HELIOS TOWERS, LTD

Results for the three and nine months ended 30 September 2019

London, 14 November 2019: Helios Towers, Ltd ("Helios Towers" or "the Company"), the independent telecoms tower infrastructure company, today announces results for the three months and nine months to 30 September 2019.

Three months to 30 September 2019	2019	2018	Change
Revenue (US$m)	**97.3**	88.1	11%
Adjusted EBITDA (US$m)[1]	**52.5**	45.2	16%
Adjusted EBITDA margin (%)[1]	**54**	51	+3ppt
Operating profit/(loss) for the period (US$m)	**0.1**	(3.0)	+3.1m

Nine months to 30 September 2019	2019	2018	Change
Revenue (US$m)	**288.0**	266.2	8%
Adjusted EBITDA (US$m)[1]	**151.5**	131.1	16%
Adjusted EBITDA margin (%)[1]	**53**	49	+4ppts
Operating profit/(loss) for the period (US$m)	**12.7**	(5.1)	+17.8m

Financial highlights

- Q3 2019 is the 19th consecutive quarter of Adjusted EBITDA growth.
- Q3 2019 revenue increased by 11% year-on-year to US$97.3m (Q3 2018: US$88.1m).
- Q3 2019 Adjusted EBITDA up 16% year-on-year to US$52.5m (Q3 2018: US$45.2m) with Q3 2019 Adjusted EBITDA margin at 54% (Q3 2018: 51%), up 3ppt.
- Q3 2019 operating profit increased by US$3.1m to US$0.1m (Q3 2018: US$(3.0)m).
- Revenue for the 9 months to 30 September 2019 increased by 8% year-on-year to US$288.0m (30 Sep 2018: US$266.2m).
- Adjusted EBITDA for the 9 months to 30 September 2019 increased by 16% to US$151.5m (30 Sep 2018: US$131.1m) with Adjusted EBITDA margin at 53% (30 Sep 2018: 49%), up 4ppts.
- Operating profit for the 9 months to 30 September 2019 increased by US$17.8m to US$12.7m (30 Sep 2018: US$(5.1)m).

Operational highlights

- Increase in tenants of 9% year-on-year to 14,226 tenants (Q3 2018: 13,063 tenancies).
- Increase in sites of 5% year-on-year to 6,903 total sites (Q3 2018: 6,560 total sites).
- Tenancy ratio increased by 0.07x to 2.06x (Q3 2018: 1.99x).
- On 18 October 2019 Helios Towers Plc was admitted to the premium segment of the Official List and trading on the Main Market of the London Stock Exchange (Ticker: HTWS.L).
- The following new appointments were made to the Plc Board - Sir Samuel Jonah (Chairman), Magnus Mandersson (Senior Independent Director) and Alison Baker (Independent Non-Executive Director). A full list of Non-executive Directors appointed at the time of the Group's IPO and their biographies can be found after Note 21 of this announcement.

1 For "Adjusted Measures" refer to full definitions in the "certain defined terms and conventions" section at the end of this announcement.

Kash Pandya, Chief Executive Officer, said:

"Helios Towers delivered another strong set of results for the third quarter and continued our trend of 19 consecutive quarters of Adjusted EBITDA growth. We continue to focus on driving top-line growth and Adjusted EBITDA performance, leveraging the exciting growth in our sub-Saharan markets, our long term client contracts and a sharp focus on operational excellence. The business is performing in-line with our expectations which gives us confidence in the outlook for the full year."

Sir Samuel Jonah, Chairman, said:

"The management and the broader Helios Towers' team have achieved a huge amount in the past quarter. The business has maintained its momentum through the recent IPO process and I would like to congratulate everyone at the Company.

I would also like to take this opportunity publicly to welcome our new shareholders to the business. Helios Towers has built strong positions in high growth markets. We will continue to invest in the critical mobile and telecoms infrastructure that is so important to our corporate customers, their consumers and the economic development of the African countries in which we operate."

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

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

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

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

Financial and Operating Review

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 nine months view of the Group's financial position.

Condensed consolidated statement of profit or loss

For the 9 and 3 months ended 30 September

	9 months ended 30 September		3 months ended 30 September	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Revenue	**288,026**	266,212	**97,345**	88,084
Cost of sales	**(196,863)**	(194,744)	**(64,148)**	(63,853)
Gross profit	**91,163**	71,468	**33,197**	24,231
Administrative expenses	**(67,410)**	(71,727)	**(27,465)**	(22,407)
Loss on disposal of property, plant and equipment	**(11,043)**	(4,803)	**(5,676)**	(4,798)
Operating profit/(loss)	**12,710**	(5,062)	**56**	(2,974)
Interest receivable	**1,311**	777	**598**	314
Other gains and (losses)	**48,260**	(29,257)	**23,984**	(5,160)
Finance costs	**(84,768)**	(83,513)	**(28,417)**	(27,997)
Loss before tax	**(22,487)**	(117,055)	**(3,779)**	(35,817)
Tax expenses	**(6,660)**	(2,832)	**(2,876)**	(718)
Loss after tax	**(29,147)**	(119,887)	**(6,655)**	(36,535)

Key metrics

For the 3 months ended 30 September

	Group		Tanzania		DRC		Congo Brazzaville		Ghana		South Africa	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	US$m	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m
Revenue for the quarter	**$97.3**	$88.1	**$40.5**	$37.3	**$39.2**	$35.0	**$7.0**	$6.2	**$10.0**	$9.6	**$0.6**	–
Gross margin[1]	**67%**	65%	**67%**	69%	**65%**	59%	**73%**	67%	**70%**	70%	**72%**	–
Sites at beginning of the quarter	**6,882**	6,533	**3,650**	3,508	**1,817**	1,771	**381**	384	**933**	870	**101**	–
Sites at quarter end	**6,903**	6,560	**3,637**	3,519	**1,821**	1,775	**385**	378	**950**	888	**110**	–
Tenancies at beginning of the quarter	**14,100**	12,996	**7,950**	7,475	**3,705**	3,347	**533**	532	**1,744**	1,642	**168**	–
Tenancies at quarter end	**14,226**	13,063	**7,971**	7,498	**3,717**	3,374	**557**	526	**1,788**	1,665	**193**	–
Tenancy ratio at quarter end	**2.06x**	1.99x	**2.19x**	2.13x	**2.04x**	1.90x	**1.45x**	1.39x	**1.88x**	1.88x	**1.75x**	–
Adjusted EBITDA for the quarter[2]	**$52.5**	$45.2	**$24.7**	$22.8	**$22.3**	$17.5	**$4.0**	$3.2	**$5.9**	$5.8	**$(0.1)**	–
Adjusted EBITDA Margin for the quarter	**54%**	51%	**61%**	61%	**57%**	50%	**57%**	52%	**59%**	60%	**(12)%**	–

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

2 Group Adjusted EBITDA for the quarter is stated including corporate costs of US$4.3 million (2018: US$4.1 million).

Tenancies have increased by 126 during the quarter which is mainly driven by growth in Congo Brazzaville, Ghana and South Africa. Year-on-year tenancy growth of 1,163 is principally due growth in sites of 343 and growth in total colocations of 820. Consequently, tenancy ratio has increased by 0.07x year-on-year, from 1.99x to 2.06 as at 30 September 2019.

Total tenancies as at 30 September

	Group		Tanzania		DRC		Congo Brazzaville		Ghana		South Africa	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Standard colocations	**6,676**	5,972	**3,905**	3,594	**1,824**	1,573	**159**	143	**707**	662	**81**	–
Amendment colocations	**647**	531	**429**	385	**72**	26	**13**	5	**131**	115	**2**	–
Total colocations	**7,323**	6,503	**4,334**	3,979	**1,896**	1,599	**172**	148	**838**	777	**83**	–
Total sites	**6,903**	6,560	**3,637**	3,519	**1,821**	1,775	**385**	378	**950**	888	**110**	–
Total tenancies	**14,226**	13,063	**7,971**	7,498	**3,717**	3,374	**557**	526	**1,788**	1,665	**193**	–

Revenue

Revenue increased by 11% to US$97.3 million in the quarter ended 30 September 2019 from US$88.1 million in the quarter ended 30 September 2018. The increase was largely driven by the growth in total tenancies from 13,063 as of 30 September 2018 to 14,226 as of 30 September 2019. Revenues for the nine month period ended 30 September 2019 were $288.0 million. 87% of these revenues were from Africa's Big-Five MNOs and 57% were denominated in either USD or XAF (which is pegged to the Euro).

Cost of sales

	9 months ended 30 September				3 months ended 30 September			
		% of Revenue		% of Revenue		% of Revenue		% of Revenue
(US$'000s)	**2019**	**2019**	2018	2018	**2019**	**2019**	2018	2018
Power	**61,661**	**21.4%**	62,538	23.5%	**20,246**	**20.8%**	19,694	22.4%
Non-power	**38,473**	**13.4%**	36,762	13.8%	**11,828**	**12.2%**	10,608	12.0%
Site depreciation	**96,729**	**33.6%**	95,444	35.9%	**32,074**	**32.9%**	33,551	38.1%
Total cost of sales	**196,863**	**68.3%**	194,744	73.2%	**64,148**	**65.9%**	63,853	72.5%

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 2019 and 2018.

