Helios Towers FY 2022 Results

Thursday, 16th March 2023

Highlights

Tom Greenwood

CEO, Helios Towers

Welcome

So, hello, everyone, and welcome to the Helios Towers FY 2022 performance and FY 2023 outlook call. It is great to have everyone on the call today. I hope you and your families are well, and thank you very much for your time today.

Agenda

First up, on page two, we've got the usual line-up for you. We have got myself, Tom Greenwood, the Group CEO; Manjit Dhillon, our Group CFO; and Chris Baker-Sams, our Head of Strategic Finance and Investor Relations.

Highlights

> *Strong, resilient financial delivery in FY 22, with well-invested platform primed for accelerated growth and returns in FY 23 and beyond*

So, moving now on to page five for our highlights. We were very pleased with our performance in 2022 for two main reasons:

- Firstly, our business demonstrated its resilience and strength with strong revenue growth and EBITDA growth of 25% and 18%, respectively, supported by significant tenancy growth; and
- Secondly, we completed the last two acquisitions in Malawi and Oman, meaning our recent inorganic growth plan over the past two years is complete, moving into 2023.

Over the last two years, we have roughly doubled the platform, going from five to nine markets and 7,000 to 14,000 sites. And our platform is now well invested and primed for growth, which is why our big focus for 2023 is organic rollout, lower CapEx and driving returns.

Our EBITDA guidance for this year is US$350 million to US$365 million, representing at the midpoint, 26% year-on-year growth, including 13% organic. And by the way, the inorganic part of this is just the full year of the Oman and Malawi deal, which we closed last year. So, in fact, over half of our 2023 growth is already in the bag. And of course, this will be supported by 1,600 to 2,100 new organic tenancies and US$170 million to US$210 million CapEx, which comes down from the largely M&A-driven US$765 million in 2022.

And finally, as we continue to move forward, we have got a really strong earnings base of US$4.7 billion contracted revenue, which, of course, all contain CPI and power price escalators.

Key phase of inorganic expansion complete and strong start in all new markets

So, we are now on page six for a quick ramp-up of our recent expansion and diversification plan. As you may remember, a couple of years ago, we embarked on a strategy to expand and geographically diversify to strengthen the business and take our operational customer service excellence to more markets.

I am pleased to say that with Oman closing in December, this phase of our expansion is complete, and we move forward into 2023 with an enlarged lease-up ready portfolio on which we are already seeing growth. As you can see from the right-hand side, where EBITDA growth has been, on average, 24% in the one to two years since the first three deals were closed.

So overall, we are very pleased with progress in our new markets since entering, and we are targeting strong growth in all of these, including Oman for this year.

Enlarged platform primed for growth and returns

Now turning to page seven, where we are providing some medium-term guidance on how to think about growth of the newly enlarged portfolio.

As you can see from the left-hand side, during our previous organic harvesting period 2016 to 2020, we delivered strong margin and tenancy ratio growth. Then in 2021 to 2022, with our acquisitions, this obviously brings some margin and tenancy ratio dilution in the short term because we are buying underutilised assets, which are ready for co-location and operational efficiencies to drive EBITDA margin and returns up in the quarters and years ahead.

And we are already seeing strong tenancy rollout in Q1 this year, which Manjit will provide some updates on later.

As you can see from the right-hand side, with our leading positions in structurally growing markets, we expect continued levels of tenancy growth of around 7-9% each year in the medium term, which is what we've delivered in the past few years. This year, that's translated into roughly 13% organic growth of EBITDA, and we expect 10-12% growth on this each year following through to 2026.

Unparalleled structural growth in HT markets

And so, to back some of that up, here on page eight, we show some of the structural drivers, which in our markets and our business are growing at elevated levels compared to other parts of the world. We have roughly 50% mobile penetration across our markets, which compares to around 90% in mature markets. This being subscribers are growing at 4% per year, which actually equates to 68 million subscribers coming online in our market in the next five years, and this compares with 1% per year in mature markets.

And of course, population growth of 2% on average across our markets further contributes to the increased demand for telecom infrastructure, and therefore our revenue growth, which compares to roughly flat population across the G7 markets during this time. All of this in our markets is driving a forecasted 8% points of service growth per year through to 2026, which is, of course, supporting our tenancy and EBITDA growth during this time.

