

Strategic Report

Our strategy continued



BUSINESS EXCELLENCE

PROGRESS IN 2019:

- Posted our 20th consecutive quarter of Adjusted EBITDA growth highlighting the continued incremental efficiency and operational gearing of the business.
- Group-wide launch of Siterra; our comprehensive site management system.
- New site performance analysis (SPA) function rolled-out across our four established operating companies for a balanced scorecard approach to business excellence.
- Implementing revised KPI metrics across all maintenance contracts as they are renewed with partners.
- Regional Network Optimisation Centre (“RNOC”) Project implemented in Tanzania.

OUTLOOK FOR 2020

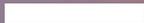
- Further rollout of SPA across the Group.
- Rollout of RNOC optimisation across the Group.
- Targeting further growth in both employee efficiency and Adjusted EBITDA margin metrics.

KEY PERFORMANCE INDICATORS

Minutes of weekly downtime per tower

2019		1:42
2018		1:49
2017		4:00

Adjusted EBITDA margin

2019		52.9%
2018		49.9%
2017		42.3%

STRATEGY IN ACTION

OPTIMISING OUR FUTURE

During 2019 we made significant investments to ensure our towers are configured for future growth.

We are now in a position to gain much deeper insights into our tower fleet, lower our operational costs and impacts, and accommodate continued growth across our markets.

This has also been driven by a fresh philosophy: not just to measure success by power uptime alone, but to optimise every facet of our sites, from technical excellence and lower fuel consumption to reduced service visits and declining GHG emissions.

SITERRA LAUNCH

Our new comprehensive site management system, Siterra, went live in November 2019. This Group-wide ‘big-bang’ launch covered every tower in every market; some 126,000 assets and 22,500 leases in all.

This final piece of work in digitalising our operations gives us a single resource for business information. This allows us to systemise our operational analysis, where accuracy is key, and to take that analysis to the next level.

PERFORMANCE ENGINEERING

In parallel, we have created a new function within Performance Engineering: SPA. By accessing data, taken every five minutes, of the key site operational elements – the rectifiers, generators and grid meters – we can gain a complete picture of how a site is performing real-time. If needed, the SPA team can then schedule fine-tuning at the next maintenance visit, or order immediate action if service is affected. In this way, we are leveraging our engineering capabilities, rather than further capex, to optimise performance.

As we establish SPA teams in all our operations we have achieved significant gains in fuel efficiency through optimised operation, and through actions tailored to individual site characteristics.

In Tanzania, for example, we analysed more than 8,000 log files for 12 months across 1,545 candidate sites (those fitted with the requisite rectifiers). This meant every site was analysed at least once every 6 weeks. The result was 21% of sites becoming ‘optimised’; in other words, improved power equipment efficiency, reduced fuel costs, and margin enhancement.

This fundamental shift to addressing more complex analysis of multiple metrics marks the next phase of our business excellence focus.

REVISING CONTRACTS

In keeping with this thinking, we have revised the KPIs for all new maintenance contracts as they come up for renewal. Our focus is now on a balanced scorecard that drives excellence in all areas of our operation.

New contract metrics therefore include mean time to repair, speed of closing orders, compliance with our processes and fuel consumption. The latter generally represents the largest cost of operating a site, and well-maintained sites use less fuel. We therefore look to work with partners who can deliver fuel efficiency, rather than the blunt instrument of a lower contract price. In turn, this translates into a better environmental performance while still delivering the lower operating costs we target.

MEASURABLE ACHIEVEMENTS

During 2019, our KPIs continued to demonstrate significant improvements in the maintenance and performance of our networks.



Examples included:

- A 39% reduction in diesel generator run-time on 519 sites that were optimised by our SPA team.
- A 16% increase in the solar output on our 400 sites in DRC and Tanzania.
- Improved generator efficiency and tower uptime performance through reduced battery cycles.

In 2020, with Siterra and our SPA teams newly in place, we look forward to performing even more strongly, delivering optimised tower networks for our customers that are robust, cost less to operate and have a decreasing impact on their environments.



We are now in a position to gain much deeper insights into our tower fleet, lower our operational costs and impacts, and accommodate continued growth across our markets.

Kash Pandya | CEO