HELIOS TOWERS plc

Unaudited trading update for the nine months and quarter ended 30 September 2021

Strong quarter of organic tenancy growth with 2021 tenancy outlook reiterated

Transformational period underway for the Company through multiple acquisitions and CEO transition

London, 28 October 2021: Helios Towers plc ("Helios Towers", "the Group" or "the Company"), the independent telecommunications infrastructure company, today announces results for the nine months to 30 September 2021 ("YTD 2021").

	YTD 2021	YTD 2020	Change	**Q3 2021**	Q2 2021	Change
Sites	**8,765**	7,222	+21%	**8,765**	8,603	+2%
Tenancies	**17,773**	15,082	+18%	**17,773**	17,090	+4%
Tenancy ratio	**2.03x**	2.09x	-0.06x	**2.03x**	1.99x	+0.04x
Revenue (US$m)	**326.8**	307.9	+6%	**114.4**	108.8	+5%
Adjusted EBITDA (US$m)[1]	**175.0**	166.5	+5%	**60.8**	58.4	+4%
Adjusted EBITDA margin[1]	**54%**	54%	-	**53%**	54%	-1ppt
Operating profit (US$m)	**42.0**	45.4	-7%	**15.1**	9.8	+54%
Portfolio free cash flow (US$m)[1]	**118.7**	133.3	-11%	**44.9**	36.8	+22%
Cash generated from operations (US$m)	**98.6**	145.9	-32%	**52.9**	15.7	+237%
Net debt (US$m)[1]	**835.9**	662.2	+26%	**835.9**	786.0	+6%
Net leverage[1,2]	**3.4x**	2.9x	+0.5x	**3.4x**	3.2x	+0.2x

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

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

Kash Pandya, Chief Executive Officer, said:

"We are delighted to deliver our strongest quarter of organic tenancy additions in six years, with 683 incremental organic tenancies and we have a busy quarter ahead, reflecting the significant demand we are seeing from mobile operators across all our markets. Our tenancy pipeline remains robust and accordingly, we have reiterated our full-year tenancy outlook and look forward to supporting our customers' network expansion in Q4 2021 and beyond."

Tom Greenwood, Chief Operating Officer and CEO-Designate, added:

"Alongside the robust tenancy growth in the quarter, we also delivered solid revenue and Adjusted EBITDA growth, reflecting the contribution from our newest market, Senegal. Our new markets team is well progressed with the integration plans for each of the five other announced acquisitions, and we are excited to commence operations in these attractive markets, supporting our customers to efficiently expand mobile communications."

Financial highlights

- YTD 2021 revenue increased by 6% year-on-year to US$326.8m (YTD 2020: US$307.9m), driven by the acquisition of Free Senegal's tower portfolio in Q2 2021 and continued organic tenancy growth across the Group.
  - Q3 2021 revenue increased by 5% quarter-on-quarter to US$114.4m (Q2 2021: US$108.8m).

- YTD 2021 Adjusted EBITDA increased by 5% year-on-year to US$175.0m (YTD 2020: US$166.5m), driven by the addition of Free Senegal's tower portfolio and continued organic tenancy growth across our markets, partially offset by increased SG&A investment to support our expansionary strategy. YTD 2021 Adjusted EBITDA margin of 54% is flat year-on-year.
  - Q3 2021 Adjusted EBITDA increased by 4% quarter-on-quarter to US$60.8m (Q2 2021: US$58.4m), with Q3 2021 Adjusted EBITDA margin at 53% (Q2 2021: 54%).

- YTD 2021 operating profit decreased by 7% year-on-year to US$42.0m (YTD 2020: US$45.4m) due to higher deal costs in the current year in relation to acquisitions, which is partially offset by continued Adjusted EBITDA growth.
  - Q3 2021 operating profit increased by 54% quarter-on-quarter to US$15.1m (Q2 2021: US$9.8m), due to lower deal costs in the quarter.

- YTD 2021 portfolio free cash flow decreased by 11% year-on-year to US$118.7m (YTD 2020: US$133.3m), driven by an increase in corporate income tax, non-discretionary capex and lease payments.

