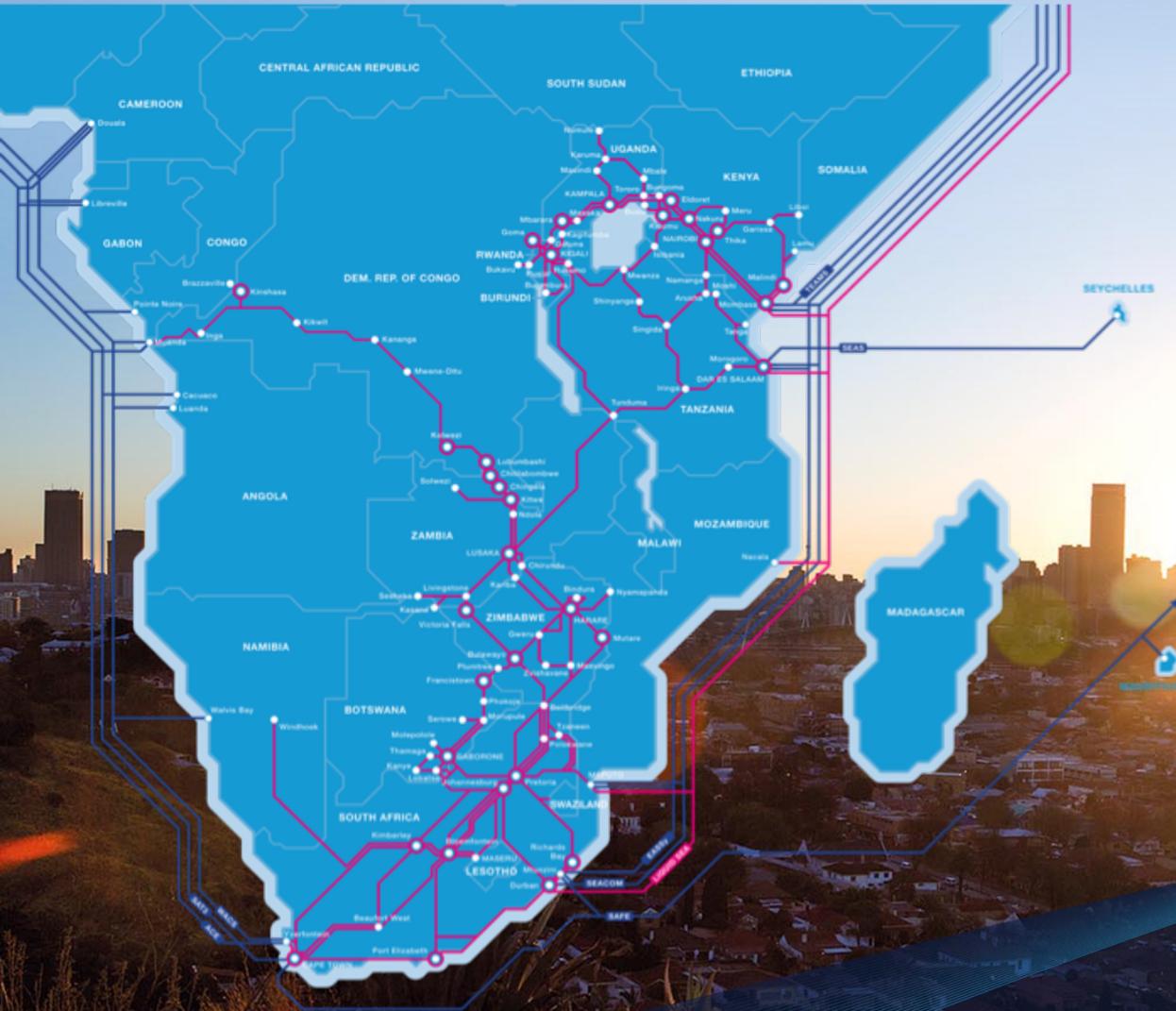




Building Africa's digital future



Q1 2018-19 Results Presentation

25 July 2018

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Today's presenters



Phil Moses,
Chief Financial Officer



Matt Hickman,
Head of investor Relations



Q1 2018-19 highlights

Strong Financial performance

			<u>Q1 vs Q1</u>
Revenue	USD 178m		17%
Adjusted EBITDA	USD 48m		24%
Adjusted EBITDA margin	26.9%		1.6pp

