Results Q3 2020

29 October 2020

Helios Towers team today

Tom Greenwood
Chief Operating Officer

Kash Pandya
Chief Executive Officer

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Interim Chief Financial Officer

Agenda

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

Highlights

Q3 2020 highlights

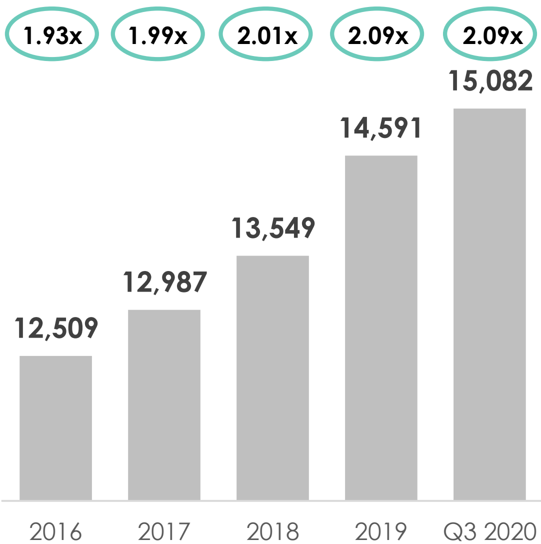
FINANCIAL	**STRONG REVENUE GROWTH**	**+6%** revenue growth from **$97.3m** in Q3 19 to **$103.6m** in Q3 20
	CONTINUED EBITDA EXPANSION…	**+9%** Adj. EBITDA growth from **$52.5m** in Q3 19 to **$57.4m** in Q3 20, with record margin of **55%** and within our medium-term target of 55% - 60%
	…DRIVING CASH FLOW GENERATION	Portfolio free cash flow of **$133m**[1] at Q3 20, a **+7%** increase YoY, reflecting EBITDA growth partially offset by higher maintenance capex
STRATEGIC/ OPERATIONAL	**SOLID SITE AND TENANCY GROWTH**	Site growth of **+5%** YoY to **7,222** and tenancy growth of **+6%** YoY to **15,082**, resulting in a **+0.03x** tenancy ratio increase YoY to **2.09x**
	SECURED ADDITIONAL DEBT CAPITAL	Raised an incremental **$225m** tap on the existing 7.00% 2025 bond. The tap carries a yield to maturity of **5.6%**, reducing total Group cost of debt whilst providing additional capital to support our expansion
	M&A UPDATE NEW MARKETS	Signed agreement to acquire **1,220 sites** from Free Senegal in August, as announced at H1 results. On track for Q1 2021 transaction closing, as previously reported

(1) Portfolio free cash flow is defined as Adj. EBITDA less payment of lease liabilities, tax paid and maintenance and corporate capital additions.

