2020
Driving the growth of communications in Africa
Helios Towers plc
Annual Report and Financial Statements
helios towers

Who we are

Helios Towers is a leading independent telecoms tower company in Africa, serving the continent's major mobile network operators.

We operate today in five high-growth markets: Tanzania, Democratic Republic of Congo, Congo Brazzaville, Ghana and South Africa. We expect to begin operating in Senegal in H1 2021, and aim to continue expanding our service offering to other markets in the future.

We have a strong position in all of our markets, and are the market leader and sole independent telecoms tower company in Tanzania, DRC and Congo Brazzaville.

Our vision

We aim to be the leading telecoms infrastructure company in Africa.

Our purpose

Our purpose is to drive the growth of communications in Africa.

We play a pivotal role in enabling connectivity and contributing to social and economic development in our markets.

Our values

Central to everything we do are the Company's core values of:

- **Integrity**, always striving to do the right thing.
- **Partnership** with all our stakeholders, based on mutual respect and benefiting from each other.
- **Excellence**, and our constant goal to be the best we can be.

Our strategic pillars

Our Sustainable Business Strategy is distilled into three interdependent pillars. KPIs linked to strategic targets within our Sustainable Business Strategy have been indicated throughout this report using the symbols below:

Business excellence and efficiency

Network access and sustainable development

Empowered people and partnerships

For more information go to **pages 4-5**

2020 highlights

Group financial and strategic KPIs

Revenue (US$m)

+7%

Year	Revenue (US$m)
2020	**414.0**
2019	387.8
2018	356.0

Adjusted EBITDA^Δ (US$m)

+10%

Year	Adjusted EBITDA (US$m)
2020	**226.6**
2019	205.2
2018	177.6

Δ Alternative Performance Measures are defined in the Alternative Performance Measures section of the Annual Report on pages 49-51.

Operating profit/(loss) (US$m)

+$61m

Year	Operating profit/(loss) (US$m)
2020	**56.3**
2019	(4.5)
2018	3.3

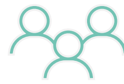
Adjusted EBITDA margin^Δ (%)

+1.8ppt

Year	Adjusted EBITDA margin (%)
2020	**54.7**
2019	52.9
2018	49.9

Sites

+5%



Year	Sites
2020	**7,356**
2019	6,974
2018	6,745

Tenancies

+7%

Year	Tenancies
2020	**15,656**
2019	14,591
2018	13,549

Tenancy ratio

+0.04x

Year	Tenancy ratio
2020	**2.13x**
2019	2.09x
2018	2.01x

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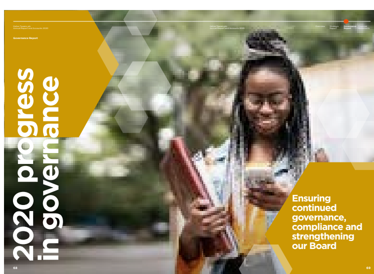

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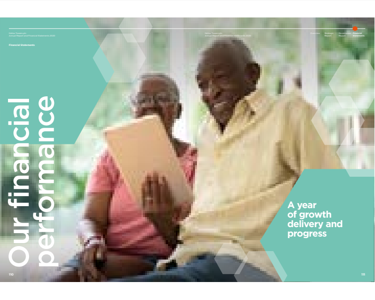

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Overview

At a glance

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

These tenants are typically large mobile network operators (MNOs) and other telecommunications providers who in turn provide wireless voice and data services to consumers and businesses. Our customer base includes all of Africa's 'Big-Five'[1] MNOs and other large multinational operators and high-growth challengers.

Our infrastructure sharing model, supported by our deep expertise in tower construction, management and power, enables MNOs to roll out coverage and services more quickly and cost-effectively. In turn, this is driving the expansion of mobile services in Africa. Our colocation model reduces the need for duplicate infrastructure and therefore has a positive environmental impact.

We offer comprehensive tower-related operational services, including site selection, site preparation, maintenance, security and power management. We provide space on our tower sites under master lease agreements (MLAs) or master tower services agreements (MTSAs).

This tower space hosts an operator's active equipment, such as antenna. Our contracts are long in tenure, typically lasting 10-15 years, which underpins our business and its future growth. We also enter into ground lease agreements with property owners to host our sites on their land.

We operate in some of the world's fastest-growing economies. The MNOs' customer bases are expanding rapidly, driven by young, urbanising, growing populations in a continent that has only minimal fixed line telephony.

Mobile is a catalyst for Africa's social and economic development, and is a gateway to global knowledge, culture and connection. Helios Towers plays a central role in driving further growth in mobile and connectivity.

(1) Africa's Big-Five' MNOs are Airtel, Tigo, MTN, Vodacom/Vodafone and Orange.

Our assets

Sites
7,356
2019: 6,974

Tenancies
15,656
2019: 14,591

Tenancy ratio
2.13x
2019: 2.09x

Average remaining contract life
6.8 years

Contracted revenues
$2,843m

Africa's Big-Five MNOs
$2,325m
- Airtel
- Vodacom/Vodafone
- Tigo
- MTN
- Orange

Africa's high-growth challengers
$486m
- Viettel
- Africell

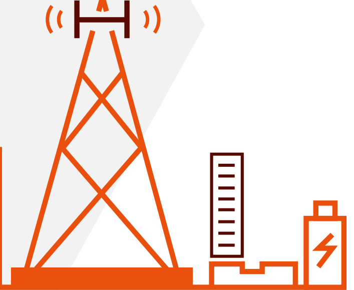
Other operators
$32m
- c.35 operators

What we do

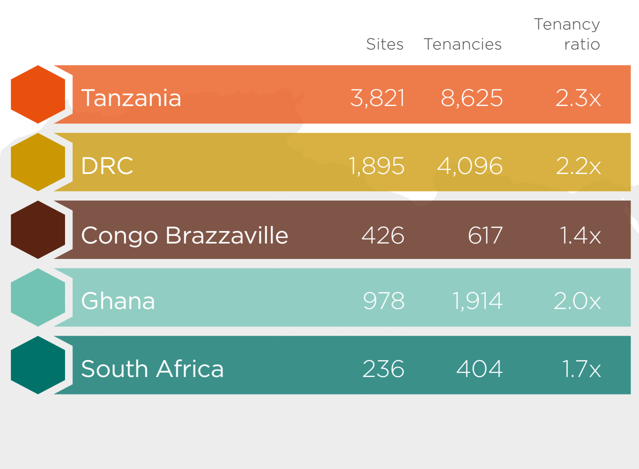
1 Acquire and build towers

We grow our tower portfolio through acquisitions, and organically through build-to-suit ('BTS') sites
- Our BTS model is entirely demand driven
- We only construct towers after a contracted anchor order from an MNO

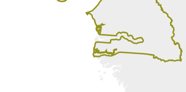
2 Initial customer: anchor tenant



The anchor tenant places their active equipment onto the HT tower
- This anchor tenant owns the active equipment and outdoor cabinet
- HT owns and maintains all the passive infrastructure and power systems



	Sites	Tenancies	Tenancy ratio
Tanzania	3,821	8,625	2.3x
DRC	1,895	4,096	2.2x
Congo Brazzaville	426	617	1.4x
Ghana	978	1,914	2.0x
South Africa	236	404	1.7x



Market leader

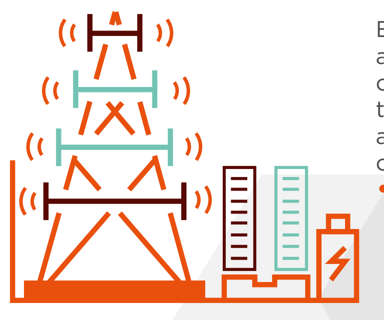
Senegal (anticipated closing H1 2021). This reflects the acquired portfolio of Free Senegal.
Sites: 1,220
Tenancies: 1,275
Tenancy Ratio: 1.0x

3 Additional customers: standard colocation tenants

Additional tenants add their active equipment onto the HT tower, sharing the tower space with the anchor tenant

- Colocations are central to our business model
- Colocations drive earnings growth with minimal additional opex or capex

4 Additional equipment: amendment colocation tenants



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

- Additional revenues are generated from the increased space and/or power requirements of additional equipment

Building a sustainable business

We provide sustainable solutions for people in our markets across Africa to access the life-enhancing benefits of mobile communications. Through our sustainable business model and strategy, we are driving our long-term growth in a manner that continues to support the development of societies and economies.

Mobile communications sit at the heart of the world's sustainable future. The mobile industry is unique in that it makes a contribution towards all 17 of the UN Sustainable Development Goals[1] (SDGs).

In a continent such as Africa, where there is minimal fixed line telephony, mobile is a key enabler: it helps to improve welfare and empower businesses, while connecting millions to opportunity, food, healthcare, finance, news, culture and entertainment.

Helios Towers is playing a pivotal role in this development. Through our business model, we promote infrastructure-sharing by hosting the equipment of multiple network operators on our tower sites. This allows them to focus their investments on their core business in active telecommunications equipment and services, to expand their coverage more quickly, and to benefit from improvements in network reliability. At the same time, operators also significantly reduce their environmental footprint.

(1) GSMA: 2020 Mobile Industry Impact Report: Sustainable Development Goals

Our Sustainable Business Strategy

Our positive impact is already considerable: our towers create a footprint for mobile coverage for over 109 million people, and our business operations are focused on developing markets. In our operating companies ('opcos'), 100% of our opco employees are African and 98% are local nationals. We also indirectly support employment for almost 9,000 local partners and contractors who build, maintain and secure our sites.

However, we want to do more. We have therefore refined our existing strategic approach into an integrated Sustainable Business Strategy that reflects our economic, environmental and social impacts. To develop this, we undertook a materiality assessment to identify and prioritise the issues that are most important to our stakeholders and our business.

We believe the strategy will enable long-term business success in an ever-more sustainable way and support our contribution to the UN SDGs.

This strategy retains our business purpose at its core: to drive the growth of communications in Africa, and builds upon our values of Integrity, Partnership, and Excellence. In order to drive this purpose, our strategy is distilled into three interdependent pillars:

Business excellence and efficiency

- Innovating for our customers' needs
- Maximising power uptime to support delivery of a continuous network service
- Minimising our environmental impact through the promotion of shared infrastructure

Network access and sustainable development

- Growing our business and helping more people to connect to a mobile network
- Supporting our communities through bespoke local initiatives

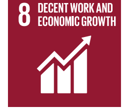
Empowered people and partnerships

- Promoting a diverse team enabling local leadership
- Keeping our partners safe, and supporting them to reach their full potential
- Working alongside our suppliers and partners to achieve the highest ethical, social and environmental standards

For our 2020 progress against each of these pillars, go to **pages 20-35** and our separate **Sustainable Business Report**

Supporting the SDGs

Helios Towers is committed to providing reliable infrastructure and enabling mobile connectivity to contribute to the SDGs. We believe we make the greatest positive contribution to SDGs 8 and 9.



SDG 8 Decent Work and Economic Growth

SDG 9 Industry, Innovation and Infrastructure

We also support:

Our strategic pillars

For more information go to
Strategic progress pages 22-25

For more information go to
Strategic progress pages 26-29

Foundation of robust governance and culture

Business excellence and efficiency

Resilience, continuity and innovation for long-term business performance and growth

Network access and sustainable development

Increasing connectivity to improve livelihoods and strengthen economies

OUR PURPOSE
Drive the growth of communications in Africa

Partnership
Excellence
Integrity

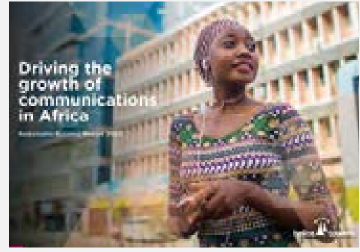
Empowered people and partnerships

Building a network for shared success, with safety as a priority for all

Foundation of robust governance and culture

For more information go to
Strategic progress pages 30-33

For more information on how we contribute to the SDGs, go to our
Supporting the SDGs presentation



For more information go to our
Sustainable Business Report

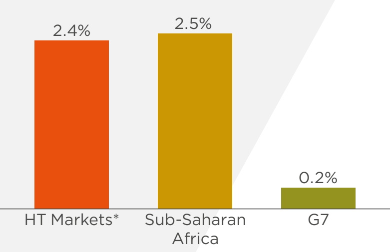
Overview

Investment proposition

1 Macro growth drivers and existing supply gap amplifying long-term demand growth*

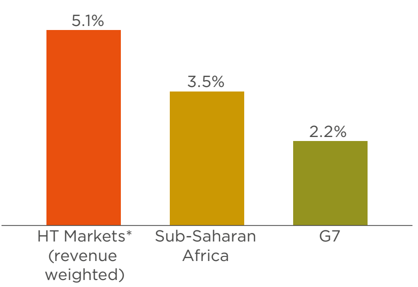
- Africa's sustained population and GDP growth are powering its mobile markets and, in turn, demand for HT's services.
- The UN forecasts +41 million population growth from 2020-2026. Africa's vast geography and minimal fixed line telephony make mobile infrastructure critical to socio-economic development. Helios Towers is well positioned to support continued and growing demand for mobile services.
- Independent forecasts[4] estimate 56 million new mobile subscriptions (2020 to 2026) in our markets. This is driven by a young and urbanising population, mobile-dominated internet access and digital economies.
- Independent estimates suggest this will necessitate 24,000 new points of service (PoS) – each being a potential new tenancy for HT.
- A growing trend of asset divestiture from MNOs represents an opportunity set of c.162,000 towers across the continent.
- For more information, please see our Market overview on pages 16-17.

Population growth[1] (%) (2020 – 2026E CAGR)



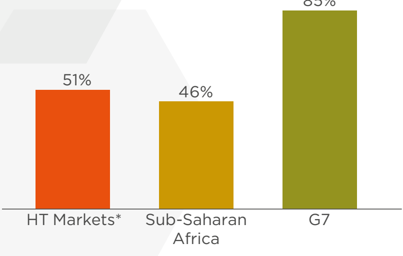
(1) Source: United Nations, World Population Prospects, June 2019

Strong GDP growth[2] (%) (2020 – 2026E CAGR)



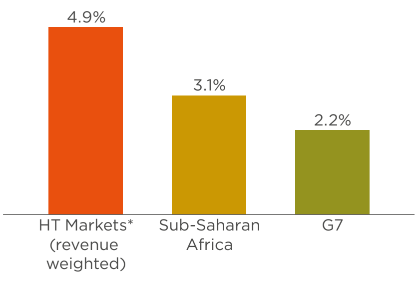
(2) Source: Fitch Database, accessed March 2021

Mobile penetration[3] (%) (2020)



(3) Source: GSMA Database, accessed February 2021

Mobile subscription growth[4] (%) (2020-2026E)



(4) Source: Hardiman report, March 2021 (HT Markets), Fitch Database (SSA and G7), accessed March 2021

* Statistics and growth forecasts presented in this section include Senegal, which HT is anticipated to enter in H1 2021.

2 Deep expertise and leading operator status in high-growth markets

- HT is the market leader and sole independent player in Tanzania, DRC and Congo Brazzaville, and will also be the sole independent operator in Senegal following the closing of our acquisition in H1 2021.
- HT has a deep skillset in tower and power management, an essential competency in our markets, with business excellence embedded in our platform. This enhances site performance, driving margin uplift.
- HT works with many of Africa's largest MNOs, both national and international players, and is recognised by our customers as a leader in service delivery and operational performance.
- Supply chain optimisation is driving efficiencies across the business ('One Team, One Business') and mitigating disruption, even in times of global crisis.
- Capex savings are achieved through our established and long-term relationships with strategic suppliers.

Tower uptime achieved

99.98%

uptime of our towers through 2020

Combined years of management experience

> 100 years

across the executive management team

Sole independent tower company

3/5 markets

3 A robust model building sustainable profitable growth

- HT provides a full suite of tower services from site construction and maintenance to power management and security.
- Opportunities for both organic and inorganic growth:
  - Acquire tower portfolios from MNOs, gaining scale and maximising opportunities for infrastructure sharing.
  - Custom build new tower assets for MNOs (BTS).
- Strong organic and inorganic growth opportunity is underpinned by our robust operating model and strong contracts, yielding long-term contracted revenues.
- Long-term revenue visibility: our contracts are long-term in nature, typically with an initial contract term of 10-15 years.
- HT has c.US$2.8 billion contracted future revenue, with 6.8 years of average remaining life.
- Our contracts protect against adverse variations in power prices and currency depreciation.
- HT has a natural hedge against currency fluctuations through operating in markets with high dollarisation or currency pegs and contract structuring in markets where there are floating currencies.
- We implement sustainable lease rates resulting in stable and visible cash flows, with a diversified customer base.
- High-quality counterparties: HT works with most of Africa's largest national and multinational MNOs, providing creditworthy counterparties to our contracts and reducing our contractual default risk.
- Our business model is inherently sustainable: we deliver cost benefits for our customers whilst reducing the negative environmental impact.
- We identify opportunities to expand into ancillary services including fibre backhaul and data centre services for potential rollout across the Group.
- By enabling infrastructure sharing, we reduce the required raw materials, power supply, and maintenance visits of duplicate infrastructure.
- For more information on our Sustainable Business Strategy, go to pages 4-5, and our separate Sustainable Business Report.

Contracted revenues

US$2.8bn

% 2020 Adjusted EBITDA$^{\Delta}$ in USD/EUR pegged currencies

65%

% of 2020 revenues from Africa's Big-Five MNOs

87%

4 Well capitalised, with significant funding capacity

- Following our successful IPO in 2019, we returned to the capital markets in 2020, successfully completing:
  - US$750m bond refinancing, with a 2.125 ppt reduction in cost of debt to 7.0%.
  - US$225m bond tap, priced at 106.25, with an effective yield of 5.6% (YTM).
- HT is well capitalised, with US$429m in cash on balance sheet and additional available liquidity to support future inorganic growth.
- Reduced cost of debt and optionality on future funding and financing options provide flexibility to support long-term growth initiatives.

Net leverage$^{\Delta}$

2.9x

below our target range of 3.5x-4.5x

5 Sustainable value for all stakeholders

- Our Sustainable Business Strategy is framed to maximise value for all our stakeholders and shareholders, true to our values.
- Our strategy seeks to drive sustainable, profitable long-term growth in a way that is fair and mutually beneficial for all stakeholders, from investors and employees, to customers and local communities, in a socially and environmentally responsible manner.
- In the medium term, Helios Towers is looking forward to the potential development of a sustainable dividend distribution policy.

