helios towers

Results H1 2018

15 August 2018

Agenda

1. Executive Summary
2. Financial Results
3. Q&A

Helios Towers Team Today

Kash Pandya
Chief Executive Officer

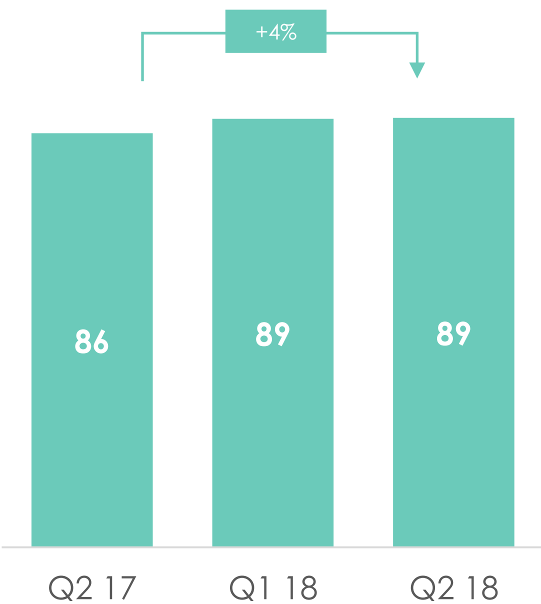
Tom Greenwood
Chief Financial Officer

Manjit Dhillon
Head of Corporate Finance

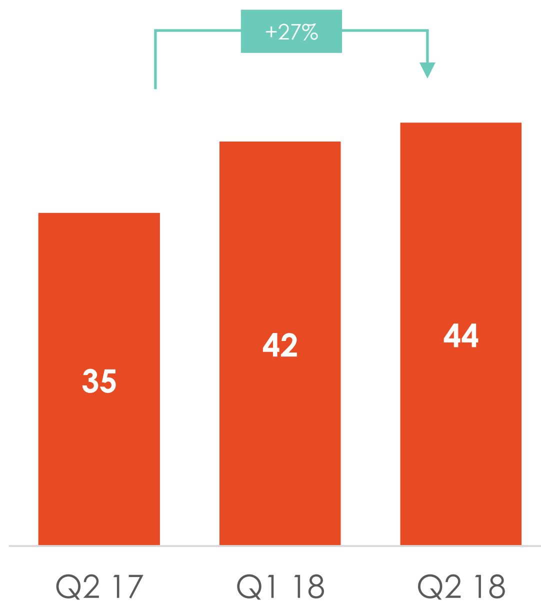
Key Highlights

Year-on-year Growth in Revenues and Adj. EBITDA Driven by Organic Demand and Business Excellence Strategy

