

The logo for LIQUID INTELLIGENT TECHNOLOGIES. The word "LIQUID" is in a large, bold, white sans-serif font. Below it, the words "INTELLIGENT TECHNOLOGIES" are in a smaller, white sans-serif font. The logo is set against a dark blue circular background.

**LIQUID**  
INTELLIGENT TECHNOLOGIES

# H1 FY22 Results

21 October 2021



# Disclaimer

The information in this presentation (the "Presentation") is the property of Liquid Telecommunications Holdings Limited. Save as specifically agreed in writing by Liquid Telecommunications Holdings Limited and certain of its subsidiaries (the "Company" and the "Group"), the Presentation must not be copied, reproduced, distributed or passed, in whole or in part, to any other person.

This information is given in good faith based upon the latest information available to Liquid Telecommunications Holdings Limited, no representation or warranty, expressed or implied, is or will be made and, save in the case of fraud, no responsibility or liability is or will be accepted by any member of the Group or by any of their respective direct or indirect shareholders, officers, servants or agents, representatives, advisers, financing parties or affiliates as to or in relation to the fairness or completeness of the Presentation or the information forming the basis of this Presentation or for any reliance placed on the Presentation by any person whatsoever. In particular, but without prejudice to the generality of the foregoing, no representation or warranty is given as to the achievement or reasonableness of any future projections, targets, estimates or forecasts contained in the Presentation. The contents of which must not be taken as establishing any contractual or other commitment binding upon Liquid Telecommunications Holdings Limited or any of its subsidiary or associated companies.

To the extent this Presentation contains forward looking information, these forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, amongst other things, results of operations, financial condition, liquidity, prospects, growth and strategies.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward looking statements are not guarantees of future performance and the actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements set out in this Presentation. In addition, even if the results of operations, financial condition and liquidity of the Group, and the development of the industry in which the Group operates, are consistent with the forward-looking statements set out in this Presentation, those results or developments may not be indicative of results or developments in subsequent periods. Liquid Telecommunications Holdings Limited is under no obligation to revise, update, modify or amend the information in this document or to otherwise notify a third-party recipient if any information, opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate regardless of whether those statements are affected as a result of new information, future events or otherwise.



# 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

# H122 highlights

An encouraging first half with strong growth driven by Networks and Cloud and Cybersecurity

## Strategic highlights

- **Now trading as Liquid Intelligent Technologies in all operating territories**
- **The fibre network surpassed 100,000 kilometres, reinforcing the Group's position as the provider of Africa's largest independent fibre network**
- **Announced a partnership with Facebook to build an extensive long-haul and metro fibre network in the DRC**
- **The Digital Solutions segment, encompassing Cloud and Cybersecurity, continued to deliver encouraging growth**

## Financial highlights

- **Revenue of USD 349.3 million, up 18.1% year-on-year, driven by strong growth in Networks and Cloud and Cybersecurity**
- **Adjusted EBITDA<sup>1</sup> of USD 150.3 million, up 48.1% year-on-year, benefiting from the strong revenue growth and improved margins**
- **Strong liquidity position with cash generated from operations of USD 104.1 million, up 11.8% year-on-year**
- **Net debt<sup>2</sup> of USD 782.5 million, resulting in a net debt to adjusted EBITDA<sup>1,2,3</sup> ratio of 2.7x compared to the 4.5x threshold**

# Rebrand to Liquid Intelligent Technologies

Now trading as Liquid Intelligent Technologies in all operating territories



Botswana



Kenya



South Africa

 Africa's digital future is an intelligent one. 



DRC



# Surpassed 100,000 kilometres of network

Following extensions of builds in the DRC and South Africa, our fibre network now reaches more than 100,000 kilometres

