Helios Towers H1 2024 Results

Thursday, 8th August 2024

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Highlights

Tom Greenwood

CEO, Helios Towers

Hi everyone, and welcome to the Helios Towers H1 2024 Global Investor Call. Really excited to talk to everyone today, and I hope you and your families are all doing well. We are looking forward to providing you with our progress through the first half of 2024 and, of course, our outlook for the rest of the year.

Helios Towers team

On page two, we have our usual line-up, myself, Tom, Manjit Dhillon and Chris Baker-Sams, and we will cover the business, strategic and financial highlights, and then look forward to the Q&A at the end.

Highlights

So, moving to page five. Very pleased to say that our business continues to deliver with the strong momentum that we started the year with in Q1, and our outlook for the year remains strong. Our key strategic equity value creation targets, including ROIC, cash flow generation and deleveraging, have all seen improvements in the quarter, the half year and the last 12 months. And we remain laser focused, as a team, on expanding enterprise value, reducing leverage and creating significant equity value.

As 4G and 5G continue to proliferate our markets, as well as general significant coverage and capacity demand requirements growing exponentially due to subscriber and data consumption growth, we continue to partner with all key customers in helping deliver high-quality mobile services to people across our markets. Remember that in our markets, fixed line largely has been leapfrogged, so mobile through our infrastructure is the only form of connectivity for most of the population, serving all of their communication needs, from AI to banking to streaming to healthcare to social media and, of course, standard voice and text call services.

Independent forecasts have the Middle East and African region's data consumption growing exponentially by four times through to 2028, this being the fastest growth anywhere in the world and really driving the demand for the infrastructure and services that we provide. Given these dynamics, our ability to deliver service excellence to our customers and our uniquely positioned portfolio, we have delivered over 1,600 tenancy additions in H1, a record number and seen tenancy ratio expand 0.14x over two tenants per tower in the past year, seeing us continuing to move well towards our 2026 strategic target of 2.2 tenants per tower.

Tenancy growth has been the key driver of our financial metrics, with revenue up 11%, EBITDA and portfolio free cash flow up 19% and 14% respectively, and ROIC up two percentage points. Furthermore, we continue to strengthen our balance sheet with leverage reduction of 0.2x in the quarter and 0.6x year-on-year. We have secured our debt at a fixed rate for the next five years, and also saw upgrades from Moody's, S&P and Fitch in the quarter.

In terms of full year outlook, and following the strong performance in H1, we are tightening our guidance up at the bottom end for tenancies and EBITDA, and continue to track well towards our targets for leverage being below forex and the inflexion point for free cash flow being neutral this year and growing higher thereafter.

Progressing towards high-end of full-year guidance

Now turning to page six where we can see the progress year-to-date versus our guidance. And as you can see from these, we have good confidence in achieving our guidance by year end. Tenancies are well over the halfway point at 1,649 additions year-to-date. Q2 annualised EBITDA is $416 million already, so towards the higher end of our guidance before the mid-year and with a similar dynamic for portfolio free cash flow.

Our teams have done a great job working collaboratively with our customers on rollout, which has delivered a very high quarter of tenancy additions in Q2 with 888 added, which, to some extent, reflects some tenancies earmarked originally for H2 accelerating into H1. Hence, we have not shifted the top end of our guidance yet, but we will continue to monitor progress and provide a further update at our Q3 release. We have a strong pipeline of tenancies and are currently working with all key customers on rollout plans and executing that day in, day out. And you should not infer, from this strong Q2, that there was any structural change and flattening off of growth. Quite the opposite, in fact, and, hence, there is more upside pressure on the guidance figure, I think, when we come to Q3.

Tenancy ratio expansion driving ROIC and free cash flow growth

Now to page seven, where we see how our tenancy ratio expansion is driving the equity value creation financial metrics. And over the 18 months, since FY22, when we completed the last of our four acquisitions, our tenancy ratio has expanded from 1.81 tenants per site to 2.01 at H124, and this being the key driver for ROIC increase, which has increased 260 bps to 12.9% over that period.