Overview

Chair's statement

Sir Samuel Jonah
KBE, OSG
Chair

Connecting communities, lives and futures

We develop local talent to become the future leaders of our business

Sir Samuel Jonah, KBE, OSG | Chair

I write this from my home country of Ghana, which also happens to be where Helios Towers launched its first operations. That was in 2010, and during the decade that followed I watched this African success story unfold while on the Board of a mobile network operator, Vodafone.

Today, I have the pleasure of reviewing the Company's progress from within, having completed my first full year as Chair of Helios Towers plc.

This has been our first full year as a public company, in which we have expanded our tower network in existing markets, scaled new heights of operational excellence and executed on our growth strategy through meaningful M&A activity. In August we announced the signing of a transaction to enter our sixth market, Senegal, taking a significant step towards our 2025 target of operating in eight or more markets. Internally, we also enhanced our governance structure and published our Sustainable Business Strategy, which will drive our inclusive and sustainable growth into the future.

I have been impressed with our response to Covid-19; despite this backdrop, we have achieved significant records in operational performance. It has been a humbling experience to watch the pandemic's effects on communities and businesses, and it makes me particularly proud of the vital role we play as an independent tower company. Mobile communication is a vital resource in keeping people connected: this is especially the case this year, and especially in Africa, where fixed line telephony is minimal. Importantly, our infrastructure-sharing model enables mobile operators to expand their networks more rapidly and cost effectively than they could achieve themselves. The positive impacts are immediate: at a stroke, a village school can now bring in the world's knowledge online; farmers can secure market prices for their crops; and households can access financial services for the first time, a benefit strongly linked to improved welfare.

Above all, and in a very challenging year, more and more people have been able to come together, keep informed and engaged through digital media, and stay connected to families, friends and colleagues through voice and video calling. We're helping to make that happen.

Meeting our opcos

We too have relied heavily on video conferencing through 2020. Fortunately, early in the year I also had the pleasure of visiting our teams in four of our five markets. It was a reminder that there is no substitute for personal interaction, to listen, learn and better understand the nuances of each market. In every case I have been impressed by the clear purpose of the leadership and the commitment of our people.

We continue to serve our communities with what I believe is a key point of difference from our competitors: 100% of our opcos' leaders and workforce are African-born and are, by definition, totally attuned to our culture, traditions and people.

I have also been struck by the positive reception to our Sustainable Business Strategy, launched in November. Whilst sustainability has always been at the core of our business model, we have now refined our long-term strategy to amplify our positive environmental and social contributions to all our stakeholders and the communities in which we operate.

Governance: a broader Board

Following our listing on the London Stock Exchange in 2019, this year we continued to strengthen the Board's composition by welcoming Sally Ashford and Carole Wamuyu Wainaina to the team. Manjit Dhillon also joins the Board, effective from 1 January 2021, following his appointment as CFO, announced in December 2020.

The current Board gives us a stronger and more diverse mix of genders and ethnicities. This, together with an appropriate balance of Non-Executive Directors, and the appointment of Sally as a representative of our employees, makes us fully compliant with the UK Corporate Governance Code guidelines for Board composition and representation. As importantly, we now have individuals around our table with deep skills gained in the fields of towerco operation, mobile communications, HR and workforce engagement, and finance and business leadership.

I'm delighted that we have attracted a Board of such calibre.

Section 172

We believe our strategy and actions reflect the requirements and spirit of Section 172 with the information we offer you in the Strategic Report on pages 57-58. This includes our commitment to our workforce, customers, suppliers, investors, communities and the environment, and to operating both sustainably and with integrity.

Outlook

We continue to monitor vigilantly the ongoing Covid-19 situation across all our markets, and keep in place appropriate working from home protocols and enhanced health and safety measures for all our employees and partners.

We have entered 2021 further maintaining our high levels of operational performance across the Group, and expanding our business inorganically. In H1 2021, we start with Senegal. It is a country I know well: it has a thriving economy and a diverse and growing population. We arrive at a time when we can play a key role in the country's development, connecting more people and reducing the environmental burden caused by single operator infrastructure.

I believe we can look forward to continuing to expand mobile telephony on the African continent. Africa's growing population, low mobile penetration, increasing urbanisation, and a data-hungry, younger generation continue to drive demand for connectivity and mobile across the continent. We stand ready to play our part.

Sir Samuel Jonah, KBE, OSG | Chair

Chief Executive Officer's statement

Kash Pandya
CEO

Strong delivery, record service, continuous growth

We successfully executed on our operational and financial targets, and delivered growth for our business and for our stakeholders.

Kash Pandya | CEO

In a testing year for the world, I am proud that we continued to enable communications for communities, reliability for customers, and growth for our stakeholders.

We take away many strong successes from 2020: the resilience of our business model, the agility of our people, and the affirmation that our business purpose – to drive the growth of communications in Africa – has never been so important.

When Covid-19 first emerged early in the year, our immediate priority was to safeguard our people and all the partners we work with. What swiftly became clear is that, in times of crisis, dependable mobile communications are critical to distribute information and keep communities and families together.

Not only did our local teams adjust superbly to new safety protocols, they managed this whilst delivering excellent levels of customer service. Indeed, we finished the year recording our third consecutive quarter of over 99.99% power uptime, a record level for the Group. In 2020, our average downtime per tower was 1m 32s, a 10% improvement on 2019 levels, and a 93% improvement on 2015 performance, when we first established our business excellence programme. This programme continues to drive efficiencies, and supports higher sustainability standards by reducing emissions-per-site.

On top of operational excellence, we also achieved new financial records. We delivered Adjusted EBITDA growth of 10% in 2020 and expanded Adjusted EBITDA margins to a record 55%, reaching our medium-term guidance range for the first time. We are pleased to have delivered results in line with the guidance we set out during our IPO in October 2019, against the backdrop of Covid-19. This highlights the strength of our business model and the operational excellence embedded throughout the Company.

Two further highlights gave us great satisfaction. Firstly, after the success of our IPO, we returned to the capital markets in 2020, effectively reopening the African bond markets after the global lockdown. In June, we were the first African company to raise debt capital since the onset of Covid-19 in early 2020, and were delighted to receive strong support, raising close to US$1 billion. This support was further demonstrated by our US$225 million bond tap in September. Importantly, we are now well capitalised to capture many of the growth opportunities within our robust M&A pipeline.

Secondly, in 2020 we signed a key acquisition for 1,220 towers from the MNO Free Senegal. This takes us into our sixth market, and represents a significant milestone towards our 2025 strategic growth targets of 12,000 or more towers in eight or more markets. We anticipate this transaction will close in H1 2021.

2020 performance overview

Helios Towers had another strong year of financial performance in 2020, with revenue growth of 7% to US$414 million and Adjusted EBITDA growth of 10% to US$227 million. We also achieved record operating profit of US$56 million, which reflects meaningful growth from an operating loss of US$5 million in 2019.

The African opportunity

With each passing year, Africa's growth and development reinforces our conviction that there is material room for us to grow and support the expansion of this continent.

In this endeavour we are welcomed by communities and customers, who understand the social and economic value of new infrastructure. MNOs also see the clear commercial logic of releasing capital and reducing maintenance obligations by sharing our towers, rather than owning their own.

We are experts in managing their equipment, powering it reliably in even the most remote locations, and delivering efficiencies that cannot readily be achieved independently. Removing duplicate infrastructure through enabling colocation of equipment also delivers major environmental benefits: one tower on the landscape, and with that, less equipment to power and maintain.

There is still substantial growth potential for telephony in Africa. Penetration of mobile is growing rapidly, and Sub-Saharan Africa will have more than 150 million new subscribers by 2025[(1)]. Meanwhile, many of the more remote areas of Africa are still not connected to network infrastructure, meaning that there are millions of potential new mobile users, and square miles, still to be served.

There is also a significant inorganic growth opportunity. Currently, only 29% of towers are owned by independent operators across Africa, compared to 70% globally. As mobile matures and grows, we see this transfer in tower ownership continuing in Africa also, and Helios Towers is well-positioned, with its track record of acquisition integration and leading power performance levels.

Our new sustainable strategy

Our core business of tower sharing is inherently sustainable: we minimise wasteful duplication and reduce environmental burden, whilst creating high-quality local employment. At the same time we play a significant role in advancing African mobile telecoms services, improving lives and livelihoods and driving economic growth. Our business is operated by a dynamic and diverse team who prioritise the environmental and social good that we deliver through our core operations.

In 2020, we refined our existing business strategy into an integrated Sustainable Business Strategy, which includes specific ESG KPIs and targets. These will drive long-term sustainable growth and support our commitment to the United Nations' SDGs.

(1) GSMA: The Mobile Economy 2020

Strategic Report

Chief Executive Officer's statement continued

Sites

+5%

2020: 7,356
2019: 6,974

Tenancy ratio

+0.04x

2020: 2.13x
2019: 2.09x

The result is our Sustainable Business Strategy, centred on three pillars that guide everything we do: Business excellence and efficiency, Network access and sustainable development, and Empowered people and partnerships. We introduce these on pages 4-5.

Alongside this Annual Report, we have also published our first Sustainable Business Report, providing more detail on our approach and our material issues.

Expansion into Senegal and beyond

As we focus on a sustainable growth trajectory, our business development team has never been busier. We are currently actively investigating opportunities representing an aggregated pipeline of over 10,000 towers. Our medium-term target is to expand our operations to over eight markets, operating over 12,000 towers, by 2025. Given the multiple opportunities under consideration, we may achieve this sooner than originally targeted.

An important step towards that goal was the acquisition agreement with the MNO Free Senegal. This acquisition secures our entry into our sixth market, Senegal, with a portfolio of 1,220 towers on day-one and 400 committed BTS over the next five years.

Alongside a requirement to meet our disciplined return thresholds, we have a criteria checklist for expansion into any new market. This includes: high population and subscriber growth; a preferred minimum of three existing MNOs, each with competitive market share; and stable or pegged currencies.

This acquisition satisfies all our criteria. We look forward to entering this market, driving colocation lease-up on the assets and delivering leading power uptime for our customers.

2020: Strong organic growth and sustained structural demand

We saw strong performance within our five existing markets in 2020:

- **Tanzania** recorded revenue growth of 3% and Adjusted EBITDA growth of 9%, driven by strong tenancy additions and operating savings initiatives, including expanding grid connections. The government is focused on improving rural telecommunications infrastructure and greater grid availability, from which Helios Towers stands to benefit.
- **DRC** recorded strong revenue growth of 10% and Adjusted EBITDA growth of 17%. Like the country itself (which is Africa's second largest, and the size of Western Europe), scope for growth here is vast. Independent forecasts project PoS growth at an 11% CAGR between 2020-2026.
- **Ghana** recorded 7% revenue growth and 16% Adjusted EBITDA growth. Our most competitive market continues to deliver uninterrupted growth, with Adjusted EBITDA growing fivefold since 2015, reflecting a 39% CAGR.
- **Congo Brazzaville** recorded 3% revenue growth and a 7% decline in Adjusted EBITDA, driven by the introduction of a licence fee at 3% revenues in 2020. Site growth was a record 11% in 2020, and we expect to see Adjusted EBITDA growth through 2021 as we add colocations on these assets.
- **South Africa** experienced some of the most extensive Covid-19 lockdowns in Africa, yet we were still able to add 118 sites and 196 tenancies, effectively doubling both sites and tenancies. We are extremely pleased that the tenancy ratio has reached 1.71x in under two years of operation, highlighting the attractiveness of our asset base.

For a more detailed overview of our markets and their performance in 2020, go to **pages 36-42.**

2021 Outlook

Following our resilient performance through 2020, we have a strong foundation and exciting growth opportunities in the year to come.

We will continue to drive organic growth, meeting the needs of our MNO customers as they further densify their networks, invest in 3G and 4G, and roll out their coverage in more rural areas. We will also build on our successful inorganic expansion, focusing on driving growth and operational excellence in our newest market, Senegal. We are closely monitoring the ongoing Covid-19 situation, and will continue to adapt our working practices as necessary to ensure the safety of all our employees and partners.

We will focus on the pursuit of sustainable growth, and monitor our own environmental and social impact. This will include setting a formal emissions reduction target and developing community needs-based partnerships. For more information on our environmental impact and targets, please see our separate Sustainable Business Report pages 13-17.

We will embed our corporate culture in Senegal, just as we did very successfully in South Africa throughout 2019 and 2020. We will look to expand our Lean Six Sigma programme, bringing people together from different opcos to train in the methodology and execution that has driven our efficiency gains in recent years.

We will also act on the learnings of our first-ever Employee Engagement Survey. With a remarkable 93% participation rate, we recorded exceptionally high scores relating to our people's satisfaction with their roles and our purpose. Equally, there are improvements to focus on, which we have made a priority to address this year. Please see more on the Employee Survey on page 33.

To all of our people, our MNO customers, our maintenance and security partners, I say a warm thank you for your excellent performance and support amidst the year's external challenges. We look forward to partnering with you for the upcoming year and beyond.

Kash Pandya | CEO

Strategic Report

Q&A with Kash Pandya, CEO and Tom Greenwood, COO

Kash Pandya
CEO

Tom Greenwood
COO

Delivering on our growth ambitions

Excitingly, we have never been so busy with our pipeline of opportunities, in both new and existing markets.

Kash Pandya | CEO

This has been your first full year as a public company. What have been the key developments?

Kash: We're extremely pleased with the performance of everyone at the Company in 2020. We were able to deliver on our growth commitments to shareholders, laid out during our IPO, while continuing to drive operational excellence across the business.

Operationally, we broke records for uptime despite the potential disruption of Covid-19. We saw organic tenancy growth in all our markets, adding 382 new sites and 1,065 tenancies across the Group, and we secured entry into our sixth market, Senegal. The capital markets again validated our strategy with a very successful refinancing and bond tap. On top of this, we have also enhanced our Group structure to create the best team to support our future growth ambitions, transitioning Tom to an operational lead role, and adding regional CEOs for Southern, Central and East & West African regions.

Tom, you were Helios Towers' CFO but have now moved to a COO role. What was the thinking behind that?

Tom: It was largely driven by our expansion strategy. We have ambitious growth goals that need a specific operational focus at the C-suite level to achieve them. This restructuring provides the management capacity needed to orchestrate the integration of future acquisitions, such as Senegal in 2021, and to take our growth to the next level.

Kash: This is also timely: we believe Africa is approaching a second wave of M&A. The first was between 2010-2015, when we entered Tanzania, Ghana, DRC and Congo Brazzaville. Today, we have never been so busy with our pipeline of opportunities, in both new and existing markets. But, as ever, we are extremely disciplined in our capital allocation and this takes time and dedicated management resource.

And as well as that extra management capacity, do you have more firepower to pursue those M&A opportunities?

Kash: We do indeed. In June, we effectively reopened the African debt capital markets with our bond refinancing, issuing a US$750 million bond and securing a materially lower rate, as well as a new US$200 million term loan and US$70 million RCF. We followed this with a US$225 million bond tap in September which further reduced our cost of debt. The net result is that we have meaningfully reduced our cost of capital and have significant capital available for inorganic growth.

Tom: We closed the year with US$429 million of cash on the balance sheet and over US$290 million of undrawn debt facilities. At the same time, our net leverage of 2.9x at year-end is below our target range of 3.5x-4.5x. Even after accounting for the Senegal acquisition, which we expect to close in H1 2021, net leverage remains at the low-end of the range.

So we were really pleased with our financing activity in 2020, which was also incredibly efficient. We completed the marketing process in 48 hours through virtual meetings, which was also environmentally positive.

Kash: That speed also reflects our stronger standing and credibility in the markets, following our successful maiden bond issuance in 2017 and obviously our listing in 2019.

Of course 2020 was the year of Covid-19, but it doesn't seem to have affected Helios Towers operationally?

Kash: The telecoms industry has been phenomenally resilient and robust throughout the pandemic. This sector has been classified as an essential service in all of our markets, enabling us to continue to operate to our usual high standards with appropriate safety measures in place. Also, the vast majority of our indirect workforce are maintenance partners working in ones or twos, and often in very remote locations. So they're not typically in close proximity to groups of colleagues.

But I also give huge credit to our operations and procurement teams. We've had no business interruption, and no weak links in our supply chains for fuel and parts. Our 400+ office staff also made a seamless transition to working from home. I have to say I do miss being able to interact with our teams more personally, but I've seen no real difference in our effectiveness.

Tom: In fact, we hit all-time records for power uptime in June, where average weekly downtime per tower was only 1 minute 3 seconds. So, in addition to great work on the ground, it speaks volumes for our remote monitoring and overall systems. We've kept our staff and partners safe while improving our service levels to customers.

Kash: I'm also delighted that these have been local success stories, delivered by local nationals. It was always our intention that, when we could, we would phase out expats populating our opcos, and that is now done. Local people account for 98% of our employees across our opcos. In Tanzania and Ghana, it's 100%.

Your focus on local employment speaks to the UN's SDG on sustainable communities, but how else are you addressing the wider goals of sustainability?

Tom: I believe we made real progress in 2020. We are in the business of creating sustainable solutions so it is an imperative we fully understand. However, we had never formally entrenched it in our strategy as a clear and concentrated directive. In 2020 we published our Sustainable Business Strategy, which commits us to continuing to operate sustainably, not just in terms of how we operate, but also who we benefit. It's an important piece of work that will make us an even better business – socially and economically.

> ***We've kept our staff and partners safe while improving our service levels to customers.***
>
> **Tom Greenwood** | COO

Kash: The strategy is also a clear statement of intent to our stakeholders. Quite rightly, investors, employees, customers and communities are all expecting more of us, and they're fully supportive of our purpose and direction.

You also launched your first-ever survey of employees during the year...

Tom: We did, and we were very encouraged by the results. The participation rate alone, receiving responses from 93% of our employees, spoke volumes about how engaged they are in the culture and practices of Helios Towers. In fact the overall engagement score of 90% places us in the upper quartile of companies surveyed in recent years by the consultancy conducting the survey. The business also scored highly on our culture and purpose. Importantly, the survey also highlighted areas with room for improvement, and we are already implementing a number of initiatives across the Group to address them.

