa Facility, the "New Facilities"). The New Airtel Africa Facility contains customary representations, warranties and undertakings, including certain financial covenants such as covenants to maintain (a) a consolidated net indebtedness to underlying EBITDA ratio and (b) a total indebtedness at the African operating subsidiary level to underlying EBITDA ratio. In addition, under the terms of the New Airtel Africa Facility, the lenders will not be obliged to fund a loan or may require pre-payment of any amounts drawn if (x) the Major Shareholder ceases to hold a majority of the voting rights and economic interest in the Company or (y) the individual acting as the nominee of the Major Shareholder in the Board of the Company ceases to serve in a capacity for the duration of the availability period (and the replacement appointed is not acceptable to the lenders). The New Airtel Africa Facility will be available for a period of six months following the announcement of a price band or valuation setting method for a listing of the Company's shares and admission of such shares to listing and trading.

PART 12
ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names and principal functions are set out in Part 8 (Directors, Senior Managers and Corporate Governance), accept responsibility for the information contained in this Registration Document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registered office

2.1 The Company was incorporated and registered in England and Wales on 12 July 2018 as a private company limited by shares under the Act with the name Airtel Africa Limited and with registered number 11462215.

2.2 The Company became the holding company of the Group in September 2018 through a purchase of shares of BAIN from the then existing shareholder.

2.3 The Company's registered office and principal place of business is at First Floor, 53/54 Grosvenor Street, London, W1K 3HU, United Kingdom and its telephone number is +44 207 493 9315.

2.4 The principal laws and legislation under which the Company operates and the Ordinary Shares have been created are the Act and regulations made thereunder.

3. Share capital

3.1 The share capital of the Company on incorporation was US$1.50 divided into 15 ordinary shares of US$0.10 each, all of which were allotted to AAML.

3.2 On 7 September 2018, the Company allotted 5 ordinary shares of US$0.10 each to AAML and then consolidated 20 ordinary shares of US$0.10 each into 2 ordinary shares of US$1.00 each ("Ordinary Shares"). The Company then allotted 1,167,757,619 Ordinary Shares to AAML.

3.3 The Company allotted 10 Ordinary Shares to Ni2i on 11 September 2018 and 937,351,184 Ordinary Shares to AAML on 16 October 2018.

3.4 ***Business Transfer***

Subject to completion of the Business Transfer, Telkom Kenya may acquire, upon exercise of the Flip-up Right, up to 4.99% of the total issued Ordinary Shares of the Company as described in Part 6 (Business Description—Regional Operations—East Africa—Kenya).

3.5 Save as disclosed above, in this Part 12 and otherwise in this Registration Document:

3.5.1 no share or loan capital of the Company has, within three years of the date of this Registration Document, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;

3.5.2 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and

3.5.3 no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

3.6 The issued share capital of the Company is US$3,081,744,577 comprising 3,081,744,577 Ordinary Shares of US$1.00 each (all of which are fully paid or credited as fully paid).

4. Articles of Association

The Articles of Association of the Company (the "Articles") are based on the model articles for private companies limited by shares, as amended to suit a company of the size and with the ownership profile of the Company. The Articles include provisions to the following effect:

4.1 ***Share rights***

4.1.1 Subject to the provisions of the Act, and without prejudice to any rights attached to any existing shares or class of shares (a) any share may be issued with such rights or restrictions as the

Company may by ordinary resolution determine or, subject to and in default of such determination, as the Directors shall determine, and (b) shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the holder and the Directors may determine the terms, conditions and manner of redemption of such shares provided that it does so prior to the allotment of those shares.

4.2 ***Voting rights***

Subject to any rights or restrictions attached to any shares, votes shall be decided on a poll and every member present in person or by proxy shall have one vote for every share of which he or she is the holder.

No member shall be entitled to vote at any general meeting in respect of a share unless all moneys presently payable by him or her in respect of that share have been paid.

4.3 ***Dividends and other distributions***

The Directors shall be entitled to declare and pay, out of the profits and distributable reserves lawfully available for distribution in each financial year of the company, such dividend or other distribution, whether of cash or assets in specie, as it may decide subject to an ordinary resolution by the Company (but no dividend shall exceed the amount recommended by the directors) as required in accordance with the provisions of the Act.

Subject to the provisions of the Act, the Directors may pay interim dividends if it appears to the Directors that they are justified by the profits of the Company available for distribution.

If the share capital is divided into different classes, the Directors may also pay, at intervals determined by it, any dividend payable at a fixed rate if it appears to the Directors that the profits available for distribution justify the payment. If the Directors act in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

Except as otherwise provided by the rights and restrictions attached to any class of shares, all dividends will be declared and paid according to the amounts paid-up on the shares on which the dividend is paid.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Company's shares will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. A liquidator may, with the sanction of a special resolution and any other sanction required by the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members.

4.4 ***Lien and forfeiture***

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently or not) payable at a fixed time or called in respect of that share. The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.

The Directors may from time to time make calls on the members in respect of any moneys unpaid on their shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to the Company the amount called on his or her shares. If a call or any instalment of a call remains unpaid after it has become due and payable, the Directors may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

4.5 ***Transfer of shares***

No securities shall be transferred to any person who is not already a member unless the transferee has executed and delivered to the Company a legally binding commitment, in such form and substance as may be required by the members, by which such transferee agrees to be bound by any agreement then existing between the members and the Company relating to their relationship as members of the Company, effective on and from the date of the transfer, provided that an investor shall only be able to assign its Investor rights to a third party pursuant to the terms of such agreement.

Any transfer or attempted transfer of any Securities not made in compliance with these articles or otherwise provided by the provisions of another agreement between the members and the Company shall be null and void ab initio and the Company shall not enter such transfer into the Company's register of members, and the purported transferee in any such transfer shall not be treated (and the purported transferor shall continue be treated) as the owner of such Securities for all purposes of these articles and otherwise provided by the provisions of another agreement between the members and the Company.

The Company shall have no obligation to register a transfer of any Securities if, as a result of such transfer, the Company would either (i) be in breach of any of the terms of any permit or of any applicable law or (ii) require any consent or approval under a permit or applicable law, which consent or approval has not been obtained prior to the transfer, in each case where such breach or failure to obtain such consent or approval would have a materially adverse effect on the business operations of the Group (taken as a whole). The Company shall cooperate with and use all reasonable endeavours to assist the transferring Investor to obtain any required consents or approvals in connection with the transfer.

The instrument of transfer of a share may be in any usual form or in any other form which the directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

The Directors may, in their absolute discretion, refuse to register the transfer of a share to any person, whether or not it is fully paid or a share on which the company has a lien.

If the Directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the company send to the transferee notice of the refusal.

The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods (not exceeding 30 days in any year) as the directors may determine.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.

The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

4.6 ***Alteration of share capital***

The Articles do not restrict the Company's ability to increase, consolidate or sub-divide its share capital. Therefore, subject to the Act, the Company may by ordinary resolution increase, consolidate or sub-divide its share capital.

4.7 ***Purchase of own shares***

The Articles do not restrict the Company's ability to purchase its own shares. Therefore, subject to the Act and without prejudice to any relevant special rights attached to any class of shares, the Company may purchase any of its own shares of any class in any way and at any price (whether at par or above or below par).

4.8 ***General meetings***

As a private company limited by shares, the Company is not required to hold general meetings.

4.9 ***Directors***

4.9.1 *Appointment of Directors*

Unless otherwise determined by ordinary resolution, the number of Directors shall be not less than one but shall not be subject to any maximum in number.

4.9.2 *Remuneration of Directors*

The remuneration of any Director holding executive office as such shall be determined by the Directors, and may be of any description.

Each Directors who does not hold executive office shall be paid a fee for that service (which shall be deemed to accrue from day to day).

In addition to any remuneration to which the Directors are entitled under the Articles, they may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

The Directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present Director or employee of the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including a spouse, a civil partner, a former spouse and a former civil partner) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

4.9.3 *Permitted interests of Directors*

Subject to the provisions of the Act, and provided that he or she has disclosed to the Directors the nature and extent of his or her interest (unless the circumstances referred to in section 177(5) or section 177(6) of the Act apply, in which case no such disclosure is required), a Director notwithstanding his or her office:

4.9.3.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

4.9.3.2 may act by himself or herself or for his or her firm in a professional capacity for the Company (otherwise than as auditor), and he or she or his or her firm shall be entitled to remuneration for professional services as if he or she were not a Director;

4.9.3.3 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is (directly or indirectly) interested as a shareholder or otherwise, which is the parent undertaking of the Company or a subsidiary undertaking of any parent undertaking of the Company, or with which he or she has such relationship at the request or direction of the Company or any parent undertaking of the Company or a subsidiary undertaking of any parent undertaking of the Company; and

4.9.3.4 shall not, by reason of his or her office, be accountable to the Company for any remuneration or other benefit which he or she derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate the acceptance, entry into or existence of which has been approved by the Directors pursuant to Article 149 of the Articles or which he or she is permitted to hold or enter into by virtue of paragraph 4.9.3.1, 4.9.3.2 or 4.9.3.3 above.