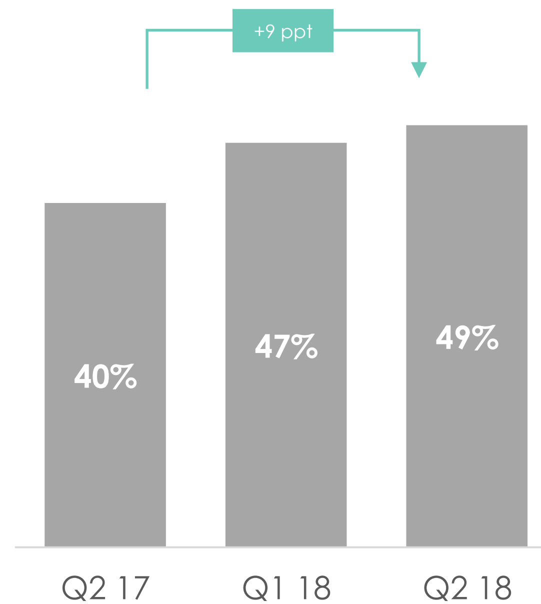
Revenue Growth



Adj. EBITDA growth

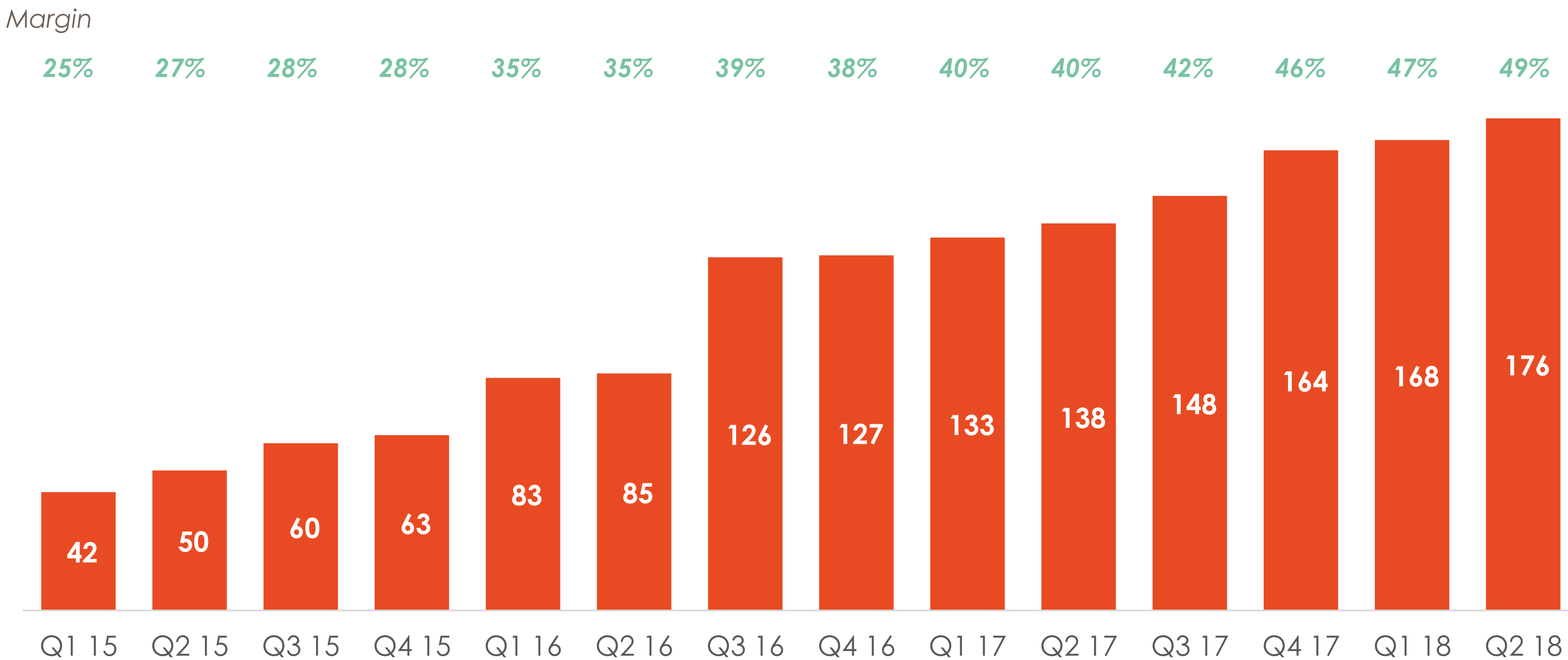


Adj. EBITDA margin expansion



- Q2 18 Revenue of $89m increased 4% year-on-year (Q2 17: $86m) and flat quarter-on-quarter due to timing of tenancy rollouts
- Adj. EBITDA up 27% year-on-year to $44m with Adj. EBITDA margin at 49% with an increase of 9ppts year-on-year
- Outlook: continued EBITDA growth and margin expansion through top-line growth and continued implementation of the Business Excellence Strategy