Kash: The results show the resounding belief from those within the organisation in our ethos, our strategy and our overarching purpose as a company. Our resilient performance this year, record power uptime, uninterrupted growth – these are things you can only achieve with a fantastic and motivated workforce. From the teams in the operating centres to the partners who climb the towers – I thank you all for your commitment in 2020, and I'm excited to see what we can do in 2021.

Market overview

The African opportunity

Fast-growing populations, young, tech savvy users, under-penetrated mobile markets and minimal fixed line availability are all driving the need for telecom tower infrastructure across Africa.

African markets: dynamics and characteristics

Africa is expected to foster social and economic growth like no other continent in years to come.

The IMF forecasts Sub-Saharan Africa's GDP growth CAGR from 2020-2026 to be 5.1%, exceeding the estimate for G7 countries (at 2.2%). The UN forecasts that Africa alone will account for almost 60% of the two billion people added to the global population by 2050: the continent's population will more than double in this period.

More than 65% of Africa's population is under-30. They are digitally driven early adopters of new technology, consuming vast amounts of data across commercial and social platforms. In a continent with minimal fixed line infrastructure, mobile is critical to deliver mass connectivity. Despite this, mobile penetration remains low: mobile penetration is below 50% in Sub-Saharan Africa, and meaning that the scope for mobile solutions is vast.

These drivers are catalysing MNOs to increase their coverage and capacity by building out their infrastructure to support new mobile subscribers and increased data consumption. We have a great opportunity to tap into this organic demand, due to our well established position in many of these markets, and our reputation for operational excellence.

Organic growth drivers

Across our six markets (including Senegal):

Positive Macro Drivers

+41m
more people by 2026

+30m
more people living in cities by 2026

67%
of the population aged under 30

GDP growth
+5.1%
(2020-2026E CAGR)

Low mobile penetration

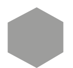
Mobile penetration
+7ppts
by 2026

Mobile subscriptions
+56m
(2020-2026)

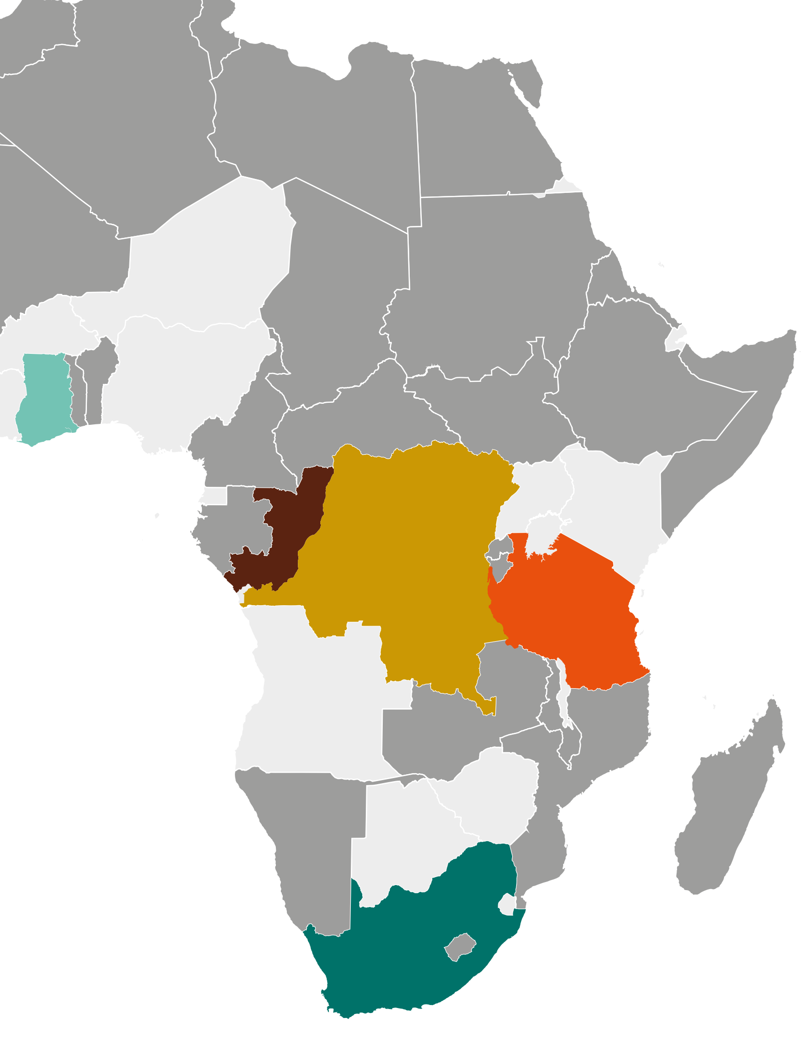
High equipment growth

+24,000
new points of service (2020-2026)

Vast opportunity for inorganic growth, driven by asset divestitures from MNOs to independent tower companies



Countries in which no independent towercos operate.



4.4x

estimated increase in mobile data consumption (2019-2025)[1]

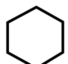
162k

towers owned by MNOs in Africa[2]

Across Africa, MNOs still own more than 70% of all towers (as compared to c.30% globally). MNOs are increasingly looking to dispose of these physical assets to release capital and focus their investments into new technologies, which creates a vast inorganic growth opportunity for Helios Towers.

In Africa there are approximately 162,000 sites owned by MNOs, of which c.131,000 are in potential new markets.

(1) GSMA: The Mobile Economy Sub-Saharan Africa 2020
(2) TowerXchange



Senegal (anticipated closing H1 2021).
This reflects the acquired portfolio of Free Senegal.

The structural organic growth drivers, combined with the potential inorganic opportunities in new markets, make Africa a very compelling continent for telecoms development and for Helios Towers.

Business model

We play a pivotal role in advancing mobile telecoms in Africa through the sustainable and cost-efficient provision of tower and power management services, contributing to social and economic development within our markets.

What we do

Our vision:

To be the leading telecoms tower infrastructure company in Africa.

Our purpose:

To drive the growth of communications in Africa.

Our values:

Throughout the Company we hold true to our three core values: **Integrity**, **Partnership** and **Excellence.**

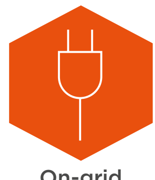
Tower space services

Anchor tenants

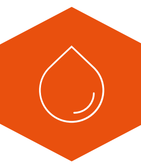
Colocation tenants

Amendment colocations

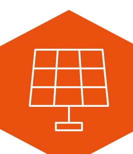
Reliable power services



On-grid

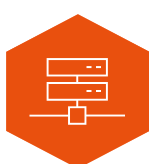


Diesel

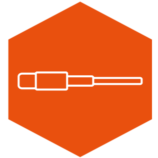


Hybrid and solar

Ancillary services



Data centres



Fibre backhaul

Small cells

How we do it

We leverage our strengths and resources...

Financial strength
- Strong balance sheet with funding flexibility
- Long-term contracts and large contracted revenue pipeline
- Stable/visible cash flows predominantly received in hard currencies

Leading market positions
- Sole independent towerco in Tanzania, DRC, and Congo Brazzaville
- Well established presence in Ghana and South Africa
- HT will also be the sole independent towerco in Senegal upon acquisition closing (expected in H1 2021)

Strong relationships
- ‘One Team, One Business’ ethos, working in partnership with all our contractors
- Working collaboratively with our customers and suppliers to deliver a best-in-class service

Our people
- Our workforce is localised in each market
- We are led by a highly experienced management team
- We provide relevant training including Lean Six Sigma to support our employees to develop personally and professionally

Knowledge platform
- Deep expertise in tower and power infrastructure has informed our systems and procedures for challenging markets
- Innovative use of renewable power sources
- Digital solutions

...driven by a strategy of sustainable profitable growth

Business excellence and efficiency

- Supply chain optimisation
- Lean Six Sigma
- Maximised continuous network delivery
- Minimising our environmental impact

Network access and sustainable development

- Organic and inorganic growth
- Expanded network coverage
- Supporting local communities

Empowered people and partnerships

- Local employees for local markets
- Employee training for safety and professional development
- Collaborating with all our stakeholders

For more information go to our **Sustainable Business Strategy on pages 4-5,** and our separate **Sustainable Business Report**

... to deliver value to our stakeholders

Customers

- More efficient tower usage: on average, our leases are priced at a substantial discount to an MNO's total cost of ownership
- Reduce MNOs' passive infrastructure capex burden, allowing them to focus their resources on active equipment and technology upgrades

Community and environment

- Reduced environmental burden through improved power efficiencies and enabling infrastructure sharing
- We contribute to building local economies and extending network coverage to reach rural locations

Investors

- Aim to maximise value generation through full execution of the strategy
- Potential development of a sustainable dividend distribution policy in the medium term

Supplier partners

- Integrated partnerships with benefits including training and shared offices

Employees

- Employment, training and promotion opportunities for local people, both with us and our partners

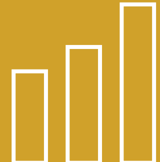
Our strategic progress

An integrated Sustainable Business Strategy

Driving long-term business growth and social and economic development in our markets

Strategic progress

Business excellence and efficiency



Objective: Resilience, continuity and innovation for long-term business performance and growth.

Key topics: power uptime, colocation, carbon emissions

Progress in 2020

- Diligent supply chain management avoided any disruption during global and regional lockdowns;
- Record-low average downtime per tower in June, despite backdrop of Covid-19;
- Closed 2020 with 3 consecutive quarters above 99.99% power uptime;
- Over 500 additional sites using grid, hybrid and/or solar solutions;
- 2.4% reduction in per site fuel consumption across the Group.

Priorities in 2021

- Analyse climate risks and opportunities and set a carbon emissions reduction target;
- Further reduce site downtime through optimised power management and enhanced Site Performance Analysis;
- Digitalisation of site performance management and building capabilities of our Network Operations Centres to improve analysis.

Annual improvement in average downtime per tower (2020):

10%

For more information on this strategic pillar go to our separate **Sustainable Business Report, pages 13-17.**

We're contributing to:

2020: a record-breaking year for power reliability and EBITDA margins, all while optimising our energy usage.

Since 2015, we have focused on embedding our business excellence ethos across the Group, to ensure our sites are ready for future growth and to drive optimal performance for our customers. When operating in markets with variable power reliability and lower grid connectivity, our expertise in providing power solutions is a core function of our service.

In 2020 we recorded our best-ever power performance, delivering an average of 99.98%, uptime across all our towers and markets, a 10% reduction in downtime per tower. This is crucial to our MNO customers and means that millions of people benefited from a highly dependable mobile service.

In June, we achieved an all-time best downtime of 1 minute 3 seconds per tower. Indeed, on average in 2020, 93% of our sites each month performed to our Lean Six Sigma target level (less than two seconds downtime per tower per week). This was achieved against the backdrop of a global pandemic and lockdown.

However, this is not our only benchmark for business excellence. We have refocused our criteria to look at our towers holistically, assessing every contributing factor from technical excellence and lower fuel consumption to declining GHG emissions.

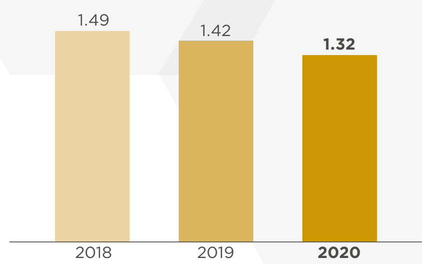
To gain this more complete picture, we continued to roll out the Site Performance Analysis function in 2020. The team monitors site data, logged every five minutes over a seven day period, to assess all key components of a site's performance and identify urgent issues as soon as they arise, as well as areas for ongoing improvements.

For an example of our operational improvements, go to **page 25.**

Targets

Achieve an average 1 minute weekly downtime per tower by the end of 2025

Downtime per week (minutes)



All new towers[1] to have an average of two tenants per tower within five years of construction[2]

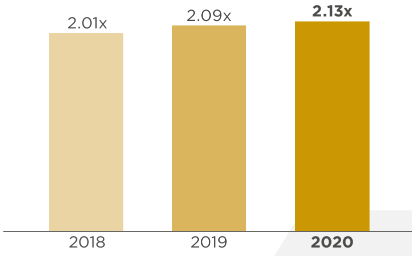
Average tenancy ratio for sites built in 2020:

1.16x

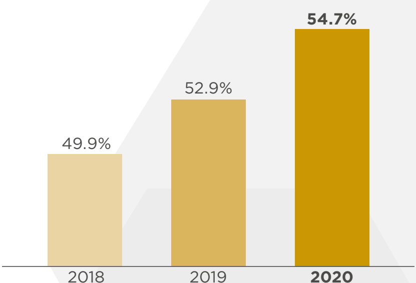
(1) The Group has five years to achieve this target for any new network acquisitions
(2) This target excludes special projects and smaller, unique build-to-suit projects.

KPIs

Tenancy ratio (X)



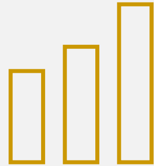
Adjusted EBITDA margin^Δ (%)



Strategic progress continued

Business excellence and efficiency

continued



Climate action

Our business model enables multiple operators to share each of our towers. This significantly reduces environmental impact compared to the operator-owned model: it requires one generator or power supply, rather than several, and minimises maintenance visits, saving thousands of kilometres in driving each month.

Our most material environmental impact is carbon emissions arising from tower energy consumption. The colocation model helps to address this impact, as independent analysis suggests a tower with two tenants reduces emissions per tenant by over 40%.

As Sub-Saharan Africa has the lowest energy access rates in the world, the majority of our sites need diesel generators as either the primary or back-up power source to guarantee power for our customers' equipment.

We are committed to reducing this dependence and always look to use grid power wherever available and reliable.

We are also using solar and hybrid solutions wherever they meet site performance requirements, to further diversify our power sources. These investments both reduce emissions and drive further EBITDA growth for our business.

During the year we cut our generators' diesel consumption in Tanzania by over 2 million litres (see our case study on page 25). Across the Group, we closed the year with 530 more sites utilising grid connections, and with 31% of sites being powered by hybrid or solar technology.

Since launching our site optimisation programme in 2018, we now have over 1,800 sites in Tanzania optimised so that they can receive quarterly, rather than monthly, maintenance visits, reducing miles driven and fuel consumption for service trucks.

This optimisation has helped us to further reduce our energy consumption and GHG emissions.

Target	2020 progress
Analyse carbon footprint and climate risk across our value chain and set an emissions reduction target in 2021	We analysed our carbon data and footprint in 2020. This is now informing an assessment of climate-related risks as we seek to define a carbon reduction strategy and target in 2021

Emissions and energy data

Helios Towers' streamlined energy and carbon reporting disclosure

Methodology

As a listed company, Helios Towers is required to report its global and UK energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The data detailed in these tables represent emissions and energy use for which Helios Towers is responsible. To calculate our emissions, we have used the main requirements of the Greenhouse Gas Protocol Corporate Standard along with the UK Government GHG Conversion Factors for Company Reporting 2019. We have also recalculated our previous year's emissions to reflect an improvement in data quality. Any estimates included in our totals are derived from actual data which have been extrapolated to cover the full reporting periods. For more information and detailed breakdowns of our energy sources, please refer to our separate Sustainable Business Report, page 17.

	2020		2019	
	UK and Offshore	Global	UK and Offshore	Global
Scope 1(1)	n/a	117,688	n/a	117,886
Scope 2(2)	20	48,779	27	42,116
Scope 3(3)	3,071	74,717	5,686	71,822
Total gross Scope 1 and Scope 2 emissions (tCO_2e)	20	166,467	27	160,002
tCO_2e per million US$ turnover	n/a	402	n/a	386
tCO_2e per tower(4)	n/a	23.43	n/a	23.44
tCO_2e per tenant(4)	n/a	11.17	n/a	11.45
Energy consumption used to calculate above emissions (kWh)	84,101	662,749,743	107,300	637,147,903

(1) Scope 1 includes generator diesel and vehicle petrol/diesel.
(2) Scope 2 includes tower grid electricity and office electricity.
(3) Scope 3 includes business travel, freight, well-to-tank transport and distribution, and purchased goods and services.
(4) Per tower and per tenant data is calculated based on the average tower and tenancy values for each year.

GHG emissions

Building on our review of our carbon footprint in 2020, we will be performing an assessment of climate-related risks and opportunities in 2021, engaging across our business functions and developing a carbon reduction strategy and target. We will also use the Task Force on Climate-related Financial Disclosures ('TCFD') recommendations to help us develop our carbon strategy, evaluating risk and opportunities and supporting our annual climate-related reporting:

Strategy and governance

- Our executive management team is accountable for our Sustainable Business Strategy, which includes climate change and energy efficiency, and provides updates to the Board on our KPIs and targets.

Risk management

- We will undertake an assessment to identify the risks and opportunities that climate change poses to our business, including both physical risks and transition risks.

Metrics and targets

- We disclose our energy and emissions in the table on page 24 and provide more detail on pages 13-17 of our Sustainable Business Report.
- In 2021, we will be developing an emissions reduction target.

Energy efficiency

We are always looking for ways to make our operations more efficient. We estimate that across the Group we have reduced our tower diesel consumption per site by 2.4% compared to the previous year. This is as a result of a programme to optimise our sites, connect to the grid, and use hybrid and solar solutions where possible.

Further detail on our energy and emissions can be found in our separate **Sustainable Business Report on page 17.**

Case study

Tanzania: cutting our diesel use over 2 million litres.

17%

reduction in fuel usage per site

200k

fewer litres of diesel per month

At the close of 2018, our Site Performance Analysis ('SPA') teams came into operation. Their role is to equip us with a deep-dive understanding of a site's rectifiers, generators and grid meters. Like running diagnostics on a car, every key component of a tower's 'engine' is assessed and compared.

If these studies identify anomalies or sub-optimal performance, they are raised as an action for the relevant maintenance partner.

This intensive optimisation process has led to significant efficiencies. In 2020, the average per site fuel consumption in Tanzania decreased by 17%, resulting in a monthly reduction in tower diesel consumption of over 200,000 litres.

Lower fuel usage reduces the number of refuelling trips required, which further reduces emissions related to road tanker journeys. In turn, fewer journeys also reduces opportunities for road traffic accidents, better protecting the safety of our people.