Organic tenancy growth and lease-up driven by attractive market dynamics

And as you can see on page nine, we have delivered around 8% tenancy growth organically year-on-year since our IPO in 2019, which has all been within guidance each year. And we are providing similar guidance of around 8% for 2023, which equates to around 1,600 to 2,100 tenancy additions we expect this year.

Furthermore, with the chart on the right-hand side, I was keen to explain the tenancy ratio change year-on-year and how the new sites dilute that initially. As you can see, we grew our sites in hand at the start of the year by 0.08x and then significantly grew the site count through new build-to-suit and acquisitions during the year, leading to ending the year at 1.81.

This, of course, provides us with a new enlarged asset base, which we are busy leasing up now to drive organic EBITDA and returns growth through this year and beyond.

Proven track record of driving lease-up

And on that note, looking now at page 10, we really do have a good track record of leasing up both acquired and new build sites. We got 0.2 or 0.3x tenancy ratios increased each year on build-to-suits and 0.1x on acquired sites. This, of course, is no coincidence. It's based on our assessment of commercial potential wherever we deploy capital by buying or building a site. Lease-up potential is our number one criteria we look at when assessing any site location and putting additional tenants on a site translates into the financial returns that you see on the right-hand side.

Sustainable Business Strategy

And on the subject of infrastructure sharing and telecom coverage growth, the next page 11 shows some key highlights from our Sustainable Business Strategy. We were really pleased in 2022 to receive a AAA rating from MSCI, which actually is the highest rating. This really demonstrates our credentials in this space from one of the most recognised agencies in the world.

So, building on this in 2023 and beyond by further embedding non-financial KPIs to management incentives, which you can see on the right. The targets you see here are our key metrics that we focus on within our five-year Sustainable Business Strategy and cover key areas, including digital inclusion, female and local empowerment, people development and climate change.

The first two are linked to our annual bonus. The next three are linked to our three-year LTIP (Long Term Incentive Plan). And the final two, are key enablers to delivering our sustainable business strategy. So, this means management has significant financial incentives driving all of these, which are all very important to us as a business.

So, without further ado, I will hand over to Manjit and look forward to talking to everyone at the end for Q&A. Over to you, Manjit.

Financial Results

Manjit Dhillon

CFO, Helios Towers

FY 2022: Delivered on guidance with strong organic tenancy and Adjusted EBITDA growth

Thanks, Tom, and hello, everyone. It is great to be speaking with you all today. I will be going through the financial results, and starting on slide 13.

Continuing on from what Tom mentioned earlier and despite broader macro volatility we are seeing across the globe, we have had a very strong year, delivering on four metrics of our 2022 guidance.

Looking at our actual performance versus guidance, 2022 was one of our best-ever years in terms of organic tenancy growth with 1,601 tenancies added, which was at the upper end of guidance of 1,400 to 1,700.

From a financial perspective, our lease rate per tenancy has landed at 4% year-on-year, and Adjusted EBITDA margin and CapEx both came within the guidance given. I will be going through the financial details of these results over the next few slides. But in general, we are proud of our strong financial and operational delivery in 2022.

Robust financial performance and outlook

Continued Adjusted EBITDA and PFCF growth, with platform ready to drive returns upwards

Moving on to slide 14 - where we present some of our main KPIs. We have continued to see Adjusted EBITDA and portfolio free cash flow growth, both of which double-digit year-on-year growth, predominantly driven by tenancy additions.

In a few slides, we present how our robust business model effectively protects us from broader macro volatility and which importantly results in growth being linked to what is within our control, i.e., operational improvements and tenancy additions, and the effects of this is evident in our dollar EBITDA progression.

Now we have seen some moderate return on invested capital dilution, which was previously signposted during the year and at our Capital Markets Day and is really due to the initial dilution from our new acquisitions. These portfolios come with lower margins and lower tenancy ratios as they were purchased from mobile network operators who run these as cost centres rather than the pure play businesses. And this is where we see the opportunity to invest, to develop and lease-up these assets to deliver long-term compounding returns, all of which will drive up return on invested capital in the coming years.