	Tanzania		DRC		Congo Brazzaville		Ghana		South Africa	
	9 months ended 30 September		9 months ended 30 September		9 months ended 30 September		9 months ended 30 September		9 months ended 30 September	
(US$'000s)	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Power	**22,297**	22,446	**30,735**	29,690	**2,272**	2,206	**6,217**	8,196	**140**	–
Non-power	**19,306**	16,332	**12,408**	13,879	**3,594**	3,929	**3,021**	2,622	**144**	–
Site depreciation	**40,971**	41,821	**41,187**	39,379	**8,018**	8,671	**5,869**	5,573	**684**	–
Total cost of sales	**82,574**	80,599	**84,330**	82,948	**13,884**	14,806	**15,107**	16,391	**968**	–

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 2019 and 2018.

	Tanzania		DRC		Congo Brazzaville		Ghana		South Africa	
	3 months ended 30 September		3 months ended 30 September		3 months ended 30 September		3 months ended 30 September		3 months ended 30 September	
(US$'000s)	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Power	**7,377**	6,923	**9,991**	9,730	**702**	725	**2,088**	2,316	**88**	–
Non-power	**5,841**	4,076	**3,780**	4,697	**1,198**	1,263	**912**	572	**97**	–
Site depreciation	**13,616**	14,986	**13,168**	13,736	**2,783**	2,916	**1,925**	1,913	**582**	–
Total cost of sales	**26,834**	25,985	**26,939**	28,163	**4,683**	4,904	**4,925**	4,801	**767**	–

Year-on-year, cost of sales remained relatively flat with a minimal increase to US$64.1 million in the quarter ended 30 September 2019 from US$63.9 million in the quarter ended 30 September 2018. Gross margin for the quarter ended 30 September 2019 improved by 200 basis points to 67% (Q3 2018: 65%). Power costs increased in Tanzania and DRC compared to the prior year quarter, due to increased number of sites, offset with lower power costs in Ghana.

Administrative expenses

Administrative expenses increased by 23% to US$27.5 million in the quarter ended 30 September 2019 from US$22.4 million in the quarter ended 30 September 2018. The increase in administrative expenses is primarily due to exceptional and adjusting items of US$9.5 million in the quarter ended 30 September 2019, with the majority of this being related to the listing on the London Stock Exchange ("LSE"). In addition, amortisation increased year-on-year in relation to IT project amortisation during the quarter ended 30 September 2019.

	9 months ended 30 September				3 months ended 30 September			
		% of Revenue		% of Revenue		% of Revenue		% of Revenue
(US$'000s)	**2019**	**2019**	2018	2018	**2019**	**2019**	2018	2018
Other administrative costs	**36,428**	**12.6%**	36,554	13.7%	**12,781**	**13.1%**	12,807	14.5%
Depreciation and amortisation	**14,343**	**5.0%**	10,338	3.9%	**5,211**	**5.4%**	3,370	3.8%
Exceptional and adjusting items	**16,639**	**5.8%**	24,835	9.3%	**9,473**	**9.7%**	6,230	7.1%
Total administrative expense	**67,410**	**23.4%**	71,727	26.9%	**27,465**	**28.2%**	22,407	25.4%

Loss on disposal of property, plant and equipment

Loss on disposal of property, plant and equipment was a loss of US$5.7 million in the quarter ended 30 September 2019, compared to a loss of US$4.8 million during the quarter ended 30 September 2018. This increase in loss on disposal was primarily a result of the disposal of assets in the current year, mainly due to site consolidations in DRC and Tanzania.

Other gains and losses

Other gains and losses recognised in the quarter ended 30 September 2019 was a gain of US$24.0 million, compared to a loss of US$5.2 million in the quarter ended 30 September 2018. This is in relation to the fair value movement of the embedded derivative valuation of the bond.

Finance costs

Finance costs of US$28.4 million for the quarter ended 30 September 2019, mainly comprise of interest for the US$600 million 9.125% bond and the US$100 million term loan facility activated in October 2018, of which US$75 million was drawn at 30 September 2019. The year-on-year decrease in foreign exchange differences for the quarter ended 30 September 2019 is driven primarily by the Central African franc.

	9 months ended 30 September		3 months ended 30 September	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Foreign exchange differences	**11,755**	17,859	**3,801**	5,677
Interest cost	**61,627**	55,432	**21,010**	18,548
Interest cost on lease liabilities	**11,386**	10,222	**3,606**	3,772
Total finance costs	**84,768**	83,513	**28,417**	27,977

Tax expense

Our tax expense was US$2.9 million in the quarter ended 30 September 2019 as compared to US$0.7 million in the quarter ended 30 September 2018. 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. Ghana is profit making and subject to income tax.

Adjusted EBITDA

Adjusted EBITDA was US$52.5 million in the quarter ended 30 September 2019 compared to US$45.2 million in the quarter ended 30 September 2018. The increase in Adjusted EBITDA between periods is primarily attributable to the changes in revenue, cost of sales and administrative expenses, as discussed above. See note 4 for more details.

Contracted revenue

The following table provides our total undiscounted contracted revenue by country as of 30 September 2019 for each of the periods from 2019 to 2023, with local currency amounts converted at the applicable average rate for US dollars for the period ended 30 September 2019 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.

(US$'000s)	3 months to 31 December 2019	Year ended 31 December 2020	2021	2022	2023
Tanzania	42,255	162,453	162,078	159,192	152,190
DRC	40,158	163,188	163,137	161,299	160,346
Congo Brazzaville	6,046	22,030	17,845	17,245	16,495
South Africa	491	1,966	1,966	2,369	2,534
Ghana	10,329	38,151	36,137	31,939	30,506
Total	99,279	387,788	381,163	372,044	362,071

The following table provides our total undiscounted contracted revenue by key customers as of 30 September 2019 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 2019 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, (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.

(US$'000s)	Total Committed Revenues	Percentage of Total Committed Revenues
Africa's Big-Five MNOs	2,380,516	82%
Other	535,953	18%
Total	2,916,469	100%

Management Cash Flow

	9 months ended 30 September		3 months ended 30 September	
	2019 US$'000	2018 US$'000	**2019 US$'000**	2018 US$'000
Adjusted EBITDA	**151,464**	131,098	**52,490**	45,159
Less:				
Maintenance and corporate capital additions	**(8,780)**	(12,900)	**(972)**	(2,107)
Payments of lease liabilities[1]	**(16,004)**	(19,936)	**(5,824)**	(6,267)
Tax paid	**(1,895)**	(1,187)	**(669)**	(1,186)
Portfolio free cash flow[7]	**124,785**	97,075	**45,025**	35,599
Cash conversion %[2]	**82%**	74%	**86%**	79%
Net payment of interest[3]	**(63,921)**	(58,698)	**(31,544)**	(29,140)
Levered Portfolio free cash flow[7]	**60,864**	38,377	**13,481**	6,459
Discretionary capital additions[4]	**(75,371)**	(80,900)	**(27,903)**	(21,243)
Adjusted free cash flow	**(14,507)**	(42,523)	**(14,422)**	(14,784)
Net change in working capital[5]	**(42,723)**	3,059	**(7,048)**	4,512
Cash paid for exceptional and EBITDA adjusting items[6]	**(18,002)**	(17,900)	**(4,831)**	(1,753)
Proceeds on disposal of assets	**211**	76	**105**	76
Free cash flow	**(75,021)**	(57,288)	**(26,196)**	(11,949)
Net cash flow from financing activities	**50,000**	–	**–**	–
Net cash flow	**(25,021)**	(57,288)	**(26,196)**	(11,949)
Opening cash balance	**88,987**	119,700	**89,765**	73,957
Foreign exchange movement	**(699)**	(911)	**(302)**	(507)
Closing cash balance	**63,267**	61,501	**63,267**	61,501

Management Cash Flow (continued)

1 Payment of lease liabilities includes interest and principal repayments of lease liabilities
2 Cash conversion % is calculated as Portfolio free cash flow divided by Adjusted EBITDA
3 Net payment of interest corresponds to the net of "Interest paid" (including withholding tax) and "Interest received" in the Condensed consolidated statement of cash flows, excluding interest payments on lease liabilities
4 Discretionary capital additions includes acquisition, growth and upgrade capital additions
5 Net change in working capital corresponds to movements in working capital, excluding cash paid for exceptional and EBITDA adjusting items and including movements in capital expenditure related working capital
6 Cash paid for exceptional and EBITDA adjusting item corresponds to cash paid in respect of items per note 4 of the condensed consolidated interim financial statements –litigation costs, exceptional project costs, share-based payments and long term incentive plans and deal costs
7 Refer to reconciliation of cash generated from operating activities to portfolio free cash flow

Cash conversion has increased from 79% for the quarter ended 30 September 2018 to 86% for the quarter ended 30 September 2019, this is driven by an increase in Adjusted EBITDA, reduction in maintenance and corporate capital additions and payments of lease liabilities, partially offset by tax paid.

