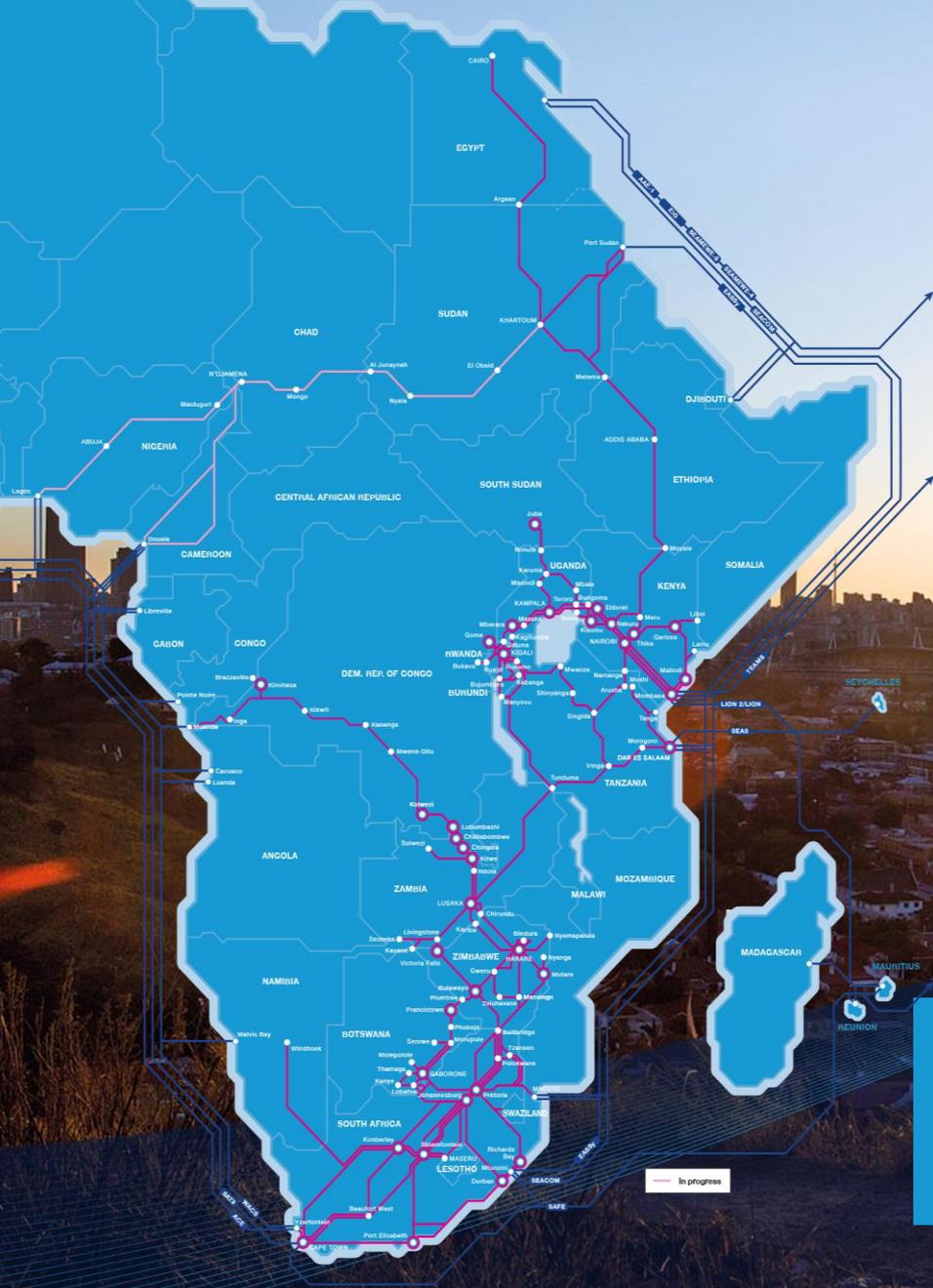


LIQUID TELECOM

Building Africa's
digital future



Liquid Telecom Full Year and Q4 2020 Results

23 June 2020

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Strategic update
Nic Rudnick, CEO of Liquid Telecom



Financial update
Kate Hennessy, CFO of Liquid Telecom

Strategic Update

Nic Rudnick, CEO of Liquid Telecom

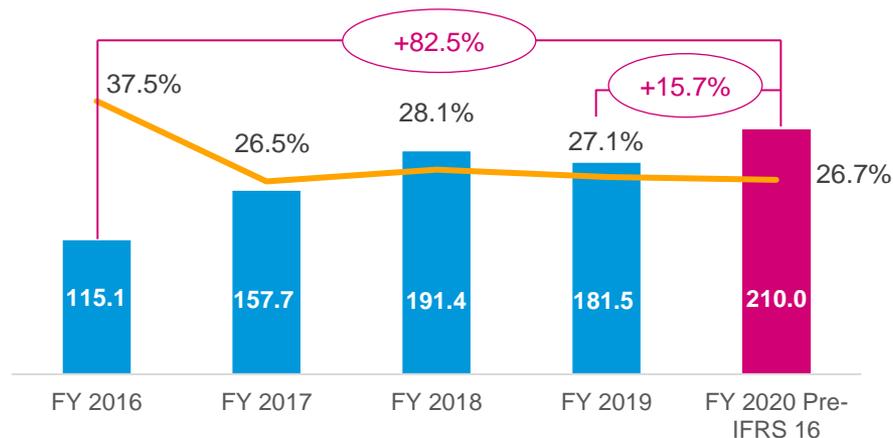
FY 2020 financial performance highlights

