

HELIOS TOWERS plc

Unaudited trading update for the three months ended 31 March 2022

+23% year-on-year revenue growth

+20% year-on-year Adj. EBITDA growth

Seasonally strong organic tenancy additions

Malawi acquisition closed, taking the Group to 8 markets and over 10,500 towers

2022 guidance reiterated

London, 05 May 2022: Helios Towers plc (“Helios Towers”, “the Group” or “the Company”), the independent telecommunications infrastructure company, today announces results for the three months to 31 March 2022 (“Q1 2022”).

	Q1 2022	Q1 2021	Change	Q1 2022	Q4 2021	Change
Sites	10,511	7,358	+43%	10,511	9,560	+10%
Tenancies	20,233	15,732	+29%	20,233	18,776	+8%
Tenancy ratio	1.92x	2.14x	-0.22x	1.92x	1.96x	-0.04x
Revenue (US\$m)	127.5	103.6	+23%	127.5	122.3	+4%
Adjusted EBITDA (US\$m) ¹	66.7	55.8	+20%	66.7	65.6	+2%
Adjusted EBITDA margin ¹	52%	54%	-2%	52%	54%	-2%
Operating profit (US\$m)	14.4	17.1	-16%	14.4	17.0	-15%
Portfolio free cash flow (US\$m) ¹	49.4	37.0	+34%	49.4	49.6	0%
Cash generated from operations (US\$m)	52.7	30.0	+76%	52.7	97.3	-46%
Net debt (US\$m) ¹	1,012.7	673.2	+50%	1,012.7	948.5	+7%
Net leverage ^{1,2}	3.7x	3.0x	+0.7x	3.7x	3.6x	+0.1x

¹ Alternative Performance Measures are described in our defined terms and conventions.

² Calculated as per the Senior Notes definition of net debt divided by annualised Adjusted EBITDA.

Tom Greenwood, Chief Executive Officer, said:

“We have seen strong growth this quarter with revenue up 23% year-on-year, driven by continued organic demand in our established markets in addition to the contributions from our three new markets of Senegal, Madagascar and Malawi. Our recent platform expansion is progressing well, as we become the most diversified towerco in the region with the doubling of our sites and markets. We have many exciting years ahead as we move to a new phase of our journey and launch our 5 year sustainable business strategy - focused on driving growth, impact, margins and returns.”

Financial highlights

- Revenue increased 23% year-on-year to US\$127.5m (Q1 2021: US\$103.6m), driven by acquisitions in Senegal, Madagascar and Malawi and strong organic tenancy growth across the Group. Excluding acquisitions, revenue increased 10% year-on-year.
 - Revenue increased by 4% quarter-on-quarter (Q4 2021: US\$122.3m).
- Adjusted EBITDA increased by 20% year-on-year to US\$66.7m (Q1 2021: US\$55.8m), driven by the three acquisitions closed over the past twelve months and organic tenancy growth in our established markets, partially offset by corporate SG&A investments previously communicated to support the Group’s transformational expansion from five markets to ten markets.
 - Adjusted EBITDA increased by 2% quarter-on-quarter (Q4 2021: US\$65.6m).
- Operating profit decreased year-on-year by US\$2.7m and quarter-on-quarter by US\$2.6m to US\$14.4m, driven by higher depreciation from acquired assets, partially offset by Adjusted EBITDA growth.

- Portfolio free cash flow increased by 34% year-on-year to US\$49.4m (Q1 2021: US\$37.0m), driven by the increase in Adjusted EBITDA, lower maintenance and corporate capital additions, lower tax payments partially offset by higher lease payments, due to higher site count.
 - Portfolio free cash flow was broadly flat quarter-on-quarter (Q4 2021: US\$49.6m).
- Cash generated from operations increased by 76% year-on-year to US\$52.7m (Q1 2021: US\$30.0m), driven by higher Adjusted EBITDA and working capital movements. The decrease quarter-on-quarter was primarily due to working capital movements.
- Net leverage of 3.7x increased by +0.7x year-on-year (Q1 2021: 3.0x) and +0.1x quarter-on-quarter (Q4 2021: 3.6x), and remains at the low end of the Group's medium-term target range of 3.5x-4.5x.
- Business underpinned by long-term contracted revenues of US\$4.2bn (Q1 2021: US\$2.8bn), of which 99% is from multinational MNOs, with an average remaining life of 7.4 years (Q1 2021: 6.6 years).