Capital expenditure

For the 9 month period ended 30 September

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

	2019		2018	
	US$m	**% of Total Capex**	US$m	% of Total Capex
Acquisition	**21.6**	**25.7%**	2.0	2.2%
Growth	**41.2**	**49.0%**	61.3	65.2%
Upgrade	**12.5**	**14.9%**	17.6	18.8%
Maintenance	**8.2**	**9.7%**	10.5	11.2%
Corporate	**0.6**	**0.7%**	2.4	2.6%
Total	**84.1**	**100.0%**	93.8	100.0%

Acquisition capex in the nine months ended 30 September 2019 relates to South Africa, excluding the fair value of intangible assets acquired and goodwill recognised under IFRS 3 (see note 20), and colocation rights acquired in Tanzania (see note 7).

Off-Balance Sheet arrangements

Helios Towers does not have any off-balance sheet arrangements.

Indebtedness

As of 30 September 2019 and 31 December 2018 the Group's outstanding loans and borrowings, excluding lease liabilities, were US$668.8 million (net of issue costs) and US$628.0 million respectively. For more details, see note 13 to the condensed consolidated interim financial statements for the period ended 30 September 2019.

Material recent developments

On 18 October 2019 the ordinary shares of Helios Towers PLC ("HT PLC") were admitted to the premium segment of the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange plc ("Admission"). HT PLC issued new shares in the Global Offer raising gross proceeds of US$125.0 million.

Prior to Admission on 18 October 2019 the Group completed its pre-IPO reorganisation which included (i) the insertion of HT PLC, a public company limited by shares incorporated in England and Wales, as the ultimate parent company via a share-for-share exchange, (ii) the unwind of the management incentive plans where shares or options over shares were issued or granted to the limited partners of the MIP schemes and (iii) HT PLC issued and allotted shares to Helios Towers plc employee benefit trust to satisfy future settlement of pre-IPO nil-cost option awards. The Group will recognise an IFRS2 share-based payment charge in respect of the unwind of the management incentive schemes in its financial statements to 31 December 2019.

Following Admission, HT PLC commenced a capital reduction process to be approved by the court pursuant to section 645 of the Companies Act, in order to create additional distributable reserves. It is intended to reduce the nominal value of the shares to 1 pence each and to cancel the share premium account. The effect of these actions is to create distributable reserves equivalent to the amounts reduced. The distributable reserves created will provide HT PLC with the flexibility to pay dividends in the future if appropriate or absorb any impairments in the value of its assets, should this occur.

A change of control (as defined by the relevant local tax authority) of certain of the Group's subsidiaries, may trigger non-resident capital gains tax liabilities for the Group. The potential outcome (including any future financial obligations) is uncertain. On admission to the LSE, the selling shareholders have agreed an amount that is considered to be sufficient to cover the potential change of control tax liabilities, is retained and held in escrow from the net proceeds of the sales of shares.

Condensed interim financial statements

Independent review report to the members of Helios Towers Plc

We have been engaged by Helios Towers Plc. to review the condensed set of financial statements of Helios Towers, Ltd. in the interim financial report for the three and nine month period ended 30 September 2019 which comprises the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, 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 for the members of Helios Towers Plc. 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 Auditing Practices Board. Our work has been undertaken so that we might state to the members of Helios Towers Plc. 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 members of Helios Towers Plc, 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 board of Helios Towers Plc.

As disclosed in note 2, 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

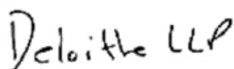
Our responsibility is to express to the members of Helios Towers Plc. a conclusion on the condensed set of financial statements in the interim financial report based on our review.

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 Auditing Practices Board 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 Ireland) 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 of Helios Towers, Ltd. in the interim financial report for the three and nine month period ended 30 September 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34.



Deloitte LLP
Statutory Auditor
London, United Kingdom
14 November 2019

Condensed consolidated statement of profit or loss and other comprehensive income

For the 9 and 3 months ended 30 September 2019

		Unaudited		Unaudited	
		9 months ended 30 September		3 months ended 30 September	
		2019	2018	**2019**	2018
	Note	**US$'000**	US$'000	**US$'000**	US$'000
Revenue		**288,026**	266,212	**97,345**	88,084
Cost of sales		**(196,863)**	(194,744)	**(64,148)**	(63,853)
Gross profit		**91,163**	71,468	**33,197**	24,231
Administrative expenses		**(67,410)**	(71,727)	**(27,465)**	(22,407)
Loss on disposal of property, plant and equipment		**(11,043)**	(4,803)	**(5,676)**	(4,798)
Operating profit/(loss)		**12,710**	(5,062)	**56**	(2,974)
Interest receivable		**1,311**	777	**598**	314
Other gains and (losses)	16	**48,260**	(29,257)	**23,984**	(5,160)
Finance costs	5	**(84,768)**	(83,513)	**(28,417)**	(27,997)
Loss before tax		**(22,487)**	(117,055)	**(3,779)**	(35,817)
Tax expenses	6	**(6,660)**	(2,832)	**(2,876)**	(718)
Loss for the period		**(29,147)**	(119,887)	**(6,655)**	(36,535)
Other comprehensive (loss)/gain:					
Items that may be reclassified subsequently to profit and loss:					
Exchange differences on translation of foreign operations		**(1,543)**	74	**(2,767)**	466
		(30,690)	(119,813)	**(9,422)**	(36,069)
Loss attributable to:					
Owners of the Company		**(28,731)**	(119,887)	**(6,423)**	(36,535)
Non-controlling interests		**(416)**	–	**(232)**	–
Loss for the period		**(29,147)**	(119,887)	**(6,655)**	(36,535)
Total comprehensive loss attributable to:					
Owners of the Company		**(30,310)**	(119,813)	**(9,239)**	(36,069)
Non-controlling interests		**(380)**	–	**(183)**	–
Total comprehensive loss for the period		**(30,690)**	(119,813)	**(9,422)**	(36,069)

Condensed consolidated statement of financial position

As at 30 September 2019

	Notes	Unaudited 30 September 2019 US$'000	Audited 31 December 2018 US$'000
Non-current assets			
Intangible assets	7	**46,245**	12,406
Property, plant and equipment	8a	**633,796**	676,643
Right-of-use assets	8b	**108,292**	103,786
Investments in subsidiaries		**–**	132
Derivative financial assets	9	**55,346**	7,086
		843,679	800,053
Current assets			
Inventories		**9,449**	10,265
Trade and other receivables	10	**149,405**	102,250
Prepayments		**23,884**	16,225
Cash and cash equivalents	11	**63,267**	88,987
		246,005	217,727
Total assets		**1,089,684**	1,017,780
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		**(83,242)**	(81,663)
Accumulated losses		**(908,690)**	(879,959)
Equity attributable to owners		**91,395**	121,705
Non-controlling interest		**(380)**	–
Total equity		**91,015**	121,705
Non-current liabilities			
Loans	13	**663,670**	610,790
Long-term lease liabilities	15	**103,083**	98,720
Contingent consideration	20	**16,526**	–
Deferred tax liabilities	6	**6,348**	–
		789,627	709,510
Current liabilities			
Trade and other payables	14	**177,042**	149,752
Contingent consideration	20	**5,837**	–
Loans	13	**5,087**	17,254
Short-term lease liabilities	15	**21,076**	19,559
		209,042	186,565
Total liabilities		**998,669**	896,075
Total equity and liabilities		**1,089,684**	1,017,780

Condensed consolidated statement of changes in equity

For the 9 months ended 30 September 2019

Unaudited	Share capital US$'000	Share premium US$'000	Stated capital US$'000	Other reserves US$'000	Translation reserves US$'000	Accumulated losses US$'000	Available to the owners of the Company US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 January 2018 (as previously reported)	909,154	186,951	1,096,105	(12,778)	(79,653)	(741,757)	261,917	–	261,917
Restatement – IFRS 16	–	–	–	–	204	(10,523)	(10,319)	–	(10,319)
Balance at 1 January 2018 (restated)	909,154	186,951	1,096,105	(12,778)	(79,449)	(752,280)	251,598	–	251,598
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	1,096,105	(12,778)	(79,375)	(875,899)	128,053	–	128,053
Loss for the period	–	–	–	–	–	(4,060)	(4,060)	–	(4,060)
Other comprehensive loss	–	–	–	–	(2,288)	–	(2,288)	–	(2,288)
Total comprehensive loss for the period	–	–	–	–	(2,288)	(4,060)	(6,348)	–	(6,348)
Balance at 31 December 2018	909,154	186,951	1,096,105	(12,778)	(81,663)	(879,959)	121,705	–	121,705
Loss for the period	–	–	–	–	–	(28,731)	(28,731)	(416)	(29,147)
Other comprehensive gain	–	–	–	–	(1,579)	–	(1,579)	36	(1,543)
Total comprehensive loss for the period	–	–	–	–	(1,579)	(28,731)	(30,310)	(380)	(30,690)
Balance at 30 September 2019	909,154	186,951	1,096,105	(12,778)	(83,242)	(908,690)	91,395	(380)	91,015