FY 2022: Record site and tenancy growth

Moving on to slide 15 - our site and tenancy growth. And as mentioned earlier, we have delivered record organic sites and tenancy growth in 2022. From a site perspective, we saw a 42% increase year-on-year, reflecting organic growth of 751 sites and 3,242 acquired sites across Malawi and Oman. Year-on-year, we have added 5,716 tenancies, which is a 30% increase from 2021, organically we added 1,601, as mentioned earlier. And this is our second best ever year of organic tenancy growth for the company.

Our tenancy ratio has dropped slightly on a Group basis. And again, this is largely driven by the lower tenancy ratios of the acquired sites in Malawi and Oman, which combined have a tenancy ratio of 1.3. On an organic basis, our tenancy ratio remained broadly flat, and this is due to the large site rollout during the year.

FY 2022: Continued Adjusted EBITDA expansion driven by tenancy growth

And on to slide 16 - we see here our revenue growth and EBITDA growth, which is 25% and 18% year-on-year and up 14% and 9% organically, respectively. The revenue growth is principally driven by tenancy additions in addition to CPI and power escalation, which I will come on to more detail on the following slides.

Adjusted EBITDA growth was driven by our organic tenancy growth and contributions from our new markets. Our EBITDA margin declined by 3 percentage points year-on-year to 50.4%. The margin decrease is driven due to the dilution of new markets, but these margins will grow over the coming years and also due to higher power costs, which I will explain now on the next slide.

Robust business model protects Adjusted EBITDA through macro volatility

So, moving on to slide 17 - and here we set out the walk-throughs of our revenue and EBITDA progression for 2022. We have shown this detailed breakdown throughout the year to really show our robust business model in action.

So, to take you again through the analysis, the first four bars of each bridge, organic tenancy growth, power escalation, CPI escalation and FX, all combined to make up organic growth and acquisitions being the contributions from new markets.

Organic tenancy growth of 1,601 year-on-year has driven the 8 percentage growth in revenue and 10% in EBITDA. But I want to take a minute to focus on escalation movements. As a reminder, we have escalations in every customer contract in all of our markets. For power, 50% of our contracts are quarterly power escalators and 50% are annual power escalators. These escalate in relation to the local pricing for fuel and electricity.

So, if the local prices go up, then the escalators go up. And if the prices go down, the escalators go down. The CPI, we have annual CPI escalators, which kick in around January. Year-on-year, we have seen that on average, local fuel prices have increased by 36%, and that's principally driven by DRC, Tanzania and Ghana, which has accordingly increased revenues by 6% with further escalations expected in the first quarter of 2023.

We have a robust business model by design. We have structured the increasing revenues to effectively offset the increased OpEx due to higher power prices to protect our EBITDA on a dollar basis.

On the left-hand side, you can see that the power revenues have increased by US$25 million, and that falls through to flat EBITDA on the right-hand side. So, from a margin perspective, there is some dilution because the EBITDA margin on the power price movement is lower than the overall Group margin and, in this case, has diluted margin by 2 percentage points.

However, in a year of macro volatility, where we have seen 36% power price increases, we have been able to keep our EBITDA flat on this portion, meaning that our contracts are escalating effectively and offset the OpEx impact of higher power prices.

Moving on to CPI and FX. Local CPI is currently around 9%, with our revenues up 2% from our CPI escalators, which occur annually, as I mentioned earlier, and principally in the earlier part of the year.

The FX movements we have seen, mainly in Malawi and Ghana, occurred largely in the second half of the year, which are partially were offset by CPI escalators that kicked in early last year. This has still left a minor impact on overall Group results. However, we expect to see escalations capturing more of that CPI movement at our Q1 results, as CPI escalators kick in around now.

I think, standing back, this is a useful demonstration of our business mechanics. And looking at this from an EBITDA level, what you can see clearly here is that the key driver of growth is tenancy additions, both organically and inorganically. Previously, as we mentioned at the Capital Markets Day, we showed how over the past six or seven years, our EBITDA growth is highly correlated to tenancy growth with little to no correlation to FX or oil prices. And this year is further demonstration of our earnings growth being driven by tenancy additions and being well protected against macro volatility due to our robust business model, all meaning that we are and will continue to efficiently and effectively capture the compelling growth opportunity across our markets that Tom spoke to earlier.