Operational highlights

- Sites increased by +3,153 (+43%) year-on-year to 10,511 sites (Q1 2021: 7,358 sites), reflecting 733 organic site additions and the acquisition of +2,420 sites in Senegal, Madagascar and Malawi.
 - Sites increased by +951 quarter-on-quarter (Q4 2021: 9,560), including +228 organic site additions and +723 sites from the Malawi acquisition.
- Tenancies increased by +4,501 year-on-year to 20,233 tenants (Q1 2021: 15,732 tenants), reflecting +1,545 organic tenancy additions and +2,956 additional tenancies through the acquisition of passive infrastructure assets in Senegal, Madagascar and Malawi.
 - Tenancies increased by +1,457 quarter-on-quarter (Q4 2021: 18,776), including +359 organic tenancy additions and +1,098 tenancies from the Malawi acquisition.
- Tenancy ratio decreased -0.22x year-on-year to 1.92x (Q1 2021: 2.14x), reflecting the dilutive impact of the acquired assets in Senegal, Madagascar and Malawi (Senegal Q1 2022: 1.1x, Madagascar Q1 2022: 1.2x, Malawi Q1 2022: 1.5x). Excluding acquired assets, the Group's tenancy ratio remained flat at 2.14x year-on-year.

Strategic updates

- On 28 April 2022 and as previously communicated, Tom Greenwood was appointed as CEO of Helios Towers. Tom Greenwood joined the Company in 2010 and has previously held numerous Group executive roles including COO (2020 – 2022) and CFO (2015 – 2020).
- On 25 March 2022, Helios Towers closed the acquisition of Airtel Africa's passive infrastructure company in Malawi, adding 723 sites to its portfolio and becoming the Group's eighth country of operation.
- The Group continues to progress with the closings of Oman and potential acquisition of Airtel Africa's tower assets in Gabon, with the expected timings outlined below:
 - Oman: Subject to completing the remaining customary closing conditions including obtaining regulatory approval, the Group anticipates the acquisition of Oman Telecommunications Company ("Omantel") to close in or around the end of Q2 2022.
 - Gabon: As previously announced, Helios Towers and Airtel Africa have extended the memorandum of understanding arrangement. Subject to obtaining a passive infrastructure licence, the acquisition of tower assets in Gabon is expected to close in H2 2022.

Capital Markets Day

- Helios Towers is launching its refreshed five-year strategy today, with a Capital Markets Day being held between 1:00pm until 5:00pm BST today. Alongside providing details on the Company's medium-term outlook, the event will provide an overview of the Company's business model and key value drivers, as well as presenting analysts and investors with an opportunity to meet with the broader executive management team.

Environmental, Social and Governance (ESG)

- The Group published its second Sustainable Business Report on 22 March 2022. The report provides a detailed review of the Group's progress against its strategic objectives and ambitions.

2022 Outlook and guidance

- The Group is tracking in-line with its FY 2022 outlook and has reiterated guidance of¹:
 - 1,200 – 1,700 organic tenancy additions, of which 60% are expected to be new sites.
 - Lease rate per tenant to increase in the range of 3-5% from FY 2021 (2021: \$26.4k per tenant).
 - Adjusted EBITDA margin of 51-53% (FY 2021: 53.6%), with the YoY decrease driven by the impact of new acquisitions and corporate SG&A investment required for the expansion of the Group's operations from five to ten markets.
- The acquisition of Airtel Africa's passive infrastructure company in Malawi, closed at the end of March, is anticipated to deliver Adjusted EBITDA of approximately \$6m for its nine months of operation in FY 2022.
- The Group continues to target capex of US\$810m – US\$850m in FY 2022.
 - As previously guided, excluding acquisitions the Group anticipates US\$160m - US\$200m of capex, of which, US\$27m- US\$32m is non-discretionary capex.
 - The Group expects to deploy approximately US\$650m on acquisitions in 2022, reflecting the acquisitions in Oman and Malawi and deferred acquisition payments in Senegal and Madagascar.

