helios towers

Interim Financial Statements 30 September 2018

Creating a platform for sustainable growth

Expanding mobile horizons

Helios Towers (HT) owns and operates telecommunications towers and passive infrastructure in four high-growth African markets.

Operating and Financial Review

Condensed Interim Financial Statements

Key quarterly highlights

Financial – Quarter ending 30 September 2018

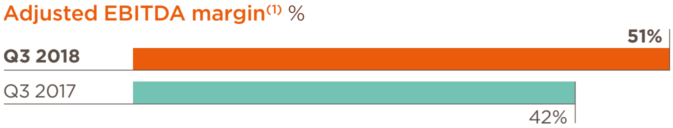
Revenue US$m

+1%

Adjusted EBITDA(1) US$m

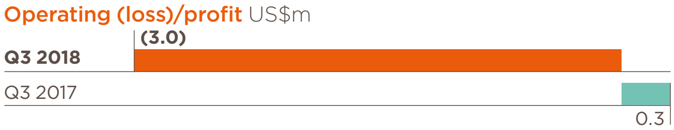
+22%

Adjusted EBITDA margin(1) %



+9 percentage points

Operating (loss)/profit US$m



Operational – as at 30 September 2018

Total sites(1)

+0%

Total colocations(1)

+8%

Tenancy ratio(1)

+4%

The key highlights are presented for the quarter ended 30 September 2018 in comparison to the quarter ended 30 September 2017.

(1) Please refer to pages 28 and 29.

"Helios Towers has again produced another strong quarter which has seen continued adjusted EBITDA growth with adjusted EBITDA margin at 51% for Q3, hitting our 50% target by year end. Additionally, group revenue for the nine months increased 4% year-on-year to US$266m. Our focus on operational excellence has been applied to all areas of our business and I am delighted that we have reduced both power and non-power costs substantially."

Kash Pandya, Chief Executive Officer

Helios Towers has a strong platform for profitable growth, with leading positions in high-growth markets

We are supported by our extensive asset base, a pioneering business excellence and innovation programme, deep and long-term client relationships, high barriers to entry and a favourable regulatory environment.

Market leader in three out of our four countries

Helios Towers is the market leader in Tanzania (63% market share[1]), the Democratic Republic of the Congo (63%) and Congo Brazzaville (49%). We are also the sole independent owner/operator in those territories.

In our other market, Ghana, we enjoy a strong urban presence, and with it excellent growth prospects driven by higher voice and data usage.

By entering our markets early, we created a legacy advantage of owning the most attractive sites in the prime urban areas. We have built on that strength with our skills in reliable power management and tower planning/deployment, setting a high barrier to entry.

(1) By number of marketable towers

Quarter-on-quarter comparison

For the purpose of the Operating and Financial Review section of this report, the analysis of the Group's financial results and performance has largely been performed on a quarterly basis as the Group reports its results quarterly. A quarterly analysis is considered more appropriate and meaningful. Other sections of this interim report present a continuing view of the Group's financial position.

Condensed consolidated statement of profit or loss

For the period ended 30 September 2018

	9 months ended 30 September		3 months ended 30 September	
	2018 US$'000	2017 Restated (IFRS 16) US$'000	2018 US$'000	2017 Restated (IFRS 16) US$'000
Revenue	266,212	256,596	88,084	87,600
Cost of sales	(194,744)	(202,560)	(63,853)	(67,855)
Gross profit	71,468	54,036	24,231	19,745
Administrative expenses	(71,727)	(67,615)	(22,407)	(18,647)
Loss on disposal of property, plant and equipment	(4,803)	(637)	(4,798)	(843)
Operating (loss)/profit	(5,062)	(14,216)	(2,974)	255
Investment income	777	227	314	134
Other gains and losses	(29,257)	–	(5,160)	–
Finance costs	(83,513)	(78,080)	(27,997)	(14,344)
Loss before tax	(117,055)	(92,069)	(35,817)	(13,955)
Tax expense	(2,832)	(1,659)	(718)	(597)
Loss for the period	(119,887)	(93,728)	(36,535)	(14,552)

Key metrics

	Group		Tanzania		DRC		Congo Brazzaville		Ghana	
	2018 US$m	2017 Restated (IFRS 16) US$m	2018 US$m	2017 Restated (IFRS 16) US$m	2018 US$m	2017 Restated (IFRS 16) US$m	2018 US$m	2017 Restated (IFRS 16) US$m	2018 US$m	2017 Restated (IFRS 16) US$m
Revenue for the quarter	$88.1	$87.6	$37.3	$36.0	$35.0	$35.2	$6.2	$6.2	$9.6	$10.2
Gross margin[1]	65%	55%	69%	55%	59%	55%	67%	54%	70%	59%
Sites at beginning of the quarter	6,533	6,501	3,508	3,475	1,771	1,836	384	384	870	806
Sites at quarter end	6,560	6,540	3,519	3,502	1,775	1,835	378	384	888	819
Tenancies at beginning of the quarter	12,996	12,701	7,475	7,210	3,347	3,280	532	524	1,642	1,687
Tenancies at quarter end	13,063	12,573	7,498	7,047	3,374	3,285	526	523	1,665	1,718
Tenancy ratio at quarter end	1.99x	1.92x	2.13x	2.01x	1.90x	1.79x	1.39x	1.36x	1.88x	2.10x
Adjusted EBITDA for the quarter[2]	$45.2	$37.0	$22.8	$16.5	$17.5	$16.9	$3.2	$2.5	$5.8	$5.1
Adjusted EBITDA Margin for the quarter	51%	42%	61%	46%	50%	48%	52%	40%	60%	50%

1 Gross margin means gross profit, adding site and warehouse depreciation, divided by revenue.
2 Group Adjusted EBITDA for the quarter is stated after corporate costs of US$4.1 million.

Total tenancies as at 30 September 2018

	Group		Tanzania		DRC		Congo Brazaville		Ghana	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Standard colocations	5,972	5,736	3,594	3,361	1,573	1,450	143	139	662	786
Amendment colocations	531	297	385	184	26	–	5	–	115	113
Total colocations	6,503	6,033	3,979	3,545	1,599	1,450	148	139	777	899
Anchor tenants	6,560	6,540	3,519	3,502	1,775	1,835	378	384	888	819
Total tenancies	13,063	12,573	7,498	7,047	3,374	3,285	526	523	1,665	1,718

Quarter-on-quarter comparison (continued)

Revenue

Revenue increased by 1% to US$88.1 million in the quarter ended 30 September 2018 from US$87.6 million in the quarter ended 30 September 2017. For the nine month period ended 30 September, year on year, there was an increase of 4% from 2017 to 2018. The increase in revenue was largely driven by the increase in total tenancies from 12,573 as of 30 September 2017 to 13,063 as of 30 September 2018.

In addition, the increase has been partly driven by an increase in contractual escalations, and an increase in tenancy ratio from 1.92x as at 30 September 2017, to 1.99x as at 30 September 2018.