Strategic progress continued

Network access and sustainable development

Objective: Increasing connectivity to improve livelihoods and strengthen economies.

Key topics: sites in operation, population coverage

Progress in 2020

- Announced transaction with Free Senegal to enter our sixth market, through the acquisition of 1,220 existing towers and 400 committed BTS sites;
- 1,065 tenancy additions, in line with guidance provided at the beginning of 2020;
- Our 7,356 towers can provide mobile coverage to over 109 million people.

Priorities in 2021

- Organic rollout of 1,000-1,500 incremental tenancies across our existing markets;
- Integration of acquired towers and rollout of committed BTS from Free Senegal, and lease-up of these assets through other Senegalese MNOs;
- Progress additional attractive M&A opportunities from our active pipeline of >10,000 sites, to expand our presence into new markets;
- Develop and launch community-based partnerships.

For more information on this strategic pillar, go to our separate **Sustainable Business Report, pages 18-22.**

Mobile technologies and services generated more than US$155 billion of economic value in Sub-Saharan Africa in 2019, reflecting 9% of GDP. This compares to 5% of GDP globally[1].

As we expand our infrastructure further across African markets, this wider access to network coverage is an important driver of economic and social development.

Since our formation in 2009, our network has expanded to provide potential coverage to over 109 million people across five nations. This will increase further with the integration of Senegal, and beyond, as the Group continues to expand.

In urban areas, we are helping MNOs to densify technology that enables mobile users to get better coverage and much richer functionality, through technologies such as 3G and 4G.

Meanwhile, in rural areas we are often bringing telephony to these regions for the first time. At a stroke, the mobile sector opens up new opportunities and strengthens communities. It connects schools to knowledge; farmers to markets; patients to doctors; business to customers; and a new generation to global culture. To support MNOs looking to expand into rural areas, we are working on lower-cost, sustainable solutions that are more appropriate for rural coverage.

KPI

Population coverage[2]

New market opportunities

During the year, alongside our organic growth and bolt-on acquisitions, we also signed a significant new market transaction. In August 2020, we announced the signing of the acquisition of 1,220 towers in Senegal, which we expect to close in H1 2021. The transaction also includes commitments for 400 incremental BTS sites over five years, providing visible future growth for the business.

The sites consolidated on day-one of the acquisition amount to 26% of the Company's 2025 site growth target.

Meanwhile, our pipeline for potential acquisitions and expansion has never been larger. We are currently in varying stages of due diligence for M&A opportunities representing over c.10,000 towers across multiple markets.

We are well-situated to execute on our inorganic growth strategy: following the refinancing and bond tap in 2020, we are well-capitalised, with US$429 million of cash and cash equivalents on the balance sheet at year-end, together with over US$290 million of available debt facilities, to act on these opportunities in 2021.

2025 targets[3]	2020 progress
• Expand to 12,000+ towers in 8+ markets • Increase the number of sites in rural and underserved regions by 1,500[4]	• 7,356 towers in five markets • 2,471 rural sites

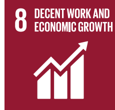
(1) GSMA: The Mobile Economy Sub-Saharan Africa 2020.
(2) We calculate population coverage by calculating the people that come within the coverage footprint of our towers using WorldPop source data.
(3) By the end of 2025. We will use 2020 as the baseline for our target.
(4) There is no standardised definition of rural and urban. HT defines rural as milieu with population density per square kilometre of up to 1,000.

Strategic progress continued

Network access and sustainable development

continued

We're contributing to:



Driving sustainable development

The mobile industry is unique in that it contributes to every one of the United Nations' 17 SDGs[(1)], whether by helping to alleviate poverty by driving sustainable growth, or giving women more access to opportunities, or its direct reach into spheres such as agriculture, education and healthcare. Mobile infrastructure is vital if the world is to achieve the UN's 2030 agenda.

As a business, we want to maximise the positive impact we have on the communities where we live and work.

We have therefore developed a community strategy to focus our support on two key areas:

- **Education and digital inclusion**
  Championing education and ICT skills development opportunities, with a focus on supporting women and rural communities; and
- **Access to power and wireless internet, based on local community needs**
  Building on our existing phone-charging point schemes, we will be reviewing the most appropriate projects and partnerships in 2021.

Targets	2020 progress
• Introduce bespoke community needs-based partnerships in 2021 • Pilot phone-charging points for free community use on selected sites in 2021[(2)]	• Community strategy developed • Projects and partnerships planned for 2021

(1) GSMA: 2020 Mobile Industry Impact Report: Sustainable Development Goals.
(2) Where grid power is not readily available, we will add charging points on community-accessible sites to increase access to technology.

Case study

4G: the driving force of digital entrepreneurs in Kinshasa

It was in 2007 that Patricia Nzolantima came up with the concept of Ubiz Cabs.

Based in the vast metropolis of Kinshasa, DRC, she had a simple rule: she would employ only female drivers.

She explains:
"I wanted to help women gain some independence and be valued as breadwinners, just like men."

The company, with its fleet of distinctive pink cars, grew steadily. But it was 4G mobile coverage that took the business to the next level.

"4G and stable internet meant we could create our own app, and riders could simply pre-order their taxis."

In a city with poor infrastructure, and with a larger population than Greater London, Ubiz Cabs has gone from strength to strength.

"4G is the backbone of our booking system, and enables our drivers to use navigation systems for live mapping and traffic information, and enables digital payments, reducing the risk to drivers of carrying large quantities of cash."

Today, Ubiz Cabs employs around 50 drivers using a fleet of 25 company-owned cars on everything from 'A to B' trips and school runs to government and business contracts. Its success enabled Patricia to extend her service during the Covid-19 lockdown by branching out into vital food deliveries for local communities with a new fleet of over 20 EV bikes and motorcycles.

"Without 4G, we simply could not meet our customers' needs and the range of services we provide today."

For more information on this story, please see the 'Driving mobile innovation in DRC' video on our website.

50

drivers employed
on everything from 'A to B' trips and school runs to government and business contracts

Strategic progress continued

Empowered people and partnerships

Objective: Building a network for shared success, with safety as a priority for all.

Key topics: SHEQ, professional development

Progress in 2020

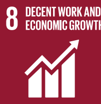
- Systematic reduction in occupational injury rates to near-zero;
- 90% overall engagement score in our first Company-wide Employee Engagement Survey;
- Improved Board diversity (30% female, 70% male, 40% BAME);
- Introductory Lean Six Sigma (white belt) virtual training introduced, providing initial training to over 70 additional employees.

Priorities in 2021

- Further embed our safety culture and practices into our partners' operations in existing and new markets, to support gaining ISO 45001 (health & safety management) certification;
- Resume and expand Lean Six Sigma Orange and Black belt training for additional employees;
- Identify and deliver on the key learning items from the Employee Engagement Survey.

For more information on this strategic pillar, go to our separate **Sustainable Business Report, pages 23-29.**

We're contributing to:



Our business performance is built on shared success and a working environment that is safe, fair and equal for all.

More than ever, 2020 highlighted that Helios Towers works as part of a value chain – from our suppliers and partners through to our network customers and the mobile end-users. Our service resilience during the pandemic showed the value of strong engagement and collaboration with all our stakeholders, and this remains central to cultivating a long-term sustainable business.

Safety

Health and safety is the first item on the agenda at every single Board meeting. Our primary responsibility is the safety of everyone who works with us, whether they are employees or contractors. For this reason we monitor, and act on, our partners' performance as well as our own.

During the year we implemented enhanced safety measures to protect our people during the Covid-19 pandemic. For more information, see pages 44-45.

We also continued to embed uniform SHEQ methods and standards across all our opcos and our partners' organisations, reinforced with continual tracking and reporting. We collaborate with all partners with a 'One Team, One Business' ethos, and monitor and report on the safety and performance of our contracted partners as our own. Our safety governance requires monthly detailed assessments with every opco and partner. Monthly, or more frequently if needed, KPIs and any related issues are reported to the Group Executive Committee. We were pleased to see that our Lost-Time Injury Frequency Rate ('LTIFR') reduced by 15%, from 0.23 to 0.20 in 2020.

Our greatest risk, which is common to all businesses with multi-site operations in Africa, is road traffic accidents. Every year, our partners drive more than 15 million kilometres to maintain and fuel our towers. We therefore have stringent and defined requirements on an individual's ability to drive and the condition of vehicles.

We are now using in-vehicle monitoring system ('IVMS') technology which tracks excessive speed, harsh braking, and other 'leading' risk indicators. This helps us to identify drivers who might have a higher statistical risk of causing an accident. We have rolled out this technology to all Company vehicles and are also implementing it with our partners. The data this yields is monitored and performance-managed, both at operational and Group level.

It is with deep regret that we report six fatalities from road incidents occurring within our sub-contractor businesses during 2020. Thorough investigations followed all incidents and the following actions were taken to mitigate and prevent future incidents:

- Following a review by the Group Executive team, the contract was terminated with one of our partners, while ensuring all critical lessons learned were integrated into our systems to help prevent possible similar incidents in the future;
- Helios Towers has issued a fitness for duty policy and framework, which sets out the expectations for all personnel with regard to drugs and alcohol.

Targets	2020 progress
• All maintenance partners to achieve ISO 45001 certification by 2025(1)	• 3 (of 10) maintenance partners currently certified to ISO 45001(2)
• All maintenance partners to achieve 100% in the HT SHEQ assessment	• 92.5% average score in HT's SHEQ assessment
• Assess all key suppliers against sustainability criteria by the end of 2022(3)	• Evaluating third-party risk management platforms that can support due diligence and monitoring of supplier sustainability performance and compliance

(1) New maintenance partners have three years to achieve ISO 45001 from start of contract with Helios Towers.
(2) This includes maintenance partners certified to OHSAS 18001. ISO 45001 will replace OHSAS 18001 in 2021.
(3) This will incorporate Group-level strategic suppliers, maintenance partners and security partners

Strategic progress continued

Empowered people and partnerships

continued

An engaged, talented team

In 2020 we commissioned our first independent Employee Engagement Survey across the Company. The results were extremely positive and showed that our people find genuine purpose and satisfaction in their roles.

We are committed to creating local employment and are proud that our opco teams are 100% African, with 98% being local nationals. We want them all to reach their full potential and have trained 37% in the globally recognised Lean Six Sigma methodology. Due to Covid-19 restrictions in 2020, we were unable to provide orange or black belt training to employees. As the employee base has grown, this resulted in a decrease in % of employees trained as compared to 2019. However, in 2020 we introduced white belt Lean Six Sigma training, a shorter, online course. This was completed by 15% of Group employees, but is excluded from the training KPI.

The business thrives on its gender diversity, opening opportunities to all on an equal basis wherever we can. We strive for equality in all its forms and in 2020 became a signatory to the UN's Women Empowerment Principles to support our learning and improve our practices.

We also believe in close collaboration with our contractors with a 'One Team, One Business' ethos. This includes sharing offices with our maintenance partners and embedding business excellence and Lean Six Sigma principles into their own practices.

KPIs

Percentage of local employees in our operating companies

Year	%
2020	98%
2019	97%

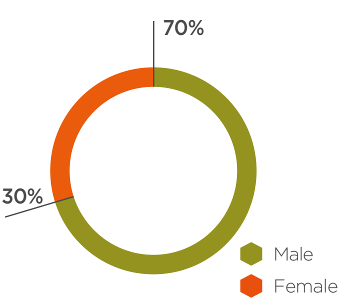
Percentage of employees trained in Lean Six Sigma

Year	%
2020	37%
2019	45%

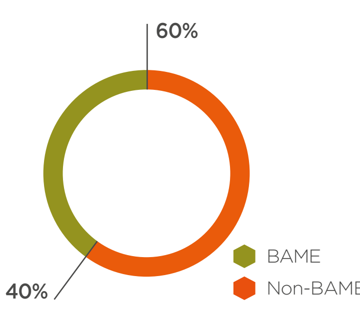
Diversity of gender and ethnicity (2020 year-end)

Board

Percentage of Board by gender

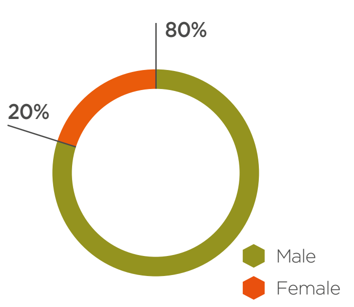


Percentage of Board by ethnicity

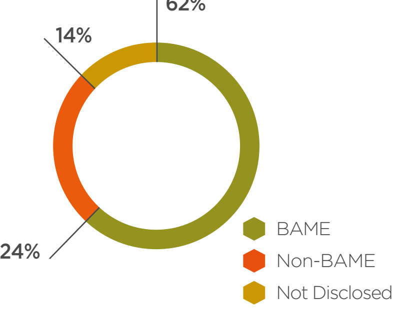


Management[1]

Percentage of management by gender



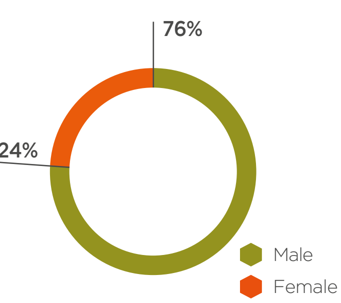
Percentage of management by ethnicity



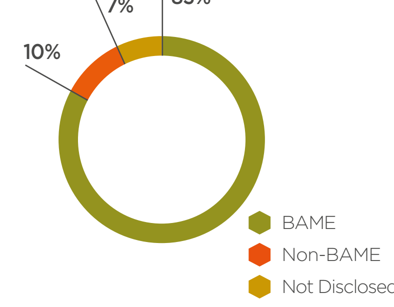
(1) Management includes permanent employees with line management responsibility or in leadership positions (defined as band 2 employees).

Employees

Percentage of employees by gender



Percentage of employees by ethnicity



Case study

Our first Employee Engagement Survey

In August 2020 we commissioned our first Company-wide employee survey. This was carried out by an independent specialist organisation and all responses were anonymous. We were delighted to attract an exceptionally high 93% participation rate, giving the results considerable weight.

Among the many positive responses:

- Employees recorded an overall engagement score of 90%, 14 points ahead of sector benchmarking;
- 91% find their roles interesting and challenging;
- 84% plan to be with the Company in two years' time;
- 93% said they cared about the Company;
- 83% said the Company's purpose made them feel good about their work.

There were certain areas which, although still scoring reasonably, suggest that more management focus is needed:

- 61% said there was open communication regardless of position or level, one point below the sector benchmark;
- 64% agreed they can strike a good work/life balance;
- 61% felt their rewards were linked to their performance and contribution.

Importantly, 71% had confidence that action would be taken as a result of the survey. The Company is addressing the focus areas as a priority in 2021. We will look to repeat this survey every two years, and will also conduct pulse surveys on specific topics on an interim basis.

93%

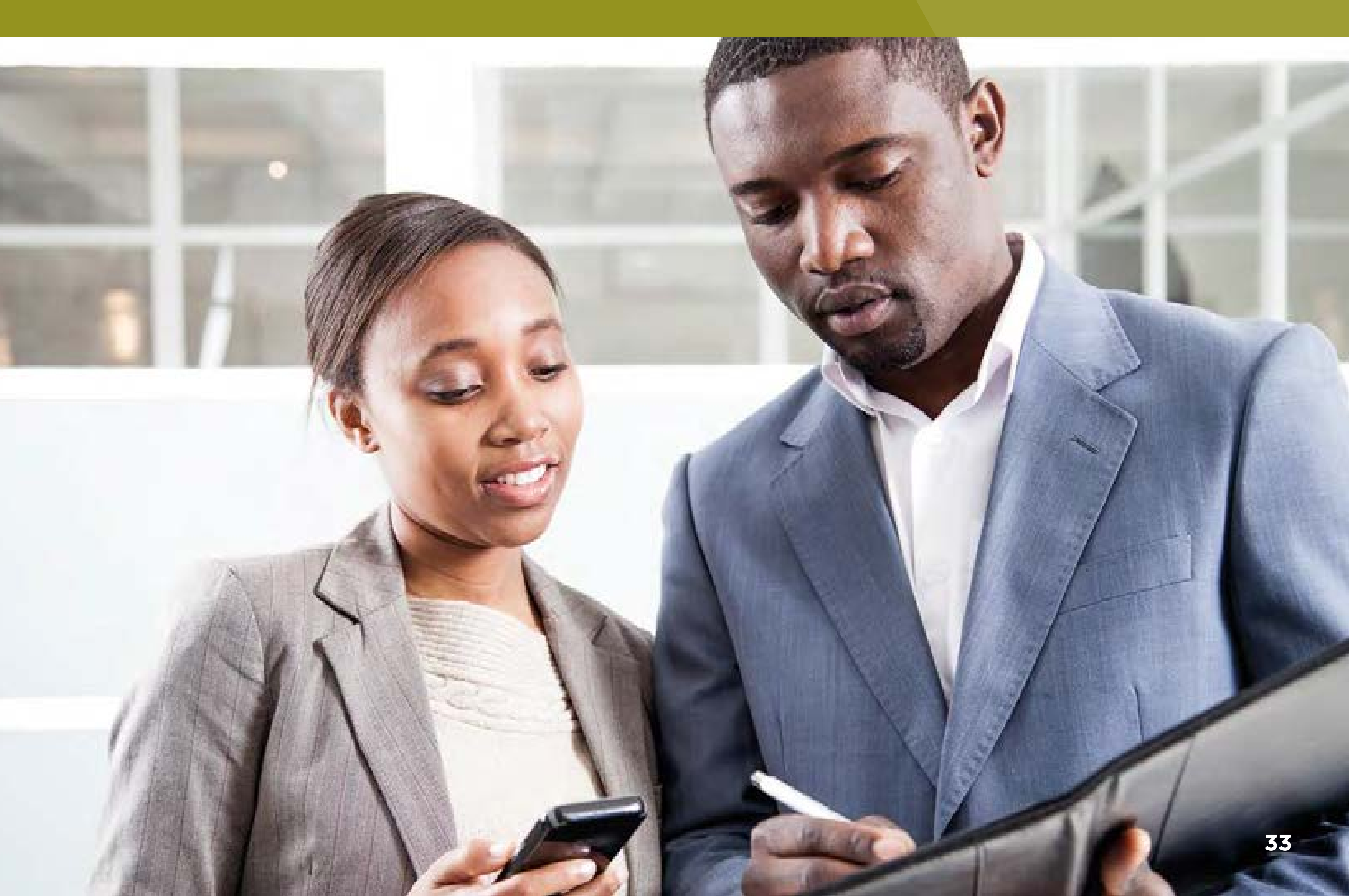
Response rate
of employee participation in the survey

90%

Company Engagement score
14 points ahead of sector benchmarking

71%

Confidence action would be taken
as a result of the survey



Governance and culture

Strong governance and culture are the foundations of our business and central to our success. Our governance structures and policies help us to deliver on our strategy, manage performance, and ultimately support the value we create for all our stakeholders.