Land mines, South Sudan  
2020



Zimbabwe FTTH  
2013



Nimule to Juba, South Sudan  
2019



Eruption of Mount Nyiragongo, Goma, DRC  
2021



Kananga to  
Mbuji-Mayi, DRC  
2021



Zambia FTTH  
2021



FSOC  
Google,  
DRC  
2021



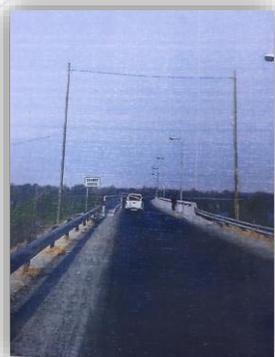
Trenching to Airtel site, Kenya  
2020



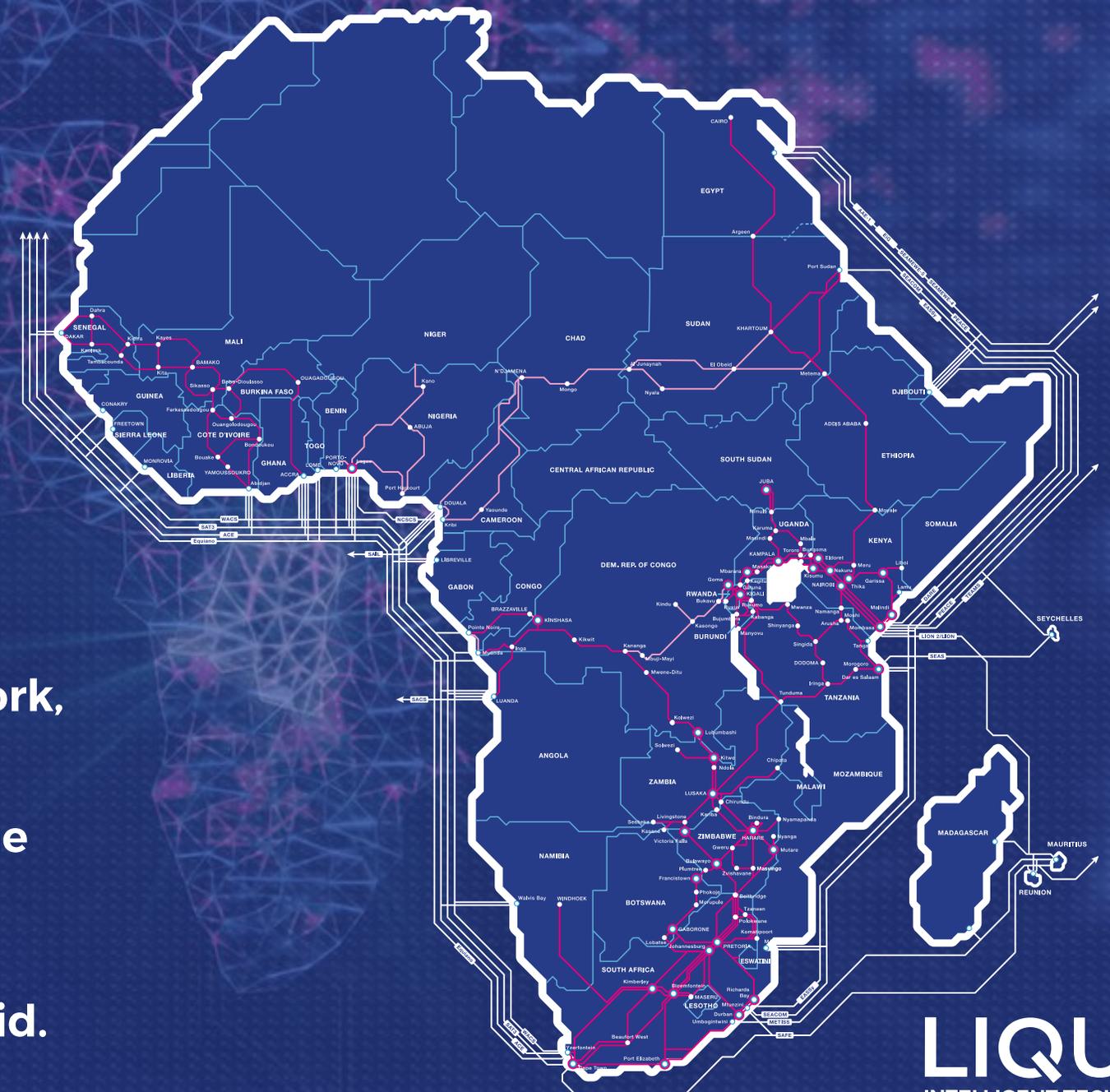
Crossing the Zambezi  
2011



Victoria  
Falls  
2015







# Africa's Cloud is Liquid

Our seamless pan-African network, enabled by Microsoft is transforming the way our customers do business across the continent.

Put simply, Africa's cloud is Liquid.



# Launch Partner of Microsoft Operator Connect

**Operator Connect** Preview

Manage partnerships with your phone number providers. You can only get phone numbers from providers you've established a partnership with. [Learn more](#)

