helios towers

Results H1 2019

15 August 2019

Agenda

1. Key Highlights
2. Financial Results
3. Q&A

Helios Towers Team Today

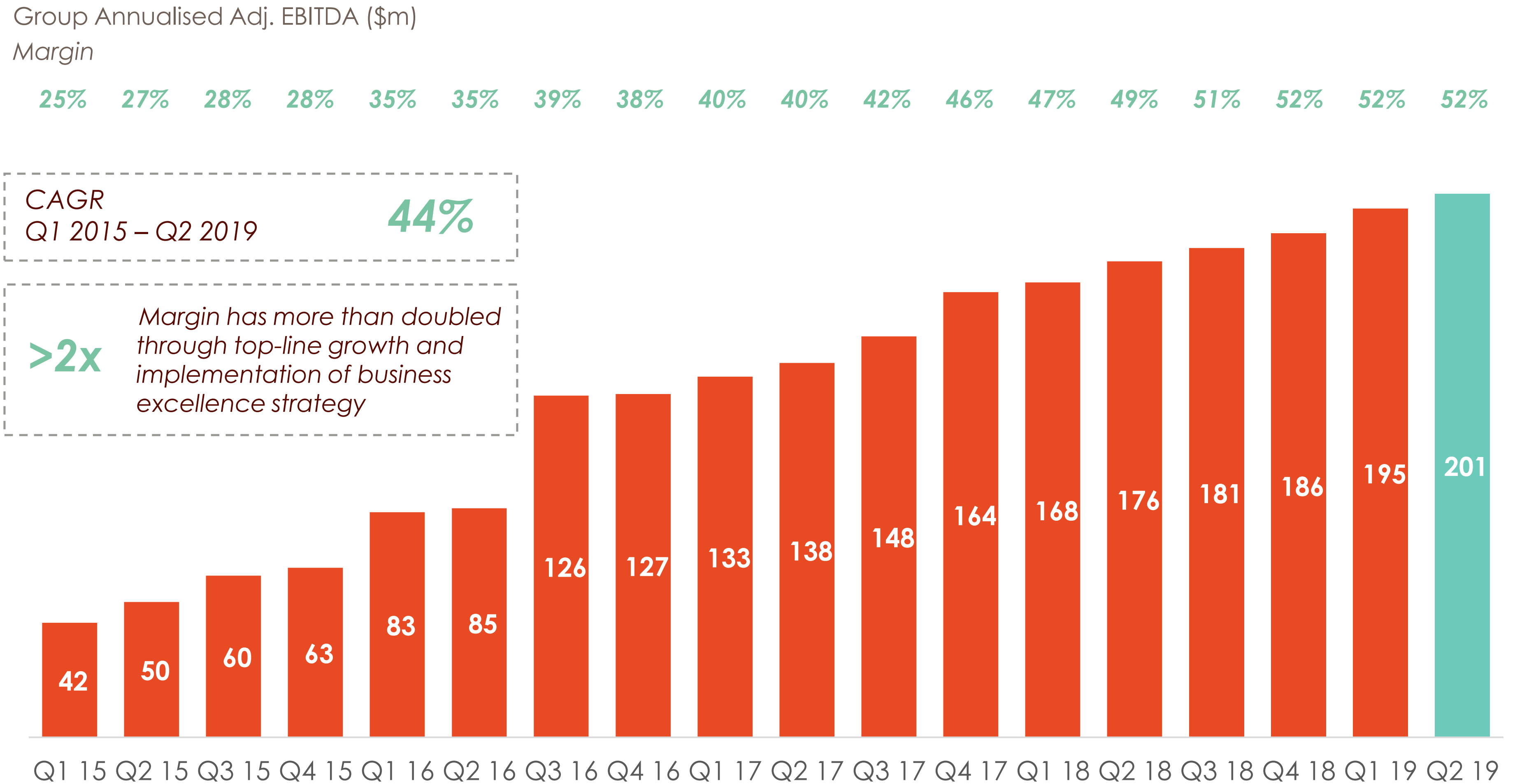
Tom Greenwood
Chief Financial Officer

Kash Pandya
Chief Executive Officer

Manjit Dhillon
Head of Corporate Finance

Key Highlights

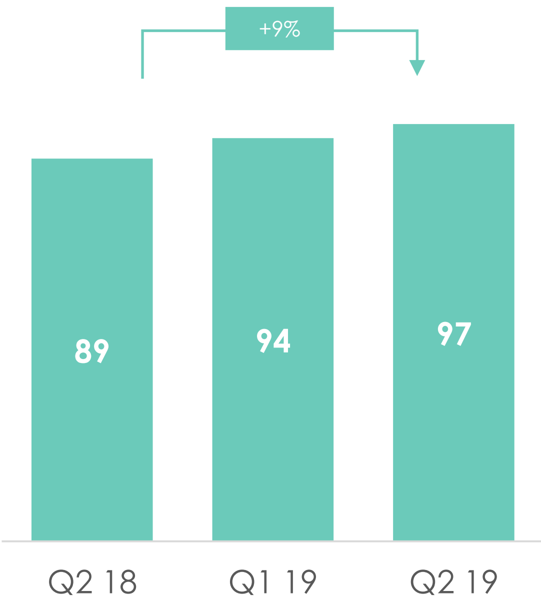
18 Consecutive Quarters of Adj. EBITDA(1) Growth



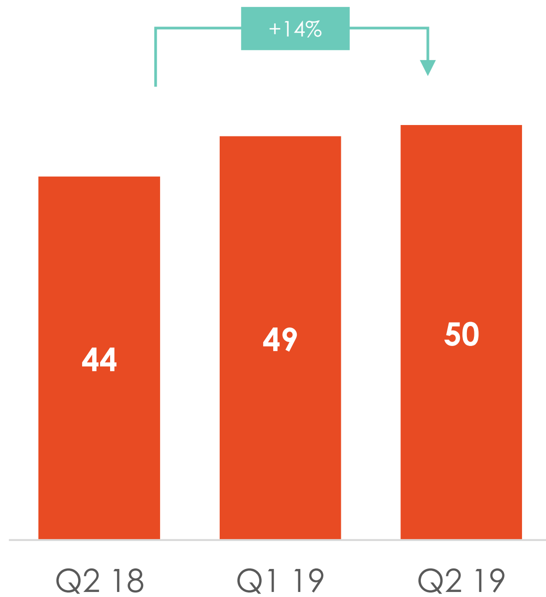
(1) Adjusted EBITDA is defined as loss for the period, adjusted for income tax expense, finance costs, other gains and losses, interest receivable, loss on disposal of property, plant and equipment, amortisation and impairment of intangible assets, depreciation and impairment of property, plant and equipment,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

Year-on-year revenue growth accelerating to +9% in Q2 2019 with Adj. EBITDA expanding +14% to $50m

