

LIQUID
INTELLIGENT TECHNOLOGIES

Full Year and Q4 2021 Results

13 May 2021



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Presenters and agenda



Nic Rudnick
Group Chief Executive Officer

1. Strategic update



Kate Hennessy
Group Chief Financial Officer

2. Financial review

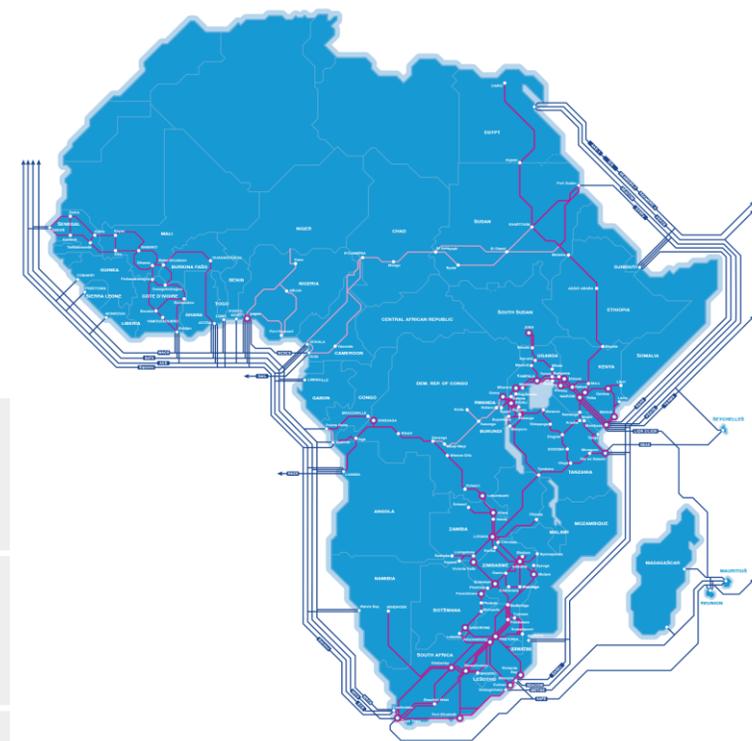
Nic Rudnick

1. Strategic update

A leading Pan-African digital infrastructure provider

Overview

- The leading cross-border communications solutions provider with owned proprietary network across 14 countries in Africa
- High-speed, reliable connectivity, hosting and co-location and digital services to mobile carriers and blue-chip enterprise customers
- Extensive metropolitan and last-mile access networks



Financial metrics for FY21	Revenue USD 652m	Adjusted EBITDA ¹ USD 241m	Net Leverage ² 3.2x
Key macro and industry metrics	GDP ³ ~USD 600b	Urbanisation growth ~48% (up 208m)	SSA internet users ~480m (from 270m)
Key performance indicators ⁴	Total fibre network 96,620km	Average churn rate 0.86%	Monthly rec. revenue 90.4%

Source: Company information, IMF (June 2020), World Bank (2020), United Nations (2020), GSMA

¹ Adjusted for impairment expenses, restructuring costs, FX losses, hyperinflation monetary gains and share of profits of associate

² Gross debt including lease liabilities less unrestricted cash and cash equivalents divided by adjusted EBITDA

³ Includes South Africa, Zimbabwe, Tanzania, Kenya, Zambia and the DRC

⁴ See slide 17 for definitions

Responding to the COVID-19 challenge

“Every individual on the African continent has the right to be connected”

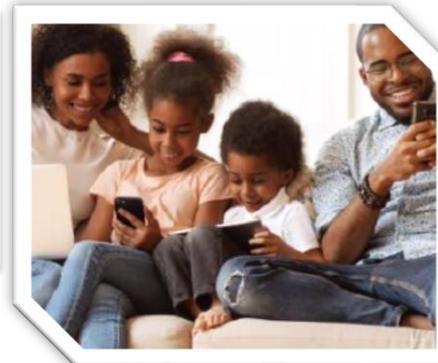
Liquid enables Zimbabwe Government to establish toll-free helpline



Liquid donates food parcels to needy families in Mombassa County, Kenya



Liquid helps home fibre users connect with unlimited broadband at no extra cost



Liquid provides a boost to remote learning at Kibabil virtual school



Liquid installs free Wifi at quarantine centres

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Website: www.liquid.tech

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Launch of new work from home solutions in South Africa

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FY21: Solid financial performance

Executing on our vision of bringing new technology solutions to market

Strategic highlights

- **Repositioning the business as a broader technology solutions provider under the Liquid Intelligent Technologies brand**
- **Completion of the national long distance fibre network (NLD 5 & 6) in South Africa**
- **Continued good progress with East to West, including connecting Muanda and Lubumbashi in the DRC**
- **Successful refinance; new 2026 maturity funding arrangements on substantially better terms**

Financial highlights

- **Strong liquidity position at the end of the year resulting from a 79.4% increase in cash generated from operations**
- **Revenue declined (6.2)% from adverse FX and NRR deals in the prior year**
- **Adjusted EBITDA¹ down (2.6)%, as lower revenue partially mitigated by strong cost control, with Q4 adjusted EBITDA up 13.5%**
- **Net debt to adjusted EBITDA of 3.2x, comfortably within the new threshold of 4.5x**

Key achievements in FY21

Group

- **Successful Bond refinance on substantially better terms**
- **Repositioning with a broader solutions offering as Liquid Intelligent Technologies**
- **Global partnership agreed with Zayo Group to leverage our existing networks**
- **Strategic acquisition of QBS - a leader in the fast-growing ecosystem of Microsoft Dynamics.**

South Africa

- **Reorganisation and embedding of new operating model**
- **Completion of the NLD 5 & 6 route connecting the Eastern and Western Capes**
- **Launch of new Working from Home/Anywhere products**
- **Good improvement in churn**

Southern Africa

- **New SNEL network lit up between Kinshasa and Lubumbashi in the DRC**
- **Successful launch of Liquid Intelligent Technologies in the DRC**
- **New contract win for the provision of Cloud services to a Healthcare business in Zimbabwe**
- **Completion of Botswana Power Corporation acquisition**