Cost of sales

	9 months ended 30 September				3 months ended 30 September			
		% of Revenue	Restated (IFRS 16)	% of Revenue		% of Revenue	Restated (IFRS 16)	% of Revenue
(US$'000s)	2018	2018	2017	2017	2018	2018	2017	2017
Power	62,538	23.5%	72,846	28.4%	19,694	22.4%	23,963	27.4%
Non-power	37,384	14.0%	43,935	17.1%	11,170	12.7%	15,336	17.5%
Site depreciation	94,822	35.7%	85,779	33.4%	32,989	37.5%	28,556	32.6%
Total cost of sales	194,744	73.2%	202,560	78.9%	63,853	72.6%	67,855	77.5%

The table below shows an analysis of the cost of sales on a country-by-country basis for the nine month period ended 30 September 2018 and 2017.

	Tanzania		DRC		Congo Brazzaville		Ghana	
	9 months ended 30 September		9 months ended 30 September		9 months ended 30 September		9 months ended 30 September	
		Restated (IFRS 16)		Restated (IFRS 16)		Restated (IFRS 16)		Restated (IFRS 16)
(US$'000s)	2018	2017	2018	2017	2018	2017	2018	2017
Power	22,446	27,712	29,688	32,708	2,206	2,306	8,196	10,120
Non-power	16,954	20,339	13,880	15,825	3,929	4,522	2,622	3,249
Site depreciation	41,199	40,097	39,380	32,289	8,671	7,882	5,573	5,511
Total cost of sales	80,599	88,148	82,948	80,822	14,806	14,710	16,391	18,880

The table below shows an analysis of the cost of sales on a country-by-country basis for the three month period ended 30 September 2018 and 2017.

	Tanzania		DRC		Congo Brazzaville		Ghana	
	3 months ended 30 September		3 months ended 30 September		3 months ended 30 September		3 months ended 30 September	
		Restated (IFRS 16)		Restated (IFRS 16)		Restated (IFRS 16)		Restated (IFRS 16)
(US$'000s)	2018	2017	2018	2017	2018	2017	2018	2017
Power	6,923	8,402	9,730	11,364	725	1,067	2,316	3,129
Non-power	4,638	7,877	4,697	4,593	1,263	1,775	572	1,091
Site depreciation	14,424	13,278	13,736	10,669	2,916	2,716	1,913	1,893
Total cost of sales	25,985	29,558	28,163	26,626	4,904	5,558	4,801	6,113

The quarter-on-quarter decrease was 5.9% to US$63.9 million in the quarter ended 30 September 2018 from US$67.9 million in the quarter ended 30 September 2017. Gross margin for the quarter ended 30 September 2018 was 65%, compared to the quarter ended 30 September 2017 of 55%. The improvement in margin was primarily due to lower power and non-power costs, following operational improvements, offset by an increase in depreciation, both for the quarter and for the year to date.

Administrative expenses

Administrative expenses increased by 20.2% to US$22.4 million in the quarter ended 30 September 2018 from US$18.6 million in the quarter ended 30 September 2017. This is due to an increase in exceptional costs, which are detailed in Note 4 of the Interim Financial Statements. The year to date increase in administrative expenses from US$67.6 million as at 30 September 2017, to US$71.7 million as at 30 September 2018, is primarily due to an increase in exceptional costs. This is offset with a lower depreciation and amortisation charge in the current year, in relation to the non-compete agreement with Airtel which had a fair value of $30 million, and was fully amortised between May 2016 and July 2017.

	9 months ended 30 September				3 months ended 30 September			
		% of Revenue	Restated (IFRS 16)	% of Revenue		% of Revenue	Restated (IFRS 16)	% of Revenue
(US$'000s)	2018	2018	2017	2017	2018	2018	2017	2017
Other administrative costs	36,554	13.7%	35,829	14.0%	12,807	14.5%	12,031	13.7%
Depreciation and amortisation	10,338	3.9%	23,576	9.2%	3,370	3.8%	3,077	3.5%
Exceptional items	24,835	9.3%	8,210	3.2%	6,230	7.1%	3,539	4.0%
Total administrative expense	71,727	26.9%	67,615	26.4%	22,407	25.4%	18,647	21.2%

Other gains and losses

Other gains and losses recognised in the quarter ended 30 September 2018 were US$5.2 million, compared to US$nil in the quarter ended 30 September 2017. This relates to a decrease in the fair value of the derivatives embedded in the terms of the bond.

Finance costs

Finance costs of US$28.0 million for the quarter ended 30 September 2018 mainly comprise of interest for the US$600 million 9.125% bond. The increase in foreign exchange differences is driven primarily by the Tanzanian Shilling. Deferred loan cost amortisation in the nine months to 30 September 2017 related to loans which were refinanced by the Bond proceeds in March 2017. The increase for the nine months ended 30 September 2018, compared to nine months ended 30 September 2017, relates to the increase in foreign exchange differences explained above, off-set with a decrease in relation to deferred loan cost amortisation costs in 2017.

	9 months ended 30 September		3 months ended 30 September	
	2018 US$'000	2017 Restated (IFRS 16) US$'000	2018 US$'000	2017 Restated (IFRS 16) US$'000
Foreign exchange difference	17,859	6,326	5,677	(2,971)
Interest costs	55,432	53,246	18,548	18,926
Interest cost on lease liabilities	10,222	10,494	3,772	3,829
Deferred loan cost amortisation	–	8,014	–	(5,440)
Total finance costs	83,513	78,080	27,997	14,344

Tax expense

Tax expense was US$0.7 million in the quarter ended 30 September 2018 as compared to US$0.6 million in the quarter ended 30 September 2017. The increase in the tax expense is primarily due to an additional tax levied against certain entities in Tanzania and DRC as stipulated by law in these jurisdictions, and Ghana became tax paying during the quarter ended 30 June 2018.

Adjusted EBITDA

Adjusted EBITDA was US$45.2 million in the quarter ended 30 September 2018 compared to US$37.0 million in the quarter ended 30 September 2017, and US$131.1 million in the nine month period ended 30 September 2018 compared to US$104.9 million in the nine month period ended 30 September 2017. The increase in Adjusted EBITDA between quarters and years is primarily attributable to the changes in revenue, cost of sales, and administrative expenses, as discussed above. See note 4 for more details.

Quarter-on-quarter comparison (continued)

Contracted Revenue

The following tables provide our total undiscounted contracted revenue by country and by key customer under agreements with our customers as of 30 September 2018 for each of the years from 2018 to 2022, with local currency amounts converted at the applicable spot rate for US dollars on 30 September 2018 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 described elsewhere in these financial statements, (iii) our customers do not utilise any cancellation allowances set forth in their MLAs and (iv) our customers do not terminate MLAs early for any reason. The first table presents the contracted revenue for the next five years. The second table presents the total lifetime contracted revenue.

