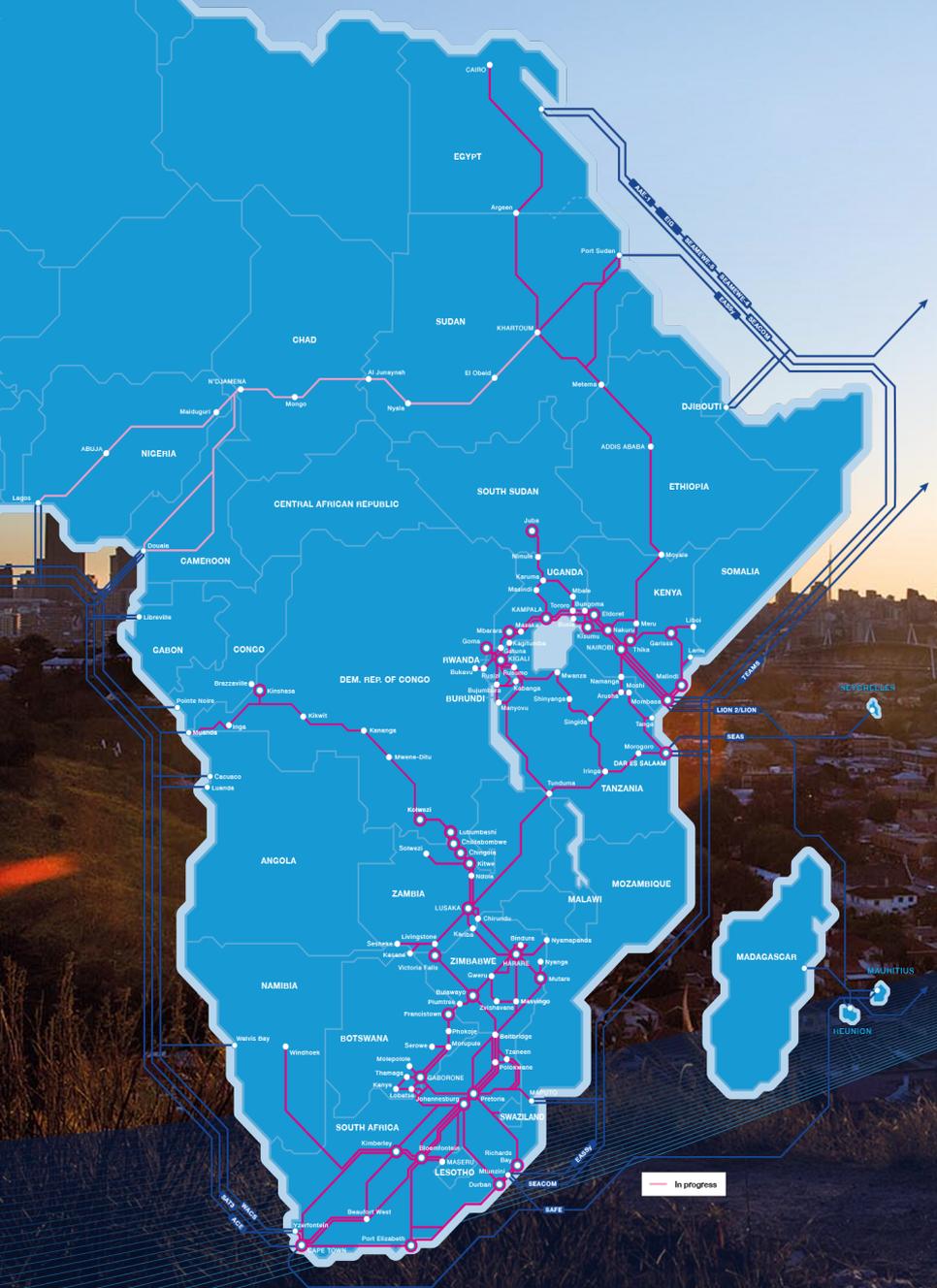


LIQUID TELECOM

Building Africa's
digital future



Liquid Telecom Q3 2019-20 Results

23 January 2020

Strategic and operational highlights



DELIVERING GROWTH

Strong recovery in our operations:

- Strong recovery in our South African operation maintained with EBITDA increasing from USD 12.2 million (Q3 2018-19) to USD 46.5 million (Q3 2019-20), Pre IFRS 16 driven by the wholesale segment
- Signed an additional 20 year roaming agreement with a major operator in South Africa. The additional network is anticipated to go live in April 2020
- Good development in the enterprise segment in the Rest of Africa driven by Eastern Africa and the Democratic Republic of Congo (DRC)
- Continued effective cost management over the nine month period across the business as we realise the benefit of our improved operating model.

