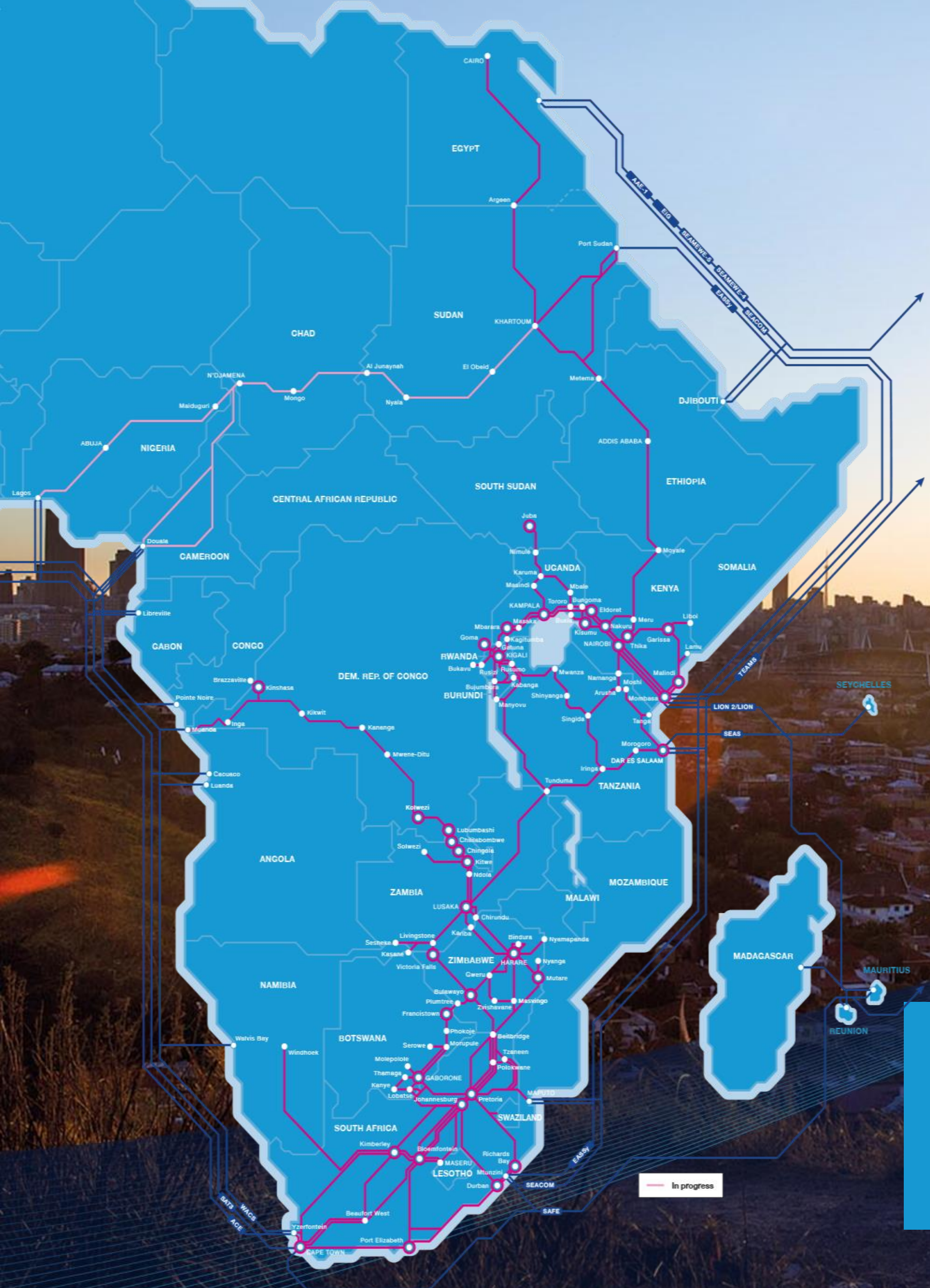

Building Africa's digital future

Liquid Telecom
Q3 FY21 Results

21 January 2021

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Presenter

Financial update
Kate Hennessy, CFO of Liquid Telecom

Highlights

Q3 FY21 YTD performance

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Trading in line with expectations

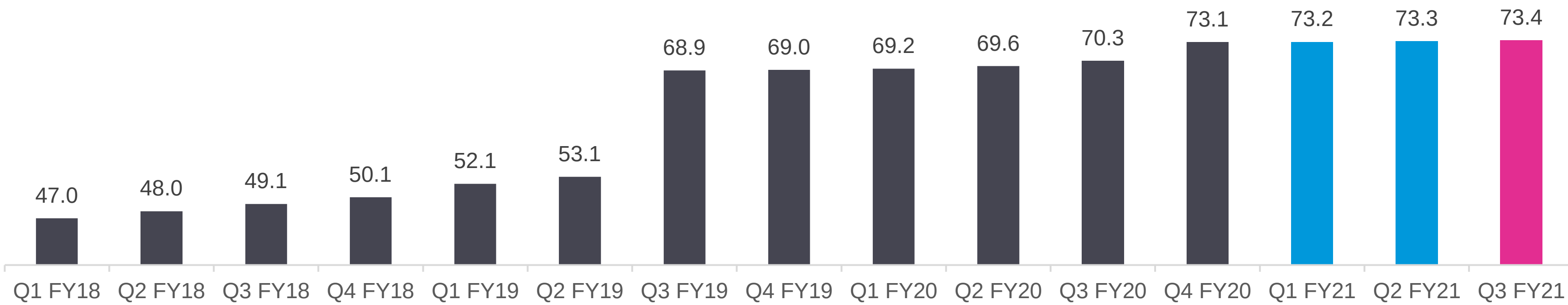
Revenue (USD m)	Adjusted EBITDA (USD m)
535.3 -2.3% YoY	**158.6** -9.1% YoY