¹ Reflects guidance for the seven markets where Helios Towers was operational at the beginning of the year

For further information go to:
www.heliostowers.com

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Helios Towers' management will host a conference call for analysts and institutional investors at 09.30 BST on Thursday, 5 May 2022. For the best user experience, please access the conference via the webcast. You can pre-register and access the event using the link below:

Registration Link - Helios Towers Q1 2022 Results Conference Call

Event Name: Q12022

Password: HELIOS

If you intend to participate in Q&A during the call or are unable to use the webcast, please dial in using the details below:

Europe & International	+44 203 936 2999
South Africa (local)	087 550 8441
USA (local)	+1 646 664 1960
Passcode:	886017

About Helios Towers

- Helios Towers is a leading independent telecommunications infrastructure company, having established one of the most extensive tower portfolios across Africa. It builds, owns and operates telecom passive infrastructure, providing services to mobile network operators.
- Helios Towers owns and operates telecommunication tower sites in Tanzania, Democratic Republic of Congo, Congo Brazzaville, Ghana, South Africa, Senegal, Madagascar and Malawi. Following recent acquisition agreements and subject to regulatory approval, Helios Towers expects to establish a presence in two new markets in Africa and the Middle-East. Including these acquisitions and committed BTS, the Group's total site count is expected to increase from over 10,500 towers to over 14,000.
- Helios Towers 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.

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. Loss before tax, gross profit, non-current and current loans and long-term and short-term lease liabilities are the equivalent statutory measures (see 'Certain defined terms and conventions'). For more information on the Group's Alternative Performance Measures, see page 68 of the Group's Annual report for the year ended 31 December 2021, published on the Group's website. Reconciliations of APMs to the equivalent statutory measure are included in the Group's half-year and Annual financial reports.

Financial and operating metrics

Key metrics

For the three months ended 31 March 2022

	Group		Tanzania		DRC		Congo Brazzaville		Ghana	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Revenue for the period	\$127.5	\$103.6	\$46.5	\$42.1	\$48.1	\$42.8	\$7.2	\$6.8	\$10.1	\$10.6
Adjusted gross margin ¹	65%	67%	69%	68%	63%	65%	66%	63%	66%	72%
Sites at beginning of the period	9,560	7,356	4,005	3,821	2,062	1,895	459	426	1,040	978
Sites at period end	10,511	7,358	4,068	3,813	2,105	1,895	471	427	1,060	981
Tenancies at beginning of the period	18,776	15,656	9,012	8,625	4,701	4,096	661	617	2,041	1,914
Tenancies at period end	20,233	15,732	9,121	8,632	4,784	4,132	661	620	2,093	1,929
Tenancy ratio at period end	1.92x	2.14x	2.24x	2.26x	2.27x	2.18x	1.4x	1.45x	1.97x	1.97x
Adjusted EBITDA for the period ³	\$66.7	\$55.8	\$30.2	\$27.0	\$27.2	\$24.8	\$3.5	\$3.1	\$5.8	\$6.7
Adjusted EBITDA Margin ¹ for the period	52%	54%	65%	64%	57%	58%	49%	46%	57%	63%

	South Africa		Senegal		Madagascar		Malawi ²	
	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m	2022 US\$m	2021 US\$m
Revenue for the period	\$1.9	\$1.3	\$9.4	-	\$3.8	-	\$0.4	-
Adjusted gross margin ¹	72%	72%	68%	-	54%	-	53%	-
Sites at beginning of the period	272	236	1,232	-	490	-	-	-
Sites at period end	335	242	1,261	-	488	-	723	-
Tenancies at beginning of the period	464	404	1,303	-	594	-	-	-
Tenancies at period end	556	419	1,331	-	589	-	1,098	-
Tenancy ratio at period end	1.66x	1.73x	1.06x	-	1.21x	-	1.52x	-
Adjusted EBITDA for the period	\$0.8	\$0.5	\$5.5	-	\$1.4	-	\$0.2	-
Adjusted EBITDA Margin ¹ for the period	42%	40%	59%	-	37%	-	50%	-

¹ Adjusted gross margin means gross profit, adding back site depreciation, divided by revenue.

² Results for the period from completion on 25 March 2022.

³ Group Adjusted EBITDA for the period includes corporate costs of US\$7.9 million (2021: US\$6.3 million).

