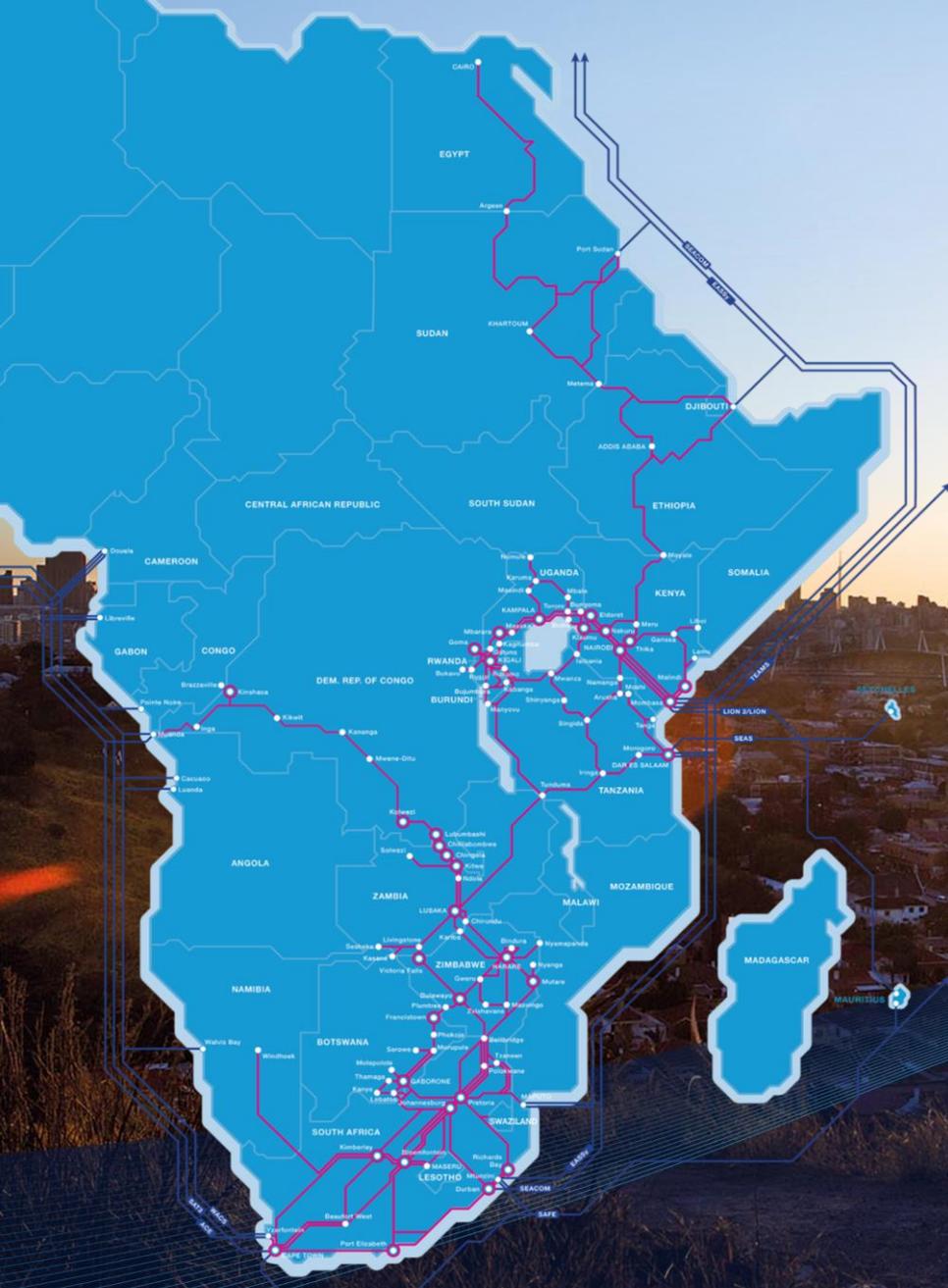




Building Africa's digital future



Q2 / H1 2018-19 Results Presentation

11 October 2018

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Today's presenters



Phil Moses,
Chief Financial Officer



Matt Hickman,
Head of Investor Relations



Strong financial performance

			<u>Q2 vs Q2</u>
Revenue	USD 170.5 m		5%
Adjusted EBITDA	USD 49m		15%
Adjusted EBITDA margin	28.7%		2.6pp

