Airtel Uganda IPO

September 2023



Offering Summary

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Issuer	Airtel Uganda Limited
Selling Shareholder	Bharti Airtel Uganda
Offer Structure	Outside the US with reliance on Regulation S To retail investors via m-IPO platform, USE website and receiving banks
Offer Terms	Secondary proceeds only
Offer Price	UGX100.00
No. of offer shares	8,000,000,000
Offer Size	UGX800.00Bn (USD216.22Mn)
Listing	Uganda Securities Exchange, Main Investment Market Segment
Lead Transaction Advisor & Lead Receiving Bank	Absa Bank Uganda Limited
Lead Sponsoring Broker	Crested Capital

Source: IPO Prospectus.

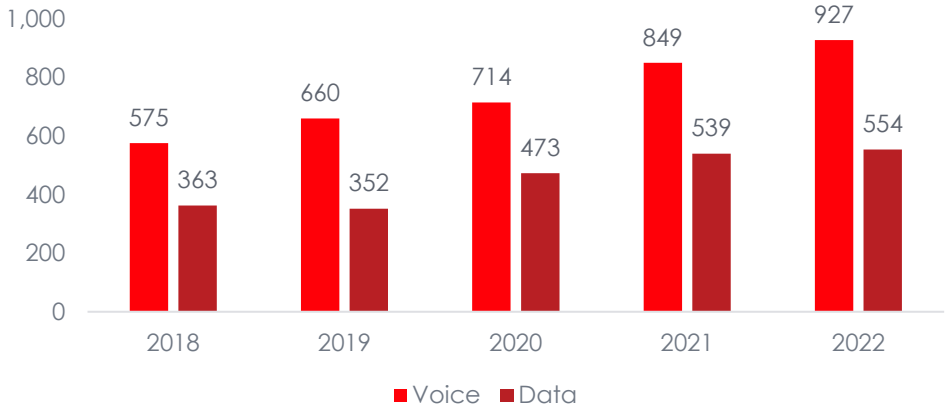
Listing Rationale & Investment Considerations

1	Fulfillment of the provisions of the NTO Licence by UCC
2	Strong financial & Operational Performance
3	Generous and attractive dividend policy Target payout ratio of 95% of NPAT or retained earnings, whichever is higher.
4	Innovation & Market Leadership
5	Strong shareholder support & Strategic Alliances
6	Increased level of corporate governance
7	Contribution to the development of Ugandan capital markets
8	Access to capital markets for future growth funding

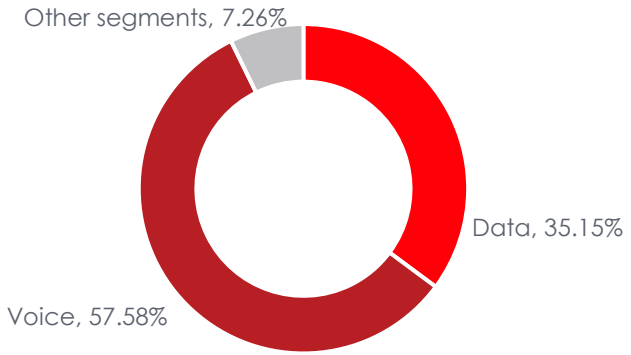
Source: IPO Prospectus.

GSM & Data Performance

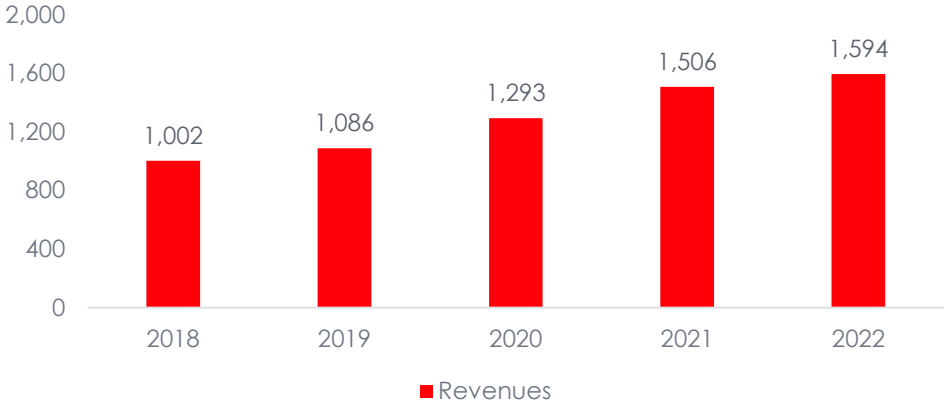
Data vs. Voice Revenues (UGX'Bn)