CAPEX (USD m)	Total cash (USD m)	Net Debt / EBITDA
59.5 -31.9% YoY	**82.2** -14.6% YoY	**3.50x** vs. 4.25x threshold

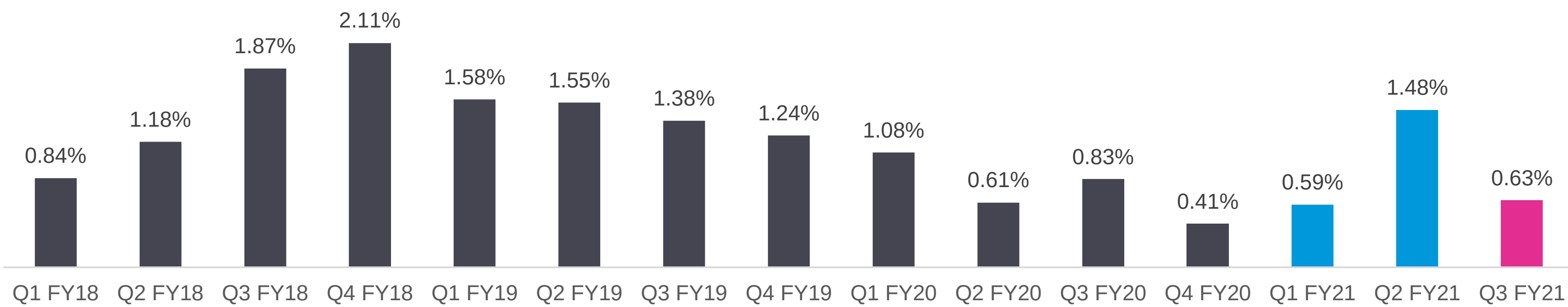
The Q3 2019-20 figures revenue and adjusted EBITDA figures as above are as reported.
In the quarterly financial statements all prior year figures have been restated for IAS 29 hyperinflation.

Q3 FY21 key performance indicators

Number of kilometres of fibre[1] (000s)



Average churn rate[2]



[1] Total number of kilometres (including backbone, metro and FTTX) over which fibre is installed. Multiple fibre cables or ducts within the same trench are only counted once. 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.

Launch of new technology solutions segments

Strategic repositioning to offer a wider array of technology solutions

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 all 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

Underpins 'Go-To-Market' sales strategy for Enterprise

Impact of COVID-19 pandemic

	Q3 FY21 impact	Outlook
Operational	• Situation is fluid but some restrictions lifted, allowing projects to resume • Phased return, where possible, of Liquid Telecom's workforce to work from the office in Africa	• Continue to catch up on delayed projects • Risk of further localised lockdowns remains
Commercial & financial	• Improved ZAR rate compared to prior quarters, but 9.2% lower year on year for the quarter • Collections remain resilient and improving but we continue to monitor closely • Churn also improving but we remain very vigilant	• FX volatility remains the most significant negative factor in FY21 • Will be some catch up with business customers as lockdowns ease, but overall expect delays in re-building the future sales pipeline
Liquidity	• Continue to protect liquidity with USD 40m RCF drawn down and placed on deposit • Working Capital outflow from prior year reversing with collections and increasing MRR	• The Group will maintain disciplined approach to cost management and capital investment to protect FCF position • Continuous focus on working capital management and cash preservation

Financial update

Revised revenue by segment

- Network revenue of USD 112.4m, up 7.7% YoY, driven by the sale of IRUs and dark fibre in Rest of World and East Africa, with a benefit from USD billing in Zimbabwe offsetting the headwind of the timing of deals in South Africa