- Q3 2021 portfolio free cash flow increased by 22% quarter-on-quarter to US$44.9 million (Q2 2021: US$36.8m), driven by Adjusted EBITDA growth in addition to lower non-discretionary capex and lease payments.

- YTD 2021 cash generated from operations decreased by 32% year-on-year to US$98.6m (YTD 2020: US$145.9m), due to higher deal costs and an escrow deposit in relation to the Oman transaction partially offset by Adjusted EBITDA growth.
  - Q3 2021 cash generated from operations increased by 237% quarter-on-quarter to US$52.9m (Q2 2021: US$15.7m), due to improved working capital and no recurrence of the one-off escrow deposit payment in the current quarter compared to Q2 2021.

- Net leverage of 3.4x increased by +0.5x year-on-year (Q3 2020: 2.9x) and +0.2x quarter-on-quarter (Q2 2021: 3.2x), remaining below the Group's medium-term target range of 3.5x-4.5x.

- Business underpinned by long-term contracted revenues of US$3.7bn (Q3 2020: US$2.7bn), of which 99% is from multinational MNOs, with an average remaining life of 7.6 years (Q3 2020: 6.6 years).

Operational highlights

- Sites increased by 1,543 year-on-year to 8,765 sites (Q3 2020: 7,222 sites), reflecting 336 organic site additions and the acquisition of 1,207 sites from Free Senegal. Sites increased by 162 quarter-on-quarter (Q2 2021: 8,603).

- Tenancies increased by 2,691 year-on-year to 17,773 tenants (Q3 2020: 15,082 tenants), reflecting 1,427 organic tenancy additions and 1,264 additional tenancies through the acquisition of Free Senegal's passive infrastructure assets. Tenancies increased by 683 quarter-on-quarter (Q2 2021: 17,090).

- Tenancy ratio decreased 0.06x year-on-year to 2.03x (Q3 2020: 2.09x), reflecting the dilutive impact of the acquired assets from Free Senegal (Senegal Q3 21 tenancy ratio: 1.06x). Excluding Senegal, the Group's tenancy ratio expanded 0.09x year-on-year to 2.18x.

- Helios Towers continues to monitor the impact of COVID-19 on its operations. The telecommunications sector has been classified as an 'essential service' in our markets, allowing us to operate at our normal high levels of service. To date, there has been minimal impact on the Group's delivery of service and operational execution.

Environmental, Social and Governance (ESG)

- Helios Towers' Sustainable Business Strategy enables the company to deliver a positive impact for all stakeholders, in line with its purpose of driving the growth of communications in Africa and the Middle-East. The Company's second Sustainable Business Report will be published in March 2022.

- The Group will be publishing its carbon reduction roadmap on 25 November 2021, with management hosting a presentation at 9:30am GMT on the same day. To register for the event, please **click here.**

Strategic Updates

- On 18 August 2021, Helios Towers announced its CEO transition. Kash Pandya will retire as Chief Executive Officer with effect from the Company's AGM in April 2022. Effective upon his retirement, Kash will move into a new role as non-executive Deputy Chairman of the Company. Tom Greenwood, Chief Operating Officer and CEO-Designate, will formally take up the Chief Executive Officer role from Kash following the AGM in April 2022.

- Helios Towers' new markets team continue to integrate the five announced acquisitions, which upon closing and including committed BTS as part of these transactions, will increase Helios Towers' site count close to 15,000 towers across 11 markets.

- The Group continues to progress with the closings of the five new announced acquisitions, with the integration process currently underway as planned. The Group anticipates the acquisitions in Madagascar (494 sites) and Malawi (735 sites) from Airtel Africa Group ("Airtel Africa") to close in Q4 2021, with the acquisition in Oman (2,890 sites) from Oman Telecommunications Company ("Omantel") expected to close in Q4 2021 or Q1 2022. The Group has also entered into an exclusive memorandum of understanding arrangements for the potential acquisition of Airtel Africa's passive infrastructure assets in Chad and Gabon, which are expected to close in or around Q1 2022, subject to obtaining a passive infrastructure license in each jurisdiction and other customary closing conditions.

