12 March 2020

Helios Towers plc announces results for the year to 31 December 2019
Full year results in-line with expectations

Financial highlights

- Full year Group revenue increased by 9% year-on-year to US$388m (2018: US$356m), driven by the continued growth in the number of sites and tenancies across the Group.
    - Q4 2019 Group revenue increased by 3% to US$100m (Q3 2019: US$97m).
- Full year Adjusted EBITDA increased by 16% year-on-year to US$205m (2018: US$178m), reflecting both tenancy growth and continued improvements in operational efficiency, with the Adjusted EBITDA margin expanding to 53% (2018: 50%), up 3ppts.
    - Q4 2019 Adjusted EBITDA increased by 2% to US$54m (Q3 2019: US$52m), the 20th consecutive quarter of Adjusted EBITDA growth.
- Operating loss was US$-5m in 2019, decreasing by US$-8m year-on-year (2018: US$3m). Operating loss in 2019 included US$63m of exceptional items, deal costs and non-cash costs related to our continued site consolidation programme (2018: US$32m).
- Net debt at 31 December 2019 of US$627m (2018: US$657m), resulting in net leverage of 2.9x as of 31 December 2019 (31 December 2018: 3.5x).

Operational highlights

- Number of tenants increased by 8% year-on-year to 14,591 tenants (2018: 13,549). Q4 tenancy number increased by 3% (Q3 2019: 14,226).
- Number of sites increased by 3% year-on-year to 6,974 total sites (2018: 6,745). Q4 number of sites increased by 1% (Q3 2019: 6,903).
- Tenancy ratio increased by 0.08x to 2.09x (2018: 2.01x). Q4 tenancy ratio increased by 0.03x (Q3 2019: 2.06x).
- In March 2019, the Group entered the South African market through a partnership with Vulatel to create Helios Towers South Africa; and through the subsequent acquisition of SA Towers in May, delivering a pipeline of over 500 sites.
- On 18 October 2019 Helios Towers was admitted to the premium segment of the Official List and trading on the Main Market of the London Stock Exchange.
- The Company continues to monitor markets to determine an adequate window for a potential refinancing of its existing capital structure through an issuance of notes. The refinancing is also expected to consist of a new revolving credit facility in an amount up to US$70m and a new US$200m term loan to be used for inorganic growth opportunities and general corporate purposes.

Key performance indicators table

Period Ended 31 December	FY 19	FY 18	Change	Q4 19	Q3 19	Change
Sites	**6,974**	6,745	+3%	**6,974**	6,903	+1%
Tenancies	**14,591**	13,549	+8%	**14,591**	14,226	+3%
Tenancy ratio	**2.09x**	2.01x	+0.08x	**2.09x**	2.06x	+0.03x
Revenue (US$m)	**388**	356	+9%	**100**	97	+3%
Adjusted EBITDA (US$m)[1]	**205**	178	+16%	**54**	52	+2%
Adjusted EBITDA margin[1]	**53%**	52%	+1ppt	**54%**	54%	0ppt
Operating Profit / (Loss)	**-4.5**	3.3	-7.8	**-17.3**	0.1	-17.4
Portfolio free cash flow[1]	**169**	133	+27%	**44**	45	-2%
Net debt at end of period[1]	**627**	657	-5%	**627**	730	-14%
Net leverage at the end of the period[1,2]	**3.1x**	3.7x	-0.6x	**2.9x**	3.5x	-0.6x

[1] Alternative Performance Measures are described in our defined terms and conventions.
[2] Calculated as net debt divided by annualised Adj. EBITDA for the quarter and Adj. EBITDA for the year

Kash Pandya, Chief Executive Officer, said:

"Helios Towers has had another strong year, both financially and operationally. Revenues increased +9% to US$388 million, Adjusted EBITDA grew 16% to US$205 million. Our operating profit was a touch below breakeven at US$-5 million and included US$63 million of exceptional items, deal costs and non-cash costs related to our value-accretive site consolidation program.

I am particularly proud that we have now delivered twenty consecutive quarters of adjusted EBITDA growth driven by continued tenancy growth and operational efficiencies. We also entered a dynamic fifth market, South Africa, early in the year, which gives us valuable experience of the most pioneering digital market in Africa. Our successful listing on the London Stock Exchange in October 2019 provided market affirmation of our strategy and ambition as a Group.

In 2020, and beyond, we will continue to focus on driving profitable revenue expansion by leveraging the exciting growth in our sub-Saharan markets, our long-term client contracts and sustained improvements in our operational excellence, with an appropriate eye on further inorganic opportunities. Helios Towers is investing heavily in local expertise, capabilities and training that deliver the services for our MNO customers and their users, as well as generating broader economic benefits in the countries in which we operate. We also remain keenly focused on delivering on the structural opportunities present across Africa."

Earnings conference call

Management will host a conference call today for analysts and institutional investors at 09.30 GMT. Dial in details for the conference call are:

- Europe & International: +44 20 3936 2999
- South Africa (local) : 087 550 8441
- USA (local): 1 646 664 1960
- **Passcode: 747254**

For further information go to:
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About Helios Towers (“HT”)

- Helios Towers is a leading independent telecommunications tower infrastructure company in Africa, having established one of the continent's most extensive tower portfolios with close to 7,000 towers across five countries. It builds, owns and operates telecom passive infrastructure, providing services to mobile network operators.

- HT owns and operates more sites than any other operator in each of Tanzania, Democratic Republic of Congo (“DRC”), and Congo Brazzaville. It is also a leading operator in Ghana with a strong urban presence and established a presence in South Africa in 2019.

- HT pioneered the model in Africa of buying towers that were held by single operators and providing services utilising the tower infrastructure to the seller and other operators. This allows wireless operators to outsource non-core tower-related activities, enabling them to focus their capital and managerial resources on providing higher quality services more cost-effectively.

Chair’s introduction

I am proud to be able to welcome you to Helios Towers.

I came on board as Chair in September 2019 and for me this has been a double pleasure. Firstly, mobile telephony holds an enduring fascination for me, having previously served on the Board of Vodafone Group Plc for a decade. But secondly, I am a proud Ghanaian and African, and have witnessed the transformative effects that mobile communications invariably bring to communities, cities, nations and continents.

It is worth remembering that there is minimal fixed line telephony across Africa. So as the mobile sector expands, it is not bringing an additional choice – it is usually providing telephony for the first time. It is always remarkable to see how, overnight, a rural college or hospital can become connected not just to its community, but to the internet and the world’s knowledge, insights and experiences.

Africans are also leading the world in some areas of online service use. Millions are gaining online access for the first time with a 3G or 4G smartphone in their hands. They’re using WhatsApp and Facebook from day one. There is already a generation that has never stepped into a physical bank – to them, it has always been an online service. And from farming and tourist services to online medical consultations, mobile is changing lives.

GROWING TRUE TO OUR VALUES

In many respects, we are pushing at an open door: governments, local authorities, consumers and businesses alike can all see the benefits of mobile and are widely supportive.

Equally, the Company is determined to grow responsibly; to build towers considerately and to maintain them efficiently. We act with integrity and with locally sourced talent, complying with, and typically exceeding, all legal requirements. We also believe in partnership, working with some 7,000 contractors with a one-company ethos. And we strive for excellence, whether in safety, training, technology or service uptime and reliability.

A STRENGTHENED PUBLIC COMPANY

I was delighted to see the Company’s business model and strategy validated by the public financial markets through a successful IPO in October. This is also a positive statement for African business generally, proving the LSE is open to the continent’s myriad opportunities.

In parallel, the Company’s governance has been refined and upgraded to align with the uncompromised values we believe in. This has included strengthening our Board with relevant and complementary skills that will serve us well for the opportunities and challenges to come.

SECTION 172

We believe that our strategy and actions reflect the requirements and spirit of Section 172 with the information we offer you in our Annual Report which we have published today. These include our commitment to our workforce, customers, suppliers, shareholders, communities and the environment and to operate both sustainably and with integrity.

OUTLOOK

The rapid growth in mobile is also being propelled by the African economy – one of the fastest-growing in the world. A rising middle class and increasing consumer expectations are igniting demand. The continent has significant room for structural growth which will take many years to fulfil. Helios Towers is instrumental in helping MNOs to both densify and expand, without the distraction and capex needed to improve and operate tower networks.

Just as importantly, the Company has continued to demonstrate its ability to grow inorganically. This year the Company entered South Africa – a different market for us in that mobile there is generally much more mature. South Africa is the powerhouse of sub-Saharan Africa, and its mobile market is pioneering many of the regional developments of both mobile and ancillary technologies. Its towers market is still full of growth and potential, so we are excited about our prospects.

The combination of organic growth potential and well-judged acquisitions in both new and existing markets bodes well for the continued expansion of our business, and for the social and economic prospects for the areas in which we operate.

Samuel Jonah, KBE, OSG | Chair

Chief Executive Officer's statement

It is always a pleasure to report a good year, and it is particularly special when our value proposition and strategy receive the affirmation of seasoned institutional investors. We were delighted to receive such an endorsement in October 2019 when Helios Towers became the first pure-play tower company in Africa to list on the premium segment of the London Stock Exchange.

The year also marked our entry into the exciting South African market through our partnership with Vulatel and the subsequent acquisition of SA Towers. South Africa is the biggest economy in sub-Saharan Africa, and is still growing rapidly. It has strong demographic growth and is a leading market for telecommunications innovation in Africa. In particular, this provides us with an opportunity to develop expertise in adjacent technologies, and then leverage it in our other fast-growing operations in Tanzania, DRC, Ghana and Congo Brazzaville.

We can look back on 2019 as another pleasing year of performance. Indeed, we were delighted to close out the year with our 20th consecutive quarter of adjusted EBITDA growth.

PERFORMANCE OVERVIEW 2019

Helios Towers had another strong year of financial performance in 2019, with revenue growth of 9% to US$388 million and adjusted EBITDA growth of 16% to US$205 million. Operating loss was a touch below breakeven at US$(5) million in 2019, however this included US$63 million of exceptional items, deal costs and non-cash costs related to our continued site consolidation programme.

The Group has continued to deliver strong organic growth through new towers and new tenancies, continued execution of our business excellence strategy, and associated operating leverage and expanded margins.

ENABLING MOBILE, POWERING DEVELOPMENT

We operate in a sector that is welcomed and promoted by governments, regulators and local communities alike. With only minimal fixed line telephony in Africa, largely restricted to the major cities, mobile not only opens communication for people and businesses – it is Africa's main communications gateway.

Helios Towers is therefore part of a vital enabling chain: using our infrastructure, mobile networks can roll out their services and bring transformative improvements to businesses, economies and indeed everyday lives. Thousands of schools are now discovering global access to information and learning; farmers can track prices for their crops; tourism services are expanding; 'mobile money' already outnumbers old-style branch banking; and online medical consultations are now a reality.

We are serving some of the world's fastest-growing populations (projected to nearly double across Africa by 2050). Africa also boasts the fastest-growing mobile markets, with independent experts forecasting 31% subscription growth across sub-Saharan Africa by 2024. And critically, the population is young, tech-savvy and data-hungry, with two-thirds of the population in our markets aged under 30.

This growing demand for mobile translates into a need for more mobile towers. Also, of the existing c.228K towers in Africa only 27% are owned by towercos and 73% by MNOs. Globally 70% of towers are owned by towercos, so Africa still has some way to go.

Against this backdrop, we have ambitious growth plans for our business, drawing on our experience of entering five markets, and successfully executing nine acquisitions since our formation in 2010. From now through to 2025, we are targeting expansion of our tower network to 12,000 towers, across eight countries from the current five.

THE YEAR IN OUR MARKETS

In each of our developing markets, our host countries have ambitious plans for growth and are making major infrastructure investments in roads, bridges, railways, utilities and energy. In line with this drive for expansion, our offering allows MNOs to expand and upgrade quickly, sustainably and cost effectively.

Alongside this, growing urbanisation, a rising middle class and licence requirements are all driving demand from MNOs to extend their geographical coverage, and to densify their networks. This is being further fuelled by 4G, for which licences have been awarded in each of our five markets.

- **Tanzania:** The MNOs are focused on continuing to roll out 4G and this is driving significant amendment revenue for us. The Government has also extended the power grid by more than 1,000km, enabling us to connect 147 more towers to the grid and save opex by reducing fuel consumption and fuelling visits. Tanzania is investing heavily in its growth, and the World Bank is also contributing; it recently released $450m of $1.7bn overall funding to drive the country's development.
- **DRC:** Early in the year, we were pleased to see a smooth election process and transition to the new president, Félix Tshisekedi. Like Tanzania, DRC is attracting and making significant investment, as are the MNOs. Inaugural 4G licences,

awarded in 2018, were acquired by the leading players (Vodacom, Airtel, Orange and Africell), and independent forecasts[(1)] point to rapid subscription growth from 38m (2018) to 63m (2024).

- **Ghana:** During the year we saw an interesting evolution of the towerco market with American Tower's acquisition of Eaton Towers, endorsing the attractiveness of tower assets in Africa. Helios Towers is the only other towerco in Ghana, and our nimble and entrepreneurial approach has won us significant business from all leading MNOs in the market. With economic growth of 7.5%[(2)] estimated for 2019, Ghana is one of the world's fastest-growing economies and we continue to expand our tower count there.
- **Congo Brazzaville:** Our business continues to gain traction with the MNOs in a mobile market projected to add one million subscribers by 2024. We remain the only independent player in the country and provide high-quality infrastructure services to both leading MNOs in the market.
- **South Africa:** We entered this market in spring 2019 and our goal here is to have 1,000 towers operational within three years. We have already made good progress, closing the year with 118 sites and 208 tenancies, and an attractive pipeline of over 500 sites. 4G is well established here, and the Government is now pushing the MNOs to densify in rural areas. Our operational ethos has been embedded with remarkable smoothness and we see exciting times ahead.

GOVERNANCE

On 18 October 2019, Helios Towers marked the beginning of a new chapter with a successful initial public offering of its shares, and a premium listing on the London Stock Exchange.

Accordingly, to strengthen our governance the business made several new appointments to the plc Board. We welcomed Sir Samuel Jonah who joined as Chair; Magnus Mandersson who is now the Senior Independent Director; and Alison Baker who joined as an Independent Non-Executive Director and Audit Committee Chair.

Each brings significant and complementary skills and experience to the Board for our new life as a public company.

ADDRESSING RISK

We have always adopted the highest standards of financial probity, and in 2019 we further strengthened this area by gaining ISO 37001 accreditation for our anti-bribery measures. We believe this makes us one of the first, if not the only, enterprise in Africa to hold a 'full-house' of anti-bribery, quality, safety and environmental ISO standards.

We also continued to focus on other high-risk areas including conflicts of interest management, and technology risks ranging from cybercrime and network access to security. Of course, there is no end-point to managing risks; its nature constantly evolves, and therefore so do our practices to defend against them.

2020

We enter the year as a public company with an enviable platform of both talent and assets.

Our script for 2020 is broadly similar to last year's: to keep doing what we're doing, do it better every time, and look for opportunities to grow in both existing and new locations.

Meanwhile, my thanks go again to our fantastic and tenacious teams and our partner suppliers. Once again they have delivered continued improvement and record KPIs, making us ever-more efficient and effective. I also thank our loyal MNO customers, many of whom have been with us from our earliest days in each territory. We look forward to continuing to grow with you in the great continent of Africa.

Kash Pandya | Chief Executive Officer

(1) Source: Hardiman Report, August 2019
(2) IMF, World Economic Outlook, October 2019

Chief Financial Officer’s statement

As we head into the next decade it is fitting we are also entering a new phase of our development.

2019 was another successful year of delivering against our financial and operational targets, and maintaining our uninterrupted growth. We closed the year with our 20th consecutive quarter of increased Adjusted EBITDA, and added a fifth market to our business.

This was driven by strong organic customer demand, multiple operational gains that continue to drive up service quality and improve cost efficiency, and the addition of our new South African operations.

But it was also the year that Helios Towers became a public company following a successful IPO in October.

This is pleasing not just because it is a public market validation of our business model; it also provides us with extra capacity and funding flexibility for further value -accretive investment, as we seek to expand the business through both organic and inorganic opportunities.

We raised US$125m of primary equity capital in our IPO, which together with our debt capacity gives us substantial funding capacity at our disposal for potential investment. Our business development pipeline currently holds around 20 projects under consideration in new and existing markets around Africa, which offer both greenfield build-to-suit and acquisition opportunities.

GROUP PERFORMANCE

In 2019, revenues grew by 9% from US$356m to US$388m and Adjusted EBITDA increased by 16% to US$205m. Robust customer demand for our services during the year meant we were pleased to add over 1,000 tenancies (8% increase) and improve our tenancy ratio from 2.01x to 2.09x. Furthermore, we continued to drive efficiencies, all of this contributing to deliver a solid improvement in Adjusted EBITDA margin by 3ppt to 53%.

