

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

## Helios Towers plc

### **Helios Towers enters into agreements with Airtel Africa Group companies for the acquisition and rollout of over 2,500 sites**

*Supports the Group's entrance into four attractive new markets*

*Includes build-to-suit commitment for 315 additional new sites*

**London, 23 March 2021:** Helios Towers plc ("Helios Towers", the "Group"), the independent telecommunications infrastructure company, has signed agreements with Airtel Africa Group companies ("Airtel Africa") to acquire its passive infrastructure operating companies in Madagascar and Malawi and enter into exclusive memorandum of understanding arrangements for the potential acquisition of its passive infrastructure assets in Chad and Gabon (together, the "Transactions"), all subject to required regulatory approvals.

#### **Transactions Overview**

The Transactions comprise four separate agreements:

- Two separate agreements, one for each market, for the acquisition of Airtel Africa's passive infrastructure companies in Madagascar and Malawi for a total expected consideration of \$108 million. These acquisitions are both anticipated to close in or around Q4 2021, subject to separate customary closing conditions including required regulatory approvals
- In each of Chad and Gabon, the Group has entered into exclusive memorandum of understanding arrangements and, subject to obtaining a passive infrastructure licence in each jurisdiction, is expected to complete the acquisition of Airtel Africa's passive infrastructure assets in those countries in or around Q1 2022

The Transactions assets are expected to generate aggregated annualised revenues of \$89 million and Adjusted EBITDA of \$27 million (in the first full year of ownership), with further growth anticipated through 315 committed build to suits ("BTS") and colocation lease-up.

#### **Transactions' Highlights**

- Represents 2,227 existing sites across Madagascar, Malawi, Chad and Gabon
- Upon and subject to completion, Helios Towers will become the largest independent telecommunications infrastructure company in each of Malawi, Chad and Gabon with strong market share in Madagascar
- Expected to increase Helios Towers' geographic presence to 10 markets, delivering the Group's 2025 vision to expand operational presence to at least eight markets, well ahead of plan
- Further growth expected through 315 additional committed BTS sites
- Together with the committed BTS and acquisition of assets in Senegal announced on 12 August 2020 – which is expected to close in H1 2021 – increases Group site count to c.11,500 towers, nearing the Group's 2025 vision of expanding to 12,000+ towers
- Long-term service contracts for an initial period of 12 years provide \$1.1 billion of future contracted revenue, which together with the previously announced 15 year service

agreement with Free Senegal, increases Group contracted revenue to c.\$4.6 billion and extends average remaining life to 8 years

- Strong hard currency Adjusted EBITDA mix at 85% for the portfolio, reflecting EUR-pegged currencies in Chad and Gabon and USD-linked revenues in Madagascar and Malawi, which further strengthens Group Adjusted EBITDA in hard currency to c.70%
- Aligned to Helios Towers' new market entry criteria and is expected to deliver on the Group's disciplined internal returns thresholds
- Upon completion, the Transactions are expected to be immediately accretive to earnings
- The Transactions are expected to be financed through Helios Towers' existing cash and debt facilities

### Madagascar and Malawi Acquisitions

The total consideration for the acquisition of the passive infrastructure companies in Madagascar and Malawi is expected to be \$108 million, which represents an enterprise value of \$124 million including estimated transaction costs and capitalised ground leases for the Group. These assets are expected to generate revenues of \$38 million and Adjusted EBITDA of \$13 million in the first full year of ownership.

In addition, Helios Towers has received a BTS commitment from Airtel Africa representing an additional 195 sites over the three years upon completion for which a further \$11 million of deferred consideration and \$24 million growth capex are expected to be invested by the Group.

In the year to 31 March 2020 the passive infrastructure companies being acquired in Madagascar and Malawi generated net profit before tax of \$3 million with a reported gross asset value of \$94 million.

In line with Malawian local telecommunications infrastructure licence requirements, the Group's Malawian operating company is expected to obtain a 20% local Malawian shareholding which will be maintained during the term of Helios Towers' operating licence in Malawi. This will be effected at closing.

The Group expects to disclose consideration details for Chad and Gabon upon signing of the acquisition agreements in each market.