	Year Ended 31 December				
(US$'000s)	2018	2019	2020	2021	2022
Tanzania	39,582	155,935	158,235	157,439	154,560
DRC	36,142	142,600	153,346	152,881	151,049
Congo Brazzaville	5,907	23,372	22,429	17,363	17,358
Ghana	9,429	38,137	37,561	35,386	31,064
Total	91,060	360,044	371,571	363,069	354,031

(US$'000s)	Total Committed Revenues	Percentage of Total Committed Revenues
Africa's Big-Five MNOs	2,579,159	82%
Other	570,113	18%
Total	3,149,272	100%

Condensed consolidated Statement of cash flow data

For the period ended 30 September

	9 months ended 30 September		3 months ended 30 September	
	2018 US$'000	2017 Restated (IFRS 16) US$'000	2018 US$'000	2017 Restated (IFRS 16) US$'000
Loss for the period before tax	(117,055)	(92,069)	(35,817)	(13,955)
Net cash generated from operating activities	37,476	47,268	15,655	17,669
Net cash (used in) investing activities	(79,202)	(101,254)	(21,337)	(41,796)
Net cash (used in)/generated from financing activities	(15,562)	155,736	(6,267)	(8,295)
Net (decrease)/increase in cash and cash equivalents	(57,288)	101,750	(11,949)	(32,422)
Cash and cash equivalents, beginning of period	119,700	133,737	73,957	267,695
Foreign exchange translation movement	(911)	107	(507)	321
Cash and cash equivalents, end of period	61,501	235,594	61,501	235,594

As at 30 September 2018 we had US$61.5 million of cash and cash equivalents.

Net cash generated from operating activities decreased from US$17.7 million generated during the quarter ended 30 September 2017 to US$15.7 million generated during the quarter ended 30 September 2018. The decrease in net cash generated from operating activities between periods was primarily driven by an increase in exceptional costs for the period.

Net cash used in investing activities decreased from US$41.8 million during the quarter ended 30 September 2017 to US$21.3 million during the quarter ended 30 September 2018. The decrease in net cash used in investing activities between quarters and years was mainly the result of acquisition of property, plant and equipment in the quarter ended 30 September 2017.

Net cash used in financing activities improved from an outflow of US$8.3 million during the quarter ended 30 September 2017 to an outflow of US$6.3 million during the quarter ended 30 September 2018. The improvement in net cash used in financing activities between quarters was primarily the result of costs incurred on refinancing the Group in 2017, and lower repayment of lease liabilities. The movement between 2017 and 2018 is driven by the bond issue and Group refinancing in March 2017.

Capital expenditures

For the nine month period ended 30 September

	2018		2017	
	US$'000	% of Total Capex	US$'000	% of Total Capex
Acquisition	2.0	2.2%	10.6	10.1%
Growth	61.3	65.2%	46.7	44.6%
Upgrade	17.6	18.8%	28.6	27.4%
Maintenance	10.5	11.2%	16.6	15.8%
Corporate	2.4	2.6%	2.2	2.1%
Total	93.8	100.0%	104.7	100.0%

The increase in growth capital expenditure for the period ended 30 September 2018 is incremental investment opportunities in DRC, Ghana and Tanzania. There is continued investment in the tower strengthening and upgrade programmes as well as the continued roll out of colocation tenants.

Off-Balance Sheet arrangements

We do not have any off-balance sheet arrangements.

Indebtedness

As of 30 September 2018 and 31 December 2017 the HT Group's outstanding loans and borrowings, excluding lease liabilities, were US$588.0 million (net of issue costs) and US$598.4 million respectively. For more details, see note 13 to the condensed consolidated interim financial statements for the period ended 30 September 2018.

On 8 March 2017, HT Group Limited, a wholly owned subsidiary of HT Ltd, issued US$600 million of 9.125% bonds due 2022 which are listed on the Irish Stock Exchange. Interest is payable semi-annually, beginning 8 September 2017. Third party loans were settled from the bond proceeds on 8 March 2017.

Material recent developments

There were no material recent developments during the quarter ended 30 September 2018.

Condensed interim financial statements

Independent review report to Helios Towers Ltd

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the nine months ended 30 September 2018 which comprises the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows, and related notes 1 to 21. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the nine months financial report in accordance with International Accounting Standard 34 "Interim Financial Reporting".

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the nine months ended 30 September 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Deloitte LLP

Deloitte LLP
Statutory Auditor
Reading, United Kingdom
14 November 2018

Condensed consolidated statement of profit or loss and other comprehensive income

For the 9 months ended 30 September 2018

	Note	Unaudited 9 months ended 30 September 2018 US$'000	Unaudited 9 months ended 30 September Restated (IFRS 16) 2017 US$'000	Unaudited 3 months ended 30 September 2018 US$'000	Unaudited 3 months ended 30 September Restated (IFRS 16) 2017 US$'000
Revenue		266,212	256,596	88,084	87,600
Cost of sales		(194,744)	(202,560)	(63,853)	(67,855)
Gross profit		71,468	54,036	24,231	19,745
Administrative expenses		(71,727)	(67,615)	(22,407)	(18,647)
Loss on disposal of property, plant and equipment		(4,803)	(637)	(4,798)	(843)
Operating (loss)/profit		(5,062)	(14,216)	(2,974)	255
Investment income		777	227	314	134
Other gains and losses	16	(29,257)	–	(5,160)	–
Finance costs	5	(83,513)	(78,080)	(27,997)	(14,344)
Loss before tax		(117,055)	(92,069)	(35,817)	(13,955)
Tax expenses	6	(2,832)	(1,659)	(718)	(597)
Loss for the period		(119,887)	(93,728)	(36,535)	(14,552)
Other comprehensive loss:					
Items that may be reclassified subsequently to profit and loss:					
Exchange differences on translation of foreign operations		74	(375)	466	(3,234)
Total comprehensive loss for the period		(119,813)	(94,103)	(36,069)	(17,786)
Loss attributable to:					
Owners of the Company		(119,887)	(80,014)	(36,535)	(11,508)
Non-controlling interests		–	(13,714)	–	(3,044)
Loss for the period		(119,887)	(93,728)	(36,535)	(14,552)
Total comprehensive loss attributable to:					
Owners of the Company		(119,813)	(80,276)	(36,069)	(13,966)
Non-controlling interests		–	(13,827)	–	(3,820)
Total comprehensive loss for the period		(119,813)	(94,103)	(36,069)	(17,786)

The notes on pages 16 to 27 form part of these financial statements.