Furthermore, our bottom line free cash flow, which you can see at the bottom of the chart in red, is well on course for inflexion this year, following the previous few years of high acquisitions and growth CAPEX investments now starting to pay back. And we expect the -$10 million at H1 to be neutral at year end and continue upwards after that.

Capital allocation priorities

On page eight is a slide you have seen before, and here, all I am doing is reiterating our disciplined approach to capital allocation and returns. We continue to be focused on accretive organic growth and deleveraging, targeting below 4x by the end of this year and around 3x by 2026, at which point we expect there to be capacity for investor distributions.

M&A remains at the low end of capital allocation policy for the foreseeable future.

Oman deep-dive: attractive market dynamics and customer service focus delivering tenancy ratio expansion and +46% adj. EBITDA growth

Moving to page nine, and here I wanted to showcase the success that our Oman team has had since starting operations there in December 2022. Oman, as a reminder, was the largest of our four acquisitions, a couple of years ago, and really demonstrates well the execution of our integration and growth strategy. Oman is led for us by Jadawy Al Riyami as the MD of our market there, and supported by Phil Loridon at regional level. In focusing on our people and business excellence strategic pillar, from day one, we ensured a strong localised team with a 91% local workforce. They have now trained almost half of our team on Lean Six Sigma as well as fully rolling out all of our systems and processes and embedding the Helios Towers culture of customer focus and excellence. All of this has contributed to a 92%

improvement in tower performance since starting operations, and a 0.36x increase in tenancy ratio, which has been the key driver in the 46% EBITDA increase.

We are very pleased with how our team and partners have performed so far, and worked so collaboratively with our customers, and are very excited for the future performance of Helios Towers, Oman.

Sustainable business strategy update

And finally, to page ten, we take a look at our sustainability KPIs, and I am very pleased we are making good progress here across the board. Just to pull one out from here, we are continuing to increase our tower uptime performance, reaching 99.99% across the portfolio in H1, meaning that our customers' networks are improving continually, and subscribers in our communities are experiencing better and more reliable mobile use quality. Our strategy on business excellence and leveraging technology to improve performance continues as we strive towards our 2026 targets across all of these measures.

And with that, I will hand over to Manjit and look forward to talking with everyone in the Q&A.

Financial Results

Manjit Dhillon

CFO, Helios Towers

Thanks, Tom. Hello everyone. Great to speak with you all again.

Operational & financial highlights

And starting on slide number 12, I will be going through the financial results. And following on from what Tom said to you earlier, we remain focused, as always, on driving organic growth and lease-up on our portfolio, in turn supporting return on invested capital growth both across our new and existing markets. And on this slide, as usual, you see we have summarised our performance in the main KPIs, and I will be going through those in more detail over the next few slides.

Q2 2024: structural growth, leading market positions and customer service focus supporting strong tenancy additions

So, moving on to slide 13, our site and tenancy growth. From a site perspective, we saw the site growing at 2% year-on-year. That represents an incremental 315 sites year-on-year and 88 sites year-to-date. Just a reminder, we are very selective in our approach to new site rollouts, ensuring that the sites have clear potential for lease-up, and then we try to partner with M&As to identify and build in the most attractive locations. From a tenancy perspective, we had near record organic tenancy additions of 2,691 tenancies year-on-year. That is a 10% increase, and, as Tom mentioned, that is driven by our largest markets, including Oman, Tanzania and DRC. We are particularly pleased to see that our tenancy ratio is now above 2x, tracking well to our 2.2x tenancy ratio target by 2026. And that follows a 0.14x improvement in our tenancy ratio year-on-year.

Q2 2024: tenancy growth delivering +17% adjusted EBITDA expansion

Moving on to slide number 14. We have seen revenue and EBITDA growth in all our reporting segments, and that is predominantly driven by the tenancy additions and tenancy ratio expansion which we've spoken through. We have seen revenue growth of 9% and EBITDA

growth of 17% year-on-year, with the Middle East and North Africa and Central and Southern Africa delivering year-on-year growth of 35% and 20% respectively. Our EBITDA margin increased by three percentage points to 53%, again all driven by lease-up and operational improvements.