- Strong revenue growth **+17.5%** YoY against a challenging operating backdrop
- Pre-IFRS 16 EBITDA **+15.7%**
- Investment discipline maintained with capital expense reduced to **USD 104.0m** in line with operating environment
- Pre-IFRS 16 Net debt: **USD 669.6m**
Net debt/EBITDA: **3.19x**

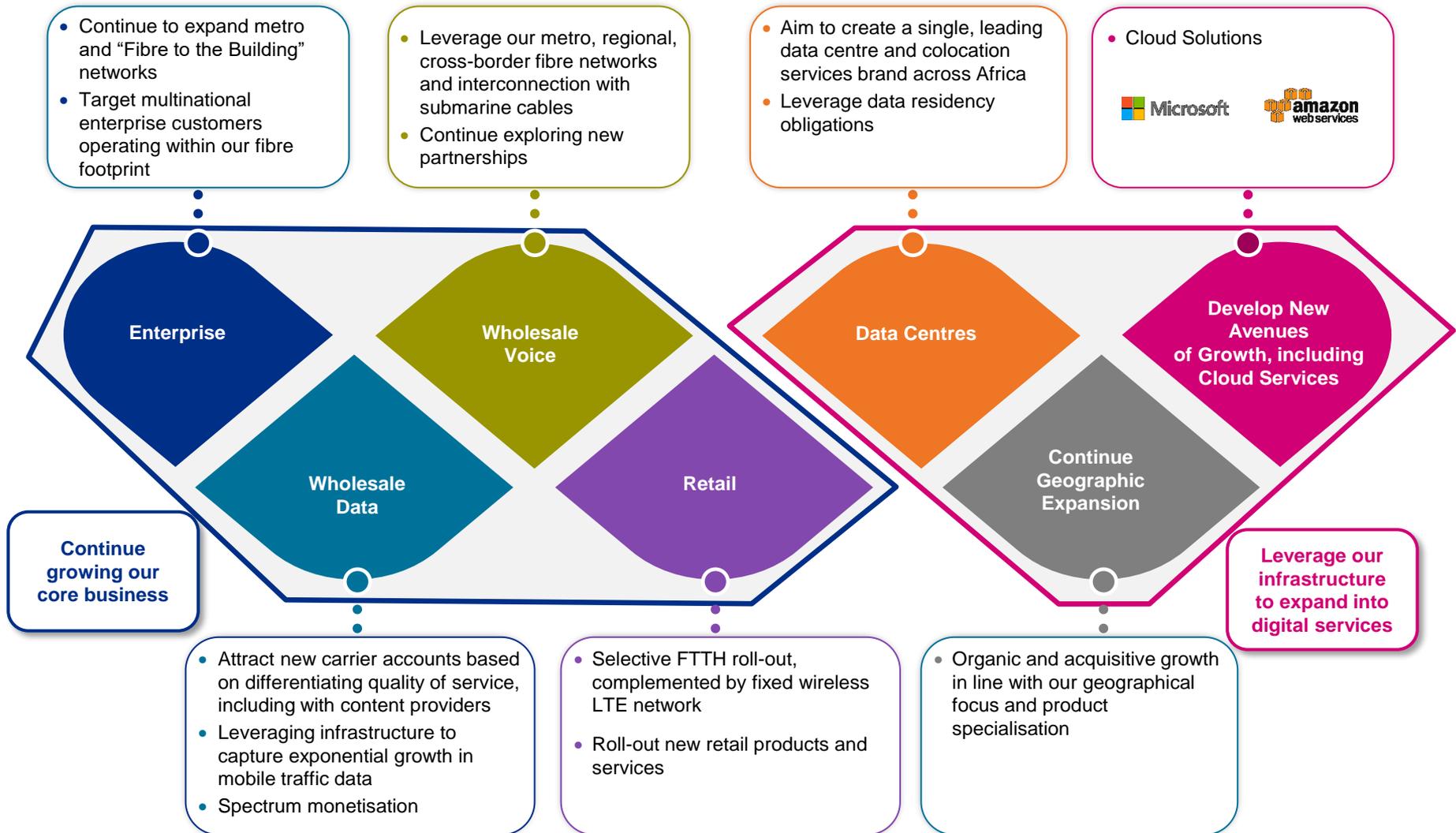
Revenue (USDm)



EBITDA (USDm) and EBITDA margin (%)



Strategic imperatives



Strategic growth milestones achieved

Footprint expansion



- Laid over 4,000km more of fibre, mainly in the DRC, contributing significantly to the build out of our East-West link
- Launched affordable super-fast broadband in Rwanda
- First to build critical fibre infrastructure in South Sudan with Phase 1 of 200km fibre backbone completed in Q4, connecting Juba to the border of Uganda

Transformational deals



- Material long term contracts signed in Q4 with a large global technology company
- A 5G roaming deal with 20 years tenor signed in South Africa
- The 4G roaming contract signed at the end of FY 2019 delivered 9 months of MRR for South Africa in FY 2020
- Initiation of major services to other key customers on our NLD 5 & 6 routes



South Africa

- USD 137.6m revenue uplift in South Africa, driven by asset monetisation deals in Wholesale Data segment
- The 4G roaming contract signed at the end of FY 2019 commenced in the year providing 9 months of MRR in FY 2020
- Strategic repositioning of the Enterprise business towards a service-based partnership model is starting to yield results