Eastern Africa

- **Long term IRU contract signed with Kenyan MNO**
- **Completion of Nimule to Juba backhaul and Juba metro fibre builds in South Sudan**
- **Significant improvement in NPS in Zambia from -14 to +20**
- **VSAT connectivity to 12 schools in rural areas of Rwanda**

Repositioning our offering

Five pillars of the business which leverage the core assets

Network

- Harvest existing significant long haul and metro networks
- Be the leading pan-African long-haul digital corridor player by building the state of the art network
 - South to North (Cape to Cairo) and;
 - East-West route (Port Sudan to Atlantic Ocean, Kenya to DRC)
- To enable a cost effective offering with better reliability, strong backhaul, better quality of service and lower latency

Sea Cables

- Complement Liquid's current internet offering by bridging the gaps with subsea providers based on reciprocal or swap deals on the fibre assets
- Leverage partnerships to expand the network
- Strengthen current access to landing stations through developing further landing stations across the continent
- Expand the scale of the business

Digital Solutions Cloud

- Provide a one stop shop for digital transformation with best in class IaaS, PaaS and SaaS applications
- Capitalise on ADC to provide Express Route and Cloud connectivity
- Become the first multi-Cloud player in Africa partnering with all hyper scale players
- Remain a premium partner to hyperscalers in Sub-Saharan Africa

Digital Solutions Cybersecurity

- New business division focused on the growing cybersecurity market in Africa with early mover advantage in many markets
- Well positioned with existing enterprise footprint, particularly with financial services industry
- Cybersecurity Operations Centre through key partnerships, offered as a one-stop shop for enterprises, leveraging global expertise

Technologies

- Expand on IoT, 5G and support the ecosystem of innovation
- Increased co-operation with key global partners on new technology launches

Good progress with East to West

1

Lubumbashi to Kinshasa

- Enables Kananga - Goma route
- Provides transit route on the SNEL fibre from Kinshasa to Lubumbashi for DRC MNOs, ISPs and Enterprise clients
- Deals already in place to sell IRUs to international telco and global hyperscaler

2

Kinshasa to Angola

- Create a new competitive route from Kinshasa to Muanda landing station and Angolan subsea cable route
- Consortium being formed to build lines from Inga to Matadi (Angola border) and to Muanda landing station

3

Kinshasa FTTx

- Creates local access networks in an underserved market
- White label deal with SA MNO and other MNOs
- Roll-out of FTTH to pass 1,500 homes

4

Goma to Kananga

- Roll-out of backbone fibre link incl. metro in Kananga, Mbuji-Mayi and other towns on route
- Strategic value for operators as the three regions of DRC are separated by difficult terrain
- Creates new route between East Africa and Atlantic Ocean landing station
- Key global hyperscaler anchor customers

5

DRC Subsea landing station

- Working with major global hyperscaler on subsea cable which will run from Europe to South Africa and land a branch in Muanda

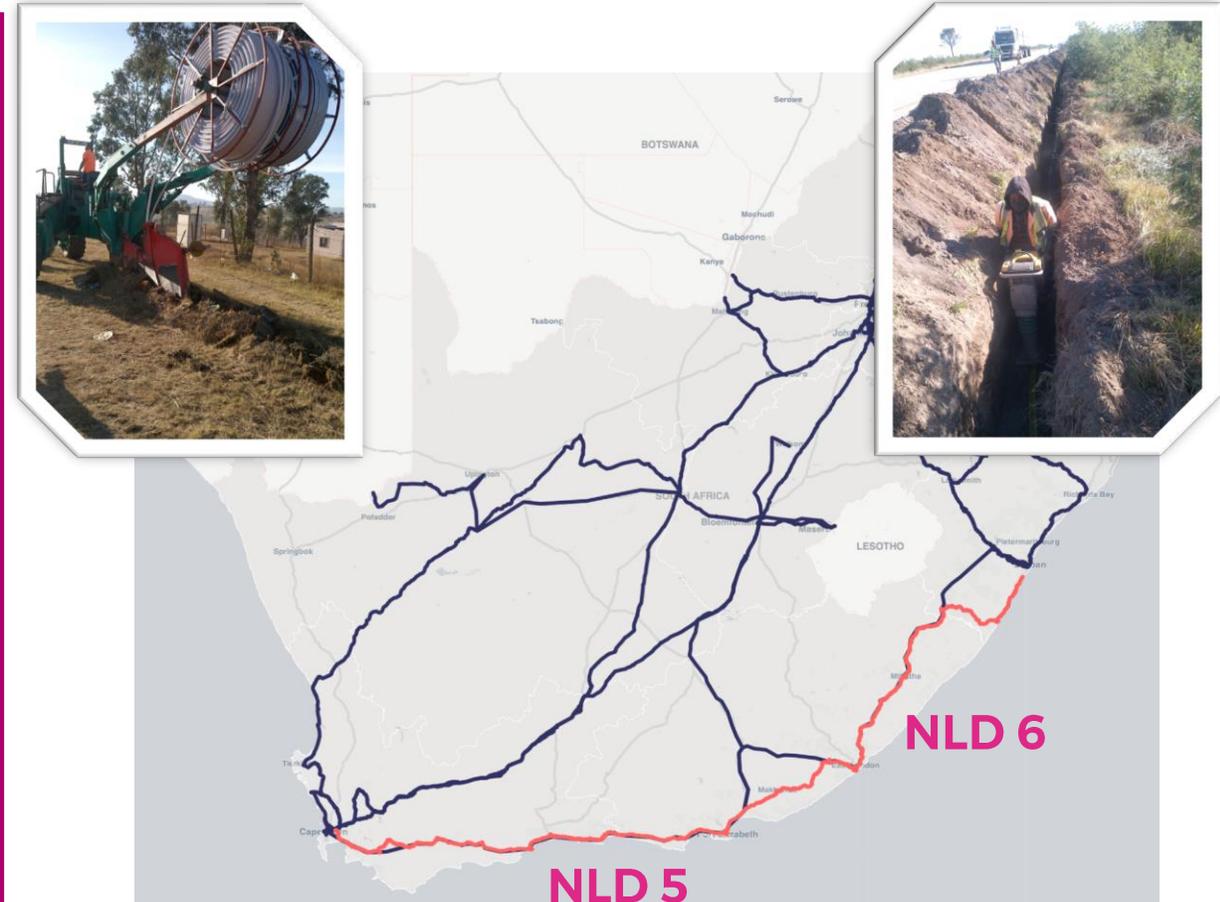
3



Completion of NLD 5 & 6

1,800km+ national long distance fibre network in South Africa

- Completed the crucial NLD 5 & 6 fibre build which links Durban to Cape Town via the coastal route
- The project was completed on time and within budget
- Increased nationwide redundancy
- Opportunity to tap previously under-served Tier2 + Tier3 cities along the route