Condensed consolidated statement of financial position

As at 30 September 2018

	Notes	Unaudited 30 September 2018 US$'000	Audited 31 December 2017 US$'000
Non current assets			
Intangible assets	7	14,660	17,961
Property, plant and equipment	8a	686,791	705,700
Right-of-use assets	8b	113,449	115,302
Investments		132	132
Derivative financial assets	9	–	23,917
		815,032	863,012
Current assets			
Inventories		10,341	9,538
Trade and other receivables	10	97,754	108,491
Prepayments		16,083	23,403
Cash and cash equivalents	11	61,501	119,700
		185,679	261,132
Total assets		1,000,711	1,124,144
Equity			
Issued capital and reserves			
Share capital	12	909,154	909,154
Share premium		186,951	186,951
Stated capital		1,096,105	1,096,105
Other reserves		(12,778)	(12,778)
Translation reserve		(79,579)	(79,653)
Accumulated losses		(865,376)	(741,757)
Total equity		138,372	261,917
Non current liabilities			
Loans	13	584,473	581,100
Long-term lease liabilities	15	96,407	96,097
Derivative financial liabilities	9	5,340	–
		686,220	677,197
Current liabilities			
Trade and other payables	14	152,619	147,324
Loans	13	3,567	17,254
Short-term lease liabilities	15	19,933	20,452
		176,119	185,030
Total liabilities		862,339	862,227
Total equity and liabilities		1,000,711	1,124,144

The notes on pages 16 to 27 form part of these financial statements.

Condensed consolidated statement of changes in equity

For the 9 months ended 30 September 2018

Unaudited	Share capital US$'000	Share premium US$'000	Other reserves US$'000	Minority interest buy-out reserves US$'000	Translation reserves US$'000	Accumulated losses US$'000	Available to the owners of the parent US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 January 2017	909,134	186,795	(11,693)	(54,429)	(77,486)	(544,355)	407,966	(36,322)	371,644
Loss for the period	–	–	–	–	–	(80,014)	(80,014)	(13,714)	(93,728)
Other comprehensive loss	–	–	–	–	(375)	–	(263)	(112)	(375)
Total comprehensive loss for the period	–	–	–	–	(375)	(80,014)	(80,277)	(13,826)	(94,103)
Balance at 30 September 2017	909,134	186,795	(11,693)	(54,429)	(77,861)	(624,369)	327,689	(50,148)	277,541
Balance at 1 January 2018	909,154	186,951	(12,778)	–	(79,653)	(741,757)	261,917	–	261,917
Effect of transition to IFRS 9 at 1 January 2018	–	–		–	–	(3,732)	(3,732)	–	(3,732)
Loss for the period	–	–	–	–	–	(119,887)	(119,887)	–	(119,887)
Other comprehensive loss	–	–	–	–	74	–	74	–	74
Total comprehensive loss for the period	–	–	–	–	74	(119,887)	(119,813)	–	(119,813)
Balance at 30 September 2018	909,154	186,951	(12,778)	–	(79,579)	(865,376)	138,372	–	138,372

The notes on pages 16 to 27 form part of these financial statements.

Condensed consolidated statement of cash flows

For the 9 months ended 30 September 2018

	Unaudited 9 months ended 30 September 2018 US$'000	Unaudited 9 months ended 30 September Restated (IFRS 16) 2017 US$'000	Unaudited 3 months ended 30 September 2018 US$'000	Unaudited 3 months ended 30 September Restated (IFRS 16) 2017 US$'000
Cash flows generated from operating activities				
Loss for the period before taxation	(117,055)	(92,069)	(35,817)	(13,955)
Adjustments for:				
Other gains and losses	29,257	–	5,160	–
Finance costs	83,513	78,080	27,997	14,344
Investment income	(777)	(227)	(314)	(134)
Depreciation and amortisation	105,782	109,355	36,921	32,067
Loss on disposal	4,803	637	4,798	843
Movement in working capital:				
(Increase)/decrease in inventories	(667)	(2,064)	(689)	635
Decrease/(increase) in trade and other receivables	9,200	16,416	29,186	9,737
(Increase)/decrease in prepayments	(3,159)	5,346	(338)	2,646
Decrease in trade and other payables	(13,110)	(24,985)	(22,688)	(898)
Cash generated from operations	97,787	90,489	44,216	45,285
Interest paid	(59,124)	(41,906)	(27,375)	(27,346)
Tax paid	(1,187)	(1,315)	(1,186)	(270)
Net cash generated from operating activities	37,476	47,268	15,655	17,669
Cash flows from investing activities				
Payments to acquire property, plant and equipment	(77,041)	(98,773)	(20,635)	(40,870)
Payment to acquire intangible assets	(3,014)	(2,957)	(1,098)	(1,105)
Proceeds on disposal on assets	76	249	82	45
Interest received	777	227	314	134
Net cash (used in) investing activities	(79,202)	(101,254)	(21,337)	(41,796)
Cash flows from financing activities				
Borrowing drawdowns	–	600,000	–	–
Loan financing costs	–	(24,079)	–	-
Borrowing repayments	–	(405,263)	–	(2,400)
Repayment of lease liabilities	(15,562)	(14,922)	(6,267)	(5,895)
Net cash (used in)/generated from financing activities	(15,562)	155,736	(6,267)	(8,295)
Foreign exchange on translation movement	(911)	107	(507)	321
Net (decrease)/increase in cash and cash equivalents	(57,288)	101,750	(11,949)	(32,422)
Cash and cash equivalents at the beginning of period	119,700	133,737	73,957	267,695
Cash and cash equivalents at end of period	61,501	235,594	61,501	235,594

Notes to the condensed interim financial statements

Notes to the condensed interim financial statements

For the 9 months ended 30 September 2018

1. Authorisation of financial statements and statement of compliance with IFRS

Helios Towers, Ltd. trading as Helios Towers is a limited company incorporated and domiciled in the Republic of Mauritius. Helios Towers, Ltd. and its subsidiaries (collectively referred to as "the Group") condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The principal accounting policies adopted by the Group are set out in note 2.

2. Accounting Policies

Basis of preparation

The unaudited condensed set of financial statements included in the interim financial report has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRSs").

Accounting policies are consistent with those adopted in the last statutory financial statements and the audit opinion was unmodified. In addition, during the reporting period, the Group has adopted IFRS 9: Financial Instruments, as required from 1 January 2018.

The condensed set of financial statements included in the interim financial report has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The information as of 31 December 2017 has been extracted from the audited financial statements for the year ended 31 December 2017.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

These condensed financial statements do not constitute statutory financial statements under the Companies Act.

Going concern

The Directors believe that Helios Towers, Ltd. and its subsidiaries (collectively referred to as "the Group") is well placed to manage its business risks successfully, despite the current uncertain economic outlook. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current committed facilities.

The Directors have looked at forecast compliance with covenants attached to the drawn loan facilities and have concluded that the Group should be able to operate within the level of its current committed facilities.

As part of their regular assessment of the Group's working capital and financing position, the directors have prepared a detailed trading and cash flow forecast for a period which covers at least 12 months after the date of approval of the interim financial statements. In assessing the forecast, the directors have considered:

- trading risks presented by the current economic conditions in the operating markets;
- the impact of macroeconomic factors, particularly interest rates and foreign exchange rates;
- the status of the Group's financial arrangements;
- progress made in developing and implementing cost reduction programmes and operational improvements; and
- mitigating actions available should business activities fall behind current expectations, including the deferral of discretionary overheads and restricting cash outflows.