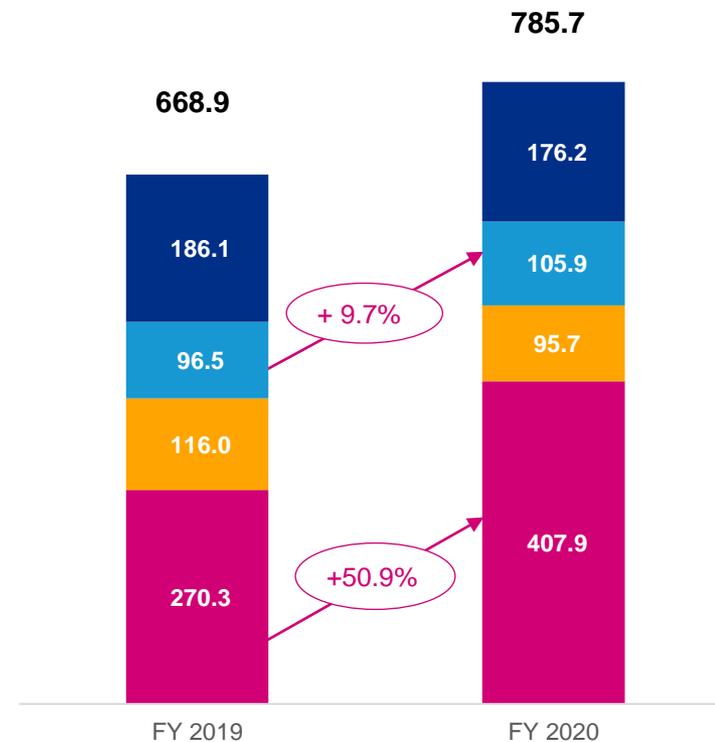


Rest of Africa



- USD 9.4m revenue uplift in Rest of Africa, driven by strong growth in Kenya +20% YoY
- Rwanda revenue +14% YoY as a result of a number of customer wins in the education and banking sectors
- Uganda revenue +24% YoY
- DRC revenue +39% YoY, as the prior year investment has become active and commercialised

Revenue by market USD(m)



■ South Africa ■ Zimbabwe ■ Rest of Africa ■ Rest of the World

Operational

Impact to date

- The Group rapidly rolled out remote working capability for all key personnel
- No supply chain or maintenance disruption to date

Outlook

- Gradual easing of lockdown and phased return to normal operations

Financial

- Slight slowing in debt collections due to lock down
- No indication of impairment of assets
- Additional bad debt provision of USD 2m in Q4 FY 2020

- FX volatility is likely to be the most significant negative factor
- Retail and Wholesale are expected to be broadly unaffected
- Some minor adverse impact on Enterprise as some of our customers temporarily close for business and may seek payment holidays or discounts

Liquidity

- USD 40m RCF drawn down post year end as precautionary measure to preserve liquidity

- The Group will maintain disciplined approach to cost management and capital investment to protect FCF position

Our response to COVID-19 pandemic

The Group's response to COVID-19 pandemic has been guided by our core belief that every individual on the African continent has the right to be connected, particularly in these challenging circumstances



Liquid Telecom enables Government of Zimbabwe to establish COVID-19 toll-free '2023' helpline



Liquid Telecom keeps home fibre users connected with unlimited high capacity broadband at zero extra cost



Liquid Telecom provides a boost to remote learning at Kibabil virtual school amidst COVID-19 pandemic



Liquid Telecom Zambia installs free Wifi at COVID-19 quarantine centres

Financial Update

Kate Hennessy, CFO of Liquid Telecom

FY 2020 performance highlights



- Revenue **+17.5%** YoY at **USD 785.7m**, driven by strong wholesale data performance in South Africa
- Underlying pre-IFRS 16 EBITDA **+15.7%** YoY at **USD 210.0m**. Outside Zimbabwe, pre-IFRS EBITDA **+38.8%** YoY, driven by strong performances in South Africa and East Africa
- Pre-IFRS 16 operating expenses of **USD 222.5m -5.3%** YoY, benefitting from prior year cost control initiatives and ongoing cost discipline
- A closing cash balance of **USD 85.0m**
- Controlled capex of **USD 104.0m** (net of disposal proceeds), in line with the operating environment, was deployed to drive further footprint expansion
- Pre-IFRS 16 net debt of **USD 669.6m**, giving a net debt to EBITDA ratio of **3.19x**, comfortably below the threshold of 4.25x

Q4 2020 - 19 performance highlights

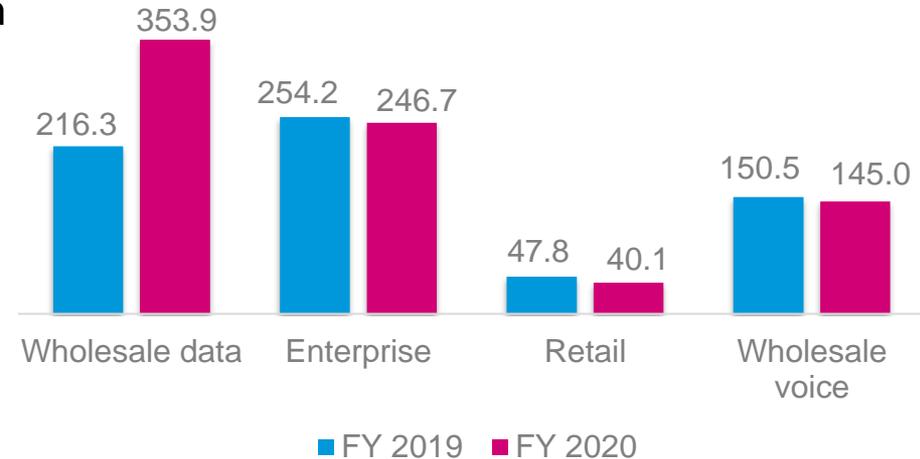


- Q4 revenue **+49.9%** YoY at **USD 245.3m**, with positive growth in all four business segments
 - Q4 Wholesale data revenue **+121.4%** YoY to **USD 125.9m**, driven by the closing of several high value contracts in South Africa
 - Q4 Enterprise revenue **+11.5%** to **USD 66.0m** as we concluded a number of deals in the last months of the financial year and added **260** new customers in the quarter.
 - Retail revenue **+58.9%** YoY to **USD 15.0m**, following increased demand for LTE services in Zimbabwe. Circa 21,000 new customers added in the quarter
- Pre-IFRS 16 adjusted Q4 EBITDA of **USD 64.6m** is our record since the bond was issued, **+42.4%** YoY due to the increase in commercial contracts signed in the final months of 2019-20

