



April 01, 2021

National Stock Exchange of India Limited

Exchange Plaza, C-1 Block G
Bandra Kurla Complex, Bandra (E)
Mumbai – 400051, India

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001, India

Ref: Bharti Airtel Limited (BHARTIARTL/ 532454)

Sub: Press Release issued by Airtel Africa plc, a subsidiary of the Company

Dear Sir/ Ma'am,

We are enclosing herewith a press release titled '*Airtel Africa's Mobile Money Business Gains \$100m Investment from Mastercard*' issued by Airtel Africa plc, a subsidiary of the Company.

Kindly take the above information on record.

Thanking you,
Sincerely yours,

For Bharti Airtel Limited



Rohit Krishan Puri
Dy. Company Secretary & Compliance Officer

6 Encl. as above

Bharti Airtel Limited
(a Bharti Enterprise)

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Airtel Africa plc

("Airtel Africa", or the "Group")

Airtel Africa's Mobile Money Business Gains \$100m Investment from Mastercard

London and Lagos, 1 April 2021: Airtel Africa, a leading provider of telecommunications and mobile money services, with a presence in 14 countries across Africa, today announces the signing of an agreement under which Mastercard, a leading innovator and global technology company in the payments industry, will invest \$100m in Airtel Mobile Commerce BV ("AMC BV"), a wholly owned subsidiary of Airtel Africa plc (the "Transaction"). AMC BV is currently the holding company for several of Airtel Africa's mobile money operations and is intended to own and operate the mobile money businesses across all of Airtel Africa's fourteen operating countries.

The Transaction values Airtel Africa's mobile money business at \$2.65bn on a cash and debt free basis.

Mastercard will hold a minority stake in AMC BV upon completion of the Transaction, with Airtel Africa continuing to hold the majority stake. The Transaction is subject to customary closing conditions including necessary regulatory filings and approvals, and the transfer of specified mobile money business assets and contracts into AMC BV.

Alongside the investment, the Group and Mastercard have extended commercial agreements and signed a new commercial framework which will deepen their partnerships across numerous geographies and areas including card issuance, payment gateway, payment processing, merchant acceptance and remittance solutions, amongst others.

Following the announcement on 18 March 2021 of \$200m investment in AMC BV by TPG's The Rise Fund, and the sale of the Group's telecommunication towers companies in Madagascar and Malawi on 23 March 2021, the Transaction is a continuation of the Group's pursuit of strategic asset monetisation and investment opportunities. As previously announced, Airtel Africa aims to continue to monetise its mobile money business with minority investments up to a total of 25% of the issued share capital of AMC BV, and to explore the potential listing of the mobile money business within four years.

The proceeds from the Transaction will be used to reduce Group debt and invest in network and sales infrastructure in the respective operating countries.

Airtel Africa mobile money services

Operating under the Airtel Money brand, Airtel Africa's mobile money services is a leading digital mobile financial services platform catering to a large addressable market in Africa (characterised by limited access to formal financial institutions with limited banking infrastructure) and includes mobile wallet deposit and withdrawals, merchant and commercial payments, benefits transfers, loans and savings, virtual credit card and international money transfers.

Mobile money services are available across the Group's 14 countries of operation, however in Nigeria the Group offers Airtel Money services through a partnership with a local bank and has applied for its



own mobile banking licence. It is the intention that all mobile money operations will be owned and operated by AMC BV.

In our most recent reported results for Q3, the mobile money service segment (corresponding to all the businesses that are intended to be transferred to AMC BV) delivered a strong operational performance:

- Generated revenue of \$110m (\$440m annualised), and underlying EBITDA of \$54m (\$216m annualised) at a margin of 48.7%.
- Year on year revenue growth for the quarter was 41.1% in constant currency, largely driven by 29% growth in the customer base to 21.5m, and 9.7% ARPU growth.
- Growth in transaction value was 53.0% to \$12.8bn (\$51bn annualised).

Our mobile money business benefits from strong network effects with our core telecom business through the extensive distribution platform of kiosks and mini shops as well as dedicated Airtel Money branches supplementing our extensive agent network, to facilitate customers' assured wallet and cash.

We have a clear strategy to continue to drive sustainable long-term growth in Airtel Money with a focus on assured float availability, distribution expansion and increased usage cases for our customers.

In this year alone, in addition to Mastercard, we have added partnerships with Samsung, Asante, Standard Chartered Bank, MoneyGram, Mukuru and WorldRemit to expand both the range and depth of the Airtel Money offerings and to further drive customer growth and penetration.

The profits before tax in the full year ending 31 March 2020 and value of gross assets as of that date, attributable to the mobile money businesses were \$143.4m and \$463.2m, respectively.

Key elements of the Transaction

- Agreement values Airtel Africa's mobile money business at \$2.65bn on a cash and debt free basis.
- AMC BV, a wholly owned subsidiary of Airtel Africa, is currently the holding company for several of Airtel Africa's mobile money operations; and is intended to own and operate the mobile money businesses across all of Airtel Africa's fourteen operating countries once the inclusion of the remaining mobile money operations under AMC BV is completed.
- Mastercard (through one of its wholly owned subsidiaries) will invest \$100m through a secondary purchase of shares in AMC BV from Airtel Africa. The transaction will close in two stages. \$75m will be invested at first close, once the transfer of sufficient mobile money operations and contracts into AMC BV has been completed, with \$25m to be invested at second close upon further transfers.
- Airtel Africa aims to explore the potential listing of the mobile money business within four years. Under the terms of the Transaction, and in very limited circumstances (in the event that there is no Initial Public Offering of shares in AMC BV within four years of first close, or in the event of changes of control without Mastercard's prior approval), Mastercard would have the option, so as to provide liquidity to them, to sell its shares in AMC BV to Airtel Africa or its affiliates at fair market value (determined by a mutually agreed merchant bank using an agreed internationally accepted valuation methodology). The option is subject to a minimum price equal to the consideration paid by Mastercard for its investment (less the value of all distributions and any proceeds of sale of its



shares, and with no time value of money or minimum built in) and a maximum number of shares in AMC BV such that the consideration does not exceed \$200m.

The Transaction is expected to reach first close over next three to four months. From first close, Mastercard will be entitled to certain customary information and minority protection rights.

Raghunath Mandava, CEO of Airtel Africa, commented:

"With today's announcement we are pleased to welcome Mastercard as an investor in our mobile money business, joining The Rise Fund which we announced two weeks ago. This is a continuation of our strategy to increase the minority shareholding in our mobile money business with the further intention to list this business within four years. We are significantly strengthening our existing strategic relationship with Mastercard to help us both realise the full potential from the substantial opportunity to improve financial inclusion across our countries of operation. The combination of our extensive customer base and distribution platforms and Mastercard's products and services, innovation and know how, mean we can together accelerate demand and drive growth in financial services for the benefit of all our customers and markets."

-ENDS-

Enquiries

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The person responsible for making this announcement is Simon O'Hara, Group Company Secretary.

About Airtel Africa (LSE: AAF)

Airtel Africa is a leading provider of telecommunications and mobile money services, with a presence in 14 countries in Africa, primarily in East Africa and Central and West Africa.

Airtel Africa offers an integrated suite of telecommunications solutions to its subscribers, including mobile voice and data services as well as mobile money services, both nationally and internationally.

The Group aims to continue providing a simple and intuitive customer experience through streamlined customer journeys.

For more information visit www.airtel.africa