Adj. EBITDA growth is highly correlated to tenancy additions and resilient to FX, CPI and power price movements

Now on to slide 15. Here we present the usual analysis which shows the key drivers of revenue and EBITDA growth. As with previous results, the key driver of growth has been tenancy additions, with the escalators effectively working to offset macro movements to protect our EBITDA on a dollar basis. This is shown quite clearly on both charts. If you look at the left-hand bar of both bridges, tenancy growth effectively drives the entirety of both revenue and EBITDA growth year-on-year. Now, as a tower company, this is what we want, to have our greatest driven by tenancies, which comes down to our ability to identify attractive markets, enter them through buy-and-build opportunities, and then partner with M&As to proactively lease-up our space and drive operational improvements. This is exactly what we do and what we focus on every day.

Just as a reminder, though, we have escalators present in all customer contracts in one form or another. For example, for power, roughly 50% of our contracts have quarterly power escalators, 50% of annual power escalators. And these escalators go up and down depending on the local pricing of fuel and electricity. If the local prices go up, then the escalator goes up, and if the prices go down, then the escalators go down.

And for CPI we have annual CPI escalators, and they typically kick in between December and February. I will not go through all the movements on the bridges in detail, but you can see here, similar to prior results analysis, that the net effect of the escalators is to broadly offset and protect the business from the impact of FX and power price movements, with the key driver of EBITDA growth being tenancy additions and operational improvements. In short, our business structure continues to be robust and resilient.

On target for neutral free cash flow in FY 2024

On to slide number 16, and this focuses on our drivers of free cash flow. Our strong EBITDA performance has supported a portfolio of free cash flow growth of 14% year-on-year. Our levered portfolio of free cash flow increased roughly in line, by 60%, to $50 million, and that demonstrates our operational and financial leverage on a largely fixed interest cost base. We continue to follow a disciplined approach to capital deployment and only invest in projects that exceed our target ROIC thresholds, which Tom spoke to earlier. Importantly, now, over 90% of our debt is fixed, and with leverage set to reduce further, we expect to see our levered portfolio free cash flow grow over the coming years, especially as we expect capital efficient EBITDA growth being leveraged on broadly fixed interest costs.

And for H1, we started to see this effect, with free cash flow improving to an outflow of $10 million compared to around -$40 million outflow in the same period last year, with Q2 having generated a positive free cash flow of +$18 million. And that represents the best organic performance we have seen since we doubled the size of the company. We continue to expect free cash flow to be neutral this year and growing there afterwards, and we reiterate that today.

CAPEX is tightly controlled and focused on accretive opportunities

Moving on to slide 17. CAPEX has and continues to be tightly controlled. And in the first half of 2024, we incurred total CAPEX of $80 million, which is primarily made up of $38 million of growth CAPEX – and that reflects the strong tenancy growth that we have seen – and also $23 million of non-discretionary CAPEX. In terms of guidance, we have tightened our tenancy guidance upwards, as Tom mentioned, and we have marginally updated our guidance on CAPEX from $150-190 million to $155-190 million, accordingly. $45 million of non-discretionary CAPEX, which we spend on regular maintenance of our towers to keep them to high operational standards, that will remain consistent from the guidance we gave at the beginning of the year.

Successfully navigating the higher rate environment with bond refinancing

Now on to slide 18. I wanted to touch on our successful bond refinance we executed in May. As a summary, we raised a $850 million 5-year bond at 7.5% coupon to repay our $650 million notes, which was expiring in December 2025, with the remainder of the proceeds repaying our local facilities in Senegal and partially the floating component of our Group term loan, both of which carried higher interest costs compared to the new bond rate.

As you can see on the chart on the right-hand side, with the bond refinanced, we have successfully pushed out our average remaining life of our debt from two years to five years. The transaction is leveraged neutral, and despite increases in US treasuries we have seen over the past few years, our blended cost of debt has now remained broadly static at 7.3%. And in the call-out, you can see that the spreads versus US treasuries have reduced substantially when compared to when we listed.