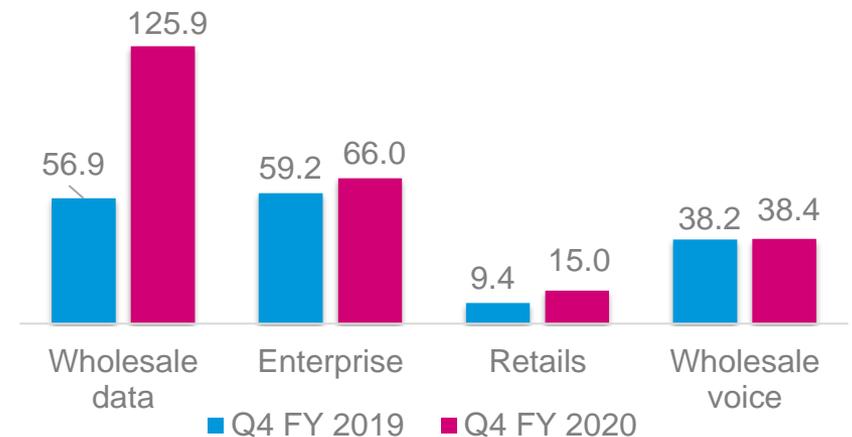
Revenue by segment

- Wholesale data FY revenue **+63.6%** and **121.4%** in Q4 YoY, due to closing of several high value contracts in South Africa, MRR from the 4G roaming deal, initial fee for the 5G roaming deal and further sales on our established NLD routes
- Enterprise FY revenue **-2.9%**, mainly due to a change in product mix from one customer in South Africa, and weaker exchange rates. Q4 **+11.5%** YoY as we concluded several deals in the last months of the financial year
- Retail FY revenue **-16.1%** due to closure of our CDMA business in South Africa and weaker exchange rates in Zimbabwe and Zambia. Strong growth of **+58.9%** in Q4 YoY, due to c. 21,000 new retail customers added
- Wholesale voice revenue **-3.7%** YoY and **+0.6%** in Q4 YoY reflecting global trend for declining voice minutes

Annual revenue by segment (USDm)



Quarterly revenue by segment (USDm)



Q4 FY 2020 - key operational highlights



0.41%

11,699

1,474

255

117,326

Churn

Enterprise customers

Data Centre (racks sold)

Voice minutes (in million)