**Operator summary**

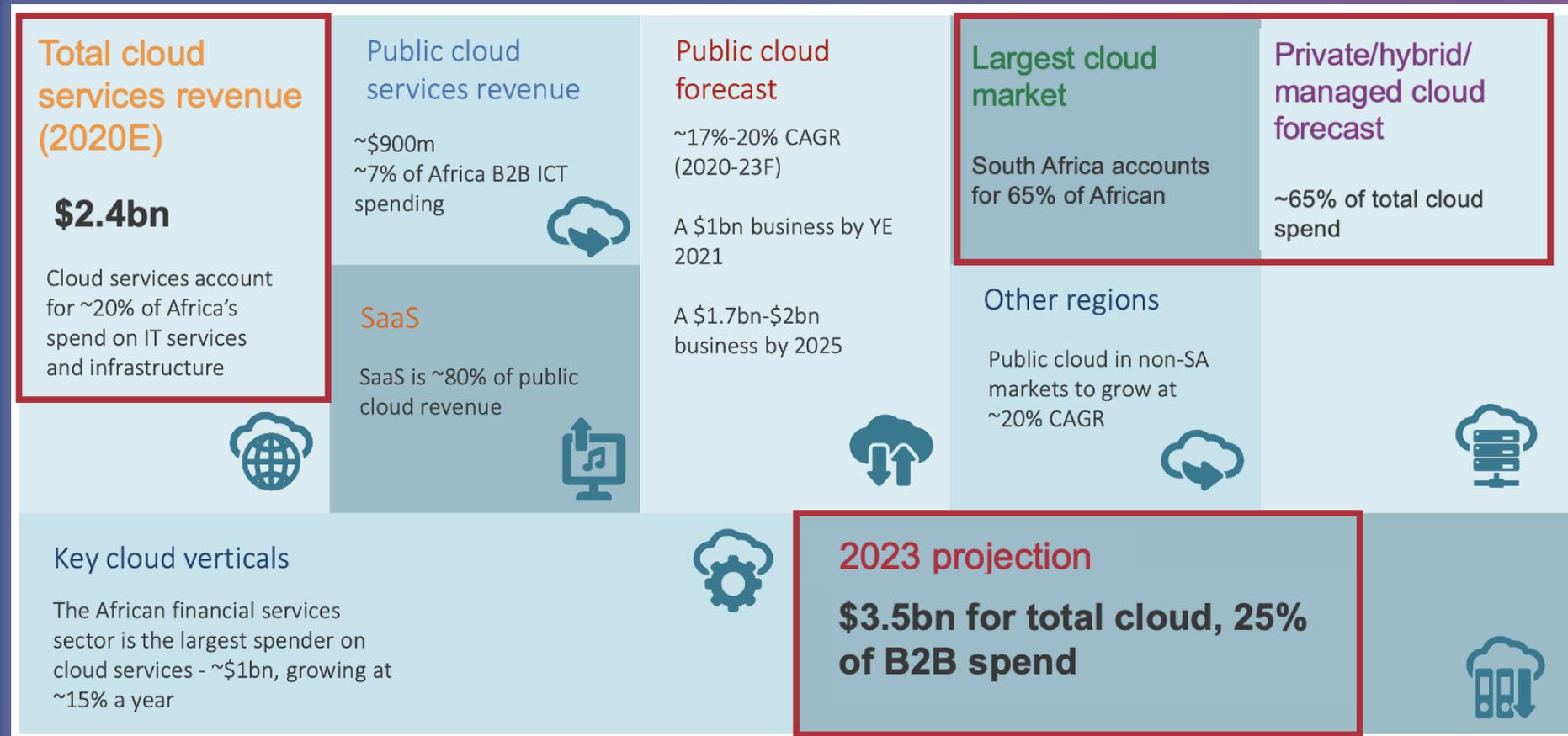
12 All operators    1 My operator

**All operators**    My operators

Belgium, Denmark, Finland, France, Germa...    Calling

<p>BT</p> <p>Available products ✓ Calling</p> <p>Served regions Belgium, Denmark, +15 more.</p> <p><a href="#">Offer details</a></p>	<p>NTT</p> <p>Available products ✓ Calling</p> <p>Served regions Australia, Austria, +37 more.</p> <p><a href="#">Offer details</a></p>	<p>Pure IP</p> <p>Available products ✓ Calling</p> <p>Served regions Australia, Austria, +40 more.</p> <p><a href="#">Offer details</a></p>	<p>nuwave powered by ipilot</p> <p>Available products ✓ Calling</p> <p>Served regions Austria, Belgium, +13 more.</p> <p><a href="#">Offer details</a></p>	<p>Intrado</p> <p>Available products ✓ Calling</p> <p>Served regions Belgium, Brazil, +23 more.</p> <p><a href="#">Offer details</a></p>	<p>TATA COMMUNICATIONS</p> <p>Available products ✓ Calling</p> <p>Served regions Australia, Austria, +25 more.</p> <p><a href="#">Offer details</a></p>
<p>Orange Business Services</p> <p>Available products ✓ Calling</p> <p>Served regions Austria, Australia, +29 more.</p> <p><a href="#">Offer details</a></p>	<p>telenor</p> <p>Available products ✓ Calling</p> <p>Served regions Denmark, Finland, +2 more.</p> <p><a href="#">Offer details</a></p>	<p>Telekom Deutschland</p> <p>Available products ✓ Calling</p> <p>Served regions Germany</p> <p><a href="#">Offer details</a></p>	<p>LIQUID INTELLIGENT TECHNOLOGIES</p> <p>Available products ✓ Calling</p> <p>Served regions Kenya, Rwanda, +4 more.</p> <p><a href="#">Offer details</a></p>	<p>verizon</p> <p>Available products ✓ Calling</p> <p>Served regions United States</p> <p><a href="#">Offer details</a></p>	<p>ROGERS FOR BUSINESS</p> <p>Available products ✓ Calling</p> <p>Served regions Canada</p> <p><a href="#">Offer details</a></p>