I think this transaction really reflects the improved credit profile of the company, having diversified into new markets, continued to grow organically and drive free cash flow and deleveraging, and the strong operational and financial performance we have delivered over the past few years. This was also reflected in the recent upgrades we received from Moody's and S&P to B1 equivalent as well as the positive outlook change by Fitch.

I would also take a moment to thank our debt investors for their continued support. And excitingly, we have the capital and capital structure we need to deliver our growth ambitions over the coming years. And whilst there may be further macro volatility, we are fairly well insulated from that through the combination of this transaction and also our robust business model.

Strong financial position with largely fixed rate debt and no near-term maturities

On to slide number 19, just again touching on our leverage and debt. Our net leverage at the end of H1 had decreased by another 0.2x to 4.2x, and that is 0.6x reduction year-on-year. There is no change to what we announced earlier this year, and we are committing to getting net leverage down to below 4x by the end of 2024.

We have approximately $255 million of undrawn facilities at both Group and OpCo levels, and, together with circa $145 million of cash on balance sheet, means we have $400 million of available funds available to us. About 50% of the cash on balance sheet is held at Group, with the remainder spread amongst the OpCos for CAPEX and working capital purposes. And as we have mentioned earlier, more than 90% of our debt is at fixed rate as we use the bond

proceeds to repay the floating rate portion of our existing liabilities. And this now gives us a clear fixed cost base which we can leverage our growth on.

FY 2024 guidance tightened upwards

And finally, moving to slide 20, we have tightened upwards our 2024 guidance for tenancies, EBITDA, portfolio free cash flow and CAPEX. We guide now to 1,900-2,100 on tenancy additions, compared to 1,600-2,100 previously. For adjusted EBITDA, we expect to be in the range of $410-420 million, and portfolio free cash flow in the range of $280-290 million, both tightened upwards by $5 million at the low end of previous guidance. With the expectation of higher tenancy growth, we expect CAPEX to be in the range of $155-190 million, which I went through a few slides ago.

All of these changes will support reducing our net leverage to below 4x and free cash flows to become neutral. It has been a busy and strong start to the year. We are tracking well towards our full year guidance.

And with that, I will pass back to Tom to wrap up.

Key Takeaways

Tom Greenwood

CEO, Helios Towers

Thanks very much, Manjit. So just on page 21 now for the key takeaways. As you can see, we have had a very strong start to the year in terms of supporting our customers rollout with record tenancy additions. That has fed through to strong double-digit EBITDA growth and, of course, the ROIC expansion, deleveraging continuing, and well on track for our full-year targets, with guidance being tightened upwards and really continued focus on organic growth, capital efficiency, ROIC expansion and deleveraging for the full year and beyond.

So, thank you, everyone, for listening, and we will now open up to the Q&A.

Q&A

David Wright (Bank of America): Good morning, everyone, and thank you for taking the questions. Just back to the guidance a little, you have obviously had a very, very strong H1 in terms of the tenancy adds. And if we take the midpoint of new guidance at, say, 2,000, and you have done over 1,600 in the first half, why is such a change in pace implied in H2, effectively falling around three-quarters? Why is that? And then, with the very, very strong sort of tenancy moment, I guess the question is, why is that maybe not dropping through towards a slightly more positive view on the EBITDA line? I appreciate you have brought up the low end, but not maybe gapping up the higher end by a similar amount. It is a difficult question to ask, but is there a quality of tenants adds effect here where maybe they are coming in at a lower revenue, or is it a phasing effect? Did they only come in at the end of the quarter? I am just trying to piece this together. It just feels like the tenancy guidance is so very, very cautious, unless there are other dynamics at work. So just appreciate any colour you guys can give on that. Thank you very much.