2021 Outlook and guidance

- Tenancy guidance for the established five markets remains unchanged, targeting 1,000 - 1,500 tenancies, which is supported by 853 organic tenancy additions year-to-date and a robust tenancy pipeline.

- The Group has begun forward purchasing materials for rollout in 2022 supported by the strong tenancy pipeline. Consequently, capex is anticipated to increase by approximately US$30m, with the Group now expecting the following for FY 2021:

  - US$140m - US$170m of capex in Helios Towers' established five markets (prior: US$110 – US$140m), of which US$20m - US$25m is non-discretionary capex.

  - US$215m of capital expenditure in our sixth market, Senegal, reflecting approximately US$190m of acquisition capex and US$25m of growth, upgrade and non-discretionary capex.

  - US$108m consideration for the acquisition of Airtel Africa's passive infrastructure companies in Madagascar and Malawi, expected to close in Q4 2021.

  - US$575m consideration for the acquisition of Omantel's tower portfolio, expected to close in Q4 2021 or Q1 2022.

For further information go to:
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Helios Towers' management will host a conference call for analysts and institutional investors at 09.30 BST on Thursday, 28 October 2021. For the best user experience, please access the conference via the webcast. You can pre-register and access the event using the link below:

Registration Link - Helios Towers Q3 2021 Results Conference Call
Event Name: Q3RESULTS
Password: HELIOS

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

Europe & International	+44 203 936 2999
South Africa (local)	087 550 8441
USA (local)	+1 646 664 1960
Passcode:	**162864**

About Helios Towers

- Helios Towers is a leading independent telecommunications infrastructure company, having established one of the most extensive tower portfolios across Africa. It builds, owns and operates telecom passive infrastructure, providing services to mobile network operators.
- Helios Towers owns and operates telecommunication tower sites in Tanzania, Democratic Republic of Congo, Congo Brazzaville, Ghana, South Africa and Senegal. Following recent acquisition agreements and subject to regulatory approval, Helios Towers expects to establish a presence in five new markets across Africa and the Middle-East over the next six months. Including these acquisitions and committed BTS, the Group's total site count is expected to increase from over 8,700 towers to almost 15,000.
- Helios Towers pioneered the model in Africa of buying towers that were held by single operators and providing services utilising the tower infrastructure to the seller and other operators. This allows wireless operators to outsource non-core tower-related activities, enabling them to focus their capital and managerial resources on providing higher quality services more cost-effectively.

Impact of COVID-19

The Group's business and operations are inherently resilient against the implications of the COVID-19 pandemic and associated lockdowns, due to operating in the telecoms sector, which sees continued strong demand, and through having long-term revenue contracts with multinational MNOs. For further information see page 9 of the Group's half-yearly financial report for the six months ended 30 June 2021, published on the Group's website.

Alternative Performance Measures

The Group has presented a number of Alternative Performance Measures ("APMs"), which are used in addition to IFRS statutory performance measures. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Loss before tax, gross profit, non-current and current loans and long-term and short-term lease liabilities are the equivalent statutory measures (see 'Certain defined terms and conventions' on pages 7 and 8). For more information on the Group's Alternative Performance Measures, see page 10-12 of the Group's half-yearly financial report for the six months ended 30 June 2021, published on the Group's website. Reconciliations of APMs to the equivalent statutory measure are included in the Group's half-year and Annual financial reports.