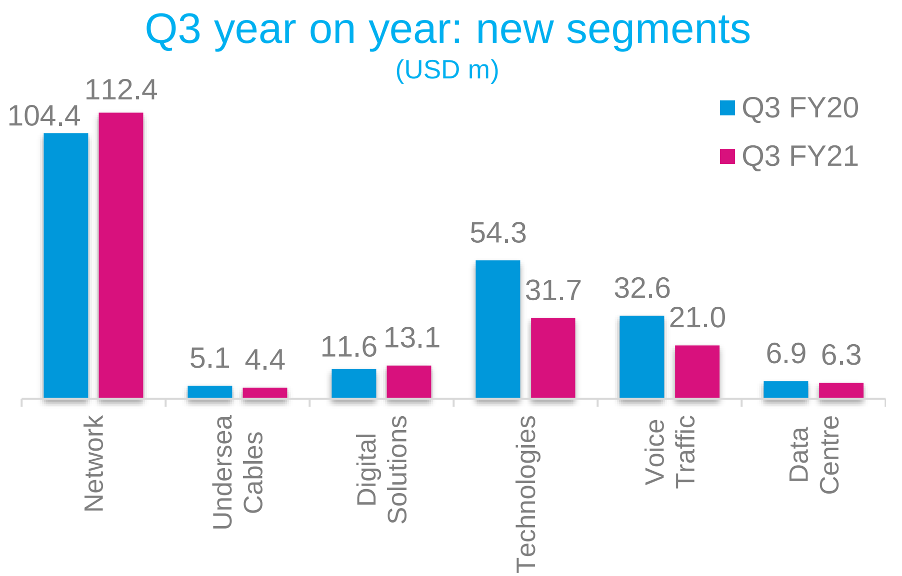
- Undersea Cables revenue declined due to adverse FX movements and some customer churn

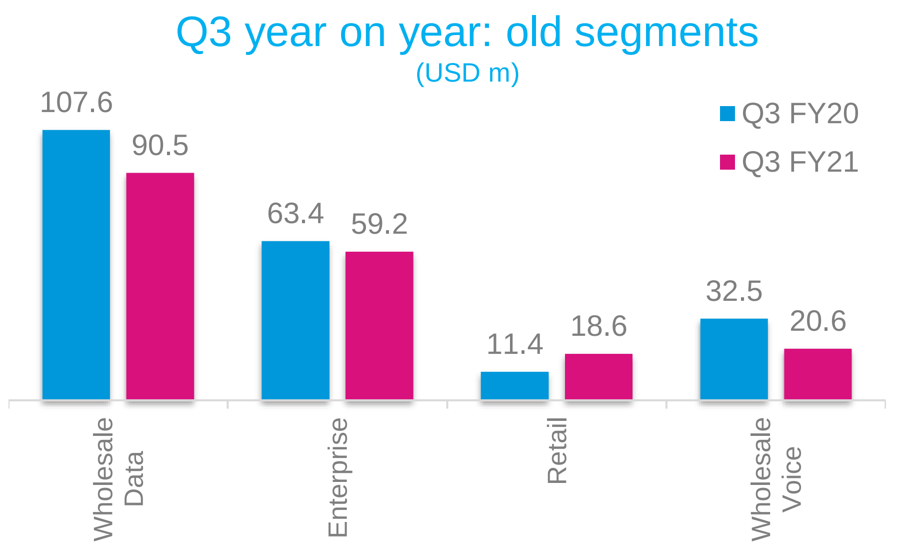
- Digital Solutions revenue growth of 12.9% benefited from growing remote working as a result of COVID-19

- Technologies revenue decline resulting from the set-up of certain projects in the prior year

- Voice Traffic revenue continues to fluctuate with the decline in the quarter due to reduced usage