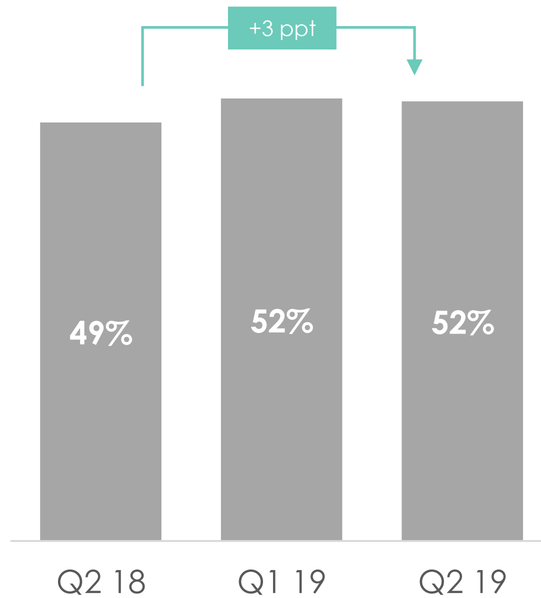
Revenue growth



Adj. EBITDA growth

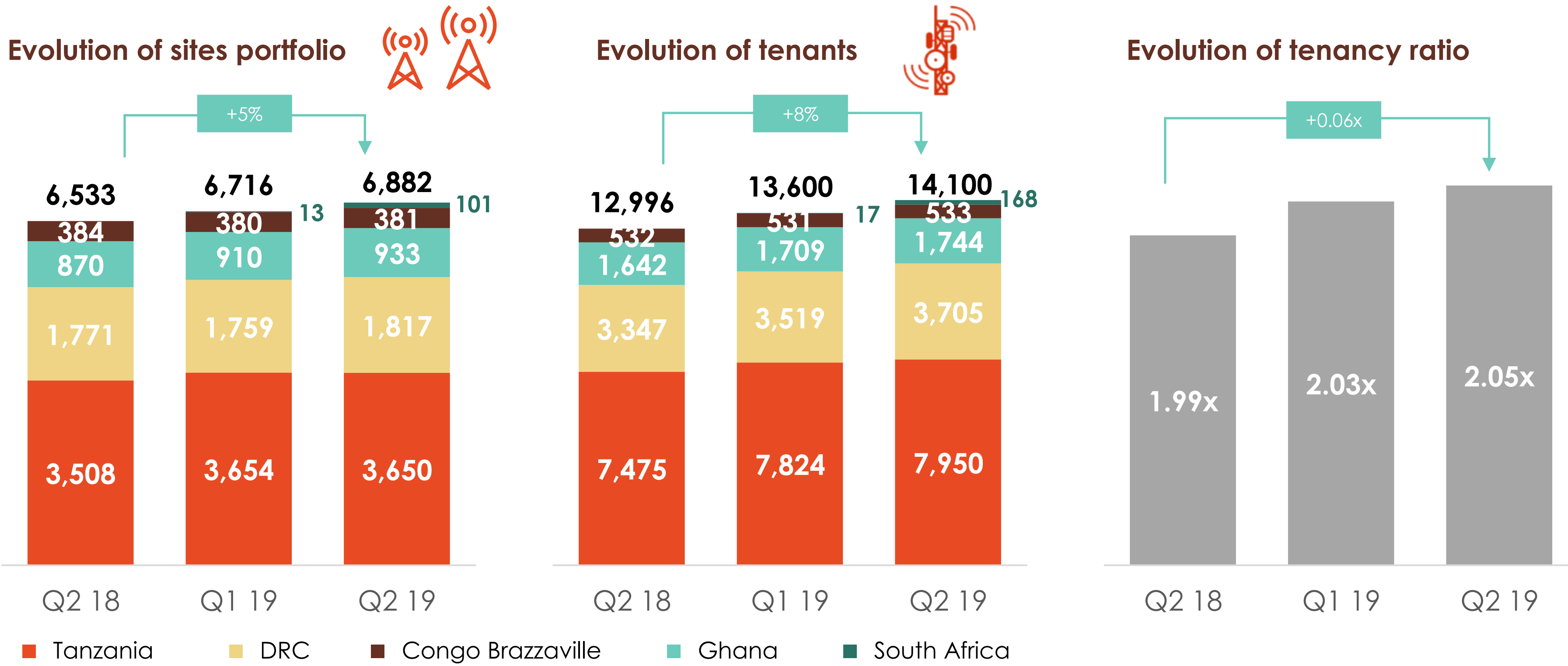


Adj. EBITDA margin expansion



- Q2 19 Revenue of $97m increased 9% year-on-year (Q2 18: $89m) and 3% quarter-on-quarter (Q1 19: $94m)
- Adj. EBITDA up 14% year-on-year to $50m with Adj. EBITDA margin at 52%, increasing 3 ppt year-on-year
- Outlook: continued Adj. EBITDA growth and margin expansion through top-line growth and leveraging the Business Excellence Strategy

Tenancies up by +8% year-on-year, achieving a tenancy ratio of 2.05x for Q2 19



- Tenancy ratio of 2.05x increased +0.06x year-on-year and +0.02x quarter-on-quarter
- South Africa tenancies increased +151 quarter-on-quarter (and +168 YTD), reflecting completion of SA Towers acquisition and subsequent tenancy additions
- Outlook: continued growth in sites and tenancies through our organic and acquisition strategy

Recent Developments

Completion of SA Towers Acquisition

- On 30 April 2019 HTSA closed its acquisition of SA Towers
- The acquired business contains a pipeline of c.500 site locations
- Provides further geographic diversification into a highly attractive infrastructure market
- As of 30 June 2019, HTSA had achieved a total of 168 tenancies

ISO Certification

- On 13 June 2019 HT was awarded the Anti-Bribery Management System certification (ISO 37001)
- The certification is recognition of the appropriateness, scale and completeness of the risk based compliance programmes across the business
- Adds to HT's existing certifications for Quality Management (ISO 9001), Environmental Management (ISO 14001) and Occupational Health and Safety Management (OHSAS 18001)

Strategic Announcement

- As a result of continued financial and strategic progress made in 2018 and H1 2019, the company continues to explore strategic options
- This could include the possibility of listing its equity on an exchange