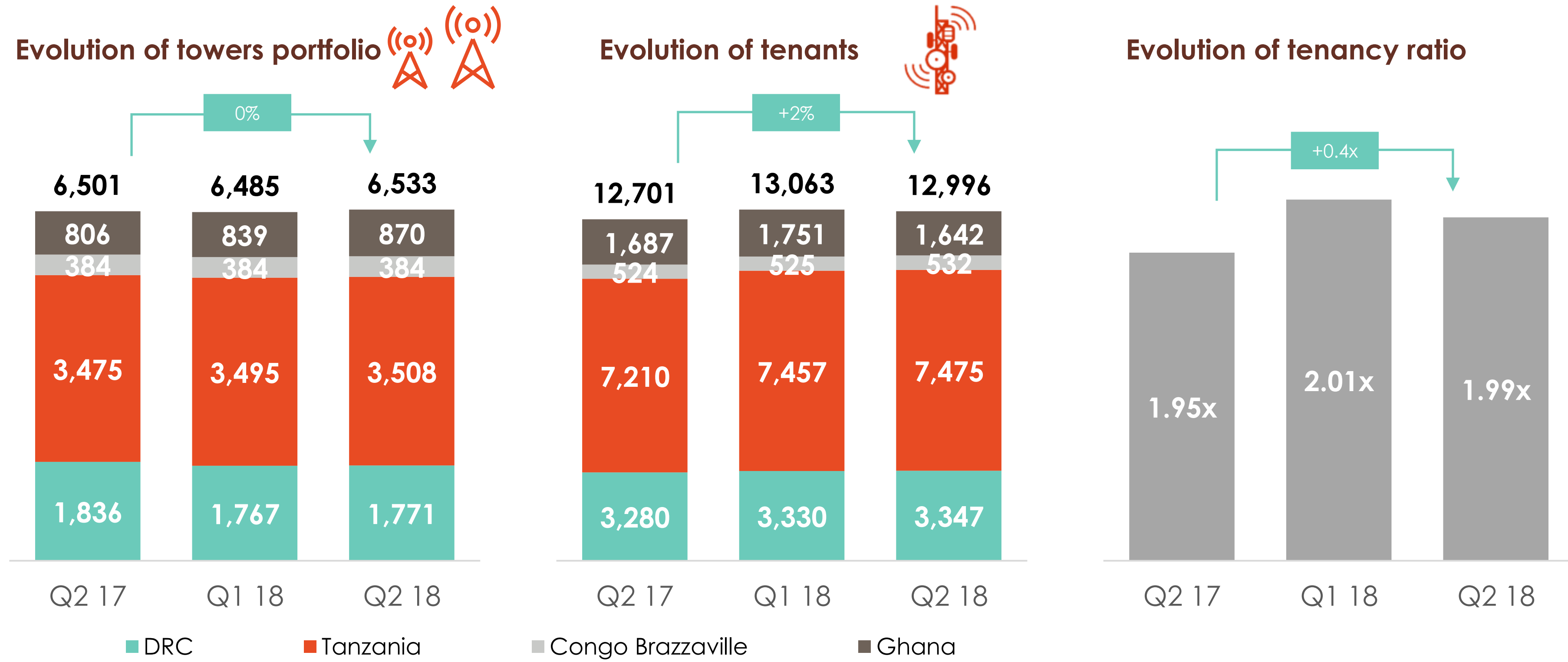
Group Annualised Adj. EBITDA[1] Evolution



14 consecutive quarters of EBITDA growth

(1) *"Adjusted EBITDA" is defined as earnings before interest, tax, depreciation and amortization adjusted for discontinued operations, other gains and losses, investment income, share-based payment charges, loss on disposal of PP&E, impairment of intangible assets and PP&E, deal costs relating to unsuccessful tower transactions or successful tower transactions that cannot be capitalized, and exceptional items. Exceptional items are material items that are considered exceptional in nature by management by virtue of their size and/or incidence. Annualised Adjusted EBITDA calculated as per the bond definition as the most recent fiscal quarter multiplied by 4. This is not a forecast of future results.*

Tenancies up by +2% year-on-year, Achieving a Tenancy Ratio of 1.99x for Q2 18



- Tenancy ratio decreased to 1.99x from 2.01x in the prior quarter due to the effect of the Airtel-Tigo merger. The impact is EBITDA neutral, with a contract extension from 5 to 15 years and net reduction of 140 colocations offset by improved contractual terms
- Outlook: adding more colocation, amendment and built-to-suit tenancies as well as driving continued operational cost efficiencies to support the focus on margin expansion

Recent Developments

DRC Backbone Rollout

- Upgrading and building backbone sites covering 1,800km in the DRC
- Investment supports the continued improvement and expansion of the network by local MNOs
- Network runs through multiple areas of DRC, improving mobile infrastructure and connectivity to an estimated 6 million citizens in the country
- Provides the infrastructure for increased 3G capacity and to launch 4G in Kisangani, DRC's third largest city
- Project due for completion by December 2018

Embedding Business Excellence

- 70 black belts / orange belts trained in 2017, and a further c. 80 being trained in 2018
- >85% of sites performing at six sigma levels (less than 2 seconds downtime per week)
- Focused on exceptional customer service and margin improvement initiatives
- ServiceNow (digital field application to track real-time performance of field teams) now rolled out across 87% sites