Our culture: one of our greatest business assets

The way we work, the way we collaborate with our customers, partners and suppliers, and the way we live our values of Integrity, Partnership, and Excellence are key to how we define culture. In addition to the many excellent scores in the 2020 Employee Engagement Survey, our people repeatedly used words such as "integrity", "collaboration" and "excellence" to describe our culture.

We recognise our working culture as one of our most valuable business assets, and in 2020 we have acted to ensure that the interests of our employees are represented at Board level. We were delighted to welcome Sally Ashford as our designated Non-Executive Director for workforce engagement. Sally was, until February 2021, Chief HR Officer at Royal Mail Group: she brings a wealth of experience and will give our colleagues a powerful voice at Board level. She discusses this further on page 80.

Target	2020 progress
Maintain our accreditations in four management systems: • ISO 9001 (Quality Management System) • ISO 14001 (Environmental Management System) • OHSAS 18001* (Occupational Health & Safety Management System) • ISO 37001 (Anti-Bribery Management System)	In 2020, we successfully maintained all four of our accreditations For more information, go to our Case study on **page 35**

* In 2021 we will be migrating from OHSAS 18001 to ISO 45001.

Managing behaviour and risk

Helios Towers is committed to upholding the highest standards of corporate governance and risk management. We have developed robust policies that ensure we comply with – and typically exceed – the requirements of local laws and regulations.

Anti-bribery and corruption

We have zero tolerance for any form of bribery and corruption. With this in mind, we have developed stringent policies and procedures to ensure compliance with all relevant laws and regulations. We expect each of our employees to uphold our standards and we provide compliance training to all new starters which includes an online anti-bribery training module.

We operate a confidential reporting hotline, EthicsPoint, where anyone can raise concerns about actual or potential non-compliance. In 2019, we achieved ISO 37001 accreditation for our anti-bribery measures, which was maintained in 2020.

Discrimination, human rights and modern slavery

We conduct our business in a way that protects and respects the human rights of all our stakeholders. We do not tolerate any form of discrimination, and ensure that opportunities are open equally to all regardless of age, gender, disability, gender identity, sexual orientation, cultural background and belief.

Our Codes of Conduct prohibit any form of modern slavery or child labour and we apply the same requirements of ethical conduct to our contractors, suppliers and partners. We reserve the right to check and inspect our partners' records and processes, and we actively do so. We provide periodic compliance training and investigate promptly any concerns raised regarding potential violations of our Codes.

Case study

Maintaining our third-party accreditations

In 2020 we successfully retained our globally recognised accreditation standards, with approved third-party certification in four management systems:

- **ISO 9001** (Quality)
- **ISO 14001** (Environmental)
- **OHSAS 18001** (Health & Safety)
- **ISO 37001** (Anti-Bribery)

We believe Helios Towers was the first, and may still be the only, enterprise operating in Africa to hold all four certifications. The most recent, Anti-Bribery, was first gained in 2019 and our certification against this ISO reflects our commitment to honest and transparent business operation and negotiation in all our markets.

Every employee is bound by our own Code of Conduct, and every new joiner receives an online anti-bribery training module. We also hold refresher courses for those in higher-risk functions such as commercial, finance and the supply chain.

Our most recently integrated operating region, Helios Towers South Africa, is also covered at Group level by all four accreditations, meaning that we are certified across each of our five markets. During 2021 and beyond, subject to the timing of the transaction closings, we will look to extend this to our new operating entities.

Strategic Report

Operating review

Our markets and performance

Helios Towers' markets continued to deliver consistent growth in 2020.

Group financial highlights

Revenue

+7%

2020: US$414.0m
2019: US$387.8m

Adjusted EBITDA$^{\Delta}$

+10%

2020: US$226.6m
2019: US$205.2m

Operating profit/(loss)

2020: US$56.3m
2019: US$(4.5)m

Tanzania

Adjusted EBITDA^Δ growth

+9%

2020: US$105.0m
2019: US$96.4m

Revenue growth

+3%

2020: US$167.1m
2019: US$162.2m

Key highlights
(US$ millions)

	FY20	FY19
Revenue	**167.1**	162.2
Adjusted EBITDA^Δ	**105.0**	96.4
Total sites	**3,821**	3,661
Total tenancies	**8,625**	8,099
Tenancy ratio	**2.26x**	2.21x

Mobile penetration (2020)[1]

41%

Mobile subscribers CAGR[1] (2020-2026E)

5%

New points of service[2] (2020-2026E)

5,500

MARKET LEADER

(1) GSMA Database, accessed February 2021.
(2) Hardiman Report, March 2021.

Market dynamics and characteristics
Tanzania is one of the fastest-growing economies in the world, with a growing population and increasing urbanisation.

Alongside this expansion, Tanzania has experienced strong mobile subscription CAGR of 8% from 2012-2020, with an expected further 5% CAGR from 2020 to 2026. As a result, independent forecasts expect points of service to grow 6% annually from 2020-2026. Helios Towers is well positioned to benefit from this demand, due to its leading market share of 66%, and being the only independent tower company.

The country is served by four primary MNOs (Airtel, Tigo, Vodacom and Viettel). We continue to add capacity at sites in major urban areas and are building coverage throughout the country, working with all four MNOs to support their rollout plans.

2020 operating highlights
- Our Tanzanian operating company delivered strong tenancy growth in 2020, adding 160 sites and 526 tenants in the year, resulting in tenancy ratio expansion of 0.05x to 2.26x
- Consequently, revenues and Adjusted EBITDA grew 3% and 9% respectively, resulting in margin expansion of 4ppts
- In addition to the tenancy ratio expansion, Adjusted EBITDA margin growth was supported by grid connection initiatives completed in the year

Strategic Report

Operating review continued

Adjusted EBITDA^Δ growth

+17%

2020: US$103.5m
2019: US$88.3m

Revenue growth

+10%

2020: US$174.0m
2019: US$158.0m

Key highlights (US$ millions)	FY20	FY19
Revenue	**174.0**	158.0
Adjusted EBITDA^Δ	**103.5**	88.3
Total sites	**1,895**	1,850
Total tenancies	**4,096**	3,828
Tenancy ratio	**2.16x**	2.07x

Mobile penetration (2020)[1]

40%

Mobile subscribers CAGR[1] (2020-2026E)

6%

New points of service[2] (2020-2026E)

5,700

MARKET LEADER

(1) GSMA Database, accessed February 2021
(2) Hardiman Report, March 2021.
(3) WorldPop Database, accessed March 2021 (2020e).

Dynamics and characteristics
With a landmass the size of Western Europe, DRC is Africa's second largest country.

Our towers provide network coverage to 41% of the population, which is currently estimated at 114 million[3]. We partner with all four of the MNOs: Vodacom, Orange, Airtel and Africell. Our 1,800km microwave backbone tower network, rolled out in 2018, extended its coverage footprint to a further six million people in 2020.

With mobile penetration at only 40%, and with 4G licences only in issue since 2018, the scope for growth in DRC is vast: independent forecasts project a 6% CAGR for mobile subscribers from 2020-2026, following a 5% CAGR from 2013-2020. As a result, independent forecasts expect points of service to grow at an 11% CAGR from 2020-2026.

As a country with extremely limited fixed line infrastructure and often unreliable grid availability, mobile will continue to be a catalyst for development and a key enabler for business innovation and broader economic growth.

2020 operating highlights

- DRC was one of our fastest growing markets in 2020, delivering revenue and Adjusted EBITDA growth of 10% and 17% respectively
- This growth highlights the continued structural opportunity in this market, with strong population growth anticipated and low levels of mobile penetration today
- In 2020 sites expanded by 45 and tenancies increased by 268, leading to a tenancy ratio expansion of 0.09x to 2.16x

Adjusted EBITDA^Δ growth

+16%

2020: US$27.4m
2019: US$23.6m

Revenue growth

+7%

2020: US$42.9m
2019: US$40.1m

Key highlights
(US$ millions)

	FY20	FY19
Revenue	**42.9**	40.1
Adjusted EBITDA^Δ	**27.4**	23.6
Total sites	**978**	961
Total tenancies	**1,914**	1,888
Tenancy ratio	**1.96x**	1.96x

Mobile penetration (2020)[1]

56%

Mobile subscribers CAGR[1] (2020-2026E)

2%

New points of service[2] (2020-2026E)

2,600

(1) GSMA Database, accessed February 2021.
(2) Hardiman Report, March 2021.

Dynamics and characteristics
Relative to other African markets, Ghana is more densely populated and more advanced in respect of mobile adoption. Ghana has an estimated 56% mobile subscriber penetration, with a population of 33 million. Its three MNOs are: MTN, the market leader; Vodafone; and AirtelTigo, and we work with all three operators.

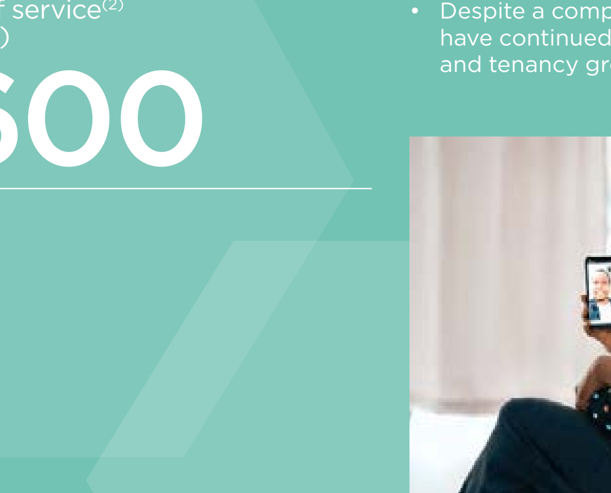
2G coverage is available virtually everywhere, served by a terrestrial microwave backbone. 3G services are offered by all three networks, and MTN and Vodafone have each launched 4G offerings.

Following a 6% CAGR of subscriber growth from 2013-2020, independent forecasts expect a 2% CAGR from 2020-2026, resulting in a 4% CAGR for new points of service in this period.

Helios Towers is estimated to have approximately 20% market share as of 2020. Our portfolio in this market has a strong urban split, As of 2020, 89% of our towers are in urban or suburban areas, where new site space is much more limited: this provides a strong lease-up opportunity.

2020 operating highlights

- Our Ghanaian operating company continues to drive operational excellence throughout its business, expanding Adjusted EBITDA margins by 5ppt and achieving a record 26 seconds of average downtime per tower in the year
- Revenues and Adjusted EBITDA expanded by 7% and 16% respectively
- Despite a competitive market, we have continued to deliver solid site and tenancy growth



Operating review continued

Congo B

Adjusted EBITDA$^{\Delta}$ growth

-7%

2020: US$12.7m
2019: US$13.6m

Revenue growth

+3%

2020: US$26.6m
2019: US$25.9m

Key highlights (US$ millions)	**FY20**	FY19
Revenue	**26.6**	25.9
Adjusted EBITDA$^{\Delta}$	**12.7**	13.6
Total sites	**426**	384
Total tenancies	**617**	568
Tenancy ratio	**1.45x**	1.48x

Mobile penetration (2020)(1)

47%

Mobile subscribers CAGR(1) (2020-2026E)

3%

New points of service(2) (2020-2026E)

500

MARKET LEADER

(1) GSMA Database, accessed February 2021.
(2) Hardiman Report, March 2021.

Dynamics and characteristics
Congo Brazzaville continues to make a reliable and steady contribution to the Group. The mobile sector, as a key enabler of communications, has seen continued growth throughout 2020, reflecting the secular mobile growth trends across the continent.

Congo Brazzaville's population of just under six million is served by a duopoly of MNOs: MTN and Airtel. Following a 2% CAGR of subscriber growth from 2013-2020, independent forecasts expect a 3% CAGR from 2020-2026, driving a 6% annual point of service growth over this period.

Helios Towers is the only independent towerco and has a 58% market share.

2020 operating highlights
- Congo Brazzaville recorded strong site and tenancy growth of 11% and 9% year-on-year respectively, reflecting the strongest year of tenancy growth since entering the market
- Adjusted EBITDA was lower year-on-year, primarily due to the introduction of a new licence fee from the regulator
- The team are looking forward to 2021, entering the year with a higher site portfolio to drive revenue and Adjusted EBITDA growth

South Africa

Adjusted EBITDA^Δ growth

+450%

2020: US$1.1m
2019: US$0.2m

Revenue growth

+113%

2020: US$3.4m
2019: US$1.6m

Key highlights
(US$ millions)

	FY20	FY19
Revenue	**3.4**	1.6
Adjusted EBITDA^Δ	**1.1**	0.2
Total sites	**236**	118
Total tenancies	**404**	208
Tenancy ratio	**1.71x**	1.76x

Mobile penetration (2020)[(1)]

67%

Mobile subscribers CAGR[(1)] (2020-2026E)

2%

New points of service[(2)] (2020-2026E)

8,000

(1) GSMA Database, accessed February 2021.
(2) Hardiman Report, March 2021.

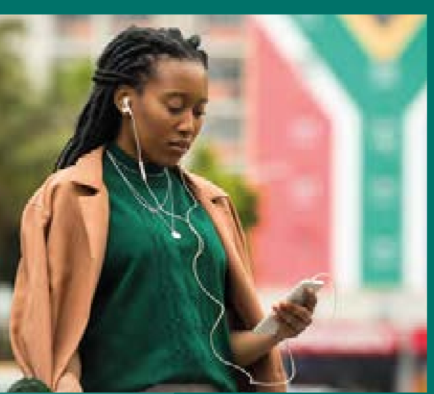
Dynamics and characteristics
We are in the early stages of development in the most mature market on the continent. Helios Towers entered South Africa in 2019 and is one of multiple telecoms tower companies.

The country has approximately 103 million subscriptions. It is also leading the race to the most modern mobile technologies of 4G and 5G, which necessitate higher network densification. Yet, mobile access is still under-penetrated (67%, well below the G7 average of 85%). 4G is prevalent in major cities, but material 4G rollout and increased network coverage is still needed elsewhere across the country.

Following a 6% CAGR of subscriber growth from 2013-2020, independent forecasts expect a 2% CAGR from 2020-2026 and 3% annual PoS growth in this period, the equivalent of approximately 8,000 new points of service.

Currently, 83% of the country's 28,000 towers are still owned by the MNOs: this looks set to change, making South Africa a sizeable opportunity for growth. Of the MNOs, the market is served mainly by Vodacom, MTN, Telkom and Cell-C.

2020 operating highlights
- Our South African operating company had a strong year, nearly doubling tenancies and maintaining a healthy tenancy ratio, which was 1.71x at the end of 2020
- The growth in tenancies provided strong operating leverage, with Adjusted EBITDA margins increasing from 13% in 2019 to 32%
- The team is well-positioned for future organic and inorganic growth that is anticipated over the coming years



Strategic Report

Acquisition review

Senegal

Mobile subscribers CAGR[1] (2020-2026E)

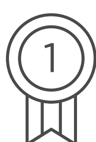
4%

Mobile penetration (2020)[1]

52%

New points of service[2] (2020-2026E)

1,800



SOLE INDEPENDENT TOWERCO

Acquired sites

1,220

Committed build-to-suit sites

400

We enter Senegal

In August 2020 we announced a significant acquisition to take us into our sixth market, Senegal, as the country's first independent tower company. We expect this transaction to close within H1 2021.

Senegal shares similar characteristics with our existing markets and satisfies all our investment criteria: these include a population of more than ten million and growing; three or more MNOs with competitive market share; a growing economy; and hard currency exposure.

Senegal has low mobile penetration of 52%. Following a 5% CAGR from 2013-2020, mobile subscriptions are forecast to grow at a 4% CAGR to 2026, with points of service growing at a 6% CAGR over the same period. The country's population, currently around 16 million, is expected to grow at a 6% CAGR 2020-2026. Senegal is considered an economic hub of West Africa and its currency, the CFA Franc, is pegged to the Euro by the French Central Bank, further increasing the proportion of earnings we receive in hard or pegged currencies.

The market has three players: Free, from whom we are purchasing 1,220 sites, Orange (Sonatel) and Expresso. The transaction also includes a commitment from Free to order 400 build-to-suit towers over a five-year period.

The deal, which we expect to close in H1 2021, represents an enterprise value of €178 million (c.US$215 million). With annual revenues of US$38 million and EBITDA of US$19 million upon entry, we expect it to be immediately accretive to earnings.

Run-rate revenue[3]

$38m

Run-rate Adjusted EBITDA$^{\Delta}$ [3]

$19m

(1) GSMA Database, accessed February 2021
(2) Hardiman report, March 2021
(3) Run rate financials reflect Company estimates, annualised, of the day-one acquired assets. Further revenue growth is anticipated through 400 committed BTS and colocation lease-up.

Covid-19: A resilient response

Keeping our people safe and communities connected.

The health and safety of all our employees and partners is our utmost priority. In advance of the global lockdowns, Helios Towers activated its established Business Continuity Plan ('BCP').

The first task was to ensure the safety of our people and partners. Our 400+ office-based staff across all our markets transitioned seamlessly to working from home, equipped with all necessary digital technology and services to ensure continued communication and collaboration.