# The African Cloud Market



# Our portfolio overview

Core capabilities leveraging our existing infrastructure



## Cloud Networking

Connecting to, with & in the cloud

## Cloud Voice

Voice delivered from the cloud

## Cloud Applications

Enterprise SaaS and add-ons

## Cloud Platforms

IaaS, PaaS, private/public & hybrid



## Cyber Defence

Intelligent prevention

## Secure Access

Right people, right place, right data

## Secure Data

Your data uncompromised

# 3 years accelerated growth

Microsoft business



**4,417**  
Customers  
CQGR of 16.5%  
over 8 quarters

**152,308**  
Seats  
CQGR of 15.5%  
over 8 quarters



**125**  
Azure customers

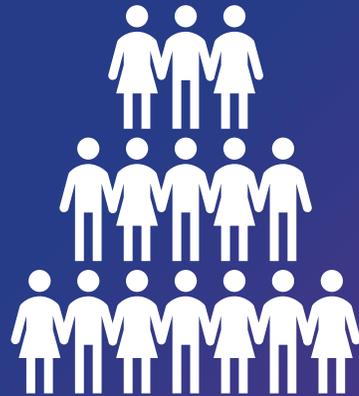
**22**  
countries served

# Key focus areas

H1 22 and beyond



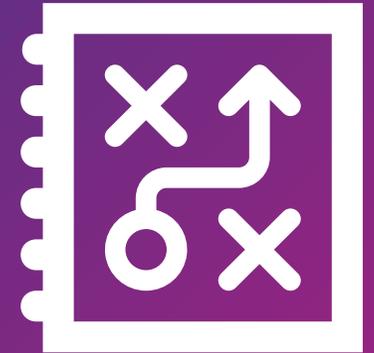
**Modernise  
enterprise  
voice**



**Expand geographic  
through partners**



**Build Cyber  
Security Managed  
Services**



**Develop  
integrated  
products**

# Environmental and Social Management System – H1 activity

## Progress in H1 FY22

- E&S project screening and risk assessments for all relevant projects
- Adoption of the external grievance procedure by contractors and within communities
- Compilation of a Group HR Manual and Retrenchment Policy
- Development of a Group Level Driver Policy
- Increased accuracy of monthly HSE related KPI reporting
- Development of an E&S Supplier Code of Conduct
- Development of a Stakeholder Engagement Framework

Good progress with key stakeholder ESG requirements

No	Description	Status	Progress / Comments
1	Develop an E&S Project Screening Procedure to assess E&S Risks	Complete	
2	Review electronic waste management procedure	Complete	
3	Develop and adopt a Group Driver Policy	Complete	
4	Develop a Group Physical Security Management Plan	In Progress	External service provider to be appointed. Tender evaluation currently in progress
5	Complete the Land Access and Compensation Guideline	Complete	
6	Design a Group Stakeholder Engagement Framework	Complete	
7	Finalise and adopt a Group HR Policy and Manual	In Progress	Group HR Policy compiled. Final comments from the IFC and CDC to be incorporated. HR Manual to follow once all Group HR policies are approved.
8	Develop an E&S Suppliers Code of Conduct	Complete	
9	Develop a Group Retrenchment Policy	Complete	
10	Include GBVH reporting in the internal and external Grievance Policies	Complete	
11	Include labour and working conditions in the Contractor Specification	Complete	

H2 focus

- Compilation of a Group HR Manual
- Group Physical Security Management Plan
- Implementation of the Stakeholder Engagement Framework

Kate Hennessy

## 2. Financial review

# H122 financial highlights

An encouraging first half; strong growth driven by Networks and Cloud and Cybersecurity performance

- **Revenue of USD 349.3 million, up 18.1% year-on-year, driven by strong growth in Networks and Cloud and Cybersecurity, with growth of 21.6% in the second quarter**
- **Adjusted EBITDA<sup>1</sup> of USD 150.3 million, up 48.1% year-on-year, benefiting from the strong revenue growth and improved operating margins with a 11.4pp uplift in gross margin to 75.5%**
- **Strong liquidity position maintained with cash generated from operations of USD 104.1 million**
- **Net debt<sup>2</sup> at the end of the first half was USD 782.5 million, resulting in a net debt to adjusted EBITDA<sup>1,2,3</sup> ratio of 2.70x, with improved EBITDA and cash position creating significant headroom compared to the 4.50x threshold**

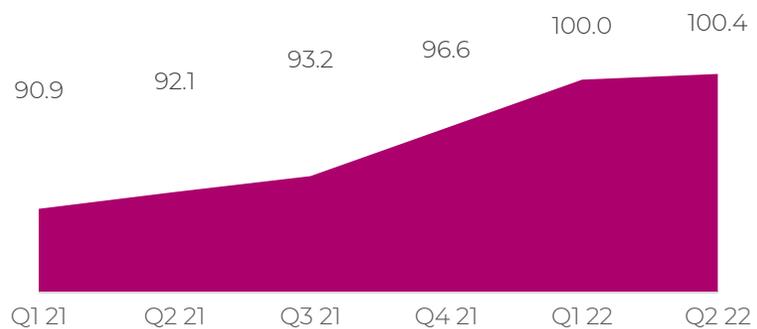
<sup>1</sup>Adjusted EBITDA is defined as earnings before interest, taxation, depreciation, impairment and amortisation, and is also presented having adjusted for the following items: restructuring costs, acquisition and other investment costs, net foreign exchange (loss)/gain, hyperinflation monetary gain and share of profit from associate.

<sup>2</sup>Net debt is defined as gross debt less unrestricted cash and cash equivalents.