Business Development

- Actively looking at a number of geographic and technological expansion opportunities
- Focusing on other attractive African markets
- Continuing to evaluate small cells, fibre and data centres

Financial Results

Group Q2 2018 Key Highlights

Results Snapshot

In US$m, unless otherwise stated	Q1 18	Q2 18	% change Q-o-Q	H1 17	H1 18	% change Y-o-Y
Revenue	89	89	0%	169	178	5%
Adj. EBITDA[1]	42	44	5%	68	86	27%
Annualised adj. EBITDA[2]	168	176	5%	138	176	27%
Adj. EBITDA margin (%)	*47%*	*49%*	2ppt	*40%*	*48%*	8ppt
Sites (#)	6,485	6,533	1%	6,501	6,533	0%
Colocations (#)	6,578	6,463	-2%	6,200	6,463	4%
Tenancies (#)	13,063	12,996	-1%	12,701	12,996	2%
Tenancy Ratio (x)	*2.01x*	*1.99x*		*1.95x*	*1.99x*	
Capex	37	34	-8%	63	70	11%
Net Debt [3]	612	628	3%	453	628	39%

Financial Summary

- Revenue: +5% Y-o-Y / +0% Q-o-Q
- Adj. EBITDA: +27% Y-o-Y / +5% Q-o-Q
- Adj. EBITDA margin: +8ppt Y-o-Y / +2ppt Q-o-Q

Operational Summary

- Y-o-Y +32 sites (+0%) and +263 colocations (+4%)
- Y-o-Y growth driven by organic demand and Business Excellence Strategy, net of Airtel-Tigo merger
- Y-o-Y tenancy ratio increased to 1.99x
- Q-o-Q +48 sites (+1%) and -115 colocations (-2%), net of Airtel-Tigo merger

Financials are presented post-IFRS 16 adoption

(1) Adjusted EBITDA is defined as loss for the period, adjusted for loss for the period from discontinued operations, additional tax, income tax, finance costs, other gains and losses, investment income, share-based payments charges, loss on disposal of property, plant and equipment, amortisation and impairment of intangible assets, depreciation and impairment of property, plant and equipment, deal costs relating to unsuccessful tower acquisition transactions or successful tower acquisition transactions that cannot be capitalised, and exceptional items. Exceptional items are material items that are considered exceptional in nature by management by virtue of their size and/or incidence.

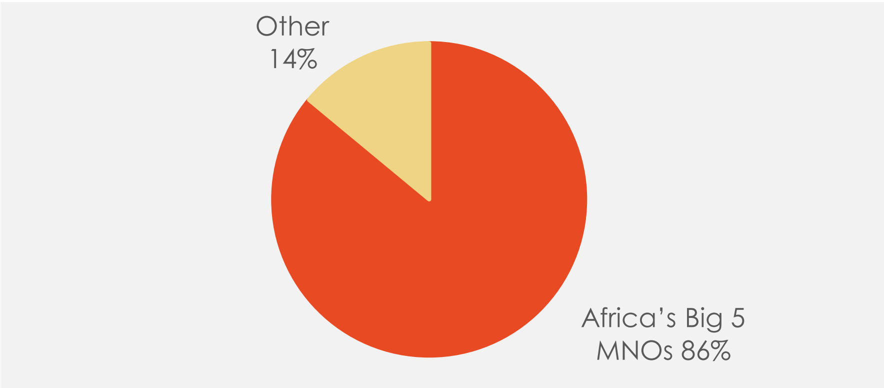
(2) Annualised Adj. EBITDA calculated as per the bond definition as the most recent fiscal quarter multiplied by 4. This is not a forecast of future result.