Our operating loss was a touch below break-even at US$(5) million compared to an operating profit of US$3 million in 2018. This includes US$50 million of one-offs in relation to our IPO and crystallisation of our previous private company Management Incentive Plans (MIPs), US$11 million non-cash costs for our continued site consolidation program and US$2 million related to deal costs. In 2018 adjusting items amounted to US$32 million. Adjusted operating profit increased by US$22 million from US$36 million in 2018 to US$58 million in 2019. This demonstrates strong underlying growth and we anticipate this to continue going forward.

We further improved cash flow generation of our existing asset base, with portfolio free cash flow (‘PFCF’) increasing 27% from US$133 million to US$169 million, which demonstrated efficiencies in our maintenance capex spend as well as the flow-through from Adjusted EBITDA growth. This enabled us to fund our financing costs and discretionary capex during the year with our PFCF, thereby breaking even on our Adjusted free cash flow (which excludes exceptional items and working capital) for the first time, which is what we set out to do at the start of the year.

QUALITY OF REVENUES AND EARNINGS

Our business continues to maintain a robust earnings stream, which is driven by high quality customers, strength of contracts, and operational execution.

- **Customer mix:** we continue to serve Africa’s largest MNOs, which account for the vast majority of our revenue. 99% of our revenue comes from international MNOs, and 87% is from Africa’s Big 5 – Airtel, MTN, Orange, Tigo and Vodacom/fone.
- **Long-term contracts:** our contracts typically have initial terms of 10-15 years, with automatic renewals thereafter. We currently have an average of 7.2 years initial term remaining across our Group, which represents US$2.9 billion of future revenue already contracted.
- **Hard currency / dollarisation and escalations:** a significant percentage of our customer contracts are in hard currency (mainly US dollars), which leads to 65% of our 2019 Adjusted EBITDA being in hard currency. We also have CPI and power price annual or quarterly escalations across all our customer contracts, which means that even our local currency Adjusted EBITDA automatically increases periodically and provides stability and robustness for our Group earnings – this being one of the factors that has contributed to our steady Adjusted EBITDA growth for 20 consecutive quarters.
- **Operational performance:** during 2019 we provided our customers with an average of 99.98% power uptime – this being achieved across markets with an average of c.14 hours grid power per day. This level of performance ensures that we are the tower company of choice for our customers and leads to repeat business. This has contributed to our track record of Adjusted EBITDA growth.

TAX EXPENSE

The Group tax expense for 2019 was US$61.8 million, of which US$55.0 million was due to Change of Control Taxes triggered by the IPO. This liability is covered by pre-IPO shareholders through an escrow structure and at year-end the group had received

US$47.7 million from this, with the remaining balance likely to be drawn in April. Excluding for the Change of Control Taxes, our tax expense was $6.8 million, broadly in line with expectations.

LIQUIDITY AND NET DEBT

We continued to maintain a strong liquidity position, finishing the year with US$183 million of cash and cash equivalents, excluding restricted cash(1).

Part of this was from the US$125 million primary proceeds that we raised in our October 2019 IPO, and which is earmarked for expansion. We continued to reduce net leverage, which at 2019 year-end was 2.9x Adjusted EBITDA and below our target range of 3.5-4.5x. We therefore have further debt capacity available if we need it and are currently looking at a number of new business development opportunities where we are considering investing.

For 2020, we aim to continue funding all of our organic growth capex with portfolio free cash flow, and maintain or surpass our Adjusted FCF break-even position. We target leverage levels to resume at 3.5-4.5x, following deployment of some of our newly raised capital into value-accretive expansion.

Finally, we were pleased to maintain our credit ratings of B2 corporate family rating ("CFR") by Moody's Investors Service and B corporate credit rating by S&P in 2019.

DIVIDEND

Given our ambitions to invest in our current businesses and expand into new markets, the Directors recommended that no dividends be paid for the year ended 31 December 2019. However given the growth in portfolio free cash flow and our expectations for the future, there may be scope to pay a dividend in the medium term, depending also on investment opportunities at that time.

OUTLOOK

We have many reasons to be excited about our prospects in 2020. It is our first full year as a public company, we have raised new capital and have the capacity for more given current net leverage levels, we have a growing organic business and are looking at numerous expansion opportunities. We are focused on our hallmarks of high quality delivery and execution, and delivering significant value and well- being for all of our stakeholders. And I believe we will deliver.

Tom Greenwood | CFO

(1) Restricted cash of US$37.7 million for the potential 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.

Detailed financial review

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

(US$m)	Year ended 31 December 2019	2018
Revenue	387.8	356.0
Cost of sales	(261.9)	(255.8)
Gross profit	**125.9**	**100.2**
Administrative expenses	(119.4)	(91.1)
Loss on disposal of property, plant and equipment	(11.0)	(5.8)
Operating (loss)/profit	**(4.5)**	**3.3**
Interest receivable	0.7	1.0
Gain/(loss) on derivative financial instruments	33.9	(16.8)
Finance costs	(104.9)	(107.0)
Loss before tax	**(74.8)**	**(119.5)**
Tax expenses	(61.8)	(4.4)
Loss after tax	**(136.6)**	**(123.9)**

KEY PERFORMANCE INDICATORS

For the year ended 31 December

	Group		Tanzania		DRC		Congo Brazzaville		Ghana		South Africa	
$ values are presented as US$m	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue for the year	$387.8	$356.0	$162.2	$149.8	$158.0	$140.9	$25.9	$24.3	$40.1	$41.0	$1.6	–
Adjusted gross margin[(1)]	66%	63%	66%	65%	64%	60%	70%	67%	69%	66%	78%	–
Sites at beginning of the year	6,745	6,519	3,701	3,491	1,773	1,819	380	384	891	825	–	–
Sites at year end	6,974	6,745	3,661	3,701	1,850	1,773	384	380	961	891	118	–
Tenancies at beginning of the year	13,549	12,987	7,848	7,392	3,492	3,347	529	525	1,680	1,723	–	–
Tenancies at year end	14,591	13,549	8,099	7,848	3,828	3,492	568	529	1,888	1,680	208	–
Tenancy ratio at year end	2.09x	2.01x	2.21x	2.12x	2.07x	1.97x	1.48x	1.39x	1.96x	1.89x	1.76x	–
Adjusted EBITDA for the year[(2)]	$205.2	$177.6	$96.4	$86.2	$88.3	$72.5	$13.6	$12.1	$23.6	$22.8	$0.2	–
Adjusted EBITDA margin for the year	53%	50%	59%	57%	56%	51%	53%	50%	59%	56%	13%	–

(1) Adjusted gross margin means gross profit, adding back site and warehouse depreciation, divided by revenue.

(2) Group Adjusted EBITDA for the year is stated including corporate costs of US$16.9 million (2018: US$16.0 million).

TOTAL TENANCIES AS AT 31 DECEMBER

	Group		Tanzania		DRC		Congo Brazzaville		Ghana		South Africa	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Standard colocations	6,856	6,269	3,978	3,762	1,905	1,689	170	144	715	674	88	–
Amendment colocations	761	535	460	385	73	30	14	5	212	115	2	–
Total colocations	7,617	6,804	4,438	4,147	1,978	1,719	184	149	927	789	90	–
Total sites	6,974	6,745	3,661	3,701	1,850	1,773	384	380	961	891	118	–
Total tenancies	14,591	13,549	8,099	7,848	3,828	3,492	568	529	1,888	1,680	208	–

TENANCIES

The number of tenancies increased by 8% to 14,591 on 31 December 2019 from 13,549 on 31 December 2018. This increase was driven by tenancy growth across all markets.

The number of sites increased by 3% to 6,974 on 31 December 2019 from 6,745 on 31 December 2018. This increase was driven by entry into the South African market in 2019 and predominantly by site growth in DRC and Ghana. The number of sites in Tanzania decreased slightly from 3,701 on 31 December 2018 to 3,661 on 31 December 2019, due largely to our ongoing site consolidation program which reduces site count but improves network efficiency and margin enhancement.

REVENUE

Revenue increased by 9% to US$387.8 million in the year ended 31 December 2019 from US$356.0 million in the year ended 31 December 2018. The increase in revenue was largely driven by the 8% increase in tenancies from 13,549 as of 31 December 2018 to 14,591 as of 31 December 2019.

COST OF SALES

	Year ended 31 December			
		% of Revenue		% of Revenue
(US$m)	2019	2019	2018	2018
Power	82.6	21.3%	81.9	23.0%
Non-power	50.6	13.0%	49.8	14.0%
Site and warehouse depreciation	128.7	33.2%	124.1	34.9%
Total cost of sales	261.9	67.5%	255.8	71.9%

The table below shows an analysis of the cost of sales on a country-by-country basis for the year ended 31 December 2019 and 2018.

	Tanzania		DRC		Congo Brazzaville		Ghana		South Africa	
	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
(US$m)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Power	29.4	29.2	41.6	39.3	2.9	3.0	8.5	10.4	0.2	–
Non-power	26.1	23.5	15.7	17.7	4.9	5.1	3.8	3.6	0.1	–
Site and warehouse depreciation	54.1	54.7	55.1	50.2	10.9	11.3	8.1	7.8	0.5	–
Total cost of sales	109.6	107.4	112.4	107.2	18.7	19.4	20.4	21.8	0.8	–

Year-on-year, cost of sales increased to US$261.9 million in the year ended 31 December 2019 from US$255.8 million in the year ended 31 December 2018, due primarily to an increase in site and warehouse depreciation in line with the increased number of sites. Group power costs increased marginally, largely due to DRC, where we added significant tenancies. This was partially offset by lower power costs in Ghana and Congo Brazzaville.

ADMINSTRATIVE EXPENSES

Administrative expenses increased by 31% to US$119.4 million in the year ended 31 December 2019 from US$91.1 million in the year ended 31 December 2018. The increase in administrative expenses is primarily due to exceptional and adjusting items of US$49.7 million in the year ended 31 December 2019, with the majority of this relating to the listing on the London Stock Exchange ("LSE") and associated share-based payments costs, largely attributed to the unwinding of the Group's legacy private company Management Incentive Plans. See Note 4 to the Financial Statements.

	Year ended 31 December			
		% of Revenue		% of Revenue
(US$m)	2019	2019	2018	2018
Other administrative costs	51.1	13.2%	49.0	13.8%
Depreciation and amortisation	18.5	4.8%	17.2	4.8%
Exceptional items	49.8	12.8%	24.9	7.0%
Total administrative expense	119.4	30.8%	91.1	25.6%

ADJUSTED EBITDA

Adjusted EBITDA was US$205.2 million in the year ended 31 December 2019 compared to US$177.6 million in the year ended 31 December 2018. The increase in Adjusted EBITDA between periods is primarily attributable to the changes in revenue, cost of sales and administrative expenses, as discussed above.

LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Loss on disposal of property, plant and equipment was US$11.0 million in the year ended 31 December 2019, compared to a loss of US$5.8 million during the year ended 31 December 2018. This increase in loss on disposal was primarily a result of the site consolidation programs in DRC and Tanzania which will deliver increased network efficiency and margin enhancement.

GAIN/(LOSS) ON DERIVATIVE FINANCIAL INSTRUMENTS

Other gains and losses recognised in the year ended 31 December 2019 was a gain of US$33.9 million, compared to a loss of US$16.8 million in the year ended 31 December 2018. This is in relation to the fair value movement of the embedded derivative valuation of the US$600 million 9.125% bond.

FINANCE COSTS

Finance costs of US$104.9 million for the year ended 31 December 2019, mainly comprise interest for the US$600 million 9.125% bond and the $100 million term loan facility activated in October 2018, of which US$75 million was drawn at 31 December 2019 (31 December 2018: US$25 million). The year-on-year decrease in foreign exchange differences for the year ended 31 December 2019 is driven primarily by the change in subsidiary financing structure.

	Year ended 31 December	
(US$m)	**2019**	2018
Foreign exchange differences	12.0	18.0
Interest cost	77.0	73.9
Interest cost on lease liabilities	15.9	15.1
Total finance costs	104.9	107.0

TAX EXPENSE

Our tax expense was US$61.8 million in the year ended 31 December 2019 as compared to US$4.4 million in the year ended 31 December 2018. The current year includes US$55.0 million related to Change of Control Taxes which is fully funded by a capital contribution from the pre-IPO shareholders. Though entities in Congo B, Tanzania and DRC have continued to be loss making, minimum income taxes have been levied based on revenue, as stipulated by law in these jurisdictions. Ghana is profit making and subject to income tax. Minimal taxes were levied in South Africa.

CONTRACTED REVENUE

The following table provides our total undiscounted contracted revenue by country as of 31 December 2019 for each year from 2020 to 2024, with local currency amounts converted at the applicable average rate for US dollars for the year ended 31 December 2019 held constant. Our contracted revenue calculation for each year presented assumes:

- no escalation in fee rates;
- no increases in sites or tenancies other than our committed tenancies;
- our customers do not utilise any cancellation allowances set forth in their MLAs;
- our customers do not terminate MLAs early for any reason; and
- no automatic renewal.

	Year ended 31 December				
(US$m)	2020	2021	2022	2023	2024
Tanzania	163.7	163.4	160.5	153.5	133.9
DRC	162.7	166.3	164.5	163.5	161.7
Congo Brazzaville	22.1	18.3	17.6	16.5	16.5
Ghana	32.8	32.8	31.2	30.3	29.7
South Africa	2.2	2.5	2.8	3.1	3.1
Total	383.5	383.3	376.6	366.9	344.9

The following table provides our total undiscounted contracted revenue by key customers as of 31 December 2019 over the life of the contracts with local currency amounts converted at the applicable average rate for US dollars for the year ended 31 December 2019 held constant. Our contracted revenue calculation for each year presented assumes the same basis as above.

(US$m)	Total Committed Revenues	Percentage of Total Committed Revenues
Africa's Big-Five MNOs(1)	2,350.8	82%
Other	520.9	18%
Total	**2,871.7**	**100%**

(1) Includes Vodacom/fone, Airtel, Tigo, Orange and MTN.

MANAGEMENT CASH FLOW

(US$m)	Year ended 31 December 2019	2018
Adjusted EBITDA	205.2	177.6
Less:		
Maintenance and corporate capital additions	(12.1)	(16.4)
Payments of lease liabilities(1)	(20.9)	(25.5)
Tax paid(2)	(3.3)	(2.9)
Portfolio free cash flow(3)	168.9	132.8
Cash conversion %(4)	82%	75%
Net payment of interest(5)	(67.7)	(62.2)
Levered Portfolio free cash flow	101.2	70.6
Discretionary capital additions(6)	(102.1)	(102.6)
Adjusted free cash flow	(0.9)	(32.0)
Net change in working capital(7)	(45.2)	9.6
Cash paid for exceptional and EBITDA adjusting items(8)	(36.0)	(32.2)
Proceeds on disposal of assets	0.4	0.1
Free cash flow	(81.7)	(54.5)
Net cash flow from financing activities	214.3	25.0
Net cash flow	132.6	(29.5)
Opening cash balance	89.0	119.7
Foreign exchange movement	(0.5)	(1.2)
Closing cash balance	221.1	89.0

(1) Payment of lease liabilities includes interest and principal repayments of lease liabilities.
(2) Tax paid excludes Change of Control Taxes which are classified as exceptional.
(3) Refer to reconciliation of cash generated from operating activities to portfolio free cash flow in the alternative performance measures section.
(4) Cash conversion % is calculated as portfolio free cash flow divided by Adjusted EBITDA.
(5) Net payment of interest corresponds to the net of "Interest paid" (including withholding tax) and "Interest received" in the Consolidated Statement of cash flow, excluding interest payments on lease liabilities.
(6) Discretionary capital additions includes acquisition, growth and upgrade capital additions.
(7) 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.
(8) Cash paid for exceptional litigation costs, exceptional project costs, deal costs, share-based payments and long term incentive plan charges and associated costs (as outlined in Note 4 in the Consolidated Financial Statements) and Change of Control Taxes.

Cash conversion has increased from 75% for the year ended 31 December 2018 to 82% for the year ended 31 December 2019.This is driven by an increase in Adjusted EBITDA, a reduction in maintenance and corporate capital additions and lower payments of lease liabilities, partially offset by tax paid.

Working capital grew by US$45.2 million in 2019 due to increased receivables days from 30 days for the year ended 31 December 2018, to 57 days in the year ended 31 December 2019. See Note 15 of the Group Financial Statements.