- Data Centre revenue decline due to adverse FX rates



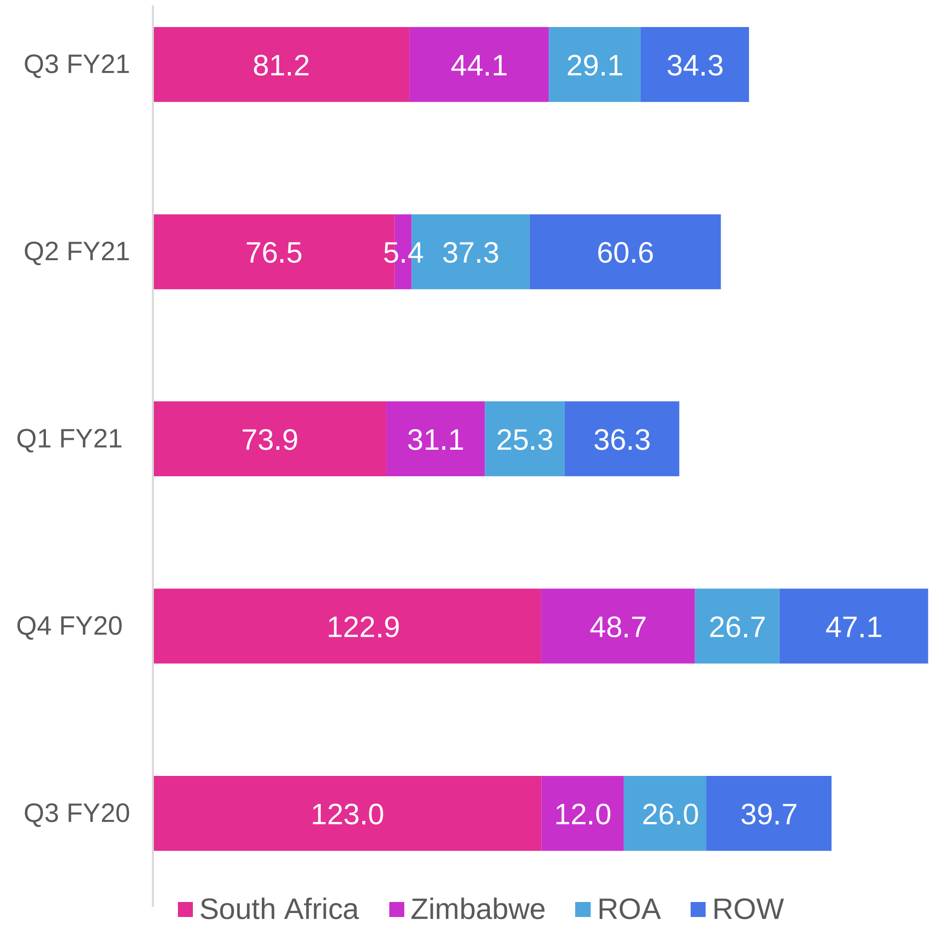


Revenue by geography

- Quarterly improvement in South Africa largely driven by slightly improving FX trends and better churn
- YoY decline due to the deterioration in the ZAR to USD exchange rate and the timing of deals in the current and prior years
- Zimbabwe revenue in the quarter saw an improved performance driven by tariff increases and higher levels USD billing, in addition to the favourable impact of IAS 29
- Rest of Africa continues to experience good growth reflecting the benefits of past investment, monetising projects in South Sudan and the DRC. The quarterly decline is due to the impact of an IRU sale in the prior quarter
- The Rest of World revenue reflects the decline in voice traffic in the quarter

Quarterly progression by geography

(USD m)

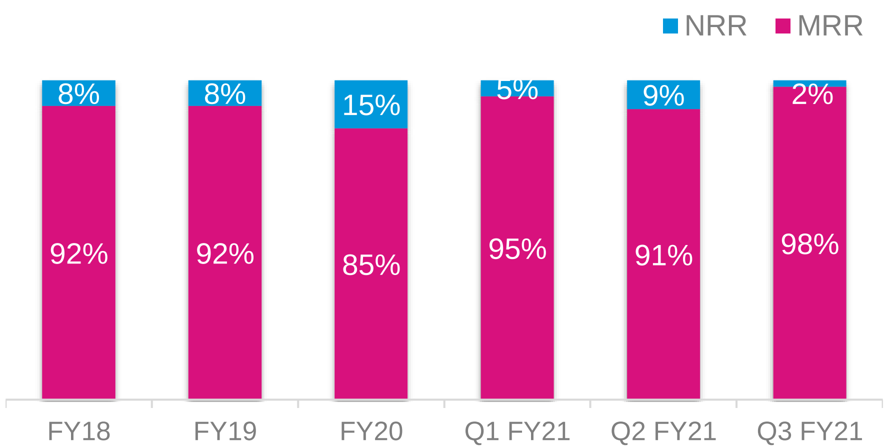


Prior year Q3 as restated for hyperinflation in Zimbabwe

Monthly recurring revenue (MRR)

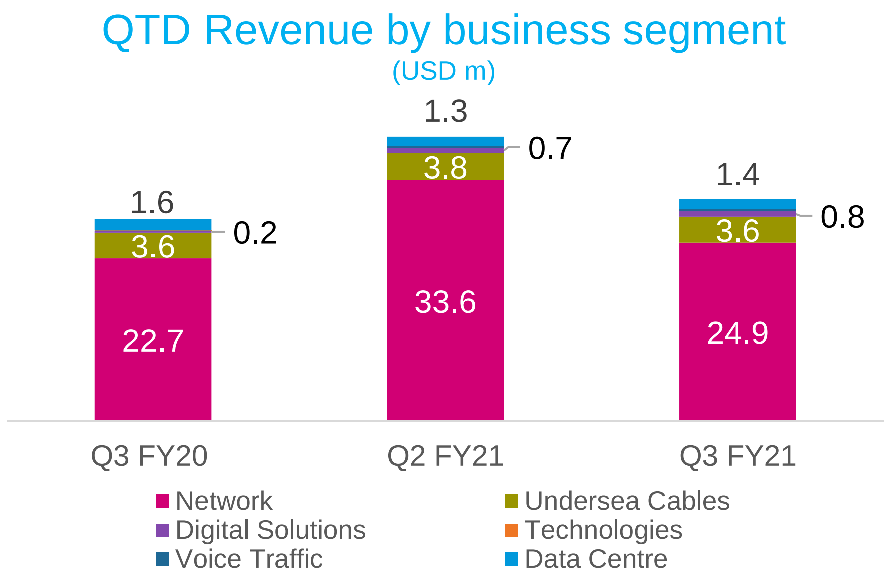
- MRR is a cornerstone to stable cash generation, although NRR still a valuable way to recoup build costs quickly
- Mix can vary according to customer requirements, but the average NRR for the last 3 years for the Group was c.10%
- In FY21 year to date it is lower largely due to delays related to NLD 5 & 6
- South Africa NRR typically higher than the group as a whole