Operational progress - Investing in and monetising our network and digital services

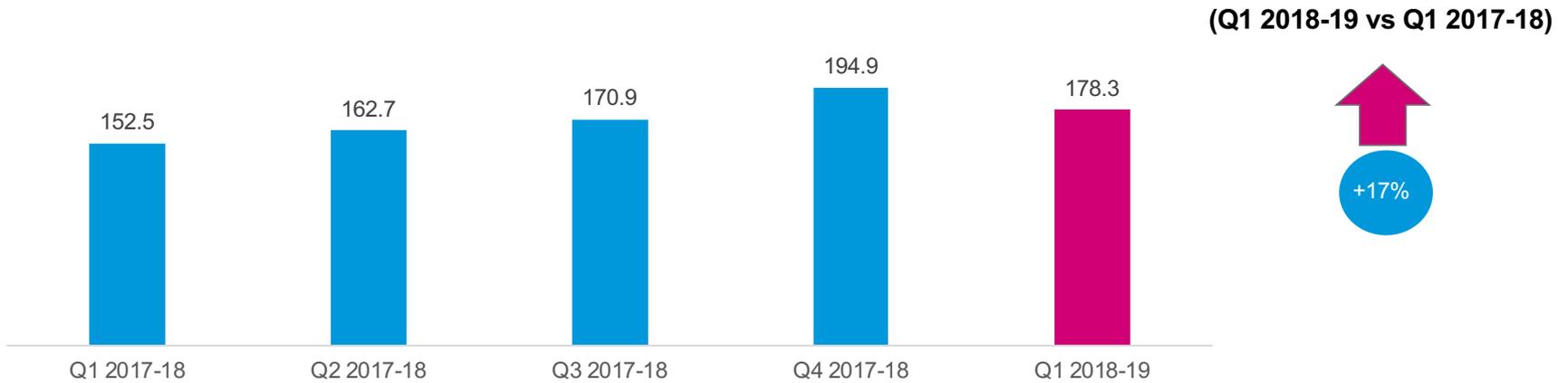
- **Broadening our fibre footprint:**
 - Fibre network increased by 2,200km following:
 - NLD 5/6 and connecting government organisations in South Africa
 - OPGW fibre in Eastern and Southern regions
 - GPON roll-out in Southern Region
- **Developing our product portfolio – becoming a solutions provider:**
 - Delivering MPLS, DIA connections, unified communications, VOIP and cloud based solutions to customers
 - Expanded our LTE offering in Southern region
 - Digital services offering increased with Azure stack roll-out and availability to Southern and Eastern customers
 - Data centre growth through continued investment in Johannesburg, Cape Town and the expansion of our EADC in Nairobi
 - New licences in Botswana and Zimbabwe (renewed)
- **Executive management capability through the appointment of:**
 - Reshaad Sha, CEO South Africa
 - Ahmad Mokhles, Group COO
 - Stephane Duproz, Chief Operating Officer – Data centres
- **Signed an MOU with Telecom Egypt enabling the historic achievement of connecting “Cape to Cairo” with a terrestrial fibre route**