FOOTPRINT

Expanded our fibre footprint to 70,349 Kilometres¹:

- Invested USD 35.0 million capital expenditure in the third quarter focussing on our backbone network, data centre infrastructure and connecting enterprise customers to the “One Africa” network
- Continued investment in long haul routes (NLD 5 & 6) in South Africa
- Invested in our backbone and metro offering in the DRC
- Metro fibre and GPON roll-out in Eastern and Southern regions and LTE in the Southern region
- Geographical expansion through partnerships with capacity leasing to grow backbone network
- First phase of investment in South Sudan was completed on schedule, just after the quarter end, with commercial launch due by the end of January 2020, delivering the first and only fibre connectivity to South Sudan.

PRODUCT PORTFOLIO

Broadened and monetised our product portfolio:

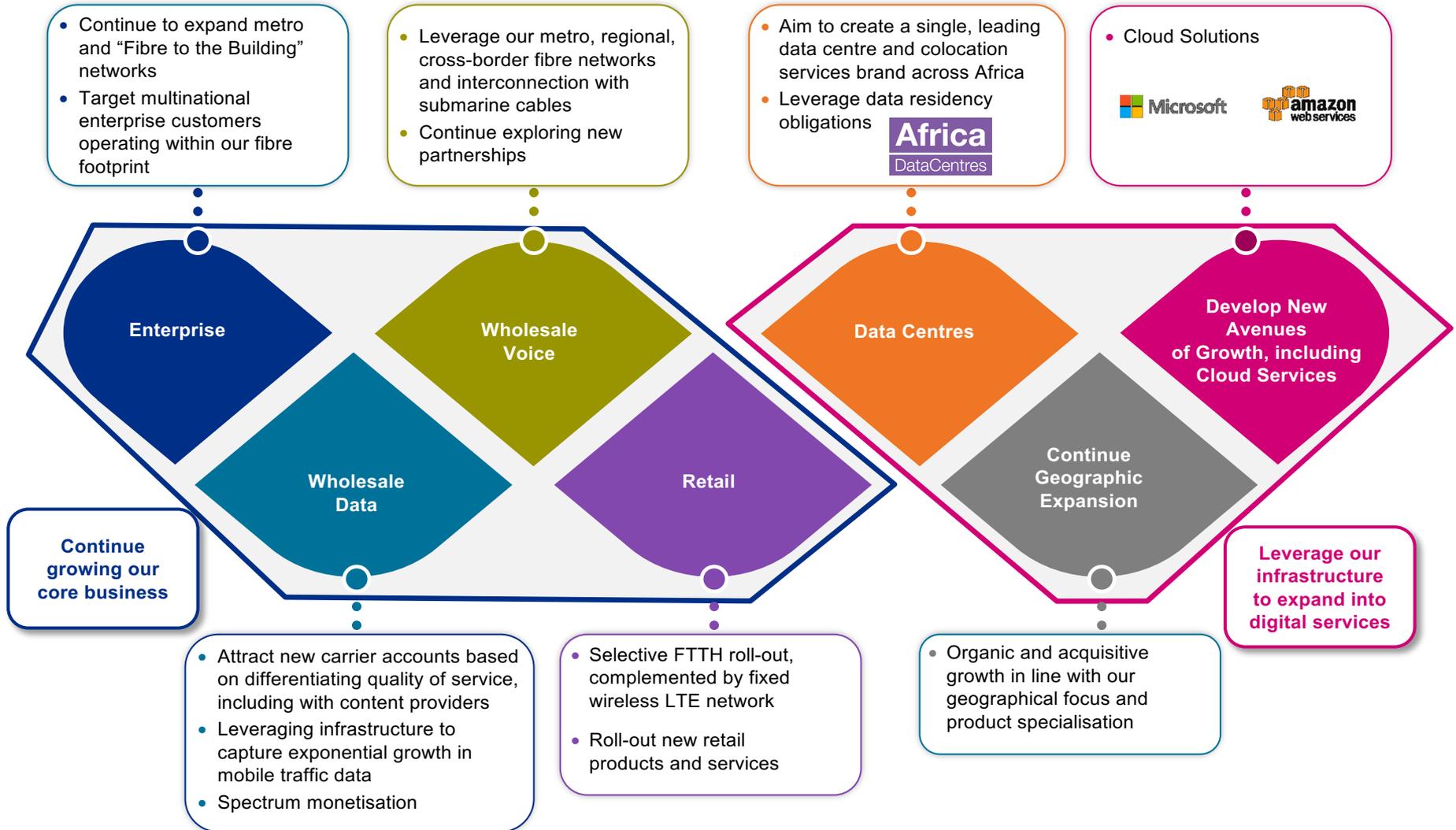
- Connected more sites for MNOs, SMEs and government organisations
- To date we have deployed 118 out of 158 base stations to enable our Sigfox partnership to provide IoT services
- Growth in customer base continues:
 - Enterprise (+1.3%) driven by South Africa and Eastern Africa
 - Retail (+29.1%) for which the majority is due to increased demand for LTE services in Zimbabwe

PEOPLE/RESOURCES/AWARDS

Realigning Group for growth:

- Headcount decreased by 9.9% vs Q3 2018-19 to 2,114
- In October 2019 Liquid Telecom was recognised as ‘The Best African Wholesale Carrier’ for the 8th consecutive year at the Global Carrier Awards and in November for ‘Best Fixed Network of the Year’ in South Africa.
- In October we received the ‘Most innovative IoT Solution’ award as we delivered an Internet of Things (IoT) network in Western Kenya and Nyanza to monitor and protect freshwater fish populations.

