HELIOS TOWERS plc

Unaudited trading update for the three months ended 31 March 2023

Record year-on-year organic tenancy additions

+27% year-on-year Adjusted EBITDA growth

2023 guidance reiterated

London, 18 May 2023: Helios Towers plc ("Helios Towers", "the Group" or "the Company"), the independent telecommunications infrastructure company, today announces results for the three months to 31 March 2023 ("Q1 2023").

	Q1 2023	Q1 2022	Change	**Q1 2023**	Q4 2022	Change
Sites	**13,684**	10,511	+30%	**13,684**	13,553	+1%
Tenancies	**25,120**	20,233	+24%	**25,120**	24,492	+3%
Tenancy ratio	**1.84x**	1.92x	-0.08x	**1.84x**	1.81x	+0.03x
Revenue (US$m)	**170.8**	127.5	+34%	**170.8**	151.9	+12%
Adjusted EBITDA (US$m)[1]	**84.7**	66.7	+27%	**84.7**	76.0	+11%
Adjusted EBITDA margin[1]	**50%**	52%	-2ppt	**50%**	50%	-
Operating profit (US$m)	**33.0**	14.4	+129%	**33.0**	17.4	+90%
Portfolio free cash flow (US$m)[1]	**57.7**	49.4	+17%	**57.7**	56.3	+2%
Cash generated from operations (US$m)	**36.2**	52.7	-31%	**36.2**	31.5	+15%
Net debt (US$m)[1]	**1,734.2**	1,012.7	+71%	**1,734.2**	1,678.0	+3%
Net leverage[1,2]	**5.1x**	3.7x	+1.4x	**5.1x**	5.1x	-

1 Alternative Performance Measures are described in our defined terms and conventions.
2 Calculated as per the Senior Notes definition of net debt divided by annualised Adjusted EBITDA.

Tom Greenwood, Chief Executive Officer, said:

"Following two years of transformational expansion, concluding with the Oman acquisition closing in December 2022, we have started our next chapter with strong performance that demonstrates the quality of our enlarged platform. Our leading positions in high-growth markets has supported one of our best ever quarters of organic tenancy additions, which combined with our robust business model, that features CPI and power price protections, has supported double-digit organic Adjusted EBITDA growth year-on-year.

Looking forward, we have maintained our guidance for the full-year, that reflects strong growth, disciplined capital allocation and a clear pathway to deleveraging. We remain laser focused on operational execution and continuing to drive sustainable value for all our stakeholders – our customers, partners, people, environment, communities and investors."

Financial highlights

- Revenue increased 34% year-on-year to US$170.8m (Q1 2022: US$127.5m), driven by strong organic revenue growth and acquisitions in Malawi and Oman.
    - Excluding acquisitions, revenue increased 17% year-on-year driven by strong organic tenancy additions and CPI and power price escalations.
    - Revenue increased by 12% quarter-on-quarter (Q4 2022: US$151.9m).

- Adjusted EBITDA increased by 27% year-on-year to US$84.7m (Q1 2022: US$66.7m), driven by tenancy growth, with Adjusted EBITDA margin decreasing to 50% year-on-year (Q1 2022: 52%), reflecting the impact of higher power prices that resulted in power-linked revenues and related operating expenses increasing comparably.
    - Excluding acquisitions, Adjusted EBITDA increased 11% year-on-year.
    - Adjusted EBITDA increased by 11% quarter-on-quarter (Q4 2022: US$76.0m), with Adjusted EBITDA margin remaining flat (Q4 2022: 50%).

- Operating profit increased by 129% year-on-year to US$33.0m (Q1 2022: US$14.4m), largely driven by Adjusted EBITDA growth.
    - Q1 2023 operating profit increased by 90% quarter-on-quarter to US$33.0m (Q4 2022: US$17.4m).