Total tenancies as at 31 March

	Group		Tanzania		DRC		Congo Brazzaville	
	2022	2021	2022	2021	2022	2021	2022	2021
Standard colocation tenants	8,670	7,490	4,441	4,284	2,554	2,133	167	175
Amendment colocation tenants	1,052	884	612	535	125	104	23	18
Total colocation tenants	9,722	8,374	5,053	4,819	2,679	2,237	190	193
Total sites	10,511	7,358	4,068	3,813	2,105	1,895	471	427
Total tenancies	20,233	15,732	9,121	8,632	4,784	4,132	661	620
Tenancy ratio	1.92x	2.14x	2.24x	2.26x	2.27x	2.18x	1.40x	1.45x

	Ghana		South Africa		Senegal		Madagascar		Malawi	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Standard colocation tenants	751	724	215	174	70	-	97	-	375	-
Amendment colocation tenants	282	224	6	3	-	-	4	-	-	-
Total colocation tenants	1,033	948	221	177	70	-	101	-	375	-
Total sites	1,060	981	335	242	1,261	-	488	-	723	-
Total tenancies	2,093	1,929	556	419	1,331	-	589	-	1,098	-
Tenancy ratio	1.97x	1.97x	1.66x	1.73x	1.06x	-	1.21x	-	1.52x	-

Revenue

Group revenue increased 23% year-on-year to \$127.5m (Q1 2021: \$103.6m), driven by acquisitions in Senegal, Madagascar and Malawi and continued organic tenancy growth across the Group. Excluding acquisitions revenue increased by 10%, driven by organic tenancy growth. For the quarter ended 31 March 2022, 99% of revenues were from multinational MNOs and 64% were denominated in USD or CFA Franc (which is pegged to the Euro).

Contracted revenue

The following table provides our total undiscounted contracted revenue by country as of 31 March 2022 for each of the periods from 2022 to 2026, with local currency amounts converted at the applicable average rate for US Dollars for the period ended 31 March 2022 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 tenancies, (iii) our customers do not utilise any cancellation allowances set forth in their MSAs, (iv) our customers do not terminate MSAs early for any reason and (v) no automatic renewal.

	9 months to 31 December 2022 US\$m	Yearended 31 December			
		2023	2024	2025	2026
		US\$m	US\$m	US\$m	US\$m
Tanzania	144.9	191.6	191.9	191.9	129.4
Ghana	28.3	33.0	31.1	31.5	31.2
Senegal	28.0	38.6	40.3	42.0	46.5
Madagascar	10.8	12.2	12.8	15.7	15.7
DRC	146.0	195.6	195.3	168.3	142.4
Congo Brazzaville	20.7	27.7	27.7	18.5	11.7
South Africa	6.1	8.1	8.6	8.4	8.1
Malawi	17.2	23.0	23.0	25.0	25.0
	402.0	529.8	530.7	501.3	410.0

The following table provides our total undiscounted contracted revenue by key customers as of 31 March 2022 over the life of the contracts with local currency amounts converted at the applicable average rate for US Dollars for the period ended 31 March 2022 held constant. Our calculation uses the same assumptions as above. The average remaining life of customer contracts is 7.4 years (Q1 2021: 6.6 years).

(US\$m)	Total Committed	Percentage of Total
	Revenues	Committed Revenues
Multinational MNOs	4,178.0	99%
Others	39.7	1%
	4,217.7	100%

Portfolio free cash flow

Portfolio free cash flow increased by 34% year-on-year to US\$49.4m (Q1 2021: US\$37.0m), primarily driven by an increase in Adjusted EBITDA

	3 months ended 31 March	
	2022 US\$m	2021 US\$m
Adjusted EBITDA	66.7	55.8
Less: Maintenance and corporate capital additions	(3.9)	(6.4)
Less: Payments of lease liabilities ¹	(10.5)	(5.1)
Less: Tax paid	(2.9)	(7.3)
Portfolio free cash flow	49.4	37.0
Cash conversion % ²	74%	66%

¹ Includes interest and principal repayments of lease liabilities.

² Cash conversion % is calculated as portfolio free cash flow divided by Adjusted EBITDA

Capital expenditure

The following table shows capital expenditure additions by category during the three months ended 31 March:

	2022		2021	
	US\$m	% of Total Capex	US\$m	% of Total Capex
Acquisition	40.1	54.9%	1.6	5.9%
Growth	25.9	35.5%	15.5	57.0%
Upgrade	3.1	4.3%	3.7	13.6%
Maintenance	3.6	4.9%	6.1	22.4%
Corporate	0.3	0.4%	0.3	1.1%
	73.0	100.0%	27.2	100.0%

Certain defined terms and conventions

We have prepared the trading update 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.