The directors have acknowledged the latest guidance on going concern. Management have considered the latest forecasts available to them and additional sensitivity analysis has been prepared to consider any reduction in anticipated levels of Adjusted EBITDA.

Notes to the condensed interim financial statements (continued)

For the 9 months ended 30 September 2018

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 the CODM is Adjusted EBITDA, which is defined in note 4.

9 months ended 30 September 2018	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazzaville US$'000	Total operating companies US$'000	Corporate US$'000	Group Total US$'000
Revenue	31,163	111,543	105,152	18,354	266,212	–	266,212
Gross margin[1]	65%	65%	59%	67%	63%	–	63%
Adjusted EBITDA	17,096	64,152	52,914	9,073	143,235	(12,137)	131,098
Adjusted EBITDA margin	55%	58%	50%	49%	54%	–	49%
Financing costs:							
Interest costs	(3,358)	(43,369)	(35,223)	(6,148)	(88,098)	22,444	(65,654)
Foreign exchange differences	(3,573)	(10,451)	135	(2,355)	(16,244)	(1,615)	(17,859)
Total financing costs	(6,931)	(53,820)	(35,088)	(8,503)	(104,342)	20,829	(83,513)

1 Gross margin means gross profit, adding site and warehouse depreciation, divided by revenue.

9 months ended 30 September 2017 - Restated (IFRS 16)	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazzaville US$'000	Total operating companies US$'000	Corporate US$'000	Group Total US$'000
Revenue	29,968	103,920	105,311	17,397	256,596	–	256,596
Gross margin	55%	54%	54%	61%	54%	–	54%
Adjusted EBITDA	12,984	46,981	48,799	7,513	116,277	(11,400)	104,877
Adjusted EBITDA margin	43%	45%	46%	43%	45%	–	41%
Financing costs:							
Interest costs	(3,289)	(49,494)	(40,673)	(9,016)	(102,472)	25,279	(77,193)
Foreign exchange differences	(1,630)	(9,955)	(259)	5,608	(6,236)	(91)	(6,327)
Derivative financial instruments	–	(9)	(1,476)	–	(1,485)	6,925	5,440
Total financing costs	(4,919)	(59,458)	(42,408)	(3,408)	(110,193)	32,113	(78,080)

3 months ended 30 September 2018	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazzaville US$'000	Total operating companies US$'000	Corporate US$'000	Group Total US$'000
Revenue	9,642	37,247	35,022	6,173	88,084	–	88,084
Gross margin[1]	70%	69%	59%	67%	65%	–	65%
Adjusted EBITDA	5,796	22,785	17,486	3,182	49,249	(4,091)	45,159
Adjusted EBITDA margin	60%	61%	50%	52%	56%	–	51%
Financing costs:							
Interest costs	(1,068)	(14,649)	(11,936)	(2,328)	(29,981)	7,661	(22,320)
Foreign exchange differences	(1,097)	(2,560)	(337)	(112)	(4,106)	(1,571)	(5,677)
Total financing costs	(2,165)	(17,209)	(12,273)	(2,440)	(34,087)	6,090	(27,997)

1 Gross margin means gross profit, adding site and warehouse depreciation, divided by revenue.

3. Segmental reporting (continued)

3 months ended 30 September 2017 - Restated (IFRS 16)	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazzaville US$'000	Total operating companies US$'000	Corporate US$'000	Group Total US$'000
Revenue	10,221	35,972	35,187	6,220	87,600	–	87,600
Gross margin	59%	55%	55%	54%	55%	–	55%
Adjusted EBITDA	5,107	16,530	16,934	2,458	41,029	(4,018)	37,011
Adjusted EBITDA margin	50%	46%	48%	40%	47%	–	42%
Financing costs:							
Interest costs	(1,108)	(14,876)	(10,985)	(2,086)	(29,055)	6,788	(22,267)
Foreign exchange differences	(167)	853	3	1,948	2,637	334	2,971
Derivative financial instruments	–	–	-	–	-	4,952	4,952
Total financing costs	(1,275)	(14,023)	(10,982)	(138)	(26,418)	12,074	(14,344)

Capital Additions, Depreciation and Amortisation

	9 months ended 30 September 2018		3 months ended 30 September 2018				
	Capital additions US$'000	Depreciation and Amortisation US$'000	Capital additions US$'000	Depreciation and Amortisation US$'000	31 December 2017 Capital additions US$'000	9 months ended 30 September 2017 Depreciation and Amortisation US$'000	3 months ended 30 September 2017 Depreciation and Amortisation US$'000
Ghana	10,934	6,097	3,830	2,087	13,228	5,368	1,795
Tanzania	30,289	39,865	8,696	14,055	66,273	36,783	12,354
Democratic Republic of Congo	48,541	43,295	10,365	15,091	80,887	36,890	11,498
Congo Brazzaville	4,081	8,992	1,532	3,066	10,209	9,658	4,293
Total operating company	93,845	98,249	24,423	34,299	170,597	88,699	29,940
Corporate	6	294	1,023	212	142	12,384	189
Total	93,851	98,543	25,446	34,511	170,739	101,083	30,129

Right-of-use assets (Restated - IFRS 16)

	9 months ended 30 September 2018		3 months ended 30 September 2018				
	Capital Additions US$'000	Depreciation US$'000	Capital Additions US$'000	Depreciation US$'000	31 December 2017 Capital additions US$'000	9 months ended 30 September 2017 Depreciation US$'000	3 months ended 30 September 2017 Depreciation US$'000
Ghana	849	575	311	218	532	509	173
Tanzania	2,756	4,188	602	1,381	7,611	4,773	1,650
Congo Brazzaville	444	445	76	120	466	598	185
Democratic Republic of Congo	2,166	2,356	676	783	5,212	2,392	823
Total	6,215	7,564	1,665	2,502	13,821	8,272	2,831

Notes to the condensed interim financial statements (continued)

For the 9 months ended 30 September 2018

4. Adjusted EBITDA

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

Management define Adjusted EBITDA as loss for the period, adjusted for loss for the period from discontinued operations, additional tax, income tax, finance costs, other gains and losses, investment income, loss on disposal of property, plant and equipment, amortisation and impairment of intangible assets, depreciation and impairment of property, plant and equipment, deal costs relating to unsuccessful tower acquisition transactions or successful tower acquisition transactions that cannot be capitalised and exceptional items. Exceptional items are items that are considered exceptional in nature by management by virtue of their size and/or incidence. Adjusted EBITDA is reconciled to loss before tax as follows:

	9 months ended 30 September		3 months ended 30 September	
	2018 US$'000	Restated (IFRS 16) 2017 US$'000	2018 US$'000	Restated (IFRS 16) 2017 US$'000
Adjusted EBITDA	131,098	104,877	45,159	37,011
Adjustments applied in arriving at Adjusted EBITDA				
Exceptional items:				
Tanzanian IPO[1]	–	(1,481)	–	(116)
Litigation costs[2]	(10,180)	(3,423)	(6,230)	(3,423)
Exceptional project costs[3]	(14,655)	–	–	–
Loss on disposals of assets[4]	(4,803)	(637)	(4,798)	(843)
Deal costs	–	(3,306)	–	–
Other gains and losses[5]	(29,257)	–	(5,160)	–
Recharged depreciation	(740)	(891)	(184)	(307)
Depreciation of property, plant and equipment	(99,474)	(89,415)	(34,760)	(29,123)
Amortisation of intangibles	(6,308)	(19,940)	(2,161)	(2,944)
Investment income	777	227	314	134
Finance costs	(83,513)	(78,080)	(27,997)	(14,344)
Loss before tax	(117,055)	(92,069)	(35,817)	(13,955)

1 Advisory and other costs relating to the Group's preparation for the IPO of its Tanzania subsidiary.
2 Legal and settlement costs incurred in connection with a previously terminated equity transaction.
3 Exceptional project costs relate to the exploration of strategic options including, but not limited to, a potential London Stock Exchange (LSE) listing.
4 Loss on disposal of assets in the current period relates to the write off of sites dismantled as part of the Group's site consolidation program, whereby tenants from a given site are moved to another site in close proximity, and the given site is dismantled.
5 Other gains and losses relates to the movement of the embedded derivative valuation of the bond for the period, based on its market trading position as at the reporting period date.

5. Finance costs

	9 months ended 30 September		3 months ended 30 September	
	2018 US$'000	Restated (IFRS 16) 2017 US$'000	2018 US$'000	Restated (IFRS 16) 2017 US$'000
Foreign exchange difference	17,859	6,326	5,677	(2,971)
Interest costs	55,432	53,246	18,548	18,926
Interest costs on lease liabilities	10,222	10,494	3,772	3,829
Deferred loan cost amortisation	–	8,014	–	(5,440)
	83,513	78,080	27,997	14,344

6. Tax expenses

	9 months ended 30 September		3 months ended 30 September	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Additional taxes	2,832	1,659	718	597

Though entities in Congo B, Tanzania and DRC have continued to be loss making, minimum income tax has been levied based on revenue as stipulated by law in these jurisdictions.

The Company was a Category 2 – Global Business Licence Company (C2-GBLC) during the current and preceding financial periods. C2-GBLC is not subject to any income tax in Mauritius.

The applicable tax rates for the Company's subsidiaries range from 20% to 40%.

7. Intangible assets

	Exclusivity right US$'000	Non-compete agreement US$'000	Computer software and licences US$'000	Total US$'000
Cost				
At 1 January 2018	35,000	30,000	15,165	80,165
Additions during the period	–	–	3,014	3,014
Disposals during the period	–	–	(22)	(22)
Foreign exchange	–	–	(249)	(249)
At 30 September 2018	35,000	30,000	17,908	82,908
Amortisation				
At 1 January 2018	(22,500)	(30,000)	(9,704)	(62,204)
Charge for period	(3,750)	–	(2,558)	(6,308)
Disposals during the period	–	–	2	2
Foreign exchange	–	–	262	262
At 30 September 2018	(26,250)	(30,000)	(11,998)	(68,248)
Net book value				
At 30 September 2018	8,750	–	5,910	14,660
At 31 December 2017	12,500	–	5,461	17,961

8a. Property, plant and equipment

	IT equipment US$'000	Fixtures and fittings US$'000	Motor vehicles US$'000	Site assets US$'000	Land US$'000	Leasehold improvements US$'000	Total US$'000
Cost							
At 1 January 2018	6,008	952	4,702	1,070,683	5,265	1,115	1,088,725
Additions during the period	5,260	75	280	82,174	2,868	180	90,837
Disposals during the period	–	–	(89)	(13,017)	(5)	–	(13,111)
Foreign exchange	(123)	(14)	(116)	(14,643)	(4)	(14)	(14,914)
At 30 September 2018	11,145	1,013	4,777	1,125,197	8,124	1,281	1,151,537
Depreciation							
At 1 January 2018	(3,214)	(697)	(2,803)	(375,903)	–	(408)	(383,025)
Charge for period	(1,618)	(148)	(530)	(89,543)	-	(160)	(91,999)
Disposals during the period	–	–	88	4,520	–	–	4,608
Foreign exchange	(47)	24	76	5,612	(1)	6	5,670
At 30 September 2018	(4,879)	(821)	(3,168)	(455,314)	(1)	(562)	(464,746)
Net book value							
At 30 September 2018	6,266	192	1,609	669,891	8,115	719	686,791
At 31 December 2017	2,794	255	1,899	694,780	5,265	707	705,700

Notes to the condensed interim financial statements (continued)

For the 9 months ended 30 September 2018

8b. Right-of-use assets

	Land US$'000	Buildings US$'000	Motor vehicles US$'000	Total US$'000
Cost				
At 1 January 2018	139,136	12,872	1,243	153,251
Additions	6,215	–	–	6,215
Effects of foreign currency exchange differences	(830)	(87)	(1)	(918)
At 30 September 2018	144,521	12,785	1,242	158,548
Depreciation				
At 1 January 2018	(28,232)	(8,595)	(1,122)	(37,949)
Charge for the period	(5,977)	(1,349)	(149)	(7,475)
Effects of foreign currency exchange differences	242	54	29	325
At 30 September 2018	(33,967)	(9,890)	(1,242)	(45,099)
Net book value				
At 30 September 2018	110,554	2,895	–	113,449
At 31 December 2017	110,904	4,277	121	115,302

9. Derivative financial instruments

The amounts recognised in the statement of financial position are as follows:

	30 September 2018 US$'000	31 December 2017 US$'000
Put and call options on listed bond (liability)/asset	(5,340)	23,917

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. Thus, it is considered a level 2 financial instrument in the fair value hierarchy of IFRS 13.

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). 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.

As at reporting date, the call option had a fair value of US$5.3 million liability while the put option had a fair value of US$0 million. During the nine month period ended 30 September 2018, a US$29.3 million fair value adjustment was recognised through profit and loss.

10. Trade and other receivables

	30 September 2018 US$'000	31 December 2017 US$'000
Trade receivables	70,871	72,996
Allowance for doubtful debts[1]	(5,866)	(4,725)
	65,005	68,271
Trade receivable from related parties	6,463	9,436
	71,468	77,707
Other receivables	20,802	23,027
VAT & Withholding tax receivable	5,484	7,757
	97,754	108,491

1 The allowance for doubtful debts increase during the period, in comparison to the year ended 31 December 2017, is primarily due to transition to IFRS 9: Financial Instruments, effective 1 January 2018.

Trade receivables (as per the ageing analysis) represents the amounts which the Group does not consider as impaired as at the reporting date as there has not been a significant change in credit quality and the amounts are still considered as recoverable. Allowances for impairment losses are recognised on a case-by-case basis for each trade receivable. As at the reporting date, the allowances for impairment losses are not significant to the Group and will not affect the recoverability of the trade receivables amounts (as per the ageing analysis). Interest can be charged on past due debtors. The normal credit period of services is 30 days.