Tom Greenwood: Thanks, David. Tom here, I will start off with Manjit can chip in as well. So a couple of things there, David. Yes, just the first one, just on your last point on the

timing effect of tenancies, absolutely, yes, there is always a timing effect of tenancies. The tenancy number reported is the tenancies achieved by the last day of any quarter, and so, therefore, unless all of the tenancies in that quarter come in on the first day of that quarter, which obviously never really happens, you do not see the full effect financially in the given quarter. But, obviously, all of these tenancies coming on stream are all standard tendencies with us at typically 10-15 year minimum terms, and then renewals thereafter.

So, from a future annuity point of view, the tenants are now on, they are paying, and that is there for many, many years ahead. So that is why the financials in the quarter do not always quite sync up with the actual tenancy numbers, but very, very pleased with the performance of the teams.

And yes, I think just in terms of the overall guidance, the back-of-the-envelope calculation that you did, it is mid-year, we have felt that it was right to slightly tighten things. We will give more update in Q3. You should not infer that there is any kind of major slowdown happening or anything like that. We are very, very busy with rollout, we are busy with all our major customers, and we will certainly be giving a lot more colour on that at the Q3 update.

David Wright: But if I may jump in, Tom, I do not know whether Manjit was about to add, but when you mentioned 'You should not infer a major slowdown', but the guidance tells us there is a major slowdown in tenancy adds. It is basically falling by 75% in the second half. So we should not infer it, but it is presented in the guidance, so what is the missing part there?

Tom Greenwood: Well, we are being cautiously optimistic at the midyear. We have outperformed in H1, so I think it is very important to make the point. The Q2 tenancy addition was a huge effort by the team. That was certainly an outperformance. The full-year guidance remains. In fact, we have tightened the lower end, as we have done with the key financial metrics, and I think the Q2 outperformance should not be seen as a negative. If anything, it should be seen as a positive. And as more tenancies come in over the coming months, we will be monitoring as to what guidance we give at Q3, which, as I mentioned earlier, I suspect there is more upwards pressure on that than downwards pressure. But we have got more work to do to secure them and roll out as we move through the year. But we are very, very confident that doing that as the performance in H1 has demonstrated, and we will certainly be giving further updates on that.

David Wright: Okay. Thanks, Tom.

Manjit Dhillon: Yeah. And I will just add as well, tenancies are never evenly spread throughout any year. That has never been the case for our company history. Typically, H2 is actually a bigger phasing than H1, except for the last two years. Now, as Tom mentioned, the tenancy is positioned at the end of the period. But what you want to try and do is lock in those tenancies as quickly as possible, because they will give you typically lifelong cash flow, so you want to try and get that into the business quickly. So what you are seeing at the moment is Q3 tenancies being bought in into the H1, so we can start to earn that income as it goes through the end of the year.

Now, as we know from our tenancy pipeline as it stands today, it looks a little bit more back-end loaded because we have already bought some of these Q3s into H1. The rest will probably come in more broadly in Q4, but still standing back, and we look at this from a year-

on-year basis, we are still guiding to about 10% growth in tenancies year-on-year, organically, and also growing in really quality markets. Just to remind you, we are growing in markets like DRC and Oman, dollarised markets, which give further strength to the business, all of those things are really, really important, as well as Tanzania, which has a multi-payer market.

So we are feeling very confident. We are feeling very happy about the operational delivery in terms of getting these in. And I think this is actually all positive moves for the year more generally.

David Wright: I think if I might just add, Manjit, and hopefully I am not going to monopolise too much longer, but when you say bringing them in earlier, what has changed in the execution of colo to, all of a sudden, bring in such a structural shift of tenancies into Q2? Has there been any new process, any innovation, or is it the learning curve in Oman, perhaps? Has there being any specific change that means you have been able to bring these guys on earlier?

Manjit Dhillon: Yes, I would say it is a bit structural as such in terms of anything revolutionary happening. It is just the teams are really, really improving on a day-to-day basis, and we are utilising all the Lean Six Sigma training that we have and we have implemented, particularly in new markets like Oman. And we have seen the fruits of that, and that is why we want to do that deep dive in the overall presentation. So it really is just operational excellence. It is also the fact that we do have our sites upgraded in the main so that they are colo ready. So, when those orders are coming through, we are really pushing to try and get colo orders rolled out as quickly as possible, and, where possible, within 24 hours in certain instances. So that is what we are doing, and we are starting to see some of the benefits of that come through the numbers.