<sup>3</sup>Adjusted EBITDA for the last twelve months

# Q222 key performance indicators

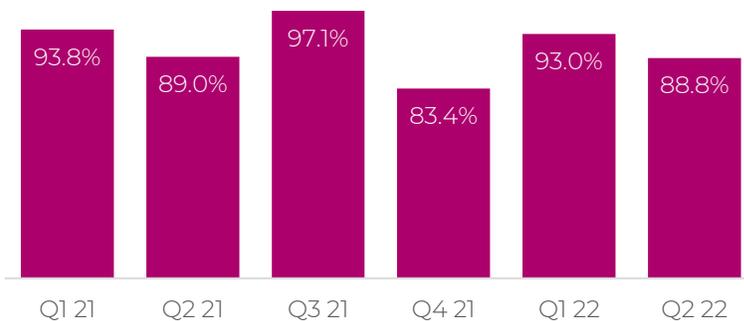
## Total fibre network (kms 000)<sup>1</sup>



## Average churn rate<sup>2</sup>



## Monthly recurring revenue<sup>3</sup>



## Subsea capacity (Gbps)<sup>4</sup>



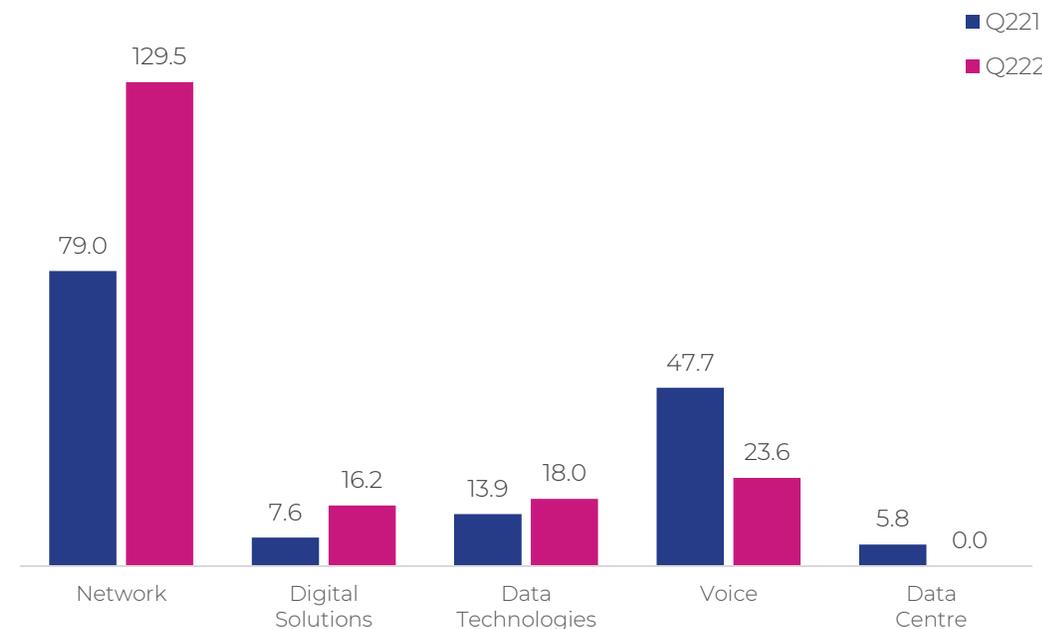
Source: Company information

<sup>1</sup> Total fibre network in kilometres (incl. 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. <sup>2</sup> 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. <sup>3</sup> 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 in the same period. <sup>4</sup> Capacity, in gigabits per second, purchased by, activated by, or reserved for, Liquid Intelligent Technologies on subsea cables (incl. IRUs).

# Q222 YoY revenue by segment

- **Network produced strong growth in the second quarter of 63.9% year-on-year to USD 129.5 million largely driven by new deals in South Africa and Zimbabwe**
- **Digital Solutions demonstrated encouraging growth of 113.2% to USD 16.2 million in the second quarter driven by strongly growing demand for cloud-based solutions**
- **Data Technologies growth of 29.5% to USD 18.0 million was due to new connections in the Rest of World and favourable exchange rates**
- **Voice revenue continued to decline, down 50.5% year-on-year to USD 23.6 million, as activity continues to move to data services**

Q222 YoY revenue by segment  
(USD m)