Condensed consolidated statement of cash flows

For the 9 and 3 months ended 30 September 2019

	Unaudited		Unaudited	
	9 months ended 30 September		3 months ended 30 September	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Cash flows generated from operating activities				
Loss for the period before taxation	**(22,487)**	(117,055)	**(3,779)**	(35,817)
Adjustments for:				
Other gains and losses	**(48,260)**	29,257	**(23,984)**	5,160
Finance costs	**84,768**	83,513	**28,417**	27,997
Interest receivable	**(1,311)**	(777)	**(598)**	(314)
Depreciation and amortisation	**111,072**	105,782	**37,285**	36,921
Loss/(profit) on disposal	**11,043**	4,803	**5,676**	4,798
Movement in working capital:				
Decrease/(Increase) in inventories	**1,043**	(667)	**529**	(689)
(Increase)/decrease in trade and other receivables	**(49,228)**	9,200	**(23,552)**	29,186
Increase in prepayments	**(10,274)**	(3,159)	**2,796**	(338)
Increase/(decrease) in trade and other payables	**11,839**	(13,110)	**21,788**	(22,682)
Cash generated from operations	**88,205**	97,787	**44,578**	44,222
Interest paid	**(69,753)**	(69,304)	**(33,462)**	(31,933)
Tax paid	**(1,895)**	(1,187)	**(669)**	(1,186)
Net cash generated from operating activities	**16,557**	27,296	**10,447**	11,103
Cash flows from investing activities				
Payments to acquire property, plant and equipment	**(68,540)**	(77,041)	**(26,495)**	(20,635)
Payment to acquire intangible assets	**(9,202)**	(3,014)	**(8,690)**	(1,098)
Acquisition of subsidiary net of cash acquired	**(10,581)**	–	**–**	–
Proceeds on disposal on assets	**211**	76	**105**	76
Interest received	**713**	777	**–**	314
Net cash used in investing activities	**(87,399)**	(79,202)	**(35,080)**	(21,343)
Cash flows from financing activities				
Borrowing drawdowns	**50,000**	–	**–**	–
Repayment of lease liabilities	**(4,179)**	(5,382)	**(1,563)**	(1,709)
Net cash generated from/(used in) financing activities	**45,821**	(5,382)	**(1,563)**	(1,709)
Foreign exchange on translation movement	**(699)**	(911)	**(302)**	(507)
Net increase/(decrease) in cash and cash equivalents	**(25,021)**	(57,288)	**(26,196)**	(11,949)
Cash and cash equivalents at the beginning of period	**88,987**	119,700	**89,765**	73,957
Cash and cash equivalents at end of period	**63,267**	61,501	**63,267**	61,501

Notes to the condensed interim financial statements

For the 9 months ended 30 September 2019

1. General Information

Helios Towers plc is a public company incorporated in the UK. As set out in note 21, Helios Towers plc became the ultimate parent company of the Group on 18 October 2019. Prior to that date, the ultimate parent company of the Group was Helios Towers, Ltd, a company incorporated in Mauritius. Accordingly, the condensed set of financial statements included in this interim financial report represents the group comprising Helios Towers, Ltd and its subsidiaries, being the group that existed at 30 September 2019 and for the nine month period then ended.

Going concern

The Directors believe that 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.

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 and operating profit.

2. Accounting Policies

Basis of preparation

The interim financial statements of Helios Towers, Ltd and its subsidiaries are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("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', as issued by the International Accounting Standards Board.

Accounting policies are consistent with those adopted in the last statutory financial statements of Helios Towers, Ltd and the audit opinion was unmodified. In addition, please refer to the new accounting policy notes below. The information as of 31 December 2018 has been extracted from the audited financial statements of Helios Towers, Ltd for the year ended 31 December 2018.

In the condensed consolidated statement of cash flows, interest paid on lease liabilities in the prior period of US$10.2 million were presented as repayment of lease liabilities in financing activities. In the current period, they have been reclassified and presented as interest paid in operating activities.

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.

New accounting policies since 31 December 2018

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. The identifiable assets, liabilities and contingent liabilities ("identifiable net assets") are recognised at their fair value at the date of acquisition. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

New accounting policies since 31 December 2018 (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of acquired assets and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss is recognised directly in profit or loss. An impairment loss recognised for goodwill is not able to be reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The fair value amounts ascribed to such intangibles are arrived at by using appropriate valuation methodologies.

Contingent consideration

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. Subsequently, changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments are recognised in profit or loss, when contingent consideration amounts are remeasured to fair value at subsequent reporting dates.

Key Sources of Estimation Uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount being the value in use or fair value less costs of disposal of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value (see note 7).

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

Deferred taxation

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for accounting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which these items can be utilised. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction other than a business combination and, at the time of the transaction, affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Key Sources of Estimation Uncertainty (continued)

Deferred taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based upon tax rates and legislation that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also recognised in equity. The deferred tax amounts shown in the balance sheet are not discounted.

3. Segmental reporting

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

9 months ended 30 September 2019	**Ghana US$'000**	**Tanzania US$'000**	**DRC US$'000**	**Congo Brazzaville US$'000**	**South Africa US$'000**	**Total operating companies US$'000**	**Corporate US$'000**	**Group Total US$'000**
Revenue	**29,657**	**121,048**	**116,932**	**19,362**	**1,027**	**288,026**	**–**	**288,026**
Gross margin[1]	**69%**	**66%**	**63%**	**70%**	**72%**	**65%**	**–**	**65%**
Adjusted EBITDA	**17,268**	**71,592**	**64,671**	**10,478**	**(74)**	**163,935**	**(12,471)**	**151,464**
Adjusted EBITDA margin	**58%**	**59%**	**55%**	**54%**	**(7)%**	**57%**	**–**	**53%**
Financing costs:								
Interest costs	**(5,047)**	**(40,718)**	**(36,334)**	**(6,670)**	**–**	**(88,769)**	**15,756**	**(73,013)**
Foreign exchange differences	**(4,760)**	**(3,730)**	**104**	**(3,316)**	**–**	**(11,702)**	**(53)**	**(11,755)**
Total financing costs	**(9,807)**	**(44,448)**	**(36,230)**	**(9,986)**	**–**	**(100,471)**	**15,703**	**(84,768)**

9 months ended 30 September 2018	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazzaville US$'000	South Africa 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)

3 months ended 30 September 2019	**Ghana US$'000**	**Tanzania US$'000**	**DRC US$'000**	**Congo Brazzaville US$'000**	**South Africa US$'000**	**Total operating companies US$'000**	**Corporate US$'000**	**Group Total US$'000**
Revenue	**9,989**	**40,547**	**39,180**	**7,028**	**601**	**97,345**	**–**	**97,345**
Gross margin[1]	**70%**	**67%**	**65%**	**73%**	**72%**	**67%**	**–**	**67%**
Adjusted EBITDA	**5,884**	**24,687**	**22,251**	**4,012**	**(74)**	**56,760**	**(4,270)**	**52,490**
Adjusted EBITDA margin	**59%**	**61%**	**57%**	**57%**	**(12)%**	**58%**	**–**	**54%**
Financing costs:								
Interest costs	**(1,700)**	**(11,656)**	**(12,300)**	**(2,227)**	**–**	**(27,883)**	**3,267**	**(24,616)**
Foreign exchange differences	**(578)**	**(1,101)**	**680**	**(2,886)**	**–**	**(3,885)**	**84**	**(3,801)**
Total financing costs	**(2,278)**	**(12,757)**	**(11,620)**	**(5,113)**	**–**	**(31,768)**	**3,351**	**(28,417)**

3 months ended 30 September 2018	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazzaville US$'000	South Africa 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	(4,090)	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, add back site and warehouse depreciation, divided by revenue.