David Wright: Okay. Good colour, thank you gents.

Graham Hunt (Jefferies): Thanks very much. I think two questions and then maybe just one technical one. First, just staying on the guidance. I do not know if there is any colour you can give us on the quantum of tenancies that were brought forward from Q3 into Q2 that could give us a sense of the normalised run rate. And then thank you for confirming they are what you would see as standard contracts. Should we, therefore, infer that actually, because you brought them on a little bit earlier, that now your second half EBITDA and cash flow is probably ticking up a bit higher than you maybe first thought it would do at the beginning of the year?

And then second question, just on the investment environment, I hear you when you say you remain laser-focused on deleveraging, but just wondering, as we are starting to see bond yields tick down a little bit, is there anything in the pipeline that you are seeing that if we were to see another 100 basis points lower, that perhaps some investment opportunities would start to come or start to look attractive on your cost of capital basis?

And then last, very last one, technical on tax, in the quarter, that was a little bit higher than we were expecting. Do you have any guidance for the full-year cash tax payment? Thank you.

Tom Greenwood: Yes, thanks very much, Graham. I will take the first couple, and then Manjit can take the tax one. If you look at the trend of recent quarters, you can probably say a couple of hundred or so extra. We are in Q2, and brought forward, that would align roughly with previous quarters, or previous recent quarters at least.

On the M&A, we are really just focused on in-market organic growth. We are very focused on continuing to delever. We are very focused on accreting ROIC and driving equity shareholder return. And we are not looking at large M&A expansion plans for the foreseeable. So, no, if rates move down 100 bps, something like that, it is not going to tempt us to move off this course. We are very disciplined and see that continuing for the foreseeable.

Manjit Dhillon: So I will take the tax point. So, yes, it is all about timing when it comes to tax, and sometimes it can be lumpy. So typically, we do tax payments happening in the first half of the year. We will expect to see a few more eking through to the second half as well though. So one of the guidances we give is that to model anywhere between 4-5% of revenue as taxes. So I would have that in the model and keep that steady, but otherwise, nothing more to add on on the taxes. It is all BAU, really.

Graham Hunt: Thanks, guys. Very clear.

Tom Greenwood: Thanks.

John Karidis (Deutsche Bank): Thank you. Good morning. I would just like to ask the question on guidance a little bit differently. It would be really useful if you went through the top three markets individually. You tell us at the end how many competitors are there, but we cannot really get a flavour for what the competitive intensity is there. Just to give us some confidence that mobile operators are not pulling back from capital expenditure, because a couple of your customers, among them, your biggest customer, is talking about counting the pennies a bit more intensely, not just in one market, but in multiple markets. So if you can give some assurance there, that would be good, please.

And then my second question, super simple, any update on the Oman bolt-on opportunity in terms of timing? And if you could remind us of what the number is in terms of your investment there if you make it.

Tom Greenwood: Yes, thanks, John. So I will take that one. For the three major markets or three largest markets Tanzania, DRC and Oman, Tanzania and DRC are similar in mobile operator dynamic for major mobile operators in each market and reasonably evenly spread market share. And these are all large multinational mobile operators with whom we have worked with for many, many years. And then Oman is a three-player market, which obviously we have been operating in for a little over 18 months, but doing business with all the operators there.

I think it is worth just remembering, for DRC and Tanzania, mobile subscriber penetration on a unique basis is still quite substantially below 50%, with very high growth year-on-year – high single digits or low double digits. Of course, data growth is exponential in those markets as well. And what we are seeing is basically continued need to close both coverage and capacity gaps in the networks as well as 4G and 5G upgrades happening at the same time.

