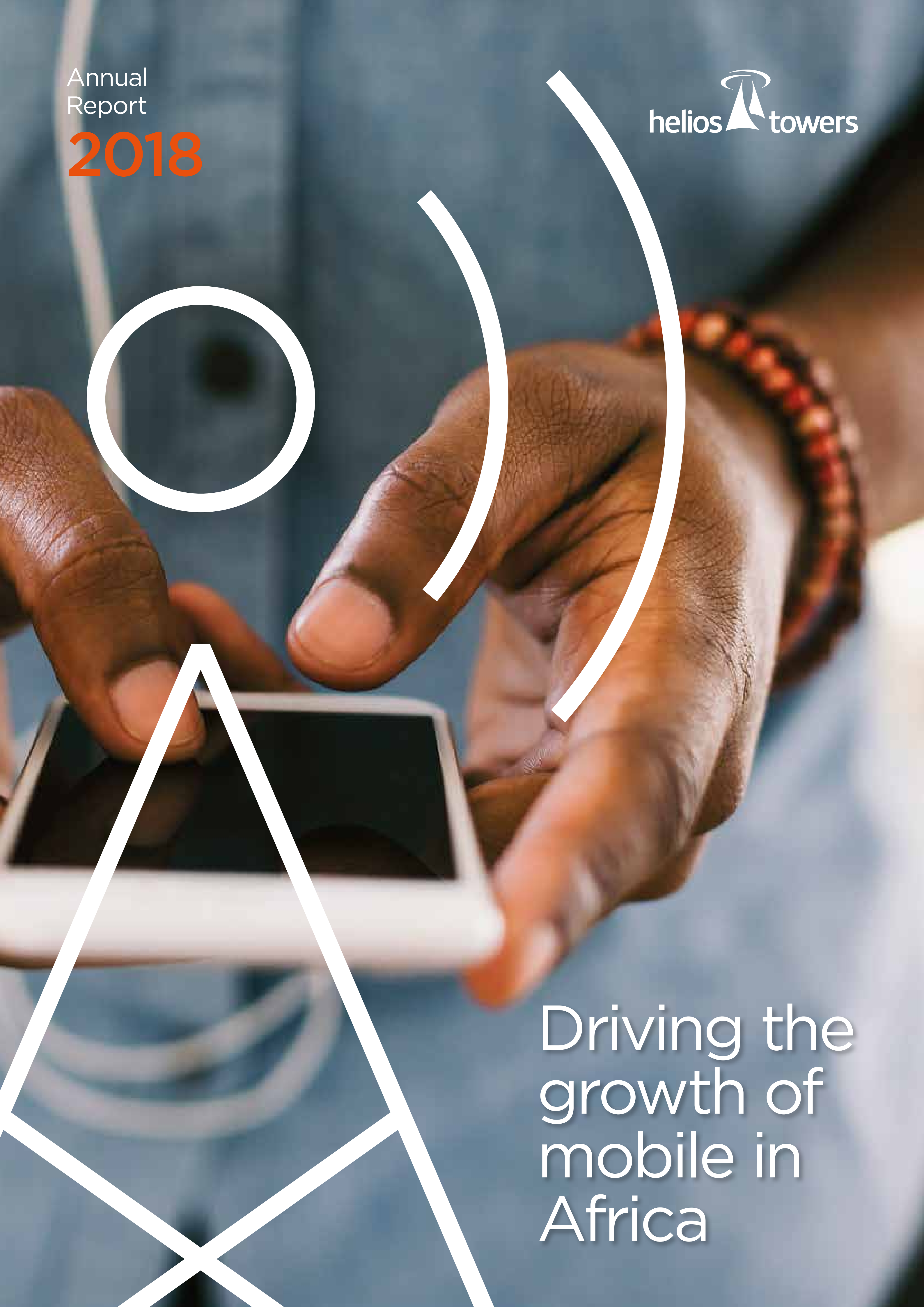
Annual Report 2018

helios towers



Driving the growth of mobile in Africa

Contents

Strategy in action

Interactive online version available at
www.heliostowers.com

Who we are

Creating a platform for sustainable growth

Helios Towers ("HT") is a leading independent telecoms tower company in Africa.

With a network of 6,745 towers we are market leaders in Tanzania, Democratic Republic of Congo ("DRC") and Congo Brazzaville, with further operations in Ghana. We also recently announced market entry into South Africa.

We build, acquire, own and operate telecoms infrastructure, hosting multiple mobile network operators ("MNOs") on shared tower assets.

Our sharing model, and dedicated focus on infrastructure, enables mobile services to be delivered at a lower cost and higher quality of service than the traditional single owner-occupier model.

Africa's under-penetrated markets are some of the fastest growing in the world. They are driven by young and urbanising populations, high GDP growth, and minimal fixed line availability.

In our markets, mobile subscriptions are forecast to grow by 48 million, or 6% annually, to 2023.[1]

As an established market leader, with exceptional service focus and expansion experience, Helios Towers is well positioned to play a pivotal role in the growth of African mobile telecommunication in the years ahead.

(1) GSMA intelligence, Hardiman Report 2018; HT markets excl. South Africa.

Highlights

Financial highlights

Revenue (US$m)

2018	**356.0**
2017	345.0

+3%

Adjusted EBITDA[1] (US$m)

2018	**177.6**
2017	146.0

+22%

Adjusted EBITDA margin[1] (%)

2018	**50%**
2017	42%

+8 percentage points

Operating profit/(loss) (US$m)

2018	**3.3**
2017	(24.0)

+$27m

Operational highlights

Total sites[1]

2018	**6,745**
2017	6,519

+3%

Total colocations[1]

2018	**6,804**
2017	6,468

+5%

Tenancy ratio[1]

2018	**2.01x**
2017	1.99x

+0.02x

(1) Please refer to pages 52–53

We are pleased to have delivered another strong set of financial results in 2018, including 3% revenue growth and 22% Adjusted EBITDA growth.

In addition, sites increased 3% to 6,745 and colocations increased 5% to 6,804, resulting in an improved tenancy ratio of 2.01x.

The Group is well positioned for continued growth, with market-leading positions in some of the most attractive and fastest-growing telecom markets in Africa.

Kash Pandya | Chief Executive Officer

Investment case

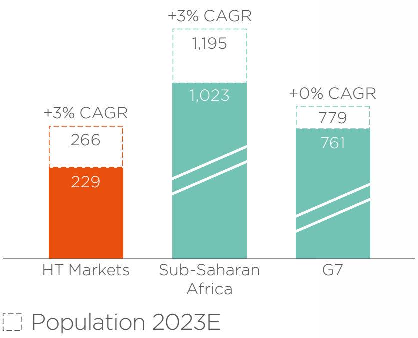
1 Market-leading positions

- Market-leading positions in three out of five African markets.
- Early market entry allowing for ownership of attractive sites in prime urban areas.
- Skills in reliable power management and tower planning/deployment.

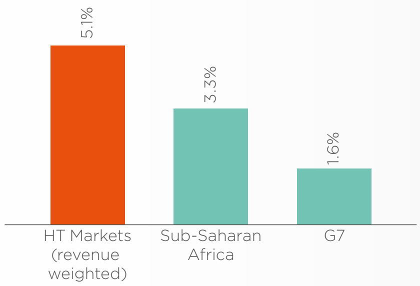
2 Africa's favourable macro environment

- Our five markets are projected to grow by 37 million people, to 266 million by 2023. That's a 3% annual increase, compared to 0% annual growth across the G7.
- Increasingly urbanised with 26 million people expected to move into cities in our markets by 2023, earning more and consuming more mobile services.
- In our markets, approximately two-thirds of the population is under 30. This is the demographic that consumes the most data, and creates further opportunity for our customers.

Population[1] (millions)



Strong GDP growth[2] (%)

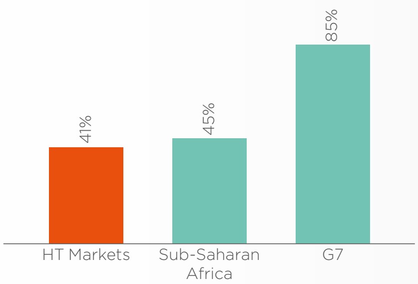


(1) Source: United Nations 2018; 2017–2023
(2) Source: IMF 2018; 2017–2023

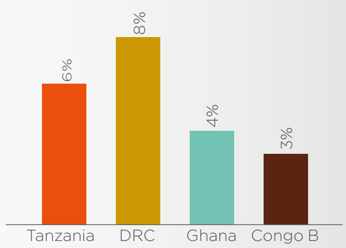
3 High mobile telecoms infrastructure growth

- Mobile penetration in our markets is significantly lower than western economies.
- In our markets, mobile subscriptions are forecast to grow by 48 million, or 6% annually, to 2023.[4]
- Fixed-line availability is extremely low in most of our markets.

Mobile penetration[3] (%)



Mobile subscription growth[4]



(3) Source: GSMA 2018; HT markets excl. South Africa
(4) Source: GSMA, Hardiman Report 2018: 2017–2023; HT markets excl. South Africa

4 Well positioned for long-term growth

Existing markets

- Significant adjusted EBITDA growth since 2015 expected to continue through c.12,200 new PoS required by 2023.

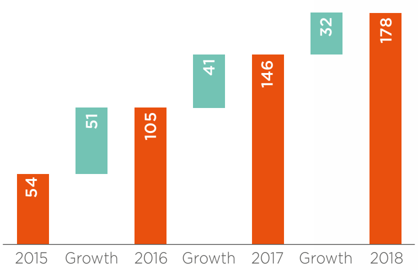
New markets

- Market opportunity, strong balance sheet, management team and customer relationships to support market expansion.

New technologies

- Opportunity to add adjacent new technologies to increase value to our customers.

EBITDA and EBITDA growth (US$m)



What we look for:

- Emerging market
- Population of >10m
- 3+ operators
- Stable and/or pegged currencies
- Infrastructure gap
- High subscriber growth
- Low mobile penetration
- Enhanced Group returns

Data centres

Fibre backhaul

Small cells

5 Embedding business excellence

- Continuously improving operational leverage and performance.
- Unrivalled customer service.
- Supply chain optimisation driving efficiencies across the business.
- Realised capex savings through a reduction in strategic suppliers.

Localised workforce

96%

in operating companies are local employees

Weekly improvement in power service delivery

56%

compared to 2017

Lean Six Sigma training

35%

of employees trained by 2018

6 Robust business model

- Contracted protection against power and price inflation.
- Stable and visible cash flows with diversified customer base.
- Strong balance sheet to support investments.
- Funding/financing options provide flexibility to support long-term growth initiatives.

Contracted revenues

$3.1B

% EBITDA in USD/EUR pegged

65%

At a glance

We are a leading independent telecoms tower company in Africa, and are market leaders in Tanzania, DRC and Congo Brazzaville, with further operations in Ghana. We also recently announced market entry into South Africa.

Sites

6,745

Tenancies

13,549

Tenancy ratio

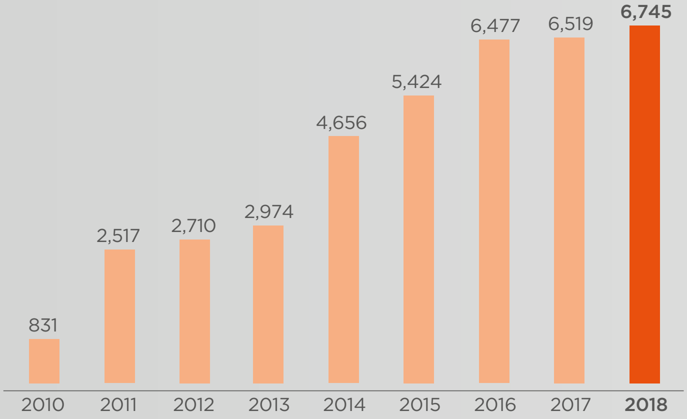
2.01x

Our assets

2018	Tenancy ratio	Sites	Tenants
Tanzania	2.12x	3,701	7,848
DRC	1.97x	1,773	3,492
Ghana	1.89x	891	1,680
Congo B	1.39x	380	529
South Africa	From January 2019		

Our history

Growth in sites



8 acquisitions in 9 years

>4,900 acquired towers

>1,800 BTS towers

Our customers

Our core business is to provide mobile network operators ("MNOs") with tower site space, power and related services for their active network equipment. As our markets have little or no fixed line voice or data infrastructure, the services we provide are essential for the development of communities.

We promote the sharing of infrastructure through colocating multiple MNOs on each tower site. This consolidation of assets not only delivers maximum cost benefits to our customers but also reduces the environmental impact for the local populations we serve. In addition, we construct new assets including "build-to-suit" ("BTS") towers, and localised small cell and in-building solutions. These are located in high-potential areas where our customers are looking to expand, due to the continued growth of mobile voice and data communications across our markets.

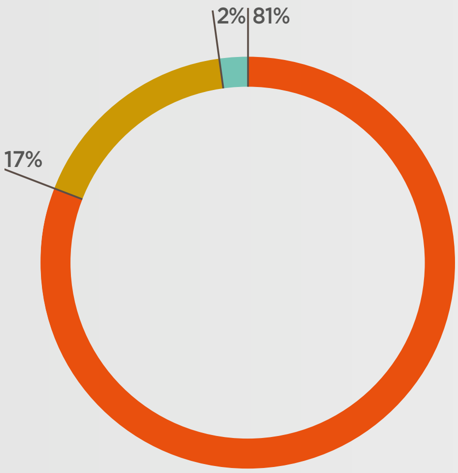
Contracted revenues

$3.1B

Average remaining contract life

8.1 years

Contracted revenue by customers



- Africa's Big 5 MNOs
- Africa's high-growth challengers
- Other operators

Africa's Big 5 MNOs

$2.5B

- Airtel
- Vodacom
- Tigo
- Orange
- MTN

Africa's high-growth challengers

$0.5B

- Viettel
- Africell

Other operators

$0.1B

- Smile
- Simbanet
- Orioncom
- TTCL
- Zantel
- and 24 others

At a glance
Continued

What we do

Our principal business lies in building, acquiring and operating telecommunications towers that are capable of accommodating and powering the needs of multiple tenants.

These tenants are typically large MNOs and other telecommunications providers who in turn provide wireless voice and data services, primarily to end-consumers and businesses.

We also offer comprehensive tower-related operational services, including site selection, site preparation, maintenance, security and power management. We provide space on our tower sites under a combination of master lease agreements ("MLAs"), which provide the commercial terms that govern the provision of tower space, and individual site agreements ("ISAs"), which act as an appendix to the relevant MLA and include site-specific information. We also enter into ground lease agreements with property owners to host our sites on their land.

Acquiring and building towers

Diagram 1 (top, next page) highlights how we have accumulated our assets through a mix of acquisitions and organic build-to-suit sites. We construct BTS sites only upon receipt of an anchor order from an MNO.

Our tower site portfolio consists mainly of four-legged, heavy duty ground-based towers, typically ranging in height from 35 to 70 metres. Subject to environmental permits and impact assessments, we may also be able to build taller towers when circumstances require. These include towers in valley locations, or those that are required to deliver a greater range of transmission, such as our new communications backbone in DRC.

Anchor tenant

In diagram 2 (centre, next page), the equipment on the tower and the outdoor cabinet are owned and maintained by the anchor tenant, which is the initial customer to occupy each tower.

HT owns and maintains the passive infrastructure. This includes the tower's diesel generator, battery backup system, site monitoring system and, if applicable, hybrid and solar technology.

Standard colocation tenants

In diagram 3 (centre, next page), a new "colocation" tenant shares the passive infrastructure (which we provide) with the anchor tenant. Colocations sit at the heart of our business model as they allow us to grow revenue and improve operating margins without significant additional capital expenditure.

Amendment colocation tenants

Diagram 4 (bottom, next page) demonstrates an amendment colocation tenant. This is an existing customer (anchor tenant or standard colocation tenant) adding or modifying equipment, taking up additional vertical space, wind load capacity and/or power consumption, which leads to additional revenue billing under the menu pricing of an existing MLA.

The Group calculates amendment colocations using the additional revenue generated by the amendment on a weighted basis as compared to the market average rate for a standard tenancy in the month the amendment is added.

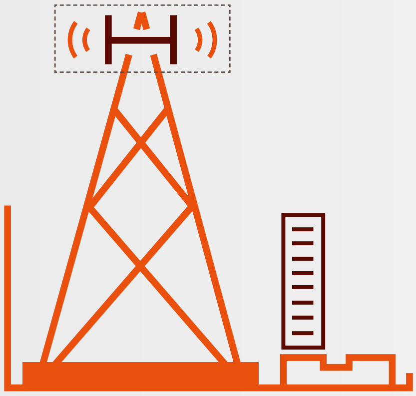
1

Acquire and build towers

Grow tower portfolio through acquisitions or organically through build-to-suit sites

2

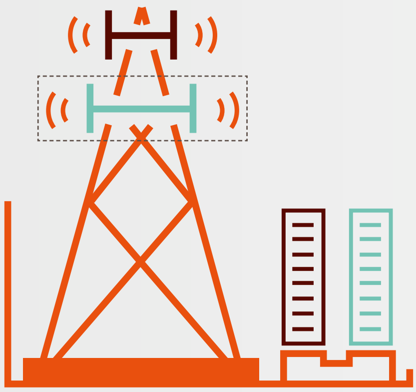
Initial customer: anchor tenant



MNO places their active equipment on the HT tower and is the initial customer to occupy the tower

3

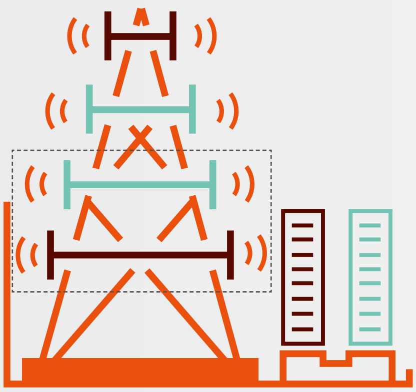
Additional customers: standard colocation tenant



Additional tenant adds their active equipment on the HT tower and shares the tower space with the anchor tenant

4

Additional equipment: amendment colocation tenant



Existing customer on a site (anchor tenant or standard colocation tenant) modifies or adds additional equipment on the tower

Chief Executive Officer's statement

Our growth story continues

2018 has been a year of solid organic growth. It has also been a year of even better operational performance and setting a higher bar than in previous years.

We are particularly pleased to have delivered our 16th consecutive quarter of Adjusted EBITDA growth, achieved through top-line growth and continued focus on operational efficiencies.

We were also delighted to open 2019 on a high, with our announcement that we have entered into the South African market. The partnership with Vulatel and the acquisition of SA Towers represents a perfect fit of collective experience and expertise. Together we will address the infrastructure gap in South Africa and deliver lower cost, higher quality services to MNOs.

The Group is well positioned, with market-leading positions in some of the most attractive and fastest-growing telecom markets in Africa.

Kash Pandya | Chief Executive Officer

Revenue
+3%
2018: US$356m
2017: US$345m

Adjusted EBITDA
+22%
2018: US$178m
2017: US$146m

Performance overview 2018

Helios Towers traded strongly in the year, delivering revenue growth of 3% to US$356 million, Adjusted EBITDA growth of 22% to US$178 million, and an operating profit of US$3 million, increasing US$27 million from an operating loss of US$24 million in 2017.

The Group has delivered strong organic growth through new tenancies and expanded margins through operating leverage and continued execution of our business excellence strategy.

Life-changing mobile communications

The Group is well positioned, being a market-leader in some of the most attractive and fastest-growing telecom markets in Africa.

In our markets there are many favourable macroeconomic trends. The population across all our markets is expected to expand by 37 million to 266 million by 2023. This population is urbanising and over two-thirds are under the age of 30 – the rapidly growing tech-savvy young population who are driving the demand to be connected to each other, social media and streaming services.

This is combined with strong GDP growth forecast in our markets, which the IMF expects to be 5.1% annually to 2023 (compared to 1.6% across the G7).

Against this strong macroeconomic background, the telecommunications sector is experiencing significant growth. In fact, the growth in our markets is reminiscent of western market growth in the early 2000s, but with two essential differences: there is negligible competing fixed line availability, and millions are experiencing mobile for the first time at a superior smartphone-level.

HT Markets GDP growth 2017–2023E[1]

+5.1%

SSA: 3.3%
G7: 1.6%

(1) IMF estimates, weighted average by HT revenue

Mobile subscribers 2017–2023E[2]

+48m

In HT markets (excl. South Africa)

(2) GSMA intelligence, Hardiman report 2018

They are leapfrogging the upgrade path others have taken in the last two or three decades, and their daily lives are being transformed – not just by voice communication, but by online banking, online health consultations, education, access to live crop prices, tourism marketing and much more.

We are well established and well positioned to work with our customers to provide the expertise and infrastructure needed to support their expansion plans to meet this demand.

DRC's new communications backbone

A significant project for the Group during 2018 was a major investment in upgrading and constructing a microwave backbone network covering 1,800km in DRC. Constructed across challenging jungle conditions in some of the most remote areas of DRC, this network replaces old satellite technology and provides improved infrastructure and connectivity to an estimated six million citizens in the country.

DRC has one of the lowest mobile penetration rates in the world, with under 37% of its 84 million population having a mobile subscription. However, having experienced 15% mobile subscriber growth from 2011 to 2018, it is growing quickly.

Our investment supports the continued improvement and expansion of the network by local MNOs and follows the recent award of inaugural 4G licences to MNOs in DRC including Vodacom, Orange and Africell. Together, we are helping to connect and create economic prosperity for DRC's growing and young population.

Pages 24–25 provide further information on our new communications backbone

I'd like to congratulate our technical and construction teams. They overcame numerous challenges, including physical access to the build sites, sourcing labour and materials, and scheduling in the face of heavy rains, to deliver a network that will have a significant impact on the local population.