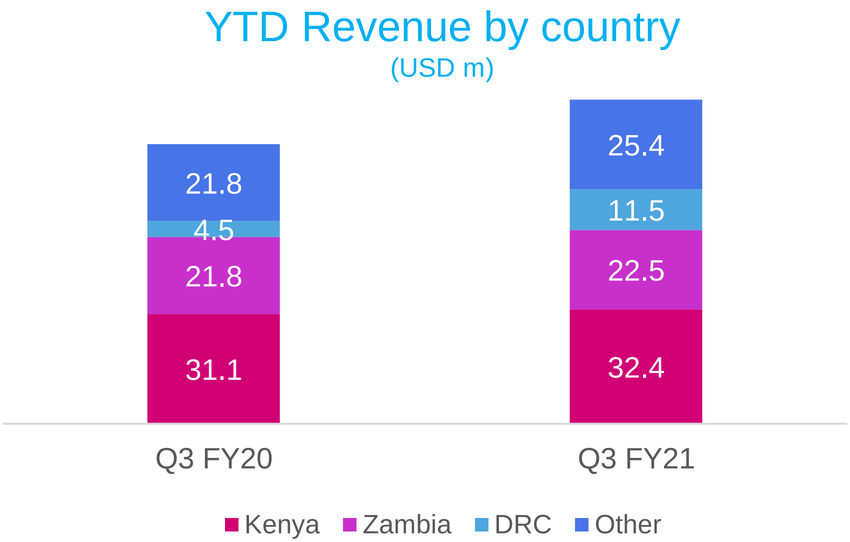
MRR / NRR trends



Deep dive into Rest of Africa

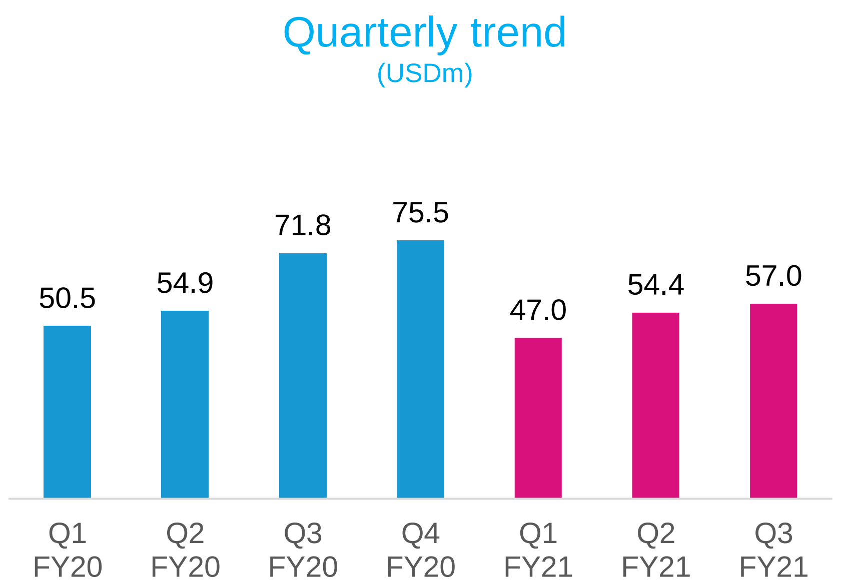
- Rest of Africa comprises Kenya, DRC, Zambia, Tanzania, Rwanda, Botswana, Uganda, Nigeria and South Sudan
- Continued improvement in Rest of Africa performance, Q3 revenue up 9.9% year on year and 15.9% year to date
- Good growth in Network revenue driven by commercialisation of investment in the DRC and multiple other projects across territories
- Increase in revenue across all countries
- Kenya accounted for 35% of revenues year to date, down from 39% in the same period last year, as the DRC and other countries grow strongly





Adjusted EBITDA by quarter

- Reduction largely due to revenue decline with gross margin also lower due to the new, long-term, roaming agreements
- Partially offset by careful cost control which resulted in 6.7% reduction in opex in the quarter as we start to benefit from organisational restructuring in South Africa
- Adjusted EBITDA in Q3 down 20.6% YoY but up 4.8% QoQ