4.9.4 *Restrictions on voting*

Subject to the Act and without prejudice to his obligations of disclosure under the Act and these articles, a Director may vote at any meeting of the directors or of a committee of the Directors on, and be counted in the quorum present at a meeting in relation to, any resolution concerning a transaction or arrangement with the Company or in which the Company is interested, or concerning any other matter in which the Company is interested, notwithstanding that he is interested in that transaction, arrangement or matter or has in relation to it a duty which conflicts or may conflict with the interests of the Company.

4.9.5 *Indemnity of officers*

Subject to the provisions of the Act, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the assets of the Company against any liability incurred by him or her for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, provided that this Article shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this Article, or any element of it, to be treated as void under the Act.

5. Directors' and Senior Managers' interests

5.1 None of the Directors and Senior Managers have any direct shareholding in the Company. The indirect interests in the share capital of the Company of the Directors and Senior Managers (all of whom, unless otherwise stated, are beneficial and include interests of persons connected with a Director or a Senior Manager) are, as at the date of this Registration Document, as follows:

Director/Senior Manager	Number of Ordinary Shares	Percentage of issued share capital
Sunil Bharti Mittal Shravin Bharti Mittal	**738,558,987***	**23.97%* (effective shareholding)**

* 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 and Shravin are members of the Bharti Mittal family group which has an indirect shareholding in Bharti Airtel Limited and ICIL, resulting in the above mentioned indirect effective shareholding in the company.

5.2 ***Significant Shareholders***

In so far as is known to the Directors, the following are the interests (within the meaning of Part VI of the Act) (other than interests held by the Directors) which represent, or will represent, directly or indirectly, 3% or more of the issued share capital of the Company as at the date of this Registration Document:

Shareholders	Number of Ordinary Shares	Percentage of issued share capital (%)
AAML(1)	2,105,108,805	68.31
Warburg Pincus Parties(2)	235,772,187	7.65
Singtel(3)	168,408,705	5.46
ICIL(4)	168,408,705	5.46
Hero(5)	134,726,964	4.37
QIA(6)	134,726,964	4.37

(1) AAML is a subsidiary of Ni2i, which is a subsidiary of Bharti Airtel Limited, which is a listed company in India.

(2) The Warburg Pincus Parties are private equity funds managed by Warburg Pincus LLC, a New York limited liability company.As at the date of this Registration Document, Dawn L.P., a Warburg Pincus Party holds 67,363,483 Ordinary Shares, or 2.19% of the Company's share capital. Dawn L.P. will, prior to any listing of the Company's shares on an internationally recognised stock exchange and admission of such shares to listing and trading becoming effective,distribute all of these Ordinary Shares (the "Proposed Distribution"), *pro rata*, to its limited partners (being WP Dawn Manager (Cayman) Limited and Morningstar Investment Pte Ltd ("Morningstar")), in accordance with such limited partners' respective interests in Dawn L.P. Immediately following the Proposed Distribution, WP Dawn Manager (Cayman) Limited would hold 0.0002% of the Company's share capital and Morningstar would hold 2.186% of the Company's share capital and the agreements relating to the Warburg Pincus Party's management of the investment for Morningstar are expected to terminate following the Proposed Distribution in kind to Morningstar (and the general partner of Dawn L.P.) of the ordinary shares in the Company currently held by Dawn L.P..

(3) Singapore Telecom International Pte Ltd is a subsidiary of Singapore Telecommunications Limited, which is a listed company in Singapore. The effective shareholding of Singapore Telecommunications Limited in the Company is 29.49%, which includes shareholdings through entities not controlled by it. This is for the purpose of disclosure and presentation and is based on calculatoin of effective shareholding.

(4) ICIL is held ultimately by the Bharti Mittal family group. The effective shareholding of ICIL (both directly and indirectly) in the Company is 9.88%.

(5) The ultimate beneficial owner of Hero is Sunil Kant Munjal.

(6) Qatar Holdings LLC is a subsidiary of Qatar Investment Authority.

Save as disclosed above, and subject to the following paragraph, in so far as is known to the Directors, there is no other person who is, as at the date of this Registration Document, directly or indirectly, interested in 3% or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. None of the Company's major shareholders have or will have different voting rights attached to the shares they hold in the Company.

Telkom Kenya may acquire up to 4.99% of the total issued Ordinary Shares of the Company in connection with the proposed Business Transfer, as described in Part 6 (Business Description—Regional Operations—East Africa—Kenya).

5.3 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

5.4 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors or Senior Managers or any of their connected persons.

6. Directors' terms of employment

6.1 The Directors and their functions are set out in Part 8 (Directors, Senior Managers and Corporate Governance). The Executive Director is employed pursuant to a service agreement with (BAIN). Certain Non-Executive Directors have entered into letters of appointment with the Company.

6.2 ***Executive Director***

Raghunath Mandava, the Chief Executive Officer, is currently employed under a service agreement with BAIN dated 10 March 2016. He was appointed as the Chief Operating Officer on 1 April 2016 and was appointed to his current position on 1 January 2017. The Chief Executive Officer has also entered into an assignment agreement under which he agrees to be based in Kenya and which confirms specific benefits to be provided by the Kenya branch office of BAIN during the period of assignment.

The principal terms of the Chief Executive Officer's service contract are as follows:

(A) General terms

The Chief Executive Officer is entitled to a remuneration package comprising basic salary, a discretionary performance-related bonus and a long-term incentive plan and other leave, holiday and service benefits. Benefits for the Chief Executive Officer include an expatriate package including housing allowance, car allowance, education allowance for children in full-time education, home leave tickets and medical insurance. Other benefits, including relocation allowances, may be provided, as appropriate. This includes a package of mobility benefits to accommodate moving to the office location. The Chief Executive Officer is also entitled to all local holidays, and to annual leave under Company policy.

BAIN does not have a pension scheme and so there is no pension entitlement under the service contract.

(B) Termination provisions

The Chief Executive Officer's service contract can be terminated by not less than two months' notice by either party. There is no provision for payment in lieu of notice.

BAIN has the right to terminate the Chief Executive officer's employment with immediate effect in cases of (i) misconduct, (ii) negligence or (iii) breach of any terms of the service contract or assignment letter.

In the event of termination, the Chief Executive Officer is subject to the following restrictions under the service contract for a period of 12 months following termination: (i) non-solicitation of employees; (ii) non-inducement of employees to breach their contract of employment; and (iii) non-competition with BAIN and/or its affiliated enterprises within the Chief Executive Officer's country of domicile.

Upon termination, the Chief Executive Officer is required to return to BAIN any documents, manuals, confidential information and other property belonging to BAIN. the Chief Executive Officer's is also required to deliver all notes, analysis, summaries and working papers relating to the above documents.

6.3 *Non-Executive Directors*

The Company has ten Non-Executive Directors. Six Non-Executive Directors, namely Andrew James Green, Awuneba Sotonye Ajumogobia née Iketubosin, Douglas Anderson Baillie, John Joseph Danilovich, Liisa Annika Poutiainen and Ravi Rajagopal, have entered into letters of appointment with the Company. The other Non-Executive Directors (including the Chair) do not have service contracts or letters of appointments. The terms of their appointment are governed by the Articles and the shareholders' agreement entered into by the shareholders of the Company. The principal terms of their appointment are set out below:

Name	Position	Date of appointment to the Board
Sunil Bharti Mittal	Chair	26 November 2018
Andrew James Green	Independent Non-Executive Director	1 April 2019
Awuneba Sotonye Ajumogobia née Iketubosin	Independent Non-Executive Director	1 April 2019
Douglas Anderson Baillie	Independent Non-Executive Director	1 April 2019
John Joseph Danilovich	Independent Non-Executive Director	1 April 2019
Liisa Annika Poutiainen	Independent Non-Executive Director	1 April 2019
Ravi Rajagopal	Independent Non-Executive Director	29 April 2019
Akhil Kumar Gupta	Non-Executive Director	23 October 2018
Arthur Tao Yih Lang	Non-Executive Director	23 October 2018
Shravin Bharti Mittal	Non-Executive Director	23 October 2018

Each appointment will be for a fixed term ending on the Company's 2022 annual general meeting but each appointee may be invited by the Company to serve for a further period or periods. In any event, each appointment is subject to annual re-election by the Company in general meeting.

The Chair's appointment may be terminated in accordance with the Articles and the Companies Act. The Non-Executive Directors' appointments may be terminated at any time by the Non-Executive Director giving the Company one month's written notice or by the Company in accordance with the Articles and the Companies Act.