Financial and operating metrics

Key metrics

For the nine months ended 30 September

	Group		Tanzania		DRC		Congo Brazzaville		Ghana		South Africa		Senegal[3]	
	2021 US$m	2020 US$m	**2021 US$m**	2020 US$m	**2021 US$m**	2020 US$m	**2021 US$m**	2020 US$m	**2021 US$m**	2020 US$m	**2021 US$m**	2020 US$m	**2021 US$m**	2020 US$m
Revenue for the period	**$326.8**	$307.9	**$126.7**	$125.7	**$128.8**	$128.2	**$20.9**	$19.5	**$31.9**	$32.2	**$4.4**	$2.3	**$14.1**	–
Adjusted gross margin[1]	**67%**	68%	**69%**	68%	**65%**	66%	**65%**	69%	**69%**	73%	**73%**	77%	**62%**	–
Sites at beginning of the period	**7,356**	6,974	**3,821**	3,661	**1,895**	1,850	**426**	384	**978**	961	**236**	118	**–**	–
Sites at period end	**8,765**	7,222	**3,880**	3,772	**1,973**	1,871	**432**	415	**1,019**	973	**253**	191	**1,208**	–
Tenancies at beginning of the period	**15,656**	14,591	**8,625**	8,099	**4,096**	3,828	**617**	568	**1,914**	1,888	**404**	208	**–**	–
Tenancies at period end	**17,773**	15,082	**8,853**	8,236	**4,584**	3,987	**632**	606	**1,991**	1,900	**436**	353	**1,277**	–
Tenancy ratio at period end	**2.03x**	2.09x	**2.28x**	2.18x	**2.32x**	2.13x	**1.46x**	1.46x	**1.95x**	1.95x	**1.72x**	1.85x	**1.06x**	–
Adjusted EBITDA for the period[2]	**$175.0**	$166.5	**$83.8**	$78.5	**$74.4**	$74.4	**$9.9**	$9.2	**$19.1**	$20.3	**$1.8**	$0.4	**$7.2**	–
Adjusted EBITDA Margin[2] for the period	**54%**	54%	**66%**	62%	**58%**	58%	**47%**	47%	**60%**	63%	**41%**	17%	**51%**	–

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

[2] Group Adjusted EBITDA for the period includes corporate costs of US$21.2 million (2020: US$16.3 million).

[3] Results for the period from completion on 18 May 2021.

Total tenancies as at 30 September

	Group		Tanzania		DRC		Congo Brazzaville		Ghana		South Africa		Senegal	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	**2020**	**2021**	2020
Standard colocation tenants	**8,081**	7,083	**4,416**	4,025	**2,509**	2,017	**177**	173	**733**	709	**178**	159	**68**	–
Amendment colocation tenants	**927**	777	**557**	439	**102**	99	**23**	18	**239**	218	**5**	3	**1**	–
Total colocation tenants	**9,008**	7,860	**4,973**	4,464	**2,611**	2,116	**200**	191	**972**	927	**183**	162	**69**	–
Total sites	**8,765**	7,222	**3,880**	3,772	**1,973**	1,871	**432**	415	**1,019**	973	**253**	191	**1,208**	–
Total tenancies	**17,773**	15,082	**8,853**	8,236	**4,584**	3,987	**632**	606	**1,991**	1,900	**436**	353	**1,277**	–
Tenancy ratio	**2.03x**	2.09x	**2.28x**	2.18x	**2.32x**	2.13x	**1.46x**	1.46x	**1.95x**	1.95x	**1.72x**	1.85x	**1.06x**	–

Revenue

Revenue increased by 6% to US$326.8 million in the nine month period ended 30 September 2021 from US$307.9 million in the period ended 30 September 2020, driven by the acquisition of Free Senegal's tower portfolio and continued organic growth in our existing markets. For the nine month period ended 30 September 2021, 98% of revenues were from multinational MNOs and 62% were denominated in USD or CFA Franc (which is pegged to the Euro).

Adjusted EBITDA

Adjusted EBITDA was US$175.0 million in the nine month period ended 30 September 2021 compared to US$166.5 million in the nine month period ended 30 September 2020. The increase in Adjusted EBITDA is primarily driven by the integration of Free Senegal's tower portfolio and organic growth as mentioned above.

Contracted revenue

The following table provides our total undiscounted contracted revenue by country as of 30 September 2021 for each of the periods from 2021 to 2025, with local currency amounts converted at the applicable average rate for US Dollars for the period ended 30 September 2021 held constant. Our contracted revenue calculation for each year presented assumes: (i) no escalation in fee rates, (ii) no increases in sites or tenancies other than our committed tenancies, (iii) our customers do not utilise any cancellation allowances set forth in their MLAs, (iv) our customers do not terminate MLAs early for any reason and (v) no automatic renewal.