3. Segmental reporting (continued)

Capital Additions, Depreciation and Amortisation

	9 months ended 30 September 2019		**3 months ended 30 September 2019**		12 months ended 31 December 2018	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**	Capital additions US$'000	Depreciation and Amortisation US$'000	Depreciation and Amortisation US$'000
Ghana	**8,721**	**6,846**	**1,972**	**2,153**	19,667	6,097	2,087
Tanzania	**30,922**	**39,906**	**16,575**	**13,334**	37,867	38,609	13,714
Democratic Republic of Congo	**24,879**	**46,078**	**7,823**	**14,749**	57,082	44,226	15,340
Congo Brazzaville	**5,313**	**8,666**	**1,546**	**2,914**	4,031	8,992	3,066
South Africa	**14,168**	**377**	**904**	2	–	–	–
Total operating company	**84,003**	**101,873**	**28,820**	**33,152**	118,647	97,924	34,207
Corporate	**139**	**2,620**	**46**	**1,430**	382	294	212
Total	**84,142**	**104,493**	**28,866**	**34,582**	119,029	98,218	34,419

Right-of-use assets

	9 months ended 30 September 2019		12 months ended 31 December 2018	9 months ended 30 September 2018
	Capital Additions US$'000	**Depreciation US$'000**	Capital additions US$'000	Depreciation US$'000
Ghana	**121**	**471**	578	575
Tanzania	**942**	**2,786**	1,885	4,188
Democratic Republic of Congo	**525**	**2,230**	3,775	2,356
Congo Brazzaville	**110**	**411**	206	445
South Africa	**3,946**	**342**	–	–
Corporate	**–**	**339**	–	–
Total	**5,644**	**6,579**	6,444	7,564

4. Reconciliation of aggregate segment Adjusted EBITDA to loss before tax

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

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

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

4. Reconciliation of aggregate segment Adjusted EBITDA to loss before tax (continued)

Adjusted EBITDA is reconciled to loss before tax as follows:

	9 months ended 30 September		3 months ended 30 September	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Adjusted EBITDA	**151,464**	131,098	**52,490**	45,159
Adjustments applied in arriving at Adjusted EBITDA				
Exceptional items:				
Litigation costs[1]	**–**	(10,180)	**–**	(6,230)
Exceptional project costs[2]	**(11,016)**	(14,655)	**(7,894)**	–
Share-based payments and long term incentive plans[3]	**(3,225)**	–	**(1,579)**	–
Deal costs[4]	**(2,398)**	–	**–**	–
Loss on disposals of assets	**(11,043)**	(4,803)	**(5,676)**	(4,798)
Other gains and losses (note 16)	**48,260**	(29,257)	**23,984**	(5,160)
Recharged depreciation[5]	**–**	(740)	**–**	(184)
Depreciation of property, plant and equipment	**(97,283)**	(91,910)	**(32,114)**	(32,258)
Depreciation of right-of-use assets	**(6,579)**	(7,564)	**(2,703)**	(2,502)
Amortisation of intangibles	**(7,210)**	(6,308)	**(2,468)**	(2,161)
Investment income	**1,311**	777	**598**	314
Finance costs	**(84,768)**	(83,513)	**(28,417)**	(27,997)
Loss before tax	**(22,487)**	(117,055)	**(3,779)**	(35,817)

1 Relates to legal costs incurred in connection with a previously terminated private equity transaction
2 Exceptional project costs relate to the listing of equity on the London Stock Exchange
3 Share-based payments and long term incentive plan charges and associated costs
4 Includes acquisition related costs relating to South Africa. Refer to note 20 for further detail
5 The Group incurred costs charged to it through a service contract from Helios Towers Africa LLP. Management consider that the depreciation element of the charge should be removed from Adjusted EBITDA as it is depreciation in nature

5. Finance costs

	9 months ended 30 September		3 months ended 30 September	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Foreign exchange difference	**11,755**	17,859	**3,801**	5,677
Interest costs	**61,627**	55,432	**21,010**	18,548
Interest costs on lease liabilities	**11,386**	10,222	**3,606**	3,772
	84,768	83,513	**28,417**	27,997

6. Tax expense and deferred tax

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. Ghana is profit making and subject to income tax.

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%.

	9 months ended 30 September		3 months ended 30 September	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Income taxes	**4,483**	968	**2,147**	49
Additional taxes	**2,177**	1,864	**729**	669
Total tax expense	**6,660**	2,832	**2,876**	718

Deferred tax

A tax rate of 28% has been used in these financial statements to measure the deferred tax assets and liabilities.

Deferred tax liabilities relates to the recognition of other intangible assets upon the acquisition of HTSA Towers (Pty) Ltd.

6. Tax expense and deferred tax (continued)

	Deferred tax liabilities US$'000	Total US$'000
On acquisition of subsidiary undertakings and as at 30 September 2019 (note 20)	6,348	6,348

7. Intangible assets

	Customer contracts US$'000	Customer relationships US$'000	Goodwill US$'000	Colocation rights US$'000	Exclusivity right US$'000	Non-compete agreement US$'000	Computer software and licences US$'000	Total US$'000
Cost								
At 1 January 2019	–	–	–	–	35,000	–	17,682	52,682
Additions during the period	–	–	–	8,777	–	–	425	9,202
On acquisition of subsidiary undertakings (note 20)	3,407	18,239	9,153	–	–	1,024	–	31,823
Disposals during the period	–	–	–	–	–	–	–	–
Foreign exchange	–	–	–	–	–	–	1,269	1,269
At 30 September 2019	3,407	18,239	9,153	8,777	35,000	1,024	19,376	94,976
Amortisation								
At 1 January 2019	–	–	–	–	(27,500)	–	(12,776)	(40,276)
Charge for period	(95)	(507)	–	(109)	(3,750)	(85)	(2,664)	(7,210)
Disposals during the period	–	–	–	–	–	–	–	–
Foreign exchange	–	–	–	–	–	–	(1,245)	(1,245)
At 30 September 2019	(95)	(507)	–	(109)	(31,250)	(85)	(16,685)	(48,731)
Net book value								
At 30 September 2019	3,312	17,732	9,153	8,668	3,750	939	2,691	46,245
At 31 December 2018	–	–	–	–	7,500	–	4,906	12,406

Impairment

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Net book value has been compared with recoverable amount to assess impairment. Intangibles on acquisition of subsidiary undertakings includes $3.0 million of assets for which consideration was paid in cash for the acquisition of SA Towers Proprietary Limited and Sky Coverage Proprietary Limited, the remaining $28.8 million relates to the fair value of intangible assets acquired and goodwill recognised under IFRS 3. The Group's CGUs are aligned to its operating segments.

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

As at the period end, a full impairment assessment has not been carried out however management are satisfied that there is no immediate impairment following the IFRS 3 acquisition.

Key assumptions used in value-in-use calculations

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

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

A long-term growth rate of 5% has been applied to extrapolate the cash flow projections into perpetuity, based on management's estimate of the long-term annual growth rates in Adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation). From the financial model a net present value was derived, using discount rates ranging from 15% to 20%, and compared to the goodwill carrying value. The discount rates were based on an industry average weighted average cost of capital assuming debt leveraging of 40% and market interest rates ranging from 9% to 10%.

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 2019	12,248	1,026	4,371	1,139,387	8,859	1,302	1,167,193
Additions during the period	4,066	77	546	59,536	–	134	64,359
On acquisition of subsidiary undertakings (note 20)	–	–	–	7,588	–	–	7,588
Disposals during the period	–	–	(244)	(25,607)	–	–	(25,851)
Foreign exchange	879	297	(129)	(16,578)	–	1,616	(13,915)
At 30 September 2019	17,193	1,400	4,544	1,164,326	8,859	3,052	1,199,374
Depreciation							
At 1 January 2019	(5,704)	(862)	(2,915)	(480,449)	–	(620)	(490,550)
Charge for period	(2,979)	(112)	(447)	(93,395)	–	(350)	(97,283)
Disposals during the period	–	–	156	14,441	–	–	14,597
Foreign exchange	(751)	(287)	82	9,941	–	(1,327)	7,658
At 30 September 2019	(9,434)	(1,261)	(3,124)	(549,462)	–	(2,297)	(565,578)
Net book value							
At 30 September 2019	7,759	139	1,420	614,864	8,859	755	633,796
At 31 December 2018	6,544	164	1,456	658,938	8,859	682	676,643

In January 2019, the Group entered into a shareholder agreement with Vulatel (Pty) Ltd to form a new legal entity named Helios Towers South Africa Holdings (Pty) Ltd ("HTSA") which is consolidated into the Group. The Group holds 66% of the share capital of this entity with Vulatel holding the remaining 34%. Subsequent to this, on 29 March 2019, Helios Towers Ltd transferred US$4 million cash into HTSA whilst Vulatel contributed its share in the form of assets including 13 edge data centres valued at US$2 million, which are included in the site assets above. Property, plant and equipment additions during the period includes US$7.6 million of site assets for which consideration was paid in cash for the acquisition of SA Towers Proprietary Limited and Sky Coverage Proprietary Limited.