From appointment, each Non-Executive Director will be entitled to receive £70,000 per annum. In addition, Andrew Green will be entitled to receive an additional fee of £20,000 per annum for his role of Senior Independent Director; Sunil Bharti Mittal will be entitled to receive an additional fee of £20,000 per annum for his role as chair of the nomination committee; Ravi Rajagopal will be entitled to receive an additional fee of £20,000 per annum for his role as chair of the audit committee and Doug Baillie will be entitled to receive an additional fee of £20,000 per annum for his role as chair of the remuneration committee. Other members of the audit, remuneration and nomination committees will receive an additional fee of £10,000 per annum.

The Chair and Non-Executive Directors are entitled to reimbursement of reasonable incidental expenses. In addition, the Chair will be reimbursed all expenses such as travel, hospitality and other expenses in connection with the performance of his official duties.

The Chair and Non-Executive Directors will have the benefit of a qualifying third party indemnity from the Company (the terms of which are in accordance with the Companies Act) and appropriate directors' and officers' liability insurance.

Save as set out in paragraphs 6.2 and 6.3 above, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

6.4 *Directors', Executive Officers' and Senior Managers' Remuneration*

Under the terms of their service contracts, letters of appointment and applicable incentive plans, in the year ended 31 March 2019, the aggregate remuneration and benefits to the Directors and Senior Managers who served the Group during the year ended 31 March 2019, consisting of eight individuals, was US$9.28 million.

Under the terms of their service contracts, letters of appointment and applicable incentive plans, in the year ended 31 March 2019, the Chief Executive Officer and the Chief Financial Officer were remunerated as set out below:

(US$'000)	Position	Annual salary	Country Premium	Pension and Benefits	Date of joining the Board
Raghunath Mandava	Chief Executive Officer	US$765	US$0	US$188	12 July 2018
Jaideep Paul	Chief Financial Officer	US$345	US$123	US$144	N/A

There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Registration Document.

The CEO is entitled to receive an exceptional cash bonus of up to US$2 million in connection with the turnaround of the business, of which US$1 million has been paid, with the remaining US$1 million subject to a two-year lock-in period.

In 2018 the CEO was granted awards under a one-off Deferred Cash Plan, under which outstanding awards will vest in two tranches; with one tranche vesting in 2020 with an on-target value of US$250,000, and the second tranche vesting in 2021 with an on-target value of US$500,000. 50% of each tranche is subject to performance conditions based on the Company's annual Relative Total Shareholder Return, Net Revenue and Underlying EBITDA in the financial year prior to vesting. The payout at maximum performance is two times the on-target value. The remaining 50% of each tranche is subject to service conditions only.

6.5 ***Directors' and Senior Managers' current and past directorships and partnerships***

Set out below are the directorships and partnerships held by the Directors and Senior Managers (other than, where applicable, directorships held in the Company and its subsidiaries and the subsidiaries of the companies listed below), in the five years prior to the date of this Registration Document:

Name	Current directorships / partnerships	Past directorships / partnerships
Sunil Bharti Mittal	Bharti Airtel Limited Bharti (SBM) Holdings Private Limited Bharti Overseas Private Limited Bharti (SBM) Resources Private Limited Bharti Enterprises (Holding) Private Limited Bharti (Satya) Trustees Private Limited Bharti SBM Trustees II Private Limited Bharti (SBM) Services Private Limited Bharti (SBM) Trustees Private Limited Satya Bharti Foundation Bharti SBM Trustees S2 Private Limited Bharti SBM Trustees D1 Private Limited Bharti SBM Trustees S1 Private Limited Qatar Foundation Endowment	Bharti Realty Holdings Limited Indian School of Business WorldVU Satellites Limited

Raghunath Venkateswarlu Mandava	—	Telesonic Networks Limited
Andrew James Green	IG Group plc Link Administration Holdings Limited	Digital Catapult npGroup ARM Holdings plc Confederation of British Industry (CBI) DockOn Inc. Avanti Communications plc
Awuneba Sotonye Ajumogobia née Iketubosin	UAC of Nigeria PLC Grange Education Limited Multistream Energy Limited UACN Property Development Company PLC University of Ibadan Research Foundation	Industrial and General Insurance PLC (IGI)
Douglas Anderson Baillie	Huhtamäki OYJ MasterCard Foundation Leverhulme Trust	Vodafone/Idea India
John Joseph Danilovich	D'Amico International Shipping Company	—
Liisa Annika Poutiainen	Carpe Diem Foundation	Swedbank AB Saferoad AS Hoist Finance UK Limited/ Robinson Way Limited Hoist Finance AB Plc eQ Abp
Ravi Rajagopal	Fortis Healthcare Limited Vedanta Resources Limited JM Financial Singapore Pte Limited SRL Limited	United Spirits Limited
Akhil Kumar Gupta	Avanti Investfin Private Limited Bharti Infratel Limited Gemini Estates Private Limited Inversion Management Services Private Limited Bharti Overseas Private Limited Bharti General Ventures Private Limited Snapdeal Private Limited Smartx Services Limited Indus Towers Limited Gupta & Dua Chartered Accountants	Bharti Life Ventures Private Limited Bharti Enterprises (Holding) Private Limited Tierra Enviro Private Limited Harvard Business School Club of India

Arthur Tao Yih Lang	Bharti Infratel Limited Singtel Asian Investments Pte Ltd SingaSat Pte Ltd Digital Entertainment International Pte Ltd Singapore Telecom International Pte Ltd Singtel Consultancy Pte Ltd Singtel Alpha Investments Pte Ltd NetLink NBN Management Pte Limited NetLink NBN Trust AsiaCom Philippines, Inc. Globe Telecom, Inc. Bharti Telecom Limited A.C.S.T. Business Holdings, Inc.	NetLink Management Pte. Ltd. CapitaLand Corporate Investments Pte Ltd CapitaLand VN Limited CapitaLand Singapore Limited The Ascott Limited CapitaLand China Holdings Pte Ltd Pidemco Land Singapore Pte Ltd CapitaLand Treasury Ltd CapitaLand Residential Singapore Pte Ltd CapitaLand Mall Trust Management Limited CapitaLand Financial Ltd CapitaLand Commercial Trust Management Ltd CapitaLand Mall Asia Ltd CapitaLand Fund Management Pte Ltd CapitaLand Malaysia Pte Ltd CapitaLand GCC Holdings Pte Ltd CapitaLand GCC (Abu Dhabi) Pte Ltd CapitaMalls Asia Treasury Limited CapitaLand Business Services Pte Ltd C31 Ventures Pte Ltd C31 Ventures Fund 1 Pte Ltd C31 Ventures Fund Management Pte Ltd Tiger Airways Holdings Pte Ltd
Shravin Bharti Mittal	Kenmin (HP) Ltd SM Kenmin Limited Delonex Energy Ltd Emtel Limited Mpharma Data Inc Omni:us Syfe Bharti Global Limited	Better Capital LLP

6.6 As at the date of this Registration Document, none of the Directors or the Senior Managers has at any time within the last five years:

(a) any convictions in relation to fraudulent offences;

(b) been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or

(c) received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company.

7. Employee share plans

7.1 *Bharti Airtel Performance Unit Plan*

7.1.1 *General*

The Major Shareholder operates the Bharti Airtel Performance Unit Plan – 2016 (the "PUP") which is a pre-existing phantom share incentive plan. Certain senior employees of the Group in Africa, including the Chief Executive Officer, (together, the "PUP Awardholders") hold performance units granted under the PUP (the "PUP Awards"). Each PUP Award entitles the PUP Awardholder to receive a cash payment that is calculated by reference to the average closing share price of the Major Shareholder during the preceding 30 days prior to the grant date/vesting date.

7.1.2 *Vesting*

The performance units will vest as to 25%, 25% and 50% of the total number of the underlying performance units on the first, second and third anniversary of the grant date of the relevant PUP Award respectively.

50% of the underlying performance units that will vest on the relevant vesting date are subject to the participant remaining employed with the Major Shareholder's group. 50% of the underlying performance units that will vest on the relevant vesting date are subject to performance measures in the financial year preceding the vesting date. The payout of this tranche at maximum performance is two times the on-target value.

Details of PUP Awards granted to the Directors and Senior Managers under the PUP are set out below. Certain performance units which are subject to the PUP Awards have vested. The table below also sets out the number of performance units which are due to vest in 2019, 2020 and 2022, as at the date of this Registration Document:

Position	Number of Performance Units remaining outstanding and due for vesting in 2019, 2020 and 2021
Chief Executive Officer	198,554
Chief Financial Officer	65,927
Chief Legal Officer	23,194
Chief Regulatory Officer	23,835
Chief Supply Chain Officer	22,923
Chief Technology Officer	50,709
Chief Information Officer	32,084

All vesting of a participant's PUP Award is subject to the participant remaining employed with the Major Shareholder at the vesting date.

7.1.3 *Corporate events*

If there is a merger or takeover of the Major Shareholder all outstanding portions of the PUP Awards will, to the extent that they have not already vested, be rolled over and replaced with an award over an equivalent number of shares in the successor company or acquiring company, subject to consent of such entity.