Financial Results

Q2 2019 Key Highlights

Results Snapshot

In US$m, unless otherwise stated	Q1 19	Q2 19	% change Q-o-Q	H1 18	H1 19	% change Y-o-Y
Revenue	94	97	3%	178	191	7%
Adj. EBITDA[(1)]	49	50	3%	86	99	15%
Annualised adj. EBITDA[(2)]	195	201	3%	176	201	14%
Adj. EBITDA margin (%)	*52%*	*52%*	0ppt	*48%*	*52%*	4ppt
Sites (#)	6,716	6,882	2%	6,533	6,882	5%
Colocations (#) [(3)]	6,884	7,218	5%	6,463	7,218	12%
Tenancies (#)	13,600	14,100	4%	12,996	14,100	8%
Tenancy Ratio (x)	*2.03x*	*2.05x*		*1.99x*	*2.05x*	
Capex	16	40	152%	70	55	-21%
Net Debt [(4)]	672	716	7%	644	716	11%

Financial Summary

- H1 Revenue: +7% Y-o-Y / +3% Q-o-Q
- H1 Adj. EBITDA: +15% Y-o-Y / +3% Q-o-Q
- H1 Adj. EBITDA margin: +4ppt Y-o-Y / 0ppt Q-o-Q

Operational Summary

- Y-o-Y +349 sites (+5%) and +755 colocations (+12%)
- Y-o-Y +1,104 tenancies (+8%)
- Y-o-Y growth driven by organic demand and Business Excellence Strategy
- Tenancy ratio increased to 2.05x
- Q-o-Q 166 sites (+2%) and +334 colocations (+5%)

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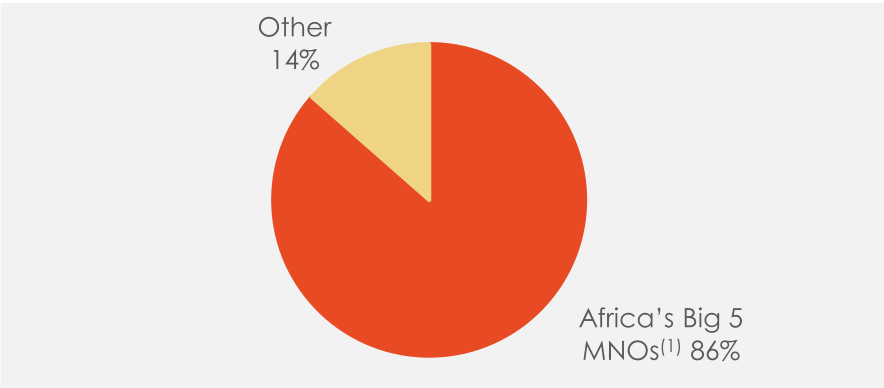
(2) Annualised Adj. EBITDA calculated as per the bond definition as the most recent fiscal quarter multiplied by 4. This is not a forecast of future results

(3) Includes standard and amendment colocations

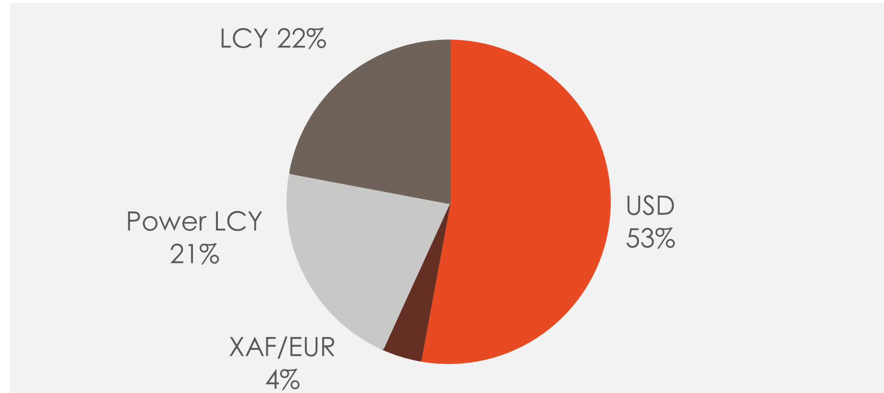
(4) Net debt is calculated as our gross debt less cash and cash equivalents