8b. Right-of-use assets

The Group	**30 September 2019 US$'000**	31 December 2018 US$'000
Right of use assets by class of underlying assets carrying value		
Land	**104,005**	101,617
Buildings	**4,287**	2,169
	108,292	103,786
Depreciation charge for right of use assets		
Land	**5,492**	7,242
Buildings	**1,087**	1,519
	6,579	8,761

9. Derivative financial instruments

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

	30 September 2019 US$'000	31 December 2018 US$'000
Put and call options on listed bond	**55,346**	7,086

The derivatives represent the fair value of the put and call options embedded within the terms of the bond. 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 Senior Notes before their redemption date in the event of a change in control (as defined in the terms of the Senior 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

9. Derivative financial instruments (continued)

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. The options are considered a Level 3 financial instrument in the fair value hierarchy of IFRS 13, owing to the presence of unobservable inputs. Where Level 1 (market observable) inputs are not available, the Helios Group engages a third party qualified valuer to perform the valuation. Management works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model. The Senior Notes are quoted and it has an embedded derivative. The fair value of the embedded derivative is the difference between the quoted price of the Senior Notes and the fair value of the host contract (the Senior Notes excluding the embedded derivative). The fair value of the Senior Notes as at the Valuation Date has been sourced from an independent third party data vendor. The fair value of the host contract is calculated by discounting the Senior Notes's future cash flows (coupons and principle payment) at USD 3-month LIBOR plus Helios Towers's credit spread. The main driver of the increase of the fair value of the embedded derivative between 31 December 2018 and 30 September 2019 is this specific instrument's credit spread, a relative 1 per cent increase in this would result in an approximately US$0.3 million decrease in value.

As at the reporting date, the call option had a fair value of US$55.3 million (31 December 2018: US$7.1 million), while the put option had a fair value of US$0 million (31 December 2018: US$0 million). During the quarter ended 30 September 2019, a US$24.0 million gain (quarter ended 30 September 2018: US$5.2 million loss) fair value adjustment was recognised through profit and loss. Management considered early call of the bond however, this has not been undertaken as a result of the proximity of the potential IPO. Management has performed a valuation of the embedded derivative at 30 September 2019 consistently with previous quarters.

10. Trade and other receivables

	30 September 2019 US$'000	31 December 2018 US$'000
Trade receivables	**104,927**	72,030
Loss allowance	**(6,660)**	(6,544)
	98,267	65,486
Trade receivable from related parties	**20,001**	10,035
	118,268	75,521
Other receivables	**29,080**	21,400
VAT & Withholding tax receivable	**2,057**	5,329
	149,405	102,250

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

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

Of the trade receivables balance at 30 September 2019: 70% (31 December 2018: 61%) is due from five of the Group's largest customers. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Debtor days

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

	30 September 2019 US$'000	31 December 2018 US$'000
Trade receivables[1]	**124,928**	82,065
Accrued Revenue[2]	**4,943**	2,066
Less: Loss allowance	**(6,660)**	(6,544)
Less: Deferred income	**(66,423)**	(48,071)
Net Receivables	**56,788**	29,516
Revenue	**288,026**	356,049
Debtor days	**54**	30

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

11. Cash and cash equivalents

	30 September 2019 US$'000	31 December 2018 US$'000
Bank balances	**56,794**	57,835
Short-term deposits	**6,473**	31,152
	63,267	88,987

12. Share capital

The share capital as of 30 September 2019 was as follows:

	30 September 2019		31 December 2018	
	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 I of US$1	**100**	**–**	–	–
Ordinary share capital class J of US$1	**100**	**–**	–	–
Ordinary share capital class Z of US$100	**100**	**10**	100	10
	909,124,914	**909,154**	909,124,714	909,154

There were share issuances of I and J shares during the period ended 30 September 2019. The Class A Shares and Class G Shares shall rank equally with each other and senior to the Class C, Class D, Class H, Class I, Class J and Class Z Shares as to redemption proceeds and any other form of distribution or return of capital. Class A and G Shares have voting rights whilst the others have no voting rights. Class H and Class Z Shares also have dividend rights.

13. Loans

	30 September 2019 US$'000	31 December 2018 US$'000
US$600 million 9.125% senior notes 2022	**592,539**	602,852
US$100 million term loan facility 2022	**75,132**	25,192
SA Towers Proprietary Limited	**1,086**	–
Total borrowings	**668,757**	628,044
Current	**5,087**	17,254
Non-current	**663,670**	610,790
	668,757	628,044

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. On 22 October 2018, HT Group Ltd, a wholly owned subsidiary of the Group, signed a US$100 million bank term loan facility agreement. As at 30 September 2019, US$75.0 million was drawn (31 December 2018: US$25.0 million). The term loan is a bullet repayment senior unsecured facility, with an interest rate of LIBOR plus 4.2% due 2022. The term loan is guaranteed by the Company.

14. Trade and other payables

	30 September 2019 US$'000	31 December 2018 US$'000
Trade payables	**12,469**	8,352
Amounts payable to related parties	**121**	263
Deferred income	**66,423**	48,071
Deferred consideration	**7,141**	8,246
Other payables and accruals	**63,747**	64,025
VAT & Withholding tax payable	**27,141**	20,795
	177,042	149,752

14. Trade and other payables (continued)

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 23 days (2018: 16 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 2019 US$'000	31 December 2018 US$'000
Short-term lease liabilities		
Land	**19,376**	18,802
Buildings	**1,700**	757
	21,076	19,559

	30 September 2019 US$'000	31 December 2018 US$'000
Long-term lease liabilities		
Land	**100,304**	97,378
Buildings	**2,779**	1,342
	103,083	98,720

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 quarter was US$5.8 million (quarter ended 30 September 2018: US$6.3 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 2019	**21,102**	**75,359**	**486,403**	**582,864**
31 December 2018	19,559	71,640	471,123	562,322

16. Other gains and losses

	9 months ended		3 months ended	
	30 September 2019 US$'000	30 September 2018 US$'000	**30 September 2019 US$'000**	30 September 2018 US$'000
Fair value (gain)/loss on derivative financial instruments (see note 9)	**(48,260)**	29,257	**(23,984)**	5,160

17. Uncompleted performance obligations

The table below represent undiscounted 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 2019 US$'000	31 December 2018 US$'000
Total contracted revenue	**2,916,469**	3,080,871

Contracted revenue

The following table provides our total undiscounted contracted revenue by country as of 30 September 2019 for each of the periods from 2019 to 2023, with local currency amounts converted at the applicable average rate for US dollars for the period ended 30 September 2019 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, (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.

		Year ended 31 December			
(US$'000s)	3 months to 31 December 2019	2020	2021	2022	2023
Tanzania	42,255	162,453	162,078	159,192	152,190
DRC	40,158	163,188	163,137	161,299	160,346
Congo Brazzaville	6,046	22,030	17,845	17,245	16,495
South Africa	491	1,966	1,966	2,369	2,534
Ghana	10,329	38,151	36,137	31,939	30,506
Total	99,279	387,788	381,163	372,044	362,071

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.

	9 months ended 30 September 2019		9 months ended 30 September 2018	
	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	**53,219**	**9**	50,572	241
Ecost Building Management (Pty) Ltd	**–**	**1,087**	–	–
Vulatel (Pty) Ltd	**–**	**131**	–	–
Nepic (Pty) Ltd	**153**	**5**	–	–

The following amounts were outstanding at the reporting date:

	As at 30 September 2019		As at 31 December 2018	
	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	**19,887**	**–**	7,988	263
Ecost Building Management (Pty) Ltd	**–**	**110**	–	–
Vulatel (Pty) Ltd	**–**	**9**	–	–
SA Towers Proprietary Limited	**–**	**1,086**	–	–
Nepic (Pty) Ltd	**114**	**2**	–	–
Helios Towers Africa LLP (HTA LLP)	**–**	**–**	2,047	–

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

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

18. Related party transactions (continued)

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).

During the period a retention award of US$10 million was made to senior management in respect of future services as part of the management incentive plan ("MIP"). This award includes a retention and clawback period of up to three years. During the period, additional MIP units were issued to senior management. See note 21.

19. Contingencies

Tax audits

In the year ended 31 December 2015, the Democratic Republic of Congo's National Tax Services issued an initial assessment for the financial years ended 31 December 2014 and 31 December 2015, which was revised to US$2.8 million in February 2019. In the year ended 31 December 2018, Congo Brazzaville Public Treasury Authority commenced an investigation for the financial years ended 31 December 2014 to 31 December 2015 in relation to direct and indirect taxes. During the period ended 30 September 2019, the Ghana Revenue Authority issued an initial assessment on Transfer Pricing for years 2012 to 2017 of approximately US$10.4 million. The initial assessment is in early stages of review with local tax experts and as such the impact, if any, is unknown at this time.

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

A change of control (as defined by the relevant local tax authority) of certain of the Group's subsidiaries, may trigger non-resident capital gains tax liabilities for the Group. The potential outcome (including any future financial obligations) is uncertain. A number of the Group's operating subsidiaries are currently undergoing or expect to undergo routine tax audits which could give rise to additional tax assessments. Substantial payments of tax could arise for the Group, or tax receivable balances may not be recovered as expected.