Promising outlook

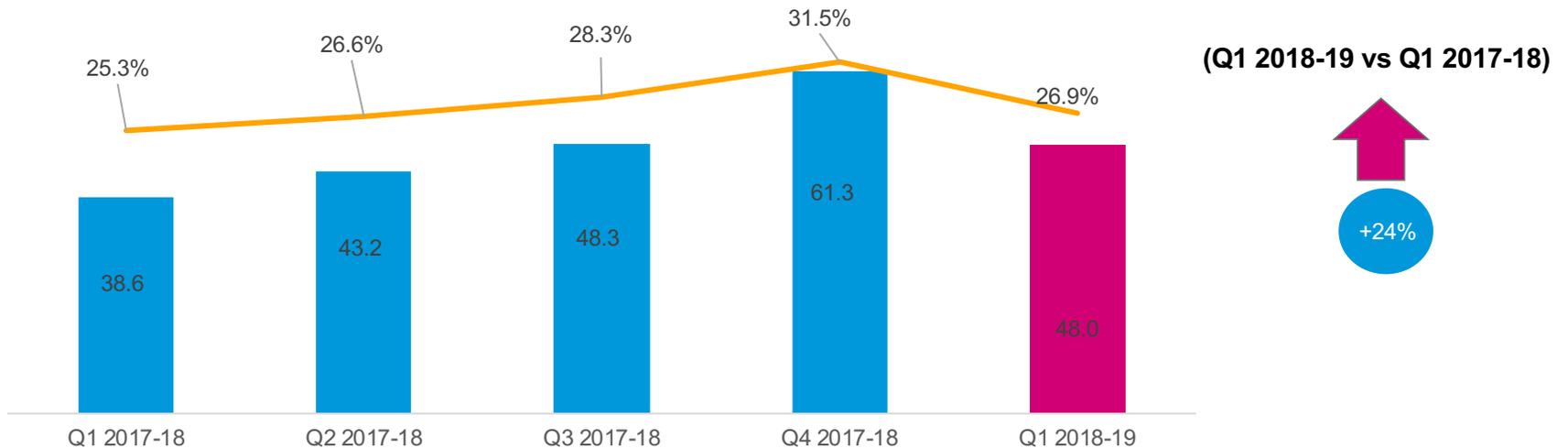
- In the medium-term, with positive demand trends, the strengths of our highly skilled and evolving employee base, a diverse and expanding geographical footprint and market-driven product portfolio, the Group is well positioned to take advantage of emerging opportunities

Strong continued quarterly growth with margin progression year-on-year

Revenue (USDm)



Adjusted EBITDA (USDm) and margin



Mix Evolving Towards Higher Margin Data Services

Segment	Revenue Split Q1' 17-18	Revenue Split Q1'18-19	Revenue (Q1 2018-19, USDm)	Revenue Growth (Q1 18-19)	Key Drivers
Enterprise			71.2	11.0%	<ul style="list-style-type: none"> + Organic growth in South Africa, Southern and Eastern regions + Broadened product portfolio expanding our digital services offering
Wholesale data			56.2	33.5%	<ul style="list-style-type: none"> + Investment in Johannesburg & Cape Town data centres + Partnership with Microsoft to provide cloud services + Long-term contracts to MNOs (IP Backhaul) + IP transit + Dark fibre sales
Wholesale voice			37.1	7.6%	<ul style="list-style-type: none"> + Team measured on USD margin, not revenues + Growth from expansion in new territories - Shrinking existing market due to OTT⁽¹⁾ services
Retail			13.7	17.3%	<ul style="list-style-type: none"> + Increased FTTH service penetration + New fixed LTE broadband service in Southern Africa + Diversification into value added services (content / cloud)

Note: (1) 'Over The Top': services on WhatsApp / Skype

Q1 2018-19 development

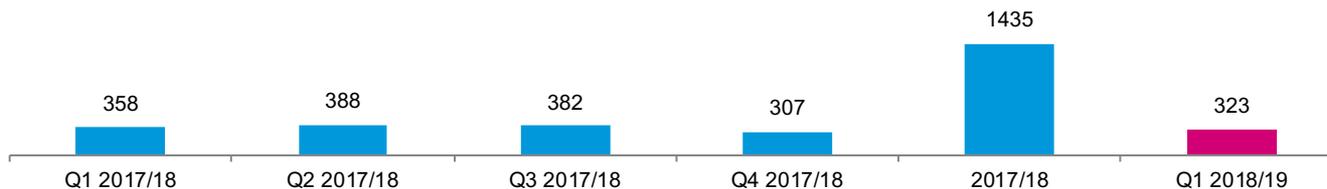
- **Revenues:** up 8% versus Q1 2017-18 due to:
- **Total Q1 minutes:** down 10% and average revenue per minute increasing 20% from 9.6 cents (Q1 2017-18) to 11.5 cents (Q1 2018-19) following:
 - Increased volumes to higher-rate destinations
 - Continues to look for strategic partnerships with retailers and aggregators allowing the Group to become closer to the customer and optimise the overall profitability of the destinations in which we terminate
- **Key contract wins:**
 - In April we signed a new deal with Ethiopia Telecom enabling us to gain volume-based discounts on certain traffic terminating in Ethiopia.
 - We agreed a deal with a prominent tier 1 Middle Eastern carrier and as a result Liquid Telecom added Yemen to its trading portfolio terminating over 5 million minutes in the first quarter. As part of the agreement we terminated more minutes in South Africa and Nigeria.