### Markets Overview

Similar to Helios Towers' other markets, Madagascar, Malawi, Chad and Gabon represent compelling markets for telecoms with a combination of a young, growing and increasingly urbanised populations plus high GDP growth, with each market forecast to deliver GDP CAGRs of 4% – 6% over the next five years (*IMF, October 2020*). These dynamics will continue to drive increasing demand for mobile communications and consequently the infrastructure supporting it.

|  | Madagascar | Malawi | Chad | Gabon | Total |
|--|------------|--------|------|-------|-------|
| <b>Markets overview:</b>                           |            |        |      |       |       |
| Population (m) <sup>(1)</sup><br><i>(2020)</i>     | 28         | 19     | 16   | 2     | 65    |
| GDP CAGR <sup>(2)</sup><br><i>(2020 – 2025)</i>    | 5%         | 6%     | 4%   | 4%    | 5%    |
| Mobile penetration <sup>(3)</sup><br><i>(2020)</i> | 33%        | 34%    | 38%  | 63%   | 42%   |

|   |      |      |      |      |       |
|---|------|------|------|------|-------|
| Mobile subscriber growth <sup>(3)</sup><br><i>(2020 – 2025)</i> | 8%   | 6%   | 5%   | 3%   | 5%    |
| Mobile network operators (#)                                    | 4    | 2    | 3    | 2    | 2 - 4 |
| Points of Service CAGR <sup>(4)</sup><br><i>(2020 – 2025)</i>   | 7%   | 7%   | 5%   | 3%   | 6%    |
| <b>Transaction KPIs:</b>  |      |      |      |      |       |
| Sites   | 494  | 735  | 539  | 459  | 2,227 |
| Site tenancy ratio <sup>(5)</sup>                               | 1.3x | 1.4x | 1.2x | 1.0x | 1.3x  |
| Committed BTS   | 135  | 60   | 60   | 60   | 315   |
| Y1 Revenues (US\$m) <sup>(6)</sup>                              | 15   | 23   | 29   | 22   | 89    |
| Y1 Adj. EBITDA (US\$m) <sup>(6)</sup>                           | 5    | 8    | 7    | 7    | 27    |

1. United Nations, World Population Prospects 2019
2. IMF World Economic Outlook, October 2020
3. Unique mobile subscriber penetration and subscriber growth. GSMA Intelligence Database, accessed February 2021
4. Hardiman report, March 2021
5. Group estimates
6. Revenues and adjusted EBITDA are Group estimates and reflect expected performance of the acquired assets in the first full year of ownership, with further growth expected through the 315 committed BTS and colocation lease-up

To support the anticipated expansion into new markets, Helios Towers completed an internal reorganisation in H2 2020, creating a new regional CEO structure and dedicated new markets team. This reorganisation supports the Group's ongoing geographic and operational expansion characterised by the previously announced entry into Senegal, these Transactions and other potential future acquisitions.

#### **Commenting on the Transactions, Kash Pandya, Chief Executive Officer of Helios Towers said:**

"We are delighted to announce these acquisitions which, alongside the previously announced entry into Senegal, means we will deliver on our 2025 ambition to increase our operational presence to at least eight markets well ahead of schedule and represents a significant step towards our target of 12,000+ sites. Additionally, as a result of service contract structuring and market selection, our hard-currency revenues and adjusted EBITDA will improve further, providing enhanced future stability for the business and complimented by the 12-year service contracts with Airtel Africa. We look forward to strengthening our relationship with Airtel Africa and the other MNOs by delivering exceptional services levels in these markets over the coming years, driving the sustainable growth of communications across Africa."

#### **Conference Call**

Helios Towers' management will host a conference call for analysts and institutional investors today at 13:00 GMT. Dial in details for the conference call are:

Europe & International: +44 20 3936 2999

South Africa (local): 087 550 8441

USA (local): 1 646 664 1960

Passcode: 467494

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The person responsible for making this announcement on behalf of Helios Towers is Paul Barrett, Group General Counsel and Company Secretary.

**About Helios Towers (“HT”)**

- Helios Towers is a leading independent telecommunications infrastructure company in Africa, having established one of the continent's most extensive tower portfolios with over 7,300 towers across five countries. It builds, owns and operates telecom passive infrastructure, providing services to mobile network operators.
- HT owns and operates telecommunication tower sites across Africa in Tanzania, Democratic Republic of Congo (“DRC”), Congo Brazzaville, Ghana, South Africa, and are due to establish a presence in Senegal during H1 2021.
- HT pioneered the model in Africa of buying towers that were held by single operators and providing services utilising the tower infrastructure to the seller and other operators. This allows wireless operators to outsource non-core tower-related activities, enabling them to focus their capital and managerial resources on providing higher quality services more cost-effectively.

**About Airtel Africa plc (“Airtel Africa”)**

- Airtel Africa is a leading provider of telecommunications and mobile money services, with a presence in 14 countries in Africa, primarily in East Africa and Central and West Africa.
- Airtel Africa offers an integrated suite of telecoms solutions to its subscribers, including mobile voice and data services as well as mobile money services, both nationally and internationally. We aim to continue providing a simple and intuitive customer experience through streamlined customer journeys.