What do our strategic imperatives mean in practice

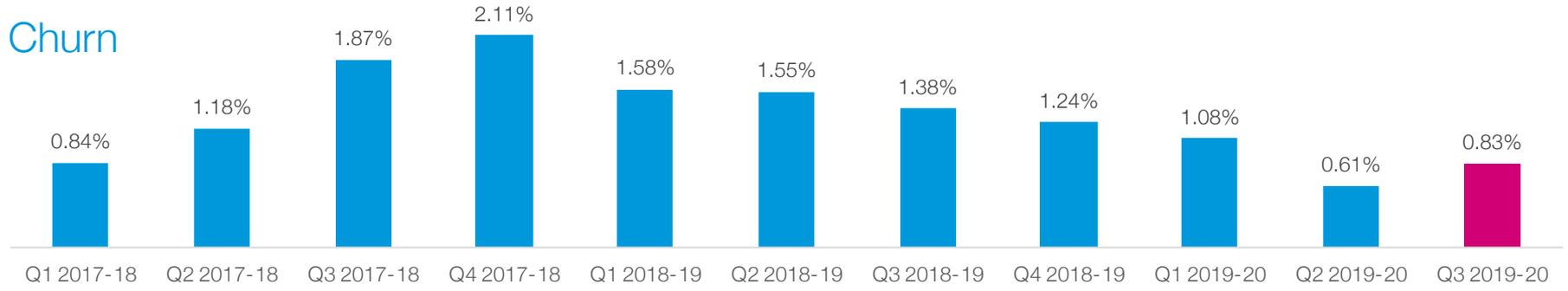


Q3 2019-20 Key Operational Highlights



0.83%	11,439	1,497	272	96,220
Churn	Enterprise customers	Data Centre (racks sold)	Voice minutes (in million)	Retail GPON and LTE customers
+22 bps QonQ	+1.3% QonQ	+4.2% QonQ	(8.7%) QonQ	+29.1% QonQ

70,349 KM of fibre



Segmental revenue – 9M 2019-20



Revenue per segment	30 November 2019 (9 months)	30 November 2018 (9 months)	2019 versus 2018	<i>Percentage split of 2019-20 revenue</i>
	(USDm)	(USDm)	%	%
Wholesale data	228.0	159.5	42.9	42.2
Enterprise	180.7	195.0	(7.3)	33.4
Retail	25.2	38.5	(34.4)	4.7
Wholesale voice	106.5	112.3	(5.2)	19.7
Total Revenue	540.4	505.3	7.0	

Segmental revenue – Q3 2019-20



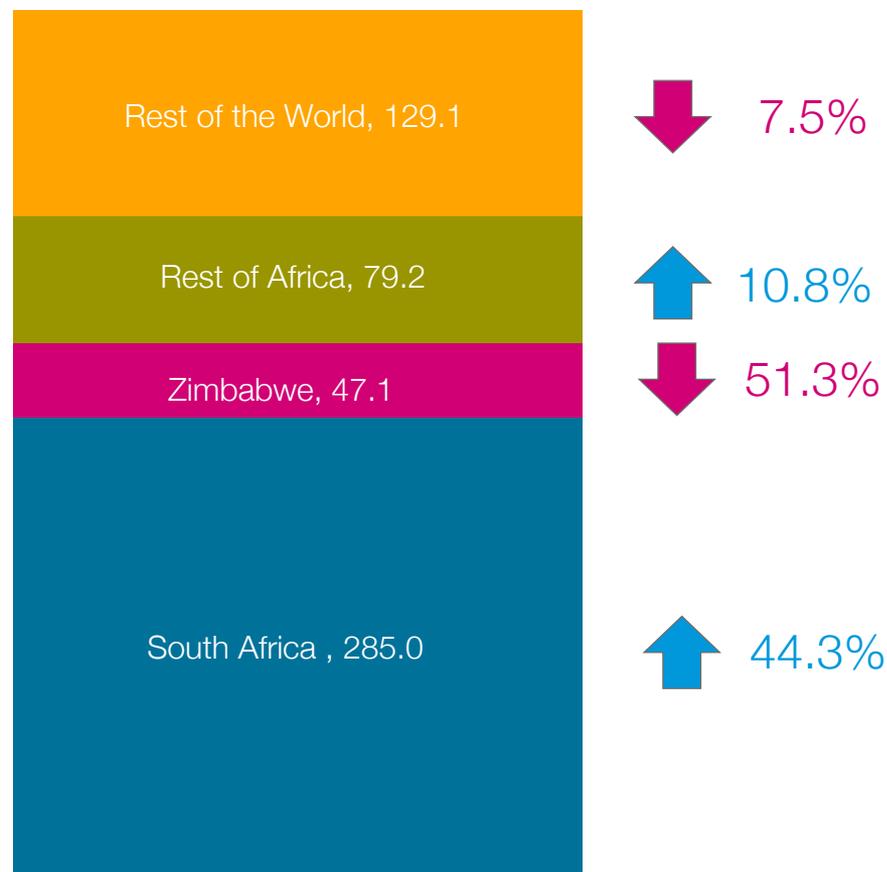
Revenue per segment	30 November 2019 (Q3)	30 November 2018 (Q3)	2019 versus 2018	<i>Percentage split of Q3 2019-20 revenue</i>
	(USDm)	(USDm)	%	%
Wholesale data	104.6	48.5	115.7	<i>52.1</i>
Enterprise	56.6	59.5	(4.9)	<i>28.2</i>
Retail	7.1	10.6	(33.0)	<i>3.5</i>
Wholesale voice	32.5	37.9	(14.2)	<i>16.2</i>
Total Revenue	200.8	156.5	28.3	