Key clients

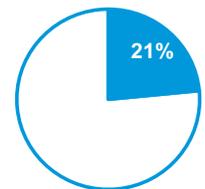


Key operating measures (as at 31 May 2018)

Total voice minutes on network (m)



Q1 2018-19 revenue contribution¹



Q1 2018-19 development

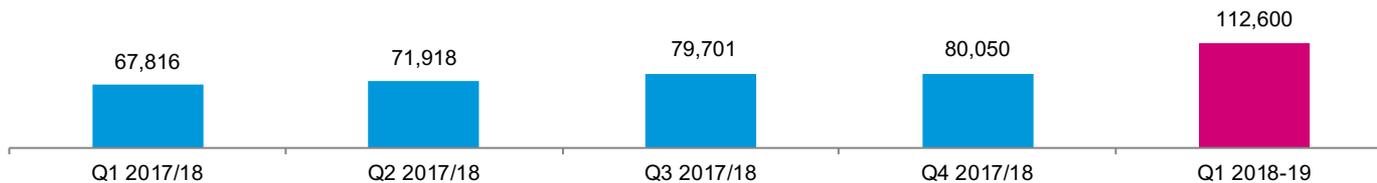
- **Revenues:** up 33% versus Q1 2017-18 due to:
 - Good performance in Southern and Eastern operations partially offset by SA one-off sales in Q1 2017-18 (NLD7/8).
 - Strong growth in IP transit, IP Backhaul service upgrades in the Southern region and additional broadcasting services for Kwese.
- **Contract wins:**
 - Signed an MOU with Telecom Egypt in order to connect the Cape to Cairo
- **Capital expenditure:**
 - Invested in additional backbone fibre spurs and metropolitan fibre networks in our Eastern, Southern and South Africa regions in addition to equipment to increase reliability
 - Broadened the reach of our network by connecting more base stations
 - Upgraded our core network and IT infrastructure in SA underpinning growth in connectivity and digital services across our footprint.

Key clients

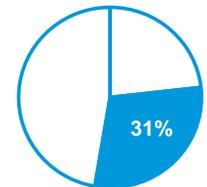


Key operating measures (as at 31 May 2018)

IP transit capacity sold (Mbps)



Q1 2018-19 revenue contribution



Q1 2018-19 development

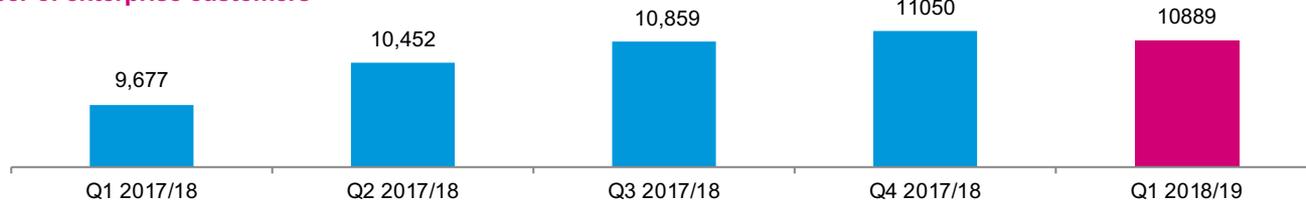
- **Revenues:** up 11% vs Q1 2017-18 driven by:
 - Growth in South Africa, Southern and Eastern regions
 - Broadened our product offering into digital services through Azure Stack now on offer to customers in our Southern and Eastern regions
 - Continued investment in Data centre offering has shown good development in delivering revenues, although from a low base.
- **Operational expenditure:**
 - Increased sales team and investment in campaigns to improve our visibility across our footprint
- **Capital expenditure:**
 - Following acquisition of Neotel we have invested in our own local access networks, to deliver additional services under the Western Cape contracts, and data centres such as our new DC in Johannesburg and Cape Town
 - We have also made additional investments in core and back-office infrastructure in South Africa to service the growth in connectivity and digital services across our footprint