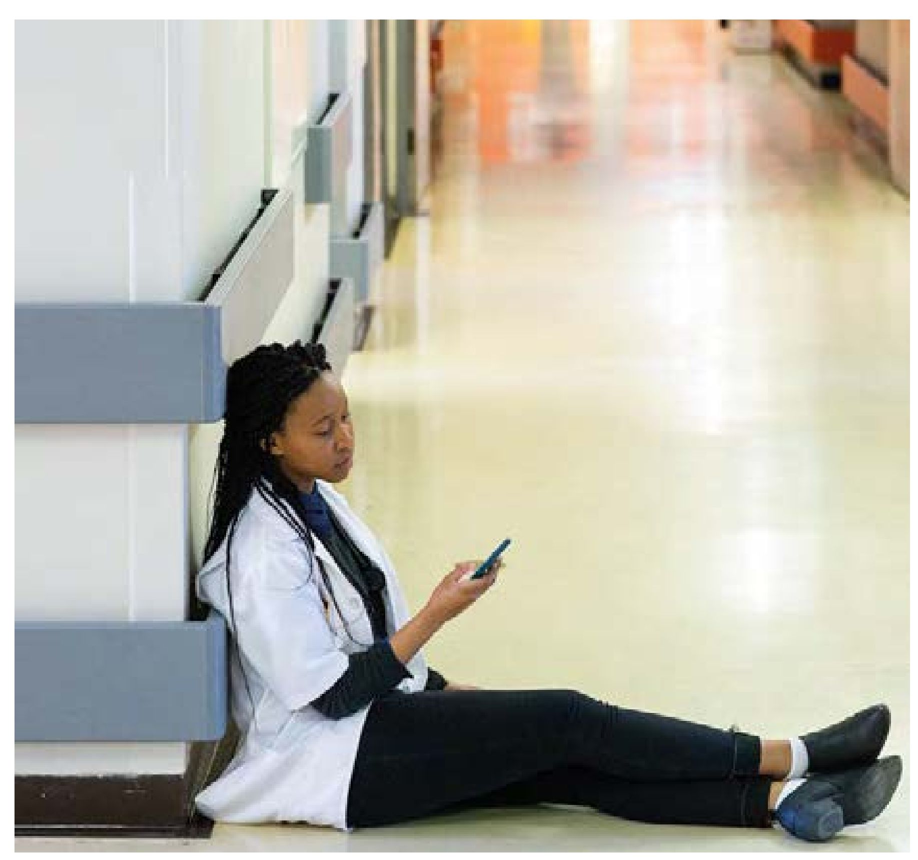
Out in the field, the nature of our maintenance operations – usually conducted alone or in pairs, often in remote locations – meant that with full PPE there was no unacceptable risk to our team members or others.

The greater potential challenge lay in ensuring the continuous supply of spare parts and fuel. We therefore took the decision to pre-order a full year's supply of the inventory we needed. This would allow us to continue to maintain our equipment even if certain suppliers had to pause operations, or if borders closed, at any given time. We also completed detailed procurement processes with fuel suppliers to understand how much fuel they had in store, where it was located, and the risk to supply routes.

The result of this precise planning, and the strengths of the partnerships we had previously built, ensured that the spare parts we needed were continuously available. As for fuel, even when restrictions were at their tightest, we never had less than three months' requirement in reserve at any one time.

It is a measure of the effectiveness of the BCP that the Group achieved three consecutive quarters above 99.99% power uptime in Q2 – Q4 2020, and an all-time record in the month of June. Across our network, the 2020 average power uptime of 99.98% tells the story that Covid-19 did not impact the reliability of the service we delivered to our customers and the communities we serve.

In all our markets, telecommunications were classified as an essential service, as maintaining mobile connectivity is crucial. The Group's business and operations proved inherently resilient against the implications of the Covid-19 pandemic and associated lockdowns. This is due to our operating in the telecoms sector, which sees continued structural demand, and through having long-term contracted revenue streams from Africa's blue-chip MNOs.



The table below provides a summary of the impact of Covid-19 across key areas of the Group's operations:

	Commentary	Impact assessment
1 Workforce and operations	• Office staff working from home across all markets • Field operations are in dispersed locations and outdoor environments with personnel classified as essential workers • Return to work protocols discussed with employee wellbeing at the core	• Minimal disruption caused by remote working: all staff provided with appropriate technical equipment and support to work effectively from home • No disruption to operational performance: we delivered our best-ever levels of power uptime in 2020 • Business continuity maintained
2 Existing revenue and liquidity	• US$2.8 billion contracted revenues with seven years' contract duration across five countries and 82% with Africa's Big-Five MNOs • Following refinancing and bond tap, closed 2020 with cash and cash equivalents of US$429 million, with undrawn debt facilities of up to US$270 million at Group and ZAR 351 million (c.US$24 million) at Helios Towers South Africa	• Minimal impact to existing revenue streams, with contracted revenues in line with Group expectations • Debtor days improved in 2020, decreasing to 53 days from 57 in 2019, see note 15 of the Financial Statements for full calculation • Financing activity was not impacted: successful bond refinancing and bond tap, resulting in greater liquidity, a lower coupon rate and improved covenant terms
3 Customer rollout	• Potential for variation in customer rollout strategy • Implications for rate of rollout if equipment supply chains are disrupted	• Mobile services are critical, which supports uninterrupted rollout plans from our customers • Met 2020 guidance range for tenancy additions, which was forecast pre-Covid-19, demonstrating minimal variation in forecast customer rollout commitments • Supply chain risk managed by forward purchasing in H1 2020
4 Supply chain	• Anticipated the potential for disruption to supply chain • Forward purchased FY20 materials in late Q1 2020/early Q2 2020 • Forward purchasing of capex • Additional fuel purchases to ensure adequate supplies	• Minimal supply chain delays experienced • Accelerated equipment orders provided sufficient inventory to support our growth through 2020 • High-quality operational performance ensured
5 Situation management	• Regular monitoring and communications with Board, executive management and employees • Cloud-based systems and Group-wide video conferencing for smooth remote-working transition	• Minimal disruption expected • Business Continuity Plan controls were maintained between the first and second waves, ensuring continued and effective protection in the event of a resurgence of the virus

Chief Financial Officer's statement

Manjit Dhillon
Chief Financial Officer

Resilient growth, well supported by the capital markets

Alongside strong financial and operational performance, we took action to improve our balance sheet, significantly reducing our cost of capital while gaining the financial firepower to deliver on our growth targets.

Manjit Dhillon | Chief Financial Officer

We maintained our track record of Adjusted EBITDA growth and continued revenue expansion, and are well positioned to capitalise on future opportunities.

I am pleased to report that 2020 was another successful year of delivering against our financial and operating targets, as laid out during our IPO in October 2019.

We closed the year with revenue growth and Adjusted EBITDA growth of 7% and 10% respectively, and delivered a record operating profit of US$56 million, a year-on-year improvement of US$61 million. Importantly, we delivered on our guidance laid out at the beginning of the year, adding over 1,000 tenancies, and achieving a record 55% Adjusted EBITDA margin, hitting our medium-term target range of 55%-60% for the first time in our history.

We are proud to have met the full-year guidance we gave to the market pre-Covid-19, without knowledge of the global shutdown that lay before us. This demonstrates the inherent strength and stability of our sector and business model, and our ability to adapt to circumstances outside of our control. In each of our five markets, our operations were deemed to be essential services, allowing us to continue enabling connectivity for individuals, communities and economies.

It was also exciting to see how our integrated Sustainable Business Strategy has combined social responsibility with operational and fiscal efficiency. Our business model has always been rooted in sustainability, but we are committed to do more. Our 2020 performance, driven by our business excellence programme, resulted in not only financial improvements but also considerable reductions in per-site fuel consumption and emissions. Our financial and sustainability goals are closely aligned and we will continue to integrate and embed sustainability into all of our financial and commercial activities.

Capital markets' support

Alongside strong financial and operational performance, we took action to improve our balance sheet, significantly reducing our cost of capital while gaining the financial firepower to deliver on our growth targets.

Despite the impact of the Covid-19 pandemic on global markets, in June 2020 we completed the successful refinancing of our maiden bond issuance with a US$750 million bond with a 7.000% coupon, reduced from 9.125%. In addition, we raised a new US$70 million revolving credit facility and a new US$200 million term loan. The term loan is currently undrawn and will be utilised for future expansion opportunities. This transaction effectively reopened the African debt capital markets following the global lockdown.

In September, we followed this with a US$225 million bond tap which priced attractively at 106.25, reflecting a yield to maturity of 5.6% and taking our total bond issuance in 2020 to US$975 million. We are proud of the speed of execution of these transactions, securing outsized commitments from capital markets without the traditional global itinerary of roadshows.

The net result of our activity is a meaningful reduction in our cost of capital and a significant increase in our financial capacity, which positions us well to execute efficiently on acquisitions that will help realise our growth ambitions.

Delivering on our strategic targets

Our 2025 target, as originally set out ahead of our IPO, is to operate 12,000 or more towers in eight or more markets. We took our first significant step towards this goal by signing an agreement to purchase 1,220 existing sites from Free Senegal, the country's No. 2 mobile operator. The upfront consideration for this transaction will be €160 million, and we anticipate a further €70 million related to deferred consideration and capex requirements for an additional 400 committed BTS sites.

The Senegal deal exemplifies all of the key criteria we look for in acquisitions. These include: a stable and growing economy with a rising population; multiple MNOs with strong colocation lease-up opportunities; and protection against FX volatility, in this case through a currency pegged to the Euro by the French Central Bank. On a run-rate basis, the integration of Senegal would increase the Group's hard currency Adjusted EBITDA to 68%.

Pro forma for closing the Senegal transaction, we anticipate net leverage to be 3.5x, in the lower end of our target range of 3.5x-4.5x. This provides us with strong capacity for further acquisitions and to deliver on our growth ambitions, while maintaining prudent levels of leverage.

Revenue
+7%
2020: US$414.0m
2019: US$387.8m

Adjusted EBITDA^Δ
+10%
2020: US$226.6m
2019: US$205.2m

Adjusted EBITDA margin^Δ
+1.8ppt
2020: 54.7%
2019: 52.9%

Operating profit/(loss)
+US$61m
2020: US$56.3m
2019: US$(4.5)m

Chief Financial Officer's statement continued

Group performance

In 2020, revenues grew by 7% from US$388 million to US$414 million and Adjusted EBITDA increased by 10% to US$227 million. Robust customer demand resulted in a 7% increase in tenancies and our tenancy ratio grew from 2.09x to 2.13x.

A combination of tenancy growth and operational improvements supported expansion of our Adjusted EBITDA to 55%, within our medium-term target range of 55-60%. In 2020 we also achieved a record operating profit of US$56 million: this compares to an operating loss of US$(5) million in 2019, which was largely attributable to IPO-related costs.

Adjusted operating profit increased by US$21 million, from US$58 million in 2019 to US$79 million in 2020, which reflects strong underlying growth on an adjusted and unadjusted basis.

We continued to improve cash flow generation from our existing asset base, with portfolio free cash flow ('PFCF') increasing 3% from US$169 million to US$174 million. This was driven by strong Adjusted EBITDA growth of 10% partially offset by higher taxes and higher maintenance capex due to additional precautionary purchases early in 2020 to mitigate the potential supply chain risk related to Covid-19. However, this still enabled us to again fund our financing costs and discretionary capex from PFCF, resulting in Adjusted free cash flow of US$1.5 million in 2020, which excludes exceptional items principally related to our capital raising activities and working capital outflow in the year.

Quality of revenues and earnings

Our business has a robust earnings profile, supported by high quality customers, strong contract structure with long durations, and our best-in-class operational execution.

- **Customer mix**: we continue to serve Africa's largest MNOs, which account for the vast majority of our revenue. In 2020, 99% of revenues came from blue-chip international MNOs, with Africa's Big-Five (Airtel, MTN, Orange, Tigo and Vodacom/fone) generating 87% of revenues.
- **Long-term contracts**: our contracts typically have initial terms of 10-15 years, with automatic renewals thereafter. As at 31 December 2020, we have an average of 6.8 years initial term remaining across the Group. This represents US$2.8 billion of future revenue already contracted, a strong underlying earning base for future growth.
- **Hard currency/dollarisation and escalations**: a significant percentage of our customer contracts are in hard currency (mainly US dollars), which leads to 65% of our 2020 Adjusted EBITDA being in hard currency. We also have CPI and power price escalators across all our customer contracts, which means that even our local currency Adjusted EBITDA automatically increases periodically and provides stability and robustness to our Group earnings.
- **Operational performance**: in 2020 we delivered record power uptime, against the backdrop of the Covid-19 pandemic. We provided our customers with an average of 99.98% power uptime, achieved across our markets with an average of 15 hours grid power per day. This level of performance ensures that we are the tower company of choice for our customers.

Tax expense

The Group tax expense for 2020 was US$16 million, as compared to US$62 million in 2019. The prior year included US$55 million related to Change of Control Taxes, fully funded by a capital contribution from the pre-IPO shareholders. The increase in tax expense excluding Change of Control Taxes is due to earnings growth in Ghana and Tanzania. Tanzania became profitable for the first time in 2020, meaning both Ghana and Tanzania are now subject to income tax.

Liquidity and net debt

During 2020 we strengthened our liquidity position, finishing the year with US$429 million of cash and cash equivalents. This was partly a result of the bond refinancing and subsequent bond tap, completed in June and September respectively.

Net leverage of 2.9x at the end of 2020, was in line with our closing position in 2019. This is currently below our target range of 3.5x-4.5x.

For 2021, we expect all organic growth capex to be funded through cash flow. Accounting for the Senegal acquisition, which we expect to close in H1 2021, net leverage would remain at the low end of our target range of 3.5x-4.5x, providing additional capacity for our inorganic growth strategy.

Finally, we were pleased to maintain our credit ratings of B2 corporate family rating ('CFR') by Moody's Investors Service and B corporate credit rating by S&P, which reaffirms the stability of our corporate credit profile.

Dividend

Given the scale of the opportunities in our current pipeline, and our ambitions to invest in our existing businesses and expand into new markets, the Directors recommended that no dividends be paid for the year ended 31 December 2020. However, given our expectations for the future growth of the business and improving free cash flow, there may be scope to pay a dividend in the medium term. This decision would be considered depending on investment opportunities at that time.

Outlook

2021 is shaping up to deliver another exciting year of growth for Helios Towers. We look forward to closing the Senegal acquisition, embedding our business practices, and expanding our operations there, as well as continuing to progress our inorganic growth strategy in new and existing markets. Importantly, we see continued demand in our established markets, with numerous opportunities for our sustainable organic growth, underpinned by robust long-term contracts. We remain focused on delivering high quality services to our customers and the communities in our markets, whilst creating sustainable value for all our stakeholders.

Manjit Dhillon | CFO

Strategic Report

Alternative Performance Measures

The Group has presented a number of Alternative Performance Measures ('APMs'), which are used in addition to IFRS statutory performance measures.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board. Some of these measures are also used for the purposes of setting remuneration targets.

Adjusted EBITDA and margin

Definition

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

Purpose

The Group believes that Adjusted EBITDA and Adjusted EBITDA margin facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest and finance charges), tax positions (such as the impact of changes in effective tax rates or net operating losses) and the age and booked depreciation on assets. The Group excludes certain items from Adjusted EBITDA, such as loss on disposal of property, plant and equipment and other adjusting items because it believes they are not indicative of its underlying trading performance.

Reconciliation between APM and IFRS

	2020 US$m	2019 US$m
Loss before tax	(20.9)	(74.8)
Adjustments applied to give Adjusted EBITDA		
Adjusting items:		
Project costs(1)	4.4	18.6
Deal costs(2)	8.8	1.7
Share-based payments and long-term incentive plans(3)	1.0	31.2
Loss on disposal of property, plant and equipment	8.1	11.0
Other gains	(40.1)	(33.9)
Depreciation of property, plant and equipment	128.4	129.5
Amortisation of intangibles	5.6	9.2
Depreciation of right-of-use assets	14.0	8.5
Interest receivable	(0.8)	(0.7)
Finance costs	118.1	104.9
Adjusted EBITDA	226.6	205.2
Adjusted EBITDA margin	55%	53%

(1) Project costs in 2020 relate to the preparation for a debt refinancing, and in 2019 relate to listing of equity on the London Stock Exchange in October 2019.
(2) Deal costs comprise costs for potential and aborted acquisitions, which mainly comprise professional fees and travel costs incurred while investigating potential site acquisitions that are expensed when the potential site acquisition does not proceed, and deal costs not capitalised, which relate to the exploration of investment opportunities.
(3) Share-based payments and long-term incentive plan charges and associated costs.

Strategic Report

Alternative Performance Measures continued

Adjusted gross margin

Definition
Adjusted gross margin means gross profit, adding back site and warehouse depreciation, divided by revenue.

Purpose
This measure is used to evaluate the underlying level of gross profitability of the operations of the business, excluding depreciation, which is the major non-cash measure otherwise reflected in cost of sales. The Group believes that adjusted gross profit facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by the age and booked depreciation on assets. It is also a proxy for the gross cash generation of its operations.

Reconciliation between IFRS and APM	2020 US$m	2019 US$m
Gross profit	147.9	125.9
Add back: Site and warehouse depreciation	132.6	128.7
Adjusted gross profit	280.5	254.6
Revenue	414.0	387.8
Adjusted gross margin	68%	66%

Adjusted operating profit/(loss)

Definition
Adjusted operating profit/(loss) means reported operating profit/(loss) adjusted for loss on disposal of property, plant and equipment, deal costs, share-based payments and long-term incentive plan charges, and other adjusting items. Adjusting items are material items that are considered one-off by management by virtue of their size and/or incidence.

Purpose
This measure is used to evaluate the underlying level of operating profitability of the Group. By including adjustments mentioned in the definition the Group believes that adjusted operating profit/(loss) facilitates a more meaningful comparison of Group operating performance trends from period to period.

Reconciliation between IFRS and APM	2020 US$m	2019 US$m
Operating profit/(loss)	56.3	(4.5)
Adjusting items:		
Project costs[1]	4.4	18.6
Deal costs[2]	8.8	1.7
Share-based payments and long-term incentive plans[3]	1.0	31.2
Loss on disposal of property, plant and equipment	8.1	11.0
Adjusted operating profit	78.6	58.0

Portfolio free cash flow and adjusted free cash flow

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

Adjusted free cash flow is defined as portfolio free cash flow less net payment of interest and discretionary capital additions. For a reconciliation please see page 55.