Q3 2020: Continued EBITDA growth and cash generation

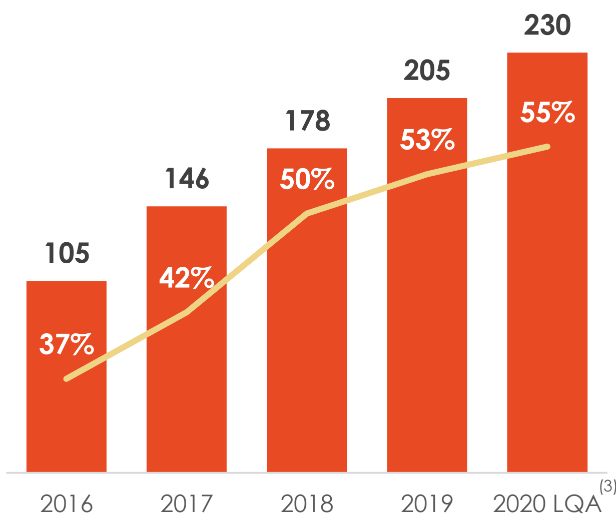
Tenancies

- Illustrates the core driver of business growth



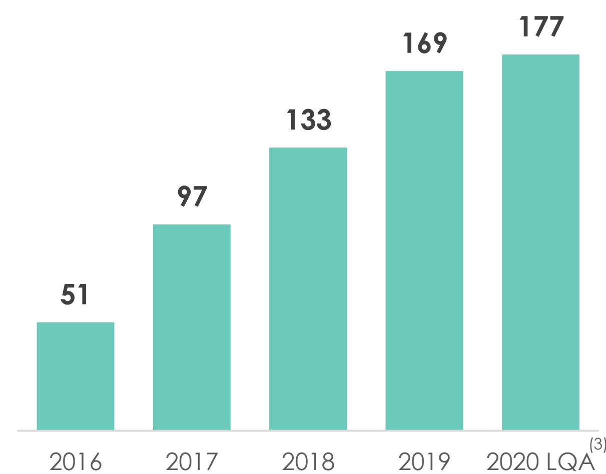
Adj. EBITDA(1)

- Highlights growth and operational performance of our business



Portfolio free cash flow(2)

- Measures the unlevered free cash flow generation of the existing site portfolio



- Tenancies of 15,082 reflects growth of 856 from Q3 19, and a 0.03x increase in tenancy ratio.
- LQA Adj. EBITDA of $230m, reflecting 9% growth from $210m in Q3 19 and our **23rd consecutive quarter of growth**. Q3 2020 EBITDA margin of 55% is a new record for the company and meets our medium-term target range of 55%-60%.
- LQA portfolio free cash flow of $177m, increasing 5% from FY 19 reflecting greater cashflow generation from our portfolio.

(1) Management defines Adjusted EBITDA as loss before tax for the period, adjusted for finance costs, gain or losses on financial instruments, interest receivable, loss on disposal of property, plant and equipment, amortisation of intangible assets, depreciation and impairment of property, plant and equipment, depreciation of right-of-use assets, deal costs for aborted acquisitions, deal costs not capitalised, share-based payments and long-term incentive plan charges, and other adjusting items. Adjusting items are material items that are considered one-off by management by virtue of their size and/or incidence.

(2) Portfolio Free Cash Flow is defined as Adj. EBITDA less payment of lease liabilities, tax paid and maintenance and corporate capital additions.

(3) LQA is calculated as the most recently reported fiscal quarter (Q3 20) multiplied by four.

Resilient business model demonstrates minimal impact of COVID-19 to both operations and financials

	Commentary	Impact Assessment	Change since Q2 20
Workforce & Operations	• Field operations and home working continues	• Minimal	• None
Existing Revenue / Liquidity	• **$2.7bn** contracted revenues with **6.6 years average contract life remaining** and significant liquidity (**$466m** cash as at Q3 20 and over **$290m** of undrawn debt[(1)])	• Minimal	• Increased liquidity through successful bond tap
Customer roll-out	• Implications for tenancy roll out if customers have supply chain delays • Potential delay to construction timelines	• Some short-term customer rollout delays earlier in the year	• C.1,000 tenancies expected for 2020 (previous guidance 1,000 – 1,500 tenancies)
Supply Chain	• Forward purchasing of capex and opex	• Minimal	• None
Situation management	• Regular Board monitoring and video conference / cloud systems	• Minimal	• None

(1) Reflects term loan facility of up to $200m, RCF of $70m and South African facilities of $20.7m (ZAR 351m available and a Q3 20 closing Fx rate of 16.9231)

Recent Developments

Strengthened financial position

On September 9 2020, Helios Towers successfully priced an incremental bond tap of **$225 million**.

The issuance was priced above par at **106.25**, giving a YTM of **5.6%**, reflecting a substantial decrease in our cost of debt and further improving the Group's overall cost of capital.

Operational excellence in all our markets

Delivered another quarter of strong power uptime of **99.99%** in Q3 20 across our markets.

Demonstrates continued operational excellence and high levels of service throughout the year and against the backdrop of COVID-19.

Significant progress on Senegal 100-day plan

Following the Senegal acquisition signing, strong progress has been made against the 100-day plan.

Active discussions ongoing with all 3 Senegalese MNOs around colocation and BTS.

On track for the closing of the Free Senegal transaction in Q1 2021.