7.1.4 *Cessation of employment*

If the PUP Awardholder's employment ceases for reason of resignation, termination or retirement, all of the unvested performance units under their PUP Award as on the date of termination will lapse immediately. If the PUP Awardholder's employment ceases for other reasons, such as death and permanent incapacitation, all of the unvested performance units under their PUP Awards as on the date of termination will vest immediately. In the event of the PUP Awardholder's employment being transferred to any other company, all of the unvested performance units under their PUP Award will be time pro-rated.

7.1.5 ***Payment***

Participants will be entitled to a cash payment from the Major Shareholder in respect of a vested portion of the PUP Award at the relevant vesting date after taking into account the above service component and the performance component. The amount of cash payment is calculated by reference to the vested portion of the PUP Awards multiplied by the average closing share price of the Major Shareholder during the preceding 30 days prior to the vesting date and will be paid to the participants within 30 to 45 days following the vesting date.

All amounts payable under the PUP will be paid subject to any deductions or withholdings as required by applicable law.

8. Subsidiaries, investments and principal establishments

8.1 ***Principal subsidiaries***

The Company is the holding company of the Group. The principal subsidiaries of the Company (excluding any companies in liquidation) are as follows:

Name	Country of incorporation and registered office	Class and percentage of ownership interest and voting power	Primary field of activity
Bharti Airtel International (Netherlands) B.V.	The Netherlands	100%	Investment Company
Bharti Airtel Africa B.V.	The Netherlands	100%	Investment Company
Africa Towers N.V.	The Netherlands	100%	Investment Company
Bharti Airtel Services B.V	The Netherlands	100%	Investment Company
Bharti Airtel Rwanda Holdings Limited	Mauritius	100%	Investment Company
Indian Ocean Telecom Limited	Jersey	100%	Investment Company
Bharti Airtel Chad Holdings B.V.	The Netherlands	100%	Investment Company
Bharti Airtel Congo Holdings B.V.	The Netherlands	100%	Investment Company
Bharti Airtel Mali Holdings B.V.	The Netherlands	100%	Investment Company
Bharti Airtel Gabon Holdings B.V.	The Netherlands	100%	Investment Company
Bharti Airtel Malawi Holdings B.V.	The Netherlands	100%	Investment Company
Bharti Airtel Niger Holdings B.V.	The Netherlands	100%	Investment Company
Bharti Airtel Kenya Holdings B.V.	The Netherlands	100%	Investment Company
Bharti Airtel Kenya B.V.	The Netherlands	100%	Investment Company
Bharti Airtel Madagascar Holdings B.V.	The Netherlands	100%	Investment Company
Channel Sea Management Company (Mauritius) Limited	Mauritius	100%	Investment Company
Celtel (Mauritius) Holdings Limited	Mauritius	100%	Investment Company
Montana International	Mauritius	100%	Investment Company
Societe Malgache de Telephone Cellulaire S.A.	Mauritius	100%	Investment Company
Bharti Airtel Nigeria Holdings II B.V.	The Netherlands	100%	Investment Company
Bharti Airtel Nigeria B.V.	The Netherlands	100%	Investment Company
Bharti Airtel RDC Holdings B.V.	The Netherlands	100%	Investment Company
Bharti Airtel Tanzania B.V.	The Netherlands	100%	Investment Company
Bharti Airtel Uganda Holdings B.V.	The Netherlands	100%	Investment Company
Bharti Airtel Zambia Holdings B.V.	The Netherlands	100%	Investment Company
Airtel Mobile Commerce B.V.	The Netherlands	100%	Investment Company
Airtel Mobile Commerce Holdings B.V.	The Netherlands	100%	Investment Company
Airtel Mobile Commerce Congo B.V.	The Netherlands	100%	Investment Company

Name	Country of incorporation and registered office	Class and percentage of ownership interest and voting power	Primary field of activity
Airtel Mobile Commerce Kenya B.V.	The Netherlands	100%	Investment Company
Airtel Mobile Commerce Malawi B.V.	The Netherlands	100%	Investment Company
Airtel Mobile Commerce Madagascar B.V.	The Netherlands	100%	Investment Company
Airtel Mobile Commerce Nigeria B.V.	The Netherlands	100%	Investment Company
Airtel Mobile Commerce Rwanda B.V.	The Netherlands	100%	Investment Company
Airtel Mobile Commerce (Seychelles) B.V.	The Netherlands	100%	Investment Company
Airtel Mobile Commerce Tchad B.V.	The Netherlands	100%	Investment Company
Airtel Mobile Commerce Uganda B.V.	The Netherlands	100%	Investment Company
Airtel Mobile Commerce Zambia B.V.	The Netherlands	100%	Investment Company
Congo RDC Towers S.A.	Democratic Republic of Congo	100%	Infrastructure sharing services
Airtel Tchad S.A.	Chad	100%	Telecommunication Services
Airtel Congo S.A.	Congo Brazzaville	90%	Telecommunication Services
Airtel Gabon S.A.	Gabon	97.95%	Telecommunication Services
Gabon Towers S.A.	Gabon	97.95%	Infrastructure sharing services
Airtel Malawi Limited	Malawi	100%	Telecommunication services
Malawi Towers Limited	Malawi	100%	Infrastructure sharing services
Celtel Niger S.A.	Niger	90%	Telecommunication services
Airtel Money Niger S.A.	Niger	90%	Mobile commerce services
Airtel Networks Kenya Limited	Kenya	100%	Telecommunication services
Airtel Money Transfer Limited	Kenya	100%	Mobile commerce services
Airtel Madagascar S.A.	Madagascar	100%	Telecommunication services
Madagascar Towers S.A.	Madagascar	100%	Infrastructure sharing services
Airtel Networks Limited	Nigeria	91.77%	Telecommunication services
Airtel Mobile Commerce Nigeria Limited	Nigeria	91.77%	Mobile commerce services
Partnership Investments S.a.r.l.	Democratic Republic of Congo	100%	Investment company
Airtel Congo RDC S.A.	Democratic Republic of Congo	98.5%	Telecommunication services
Airtel Tanzania PLC	Tanzania	60%	Telecommunication services

Name	Country of incorporation and registered office	Class and percentage of ownership interest and voting power	Primary field of activity
Tanzania Towers Limited	Tanzania	60%	Infrastructure sharing services
Airtel Money Tanzania Limited........	Tanzania	60%	Mobile commerce services
Airtel Uganda Limited	Uganda	100%	Telecommunication services
Airtel Networks Zambia Plc	Zambia	96.36%	Telecommunication services
Bharti Airtel Developers Forum Limited	Zambia	96.36%	Investment company
Airtel Mobile Commerce Zambia Limited	Zambia	100%	Mobile commerce services
Airtel Mobile Commerce Limited.....	Malawi	100%	Mobile commerce services
Airtel Mobile Commerce (Kenya) Limited	Kenya	100%	Mobile commerce services
Airtel Mobile Commerce Tchad S.a.r.l.	Chad	100%	Mobile commerce services
Mobile Commerce Congo S.A.	Congo	100%	Mobile commerce services
Airtel Mobile Commerce Madagascar S.A.	Madagascar	100%	Mobile commerce services
Airtel Money S.A............................	Gabon	100%	Mobile commerce services
Airtel Mobile Commerce Rwanda Limited	Rwanda	100%	Mobile commerce services
Airtel Money (RDC) S.A.................	Democratic Republic of Congo	98.5%	Mobile commerce services
Airtel Mobile Commerce Uganda Limited	Uganda	100%	Mobile commerce services
Airtel Mobile Commerce (Tanzania) Limited..........................	Tanzania	100%	Mobile commerce services
Airtel Mobile Commerce (Seychelles) Limited	Seychelles	100%	Mobile commerce services
Airtel (Seychelles) Limited	Seychelles	100%	Telecommunication services
Airtel Rwanda Limited.....................	Rwanda	100%	Telecommunication services
Airtel International LLP	India	100%	Business support services

8.2 ***Principal investments***

The following are the principal investments of the Group:

Name	Country of incorporation and registered office	Class and percentage of ownership interest and voting power	Primary field of activity
Seychelles Cable Systems Company Limited	Seychelles	26%	Submarine cable services

8.3 ***Principal establishments***

The Group's properties primarily comprise administrative and commercial office buildings, business centres and technical properties, which consist of switching, international exchanges, transmission equipment, towers, mobile base stations, data centres, cabling and other technical ancillaries. Other properties include stores and warehouses. For more information see Part 6 (Business Description—Property).

9. Statutory auditors

The auditors of the Company for the period from incorporation on 12 July 2018 to the present have been Deloitte LLP, chartered accountants, whose registered address is at 1 New Street Square, London EC4A 3HQ, United Kingdom.

10. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group (a) within the two years immediately preceding the date of this Registration Document which are, or may be, material to the Company or any member of the Group, and (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this Registration Document:

10.1 ***Services Agreement between the Company and the Major Shareholder***

The Company, BAIN and the Major Shareholder will enter into the Services Agreement, which will govern the provision of all Major Shareholder Services (described in Part 7 (Operational Relationship with the Major Shareholder)) by the Major Shareholder's group to the Group (with the exception of services provided by Nxtra Data Limited to the Group in connection with data centre hosting which are documented separately as summarised below (the "Nxtra Agreement")). The Services Agreement addresses both:

(i) the so-called Existing Services, which are Finance Shared Services (as detailed in Part 7 (Operational Relationship with the Major Shareholder)), which are already governed by the Airtel Cross-charge Agreement dated 1 April 2013; and

(ii) the so-called New and Amended Services, which are services that were not previously documented, which consist of Corporate Advisory Services and Global Procurement Services, as detailed in Part 7 (Operational Relationship with the Major Shareholder).

The scope of Existing Services and New and Amended Services is described at a high level in the Services Agreement (and in some instances in the Airtel Cross-charge Agreement). The parties have agreed more detailed service deliverables and service level targets in respect of some but not all of the Finance Shared Services (as detailed in Part 7 (Operational Relationship with the Major Shareholder)). For those Existing Services and New and Amended Services where detailed service deliverables have not been agreed, the Major Shareholder group is required to provide services at the same standards, performance and levels as it provided in the twelve months prior to the date of the Services Agreement.

The Airtel Cross-charge Agreement was entered into before the Company's incorporation on 1 April 2013 between BAIN and the Major Shareholder and remains in place. It sets out the charging basis for Existing Services. In the near term, the Airtel Cross-charge Agreement will be amended in some respects by the Services Agreement by imposing a number of new provisions on the Major Shareholder when it provides the Existing Services and/or New and Amended Services to the Group. These new provisions include, for example, making the services terminable by the Group on 90 days' notice and by the Major Shareholder on 180 days' notice. The services are also immediately terminable by either the Group or the Major Shareholder in the event of a change of control of the Major Shareholder.

A notice to terminate under these arrangements (other than where termination is due to force majeure or regulatory or legal change prohibiting provision of the services) will not bring the provision of the Major Shareholder Services to an end until the Group has either successfully completed transition of that service to itself or to another provider (as confirmed by an independent third party of international repute appointed by the Group) or has notified the Major Shareholder that it no longer requires the relevant service and the Major Shareholder is required to continue provision of the relevant service until that time.

The Services Agreement includes a further assurances clause that allows the parties to take any further action to implement and give effect to the Services Agreement (including amending and restating existing arrangements in order to simplify the documentation setting out these arrangements).

10.2 ***Nxtra Agreement***

On 31 October 2016, BAIN and Nxtra entered into the Nxtra Master Services Agreement. The Nxtra Master Services Agreement governs the provision of data centre hosting services to be provided by Nxtra, which is a subsidiary of the Major Shareholder. In addition, the Company, BAIN and Nxtra will, upon any listing of the Company's shares on an internationally recognised stock exchange and admission of such shares to listing and to trading becoming effective, enter into the Nxtra Amendment Agreement which is expected to amend the Nxtra Master Services Agreement to align it with the material terms of the Services Agreement described above in respect of, among others, termination and transition. The amended Nxtra Master Services Agreement will be terminable by the Group on 90 days' notice and by Nxtra on 180 days' notice.

A notice to terminate under these Nxtra data centre hosting arrangements (other than where termination is due to force majeure or regulatory or legal change prohibiting provision of the service) will not bring the provision of the data centre hosting services to an end until the Group has either successfully completed transition of that service to itself or to another provider (as confirmed by an independent third party of international repute appointed by the Group) or has notified Nxtra that it no longer requires the relevant service and Nxtra is required to continue provision of the relevant service until that time.

10.3 ***IT Services Agreement***

BAIN and the Major Shareholder will enter into an IT Services Agreement. Under the terms of the IT Services Agreement, the Major Shareholder provides the Group with software development services, IT security services and hosted applications services, as further detailed in Part 7 (Operational Relationship with the Major Shareholder). The IT Services Agreement is for a term of three years and is immediately terminable by BAIN in the following instances:

- the Major Shareholder's material breach of the agreement, contracts of adherence or a scope of works and failure to rectify within 21 days of receiving written notice;
- the Major Shareholder breaches or fails to comply with any representation or warranty or suffers an insolvency event;
- the Major Shareholder undergoes a change of control or its business is transferred to a third party, which may (in BAIN's reasonable opinion) cause it to be unable to perform its duties under the IT Services Agreement.

BAIN may also terminate the IT Services Agreement, and any arrangement governed by it, for convenience by giving 180 days' written notice. The Major Shareholder's termination rights are limited to BAIN's failure to make a payment 100 days after a written reminder or if BAIN suffers an insolvency event.

The IT Services Agreement is a framework agreement under which the Major Shareholder provides services to the Group under three scopes of works arrangements: (i) the software development services; (ii) the managed hosting services; and (iii) the IT security services. The software development services and managed hosting services shall be provided until 30 April 2022 and are terminable by either party for convenience on 30 days' written notice. The IT security services are terminable in accordance with the general terms of the IT Services Agreement.

On expiry of the term of the IT Services Agreement, the Group is entitled to a "transition period" to enable the Group to transition to alternative arrangements. In the event of termination or expiry of the IT security services, the Major Shareholder shall also provide transition assistance in accordance with a transition management plan to be developed within 180 days of the effective date of the IT Services Agreement, and this shall include training and data transfer, among other transition assistance.

BAIN may renew the IT Services Agreement, and any service provided under it, for a period of 24 months, subject to giving 180 days' written notice prior to the expiry of the term of the agreement.

10.4 ***Brand Licences***

- BAIN and the Major Shareholder are parties to the existing 'Airtel' Brand Licence;
- Additionally, the Company and the Major Shareholder will enter into a new 'Airtel' Brand Licence in respect of the UK; and
- the Company and Wynk Limited will enter into the 'Wynk' Brand Licence for its use in countries in which the Group has presence (i.e. across Africa, the United Kingdom and the Netherlands).

The Brand Licences, all of which are described in Part 7 (Operational Relationship with Major Shareholder), license or will license, as the case may be, to the Group the relevant brands that the Group and the Major Shareholder have mutually agreed are necessary for the Group to continue operating its business in the same way. The Brand Licences are in respect of all of the Group's operations in Africa, as well as its offices in the United Kingdom and the Netherlands, and are in respect of the Group's current business. With the exception of the new 'Airtel' Brand Licence between the Company and the Major Shareholder, which is royalty-free, the Brand Licences are perpetual and royalty-bearing, as detailed in Part 7 (Operational Relationship with Major Shareholder).

The Major Shareholder has, or will have, the right to terminate the Brand Licences (i) 30 days after the Group receives notice of a material breach from the Major Shareholder and fails to remedy its breach, and (ii) 10 days after a termination notice has been served for the insolvency, entry into liquidation or dissolution proceedings, composition negotiations with its creditors or the filing of a petition for bankruptcy, winding up or insolvency of any member of the Group. The Group may terminate the Brand Licences on 180 days' notice. In the event of termination, the Group will benefit from a 12-month transitional run-off period following termination to migrate away from the brands licensed to it under the Brand Licences.

The Brand Licences are further detailed in Part 7 (Operational Relationship with the Major Shareholder).

10.5 ***The Group's financing arrangements***

For a description of the Group's financing arrangements, see Part 10 (Operating and Financial Review – *Borrowings).*