Prior year Q3 as restated for hyperinflation in Zimbabwe

Steady cash generation

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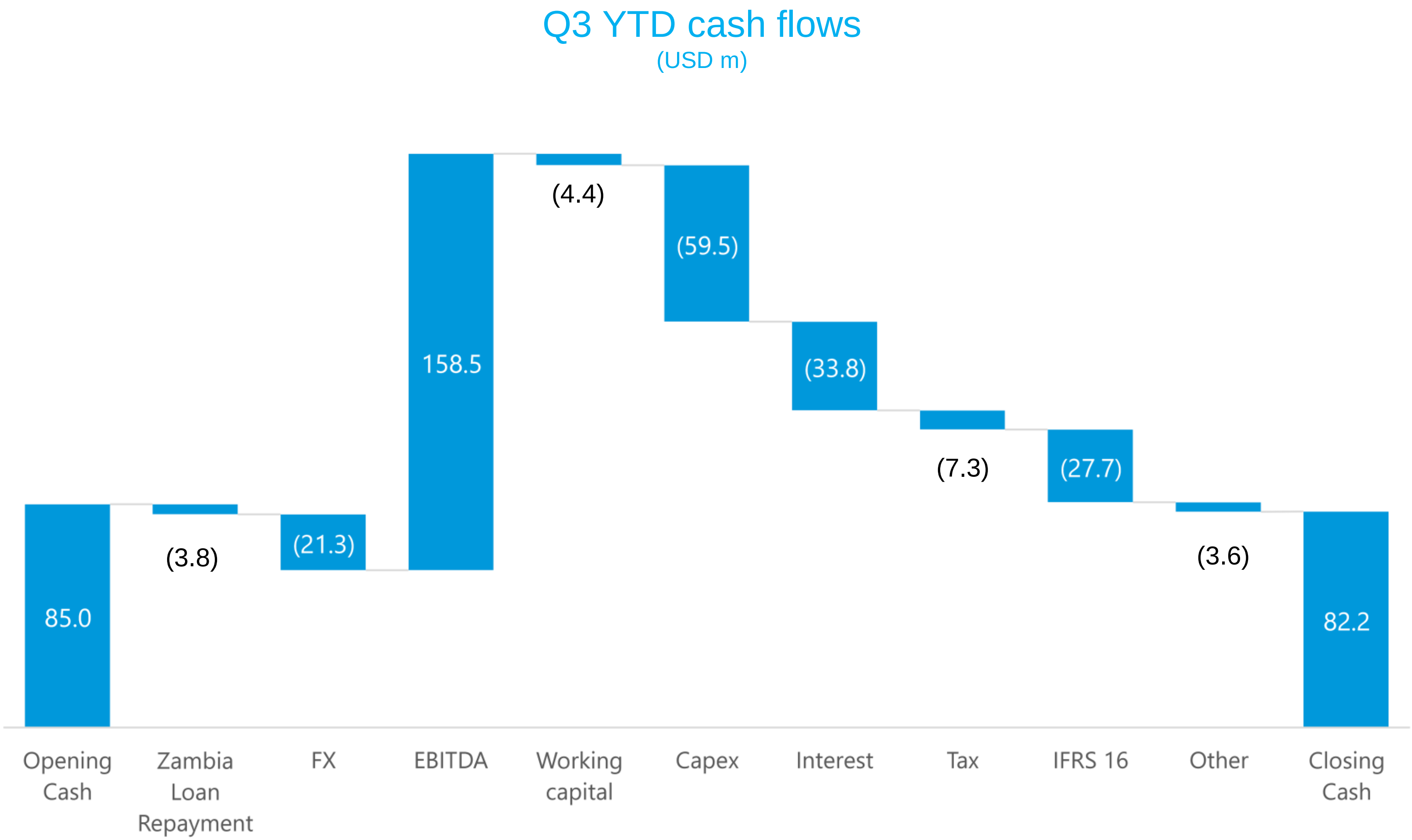
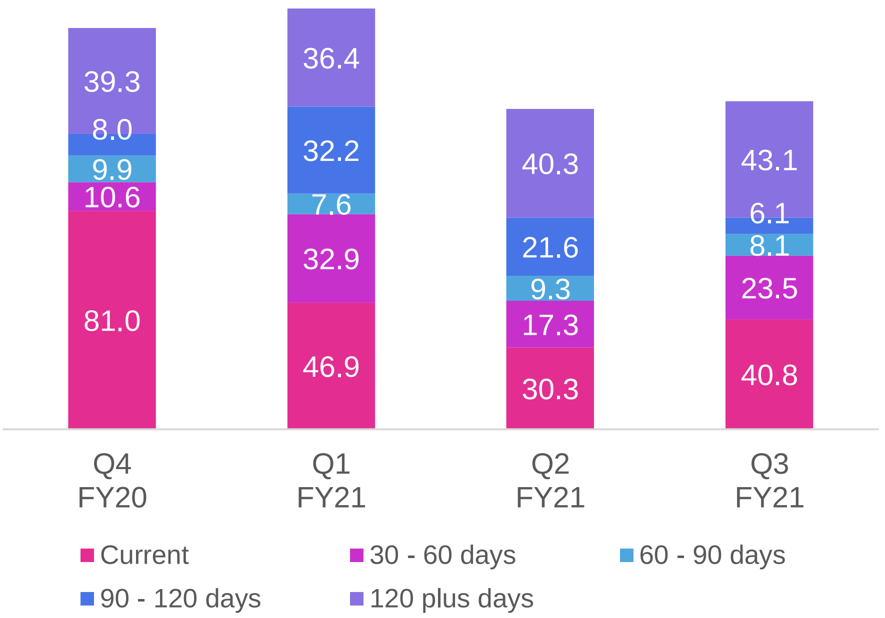