Further network expansion ongoing

Continued focus on East to West routes

- 1**

Nigeria

 - Lagos landing station link to Lagos metro and connection onto Abuja and Port Harcourt
 - Completion expected: 6 months
- 2**

DRC

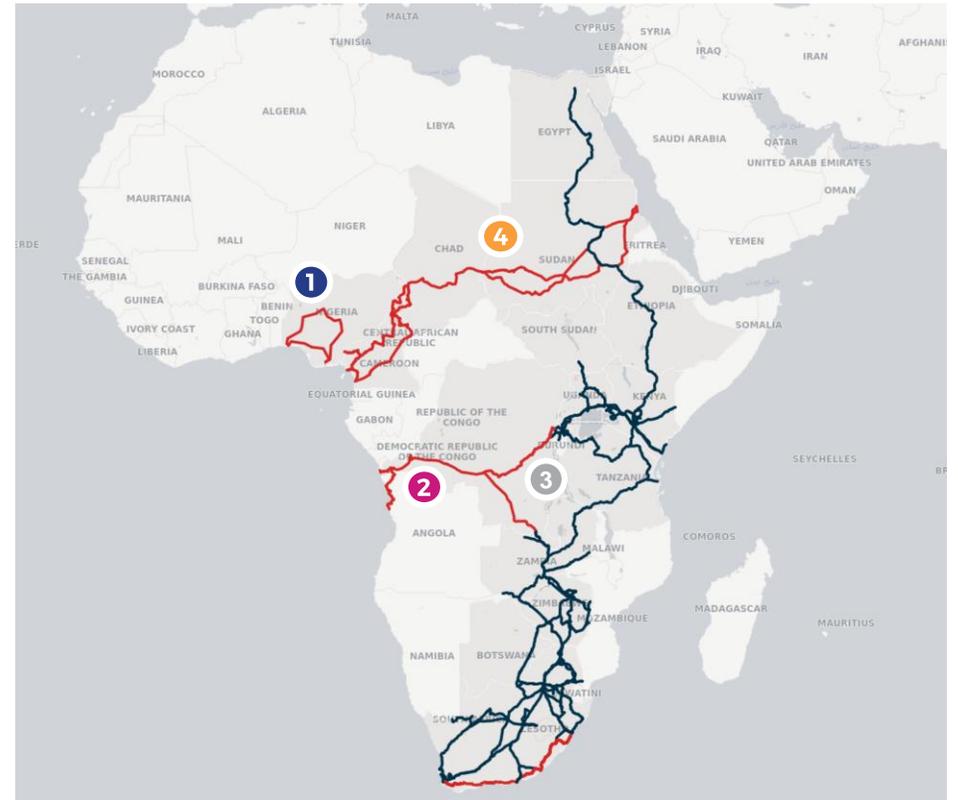
 - Kinshasa to Matadi and further link to Luanda in Angola
 - Completion expected: 3-6 months
- 3**

DRC

 - Mubuji-Mayi to Bukavu
 - Completion expected: 12-18 months
- 4**

Northern East to West route

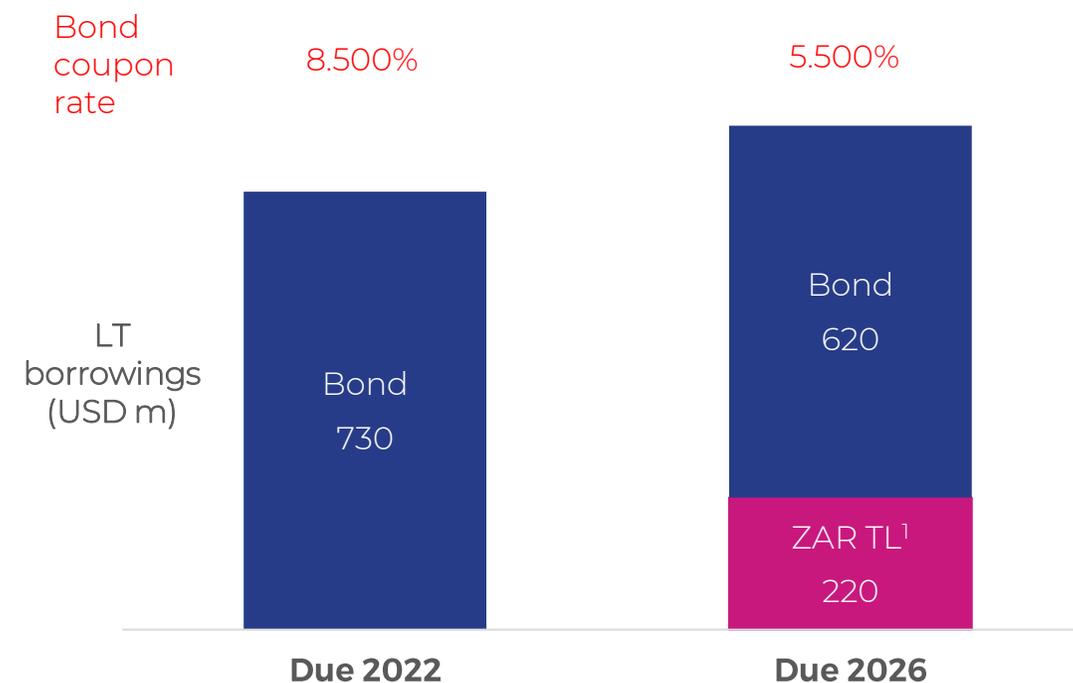
 - Port Sudan to Atlantic planned for service H1 2021