Key clients

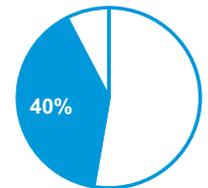


Key operating measures (as of 31 May 2018)

Number of enterprise customers



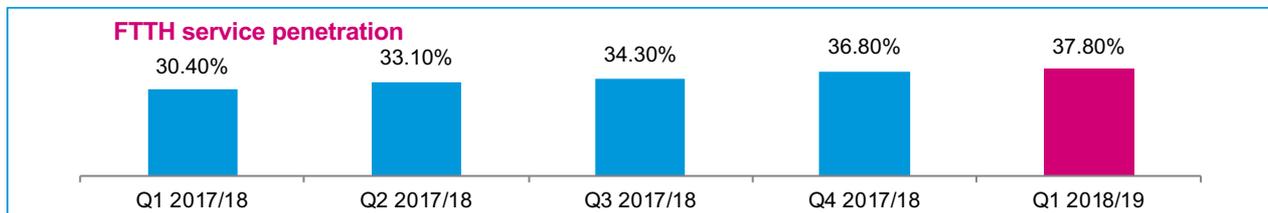
Q1 2018-19 revenue contribution



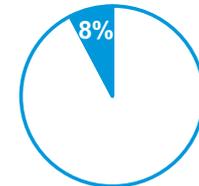
Q1 2018-19 development

- **Revenues:** up 17% versus Q1 2018-19 driven by:
 - Increased FTTH service penetration from 30.4% in Q1 2017-18 to 37.8% (of homes passed)
 - In Zimbabwe, Zambia and Rwanda, we remain the largest FTTH network operator
 - Rapid customer acquisition in Zambia on fixed LTE network
- **Capital expenditure:**
 - FTTH roll-out continues across our Eastern and Southern regions which continue to drive service coverage growth
 - Extending fixed-wireless access networks through LTE in our Southern region

Key operating measures (as at 31 May 2018)



Q1 2018-19 revenue contribution

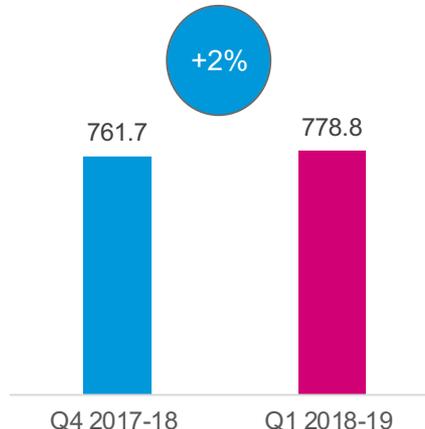


Robust balance sheet and cash flow

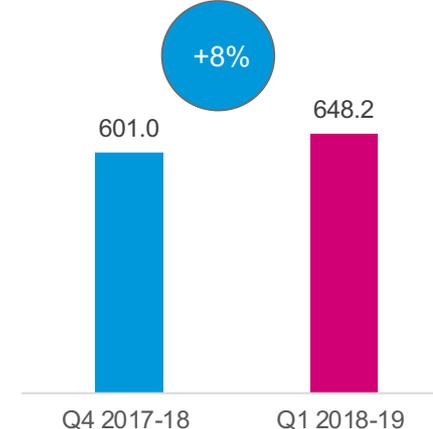
Operating Cash Flow
(Q1 2017-18 and Q1 2018-19)



Gross debt
(Q4 2017-18 and Q1 2018-19)