“**Adjusted EBITDA**” Management defines Adjusted EBITDA as loss before tax for the period, adjusted for, 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, deal costs for aborted acquisitions, deal costs not capitalised, share-based payments and long-term incentive plan charges, and other adjusting items. Other adjusting items are material items that are considered one-off by management by virtue of their size and/or incidence.

“**Adjusted EBITDA margin**” means Adjusted EBITDA divided by revenue.

“**Adjusted gross profit**” means gross profit, adding back site depreciation.

“**Annualised Adjusted EBITDA**” is calculated as per the Senior Notes definition as the most recent fiscal quarter multiplied by 4. This is not a forecast of future results.

“**Adjusted gross margin**” means adjusted gross profit, divided by revenue.

“**Anchor tenant**” means the primary customer occupying a site.

“**Company**” means Helios Towers plc.

‘**Congo Brazzaville**’ otherwise also known as the Republic of Congo.

“**Corporate capital expenditure**” is primarily for furniture, fixtures and equipment.

‘**DRC**’ means Democratic Republic of Congo.

“**Gross debt**” means non-current loans and current loans and long-term and short-term lease liabilities.

“**Growth capex**” or “**Growth capital expenditure**” relates to: (i) construction of build-to-suit sites (ii) installation of colocation tenants and (iii) and investments in power management solutions.

“**Group**” means Helios Towers, Ltd and its subsidiaries prior to 17 October 2019, and Helios Towers plc and its subsidiaries on or after 17 October 2019.

“**Helios Towers plc**” means the ultimate parent of the Group, post IPO.

‘**IFRS**’ means International Financial Reporting Standards as adopted by the European Union.

‘**Madagascar**’ means Republic of Madagascar.

‘**Malawi**’ means Republic of Malawi.

“**Maintenance capital expenditures**” as capital expenditures for periodic refurbishments and replacement of parts and equipment to keep existing sites in service.

‘**Middle East**’ region includes thirteen countries namely Hashemite Kingdom of Jordan, Kingdom of Bahrain, Kingdom of Saudi Arabia, Republic of Iraq, Republic of Lebanon, State of Kuwait, Sultanate of Oman, State of Palestine, State of Qatar, Syrian Arab Republic, The Republic of Yemen, The Islamic Republic of Iran and The United Arab Emirates.

“**Net debt**” means gross debt less cash and cash equivalents (excluding restricted cash).

“**Net leverage**” means net debt divided by annualised Adjusted EBITDA.

“**Organic tenancy growth**” means anchor and colocation tenants added to the portfolio on an organic basis. This excludes tenancies added to the portfolio through tower portfolio purchases.

‘**our markets**’ or ‘**markets in which we operate**’ refers to Tanzania, DRC, Congo Brazzaville, Ghana, South Africa, Senegal, Madagascar and Malawi.

“**Portfolio free cash flow**” means Adjusted EBITDA less maintenance and corporate capital additions, payments of lease liabilities (including interest and principal repayments of lease liabilities) and tax paid.

‘**Senegal**’ means the Republic of Senegal.

‘**South Africa**’ means the Republic of South Africa.

‘**Tanzania**’ means the United Republic of Tanzania.

‘**Telecommunications operator**’ means a company licensed by the government to provide voice and data communications services in the countries in which we operate.

‘**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**’ means a mobile network operator that leases vertical space on the tower and portions of the land underneath on which it installs its equipment.

‘**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.

Tenant categories

- ‘**Anchor tenant**’ means the primary customer occupying a site.
- ‘**Colocation tenant**’ each additional tenant on a site in addition to the anchor tenant and are classified as either a standard or amendment colocation tenant.
 - ‘**Standard colocation tenant**’ is defined as a customer occupying site 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.
 - ‘**Amendment colocation tenant**’ is a tenant that adds or modifies equipment, taking up additional space, wind load capacity and/or power consumption under an existing lease agreement. The Group calculates amendment colocation tenants on a weighted basis as compared to the market average lease rate for a standard tenancy lease in the month the amendment is added.
- ‘**Total tenancies**’ means total anchor, standard and amendment colocation tenants as of a given date.

‘**Tower sites**’ means ground-based towers and rooftop towers and installations constructed and owned by us on real property (including a rooftop) that is generally owned or leased by us.

‘**Upgrade capex**’ comprises structural, refurbishment and consolidation activities carried out on selected sites.

‘**US Dollars**’ or ‘**US\$**’ refers to the lawful currency of the United States of America.

‘**YTD**’ means year to date.

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.