Purpose
This measure is used to value the cash flow generated by the business operations after expenditure incurred on maintaining capital assets, including lease liabilities, and taxes. It is a measure of the cash generation of the tower estate.

Reconciliation between IFRS and APM	2020 US$m	2019 US$m
Cash generated from operating activities	209.6	125.3
Adjustments applied:		
Movement in working capital	3.8	28.4
Adjusting items:		
Project costs[1]	4.4	18.6
Deal costs[2]	8.8	1.7
Share-based payments and long-term incentive plans[3]	–	31.2
Adjusted EBITDA	226.6	205.2
Less: Maintenance and corporate capital additions	(16.6)	(12.1)
Less: Payments of lease liabilities[4]	(25.5)	(20.9)
Less: Tax paid	(10.1)	(3.3)
Portfolio free cash flow	174.4	168.9

(1) Project costs in 2020 relate to the preparation for a debt refinancing, and in 2019 relate to listing of equity on the London Stock Exchange in October 2019.
(2) Deal costs comprise costs for potential or aborted acquisitions, which mainly comprise professional fees and travel costs incurred while investigating potential site acquisitions that are expensed when the potential site acquisition does not proceed, and deal costs not capitalised, which relate to the exploration of investment opportunities.
(3) Share-based payments and long-term incentive plan charges and associated costs.
(4) Payment of lease liabilities includes interest and principal repayments of lease liabilities.

Gross debt, net debt, net leverage and adjusted cash and cash equivalents

Definition

Gross debt is calculated as non-current loans and current loans and long-term and short-term lease liabilities. Net debt is calculated as gross debt less adjusted cash and cash equivalents. Adjusted cash and cash equivalents comprises cash and cash equivalents excluding US$nil (2019 US$37.7 million) of restricted cash for the potential payment of Change of Control Taxes related to our initial public offering in 2019 funded by a capital contribution from our pre-IPO shareholders immediately prior to the initial public offering. Net leverage is calculated as net debt divided by last quarter annualised Adjusted EBITDA.

Purpose

Net debt is a measure of the Group's net indebtedness that provides an indicator of overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure. Net leverage is used to show how many years it would take for a company to pay back its debt if net debt and Adjusted EBITDA are held constant. The Group aims to maintain net leverage broadly in the range of 3.5x to 4.5x.

Reconciliation between IFRS and APM	2020 US$m	2019 US$m
External debt	989.4	684.3
Lease liabilities	131.7	125.6
Gross debt	1,121.1	809.9
Cash and cash equivalents	428.7	221.1
Less: restricted cash	–	(37.7)
Adjusted cash and cash equivalents	428.7	183.4
Net debt	692.4	626.5
LQA Adjusted EBITDA	240.4	214.8
Net leverage	2.9x	2.9x

Return on invested capital

Definition

Return on invested capital is defined as portfolio free cash flow divided by invested capital. Invested capital is defined as gross property, plant and equipment and gross intangibles, less accumulated maintenance and corporate capital expenditure.

Purpose

This measure is used to evaluate asset efficiency and the effectiveness of the Group's capital allocation.

Reconciliation between IFRS and APM	2020 US$m	2019 US$m
Property, plant and equipment	594.7	631.9
Accumulated depreciation	713.0	597.2
Accumulated maintenance and corporate capital expenditure	(180.6)	(163.9)
Intangible assets	23.2	28.4
Accumulated amortisation	56.4	80.7
Total invested capital	1,206.7	1,174.3
Portfolio free cash flow	174.4	168.9
Return on invested capital	14%	14%

Detailed financial review

Consolidated income statement

For the year ended 31 December

(US$m)	Year ended 31 December 2020	2019
Revenue	414.0	387.8
Cost of sales	(266.1)	(261.9)
Gross profit	147.9	125.9
Administrative expenses	(83.5)	(119.4)
Loss on disposal of property, plant and equipment	(8.1)	(11.0)
Operating profit/(loss)	56.3	(4.5)
Interest receivable	0.8	0.7
Other gains	40.1	33.9
Finance costs	(118.1)	(104.9)
Loss before tax	(20.9)	(74.8)
Tax expense	(15.8)	(61.8)
Loss after tax	(36.7)	(136.6)

Key performance indicators

For the year ended 31 December

$ values are presented as US$m	Group 2020	Group 2019	Tanzania 2020	Tanzania 2019	DRC 2020	DRC 2019	Congo Brazzaville 2020	Congo Brazzaville 2019	Ghana 2020	Ghana 2019	South Africa 2020	South Africa 2019
Revenue for the year	$414.0	$387.8	$167.1	$162.2	$174.0	$158.0	$26.6	$25.9	$42.9	$40.1	$3.4	$1.6
Adjusted gross margin(1)	68%	66%	67%	66%	67%	64%	66%	70%	72%	69%	77%	78%
Sites at beginning of the year	6,974	6,745	3,661	3,701	1,850	1,773	384	380	961	891	118	–
Sites at year end	7,356	6,974	3,821	3,661	1,895	1,850	426	384	978	961	236	118
Tenancies at beginning of the year	14,591	13,549	8,099	7,848	3,828	3,492	568	529	1,888	1,680	208	–
Tenancies at year end	15,656	14,591	8,625	8,099	4,096	3,828	617	568	1,914	1,888	404	208
Tenancy ratio at year end	2.13x	2.09x	2.26x	2.21x	2.16x	2.07x	1.45x	1.48x	1.96x	1.96x	1.71x	1.76x
Adjusted EBITDA for the year(2)	$226.6	$205.2	$105.0	$96.4	$103.5	$88.3	$12.7	$13.6	$27.4	$23.6	$1.1	$0.2
Adjusted EBITDA margin for the year	55%	53%	63%	59%	59%	56%	48%	53%	64%	59%	32%	13%

(1) Adjusted gross margin means gross profit, adding back site and warehouse depreciation, divided by revenue.
(2) Group Adjusted EBITDA for the year includes corporate costs of US$23.1 million (2019: US$16.9 million).

Total tenancies as at 31 December

	Group 2020	Group 2019	Tanzania 2020	Tanzania 2019	DRC 2020	DRC 2019	Congo Brazzaville 2020	Congo Brazzaville 2019	Ghana 2020	Ghana 2019	South Africa 2020	South Africa 2019
Standard colocations	7,421	6,856	4,268	3,978	2,097	1,905	173	170	718	715	165	88
Amendment colocations	879	761	536	460	104	73	18	14	218	212	3	2
Total colocations	8,300	7,617	4,804	4,438	2,201	1,978	191	184	936	927	168	90
Total sites	7,356	6,974	3,821	3,661	1,895	1,850	426	384	978	961	236	118
Total tenancies	15,656	14,591	8,625	8,099	4,096	3,828	617	568	1,914	1,888	404	208

Tenancies

The number of tenancies increased by 7% to 15,656 on 31 December 2020 from 14,591 on 31 December 2019. This increase was driven by tenancy growth across all markets.

Revenue

Revenue increased by 7% to US$414.0 million in the year ended 31 December 2020 from US$387.8 million in the year ended 31 December 2019. The increase in revenue was largely driven by the 7% increase in tenancies from 14,591 as of 31 December 2019 to 15,656 as of 31 December 2020.

Cost of sales

	Year ended 31 December			
		% of Revenue		% of Revenue
(US$m)	2020	2020	2019	2019
Power	79.9	19.3%	82.6	21.3%
Non-power	53.6	12.9%	50.6	13.0%
Site and warehouse depreciation	132.6	32.0%	128.7	33.2%
Total cost of sales	266.1	64.3%	261.9	67.5%

The table below shows an analysis of the cost of sales on a country-by-country basis for the year ended 31 December 2020 and 2019.

	Tanzania		DRC		Congo Brazzaville		Ghana		South Africa	
	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
(US$m)	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Power	27.8	29.4	40.5	41.6	3.1	2.9	7.9	8.5	0.6	0.2
Non-power	26.6	26.1	16.8	15.7	6.1	4.9	3.9	3.8	0.2	0.1
Site and warehouse depreciation	55.5	54.1	56.9	55.1	10.1	10.9	8.5	8.1	1.6	0.5
Total cost of sales	109.9	109.6	114.2	112.4	19.3	18.7	20.3	20.4	2.4	0.8

Year-on-year, cost of sales increased to US$266.1 million in the year ended 31 December 2020 from US$261.9 million in the year ended 31 December 2019, due primarily to an increase in non-power and site and warehouse depreciation costs, partially offset by a decrease in power costs. The most notable falls in power costs were seen in Tanzania and DRC driven by reduced cost of fuel and increased grid connections. Non-power, and site and warehouse depreciation costs increased across the Group in line with the increase in sites and related costs.

Administrative expenses

Administrative expenses decreased by 30% to US$83.5 million in the year ended 31 December 2020 from US$119.4 million in the year ended 31 December 2019. The decrease in administrative expenses is primarily due to adjusting items of US$14.2 million in the year ended 31 December 2020, compared to US$51.5 million in the year ended 31 December 2019. The majority of the 2019 costs were in relation to the listing on the London Stock Exchange ('LSE') and associated share-based payments costs, largely attributed to the unwinding of the Group's legacy private company Management Incentive Plans.

	Year ended 31 December			
	% of Revenue		% of Revenue	
(US$m)	2020	2020	2019	2019
Other administrative costs	53.9	13.0%	49.4	12.7%
Depreciation and amortisation	15.4	3.7%	18.5	4.8%
Adjusting items	14.2	3.4%	51.5	13.3%
Total administrative expense	83.5	20.2%	119.4	30.8%

Adjusted EBITDA

Adjusted EBITDA was US$226.6 million in the year ended 31 December 2020 compared to US$205.2 million in the year ended 31 December 2019. The increase in Adjusted EBITDA between periods is primarily attributable to the changes in revenue, cost of sales and administrative expenses, as discussed above.

Strategic Report

Detailed financial review continued

Loss on disposal of property, plant and equipment

Loss on disposal of property, plant and equipment was US$8.1 million in the year ended 31 December 2020, compared to a loss of US$11.0 million during the year ended 31 December 2019. This decrease in loss on disposal was primarily a result of fewer site consolidation programs in DRC and Tanzania in 2020, which reduces site count but improves tenancy ratio and EBITDA margin.

Other gains

Other gains recognised in the year ended 31 December 2020 was a gain of US$40.1 million, compared to a gain of US$33.9 million in the year ended 31 December 2019. This is primarily in relation to the US$33.8 million fair value movement of the embedded derivative valuation of the US$975 million 7.000% bond (2019: US$33.9 million on the US$600 million 9.125% bond), and a $6.2 million movement in the fair value of contingent consideration in 2020 (2019: US$Nil).

Finance costs

Finance costs of US$118.1 million for the year ended 31 December 2020, mainly comprise interest for the bond. During the year, the US$600 million bond was redeemed with early redemption charges (see Note 1 below). The swing from a loss in foreign exchange differences in 2019, to a gain in the year ended 31 December 2020, is driven primarily by the fluctuations year-on-year of the Central African Franc and Ghanaian Cedi.

	Year ended 31 December	
(US$m)	2020	2019
Foreign exchange differences	(3.6)	12.0
Interest cost	80.5	77.0
Early redemption expenses[1]	23.9	–
Interest cost on lease liabilities	17.3	15.9
Total finance costs	118.1	104.9

(1) Includes call premium and release of transaction costs of US$13.7 million and US$10.2 million respectively, related to the early redemption of the US$600 million Senior Notes.

Tax expense

Our tax expense was US$15.8 million in the year ended 31 December 2020 as compared to US$61.8 million in the year ended 31 December 2019. The prior year includes US$55.0 million related to Change of Control Taxes which was fully funded by a capital contribution from the pre-IPO shareholders. Though entities in Congo B and DRC have continued to be loss making, minimum income taxes have been levied based on revenue, as stipulated by law in these jurisdictions. Ghana and Tanzania are profit making and subject to income tax.

Contracted revenue

The following table provides our total undiscounted contracted revenue by country as of 31 December 2020 for each year from 2021 to 2025, with local currency amounts converted at the applicable average rate for US Dollars for the year ended 31 December 2020 held constant. Our contracted revenue calculation for each year presented assumes:

- no escalation in fee rates;
- no increases in sites or tenancies other than our committed tenancies;
- our customers do not utilise any cancellation allowances set forth in their MLAs;
- our customers do not terminate MLAs early for any reason; and
- no automatic renewal.

	Year ended 31 December				
(US$m)	2021	2022	2023	2024	2025
Tanzania	170.8	168.8	163.7	145.6	125.7
DRC	166.7	169.1	171.5	171.0	144.7
Congo Brazzaville	27.1	26.3	25.4	24.7	9.4
Ghana	33.6	31.9	31.0	30.4	30.1
South Africa	4.7	5.1	5.3	5.4	5.3
Total	402.9	401.2	396.9	377.1	315.2

The following table provides our total undiscounted contracted revenue by key customers as of 31 December 2020 over the life of the contracts with local currency amounts converted at the applicable average rate for US dollars for the year ended 31 December 2020 held constant. As at 31 December 2020, total contracted revenue was US$2.8 billion, of which 82% is from Africa's Big-Five MNOs[1], with an average remaining life of 6.8 years. Our contracted revenue calculation for each year presented assumes the same basis as above.

Contracted revenue (continued)

(US$m)	Total committed revenues	% of total committed revenues
Africa's Big-Five MNOs[1]	2,325.4	82%
Other	517.4	18%
Total	2,842.8	100%

(1) Includes Vodacom/fo ne, Airtel, Tigo, Orange and MTN.

Management cash flow

(US$m)	Year ended 31 December 2020	2019
Adjusted EBITDA	226.6	205.2
Less:		
Maintenance and corporate capital additions	(16.6)	(12.1)
Payments of lease liabilities[1]	(25.5)	(20.9)
Tax paid[2]	(10.1)	(3.3)
Portfolio free cash flow[3]	174.4	168.9
Cash conversion %[4]	77%	82%
Net payment of interest[5]	(92.6)	(67.7)
Levered portfolio free cash flow	81.8	101.2
Discretionary capital additions[6]	(80.3)	(102.1)
Adjusted free cash flow	1.5	(0.9)
Net change in working capital[7]	(22.2)	(45.2)
Cash paid for adjusting and EBITDA adjusting items[8]	(13.3)	(26.0)
Cash paid in relation to Change of Control Taxes	(37.7)	(10.0)
Proceeds on disposal of assets	1.0	0.4
Free cash flow	(70.7)	(81.7)
Transactions with non-controlling interests	(1.6)	–
Net cash flow from financing activities[9]	279.8	214.3
Net cash flow	207.5	132.6
Opening cash balance[10]	221.1	89.0
Foreign exchange movement	0.1	(0.5)
Closing cash balance	428.7	221.1

(1) Payment of lease liabilities includes interest and principal repayments of lease liabilities.
(2) Tax paid excludes Change of Control Taxes which are classified separately below.
(3) Refer to reconciliation of cash generated from operating activities to portfolio free cash flow in the alternative performance measures section on pages 49 to 51.
(4) Cash conversion % is calculated as portfolio free cash flow divided by Adjusted EBITDA.
(5) Net payment of interest corresponds to the net of 'Interest paid' (including withholding tax) and 'Interest received' in the Consolidated Statement of cash flow, excluding interest payments on lease liabilities.
(6) Discretionary capital additions includes acquisition, growth and upgrade capital additions.
(7) Net change in working capital corresponds to movements in working capital, excluding cash paid for adjusting and EBITDA adjusting items and including movements in capital expenditure related working capital.
(8) Cash paid for adjusting and EBITDA adjusting items corresponds to cash paid in respect of items per note 4 of the Consolidated Financial Statements – project costs in relation to the IPO and fees for the preparation of the debt refinancing.
(9) Net cash flow from financing activities includes borrowing drawdowns, loan issue costs and repayment of loan in the Consolidated Statement of Cash Flows.
(10) Opening cash balance for the year ended 31 December 2020 included US$37.7 million restricted cash which had been funded at the time of IPO by Helios Tower's pre-IPO shareholders. This was paid to the relevant tax authority in Q1 2020.

Cash conversion has decreased from 82% for the year ended 31 December 2019 to 77% for the year ended 31 December 2020. This is driven by an increase in maintenance and corporate capital additions, higher payments of lease liabilities year-on-year, and an increase in tax paid due to Tanzania and Ghana operations becoming profitable, partially offset with an increase in Adjusted EBITDA. Working capital improved by US$23.0 million year-on-year due to a decrease in receivables days, from 57 days, for the year ended 31 December 2019, to 53 days in the year ended 31 December 2020. See Note 15 of the Group Financial Statements.

Strategic Report

Detailed financial review continued

Capital expenditures

The following table shows our capital expenditure additions by category during the year ended 31 December:

	2020		2019	
	US$m	% of total capex	US$m	% of total capex
Acquisition	15.9	16.4%	25.8	22.6%
Growth	48.9	50.5%	57.2	50.2%
Upgrade	15.5	16.0%	19.1	16.7%
Maintenance	15.4	15.9%	11.2	9.7%
Corporate	1.2	1.2%	0.9	0.8%
Total	96.9	100.0%	114.2	100.0%

Acquisition capex in the year ended 31 December 2020 mainly relates to the acquisition of 65 sites from Eagle Towers in South Africa.

Indebtedness

As of 31 December 2020 and 31 December 2019 the HT Group's outstanding loans and borrowings, excluding lease liabilities, were US$989.4 million (net of issue costs) and US$684.3 million respectively. The increase in indebtedness year-on-year is primarily due to new Bond issuances during the year ended 31 December 2020. On 18 June 2020 HTA Group, Ltd. issued US$750 million of 7.000% senior notes due 2025. The proceeds were used to redeem the US$600 million notes held previously and extinguish US$75 million of term loan debt. In addition, on 9 September 2020 HTA Group, Ltd. issued a further US$225 million aggregate principal of its 7.000% senior notes due 2025. For more details, see Note 20 of the Group Financial Statements.

Strategic Report

Section 172 Statement

Engaging with our stakeholders

In accordance with section 172 of the UK Companies Act 2006, the Board has a duty to promote the success of the Company for the benefit of its members as a whole.

In doing so, it must have regard to specific issues (among other matters) including the interests of the Company's employees, its business relationships with suppliers and customers, and the impact of its operations on communities and the environment.