H1 2019 Revenue Breakdown

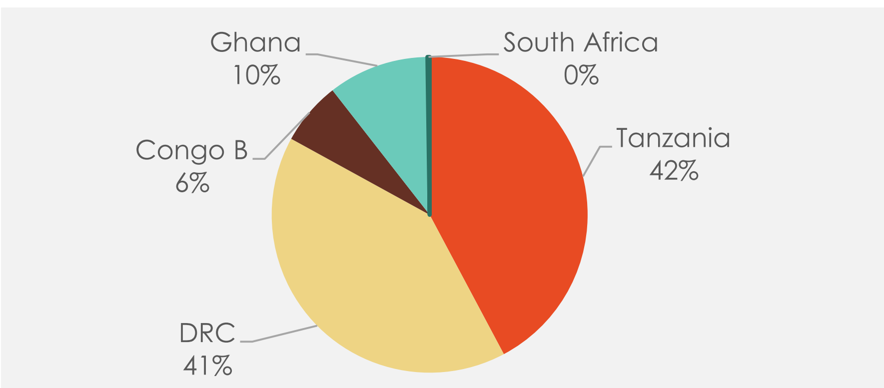
H1 2019 Revenue Breakdown by Customer



H1 2019 Revenue Breakdown by FX



H1 2019 Revenue Breakdown by Country



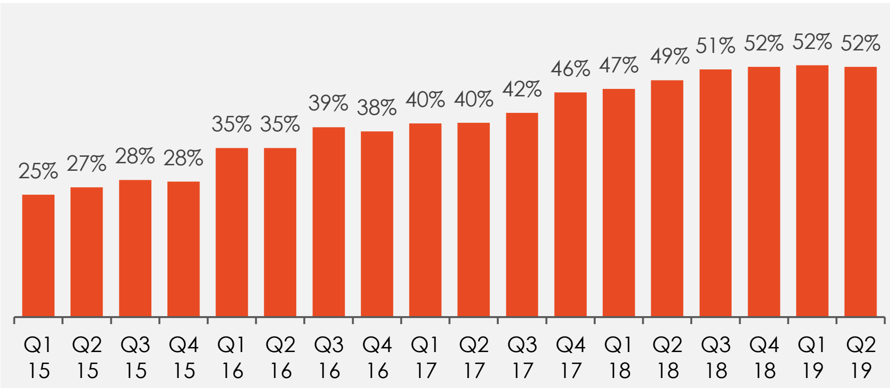
Commentary

- **86%** of H1 19 revenues from Africa's Big 5 MNOs (Q1 18: 86%)
- **57%** of revenues in USD or XAF (which is pegged to the Euro)

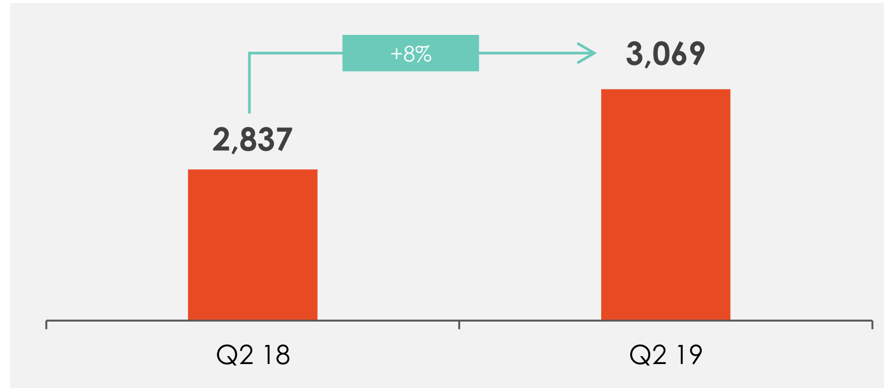
(1) Big 5 MNOs defined as: Airtel, MTN, Orange, Tigo and Vodafone/Vodacom

H1 2019 Costs and Margin Analysis

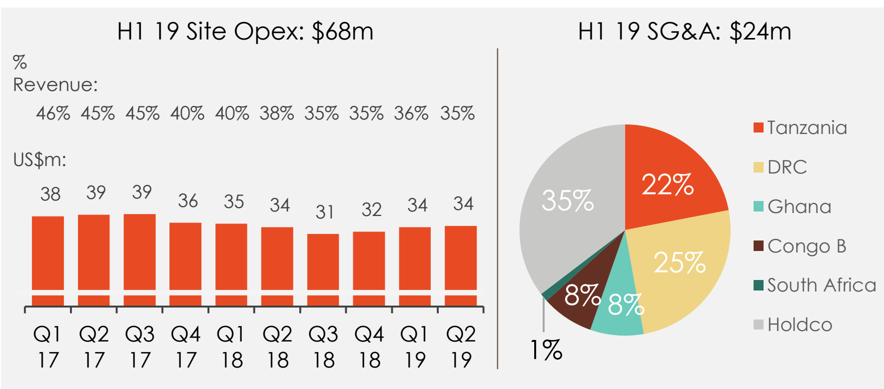
Q-o-Q Adj. EBITDA Margin



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



H1 19 Operating Cost Breakdown(2)

