

Strategic Report

Our strategy


GROWTH
PROGRESS IN 2019:

- Adjusted EBITDA growth in all of our markets.
- New market entry into South Africa.
- Growth in tenancies in all markets.
- Growth in tenancy ratio across all markets.
- New edge data centre services.

OUTLOOK FOR 2020

- Our markets should continue to support organic growth for the Group for many years to come.
- Additionally we are actively reviewing a number of potential inorganic opportunities to supplement this growth both in our current markets and new markets.
- We will continue to develop new ancillary services and rollout those we have already successfully established in individual markets across the wider Group, as appropriate.

STRATEGY IN ACTION

ENTERING SOUTH AFRICA

In 2019 we entered our fifth territory, and our most developed mobile market: South Africa.

The country offers a compelling opportunity for the Group. The population of 58 million is projected to rise to some 62 million by 2024. Furthermore, with a unique mobile subscriber base of 67% and some geographical areas with limited mobile coverage there remains considerable room for growth.

At the same time, the country's rapid adoption of smartphones and an ever-increasing reliance on mobile data communications is driving the MNOs to invest in 4G network rollout, and to prepare for 5G. A potential source of funding for these investments may well lie in operators' divesting their tower assets; and there is ample scope to do so. Of the 29,000 tower sites in South Africa, only around 15% are currently owned and operated by independent tower companies. Coupled with the logistical and economic benefits of colocation, we see excellent opportunities for our business to support MNOs focus their investments more effectively.

We also see South Africa as more than simply a tower opportunity. The MNOs are looking to improve their infrastructure and this plays directly to our strengths in providing efficient and high-quality power, bringing expertise and experience that we have gained in our other markets.

A PRODUCTIVE PARTNERSHIP

We entered South Africa early in 2019, creating Helios Towers South Africa ("HTSA") as a majority-owned subsidiary, together with Vulatel. This partner gave us a strong foothold in the market through their deep local mobile industry experience and 13 edge data centres. Vulatel is a 69% black-owned and 45% black women-owned business with a Level 2 B-BEE (Broad Based Black Economic Empowerment) rating.

In April, HTSA acquired SA Towers, and with it a pipeline of more than 500 potential tower sites that we have identified as being of potential interest to MNOs.

By the end of the year we had 118 sites with a tenancy ratio of 1.76x, with a target of 1,000 sites by the third anniversary of the deal in 2022.

58m

Population⁽¹⁾

29,000

Towers⁽²⁾

7,000

Additional PoS required (2018-2024)⁽³⁾

(1) Source: United Nations, World Population Prospects, June 2019

(2) TowerXchange Issue 25

(3) Hardiman Report, August 2019



Although rolling out 2G, 3G and 4G is the current principal focus of the MNOs, 5G will not be far behind.

In addition to servicing their existing requirements, with the onset of 5G the industry will then look to partners for even deeper support with colocations, new sites, power, fibre backhaul and small cells. We partner with the leading players in the market and working closely with the MNOs to play a central role in increasing the breadth and depth of coverage across the country.



South Africa is also an incubator for new technologies - for example, the 5G spectrum auctions are due to take place shortly and independent forecasts suggest four million 5G users within the next five years.

Kash Pandya | CEO