Sustainable business strategy roadmap

✓ Develop core focus of our strategy

✓ Develop strategic KPIs and targets

① Business excellence and efficiency

- **KPIs:** Tenancy ratio, adjusted EBITDA margin
- **Targets:** Power uptime, BTS lease-up

② Network access and sustainable development

- **KPIs:** Population coverage
- **Targets:** 12,000+ towers in 8+ markets, expand rural coverage, bespoke community partnerships

③ Empowered people and partnerships

- **KPIs:** Employee and management diversity; employee training
- **Targets:** Supplier certification and sustainability assessment

✓ Launch sustainability strategy internally and externally

Q420 Sustainable Business Strategy presentation to stakeholders: November 19th

Q121 Launch Sustainable Business Report

Contribution against UN Sustainable Development Goals

[Register for the Sustainable Business Strategy presentation using this link]

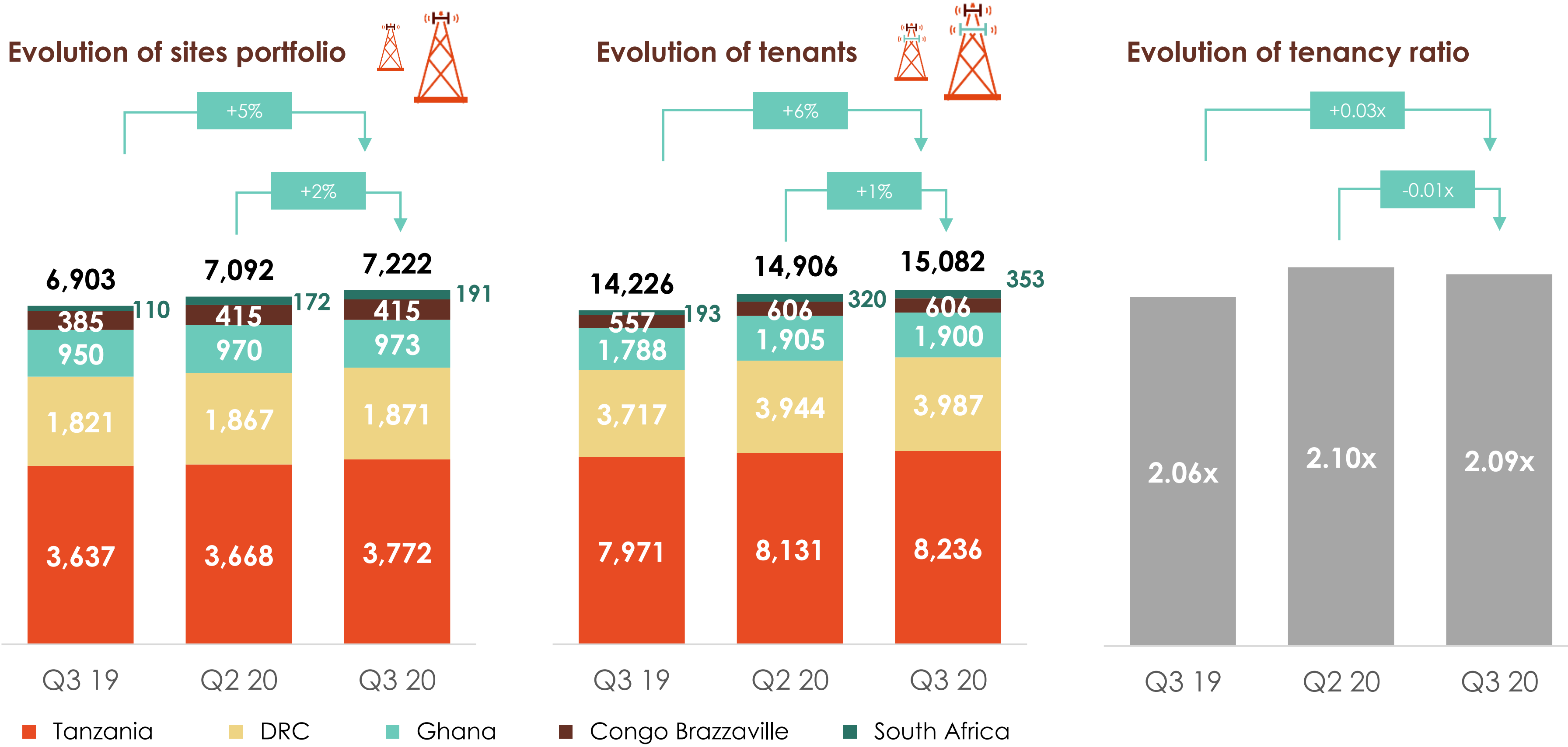
Financial results

Q3 2020: sustained and consistent financial growth

In US$m, unless otherwise stated	YoY			QoQ		
	YTD Q3 20	**YTD Q3 19**	**% change**	**Q3 20**	**Q2 20**	**% change**
Revenue	308	288	7%	104	102	1%
Adj. EBITDA (1)	167	151	10%	57	55	4%
LQA Adj. EBITDA (2)	230	210	9%	230	220	4%