Strategic and operational highlights in Q2

- **Broadening our fibre footprint increasing our network to 53,132km following:**
 - Investment in long haul routes (NLD 5 &6) in South Africa
 - Metro fibre in Eastern and Southern regions
 - GPON roll-out in Southern Region
- **Expansion of our product capabilities – becoming a solutions provider as we:**
 - Connected more sites for MNOs, SMEs and government organisations
 - Broadened our GPON and LTE offering in Southern region
 - Increased delivery of digital services with our unified communications platform and Microsoft cloud products in Southern and Eastern regions
 - Continued investment in Data Centre growth in Johannesburg, Cape Town and the expansion of our EADC in Nairobi
 - New licence in Botswana and DRC
- **Strengthened Executive management team through the appointment of :**
 - Ahmad Mokhles, Group COO
 - Stephane Duproz, CEO Data centres
 - Kate Hennessey – re-joined Group as Chief of Corporate Development
- **Enhanced governance capabilities with additional independent directors appointed to the Board**
 - Dr. Donald Kaberuka,
 - Dr. Omobola Johnson and
 - Cristina Duarte
- **Following the signing of MOU with Telecom Egypt the connection of Cape to Cairo terrestrial fibre route was completed in September.**

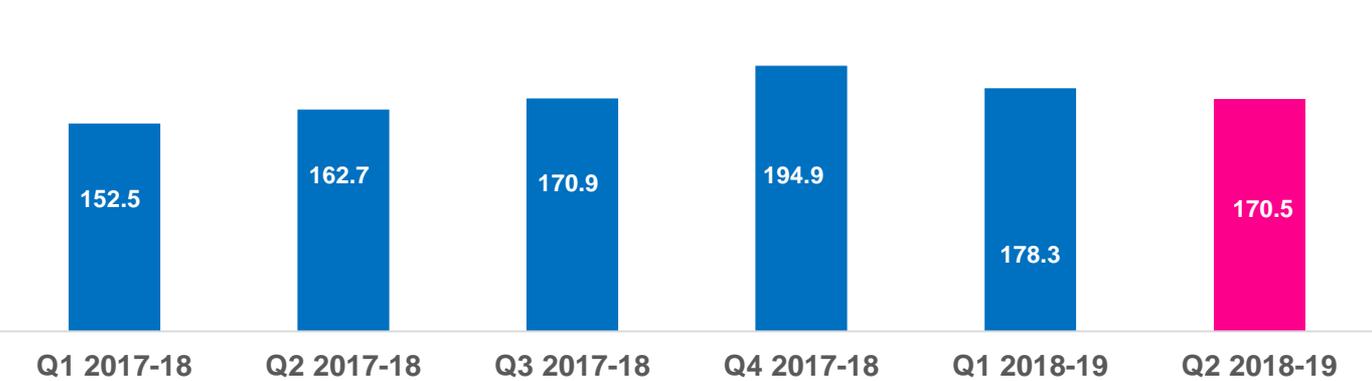
Outlook

- We have initiated the process to restructure our South Africa entity as part of our strategy to digitally transform the way we serve customers and manage our business