Legal claims

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

20. Acquisition of South African subsidiary undertakings

On 30 April 2019, Helios Towers South Africa Holdings (Pty) Ltd simultaneously entered into agreements with SA Towers Proprietary Limited and Sky Coverage Proprietary Limited, to purchase certain employee contracts and business assets comprising towers, tower sites and related assets as well as to transfer certain tenant leases. The Group have treated this as a single business combination transaction and accounted for it in accordance with IFRS 3 – Business Combinations ("IFRS 3") using the acquisition method. The total consideration in respect of this transaction was US$33.1 million. The initial accounting for the acquisition of subsidiary has only been provisionally determined at the end of the reporting period. This business combination had the following effect on the Group's assets and liabilities:

	As at 30 September 2019 US$'000
Identifiable assets acquired:	
Assets	
Fair value of property and equipment	7,588
Fair value of intangible assets	22,670
Other assets	150
Total assets	30,408
Liabilities	
Assumed liabilities	76
Deferred income	75
Deferred taxation	6,348
Total net identifiable assets	23,909
Goodwill on acquisition	9,153
Total consideration	33,062
Consideration paid in cash	10,581
Consideration paid in shares	118
Contingent consideration[1]	22,363
Total consideration	33,062

1 The provisional contingent consideration balance of US$22.4 million as of 30 September 2019 is made up of $16.5 million long-term, and US$5.9 million included in the short-term balance.

20. Acquisition of South African subsidiary undertakings (continued)

The provisional contingent consideration balance is dependent on the timing of sites under construction being fully completed in accordance with technical specifications. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between US$nil and US$65 million undiscounted. The fair value of the contingent consideration arrangement of US$22.4 million was estimated based on management knowledge of market outlook and future pipeline. The contingent consideration liability is categorised as Level 3 in the fair value hierarchy of IFRS 13. The calculation of the fair value of the contingent consideration balance is most sensitive to changes in the following assumptions: (1) number of sites coming on-air; (2) timing of sites coming on-air; and (3) discount rate.

The Group has assessed the provisional fair value of the assets acquired at US$30.4 million, in accordance with IFRS 3, based on appropriate valuation methodology. For the period from 30 April 2019 to 30 September 2019 this acquisition contributed revenue of US$1.0 million and a loss of US$1.1 million. The goodwill is mainly attributable to the workforce and the future lease uprate potential of the sites acquired and is expected to be deductible for tax purposes.

The Group incurred acquisition-related costs of US$0.7 million related to the above business combination in 2019. These costs have been included in deal costs in the Group's condensed consolidated statement of profit or loss and other comprehensive income. If the above business combination had occurred on 1 January 2019, management estimates that Group consolidated revenue would have been US$288.8 million and Group consolidated loss before tax would have been US$23.4 million for the nine month period ended 30 September 2019.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

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

21. Subsequent events

On 18 October 2019 the ordinary shares of Helios Towers PLC ("HT PLC") were admitted to the premium segment of the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange plc ("Admission"). HT PLC issued new shares in the Global Offer raising gross proceeds of US$125.0 million.

Prior to Admission on 18 October 2019 the Group completed its pre-IPO reorganisation which included (i) the insertion of HT PLC, a public company limited by shares incorporated in England and Wales, as the ultimate parent company via a share-for-share exchange, (ii) the unwind of the management incentive plans where shares or options over shares were issued or granted to the limited partners of the MIP schemes and (iii) HT PLC issued and allotted shares to Helios Towers plc employee benefit trust to satisfy future settlement of pre-IPO nil-cost option awards. As a result of the IPO, legacy management incentive plan crystallisation and unwind, and Pre-IPO Reorganisation, the Group will recognise an additional share-based payment and long-term incentive plans charge in its financial statements to 31 December 2019.Following Admission, HT PLC commenced a capital reduction process to be approved by the court pursuant to section 645 of the Companies Act, in order to create additional distributable reserves. It is intended to reduce the nominal value of the shares to 1 pence each and to cancel the share premium account. The effect of these actions is to create distributable reserves equivalent to the amounts reduced. The distributable reserves created will provide HT PLC with the flexibility to pay dividends in the future if appropriate or absorb any impairments in the value of its assets, should this occur.

A change of control (as defined by the relevant local tax authority) of certain of the Group's subsidiaries, may trigger non-resident capital gains tax liabilities for the Group. The potential outcome (including any future financial obligations) is uncertain. On admission to the LSE, the selling shareholders have agreed an amount that is considered to be sufficient to cover the potential change of control tax liabilities, is retained and held in escrow from the net proceeds of the sales of shares.

Biographies – Helios Towers PLC Directors

The management experience and expertise of each of the Directors are set out below:

Sir Samuel Jonah was appointed Chair on 12 September 2019. He has worked for Ashanti Goldfields and later became Executive President of AngloGold Ashanti Limited. He served on the boards of various public and private companies and is a member of the Global Advisory Council of the Bank of America Corporation. He has formerly served as a director of Vodafone Group plc, Lonhro plc (subsequently Lonmin plc), Standard Bank Group, and as Chairman of a number of listed companies including, Equinox Ltd., Moto Goldmines Limited and UraMin Inc. An Honorary Knighthood was conferred on him by Her Majesty the Queen in 2003 and in 2006 he was awarded Ghana's highest national award, the Companion of the Order of the Star of the Volta. He was born and educated in Ghana and obtained a master's degree in management from Imperial College, London.

Kash Pandya was appointed as Director on 12 September 2019 after previously being a director of Helios Towers, Ltd. since August 2015. Previously, Kash spent eight years with Aggreko plc, the world's largest temporary power generation company. He sat on the board of directors for eight years and led the European business for three years, after which he served as Managing Director for five years overseeing a doubling of Aggreko's international business. Kash began his career through an engineering apprenticeship. He then went on to complete a bachelor's degree in technology engineering and a master's degree in Manufacturing. Kash began his progression through engineering and manufacturing companies in 1989, starting at Jaguar before moving to roles with General Electric Company, Ford Motor Company and Novar PLC (then Caradon PLC). In 1999, Kash joined APW Ltd., a global technically enabled manufacturing services company, to lead all operations outside the United States. In 2004, Kash became the CEO of Johnston Group, a publicly quoted company, and left the business on its sale to Ennstone plc.

Tom Greenwood joined the Group in 2010, was made Finance Director in 2012, and has been Chief Financial Officer since September 2015. Tom is responsible for all finance and IT activities at the Group. He has been instrumental in raising and managing debt and equity for the Group, raising a total of US$1.6 billion gross capital. He also oversees tower asset portfolio acquisitions and the establishment of new operating companies. Under Tom's direction, the Group has established a single SAP group-wide accounting and financial reporting system, and a centralised financial control function based in London to which all of the Group's operating companies report. Prior to joining the Group in 2010, Tom was at PricewaterhouseCoopers in the TMT Transaction Services team, focusing on M&A and refinancings, mainly in the telecommunications sector. Tom is a qualified chartered accountant of the Institute of Chartered Accountants of England and Wales.

Richard Byrne was appointed a Director on 12 September 2019 after previously being a director of Helios Towers, Ltd. since December 2010. Richard co-founded TowerCo in 2004, has served as the company's President and Chief Executive Officer and was a member of the board of directors from its beginning until his retirement in December 2018. Prior to that, he served as president of the tower division of SpectraSite Communications, LLC, which grew from 125 towers to more than 8,000 during his tenure. Richard served as national director of business development at Nextel Communications Inc. and was responsible for bringing the industry's first major portfolio of wireless carrier towers to market. Richard started his wireless career performing site acquisitions for AT&T Mobility LLC (then McCaw Cellular) in the New York metropolitan trading area. From 2008 to 2018, he served on the board of directors of the Wireless Infrastructure Trade Association in the United States.

Alison Baker was appointed a Director on 12 September 2019. She has 25 years of experience in auditing, capital markets and assurance services with extensive experience working in emerging markets, including those in Africa. Alison is currently a non-executive director and the Chair of the Audit Committee of KAZ Minerals plc and senior independent director and Audit Committee Chairperson of Rockhopper Exploration plc. She is also a member of the Strategic Advisory Board of Emperor, a leading UK creative communication agency. Until January 2017, Alison was a partner at PriceWaterhouseCoopers LLP and prior to that, a partner at Ernst & Young LLP. She is a qualified Chartered Accountant of the Institute of Chartered Accountants of England and Wales and earned a Bachelor of Science in mathematical sciences from Bath University.

Magnus Mandersson was appointed Senior Independent Director on 12 September 2019. He has 25 years of experience in the global telecommunications sector. Previously, he worked at Telefonaktiebolaget LM Ericsson for 14 years, where he held various positions including executive vice president. He was also President and Chief Executive Officer of SEC, the parent company for Tele2 Europe, held various leading positions in the IKEA Group and, between 1998 and 1999, was the Chief Operating Officer of Millicom S.A. He is currently Chairman of Karnov Group AB, a plc in Sweden listed on NASDAQ. He is also Chairman of Next Biometrics Group ASA and Tampnet ASA plc and a board member of Albert Immo Holding S.à.r.l., PMM Advisors S.A. and Interogo Foundation and is the former Chairman of Doro AB and RedBee Media Group Ltd. He has a Bachelor of Science in business administration from Lund University in Sweden.