Governance

We entered the year intending to launch an IPO, and in order to augment our team we welcomed Allan Cook as Chairman and a Director of the Company. After Helios Towers decided not to proceed with a listing in March 2018, Allan stepped down.

Additionally, Carlos Reyes joined our Board as a representative of ALAC, following the resignation of Colin Curvey, and Umberto Pisoni was appointed as a Director, representing IFC.

Subsequent to year-end 2018, Waldemar Szlezak, who served on our Board as a representative of Soros Quantum Strategic Partners Ltd, resigned to pursue other opportunities and has been replaced by Joshua Ho-Walker.

Risk

We continue to focus on risk management through enhanced compliance monitoring and reporting on high risk areas; these include anti-bribery and corruption, third party management and conflicts of interest.

We are also focused on technology risks and have engaged specialist IT consultants to address risks such as cybercrime, network access, and data privacy and security. Externally led training has also benefited key members of our project and operations teams in areas such as cost management, materials and customer contract requirements.

Looking forward: 2019 and beyond

Our aim as we enter 2019 is clear: continue our profitable growth story.

We will continue to mine the considerable opportunities in our existing markets and focus on continued growth through additional colocation volumes, amendment revenues and build-to-suit tenancies as well as margin expansion driven by additional operational efficiencies.

At the same time, a focus for us in 2019 is to find new fertile markets in Africa where we can also bring our proven model and skills. As such, we are excited by the recent announcement of our entry into South Africa, through the partnership with Vulatel and the acquisition of SA Towers. We have long considered South Africa an attractive opportunity, due to its economic growth, population demographics and demand for advanced telecommunications services. By joining forces and sharing expertise, we will look to build our wireless and fixed line open access infrastructure in South Africa over the coming years.

Meanwhile, I thank our loyal customers whose faith in us has been endorsed by long-term commitments; our fantastic teams out in the field and in our various African and UK offices; and our supplier partners who have embraced our culture and goals, working collectively to help us continue on our exciting journey.

Kash Pandya
Chief Executive Officer

Chief Executive Officer's Q&A

Q&A with our CEO Kash Pandya

Q
Kash, how would you characterise 2018 for Helios Towers?

A
I'd say it was another excellent year for Helios Towers, and one which demonstrated the attractiveness of our markets and success of our business excellence strategy.

Our tenancies and tenancy ratio increased to 13,549 and 2.01x, respectively, and through top-line growth and operational efficiencies we extended our run of Adjusted EBITDA growth to 16 consecutive quarters.

In Q1 2015, our Adjusted EBITDA margin stood at 25%. In just over three years, we have doubled our margin and exceeded our target of 50% in Q3 and Q4 2018, hitting 51% and 52% respectively. That's a fantastic achievement, and one which we hope to continue to improve on.

Q
So 2018 has been another strong story to add to the investment case?

A
Absolutely. Our robust tenancy and revenue growth illustrates both the attractive macro dynamics in our markets and the value we are providing through a dedicated focus on critical infrastructure.

Add to this the continued margin expansion I just mentioned, and I think it demonstrates the attractiveness of our business model and the power of our business excellence strategy.

Rolling out new technologies for improved monitoring and control, reducing tower downtime, training 35% of our staff in Lean Six Sigma – these are some of the outcomes of our strategy and all of which contribute to the attractive margin expansion we've delivered over the last few years.

Even better, this strategy is transferable across new markets and that's why we're excited about our recently announced entry into South Africa.

Q
How would you describe your markets and their opportunities?

A
Our markets are some of the most exciting and fast growing in Africa, with young and expanding populations. They are also increasingly urbanised, which correlates well with increased disposable income and demand for infrastructure.

At the same time, mobile infrastructure is underpenetrated. There is still so much room for growth in our markets.

Take DRC for example: they have a population of 84 million, yet only 37% have a mobile subscription and 50% are within mobile coverage.

That's approximately 50 million of the total population are still to be served and independent forecasts suggest there will be subscriber growth of 8% annually between now and 2023. As a critical mobile infrastructure provider and enabler, these dynamics are very attractive

Q
The fundamentals seem compelling but how do you control and manage risk in your markets to capitalise on these opportunities?

A
Risk management is integral to the Group's strategy and to achieving our goals. We dedicate significant resource to identify, assess, manage and monitor risks.

Compliance risk is a particular area of focus and we're developing a compliance culture through communication, training, sharing knowledge and active guidance.

We make sure that all employees, and third parties, are aware of their compliance obligations and responsibilities.

An important strength is that a number of our executive team have worked in developing countries and have the necessary experience to drive managing risk from the top.

On the ground, we benefit from a workforce that is local and hyper-local. They are connected to the communities where our towers, and our technology, plays a critical part in people's personal and business lives. So although we have security to protect our towers and our customers' assets, local communities are invested in welcoming them too.

Q

In terms of challenges, what was the main area of focus in 2018?

A

Targeting world-class safety standards in emerging markets, where the safety culture is not as developed as it is in western markets, is a challenge. We come from the angle that only zero harm is an acceptable outcome. So having spent recent years laying the foundations, we were pleased to make some solid progress in essential areas such as working at height, working with power, heavy equipment, lifting, and so on.

But our greatest safety risk is actually outside our sites, and that's from road traffic accidents. Any business working in our markets has the same issues. But we're working hard on this as well, with more education through initiatives such as defensive-driving training programmes and continued investment in our and our partners' vehicle fleets.

Importantly we are also collaborating with our suppliers and maintenance partners to improve safety standards. We jointly hosted a safety event in Tanzania with Nokia and Delmec. Over two days, delegates attended presentations, round table discussions and practical demonstrations showcasing international best practices. It received such good feedback that we are repeating the event. There is a real commitment to improve safety standards in our markets by many international organisations and I am delighted that Helios Towers is at the forefront of this.

It was an excellent year of organic growth. It's been a year of doing things even better in our markets and raising the bar on what can be achieved.

Kash Pandya | Chief Executive Officer

Q

And how has collaboration progressed with your own partners?

A

Very well. We've invested in collaborating with our maintenance partners, to share the benefits of our culture, values and practices with their organisations. Historically, there had been a them-and-us, customer-contractor relationship, but we swept that away. We launched a programme of physically sharing offices, exchanging ideas, listening to each other and establishing the culture of what we call "One Team, One Business".

One example of this is our investment in Lean Six Sigma training. We have trained 35% of our staff in Lean Six Sigma, and as importantly, we have also trained many of our maintenance partners. This approach means that we have really embedded the Lean Six Sigma philosophy through the value chain, ensuring we are looking at end-to-end solutions, which not only drives reliability up but also costs down.

Q

Can you point to any standout operational achievements?

A

There were many operational achievements in 2018, including delivering record results in tower uptime and significantly reducing maintenance site visits.

We also continued to rollout the use of ServiceNow in Tanzania, DRC and Congo Brazzaville in the year. The technology gives us complete and real-time visibility on over 87% of our towers, reduces maintenance costs and waste, and further improves our customers' experience.

We expect to roll out ServiceNow in Ghana in 2019 and also drive further operational improvements in Tanzania, DRC and Congo Brazzaville.

Q

You decided not to IPO last spring. But were there any positives that came from the experience?

A

Very much so. We spent significant time upgrading our systems and procedures in readiness, and we continue to benefit from that every day in terms of improved visibility and control. We further upgraded our processes and compliance to levels required by the Stock Exchange, and appointed a Head of Compliance. These increased standards are now business as usual.

And it means that if and when we like the look of market conditions in the future, we'll be ready.

Q

Finally, you said 2018 has really been about organic growth in current markets. Will that be the script for 2019 as well?

A

Certainly organic growth is a key driver for 2019. We are focused on continuing to capitalise on the considerable potential in our existing markets, and to provide the critical infrastructure for our customers' end-users' demand.

But another key element of our 2019 strategy will be growth in new markets, and we're excited to have kicked that off with our South Africa expansion. We have long considered it to be an attractive market due to its economic growth, population demographics and demand for advanced mobile services. Our partnership with Vulatel provides the platform we need to leverage the large wireless and fixed line open-access infrastructure opportunity ahead, and our acquisition of SA Towers only solidifies this.

Having raised a US$100 million term loan for growth, we have the balance sheet to drive our expansion plans in both our existing and new markets and leverage our expertise to deliver for our customers, employees, investors and communities.

Chief Financial Officer's statement

Creating confidence through performance

“

2018 saw us deliver another year of robust growth and improve our positioning for future organic and inorganic opportunities.

Tom Greenwood | Chief Financial Officer

We can look back on another very strong year. We closed 2018 with our 16th consecutive quarter of Adjusted EBITDA growth, continuing an uninterrupted growth story that began back in Q1 2015.

Helios Towers delivered another year of impressive growth and margin expansion. Strong macro trends, a robust business model and focus on operational excellence continued to drive impressive results.

Additionally, we further strengthened our balance sheet through reducing leverage and increasing capital available for deployment.

In summary, 2018 saw us deliver another year of robust growth and improve our positioning for future organic and inorganic opportunities.

Group performance

In 2018, revenues grew by 3% from US$345 million to US$356 million and Adjusted EBITDA increased by 22% to US$178 million. As a result, Adjusted EBITDA margins expanded from 42% to 50%, in line with our expectations.

We also achieved our first operating profit in a fiscal year, achieving a profit of US$3 million and increasing by US$27 million from an operating loss of US$24.0 million in 2017.

Revenue growth

We continued to support our customers' rapid coverage, capacity and technology expansion needs. Our revenue growth of 3% was driven by organic demand in all of our markets.

Notably, 87% of revenues in 2018 were from Africa's "Big 5" MNOs and 57% was denominated in hard currencies, either in US dollars or EUR pegged. Looking forward, we are well positioned with US$3.1 billion in contracted revenue with an average remaining life of 8.1 years.

Adjusted EBITDA margin growth

This year we passed a significant milestone in achieving a 52% Adjusted EBITDA margin in Q4 2018, up from 25% in Q1 2015 and reflecting 16 consecutive quarters of Adjusted EBITDA growth. This demonstrates the strong operational leverage of our business, and focus on business excellence.

In 2018, we continued to reduce the cost of delivering reliable power to our towers. This was achieved through installing 131 solar solutions, 46 grid connections, and 390 hybrid solutions. Adding to our prior installations, we have now rolled out over 430 solar solutions, 400 grid connections and 640 hybrid solutions.

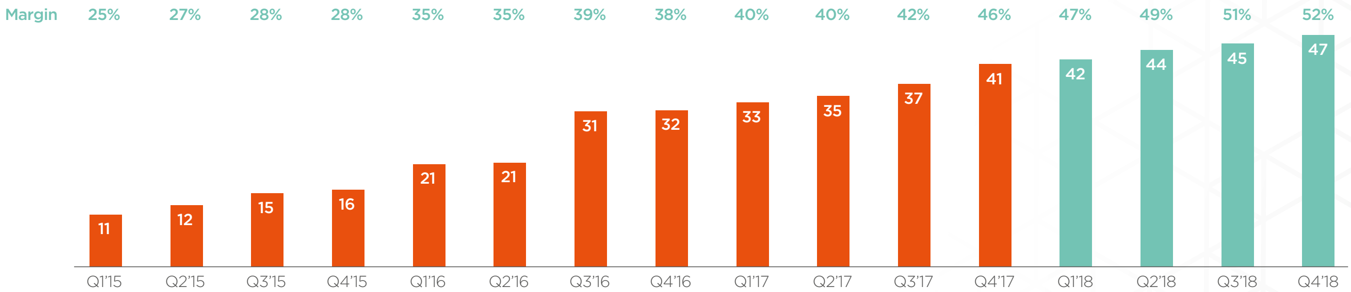
We also pioneered new technology through the digitalisation of our field operations with ServiceNow. This technology significantly improves the maintenance and control of our assets through providing real-time monitoring. It also drives up service quality to our customers.

Adjusted EBITDA margin

+8 percentage points

2018: 50%
2017: 42%

Adjusted EBITDA growth (US$m)



Looking to 2019, we expect to continue achieving operational improvements, and to further benefit from strong operating leverage and available capacity on our existing asset base.

Liquidity and net debt position

We are well positioned to capitalise on the organic and inorganic opportunities available, in part due to:

- US$100 million term loan raised in Q4 2018, which will be used for future expansion in existing and new markets and for general corporate purposes. As at 31 December 2018, US$25 million was drawn;
- unlevered recurring free cash flow(1) of US$158 million in FY18, up 29% from FY17;
- net leverage(2) level of 3.5x in Q4 2018, decreasing from 3.6x in Q4 2017 and at the lower end of our 3.5-4.5x target range; and
- significant liquidity options including cash on the balance sheet of US$90 million, term loan availability of US$75 million, and a revolving credit facility of US$60 million, amounting to a total of US$225 million liquidity available at year-end 2018.

During 2018 we also maintained our credit ratings of B2 corporate family rating ("CFR") by Moody's Investors Service and a preliminary B long-term corporate credit rating by S&P. As well as positioning us to maximise possible opportunities, we were pleased to receive this further endorsement of our strategy and team.

Dividend

Given our ambitions to invest in our current businesses and expand into new markets, the Directors recommended that no dividends be paid for the year ended 31 December 2018.

Outlook

We are confident and excited as we enter 2019, and are targeting another year of growth, both organically in our existing markets and through continuing to explore further expansion and acquisition opportunities across the African continent.

Tom Greenwood
Chief Financial Officer

Material recent developments

South African partnership with Vulatel	• In January 2019, announced South African partnership with Vulatel • Expect to make major greenfield wireless and fixed-line telecoms infrastructure investments in South Africa • South African expansion provides Helios Towers further geographic diversification into a fifth country; one of the largest and most attractive markets in Africa
Acquired controlling interest in SA Towers	• In January 2019, also announced first investment in South Africa - the acquisition of a controlling interest in the business of SA Towers • Includes a pipeline of potential tower sites on more than 500 urban locations across the country
US$100m term loan facility	• In October 2018, signed a US$100 million term loan facility with The Standard Bank of South Africa Limited (mandated lead arranger), Barclays Bank Mauritius Limited and The Mauritius Commercial Bank Limited • The facility will be used to support our intentions to seek opportunities in new markets across Africa, including South Africa, as well as future expansion in our current markets and general corporate purposes

(1) Calculated as Adjusted EBITDA less tax paid less maintenance and corporate capital expenditure
(2) Calculated as net debt divided by annualised Adjusted EBITDA for the quarter

Business model

Our vision is to be the leading African telecom tower company

Our strengths and market opportunities

Financial model
- Long-term contracts
- Stable cash flows

Market context
- High growth markets with limited infrastructure in place
- Significant future growth expected

Our people
- Localised workforce
- Highly experienced management team

Strong relationships
- With customers and suppliers
- Best-in-class customer experience

Innovation and technology
- Digital solutions
- Innovative use of renewable power sources

Our operating platform

We have an efficient tower-sharing model

Anchor tenants

Colocation tenants

Amendment colocations

We provide reliable power sources to tenants

On-grid

Diesel

Hybrid and solar

We add ancillary services

Data centres

Fibre backhaul

Small cells

Our long-term growth strategy

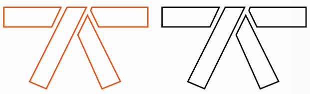
We have three strategic priorities

1 Growth

- In existing markets
- In new markets
- In new products and services

2 Business excellence

- Supply chain optimisation
- Business digitalisation
- Lean Six Sigma

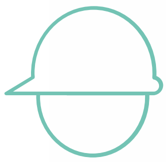


3 Sustainability

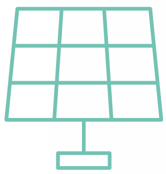
- Building partnerships
- Training local people
- Environmental responsibility
- Embedding our values

Our stakeholders

Society
We contribute to building local economies that enable businesses and individuals to grow.



Employees
We provide employment and training opportunities for local people, with us and our partners.



Environment
We reduce environmental impacts through our sustainable operating platform.

Shareholders
We offer financial returns and significant opportunities for future growth.

Market overview

Why Africa?

Vast territories, growing young populations, under-penetrated with minimal fixed line infrastructure; the African market fundamentals for mobile are compelling.

African markets: dynamics and characteristics

The UN forecasts population growth across the continent of Africa will triple in this century, to around 4.5 billion. Africa is also one of the world's most rapidly urbanising populations. Of the world's top ten fastest-growing cities, all are African and two are in our markets of DRC (Kinshasa) and Tanzania (Dar es Salaam).

These strong population trends are further enhanced by impressive GDP growth across Africa to create a compelling macro environment for investment. Of the World Bank's top ten fastest-growing economies in 2018, six are in Africa (including our markets of Ghana and Tanzania).

Top ten fastest-growing economies[1] (2018)

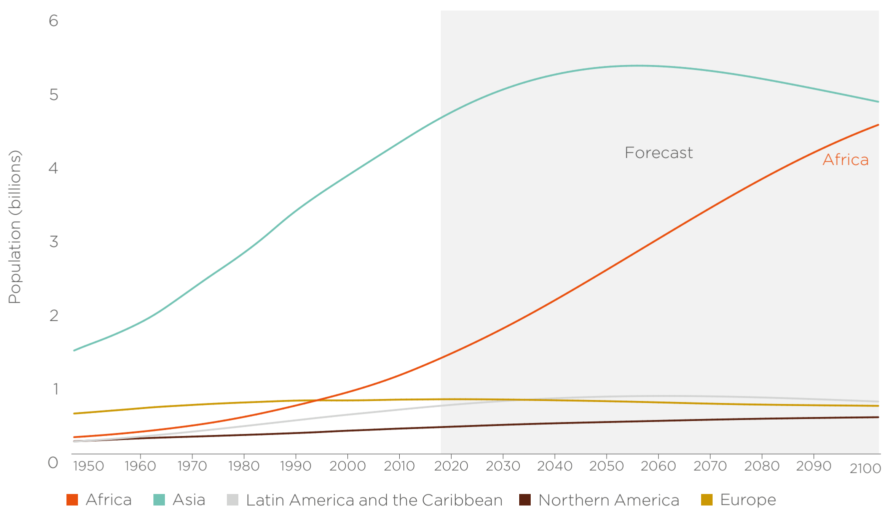
6 in Africa

incl. Ghana and Tanzania

Top ten fastest-growing cities[2] (2018-2035E)

10 in Africa

incl. Kinshasa and Dar es Salaam



(1) World Bank, 2018
(2) United Nations Population Prospects, 2018

In Africa, multiple metrics support the case for investment in mobile and infrastructure:

- **A growing population.** The total population of Africa is expected to more than triple over the next 80 years, significantly faster than any other region.
- **A young, receptive population.** Africa has the largest proportion of the population under 30 years old. This is the demographic that embraces technology, and consumes data through services such as WhatsApp, Twitter and Instagram. This drives MNOs to continue significant investment in improving and expanding their networks in our markets.
- **An urbanising population.** The top 10 fastest-growing cities to 2035 are expected to be African, and two are in our markets of DRC (Kinshasa) and Tanzania (Dar es Salaam).
- **Poor fixed line availability.** With limited or no fixed line availability, communicating across the vast African territories is predominately through mobile.

Helios Towers is well positioned to benefit from the resulting growth in under-penetrated markets in Africa.

Our markets

We are in our markets by design. We have targeted markets with high population growth, underpenetrated mobile services and with multiple MNOs as customers.

Our markets: dynamics and characteristics

Tanzania

1

In 2018, Tanzania was one of the fastest-growing economies in the world and Dar es Salaam is forecast to be one of the fastest-growing cities globally.

Similar to our other markets, strong macro and demographic trends in Tanzania are driving demand for mobile and telecommunications infrastructure.

Tanzania has experienced strong mobile subscription growth of 9% CAGR between 2011 and 2017, and independent forecasts expect a further 6% CAGR to 2023.

The MNOs continue to see potential and invest. In 2018, Vodacom and Azam were both awarded 4G licences which should drive the need for more PoS.

Subscriber growth[1] (Q317-Q318)

+7%

Mobile penetration[1]

40%

(1) GSMA estimates, 2018

DRC

1

DRC is the second largest country in Africa and covers an area the size of Western Europe. Its population exceeded 84 million in 2018, and is forecast to reach almost 100 million within the next five years.

By 2035, the UN predicts that the population will double in Kinshasa, the DRC's capital city, making it the seventh largest city in the world.

However, mobile penetration is low at 37% and only 50% of the country has mobile coverage today.

The scope for growth is therefore vast. Between 2011 and 2017 DRC saw significant mobile subscription growth of 16% annually, and independent forecasts project a further 8% CAGR to 2023.

Recently awarded 4G licences to Orange, Africell and Vodacom add to the potential growth and demonstrate the demand for better connectivity.

Subscriber growth[1] (Q317-Q318)

+12%

Mobile penetration[1]

37%

(1) GSMA estimates, 2018

Market overview

Continued

We've chosen these markets because they are some of the fastest-growing markets on the planet. It is forecast that there will be 48 million additional new phone subscribers in our four established markets by 2023.

Tom Greenwood | Chief Financial Officer

Our markets: dynamics and characteristics (continued)

3 Ghana

The most advanced of our markets with 53% mobile penetration, Ghana also has high smartphone ownership which drives increased demand for data.

Between 2011 and 2017 Ghana saw mobile subscription growth of 9% annually, and independent forecasts project a further 4% CAGR to 2023.

This is supported by government-led initiatives, such as the rural telephony project, which will accelerate mobile penetration in the country and drive organic growth for our business.

In 2017, a significant merger took place between Airtel and Tigo, with the new operation taking the No. 2 spot.

The merger is expected to catalyse network investment by operators as competition ramps up, and create further opportunities for our business.