Net debt
Q4 2017-18 and Q1 2018-19)



Net debt	Q1 2018-19
	USDm
Total gross debt:	778.8
Issuance of Eurobond	730.0
Other debt	25.0
Interest accrued	23.8
Less: unrestricted cash and cash equivalents	(130.6)
Adjusted net debt	648.2

Q1 2018-19	
Gross debt/EBITDA:	3.89x
Covenant:	4.25x
Net debt/EBITDA:	3.24x
Covenant:	3.75x

✓ US\$73m of committed undrawn RCF

Low Tax Payable With Significant Tax Losses Carried Forward



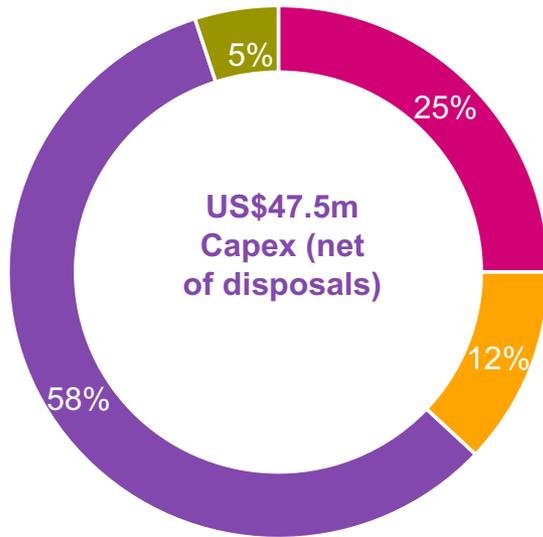
	Q1 2017-18	Q1 2018-19
Current Tax	0.5	4.3
Withholding Tax	0.2	0.4
Deferred	0.2	(1.1)
Total	0.9	3.6
Cash Tax paid	0.3	8.5

Commentary

- Liquid is tax paying in Zimbabwe, UK and Mauritius
- Significant brought forward tax losses can be utilised going forward (primarily in SA and Kenya)
- \$500m of unused tax losses in South Africa available to offset against future profits (much smaller amounts are available in other countries, e.g. Kenya & Zambia)
 - No limitation on timing to use tax losses
- Cash tax paid in the first quarter primarily represents the “current tax” charge for the full-year 2017-18 and various excise duties and with-holding taxes.

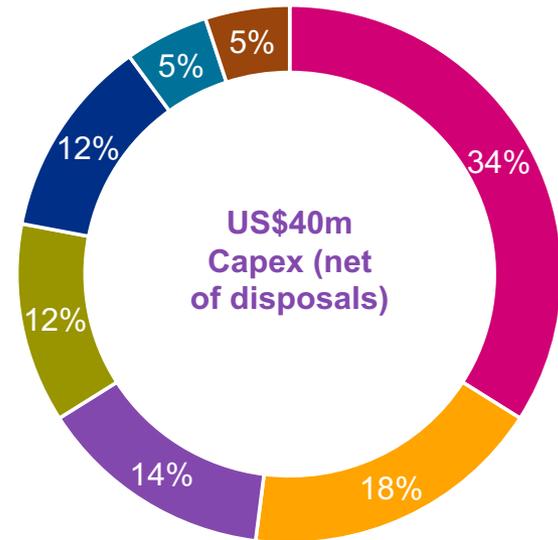
Group Capex Overview

Q1 2018-19 Capital Expenditure (US\$m)



- Fibre and infrastructure
- Licences
- Work in progress
- other (incl. intangibles)

Q1 2018-19 top 15 Capex Projects (US\$40m)



- LTE
- Customer connections
- Licences
- Fibre
- Data centres
- GPON
- Core and Management