10.6 ***Pre-IPO Funding Agreements***

On 16 October 2018, the Company, together with AAML, which owned, together with its affiliates, 100% of the share capital of Airtel Africa Limited prior to the Pre-IPO Funding, entered into a subscription agreement (the "Subscription Agreement") and an investor rights agreement (the "Investor Rights Agreement") with Dawn L.P., Warburg Pincus (Ganymede) Private Equity XII (Cayman), L.P., Warburg Pincus (Europa) Private Equity XII (Cayman), L.P., Warburg Pincus (Callisto) Private Equity XII (Cayman), L.P., Warburg Pincus Private Equity XII-B (Cayman), L.P., Warburg Pincus XII Partners (Cayman), L.P., Warburg Pincus Private Equity XII-E (Cayman), L.P., WP XII Partners (Cayman), L.P., Warburg Pincus Private Equity XII-D (Cayman), L.P., Singtel, Temasek, Hero and ICIL. SoftBank and QIA entered into follow-on subscription agreements (the "Follow-on Subscription Agreements") in substantially the same form as the Subscription Agreement (together with the Subscription Agreement, the "Pre-IPO Subscription Agreements") on 20 October 2018 and 28 January 2019, respectively. Softbank, Dawn 2 L.P. and QIA acceded to the Investor Rights Agreement on 20 October 2018, 14 November 2018 and 28 January 2019, respectively. Pursuant to the Pre-IPO Subscription Agreements and related documents, the Pre-IPO Investors acquired 976,635,762 Pre-IPO Subscription Shares for an aggregate subscription amount of US$1.45 billion (including certain agreements and arrangements between the Pre-IPO Investors and AAML discussed below). The Company and Airtel Africa Mauritius Limited provided customary warranties and the Company provided certain indemnities (which are guaranteed by AAML) in the Pre-IPO Subscription Agreements. Any claims made by the Pre-IPO Investors thereunder are required to be made (if at all) prior to the date of publication of the Registration Document and any pending claims shall be deemed to have been withdrawn and waived in full on the publication date. Please see notes 9, 19, 35 and 37 in Section B of Part 11 of this Registration Document for further detail on the impact of these arrangements on the Historical Financial Information. The Investor Rights Agreement (other than certain surviving provisions) terminates on closing of any initial public offering of the Company. The Investor Rights Agreement sets out customary matters relating to the right of each of the Pre-IPO Investors, including their right to appoint and remove one director on the Board of the Company and certain Pre-IPO Investor veto rights. Securities held by the Pre-IPO Investors are subject to a customary right of first offer for the benefit of Airtel Africa Mauritius Limited. The Investor Rights Agreement also includes customary 'tag along rights' and 'drag along rights' that are applicable in certain circumstances. In connection with the Pre-IPO Funding, the Pre-IPO Investors and AAML entered into an agreement providing, inter alia, for investor protection through certain contingent adjustments, which will be terminated prior to, and subject to, any listing of the Company's shares on an internationally recognised stock exchange and admission of such shares to listing and trading becoming effective, in conjunction with the variation of certain indemnities and the extinguishing of specific derivative indemnities to which the Company is a party as referred to in footnote 1 to note 9 and footnote 2 to note 19 in Section B of Part 11 (Historical Financial Information) of this Registration Document. The amount to be paid by AAML in consideration for the termination of the agreements and arrangements with or assumed by AAML is to be determined prior to any listing of the Company's shares on an internationally recognised stock exchange and admission of such shares to listing and trading becoming effective, except amounts, if any, in connection with the assumption by AAML of the liabilities referred to in note 9 in Section B of Part 11 of this Registration Document, which will be determined upon the occurrence of the said event(s).

11. Disputes and proceedings

Save as described below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this document, which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

Airtel Gabon service quality

On 13 December 2018, ARCEP sanctioned Airtel Gabon for provision of poor quality services on its network; in connection with such sanction, ARCEP issued a fine of approximately US$14 million. Consequent to engagements, payment was suspended until further notice. On 27 May 2019, ARCEP issued a revised demand letter for US$8.6 million. Airtel Gabon continues to engage the regulator on the matter and is confident of a positive outcome.

Malawian Citizenship Ownership Requirement

Under the Malawian Citizenship Ownership Requirement and the terms of its primary operating licence, 20% of Airtel Malawi's shares were required to be held by local shareholders per the directive of the MACRA by 31 August 2018. Airtel Malawi wrote to MACRA on 31 July 2018 setting out the steps that it has taken to meet the local shareholding requirement, including the engagement of Standard Chartered Bank as financial adviser to prepare a report on market capacity and to advise on timing considerations (including financial performance, profitability track record and subsequent impact on investor appetite and risks) and seeking an extension to the required timetable for compliance, which was declined. Where telecommunications licencees had not yet complied with this requirement by the deadline, MACRA has discretion to revoke the entity's operating licence.

MACRA issued a notification of a prima facie breach to Airtel Malawi following the August deadline and issued an invitation to a hearing on 11 September 2018 and ordered an extension until 25 November 2018. The Malawian regulator has imposed a fine of approximately US$700 thousand (MWK500 million), which has been appealed given the good faith efforts the Group has undertaken to comply with the Malawian Citizenship Ownership Requirement.

Airtel Tanzania disputes

TCRA dispute

By a Compliance Decision dated 20 April 2018, the TCRA held Airtel Tanzania in breach of certain provisions of the Electronic and Postal Communications Act, 2010 and imposed fines of TZS418,987,500,000 (approximately US$183 million). Airtel Tanzania wholly refuted these allegations as being contrary in fact and in law and filed an appeal challenging the TCRA decision before the Fair Competition Tribunal ("FCT"). The FCT has on 27 November 2018 dismissed the challenge on the basis that Airtel Tanzania PLC was unable to argue its challenge. Earlier the interim stay application was rejected by the FCT on the basis that FCT had no jurisdiction to order a stay. Airtel Tanzania's lawyers on 11 January 2019 filed an application asking that FCT review its decision to dismiss the matter since some issues like discovery were not addressed. The application came for mention on 21 January 2019 before the Registrar. The Tribunal ordered TCRA to file their reply within 7 days (by 28 January 2019). The TCRA filed their reply on the said date asking the Tribunal to dismiss the Airtel Tanzania's application with costs. The matter was mentioned on 29 January 2019 wherein parties were informed that hearing will be by notice. The Application for review was heard on 2 May 2019, with the ruling to be delivered on notice. In the interim, a comprehensive settlement is under formalization with the Government of Tanzania, the details of which are set out below, which will result in a complete withdrawal of this claim by the TCRA.

Direct tax dispute

In March 2018, Tanzania Revenue Authority ("TRA") issued notice of assessments on BAIN with respect to corporate income tax ("CIT") for the income years 2010 to 2016 and CGT for the income years 2005 and 2010. The total amount of tax assessed in these assessments is TZS1,969 billion (approximately US$865 million). BAIN filed objections before the TRA against the corporate gains tax ("CGT") and CIT assessments in March, 2018. The CGT assessments were objected on various grounds including that BAIN was not in existence when the transaction between Celtel and Zain happened in 2005 and in the 2010 transaction, BAIN was the acquirer of shares and therefore cannot be assessed for CGT which is the liability of the seller. Further, no demand could be raised on the sellers for the reasons that (i) the law existing in 2005 and 2010 did not assign taxing rights for offshore acquisitions within Tanzania and various judicial precedents supported the principle; (ii) there was no transfer of shares of the local operating entity and the transactions involved transfer of shares of an entity incorporated and registered outside of Tanzania between two non-resident entities; (iii) periods assessed are time barred; and (iv) the acquisition was not a schemed transaction to facilitate undue tax benefits in Tanzania. The CIT assessments were objected on the grounds that BAIN is not a tax resident in Tanzania as BAIN is incorporated in Netherlands and its affairs are controlled and managed from Netherlands. In any case, tax has been accounted for on the services by way of withholding tax on gross basis. BAIN also filed a waiver request with the TRA in March, 2018 seeking waiver from the requirement of depositing the minimum tax (one-third of the demand amount) required under law before objections are admitted. In July, 2018, the TRA issued a letter granting a partial waiver and requiring BAIN to pay a minimum deposit equal to one-third of the principal tax only amounting to TZS125 billion (approximately US$54 million). BAIN filed appeals with the Tax Revenue Appeals Board against the decision of the TRA for not granting full waiver. On 24 January 2019, the Tax Revenue Appeals Board issued Notice of Hearing to parties to the effect that the hearing of the appeals will be conducted from 27 February 2019 to 1 March 2019. The hearing was adjourned to 27 March 2019, and then further adjourned to 12 June 2019 in light of the comprehensive settlement, as mentioned below, under formalisation with the Government of Tanzania, which will result in a complete withdrawal of the CGT and CIT assessment raised by the TRA.

The TRA and other tax authorities have in the past raised several tax claims which are subject of challenge by Airtel Tanzania aggregating to approximately US$47 million. These tax claims will also form part of the comprehensive settlement set as mentioned below, under formalisation with the Government of Tanzania, which will result in a complete withdrawal of these claims.

Comprehensive settlement of disputes

The Group has disputed the merits of each of the above claims of the TCRA and the TRA in entirety. In January 2019 Government of Tanzania and the Group agreed, subject to detailed agreements, (i) to the Government of Tanzania's withdrawal of the aforesaid tax claims and the TCRA fines and the entry into an agreement between the Government of Tanzania and Airtel Tanzania for the provision of support services to Airtel Tanzania on a "best efforts" basis in order to support Airtel Tanzania's development; (ii) to approve the sale of towers owned by Airtel Tanzania and to allow a significant portion of the net sale proceeds towards repayment of the outstanding shareholder loan granted to Airtel Tanzania by BATBV; (iii) to either exempt Airtel Tanzania from the listing obligations under the EPOCA or to ensure that the Group's beneficial ownership of Airtel Tanzania will not decrease below 51% at any time and that any shares to be offered to the public in compliance with the EPOCA will be offered by the Government of Tanzania; (iv) to an increase in the Tanzanian government's shareholding in Airtel Tanzania, to 49% at zero effective cost, and (v) the receipt by BATBV of the agreed portion of the sale proceeds from the sale by Airtel Tanzania of its tower portfolio shall be treated as full repayment by Airtel Tanzania of BATBV's outstanding shareholder loan.