9M 2018-19 vs 9M 2019-20 revenue by region

9M 2018-19 revenue: USD 505.3m



9M 2019-20 revenue: USD 540.4m



Q3 2018-19 vs Q3 2019-20 revenue by region

Q3 2018-19 revenue: USD 156.5

Q3 2019-20 revenue: USD 200.8



↓ 13.3%

↑ 13.9%

↓ 50.0%

↑ 92.8%

Continued operational progress

USDm (1dp)



	9M 2018-19		9M 2019-20 (Pre IFRS 16)		Percentage change (%)	
	Zimbabwe	Non-Zimbabwe	Zimbabwe	Non-Zimbabwe	Zimbabwe	Non-Zimbabwe
Adjusted EBITDA	47.1	89.1	14.4	131.0	(69.4)	47.0

	Q3 2018-19		Q3 2019-20 (Pre IFRS 16)		Percentage change (%)	
	Zimbabwe	Non-Zimbabwe	Zimbabwe	Non-Zimbabwe	Zimbabwe	Non-Zimbabwe
Adjusted EBITDA	9.7	29.5	2.0	55.8	(79.4)	89.2

- Continuing strong recovery in South Africa was maintained with EBITDA increasing from USD 12.2 million (Q3 2018-19) to USD 46.5 million (Q3 2019-20), pre IFRS 16 driven by the wholesale segment.
- Good development in the Enterprise segment in the Rest of Africa driven by Eastern Africa and the Democratic Republic of Congo (DRC).
- Continued effective cost management over the nine month period across the business as we realise the benefit of our improved operating model and increased scale.

9 months 2019-20 Income statement



To adjusted EBITDA

USDm	9 months 2019-20 (Post IFRS 16)	IFRS 16 impact	9 months 2019-20 (Pre IFRS 16)	9 months 2018-19	Post IFRS 16 change (%)	Pre IFRS 16 change (%)
Revenue	540.4	-	540.4	505.3	6.9	6.9
Cost of Goods Sold	(224.6)	(18.2)	(242.8)	(192.4)	16.7	26.2
Gross profit	315.8	(18.2)	297.6	312.9	0.9	(4.9)
Gross profit margin (%)	58.4%	n/a	55.1%	61.9%	(3.5)pp	(6.8)pp
Operating costs	(144.1)	(8.2)	(152.3)	(176.8)	(18.5)	(13.9)
<i>Other income</i>	2.1	-	2.1	0.5	(320.0)	(320.0)
<i>Selling, distribution and marketing costs</i>	(9.5)	(0.1)	(9.6)	(12.3)	(22.8)	(22.0)
<i>Administrative expenses</i>	(62.8)	(8.1)	(70.9)	(76.8)	(18.2)	(7.7)
<i>Staff costs</i>	(73.9)	-	(73.9)	(88.8)	(16.8)	(16.8)
<i>Dividend received</i>	-	-	-	0.6	n/a	n/a
Adjusted EBITDA	171.8	(26.4)	145.4	136.2	26.1	6.8