Continued revenue growth and margin progression



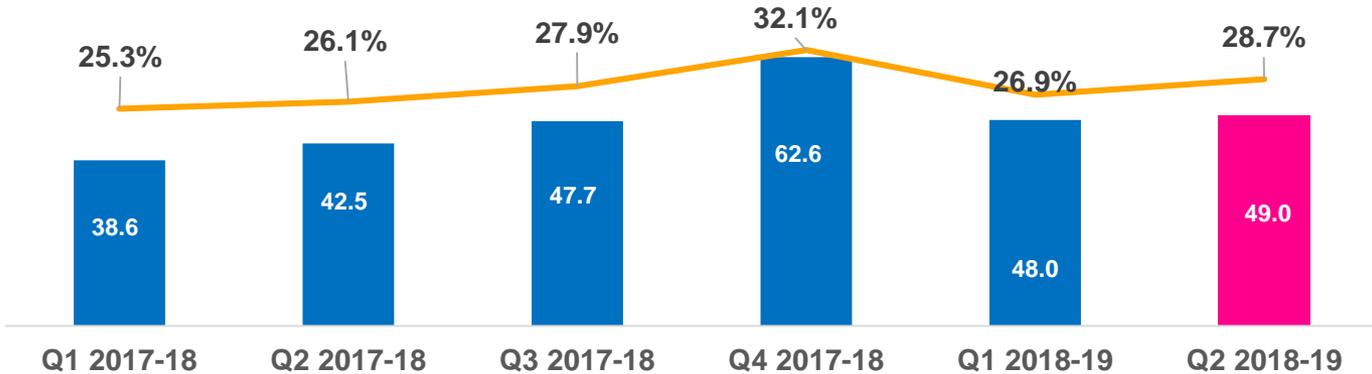
Revenue (USDm)



(H1 2018-19 vs H1 2017-18)



Adjusted EBITDA (USDm) and margin



(H1 2018-19 vs H1 2017-18)



Continuing to evolve away from Voice

Segment	Revenue Split Q2' 17-18	Revenue Split Q2'18-19	Revenue (Q2 2018-19, USDm)	Revenue Growth (Q2 18-19)	Key Drivers
 Enterprise			64.3	0.7%	<ul style="list-style-type: none"> + Consistent strong growth in Southern and other African regions + Expansion of our digital services capability in government, financial and SME markets - Challenging market in South Africa; weakening currency
 Wholesale data			54.8	17.0%	<ul style="list-style-type: none"> + Expansion of data centres in Johannesburg, Cape Town and Nairobi + Partnership with Microsoft to provide cloud services
 Wholesale voice			37.3	(5.4%)	<ul style="list-style-type: none"> + Leveraged our scale and agreed more competitive rates in destinations where we terminated more traffic + Average revenue per minute increased by 17% to 11.5 US cents - Loss of traffic in certain destinations due to increased termination rates
 Retail			14.1	12.8%	<ul style="list-style-type: none"> + Increased FTTH service penetration to 39.3% + Expansion of coverage of new LTE fixed wireless broadband + Strong commercials with rapid customer acquisition, low churn stable ARPU and upgrade to premium packages

Q2 2018-19 development

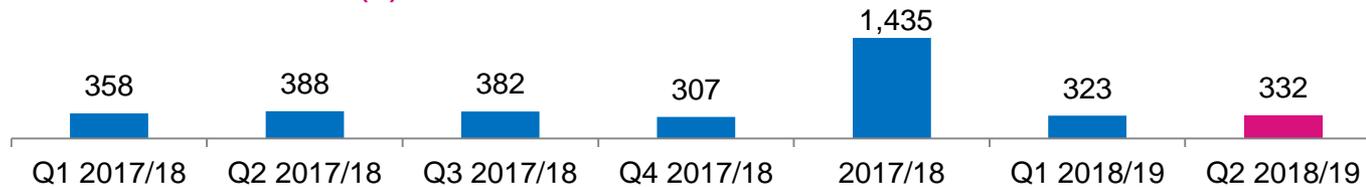
- **Revenues:** down 5% versus Q2 2017-18
- **Total Q2 minutes:** down 20%
- Average revenue per minute increased 17% to 11.5 cents in Q2 2018-19 (Q2 2017-18: 9.8 cents) following:
 - Reduced volumes to low-rate destinations
 - Loss of traffic in certain countries due to an increase in termination rate
 - Leverage of scale and competitive rates with African partners which are important to the development of gross margins within the segment versus those obtained by switching normal wholesale traffic
- **Key contract wins:**
 - In the quarter we acquired new business from Jordan Telecom and traffic from Telefonica GmbH
 - We also terminated more traffic in Nigeria, Morocco, Ethiopia and South Africa for various customers.