As of the date of the Registration Document, the Directors have no reason to believe that the January 2019 understanding will not be implemented on substantially similar terms.

Tanzania Listing

Pursuant to the EPOCA, by 31 December 2016 Airtel Tanzania (as a result of holding Network Services and Network Facilities Licences) is required to list 25% of its shares on the DSE and to maintain this minimum DSE shareholding of 25% throughout the life of these licences (unless otherwise permitted by the CMSA). The listing is required to be approved by, among others, the CMSA and the DSE and failure to list could risk potential revocation of its TCRA licences.

Airtel Tanzania submitted a near final prospectus to the DSE in December 2017, which is pending approval. The non-receipt of approval is due to a request from the Government of Tanzania to the CMSA by way of letter dated 11 January 2018 to enjoin a share split approved in April 2017 by the shareholders of Airtel Tanzania.

Airtel Tanzania has sent multiple letters to the Government of Tanzania requesting the Government of Tanzania to either withdraw its injunction of the share split, thereby enabling the CMSA to approve Airtel Tanzania's prospectus for listing purposes, or to suspend the listing obligation until the issue is resolved. As at the date of this Prospectus, the Government of Tanzania has not responded to such communications.

Airtel Niger tax assessment

In December 2018, the offices of Celtel Niger S.A., the Group's main operating subsidiary in Niger ("Airtel Niger") were closed for two weeks by order of the General Tax Directorate of Niger for unpaid taxes of US$107 million, which Airtel Niger contested. The matter was settled without prejudice with the Ministry of Finance of Niger for US$26.6 million in December 2018, with an initial payment of US$17.7 million in December 2018 and the balance to be paid in five equal instalments of US$1.8 million between February 2019 and June 2019; as part of the settlement arrangements, the Ministry of Finance of Niger agreed to close the fiscal returns covered by this audit, dating between 1 January 2014 and 31 July 2018.

Airtel Gabon 2009 employment disputes

In 2009, Airtel Gabon initiated an economic redundancy plan for 98 employees in accordance with the Gabon labour code. Fifty-eight of the employees challenged their redundancy in court, demanding an aggregate amount of the equivalent of approximately US$8.3 million. Twenty-seven of the cases have received a ruling from the court as of the date of this Registration Document, out of which nine have been settled for a total amount of US$156 thousand. The amounts awarded in these cases are well below compensations initially claimed. Airtel Gabon continues to follow the remaining 18 matters pending before the lower court and the court of appeal.

Airtel Kenya Licence Matter

Airtel Kenya was involved in a tripartite transaction, in 2013, in which it was agreed that Safaricom would acquire Essar's spectrum and towers while Airtel Kenya would acquire Essar's customers, operating licences and current assets, subject to regulatory approval. The regulator approved the arrangement in February 2014, subject to the fulfilment of specific conditions. As the transaction closed in January 2015, Airtel Kenya opted to combine its negotiations for the renewal of its licence with those of the transaction. Pursuant to the agreed terms, on 17 June 2015, Airtel Kenya paid US$6.975 million to the regulator for extension of the synchronised Essar licence until January 2025.

On 27 January 2015, the regulator wrote to Airtel Kenya confirming that Airtel Kenya would operate under the transferred Essar licence, pending the issuance of the signed modified licence terms and conditions in Airtel Kenya's name. At this point, it was understood by both CA and Airtel Kenya that no further amounts relating to the licence renewal were due from Airtel Kenya. However, by a letter to Airtel Kenya dated 17 June 2015, the regulator made a formal demand seeking payment of US$27 million in respect of renewal of 2G spectrum for a period of 10 years commencing 28 January 2015.

Airtel formally disputed the sought amount on 29 June 2015 and further demanded that the regulator issue the licence terms and conditions, failing which it would seek legal redress on the matter. The regulator acknowledged on 6 November 2015 acknowledging that Airtel Kenya had paid US$6.975 million but renewing its demand of the remaining USD20.025 million.

On 19 November 2017 Airtel responded to the Regulator in which it gave 14 days to issue the licence terms and conditions, failing which Airtel Kenya would proceed to take legal action. Airtel Kenya subsequently applied for judicial review orders of certiorari, prohibition and mandamus against the regulator on 7 August 2017 and applied for quashing of the demand by of the US$20.025 million by the regulator and the immediate issuance of the outstanding operating licence.

The court gave its ruling on 18 December 2017 prohibiting the regulator from demanding US$20.025 million from Airtel Kenya in licence renewal fees as a precondition to the issuance of Airtel's radio frequency spectrum and operating licences and mandated the regulator to issue Airtel Kenya with its licence.

In July 2018, Airtel Kenya filed contempt proceedings against the regulator's Director General as it failed to issue the licence as ordered by the court. The matter is on-going and while continuing to engage the authorities, the Group is taking all actions seeking that the regulator's Director General be cited for contempt of court and enforcement of the December 2017 order.

Airtel Gabon is involved in a dispute with a company, 2JTH, with respect to disputed invoices under a service contract. Although the original order under the contract was issued by Airtel Gabon for a total amount of CFA473,800,000 (approximately US$800 thousand), in 2014 2JTH initiated arbitration claiming a sum of approximately CFA1.9 billion (approximately US$3.3 million), which was awarded by an arbitral tribunal. A lower court in September 2015 enforced the arbitral award and ordered certain of Airtel Gabon's banks to release the funds under a penalty of CFA50 million per day (approximately US$80 thousand). Airtel Gabon appealed to the Court of Appeal, which dismissed the appeal on 15 June 2016 and imposed an additional CFA1 billion (approximately US$1.7 million) as damages for abuse of court process. Airtel Gabon filed an appeal before the OHADA Common Court of Justice and Arbitration ("CCJA") in Abidjan, Ivory Coast, the highest commercial court of the OHADA countries, which quashed the rulings of September 2015 and June 2016, including the imposition of the daily penalty. In mid-May 2019, a lower court in Gabon issued an order against Airtel Gabon reinstating the daily penalty imposed in 2015, for an amount of approximately CFA35 billion (approximately US$60 million). Airtel Gabon lodged an immediate appeal and stay of execution and a hearing is set for late May. Airtel Gabon believes that the lower court order is without merit given the prior decision of CCJA.

12. Related party transactions

Save as described in Note 33 of Section B of Part 11 (Historical Financial Information) and Part 8 (Operational Relationship with Major Shareholder), there are no related party transactions between the Company or members of the Group and related parties.

13. No significant change

There has been no significant change in the financial or trading position of the Group since 31 March 2019, the date to which the Historical Financial Information of the Group was prepared.

14. Consents

Deloitte LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of the report in Part 11 (Historical Financial Information), in the form and context in which it appears and has authorised the contents of those parts of this Registration Document.

Delta Partners Corporate Finance Limited of Office 2104, North Tower, Emirates Financial Towers, Dubai International Financial Centre, P.O. Box 506815, Dubai, United Arab Emirates, is an advisory and investment firm specialised in the telecommunications, media and technology sector. Delta Partners has given and not withdrawn its written consent to the inclusion of the information provided by it and cited as information sourced to or deemed from the Delta Partners

Report in Part 1 (Risk Factors) Part 4 (Industry Overview) and Part 6 (Business Description), in the form and context in which it appears, and has authorised the contents of those parts of this Registration Document, Delta Partners is responsible for the information provided by or attributed to it in this Registration Document and declares that it has taken all reasonable care to ensure that such information is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in this Registration Document in compliance with item 1.2 of Annex I of Commission Regulation (EC) No. 809/2004.

15. General

15.1 The financial information contained in this Registration Document does not amount to statutory accounts within the meaning of section 434(3) of the Act.

16. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following the date of this Registration Document at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London EC4Y 1HS:

(a) the Articles;

(b) the historical financial information relating to the Group and the report thereon by Deloitte LLP set out in Part 11 (Historical Financial Information);

(c) the consent letters referred to in “Consents” in paragraph 15 above; and

(d) this Registration Document.