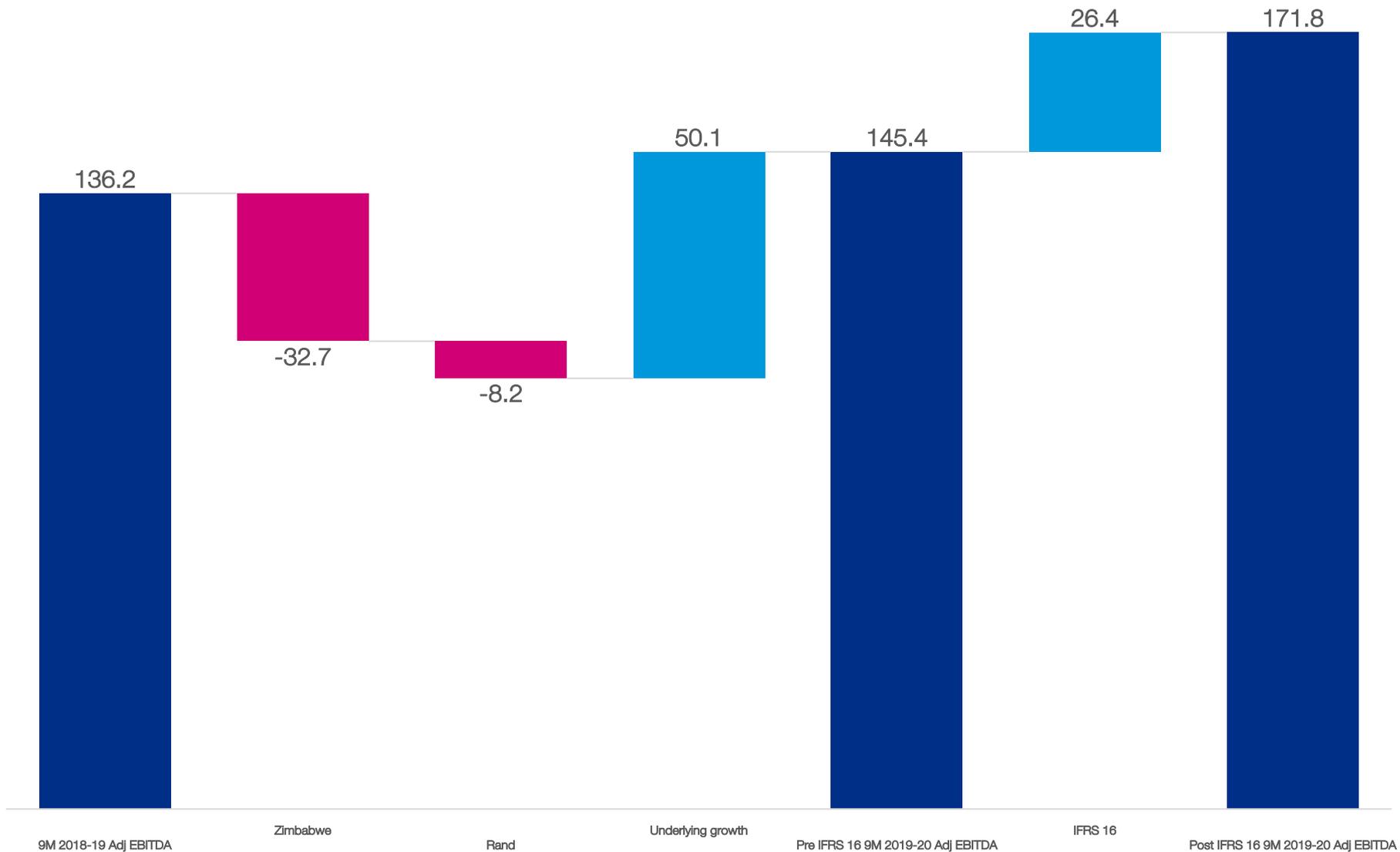
Q3 2019-20 Income statement



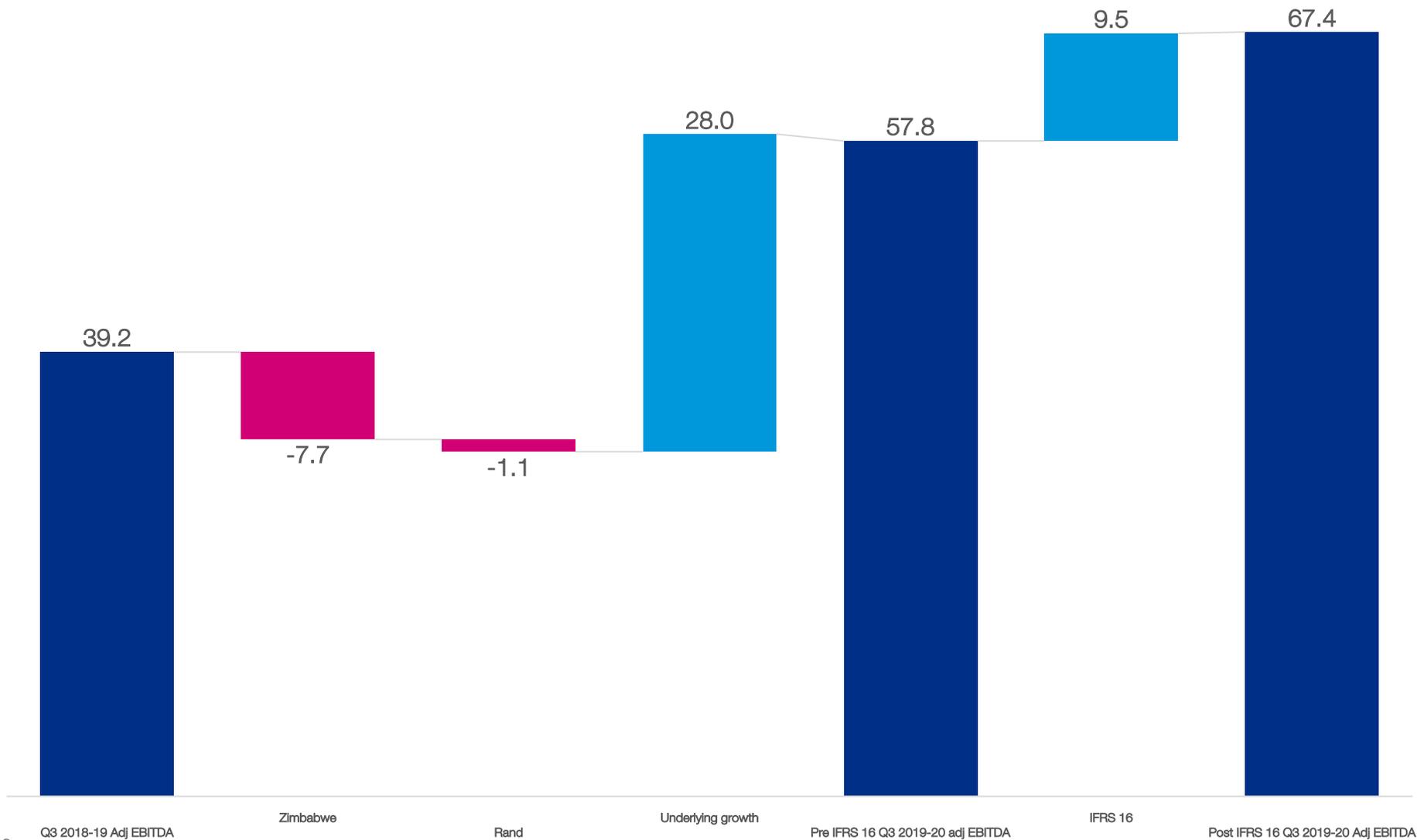
To adjusted EBITDA

USDm	Q3 2019-20 (Post IFRS 16)	IFRS 16 impact	Q3 2019-20 (Pre IFRS 16)	Q3 2018- 19	Post IFRS 16 change (%)	Pre IFRS 16 change (%)
Revenue	200.8	-	200.8	156.5	28.3	28.3
Cost of Goods Sold	(83.2)	(6.3)	(89.5)	(64.7)	28.6	38.2
Gross profit	117.6	(6.3)	111.3	91.8	28.1	21.2
Gross profit margin (%)	58.6%	n/a	55.5%	58.7%	(0.1)pp	(3.2)pp
Operating costs	(50.2)	(3.3)	(53.5)	(52.7)	(4.7)	1.5
<i>Other income</i>	1.4	-	1.4	-	n/a	n/a
<i>Selling, distribution and marketing costs</i>	(4.3)	(0.1)	(4.4)	(3.9)	10.3	12.8
<i>Administrative expenses</i>	(20.3)	(3.2)	(23.5)	(21.5)	(5.6)	9.3
<i>Staff costs</i>	(27.0)	-	(27.0)	(27.9)	(3.2)	(3.2)
<i>Dividend received</i>	-	-	-	0.6	n/a	n/a
Adjusted EBITDA	67.4	(9.6)	57.8	39.2	71.9	47.4

9M 2019-20 adjusted EBITDA growth



Q3 2019-20 adjusted EBITDA growth



9M 2019-20 cash flow waterfall chart