Adjusted EBITDA protected through power price volatility

Moving on to slide 18. Again, here, we have set out a simple example showing the margin impact of power escalators. On the left-hand side, we show an illustrative example where a towerco does not have power escalators in their contracts. And in this simple example, we show power OpEx increased by US$10 million, without a corresponding increase in revenue, resulting in EBITDA reducing by US$10 million and EBITDA margin reducing by 20 percentage points.

On the right-hand side, we show the same illustration, but with the Helios Towers power escalators. In the middle table, you can see simply here that the OpEx price increase has been offset by the corresponding revenue increase from power price escalators. This protects the EBITDA at US$20 million. However, given the revenue has increased to US$60 million to offset the OpEx increase, there was a margin dilution of 7 percentage points, which is lower than the without power escalation example.

On the far right, we show this example in action. And again, what this shows is our revenues and OpEx have increased due to power prices and a subsequent impact on margins. I think the combination of this slide and the walk-through on the prior slide show that whilst there may be macro volatility, importantly, we, as a company, are setup effectively to ensure that our dollar EBITDA is well protected.

Diversified business underpinned by long-term contracts with blue-chip MNOs

Moving on to slide 19 - here you will see the usual breakdown that we normally provide, which is very consistent from previous updates. 98% of our revenue comes from large blue-chip mobile network operators who are largely investment grade or near investment grade comprising Airtel Africa, Vodacom, Tigo/Axian and Orange. Our largest single customer exposure is 28% and that's spread across five different markets.

We have strong long-term contracts with our customers. And at the end of the year, we had long-term contracted revenues of US$4.7 billion with an average remaining life of 7.6 years, up from US$3.9 billion at the end of 2021. This means, excluding new wins and rollouts, we already have that revenue contracted and this provides a strong underlying earnings stream for the business.

We also have 63% of our revenues in hard currency being either US dollars or euro pegged, which increases to 67% when you annualise the new market acquisitions. And that translates to 72% when looking at it from an Adjusted EBITDA perspective. This is a fantastic natural FX hedge for the business, which is further complemented by the escalators, which I spoke about earlier.

Finally, on this side, with the new market expansion, we are seeing a more diversified stretch of revenues per market and pro forma for the full year of acquisitions, no single market accounts for more than 34% of revenues.

FY 2023 CapEx is tightly controlled and focused on organic investments to drive returns

On to slide 20 and a look at CapEx - in 2022, we incurred total CapEx of US$765 million, which includes US$557 million of acquisition CapEx, principally related to Malawi and Oman. Organic CapEx came in at about US$208 million, which is slightly above our guidance, and this is principally due to some CapEx spent in Oman late last year when we closed the transaction.

For 2023, we are guiding to a CapEx range of US$170 million to US$210 million, of which US$130 million to US$170 million is discretionary and US$40 million being non-discretionary, both of which are in line with prior guidance we shared at the Capital Markets Day.

As you can see in our CapEx guidance, now that we have gone through a key phase of expansion in 2023, we will be focusing on organic growth and leasing up our expanded portfolio and keeping CapEx tightly controlled as always.

Strong portfolio free cash flow reinvested to support growth

Moving on to slide 21 and taking a look at our cash flow. As mentioned earlier, we have seen portfolio cash flow up US$201 million, up 20% year-on-year. This is principally driven by Adjusted EBITDA growth, higher cash conversion and controlled non-discretionary CapEx expenditure.

With regards to working capital, we have seen an US$87 million working capital outflow. This is related to investments in advance for growth in 2023 on our larger, more diversified platform, which has now actually supported more than 400 tenancies being delivered so far this year - a fantastic start to the year and substantially above our typical seasonality. And again, this is evidence of the structural growth opportunities in our markets.

Additionally, the working capital outflow also reflects the timing of customer payments, which as we have seen year-on-year and quarter-on-quarter, can be lumpy and can struggle period end, and that is typical for our business with our receivables sales increasing from 46 to 57 days at 2022. To be clear, this is purely linked to timing and not related to any bad debt issues. And year-to-date, we have already made good progress on receiving a good portion of our outstanding balance.

Net leverage increase driven by Oman acquisition; clear pathway to de-levering

As always, cash flow management and capital allocation is top of mind and disciplined, which brings us to slide 22, which is a summary of our financial debt.