- Portfolio free cash flow increased by 17% year-on-year to US$57.7m (Q1 2022: US$49.4m), driven by Adjusted EBITDA growth and lower tax payments, partially offset by higher lease payments and non-discretionary capital expenditure that reflects the Company's higher site count.
    - Portfolio free cash flow increased by 2% quarter-on-quarter to US$57.7m (Q4 2022: US$56.3m).

- Cash generated from operations decreased by 31% year-on-year to US$36.2m (Q1 2022: US$52.7m), driven by higher working capital outflows partially offset by Adjusted EBITDA growth.
    - Cash generated from operations increased by 15% quarter-on-quarter to US$36.2m (Q4 2022: $31.5m) driven by Adjusted EBITDA growth and partially offset by working capital outflows.

- Net leverage of 5.1x increased by +1.4x year-on-year (Q1 2022: 3.7x) and remained flat quarter-on-quarter (Q4 2022: 5.1x), with the year-on-year increase driven by the acquisition in Oman.
    - The Group continues to target being in or around the high-end of its 3.5-4.5x target range by Q4 2023.

- Business underpinned by long-term contracted revenues of US$4.8bn (Q1 2022: US$4.2bn), of which 99% is from multinational MNOs, with an average remaining life of 7.3 years (Q1 2022: 7.4 years).

Operational highlights

- Sites increased by 3,173 (30%) year-on-year to 13,684 sites (Q1 2022: 10,511 sites), reflecting 654 organic site additions and the acquisition of 2,519 sites in Oman.
    - Sites increased by 131 quarter-on-quarter (Q4 2022: 13,553).

- Tenancies increased by 4,887 year-on-year to 25,120 tenants (Q1 2022: 20,233 tenants), reflecting 1,870 organic tenancy additions and 3,017 acquired tenancies in Oman.
    - Tenancies increased by 628 quarter-on-quarter (Q4 2022: 24,492), reflecting one of the strongest ever quarters of organic tenancy additions for the Group.

- Tenancy ratio decreased by 0.08x year-on-year to 1.84x (Q1 2022: 1.92x), reflecting the dilutive impact of the acquired assets in Oman (Oman Q1 2023: 1.2x).
    - Tenancy ratio expanded 0.03x quarter-on-quarter (Q4 2022: 1.81x).

Environmental, Social and Governance (ESG)

- Helios Towers is committed to sustainable business and its purpose of driving the growth of mobile communications in Africa and the Middle East, and maximising impact in its key focus areas of digital inclusion, local, diverse and talented teams, climate action and responsible governance.

- The Group published its Annual Report and Financial Statements on 27 March, adopting integrated reporting for the first time to better reflect its approach to sustainable business. A complementary Reporting Supplement was also published, which includes additional ESG information and disclosures against reporting frameworks, such as the Global Reporting Initiative.

2023 Outlook and guidance

- The Group's 2023 guidance remains unchanged from its prior communication and reflects the following expectations for the full year:

    - Tenancy additions of 1,600 – 2,100, of which 40% are anticipated to be new sites.
    - Adjusted EBITDA of US$350m – US$365m, reflecting year-on-year growth of 24 – 29%.
    - Portfolio free cash flow of US$230m – US$245m, reflecting year-on-year growth of 14 – 22%.
    - Capital expenditure of US$170m – US$210m.
        - Of which, US$40m is anticipated to be non-discretionary capital expenditure.

For further information go to:
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Helios Towers' management will host a conference call for analysts and institutional investors at 09.30 BST on Thursday, 18 May 2023. For the best user experience, please access the conference via the webcast. You can pre-register and access the event using the link below:

Registration Link - Helios Towers Q1 2023 Results Conference Call
Event Name: Q12023
Password: HELIOS

If you intend to participate in Q&A during the call or are unable to use the webcast, please dial in using the details below:

Europe & International	+44 203 936 2999
South Africa (local)	087 550 8441
USA (local)	+1 646 664 1960
Passcode:	**170045**

About Helios Towers

- Helios Towers is a leading independent telecommunications infrastructure company, having established one of the most extensive tower portfolios across Africa and the Middle East. It builds, owns and operates telecom passive infrastructure, providing services to mobile network operators.
- Helios Towers owns and operates over 13,600 telecommunication tower sites in Tanzania, Democratic Republic of Congo, Congo Brazzaville, Ghana, South Africa, Senegal, Malawi, Madagascar and Oman.
- Helios Towers 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.