Aged debtor analysis

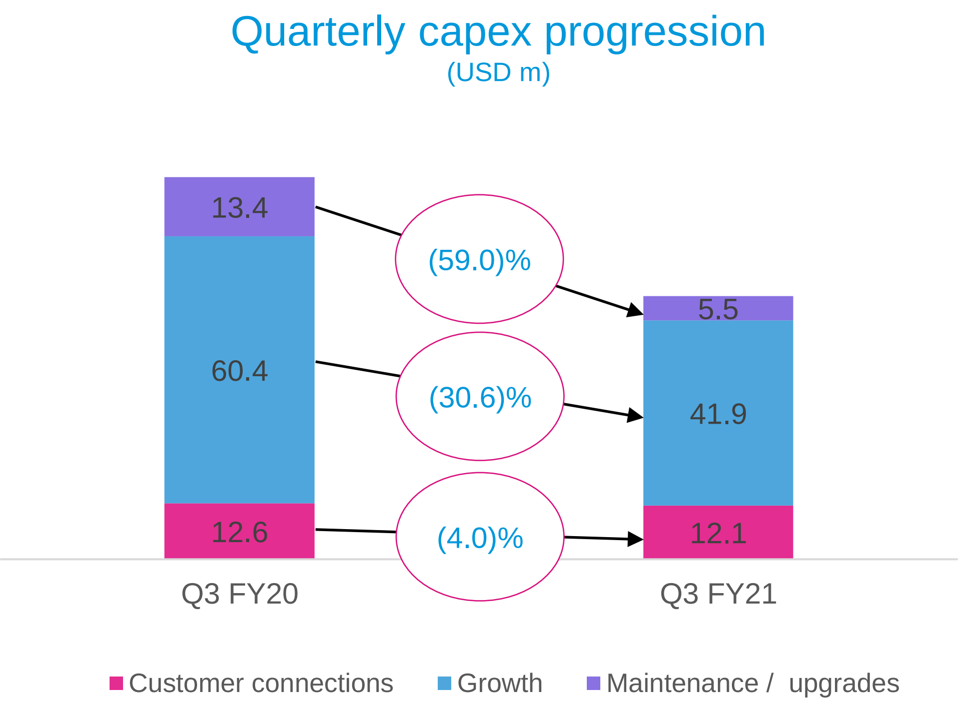
- Overall quantum of debtors broadly stable. This is reflected in the positive working capital trajectory
- Significant reduction in those aged 90 – 120 days
- Certain contracts concluded in FY20 carry longer than usual payment terms, so are not overdue. These largely fall in the 90-120 days and 120+ days buckets and total USD 28.1m
- Bad debt provision of USD 42.1m in place to cover all amounts (excluding those with contractually longer payment terms as described above)

Aged debtors
(USD m)



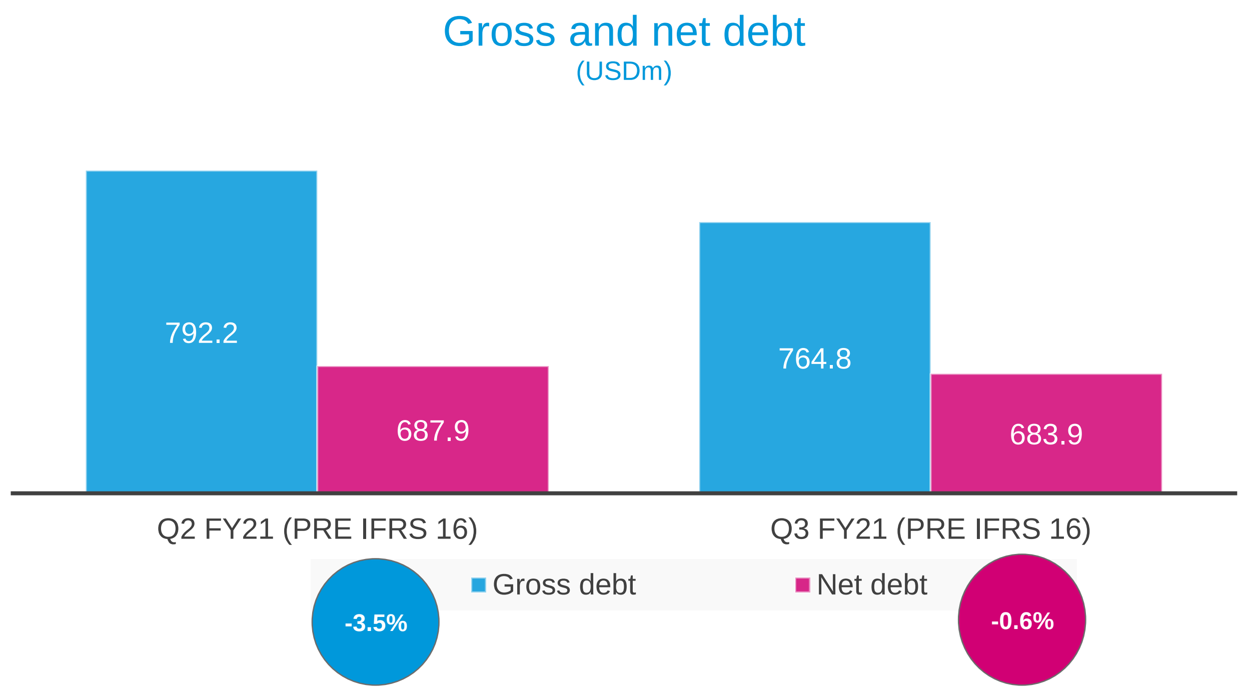
Targeted capex investment in key projects