(3) Net debt is calculated as our gross debt less cash and cash equivalents

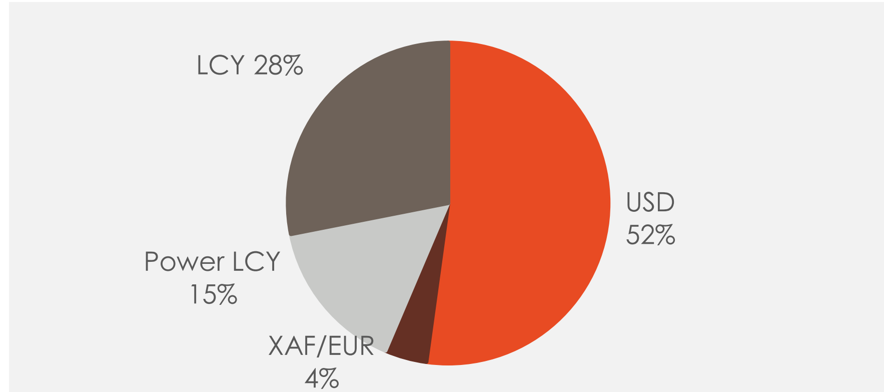
(4) Calculated as net debt divided by Annualised Adj. EBITDA for quarterly and Adj. EBITDA for yearly financial information

H1 2018 Revenue Breakdown

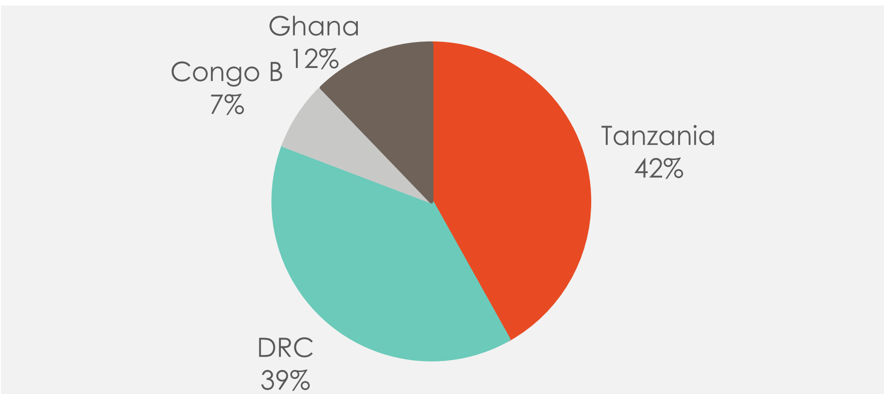
H1 2018 Revenue Breakdown by Customer



H1 2018 Revenue Breakdown by FX



H1 2018 Revenue Breakdown by Country

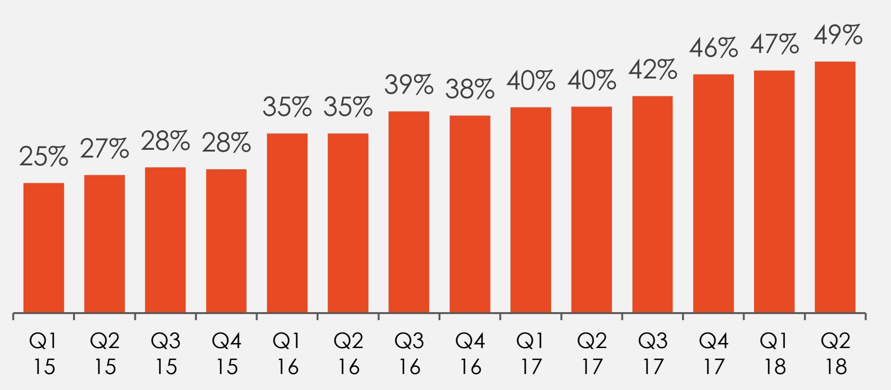


Commentary

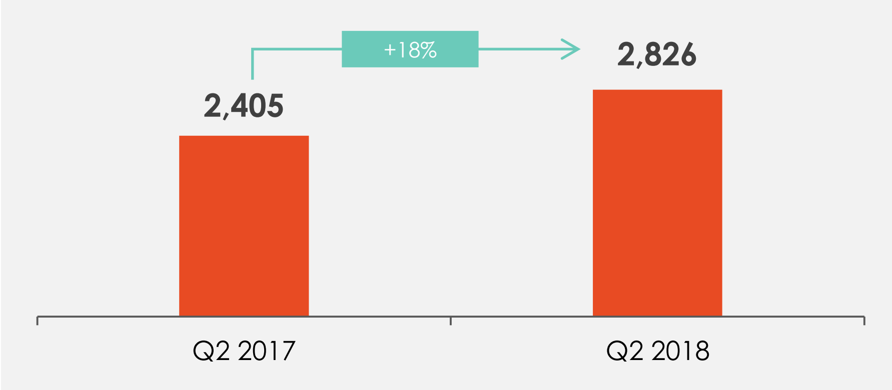
- **86%** of H1 18 revenues from Africa's Big 5 MNOs (H1 17: 87%)
- **56%** of revenues in USD or XAF (which is pegged to the Euro)