Our net leverage at the end of 2022 was 5.1x, and that's above our medium-term target range of 3.5x to 4.5x as we had communicated in prior results and throughout the year. The increase is due to the closing of our new markets where we utilise predominantly debt capital for consideration. However, excluding Oman, our net leverage was a turn lower at 4.1x, which is around the midpoint of our target range.

Due to the US dollar peg and relative risk profile of Oman, this allows it to be more highly levered with around US$200 million of local debt and minority shareholder loan utilised partially from the acquisition. Importantly, we continue to have headroom against our financial covenant, and the business is on a clear path to delever at roughly a rate of 0.5x per annum, driven by organic growth.

As it stands to-date, we have ample liquidity and roughly around half a billion worth of available funds, comprising US$120 million cash on balance sheet and US$375 million of undrawn debt facilities. We sit on a very strong balance sheet with long-tenured debt with an average remaining life of four years. 83% of our drawn debt is also at fixed rate. So overall, we are in a great position to say that we have a very stable financial package. And if we do look to do any financing or refinancing, we will be doing this for strategic reasons.

FY 2023: Focused on execution with organic tenancy additions and Adjusted EBITDA growth expected to accelerate

On to slide 23 and a look at our guidance - we have changed the format of our guidance to provide expected ranges of expected outcomes for the year, and this will be the format going forward. So, starting with tenancies, given our robust tenancy growth and pipeline, we are targeting organic tenancy growth of between 1,600 to 2,100 in 2023. This implies a year-on-year growth of 7% to 9%.

We are guiding Adjusted EBITDA to a range of US$350 million to US$365 million, reflecting our strong commercial pipeline for tenancy growth and continued operational improvements. Portfolio free cash flow is expected to be in the range of US$230 million to US$245 million. And as mentioned earlier, CapEx is expected to reduce significantly to a range of US$170 million to US$210 million, of which US$40 million is expected to be non-discretionary.

As you can see, we are targeting another record year in 2023. And this, again, simply demonstrates the robustness of our business model through macro volatility as well as the compelling structural growth of our market.

Segmentation update

And finally, on to slide 24, a housekeeping item - following the completion of the key phased expansion and investments in four new markets, we will now align our financial reporting to these segmented regional structures. This broadly mirrors the coverage of our regional CEOs and how we track performance internally.

- So East and West Africa will include Tanzania, Senegal and Malawi and will become one reporting segment;
- Central and Southern Africa will be another, including DRC, Ghana, Madagascar, Congo Brazzaville and South Africa;
- While Oman we pass up to Middle East and North Africa.

We will provide financial metrics now on these groupings and the new reporting structure will become effective from Q1 2023.

And with that, I will pass back to Tom to wrap up.

Conclusion

Tom Greenwood

CEO, Helios Towers

Key takeaways and outlook for 2023

Thank you very much for that, Manjit. That is great. So, I am on slide 25 now - the real key takeaways and outlook for 2023.

Number one, the key phase of our inorganic expansion is complete, with the closing of Oman and Malawi last year. And of course, we delivered record sites and tenancies as well in 2022. We have really demonstrated the resilience of our macro volatility. I think the slides that Manjit took us through on the power price and CPI protection are very key ones. And that really means that as a business, we can drive forward benefiting from the structural growth on our robust business model and navigate through these volatile times.

And so, looking forward for this year and beyond, we have provided some really strong guidance there in terms of EBITDA growth. Of course, over half of which is already in the bag and lower CapEx for this year. We have also provided some more medium-term guidance as well on EBITDA to provide everyone with a lot of clarity on what we are going to be doing over the next few years.

So, thank you very much for listening, and I will pass back to Nadia now to open up for the Q&A. Thank you.

Q&A

Jerry Dellis (Jefferies): I have got three questions, please. Firstly, you talked in terms of organic EBITDA growth of between 10% and 12% between 2024 and 2026. Is it possible, please, to give us an indication as to what sort of CPI assumption underpins that growth rate so that we can define how much comes from lease-up? And then in terms of your confidence on lease-up driving that sort of medium-term EBITDA growth, how much of those additional tenancies are sort of contracted at this stage?