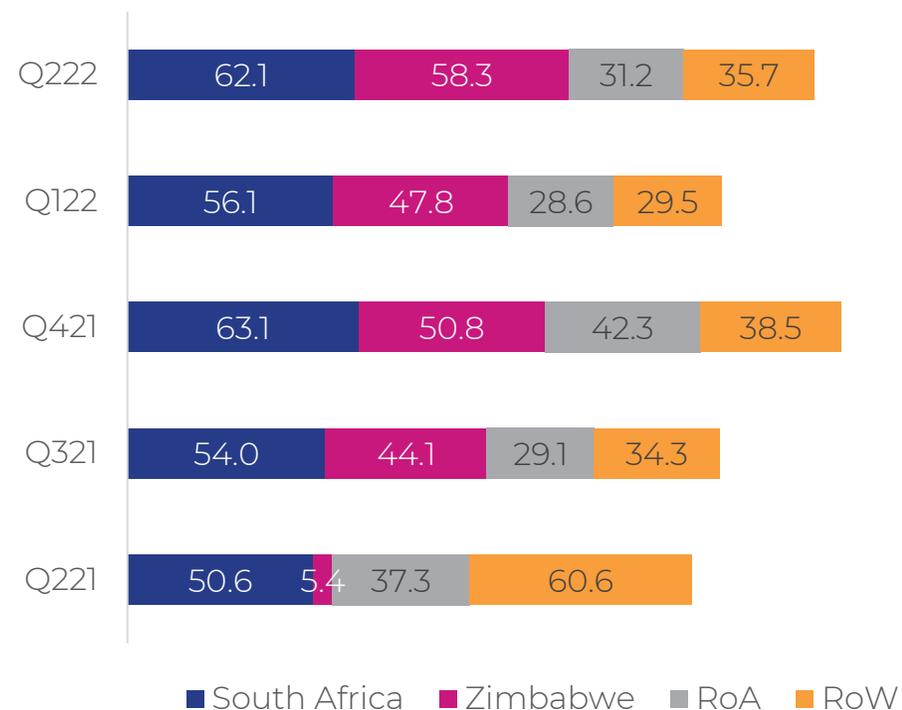


# Quarterly revenue by geography

## Strong growth in South Africa and Zimbabwe

- **Good growth in South African revenue which included a benefit from favourable FX movements**
- **Another quarter of stable inflation and CPI helped to deliver strong growth in Zimbabwe, which also benefited from good demand for data connectivity**
- **Rest of Africa Q2 revenue decreased primarily as a result of adverse exchange rates and timing of deals in the prior year**
- **Rest of World declined year-on-year largely due to reducing voice volumes**

Quarterly revenue progression by geography  
(USD m)