9M 2019-20 Income statement



Below adjusted EBITDA

USDm	9M 2019-20 Post IFRS 16	IFRS 16 impact	9M 2019-20 Pre IFRS 16	9M 2018-19	Post IFRS 16 change (%)	Pre IFRS 16 change (%)
Adjusted EBITDA	171.8	(26.4)	145.4	136.2	26.1	6.8
Depreciation, impairment and amortisation	(90.3)	24.6	(65.7)	(73.0)	23.7	(10.0)
Dividend received	-	-	-	(0.6)	n/a	n/a
Operating profit	81.5	(1.8)	79.7	62.6	30.2	27.3
Dividend received	-	-	-	0.6	n/a	n/a
Restructuring costs	(0.5)	-	(0.5)	(6.8)	(92.6)	(92.6)
Acquisition and other investment costs	(0.3)	-	(0.3)	(3.5)	(91.4)	(91.4)
Interest income	2.3	-	2.3	3.9	(41.0)	(41.0)
Finance costs	(58.0)	7.0	(51.0)	(51.8)	12.0	(1.5)
Foreign exchange loss	(425.8)	-	(425.8)	(98.7)	331.4	431.4
Hyperinflation monetary gain	405.6	-	405.6	-	n/a	n/a
Share of profits from associates	-	-	-	-	n/a	n/a
Profit / (Loss) before tax	4.8	5.2	10.0	(93.7)	n/a	n/a
Tax expense	(3.0)	-	(3.0)	(21.3)	n/a	n/a
Profit / (Loss) for period	1.8	5.2	7.0	(115.0)	n/a	n/a