Retail GPON and LTE customers

(83) bps Q4onQ4

+9.1% Q4onQ4

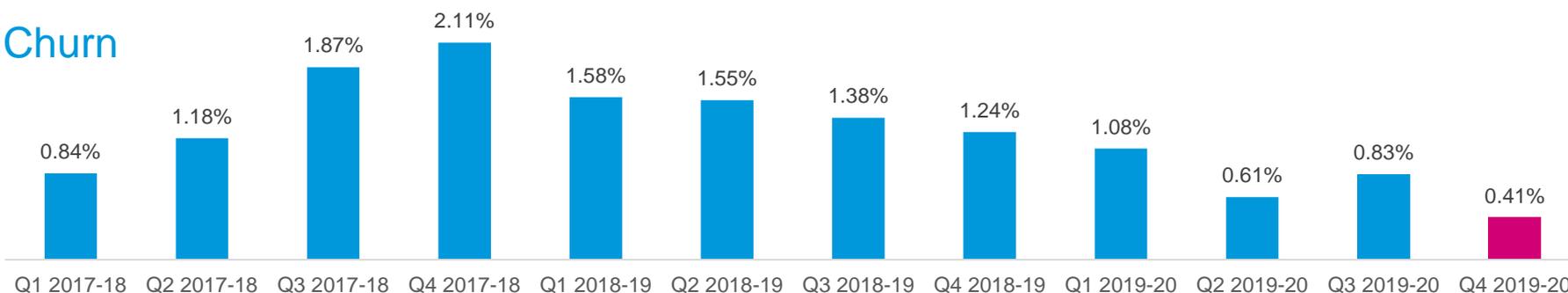
+1.6% Q4onQ4

(22.0%) Q4onQ4

+93.7% Q4onQ4

73,114km of fibre

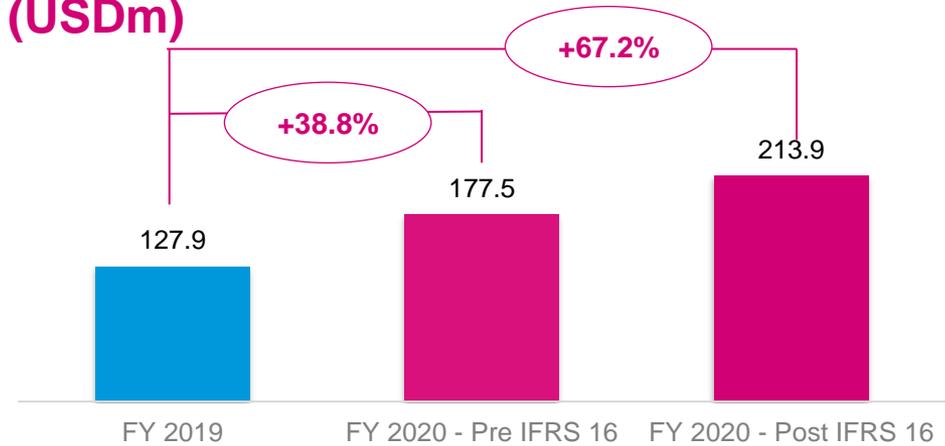
Churn



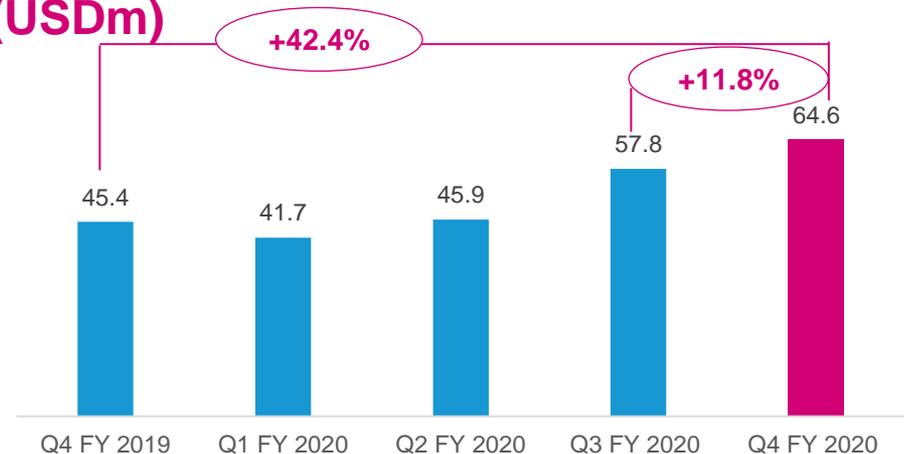
EBITDA progression

- Outside Zimbabwe, pre-IFRS EBITDA **+38.8%** YoY with strong performances in South Africa and East Africa and continued disciplined cost control
- Q4 2019-20 pre-IFRS 16 adjusted EBITDA **+42.4%** on Q4 2019 and **11.8%** on Q3 2020 due to increase in commercial contracts signed in the final months of the financial year

FY adjusted EBITDA excl. Zimbabwe (USDm)



Quarterly adjusted pre IFRS 16 EBITDA (USDm)



Income statement - 12 months FY 2020



USDm	12 months FY20 (Post IFRS 16)	IFRS 16 impact	12 months FY20 (Pre IFRS 16)	12 months FY19	Post IFRS 16 change (%)	Pre IFRS 16 change (%)
Revenue	785.7	-	785.7	668.9	17.5%	17.5%
EBITDA	247.3	-37.3	210.0	181.5	36.3%	15.7%
<i>Adjusted EBITDA margin (%)</i>	31%	n/a	27%	32%	0.0 pp	(4.4) pp
<i>Depreciation, impairment and amortisation</i>	-149.9	34.7	-115.2	-99.4	50.8%	15.9%
Operating profit	97.5	-2.7	94.8	81.5	19.6%	16.3%
<i>Finance costs</i>	-79.4	9.5	-69.9	-73.5	8.0%	-4.9%
<i>Net foreign exchange loss</i>	-599.1	-	-599.1	-91.8	552.7%	552.7%
<i>Hyperinflation monetary gain (IAS 29)*</i>	458.5	-	458.5	-	n/a	n/a
Loss for the year	-63.3	6.8	-56.5	-116.1	-45.5%	-51.4%

