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Data-led growth underpins margin expansion

BLOOMBERG: AIRTELAFRI NL

CardinalStone Research
research@cardinalstone.com

Airtel Africa Plc (AIRTELAFRI—TP: UR) Q1'26/27 results were in line with expectations, as topline scaled by 30.5% to reach $1.9 billion, reflecting solid growth across revenue segments, as well as currency appreciation across most markets of operation.

Notably, data revenue led segmental contribution to the Group's topline earnings, with a 36.5% YoY growth to $750.0 million. The performance was driven by increased data usage per customer to 10.6GB per month (vs 7.8GB prior) and a data ARPU growth of 18.4%.

EBITDA margin printed higher at 50.0% (+2.2ppts YoY), benefiting from a favourable operating environment and reflecting the success of the company's cost efficiency programme, which limited the impact of higher energy costs stemming from elevated global fuel prices.

Total net finance costs increased to $269.0 million (55.0% YoY) in Q1'26/27, primarily due to increased interest payments on lease liabilities, as the company scaled site rollouts. However, the Group's weighted average interest dipped to 10.1% compared to 12.9% in the prior period, as the company was able to lower its coupon currency mix as a result of lower interest rate environments in operating markets.

Tax expenses printed at $162.0 million, translating to an Effective Tax Rate (ETR) of 45.0%, higher than 42.9% last year.

PAT for the period printed was $198.0 million (26.9% YoY), resulting in an EPS of 4.4 cents (vs 3.4 cents previously). Profitability metrics improved with ROA and ROE settling at 5.5% and 22.2%, respectively (vs 5.0% and 21.5%, in the prior year).

Operating free cash flow for the period printed at $539.0 million, down 3.5% YoY, due to higher CAPEX for the period in line with FY’26/27 guidance, which masked the strong print in EBITDA.

Q1'26/27 Earnings breakdown

$'million	Q1'26/27	Q1'25/26	YoY	FY'26/27E	% of FY'26/27E
Revenue	**1,855**	**1,421**	**30.5%**	**7,780**	**23.8%**
Expenses	(927)	(742)	24.9%	(4,019)	23.1%
EBITDA	**928**	**679**	**36.7%**	**3,761**	**24.7%**
D & A	(301)	(233)	29.2%	(1,349)	22.3%
Operating profit (EBIT)	**627**	**446**	**40.6%**	**2,412**	**26.0%**
Net finance cost	(269)	(173)	55.5%	(806)	33.4%
Net monetary gain relating to hyperinflationary accounting	2	(1)	NA	-	NA
PBT	**360**	**273**	**31.9%**	**1,606**	**22.4%**
Taxation	(162)	(117)	38.5%	(723)	22.4%
PAT	**198**	**156**	**26.9%**	**883**	**22.4%**
EPS (cents)	**4.4**	**3.4**	**29.4%**	**21.0**	21.0%
Mobile Subscribers (million)	189.0	169.4	11.6%		
Data Subscribers (million)	87.3	75.6	15.5%		

Ratio Analysis	Q1'26/27	Q1'25/26
EBITDA margin	50.0%	47.8%
EBIT margin	33.8%	31.4%
PBT Margin	19.4%	19.2%
PAT Margin	10.7%	11.0%
Effec. Tax Rate	45.0%	42.9%
Return-on-Assets (ROA)	5.5%	5.0%
Return-on-Equity (ROE)	22.2%	21.5%
EV/EBITDA	7.26x	
5 year average EV/EBITDA	4.86x	

Source: S&P CapitalIQ, Company financials, CardinalStone Research

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