Key clients

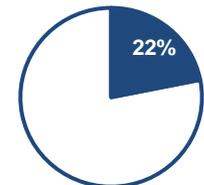


Key operating measures (as at 31 August 2018)

Total voice minutes on network (m)



Q2 2018-19 revenue contribution



Q2 2018-19 development

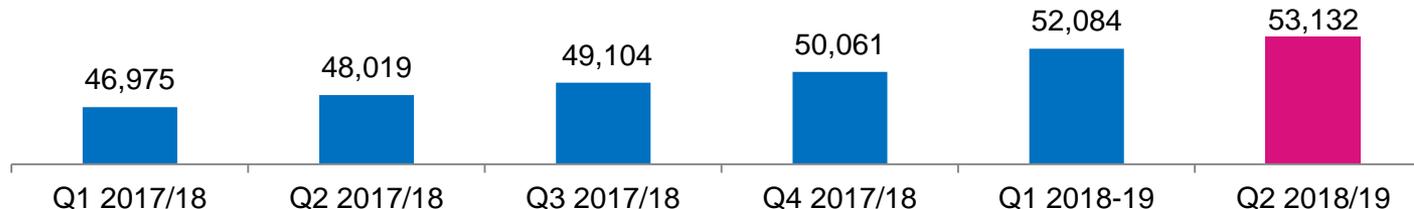
- **Revenues:** up 17% versus Q2 2017-18 due to:
 - Strong performance of IP Backhaul in Southern and Eastern regions and IP Transit in DRC
 - Several significant long term contracts with MNOs for dark fibre and connection to a significant number of MNO base stations
- **Contract wins:**
 - Signed a long term dark fibre sale to a large MNO in South Africa
- **Capital expenditure:**
 - Initiated investment in the National Long-Distance routes 5 and 6 that connect Cape Town to Durban enabling MNOs and enterprise customers to connect to our network.
 - Broadened the reach of our network by connecting more base stations
 - Investment to increase reliability and capacity of our network in Kenya, South Africa and Zimbabwe

Key clients

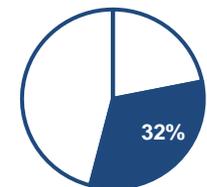


Key operating measures (as at 31 August 2018)

Kilometres of fibre – Long haul, Metro & GPON



Q2 2018-19 revenue contribution



Q2 2018-19 development

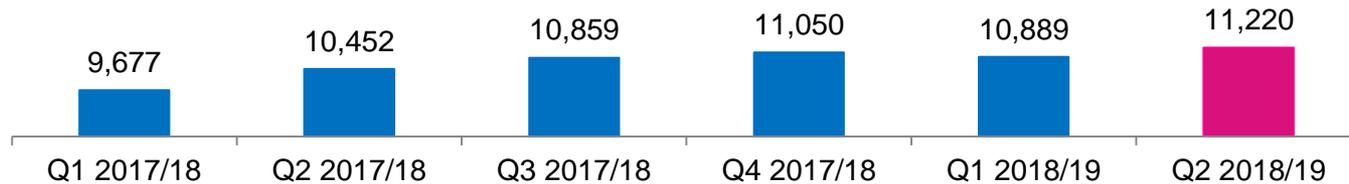
- **Revenues:** maintained in Q2 2018-19 vs Q2 2017-18 driven by:
 - Consistent strong growth in Southern and other African regions
 - Large number of wins in the SME market
 - Lower growth in Q2 in South Africa through weakening of the Rand
- **Capital expenditure:**
 - Continued investment in metro and local access fibre enabling delivery of MPLS, Direct Internet Access as well as VoIP and cloud-based services to our enterprise customers.
 - Expansion of our data centres in South Africa and Kenya with strong demand for colocation
 - Significant investment in our infrastructure in South Africa to create a seamless international network from Cape Town to Nairobi and being extended to Cairo terrestrially through partner networks