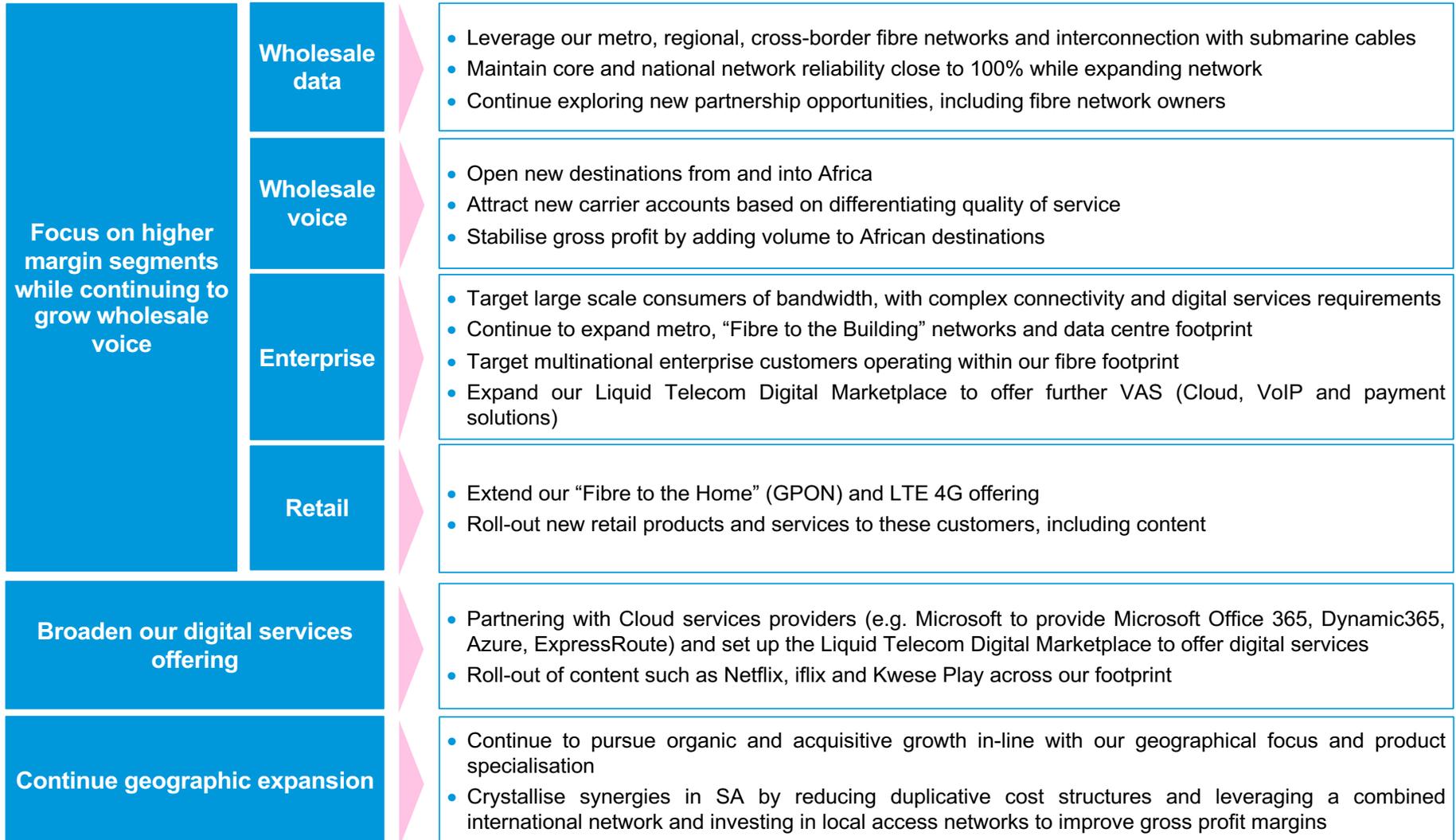
- Strong growth: Revenues +17%, EBITDA +24%
- Continuing margin improvement with more to come
- Expanding our fibre footprint and delivering our broadened product portfolio well
- Adjusted Net debt of USD648.2m and gross debt of USD778.8m
- Gross debt/EBITDA: 3.9x
- Net debt/EBITDA: 3.2x

Continued policy of 2-3x net debt / EBITDA in the medium-term

Liquid Telecom's Group strategy



We are a digital services provider that gives customers high-speed and reliable internet access



Africa's Cloud
is Liquid.TM