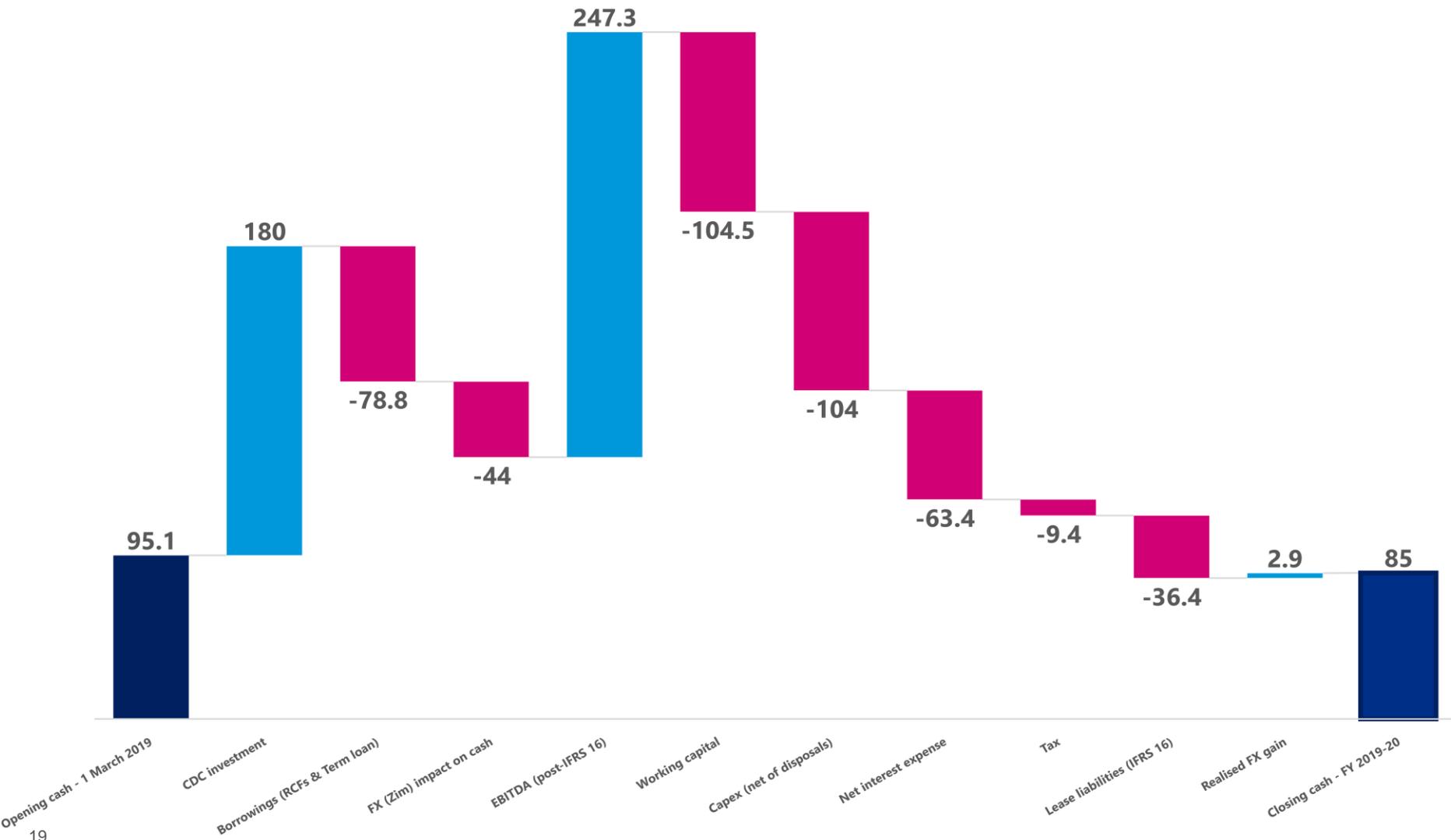
*The group has applied the requirements of IAS 29 in its consolidated financial statements for the year to 29 February 2020, effective from 1 October 2018. The gains on the net monetary position relating to the opening balances of the Zimbabwe subsidiaries at 1 March 2019 of USD 100.3 million have been recognised in the consolidated statement of other comprehensive income.

Income statement - Q4 FY 2020



USDm	Q4 FY20 (Post IFRS 16)	IFRS 16 impact	Q4 FY20 (Pre IFRS 16)	Q4 FY19	Post IFRS 16 change (%)	Pre IFRS 16 change (%)
Revenue	245.3	-	245.3	163.6	49.9%	49.9%
EBITDA	75.5	-11.0	64.6	45.3	66.6%	42.4%
<i>Adjusted EBITDA margin (%)</i>	31%	n/a	26%	39%	(7.85) pp	(12.3) pp
<i>Depreciation, impairment and amortisation</i>	-59.6	10.0	-49.6	-26.5	124.8%	87.0%
Operating profit	15.9	-1.0	15.0	18.8	-15.4%	-20.5%
<i>Finance costs</i>	-21.4	2.6	-18.8	-21.7	-1.5%	-13.3%
<i>Net foreign exchange loss</i>	-173.3	-	-173.3	7.0	-2,588.2%	-2,588.2%
<i>Hyperinflation monetary gain (IAS 29)*</i>	133.5	-	133.5	-	n/a	n/a
Profit/(loss) for the year	15.4	1.6	17.0	-1.2	-1,421.4	-1,558.9

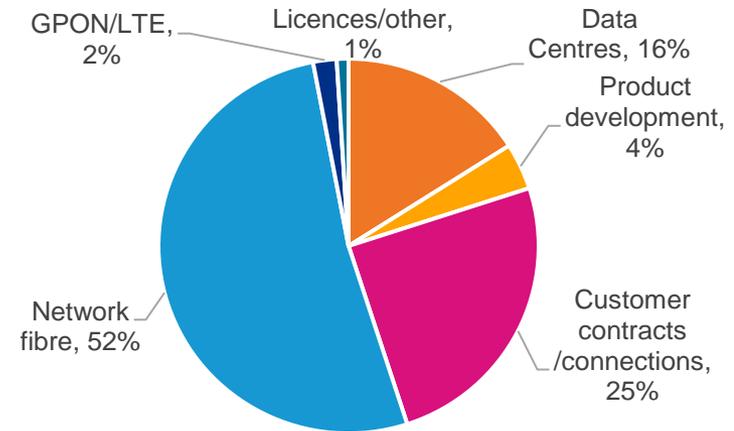
Cash flow waterfall – 12 months FY 2020



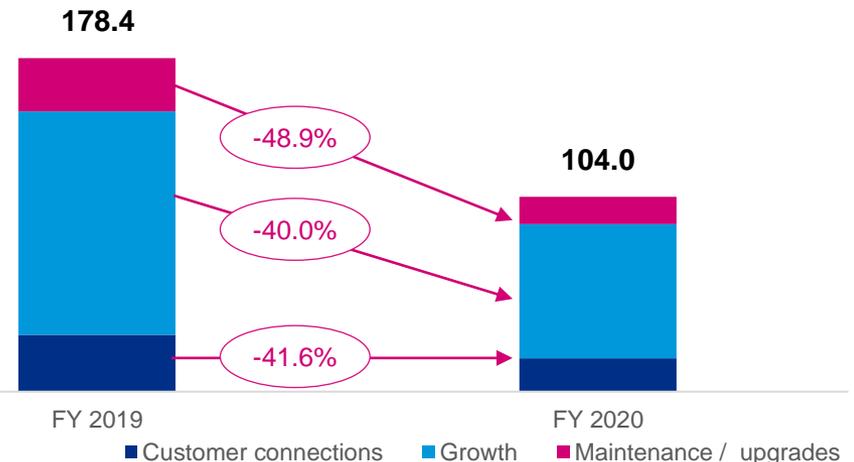
Group capex overview – 12 months FY 2020