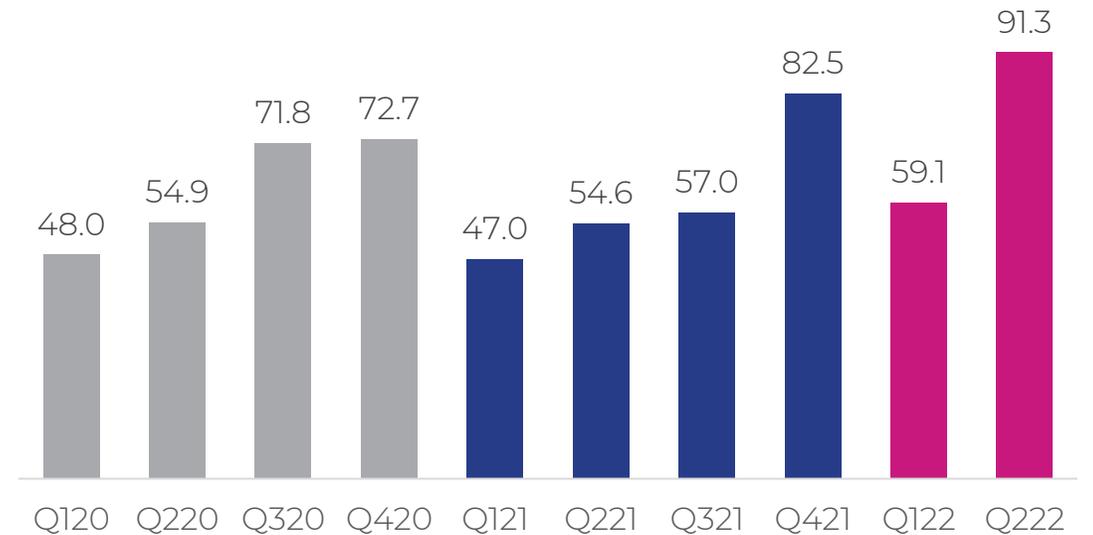


# Adjusted EBITDA

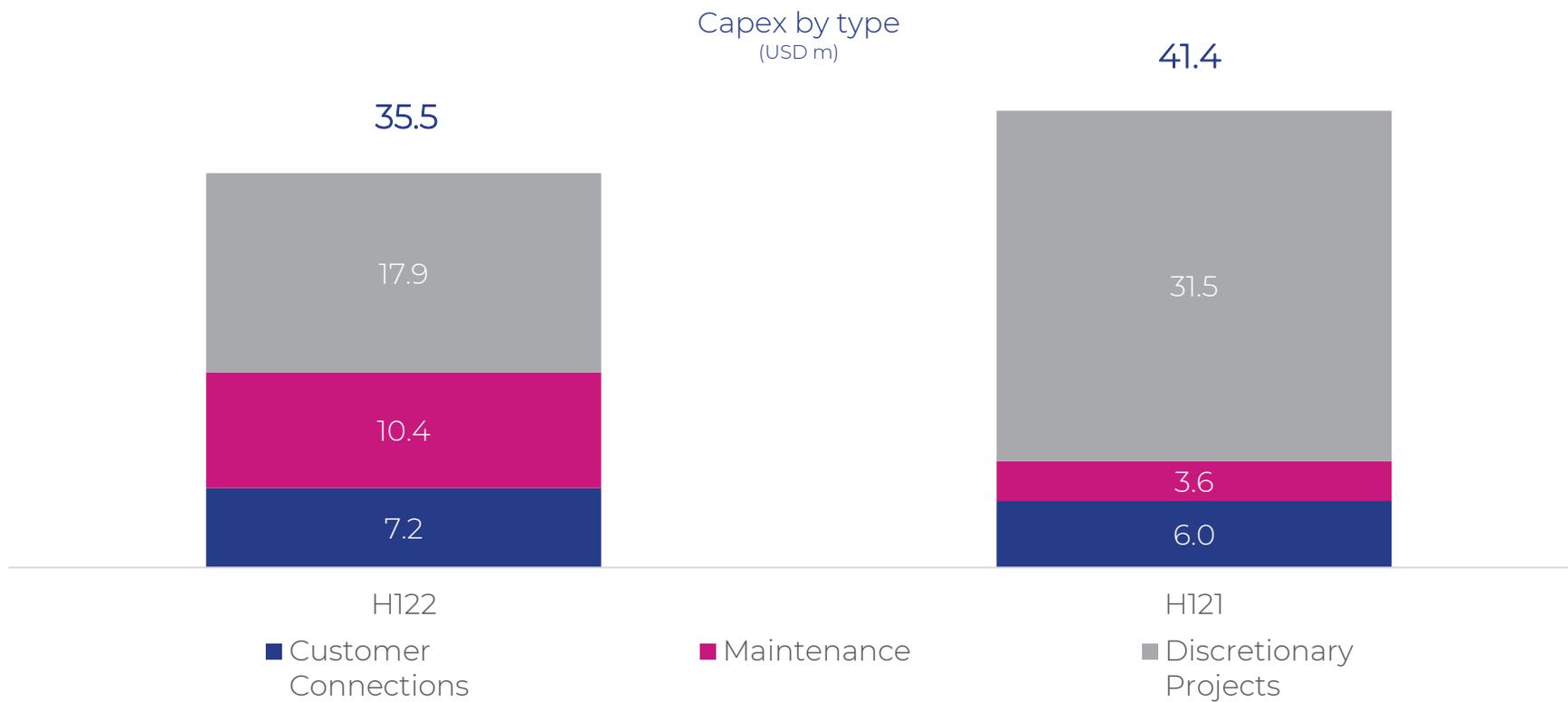
Good start to the year

All figures USD m unless stated	Q222	Q221	YoY
Revenue	187.3	154.0	21.6%
Gross profit	144.9	95.9	51.1%
<i>Gross profit margin (%)</i>	<i>77.4%</i>	<i>62.3%</i>	<i>15.1pp</i>
Overheads and other income	(53.7)	(41.5)	(29.4)%
Adjusted EBITDA <sup>1</sup>	91.3	54.4	67.8%
<i>Adjusted EBITDA<sup>1</sup> margin (%)</i>	<i>48.7%</i>	<i>35.3%</i>	<i>13.4pp</i>

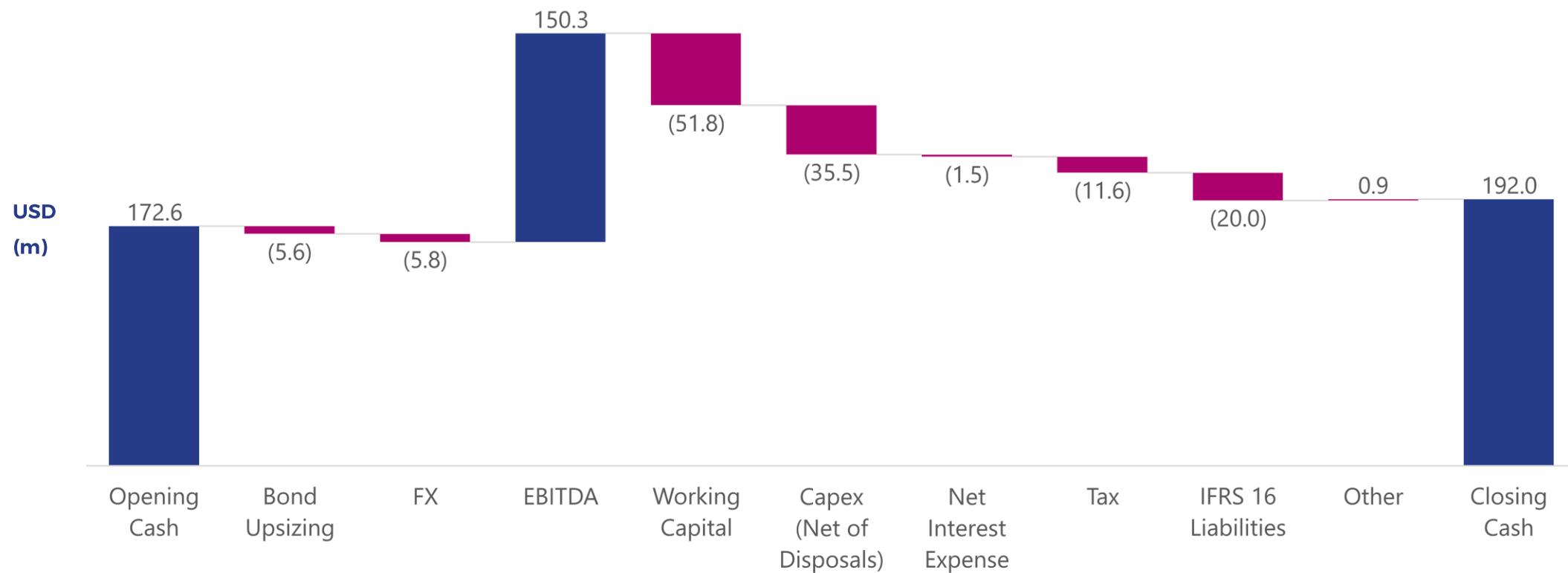
Quarterly adjusted EBITDA<sup>1</sup> trend  
(USD m)