CAPITAL EXPENDITURE

The following table shows our capital expenditure additions by category during the year ended 31 December:

	2019		2018	
	US$m	% of Total Capex	US$m	% of Total Capex
Acquisition	25.8	22.6%	2.2	1.9%
Growth	57.2	50.2%	78.1	65.6%
Upgrade	19.1	16.7%	22.3	18.7%
Maintenance	11.2	9.7%	13.0	10.9%
Corporate	0.9	0.8%	3.4	2.9%
Total	114.2	100.0%	119.0	100.0%

Acquisition capex in the year ended 31 December 2019 relates to South Africa, excluding US$12.5 million for the fair value of intangible assets acquired and goodwill recognised under IFRS 3 (see Note 30).

INDEBTEDNESS

As of 31 December 2019 and 31 December 2018 the HT Group's outstanding loans and borrowings, excluding lease liabilities, were US$684.3 million (net of issue costs) and US$628.1 million respectively. For more details, see Note 20 to the Group Financial Statements.

Principal risks and uncertainties

Principal business risks

Summarised below are the key risks identified (not in order of significance) which could have a material impact on the Group.

RISK STATUS	RISK DESCRIPTION	IMPACTS	RISK MITIGATION
New	1. OPERATIONAL RESILIENCE The ability of the Group to continue operations is heavily reliant on third parties, the proper functioning of its technology platforms and the capacity of its available human resources. Failure in any of these three areas could severely affect its operational capabilities and ability to deliver on its strategic objectives.	Strategic Reputational Operational	• Data security and protection gap analysis being conducted by external third party during H1 2020 to identify any additional control points for remediation • Third party due diligence, ongoing monitoring and regular supplier performance reviews • Alternative sources of supply are previously identified to deal with potential disruption to the strategic supply chain • Ongoing review and involvement of the human resources department at an early stage in organisation design and development activities
No change	2. MAJOR QUALITY FAILURE OR BREACH OF CONTRACT The Group's reputation and profitability could be damaged if the Group fails to meet its customers' operational specifications, quality standards or delivery schedules. A substantial portion of Group revenues is generated from a limited number of large customers. The loss of any of these customers would materially affect the Group's finances and growth prospects. Many of the Group's customer tower contracts contain liquidated damage provisions, which may require the Group to make unanticipated and potentially significant payments to its customers.	Reputational Financial	• Continued skills development and training programmes for the project and operational delivery team; • Detailed and defined project scoping and life cycle management through project delivery and transfer to ongoing operations; • Contract and dispute management processes in place; • Continuous monitoring and management of customer relationships; • Use of long-term contracting with minimal termination rights.
No change	3. NON COMPLIANCE WITH VARIOUS LAWS AND REGULATIONS SUCH AS: i) Health, safety and environmental laws ii) Anti-bribery and corruption provisions Non-compliance with applicable laws and regulations may lead to substantial fines and penalties, reputational damage and adverse effects on future growth prospects. Sudden and frequent changes in laws and regulations, their interpretation or application and enforcement, both locally and internationally, may require the Group to modify its existing business practices, incur increased costs and subject it to potential additional liabilities.	Compliance Financial Reputational	• Constant monitoring of potential changes to laws and regulatory requirements; • In-person training on Health, Safety and Environmental matters provided to employees and relevant third party contractors; • Enhanced compliance and related policies implemented in 2018 including specific details covering: Anti-Bribery and Corruption, Facilitation of Tax Evasion, Anti-Money Laundering; • Compliance monitoring activities and periodic reporting requirements introduced; • Ongoing engagement with external lawyers and consultants and regulatory authorities, as necessary, to identify and assess changes in the regulatory environment; • New Third Party Code of Conduct introduced and communicated;

			• Launch of Third Party Monitoring reviews.
No change	4. ECONOMIC AND POLITICAL INSTABILITY A slowdown in the growth of, or a reduction in demand for, wireless communication services could adversely affect the demand for communication sites and tower space and could have a material adverse affect on the Group's financial condition and results of operations. There are significant risks related to political instability, security, ethnic, religious and regional tensions in each geography where the Group has operations.	Operational Financial	• Ongoing market analysis and business intelligence gathering activities; • Market share growth strategy in place; • Close monitoring of any potential risks that may affect operations; • Business continuity and contingency plans in place to respond to any emergency situations.
No change	5. SIGNIFICANT EXCHANGE RATE MOVEMENTS Fluctuations in, or devaluations of, local market currencies where the Group operates could have a significant and negative financial impact on the Group's business, financial condition and results. Such impacts may also result from any adverse effects such movements have on Group third party customers and strategic suppliers.	Financial	• USD and EUR pegged contracts; • "Natural" hedge of local currencies (revenue vs. opex); • Monthly review of exchange rate differences.
No change	6. NON-COMPLIANCE WITH LICENCE REQUIREMENTS The Group may not always operate with the necessary required approvals and licences for some of its tower sites, particularly in the case of tower portfolios acquired from a third party. Vagueness, uncertainty and changes in interpretation of regulatory requirements are frequent and often without warning. As a result, the Group may be subject to potential reprimands, warnings, fines and penalties for non-compliance with the relevant licensing and approval requirements.	Operational	• Inventory of required licences and permits maintained for each operating company; • Compliance registers maintained with any potential non-conformities identified by relevant government authority with a timetable for rectification; • Periodic engagement with external lawyers and advisors and participation in industry groups; • Active and ongoing engagement with relevant regulatory authorities to proactively identify, assess and manage actual and potential regulation changes.
No change	7. LOSS OF KEY PERSONNEL The Group's successful operational activities and growth is closely linked to the knowledge and experience of key members of senior management and highly skilled technical employees. The loss of any such personnel, or the failure to attract, recruit and retain equally high calibre professionals, could adversely affect the Group's operations, financial condition and strategic growth prospects.	People	• Talent identification and succession planning exist for key roles; • Competitive benchmarked performance-related remuneration plans; • Staff development/support plans.
No change	8. TECHNOLOGY RISK Advances in technology that enhance the efficiency of wireless networks and potential active sharing of wireless spectrum may significantly reduce or negate the need for tower-based infrastructure or services. This could reduce the need for telecommunications operators to add more tower-based antenna equipment at certain tower sites, leading to a potential decline in	Strategic	• Strategic long-term planning; • Business intelligence; • Exploring alternatives e.g. solar power technologies; • Continuously improving product offering to enable adaptation to new wireless technologies; • Applying for new licences to provision active infrastructure services in certain markets.

	tenancies, service needs and decreasing revenue streams. Examples of such new technologies may include spectrally efficient technologies which could potentially relieve certain network capacity problems or complementary voice over internet protocol access technologies that could be used to offload a portion of subscriber traffic away from the traditional tower-based networks.		
No change	9. FAILURE TO REMAIN COMPETITIVE Competition in, or consolidation of, the telecommunications tower industry may create pricing pressures that materially and adversely affect the Group.	Financial	• Key Performance Indicator ("KPI") monitoring and benchmarking against competitors; • Total cost of ownership ("TCO") analysis for MNOs to run towers; • Fair pricing structure; • Business intelligence and review of competitors' activities; • Strong tendering team to ensure high win/retention rate; • Continuous capex investment ensures that the Group has sufficient capacity.
No change	10. FAILURE TO INTEGRATE NEW LINES OF BUSINESS IN NEW MARKETS Multiple risks exist with entry into new markets and new lines of business. Failure to successfully manage and integrate operations, resources and technology could have material adverse implications for the Group's overall growth strategy and negatively impact its financial position and organisation culture.	Strategic Financial Operational	• Pre-acquisition due diligence conducted with the assistance of external advisors with specific geographic and industry expertise; • Ongoing monitoring activities post-acquisition/agreement; • Detailed management, operations and technology integration plan; • Ongoing measurement of performance vs. plan and Group strategic objectives.
New	11. TAX DISPUTES Our operations are based in countries with complex, frequently changing and bureaucratic and administratively burdensome tax regimes. This may lead to significant disputes around interpretation and application of tax rules and may expose us to significant additional taxation liabilities.	Compliance Financial Operational	• Frequent interaction with relevant governmental authorities and representatives; • Engage legal and tax consultants to advise on tax code changes, assessed liabilities and proposed legislative changes; • Engagement with trade associations and industry bodies and other international companies and organisations facing similar issues; and • Defending against unwarranted claims.

Alternative Performance Measures

The Group has presented a number of alternative performance measures ("APMs"), which are used in addition to IFRS statutory performance measures.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these measures are also used for the purposes of setting remuneration targets.

ADJUSTED EBITDA

DEFINITION

Management defines Adjusted EBITDA as loss for the year, adjusted for tax expenses, finance costs, other gains and losses, 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, recharged depreciation, deal costs, share-based payments and long-term incentive plan charges, and exceptional items. Exceptional items are material items that are considered exceptional in nature by management by virtue of their size and/or incidence.

PURPOSE

The Group believes that Adjusted EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and booked depreciation on assets. The Group excludes certain items from Adjusted EBITDA, such as loss on disposal of property, plant and equipment, and exceptional and adjusting items because it believes they are not indicative of its underlying trading performance.

Reconciliation between APM and IFRS	2019 US$m	2018 US$m
Adjusted EBITDA	**205.2**	177.6
Adjustments applied to give Adjusted EBITDA		
Exceptional items:		
Litigation costs(1)	**–**	(10.2)
Exceptional project costs(2)	**(18.6)**	(14.7)
Deal costs(3)	**(1.7)**	(1.5)
Share-based payments and long term incentive plans(4)	**(31.2)**	–
Loss on disposal of property, plant and equipment	**(11.0)**	(5.8)
Other gains and losses	**33.9**	(16.8)
Recharged depreciation(5)	**–**	(0.9)
Depreciation of property, plant and equipment	**(129.5)**	(124.0)
Amortisation of intangibles	**(9.2)**	(8.4)
Depreciation of right-of-use assets	**(8.5)**	(8.8)
Interest receivable	**0.7**	1.0
Finance costs	**(104.9)**	(107.0)
Loss before tax	**(74.8)**	(119.5)

(1) Litigation costs relate to legal costs incurred in connection with a previously terminated equity transaction.
(2) Exceptional project costs are in relation to the listing of equity on the London Stock Exchange.
(3) Deal costs comprise deal costs for aborted acquisitions, which mainly comprise professional fees and travel costs incurred while investigating potential site acquisitions that are expensed when the potential site acquisition does not proceed, and deal costs not capitalized, which relate to the exploration of investment opportunities across Africa that are mainly related to the acquisition of an 89.5% interest in HTSA Towers (Pty) Ltd.
(4) Share-based payments, long term incentive plan charges, retention award (US$10 million) and associated costs. See Note 25.
(5) The Group incurred costs charged to it through a service contract from Helios Towers Africa LLP until 5 March 2019. From 6 March 2019, Helios Towers Africa LLP was consolidated in to the Group. Prior to this, management considered that the depreciation element of the charge should be removed from adjusted EBITDA as it is depreciation in nature.

ADJUSTED GROSS MARGIN

DEFINITION

Adjusted gross margin means gross profit, adding back site and warehouse depreciation, divided by revenue.

PURPOSE

This measure is used to evaluate the underlying level of gross profitability of the operations of the business, excluding depreciation, which is the major non-cash measure otherwise reflected in cost of sales. The Group believes that Adjusted gross profit facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by the age and booked depreciation on assets. It is also a proxy for the gross cash generation of its operations.

Reconciliation between IFRS and APM	2019 US$m	2018 US$m
Gross profit	**125.9**	100.2
Add back: Site and warehouse depreciation	**128.7**	124.1
Adjusted gross profit	**254.6**	224.3
Revenue	**387.8**	356.0
Adjusted gross margin	**66%**	63%

ADJUSTED OPERATING PROFIT/(LOSS)

DEFINITION

Adjusted operating profit/(loss) means reported operating profit/(loss) adjusted for loss on disposal of property, plant and equipment, deal costs, share-based payments and long-term incentive plan charges, and exceptional items. Exceptional items are material items that are considered exceptional in nature by management by virtue of their size and/or incidence.

PURPOSE

This measure is used to evaluate the underlying level of operating profitability of the Group. By items, including adjustments mentioned in the definition above, the Group believes that adjusted operating profit/(loss) facilitates a more meaningful comparison of Group operating performance trends from period to period.

Reconciliation between IFRS and APM	2019 US$m	2018 US$m
Operating (loss)/profit	**(4.5)**	3.3
Exceptional items:		
Litigation costs(1)	**–**	10.2
Exceptional project costs(2)	**18.6**	14.7
Deal costs(3)	**1.7**	1.5
Share-based payments and long term incentive plans(4)	**31.2**	–
Loss on disposal of property, plant and equipment	**11.0**	5.8
Adjusted operating profit	**58.0**	35.5

PORTFOLIO FREE CASH FLOW AND ADJUSTED FREE CASH FLOW

DEFINITION

Portfolio free cash flow is defined as Adjusted EBITDA less maintenance and corporate capital expenditure, payments of lease liabilities (including interest and principal repayments of lease liabilities) and tax paid. Adjusted free cash flow is defined as portfolio free cash flow less net payment of interest and discretionary capital additions.

PURPOSE

This measure is used to evaluate the cash flow generated by the business operations after expenditure incurred on maintaining capital assets, including lease liabilities, and taxes. It is a measure of the cash generation of the tower estate.

Reconciliation between IFRS and APM	2019 US$m	2018 US$m
Cash generated from operating activities	**125.3**	133.8
Adjustments applied:		
Movement in working capital	**28.4**	16.5
Exceptional items:		
Litigation costs(1)	**–**	10.2
Exceptional project costs(2)	**18.6**	14.7
Share-based payments and long term incentive plans(4)	**31.2**	–
Deal costs(3)	**1.7**	1.5
Recharged depreciation	**–**	0.9
Adjusted EBITDA	**205.2**	177.6
Less: Maintenance and corporate capital additions	**(12.1)**	(16.4)
Less: Payments of lease liabilities(5)	**(20.9)**	(25.5)
Less: Tax paid(6)	**(3.3)**	(2.9)
Portfolio free cash flow	**168.9**	132.8

(1) Litigation costs relate to legal costs incurred in connection with a previously terminated equity transaction.
(2) Exceptional project costs are in relation to the listing of equity on the London Stock Exchange.
(3) Deal costs comprise deal costs for aborted acquisitions, which mainly comprise professional fees and travel costs incurred while investigating potential site acquisitions that are expensed when the potential site acquisition does not proceed, and deal costs not capitalized, which relate to the exploration of investment opportunities across Africa that are mainly related to the acquisition of an 89.5% interest in HTSA Towers (Pty) Ltd.
(4) Share-based payments, long term incentive plan charges, retention award (US$10 million) and associated costs. See Note 25.
(5) Payment of lease liabilities includes interest and principal repayments of lease liabilities.
(6) Tax paid excludes Change of Control Taxes which are classified as exceptional.

GROSS DEBT, NET DEBT, NET DEBT LEVERAGE, AND ADJUSTED CASH & CASH EQUIVALENTS

DEFINITION

Gross debt is calculated as non-current loans and current loans and long-term and short-term lease liabilities. Net debt is calculated as gross debt less adjusted cash and cash equivalents. Adjusted cash and cash equivalents comprises cash and cash equivalents excluding US$37.7 million of restricted cash for the potential 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. Net leverage is calculated as net debt divided by last quarter annualised Adjusted EBITDA.

PURPOSE

Net debt is a measure of the group's net indebtedness that provides an indicator of overall balance sheet strength. It is also a single measure that can be used to assess both the group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure.

Reconciliation between IFRS and APM	2019 US$m	2018 US$m
External debt	684.3	628.1
Lease liabilities	125.6	118.4
Gross debt	809.9	746.5
Cash and cash equivalents	221.1	89.0
Less: Restricted cash	(37.7)	-
Adjusted cash and cash equivalents	183.4	89.0
Net debt	626.5	657.5

Financial Statements

Consolidated Income Statement

For the year ended 31 December

	Note	2019 US$m	2018 US$m
Revenue	3	**387.8**	356.0
Cost of sales		**(261.9)**	(255.8)
Gross profit		**125.9**	100.2
Administrative expenses		**(119.4)**	(91.1)
Loss on disposal of property, plant and equipment		**(11.0)**	(5.8)
Operating (loss)/profit	5	**(4.5)**	3.3
Interest receivable	8	**0.7**	1.0
Gain/(loss) on derivative financial instruments	24	**33.9**	(16.8)
Finance costs	9	**(104.9)**	(107.0)
Loss before tax		**(74.8)**	(119.5)
Tax expense	10	**(61.8)**	(4.4)
Loss after tax for the year		**(136.6)**	(123.9)
Loss attributable to:			
Owners of the Company		**(135.9)**	(123.9)
Non-controlling interest		**(0.7)**	–
Loss for the year		**(136.6)**	(123.9)
Loss per share:			
Basic and diluted loss per share (cents)	29	**(15)**	(14)

All activities relate to continuing operations.