Subscriber growth[1] (Q317-Q318)

+1%

Mobile penetration[1]

53%

(1) GSMA estimates, 2018

1 Congo Brazzaville

Congo Brazzaville is our smallest market, with a population of 5 million. It has mobile penetration of 46% and experienced strong mobile subscription growth of 4% annually between 2011 and 2017.

Independent forecasts expect a further 3% CAGR to 2023.

4G licence launches have driven higher data demand, and our towers are well located to meet increasing densification requirements.

Subscriber growth[1] (Q317-Q318)

+1%

Mobile penetration[1]

46%

(1) GSMA estimates, 2018

Strategy in action

New markets

Helios Towers enters South Africa

As well as exploring opportunities within our existing markets, our strategy has also been to investigate new attractive African markets where we can expand our geographic footprint and product offering. In January 2019 we were pleased to announce our entry into South Africa through our partnership with Vulatel and subsequent acquisition of SA Towers.

As a leading African independent tower company, South Africa is a market we have been looking to enter for some time due to its economic growth, population demographics and demand for advanced telecommunications services.

South Africa is one of the continent's largest economies and has a population of 57 million, which is forecast to increase by a further three million over the next five years. Similar to our other markets, the young and increasingly urbanised population are driving the demand for improved mobile connectivity.

There are roughly 30,000 towers in South Africa, with only 10% owned by independent tower companies. In addition to the significant inorganic opportunities, there are organic opportunities through supporting the growth strategies of all the MNOs by building towers and other open access infrastructure in the country, providing support for their current 4G needs and additional requirements for their extensive rollout plans for 5G networks.

Partnership with Vulatel

Local insight and expertise is an important component of any Helios Towers expansion plan. Therefore we were delighted to create the Helios Towers South Africa ("HTSA") infrastructure platform through a partnership with local experts Vulatel (Pty) Ltd ("Vulatel"). Vulatel is led and run by ex-Vodacom Directors who have deep telco sector expertise and local credentials. Vulatel is a 69% black-owned and 45% black women-owned business with a Level 2 B-BBEE (Broad Based Black Economic Empowerment) rating.

SA Towers acquisition

Following the announcement of our partnership, we were thrilled to announce that HTSA had taken a controlling stake in local tower company, SA Towers. This young company, created in 2016, already has a pipeline of potential tower sites, ready to be built or in the permitting process, in more than 500 urban locations. The agreement gives HTSA rapid scale and local town planning expertise in South Africa, as we offer infrastructure and build support to MNOs looking to advance their 4G and 5G networks.

Outlook

South Africa represents an exciting new market for Helios Towers and through our partnership with Vulatel and the acquisition of SA Towers we have the foundations to support the forecasted strong growth of MNOs in South Africa for the coming years.

Population

57m

% urbanised

66%

Towers

c.30,000

% towers owned by independent operators

c.10%

I am thrilled to announce our entry into South Africa, which delivers against our stated strategy of providing MNOs with open-access infrastructure to meet the growing demands of their customers in Africa for fast, stable and available networks.

Kash Pandya | Chief Executive Officer

Strategy in action

Continued

Organic growth

Completed: 1,800km communications backbone in DRC

Organic growth within our markets is a key focus area, delivering leading-edge infrastructure to the populations our customers want to serve, regardless of geography.

In 2018 we announced the construction of a new communications backbone network to deliver high capacity microwave technology to DRC.

Spanning the equivalent distance of London to Rome, the investment focuses on the equatorial rainforest and the Kasaï-Central province.

The backbone comprises towers at least 80 metres in height, standing above the forest canopy and interspersed at distances of up to 40km. Together, they will deliver new and improved mobile services to some six million citizens.

Why is the project needed?

The telecommunications market in DRC is already one of the fastest growing in Africa, and the inaugural 4G licences awarded to the major operators in 2018 are expected to drive further robust growth.

Our new microwave backbone will replace existing satellites, allowing operators to extend their coverage in DRC and have the infrastructure to be able to further market 3G and, soon, 4G services.

Each heavy-duty tower has been specially designed and fabricated for decades of service ahead. This means allowing ample capacity for the big three MNOs to colocate, densify and expand their networks in the future.

Execution excellence

The lack of road access to many of the sites, as well as physical obstructions and heavy seasonal rains, meant that the project demanded exceptional planning and a determined team. The furthest site location meant mobilising the teams and all materials some 1,200km away from the project's central warehouse.

The experience we have gained positions us well as we address further expansion projects in our markets, and beyond.

We built a backbone to make sure there is the infrastructure to provide network coverage in new territories of DRC. This provides mobile signal to six million more people.

Kash Pandya | Chief Executive Officer

Strategy in action
Continued

Operational excellence

The digitalisation dividend

Customised digital tools are equipping teams to deliver world-class operations and maintenance.

A key element of our proposition is an ability to deliver a reliable, fully powered fleet of towers, at a highly competitive rate.

This requires a complete understanding between our operating companies and our maintenance partners. To achieve this, we created a "One Team, One Business" strategy that extended to sharing offices, the same operations management systems, and joining our Lean Six Sigma training.

Significantly, the entire operation has harnessed the opportunities of digitalisation. Our teams take smartphone technology into the field, delivering consistent and analysable data. This informs our customised ServiceNow platform, which, in 2018, gave us complete and real-time visibility of all of our towers in Tanzania, DRC and Congo B.

The smartphone technology enables the collection of data from all areas of the network, thereby enabling our management teams to optimise service deployments and react to live circumstances.

This combination of better information, teamwork, and smarter working has delivered some remarkable results. In Tanzania, for example, 12 months of this digitalisation programme has:

- Reduced reported site outages by 59% from Q1 2018 to Q4 2018;
- improved time-to-fix by 25% for first-time fixes; and
- reduced time spent manually recording and documenting issues by over 50%.

Two years ago, service visits in Tanzania averaged 6.2 per month; now, they're at 1.5 per month. In a country where road accidents are our highest risk, this means we have driven 266,000 fewer kilometres a month than the previous two years – as well as reducing emissions through saving 38,000 litres of fuel a month.

This initiative won the Tower Exchange's Operational Efficiency Initiative of the Year 2017, and its multiple benefits flowed through into 2018.

We have created a "One Team, One Business" ethos with our partners that extended to sharing offices and taking part in joint Lean Six Sigma training.

Kash Pandya | Chief Executive Officer

Service visits in Tanzania averaged

1.5 per month

2016: 6.2 per month, prior to new process implementation

Sustainability

Our continued focus on safety, efficiencies and impact

At Helios Towers we believe a sustainable business must succeed against three distinct measures.

(1) It must be built on enduring and efficient economics.

(2) It must recognise that a company is a group of people, and one that treats everyone fairly, equally and safely.

(3) And it must be accountable for its actions on the land and the planet.

Our goal is to excel in each. As a young company we still have a journey ahead, but we have made significant and certified progress in 2018.

Our business proposition

Our business plays a vital role in the daily lives of people and businesses across Africa.

Our sharing model enables MNOs to colocate their equipment onto single tower locations.

This immediately removes the need for wasteful duplication, unnecessary tower constructions, multiple power generators and emissions, and many thousands of miles driven in parallel maintenance programmes.

Going home safe, every day

We are only satisfied when we can close every day with zero harm recorded, for both our employees and our partners.

In 2018, we were pleased to see an improving trend in health and safety, as the training we put in place in previous years began to manifest itself in safer behaviours.

During the year, we were delighted to see zero lost-time injuries among our employees for the second year running.

However, in common with many businesses in Africa, road traffic accidents remain the biggest single safety risk factor we face. In response, we have trained more than 450 people in defensive driving techniques – and this is just one of the comprehensive programmes we have implemented to heighten driver awareness, vehicle safety and better behaviours through remote monitoring.

We also took the lead, together with Nokia and one of our key partners and structural consultants, Delmec, in creating a new industry event to promote safer working at height and heavy lifting (see page 31).

Local businesses, local people

As our local businesses grow, we have progressively reduced the need for expatriates. The vast majority of our people are local, bringing insights and market knowledge that they, uniquely, possess.

In every country, we offer equal opportunities for all and do not discriminate on grounds of gender, faith, ethnicity, disability or orientation. We pay fair market rates, and every direct employee earns more than the statutory minimum wage.

Case study

Mobile charge, free of charge

During 2018 we trialled a new initiative to benefit our local communities in Tanzania and DRC.

We installed solar-powered street lights at two of our sites in Tanzania and five in DRC, but with a difference: they each have in-built USB ports where local people can bring their mobiles and recharge them.

In Tanzania, we have also created small covered areas where they can sit and wait. In some cases, these have been built using steel repurposed from old towers that we have decommissioned as we have optimised our network.

We're delighted to make this gesture to our local communities, which also encourages the use of our customers' networks. Initial feedback has been very positive, and we are looking to extend the concept across all our markets.

Sustainability

Continued

Investing in talent

35%

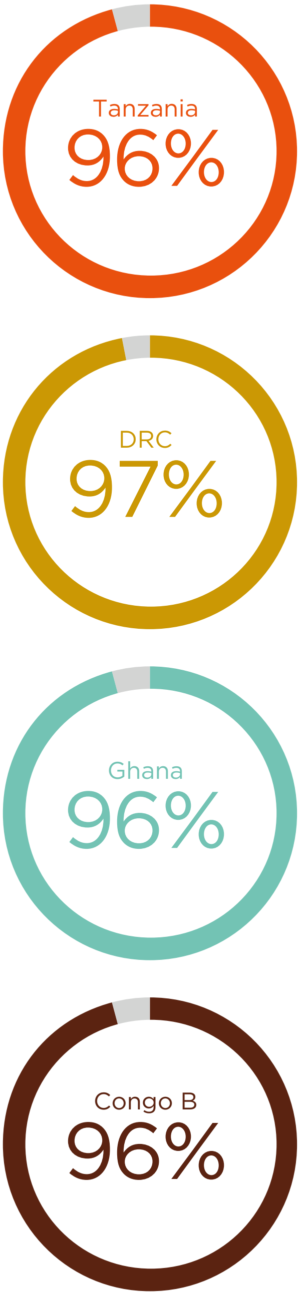
of our employees trained in Lean Six Sigma

Environmental focus

430 sites

equipped with solar technology

Local workforce (%)



Investing in talent

In 2018, we reinforced our emphasis on local talent with a continuing and significant investment in Lean Six Sigma Orange Belt and Black Belt training. Although primarily for our own employees, this has also included certain members of our maintenance partners, strengthening our highly productive "one team" ethos. By the end of 2018, 35% of our people had been through this training, and we are targeting 50% by the end of 2019.

We also introduced Mind Gym training, which specialises in leadership development.

Our environmental focus

Every business brings with it an environmental impact. In our case, we erect towers in order to connect populations, and we use fuel to power our generators and to travel to our sites to maintain them.

In 2018 we continued our programme to find ways of minimising those impacts. We equipped a further 131 tower locations with solar technology, bringing the total to 430. We also made 46 further connections to power grids where they're available, and created a further 390 hybrid solutions.

The investment in solar technology and hybrid solutions in 2018 will avoid the emission of more than 5,000 tonnes of CO_2 each year moving forward, while also delivering millions of dollars in fuel cost savings.

By developing smarter, leaner programmes with our partners, we have also slashed the number of maintenance miles we drive. In Tanzania alone, by reducing our site visits to 1.5 per month we travelled 266,000 fewer kilometres a month compared to 2016, before implementation of these programmes. This saved a further 72 tonnes of emissions and, as importantly, reduced road risks by taking 2,163 fewer monthly journeys.

In many cases, our business model allows operators to dismantle and recycle their existing towers, because we can meet their needs more effectively. This also lessens the visual impact on the landscape, and with this in mind we are developing a number of ways of concealing our smaller urban equipment. These include hiding in street furniture and building "palm tree" antennae.

Certified operations

In early 2018 we were pleased to gain the integrated certifications of ISO 9001 (for quality management systems), 14001 (environmental management) and OHSAS 18001 certification (occupational health and safety management).

These apply to all of our African-based businesses. Our London office gained ISO 9001 recognition to add to the OHSAS 18001 certification it already held.

We are now preparing for ISO 37001 (anti-bribery and corruption), to gain formal recognition for the rigorous controls and systems that we have put in place.

Strengthening compliance

Like health and safety, it is of paramount importance to us that compliance is front-of-mind in every employee.

We reinforced our commitment to this area in late 2017 through creating a new role - Group Head of Compliance. This was followed by a comprehensive set of new or upgraded compliance policies and procedures, which became effective from 1 January 2018. They range from acting with integrity and third-party due diligence, to GDPR and modern slavery, each sitting alongside and reinforcing our existing code of business conduct.

As importantly, we also initiated a programme to embed these new policies into business-as-usual behaviour, with tailored training that aligned specific content to relevant job roles; for example, financial probity for colleagues working in procurement.

Case study

Lifting safety to new heights

Helios Towers is not only determined to operate to the highest standards of safety, but to work with other organisations to improve the standards across the industry as a whole.

Safety is a priority across all of our business, and we take pride in being a leader and pushing for improved safety standards.

In 2018, we co-launched a safety conference together with Nokia and our structural tower consultants, Delmec. This inaugural event was held in Dar es Salaam, Tanzania and focused on one of the highest areas of risk for all three companies – lifting and working on towers.

At the event, best practices were discussed and techniques and technologies were demonstrated that not only protect a workforce and reduce potential risks, but can also help deliver return on investments.

With its mix of presentations, panel discussions and workshops, the event brought together health and safety officers, suppliers, customers and regulators. The feedback was overwhelmingly positive, leading to a second event being held in Nairobi, Kenya in January 2019.

Sustainability

Sustainability through connectivity

As we build infrastructure that takes mobile into rural Africa, we are helping remote communities to develop and thrive in new ways.

We believe we have a duty to help sustain the local African communities where we operate. We offer high-quality employment, directly and indirectly, and train and develop localised workforces.

But in addition, our infrastructure is also playing a key role in sustaining communities. By owning and operating critical mobile communications infrastructure, we enable mobile operators to expand their networks more efficiently, and in turn, help people to generate income and develop their communities.

Just one example is the Masai tribe in the Manyara Region of Tanzania. Since our towers brought network coverage to their locality, this tribe has captured the opportunities of mobile voice and data communications.

They are now active users of social media including Facebook, Instagram, Twitter and YouTube. This drives tourism traffic to their new website, Masai-tribe.com, where they can now offer a host of exciting possibilities to the world: from a visit to their villages, to longer stays and accommodation in their huts for a true Masai experience, to safaris.

Together with sales of hand-crafted jewellery, clothing and other souvenirs, the tribe has been able to generate new sources of income. In turn, this has enabled them to build their own kindergarten and prepare children for secondary school and beyond.

In the same way, populations throughout our markets are discovering new opportunities through services including online banking, healthcare, news, and the breadth and depth of the internet reaching new people and places all the time.

We're proud of the part we play in building this connectivity, and delivering meaningful social benefits across the continent of Africa.

Operating review

Partnering with our customers

We partner with our customers to provide critical mobile infrastructure and services, supporting their rollout and network coverage plans.

Across our markets MNOs continue to invest to improve and expand their networks. In 2018, operators continued to roll out 3G and invest in 4G, evident through Tanzania and DRC awarding a number of new 4G licences. Accordingly, we worked with MNOs to roll out more sites and increase standard and amendment colocations.

We also drew on deep experience to help newly merged networks maximise the benefits of integration. Most notably in 2018, we won an open tender that followed the Airtel/Tigo merger in Ghana.

The renegotiated contract showed partnership at its best: the new entity achieved the efficiencies it required, and Helios Towers gained long-term Adjusted EBITDA growth through a contract extension from five years to fifteen years.

Tanzania

Key highlights (US$ millions)	FY18	FY17
Revenue	149.9	141.2
Adjusted EBITDA	86.2	66.8
Total sites	3,701	3,491
Total tenancies	7,848	7,392
Tenancy ratio	2.12x	2.12x

One of our strongest performing markets in 2018, with revenues increasing by 6.1% and Adjusted EBITDA growth of 28.9%.

This was driven by significant investment, with MNOs upgrading their networks to deliver next-generation services across our infrastructure. We also helped operators to grow coverage and develop commercial offerings tailored to rural areas.

Tenancies increased by 456 to 7,848 and sites increased by 210, to 3,701. Our tenancy ratio was 2.12x at year end.

Following the recent 4G auction, Vodacom and a new MNO, Azam, who recently entered the market, were awarded licences. We expect to see continued growth as MNOs expand and improve their networks.

Adjusted EBITDA growth

29%

2018: US$86.2m
2017: US$66.8m

DRC

Key highlights (US$ millions)	FY18	FY17
Revenue	140.9	140.2
Adjusted EBITDA	72.5	66.5
Total sites	1,773	1,819
Total tenancies	3,492	3,347
Tenancy ratio	1.97x	1.84x

Given the low levels of mobile penetration in DRC, it represents a market with significant growth potential. We are well positioned to provide the critical infrastructure to improve the coverage that is demanded.

Tenancies increased by 145 to 3,492 at the end of 2018, with 118 additional tenancies coming in the fourth quarter, positioning us well as we enter 2019.

Revenues and Adjusted EBITDA increased 0.5% and 9.0% respectively in the year.

Power expenses were reduced by over US$3 million in the year, partially driven by investments in solar technology, grid connections and hybrid solutions.

Adjusted EBITDA growth

9%

2018: US$72.5m
2017: US$66.5m

Ghana

Key highlights (US$ millions)	FY18	FY17
Revenue	41.0	40.1
Adjusted EBITDA	22.8	17.8
Total sites	891	825
Total tenancies	1,680	1,723
Tenancy ratio	1.89x	2.09x

The Airtel/Tigo merger in Ghana, signed in October 2017, led to an excellent outcome for Helios Towers in 2018.

In an open tender, we were selected as the tower company of choice for the new entity, which has become the No. 2 operator in Ghana. The new contract extends our agreement from 5 to 15 years, offsetting a minor net reduction of colocations.

Total sites increased by 66 to 891, and tenancies decreased by 43 to 1,680, reflecting the impact of the Airtel-Tigo merger.

Revenues increased 2.1% from US$40.1 million to US$41.0 million, and Adjusted EBITDA increased 28.1% from US$17.8 million to $22.8 million, driven primarily by a reduction in operating expenses.

Adjusted EBITDA growth

28%

2018: US$22.8m
2017: US$17.8m

Congo B

Key highlights (US$ millions)	FY18	FY17
Revenue	24.3	23.4
Adjusted EBITDA	12.1	9.8
Total sites	380	384
Total tenancies	529	525
Tenancy ratio	1.39x	1.37x

Our smallest market has delivered a solid performance in operational excellence and service delivery.

This is best highlighted by our Adjusted EBITDA margin growth, which expanded 790 basis points from 41.9% in 2017 to 49.8% in 2018.

Through improvements in our procurement process, we lowered maintenance costs by US$1.0 million year-on-year. In addition, we also reduced SG&A expenses by US$0.6 million.

As a result, Adjusted EBITDA increased by 23.7% to US$12.1 million.

Total sites decreased by 4 to 380, and tenancies increased by 4 to 529.

Adjusted EBITDA growth

24%

2018: US$12.1m
2017: US$9.8m

Detailed financial review

Consolidated Statement of profit or loss

For the year ended 31 December 2018

	2018 US$'000	2017 US$'000
Revenue	356,049	344,957
Cost of sales	(255,848)	(275,651)
Gross profit	100,201	69,306
Administrative expenses	(91,059)	(91,261)
Loss on disposal of property, plant and equipment	(5,835)	(2,018)
Operating profit/(loss)	3,307	(23,973)
Investment income	951	706
Other gains and losses	(16,831)	21,797
Finance costs	(107,005)	(102,757)
Loss before tax	(119,578)	(104,227)
Tax expense	(4,369)	(3,207)
Loss for the year	(123,947)	(107,434)

Key metrics

	Group		Tanzania		DRC		Congo Brazzaville		Ghana	
(US$millions)	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	$356.0	$345.0	$149.9	$141.2	$140.9	$140.2	$24.3	$23.4	$41.0	$40.1
Gross margin(1)	63%	56%	65%	56%	60%	55%	67%	61%	66%	56%
Sites at beginning of year	6,519	6,477	3,491	3,465	1,819	1,832	384	394	825	786
Sites at year end	6,745	6,519	3,701	3,491	1,773	1,819	380	384	891	825
Tenancies at beginning of year	12,987	12,509	7,392	7,163	3,347	3,179	525	529	1,723	1,638
Tenancies at year end	13,549	12,987	7,848	7,392	3,492	3,347	529	525	1,680	1,723
Tenancy ratio at year end	2.01x	1.99x	2.12x	2.12x	1.97x	1.84x	1.39x	1.37x	1.89x	2.09x
Adjusted EBITDA	$177.6	$146.0	$86.2	$66.8	$72.5	$66.5	$12.1	$9.8	$22.8	$17.8
Adjusted EBITDA margin	50%	42%	57%	47%	51%	47%	50%	42%	56%	44%

(1) Gross margin means gross profit, adding back site and warehouse depreciation, divided by revenue.

Revenue

Revenue increased by 3% to US$356.0 million in the year ended 31 December, 2018 from US$345.0 million in the year ended 31 December, 2017. The increase in revenue was largely driven by colocation, amendment, and build-to-suit revenues. Increased revenue in Tanzania of 6% year on year, was primarily attributable to the increase in overall tenancies from 7,392 to 7,848 as of 31 December, 2017 to 31 December, 2018. Revenue growth in DRC Congo Brazzaville and Ghana was driven by an increase in build-to-suit revenues.

Cost of sales

(US$'000s)	2018	% of Revenue 2018	2017	% of Revenue 2017
	Year Ended 31 December,			
Power	81,886	23.0%	93,756	27.2%
Non-power	49,870	14.0%	58,679	17.0%
Site depreciation	124,092	34.9%	123,216	35.7%
Total cost of sales	255,848	71.9%	275,651	79.9%

The table below shows an analysis of the cost of sales on a country-by-country basis for the years ended 31 December, 2017 and 2018.