Contributions to Revenue



Revenues (UGX'Bn)



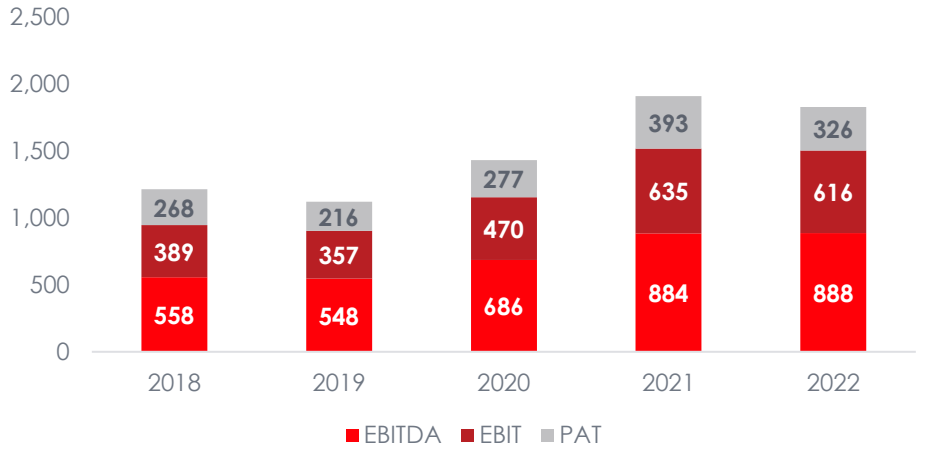
Key Highlights

- Based on a 5YR average, voice was the largest contributor to revenue at 57.58%, data accounted for 35.15% while other revenue streams comprised only 7.26% of overall revenue.
- Between 2018-2022, voice grew at a CAGR of 12.68% to Ugx927Bn ($250.54Mn) from Ugx575Bn ($155.41Mn).
- Data revenue increased at a 5YR CAGR of 11.15% to Ugx554Bn ($149.73Mn) in 2022 from Ugx363Bn ($98.11Mn) in 2018.
- Airtel's revenues increased steadily at a CAGR of 12.31% to Ugx1.59Tn ($430.88Mn) in 2022 from Ugx1.00Tn ($270.74Bn) in 2018.

Source: IPO Prospectus.

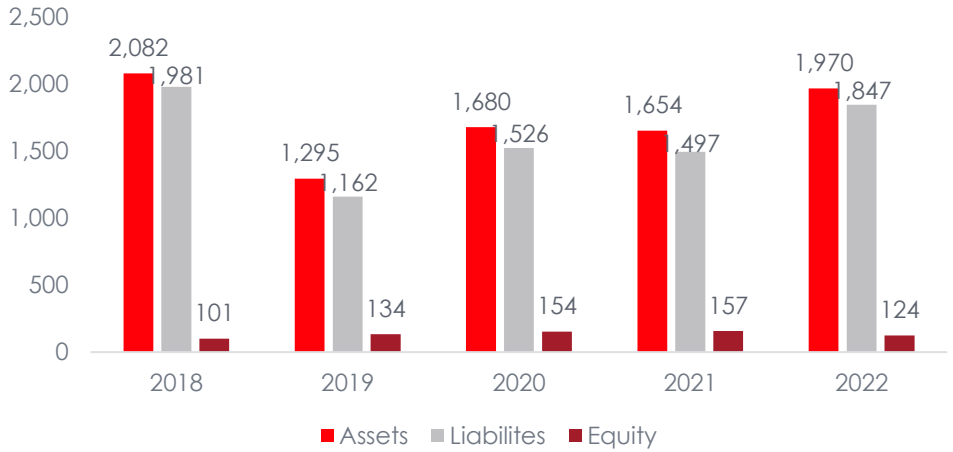
Profitability & Balance Sheet

Profitability (UGX'Bn)



- Airtel's EBITDA followed a positive trend growing at a 5YR CAGR of 12.32% from UGX558.01Bn (USD150.81Mn) in 2018 to UGX888.01Bn (USD240Mn) in 2022
- Operating profit (EBIT) achieved a 5YR CAGR of 12.14% to UGX615.55Bn (USD166.37Mn) in FY2022 from UGX389.31Bn (USD105.22Mn) in FY2018
- Profit after tax (PAT) steadily grew 4.97% to UGX325.70Bn (USD88.03Mn) in FY2022 from UGX268.25Bn (USD75.50Mn) in FY2018

Balance Sheet (UGX'Bn)



- As of December 31, 2022, Airtel's total assets stood at UGX1.97Tn (USD532.54Mn)
- Liabilities over the 5-years to 2022 declined 1.75% to UGX1.85Tn (USD499.07Mn) from UGX1.98Tn (USD535.53Mn) in 2018
- Shareholder's equity advanced by a CAGR of 5.26% between 2018 and 2022 to UGX123.86Bn (USD33.48Mn)

Source: IPO Prospectus.