The accompanying notes form an integral part of these Financial Statements.

Consolidated Statement of other comprehensive income

For the year ended 31 December

	2019 US$m	2018 US$m
Loss after tax for the year	(136.6)	(123.9)
Other comprehensive loss:		
Items that may be reclassified subsequently to profit and loss (net of tax):		
Exchange differences on translation of foreign operations	(1.0)	(2.3)
Total comprehensive loss for the year	(137.6)	(126.2)
Total comprehensive loss attributable to:		
Owners of the Company	(137.0)	(126.2)
Non-controlling interest	(0.6)	–
Total comprehensive loss for the year	(137.6)	(126.2)

The accompanying notes form an integral part of these Financial Statements.

Consolidated Statement of financial position

As at 31 December

Assets	Note	2019 US$m	2018 US$m
Non-current assets			
Intangible assets	11	**28.4**	12.4
Property, plant and equipment	12a	**631.9**	676.6
Right-of-use assets	12b	**108.2**	103.8
Investments	13	**–**	0.1
Derivative financial assets	26	**41.0**	7.1
		809.5	800.0
Current assets			
Inventories	14	**9.3**	10.3
Trade and other receivables	15	**166.5**	102.3
Prepayments	16	**14.1**	16.4
Cash and cash equivalents	17	**221.1**	89.0
		411.0	218.0
Total assets		**1,220.5**	1,018.0
Equity and liabilities			
Equity			
Issued capital and reserves			
Share capital	18	**12.8**	909.2
Share premium	18	**–**	187.0
Stated capital		**12.8**	1,096.2
Other reserves		**(87.0)**	(12.8)
Share-based payments reserves		**19.6**	–
Treasury shares		**(4.4)**	–
Translation reserve		**(82.7)**	(81.7)
Retained earnings		**317.6**	(880.0)
Equity attributable to owners		**175.9**	121.7
Non-controlling interest		**(0.6)**	–
Total equity		**175.3**	121.7
Current liabilities			
Trade and other payables	19	**222.7**	149.8
Short-term lease liabilities	21	**21.4**	19.6
Contingent consideration	30	**3.6**	–
Loans	20	**19.2**	17.3
		266.9	186.7
Non-current liabilities			
Deferred tax liabilities	10	**3.1**	–
Contingent consideration	30	**5.9**	–
Long-term lease liabilities	21	**104.2**	98.8
Loans	20	**665.1**	610.8
		778.3	709.6
Total liabilities		**1,045.2**	896.3
Total equity and liabilities		**1,220.5**	1,018.0

These Financial Statements were approved and authorised for issue by the Board on 12 March 2020 and signed on its behalf by:

Kash Pandya **Tom Greenwood**

The accompanying notes form an integral part of these Financial Statements.

Consolidated Statement of changes in equity

For the year ended 31 December 2019

	Note	Share capital US$m	Share premium US$m	Other reserves US$m	Treasury shares US$m	Share-based payments reserves US$m	Translation reserve US$m	Retained earnings US$m	Attributable to the owners of the parent US$m	Non-controlling interest (NCI) US$m	Total equity US$m
Balance at 1 January 2018		909.2	187.0	(12.8)	–	–	(79.4)	(752.4)	251.6	–	251.6
Transition to IFRS 9		–	–	–	–	–	–	(3.7)	(3.7)	–	(3.7)
Loss for the year		–	–	–	–	–	–	(123.9)	(123.9)	–	(123.9)
Other comprehensive loss		–	–	–	–	–	(2.3)	–	(2.3)	–	(2.3)
Total comprehensive loss for the year		–	–	–	–	–	(2.3)	(123.9)	(126.2)	–	(126.2)
Balance at 31 December 2018		909.2	187.0	(12.8)	–	–	(81.7)	(880.0)	121.7	–	121.7
Loss for the year		–	–	–	–	–	–	(136.0)	(136.0)	(0.6)	(136.6)
Other comprehensive loss		–	–	–	–	–	(1.0)	–	(1.0)	–	(1.0)
Total comprehensive loss for the year		–	–	–	–	–	(1.0)	(136.0)	(137.0)	(0.6)	(137.6)
Transactions with owners;											
Reorganisation	18	263.9	(187.0)	(74.2)	(2.7)	7.9	–	–	7.9	–	7.9
New issue of shares	18	109.2	16.4	–	–	–	–	–	125.6	–	125.6
Share issue costs		–	(7.3)	–	–	–	–	–	(7.3)	–	(7.3)
Purchase of own shares	18	–	–	–	(1.7)	–	–	–	(1.7)	–	(1.7)
Share-based payments	18	–	–	–	–	11.7	–	–	11.7	–	11.7
Capital contribution from shareholders		–	–	–	–	–	–	55.0	55.0	–	55.0
Capital reduction	18	(1,269.5)	(9.1)	–	–	–	–	1,278.6	–	–	–
Balance at 31 December 2019		**12.8**	**–**	**(87.0)**	**(4.4)**	**19.6**	**(82.7)**	**317.6**	**175.9**	**(0.6)**	**175.3**

The comparatives presented are the consolidated results of HTL. The prior year reflects the share capital structure of HTL. The current period presents the legal change in ownership of the Group, including the share capital of Helios Towers plc.

Included in other reserves is the merger accounting reserve which arose on Group reorganisation and is the difference between the carrying value of the net assets acquired and the nominal value of the share capital.

Share-based payments reserves relate to share options awarded. See Note 25.

Translation reserve relates to the translation of the Financial Statements of overseas subsidiaries in to the presentational currency of the consolidated Financial Statements.

Capital contribution relates to receipt of Escrow Amount from pre-IPO shareholders as outlined in the Escrow agreement in relation to Change of Control Taxes. Refer to Note 10.

Consolidated Statement of cash flows

For the year ended 31 December 2019

	Note	2019 US$m	2018 US$m
Cash flows from operating activities			
Loss before tax		(74.8)	(119.5)
Adjustments for:			
Gain/(loss) on derivative financial instruments	24	(33.9)	16.8
Finance costs	9	104.9	107.0
Interest receivable	8	(0.7)	(1.0)
Depreciation and amortisation	11, 12	147.2	141.2
Loss on disposal of property, plant and equipment	4	11.0	5.8
Movement in working capital:			
Decrease/(increase) in inventories		1.0	(1.0)
(Increase)/decrease in trade and other receivables		(56.0)	9.3
Decrease in prepayments		(1.0)	(3.8)
Increase/(decrease) in trade and other payables		27.6	(21.0)
Cash generated from operations		125.3	133.8
Interest paid		(74.4)	(69.9)
Tax paid		(13.3)	(2.9)
Net cash generated from operating activities		37.6	61.0
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(95.2)	(103.0)
Payments to acquire intangible assets		(9.2)	(3.2)
Acquisitions net of cash received	30	(10.6)	–
Proceeds on disposal on assets		0.4	0.1
Interest received		0.7	1.0
Net cash used in investing activities		(113.9)	(105.1)
Cash flows from financing activities			
Gross proceeds from issue of equity share capital		125.6	–
Share issue costs		(7.3)	–
Re-purchase of fully vested options		(1.7)	–
Borrowing drawdowns		50.0	25.0
Capital contributions – escrow funds		47.7	–
Repayment of lease liabilities		(5.4)	(10.4)
Net cash generated from financing activities		208.9	14.6
Net increase/(decrease) in cash and cash equivalents		132.6	(29.5)
Foreign exchange on translation movement		(0.5)	(1.2)
Cash and cash equivalents at 1 January		89.0	119.7
Cash and cash equivalents at 31 December		221.1	89.0

Notes to the Financial Statements

For the year ended 31 December 2019.

1. STATEMENT OF COMPLIANCE AND PRESENTATION OF FINANCIAL STATEMENTS

Helios Towers plc, together with its subsidiaries (collectively, "Helios", "the Group" or "the Company"), is a sub-Saharan independent tower company, with operations across five countries. Helios Towers plc is a public limited company incorporated and domiciled in the UK, and registered under the laws of England & Wales under company number 12134855 with its registered address at 10th Floor, 5 Merchant Square West, London, W2 1AS, United Kingdom on 18 October 2019, the ordinary shares of Helios Towers plc were admitted to the premium listing segment of the Official List of the UK Financial Conduct Authority and trade on the London Stock Exchange Plc's main market for listed securities.

Prior to the Initial Public Offering ("IPO"), Helios Towers, Ltd ("HTL") was the parent company of the Group for which consolidated Financial Statements were produced. On 15 October 2019 (the date of completion of the IPO, with 18 October 2019 representing admission to trading on the London Stock Exchange), the shareholders of HTL transferred all of their shares on HTL to Helios Towers plc in exchange for ordinary shares of equal value in Helios Towers plc ("Reorganisation"). This resulted in Helios Towers plc becoming the new parent company of the Group.

The financial information for the year ended 31 December 2019 (and comparative information for the year ended 31 December 2018) is presented as a continuation of HTL. The Company and entities controlled by the Company are disclosed in Note 13. The principal accounting policies adopted by the Group are set out in Note 2.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial information attached has been extracted from the audited financial statements for the year ended 31 December 2019 which have been prepared under International Financial Reporting Standards (IFRS) adopted by the EU and IFRIC interpretations issued and effective at the time of preparing those financial statements.

3. SEGMENTAL REPORTING

The following segmental information is presented in a consistent format with management information considered by the CEO of each operating segment, and the CEO and CFO of the Group, who are considered to be the chief operating decision makers ("CODM"). Operating segments are determined based on geographical location. All operating segments have the same business of operating and maintaining telecoms towers and renting space on such towers. Accounting policies are applied consistently for all operating segments. The segment operating result used by CODM is Adjusted EBITDA, which is defined in Note 4.

31 December 2019	Ghana US$m	Tanzania US$m	DRC US$m	Congo Brazzaville US$m	South Africa US$m	Total operating companies US$m	Corporate US$m	Group total US$m
Revenue	40.1	162.2	158.0	25.9	1.6	387.8	–	387.8
Adjusted gross margin(1)	69%	66%	64%	70%	78%	66%	–	66%
Adjusted EBITDA(2)	23.6	96.4	88.3	13.6	0.2	222.1	(16.9)	205.2
Adjusted EBITDA margin(3)	59%	59%	56%	53%	13%	57%	–	53%
Financing costs:								
Interest costs	(6.7)	(44.5)	(48.7)	(9.0)	(2.1)	(111.0)	18.1	(92.9)
Foreign exchange differences	(6.8)	(3.7)	0.2	(1.5)	–	(11.8)	(0.2)	(12.0)
Total finance costs	(13.5)	(48.2)	(48.5)	(10.5)	(2.1)	(122.8)	17.9	(104.9)
Other segmental information								
Fixed assets	45.7	304.7	335.2	40.7	31.2	757.5	11.0	768.5
Property, plant and equipment capital additions(4)	11.7	43.7	37.0	6.4	15.1	113.9	0.3	114.2
Property, plant and equipment depreciation and amortisation	8.8	52.9	61.3	11.8	1.0	135.8	2.9	138.7
Right of use assets capital additions	0.3	1.1	1.4	0.2	4.1	7.1	–	7.1
Right of use assets depreciation and amortisation	0.9	3.7	3.0	0.5	0.2	8.3	0.2	8.5

(1) Adjusted gross margin means gross profit, adding back site and warehouse depreciation, divided by revenue. .

(2) Adjusted EBITDA is loss for the year, adjusted for tax expenses, finance costs, other gains and losses, 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, recharged depreciation, deal costs, share-based payments and long-term incentive plan charges, and exceptional items.

(3) Adjusted EBITDA margin is Adjusted EBITDA divided by revenue

(4) Property, plant and equipment capital additions in the year ended 31 December 2019 in South Africa, exclude the fair value of intangible assets acquired and goodwill recognised under IFRS 3 (see Note 30).

31 December 2018	Ghana US$m	Tanzania US$m	DRC US$m	Congo Brazzaville US$m	South Africa US$m	Total operating companies US$m	Corporate US$m	Group total US$m
Revenue	41.0	149.8	140.9	24.3	–	356.0	–	356.0
Adjusted gross margin(1)	66%	65%	60%	67%	–	63%	–	63%
Adjusted EBITDA(2)	22.8	86.2	72.5	12.1	–	193.6	(16.0)	177.6
Adjusted EBITDA margin(3)	56%	57%	51%	50%	–	54%	–	50%
Financing costs:					–			
Interest costs	(5.1)	(54.3)	(47.3)	(8.4)	–	(115.1)	26.1	(89.0)
Foreign exchange differences	(3.5)	(11.3)	–	(3.3)	–	(18.1)	0.1	(18.0)
Total finance costs	(8.6)	(65.6)	(47.3)	(11.7)	–	(133.2)	26.2	(107.0)
Other segmental information								
Fixed assets	50.1	325.6	364.7	48.4	–	788.8	4.0	792.8
Property, plant and equipment capital additions(4)	19.7	37.9	57.1	4.0	–	118.7	0.3	119.0
Property, plant and equipment depreciation and amortisation	8.0	52.9	59.4	11.8	–	132.1	0.3	132.4
Right of use assets capital additions	0.6	1.9	3.7	0.2	–	6.4	–	6.4
Right of use assets depreciation and amortisation	0.6	4.5	3.2	0.5	–	8.8	–	8.8

(1) Adjusted gross margin means gross profit, adding back site and warehouse depreciation, divided by revenue. .
(2) Adjusted EBITDA is loss for the year, adjusted for tax expenses, finance costs, other gains and losses, 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, recharged depreciation, deal costs, share-based payments and long-term incentive plan charges, and exceptional items.
(3) Adjusted EBITDA margin is Adjusted EBITDA divided by revenue
(4) Property, plant and equipment capital additions in the year ended 31 December 2019 in South Africa, exclude the fair value of intangible assets acquired and goodwill recognised under IFRS 3 (see Note 30).

4. RECONCILIATION OF AGGREGATE SEGMENT ADJUSTED EBITDA TO LOSS BEFORE TAX

The segment operating result used by the chief operating decision makers is Adjusted EBITDA.

Management defines Adjusted EBITDA as loss for the year, adjusted for tax expenses, finance costs, other gains and losses, 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, recharged depreciation, deal costs for aborted acquisitions, deal costs not capitalised, share-based payments and long-term incentive plan charges, and exceptional items. Exceptional items are material items that are considered exceptional in nature by management by virtue of their size and/or incidence.

The Group believes that Adjusted EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and booked depreciation on assets. The Group excludes certain items from Adjusted EBITDA, such as loss on disposal of property, plant and equipment, and exceptional and adjusting items because it believes they are not indicative of its underlying trading performance.

Adjusted EBITDA is reconciled to loss before tax as follows:

	2019 US$m	2018 US$m
Adjusted EBITDA	**205.2**	177.6
Adjustments applied to give Adjusted EBITDA		
Exceptional items:		
Litigation costs(1)	**–**	(10.2)
Exceptional project costs(2)	**(18.6)**	(14.7)
Deal costs(3)	**(1.7)**	(1.5)
Share-based payments and long term incentive plans(4)	**(31.2)**	–
Loss on disposal of property, plant and equipment	**(11.0)**	(5.8)
Gain/(loss) on derivative financial instruments (Note 24)	**33.9**	(16.8)
Recharged depreciation(5)	**–**	(0.9)
Depreciation of property, plant and equipment	**(129.5)**	(124.0)
Amortisation of intangibles	**(9.2)**	(8.4)
Depreciation of right-of-use assets	**(8.5)**	(8.8)
Interest receivable	**0.7**	1.0

Finance costs	**(104.9)**	(107.0)
Loss before tax	**(74.8)**	(119.5)

(1) Litigation costs relate to legal costs incurred in connection with a previously terminated equity transaction.
(2) Exceptional project costs are in relation to the listing of equity on the London Stock Exchange.
(3) Deal costs relating to the exploration of investment opportunities in Africa. This includes deal cost for aborted acquisitions and deal costs not capitalised. 2019 includes US$0.7 million relating to the South Africa acquisition. See Note 30.
(4) Share-based payments, long term incentive plan charges, retention award (US$10 million) and associated costs
(5) The Group incurred costs charged to it through a service contract from Helios Towers Africa LLP until 5 March 2019. From 6 March 2019, Helios Towers Africa LLP was consolidated in to the Group. Prior to this, management considered that the depreciation element of the charge should be removed from adjusted EBITDA as it is depreciation in nature.