Trade and other receivables are classified as loans and receivables. These are initially recognised at fair value and subsequently at amortised cost.

Of the trade receivables balance at 30 September 2018: 54% (31 December 2017: 67%) is due from four 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. The average trade receivables collection period is 47 days (31 December 2017: 44 days).

Ageing analysis of trade receivables not impaired:

	30 September 2018 US$'000	31 December 2017 US$'000
Not yet due	24,939	35,248
1–30 days	15,819	10,940
30–60 days	9,770	14,230
60–90 days	8,450	7,680
90+ days	12,490	9,609
	71,468	77,707

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.

11. Cash and cash equivalents

	30 September 2018 US$'000	31 December 2017 US$'000
Bank balances	51,049	49,519
Short-term deposits	10,452	70,181
	61,501	119,700

Notes to the condensed interim financial statements (continued)

For the 9 months ended 30 September 2018

12. Share capital

The share capital as of 30 September 2018 was as follows:

	30 September 2018		31 December 2017	
	Number of shares	US$'000	Number of shares	US$'000
Authorised, issued and fully paid				
Ordinary share capital class A of US$1	390,410,138	390,410	390,410,138	390,410
Ordinary share capital class C of US$100	100	10	100	10
Ordinary share capital class D of US$1	100	–	100	–
Ordinary share capital class G of US$1	518,714,176	518,714	518,714,176	518,714
Ordinary share capital class H of US$100	100	10	100	10
Ordinary share capital class Z of US$100	100	10	100	10
	909,124,714	909,154	909,124,714	909,154

There were no share issuances during the period ended 30 September 2018.

13. Loans

	30 September 2018 US$'000	31 December 2017 US$'000
Term loans		
US$600 million 9.125% senior notes 2022	588,040	598,354
	588,040	598,354
Current	3,567	17,254
Non-current	584,473	581,100
	588,040	598,354

On 8 March 2017, HTA Group Limited, a wholly-owned subsidiary of HT Ltd, 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 the company, and certain of the HT Ltd subsidiaries. The proceeds of the issuance were used, among other things, to refinance existing indebtedness of the company's subsidiaries (HTT Infraco Limited, HT DRC Infraco S.A.R.L. and HT Congo Brazzaville Holding Limited).

Loans are classified as financial liabilities and measured at amortised cost.

14. Trade and other payables

	30 September 2018 US$'000	31 December 2017 US$'000
Trade payables	17,156	11,612
Amounts payable to related parties	231	1,617
Deferred income	35,434	40,482
Deferred consideration	9,429	12,946
Other payables and accruals	70,847	69,214
VAT & Withholding tax payable	19,522	11,453
	152,619	147,324

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 31 days (31 December 2017: 24 days). No interest is charged on the 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.

15. Lease liabilities

	30 September 2018 US$'000	31 December 2017 US$'000
Short-term lease liabilities		
Land	19,033	18,828
Buildings	900	1,524
Motor vehicles	-	100
	19,933	20,452

	30 September 2018 US$'000	31 December 2017 US$'000
Long-term lease liabilities		
Land	94,997	94,088
Buildings	1,410	2,009
Motor vehicles	–	–
	96,407	96,097

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 nine month period was US$21.9 million (year ended 31 December 2017: US$25.8 million).

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

	Within 1 year US$'000	2–5 years US$'000	5+ years US$'000	Total US$'000
30 September 2018	19,933	71,164	454,164	545,261
31 December 2017	20,452	72,120	443,261	535,833

16. Other gains and losses

	9 months ended		3 months ended	
	30 September 2018 US$'000	30 September 2017 US$'000	30 September 2018 US$'000	30 September 2017 US$'000
Fair value loss on derivative financial instruments	29,257	–	5,160	–

Notes to the condensed interim financial statements (continued)

For the 9 months ended 30 September 2018

17. 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.

	30 September 2018 US$'000	31 December 2017 US$'000
Total contracted revenue	3,149,272	3,101,429

Contracted Revenue

The following table provides our total contracted revenue by country under agreements with our customers as of 30 September 2018 for each of the five years from 2018 to 2022, with local currency amounts converted at the applicable spot rate for US dollars on 30 September 2018 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 described elsewhere in these financial statements, (iii) our customers do not utilise any cancellation allowances set forth in their MLAs and (iv) our customers do not terminate MLAs early for any reason.

	Year Ended 31 December,				
(US$'000s)	2018	2019	2020	2021	2022
Tanzania	39,582	155,935	158,235	157,439	154,560
DRC	36,142	142,600	153,346	152,881	151,049
Congo Brazzaville	5,907	23,372	22,429	17,363	17,358
Ghana	9,429	38,137	37,561	35,386	31,064
Total	91,060	360,044	371,571	363,069	354,031

18. 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 period, the Group companies entered into the following commercial transactions with related parties. Vodacom is no longer a related party as of October 2017.

	9 months ended 30 September 2018		9 months ended 30 September 2017	
	Income from leased towers US$'000	Purchase of goods US$'000	Income from leased towers US$'000	Purchase of goods US$'000
Millicom Holding B.V. and subsidiaries	50,572	241	43,196	263
Vodacom Group Limited and subsidiaries[1]	–	–	66,153	104

The following amounts were outstanding at the reporting date:

	As at 30 September 2018		As at 31 December 2017	
	Amount owed by US$'000	Amount owed to US$'000	Amount owed by US$'000	Amount owed to US$'000
Millicom Holding B.V. and subsidiaries	7,106	231	7,366	228
Vodacom Group Limited and subsidiaries[1]	–	–	2,070	–
Helios Towers Africa LLP	-	654	–	1,389

1 Until October 2017, Vodacom Tanzania Ltd was a non-controlling interest holder in Helios Towers Tanzania Ltd.

Millicom Holding B.V. is a shareholder of Helios Towers, Ltd.

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

During the quarter, the Group received advisory services from Helios Towers Africa LLP, an entity in which the Group has no economic benefits for which fees of US$2.7m (30 September 2017: US$3.9m) were incurred.

At the period end, there was a payable of US$0.7m (31 December 2017: US$1.4m) from Helios Towers Africa LLP for management fees. Amounts outstanding to related parties carry an interest charge ranging from 0% to 15%.

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 10).

19. Contingencies

In the year ended 31 December 2015, the Democratic Republic of Congo's National Tax Services issued an assessment against the Group for the financial years ended 31 December 2014 and 31 December 2015 of approximately US$3.4 million including interest and penalties. Also, in the year ended 31 December 2016, the Ghana Revenue Authority issued an assessment for the financial years ended 31 December 2010 to 31 December 2012 of approximately US$1.0 million for unpaid direct and indirect taxes.

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

The Directors, having taken advice as appropriate, believe that there is no merit to these assessments and accordingly will defend their position vigorously and do not believe there will be a material impact to the Group.