Adj. EBITDA margin (%)	*54%*	*53%*	+1ppt	*55%*	*54%*	+1ppt
Sites (#)	7,222	6,903	5%	7,222	7,092	2%
Colocations (#) (3)	7,860	7,323	7%	7,860	7,814	1%
Tenancies (#)	15,082	14,226	6%	15,082	14,906	1%
Tenancy ratio (x)	*2.09x*	*2.06x*	*0.3x*	*2.09x*	*2.10x*	*(0.01x)*
Capex	62	84	(27%)	24	27	(12%)
Net debt (4)	662	730	(-9%)	662	656	1%
Net leverage (x) (5)	2.9x	3.5x	*(0.6x)*	2.9x	3.0x	*(0.1x)*

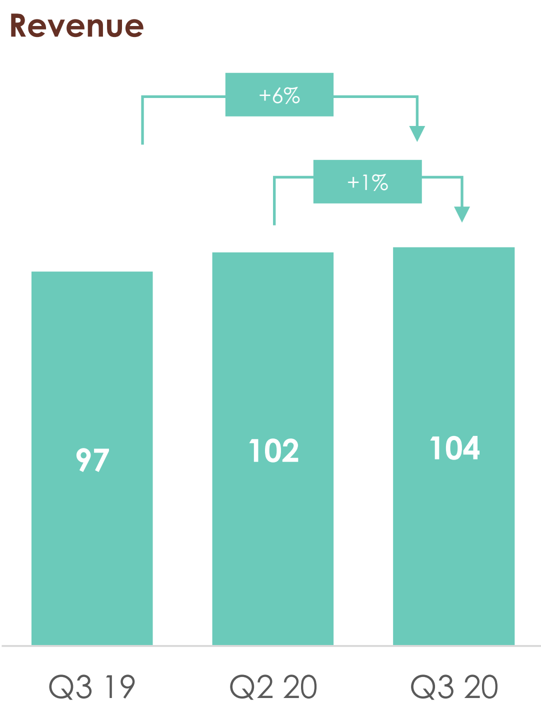
(1) Management defines Adjusted EBITDA as loss before tax for the period, adjusted for finance costs, gains and loss on financial instruments, interest receivable, loss on disposal of property, plant and equipment, amortisation of intangible assets, depreciation and impairment of property, plant and equipment, depreciation of right-of-use assets, deal costs for aborted acquisitions, deal costs not capitalised, share-based payments and long-term incentive plan charges, and other adjusting items. Adjusting items are material items that are considered one-off by management by virtue of their size and/or incidence.
(2) LQA 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.
(5) Calculated as net debt divided by last quarter annualised Adj. EBITDA.

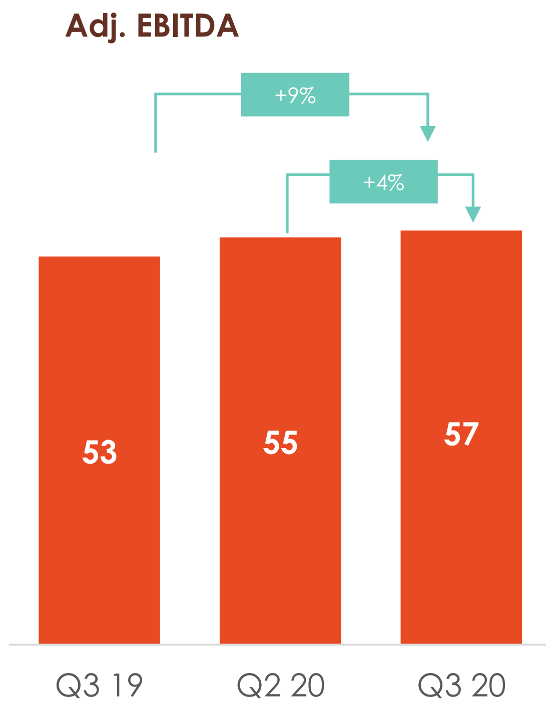
Q3 20: Steady growth in sites and tenancies