5A. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging the following:

	2019 US$m	2018 US$m
Cost of inventory expensed	**56.8**	57.2
Auditor remuneration (see Note 5B)	**5.8**	4.6
Loss on disposal of property, plant and equipment	**11.0**	5.8
Depreciation and amortisation	**147.2**	141.2
Staff costs (Note 6)	**22.6**	21.7

Amortisation of intangible assets is presented in administrative expenses in the Consolidated Income Statement.

5B. AUDIT REMUNERATION

	2019 US$m	2018 US$m
Statutory audit of the Company's annual accounts	**0.3**	0.1
Statutory audit of the Group's subsidiaries	**1.7**	0.8
Audit fees:	**2.0**	0.9
Quarterly review engagements	**0.3**	0.4
Other assurance services	**1.0**	–
Controls related services	**0.0**	0.1
Audit related assurance services	**1.3**	0.5
Project costs	**2.4**	3.2
Other services	**0.1**	–
Total other non-audit services:	**2.5**	3.2
Total non-audit fees	**3.8**	3.7
Total fees	**5.8**	4.6

Project costs relate to the IPO which was completed in October 2019 – refer to Note 4. From 18 October 2019, Helios Towers plc became an EU Public Interest Entity (PIE), the US$3.8m non-audit fees in current year was all incurred pre-IPO, post–IPO there were no non-audit services provided to the Group by Deloitte and its associates for the period to 31 December 2019.

6. STAFF COSTS

Staff costs consist of the following components:

	2019 US$m	2018 US$m
Wages and salaries	**21.7**	21.4
Social security costs - employer contributions	**0.6**	0.3
Pension costs	**0.3**	–
	22.6	21.7

The average monthly number of employees during the year was made up as follows:

	2019	2018
Operations	**133**	115
Legal and regulatory	**29**	24
Administration	**32**	30
Finance	**84**	74
Sales and marketing	**64**	63
	342	306

7. KEY MANAGEMENT PERSONNEL COMPENSATION

	2019 US$m	2018 US$m
Salaries	1.5	1.0
Bonus	1.4	1.3
Benefits	0.2	0.3
	3.1	2.6

The above remuneration information relates to Directors in Helios Towers plc.

8. INTEREST RECEIVABLE

	2019 US$m	2018 US$m
Bank interest receivable	0.7	1.0

9. FINANCE COSTS

	2019 US$m	2018 US$m
Foreign exchange differences	12.0	18.0
Interest costs	77.0	73.9
Interest costs on lease liabilities	15.9	15.1
	104.9	107.0

10. TAX EXPENSE

	2019 US$m	2018 US$m
(a) Tax expense:		
Current tax		
In respect of current year	61.3	4.4
Adjustment in respect of prior years	0.7	–
Total current tax	62.0	4.4
Deferred tax		
Originating temporary differences on acquisition of subsidiary undertakings	(0.2)	–
Total deferred tax	(0.2)	–
Total tax expense	61.8	4.4

	2019 US$m	2018 US$m
(b) Tax reconciliation:		
Loss before tax	(74.8)	(119.5)
Tax computed at the weighted average tax rate	(22.0)	(35.2)
Tax effect of expenditure not deductible for tax purposes	51.1	38.8
Deferred income tax movement not recognised	(26.0)	(1.7)
Prior year over/(under) provision	0.7	–
Change of Control Taxes	55.0	–
Minimum income taxes	3.0	2.5
Total tax expense	61.8	4.4

The weighted average tax rate is calculated by reference to the statutory tax rates which are applicable to the Group's operating subsidiaries. The range of applicable income tax rates is between 25% and 40%.

A change of control (as defined by the relevant local tax authority) of certain of the Group's subsidiaries may trigger Change of Control Taxes liabilities for the Group. An amount has been set aside by the pre-IPO shareholders to cover these taxes which the Group believes is sufficient to cover its current estimates of these taxes. After the IPO, the Group received a US$55m Escrow Amount from pre-IPO shareholders as outlined in the Escrow agreement to settle Change of Control Taxes. Refer to Consolidated Statement of Changes in Equity.

As stipulated by local applicable law, minimum income taxes apply and were paid by operating entities in Congo Brazzaville, DRC and Tanzania which have reported tax losses for the year ended 31 December 2019. No minimum income taxes rules apply in South Africa or Ghana.

In DRC, the Ministers of Posts and Telecommunications, New Technologies of Information and Communication (the "PTNTIC Ministry") and Finance (the "Finance Ministry") set the levies, duties, fees and charges to be collected by the PTNTIC Ministry. We understand the PTNTIC Ministry and the Finance Ministry are considering, among other fees, a revised one-off fee for the installation of shared equipment and/or management and sharing of telecommunications infrastructure as well as introducing an annual royalty fee as a percentage of revenue for affected companies. To date there has been no publication in the official gazette. Should these fees apply to HT DRC Infraco SARL, we do not think we will be required to pay the revised one-off fee because HT DRC Infraco SARL has already paid the one-off fee at the previous rate. However, HT DRC Infraco SARL may in the future be required to pay an annual royalty fee as a percentage of HT DRC Infraco SARL's revenue.

DEFERRED TAX	**2019 US$m**	2018 US$m
Deferred tax liabilities:		
On acquisition of subsidiary undertakings	**3.1**	–

As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, the deferred tax balance at the balance sheet date has been calculated at the rate at which the relevant balance is expected to be recovered or settled. The deferred tax liability is calculated by applying the statutory corporate income tax rate of 28% in South Africa on the intangible assets recognised at the balance sheet date.

11. INTANGIBLE ASSETS

	Customer contracts US$m	Customer relationships US$m	Goodwill US$m	Colocation rights US$m	Right of first refusal US$m	Non-compete agreement US$m	Computer software and licence US$m	Total US$m
Cost								
At 1 January 2018	–	–	–	–	35.0	30.0	15.2	80.2
Additions during the year	–	–	–	–	–	–	3.0	3.0
Disposals during the year	–	–	–	–	–	–	–	–
Effects of foreign currency exchange differences	–	–	–	–	–	–	(0.4)	(0.4)
At 31 December 2018	–	–	–	–	35.0	30.0	17.7	82.7
Additions during the year	–	–	–	8.8	–	–	0.4	9.2
On acquisition of subsidiary undertakings (Note 30)	3.4	6.9	4.1	–	–	1.1	–	15.5
Effects of foreign currency exchange differences	0.1	0.2	0.1	–	–	–	1.3	1.7
At 31 December 2019	**3.5**	**7.1**	**4.2**	**8.8**	**35.0**	**31.1**	**19.4**	**109.1**
Amortisation								
At 1 January 2018	–	–	–	–	(22.5)	(30.0)	(9.7)	(62.6)
Charge for year	–	–	–	–	(5.0)	–	(3.4)	(8.4)
Effects of foreign currency exchange differences	–	–	–	–	–	–	0.3	0.3
At 31 December 2018	–	–	–	–	(27.5)	(30.0)	(12.8)	(70.3)
Charge for year	(0.2)	(0.3)	–	(0.3)	(5.2)	–	(3.2)	(9.2)
Effects of foreign currency exchange differences	–	–	–	–	–	–	(1.2)	(1.2)
At 31 December 2019	**(0.2)**	**(0.3)**	**–**	**(0.3)**	**(32.7)**	**(30.0)**	**(17.2)**	**(80.7)**
Net book value								
At 31 December 2019	**3.3**	**6.8**	**4.2**	**8.5**	**2.3**	**1.1**	**2.2**	**28.4**
At 31 December 2018	–	–	–	–	7.5	–	4.9	12.4
At 1 January 2018	–	–	–	–	12.5	–	5.5	18.0

In 2016, alongside the purchase of 967 towers from Airtel Group, a right of first refusal ("ROFR") agreement was signed with Airtel Group in the DRC giving the Group the right of first refusal over build-to-suit towers that Airtel Group wish to commission. A payment of US$20 million was made for this right and is amortised on a straight line basis over its exercisable period ending on 1 May 2020. In July 2019, HTT Infraco Limited entered into a marketing agreement with Viettel, whereby it acquired the rights to colocate on approximately 1,000 sites. These additional sites meant that new colocation opportunities were made available to other Group customers.

The remaining amortisation period is;

- customer contracts and customer relationships 14 years;
- colocation rights 14 years;
- right of first refusal one year;
- non-compete agreement four years; and
- computer software and licence two to three years.

As part of the same transaction, the Group entered into a non-compete agreement with Airtel Group under which the Group and the Company was granted the right that Airtel will not compete with the Group in DRC and/or Congo Brazzaville. The remaining amortisation period for the non- compete agreement is four years. The Group issued shares with a fair value of US$30 million to Airtel Group for this right commencing on the date of the agreement (5 May 2016) and terminating 12 consecutive months after first date closing (7 July 2016). The issuance of these shares was a non-cash transaction.

IMPAIRMENT

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Net book value has been compared with recoverable amount to assess impairment. Intangibles, including goodwill on acquisition of subsidiary undertakings includes US$3 million of assets for which consideration was paid in cash for the acquisition of SA Towers Proprietary Limited and Sky Coverage Proprietary Limited, the remaining US$12.6 million relates to the fair value of intangible assets acquired and goodwill recognised under IFRS 3. The Group's CGUs are aligned to its operating segments.

The recoverable amount of each cash generating unit has been determined based on a value in use calculation using cash flow projections for the next five years from financial budgets approved by senior management as this period matches the typical customer contract period for tower management.

KEY ASSUMPTIONS USED IN VALUE-IN-USE CALCULATIONS

The calculation of value-in-use is most sensitive to the following assumptions:

- Number of towers under management at the end of each year together with the lease upgrade or number of tenants per tower. These are based on estimates of the number of tower opportunities in the relevant markets and the expected growth in these markets;
- discount rate; and
- operating cost and capital expenditure requirements.

A long-term growth rate of 5% has been applied to extrapolate the cash flow projections into perpetuity, based on management's estimate of the long-term annual growth rates in Adjusted EBITDA. From the financial model a net present value was derived, using discount rates ranging from 15% to 20%, and compared to the goodwill carrying value. The discount rates were based on an industry average weighted average cost of capital assuming debt leveraging of 40% and market interest rates ranging from 9% to 10%. A reasonable change in any of the key assumptions does not result in an impairment of goodwill.

12A. PROPERTY, PLANT AND EQUIPMENT

	IT equipment US$m	Fixtures and fittings US$m	Motor vehicles US$m	Site assets US$m	Land US$m	Leasehold improvements US$m	Total US$m
Cost							
At 1 January 2018	6.0	1.0	4.7	1,070.6	5.3	1.1	1,088.7
Additions	5.9	0.1	0.3	105.8	3.8	0.2	116.0
Disposals	–	–	(0.5)	(17.8)	(0.1)	–	(18.4)
Effects of foreign currency exchange differences	0.4	–	(0.1)	(19.3)	(0.1)	–	(19.2)
At 31 December 2018	12.2	1.0	4.4	1,139.4	8.9	1.3	1,167.2
Additions	5.3	0.1	0.4	88.5	–	0.1	94.4
On acquisition of subsidiary undertakings (Note 30)	–	–	–	7.6	–	–	7.6
Disposals	–	–	(0.1)	(26.9)	–	–	(27.0)
Effects of foreign currency exchange differences	1.0	0.3	(0.2)	(15.9)	–	1.7	(13.1)
At 31 December 2019	**18.5**	**1.4**	**4.5**	**1,192.7**	**8.9**	**3.1**	**1,229.1**

Depreciation							
At 1 January 2018	(3.2)	(0.7)	(2.8)	(375.9)	–	(0.4)	(383.0)
Charge for the year	(2.6)	(0.2)	(0.7)	(120.5)	–	(0.2)	(124.2)
Disposals	–	–	0.5	9.6	–	–	10.0
Effects of foreign currency exchange differences	0.1	–	0.1	6.4	–	–	6.6
At 31 December 2018	(5.7)	(0.9)	(2.9)	(480.5)	–	(0.6)	(490.6)
Charge for the year	(4.1)	(0.1)	(0.6)	(124.2)	–	(0.5)	(129.5)
Disposals	–	–	–	15.6	–	–	15,6
Effects of foreign currency exchange differences	(0.8)	(0.3)	0.3	9.5	–	(1.4)	7.3
At 31 December 2019	**(10.6)**	**(1.3)**	**(3.2)**	**(579.6)**	**–**	**(2.5)**	**(597.2)**
Net book value							
At 31 December 2019	**7.9**	**0.1**	**1.3**	**613.1**	**8.9**	**0.6**	**631.9**
At 31 December 2018	6.5	0.1	1.5	658.9	8.9	0.7	676.6
At 1 January 2018	2.8	0.3	1.9	694.7	5.3	0.7	705.7

At 31 December 2019, the Group had US$62.7 million (2018: US$74.5 million) of expenditure recognised in the carrying amount of items of site assets that were in the course of construction. On completion of the construction, they will remain within the site assets balance, and depreciation will commence when the assets are available for use.

In January 2019, the Group entered into a shareholder agreement with Vulatel (Pty) Ltd to form a new legal entity named Helios Towers South Africa Holdings (Pty) Ltd ("HTSA") which is consolidated into the Group. The Group holds 66 per cent of the share capital of this entity with Vulatel holding the remaining 34 per cent.

Subsequent to this, on 29 March 2019, Helios Towers, Ltd. transferred US$4 million cash into HTSA whilst Vulatel contributed its share in the form of assets including 13 edge data centres valued at US$2 million, which are included in the site assets above. Property, plant and equipment additions during the period includes US$7.6 million of site assets for which consideration was paid in cash for the acquisition of SA Towers Proprietary Limited and Sky Coverage Proprietary Limited.

12B. RIGHT-OF-USE ASSETS

	2019 US$m	2018 US$m
Right of use assets by class of underlying assets		
Land	**104.0**	101.6
Buildings	**4.2**	2.2
	108.2	103.8
Depreciation charge for right of use assets		
Land	**7.2**	7.2
Buildings	**1.3**	1.5
Motor vehicles	**–**	0.1
	8.5	8.8

Refer to Note 3 for further details on right of use assets and Note 21 for further details on lease liabilities.

13. INVESTMENTS

	2019 US$m	2018 US$m
Cost		
At 31 December	**–**	0.1

The subsidiary companies of Helios Towers plc are as follows:

		Effective shareholding 2019		Effective shareholding 2018	
Name of subsidiaries	Country of incorporation	**Direct %**	**Indirect %**	Direct %	Indirect %
Helios Towers Ghana Limited	Ghana	**–**	**100%**	60%	40%
HTG Managed Services Limited	Ghana	**–**	**100%**	–	100%
HTA Group, Ltd	Mauritius	**–**	**100%**	–	100%
HTA Holdings Ltd	Mauritius	**–**	**100%**	100%	–
Helios Towers, Ltd	Mauritius	**100%**	**–**	100%	–
Helios Towers DRC S.A.R.L.	Democratic Republic of Congo	**–**	**100%**	–	100%

HT DRC Infraco S.A.R.L.	Democratic Republic of Congo	–	**100%**	–	100%
Helios Towers Tanzania Limited	Tanzania	–	**100%**	–	100%
HTT Infraco Limited	Tanzania	–	**100%**	–	100%
HS Holdings Limited	Tanzania	–	**1%**	–	1%
HT Congo Brazzaville Holdco Limited	Mauritius	–	**100%**	–	100%
HT Holdings Tanzania Ltd	Mauritius	–	**100%**	–	–
Helios Towers Congo Brazzaville SASU	Republic of Congo	–	**100%**	–	100%
Helios Chad Holdco Limited	Mauritius	–	**100%**	–	100%
Towers NL Coöperatief U.A.	The Netherlands	–	**100%**	–	100%
HTA (UK) Partner Ltd	United Kingdom	–	**100%**	100%	–
Helios Towers Partners (UK) Limited	United Kingdom	–	**100%**	–	–
Helios Towers Africa LLP	United Kingdom	–	**100%**	–	–
McRory Investment B.V.	The Netherlands	–	**100%**	–	100%
McTam International 1 B.V.	The Netherlands	–	**100%**	–	100%
Helios Towers FZ-LLC	United Arab Emirates	–	**100%**	–	–
Helios Towers South Africa Holdings (Pty) Ltd	South Africa	–	**66%**	–	–
Helios Towers South Africa (Pty) Ltd	South Africa	–	**66%**	–	–
Helios Towers South Africa Services (Pty) Ltd	South Africa	–	**62.5%**	–	–
HTSA Towers (Pty) Ltd	South Africa	–	**59.1%**	–	–

All subsidiaries were incorporated in prior years, other than HT Holdings Tanzania Ltd, Helios Towers Partners (UK) Limited and Helios Towers FZ- LLC which were incorporated in 2019. Helios Towers plc or its subsidiaries have subscribed to the majority of the shares as shown above. The consideration paid for these shares on incorporation was minimal. The Directors are of the opinion that the investments in subsidiaries are fairly stated and no impairment is required.