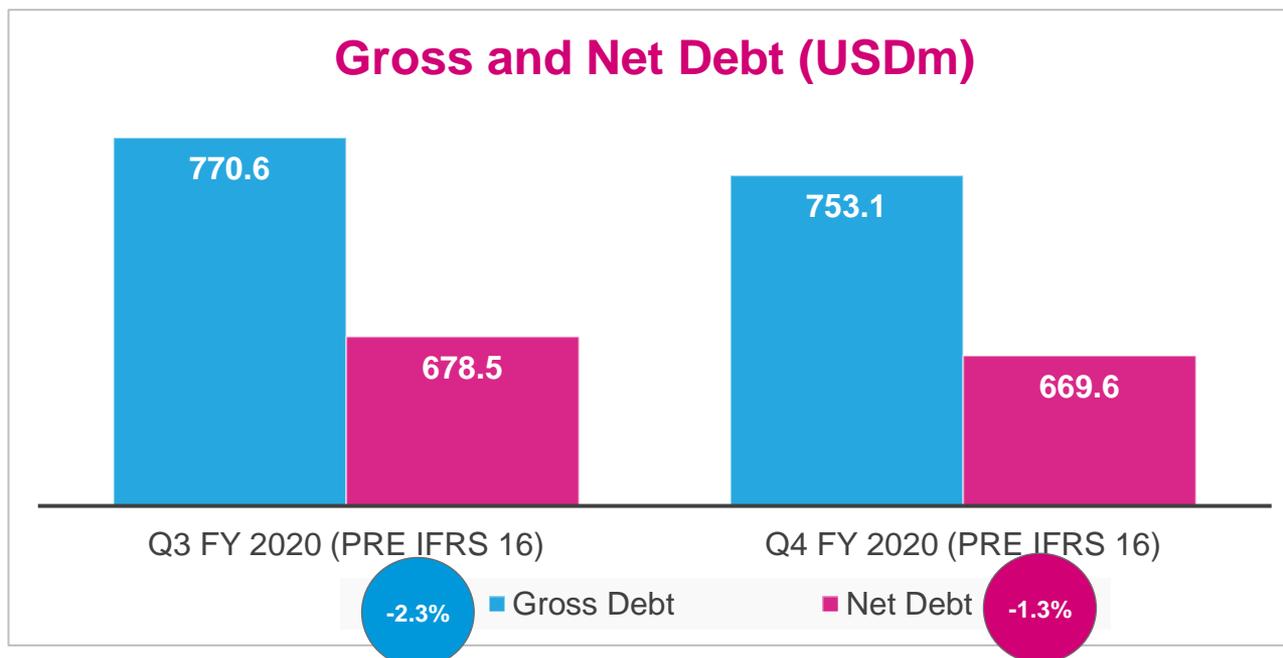
- Controlled capex spend in the year of **USD 104.0m** (net of disposal proceeds), lower than forecast but in line with the operating environment
- Majority of capex reduction is in Zimbabwe, as we protect our capital in a challenging operating environment, and South Africa, where we are nearing completion of our strategic projects
- Despite the reduction, Growth capex drove further footprint expansion:
 - further build out of NLD 5 & 6 in South Africa
 - establishing our fibre footprint in South Sudan
 - roll out of a major fibre link in DRC to progress our East to West delivery

12 months FY 2020 capex split



12 months capex progression (USDm)





	Type of covenant	Threshold	Q4 FY 2020	Q3 FY 2020
Gross debt/Adjusted EBITDA	Incurrence	3.75	3.55	3.69
Net debt/Adjusted EBITDA	Maintenance	4.25	3.19	3.25