Key clients

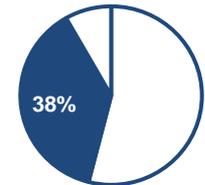


Key operating measures (as of 31 August 2018)

Number of enterprise customers



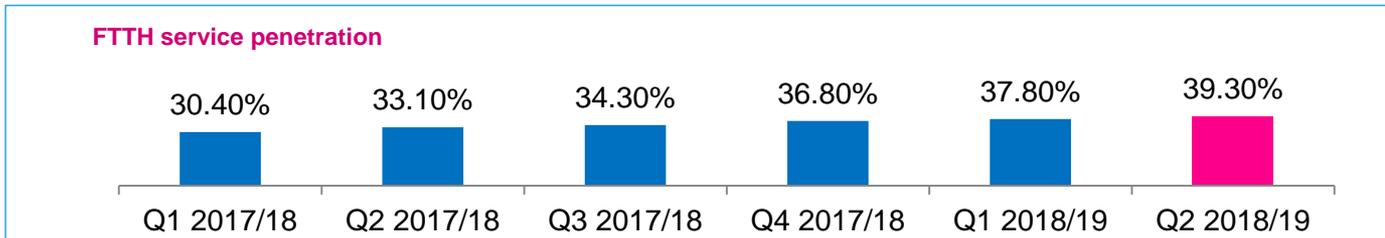
Q2 2018-19 revenue contribution



Q2 2018-19 development

- **Revenues:** up 13% versus Q2 2018-19 driven by:
 - Increased FTTH service penetration to 39.3% of homes passed (Q2 2017-18 : 33.1%)
 - In Zimbabwe, Zambia and Rwanda, we remain the largest FTTH network operator
 - Rapid customer acquisition in Zambia on fixed LTE network
- **Capital expenditure:**
 - Continued FTTH rollout with 1000 new premises connected across our FTTH footprint increasing service penetration
 - Extending coverage of fixed-wireless access networks through LTE in Zambia and Zimbabwe with over 345 LTE base stations completed and installed

Key operating measures (as at 31 August 2018)

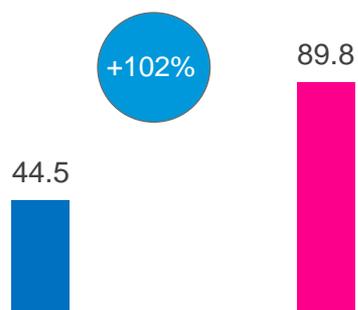


Q2 2018-19 revenue contribution



Robust balance sheet and cash flow

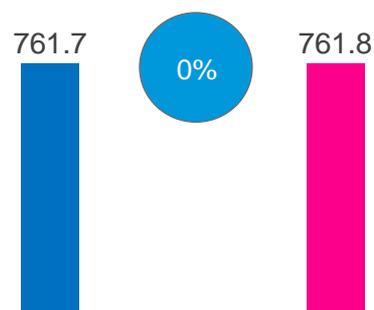
Operating Cash Flow
(H1 2017-18 and H1 2018-19)



H1 2017 18

H1 2018 19

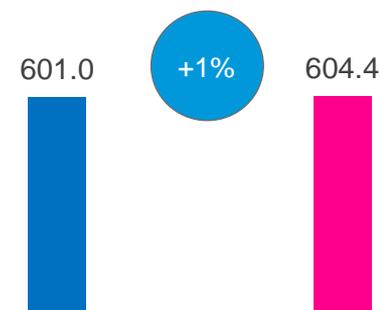
Gross debt
(Q4 2017-18 and Q2 2018-19)