Highly successful refinance

New arrangements in place until 2026 and on substantially better terms

- **5.500% coupon 300bps tighter than LT's debut bond in 2017**
- **First ever 5-handle coupon achieved by a single-B African corporate issuer**
- **Significant price tightening from c.6.125%, to 5.750-5.875%, to finally land at 5.500%**
- **Final book of USD 3.2bn, peaking at 5.5x oversubscribed**
- **Orderbook strength underpinned by DFI anchor orders**



Environmental and Social Management System – Q4 activity

ESMS Components finalised in Q4:

- **E&S Supplier Code of Conduct**
- **Contractor HSE KPIs digital platform**
- **Group Land Acquisition and Compensation Guideline**
- **2021 ESMS Regional implementation action plans towards continual improvement**
- **Updated HSE Contractor Specification**

Good progress with key stakeholder ESG requirements



E&S Action Plan Progress FY21

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No	Action Points	Progress	Comments
1	Create a Health, Safety and Environment (HSE) and Developmental Impact Committee to the Board. CDC to be an observer and meetings to be held on a quarterly basis.	Complete	-NOMCO Endorsed by the board 23 January 2019
2	Establish HSE committees within each country of operation in line with Good International Industry Practice and respective Occupational Health and Safety Acts, where applicable.	Complete	- HSE Charter Approved by the Board in October 2019 - Regional and OPCO HSE Committees established
3	Recruit and maintain a fully dedicated HSE specialist with no less than 7 years of relevant experience, with a particular focus on occupational health and safety (OHS), including construction activities.	Complete	- Appointed July 2019
4	Appoint and maintain suitably qualified professionals within each country to take daily responsibility for HSE management and development and implementation of the country level HSE management system.	Complete	- HSE Charter Approved by the Board in October 2019 - Regional HSE Managers in LISA, EAR and SAR - HSE support staff in DRC, Zambia and LISA.
5	Develop a corporate HSE management system for the effective and timely management of HSE risks and opportunities. The HSE management system to include systems, policies, procedures, guidelines and other appropriate documentation, in line with the IFC Performance Standards and Good International Industry Practice, for adaptation and implementation by country business units.	Complete	- ESMS Manual Compiled - Current system components established and being implemented
6	Develop country level action plans to address gaps identified in the CDC commissioned due diligence report	Complete	- Regional action plans developed incorporating all OPCOs (2020) - Regional action plans for continuous improvement compiled (2021) - Monthly progress reporting at MPM meetings.

Liquid wins prestigious Environmental Stewardship and Excellence in Community Empowerment Award in Zimbabwe

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Kate Hennessy

2. Financial review

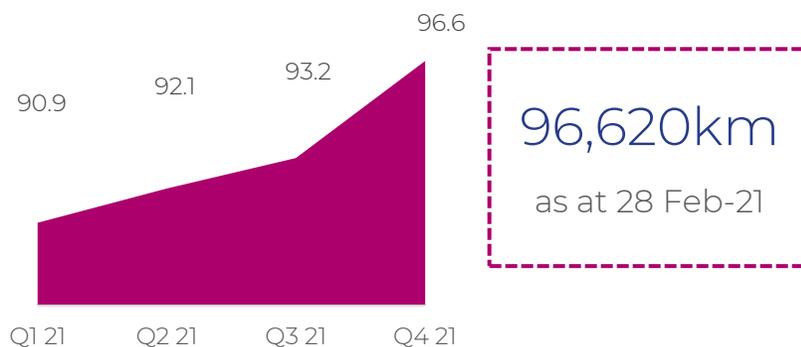
FY21 financial highlights

Solid performance in tough year; new long-term borrowings secured

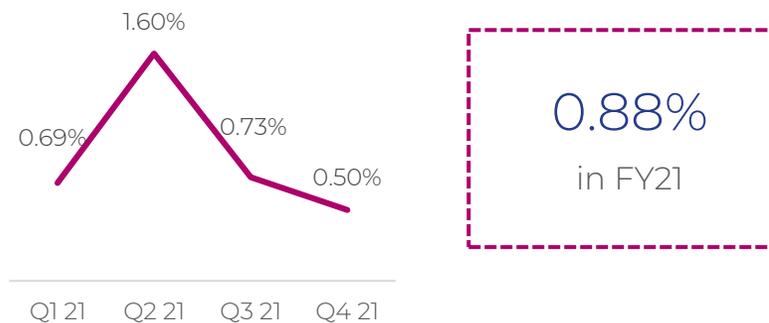
- **Strong liquidity position at the end of the year**
 - **Unrestricted cash balance of USD 163.9 million resulting from a 79.4% increase in cash generated from operations**
- **Revenue growth impacted by adverse exchange rates and NRR deals in the prior year, both primarily in South Africa**
- **Adjusted EBITDA¹ down (2.6)%, as lower revenue largely mitigated by strong cost control**
 - **Excluding the FX impact in South Africa, adjusted EBITDA up 1.5% in the year**
 - **Q4 adjusted EBITDA up 13.5%**
- **Net debt to adjusted EBITDA of 3.2x, comfortably within the new threshold of 4.5x**
- **Highly successful refinance with new, 2026 maturity, funding arrangements on substantially better terms**