	Tanzania		DRC		Congo Brazzaville		Ghana	
	Year Ended 31 December		Year Ended 31 December		Year Ended 31 December		Year Ended 31 December	
(US$'000s)	2018	2017	2018	2017	2018	2017	2018	2017
Power	29,128	35,413	39,315	42,330	2,998	2,722	10,445	13,291
Non-power	23,491	27,415	17,658	20,459	5,083	6,365	3,638	4,440
Site depreciation	54,788	55,681	50,156	48,634	11,332	11,301	7,816	7,600
Total cost of sales	107,407	118,509	107,129	111,423	19,413	20,388	21,899	25,331

Cost of sales decreased by 7% to US$255.8 million in the year ended 31 December, 2018 from US$275.7 million in the year ended 31 December, 2017. The overall decrease in cost of sales was primarily due to the decreased power and non-power costs discussed below. Site depreciation increased by 1% from US$123.2 million to US$124.1 million. Gross margin improved from 56% for the year ended 31 December 2017, to 63% for the year ended 31 December, 2018, due to the decreased cost of sales year on year.

Power costs comprise of diesel and electricity costs. The Group's costs decreased by US$11.9 million, or 13% year on year, partially driven by operational improvements across the Group.

The decrease of US$11.9 million reflects US$6.3 million lower power expenses in Tanzania, US$3.0 million in DRC, and US$2.8 million in Ghana. Power expenses in Congo Brazzaville increased slightly from 2017.

Non-power costs relate to maintenance and security costs, insurance and other costs. Non-power costs decreased by 15% for the year ended 31 December, 2018 compared to the year ended 31 December, 2017. The decrease in non-power costs were primarily a result of Group wide operational improvements.

Administrative expenses

(US$'000s)	2018	% of Revenue 2018	2017	% of Revenue 2017
	Year Ended 31 December			
Other administrative costs	48,989	13.8%	47,859	13.9%
Depreciation and amortisation	17,236	4.8%	25,621	7.4%
Exceptional items	24,834	7.0%	17,781	5.2%
Total administrative expense	91,059	25.6%	91,261	26.5%

Administrative expenses decreased year on year, at US$91.1 million in the year ended 31 December, 2018 from US$91.3 million in the year ended 31 December, 2017.

Detailed financial review

Continued

Administrative expenses (continued)

Exceptional items increased from US$17.8 million to US$24.8 million, which is mainly in relation to the exploration of strategic options for the Group including, but not limited to, a potential London Stock Exchange ("LSE") listing. See note 4 for more details. This increase was offset with savings in depreciation and amortisation year on year. The decrease in amortisation for the year is in relation to the non-compete agreement with Airtel which had a fair value of $30 million, and was fully amortised between May 2016 and July 2017.

Loss on disposal of property, plant and equipment

Loss on disposal of property, plant and equipment was US$5.8 million in the year ended 31 December, 2018, compared to US$2.0 million during the year ended 31 December, 2017. Loss on disposal was primarily a result of site upgrades that necessitated the replacement of older parts and equipment in DRC.

Other gains and losses

Other gains and losses recognised in the year ended 31 December, 2018 were a loss of US$16.8 million, compared to a gain of US$21.8 million in the year ended 31 December, 2017. The primary reason is the decrease in the fair value of the embedded derivative valuation related to the bond.

Finance costs

Finance costs increased to US$107.0 million in the year ended 31 December, 2018 from US$102.8 million in the year ended 31 December, 2017. The table below shows an analysis of finance costs for the years ended 31 December, 2017 and 2018.

	Year Ended 31 December	
(US$'000s)	2018	2017
Foreign exchange difference	18,029	3,229
Interest costs	73,856	71,608
Interest costs on lease liabilities	15,120	14,991
Deferred loan cost amortisation	–	12,929
Finance costs	107,005	102,757

As reflected in the table above, the increase in finance costs between the years was primarily the result of interest for the US$600 million 9.125% bond. The increase in finance costs year on year primarily relates to the foreign exchange differences, driven by the Tanzanian shilling. This is offset with a decrease in relation to deferred loan cost amortisation costs in the year ended 31 December, 2017.

Tax expense

Our tax expense was US$4.4 million in the year ended 31 December, 2018 as compared to US$3.2 million in the year ended 31 December, 2017. Our tax expense during each year is primarily due to an additional tax levied against certain entities in Tanzania and DRC as stipulated by law in these jurisdictions. The year on year increase is driven by tax rates and Ghana became tax paying during the year ended 31 December, 2018.

Adjusted EBITDA

Adjusted EBITDA was US$177.6 million in the year ended 31 December, 2018 compared to US$146.0 million in the year ended 31 December, 2017. The increase in Adjusted EBITDA between years is primarily attributable to the changes in revenue, cost of sales, and gross margin between years, as discussed above.

Contracted Revenue

The following tables provide our total undiscounted contracted revenue by country and by key customer under agreements with our customers as of 31 December, 2018 for each of the years from 2019 to 2022, with local currency amounts converted at the applicable spot rate for US dollars on 31 December, 2018 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 colocations described elsewhere in these financial statements, (iii) our customers do not utilise any cancellation allowances set forth in their MLAs and (iv) our customers do not terminate MLAs early for any reason.

The following tables provide the Group's contracted revenue from 2019 through 2022 on a country-by-country basis and an illustration of our total contracted revenue attributable to our key customers:

(US$'000s)	2019	2020	2021	2022
Tanzania	159,397	159,345	158,969	155,987
DRC	150,145	157,721	157,669	155,846
Congo B	22,834	21,875	17,059	16,954
Ghana	37,371	36,714	34,704	30,478
Total	369,747	375,655	368,401	359,265

(US$'000s)	Total Committed Revenues	Percentage of Total Committed Revenues
Africa's Big-Five MNOs	2,505,980	81%
Other	574,891	19%
Total	3,080,871	100%

Liquidity and Capital Resources

We manage our financing structure and cash flow requirements based on our overall strategy and objectives, deploying financial and other resources related to those objectives. We manage liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Funding decisions are made based upon a number of internal and external factors, including required amounts and the timing of outflows, the internal and external availability of funds, the costs of financing and other strategic objectives.

Our primary sources of liquidity have historically been cash from operations, borrowings under our debt facilities and equity issuances. We have previously sought to finance the costs of developing and expanding our business mainly at the operating level on a country-by-country basis.

Consolidated Statement of Cash Flow Data

	Year Ended 31 December	
(US$'000s)	2018	2017
Cash Flows from Operating Activities		
Loss for the year before taxation	(119,578)	(104,227)
Net cash generated from operating activities	60,943	57,572
Net cash used in investing activities	(105,069)	(169,615)
Net cash generated from financing activities	14,578	97,870
Net decrease in cash and cash equivalents	(29,548)	(14,173)
Cash and cash equivalents, beginning of year	119,700	133,737
Foreign exchange on translation	(1,165)	136
Cash and cash equivalents, end of year	88,987	119,700

As at 31 December, 2018 we had US$89.0 million of cash and cash equivalents.

Net cash generated from operating activities increased from US$57.6 million during the year ended 31 December, 2017 to US$60.9 million during the year ended 31 December, 2018. The increase in net cash generated from operating activities was primarily driven by an improvement in operating profit, and lower cash outflows as a result of working capital changes, offset by an increase in exceptional costs paid between the years.

Net cash used in investing activities decreased from US$169.6 million during the year ended 31 December, 2017 to US$105.0 million during the year ended 31 December, 2018. The decrease in net cash used in investing activities between the years was mainly the result of a lower volume property, plant and equipment purchasing in the year ended 31 December, 2018 compared to the prior year.

Detailed financial review

Continued

Consolidated Statements of Cash Flows Data (continued)

Net cash generated by financing activities decreased from US$97.9 million during the year ended 31 December, 2017 to US$14.6 million during the year ended 31 December, 2018. The decrease in net cash generated by financing activities between the years was primarily due to cash generated from the bond issuance in March 2017

Capital expenditure

The following table shows our capital expenditures incurred by category during the years presented:

	Year Ended 31 December			
(US$millions)	2018	% of Total Capex	2017	% of Total Capex
Acquisition	2.2	1.9%	18.7	11.0%
Growth	78.1	65.6%	77.8	45.6%
Upgrade	22.3	18.7%	52.0	30.4%
Maintenance	13.0	10.9%	19.8	11.6%
Corporate	3.4	2.9%	2.4	1.4%
Total	119.0	100.0%	170.7	100.0%

The decrease in acquisition costs in the year ended 31 December, 2018, are due to the prior year announcement of the Zantel acquisition in July 2017, which completed the acquisition of 101 sites and thus drove prior year expenditure. Upgrade capital expenditure has decreased in 2018 due to prior year investment levels which did not reocurr in 2018. Maintenance capital expenditure has also decreased in 2018, however we continue to carry out periodic refurbishments and replace parts and equipment to keep our sites in service.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Indebtedness

As of 31 December, 2017 and 31 December, 2018 the Group's outstanding loans and borrowings, excluding lease liabilities, were US$628.0 million and US$598.4 million, respectively. On 22 October 2018, HTA Group Ltd, a wholly owned subsidiary of the Group, signed a US$100 million term loan facility agreement at 31 December 2018, US$25.0 million was drawn.

Risk management

Risk appetite

The Group defines risk appetite as the amount of risk that the business is prepared to take in order to deliver safe, effective working practices as well as maintaining and growing its business. The Group dedicates resources and focus to understanding and ensuring risk is identified, assessed, managed and monitored. Controls and mitigating actions are designed as appropriate to reflect the risk appetite in each instance.

Risk governance

Risk management is integral to the Group's strategy and to the achievement of its long-term goals. The Group's continued success as an organisation depends on its ability to identify and pursue the opportunities generated by its business and the markets in which it operates.

The Board has overall responsibility for risk management, compliance and internal controls, and is supported by the Audit and Ethics Committee (the "Committee").

The Committee, under delegation from the Board, monitors the nature and extent of risk exposure against the Group's risk appetite. The Committee is responsible for identifying, mitigating and managing risk, as well as setting the risk appetite for the business with advice from the executive team.

Governance framework

Board/Audit and Ethics Committee

Executive team

1st line of defence
Owns and manages risks and implements/operates business controls

Who is responsible
- Operational staff/management

Activity/controls
- Policies and procedures
- Internal controls
- Planning, budgeting/forecasting processes
- Delegation of authority matrix
- Business workflows/IT systems controls
- Personal objectives and incentives

2nd line of defence
Oversight of risk and control compliance

Who is responsible
- Compliance/functional teams

Activity/controls
- SHEQ
- Regulatory compliance
- Management/Board reporting and review of KPIs and financial performance
- Corporate policies and Group functions oversight

3rd line of defence
Independent assurance

Who is responsible
- Internal Audit

Activity/controls
- Internal Audit risk assessment
- Approved Internal Audit plan
- Internal Audit reporting line to Audit and Ethics Committee

Risks related to the Group and our business

Principal business risks

Summarised below are the key risks, not in order of significance, identified which could have a material impact on the Group. The principal risk summaries are therefore supported by a more detailed risk management process.

Risk status	Risk description	Impacts	Risk mitigation
No change	**1. Major quality failure or breach of contract** The Group's reputation and profitability could be damaged if the Group fails to meet its customers' operational specifications, quality standards or delivery schedules. A substantial portion of Group revenues is generated from a limited number of large customers. The loss of any of these customers would materially affect the Group's finances and growth prospects. Many of the Group's customer tower contracts contain liquidated damage provisions, which may require the Group to make unanticipated and potentially significant payments to its customers.	Reputational Financial	• Continued skills development and training programmes for the project and operational delivery team; • Detailed and defined project scoping and life cycle management through project delivery and transfer to ongoing operations; • Contract and dispute management processes in place; • Continuous monitoring and management of customer relationships; • Use of long-term contracting with minimal termination rights.
No change	**2. Non compliance with various laws and regulations such as:** **i) Health, safety and environmental laws** **ii) Anti-bribery and corruption provisions** Non-compliance with applicable laws and regulations may lead to substantial fines and penalties, reputational damage and adverse effects on future growth prospects. Sudden and frequent changes in laws and regulations, their interpretation or application and enforcement, both locally and internationally, may require the Group to modify its existing business practices, incur increased costs and subject it to potential additional liabilities.	Compliance Financial Reputational	• Constant monitoring of potential changes to laws and regulatory requirements; • In-person training on Health, Safety and Environmental matters provided to employees and relevant third party contractors; • Enhanced compliance and related policies implemented in 2018 including specific details covering: Anti-Bribery and Corruption, Facilitation of Tax Evasion, Anti-Money Laundering; • Compliance monitoring activities and periodic reporting requirements introduced; • Ongoing engagement with external lawyers and consultants and regulatory authorities, as necessary, to identify and assess changes in the regulatory environment; • New Third Party Code of Conduct introduced and communicated; • Launch of Third Party Monitoring reviews.
No Change	**3. Economic and political instability** A slowdown in the growth of, or a reduction in demand for, wireless communication services could adversely affect the demand for communication sites and tower space and could have a material adverse effect on the Group's financial condition and results of operations. There are significant risks related to political instability, security, ethnic, religious and regional tensions in each geography where the Group has operations.	Operational Financial	• Ongoing market analysis and business intelligence gathering activities; • Market share growth strategy in place; • Close monitoring of any potential risks that may affect operations; • Business continuity and contingency plans in place to respond to any emergency situations.
No change	**4. Significant exchange rate movements** Fluctuations in or devaluations of local market currencies where the Group operates could have a significant and negative financial impact on the Group's business, financial condition and results. Such impacts may also result from any adverse effects such movements have on Group third party customers and strategic suppliers.	Financial	• USD and EUR pegged contracts; • "Natural" hedge of local currencies (revenue vs. opex); • Monthly review of exchange rate differences.

Risk status	Risk description	Impacts	Risk mitigation
No change	**5. Non-compliance with licence requirements** The Group may not always operate with the necessary required approvals and licences for some of its tower sites, particularly in the case of existing tower portfolios acquired from a third party. Vagueness, uncertainty and changes in interpretation of regulatory requirements are frequent and often without warning. As a result, the Group may be subject to potential reprimands, warnings, fines and penalties for non-compliance with the relevant licensing and approval requirements.	Operational	• Inventory of required licences and permits maintained for each operating company; • Compliance registers maintained with any potential non-conformities identified by relevant government authority with a timetable for rectification; • Periodic engagement with external lawyers and advisors and participation in industry groups; • Active and ongoing engagement with relevant regulatory authorities to proactively identify, assess and manage actual and potential regulation changes.
No change	**6. Loss of key personnel** The Group's successful operational activities and growth is closely linked to the knowledge and experience of key members of senior management and highly skilled technical employees. The loss of any such personnel, or the failure to attract, recruit and retain equally high calibre professionals, could adversely affect the Group's operations, financial condition and strategic growth prospects.	People	• Talent identification and succession planning exist for key roles; • Competitive benchmarked performance-related remuneration plans; • Staff development/support plans.
No change	**7. Technology risk** Advances in technology that enhance the efficiency of wireless networks and potential active sharing of wireless spectrum may significantly reduce or negate the need for tower-based infrastructure or services. This could reduce the need for telecommunications operators to add more tower-based antenna equipment at certain tower sites, leading to a potential decline in tenants, service needs and decreasing revenue streams. Examples of such new technologies may include spectrally efficient technologies which could potentially relieve certain network capacity problems or complementary voice over internet protocol access technologies that could be used to offload a portion of subscriber traffic away from the traditional tower-based networks.	Strategic	• Strategic long-term planning; • Business intelligence; • Exploring alternatives e.g. solar power technologies; • Continuously improving product offering to enable adaptation to new wireless technologies; • Applying for new licences to provision active infrastructure services in certain markets.
No change	**8. Failure to remain competitive** Competition in, or consolidation of, the telecommunications tower industry may create pricing pressures that materially and adversely affect the Group.	Financial	• Key Performance Indicator ("KPI") monitoring and benchmarking against competitors; • Total cost of ownership ("TCO") analysis for MNOs to run towers; • Fair pricing structure; • Business intelligence and review of competitors' activities; • Strong tendering team to ensure high win/retention rate; • Continuous capex investment ensures that the Group has sufficient capacity.
New	**9. Failure to integrate new lines of business in new markets** Multiple risks exist with entry into new markets and new lines of business. Failure to successfully manage and integrate operations, resources and technology could have material adverse implications for the Group's overall growth strategy and negatively impact its financial position and organisation culture.	Strategic Financial Operational	• Pre-acquisition due diligence conducted with the assistance of external advisors with specific geographic and industry expertise; • Ongoing monitoring activities post-acquisition/agreement; • Detailed management, operations and technology integration plan; • Ongoing measurement of performance vs. plan and Group strategic objectives.

Board of Directors

The Company's Board of Directors (the "Board of Directors") consists of 13 members.

The shareholders shall have the right to remove any of their respective Directors appointed pursuant to our shareholders' agreement, with or without cause, by written notice to the Company. The duties and authority of each member of the Board of Directors are regulated by our Articles of Association and shareholders' agreement.

The Board of Directors is currently comprised of the following Directors:

Name	Age	Position
Kash Pandya	56	Director & Chief Executive Officer
Anja Blumert	41	Non-Executive Director
Vishma Boyjonauth	39	Non-Executive Director
Richard Byrne	61	Non-Executive Director
Joshua Ho-Walker	34	Non-Executive Director
Temitope Lawani	48	Non-Executive Director
Nelson Oliveira	56	Non-Executive Director
Umberto Pisoni	53	Non-Executive Director
Simon Pitcher	46	Non-Executive Director
Simon Poole	52	Non-Executive Director
Carlos Reyes	47	Non-Executive Director
Xavier Rocoplan	44	Non-Executive Director
David Wassong	48	Non-Executive Director

The business address of each of the members of the Board of Directors is Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius.

The Board of Directors has strategic control and decision-making authority over the business of the Group.

Kash Pandya has been a Director of the Company since August 2015. Kash arrived as Chief Executive Officer of Helios Towers following eight years with Aggreko plc, where he sat on the Board, running the European Business for three years. He was also Managing Director of Aggreko International for five years, overseeing a doubling of their international business.

He began his career with an engineering apprenticeship, and went on to complete a Bachelor's degree in Technology Engineering and a Master's in Manufacturing. In 1989, he started at Jaguar before moving to roles within General Electric, Caradon and then APW, where he led all operations outside the United States. In 2004, he became the CEO of Johnston Group, leaving the business on its sale to Ennstone plc.

Anja Blumert has been a Director of the Company since October 2015. Ms. Blumert has been head of M&A at Millicom International Cellular SA ("Millicom") since 2013. From 2009 to 2013, Ms. Blumert was an Independent Strategy and M&A Consultant at Montagu Partners. Prior to this, she was an Investment Professional at Warburg Pincus International covering the Central and Eastern Europe region across all sectors and Western Europe for the TMT sector where she was responsible for the assessment of investment opportunities in private and public companies. Ms. Blumert holds a degree in Finance and Marketing and a Master's degree in Business Studies from Humboldt University of Berlin.

Vishma Boyjonauth has been a Director of the Company since August 2013. Ms. Boyjonauth joined Intercontinental Trust Limited in 2004 and she is currently a Manager in the Corporate Services Department. She leads a team in the Corporate Services Department and oversees operations including the incorporation of companies, advising on company structures, regulatory matters and the corporate administration of companies for both domestic and global business companies in Mauritius. Ms. Boyjonauth graduated from the University of Mauritius with a BSc (Hons) in Economics.

Richard Byrne has been a Director of the Company since December 2010. Mr. Byrne co-founded TowerCo in 2004 and served as President and Chief Executive Officer and a member of the Board of Directors from its beginning until his retirement in December 2018. Prior to that, he served as President of the Tower Division of SpectraSite Communications, which grew from 125 towers to more than 8,000 during his tenure. Mr. Byrne served as National Director of Business Development at Nextel Communications Inc. and was responsible for bringing the industry's first major portfolio of wireless carrier towers to market. Mr. Byrne started his wireless career performing site acquisitions for AT&T Wireless (then McCaw Cellular) in the New York Metropolitan Trading Area.

Joshua Ho-Walker has been a Director of the Company since January 2019. Mr. Ho-Walker is a Principal at Strategic Capital Investment Partners, LP, which was formed in October 2018 from the spin-out of the Strategic Investments Group from Soros Fund Management LLC. Mr. Ho-Walker joined Soros in August 2008 and previously worked at Merrill Lynch. He graduated magna cum laude from the Leonard N. Stern School of Business at New York University with a B.S. in Finance and Economics.

Temitope Lawani has been a Director of the Company since February 2010. Mr. Lawani, a Nigerian national, is a co-founder and Managing Partner of Helios Investment Partners and has more than 20 years of principal investment experience. Prior to forming Helios, Mr. Lawani was a Principal in the San Francisco and London offices of TPG Capital, a global private equity firm. At TPG, Mr. Lawani had a lead role in the execution of over $10 billion in closed venture capital and leveraged buy-out investments, including the acquisitions of Burger King Corp., Debenhams plc, J. Crew Group and Scottish & Newcastle Retail. Mr. Lawani began his career as a Mergers & Acquisitions and Corporate Development Analyst at the Walt Disney Company. Mr. Lawani received a BS in Chemical Engineering from the Massachusetts Institute of Technology, a Juris Doctorate (cum laude) from Harvard Law School and an MBA from Harvard Business School. He is fluent in Yoruba, a West African language.