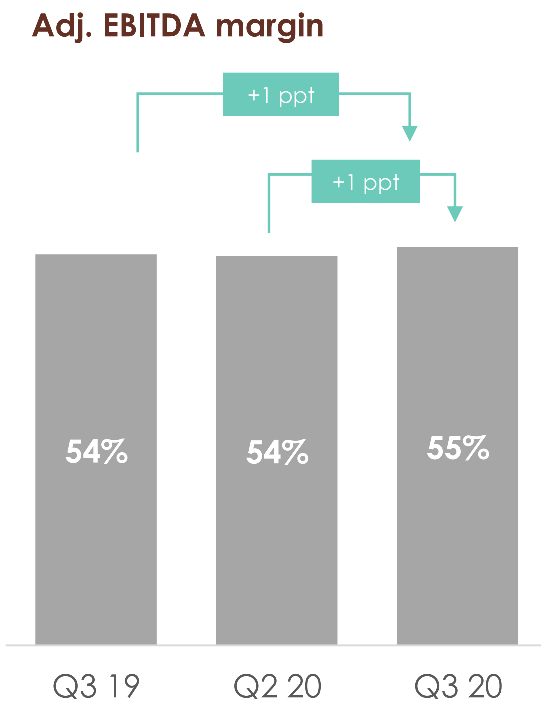


- 130 new site additions in Q3 20, reflecting a 5% increase YoY (2% QoQ).
- Tenancy growth of 6% YoY (1% QoQ), reaching 15,082 tenancies in Q3 20.
- Tenancy ratio of 2.09x increased +0.03x YoY and decreased slightly QoQ, driven by higher site growth in Q3. As these new sites "lease up" and add colocation tenants over time, tenancy ratio will increase.