The Group did not make a provision in respect of these matters for the period ended 30 September 2018 or the year ended 31 December 2017.

20. Subsequent events

On 22 October 2018, HTA Group Ltd, a wholly owned subsidiary of the Group, signed a $100 million term loan facility agreement.

21. Transition summary – IFRS 16

The tables below show the amount of adjustments for each financial statement line item affected by the application of IFRS 16 for the prior year comparatives.

Statement of profit or loss

US$'000s	As reported 9 months to 30 September 2017	Change 2017	Restated 9 months to 30 September 2017	As reported 3 months to 30 September 2017	Change 2017	Restated 3 months to 30 September 2017
Revenue	256,596	–	256,596	87,600	–	87,600
Cost of sales[1]	(212,749)	10,189	(202,560)	(71,218)	3,363	(67,855)
Gross profit	43,847	10,189	54,036	16,382	3,363	19,745
Administrative expenses[2]	(66,614)	(1,001)	(67,615)	(18,347)	(300)	(18,647)
Loss on disposal of property, plant and equipment	(637)	–	(637)	(843)	–	(843)
Operating loss	(23,404)	9,188	(14,216)	(2,808)	3,063	255
Investment income	227	–	227	134	–	134
Finance costs[3]	(67,262)	(10,818)	(78,080)	(10,515)	(3,829)	(14,344)
Loss before tax	(90,439)	(1,630)	(92,069)	(13,189)	(766)	(13,955)
Tax expenses	(1,659)	–	(1,659)	(597)	–	(597)
Loss after tax	(92,098)	(1,630)	(93,728)	(13,786)	(766)	(14,552)
Loss for the year	(92,098)	(1,630)	(93,728)	(13,786)	(766)	(14,552)

1 Net effect of the reversal of leases previously expensed as operating leases, offset by a right-of-use asset depreciation charge for land.
2 Net effect of the reversal of leases previously expensed as operating leases, offset by a right-of-use asset depreciation charge for buildings and motor vehicles.
3 Interest charges and FX impact in relation to long-term lease liabilities.

The interim financial statements for the period ended 30 September 2018 have been authorised for issue on 14 November 2018.

Kashyap Pushpkant Pandya

Simon David Pitcher

Certain defined terms and conventions

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, Ltd. (the "Company") and its subsidiaries taken as a whole.

"**Adjusted EBITDA**" as loss for the period, adjusted for loss for the period from discontinued operations, additional tax, income tax, finance costs, other gains and losses, investment income, loss on disposal of property, plant and equipment, amortisation and impairment of intangible assets, depreciation and impairment of property, plant and equipment, deal costs relating to unsuccessful tower acquisition transactions or successful tower acquisition transactions that cannot be capitalised, 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**" as Adjusted EBITDA divided by revenue.

"**Africa's Big-Five MNO's**" means Airtel, MTN, Orange, Tigo and Vodacom.

"**Airtel**" means Bharti Airtel International.

"**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 lease agreement. The Group calculates amendment colocations using the additional revenue generated by the amendment on a weighted basis as compared to the market average lease rate for a standard tenancy lease in the month the amendment is added.

"**anchor tenant**" the primary customer occupying each tower.

"**build-to-suit**" sites constructed by the Group on order by an MNO.

"**CODM**" Chief Operating Decision Maker.

"**colocation**" 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.

"**Company**" means Helios Towers, Ltd.

"**Congo Brazzaville**" means the Republic of Congo, Congo Brazzaville or Congo.

"**contracted revenue**" means revenue contracted under our tower contracts under all total tenancies, assuming no escalation of maintenance fees and no renewal upon the expiration of the current term.

"**corporate capital expenditure**" is primarily for furniture, fixtures and equipment.

"**DRC**" means Democratic Republic of Congo.

"**Ghana**" means the Republic of Ghana.

"**gross debt**" as our total borrowings (non-current loans and current loans) excluding unamortised loan issue costs.

"**Gross margin**" means gross profit, adding site and warehouse depreciation, divided by revenue.

"**growth capital expenditure**" comprises structural, refurbishment and consolidation activities carried out on selected acquired sites.

"**Helios Towers Ghana**" means Helios Towers Ghana Limited.

"**Helios Towers Tanzania**" or "**HTT**" means Helios Towers Tanzania Limited.

"**HT Congo Brazzaville**" means HT Congo Brazzaville Holdco Limited.

"**IBS**" means in-building cellular enhancement.

"**IFRS**" means International Financial Reporting Standards.

"**ISA**" means individual site agreement.

"**maintained sites**" refers to sites that are maintained by the Company on behalf of a telecommunications operator but which are not marketed by the Company to other telecommunications operators for colocation (and in respect of which the Company has no right to market).

"**maintenance capital expenditure**" consists of periodic refurbishments and the replacement of parts and equipment to keep the Group's sites in service.

"**managed sites**" refers to sites that the Company 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.

"**MTN**" means MTN Group Ltd.

"**net debt**" means gross debt less cash and cash equivalents.

"**Orange**" means Orange S.A.

"**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.

"**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.

"**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**" 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 total colocation tenants.

"**total online sites**" means total live towers, IBS sites 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 sites**" online sites plus contracted built-to-suit sites and offline sites.

"**total tenancies**" means the individual tower occupancies by each customer 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.

"**US dollars**" or "**$**" refers to the lawful currency of the United States of America.

"**United States**" or "**US**" means the United States of America.

"**upgrade capital expenditure**" relates to (i) installation of colocation tenants and (ii) and investments in power management solutions.

"**Vodacom**" means Vodacom Group Limited.

"**Vodacom Tanzania**" means Vodacom Tanzania Ltd.

"**Zantel**" means Zantel Tanzania.

Officers and professional advisors

Directors
Anja Blumert
Carlos Reyes Lopez (appointed 17 May 2018)
Colin Curvey (resigned 2 August 2018)
David Karol Wassong
Kashyap Pushpkant Pandya
Nelson Oliveira
Richard Byrne
Simon David Pitcher
Simon Hillard Poole
Temitope Olugbeminiyi Lawani
Umberto Personi (appointed 9 July 2018)
Vishma Dharshini Boyjonauth
Waldemar Rafal Szlezak
Xavier Charles Rocoplan

Registered office
Level 3
Alexander House
35 Cybercity
Ebene
Mauritius

Company secretary
Intercontinental Trust Limited Level 3
Alexander House
35 Cybercity
Ebene
Mauritius

Banker
Barclays Bank Plc International Banking Division
Barclays House
68-68A Cybercity
Ebene
Mauritius

Auditor
Deloitte
7th Floor, Standard Chartered Tower
19–21 Bank Street
Cybercity
Ebene 72201
Mauritius

Registered office address
Level 3
Alexander House
35 Cybercity
Ebene
Mauritius

T: +44 (0) 207 871 3670
F: +44 (0) 207 235 6542

Registered Company Number
092064

helios towers

www.heliostowers.com