Second question has to do with the returns. I think you posted a 10.3% return on capital in 2022, and you have guided to between 10% and 11% for 2023. Within the country mix, are there perhaps some outlying countries, perhaps ones whose returns are lagging a bit? And is there a case where some active portfolio management here maybe exiting one or two countries? Or are you confident that you can really raise returns across the portfolio?

And then finally, in terms of the new segmental disclosure, obviously noticed that Oman sits on its own in one division. Could you talk to us, please, about the M&A opportunities that you think might arise in the Middle Eastern market over the medium term?

Tom Greenwood: Yes. Jerry, thank you very much for that. Look, on the outlook for 2024 to 2026, there is CPI assumptions in there. The real key driver though is the tenancy growth within that. So, as we have guided to roughly 8% or so or 7%-9% tenancy growth each year, that really is the main driver for it with fairly moderate assumptions in there on escalations at an EBITDA level, of course, because our contracts have escalations and then, of course, our costs also go up to some extent with CPI, the actual impact of CPI on EBITDA is fairly small, whatever the CPI is. And the real key driver of that is the tenancy growth.

Regarding the ROIC point, yes, so the guidance this year, 10-11%. Look, some of that is, Oman is starting with a slightly lower ROIC than some of the other markets, which reflects its risk profile. So you see some of that within the 10-11% guidance for this year. I think in terms of selling a market, no, that is not on the agenda at the moment. We are very focused on driving growth in all of our markets for the foreseeable future.

And then regarding Oman being on its own in the segmental disclosure, the M&A opportunities in the region of MENA, certainly, there are some. I think that this year for us is very much focused on organic growth, returns growth and some deleveraging. We obviously are always, as a management team, looking for further inorganic opportunities as any responsible management team does.

But deals in this space typically take a very long time to gestate. So this year for us is all about focusing on organic growth and really integrating the new markets into the Group.

John Karidis (Numis): I have got a few questions. Firstly, in terms of the macro background, I am interested in understanding if you are getting any signals from, first of all, your customers in terms of their rollout plans? And secondly, from local governments looking to raise more revenue, and therefore, maybe increasing license costs, for example. So that is one.

The second of two is to do with the EBITDA guidance range that you have given us. It is super clear that the EBITDA is driven by tenancy growth. I suspect that tenancy growth in the year is a driver, but there might be other drivers as well. So, I just wonder, apart from the tenancy growth that you expect in 2023, what else needs to happen for you, for example, to hit the top end of your EBITDA guidance range?

Tom Greenwood: Yes. Thanks very much, John. So look, with regards to our customers, we have got a really strong pipeline at this point in the year. As Manjit said, we are up to 400 or so tenancies so far in this quarter, this Q1, which historically can be quite a quiet quarter. And we have got good pipeline and good visibility of pipeline for the next few quarters as well.

So, when we report Q1 in, well, I guess, in a few weeks' time, you will see that coming through. So that is very encouraging from our point of view. And I think our customers are generally all performing well as well, which is great.

Regarding the government and any regulatory license costs, no, at the moment, that none of that conversation is going on. Of course, we always keep a watchful eye on that across all our markets, but no, we are not hearing any of that at the moment.

And then in terms of the EBITDA guidance range, yes, look, I mean, the number one by a long way is tenancy growth to be, I guess, quite simple and clear. It is tenancies growth, co-lo, co-lo, co-lo, which is an internal phrase we use. And there are some operational efficiency projects going on as well. But by far and away, tenancy growth, particularly co-lo growth is the key here.

Fred Brennan (Morgan Stanley): I just had one question, please. The day of Vodacom results, they commented that some of their sites in the DRC have been affected by severe flooding. I think there was some negative read across in the day. Can you comment on what you are seeing on the ground in the DRC and whether your site has been impacted?

Tom Greenwood: Fred, thanks for the question. I would not comment on any specific customers. But of course, we have operated in the DRC since 2011, so going on 12 years. And like any market, there is always operational challenges to deal with. Flooding could be one of them. And that is a regular occurrence in a lot of markets, to be honest, when there is rainy season.

And ultimately, what we focus on is to try and mitigate all of those risks through operational focus, and that is the name of the game of our business. And the DRC is, well, certainly across our portfolio and probably across most of the continent is one of the most challenging markets to operate in. That is, I guess, fairly common knowledge and that comes with issues around the number of tarmac roads in the country and the terrain and where some of the sites are built.