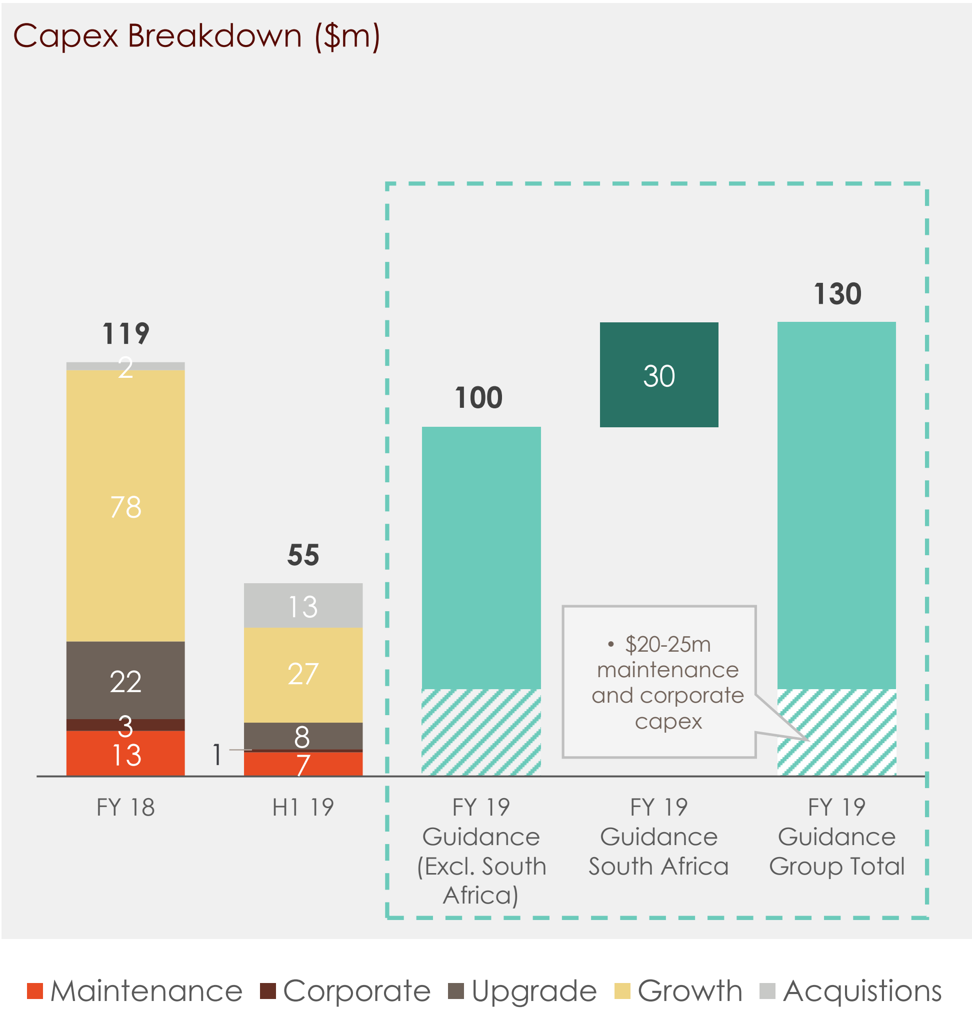


Commentary

- Strong year-on-year growth in Tower Cash Flow and Adj. EBITDA margin
- Q2 opex flat year-on-year as cost saving initiatives offset by +5% increase in sites

(1) Tower Cash Flow calculated as Reported Gross Profit + Site Depreciation
(2) Costs breakdown excludes depreciation, amortisation, exceptional items, deal costs and share-based payments and long-term incentive plan charges