David Wassong was appointed a Director on 12 September 2019 after previously being a director of Helios Towers, Ltd. since January 2010. David is Managing Partner of Newlight Partners LP (formerly known as Strategic Capital Investment Partners, LP), which commenced operations as an independent investment manager effective October 2018 when part of the Strategic Investments Group of Soros Fund Management LLC ("SFM") spun out of SFM. Prior to the spin-out, David was co-head of the Strategic Investments Group and jointly responsible for overseeing its investments in private equity, real estate, infrastructure, growth equity, venture capital, and private equity and venture capital funds. David and his team currently manage a global portfolio of direct private equity investments. Prior to joining SFM, David was Vice President at Lauder Gaspar Ventures, LLC. He started his career in finance as an analyst and then an associate in the investment banking group of Schroder Wertheim & Co., Inc. David received an MBA from the Wharton School at the University of Pennsylvania and his bachelor's degree from the University of Pennsylvania.

Biographies – Helios Towers PLC Directors (continued)

Temitope Lawani was appointed a Director on 12 September 2019 after previously being a director of Helios Towers, Ltd. since February 2010. Temitope, a Nigerian national, is a cofounder and Managing Partner of Helios Investment Partners ("Helios") and has more than 20 years of principal investment experience. Prior to forming Helios, Temitope was a principal in the San Francisco and London offices of TPG Capital, a global private equity firm. At TPG, Temitope had a lead role in the execution of over US$10 billion in closed venture capital and leveraged buyout investments, including the acquisitions of Burger King Corp., Debenhams plc., J. Crew Group and Scottish & Newcastle plc Retail. Temitope began his career as a mergers and acquisitions and corporate development analyst at the Walt Disney Company. Temitope received a Bachelor of Science in chemical engineering from the Massachusetts Institute of Technology, a Juris Doctorate (cum laude) from Harvard Law School and an MBA from Harvard Business School. He is fluent in Yoruba, a West African language.

The interim financial statements for the period ended 30 September 2019 have been authorised for issue on 14 November 2019.

Kash Pandya **Tom Greenwood**

Reconciliation of cash generated from operating activities to portfolio free cash flow

The Group presents Portfolio Free Cash Flow, Levered Portfolio Free Cash Flow, Adjusted Free Cash Flow and Free Cash Flow because it believes that these metrics facilitate the comparison of cash generation from existing assets between periods and companies in the sector in which the Group operates. These are not measures of financial performance or liquidity under IFRS and presented below is a reconciliation of cash generated from operating activities to Portfolio Free Cash Flow.

	9 months ended 30 September		3 months ended 30 September	
	2019	2018	**2019**	2018
	US$000	US$000	**US$000**	US$000
Cash generated from operating activities	**88,205**	97,787	**44,578**	44,222
Adjustments applied:				
Movement in working capital (excluding retention award)	**36,620**	7,736	**(1,561)**	(5,477)
Exceptional items:				
Litigation costs[1]	**–**	10,180	**–**	6,230
Exceptional project costs[2]	**11,016**	14,655	**7,894**	–
Share-based payments and long term incentive plans	**3,225**	–	**1,579**	–
Retention award (note 18)	**10,000**	–	**–**	–
Deal costs	**2,398**	–	**–**	–
Recharged depreciation	**–**	740	**–**	184
Less: Maintenance and corporate capital additions	**(8,780)**	(12,900)	**(972)**	(2,107)
Less: Payments of lease liabilities[3]	**(16,004)**	(19,936)	**(5,824)**	(6,267)
Less: Tax paid	**(1,895)**	(1,187)	**(669)**	(1,186)
Portfolio free cash flow	**124,785**	97,075	**45,025**	35,599

1 Relates to legal costs incurred in connection with a previously terminated private equity transaction.

2 Exceptional project costs relate to the exploration of strategic options including, but not limited to, a potential listing of equity on a public exchange.

3 Payment of lease liabilities include interest and principal repayments of lease liabilities

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, Plc and its subsidiaries taken as a whole.

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

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

“**Africa’s Big-Five MNO’s**” means Airtel, MTN, Orange, Tigo and Vodacom/Vodafone.

“**Airte**l” means Airtel Africa.

“**Amendment colocation tenant**” means an existing customer on a site (anchor tenant or standard colocation tenant) adding or modifying equipment, taking up additional vertical space, wind load capacity and/or power consumption, which leads to additional revenue billing under the menu pricing of an existing MLA agreement. The Group calculates amendment colocations using the additional revenue generated by the amendment on a weighted basis as compared to the market average rate for a standard tenancy in the month the amendment is added.

“**anchor tenant**” means the primary customer occupying each site.

“**build-to-suit/BTS**” means sites constructed by our Group on order by a MNO.

“**CODM**” means Chief Operating Decision Maker.

“**colocation**” means the sharing of tower space by multiple customers or technologies on the same tower, equal to the sum of standard colocation tenants and amendment colocation tenants.

“**colocation tenant**” means an existing customer on a site (anchor tenant or standard colocation tenant) adding or modifying equipment, taking up additional vertical space, wind load capacity and/or power consumption, which leads to additional revenue billing under the menu pricing of an existing MLA agreement. The Group calculates amendment colocations using the additional revenue generated by the amendment on a weighted basis as compared to the market average rate for a standard tenancy in the month the amendment is added.

“**Company**” means Helios Towers, Ltd prior to 18 October 2019, and Helios Towers Plc on or after 18 October 2019.

“**Committed colocation**” means contractual commitments relating to prospective colocation tenancies with customers

“**Congo Brazzaville**” means the Republic of Congo, Congo Brazzaville or Congo.

“**contracted revenue**” means revenue contracted under our site agreements 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.

“**edge data centre**” secure temperature-controlled technical facilities which are smaller than a standard core network data centre and positioned on the edge of a telecommunications network. They are used by operators to regenerate fibre signal, deliver cloud computing resources or cache streaming content for local users.
“**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.

Certain defined terms and conventions (continued)

“**growth capex**” relates to (i) construction of build-to-suit sites (ii) installation of colocation tenants and (ii) and investments in power management solutions.

“**Group**” means Helios Towers, Ltd and its subsidiaries prior to 18 October 2019, and Helios Towers Plc and its subsidiaries on or after 18 October 2019.

“**Helios Towers Ghana**” means Helios Towers Ghana Limited.

“**Helios Towers Tanzania**” means Helios Towers Tanzania Limited.

“**HT Congo Brazzaville**” means HT Congo Brazzaville Holdco Limited.

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

“**IBS**” means in-building cellular enhancement.

“**ISP**” means Internet Service Provider.

“**IFRS**” means International Financial Reporting Standards.

“**ISA**” means individual site agreement.

“**LCY**” means Local Currency.

“**LD**” means Liquidated Damages; provisions that generally require the Group to make a payment to the customer, most often by means of set-off against service fees payable by the customer, if the Group fails to uphold a specified level of uptime.

“**levered portfolio free cash flow**” defined as portfolio free cash flow less net finance costs paid.

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

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

“**managed sites**” refers to sites that the Group currently manages but does not own due to either: (i) certain conditions for transfer under the relevant acquisition documentation, ground lease and/or law not yet being satisfied; or (ii) the site being subject to an agreement with the relevant MNO under which the MNO retains ownership and outsources management and marketing to the Company.

“**Mauritius**” means the Republic of Mauritius.

“**Millicom**” means Millicom International Cellular SA.

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

“**MNO**” means mobile network operator.

“**MTN**” means MTN Group Ltd.

“**Net basis debtor days**” means net receivables divided by revenue reported in the period multiplied by number of days in the period.

“**net debt**” means gross debt less cash and cash equivalents.

“**Net receivables**” means total trade receivables (including related parties) and accrued revenue, less deferred income.

“**Orange**” means Orange S.A.

“**portfolio free cash flow**” defined as Adjusted EBITDA less maintenance and corporate capital expenditure, payments of lease liabilities (including interest and principal repayments of lease liabilities) and tax paid.

“**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).

Certain defined terms and conventions (continued)

"**SLA**" means service-level agreement.

"**Small cells**" means low-powered cellular radio access nodes that operate in licensed and unlicensed spectrum that have a range of 10 meters to a few kilometres.

"**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.

"**TCF**" means Tower Cash Flow defined as Tower Service Revenues less Site Opex.

"**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 antennaes.

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

"**tenant**" an MNO that leases vertical space on the tower and portions of the land underneath on which it installs its equipment.

"**Tigo**" refers to one or more subsidiaries of Millicom that operate under the commercial brand "Tigo".

"**total colocations**" means standard colocations plus amendment colocations as of a given date.

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

"**total tenancies**" means total sites plus total colocation tenants as of a given date.

"**tower sites**" means ground-based towers and rooftop towers and installations constructed and owned by us on 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 acquired sites.

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

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

"**Viettel**" means Viettel Tanzania Limited.

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

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

"**Zantel**" means Zanzibar Telecom PLC.

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