Helios Towers Ghana Limited, Helios Towers South Africa Holdings (Pty) Ltd , HTA Holdings Ltd, Helios Towers DRC S. A.R.L., Helios Towers Tanzania Limited, HT Congo Brazzaville Holdco Limited, Helios Chad Holdco Limited, Towers NL Coöperatief U.A., McRory Investment B.V., McTam International 1 B.V. and HTA (UK) Partner Ltd are intermediate holding companies.

The principal activities of HTG Managed Services Limited, HT DRC Infraco S.A.R.L., HTT Infraco Limited, and Helios Towers Congo Brazzaville SASU and the remaining South African entities are the building and maintenance of telecommunications towers to provide space on those towers to wireless telecommunication service providers in Africa. South Africa entities were acquired in 2019. See Note 30.

All investments relate to ordinary shares.

14. INVENTORIES

	2019 US$m	2018 US$m
Inventories	**9.3**	10.3

Inventories are primarily made up of fuel stocks of US$6.6 million (2018: US$7.7 million) and raw materials of US$2.7 million (2018: US$2.6 million). The impact of inventories recognised as an expense during the year in respect of continuing operations was US$56.8 million (2018: US$57.2 million).

There is no material difference between the carrying value of inventories and their net realisable value.

15. TRADE AND OTHER RECEIVABLES

	2019 US$m	2018 US$m
Trade receivables	**105.7**	72.0
Loss allowance	**(6.4)**	(6.5)
	99.3	65.5
Trade receivable from related parties	**23.4**	10.0
	122.7	75.5
Other receivables	**37.1**	21.5
VAT & withholding tax receivable	**6.7**	5.3
	166.5	102.3

RECONCILIATION OF ALLOWANCE FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

	2019 US$m	2018 US$m
Balance brought forward	6.5	4.7
Provision for impairment	–	1.8
Unused amounts reversed	(0.1)	-
	6.4	6.5

The Group measures the loss allowance for trade receivables and trade receivables from related parties at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. Interest can be charged on past due debtors. The normal credit period of services is 30 days.

Other receivables mainly comprise of accrued income, sundry receivables and Escrow receivables.

Of the trade receivables balance at 31 December 2019, 73% (31 December 2018: 61%) is due from five of the Group's largest customers. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

DEBTOR DAYS

The Group calculates debtor days as set out in the table below. It considers its most relevant customer receivables exposure on a given reporting date to be the amount of receivables due in relation to the revenue that has been reported up to that date. It therefore defines its net receivables as the total trade receivables and accrued revenue, less deferred income.

	2019 US$m	2018 US$m
Trade receivables(1)	129.1	82.0
Accrued revenue(2)	2.2	2.1
Less: Loss allowance	(6.4)	(6.5)
Less: Deferred income	(64.4)	(48.1)
Net receivables	60.5	29.5
Revenue	387.8	356.0
Debtor days	57	30

(1) Trade receivables, including related parties
(2) Reported within other receivables

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.
Terms and conditions attached to receivable balances due by related parties and by the non-controlling interest are disclosed in Note 23.

16. PREPAYMENTS

	2019 US$m	2018 US$m
Prepayments	14.1	16.4

Prepayments primarily comprise advance payments to suppliers.

17. CASH AND CASH EQUIVALENTS

	2019 US$m	2018 US$m
Bank balances	216.8	57.8
Short-term deposits	4.3	31.2
	221.1	89.0

The bank balances as at 31 December 2019 include restricted cash of US$37.7 million (31 December 2018: US$Nil) relating to Change of Control Taxes. See Note 10for further details.

18. SHARE CAPITAL

	2019		2018	
	Number of shares	US$m	Number of shares	US$m
Authorised, issued and fully paid				
Ordinary shares of £0.01 each	1,000,000,000	12.8	–	–
Ordinary share capital class A of US$1	–	–	390,410,138	390.4
Ordinary share capital class C of US$100	–	–	100	–
Ordinary share capital class D of US$1	–	–	100	–
Ordinary share capital class G of US$1	–	–	518,714,176	518.8
Ordinary share capital class H of US$100	–	–	100	–
Ordinary share capital class Z of US$100	–	–	100	–
	1,000,000,000	12.8	909,124,714	909.2

The share capital of the Group is represented by the share capital of the parent company, Helios Towers plc. This Company was incorporated on 1 August 2019 to act as the holding company for the Group. Prior to this the share capital of the Group was represented by the share capital of the previous Company, Helios Towers, Ltd.

Helios Towers plc was incorporated on 1 August 2019 and issued one ordinary share of £ 1 at par. On 3 September 2019 the Company issued 49,999 non-voting redeemable preference shares with a nominal value of £1.00 each.

2019 SHARES RECONCILIATION

Movement of share capital during the year	Number of shares	US$m
Authorised, issued and fully paid		
Helios Towers share exchange (refer below)	907,418,137	11.6
Shares issued on IPO (refer below)	86,386,373	1.1
EBT Shares (refer below)	6,195,490	0.1
Total number of issued shares	1,000,000,000	12.8

On 15 October 2019 the date of completion of the IPO, the Pre-IPO Reorganisation was effected, comprising the following steps;

- the Company issued 907,418,137 ordinary shares of £1.00 in a share for share exchange ratio of 99.8% for the entire share capital of Helios Towers, Ltd; As part of the share exchange the management incentive plans were unwound. Included in the shares issued are 356,299 shares of £1.00 nominal value issued to the Helios Towers plc employee benefit trust ("EBT") in respect of MIP V Option Awards;
- The Company issued a further 6,195,490 ordinary shares to the trustee of the EBT in order to satisfy settlement of nil-cost options awarded under the legacy LTIP scheme;
- The Company repurchased and cancelled the 49,999 redeemable preference shares of £1.00 at nominal value;
- In connection with the IPO the Company issued 86,386,373 new ordinary shares in exchange for cash at a price of £1.15 per share. Issuance costs of US$7.3 million were recognised against the share premium account in accordance with the Companies Act 2006, section 610.

On 3 December 2019, the Company completed a court-approved reduction of capital. The purpose of the reduction of capital was to provide distributable reserves which will allow the Company the flexibility to make future dividend payments. Following the reduction of capital, the number of issued shares and the rights attached to those shares remained unchanged. The nominal value of the ordinary shares in the capital of the Company was reduced by £0.99 from £1.00 to £0.01. On 12 December 2019 the Company issued a further 910,436 shares to the trustee of the EBT in order to satisfy options awarded under the LTIP scheme.

The Treasury shares represent the cost of shares in Helios Towers plc purchased in the market and held by the Helios Towers plc Employee Benefit Trust to satisfy options under the Group Share options plan. Treasury shares held by the Group as at 31 December 2019 are 3,046,273 (31 December 2018: nil).

Other reserves are disclosed in the consolidated statement of changes in equity.

19. TRADE AND OTHER PAYABLES

	2019 US$m	2018 US$m
Trade payables	**17.9**	8.4
Amounts payable to related parties	**0.1**	0.3
Deferred income	**64.4**	48.1
Deferred consideration	**8.0**	8.2
Accruals	**63.6**	64.0
VAT & withholding tax payable	**68.7**	20.8
	222.7	149.8

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 31 days (2018: 16 days). Payable days are calculated as trade payables and payables to related parties, divided by cost of sales plus administration expenses less staff costs and depreciation and amortisation. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Amounts payable to related parties are unsecured, interest free and repayable on demand. Deferred income primarily relates to site equipment revenue which is billed in advance.

Under IFRS 15, disclosure of contract liabilities held on the balance sheet at the start and end of the period and revenue recognised during the period which relates to the contract liabilities held at the start of the period is required. The Group recognised revenue of US$48.1m (2018: US$40.5m) from contract liabilities held on the balance sheet at the start of the financial year.

Deferred consideration relates to consideration that is payable in the future for the purchase of certain tower assets in DRC and Congo Brazzaville following the Airtel deal, if certain conditions are met, to enable transfer of ownership of the assets to Helios Towers, Ltd.

Accruals consist of general operational accruals, accrued capital items, and goods received but not yet invoiced.

Trade and other payables are classified as financial liabilities and measured at amortised cost. These are initially recognised at fair value and subsequently at amortised cost. These are expected to be settled within a year.

The Directors consider the carrying amount of trade payables approximates to their fair value.

20. LOANS

	2019 US$m	2018 US$m
US$600 million 9.125% senior notes 2022	**607.3**	602.9
US$100 million term loan facility 2022	**75.5**	25.2
Shareholder loans:		
SA Towers Proprietary Limited	**1.5**	–
Total borrowings	**684.3**	628.1
Current	**19.2**	17.3
Non-current	**665.1**	610.8
	684.3	628.1

On 8 March 2017, HTA Group Limited, a wholly-owned subsidiary of Helios Towers plc, issued US$600 million of 9.125% bonds due 2022 which are listed on the Irish Stock Exchange. Interest is payable semi-annually beginning on 8 September 2017. The bonds are guaranteed on a senior basis by Helios Towers, Ltd, and certain of the subsidiaries. Loans are classified as financial liabilities and measured at amortised cost. On 22 October 2018, HTA Group Ltd, a wholly owned subsidiary of the Group, signed a US$100 million term loan facility agreement. At 31 December 2019, US$75.0 million was drawn (31 December 2018: US$25.0 million), and US$1.3 million of interest accrued (31 December 2018: US$0.2 million). The term loan is a bullet repayment, senior unsecured facility, with an interest rate of LIBOR plus 4.2%. The term loan is guaranteed by Helios Towers, Ltd.

The current portion of borrowings relates to accrued interest on the bonds, which is payable in March 2020, and term loan interest payable within one year of the balance sheet date.

Loans are classified as financial liabilities and measured at amortised cost. The shareholder loan carries an interest rate of 17 per cent.

21. LEASE LIABILITIES

	2019 US$m	2018 US$m
Short-term lease liabilities		
Land	**19.6**	18.8
Buildings	**1.8**	0.8
	21.4	19.6

	2019 US$m	2018 US$m
Long-term lease liabilities		
Land	**101.4**	97.5
Buildings	**2.8**	1.3
	104.2	98.8

The below undiscounted cash flows do not include escalations based on CPI or other indexes which change over time. Renewal options are considered on a case by case basis with judgements around the lease term being based on management's contractual rights and their current intentions.

The total cash paid on leases in the year was US$20.9 million (2018: US$25.5 million).

The profile of the outstanding undiscounted contractual payments fall due as follows:

	Within 1 year US$m	2–5 years US$m	5+ years US$m	Total US$m
31 December 2019	21.5	76.1	459.8	557.4
31 December 2018	19.6	71.6	471.1	562.3

22. UNCOMPLETED PERFORMANCE OBLIGATIONS

The table below represent uncompleted performance obligations at the end of the reporting period. This is total revenue which is contractually due to the Group, subject to the performance of the obligation of the Group related to these revenues.

Management refers to this as contracted revenue.

	2019 US$m	2018 US$m
Total contracted revenue	**2,871.7**	3,080.9

CONTRACTED REVENUE

The following table provides our total undiscounted contracted revenue by country as of 31 December 2019 for each year from 2020 to 2024, with local currency amounts converted at the applicable average rate for US dollars for the year ended 31 December 2019 held constant. Our contracted revenue calculation for each year presented assumes:

- no escalation in fee rates;
- no increases in sites or tenancies other than our committed tenancies;
- our customers do not utilise any cancellation allowances set forth in their MLAs;
- our customers do not terminate MLAs early for any reason; and
- no automatic renewal.

	Year ended 31 December				
(US$m)	2020	2021	2022	2023	2024
Tanzania	163.7	163.4	160.5	153.5	133.9
DRC	162.7	166.3	164.5	163.5	161.7
Congo Brazzaville	22.1	18.3	17.6	16.5	16.5
Ghana	32.8	32.8	31.2	30.3	29.7
South Africa	2.2	2.5	2.8	3.1	3.1
Total	383.5	383.3	376.6	366.9	344.9

23. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year, the Group companies entered into the following commercial transactions with related parties:

	2019		2018	
	Income from towers US$m	Purchase of goods US$m	Income from towers US$m	Purchase of goods US$m
Millicom Holding B.V. and subsidiaries[i]	70.4	–	68.1	0.3
Ecost Building Management Pty	–	1.4	–	–
Ecost Towers Pty	–	–	–	–
Vulatel (Pty) Ltd	0.2	0.3	–	–
Nepic Pty	0.3	–	–	–
Total	70.9	1.7	68.1	0.3

	2019		2018	
	Amount owed by US$m	Amount owed to US$m	Amount owed by US$m	Amount owed to US$m
Millicom Holding B.V. and subsidiaries[1]	22.9	–	8.0	0.3
Vulatel (Pty) Ltd	0.2	–	–	–
Nepic Pty	0.3	0.1	–	–
SA Towers Proprietary Limited	–	1.5	–	–
Helios Towers Africa LLP	–	–	2.0	–
Total	23.4	1.6	10.0	0.3

(1) Millicom Holding B.V is a shareholder of Helios Towers plc

Millicom Holding B.V. is a shareholder of Helios Towers plc. Helios Towers Africa LLP (HTA LLP), a subsidiary of Helios Towers plc, was previously not consolidated on the basis that Helios Towers, Ltd did not have a right to economic benefit from the entity. On 6 March 2019, two members of HTA LLP exited from the partnership, giving rise to Helios Towers, Ltd having a right to economic benefit. Therefore with effect from 6 March 2019, HTA LLP is now consolidated in the Group's Financial Statements.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Based on the ECL model, no provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Amounts receivable from the related parties related to other Group companies are short term and carry interest varying from 0% to 15% per annum charged on the outstanding trade and other receivable balances (Note 15). During the year a retention award of US$10 million was made to senior management in respect of future services as part of the management incentive plan ("MIP"). This award includes a retention and clawback period of up to three years. During the year, additional MIP units were issued to senior management. See Note 25.

24. (GAIN)/LOSS ON DERIVATIVE FINANCIAL INSTRUMENTS

	2019 US$m	2018 US$m
Fair value (gain)/loss on derivative financial instruments	(33.9)	16.8

The basis of calculation for this is within Note 26.

25. SHARE-BASED PAYMENTS

The HT Group had six share share-based payment plans in effect in the 2019 financial year. Five of these plans ("Legacy agreements") were in place prior to admission on the London Stock Exchange, these plans were generally referred to as "MIP I", "MIP II" and "MIP III", "MIP V" (each, a "MIP"), and "HT LTIP". In October 2019, the HTL group was admitted for listing on the London Stock Exchange. All of the MIP plans and HT LTIP in place were unwound prior to admission.

After admission onto the London Stock Exchange, the Company adopted a discretionary share plan called the Helios Towers plc Employee Incentive Plan 2019 (the "EIP"), details of which are set out in this note.

LEGACY AGREEMENTS

The MIPs were designed to provide long-term incentives for senior managers and above (including Executive Directors) to deliver long-term shareholder returns. Participants in the MIPs benefited from the return on certain classes of shares in HT Ltd created for the purposes of the MIPs in the event of an IPO or other form of change of control or shareholder distributions.

Each of the MIPs was structured by way of a Cayman Islands exempted limited partnership which held the relevant class of shares in HT Ltd. The MIP participants were all limited partners in one or more of the MIP limited partnerships which held units, and each unit represents an interest in an underlying MIP share held in the partnership. Participant entitlements relating to the units were subject to various leaver and claw back provisions.

In the year ended 31 December 2018, the HT Group recognised no share-based payment expense. The IPO or change of control is a non-market vesting condition and therefore on the basis that an IPO or change of control was not expected at 31 December 2018, no expense was recognised.

In October 2019, the Group made an announcement to pursue an IPO on the London Stock Exchange. As a result shares were issued to entitled employees and a share-based payment expense was recognised in the income statement, being the fair value of the awards at their respective grant dates. The Group was successfully admitted to trading on the London Stock Exchange in October 2019.

SHARE OPTIONS PRE-IPO

In addition, ahead of the IPO certain Directors, former Directors, Senior Managers and employees of the Group were granted nil-cost options in respect of shares up to an aggregate value of US$10 million based on an offer price of 115 pence and a U.S. dollar to pounds sterling conversion rate of US$1:£0.7948 (the "HT LTIP").

These options are due to become exercisable over a three-year period post-IPO. The award participants were entitled to exercise some of the share options on IPO.

	Number of options
As at 1 January 2019	273
Granted during the year	20,000
Exercised during the year	(19,041)
Forfeited during the year	–
Vested and exercisable at 31 December 2019	**1,232**

The charge recognised in the consolidated income statement for the year ended 31 December 2019 in respect to these share options was US$19.6 million.