Nelson Oliveira has been a Director of the Company since May 2016. Mr. Oliveira has been Managing Director, General Counsel and Chief Compliance Officer at Albright Capital Management LLC ("Albright") since March 2007. During this time, he has been responsible for legal and regulatory aspects of Albright's operations as a registered investment adviser with broad emerging markets mandates, including legal structuring and risk management of all private investment transactions and all regulatory aspects of fundraising. Prior to this, Mr. Oliveira was Deputy General Counsel at Darby Overseas, Ltd. (a subsidiary of Franklin Resources, Inc.) from March 2002 until March 2007, where he was responsible for overseeing and advising on legal aspects of mezzanine debt and quasi-equity investment transactions in Latin America, Asia and Eastern Europe. Mr. Oliveira holds a Juris Doctorate (cum laude) from Boston College Law School.

Umberto Pisoni has been a Director of the Company since July 2018. Mr. Pisoni has been global portfolio head of the TMT group at IFC since 2015. Previously, Mr. Pisoni was the global portfolio head of the private equity group at IFC, an investment officer in the TMT group, and also worked in the M&A department at Cookson Group Plc. Umberto holds a BS in Financial and Monetary Economics from Bocconi University and an MBA from the MIT Sloan School of Management.

Simon David Pitcher has been a Director of the Company since December 2013. Mr. Pitcher is responsible for Private Investments at J. Rothschild Capital Management Limited ("JRCM"). JRCM is the principal subsidiary of RIT Capital Partners plc. Previously, Mr. Pitcher was a Director at Standard Bank Private Equity, a Director at Blackwood Capital Partners in Sydney and an Investment Director at Hermes Private Equity. He qualified as a Chartered Accountant with PricewaterhouseCoopers.

Simon Poole has been a Director of the Company since February 2012. From 2009 to 2011, Mr. Poole acted as Group CFO for Intela Global Ltd where his responsibilities included managing investor relations and the development of group strategy. Prior to this, Mr. Poole held various roles at Celtel including as Interim Group Financial Controller of Celtel International, Chief Financial Officer of Celtel DRC and Finance Director of Celtel Burkina Faso. Mr. Poole holds a BSc in Geography from Exeter University and is a qualified Chartered Accountant.

Board of Directors

Continued

Carlos Reyes has been a Director of the Company since May 2018. Mr. Reyes has been Principal, IFC African, Latin American & Caribbean Fund ("ALAC") since 2011, and is now the Head of Africa Funds. Prior to joining AMC in 2011, Carlos held several senior roles at BP including Strategy Advisor CEO's Office and Director E&P for the M&A Group. He has previously worked as an analyst at the World Bank and also served as a consultant to several energy multinationals in Spain. He is also a member of the ALAC Fund and IFC China Mexico Fund investment committees at IFC Asset Management Company. Mr. Reyes holds a BA in Economics from the University of Barcelona, an MBA from the Yale University School of Management, and an MA in International Public Policy from George Mason University.

Xavier Rocoplan has been a Director of the Company since October 2015. Mr. Rocoplan has been the Chief Technology and Information Officer ("CTO") at Millicom since December 2012 and has been its Executive Vice President of Technical since April 2012. In 2002, Mr. Rocoplan was CTO for Vietnam and then became CTO for the South East Asian cluster (Cambodia, Laos and Vietnam). In 2004 he was appointed the CEO of Paktel in Pakistan, a position he held until 2007. During this time, he launched Paktel's GSM operations and led the process that concluded with the disposal of the business in 2007. After Millicom's exit from Asia, Mr. Rocoplan was appointed to head the New Corporate Business development unit where he managed the Tower Assets Monetisation programme which led to the creation of tower companies in Ghana, Tanzania, DRC and Colombia. In 2012, he was made Chief Global Networks Officer before being appointed Millicom's CTO. Mr. Rocoplan holds Master's degrees from Ecole Nationale Supérieure des Télécommunications de Paris and from Université Paris IX Dauphine.

David Wassong has been a Director of the Company since January 2010. Mr. Wassong is the Co-Head of Strategic Capital Investment Partners, LP which commenced operations on 1 October 2018 when it spun out from Soros Fund Management, LLC. Prior to the spin-out, Mr. Wassong was a Co-Head of the Strategic Investments Group at SFM since 2005 and was responsible for overseeing SIG's investments in private equity, real estate, infrastructure, growth equity, venture capital, and private equity and venture capital funds. He and his team currently manage a global portfolio of direct private equity investments. Prior to joining Soros Private Equity, Mr. Wassong was Vice President at Lauder Gaspar Ventures, LLC. He started his career in finance as an analyst and then an associate in the investment banking group of Schroder Wertheim & Co., Inc. Mr. Wassong received an MBA from the Wharton School at the University of Pennsylvania and his bachelor's degree from the University of Pennsylvania.

Executive team

+100 years' experience

in emerging markets towers and power

We have assembled a world-class management team to ensure that Helios Towers is, and remains, a formidable and customer-centric organisation.

The team combines market-leading, Six Sigma-accredited operational expertise with African telecom network rollout capabilities and global tower management experience. Indeed, collectively, we offer more than 100 years' experience of towers and power in emerging markets.

The team also retains unrivalled relationships with key local constituencies and major wireless operators across the continent.

Kash Pandya
Chief Executive Officer

Joined 2015

Kash arrived as Chief Executive Officer of Helios Towers following eight years with Aggreko plc, where he sat on the Board, running the European Business for three years. He was also Managing Director of Aggreko International for five years, overseeing a doubling of their international business.

He began his career with an engineering apprenticeship, and went on to complete a Bachelor's degree in Technology Engineering and a Master's in Manufacturing.

In 1989, he started at Jaguar before moving to roles within General Electric, Caradon and then APW, where he led all operations outside the United States.

In 2004, he became the CEO of Johnston Group, leaving the business on its sale to Ennstone plc.

Tom Greenwood
Chief Financial Officer

Joined 2010

Tom was appointed Chief Financial Officer in September 2015, having previously been Helios Towers' Group Finance Director. He has been instrumental in managing and raising debt and equity for the Group, as well as being a key member of the team for all acquisitions and country set-ups.

He is responsible for all finance and IT activities across the Group, and has led the set-up of all financial systems, operations and shared service centre.

He joined Helios Towers from PwC, where he was part of the TMT Transaction Services team, focusing on M&A and re-financings, mainly in the telecoms sector.

Tom is a Chartered Accountant of the ICAEW (ACA).

Alex Leigh
Chief Commercial Officer

Joined 2012

Alex was appointed to the executive team of Helios Towers in October 2015, and is responsible for commercial, business development and sales activity.

Prior to joining the executive team, he served as Business Development Director covering M&A, equity raises and business development. Alex has negotiated many of HT's major customer agreements and has been a key team member in the capital raising activities of the Group.

Before joining Helios Towers, Alex worked at both UBS and Rothschild, primarily advising TMT companies in an M&A capacity.
He has been involved in over 20 M&A transactions and eight leveraged finance deals, and has provided strategic advice to large TMT companies across Europe.

Colin Gaston
Director of Special Projects

Joined 2015

Colin has been a Director in Helios Towers since joining in 2015.

Previously, he held several senior positions at Aggreko from 2000 to 2013, including Operations Director for the International Business, Regional Director for West and Central Africa, and Head of Logistics. He then worked as an independent consultant in Dubai for two years before joining Helios Towers.

Colin also has 20 years of international experience in senior management roles with Schlumberger, and is an accredited Lean Six Sigma Black Belt.

Roy Cursley
Director of Delivery and Technology
Joined 2015

Roy has been at Director of Delivery and Technology at Helios Towers since February 2019 and has been a member of the Executive Management team since 2015.

Prior to Helios Towers, Roy was Head of Projects, Planning & Continuous Improvement at Aggreko International. He was responsible for the execution of temporary power projects internationally, primarily in emerging markets.

He has a wealth of experience in both South Africa and the East Africa region, and is an accredited Lean Six Sigma Black Belt.

Helen Ebert
Chief Legal Officer
Joined 2018

Helen brings a wealth of experience to the role of Chief Legal Officer at Helios Towers. She was previously General Counsel at Exterion Media (formerly CBS outdoor) and held senior roles at World Fuel Services, and the Vista Group.

She also has extensive experience of working for international law firms in London and Singapore, including Freshfields Bruckhaus Deringer, Slaughter and May, and Linklaters.

Helen has significant international M&A, general commercial and compliance experience in EMEA, Asia-Pacific, USA, Russia and Egypt.

She is qualified as a solicitor in England and Wales and has a law degree from Cambridge University.

Philippe Loridon
CEO Helios Towers Tanzania
Joined 2010

Philippe Loridon has been CEO of Helios Towers Tanzania ("HTT") since January 2015 and joined HTT from Helios Towers DRC, where he had been Chief Executive Officer since December 2011. He previously served as Chief Executive Officer at Equateur Telecom Congo, where he re-launched ETC in the Republic of Congo. Prior to this, Philippe accumulated 20 years' experience in the telecoms industry with MNOs based in San Marino, Israel and Papua New Guinea. This included 13 years at Hutchison Whampoa, fulfilling senior roles in sales, marketing and business development before first becoming CEO of Hutchison Sri Lanka in 1998, and then Head of Hutchison Telecommunications' Latin American operations between 2000 and 2002.

Léon-Paul Manya Okitanyenda
CEO Helios Towers DRC
Joined 2011

Léon-Paul has been Chief Executive Officer of Helios Towers DRC since January 2015, having previously been Network Operations Director since February 2011.

He has over 15 years of experience in the telecommunications industry. Prior to joining the Company, Léon-Paul worked as a Contract Execution Manager at Ericsson; Country Field Manager for MER Telecom; Operations Manager for Venture; and as Logistics Manager at Plessey. He is from DRC and holds a Master's degree in Economics and Mathematics.

Nick Summers
Director of Sustainability and Organisational Development
Joined 2010

Nick has been Director of Sustainability and Organisational Development at Helios Towers since January 2019 and has been a member of the executive management team since 2015. He joined Helios Towers in 2010 following nine years with Vodafone, both in the United Kingdom and internationally.

His final role at Vodafone was National Head of RAN Deployment for Vodafone Ghana (previously the state-owned Ghana Telecom).

At Helios Towers, Nick has oversight of the implementation of the Group's sustainability strategy and is responsible for Group human resources; Group health; safety, environmental and quality management; and Group ethics and compliance.

Jeffrey Schumacher
CEO Helios Towers Ghana, Congo Brazzaville & South Africa
Joined 2011

Jeffrey has been CEO of Helios Towers Ghana and Helios Towers Congo Brazzaville since 2015 and 2016, respectively. He was also appointed CEO of Helios Towers South Africa in 2019.

He has held various senior positions during the set-up, launch and growth phases at subsidiaries in Tanzania, DRC and Chad, where he was Managing Director. Prior to Helios Towers, Jeffrey was an investment professional at Soros Fund Management LLC, where he had been actively involved with the Company since its formation in 2009.

He holds a BS in Mechanical Engineering (magna cum laude) from Northwestern University in the United States.

Board committees

Corporate governance

Our corporate governance framework provides for checks and balances while allowing our management flexibility for prompt decision-making in the ordinary course of business. The Directors have implemented a corporate governance framework that they consider appropriate for the size and current ownership structure of the Group.

Audit and Ethics Committee

The Audit and Ethics Committee is appointed by the Board of Directors and consists of a minimum of three members. The current members of the Audit and Ethics Committee are Nelson Oliveira, Simon Poole, Mohsin Sohani and Simon Pitcher, who is chairman of the committee. The Audit and Ethics Committee meets on a quarterly basis and holds a meeting with the external auditor at least once a year without the presence of any executive member.

The role of the Audit and Ethics Committee is to: (i) be responsible to the Board of Directors for the oversight of financial accounting and reporting, internal controls, risk assessment and management, and ethics and compliance, including the integrity of the Group's procurement process; (ii) be directly responsible for the appointment, compensation and oversight of the independent auditor, including the resolution of any disagreements with management; and (iii) endeavour to work with management and the independent auditor in a spirit of mutual respect and cooperation. Some of the specific duties of the Audit and Ethics Committee include the following:

- to oversee systems, processes, internal controls and procedures, and compliance with the ethical standards adopted by the Group;
- to oversee the independent auditor's qualifications, independence and performance; and
- to assess compliance with the Group's procurement policy.

Remuneration Committee

The members of the Remuneration Committee are appointed by, and act at the discretion of, the Board of Directors. The Remuneration Committee consists of a minimum of three members. The current members of the Remuneration Committee are Richard Byrne, David Wassong and Nelson Oliveira, who is chairman of the committee.

The Remuneration Committee meets on a quarterly basis. The Remuneration Committee is responsible for approving key performance indicators for our business and evaluating senior executives' compensation plans, policies and programmes. Some of the specific duties of the Remuneration Committee include the following:

- to annually review and approve annual base salaries for employees of each member of the Group;
- to make recommendations with respect to incentive compensation plans; and
- to make regular reports to the Board of Directors on the status of outstanding compensation issues.

Budget Committee

The members of the Budget Committee are appointed by, and act at the discretion of, the Board of Directors. The Budget Committee consists of a minimum of three members. The current members of the Budget Committee are Kash Pandya, David Wassong and Simon Poole, who is chairman of the committee. The Budget Committee meets on a quarterly basis. Some of the specific duties of the Budget Committee include the following:

- to work with the Group management teams on the annual Internal Budget Review and stress test detailed assumptions, projections and expectations to ensure that management's expectations are reasonable and achievable; and
- to report to the Board of Directors on the process and recommend approval of the annual Budget, highlighting key risks and opportunities considered.

Conflicts of interest

Except as disclosed in these financial statements, there are no potential conflicts of interest between any duties of the members of the Group's administrative, management or supervisory bodies to the Group and their private interests and/or other duties.

Principal shareholders

The following table sets forth certain information, as of 31 December, 2018, with respect to the ownership of the Company's shares by each person who, according to the Company's Shareholders Register, owned more than 5% of the Company's shares:

Shareholder	Percentage directly held
Millicom Holding, B.V.	22.83%
Quantum Strategic Partners, Ltd.	21.80%
Lath Holdings, Ltd	16.43%
ACM Africa Holdings, LP	11.61%
RIT Capital Partners Plc	7.18%
IFC African Latin American Caribbean Fund, LP	6.11%

The remaining 14.04% of the Company is owned by minority shareholders, none of which owns more than 5% of the Company's shares.

The Company's leading shareholders are financial investors who invested in the Company in 2009, except for Millicom, who invested in the Group in 2010.

Glossary

We have prepared the Annual Report using a number of conventions, which you should consider when reading information contained herein as follows:

All references to "we", "us", "our", "HT Group", our "Group" and the "Group" are references to Helios Towers, Ltd (the "Company") and its subsidiaries taken as a whole.

"**3G**" means the third generation cellular telecommunications networks that allow simultaneous use of voice and data services, and provide high-speed data access using a range of technologies.

"**4G**" or "**4G LTE**" means the fourth generation cellular telecommunications networks that allow simultaneous use of voice and data services, and provide high-speed data access using a range of technologies (these speeds exceed those available for 3G).

"**Adjusted EBITDA**" as loss for the period, adjusted for loss for the period from discontinued operations, additional tax, income tax, finance costs, other gains and losses, investment income, loss on disposal of property, plant and equipment, amortisation and impairment of intangible assets, depreciation and impairment of property, plant and equipment, deal costs relating to unsuccessful tower acquisition transactions or successful tower acquisition transactions that cannot be capitalised, and exceptional items. Exceptional items are material items that are considered exceptional in nature by management by virtue of their size and/or incidence.

"**Adjusted EBITDA margin**" as Adjusted EBITDA divided by revenue.

"**Airtel**" means Bharti Airtel International.

"**amendment colocation tenant**" means an existing customer on a site (anchor tenant or standard colocation tenant) adding or modifying equipment, taking up additional vertical space, wind load capacity and/or power consumption, which leads to additional revenue billing under the menu pricing of an existing MLA agreement. The Group calculates amendment colocations using the additional revenue generated by the amendment on a weighted basis as compared to the market average rate for a standard tenancy in the month the amendment is added.

"**anchor tenant**" means the primary customer occupying each tower.

"**average remaining life**" of certain agreements means the average of the periods through the expiration of the term under all such agreements.

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

"**CAGR**" means compound annual growth rate.

"**capital expenditures**" means the additions of property, plant and equipment.

"**CODM**" means Chief Operating Decision Maker.

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

"**colocation tenant**" means each additional tenant on a tower in addition to the primary anchor tenant.

"**Company**" means Helios Towers, Ltd.

"**Congo Brazzaville**" means the Republic of Congo, Congo Brazzaville or Congo.

"**contracted revenue**" means revenue contracted under our site agreements under all total tenancies, assuming no escalation of maintenance fees and no renewal upon the expiration of the current term.

"**corporate capital expenditure**" is primarily for furniture, fixtures and equipment.

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

"**EUR**" or "**€**" means the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to Article 123 of the treaty establishing the European Community, as amended.

"**G7 countries**" means each of the United States, Canada, France, Germany, Italy, Japan and the United Kingdom.

"**Ghana**" means the Republic of Ghana.

"**gross debt**" as our total borrowings (non-current loans and current loans) excluding unamortised loan issue costs.

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

"**growth capital expenditure**" comprises structural, refurbishment and consolidation activities carried out on selected acquired sites.

"**GSM**" means Global System for Mobile Communication, a standard for digital mobile communications.

"**Guarantors**" means the Company, HT Holdings, Ltd., HT Congo Brazzaville Holdco Limited, Helios Towers DRC S.A.R.L., Helios Towers Tanzania Limited, Helios Towers Congo Brazzaville SASU, HT DRC Infraco S.A.R.L., HTT Infraco Limited, Towers NL Coöperatief U.A., McTam International 1 B.V., Helios Towers Ghana Limited, HTG Managed Services Limited and McRory Investment B.V.

"**Helios Towers DRC**" means Helios Towers DRC S.A.R.L.

"**Helios Towers Ghana**" means Helios Towers Ghana Limited.

"**Helios Towers South Africa**" means Helios Towers South Africa Limited.

"**Helios Towers Tanzania**" means Helios Towers Tanzania Limited.

"**HT Congo Brazzaville**" means HT Congo Brazzaville Holdco Limited.

"**IBS**" means in-building cellular enhancement.

"**IFRS**" means International Financial Reporting Standards.

"**ISA**" means individual site agreement.

"**LTE**" means Long-Term Evolution, designed to increase the capacity and speed of mobile telephone networks according to the standard developed by the 3GPP consortium, frequently referred to as "4G" or "4th generation". Some of the key assumptions of the system are: (i) data transmission at speeds faster than 3G; (ii) ready for new service types; (iii) architecture simplified in comparison to 3G; and (iv) provisions for open interfaces.

"**maintenance capital expenditures**" as capital expenditures for periodic refurbishments and replacement of parts and equipment to keep existing sites in service.

"**maintained sites**" refers to sites that are maintained by the Company on behalf of a telecommunications operator but which are not marketed by the Company to other telecommunications operators for colocation (and in respect of which the Company has no right to market).

"**managed sites**" refers to sites that the Company currently manages but does not own due to either: (i) certain conditions for transfer under the relevant acquisition documentation, ground lease and/or law not yet being satisfied; or (ii) the site being subject to an agreement with the relevant MNO under which the MNO retains ownership and outsources management and marketing to the Company.

"**Mauritius**" means the Republic of Mauritius.

"**Millicom**" means Millicom International Cellular SA.

"**mobile penetration**" means the measure of the amount of active mobile phone subscriptions compared to the total market for active mobile phones.

"**MLA**" means master lease agreement.

"**MNO**" means mobile network operator.

"**MTN**" means MTN Group Ltd.

"**near investment grade**" means one notch below investment grade.

"**net debt**" means gross debt less cash and cash equivalents.

"**Orange**" means Orange S.A.

"**PoS**" means point of service.

"**SHEQ**" means Safety, Health, Environment and Quality.

"**site acquisition**" means a combination of MLAs, which provide the commercial terms governing the provision of tower space, and individual ISA, which act as an appendix to the relevant MLA, and include site-specific terms for each site.

"**site agreement**" means the MLA and ISA executed by us with our customers, which act as an appendix to the relevant MLA and includes certain site-specific information (for example, location and any grandfathered equipment).

"**SLA**" means service-level agreement.

"**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 in the countries in which we operate.

"**tenancy**" means a space leased for installation of a base transmission site and associated antennaes.

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

"**Tigo**" refers to one or more subsidiaries of Millicom that operate under the commercial brand "Tigo".

"**total colocations**" means total colocation tenants.

"**total sites**" means total live towers, IBS sites or sites with customer equipment installed on third-party infrastructure that are owned and/or managed by the Company with each reported site having at least one active customer tenancy as of a given date.

"**total tenancies**" means the individual tower occupancies by each customer as of a given date.

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

"**upgrade capital expenditure**" relates to (i) installation of colocation tenants and (ii) investments in power management solutions.

"**US dollars**" or "**$**" refers to the lawful currency of the United States of America.

"**United States**" or "**US**" means the United States of America.

"**Vodacom**" means Vodacom Group Limited.

"**Vodacom Tanzania**" means Vodacom Tanzania Ltd.

"**Zantel**" means Zanzibar Telecom PLC.

Directors' report

The Directors present their report and audited financial statements for the year ended 31 December 2018.

Principal activity and review

The principal activity of the Group during the year was the building and maintaining of telecommunications towers to provide space on those towers to wireless telecommunications service and associated service providers in Africa.

The Company was incorporated in the Republic of Mauritius on 9 December 2009 as a Category 2 – Global Business Licence Company.

Director appointments and resignations

During the year, there were appointments and resignations of Directors as follows: Carlos Reyes Lopez (Appointed 17 May 2018); Umberto Pisoni (Appointed 9 July 2018); Colin Curvey (Resigned 2 August 2018); Waldermar Rafal Szlezak (Resigned 31 January 2019).