Revenue

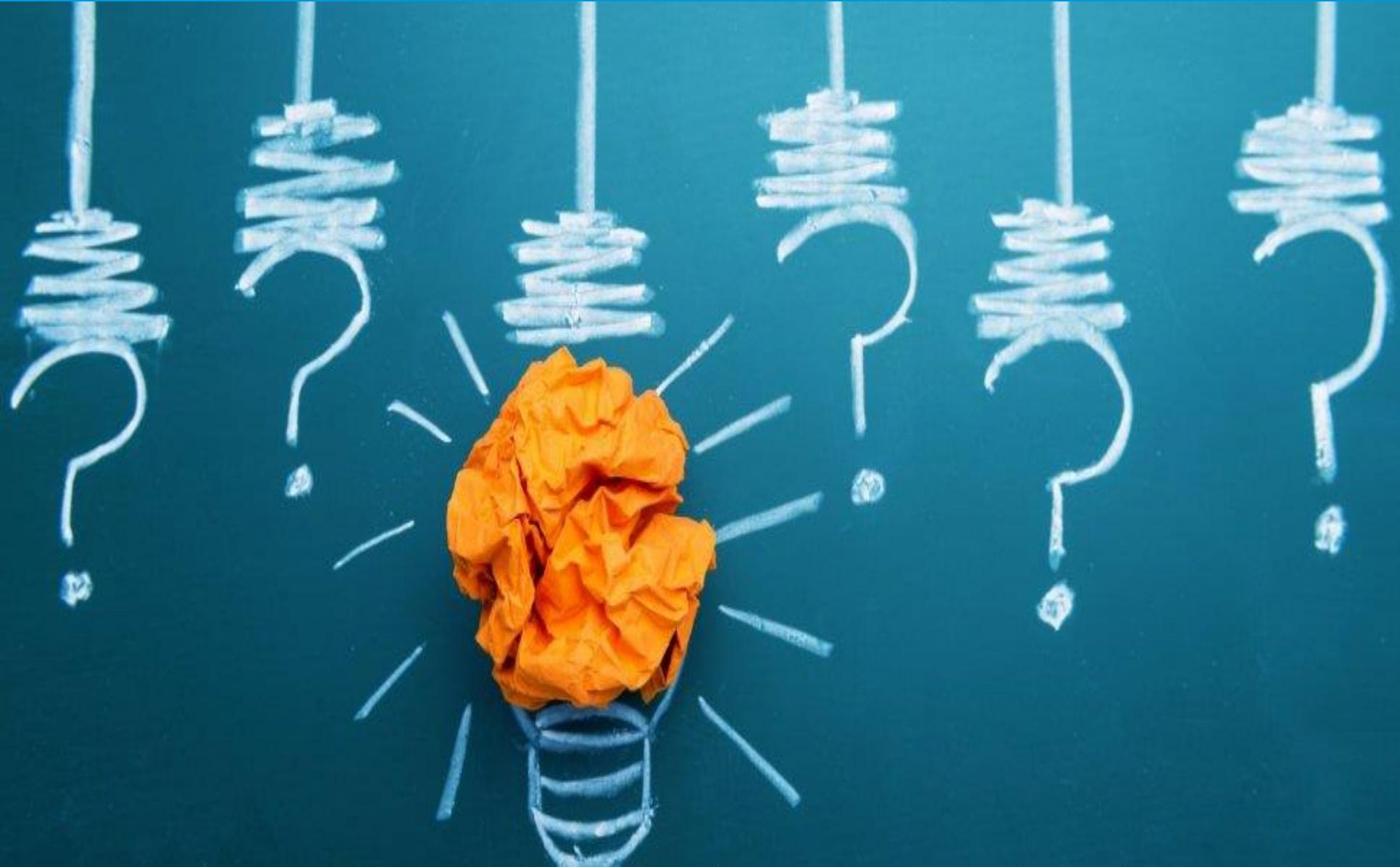
- The Group's business and operations are inherently resilient against the COVID-19 pandemic due to ever increasing demand for connectivity and digital services in the lockdown environment.
- Expect a small share of our Enterprise customers to be more materially affected by business disruption, which may result in lower Enterprise new sales, discounting and slower debt collections, but it is unlikely to cause a material adverse effect on the Group's revenue line.

EBITDA

- Forecasting a negative FX drag on the Group's Adjusted EBITDA in FY 2021, predominantly due to further expected weakening of Rand and ZWL\$ against the USD
- Expect some volatility in EBITDA through FY 2021 with potential softening in some quarters as COVID-19 impact continues to unfold

Capex

- As we maintain strong investment discipline to protect the Group's free cashflow position, we anticipate capex for FY 20-21 to be in the range of USD 90m – 110m
- USD53m was committed at the end of Q4 FY2020
- Will prioritise discretionary capex dynamically as the impact of COVID-19 pandemic continues to unfold



Appendices

Appendix 1

Summary of IFRS 16 impact

USDm – FY 2019 – 20	Increase / decrease	12 months	Q4	Q3	Q2	Q1
Statement of profit or loss						
Adjusted EBITDA	↑	37.3	11.0	9.6	8.0	8.8
Total overheads and other income	↓	13.4	5.2	3.3	2.7	2.2
Depreciation, amortisation and impairment	↑	34.7	10.0	8.7	8.3	7.7
Operating Profit	↑ / (↓)	2.7	1.0	0.9	-0.3	1.1
Finance costs	↑	9.6	2.6	2.3	2.5	2.2
Profit for the year	↓	6.8	1.6	1.4	2.8	1.1
Statement of financial position						
Right-of-Use assets	n/a	97.3	97.3	94.7	96.1	97.0
Long-term lease liabilities	n/a	65.5	65.5	67.9	68.3	69.6
Short-term lease liabilities	n/a	30.0	30.0	31.1	30.6	28.9
Statement of cash flow position						
Net cash generation from operating activities	↑	46.0	11.8	9.6	9.1	8.5
Net cash generation from financing activities	↑	46.0	11.8	9.6	9.1	8.5

Appendix 2

IAS 29 "Financial Reporting in Hyperinflationary Economies"



Revenue movement example

- A hypothetical monthly revenue stream of 1,000 adjusted monthly using actual historical exchange rates and CPI using IAS 29 principle
- CPI & exchange rates don't move in tandem.

	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Total
ZWL revenue (periodic)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Exchange rate	2.96	3.23	5.27	5.90	8.90	10.74	15.41	15.67	16.26	16.77	17.36	17.96	
CPI	104.4	110.1	124.0	172.6	208.9	246.7	290.4	402.9	423.2	473.3	551.6	640.2	
ZWL IAS 29 (YTD)	1,000	2,055	3,314	5,613	7,793	10,203	13,011	19,051	21,009	24,499	29,552	35,298	
USD IAS 29 (YTD)	338	636	628	951	875	950	844	1,215	1,292	1,461	1,702	1,965	
USD IAS 29 (periodic)	338	298	- 8	323	- 76	75	- 106	371	77	168	242	263	1,965
Movement in exchange rate		9.2%	63.3%	11.9%	50.9%	20.6%	43.6%	1.7%	3.7%	3.2%	3.5%	3.4%	
Movement in CPI		5.5%	12.6%	39.2%	21.0%	18.1%	17.7%	38.7%	5.0%	11.9%	16.5%	16.1%	



Africa's Cloud
is Liquid.TM