Alternative Performance Measures

The Group has presented a number of Alternative Performance Measures (“APMs”), which are used in addition to IFRS statutory performance measures. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Loss before tax, gross profit, non-current and current loans and long-term and short-term lease liabilities are the equivalent statutory measures (see ‘Certain defined terms and conventions’). For more information on the Group’s Alternative Performance Measures, see the Group’s Annual Report for the year ended 31 December 2022, published on the Group’s website. Reconciliations of APMs to the equivalent statutory measure are included in the Group’s Half-Year and Annual financial reports.

Financial and operating metrics

Key metrics

For the three months ended 31 March 2023:

	Group		Middle East & North Africa[3]		East & West Africa[4]		Central & Southern Africa[5]	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	US$m	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m
Sites at period end	**13,684**	10,511	**2,519**	-	**6,322**	6,052	**4,843**	4,459
Tenancies at period end	**25,120**	20,233	**3,072**	-	**12,363**	11,550	**9,685**	8,683
Tenancy ratio at period end	**1.84x**	1.92x	**1.22x**	-	**1.96x**	1.91x	**2.00x**	1.95x
Revenue for the period	**170.8**	127.5	**13.3**	-	**76.7**	56.4	**80.8**	71.1
Adjusted gross margin[1]	**61%**	65%	**77%**	-	**66%**	68%	**55%**	63%
Adjusted EBITDA for the period	**84.7**	66.7	**8.8**	-	**46.8**	35.9	**36.6**	38.8
Adjusted EBITDA Margin[2] for the period	**50%**	52%	**66%**	-	**61%**	64%	**44%**	54%

1 Adjusted gross margin means gross profit, adding back site depreciation, divided by revenue.
2 Group Adjusted EBITDA for the period includes corporate costs of US$7.5 million (2021: US$8.0 million).
3 Middle East & North Africa segment reflects the Company's operations in Oman.
4 East & West Africa segment reflects the Company's operations in Tanzania, Senegal and Malawi.
5 Central & Southern Africa segment reflects the Company's operations in DRC, Congo Brazzaville, South Africa, Ghana and Madagascar.

Total tenancies as at 31 March

			Middle East & North Africa		**East & West Africa**					
	Group		Oman		Tanzania		Senegal		Malawi	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	US$m	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m
Standard colocation tenants	**9,984**	8,670	**543**	-	**4,708**	4,441	**89**	70	**474**	375
Amendment colocation tenants	**1,452**	1,052	**10**	-	**739**	612	**3**	-	**28**	-
Total colocation tenants	**11,436**	9,722	**553**	-	**5,447**	5,053	**92**	70	**502**	375
Total sites	**13,684**	10,511	**2,519**	-	**4,195**	4,068	**1,361**	1,261	**766**	723
Total tenancies	**25,120**	20,233	**3,072**	-	**9,642**	9,121	**1,453**	1,331	**1,268**	1,098
Tenancy ratio	**1.84x**	1.92x	**1.22x**	-	**2.30x**	2.24x	**1.07x**	1.06x	**1.66x**	1.52x

	Central & Southern Africa									
	DRC		Congo Brazzaville		Ghana		South Africa		Madagascar	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	US$m	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m
Standard colocation tenants	**2,792**	2,554	**189**	167	**855**	751	**242**	215	**92**	97
Amendment colocation tenants	**253**	125	**33**	23	**354**	282	**24**	6	**8**	4
Total colocation tenants	**3,045**	2,679	**222**	190	**1,209**	1,033	**266**	221	**100**	101
Total sites	**2,326**	2,105	**513**	471	**1,116**	1,060	**373**	335	**515**	488
Total tenancies	**5,371**	4,784	**735**	661	**2,325**	2,093	**639**	556	**615**	589
Tenancy ratio	**2.31x**	2.27x	**1.43x**	1.40x	**2.08x**	1.97x	**1.71x**	1.66x	**1.19x**	1.21x