Capital Expenditure



Commentary

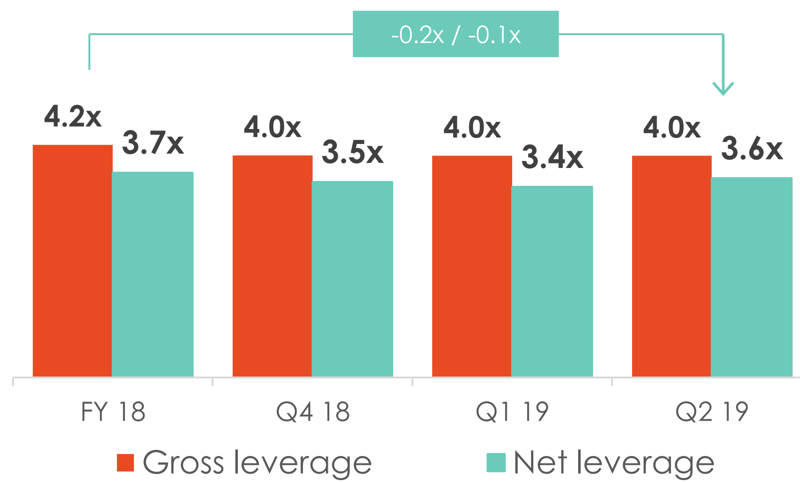
- Capex guidance for FY 19 (excl. South Africa) remains at $100m, a 16% reduction from FY 18
- Ongoing maintenance and corporate capex guidance unchanged at c.$20-25m per annum
- Reducing FY 19 capex guidance for South Africa from $50m to $30m, reflecting timing of customer roll-out
- In-line with prior communication, continue to expect $100m in South Africa across FY 19 & FY 20

Summary of Financial Debt

Debt KPIs

($m)	FY 18	Q4 18	Q1 19	Q2 19
Cash & cash equivalents	89	89	109	90
Bond	600	600	600	600
Term Loan	25	25	75	75
Lease Obligations + Other (1)	121	121	106	129
Gross Debt	746	746	781	805
Net Debt	657	657	672	716
Annualised Adj. EBITDA	178	186 (2)	195 (2)	201 (2)
Gross Leverage (3)	**4.2x**	**4.0x**	**4.0x**	**4.0x**
Net Leverage (4)	**3.7x**	**3.5x**	**3.4x**	**3.6x**

Gross and Net Leverage



Commentary

- Deleveraging from FY 18 driven by continued Q-o-Q growth in Adj. EBITDA
- Term loan drawn predominantly for South Africa deployment

(1) 'Other' relates to unamortised loan issue costs, accrued bond and loan interest, derivative liability and shareholder loans
(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) Calculated as gross debt divided by Annualised Adj. EBITDA for the quarter and Adj. EBITDA for the year
(4) 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 growing positions in four existing markets with exciting growth potential in the new South African market
	… CONTINUING DELIVERING GROWTH	**+9%** Revenue growth and **+14%** EBITDA growth year-on-year for Q2 2019
SECURED GROWTH	**LONG-TERM CONTRACTS…**	Contracted revenue of **c.$3.0bn** with average remaining life of **7.8 years**
	… IN HARD CURRENCY	**57%** of revenue in hard currency (USD and EUR pegged)
OPERATING LEVERAGE	**IMPROVEMENT IN MARGIN…**	Margin expansion of **+3 ppt** year-on-year to **52%** for Q2 2019
	… DRIVING CASH FLOW GENERATION	Portfolio free cash flow of **$79.8m**(1) for H1 2019, a **30%** increase Y-o-Y

(1) Portfolio free cash flow defined as Adj. EBITDA less Lease Payments, Tax paid and Maintenance and Corporate capital expenditure.

Outlook for 2019

"Continued growth in our four established markets to be driven by top-line growth and execution of our Business Excellence Strategy.

We expect this to be complimented by growth in South Africa, where we take our proven business model to this attractive new market."

Q&A

Appendix

Summary Income Statement

($m)	H1 18	H1 19
Revenue	178.1	190.7
Cost of sales	(130.9)	(132.7)
Gross Profit	47.2	58.0
Admin expenses	(49.3)	(39.9)
Loss on disposal of PPE	(0.0)	(5.4)
Operating profit/(loss)	(2.1)	12.7
Interest receivable	0.5	0.7
Other gains and losses	(24.1)	24.3
Finance costs	(55.5)	(56.4)
Loss before tax	(81.2)	(18.7)
Tax expenses	(2.1)	(3.8)
Loss after tax	**(83.4)**	**(22.5)**
Adj. EBITDA	**85.9**	**99.0**
Adj. EBITDA margin	**48%**	**52%**