Results and future prospects

A detailed review of the results and future prospects is included in the Operating and Financial Review.

Going concern

The Directors have considered whether there are any material uncertainties that cast significant doubt on the Group's ability to continue as a going concern. In order to mitigate the operating, commercial, legal, economic and financial risks to which the Group is exposed, the Directors have put in place a number of controls, reviews and procedures designed to address these risks. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to generate positive cash flows from its operations and meet its liabilities as they fall due. Therefore, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they adopt the going concern basis of accounting in preparing the annual financial statements.

Dividends

During the financial year ended 31 December 2018, the Directors did not recommend the payment of a dividend (2017: US$ nil). The Directors who are members of the Board at the time of approving the Directors' report and Operating and Financial Review are listed on page 44.

Auditor

So far as each Director is aware, there is no relevant information of which the Group's external auditor is unaware. Each Director has taken all steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that Deloitte Mauritius is aware of that information.

Deloitte Mauritius has indicated its willingness to continue in office and will be reappointed at the next Annual Meeting.

Approved by the Board on 25 February 2019.

Kash Pandya

Directors' responsibilities statement

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRSs"). International Accounting Standard ("IAS") 1 requires that financial statements present fairly for each financial period the Group and Company's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out on the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". The Directors are also responsible for maintaining an effective system of internal control and risk management. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the Directors are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with IFRS. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the shareholders of Helios Towers, Ltd

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Helios Towers, Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 58 to 93, which comprise the consolidated and separate statement of financial position as at 31 December 2018, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2018, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and separate financial statements section of our report. We are independent of the Group and the Company in accordance with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises of the Overview, Strategic report and Governance report, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other reports which are expected to be made available to us after the date of this auditor's report, if we conclude that there is material misstatement therein, we are required to communicate the matter to the Directors.

Responsibilities of Directors for the consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and they are also responsible for such internal control as the Directors determine is necessary to enable the preparation of consolidated an financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's and the Company's financial reporting process.

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Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte.

Deloitte
Chartered Accountants

L. Yeung Sik Yuen, ACA
Licensed by FRC

25 February 2019

Consolidated Statement of profit or loss

For the year ended 31 December 2018

	Notes	2018 US$'000	2017 US$'000
Revenue	3	356,049	344,957
Cost of sales		(255,848)	(275,651)
Gross profit		100,201	69,306
Administrative expenses		(91,059)	(91,261)
Loss on disposal of property, plant and equipment		(5,835)	(2,018)
Operating profit/(loss)	5	3,307	(23,973)
Investment income	8	951	706
Other gains and losses	24	(16,831)	21,797
Finance costs	9	(107,005)	(102,757)
Loss before tax		(119,578)	(104,227)
Tax expenses	10	(4,369)	(3,207)
Loss after tax for the year		(123,947)	(107,434)

The notes on pages 67 to 93 form part of these financial statements.

Consolidated Statement of other comprehensive income

For the year ended 31 December 2018

	Notes	2018 US$'000	2017 US$'000
Other comprehensive loss:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		(2,214)	(1,384)
Total comprehensive loss for the year		(126,161)	(108,818)
Loss attributable to:			
Owners of the Company		(123,947)	(92,817)
Non-controlling interest		–	(14,617)
Loss for the year		(123,947)	(107,434)
Total comprehensive loss attributable to:			
Owners of the Company		(126,161)	(94,984)
Non-controlling interest		–	(13,834)
Total comprehensive loss for the year		(126,161)	(108,818)

The notes on pages 67 to 93 form part of these financial statements.

Company Statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

	Notes	2018 US$'000	2017 US$'000
Revenue		–	–
Cost of sales		–	–
Gross profit		–	–
Administrative expenses		(42,767)	(40,131)
Operating loss	5	(42,767)	(40,131)
Investment income	8	–	132
Finance income/(costs)	9	124	(677)
Loss before tax		(42,643)	(40,676)
Tax expenses	10	–	–
Loss after tax and total comprehensive loss for the year		(42,643)	(40,676)

The notes on pages 67 to 93 form part of these financial statements.

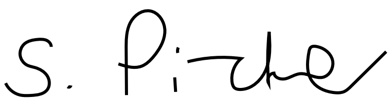
Consolidated Statement of financial position

For the year ended 31 December 2018

	Notes	31 December 2018 US$'000	31 December 2017 (Restated IFRS 16) US$'000	1 January 2017 (Restated IFRS 16) US$'000
Non-current assets				
Intangible assets	11	12,406	17,961	35,556
Property, plant and equipment	12a	676,643	705,700	655,140
Right-of-use assets	12b	103,786	104,983	102,406
Investments	13	132	132	132
Derivative financial assets	25	7,086	23,917	1,393
		800,053	852,693	794,627
Current assets				
Inventories	14	10,265	9,538	19,503
Trade and other receivables	15	102,250	108,491	126,929
Prepayments	16	16,225	23,403	20,466
Cash and cash equivalents	17	88,987	119,700	133,737
		217,727	261,132	300,635
Total assets		1,017,780	1,113,825	1,095,262
Equity				
Issued capital and reserves				
Share capital	18	909,154	909,154	909,134
Share premium		186,951	186,951	186,795
Stated capital		1,096,105	1,096,105	1,095,929
Other reserves		(12,778)	(12,778)	(11,693)
Minority interest buy-out reserve		–	–	(54,429)
Translation reserve		(81,663)	(79,449)	(77,282)
Accumulated losses		(879,959)	(752,280)	(554,878)
Equity attributable to owners		121,705	251,598	397,647
Non-controlling interest		–	–	(36,322)
Total equity		121,705	251,598	361,325
Current liabilities				
Trade and other payables	19	149,752	147,324	163,857
Short-term lease liabilities	21	19,559	20,452	20,934
Minority interest buy-out liability		–	–	57,886
Loans	20	17,254	17,254	60,516
		186,565	185,030	303,193
Non-current liabilities				
Long-term lease liabilities	21	98,720	96,097	90,111
Loans	20	610,790	581,100	340,633
		709,510	677,197	430,744
Total liabilities		896,075	862,227	733,937
Total equity and liabilities		1,017,780	1,113,825	1,095,262

Approved and authorised for issue by the Board on 25 February 2019 and signed on its behalf by

Kash Pandya



Simon David Pitcher

The notes on pages 67 to 93 form part of these financial statements.

Company Statement of financial position

For the year ended 31 December 2018

	Notes	2018 US$'000	2017 US$'000
Non-current assets			
Intangible assets	11	257	176
Investments	13	430,677	430,677
		430,934	430,853
Current assets			
Trade and other receivables	15	494,477	482,802
Prepayments	16	334	221
Cash and cash equivalents	17	4,555	18,314
		499,366	501,337
Total assets		930,300	932,190
Equity			
Issued capital and reserves			
Share capital	18	909,154	909,154
Share premium		186,951	186,951
Stated capital		1,096,105	1,096,105
Other reserves		(9,835)	(9,835)
Accumulated losses		(207,532)	(164,889)
Total equity		878,738	921,381
Current liabilities			
Trade and other payables	19	51,562	10,809
Total liabilities		51,562	10,809
Total equity and liabilities		930,300	932,190

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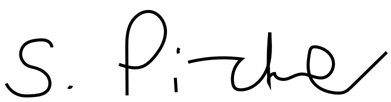

Simon David Pitcher

The notes on pages 67 to 93 form part of these financial statements.

Consolidated Statement of changes in equity

For the year ended 31 December 2018

	Share capital US$'000	Share premium US$'000	Stated capital US$'000	Other reserves US$'000	Minority interest buy-out reserves US$'000	Translation reserve US$'000	Accumulated losses US$'000	Attributable to the owners of the parent US$'000	Non-controlling interest (NCI) US$'000	Total equity US$'000
Balance at 1 January 2017 (as previously reported)	909,134	186,795	1,095,929	(11,693)	(54,429)	(77,486)	(544,355)	407,966	(36,322)	371,644
Restatement – IFRS 16(i)	–	–	–	–	–	204	(10,523)	(10,319)	–	(10,319)
Balance at 1 January 2017 (restated)	909,134	186,795	1,095,929	(11,693)	(54,429)	(77,282)	(554,878)	397,647	(36,322)	361,325
Issue of share capital	20	156	176	–	–	–	–	176	–	176
Share issue costs	–	–	–	(1,085)	–	–	–	(1,085)	–	(1,085)
Acquisition of NCI	–	–	–	–	–	–	(36,658)	(36,658)	50,156	13,498
Premium on acquisition of NCI	–	–	–	–	–	–	(13,498)	(13,498)	–	(13,498)
Minority buy-out reserves	–	–	–	–	54,429	–	(54,429)	–	–	–
Loss for the year	–	–	–	–	–	–	(92,817)	(92,817)	(14,617)	(107,434)
Other comprehensive loss	–	–	–	–	–	(2,167)	–	(2,167)	783	(1,384)
Total comprehensive loss for the year	–	–	–	–	–	(2,167)	(92,817)	(94,984)	(13,834)	(108,818)
Balance at 31 December 2017	909,154	186,951	1,096,105	(12,778)	–	(79,449)	(752,280)	251,598	–	251,598
Effects of transition to IFRS 9	–	–	–	–	–	–	(3,732)	(3,732)	–	(3,732)
Loss for the year	–	–	–	–	–	–	(123,947)	(123,947)	–	(123,947)
Other comprehensive loss	–	–	–	–	–	(2,214)	–	(2,214)	–	(2,214)
Total comprehensive loss for the year	–	–	–	–	–	(2,214)	(123,947)	(126,161)	–	(126,161)
Balance at 31 December 2018	909,154	186,951	1,096,105	(12,778)	–	(81,663)	(879,959)	121,705	–	121,705

(i) See note 2.

Other reserves relate to the costs incurred in issuing equity. These costs include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisors.

During the year, the Group transitioned to IFRS 9: Financial Instruments, with the effect of transition shown as at 1 January 2018. More detail is disclosed in note 2.

Translation reserve relates to the translation of the financial statements of overseas subsidiaries in to the presentational currency of the consolidated financial statements.

Company Statement of changes in equity

For the year ended 31 December 2018

	Share capital US$'000	Share premium US$'000	Stated capital US$'000	Other reserves US$'000	Accumulated losses US$'000	Total equity US$'000
Balance at 1 January 2017	909,134	186,795	1,095,929	(9,835)	(124,213)	961,881
Issue of share capital	20	156	176	–	–	176
Loss and total comprehensive loss for the year	–	–	–	–	(40,676)	(40,676)
Balance at 31 December 2017	909,154	186,951	1,096,105	(9,835)	(164,889)	921,381
Loss and total comprehensive loss for the year	–	–	–	–	(42,643)	(42,643)
Balance at 31 December 2018	909,154	186,951	1,096,105	(9,835)	(207,532)	878,738

Other reserves relates to the costs incurred in issuing equity. These costs include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisors.

Consolidated Statement of cash flows

For the year ended 31 December 2018

	Notes	2018 US$'000	2017 US$'000
Cash flows from operating activities			
Loss for the year before taxation		(119,578)	(104,227)
Adjustments for:			
Other gains and losses	24	16,831	(21,797)
Finance costs	9	107,005	102,757
Investment income	8	(951)	(706)
Depreciation and amortisation	11, 12	141,328	148,926
Loss on disposal of property, plant and equipment		5,835	2,018
Movement in working capital:			
Increase in inventories		(1,004)	(2,548)
Decrease in trade and other receivables		9,332	7,632
(Increase)/decrease in prepayments		(3,841)	5,968
Decrease in trade and other payables		(21,198)	(27,567)
Cash generated from operations		133,759	110,456
Interest paid		(69,875)	(51,633)
Tax paid		(2,941)	(1,251)
Net cash generated from operating activities		60,943	57,572
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(103,000)	(166,711)
Payments to acquire intangible assets		(3,158)	(3,857)
Proceeds on disposal on assets		138	249
Interest received		951	704
Net cash used in investing activities		(105,069)	(169,615)
Cash flows from financing activities			
Gross proceeds from issue of equity share capital		–	163
Payments for buy-back of shares		–	(58,556)
Borrowing drawdowns		25,000	600,000
Loan financing costs		–	(24,079)
Borrowing repayments		–	(407,983)
Repayment of lease liabilities		(10,422)	(11,675)
Net cash generated from financing activities		14,578	97,870
Net decrease in cash and cash equivalents		(29,548)	(14,173)
Foreign exchange on translation movement		(1,165)	136
Cash and cash equivalents at 1 January		119,700	133,737
Cash and cash equivalents at 31 December		88,987	119,700

Company Statement of cash flows

For the year ended 31 December 2018

	Notes	2018 US$'000	2017 US$'000
Cash flows from operating activities			
Loss for the year before taxation		(42,643)	(40,676)
Adjustments for:			
Finance costs	9	(124)	677
Investment income	8	–	(132)
Amortisation	11	89	13,210
Movement in working capital:			
Decrease in trade and other receivables		822	1,552
Decrease in prepayments		40	3,490
(Increase)/decrease in trade and other payables		28,227	(47,381)
Net cash generated from/(used in) operating activities		(13,589)	(69,260)
Cash flows from investing activities			
Payment to acquire intangible asset		(170)	(142)
Net cash used in investing activities		(170)	(142)
Cash flows from financing activities			
Gross proceeds from issue of equity share capital		–	163
Net cash generated from financing activities		–	163
Net (decrease)/increase in cash and cash equivalents		(13,759)	(69,239)
Cash and cash equivalents at 1 January		18,314	87,553
Cash and cash equivalents at 31 December		4,555	18,314

Notes to the Financial Statements

For the year ended 31 December 2018

1. Statement of compliance and presentation of financial statements

Helios Towers, Ltd (the "Company") is a limited company incorporated and domiciled in the Republic of Mauritius. The Company and entities controlled by the Company (its subsidiaries, together the "Group") are disclosed in note 13. The Group and the Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). The Company holds a Category 2 Global Business Licence issued by the Financial Services Commission ("FSC"). The principal accounting policies adopted by the Group and the Company are set out in note 2.

2. Accounting Policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair value at the end of each reporting period. The financial statements are presented in United States Dollars (US$). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated and separate financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Notes to the Financial Statements

For the year ended 31 December 2018 (continued)

2. Accounting Policies (continued)

Basis of consolidation (continued)
Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Going concern
The Group's business activities, together with factors likely to affect its future development, performance and position are considered by the Directors on an annual basis. In addition, notes 20 and 25 include details of the Group's treasury activities, long-term funding arrangements, financial instruments and financial risk management activities.

The Group has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund its current operations, including its contractual and commercial commitments as set out in note 20. The Directors assess forecasts and make financing and liquidity reviews on a regular basis.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Changes in accounting policies
In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The impact of adoption of IFRS 9 on 1 January 2018 is to increase the Accumulated losses balance from US$741.8 million as previously stated to US$745.5 million. The US$3.7 million increase in Accumulated losses resulted entirely from a change in the measurement attribute of the loss allowance relating to trade receivables.

Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures, that were applied to the disclosures for 2018.

IFRS 9 introduced new requirements for:
- the classification and measurement of financial assets and financial liabilities; and
- impairment of financial assets

Details of these new requirements, as well as their impact on the Group's consolidated financial statements, are described below. The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets
The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:
- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost; and
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

2. Accounting Policies (continued)

Changes in accounting policies (continued)

The Directors of the Company reviewed and assessed the Group's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

None of the other reclassifications of financial assets have had any impact on the Group's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:

- Debt investments measured subsequently at amortised cost; and
- Trade receivables.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The consequential amendments to IFRS 7 have also resulted in more extensive disclosures about the Group's exposure to credit risk in the consolidated financial statements.

Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss. There is no impact from this change on the Group consolidated financial statements.

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Group has elected to reclassify upon the application of IFRS 9. There were no additional financial assets or financial liabilities which the Group has elected to designate as FVTPL at the date of initial application of IFRS 9.

The application of IFRS 9 has had no impact on the consolidated cash flows of the Group.

Restatement – IFRS 16

The right-of-use asset balance and related reserves have been restated to reflect a refinement to the underlying IFRS 16 model such that leases are now calculated with reference to the underlying functional currency rather than $USD.

Accordingly, the comparative Group statement of financial position and statement of changes in equity line items have been restated as follows:

Line item description	31 December 2017 (as previously stated)	31 December 2017 (as restated)	1 January 2017 (as previously stated)	1 January 2017 (as restated)
Right-of-use assets	115,302	104,983	112,725	102,406
Translation reserve	(79,653)	(79,449)	(77,486)	(77,282)
Accumulated losses	(741,757)	(752,280)	(544,355)	(554,878)

The adjustment has no impact on previously reported Group revenue, gross profit, loss before tax, loss after tax for the year, total comprehensive income or adjusted EBITDA (as defined in note 4). There is no impact on the previously stated Company results.

Notes to the Financial Statements

For the year ended 31 December 2018 (continued)

2. Accounting Policies (continued)

Revenue recognition

In the prior year, the Group applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) in advance of its effective date. IFRS 15 introduces a five-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15.C5(a), and (b), or for modified contracts in IFRS 15.C5(c) or using the expedient in IFRS 15.C3(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued income' and 'deferred income', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has not adopted the terminology used in IFRS 15 to describe such balances.

The Group's accounting policies for its revenue stream are disclosed in detail below. Apart from providing more extensive disclosures on the Group's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and financial performance of the Group.

The Group recognises revenue from the rendering of tower services provided by utilisation of the Group's tower infrastructure pursuant to written contracts with its customers. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, less VAT and other sales-related taxes. Revenue is reduced for estimated and agreed liquidated damages resulting from failure to meet the agreed service performance levels set out in the contract.

The Group provides tower and related services for the utilisation of its tower infrastructure to mobile and other telecommunication operators. Revenue includes fees for the provision of tower infrastructure, power escalations and tower service contracts. These services are recognised as the performance obligation is satisfied over time.

Customers are usually billed in advance creating a contract liability which is then recognised as the performance obligation is met over a straight-line basis. Revenue related to power escalations is recognised when the escalation is calculated in accordance with the contractual terms.

Though multiple performance obligations arise as a result of the provision of these services, the Group considers it reasonable to combine the provision of these tower services into a single performance obligation as this does not impact the ultimate pattern of revenue recognition as they are all recognised over time.

Lessee accounting

In the prior year, the Group applied IFRS 16 Leases in advance of its effective date. The Group holds leases primarily on land, buildings and motor vehicles used in the ordinary course of business. Based on the accounting policy applied the Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:
- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and,
- any initial direct costs incurred by the lessee.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

The Group depreciates the right-of-use asset from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date.

These include:
- fixed payments, less any lease incentives receivable; and
- variable lease payments that depend on a fixed rate, as at the commencement date.

2. Accounting Policies (continued)

Lessee accounting (continued)
Variable lease payments not included in the initial measurement of the lease liability are recognised in the consolidated statement of profit or loss as they arise.

The lease payments are discounted using the incremental borrowing rate at the commencement of the lease contract or modification. Generally it is not possible to determine the interest rate implicit in the land and building leases. The incremental borrowing rate is estimated taking account of the economic environment of the lease, the currency of the lease and the lease term. The lease term determined by the Group comprises:

- non-cancellable period of lease contracts;
- periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

After the commencement date the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

Interest expense
Interest expense is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial liability.

The effective interest method is a method of calculating the amortised cost of a financial asset/financial liability and of allocating interest income/interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments through the expected life of the financial assets/financial liabilities, or, where appropriate, a shorter period.

Retirement benefit costs
Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to the Financial Statements

For the year ended 31 December 2018 continued

2. Accounting Policies (continued)

Deferred tax (continued)
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year
Current and deferred tax are recognised in the statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currency exchange
The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in United States Dollars ("US$"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest become a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. Accounting Policies (continued)

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses, if any.

Assets in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes material and labour and professional fees in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Right-of-use assets	Up to 60 years
Site Assets – Towers	Up to 15 years
Site Assets – Generators	8 years
Site Assets – Plant & Machinery	3–5 years
Fixtures and Fittings	3 years
IT Equipment	3 years
Motor Vehicles	5 years
Leasehold Improvements	5–10 years

Directly attributable costs of acquiring tower assets are capitalised together with the towers acquired and depreciated over a period of up to 15 years in line with the assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit and loss.

Intangible assets

Contract acquired related intangible assets are amortised on a straight-line basis over the life of the contract. Other intangible assets are amortised on a straight-line basis over their estimated lives of 3–10 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At each reporting date, the Directors review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Investments

Investments in subsidiaries are included in the financial statements initially at cost. Cost comprises all the costs associated with the acquisition of the investment including the fair value of the consideration for the investment instruments, any local taxes and costs associated with investigation and negotiating the acquisition. At the end of each financial reporting year, the Directors review the investment instruments to determine the recoverable amount. If the recoverable amount is considered to be less than cost, an impairment provision is recognised.

Costs incurred in the investigation of prospective investments are expensed in the year in which they are incurred. Should prospective investments become subsidiaries, the directly attributable costs of investment are capitalised as part of the cost of the investment.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Notes to the Financial Statements

For the year ended 31 December 2018 (continued)

2. Accounting Policies (continued)

Trade and other receivables

Trade receivables are recognised by the Group and the Company carried at original invoice amount less an allowance for any non-collectable or impaired amounts. The Group uses the IFRS 9 ECL model to measure loss allowances at an amount equal to their lifetime expected credit loss.

Other receivables are recognised at fair value. Subsequent measurement is at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits. Short-term deposits are defined as deposits with an initial maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Derivative financial instruments

Short-term debtors and creditors are treated as financial assets or liabilities. The Group does not trade in financial instruments. The Group enters into derivative financial instruments to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. Embedded derivatives are disclosed separately in the statement of financial position.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly to control the Group or exercise significant influence over the Group in making financial or operating decisions, or vice versa, or where the Group is subject to common control or common significant influence. Related parties may be individuals or other entities.