Costs and Margin Analysis

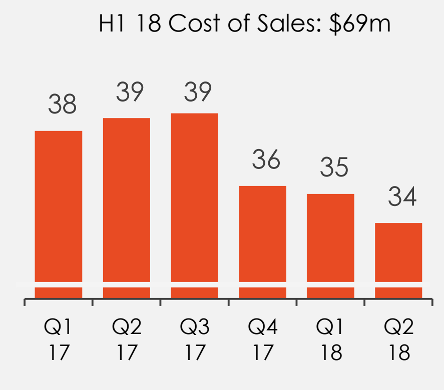
Q-o-Q Adj. EBITDA Margin Growth

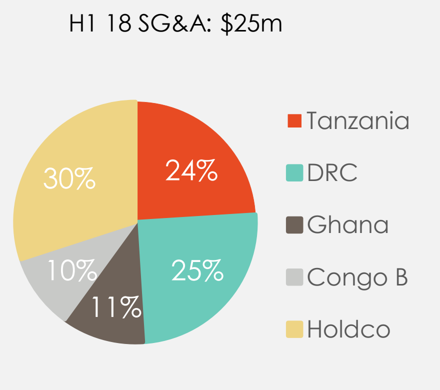


Monthly Tower Cash Flow per Tower ($) (1)



H1 18 Costs Breakdown (excl. depreciation) (2)





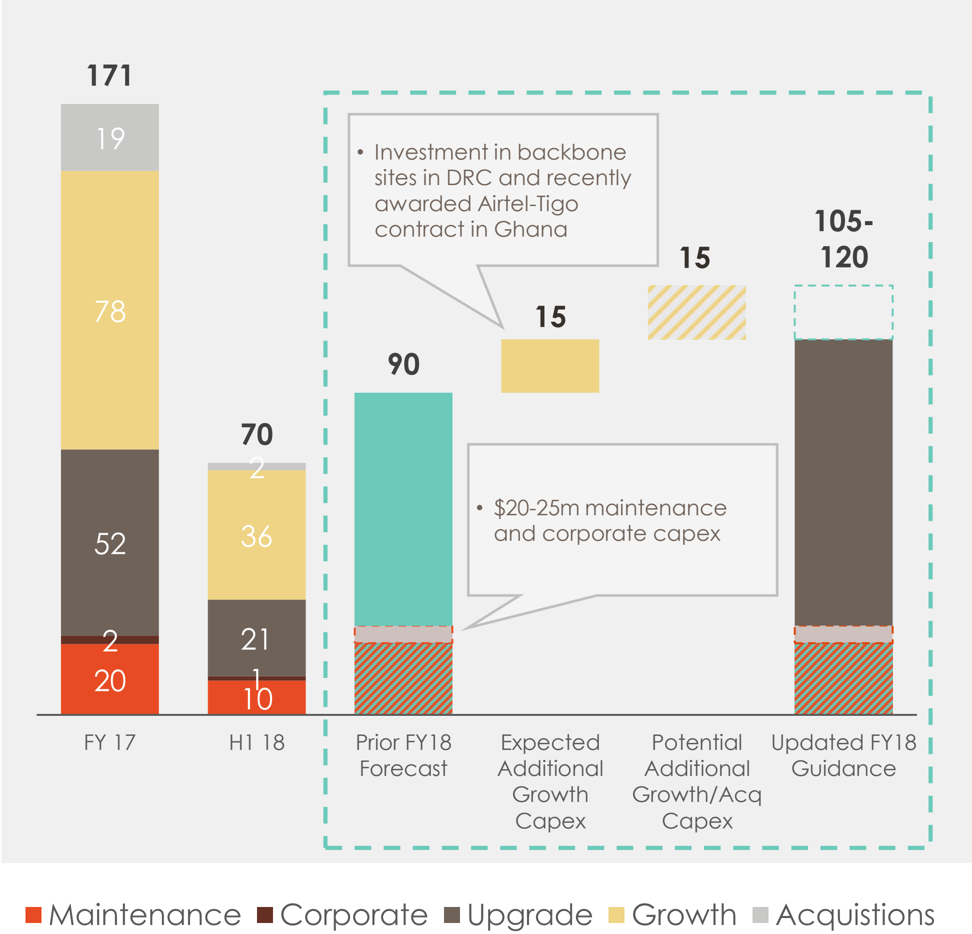
Commentary

- Strong growth in Tower Cash Flow and Adj. EBITDA
- Organic demand
- Opex saving initiatives
- Business Excellence Strategy