Revenue

Group revenue increased 34% year-on-year to $170.8m (Q1 2022: $127.5m), driven by organic growth and acquisitions in Malawi and Oman in March and December 2022, respectively. Excluding acquisitions revenue increased by 17%, reflecting organic tenancy growth and customer lease rate escalations for both CPI and power price movements. For the quarter ended 31 March 2023, 98% of revenues were from multinational MNOs and 64% were denominated in USD, CFA Franc (which is pegged to the Euro) or Omani Rial (which is pegged to the US Dollar).

Contracted revenue

The following table provides our total undiscounted contracted revenue by country as of 31 March 2023 for each of the periods from 2023 to 2027, with local currency amounts converted at the applicable average rate for US Dollars for the period ended 31 March 2023 held constant. Our contracted revenue calculation for each year presented assumes: (i) no escalation in fee rates, (ii) no increases in sites or tenancies other than our committed tenancies, (iii) our customers do not utilise any cancellation allowances set forth in their MSAs, (iv) our customers do not terminate MSAs early for any reason and (v) no automatic renewal.

	9 months to 31 December 2023 US$m	Year ended 31 December 2024 US$m	2025 US$m	2026 US$m	2027 US$m
Middle East & North Africa	39.8	44.8	44.8	44.8	44.8
East & West Africa	216.0	267.7	256.0	206.7	191.4
Central & Southern Africa	237.5	315.0	277.8	247.4	214.1
	493.3	**627.5**	**578.6**	**498.9**	**450.3**

The following table provides our total undiscounted contracted revenue as of 31 March 2023 over the life of the contracts with local currency amounts converted at the applicable average rate for US Dollars for the period ended 31 March 2023 held constant. Our calculation uses the same assumptions as above. The average remaining life of customer contracts is 7.3 years (Q1 2022: 7.4 years).

(US$m)	Total Committed Revenues	Percentage of Total Committed Revenues
Multinational MNOs	4,778.4	99.1%
Others	44.5	0.9%
	4,822.9	**100.0%**

Adjusted EBITDA

Adjusted EBITDA was US$84.7m in the 3 month period ended 31 March 2023 compared to US$66.7m in the 3 month period ended 31 March 2022. The increase in Adjusted EBITDA is driven by organic tenancy growth and acquisitions in Malawi and Oman.

From a segment perspective, the year-on-year growth in the Group's Adjusted EBITDA was driven by its East & West Africa segment, growing by US$10.9m year-on-year, in addition to the Middle East & North Africa segment expanding US$8.8m through the acquisition in Oman. The Central & Southern Africa segment declined by US$2.2m year-on-year, largely driven by the impact of foreign currency movements in Ghana.

Adjusted EBITDA margin was 50% in the 3 month period ended 31 March 2023 compared to 52% in the 3 month period ended 31 March 2022. The decrease reflects the impact of higher power prices that resulted in both power-linked revenues and related operating expenses increasing comparably, thereby diluting Adjusted EBITDA margin.

Portfolio free cash flow

Portfolio free cash flow increased by 17% year-on-year to US$57.7m (Q1 2022: US$49.4m), driven by an increase in Adjusted EBITDA and lower tax payments, partially offset by higher lease payments and non-discretionary capital expenditure that reflects the Company's higher site count.