Deferred income

Deferred income is recognised when payments are received from customers in advance of services being provided. The Group policy is to bill customers in advance, thus creating deferred income. The deferred income is included as a current liability within trade and other payables.

New accounting pronouncement

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods covered by the financial statements.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of the financial statements, there were no new and revised IFRSs that have been issued but are not yet effective or have not already been adopted by the Group.

2. Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors, have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Revenue is recognised as service revenue in accordance with IFRS 15: Revenue from contracts with customers. In arriving at this assessment the Directors concluded that there is not an embedded lease because its contracts permit it, subject to certain conditions, to relocate customer's equipment on its towers in order to accommodate other tenants and therefore the contract does not provide the customer with the right to a specific location on the tower.

Business combinations

From time to time, the Group acquires a portfolio of towers, comprising the tower infrastructure and other associated assets. The Directors assess each acquisition on the basis of its purchase agreement and the substance of the transaction to determine if it is considered to be a business combination in accordance with IFRS 3. To date, such portfolio acquisitions do not meet the definition of a business under IFRS 3 since they do not represent integrated sets of activities and assets that are capable of being conducted and managed independently, and consequently have been accounted for as an asset acquisition under IAS 16. Accordingly, no goodwill is recognised and the costs incurred are capitalised as part of the costs of acquisition of the towers.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value of derivative financial instruments

Derivative financial instruments are held at fair value through profit and loss. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages a third party qualified valuer to perform the valuation. Management works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of the derivative financial instrument is disclosed in note 25.

Providing for doubtful debts

The Group provides services to business customers on credit terms. Certain debts may not be recovered due to default of our customers. The Group uses the IFRS 9 ECL model to measure loss allowances at an amount equal to their lifetime expected credit loss. Further detail of the loss allowance calculation is given in note 25.

Notes to the Financial Statements

For the year ended 31 December 2018 (continued)

3. Segmental reporting

The following segmental information is presented in a consistent format with management information considered by the CEO of each operating segment, and the CEO and CFO of the Group, who are considered to be the chief operating decision makers ("CODM"). Operating segments are determined based on geographical location. All operating segments have the same business of operating and maintaining telecoms towers and renting space on such towers. Accounting policies are applied consistently for all operating segments. The segment operating result used by CODM is Adjusted EBITDA, which is defined in note 4.

31 December 2018	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazzaville US$'000	Total operating companies US$'000	Corporate US$'000	Group total US$'000
Revenue	40,967	149,909	140,881	24,292	356,049	–	356,049
Gross margin	66%	65%	60%	67%	63%	–	63%
Adjusted EBITDA	22,835	86,153	72,466	12,107	193,561	(15,958)	177,603
Adjusted EBITDA margin	56%	57%	51%	50%	54%	–	50%
Financing costs							
Interest costs	(5,087)	(54,309)	(47,275)	(8,367)	(115,038)	26,062	(88,976)
Foreign exchange differences	(3,549)	(11,300)	–	(3,305)	(18,154)	125	(18,029)
	(8,636)	(65,609)	(47,275)	(11,672)	(133,192)	26,187	(107,005)

31 December 2017	Ghana US$'000	Tanzania US$'000	DRC US$'000	Congo Brazzaville US$'000	Total operating companies US$'000	Corporate US$'000	Group total US$'000
Revenue	40,144	141,230	140,156	23,427	344,957	–	344,957
Gross margin	56%	56%	55%	61%	56%	–	56%
Adjusted EBITDA	17,821	66,839	66,530	9,783	160,973	(15,011)	145,962
Adjusted EBITDA margin	44%	47%	47%	42%	47%	–	42%
Financing costs							
Interest costs	(4,528)	(65,324)	(51,053)	(10,760)	(131,665)	32,137	(99,528)
Foreign exchange differences	(4,470)	(7,732)	9	6,117	(6,076)	2,847	(3,229)
	(8,998)	(73,056)	(51,044)	(4,643)	(137,741)	34,984	(102,757)

Capital Additions, Depreciation and Amortisation

	Year ended 31 December 2018		Year ended 31 December 2017	
	Capital Additions US$'000	Depreciation and Amortisation US$'000	Capital Additions US$'000	Depreciation and Amortisation US$'000
Ghana	19,667	8,038	13,228	7,955
Tanzania	37,867	52,955	66,273	51,592
Congo Brazzaville	4,031	11,791	10,209	11,651
Democratic Republic of Congo	57,082	59,408	80,887	53,294
Total Operating Companies	118,647	132,192	170,597	124,492
Corporate	382	375	142	13,210
Total	119,029	132,567	170,739	137,702

Right-of-use assets	31 December 2018 Capital additions US$'000	31 December 2017 Capital additions US$'000
Ghana	578	532
Tanzania	1,885	7,611
Congo Brazzaville	206	466
Democratic Republic of Congo	3,775	5,212
Total	6,444	13,821

4. Adjusted EBITDA

The segment operating result used by the chief operating decision makers is Adjusted EBITDA.

Management define Adjusted EBITDA as loss for the year, adjusted for loss for the year from discontinued operations, additional tax, income tax, finance costs, other gains and losses, investment income, loss on disposal of property, plant and equipment, amortisation and impairment of intangible assets, depreciation and impairment of property, plant and equipment, deal costs relating to unsuccessful tower acquisition transactions or successful tower acquisition transactions that cannot be capitalised and exceptional items. Exceptional items are items that are considered exceptional in nature by management by virtue of their size and/or incidence. There are no cash-flow or tax effects to be disclosed. Adjusted EBITDA is reconciled to loss before tax as follows:

The Group

	2018 US$'000	2017 US$'000
Adjusted EBITDA	177,603	145,962
Adjustments applied to give Adjusted EBITDA		
Exceptional items:		
Restructuring costs(i)	–	(2,298)
Litigation costs(ii)	(10,180)	(917)
Tanzanian IPO(iii)	–	(1,481)
Exceptional project costs(iv)	(14,655)	(9,780)
Deal costs(v)	(1,493)	–
Deal costs for aborted acquisitions	–	(3,306)
Loss on disposal of assets	(5,835)	(2,018)
Other gains and losses (note 24)	(16,831)	21,797
Recharged depreciation(vi)	(805)	(1,209)
Depreciation of property, plant and equipment	(132,955)	(127,148)
Amortisation of intangibles	(8,373)	(21,778)
Investment income	951	706
Finance costs	(107,005)	(102,757)
Loss before tax	(119,578)	(104,227)

(i) Restructuring costs reflect specific actions taken by management to improve the Group's future profitability and mainly comprise the costs of an operational excellence programme where management worked to optimise operational headcount to gain efficiencies and adopt robust internal compliance best practices, and have therefore incurred certain severance and office closure costs in 2017. Management consider such costs to be exceptional as they are not representative of the trading performance of the Group's operations.

(ii) Litigation costs relate to legal and settlement costs incurred in connection with a previously terminated equity transaction.

(iii) Advisory and other costs relating to the Group's preparation for the IPO of HTT Infraco, the Group's primary operating subsidiary in Tanzania.

(iv) Exceptional project costs are in relation to the exploration of strategic options for the Group including, but not limited to, a potential London Stock Exchange (LSE) listing.

(v) Deal costs relating to the exploration of investment opportunities in South Africa, announced as subsequent events in January 2019.

(vi) The Group incurs costs charged to it through a service contract from Helios Towers Africa LLP. Management consider that the depreciation element of the charge should be removed from adjusted EBITDA as it is depreciation in nature.

Notes to the Financial Statements

For the year ended 31 December 2018 (continued)

5. Operating profit/(loss)

Operating loss is stated after charging the following:

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Cost of inventory expensed	57,195	62,634	–	–
Auditor's remuneration:				
– Audit and audit-related services	903	1,783	75	90
– Non-audit fees	3,631	1,847	–	–
Depreciation and amortisation	141,328	148,926	89	13,210
Cost associated with aborted investments	–	3,306	–	–
Staff costs	13,578	13,852	1,216	900

Amortisation of intangible assets is presented in administrative expenses in the statement of profit or loss and other comprehensive income.

Non-audit fees in the current year include US$3.1million (2017: US$1.3million) in respect of exceptional project costs (see note 4).

6. Staff costs

Staff costs consist of the following components:

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Wages and salaries	13,287	13,586	1,203	900
Social security costs	291	266	13	–
	13,578	13,852	1,216	900

The average monthly number of employees during the year was made up as follows:

	Group		Company	
	2018	2017	2018	2017
Operations	115	146	1	1
Legal and regulatory	24	32	–	–
Administration	30	26	2	2
Finance	74	76	2	2
Sales and marketing	63	66	–	–
	306	346	5	5

7. Directors' remuneration

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Remuneration	2,472	2,950	2,472	2,950

The above remuneration information relates to Directors in Helios Towers, Ltd who were recharged to the Group and the Company by Helios Towers Africa LLP, a related company. None of the Directors received a contribution to a pension scheme in the current or prior year.

8. Investment income

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Other interest receivable	951	706	–	132

9. Finance costs

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Foreign exchange differences	18,029	3,229	(124)	(62)
Interest costs	73,856	71,608	–	739
Interest costs on lease liabilities	15,120	14,991	–	–
Deferred loan cost amortisation	–	12,929	–	–
	107,005	102,757	(124)	677

10. Tax expense

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Additional taxes	4,369	3,207	–	–

Though entities in Congo B, Tanzania and DRC have continued to be loss making, minimum tax has been levied based on revenue as stipulated by law in these jurisdictions. Ghana became tax paying in the year ended 31 December 2018.

The Company was a Category 2 – Global Business Licence Company ("C2-GBLC") during the current and preceding financial periods. C2-GBLC is not subject to any income tax in Mauritius.

The applicable tax rates for the Company's subsidiaries range from 20% to 40%.

Notes to the Financial Statements

For the year ended 31 December 2018 (continued)

11. Intangible assets

The Group

	Right of first refusal US$'000	Non-compete agreement US$'000	Computer software and licence US$'000	Total US$'000
Cost				
At 1 January 2017	35,000	30,000	11,403	76,403
Additions during the year	–	–	3,857	3,857
Effects of foreign currency exchange differences	–	–	(95)	(95)
At 31 December 2017	35,000	30,000	15,165	80,165
Additions during the year	–	–	2,953	2,953
Disposals during the year	–	–	(41)	(41)
Effects of foreign currency exchange differences	–	–	(395)	(395)
At 31 December 2018	35,000	30,000	17,682	82,682
Amortisation				
At 1 January 2017	(17,500)	(16,894)	(6,453)	(40,847)
Charge for year	(5,000)	(13,106)	(3,672)	(21,778)
Effects of foreign currency exchange differences	–	–	421	421
At 31 December 2017	(22,500)	(30,000)	(9,704)	(62,204)
Charge for year	(5,000)	–	(3,373)	(8,373)
Disposals during the year	–	–	(2)	(2)
Effects of foreign currency exchange differences	–	–	303	303
At 31 December 2018	(27,500)	(30,000)	(12,776)	(70,276)
Net book value				
At 31 December 2018	7,500	–	4,906	12,406
At 31 December 2017	12,500	–	5,461	17,961
At 1 January 2017	17,500	13,106	4,950	35,556

In 2016, alongside the purchase of 967 towers from Airtel Group, a right of first refusal ("ROFR") agreement was signed with Airtel Group in the DRC giving the Group the right of first refusal over build-to-suit towers that Airtel Group wish to commission. A payment of US$20 million was made for this right and is amortised on a straight line basis over its exercisable period ending on 1 May 2020.

As part of the same transaction, the Group and the Company entered into a non-compete Agreement with Airtel Group under which the Group and the Company was granted the right that Airtel will not compete with the Group in DRC and/or Congo Brazzaville. The Group and the Company issued shares with a fair value of US$30 million to Airtel Group for this right commencing on the date of the agreement (5 May 2016) and terminating 12 consecutive months after first closing (7 July 2016). The issuance of these shares was a non-cash transaction.

The Company

	Non-compete agreement US$'000	Computer software and licence US$'000	Total US$'000
Cost			
At 1 January 2017	30,000	1,131	31,131
Additions during the year	–	142	142
At 31 December 2017	30,000	1,273	31,273
Additions during the year	–	170	170
At 31 December 2018	30,000	1,443	31,443
Amortisation			
At 1 January 2017	(16,894)	(993)	(17,887)
Charge for year	(13,106)	(104)	(13,210)
At 31 December 2017	(30,000)	(1,097)	(31,097)
Charge for year	–	(89)	(89)
At 31 December 2018	(30,000)	(1,186)	(31,186)
Net book value			
At 31 December 2018	–	257	257
At 31 December 2017	–	176	176
At 1 January 2017	13,106	138	13,244

12a. Property, plant and equipment

The Group

	IT equipment US$'000	Fixtures and fittings US$'000	Motor vehicles US$'000	Site assets US$'000	Land US$'000	Leasehold improvements US$'000	Total US$'000
Cost							
At 1 January 2017	3,882	817	4,741	911,548	5,808	891	927,687
Additions	2,102	120	683	163,751	–	226	166,882
Disposals	(13)	–	(654)	(1,754)	–	–	(2,421)
Reclassifications	–	–	–	754	(754)	–	–
Effects of foreign currency exchange differences	37	15	(68)	(3,616)	211	(2)	(3,423)
At 31 December 2017	6,008	952	4,702	1,070,683	5,265	1,115	1,088,725
Additions	5,869	100	298	105,813	3,793	204	116,077
Disposals	–	–	(484)	(17,837)	(117)	–	(18,438)
Effects of foreign currency exchange differences	371	(26)	(145)	(19,272)	(82)	(17)	(19,171)
At 31 December 2018	12,248	1,026	4,371	1,139,387	8,859	1,302	1,167,193
Depreciation							
At 1 January 2017	(1,912)	(480)	(2,725)	(267,189)	–	(241)	(272,547)
Charge for the year	(1,168)	(206)	(719)	(113,663)	–	(168)	(115,924)
Disposals	13	–	561	816	–	–	1,390
Effects of foreign currency exchange differences	(147)	(11)	80	4,133	–	1	4,056
At 31 December 2017	(3,214)	(697)	(2,803)	(375,903)	–	(408)	(383,025)
Charge for the year	(2,572)	(197)	(683)	(120,523)	–	(219)	(124,194)
Disposals	–	–	484	9,557	–	–	10,041
Effects of foreign currency exchange differences	82	32	87	6,420	–	7	6,628
At 31 December 2018	(5,704)	(862)	(2,915)	(480,449)	–	(620)	(490,550)
Net book value							
At 31 December 2018	6,544	164	1,456	658,938	8,859	682	676,643
At 31 December 2017	2,794	255	1,899	694,780	5,265	707	705,700
At 1 January 2017	1,970	337	2,016	644,359	5,808	650	655,140

At 31 December 2018, the Group had US$74.5 million (2017: US$111.3 million) of expenditure recognised in the carrying amount of items of site assets that were in the course of construction. On completion of the construction, they will remain within site assets balance.

12b. Right-of-use assets

The Group	2018 US$'000	2017 (Restated IFRS 16) US$'000
Right of use assets by class of underlying assets		
Land	101,617	100,639
Buildings	2,169	4,223
Motor vehicles	–	121
	103,786	104,983
Depreciation charge for right of use assets		
Land	7,122	8,080
Buildings	1,519	2,698
Motor vehicles	120	446
	8,761	11,224

Notes to the Financial Statements

For the year ended 31 December 2018 (continued)

13. Investments

The Group

The Group's investment of US$132,000 (2017: US$132,000) relates to an interest in Helios Towers Africa LLP. The Group holds 91% of the voting rights of Helios Towers Africa LLP. The Directors do not consider that the Group has control over the operation of Helios Towers Africa LLP as it is a limited liability partnership and has no access to returns from the investment. Therefore the investment has been accounted for as investment at cost.

The Company

	2018 US$'000	2017 US$'000
Cost		
At 1 January and 31 December	430,677	430,677

The subsidiary companies are as follows:

		Effective shareholding 2018		Effective shareholding 2017	
Name of subsidiaries	Country of incorporation	Direct %	Indirect %	Direct %	Indirect %
Helios Towers Ghana Limited	Ghana	60%	40%	60%	40%
HTG Managed Services Limited	Ghana	–	100%	–	100%
HTA Group, Ltd	Mauritius	–	100%	–	100%
HTA Holdings Ltd	Mauritius	100%	–	100%	–
Helios Towers DRC S.A.R.L.	Democratic Republic of Congo	–	100%	–	100%
HT DRC Infraco S.A.R.L.	Democratic Republic of Congo	–	100%	–	100%
Helios Towers Tanzania Limited	Tanzania	–	100%	–	100%
HTT Infraco Limited	Tanzania	–	100%	–	100%
HT Congo Brazzaville Holdco Limited	Mauritius	–	100%	–	100%
HT Congo SARLU	Congo Brazzaville	–	100%	–	100%
HT Gabon Holdco Limited (Dormant)	Mauritius	–	100%	–	100%
HT Chad Mauritius Holdco Limited	Mauritius	–	100%	–	100%
HT Chad SARLU (Dormant)	Chad	–	100%	–	100%
Towers NL Coöperatief U.A.	The Netherlands	–	100%	–	100%
HTA (UK) Partner Ltd	United Kingdom	100%	–	100%	–
HTA Equity GP Ltd	Cayman Islands	100%	–	100%	–
McRory Investment B.V.	The Netherlands	–	100%	–	100%
McTam International 1 B.V.	The Netherlands	–	100%	–	100%

All subsidiaries were incorporated in prior years. Helios Towers, Ltd or its subsidiaries have subscribed to the majority of the shares as shown above. The consideration paid for these shares on incorporation was minimal. The Directors are of the opinion that the investments in subsidiaries are fairly stated and no impairment is required. The registered office address of all subsidiaries is included in Appendix 1.

Helios Towers Ghana Limited, HTA Holdings Ltd, Helios Towers DRC S.A.R.L., Helios Towers Tanzania Limited, HT Congo Brazzaville Holdco Limited, HT Chad Mauritius Holdco Limited, Towers NL Coöperatief U.A., McRory Investment B.V., McTam International 1 B.V. and HTA (UK) Partner Ltd are intermediate holding companies.

HTA Equity GP, Ltd acts as a general partner. The principal activities of HTG Managed Services Limited, HT DRC Infraco S.A.R.L., HTT Infraco Limited, and HT Congo SARLU are the building and maintenance of telecommunications towers to provide space on those towers to wireless telecommunication service providers in Africa. HT Chad SARLU and HT Gabon Holdco Limited have ceased trading during the prior years.

14. Inventories

	Group 2018 US$'000	Group 2017 US$'000
Inventories	10,265	9,538

Inventories are primarily made up of fuel stocks and raw materials. The impact of inventories recognised as an expense during the year in respect of continuing operations was US$57.2 million (2017: US$62.6 million).

There is no material difference between the carrying value of inventories and their net realisable value.

15. Trade and other receivables

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Trade receivables	72,030	72,996	–	–
Loss allowance	(6,544)	(4,725)	–	–
	65,486	68,271	–	–
Trade receivable from related parties	10,035	9,436	–	–
	75,521	77,707	–	–
Other receivables from related parties	–	–	494,451	482,783
Other receivables	21,400	23,027	26	19
VAT & Withholding tax receivable	5,329	7,757	–	–
	102,250	108,491	494,477	482,802

The Group measures the loss allowance for trade receivables and trade receivables from related parties at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. Interest can be charged on past due debtors. The normal credit period of services is 30 days.

Other receivables mainly comprise of accrued income, and sundry receivables.

Of the trade receivables balance at 31 December 2018, 55% (31 December 2017: 67%) is due from four of the Group's largest customers. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty. The average trade receivables collection period is 40 days (31 December 2017: 44 days).

Debtor days are calculated as trade receivables and receivables from related parties, less loss allowance, less amounts invoiced but not yet due (2018: US$36.2 million, 2017: US$35.2 million), relative to average monthly revenue for the last quarter (2018: US$90.3 million, 2017: US$88.4 million).

Notes to the Financial Statements

For the year ended 31 December 2018 (continued)

15. Trade and other receivables (continued)

Ageing analysis of trade receivables not impaired:

	Group	
	2018 US$'000	2017 US$'000
Not yet due	36,169	35,248
1–30 days	14,609	10,940
30–60 days	7,469	14,230
60–90 days	5,172	7,680
90+ days	12,102	9,609
	75,521	77,707

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Terms and conditions attached to receivable balances due by related parties and by the non-controlling interest are disclosed in note 23.

16. Prepayments

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Prepayments	16,225	23,403	334	221

Prepayments are primarily comprised of advance payments to suppliers.

17. Cash and cash equivalents

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Bank balances	57,835	49,519	4,555	18,314
Short-term deposits	31,152	70,181	–	–
	88,987	119,700	4,555	18,314

18. Share capital

	Group and Company			
	2018		2017	
	Number of shares	US$'000	Number of shares	US$'000
Authorised, issued and fully paid				
Ordinary share capital class A of US$1	390,410,138	390,410	390,410,138	390,410
Ordinary share capital class C of US$100	100	10	100	10
Ordinary share capital class D of US$1	100	–	100	–
Ordinary share capital class G of US$1	518,714,176	518,714	518,714,176	518,714
Ordinary share capital class H of US$100	100	10	100	10
Ordinary share capital class Z of US$100	100	10	100	10
	909,124,714	909,154	909,124,714	909,154

The Class A Shares and Class G Shares rank equally with each other and senior to the Class C, Class D, Class H, and Class Z shares as to redemption proceeds and any other form of distribution or return of capital. Class A and G Shares have voting rights whilst the others have no voting rights. Class H and Class Z shares also have dividend rights.