Q4 2017-18

Q2 2018-19

Net debt
Q4 2017-18 and Q2 2018-19)



Q4 2017-18

Q2 2018-19

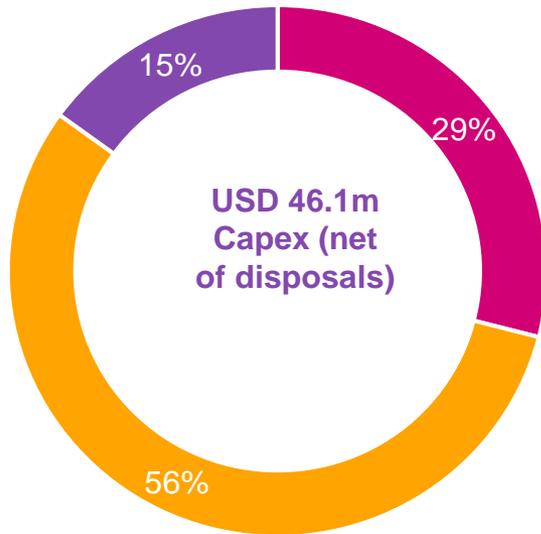
Gross / Net debt	H1 2018-19
	USDm
Total gross debt:	761.8
Eurobond	730.0
Other debt	23.5
Interest accrued	8.3
Less: unrestricted cash and cash equivalents	(157.4)
Adjusted net debt	604.4

Q2 2018-19	
Gross debt/EBITDA:	3.69x
Covenant:	4.25x
Net debt/EBITDA:	2.93x
Covenant:	3.75x

✓ US\$73m of committed undrawn RCF

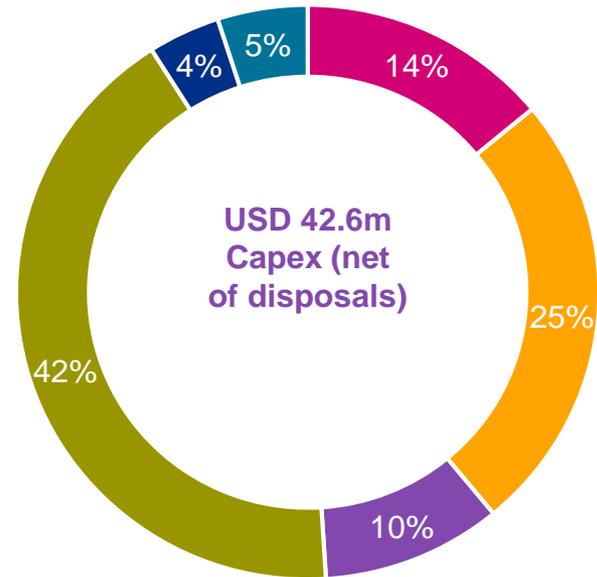
Group Capex Overview

Q2 2018-19 Capital Expenditure (US\$ 46.1m)



- Fibre and infrastructure
- Work in progress
- Other (incl. intangibles and licenses)

Q2 2018-19 top 10 Capex Projects (US\$ 42.6m)