	3 months to 31 December 2021 US$m	Year ended 31 December 2022 US$m	2023 US$m	2024 US$m	2025 US$m
Tanzania	43.2	170.0	167.8	163.6	153.0
DRC	46.2	185.6	186.5	186.2	159.7
Congo Brazzaville	6.9	27.6	27.6	27.6	17.5
South Africa	1.5	6.1	6.4	6.5	6.3
Ghana	10.1	40.1	34.4	31.6	31.6
Senegal	9.7	38.6	40.3	42.0	43.7
	117.6	468.0	463.0	457.5	411.8

The following table provides our total undiscounted contracted revenue by key customers as of 30 September 2021 over the life of the contracts with local currency amounts converted at the applicable average rate for US Dollars for the period ended 30 September 2021 held constant. Our calculation uses the same assumptions as above. The average remaining life of customer contracts is 7.6 years (Q3 2020: 6.6 years).

(US$m)	Total Committed Revenues	Percentage of Total Committed Revenues
Multinational MNOs	3,654.3	98.9%
Others	42.1	1.1%
	3,696.4	**100.0%**

Portfolio free cash flow

Portfolio free cash flow decreased by 11% year-on-year to US$118.7m (YTD 2020: US$133.3m), driven by an increase in corporate income tax, and non-discretionary capex and lease payments.

	9 months ended 30 September 2021 US$m	2020 US$m
Adjusted EBITDA	**175.0**	166.5
Less: Maintenance and corporate capital additions	**(19.6)**	(12.8)
Less: Payments of lease liabilities[1]	**(22.4)**	(17.6)
Less: Tax paid[2]	**(14.3)**	(2.8)
Portfolio free cash flow	**118.7**	133.3
Cash conversion %[3]	**68%**	80%

1 Includes interest and principal repayments of lease liabilities.

2 Tax paid in the 9 months ended 30 September 2020 excludes amounts paid in relation to Change of Control Taxes.

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

Capital expenditure

The following table shows capital expenditure additions by category during the nine months ended 30 September:

	2021		2020	
	US$m	**% of Total Capex**	US$m	% of Total Capex
Acquisition	**181.9**	**66.9%**	10.7	17.3%
Growth	**60.7**	**22.3%**	28.4	46.0%
Upgrade	**9.7**	**3.6%**	9.8	15.9%
Maintenance	**18.0**	**6.6%**	12.2	19.8%
Corporate	**1.6**	**0.6%**	0.6	1.0%
	271.9	**100.0%**	61.7	100.0%

Acquisition capex in the nine months ended 30 September 2021 relates primarily to Senegal, excluding the fair value of assets and liabilities acquired and goodwill recognised under IFRS 3.

Certain defined terms and conventions

We have prepared the trading update using a number of conventions, which you should consider when reading information contained herein as follows:
All references to “we”, “us”, “our”, “HT Group”, our “Group” and the “Group” are references to Helios Towers plc and its subsidiaries taken as a whole.

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

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

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

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

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

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

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

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

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

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

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

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

“**MLA**” means master lease agreement.

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

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

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

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

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

“**Tenancy**” means a space leased for installation of a base transmission site and associated antennae.

“**Tenancy ratio**” means the total number of tenancies divided by the total number of our towers as of a given date and represents the average number of tenants per site within a portfolio.

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

“**Total sites**” means total towers, IBS sites, edge data centres or sites with customer equipment installed on third-party infrastructure that are owned and/or managed by the Company with each reported site having at least one active customer tenancy as of a given date.

Tenant categories

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

- "**Colocation tenant**" each additional tenant on a site in addition to the anchor tenant and are classified as either a standard or amendment colocation tenant.

    - "**Standard colocation tenant**" is defined as a customer occupying site space under a standard tenancy lease rate and configuration with defined limits in terms of the vertical space occupied, the wind load and power consumption.

    - "**Amendment colocation tenant**" is a tenant that adds or modifies equipment, taking up additional space, wind load capacity and/or power consumption under an existing lease agreement. The Group calculates amendment colocation tenants on a weighted basis as compared to the market average lease rate for a standard tenancy lease in the month the amendment is added.

- "**Total tenancies**" means total anchor, standard and amendment colocation tenants as of a given date.

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

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

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

"**YTD**" means year to date.