Now, as we all know, rollout comes a little bit in fits and bursts in this industry, which is natural, and mobile operators are choosing to do large rollouts. And if you remember, in

2023, we saw a real outperformance in DRC, particularly with a number of the mobile operators doing large rollouts, and we took a very large part of that. And we are very proud of our role in supporting the rollout there. DRC has been a little bit quieter in the first half of this year, which you would naturally expect after, really, the biggest-ever rollout year last year, albeit that is actually now picking up a bit more now in the second half. And Tanzania and Oman have both had very significant rollouts in the first half of this year, which is continuing.

We are very happy with our progress in all those markets, we are very close to all our customers in those markets, continuing to work with all of them on rollouts, as we speak, and plans for the remainder of this year and into next year. And I think the dynamics in the markets are very, very strong. Of course, we are the leading tower operator by a long way in all three of those markets as well. So, we have a substantial portfolio that we are able to sell for co-location, and, of course, we do build-to-suits as well for all major customers.

John Karidis: Thank you. Just before we go to the Oman point, can I ask again? The mobile operators keep talking about renegotiating, not just with telcos, but with pretty much all their suppliers, given their mess they are in with FX and inflation. So, can you give us some assurance that these types of discussions, the pricing discussions, are not exceptionally intense now versus before? Is it business as usual or not?

Tom Greenwood: Yes, absolutely, business as usual. I think what you are referring to is heavily focused on one market, to be honest, where we do not operate, and that being Nigeria, where there has been FX challenges that are quite publicly known about. And I think that we continue business as usual. We are working with all our major customers as we speak. We are rolling out probably, as I am talking, for most of them today, and we are not seeing any out-of-ordinary pricing pressures that are unusual for any business.

Remember, a lot of our markets are innately hard currency. So if you think of Oman, which is hard pegged to the dollar, DRC, which is dollarised, so everything there happens in dollars. Senegal, Congo B, which are hard euro pegged. And within our other markets, we have mixes of hard currency and local currency contracts with power price escalators mixed in, which also provide a degree of dollarisation, given power is driven by the price of oil, which is itself dollar denominated. So we have got a very good portfolio mix, both from a country perspective, a customer perspective, and also a currency perspective. Over 70% of our EBITDA is hard currency, and the local currency portion is all power prices and CPI-linked escalators. So we have a robust position on that, and that is how we do our business, and that is how we will continue to do our business.

John Karidis: Great, Tom. Thank you. If it is possible to get an answer on Oman, that would be lovely, please.

Tom Greenwood: Yes, no timing confirmation on that as yet. We will continue to monitor that and see what happens, if it happens, the rough amount, a little over $50 million total, which HT would provide 70% of, but yes, the timings are not certain at all yet. So no update on that as of now.

John Karidis: Great, Tom, thanks very much for everything.

Tom Greenwood: Brilliant. Thanks, John. Cheers for the questions.

Rohit Modi (Citi): Thanks for the opportunity. Most of my questions have been answered. Just a follow-up on a mix of all the questions, particularly the interest from mobile operators. Given site additions have been slowing down, and I believe site additions bring a more sustainable, long-term, better quality revenue than co-locations – I understand there has been a focus on co-locations, but declining in-site additions. Is this something that you have, you know, that was part of your guidance you were expecting? And is there any kind of major slowdown that you are seeing from the operator's side. If you can give bit colour around that.

Second, just to confirm, the $53 million FX impact you have on the P&L, is that particularly related to this decline? And the change in your policy around the debt where you have moved some of the amortised cost, is that going to P&L?

Tom Greenwood: Hey there, it is Tom. Let me take the first question, and Manjit can take the second question. So just on colos versus build-to-suits, for sure, the major rollout focus has been on colos. That has been, in part, our strategy to focus on lower capital intensity growth, and colos being the lowest capital intensity product that we have; and partly what mobile operators are looking for in terms of increased capacity, increased coverage where we have site locations already and, therefore, do not need to build a new site and technology upgrades. So, all of that has driven a much higher percentage of colos versus new site builds or build-to-suits, as we call them.