Q3 2020: Continued EBITDA and margin progression



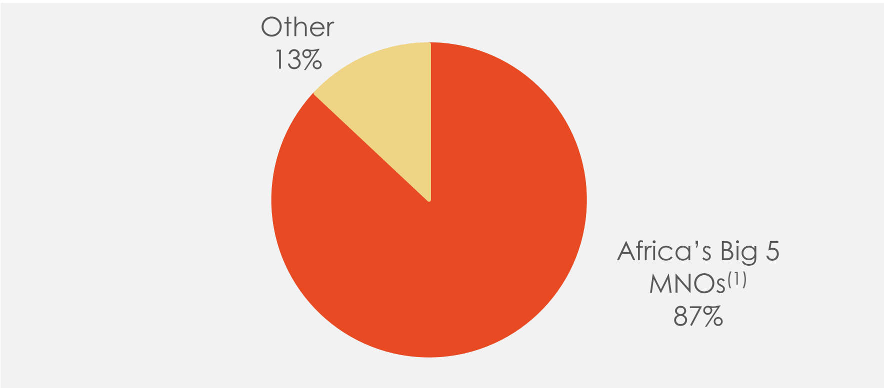




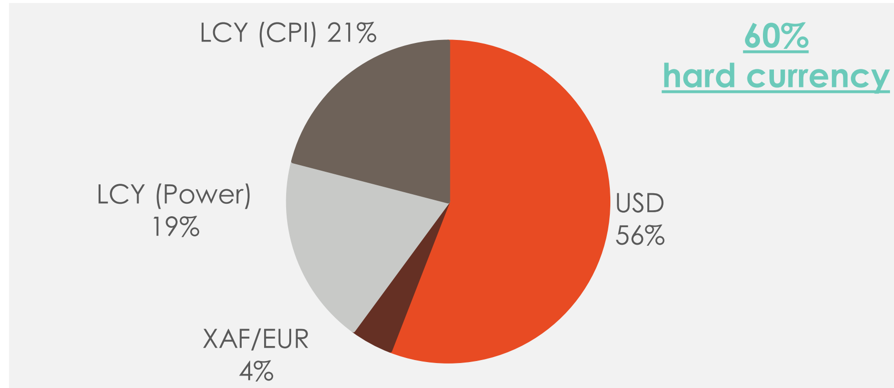
- Q3 20 revenue increased 6% YoY to $104m, with growth driven by DRC (+9% YoY).
- Adj. EBITDA grew 9% YoY to $57m (4% QoQ), driven by tenancy growth and continued operational improvements.
- Adj. EBITDA margin at 55%, increasing 1ppt YoY and QoQ, now within the medium-term target range of 55% - 60%.

Consistent and strong currency protection and blue-chip customer base

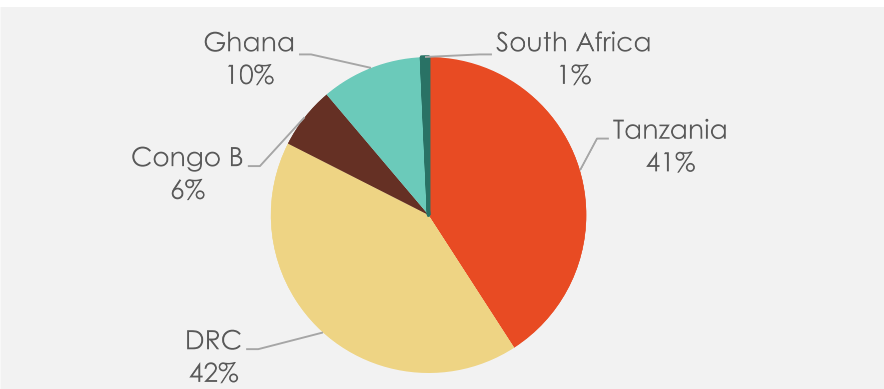
YTD Q3 2020 revenue breakdown by customer