FY21 key performance indicators

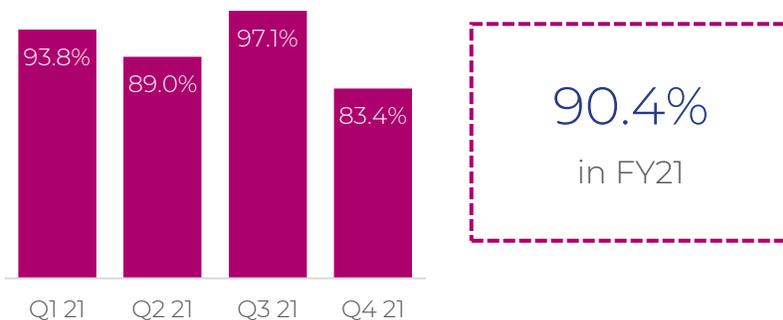
Total fibre network (km)¹



Average churn rate²



Monthly recurring revenue³



Subsea capacity (Gbps)⁴



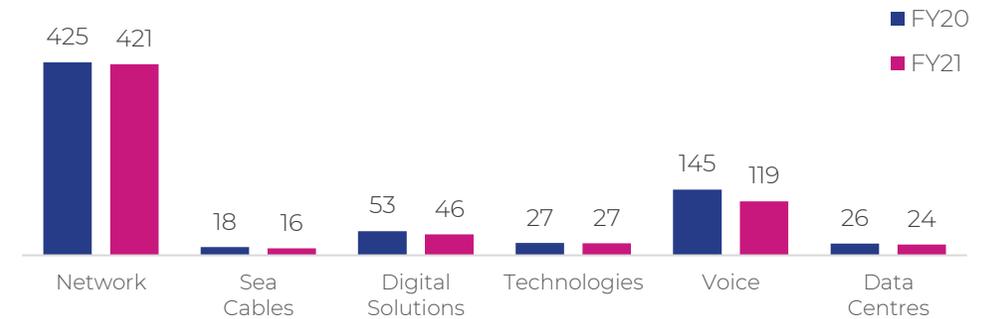
Source: Company information

¹ Total fibre network (including backbone, metro and FTTX) through which fibre is installed. Multiple kilometres of fibre cables or ducts within the same trench/overhead line are counted individually. Includes both owned and leased capacity through partnerships. ² Average churn rate represents the monthly recurring revenue that was lost during the month following a price reduction or termination of service due to disconnections, downgrades, price reduction and non-renewals, divided by the total revenue for the month. ³ Monthly recurring revenue is the total of all recurring revenue in the period normalised into a monthly amount and expressed as a percentage of total revenue. ⁴ Capacity purchased by, activated by, or reserved for, Liquid Intelligent Technologies on subsea cables (including IRUs).

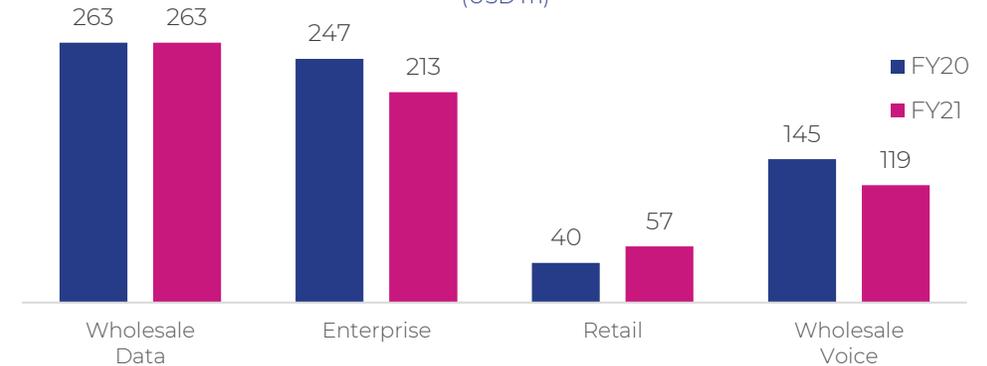
FY21 revenue by segment

- **Total revenue down (6.2)% predominantly due to adverse exchange rate movements in South Africa and Zambia**
- **Network revenue broadly flat as FX headwinds were largely negated by IRU sales in Kenya and Tanzania**
- **Digital Solutions experienced good demand for new Cloud based products but was adversely impacted by weaker FX and lower enterprise voice activity as a result of COVID-19**
- **As expected, voice revenue declined due to continued shift to data as well the impact of COVID-19 on global traffic**

FY21 revenue by new segment
(USD m)

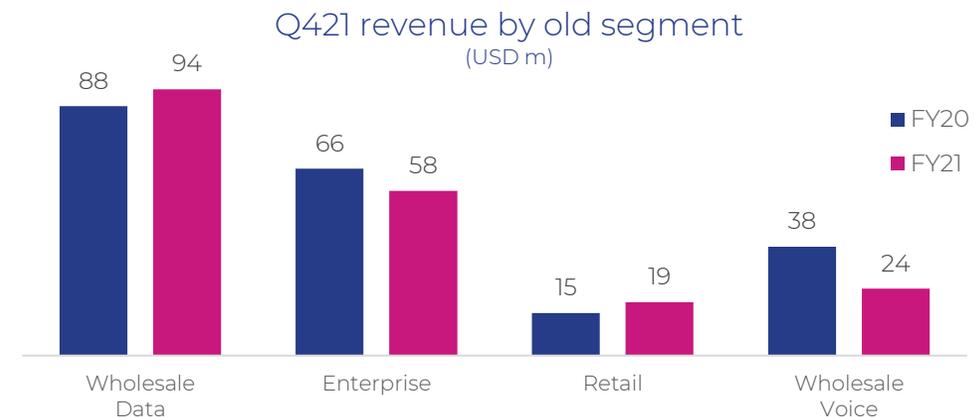
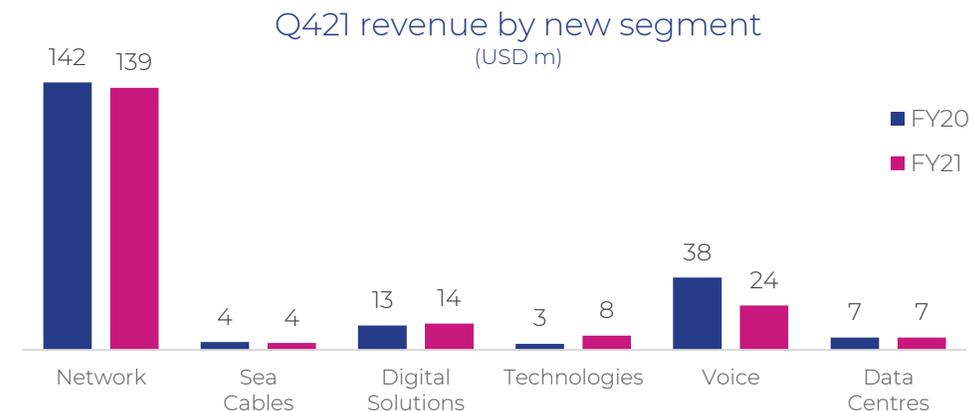