But ultimately, we aim to focus our processes, people and systems around all of that in order to mitigate that as much as possible. So we are very pleased with our performance in DRC. And again, this year there is a lot going on in that market, which is really exciting.

Rohit Modi (Citi): Apologies if this has been answered in previous calls. But I just wanted to understand on your hard currency mix ratio. As I understand, your hard currency, you have a hard currency ratio like now based on the current contrast, but as new tenancies grow, are your new tenancies based on your current contrast or do you see the mix will change gradually towards mid-2026, you might have lower hard currency, better generation compared to now?

And secondly, on the same line, given the FX pressure going on in most of your markets, do you see operators are now more willing to renegotiate the contract or you see any pressure from current service clients, like do you see a need to renegotiate on some of the elements of your contract?

Third question basically on your refinancing. I understand you don't have any refinancing coming in 2023, but there is some coming in more than three sites. How are you placed for that? Are you still like are you already in discussions with banks around that? And how do you think we should see interest costs going forward beyond 2023? So should we see foreseeable increase in interest cost moving forward?

Tom Greenwood: Yes, I mean, first one is quick. I mean, look, I think we generally expect reasonably standard distribution of new tenancies across the Group, so from an organic basis. So, I would not expect any major changes up or down over the currency mix based on new tenancies. I think we'll see a fairly even spread across the Group over the coming few years.

I mean customer renegotiation, currency is usually one of the things out of about 50 things that are on the list when any contract is negotiated, in fact with escalators and various operational requirements in the contract that all goes into the mix and we always consider everything holistically.

So, we always prefer hard currencies where it is possible, but obviously made easier because quite a few of our markets actually are based on hard currency anyway. So, to some extent, it is not even a conversation in those markets such as Oman, Senegal, Congo B, DRC, etc. And we will always take it into consideration in the whole based on what else is being negotiated. But I would not suggest there is any major change on that coming soon at all.

And then Manjit, over to you for the refinancing.

Manjit Dhillon: Yes. Thanks, Tom. And actually, I will just reiterate that point you made at the end, which is when it comes to our hard currency makeup, I mean, a lot of that is made up by the fact that we are in a net high currency market. So, DRC is dollarised; Oman is dollar-pegged; Congo B and Senegal, are euro-pegged. So these are very, very stable currency market. So the actual relative risk is, I'd say, relatively limited.

In terms of the refinancing, look, we continue to keep our options open. I won't have any active discussions. But as you would expect and what we have always done, we always remain very, very nimble and ready to go in to access to the capital markets whenever we think that would be around. So we always have a perspective on it. We are always ready. We are always looking. And if something comes up that we think is a strategic benefit, then we will go for it. But for now, I would not point to any refinancing happening in the very, very short term for now, but again, we do keep our eyes open.

Bharath Nagaraj (Berenberg): Just a quick question for me. Can you please provide some colour on the Tanzanian market with regards to further leasing up, given that the tenancy ratio has been rather flat in the last three years?

Manjit Dhillon: Yes, Bharath. I will take this one. Yes, look, I think the Tanzanian market continues to be a very, very strong market for the four major mobile operators there, who are all significantly active and there is a very, very low penetration. I think it is below 50% in terms of people with SIM cards in Tanzania. So there is significant growth ahead.

I think over the past three years, we have actually delivered very large tenancy rollout. Some of those have been built-to-suit and some co-los, which is why when you do the math on the tenancy ratio, the synergy ratio remains fairly flat. So that is just simply because it has been a mixture of build-to-suits and co-los, which is the reason you are seeing that. But the market continues to be strong, and we continue to own all the major mobile operators in the market for more lease-up and more rollout, which is ongoing right now.

Tom Greenwood: Yes. Thanks, Nadia. Thank you very much, everyone, for dialling in today. We really value your time and your attention. So thanks very much. If you have got any follow-on questions, you know where we are, speak to me, Manjit or Chris at any time.

And we really look forward to speaking to you again for our Q1 reporting. So, have a good day, have a good week, and we will talk to you soon. Thanks very much.

[END OF TRANSCRIPT]