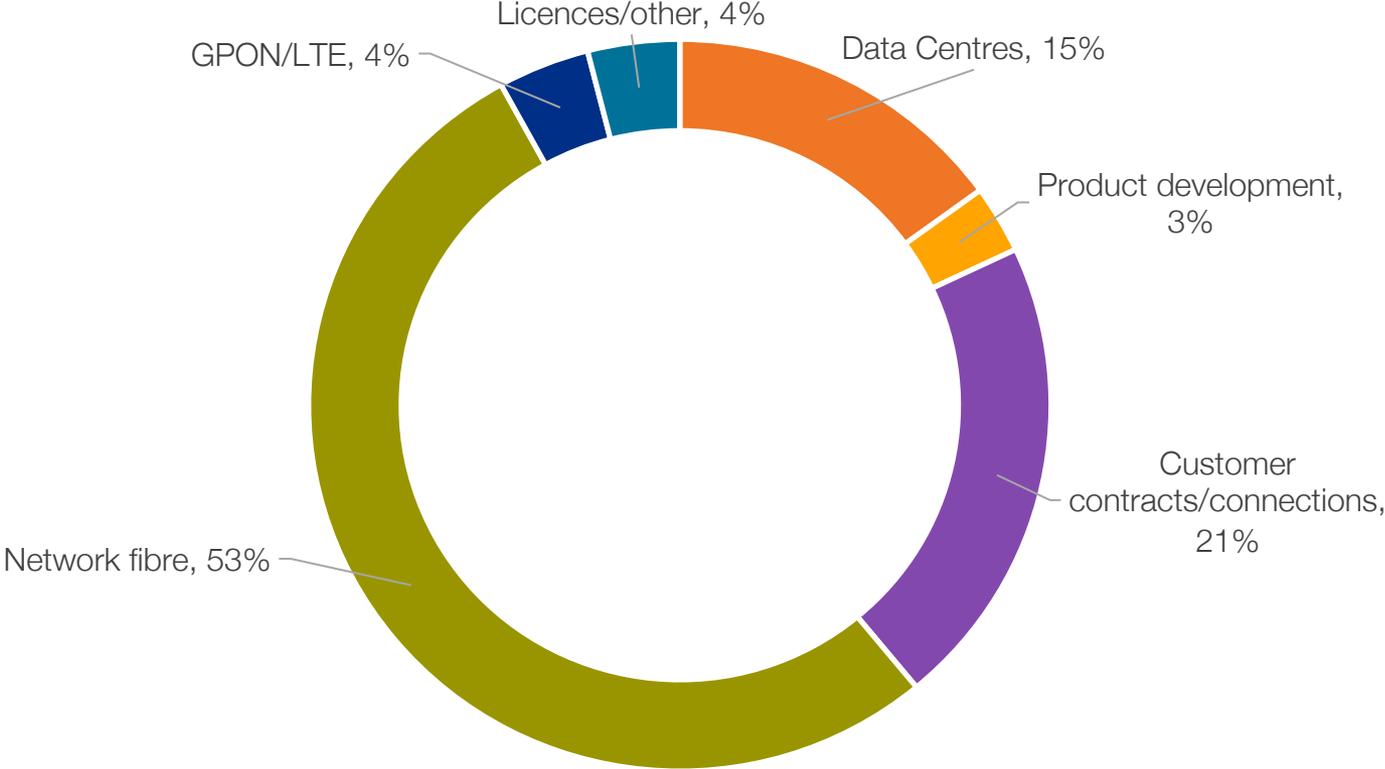
Q3 2019-20 Income statement



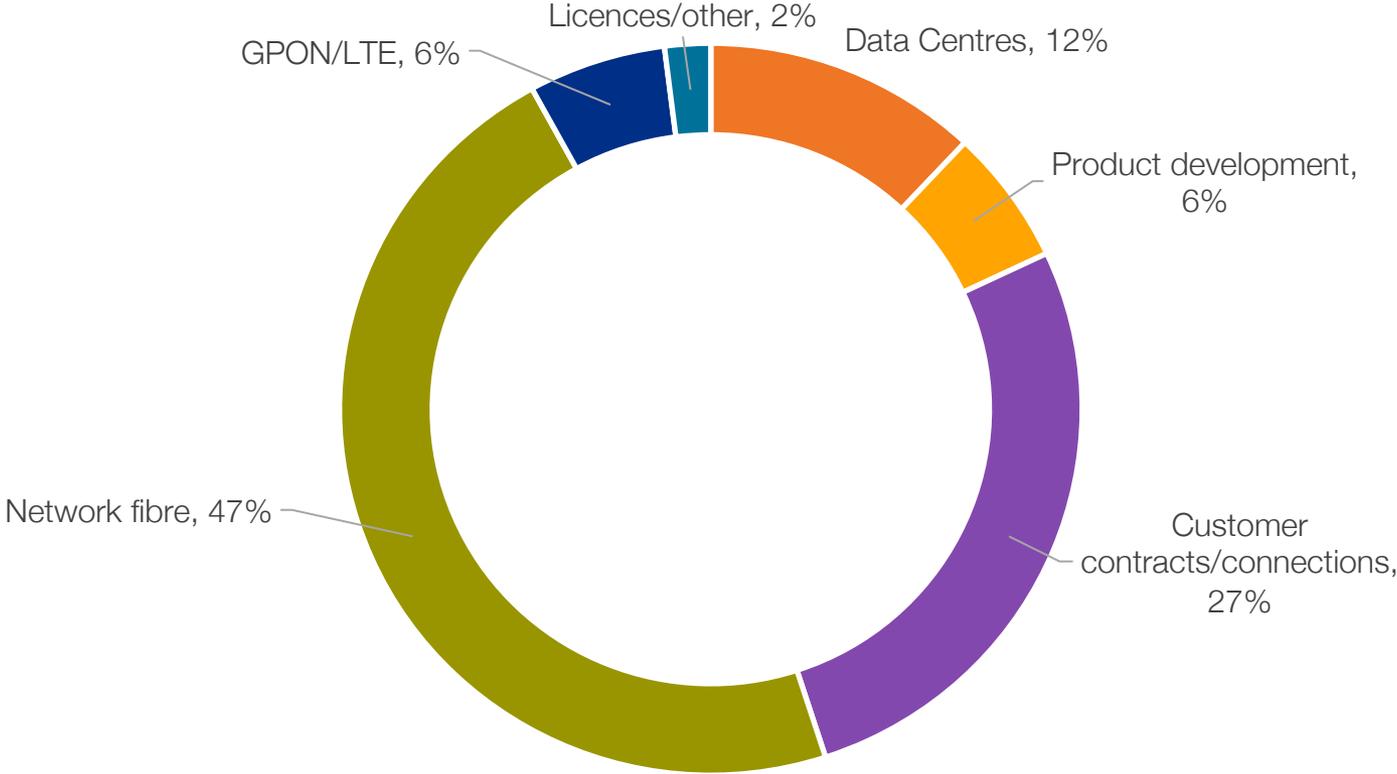
Below adjusted EBITDA

USDm	Post IFRS 16	IFRS 16 impact	Pre IFRS 16	Q3 2018-19	Post IFRS 16 change (%)	Pre IFRS 16 change (%)
Adjusted EBITDA	67.4	(9.6)	57.8	39.2	71.9	47.4
Depreciation, impairment and amortisation	(27.9)	8.7	(19.2)	(22.4)	24.6	(14.3)
Dividend received	-	-	-	(0.6)	n/a	n/a
Operating profit	39.5	(0.9)	38.6	16.2	143.8	138.3
Dividend received	-	-	-	0.6	n/a	n/a
Restructuring costs	-	-	-	(6.8)	n/a	n/a
Acquisition and other investment costs	-	-	-	(2.9)	n/a	n/a
Interest income	0.5	-	0.5	0.6	(16.7)	(16.7)
Finance costs	(19.1)	2.3	(16.8)	(17.2)	11.0	(2.3)
Foreign exchange loss	(67.4)	-	(67.4)	(93.4)	(27.8)	(27.8)
Hyperinflation monetary gain	405.6	-	405.6	-	n/a	n/a
Share of profits from associates	-	-	-	-	n/a	n/a
Profit / (Loss) before tax	359.1	1.4	360.5	(102.9)	(449.0)	(450.3)