- Capex spend in Q3 FY21 was USD 18.1m, 48.3% lower year on year as we continued to preserve cash. Total spend Q3 to date was USD 59.5m, 31.1% lower year on year
- Capex investment prioritised on growth projects such as NLD 5 & 6 and East to West in the DRC
- Maintenance and customer connection spend in line with business requirements
- Full year guidance now in the range of USD 80m to 100m[1]



[1] Previously USD 90m to 110m

Debt marginally lower; operating comfortably within maintenance covenant



	Type of covenant	Threshold	Q3 FY21	Q2 FY21
Net debt / adjusted EBITDA	Maintenance	4.25	3.50	3.33
Gross debt / adjusted EBITDA	Incurrence	3.75	3.80	3.80

FY21 Outlook maintained

Revenue

- The Group's business and operations are inherently resilient against the COVID-19 pandemic due to ever increasing demand for connectivity and digital services in the lockdown environment
- Business customers more likely to be impacted resulting in delays in closing deals, lower new sales, discounting and slower debt collections

Adjusted EBITDA

- Forecasting a negative FX drag on adjusted EBITDA in FY21, predominantly due to weaker ZAR and ZWL$ against the USD however recent trends more encouraging
- Expected some volatility in FX rates although seeing improving trend more recently
- Typical quarterly profile distorted by the pandemic, but expect a strong Q4

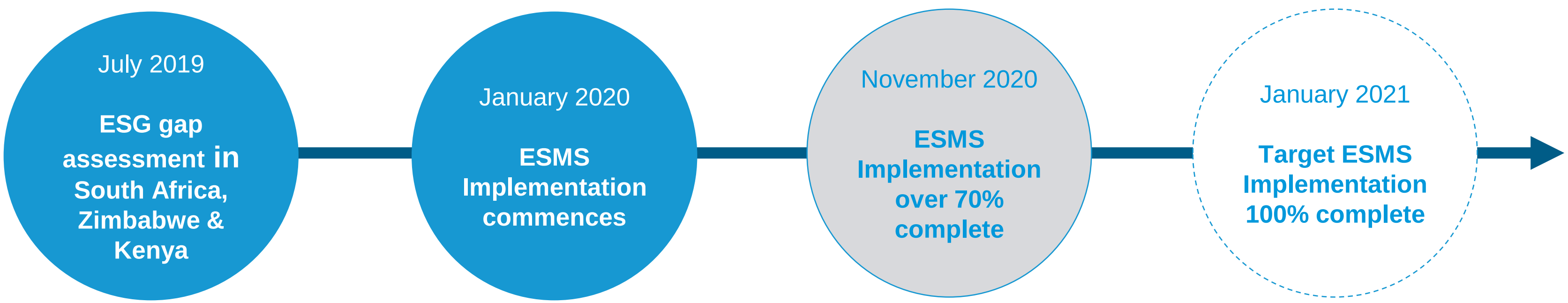
Capex

- As we maintain strong investment discipline to protect the Group's free cashflow position, we anticipate capex for FY21 to be in the range of USD 80 million to 100 million[1]
- We continue to prioritise discretionary capex dynamically as the impact of the COVID-19 pandemic continues to unfold

[1] Previously USD 90m to 110m

Environmental and Social Management System Q3 progress

- E&S Project Screening and Categorization Procedure
- External Grievance Procedure (Contractors and Community Stakeholders)
- Input provided into Supply Chain Code of Conduct
- 2021 ESMS Regional implementation action plans towards continual improvement
- Scope 1 and Scope 2 Carbon Foot printing



Environmental and Social Management System Q3 regional progress

South Africa

- Updated contractor specifications
- Digital contractor KPI submission system
- Scope 1 & 2 carbon foot printing
- Bi-annual HSE vetting of contractors
- Working at heights procedure
- Update HSE legal registers
- Update environmental aspects and impacts register
- Addressing ISO 45001 and ISO 14001 open audit findings

Southern Africa

- Internal grievance procedures
- Increase capacity – DRC HSE Officer
- Baseline and legal registers for all OPCOs
- HSE Training:
  - Incident management: 55 contractors
  - Incident investigations: 150 staff
  - PPE handling and disposal: 100 staff
  - COVID-19 hygiene and cleaning : 45 contractors
- HSE vetting of all contractors
- HSE training on Liquid specifications for all contractors

East Africa

- HSE committees in all OPCOs
- HSE Training:
  - Hazard identification: 30 staff
  - Risk Assessment & Safe Work procedures: 30 staff
  - Ladder safety: 30 staff
  - HSE Committee training: 15 staff
- Legal and baseline registers
- Emergency and response plan
- HSE policies in all OPCOs
- Contractor specification: Kenya, Uganda, Zambia
- Internal grievance procedures
- HIRA procedures in all OPCOs
- Daily safety task instructions procedure

Q&A