19. Trade and other payables

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Trade payables	8,352	11,612	–	–
Amounts payable to related parties	263	1,617	46,584	2,082
Deferred income	48,071	40,482	–	–
Deferred consideration	8,246	12,946	–	–
Other payables and accruals	64,025	69,214	4,978	8,727
VAT & Withholding tax payable	20,795	11,453	–	–
	149,752	147,324	51,562	10,809

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 16 days (2017: 24 days). Payable days are calculated as trade payables and payables to related parties and the non-controlling interest, divided by cost of sales plus administration expenses less staff costs and depreciation. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Amounts payable to related parties are unsecured, interest free and repayable on demand.

Deferred income primarily relates to site equipment revenue which is billed in advance.

Deferred consideration relates to consideration that is payable in the future for the purchase of certain tower assets in DRC and Congo B following the Airtel deal if certain conditions are met to enable transfer of ownership of the assets to Helios Towers, Ltd.

Other payables and accruals consist of general operational accruals, accrued capital items, and goods received but not yet invoiced.

Trade and other payables are classified as financial liabilities and measured at amortised cost. These are initially recognised at fair value and subsequently at amortised cost. These are expected to be settled within a year.

The Directors consider the carrying amount of trade payables approximates to their fair value.

20. Loans

	31 December 2018 US$'000	31 December 2017 US$'000
US$ 600 million 9.125% senior notes 2022	602,852	598,354
US$ 100 million term loan facility 2022	25,192	–
Total borrowings	628,044	598,354
Current	17,254	17,254
Non-current	610,790	581,100
	628,044	598,354

On 8 March 2017, HTA Group Limited, a wholly-owned subsidiary of Helios Towers, Ltd, issued US$600 million of 9.125% bonds due 2022 which are listed on the Irish Stock Exchange. Interest is payable semi-annually beginning on 8 September 2017. The bonds are guaranteed on a senior basis by the Company, and certain of the Helios Towers, Ltd subsidiaries. Loans are classified as financial liabilities and measured at amortised cost. On 22 October 2018, HTA Group Ltd, a wholly owned subsidiary of the Group, signed a US$100 million term loan facility agreement. At 31 December 2018, US$25.0 million was drawn, and US$0.2 million of interest accrued. The term loan is a bullet repayment, senior unsecured facility, with an interest rate of LIBOR plus 4.2%. The term loan is guaranteed by the Company.

The current portion of borrowings relates to accrued interest on the bonds, which is payable in March 2019.

Notes to the Financial Statements

For the year ended 31 December 2018 (continued)

21. Lease liabilities

	2018 US$'000	2017 US$'000
Short-term lease liabilities		
Land	18,802	18,828
Buildings	757	1,524
Motor vehicles	–	100
	19,559	20,452

	2018 US$'000	2017 US$'000
Long-term lease liabilities		
Land	97,378	94,088
Buildings	1,342	2,009
	98,720	96,097

The below undiscounted cash flows do not include escalations based on CPI or other indexes which change over time. Renewal options are considered on a case by case basis with judgements around the lease term being based on management's contractual rights and their current intentions.

The total cash paid on leases in the year was US$25.5 million (2017: US$25.8 million).

The profile of the outstanding undiscounted contractual payments fall due as follows:

The Group

	Within 1 year US$'000	2–5 years US$'000	5+ years US$'000	Total US$'000
31 December 2018	19,559	71,640	471,123	562,322
31 December 2017	20,452	72,120	443,261	535,833

22. Uncompleted performance obligations

The table below represent uncompleted performance obligations at the end of the reporting period. This is total revenue which is contractually due to the Group, subject to the performance of the obligation of the Group related to these revenues.

	2018 US$'000	2017 US$'000
Total contracted revenue	3,080,871	3,101,429

Contracted Revenue

The following table provides our total contracted revenue by country under agreements with our customers as of 31 December, 2018 for each of the four years from 2019 to 2022, with local currency amounts converted at the applicable spot rate for US dollars on 31 December, 2018 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 colocations described elsewhere in these financial statements, (iii) our customers do not utilise any cancellation allowances set forth in their MLAs and (iv) our customers do not terminate MLAs early for any reason.

	Year ended 31 December			
(US$'000s)	2019	2020	2021	2022
Tanzania	159,397	159,345	158,969	155,987
DRC	150,145	157,721	157,669	155,846
Congo Brazzaville	22,834	21,875	17,059	16,954
Ghana	37,371	36,714	34,704	30,478
Total	369,747	375,655	368,401	359,265

23. Related party transactions

The Group

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year, the Group companies entered into the following commercial transactions with related parties:

	2018		2017	
	Income from towers US$'000	Purchase of goods US$'000	Income from towers US$'000	Purchase of goods US$'000
Millicom Holding B.V. and subsidiaries	68,070	250	60,182	5,194
Vodacom Group Limited and subsidiaries	–	–	72,167	2,588

	2018		2017	
	Amount owed by US$'000	Amount owed to US$'000	Amount owed by US$'000	Amount owed to US$'000
Millicom Holding B.V. and subsidiaries(i)	7,988	263	7,366	228
Vodacom Group Limited and subsidiaries(ii)	–	–	2,070	–
Helios Towers Africa LLP	2,047	–	–	1,389

(i) Millicom Holding B.V is a shareholder of Helios Towers Africa, Ltd.
(ii) Until October 2017, Vodacom Tanzania Ltd was the non-controlling interest holder in Helios Towers Tanzania Ltd.

During the year, the Group received advisory services from Helios Towers Africa LLP, an entity in which the Group has no economic benefits for which fees of US$15.7 million (2017: US$17.0 million) were incurred.

At the year end, there was a receivable of US$2.0 million (2017: payable of US$1.4 million) from Helios Towers Africa LLP. Amounts outstanding to related parties carry an interest charge ranging from 0% to 15%. Total compensation of key management for 2018 amounted to US$2.5 million (2017: US$3.0 million) which was recharged by Helios Towers Africa LLP.

The Company

	2018 US$'000	2017 US$'000
Amounts receivable from related parties	502,128	482,783
Amounts payable to related parties	46,584	2,082

Other transactions with related parties in the year includes technical and management fee charges for services provided to the subsidiary companies. Amounts receivable from, and payable to, related parties are repayable on demand. Compensation of key management personnel are disclosed in note 7.

Intercontinental Trust Limited is considered as a related party to the Company as it provided company secretary services.

Name of related party	Relationship	Type of transaction	2018 Transactions during the year US$'000	2017 Transactions during the year US$'000	2018 Balance due at year end US$'000	2017 Balance due at year end US$'000
Intercontinental Trust Limited	Company secretary	Fees	44	40	–	–

24. Other gains and losses

The Group

	2018 US$'000	2017 US$'000
Fair value loss/(gain) on derivative financial instruments	16,831	(21,797)
	16,831	(21,797)

Notes to the Financial Statements

For the year ended 31 December 2018 (continued)

25. Financial instruments

Financial instruments held by the Group at fair value had the following effect on profit and loss:

	2018 US$'000	2017 US$'000
Derivative financial assets		
Change in Fair value of derivative financial instruments	16,831	(21,797)

Fair value measurements

The information set out below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. For all other assets and liabilities the carrying value is approximately equal to the fair value. The information set out below provides information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

For those financial instruments measured at fair value, the Group has categorised them into a three level fair value hierarchy based on the priority of the inputs to the valuation technique in accordance with IFRS 13. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. There are no financial instruments which have been categorised as Level 1. There were no transfers between the levels in the year.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings disclosed in notes 20 and 21, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

Gearing ratio

The Group keeps its capital structure under review. The gearing ratio at the year end is as follows:

	2018 US$'000	2017 (Restated IFRS 16) US$'000
Debt (net of issue costs)	746,323	714,903
Cash and cash equivalents	(88,987)	(119,700)
Net debt	657,336	595,203
Equity attributable to the owners	121,705	251,598
	540.1%	236.6%

Debt is defined as long and short-term borrowings, as detailed in notes 20 and 21.

Equity includes all capital and reserves of the Group attributable to equity holders of the parent.

25. Financial instruments (continued)

Externally imposed capital requirements

The Group is not subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Categories of financial instruments

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Financial assets				
Financial assets at amortised cost:				
Cash and cash equivalents	88,987	119,700	4,555	18,314
Trade and other receivables	96,921	100,734	494,477	482,802
Fair value through profit or loss:				
Derivative financial assets	7,086	23,917	–	–
	192,994	244,351	499,032	501,116
Financial liabilities				
Amortised cost:				
Trade and other payables	80,886	95,389	51,562	10,809
Finance lease liabilities	118,279	116,549	–	–
Loans	628,044	598,354	–	–
	827,209	810,292	51,562	10,809

At 31 December 2018, the Group had US$Nil (2017: US$Nil) of cash pledged as collateral for financial liabilities.

Financial risk management objectives and policies

The Group's finance function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. Compliance with policies and exposure limits is reviewed by the Board of Directors regularly. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Key financial risks and exposures are monitored through a monthly report to the Board of Directors, together with an annual Board review of corporate treasury matters. The Group and the Company have exposure to sterling ("GBP") fluctuations, however this is not considered material.

Financial risk

The principal financial risks to which the Group is exposed through its activities are risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. The Group's main currency exposures were to the Ghanaian Cedi ("GHS"), Tanzanian Shilling ("TZS") and Central African Franc ("XAF") through its main operating subsidiaries.

During the year ended 31 December 2018, the Group did not enter into any foreign currency hedging contracts, as management considered foreign exchange risk to be at an acceptable level due to the natural hedge existing in the Group as a result of having both US Dollar, TZS, GHS and XAF denominated revenues and costs, and minimal foreign denominated third party debt levels within the business.

Notes to the Financial Statements

For the year ended 31 December 2018 (continued)

25. Financial instruments (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
New Ghana Cedi	12,732	16,204	21,022	22,540
Tanzanian Shilling	32,785	176,874	63,919	71,887
Central African Franc	4,165	14,314	10,646	20,598
	49,682	207,392	95,587	115,025

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in US Dollar against GHS, XAF and TZS. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where US Dollar weakens 10% against the GHS, XAF or TZS. For a 10% strengthening of US Dollar against the GHS, XAF or TZS, there would be a comparable impact on the profit and other equity.

	Central African Franc impact		New Ghana Cedi impact		Tanzania Shillings impact	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Impact on profit or loss	(648)	(628)	(829)	(634)	(3,113)	10,499

This is mainly attributable to the exposure outstanding on GHS, XAF and TZS receivables and payables in the Group at the reporting date.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk for the Group or the Company as the year-end exposure does not reflect the exposure during the year. The Company is not significantly exposed to foreign currency fluctuations as most of its financial assets and financial liabilities are denominated in its functional currency.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and other information provided by the counterparty (where appropriate) to rate its major customers. As of 31 December 2018, the Group has a concentration risk with regards to four of its largest customers and its related parties and the Company has a concentration risk with regards to the receivable balances with related parties. The Group's exposure and the credit ratings of its counterparties and related parties are continuously monitored and the aggregate value of credit risk within the business is spread amongst a number of approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management. The carrying amount of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's and the Company's exposure to credit risk.

The Group uses the IFRS 9 ECL model to measure loss allowances at an amount equal to their lifetime expected credit loss.

In order to minimise credit risk, the Group has categorise exposures according to their degree of risk of default. The credit rating information is based on a range of qualitative and quantitative factors that are deemed to be indicative of risk of default, and range from 1 (lowest risk of irrecoverability) to 5 (greatest risk of irrecoverability). Loss allowances for trade receivables from related parties held by the Company are deemed immaterial.

The below table shows the Group's trade and other receivable balance and associated loss allowances in each Group credit rating category.

		Group 31 December 2018		
Group Rating	Risk of impairment	Gross exposure US$'000	Loss allowance US$'000	Net exposure US$'000
1	Remote risk	52,493	(225)	52,268
2	Low risk	20,610	(898)	19,712
3	Medium risk	3,851	(631)	3,220
4	High risk	903	(582)	321
5	Impaired	4,208	(4,208)	–
Total		82,065	(6,544)	75,521

25. Financial instruments (continued)

Liquidity risk management

The Group has long-term debt financing through Senior Loan notes of US$600 million due for repayment in March 2022. The Group has a revolving credit facility of US$60 million for funding working capital requirements. As at 31 December 2018 and 31 December 2017 the facility was undrawn and is available until March 2021. The Group has remained compliant during the year to 31 December 2018 with all the covenants contained in the Senior Credit facility. In October 2018, HTA Group Ltd, a wholly owned subsidiary of the Group, signed a US$100 million term loan agreement. As at 31 December, 2018 US$25 million was drawn.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and continuously monitoring forecast and actual cash flows including consideration of appropriate sensitivities.

Non-derivative financial liabilities

The following tables detail the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes principal cash flows.

The Group

	Within 1 year US$'000	1-2 years US$'000	2-5 years US$'000	5+ years US$'000	Total US$'000
31 December 2018					
Non-interest bearing	152,569	–	–	–	152,569
Fixed interest rate instruments	–	–	–	610,790	610,790
	152,569	–	–	610,790	763,359
31 December 2017					
Non-interest bearing	147,324	–	–	–	147,324
Fixed interest rate instruments	–	–	–	598,354	598,354
	147,324	–	–	598,354	745,678

The Company

	Within 1 year US$'000	Total US$'000
31 December 2018		
Non-interest bearing	51,562	51,562
31 December 2017		
Non-interest bearing	10,809	10,809

The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Non-derivative financial assets

The following table details the Group's and the Company's expected maturity for other non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets except where the Group and the Company anticipates that the cash flow will occur in a different period.

The Group

	Within 1 year US$'000	1-2 years US$'000	2-5 years US$'000	5+ years US$'000	Total US$'000
31 December 2018					
Non-interest bearing	185,908	–	–	–	185,908
Fixed interest rate instruments	–	–	–	–	–
	185,908	–	–	–	185,908
31 December 2017					
Non-interest bearing	220,434	–	–	–	220,434
Fixed interest rate instruments	–	–	–	–	–
	220,434	–	–	–	220,434

Notes to the Financial Statements

For the year ended 31 December 2018 (continued)

25. Financial instruments (continued)

The Company

	Within 1 year US$'000	Total US$'000
31 December 2018		
Non-interest bearing	506,709	506,709
31 December 2017		
Non-interest bearing	500,628	500,628

Derivative financial instruments assets:
The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

The derivatives represent the fair value of the put and call options embedded within the terms of the notes. The call options give the Group the right to redeem the bond instruments at a date prior to the maturity date (8 March 2022), in certain circumstances and at a premium over the initial notional amount.

The put option provides the holders with the right (and the Group with an obligation) to settle the notes before their redemption date in the event of a change in control (as defined in the terms of the notes, which also includes a major asset sale), and at a premium over the initial notional amount. The options are fair valued using an option pricing model that is commonly used by market participants to value such options and makes the maximum use of market inputs, relying as little as possible on the entity's specific inputs and making reference to the fair value of similar instruments in the market. Thus, it is considered a Level 3 financial instrument in the fair value hierarchy of IFRS 13.

The key assumptions in determining the fair value are, the initial fair value of the bond (assumed to be priced at 100% on issue date), the credit spread (derived using Bloomberg analytics at issuance and based on credit market data thereafter), the yield curve and the probabilities of a change in control (0% assumed) and a major asset sale (0% assumed). The probabilities relating to change of control and major asset sale represent a reasonable expectation of those events occurring that would be held by a market participant.

The Group

	Within 1 year US$'000	1–2 years US$'000	2–5 years US$'000	5+ years US$'000	Total US$'000
31 December 2018					
Net settled:					
Embedded derivatives	–	–	(7,086)	–	(7,086)
	–	–	(7,086)	–	(7,086)
31 December 2017					
Net settled:					
Embedded derivatives	–	–	(23,917)	–	(23,917)
	–	–	(23,917)	–	(23,917)

Interest rate risk management
The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in notes 20 and 21.

The Company is not exposed to interest rate variations as its financial assets and financial liabilities are non-interest bearing.

26. Contingencies

In the year ended 31 December 2015, the Democratic Republic of Congo's National Tax Services issued an assessment against the Group for the financial years ended 31 December 2014 and 31 December 2015 of approximately US$3.4 million including interest and penalties. Also, in the year ended 31 December 2016, the Ghana Revenue Authority issued an assessment against the Company for the financial years ended 31 December 2010 to 31 December 2012 of approximately US$1.0 million for unpaid direct and indirect taxes.

The Directors have appealed against these assessments and together with their advisors are in discussion with the tax authorities to bring the matters to conclusions based on the facts.

The Directors, having taken advice as appropriate, believe that there is no merit to these assessments and accordingly will defend their position vigorously and do not believe there will be a material impact to the Group.

The Group did not make a provision in respect of these matters for the year ended 31 December 2018 or 31 December 2017.

27. Net debt

	2018 US$'000	2017 US$'000
External debt	(628,044)	(596,418)
Lease liabilities	(118,279)	(116,549)
Derivative financial instruments	–	(1,936)
Net cash and cash equivalents	88,987	119,700
Net debt	(657,336)	(595,203)

The movement in net debt is as follows:

2018	At 1 January 2018 US$'000	Cash flows US$'000	Other(1) US$'000	At 31 December 2018 US$'000
Net cash and cash equivalents	119,700	(29,548)	(1,165)	88,987
External debt	(596,418)	(25,000)	(6,626)	(628,044)
Lease liabilities	(116,549)	10,422	(12,152)	(118,279)
Derivative financial instruments	(1,936)	–	1,936	–
	(714,903)	(14,578)	(16,842)	(746,323)
Net debt	(595,203)	(44,126)	(18,007)	(657,336)

2017	At 1 January 2017 US$'000	Cash flows US$'000	Other US$'000	At 31 December 2017 US$'000
Net cash and cash equivalents	133,737	(14,173)	136	119,700
External debt	(401,149)	(167,938)	(27,331)	(596,418)
Lease liabilities	(111,045)	11,675	(17,179)	(116,549)
Derivative financial instruments	–	–	(1,936)	(1,936)
	(512,194)	(156,263)	(46,446)	(714,903)
Net debt	(378,457)	(170,436)	(46,310)	(595,203)

(1) Other includes foreign exchange and interest movements.

External debt is the total debt owed to commercial banks and institutional investors.

28. Subsequent events

In January 2019, the Group entered a shareholder agreement with Vulatel (Pty) Ltd to form a new legal entity named Helios Towers South Africa Holdings (Pty) Ltd. The Group will hold 66% of the share capital of this entity, with Vulatel retaining the remaining 34%. The Group has also signed a sale and purchase agreement ("SPA") with SA Towers (Pty) Ltd ("SA Towers") for Helios Towers South Africa Holdings (Pty) Ltd to acquire 89.5% of the share capital of a newly incorporated subsidiary of SA Towers, named SA Towers NewCo (Pty) Ltd. In the short to medium term consideration for these transactions is expected to be up to US$70 million. The Group will control both of these entities and as such, following completion of the transactions, their results will be consolidated into the Group in accordance with the Basis of Consolidation set out on page 67.

Appendix 1

Name of subsidiaries	Registered office address
HTA Holdings, Ltd	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
HTA Group, Ltd	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
HTA (UK) Partner Ltd	5 Merchant Square, 10th Floor, London, W2 1AS
HT Congo Brazzaville Holdco Limited	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
Helios Towers Congo Brazzaville SASU	100 ter, Boulevard Marechal Lyautey, Brazzaville, Republic of Congo
Helios Towers DRC SARL	1st Floor, Tower LE 130, 130B, Avenue Kwango, Kinshasa, Gombe, DRC
HT DRC Infraco SARL	1st Floor, Tower LE 130, 130B, Avenue Kwango, Kinshasa, Gombe, DRC
Helios Towers Tanzania Limited	Ground Floor, Peninsula House, Plot No. 251 Toure Drive, P.O. Box 105297, Oysterbay, Dar Es Salaam, Tanzania
HTT Infraco Limited	Ground Floor, Peninsula House, Plot No. 251 Toure Drive, P.O. Box 105297, Oysterbay, Dar Es Salaam, Tanzania
HT Chad SARLU	Quartier Chagoua, Avenue du 10 Octobre, BP 6572, N'djamena, Chad
Helios Chad Holdoco Limited	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
HTA Equity GP Ltd	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
HT Gabon Holdco Limited	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
Helios Towers Ghana Limited	No.31, Akosombo Road, Airport Residential Area, Private Mail Bag CT 409, Cantonments, Accra, Ghana
HTG Managed Services Limited	No.31, Akosombo Road, Airport Residential Area, Private Mail Bag CT 409, Cantonments, Accra, Ghana
Towers NL Coöperatief U.A.	Prins Bernhardplein 200, 1097JB Amsterdam
McTam International 1 B.V.	Oslo 1, 2993LD Barendrecht
McRory Investment B.V.	Oslo 1, 2993LD Barendrecht

Officers and professional advisors

Directors
Anja Blumert
Carlos Reyes Lopez (appointed 17 May 2018)
Colin Curvey (resigned 2 May 2018)
David Karol Wassong
Joshua Ho-Walker (appointed 31 January 2019)
Kash Pandya
Nelson Oliveira
Richard Byrne
Simon David Pitcher
Simon Hillard Poole
Temitope Olugbeminiyi Lawani
Umberto Pisoni (appointed 9 July 2018)
Vishma Dharshini Boyjonauth
Waldemar Rafal Szlezak (resigned 31 January 2019)
Xavier Charles Rocoplan

Registered office
Level 3
Alexander House
35 Cybercity
Ebene
Mauritius

Company secretary
Intercontinental Trust Limited
Level 3
Alexander House
35 Cybercity
Ebene
Mauritius

Banker
Barclays Bank Plc
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19-21 Bank Street
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Notes

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