FY21 revenue by old segment
(USD m)



Q421 revenue by segment

- **Total revenue down 6.2% due to lower levels of NRR deals relative to Q4 of the prior year as well as adverse exchange rates**
- **Network revenue broadly flat as FX headwinds were largely offset by good growth in East and Southern Africa**
- **Digital Solutions delivered encouraging growth of 7.6% as demand for new technology solutions increased**
- **Encouraging growth in Technologies, which is largely MRR, albeit from a low base**
- **Voice revenue declined as activity continues to move to data services**

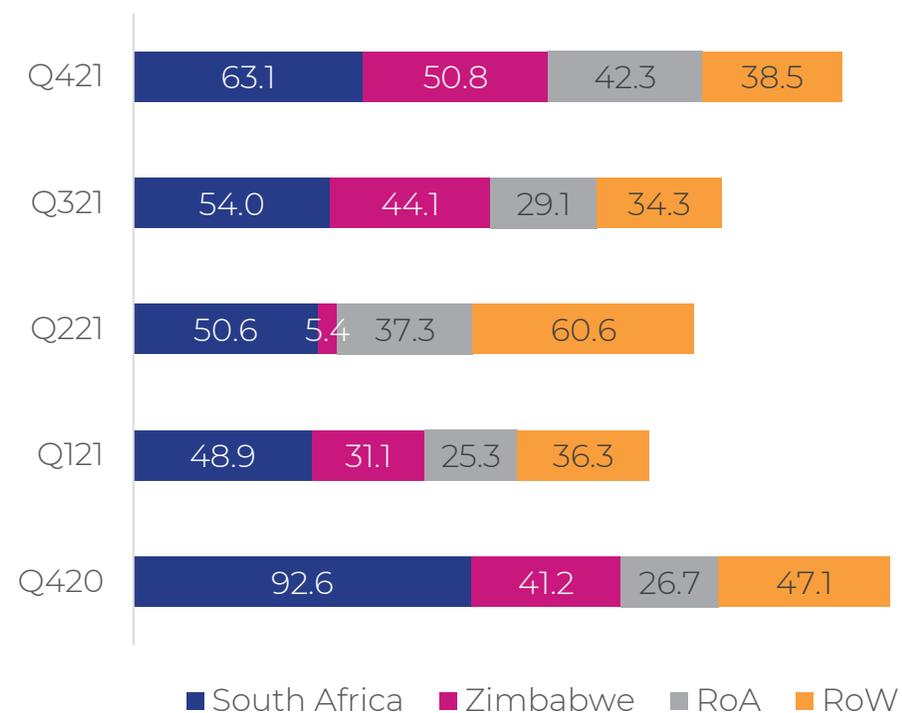


Quarterly revenue by geography

Good progression across all territories

- All regions reported sequential increases in revenue relative to the prior quarter
- South Africa revenue declined Q4 year-on-year largely due to the adverse FX movements
- Zimbabwe experienced another stable quarter
- Rest of Africa Q4 revenue increased 45% versus Q3 and 58% year-on-year with broad based strong growth across all territories
- Rest of World declined year-on-year largely due to lower margin deals in the prior year

Quarterly revenue progression by geography
(USD m)

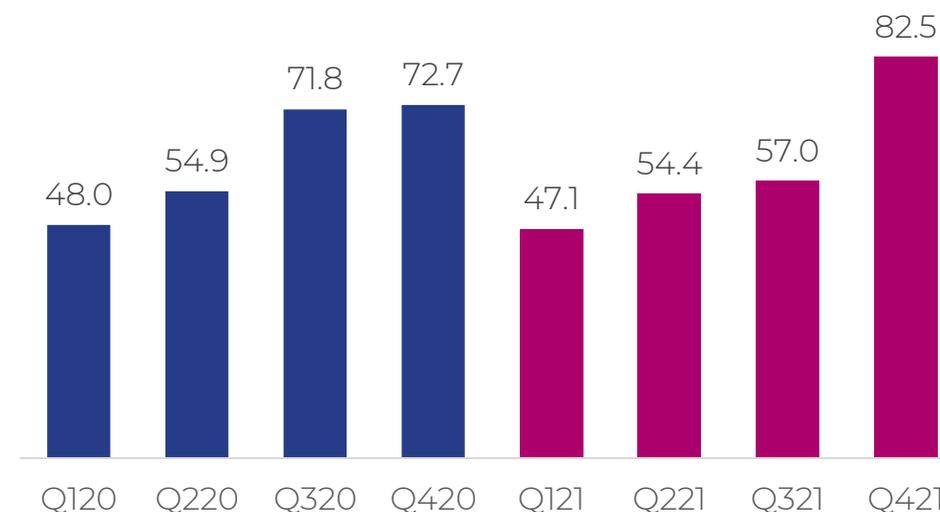


Adjusted EBITDA by quarter

Strong end to the year

- **Adjusted EBITDA¹ down (2.6)% in the year from the lower revenue, partially mitigated by strong cost control**
- **Excluding the adverse exchange rate impact in South Africa, adjusted EBITDA¹ up 1.5% in the year**
- **Strong end to the year with Q4 adjusted EBITDA¹ up 13.8% year-on-year from improved gross margin as well as continued cost control**