Dated: 28 May 2019

PART 13
DEFINITIONS AND GLOSSARY

The following definitions apply throughout this Registration Document unless the context requires otherwise:

"$" or "US$" or "US dollars" or "US cents" or "USD" or "cents"	the lawful currency of the United States
"£" or "GBP" or "pound sterling" "sterling" or "pence"	the lawful currency of the United Kingdom
"2010 PD Amending Directive"	Directive 2010/73/EU
"2018 Payment Services Provider Regulation"	Regulation N° 05/2018 of 27 March 2018 of the National Bank of Rwanda governing payment services providers
"2020 Notes"	the CHF350 million of senior notes issued by BAIN in March 2014 (and guaranteed by the Major Shareholder), bearing a fixed rate of interest of 3.0% and maturing on 31 March 2020
"2021 Notes"	the EUR750 million of senior notes issued by BAIN in May 2014 (and guaranteed by the Major Shareholder), bearing a fixed rate of interest of 3.375% and maturing on 20 May 2021
"2023 Notes"	the US$1 billion of senior notes issued by BAIN in March 2013 (and guaranteed by the Major Shareholder), together with a tap issuance in April 2013 of an additional US$500 million of senior notes, all bearing a fixed rate of interest of 5.125% and maturing on 11 March 2023
"2024 Notes"	US$1 billion of senior notes issued by BAIN in May 2014 (and guaranteed by the Major Shareholder), bearing a fixed rate of interest of 5.35% and maturing on 20 May 2024
"AAML"	Airtel Africa Mauritius Limited
"Act"	the Companies Act 2006, as amended, modified or re-enacted from time to time
"affiliates"	as defined in Rule 501(b) of Regulation D of the US Securities Act 1933, as amended
"Articles"	the Articles of Association of the Company from time to time
"ATM"	automated telling machine
"B2B"	business-to-business
"BAIN"	Bharti Airtel International (Netherlands) B.V.
"Board"	the board of directors of the Company
"bps"	bits per second
"Brand Licences"	the trade mark licence agreements granted by the Major Shareholder's group to the Group in respect of the 'Airtel' and 'Wynk' brands, as referred to in Part 7 (Operational Relationship with Major Shareholder)
"Business Transfer"	the proposed transfer of Telkom Kenya's mobile operations, enterprise, and carrier business to Airtel Kenya in consideration for which Telkom Kenya will acquire a shareholding in Airtel Kenya
"CAGR"	compound annual growth rate
"CFA"	Central African Franc, in the case of Gabon, Congo and Chad and West African CFA Franc, in the case of Niger
"Company"	Airtel Africa Limited
"Corporate Advisory Services"	the corporate advisory services referred to in Part 7 (Operational Relationship with Major Shareholder)

"Delta Partners"	Delta Partners Corporate Finance Limited
"Delta Partners Report"	the report prepared by Delta Partners, as described in Part 2 (Presentation of Financial and Other Information)
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules of the FCA made under Part VI of the FSMA
"Directors".......................................	the Executive Directors and the Non-Executive Directors
"EPOCA"..	the Tanzanian Electronic and Postal Communications Act of 2010, as amended
"EU"	the European Union
"Executive Directors"	the executive Directors of the Company
"Executive Officers"	the Chief Executive Officer and Chief Financial Officer of the Company
"Existing Services"...........................	the Finance Shared Services
"FCA"	the UK Financial Conduct Authority
"Finance Shared Services"	the finance shared services referred to in Part 7 (Operational Relationship with Major Shareholder)
"FSMA"	the Financial Services and Markets Act 2000, as amended
"GDP"	gross domestic product
"GDPR"...	General Data Protection Regulation (EU) 2016/679
"Global Procurement Services"	the procurement services referred to in Part 7 (Operational Relationship with Major Shareholder)
"Governance Code"	the UK Corporate Governance Code published by the Financial Reporting Council, as amended from time to time
"Group"	the Company and its subsidiary undertakings
"GSM"...	Global System for Market Communication
"Hero"	Hero Inc. Limited
"IASB"	International Accounting Standards Board
"ICT"	Information, Communication and Technology
"IFRS"...	International Financial Reporting Standards, as adopted by the European Union
"Incremental Underlying EBITDA Margin"	year-on-year Incremental Underlying EBITDA divided by incremental revenue
"IT Services Agreement".................	the IT services agreement between BAIN and the Major Shareholder in relation to the provision of software development, IT security and hosted applications services as referred to in Part 7 (Operational Relationship with Major Shareholder)
"IUC"	interconnection usage charge
"KICA"...	the Kenya Information and Communications Act (CAP 411A, Laws of Kenya)
"KYC"..	know your customer
"Leverage Ratio".............................	net debt divided by Underlying EBITDA
"LuSE"	the Lusaka Stock Exchange
"Major Shareholder".........................	Bharti Airtel Limited, a public limited company incorporated in India whose registered office is at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi 110 070, India
"Major Shareholder Services"..........	the services referred to in Part 7 (Operational Relationship with Major Shareholder)
"Market Abuse Regulation".............	Regulation (EU) 596/2014
"Member State"	member states of the European Economic Area
"MFS"...	mobile financial services

"MNO"	mobile network operator
"MVNO"	mobile virtual network operator
"New Airtel Africa Facility"	a bank facility available to the Company subject to execution of the facility agreement in a principal amount up to US$2 billion
"New and Amended Services"	Corporate Advisory Services and Global Procurement Services
"New Facilities"	the New Airtel Africa Facility and the Other New Facilities
"NOC"	network operations centre
"Non-Executive Directors"	the non-executive Directors of the Company
"Notes"	collectively, the 2020 Notes, the 2021 Notes, the 2023 Notes and the 2024 Notes
"NRCGT"	non-resident capital gains tax
"Nxtra"	Nxtra Data Limited
"Nxtra Amendment Agreement"	the agreement under which the Company, BAIN and the Major Shareholder agree to amend the terms of the Nxtra Master Services Agreement, as described in Part 12 (Additional Information)
"Nxtra Master Services Agreement"	the agreement under which Nxtra Data Limited provides data centre-related services to the Group, as described in Part 12 (Additional Information)
"Operating Free Cash Flow"	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
"Ordinary Shares"	the ordinary shares of nominal value US$1.00 each in the capital of the Company, having the rights set out in the Articles
"Other New Facilities"	the other new committed bank facilities granted to certain subsidiaries of the Company totalling up to US$425 million
"PCAOB"	the Public Company Accounting Oversight Board (United States)
"Pre-IPO Funding"	the acquisition by the Pre-IPO Investors of 976,635,762 Pre-IPO Subscription Shares in October 2018 and January 2019 for an aggregate subscription amount of US$1.45 billion
"Pre-IPO Investors"	the Warburg Pincus Parties, Singtel, Temasek, Hero, ICIL, SoftBank and QIA
"Pre-IPO Subscription Shares"	the 976,635,762 Ordinary Shares acquired by the Pre-IPO Investors in connection with the Pre-IPO Funding
"Prospectus Directive"	European Union Directive 2003/71/EC and amendments thereto, including any relevant implementing measure in each Relevant Member State
"Prospectus Rules"	the prospectus rules of the FCA made under Part VI of the FSMA
"PTT"	property transfer tax in Zambia
"QIA"	Qatar Holding LLC
"Rule 144A"	Rule 144A under the US Securities Act
"RURA"	Rwanda Utilities Regulatory Authority
"Senior Managers"	those individuals identified as such in Part 8 (Directors, Senior Managers and Corporate Governance)
"Services Agreement"	the agreement under which the Major Shareholder will provide Major Shareholder Services to the Group (other than the data centre-related services provided by Nxtra Data Limited pursuant to the Nxtra Master Services Agreement), as described in paragraph 10.1 of Part 12 (Additional Information)
"Shareholders"	the holders of Ordinary Shares

"Singtel"	Singapore Telecom International Pte Ltd
"SoftBank".......................................	SB Fast Holdings (Cayman) Limited
"Temasek"	Evans Investments Pte. Ltd
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"Underlying EBITDA".......................	profit / (loss) for the year before tax (credit) / expense, share of results of associate, non-operating income (net), finance income, finance costs, depreciation and amortisation, charity and donation and adjusted for exceptional items
"Underlying EBITDA before IFRS 16" .	profit / (loss) for the period before tax (credit) / expense, share of results of associate, non-operating income (net), finance income, finance costs and depreciation and amortization adjusted for charity and donation, exceptional item and IFRS-16 impact
"Underlying EBITDA Margin"	Underlying EBITDA divided by total revenue
"Underlying profit/(loss) before tax" .	profit / (loss) for the year adjusted for tax (credit) / expense and exception items
"Underlying Operating Expenditure" ..	expenses excluding access charges, depreciation and amortisation, charity and donation and adjusted for exceptional items
"United States" or "US"	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
"US GAAS"	auditing standards generally accepted in the United States
"US Securities Act"	US Securities Act of 1933, as amended
"VAS"	value-added services
"VAT"	value-added tax
"Warburg Pincus Parties"	Dawn L.P., Dawn 2 L.P., Warburg Pincus (Ganymede) Private Equity XII (Cayman), L.P., Warburg Pincus (Europa) Private Equity XII (Cayman), L.P., Warburg Pincus (Callisto) Private Equity XII (Cayman), L.P., Warburg Pincus Private Equity XII-B (Cayman), L.P., Warburg Pincus XII Partners (Cayman), L.P., Warburg Pincus Private Equity XII-E (Cayman), L.P., WP XII Partners (Cayman), L.P., Warburg Pincus Private Equity XII-D (Cayman), L.P.

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