In the event an option holder becomes a "bad leaver", any of their options which have not yet become exercisable will lapse.

On and after the first anniversary of admission to the London Stock Exchange, each participant's remaining entitlements (whether shares and/or options over shares) will cease to be subject to forfeiture in accordance with a defined schedule.

The Company issued 6,557,668 shares to the trustee of the Trust (or as it directs) immediately prior to IPO in order to satisfy future settlement of awards under the HT LTIP and nil-cost options under the HT MIPs. The Trust is consolidated into the Group.

FAIR VALUE OF OPTIONS/SHARE AWARDS GRANTED PRE-IPO

The fair value at grant date is independently determined using a probability-weighted expected returns methodology, which is an appropriate future -orientated approach when considering the fair value of options/shares that have no intrinsic value at the time of issue. In this case the expected future returns were estimated by reference to the expected proceeds attributable to the underlying shares at IPO, as provided by management, including adjustments for expected net debt, transaction costs and priority returns to other shareholders. This is then discounted into present value terms adopting an appropriate discount rate. The capital asset pricing methodology was used when considering an appropriate discount rate to apply to the payout expected to accrue to the share awards on realisation.

Key assumptions:

- Expected exit dates 0 to 4 years;
- Probability weightings up to 25%;
- Expected range of exit multiples up to 10.0x;
- Expected forecast Adjusted EBITDA across two scenarios (management case and downside case) and respective probability weightings;
- Estimated proceeds per share; and
- Hurdle per share up to US$1.25.

EMPLOYEE INCENTIVE PLAN

Following successful admission to the London Stock Exchange the Company has adopted a discretionary share plan called the Helios Towers plc Employee Incentive Plan 2019 (the "EIP"). The Employee Incentive Plan is designed to provide long-term incentives for senior managers and above (including Executive Directors) to deliver long-term shareholder returns. Participation in the plan is at the Remuneration Committee's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Shares received under the scheme by Executive Directors will be subject to a two-year post-vesting holding period, In all other respects the shares rank equally with other fully paid ordinary shares on issue.

In November 2019, the Group offered 4,271,821 nil cost share awards to selected Executive Directors and other senior executives. The equity settled awards comprise three equal and separate tranches which vest depending upon the achievement of the following performance targets over a three year period:

- Relative TSR tranche;
- Adjusted EBITDA tranche; and
- ROIC tranche.

Set out below are summaries of options granted under the EIP.

	2019 Number of options
As at 1 January 2019	–
Granted during the year	4,271,821
Exercised during the year	–
Forfeited during the year	–
As at 31 December 2019	4,271,821
Vested and exercisable at 31 December 2019	–

The charge recognised in the Consolidated Income Statement for the 2019 Financial Year in respect to the EIP was US$0.08 million.

The fair value at grant date is independently determined using the Monte Carlo model. Key assumptions used in valuing the share-based payment charge are as follows;

	Relative TSR tranche	Adjusted EBITDA tranche	ROIC tranche
Grant date	19 Nov 2019	19 Nov 2019	19 Nov 2019
Share price at grant date	£1.22	£1.22	£1.22
Fair value as a percentage of the grant price	58.7%	100%	100%
Term to vest (years)	3.1	3.1	3.1
Expected life from grant date (years)	3.1	3.1	3.1
Volatility	30.5%	n/a	n/a
Risk-free rate of interest	0.5%	n/a	n/a
Dividend yield	n/a	n/a	n/a
Average FTSE 250 volatility	30.5%	n/a	n/a
Average FTSE 250 correlation	14%	n/a	n/a
Fair value per share	£0.72	£1.22	£1.22

26. FINANCIAL INSTRUMENTS

Financial instruments held by the Group at fair value had the following effect on profit and loss:

	2019 US$m	2018 US$m
Balance brought forward	7.1	23.9
Change in fair value of derivative financial instruments	33.9	(16.8)
Balance carried forward	41.0	7.1

FAIR VALUE MEASUREMENTS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. For all other assets and liabilities the carrying value is approximately equal to the fair value. The information set out below provides information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

For those financial instruments measured at fair value, the Group has categorised them into a three level fair value hierarchy based on the priority of the inputs to the valuation technique in accordance with IFRS 13. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. There are no financial instruments which have been categorised as Level 1. There were no transfers between the levels in the year.

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings disclosed in Notes 20 and 21, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

GEARING RATIO

The Group keeps its capital structure under review. The gearing ratio at the year-end is as follows:

	2019 US$m	2018 US$m
Debt (net of issue costs)	**809.9**	746.5
Cash and cash equivalents (excluding restricted cash – see Note 17)	**(183.4)**	(89.0)
Net debt	**626.5**	657.5
Equity attributable to the owners	**175.9**	121.7
	356%	540%

Debt is defined as long-term and short-term borrowings, as detailed in Notes 20 and 21.
Equity includes all capital and reserves of the Group attributable to equity holders of the Company.

EXTERNALLY IMPOSED CAPITAL REQUIREMENTS

The Group is not subject to externally imposed capital requirements.

CATEGORIES OF FINANCIAL INSTRUMENTS

	2019 US$m	2018 US$m
Financial assets		
Financial assets at amortised cost:		
Cash and cash equivalents	**221.1**	89.0
Trade and other receivables	**159.8**	97.0
Fair value through profit or loss:		
Derivative financial assets	**41.0**	7.1
	421.9	193.1
Financial liabilities		
Amortised cost:		
Trade and other payables	**89.6**	80.9
Contingent consideration	**9.5**	–
Lease liabilities	**125.6**	118.4
Loans	**684.3**	628.1
	909.0	827.4

As at 31 December 2019 and 31 December 2018, the Group had no cash pledged as collateral for financial liabilities.
The Directors estimate the amortised cost of borrowings and cash and cash equivalents is approximate to fair value.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's finance function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. Compliance with policies and exposure limits is reviewed by the Board of Directors regularly. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Key financial risks and exposures are monitored through a monthly report to the Board of Directors, together with an annual Board review of corporate treasury matters. The Group has exposure to sterling ("GBP") fluctuations, however this is not considered material.

FINANCIAL RISK

The principal financial risks to which the Group is exposed through its activities are risks of changes in foreign currency exchange rates and interest rates.

FOREIGN CURRENCY RISK MANAGEMENT

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. The Group's main currency exposures were to the New Ghanaian Cedi ("GHS"), Tanzanian Shilling ("TZS"), Central African Franc ("XAF") and South African Rand ("ZAR") through its main operating subsidiaries.

During the year ended 31 December 2019, the Group did not enter into any foreign currency hedging contracts, as management considered foreign exchange risk to be at an acceptable level due to the natural hedge existing in the Group as a result of having both US Dollar, TZS, GHS, XAF and ZAR denominated revenues and costs, and minimal foreign denominated third party debt levels within the business.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2019 US$m	2018 US$m	**2019 US$m**	2018 US$m
New Ghanaian Cedi	**17.8**	12.7	**9.5**	21.0
Tanzanian Shilling	**137.4**	32.8	**83.5**	63.9
South African Rand	**6.3**	–	**12.2**	–
Central African Franc	**16.0**	4.2	**4.3**	10.6
	177.5	49.7	**109.5**	95.5

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The following table details the Group's sensitivity to a 10% increase in US Dollar against GHS, XAF, TZS and ZAR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable potential change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where US dollar weakens 10% against the GHS, XAF, TZS or ZAR. For a 10% strengthening of US Dollar against the GHS, XAF, TZS and ZAR, there would be an equal and opposite effect on the profit and other equity, on the basis that all other variables remain constant.

	Central African Franc impact		New Ghanaian Cedi impact		Tanzania Shillings impact		South African Rand	
	2019 US$m	2018 US$m	**2019 US$m**	2018 US$m	**2019 US$m**	2018 US$m	**2019 US$m**	2018 US$m
Impact on profit or loss	**(1.2)**	(0.6)	**(0.8)**	(0.8)	**(5.4)**	(3.1)	**0.6**	–

This is mainly attributable to the exposure outstanding on GHS, XAF, TZS and ZAR receivables and payables in the Group at the reporting date.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk for the Group or the Company as the year-end exposure does not reflect the exposure during the year. The Company is not significantly exposed to foreign currency fluctuations as most of its financial assets and financial liabilities are denominated in its functional currency.

CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and other information provided by the counterparty (where appropriate) to deliver a credit rating for its major customers. As of 31 December 2019, the Group has a concentration risk with regards to four of its largest customers. The Group's exposure and the credit ratings of its counterparties and related parties are continuously monitored and the aggregate value of credit risk within the business is spread amongst a number of approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management. The carrying amount of the financial assets recorded in the Financial Statements, which is net of impairment losses, represents the Group's exposure to credit risk.

The Group uses the IFRS 9 ECL model to measure loss allowances at an amount equal to their lifetime expected credit loss.
In order to minimise credit risk, the Group has categorised exposures according to their degree of risk of default. The credit rating information is based on a range of qualitative and quantitative factors that are deemed to be indicative of risk of default, and range from 1 (lowest risk of non-recoverability) to 5 (greatest risk of non-recoverability). Loss allowances for trade receivables from related parties held by the Company are deemed immaterial.

The below table shows the Group's trade and other receivable balance and associated loss allowances in each Group credit rating category.

		31 December 2019			31 December 2018		
Group Rating	Risk of impairment	Gross exposure US$m	Loss allowance US$m	Net exposure US$m	Gross exposure US$m	Loss allowance US$m	Net exposure US$m
1	Remote risk	**94.9**	**(0.1)**	**94.8**	52.5	(0.2)	52.3
2	Low risk	**22.1**	**(0.8)**	**21.3**	20.6	(0.9)	19.7
3	Medium risk	**–**	**–**	**–**	3.9	(0.6)	3.2
4	High risk	**9.6**	**(3.0)**	**6.6**	0.9	(0.6)	0.3
5	Impaired	**2.5**	**(2.5)**	**–**	4.2	(4.2)	–
Total		**129.1**	**(6.4)**	**122.7**	82.1	(6.5)	75.5

LIQUIDITY RISK MANAGEMENT

The Group has long-term debt financing through Senior Loan notes of US$600 million due for repayment in March 2022. The Group has a revolving credit facility of US$60 million for funding working capital requirements. As at 31 December 2019 and 31 December 2018 the facility was undrawn and is available until March 2021. The Group has remained compliant during the year to 31 December 2019 with all the covenants contained in the Senior Credit facility. In October 2018, HTA Group Ltd, a wholly owned subsidiary of the Group, signed a US$100 million term loan agreement. As at 31 December 2019 US$75 million (31 December 2018: US$25 million) was drawn.

Ultimate responsibility for liquidity risk management rests with the Board. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and continuously monitoring forecast and actual cash flows including consideration of appropriate sensitivities.

NON-DERIVATIVE FINANCIAL LIABILITIES

The following tables detail the Group's remaining contractual maturity for its non- derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table below includes principal cash flows.

	Within 1 year US$m	1–2 years US$m	2–5 years US$m	5+ years US$m	Total US$m
31 December 2019					
Non-interest bearing	**225.7**	**–**	**–**	**–**	**225.7**
Fixed interest rate instruments	**–**	**–**	**665.1**	**–**	**665.1**
	225.7	**–**	**665.1**	**–**	**890.8**
31 December 2018					
Non-interest bearing	152.6	–	–	–	152.6
Fixed interest rate instruments	–	–	610.8	–	610.8
	152.6	–	610.8	–	763.4

NON-DERIVATIVE FINANCIAL ASSETS

The following table details the Group's expected maturity for other non- derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets except where the Group anticipates that the cash flow will occur in a different period.

	Within 1 year US$m	1–2 years US$m	2–5 years US$m	5+ years US$m	Total US$m
31 December 2019					
Non-interest bearing	**381.0**	**–**	**–**	**–**	**381.0**
Fixed interest rate instruments	**–**	**–**	**–**	**–**	**–**
	381.0	**–**	**–**	**–**	**381.0**
31 December 2018					
Non-interest bearing	185.9	–	–	–	185.9
Fixed interest rate instruments	–	–	–	–	–
	185.9	–	–	–	185.9

DERIVATIVE FINANCIAL INSTRUMENTS ASSETS:

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

The derivatives represent the fair value of the put and call options embedded within the terms of the notes. The call options give the Group the right to redeem the bond instruments at a date prior to the maturity date (8 March 2022), in certain circumstances and at a premium over the initial notional amount.

The put option provides the holders with the right (and the Group with an obligation) to settle the notes before their redemption date in the event of a change in control (as defined in the terms of the notes, which also includes a major asset sale), and at a premium over the initial notional amount. The options are fair valued using an option pricing model that is commonly used by market participants to value such options and makes the maximum use of market inputs, relying as little as possible on the entity's specific inputs and making reference to the fair value of similar instruments in the market. However, given that the unobservable inputs significantly impact measurement, it is considered a level 3.

The key assumptions in determining the fair value are: the initial fair value of the bond (assumed to be priced at 100% on issue date); the credit spread (derived using Bloomberg analytics at issuance and based on credit market data thereafter); the yield curve and the probabilities of a change in control (0% assumed) and a major asset sale (0% assumed); A relative one percent increase in the credit spread would result in an approximate US$0.25 million decrease in the value of the embedded derivative. The probabilities relating to change of control and major asset sale represent a reasonable expectation of those events occurring that would be held by a market participant.

	Within 1 year US$m	1–2 years US$m	2–5 years US$m	5+ years US$m	Total US$m
31 December 2019					
Net settled:					
Embedded derivatives	–	–	(41.0)	–	(41.0)
	–	–	(41.0)	–	(41.0)
31 December 2018					
Net settled:					
Embedded derivatives	–	–	(7.1)	–	(7.1)
	–	–	(7.1)	–	(7.1)

INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in Notes 20 and 21.

27. CONTINGENCIES

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably.

In the year ended 31 December 2015, the Democratic Republic of Congo's National Tax Services issued an initial assessment for the financial years ended 31 December 2014 and 31 December 2015, of US$2.6 million. In the year ended 31 December 2018, Congo Brazzaville Public Treasury Authority commenced an investigation for the financial years ended 31 December 2014 to 31 December 2015 in relation to direct and indirect taxes. In the year ended 31 December 2019, the Ghana Revenue Authority issued an initial assessment on Transfer Pricing for years 2012 to 2017 of approximately US$10.0 million. The initial assessments are in early stages of review with local tax experts and as such the impact, if any, is unknown at this time.

The Directors have appealed against these assessments and together with their advisers are in discussion with the tax authorities to bring the matters to conclusion based on the facts.

LEGAL CLAIMS

Other legal and regulatory proceedings, claims and unresolved disputes are pending against Helios Towers in respect of which the timing of resolution and potential outcome (including any future financial obligations) are uncertain and no provisions have been recognised in relation to these matters.

28. NET DEBT

	2019 US$m	2018 US$m
External debt	(684.3)	(628.1)
Lease liabilities	(125.6)	(118.4)
Cash and cash equivalents (excluding restricted cash)	183.4	89.0
Net debt	(626.5)	(657.5)

The movement in net debt is as follows:

2019	At 1 January 2019 US$m	Cash flows US$m	Other[1] US$m	At 31 December 2019 US$m
Cash and cash equivalents (excluding restricted cash)	89.0	94.9	(0.5)	183.4
External debt	(628.1)	(50.0)	(6.2)	(684.3)
Lease liabilities	(118.4)	5.4	(12.6)	(125.6)
Total financing liabilities	(746.5)	(44.6)	(18.8)	(809.9)
Net debt	(657.5)	50.3	(19.3)	(626.5)

2018	At 1 January 2018 US$m	Cash flows US$m	Other[1] US$m	At 31 December 2018 US$m
Cash and cash equivalents (excluding restricted cash)	119.7	(29.5)	(1.2)	89.0
External debt	(596.4)	(25.0)	(6.7)	(628.1)
Lease liabilities	(116.6)	10.4	(12.2)	(118.4)
Derivative financial instruments	(1.9)	–	1.9	–
Total financing liabilities	(714.9)	(14.6)	(17.0)	(746.5)
Net debt	(595.2)	(44.1)	(18.2)	(657.5)

(1) Other includes foreign exchange and interest movements.

External debt is the total debt owed to commercial banks and institutional investors.

29. EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the total loss for the year by the weighted average number of shares in issue during the year after adjusting for shares held in employee benefit trusts.

To calculate diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares. Where share options are exercisable based on performance criteria and those performance criteria have been met during the year, these options are included in the calculation of dilutive potential shares.