What is the Offer?

UGX 100

Projected FY2023

Revenue	EBITDA	PAT
UGX1.86Tn (USD503.80Mn)	UGX1.06Tn (USD285.51Mn)	UGX457.03Bn (USD123.52Mn)

Implied Enterprise Value
UGX5.28Tn (USD1.43Bn)

Implied Market cap
UGX4.00Tn (USD1.08Bn)

Incentive Shares

Retail Investors:
Between **5 – 20 shares per 100**

Professional Investors:
Between **0 – 37.5 shares per 100**

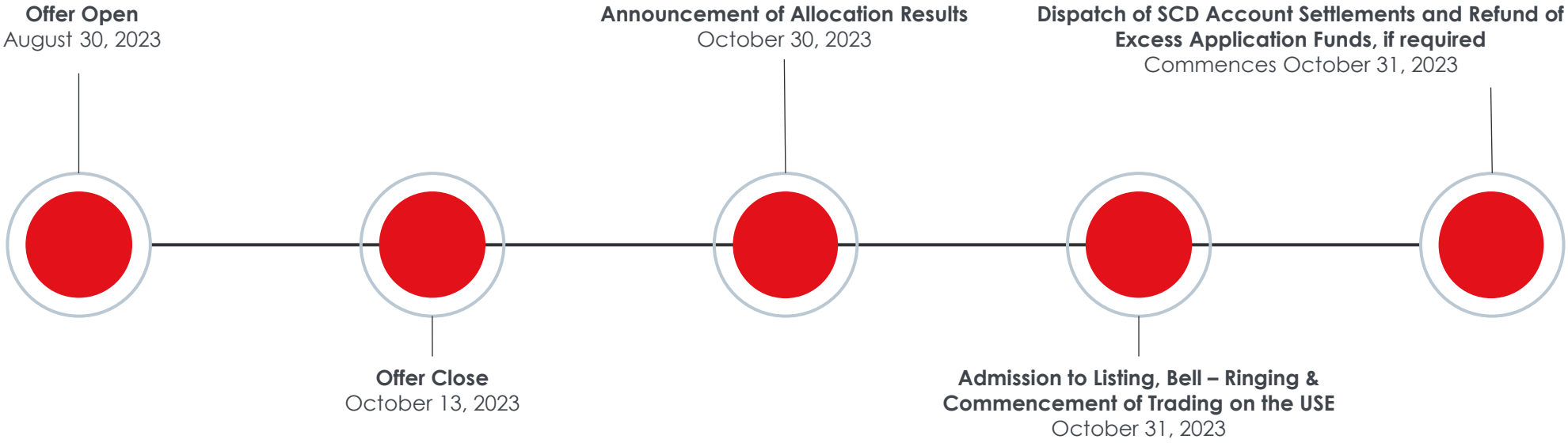
Dividend

Investors that are allocated and allotted shares on 30 October 2023 will be entitled to receive **Q3 dividend**

The company will target a dividend payout ratio of **95% of retained earnings on Net Profit After tax**, whichever is higher

Source: IPO Prospectus.

Key Offer Timelines & Milestones



Source: IPO Prospectus.

Incentive Structure for Retail Investors

No. of shares	Value (UGX)	Incentive shares per 100	Effective Offer Price (UGX)
2,500 shares & up to 18.5Mn shares	250,000 – 1.85Bn	5.0	**95.24**
2,500 shares & up to 18.5Mn shares through m-IPO	250,000 – 1.85Bn	6.0	**94.34**
> 18.5Mn shares & up to 37Mn shares	1.85Bn – 3.70Bn	10.0	**90.91**
> 37Mn shares	3.70Bn +	20.0	**83.33**

Source: IPO Prospectus.

Incentive Shares for Retail Investors (Illustration)

Applying for 2,500 shares & up to 18.5Mn shares

5 incentive shares for every 100 sale shares allocated	
Amount invested	**250,000**
Offer price per share	**UGX100.00**
No of shares	**2,500**
Incentive shares	**125**
Adjusted no. of shares*	**2,625**
Effective offer price per share*	**UGX95.24**

Applying for > 37Mn shares

20 incentive shares for every 100 sale shares allocated	
Amount invested	**4,000,000,000**
Offer price per share	**UGX100.00**
No of shares	**40,000,000**
Incentive shares	**8,000,000**
Adjusted no. of shares*	**48,000,000**
Effective offer price per share*	**UGX83.33**

Source: IPO Prospectus.