YTD Q3 2020 revenue breakdown by FX



YTD Q3 2020 revenue breakdown by operating company



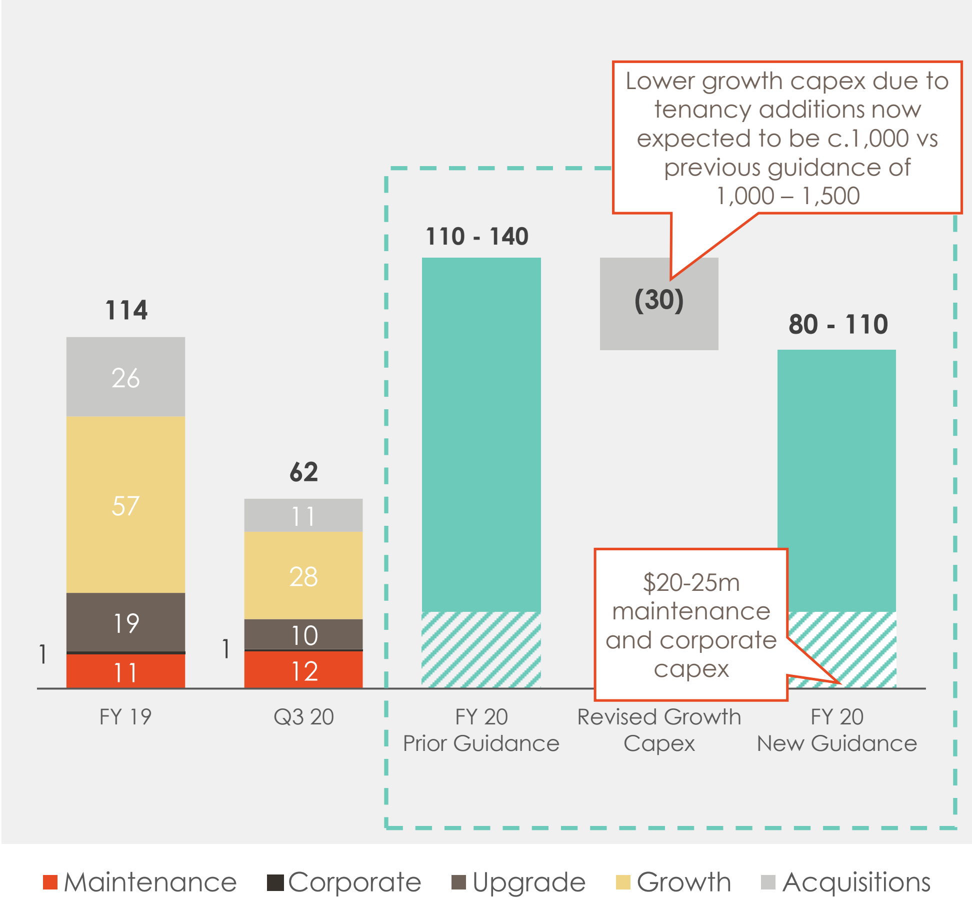
Commentary

- High quality contracts with inflation and power price escalators and **60%** of YTD revenue pegged to hard currencies.
- Long-term relationships with Africa's Big-Five MNOs[1], who generated **87%** of YTD Q3 20 revenues.
- **80%** of future contracted revenues with Africa's Big-Five MNOs[1].
- Diversified business and strong currency protection provides robust and sustainable earnings.

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

Capital expenditure – lower growth capex due to short-term rollout delays

Capex breakdown ($m)



Commentary

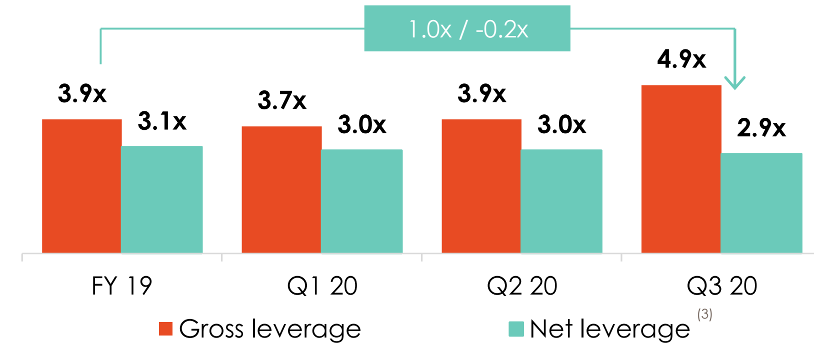
- FY 20 capex guidance reduced to $80m - $110m from previous guidance of $110m - $140m.
- Lower capex is a result of short-term COVID-19 delays to tenancy rollouts earlier in the year.
- Approximately $70 - $90m expected for organic investments, of which $20 - $25m maintenance and corporate capex expected.
- $20m for potential acquisitions for opportunities in existing markets ($11m of which already deployed year-to-date).

Summary of financial debt

Debt KPIs

($m)	FY 19	Q1 20	Q2 20	Q3 20
Cash & cash equivalents	221	146	213	466
Less: restricted cash(1)	38	-	-	-
Cash excl. restricted cash	183	146	213	466
Bond	600	600	750	975
Term loan	75	75	-	-
SA loan facility	-	-	11	11
Lease obligations + other(2)	135	125	107	142
Gross debt	810	800	868	1,128
Net debt(3)	627	653	656	662
Annualised Adj. EBITDA	205	216(4)	220(4)	230(4)
Gross leverage(5)	**3.9x**	**3.7x**	**3.9x**	**4.9x**
Net leverage(6)	**3.1x**	**3.0x**	**3.0x**	**2.9x**

Gross and net leverage



Commentary

- Successfully raised a $225m bond tap issuance against the existing 7.0% 2025 senior notes, priced at 106.25.
- The tap carries a yield to maturity of 5.6%, reducing the Group's total cost of debt.
- Proceeds provide additional capital to be deployed to support our expansion into new and existing markets.
- Q3 20 net leverage(6) of 2.9x is below the target range of 3.5x and 4.5x, allowing further capacity for additional debt.