Just a slight correction there, in terms of your mention on the financial quality of new sites being better, the financial quality is the same. The colos and build-to-suits operate under the same contracts, same terms, everything, so the financial quality of the revenue streams coming in are identical, whether that is a colo or a build-to-suit. The build-to-suit requires us building a new site which has a higher CAPEX amount than a colo does, which is just putting a tenant on an existing site, so it has minimal CAPEX. And that is really the only difference between them.

And then, Manjit, do you want to take the second question?

Manjit Dhillon: Yeah, sure. Rohit, sorry, I was slightly struggling to hear you, but I think it was in relation to FX. So there is two component parts of this. So, one is part of the bridge that we walked through where you see a bit of an FX decline as a consequence of revenue impact. And that had a -6% year-on-year, but that is compensated by the CPI escalators. So from that perspective, it is net net.

I think I heard you also mention P&L, so I am assuming you are also referring to some of the FX pieces that may be going to finance costs. Yes, that is still relation to predominantly some of the movements that we are seeing in FX rates across the markets, and particularly where you have got some historical elements related to shareholder loan reclassifications, although that is changing as an accounting policy. So, it will be going through other comprehensive income in due course, so you see that decline period-on-period. But really this is where we do operational transactions across the Group in the first half of the year. So there is a few impacts there of FX. But in general, as a business, we are pretty well covered by all of these. And from a cash perspective, FX is well covered by all of the tenancy ratio movements that we have and all the escalators that we have going through the Group. So you might see an accounting impact, but from a cash flow perspective, they are very much under control.

Rohit Modi: Okay.

Maurice Patrick (Barclays Capital): Thanks, guys. Thanks for taking the questions. Just a couple from me, please. The first one, a bigger picture question. You have talked about some of the growth you are seeing from your clients being capacity and coverage, but what is that split in terms of urban and rural in terms of your tenancy adds, but also new sites? Is it majority urban capacity, or is there a majority coming from more rural coverage buildouts?

And then just related to that, is it safe to assume that the vast majority, if not all, of your tenancy growth is coming from your core MNOs as opposed to growth coming from other verticals or new entrants?

And then just one small one, given the IHS, MTN news flow yesterday around the restructuring of that contract in Nigeria. Are you seeing calls from your customers to change the structure, to have more local FX elements? I think you have touched about it in the past, but any updates on that thinking would be very welcome. Thank you.

Tom Greenwood: Yeah, thanks, Maurice. Let me start. First of all, on the urban versus rural, yes, majority urban or suburban, that is where we are seeing most of it. We do do some rural sites as well, but we are seeing quite a lot of coverage and capacity needs in urban and suburban areas. And that is where our customers are focusing, albeit still doing some rural as well.

Just on the IHS contract point, yes, I will not comment on another company's contract. But in respect of our contract, it is fairly normal to do renewals of tenancy master lease agreements from time to time. We have a very diverse spread of customers across the Group, and so, therefore, the percentage contribution from a single customer's contract for Helios is relatively low, so perhaps would not hit the headline in the way that it did yesterday. But yes, we continue to work with all of our customers, and when ones come up for renew, there are certain terms in there that are important to us, and we ensure that we maintain those ones where needed.

And sorry, Maurice, can you just remind me of your second question?

Maurice Patrick: It was just to understand, I am assuming the majority, if not all of your tenants, are coming from your major customers, your major MNOs. Just making sure there is nothing coming from new entrants or other third parties or different types of tenancies would be helpful. Thank you.

Tom Greenwood: Yeah, absolutely. Vast majority, virtually 100% from core MNOs, absolutely.

Maurice Patrick: That is helpful. Thank you.

Tom Greenwood: Thanks. Brilliant. Well, thank you everyone. Thanks for your questions. Thanks for listening in today. Really appreciate it. And as always, we are available for calls or meetings, so please do get in touch if you would like any follow-up. And we really look forward to speaking with you again at Q3 for further updates, and look forward to completing another successful year at Helios Towers. So have a great day, everyone, and we will talk soon. Thank you.

[END OF TRANSCRIPT]