(1) Tower Cash Flow calculated as Reported Gross Profit + Site Depreciation
(2) Costs breakdown excludes depreciation, amortisation, one-off restructuring costs and aborted deal costs

Capital Expenditure

Capex Breakdown ($m)



Commentary

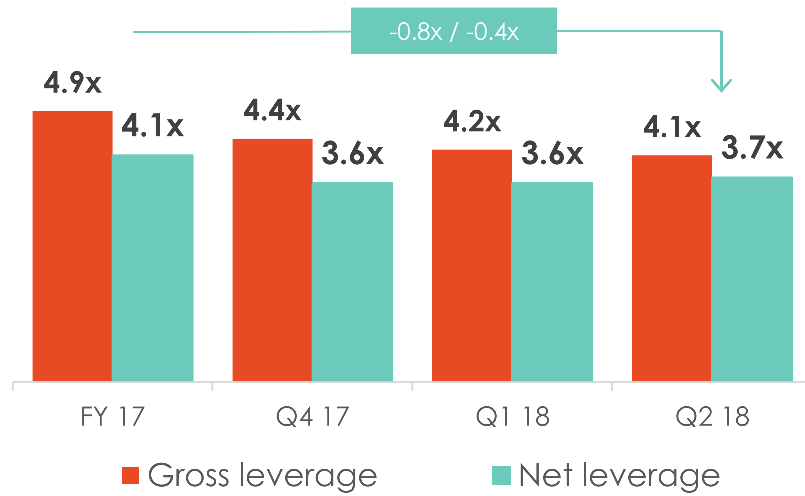
- Capex guidance for 2018 has been updated from $90m to $105 - $120m
- Reflects incremental investment opportunities within DRC, Ghana and Tanzania
- Ongoing maintenance and corporate capex guidance unchanged at c.$20-25m per annum

Summary of Financial Debt

Debt KPIs

($m)	FY 17	Q4 17	Q1 18	Q2 18
Cash & cash equivalents	120	120	90	74
Bond	600	600	600	600
Lease Obligations + Other (2)	115	115	102	118
Gross Debt	715	715	702	718
Net Debt	595	595	612	644
Annualised adj. EBITDA	146	164(3)	168(3)	176(3)
Gross Leverage (4)	**4.9x**	**4.4x**	**4.2x**	**4.1x**
Net Leverage (5)	**4.1x**	**3.6x**	**3.6x**	**3.7x**

Gross and Net Leverage



Commentary

- Continued deleveraging supported by Q-o-Q growth in Adj. EBITDA

(1) Pro forma for $600m bond refinancing and excludes unamortised loan issue costs, derivative liability and shareholder loans
(2) 'Other' relates to unamortised loan issue costs, accrued bond interest, derivative liability and shareholder loans
(3) Annualised adj. EBITDA calculated as per the bond definition as the most recent fiscal quarter multiplied by 4. This is not a forecast of future result
(4) Calculated as gross debt divided by Annualised Adj. EBITDA for the quarter and Adj. EBITDA for the year
(5) Calculated as net debt divided by Annualised Adj. EBITDA for the quarter and Adj. EBITDA for the year

Helios Towers' Story Reinforced

UNIQUE POSITIONING	**MARKET LEADER…**	Strong position in core markets Successfully renegotiated Ghana contracts
	… CONTINUING DELIVERING SUPERIOR GROWTH	**+4%** Revenue growth Y-o-Y, **+27%** EBITDA growth Y-o-Y
SECURED GROWTH	**LONG-TERM CONTRACTS…**	Contracted revenue of in excess of **$3.3bn** with average remaining life of **8.7 years**
	… IN HARD CURRENCY	**56%** of Revenue in Hard Currency (USD and EUR pegged)
OPERATING LEVERAGE	**IMPROVEMENT IN MARGIN…**	Strong margin expansion of **+9 ppt** year-on-year
	… DRIVING CASH FLOW GENERATION	Unlevered Recurring FCF of **$75.1m**[(1)] for H1 2018, a **41%** increase Y-o-Y

(1) Calculated as Adj. EBITDA – Tax paid — Maintenance and Corporate capital expenditure.