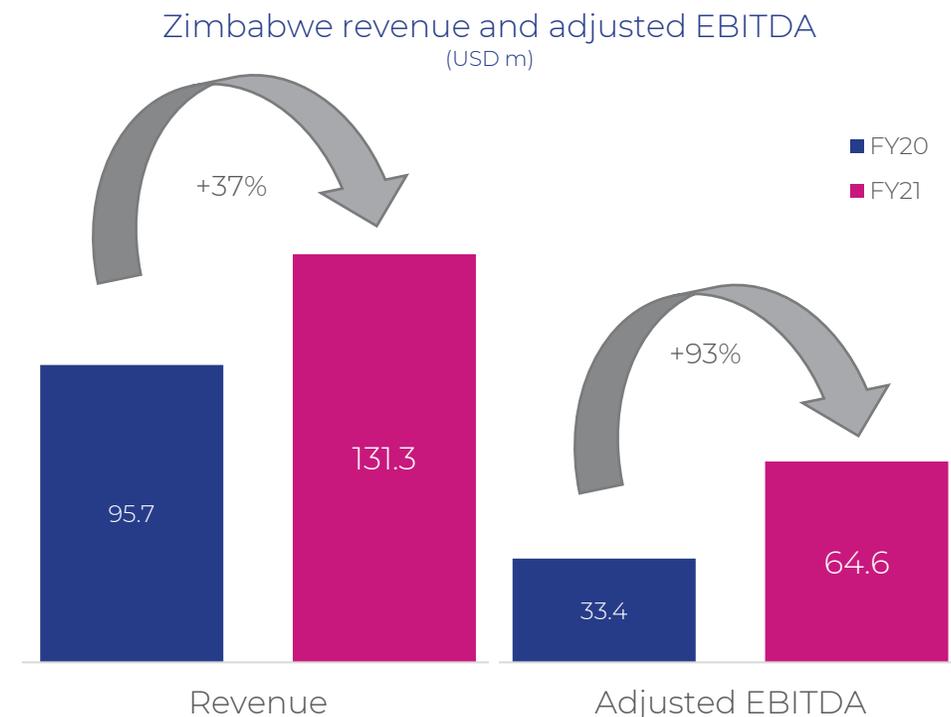
Quarterly EBITDA trend
(USD m)



Deep dive into Zimbabwe

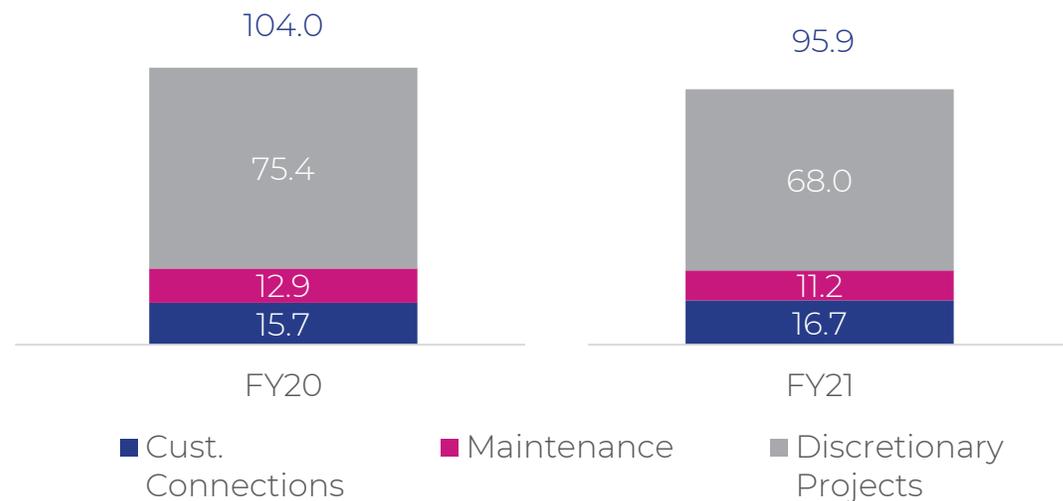
Significant improvement year-on-year

- **FY21 was a year of relative stability**
- **Increasingly bill in USD**
- **We continue to see a good level of monthly collections in USD of between \$0.5m and \$1.0m**
- **Weekly auctions provide an opportunity for some cash repatriations**
- **Operations remain entirely self-funded**



Capex

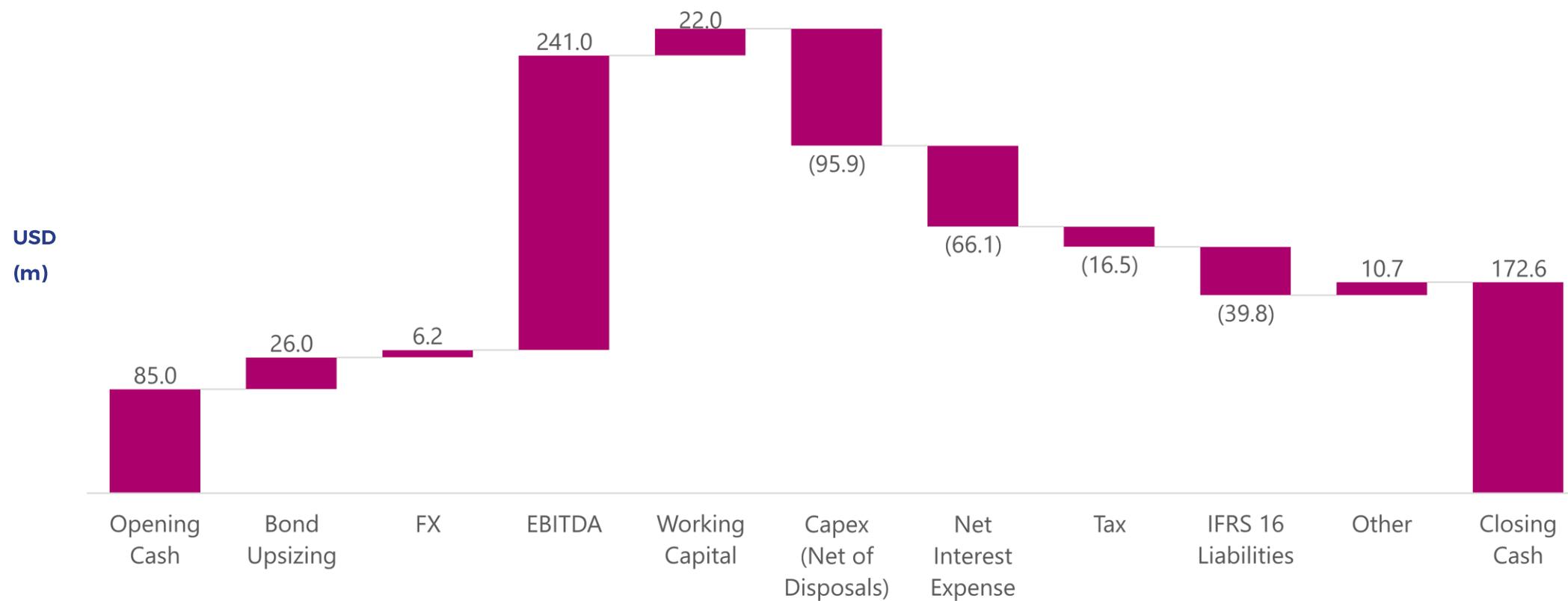
Highly disciplined year of capital investment