Reconciliation of Adj. EBITDA to loss before tax for H1 18 and H1 19		
Adj. EBITDA	**85.9**	**99.0**
Adjustments applied in arriving at Adjusted EBITDA		
Exceptional items:		
Litigation costs[(1)]	(4.0)	-
Exceptional project costs[(2)]	(14.7)	(3.1)
Share-based payments and long term incentive plans[(3)]	-	(1.6)
Deal costs[(4)]	-	(2.4)
Loss on disposals of assets	(0.0)	(5.4)
Other gains and losses	(24.1)	24.3
Depreciation and amortisation	(69.4)	(73.8)
Finance costs	(55.1)	(55.6)
Loss before tax	**(81.2)**	**(18.7)**

(1) Relates to legal costs incurred in connection with a previously terminated equity transaction
(2) Exceptional project costs relate to the exploration of strategic options including, but not limited to, a potential listing of equity on a public exchange
(3) Share-based payments and long term incentive plan charges and associated costs
(4) Includes acquisition costs relating to South Africa

Summary Balance Sheet

($m)	FY 2018	H1 2019
Non–current assets		
Intangible assets	12.4	40.1
Property, plant and equipment	676.6	653.5
Right–of–use assets	103.8	108.5
Investments in subsidiaries	0.1	-
Derivative financial assets	7.1	31.4
	800.1	833.5
Current assets		
Inventories	10.3	10.0
Trade and other receivables	102.3	125.6
Prepayments	16.2	26.9
Cash and cash equivalents	89.0	89.8
	217.7	252.3
Total assets	1017.8	1085.7
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)
Translation reserve	(81.7)	(80.4)
Accumulated losses	(880.0)	(902.3)
Equity attributable to owners	121.7	100.6
Non–controlling interest	-	-0.2
Total Equity	121.7	100.4
Current liabilities		
Trade and other payables	149.8	151.1
Contingent consideration	-	5.8
Loans	17.3	18.9
Short-term lease liabilities	19.6	20.9
	186.6	196.8
Non–current liabilities		
Loans	610.8	662.6
Long–term lease liabilities	98.7	103.0
Contingent consideration	-	16.5
Deferred tax liabilities	-	6.3
Total Liablilities	896.1	985.3
Total Equity and Liabilities	1017.8	1085.7

Summary Cash Flow Statement

($m)	H1 18	H1 19
Adj. EBITDA	**85.9**	**99.0**
Less: Tax paid	-	(1.2)
Less: Payments of lease liabilities (1)	(13.7)	(10.2)
Less: Maintenance and corporate capex (2)	(10.8)	(7.8)
Portfolio free cash flow	61.5	79.8
Cash conversion % (3)	**72%**	**81%**
Less: Net payment of interest (4)	(26.9)	(28.0)
Levered Portfolio free cash flow	34.6	51.7
Less: Discretionary capex (2)(5)	(59.7)	(47.5)
Adjusted free cash flow	(25.1)	4.3
Less: Net change working capital (6)	(4.1)	(40.0)
Less: Cash paid for exceptional and EBITDA adjusting items (7)	(16.1)	(13.2)
Add: Proceeds on disposal of assets	-	0.1
Free cash flow	(45.3)	(48.8)
Net cash flow from financing activities	-	50.0
Net cash flow	(45.3)	1.2
Cash brought forward	119.7	89.0
FX	(0.4)	(0.4)
Cash carried forward	74.0	89.8

(1) Payment of lease liabilities includes interest and principal repayments of lease liabilities
(2) Reflects capital additions
(3) Cash conversion % is calculates asPortfolio free cash flow divided by Adjusted EBITDA
(4) Net payment of interest corresponds to the net of "Interest paid" and "Interest received" in the Condensed consolidated statement of cash flows, excluding interest payments on lease liabilities. Condensed consolidated interim financial statements are available on the Helios Towers investor relations website (www.heliostowers.com/investors/investor-home)
(5) Discretionary capex comprises of acquisition, growth and upgrade capex
(6) Net change in working capital corresponds to movements in working capital, excluding cash paid for exceptional and EBITDA adjusting items and including movements in capital expenditure related working capital
(7) Cash paid for exceptional and EBITDA adjusting items corresponds to cash paid in respect of items per note 4 of the condensed consolidated interim financial statements – litigation costs, exceptional project costs, share-based payments and long term incentive plans and deal costs. Condensed consolidated interim financial statements are available on the Helios Towers investor relations website (www.heliostowers.com/investors/investor-home)

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