	3 months ended 31 March **2023** **US$m**	2022 US$m
Adjusted EBITDA	**84.7**	66.7
Less: Maintenance and corporate capital additions	**(10.2)**	(3.9)
Less: Payments of lease liabilities[1]	**(14.6)**	(10.5)
Less: Tax paid	**(2.2)**	(2.9)
Portfolio free cash flow	**57.7**	49.4
Cash conversion %[2]	**68%**	74%

1 Includes interest and principal repayments of lease liabilities.

2 Cash conversion % is calculated as portfolio free cash flow divided by Adjusted EBITDA.

Capital expenditure

The following table shows capital expenditure additions by category during the three months ended 31 March:

	2023		2022	
	US$m	**% of Total Capex**	US$m	% of Total Capex
Acquisition	**3.4**	**7.1%**	40.1	54.9%
Growth	**27.9**	**58.4%**	25.9	35.5%
Upgrade	**6.3**	**13.2%**	3.1	4.3%
Maintenance	**9.7**	**20.3%**	3.6	4.9%
Corporate	**0.5**	**1.0%**	0.3	0.4%
	47.8	**100.0%**	73.0	100.0%

Certain defined terms and conventions

We have prepared the trading update using a number of conventions, which you should consider when reading information contained herein as follows:
All references to 'we', 'us', 'our', 'HT Group', 'Helios Towers' our 'Group' and the 'Group' are references to Helios Towers plc and its subsidiaries taken as a whole.

'**Adjusted EBITDA**' is defined by management as loss before tax for the year, adjusted for finance costs, other gains and losses, interest receivable, loss on disposal of property, plant and equipment, amortisation of intangible assets, depreciation and impairments ofproperty, plant and equipment, depreciation of right-of-use assets, deal costs for aborted acquisitions, deal costs not capitalised, share-based payments and long-term incentive plan charges, and other adjusting items. Adjusting items are material items that are considered one-off by management by virtue of their size and/or incidence.

'**Adjusted EBITDA margin**' means Adjusted EBITDA divided by revenue.

'**Adjusted gross margin**' means Adjusted Gross Profit divided by revenue.

'**Adjusted gross profit**' means gross profit adding back site and warehouse depreciation.

'**Airtel**' means Airtel Africa.

'**amendment revenue**' means revenue from amendments to existing site contracts when tenants add or modify equipment, taking up additional vertical space, wind load capacity and/or power consumption under an existing site contract.

'**anchor tenant**' means the primary customer occupying each site.

'**Annualised Adjusted EBITDA**' means Adjusted EBITDA for the last three months of the respective period, multiplied by four, adjusted to reflect the annualised contribution from acquisitions that have closed in the last three months of the respective period.

'**Annualised portfolio free cash flow**' means portfolio free cash flow for the respective period, adjusted to annualise for the impact of acquisitions closed during the period.

'**average remaining life**' means the average of the periods through the expiration of the term under certain agreements.

'**APMs**' Alternative Performance Measures are measures of financial performance, financial position or cash flows that are not defined or specified under IFRS but used by the Directors internally to assess the performance of the Group.

'**build-to-suit/BTS**' means sites constructed by our Group on order by a MNO.

'**Central & Southern Africa**' segment reflects the Companys' operations in DRC, Congo Brazzaville, Madagascar, Ghana and South Africa.

'colocation' means the sharing of site space by multiple customers or technologies on the same site, equal to the sum of standard colocation tenants and amendment colocation tenants.

'**colocation tenant**' means each additional tenant on a site in addition to the primary anchor tenant and is classified as either a standard or amendment colocation tenant.

'**Congo Brazzaville**' otherwise also known as the Republic of Congo.

'**contracted revenue**' means total undiscounted revenue as at that date with local currency amounts converted at the applicable average rate for US Dollars held constant.

'**CPI**' means Consumer Price Index.

'**Downtime per tower per week**' refers to the average amount of time our sites are not powered across each week.

'**Deloitte**' means Deloitte LLP.

'**DRC**' means Democratic Republic of Congo.

'**EBT**' means Employee Benefit Trust.