# Capex in H122

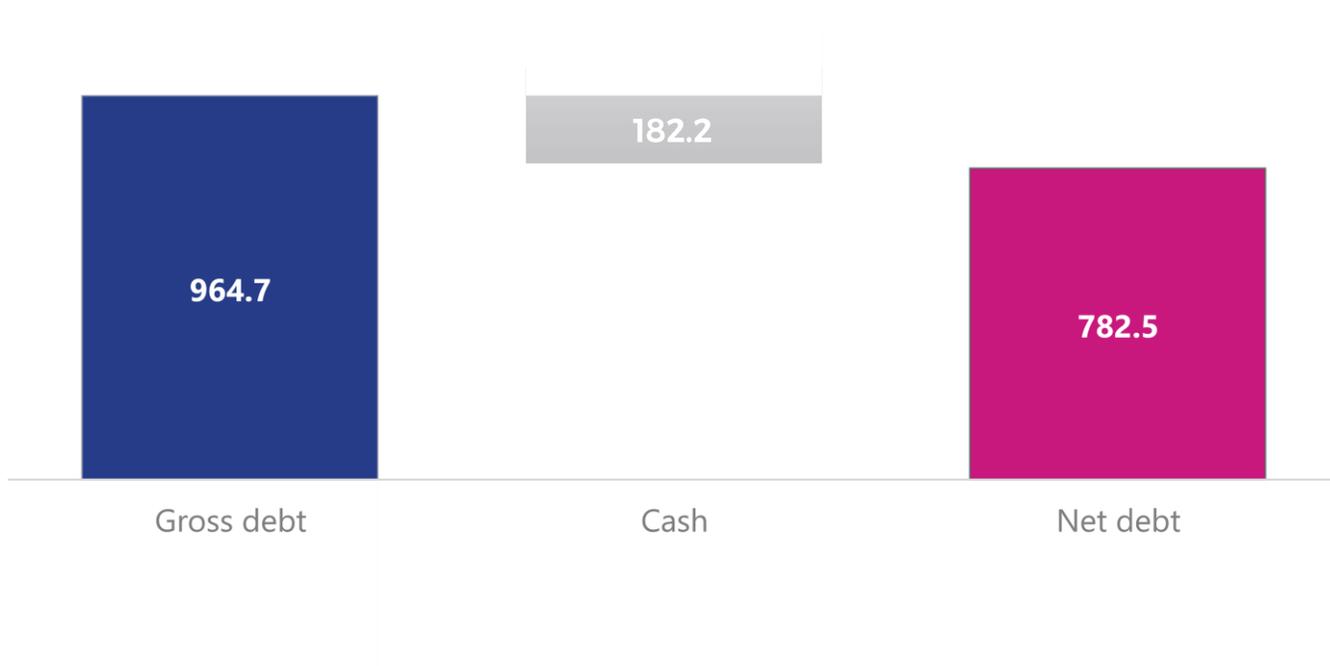


# Cash flow



# Debt and leverage

## Post IFRS16 Gross and Net Debt USDm



**Reported leverage**

**2.7x**

**Covenant threshold**

**4.5x**

# FY22 Outlook considerations

## Revenue

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

## Adjusted EBITDA

- Focus on strong cost control
- Monitoring the Zimbabwean exchange rate
- No ADC contribution: USD 11.6 million in FY21

## Capex

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



**LIQUID**  
INTELLIGENT TECHNOLOGIES

**Q&A**

# Appendix

# HI22 and Q222 Income statement

All figures USD m unless stated	H122	H121	YoY %	Q222	Q221	YoY %
Revenue	349.3	295.7	18.1%	187.3	154.0	21.6%
Adjusted EBITDA	150.3	101.5	48.1%	91.3	54.4	67.8%
<i>Adjusted EBITDA margin %</i>	<i>43.0%</i>	<i>34.3%</i>	<i>n/a</i>	<i>48.7%</i>	<i>35.3%</i>	<i>n/a</i>
Depreciation, amortisation and impairment	(61.9)	(50.0)	(24.5)%	(32.1)	(23.6)	(36.0)%
<b>Operating profit</b>	<b>88.4</b>	<b>51.5</b>	<b>71.7%</b>	<b>59.2</b>	<b>30.8</b>	<b>92.2%</b>
Finance costs	(34.3)	(38.9)	11.8%	(17.0)	(19.2)	11.5%
Net foreign exchange (loss) / gain	(1.8)	(303.5)	99.4%	5.1	(192.5)	102.6%
Hyperinflation monetary adjustment	54.4	267.4	(79.7)%	37.6	77.9	(51.7)%
Other <sup>1</sup>	2.5	(11.4)	1.2%	(11.2)	1.6	(8.0)%
<b>Profit / (loss) for the period</b>	<b>109.3</b>	<b>(34.9)</b>	<b>413.2%</b>	<b>73.7</b>	<b>(101.4)</b>	<b>172.7%</b>