Tax expense	0.2	-	0.2	(12.5)	(101.6)	(101.6)
Profit / (Loss) for period	359.3	1.4	360.7	(115.4)	(411.4)	(412.6)

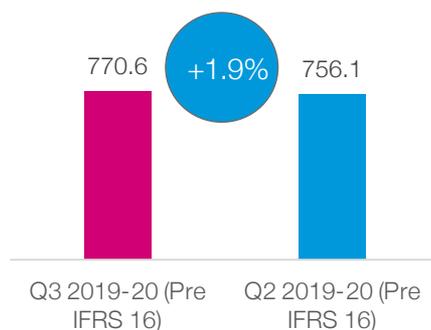
9M 2019-20 Capex projects (USD 92.5m, net of disposals)



Q3 2019-20 Capex projects (USD 35.0 million, net of disposals)



Gross debt (USDm)
(Q3 2019-20 and Q2 2019-20)



Net debt (USDm)
(Q3 2019-20 and Q2 2019-20)



Gross / Net debt (Pre IFRS 16)	Q3 2019-20
	USD m
Total gross debt:	770.6
Eurobond	730.0
Other debt (mainly Zambia)	16.8
Bond interest accrued	23.8
Less: unrestricted cash and cash equivalents*	(92.1)
Net debt	678.5

Q3 2019-20 (all Pre IFRS 16)	
Gross debt/Adjusted EBITDA:	3.69x
Covenant:	3.75x
Net debt/Adjusted EBITDA:	3.25x
Covenant:	4.25x

* This includes cash and cash equivalents located in Zimbabwe (USD 10.5 million) as per Note 2 of the financial statements.

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is Liquid.TM