- **Overall capex down (8.4)% year-on-year largely due to lower discretionary project spend**
- **We anticipate a material increase in FY22 driven by investment in key growth projects**

Cash flow

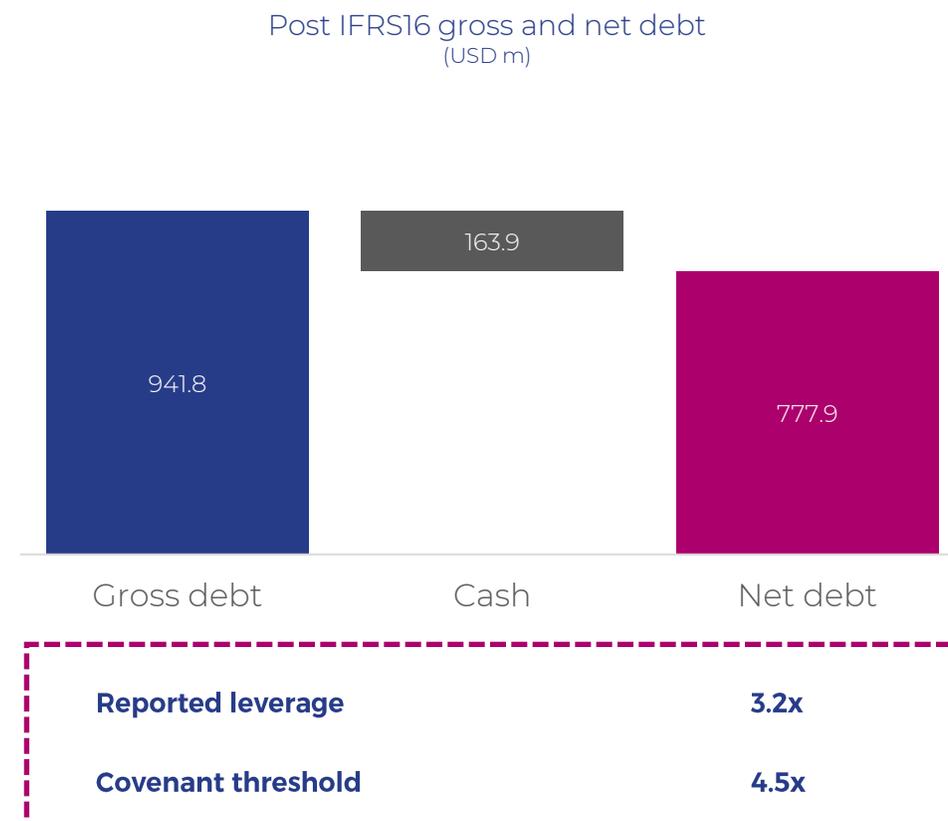
Strong increase in cash generation



Debt and leverage

Refinance complete; leverage of 3.2x, comfortably within new threshold

- **Gross and net debt now reported on a IFRS16 basis and includes lease liabilities**
- **Covenants also on an IFRS16 basis**
 - Net debt to adjusted EBITDA
 - Interest Cover
 - Debt Service Cover
- **Group operating comfortably within the covenant thresholds**



FY22 Outlook considerations

Revenue

- **FX tailwind at existing rates**
- **No ADC contribution: USD 23.5 million in FY21**

Adjusted EBITDA

- **Strong cost control continuing**
- **No ADC contribution: USD 11.6 million in FY21**

Capex

- **Material increase year-on-year driven by investment in key growth projects**
- **No ADC Capex: USD 17.3 million in FY21**
- **We anticipate Capex for FY22 to be in the range of USD 150 million to 180 million**



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Q&A

Appendix

FY21 Income statement

All figures USD m unless stated	FY21	FY20	YoY	YoY %
Revenue	651.9	694.9	(43.0)	(6.2)%
Adjusted EBITDA	241.0	247.4	(6.4)	(2.6)%
Adjusted EBITDA margin %	37.0%	35.6%	140bps	
Depreciation, amortisation and impairment	(123.6)	(149.9)	26.3	17.5%
Operating profit	117.1	97.5	19.6	20.1%
Finance costs	(99.7)	(79.4)	(20.3)	(25.6)%
Net foreign exchange loss	(386.0)	(599.1)	213.1	35.6%
Hyperinflation monetary adjustment	391.9	458.5	(66.6)	(14.5)%
Other ¹	(37.6)	59.2	(96.8)	(163.5)%
Profit / (loss) for the year	(14.3)	(63.3)	49.0	77.4%

Source: Company information

¹ Includes dividend received, restructuring costs, acquisition and other investment costs, interest income, share of profit of associate and tax expense

Q421 Income statement

All figures USD m unless stated	Q421	Q420	YoY	YoY %
Revenue	194.7	207.5	(12.8)	6.2%
Adjusted EBITDA	82.5	72.7	10.0	13.8%
Adjusted EBITDA margin %	42.4%	34.9%	750bps	
Depreciation, amortisation and impairment	(36.9)	(38.6)	1.7	4.4%
Operating profit	45.6	34.1	11.7	33.7%
Finance costs	(40.7)	(20.7)	(20.0)	(96.6)%
Net foreign exchange loss	(51.7)	(127.2)	75.5	59.4%
Hyperinflation monetary adjustment	64.3	222.3	(158.0)	(71.1)%
Other ¹	(19.8)	37.8	(57.6)	(152.4)%
Profit / (loss) for the year	(2.3)	146.1	(148.4)	(101.6)%

Source: Company information

¹ Includes dividend received, restructuring costs, acquisition and other investment costs, interest income, share of profit of associate and tax expense

Aged debtor analysis

Aged debtor analysis by quarter
(USD m)