Key Risks & Mitigation

Risk	Mitigation
Competition from other traditional and non-traditional operators in the telecommunications sector	The company intends to continue implementing strategic objectives of delivering sustainable, profitable growth through digitalization and sustainable development
Decline of growth in revenue from voice services	The company expects that the rising smartphone and tablet penetration and usage and other multimedia services, as well as improvements in mobile network capability, will continue to drive demand for data services and will offset any decline in revenue from voice services
Exposure to SIM – box fraud	The company has jointly committed resources with other operators in Uganda and has implemented a number of fraud management and software tools
Credit risk	The company applies credit approvals, limits, and rigorous due diligence and monitoring procedures for post-paid customers
Shares are subject to price fluctuations	Diversify the client portfolio

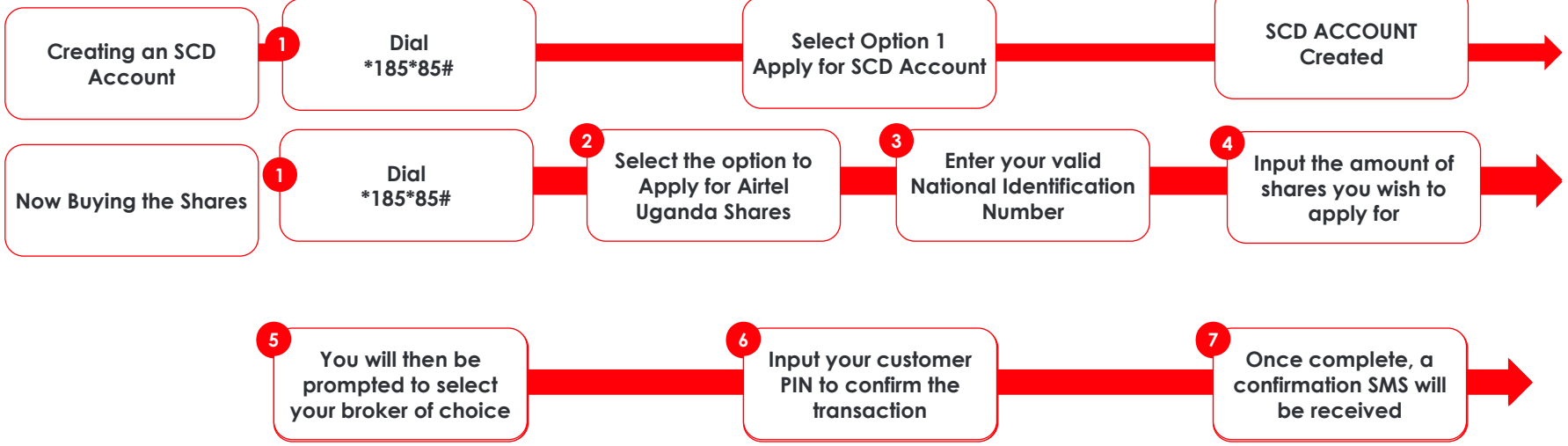
Note: Potential investors in the Airtel Uganda IPO are strongly encouraged to read Section 8 in Prospectus which details all the risks related to the company and the offer

Source: IPO Prospectus.

How to Participate

If you already have SCD account, follow the procedure below

m-IPO



How to Participate

Lead Receiving Banks

Telephone: +256 313 218 348 **Email:** vincent.otim@absa.africa	**Telephone:** 0800 222 000 **Email:** gmundua@dfcugroup.com	**Telephone:** +256 312 327 000 **Email:** info@equitybank.co.ug	**Telephone:** 0800 250 250 **Email:** tps@standardbank.com	**Telephone:** +256 313 294 100 **Email:** ug.services@sc.com

Authorised Selling Agents

Telephone: +256 393 230 900 **Email:** info@crestedcapital.com	**Telephone:** +256 200 935 935 **Email:** dan@chippercash.com	**Telephone:** +256 414 233 050 **Email:** uganda@dyerandblair.com	**Telephone:** +256 312 224 965 **Email:** sbgtrading@standardbank.com	**Telephone:** +256 414 332 824 **Email:** clientretalationsufs@uap-group.com

Source: IPO Prospectus.

Q&A

Thank You for Attending

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