The Directors believe that adjusted EBITDA per share is representative of the operations of the business, refer to Note 4. Earnings per share is based on:

.	2019 US$m	2018 US$m
Loss after tax for the year attributable to owners of the Company	135.9	(123.9)
Adjusted EBITDA (Note 4)	205.2	177.6

	2019 Number	2018 Number
Weighted average number of ordinary shares used to calculated basic earnings per share	926,493,633	909,124,714
Weighted average number of dilutive potential shares	998,232	-
Weight dilutive average number of ordinary shares used to calculate diluted earnings per share	927,491,865	909,124,714

Loss per share	2019 Cents	2018 cents
Basic	(15)	(14)
Diluted	(15)	(14)

Adjusted EBITDA per share	2019 cents	2018 cents
Basic	22	20
Diluted	22	20

The calculation of basic and diluted earnings per share is based on the net loss attributable to equity holders of the parent entity for the year US$135.9 million (2018: US$123.9 million). Basic and diluted earnings per share amounts are calculated by dividing the net loss attributable to equity shareholders of the parent entity by the weighted average number of shares outstanding during the year.

The calculation of adjusted EBITDA per share and diluted EBITDA per share are based on the adjusted EBITDA earnings for the year of US$205.2 million (2018: US$177.6 million). Refer to Note 4 for a reconciliation of adjusted EBITDA to net loss before tax.

30. ACQUISITION OF SUBSIDIARY UNDERTAKINGS

On 30 April 2019, the Group acquired 89.5% of the voting equity shares of Helios Towers South Africa Holdings (Pty) Ltd and simultaneously entered into agreements with SA Towers Proprietary Limited and Sky Coverage Proprietary Limited, to purchase certain employee contracts and business assets comprising towers, tower sites and related assets as well as to transfer certain tenant leases. The Group has treated this as a single business combination transaction and accounted for it in accordance with IFRS 3 – Business Combinations ("IFRS 3") using the acquisition method. The total consideration in respect of this transaction was US$20.0 million. Goodwill arising on this business combination has been allocated to the South Africa CGU. This acquisition is in line with the Group's strategy.

This business combination had the following effect on the Group's assets and liabilities:

	30 April 2019 US$m
Identifiable assets acquired:	
Assets	
Fair value of property, plant and equipment	7.6
Fair value of intangible assets	11.5
Other assets	0.2
Total assets	19.3
Liabilities	
Assumed liabilities	(0.1)
Deferred income	(0.1)
Deferred taxation	(3.2)
Total net identifiable assets	15.9
Goodwill on acquisition	4.1
Total consideration	20.0
Consideration paid in cash	10.6
Consideration paid in shares	0.1
Contingent consideration	9.3
Total consideration	20.0

The goodwill is mainly attributable to the workforce and the future uprate potential of the sites acquired and is expected to be deductible for tax purposes.

The contingent consideration balance of US$9.5 million as of 31 December 2019 is made up of US$5.9 million long-term, and US$3.6 million included in the short-term balance. The contingent consideration is for a two year period ending April 2021.

ACQUISITION-RELATED CONTINGENT CONSIDERATION

The contingent consideration balance is dependent on the timing of sites under construction being fully completed in accordance with technical specifications. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between US$nil and US$ 12 million undiscounted. The fair value of the contingent consideration arrangement of US$9.3 million was estimated at 30 April 2019 based on management knowledge of market outlook and future pipeline. There was no change in the fair value of the contingent consideration for the year ended 31 December 2019. The contingent consideration liability is categorised as Level 3 in the fair value hierarchy of IFRS 13. The calculation of the fair value of the contingent consideration balance is most sensitive to changes in the following assumptions:

- number of sites coming on-air between 310 and 500;
- timing of sites coming on-air for a period of two years; and
- discount rate ranging from 15% to 20%.

As at 31 December, the Group finalised the acquisition accounting for the transaction, which resulted in an adjustment of: Contingent consideration of US$13 million (from US$22.4 to US$9.3), intangible assets of US$11 million (from US$22.7 to US$11.5), goodwill of US$5 million (from US$9.2 to US$4.1) and deferred tax of US$3 million (from US$6.2 to US$3.2).
The Group incurred acquisition-related costs of US$0.7 million related to the above business combination in 2019. These costs have been included in deal costs in the Group's consolidated income statement. For the period from 30 April 2019 to 31 December 2019 this acquisition contributed revenue of US$1.7 million and a loss of USD$1.9 million. If the above business combination had occurred on 1 January 2019, management estimates that Group consolidated revenue would have been US$388.7 million and Group consolidated loss before tax would have been US$65.6 million for the year ended 31 December 2019. The Group has assessed the fair value of the assets acquired at US$19.3 million, in terms of IFRS 3, based on appropriate valuation methodology. The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Depreciated replacement cost adjusted for physical deterioration as well as functional and economic obsolescence
Intangible assets (customer contracts)	Multi-period excess earnings method which considers the present value of net cash flows expected to be generated by the customer relationships

31. SUBSEQUENT EVENTS

There are no reportable events after the balance sheet date.

Glossary

We have prepared the interim report using a number of conventions, which you should consider when reading information contained herein as follows:

All references to “we”, “us”, “our”, “HT Group”, our “Group” and the “Group” are references to Helios Towers plc and its subsidiaries taken as a whole.

‘‘2G’’ means the second-generation cellular telecommunications network commercially launched on the GSM and CDMA standards.
‘‘3G’’ means the third-generation cellular telecommunications networks that allow simultaneous use of voice and data services, and provide high-speed data access using a range of technologies.
‘‘4G’’ or **‘‘4G LTE’’** means the fourth-generation cellular telecommunications networks that allow simultaneous use of voice and data services, and provide high-speed data access using a range of technologies (these speeds exceed those available for 3G).
‘‘5G’’ means the fifth generation cellular telecommunications networks. 5G does not currently have a publicly agreed upon standard; however, it provides high-speed data access using a range of technologies that exceed those available for 4G.
“Adjusted cash and cash equivalents” means cash and cash equivalents excluding U.S.$37.7 million of restricted cash for the potential 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.
“Adjusted EBITDA” management defines as loss for the period, adjusted for tax expenses, finance costs, other gains and losses, 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, recharged depreciation, deal costs for aborted acquisitions, deal costs not capitalised, share-based payments and long-term incentive plan charges, and exceptional items. Exceptional items are material items that are considered exceptional in nature by management by virtue of their size and/or incidence.
“Adjusted EBITDA margin” means Adjusted EBITDA divided by revenue.
“Africa’s Big-Five MNO’s” means Airtel, MTN, Orange, Tigo and Vodacom/Vodafone.
“Airtel” means Airtel Africa.
“amendment colocation tenant” means an existing customer on a site (anchor tenant or standard colocation tenant) adding or modifying equipment, taking up additional vertical space, wind load capacity and/or power consumption, which leads to additional revenue billing under the menu pricing of an existing MLA agreement. The Group calculates amendment colocations using the additional revenue generated by the amendment on a weighted basis as compared to the market average rate for a standard tenancy in the month the amendment is added.
“anchor tenant” means the primary customer occupying each site.
“APMs” Alternative Performance Measures are measures of financial performance, financial position or cash flows that are not defined or specified under IFRS but used by the Directors internally to assess the performance of the Group
“build-to-suit/BTS” means sites constructed by our Group on order by a MNO.
“CAGR” means Compound annual growth rate.
“CODM” means Chief Operating Decision Maker.
“colocation” means the sharing of tower space by multiple customers or technologies on the same tower, equal to the sum of standard colocation tenants and amendment colocation tenants.
“colocation tenant” means each additional tenant on a site in addition to the primary anchor tenant.
“Company” means Helios Towers, Ltd prior to 17 October 2019, and Helios Towers plc on or after 17 October 2019.
“committed colocation” means contractual commitments relating to prospective colocation tenancies with customers.
“Congo Brazzaville” otherwise also known as the Republic of Congo.
‘‘contracted revenue’’ means total undiscounted revenue as at that date with local currency amounts converted at the applicable average rate for U.S. dollars held constant. Our contracted revenue calculation for each year presented assumes: (i) no escalation in fee rates, (ii) no increases in sites or tenancies other than our committed colocations (contractual commitments relating to prospective colocation tenancies with customers), (iii) our customers do not utilize any cancellation allowances set forth in their MLAs (iv) our customers do not terminate MLAs early for any reason and (v) no automatic renewal.
“DRC” means Democratic Republic of Congo.
“edge data centre” secure temperature-controlled technical facilities which are smaller than a standard core network data centre and positioned on the edge of a telecommunications network. They are used by operators to regenerate fibre signal, deliver cloud computing resources or cache streaming content for local users.
‘‘G7 countries’’ means each of the United States, Canada, France, Germany, Italy, Japan and the United Kingdom.
“Ghana” means the Republic of Ghana.
“gross debt” means non-current loans and current loans and long-term and short-term lease liabilities.
“gross margin” means gross profit, adding site and warehouse depreciation, divided by revenue.
“growth capex” relates to (i) construction of build-to-suit sites (ii) installation of colocation tenants and (ii) and investments in power management solutions.

“Group” means Helios Towers, Ltd (“HTL”) and its subsidiaries prior to 17 October 2019, and Helios Towers plc and its subsidiaries on or after 17 October 2019.
‘‘Hardiman’’ means Hardiman Telecommunications Ltd.
“Helios Towers Ghana” or **“HT Ghana”** means HTG Managed Services Limited.
“Helios Towers Tanzania” or **“HT Tanzania”** means HTT Infraco Limited.
“Helios Towers Congo Brazzaville” or “**HT Congo Brazzaville**” means Helios Towers Congo Brazzaville SASU.
“Helios Towers plc” means the ultimate parent of the Group, post IPO.
“Helios Towers South Africa” or **“HTSA”** means Helios Towers South Africa Holdings (Pty) Ltd and its subsidiaries.
“IBS” means in-building solutions which provide cellular signal enhancement within buildings.
“ISA” means individual site agreement.
“ISP” means Internet Service Provider.
“IFRS” means International Financial Reporting Standards.
‘‘independent tower company’’ means a tower company that is not affiliated with a telecommunications operator.
“ISA” means individual site agreement.
“LCY” means Local Currency.
“liquidated damages” means provisions that generally require the Group to make a payment to the customer, most often by means of set-off against service fees payable by the customer, if the Group fails to uphold a specified level of uptime.
“levered portfolio free cash flow” defined as portfolio free cash flow less net finance costs paid.
“maintenance capital expenditure” means capital expenditures for periodic refurbishments and replacement of parts and equipment to keep existing sites in service.
“maintained sites” refers to sites that are maintained by the Group on behalf of a telecommunications operator but which are not marketed by the Group to other telecommunications operators for colocation (and in respect of which the Company has no right to market).
“managed sites” means sites that the Group currently manages but does not own due to either: (i) certain conditions for transfer under the relevant acquisition documentation, ground lease and/or law not yet being satisfied; or (ii) the site being subject to an agreement with the relevant MNO under which the MNO retains ownership and outsources management and marketing to the Company.
“Mauritius” means the Republic of Mauritius.
“Millicom” means Millicom International Cellular SA.
“MLA” means master lease agreement.
“MNO” means mobile network operator.
“mobile penetration” means the measure of the amount of active mobile phone subscriptions compared to the total market for active mobile phones.
“MTN” means MTN Group Ltd.
“MTSAs” means master tower services agreements
“net basis debtor days” means net receivables divided by revenue reported in the period multiplied by number of days in the period.
“net debt” means gross debt less adjusted cash and cash equivalents..
“net leverage” means net debt divided by last quarter annualised Adjusted EBITDA.
“net receivables” means total trade receivables (including related parties) and accrued revenue, less deferred income.
“NOC” means network operating centre.
“Orange” means Orange S.A.
“our markets” or “markets in which we operate” refers to Tanzania, DRC, Congo Brazzaville, Ghana and South Africa.
“owned sites” means freehold or leasehold sites where we own the telecommunications passive infrastructure and any equipment relating to power provision and security, we are responsible for maintaining and securing the site as well as obtaining the relevant permits and, if applicable, ground leases relating to the sites.
“portfolio free cash flow” defined as Adjusted EBITDA less maintenance and corporate capital expenditure, payments of lease liabilities (including interest and principal repayments of lease liabilities) and tax paid.
“PoS” means point of service, which is an MNO’s antennae equipment configuration located on a site to provide signal coverage to subscribers. At Helios a standard PoS is equivalent to one tenant on a tower.
‘‘Principal Shareholders’’ means Millicom Holding B.V., Quantum Strategic Partners, Ltd., Lath Holdings Ltd., ACM Africa Holdings, LP, RIT Capital Partners plc, IFC African, Latin American and Caribbean Fund, LP and International Finance Corporation.
“SA Towers” means SA Towers (Pty) Ltd.
‘‘**Shareholders Agreement**’’ means the agreement entered into between the Principal Shareholders and the Company on October 15, 2019, which grants certain governance rights to the Principal Shareholders and sets out a mechanism for future sales of shares in the capital of the Company.
“SHEQ” means Safety, Health, Environment and Quality.
“site acquisition” means a combination of MLAs or MTSAs, which provide the commercial terms governing the provision of site space, and individual ISA, which act as an appendix to the relevant MLA or MTSA, and include site-specific terms for each site.

"site agreement" means the MLA and ISA executed by us with our customers, which act as an appendix to the relevant MLA and includes certain site-specific information (for example, location and any grandfathered equipment).
"SLA" means service-level agreement.
"small cells" means low-powered cellular radio access nodes that operate in licensed and unlicensed spectrum that have a range of 10 meters to a few kilometres.
"South Africa" means the Republic of South Africa.
"standard colocation tenant" means a customer occupying tower space under a standard tenancy lease rate and configuration with defined limits in terms of the vertical space occupied, the wind load and power consumption.
"sub-Saharan Africa" means African countries that are fully or partially located south of the Sahara.
"Tanzania" means the United Republic of Tanzania.
"telecommunications operator" means a company licensed by the government to provide voice and data communications services.
"tenancy" means a space leased for installation of a base transmission site and associated antennae.
"tenancy ratio" means the total number of tenancies divided by the total number of our towers as of a given date and represents the average number of tenants per site within a portfolio.
"tenant" an MNO that leases vertical space on the tower and portions of the land underneath on which it installs its equipment.
"Tigo" refers to one or more subsidiaries of Millicom that operate under the commercial brand "Tigo".
"total colocations" means standard colocations plus amendment colocations as of a given date.
"total sites" means total towers, IBS sites, edge data centres or sites with customer equipment installed on third-party infrastructure that are owned and/or managed by the Company with each reported site having at least one active customer tenancy as of a given date.
"total tenancies" means total sites plus total colocation tenants as of a given date.
"tower sites" means ground-based towers and rooftop towers and installations constructed and owned by us on property (including a rooftop) that is generally owned or leased by us.
"UK Corporate Governance Code" means the UK Corporate Governance Code published by the Financial Reporting Council and dated July 2018, as amended from time to time.
"upgrade capex" comprises structural, refurbishment and consolidation activities carried out on selected acquired sites.
"Viettel" means Viettel Tanzania Limited.
"Vodacom" means Vodacom Group Limited.
"Vodacom Tanzania" means Vodacom Tanzania plc.
"Vulatel" means Vulatel (Pty) Ltd.
"Zantel" means Zantel Telecom plc.

Notes

Disclaimer:

This release does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire or dispose of securities in Helios Towers plc (the "Company") or any other member of the Helios Towers group (the "Group"), nor should it be construed as legal, tax, financial, investment or accounting advice. This document contains forward-looking statements which are subject to known and unknown risks and uncertainties because they relate to future events, many of which are beyond the Group's control. These forward-looking statements include, without limitation, statements in relation to the Company's financial outlook and future performance. No assurance can be given that future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group.

You are cautioned not to rely on these forward -looking statements, which speak only as of the date of this announcement. The Company undertakes no obligation to update or revise any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances. Nothing in this document is or should be relied upon as a warranty, promise or representation, express or implied, as to the future performance of the Company or the Group or their businesses.

This release also contains non-GAAP financial information which the Directors believe is valuable in understanding the performance of the Group. However, non-GAAP information is not uniformly defined by all companies and therefore it may not be comparable with similarly titled measures disclosed by other companies, including those in the Group's industry. Although these measures are important in the assessment and management of the Group's business, they should not be viewed in isolation or as replacements for, but rather as complementary to, the comparable GAAP measures.

Auditor's report on Report and Accounts 2019

The financial information set out above does not constitute the Company's full statutory accounts for the year ended 31 December 2019 for the purposes of section 435 of the Companies Act 2006, but it is derived from those accounts. The auditors have reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

Responsibility statement of the Directors in respect of the Report and Accounts 2019

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face and;

- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.