(1) Restricted cash reflects cash held for the payment of change of control taxes related to our initial public offering in 2019, funded by a capital contribution from our shareholders immediately prior to the initial public offering.
(2) 'Other' relates to unamortised loan issue costs, accrued bond and loan interest, derivative liability and shareholder loans.
(3) Net debt is calculated as our gross debt less cash and cash equivalents. FY 19 net debt excludes US$37.7m of restricted cash for the payment of change of control taxes related to our initial public offering in 2019, funded by a capital contribution from our pre-IPO shareholders immediately prior to the initial public offering.
(4) 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.
(5) Calculated as gross debt divided by annualised Adj. EBITDA for the quarter and Adj. EBITDA for the year.
(6) Calculated as net debt divided by annualised Adj. EBITDA for the quarter and Adj. EBITDA for the year.

Q3 2020 summary

- Maintained track record of consistent and profitable EBITDA growth.
- Record low cost of debt secured through $225m bond tap, strengthening the balance sheet to support future expansion.
- Expect c.1,000 incremental tenancy additions for FY 2020, within the previously guided range.
- Medium term guidance unchanged, with strong demand and robust pipeline.

Q&A

Appendix

Helios Towers market overview

			Big-5 MNOs								
	HT Market Share[3]	Airtel	MTN	Orange	Tigo	Voda	Mobile Penetration[2]	Towers Available[3]	PoS Additions[3] (2018 – 2024)	PoS Growth CAGR[3] (2018 – 2024)
Tanzania	64%	✓			✓	✓	41%	2k	5.1k	6.1%
DRC	63%	✓		✓		✓	38%	1k	3.8k	9.0%
Ghana	21%	✓[1]	✓		✓[1]	✓	55%	0.8k	2.7k	5.1%
Senegal	30%[6]			✓			52%	3k[6]	1.7k[6,7]	7.2%[6,7]
Congo B	53%[4]	✓	✓				47%	0.3k[4]	0.4k	5.2%
South Africa	n.m.[5]		✓			✓	67%	25k	7k	3.3%
Group		✓	✓	✓	✓	✓	**50%**	**32k**	**21k**	**5.0%**

1. AirtelTigo is a 50:50 joint venture between Airtel and Tigo.
2. GSMA Intelligence Database. Unique mobile subscribers 2019.
3. Hardiman Report, August 2019.
4. Estimated market share and site count based on Hardiman Report, August 2019 and adjusted for recent Congo B acquisition.
5. Entered South Africa in early 2019.
6. TowerXchange / Company / BMI research / HT estimates
7. 2020 – 2025 Company estimates

Helios Towers $225m bond tap issuance at 5.6% YTM

Transaction Details

- On 9th September 2020, successfully raised net proceeds of **$234m** from a $225m bond tap issuance, reflecting a yield to maturity of **5.61%**. Terms are equivalent with existing 2025 notes, with a 7.00% coupon (paid semi-annually) and maturity of 18th December 2025.
- The proceeds will be used for general corporate purposes, which may include acquisitions, such as the recently announced agreement to acquire the passive infrastructure assets of Free Senegal.
- The transaction adds significant capital for future growth.

Strengthened balance sheet and improved cost of capital

1 **Further reduced cost of debt**

- Bond tap issuance pricing of 106.25 reflects a yield to maturity of 5.61%.
- This sets a new benchmark for future funding, and reduces the Group's total cost of debt to **6.48%**(1)

2 **Increases total available funds to execute growth strategy**

- Proceeds provide additional capital to support our expansion and to fund potential pipeline opportunities.
- Following the bond tap issuance in Q3 2020, we have $466m of cash on balance sheet, reflecting proceeds from the bond tap issuance. Additionally, we have over $290m of undrawn debt facilities.(2)

(1) Reflects blended average of: (i) 7.00% coupon on the existing notes; (ii) YTM of 5.61% on $225m bond tap issuance; (iii) L+5.50% interest rate on $200m Term Loan; L+5.25% interest rate on $70m RCF (with LIBOR assumed at 0.33%)
(2) Undrawn facilities are comprised of term loan (up to $200m: $160m committed and $40m accordion), RCF ($70m), and local South African debt facility ($20m undrawn)

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