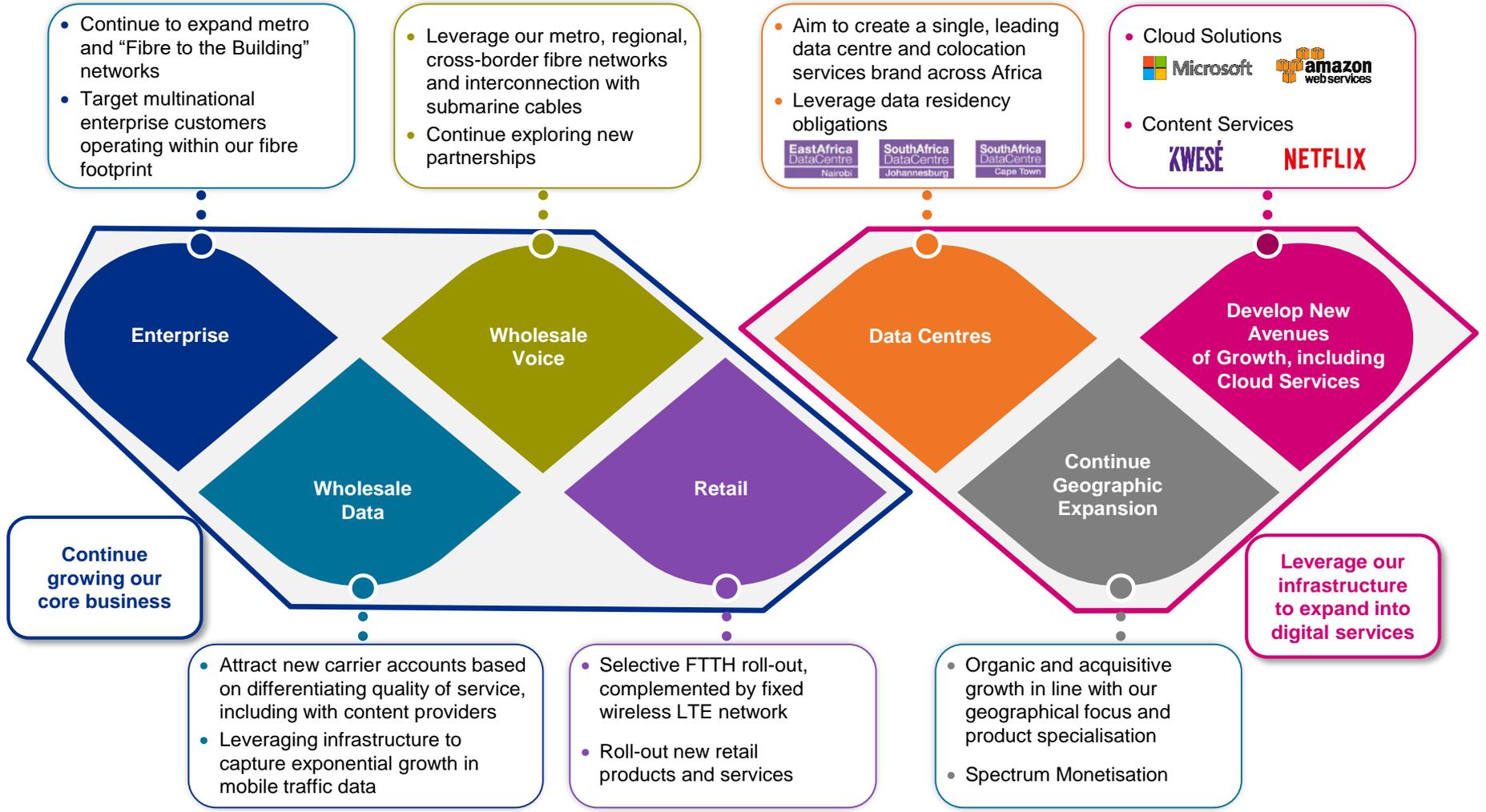


- LTE
- Fibre
- GPON
- Customer connections
- Data centres
- Core and Management

- Strong growth in H1: Revenues +11%, EBITDA +20%
- Continuing margin improvement with more to come
- Expanding our fibre footprint and delivering our broadened product portfolio well
- Adjusted gross debt of USD 761.8m and net debt of USD 604.4m
- Gross debt/EBITDA: 3.69x
- Net debt/EBITDA: 2.93x

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

Strategy: Monetising Our Network by Expanding to Digital Services





Africa's Cloud
is Liquid.TM