Outlook for 2018

"Continued momentum in our 4 markets driven by strong fundamental macro drivers and reinforced by the Business Excellence Culture which is expected to continue to drive margin improvement"

Q&A

Appendix

Income Statement

($m)	H1 17	H1 18
Revenue	169.0	178.1
Cost of sales	(134.7)	(130.9)
Gross Profit	34.3	47.2
Admin expenses	(49.0)	(49.3)
Profit / (Loss) on disposal of PPE	0.2	(0.0)
Operating loss	(14.5)	(2.1)
Investment income	0.1	0.5
Other gains and losses	-	(24.1)
Finance costs	(63.7)	(55.5)
Loss before tax	(78.1)	(81.2)
Tax expenses	(1.1)	(2.1)
Loss after tax	**(79.2)**	**(83.4)**
Adj. EBITDA	**67.9**	**85.9**
Adj. EBITDA margin	**40%**	**48%**
Reconciliation of Adj. EBITDA to loss before tax for H1 2017 and H1 2018		
Adj. EBITDA	**67.9**	**85.9**
Adjustements applied to give Adjusted EBITDA		
Exceptional items (1)	(4.7)	(18.6)
Profit / (Loss) on disposals of assets	0.2	(0.0)
Other gains and losses	-	(24.1)
Recharged depreciation	(0.6)	(0.6)
Depreciation of property, plant and equipment	(60.3)	(64.7)
Amortisation of intangibles	(17.0)	(4.1)
Investment income	0.1	0.5
Finance costs	(63.7)	(55.5)
Loss before tax	**(78.1)**	**(81.2)**

(1) Includes restructuring projects across the Group, including headcount reduction and legal costs incurred in connection with a previously terminated equity transaction. Also includes costs relating to the exploration of strategic options including, but not limited to, a potential London Stock Exchange (LSE) listing.

Balance Sheet

($m)	FY 2017	Q2 2018
Non–current assets		
Intangible assets	18.0	15.7
Property, plant and equipment	705.7	703.2
Right–of–use assets	115.3	114.4
Investments	0.1	0.1
Derivative financial assets	23.9	0.0
	863.0	833.4
Current assets		
Inventories	9.5	12.1
Trade and other receivables	108.5	122.0
Prepayments	23.4	22.5
Cash and cash equivalents	119.7	74.0
	261.1	230.6
Total assets	1124.1	1063.9
Equity		
Issued capital and reserves		
Share capital	909.2	909.2
Share premium	187.0	187.0
Stated capital	1096.1	1096.1
Other reserves	-12.8	-12.8
Minority interest buy–out reserve	0.0	0.0
Translation reserve	-79.7	-80.0
Accumulated losses	-741.8	-828.8
Equity attributable to owners	261.9	174.4
Non–controlling interest	0.0	0.0
Total Equity	261.9	174.4
Current liabilities		
Trade and other payables	147.3	171.6
Short–term lease liabilities	20.5	20.0
Loans	17.3	17.3
Minority interest buy–out liability	0.0	0.0
	185.0	208.9
Non–current liabilties		
Loans	581.1	583.4
Long–term lease liabilities	96.1	97.1
Derivatives financial liabilities	0.0	0.2
Total Liablilities	862.2	889.5
Total equity and Liabilities	1124.1	1063.9

Cash Flow Statement

($m)	H1 17	H1 18
Adj. EBITDA	**67.9**	**85.9**
Less: Tax Paid	-1.0	0.0
Less: Maintenance and Corporate Capex	-13.7	-10.8
Unlevered Recurring Cash Flow	53.1	75.1
% Cash Conversion	*78.3%*	*87.4%*
Less: Change in Working Capital	-17.4	-13.2
Less: Finance costs paid	-14.5	-31.3
Less: Investment Capex	-46.1	-47.5
Less Exceptional items and other income	-5.1	-19.2
Less: Vodacom buyout	0.0	0.0
Cash Flow before financing	-29.9	-36.0
Equity	0.0	0.0
Debt	164.0	-9.3
Net Cash Flow	134.2	-45.3
Cash brought forward	133.7	119.7
FX	-0.2	-0.4
Cash carried forward	267.7	74.0

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