'**East & West Africa**' segment reflects the Companys' operations in Tanzania, Senegal and Malawi.

'**ESG**' means Environmental, Social and Governance.

'**FRC**' means the Financial Reporting Council.

'**FRS 102**' means the Financial Reporting Standard Applicable in the UK and Republic of Ireland.

'**Free Cash Flow**' means Adjusted free cash flow less net change in working capital, cash paid for adjusting and EBITDA adjusting items, cash paid in relation to non-recurring taxes and proceeds on disposal of assets.

'**Ghana**' means the Republic of Ghana. '**GHG**' means greenhouse gases.

'**gross debt**' means non-current loans and current loans and long-term and short-term lease liabilities.

'**gross leverage**' means gross debt divided by annualised Adjusted EBITDA.

'**gross margin**' means gross profit, adding site and warehouse depreciation, divided by revenue.

'**growth capex**' or '**growth capital expenditure**' relates to (i) construction of build-to-suit sites (ii) installation of colocation tenants and (ii) and investments in power management solutions.

'**Group**' means Helios Towers, Ltd ('HTL') and its subsidiaries prior to 17 October 2019, and Helios Towers plc and its subsidiaries on or after 17 October 2019.

'**GSMA**' is the industry organisation that represents the interests of mobile network operators worldwide.

'**Hard currency Adjusted EBITDA**' refers to Adjusted EBITDA that is denominated in US Dollars, US$ pegged, US Dollar linked or Euro pegged.

'**IFRS**' means International Financial Reporting Standards as adopted by the European Union.

'**independent tower company**' means a tower company that is not affiliated with a telecommunications operator.

'**Madgascar'** means Republic of Madagascar.

'**Malawi'** means Republic of Malawi.

'**maintenance capital expenditure**' means capital expenditures for periodic refurbishments and replacement of parts and equipment to keep existing sites in service.

'**Middle East & North Africa**' segment reflects the Companys' operations in Oman.

'**MLA**' means master lease agreement.

'**MNO**' means mobile network operator.

'**net debt**' means gross debt less adjusted cash and cash equivalents.

'**net leverage**' means net debt divided by last quarter annualised Adjusted EBITDA.

'**Oman**' means Sultanate of Oman.

'**our markets**' or '**markets in which we operate**' refers to Tanzania, DRC, Congo Brazzaville, Ghana, South Africa, Senegal, Madagascar, Malawi and Oman.

'**Portfolio free cash flow'** defined as Adjusted EBITDA less maintenance and corporate capital additions, payments of lease liabilities (including interest and principal repayments of lease liabilities) and tax paid.

'**Power uptime**' reflects the average percentage our sites are powered across each month, and is a key component of our service offering to customers. Figures presented reflects towers that are under service level agreements with customers.

'**ROIC**' means return on invested capital and is defined as annualised portfolio free cash flow divided by invested capital.

'**Senegal**' means the Republic of Senegal.

'**South Africa**' means the Republic of South Africa.

'**standard colocation**' means tower space under a standard tenancy site contract rate and configuration with defined limits in terms of the vertical space occupied, the wind load and power consumption.

'**standard colocation tenant**' means a customer occupying tower space under a standard tenancy lease rate and configuration with defined limits in terms of the vertical space occupied, the wind load and power consumption.

'**Tanzania**' means the United Republic of Tanzania.

'**telecommunications operator**' means a company licensed by the government to provide voice and data communications services.

'**tenancy**' means a space leased for installation of a base transmission site and associated antennae.

'**tenancy ratio**' means the total number of tenancies divided by the total number of our sites as of a given date and represents the average number of tenants per site within a portfolio.

'**tenant**' means an MNO that leases vertical space on the tower and portions of the land underneath on which it installs its equipment.

'**total tenancies**' means total anchor, standard and amendment colocation tenants as of a given date.

'**tower sites**' means ground-based towers and rooftop towers and installations constructed and owned by us on property (including a rooftop) that is generally owned or leased by us.