The Directors have always, both collectively and individually, taken decisions for the long term and consistently aim to uphold the highest standards of business conduct. For more information on our governance policies, please see page 34. This statement serves as an overview of how the Directors have performed this duty in 2020 and engaged with the Company's key stakeholders to help inform the Board's decision making. The Board has identified the Company's key stakeholders as its workforce, customers, suppliers, investors, and the communities in which the Company operates.

Long-term decision making

Decisions taken by the Board for the long term during 2020 included the acquisition of 1,220 sites from the mobile network operator Free Senegal. This acquisition is aligned with the Company's long-term strategic objective and broadens the Company's footprint within the African towers infrastructure market. Further information in relation to Senegal is set out in the Market overview section of the Strategic Report on page 42. Similarly, the Board's decision to proceed with the refinancing of the Company's bond and debt facilities also reflected the long-term nature of the Board's decision making, as the refinancing significantly reduced the Company's borrowing costs, extended debt maturities, and provided additional proceeds to fund the Company's continued expansion and execution of its growth strategy.

We always seek to maximise the value we create for each of our stakeholders and our integrated Sustainable Business Strategy reflects our economic, environmental and social impacts. We believe this provides a strong base for long-term, sustainable growth that supports our contribution to the United Nations (UN) Sustainable Development Goals (SDGs) and helps to create real benefits for individuals, communities and businesses in Africa.

Interests of the Company's workforce

During 2020, the Board made decisions that took into account the safety and development needs of the Company's workforce. In July 2020 Sally Ashford was appointed as the designated Non-Executive Director for workforce engagement. In addition, Helios Towers' first ever Employee Engagement Survey was commissioned, to understand how colleagues felt about all aspects of working for the Company and to identify any concerns or issues. A high-level summary of the results of the survey are set out on page 33 of the Strategic Report.

A number of 'voice of the employee' sessions were carried out in October and November 2020, led by Sally Ashford and supported by Kash Pandya. The sessions were held with colleagues across the Group to help the Board understand what they felt about working for the Company, what changes they had seen and wanted to see going forward, and what challenges they saw. A number of themes emerged around recognition, training, and reward, which the Board will evaluate and look to address in 2021, when further 'voice of the employee' sessions will also be held.

One of the recommended changes was the introduction of a Share Incentive Plan to be made available to employees across each of our other jurisdictions, with the aim of aligning employees' interests with those of our shareholders. Resolutions to approve a proposed share plan will be put to shareholders for approval at our 2021 AGM.

Safety, health and environment is a standing agenda item at every Board meeting. Following the rapid development of the Covid-19 situation in March 2020, the Company's primary focus was the protection and safety of colleagues, including our partners' employees. The Company immediately acted on its established Business Continuity Plan ('BCP'). A business response team, split operationally and functionally, was tasked with managing the risk to colleagues and partners, and the decision was taken for colleagues

Strategic Report

Section 172 Statement continued

to work from home across all markets and for Board meetings to take place virtually. Further information in relation to the Company's response to Covid-19 can be found on pages 44-45 of the Strategic Report, where we set out the actions we took to protect colleagues and minimise the pandemic's impact on the Group's business and operations.

Separately, the Company's succession planning was discussed in 2020, with the Board recognising the importance of developing individuals to support the Company's drive to increase the expertise and leadership capabilities of local staff. In addition to supporting existing training initiatives, including Lean Six Sigma and MindGym Leadership Development, the Board agreed to support the design of an Executive Development Programme due to be rolled out in 2021. Further information on our training initiatives and workforce engagement can be found in the Empowered people and partnerships section, pages 30-34 of the Strategic Report and our separate Sustainable Business Report.

Alongside the ongoing programme of 'town hall' meetings and Q&A sessions to keep colleagues updated on financial results and other business developments, the appointment of Sally Ashford will further enhance employee engagement by seeking to understand the views of employees and being the voice of the workforce at Board meetings.

Relationships with customers and suppliers

During 2020, the Board considered the requirements of the Company's customers and suppliers, leading to the following decisions:

(1) The acquisition in May 2020 of 65 towers in South Africa from Eagle Towers SA, to enable the Company to increase its network reach and offering to customers in the Western Cape region of South Africa.

(2) The forward purchase of equipment inventory. This was to ensure that sufficient supplies were available, and customer service levels maintained, in the event of Covid-19 restrictions being in place for an extended period. Similarly, the Company also focused on ensuring increased fuel supplies to sites to ensure their continued operation.

(3) The Company further refined its contractual requirements to ensure that maintenance partners and their employees continue to operate safely and meet the highest possible health and safety standards.

(4) To support the continued drive for customer excellence, the Board agreed that an element of any annual bonus awarded to colleagues would be based on the Company's network performance across its various markets.

Sustainability in our communities and environments

Guiding everything we do is the non-negotiable priority of operating safely, considerately, and sustainably in the communities where we work. In 2020, the Board considered and approved the launch of the Company's Sustainable Business Strategy. In developing the strategy, we undertook a materiality assessment, which identified and prioritised the issues that matter most to our business and our stakeholders. The assessment included a materiality survey, interviews and workshops with both internal and external stakeholders. The Company's Sustainable Business Strategy is fully integrated into its wider business plan and forms part of the Board's decision-making responsibilities.

The roll out of the strategy will support the continued sustainable growth of the Company whilst enabling more individuals, communities and organisations to access a range of life-enhancing services. The strategy will also support colleagues and partners to reach their full potential and work to the highest ethical, social and environmental standards. Further detail on the Sustainable Business Strategy can be found on page 4 of the Strategic Report.

Climate-related matters

Reflecting the importance of sustainability to the Board, climate-related matters are discussed as part of the Sustainable Business Strategy update, which is a standing agenda item at every Board meeting. In that sense, climate change is owned by the whole Board. By way of example, the Board discussed the Company's review of its reduction of carbon footprint for 2021 at its November meeting. The Board also decided that waste would be an area of focus for 2021, including recycling site batteries. Additionally, at the November meeting the Board also reviewed the Company's remote monitoring strategy and discussed the advantages that a remote monitoring system would bring in reducing fuel consumption and CO_2 emissions, whilst also supporting customer KPIs.

The Board is committed to operating sustainably, providing equitable employment, offering equal opportunities for all, and trading honestly and ethically.

Interests of shareholders and debt investors

The support and engagement of investors is critical to the ongoing success of the Company. In all of its decision making during the year, the Board ensured that it acted fairly with regard to its investors. Investor relations is a standing agenda item at Board meetings and the Board ensures that there is regular and active engagement with investors. In 2020, this included hosting meetings with close to 300 unique investment institutions, both debt and equity investors, as well as meetings in relation to the Company's financial results. These meetings allow the Board to understand the views of investors and address any concerns.

Additionally, the Company is constantly looking at ways to develop its engagement and had planned a Capital Markets Day at one of our operating countries during 2020. Due to Covid-19 related restrictions, this was postponed, and will now be rearranged for 2021, subject to further travel restrictions. In lieu of this, the Company maintained transparent communication with investors via virtual roadshows and meetings throughout the year.

The Board's decision to refinance and upsize its existing bond issue and debt facilities, providing increased available funds, was partly driven by investor feedback encouraging the Company to implement its growth strategy through M&A activity.

For more information on the Board decision-making process, go to the **Corporate Governance Report, pages 75-79.**

Stakeholder group	Why is it important to engage?	How we engage
Employees	Our employees are a key asset of the business. We nurture and invest in our people to give them the tools to be effective and the opportunities to grow within the business. By doing this we ensure we retain an engaged, happy, productive and efficient workforce.	• Training and education programmes • Town hall and other employee meetings • Employee Engagement Survey • Performance reviews and career conversations • Company intranet to circulate key materials • 'Voice of the employee' feedback sessions • Volunteering programmes • Code of ethics • Social events
Customers	Our customers are at the centre of everything we do. Our customers choose us to accelerate their growth ambitions and to lower their costs of delivering crucial services. Regular engagement is vital for speed and efficiency of service and is therefore critical to our customers. Our performance drives theirs in turn.	• Regular meetings and communication • Customer surveys • Industry conferences • Involvement in industry partnership programmes and industry groups
Partners and suppliers	To develop our supplier relationships into true partnerships takes time and effort by both parties to bring about successful collaborations. We streamline our supplier base so that we can focus on, and invest in, a select few, developing true partnerships that create mutual value. Cultivating sustainable long-term relationships is essential in order to build and maintain assets that need to last for decades.	• Regular meetings and communication • Industry conferences • Industry training activities • Supplier surveys • Third-Party Code of Conduct • Co-habiting work environments
Investors	Investors have provided the business with the capital to invest. Regular engagement with investors is vital to ensure they understand the business model, strategy, opportunities and risks. This will ensure they continue to provide the funding flexibility required for full execution of the strategy, and in turn enable us to continue to deliver value to their investments.	• Detailed quarterly reporting and Annual Report • RNS announcements, as appropriate • AGM and other shareholder meetings • Investor roadshows • Investor and industry conferences • Capital Markets Days • Regular calls and meetings • Sell-side equity research analysts engagement • Investor relations website
Community	Our business is part of the communications supply chain that breathes economic and social life into the local communities it serves. We want to maximise the positive impact of our towers and network access for the communities where we live and work.	• Well-established public consultation and community engagement practices during site planning • Launched our Sustainable Business Strategy in November 2020 • Providing free phone charging points for community use on sites in DRC, Tanzania and Ghana • Offering internships and work experience, and supporting local education initiatives
Environment	A stable, sustainable environment is crucial to our communities and, in turn, the long-term success of our business and the prosperity of all our stakeholders. We strive to protect the environment and minimise any negative impact, which is predominantly related to GHG emissions.	• Reduced impact through our core business model of infrastructure sharing • Optimising sites for energy and operational efficiencies • Connecting to the grid wherever possible and reliable, and using hybrid and solar solutions to reduce our emissions • Reducing, reusing and recycling waste wherever possible

More information on our community and environmental initiatives can be found in our separate Sustainable Business Report pages 13-22.

Strategic Report

Non-financial information statement

The table below outlines where the key contents requirements of the Non-Financial Statement can be found within this document (as required by sections 414CA and 414CB of the Companies Act 2006). Helios Towers' sustainable business reporting also follows other international frameworks, including the Global Reporting Initiative CDP and GHG Reporting Protocol. All Helios Towers' policies and materials as referred to below can be found on the Company website at www.heliostowers.com

Reporting requirements	Helios Towers' policies and approach	Section within Annual Report
Environmental matters	Our business strategy and business practices have sustainability at their core. • Environmental Policy • Sustainable Business Strategy • Sustainable Business Report	Environmental KPIs and targets are included in the Strategic progress section of the Strategic Report, page 20-35.
Employees	We support our employees equally, through training and opportunities, to achieve their full potential. • Anti-Discrimination Policy • Employee Code of Conduct	Empowered people and partnerships section, page 30-33. Section 172 statement, page 57-59. Corporate Governance Report, page 75-79.
Social and community matters	Our aim is to maximise the benefits of our towers and network access for the communities where we live and work.	Network access and sustainable development section, page 26-29 Section 172 statement, page 57-59.
Human rights	We conduct our business in a way that protects and respects the human rights of all our stakeholders. • Modern Slavery Statement • Modern Slavery Report	Governance section in the Strategic Report, page 34-35.
Anti-bribery and corruption	We have zero tolerance for any form of bribery or corruption. • Code of Conduct • Third-Party Code of Conduct	Governance section in the Strategic Report, page 34-35.
Policy embedding due diligence and outcomes	Our performance is supported by rigorous due diligence processes across all areas of our business. • Third-Party Engagement and Due Diligence Policy • Code of Conduct • Third-Party Code of Conduct • Quality Policy	Business excellence and efficiency section in the Strategic Report, page 22-25.
Description of principal risks and impact of business activity	Our principal risks and uncertainties address the key operational, regulatory, and financial risks the business faces.	Risk management section in the Strategic Report, page 62-65.
Description of business model	This demonstrates how we deliver on our purpose of driving the growth of communications in Africa.	Business model section in the Strategic Report, page 18-19
Non-financial key performance indicators	We consider a range of operational and strategic KPIs to measure our progress against our Sustainable Business Strategy.	Group KPIs are shown in the 2020 highlights on page 1. Sustainable Business Strategy KPIs and targets are included in the Strategic Report, page 22-35.

Strategic Report

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 while 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. Determining risk appetite for the Group is the responsibility of the Board. The current risk appetite has been defined as high, given the Group's particular countries of operation, and its experience in these markets. This represents no change on the 2019 Annual Report.

Risk governance

Risk management is integral to the Group's strategy and to achieving 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 Committee.

The Audit Committee, as delegated by 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. The creation and maintenance of the Group risk register involves the whole business – with operating company and functional head input being consolidated by Group Compliance into a register for discussion and agreement at executive level, prior to submission to the Audit Committee and the Board. The risk register is updated twice a year after these discussions and a review of the external environment for any emerging risks. All risks are classified into six broad risk types: Strategic, Reputational, Compliance (including Legal), Financial, Operational and People. All risks are assessed according to the probability and significance of the consequence of them materialising and a determination made to accept, avoid, or control and mitigate (in which case mitigating controls are clearly defined). Each risk has a risk owner. Two additional principal risks have been added for 2020, relating to Covid-19 and information technology failure and cyber attack risk. There has been no change in the nature, probability or potential impact of previously identified risks.

During bi-annual discussions with executive management and functional heads of department, potential emerging risks are also discussed. These may result from internal developments: changes in organisational structure/ personnel; potential new products or markets being considered; or changes in the external environment such as regulatory changes, and socio-economic, political or health and safety matters.

Emerging risks related to sustainability, climate change, and evolving legal requirements concerning human rights abuses have been identified as part of the risk management process and continue to be monitored. Climate change and human rights risk assessments will be conducted during 2021, supported by external experts.

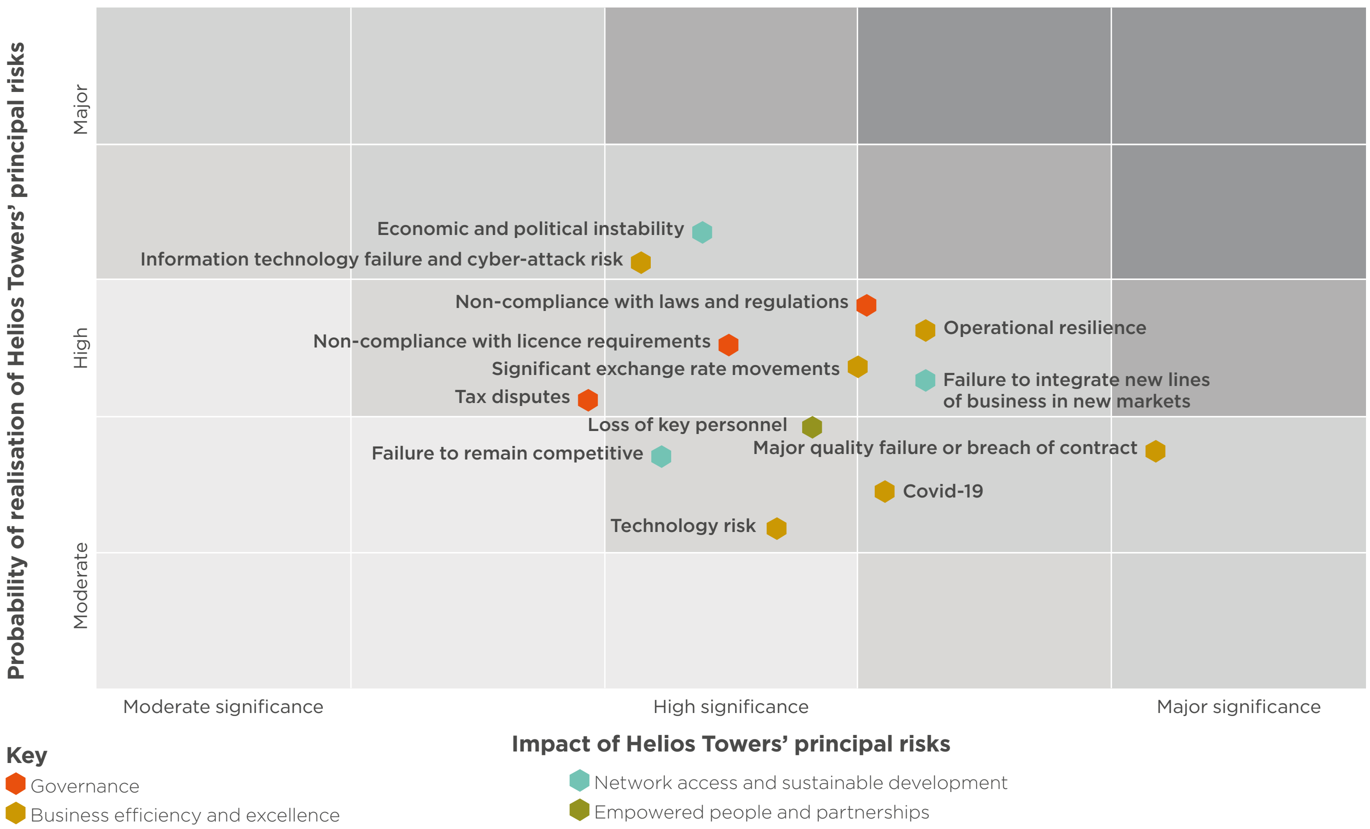
Specific risks relevant to entering new operational markets are also actively identified and assessed, with additional control measures implemented as appropriate. This will be a key focus area during 2021.

Governance structure

Strategic Report

Principal risks and uncertainties

Principal risks heatmap



Business principal risks

Summarised below are the key risks identified (not in order of significance) which could have a material impact on the Group.

Risk status	Risk description	Impacts	Risk mitigation
No change	**1. Operational resilience** The ability of the Group to continue operations is heavily reliant on third parties, the proper functioning of its technology platforms and the capacity of its available human resources. Failure in any of these three areas could severely affect its operational capabilities and ability to deliver on its strategic objectives.	Strategic Reputational Operational	• Ongoing enhancements to data security and protection measures with third-party expert support; • Additional investment in IT resource and infrastructure to increase automation and workflow of business as usual activities; • Third-party due diligence, ongoing monitoring and regular supplier performance reviews; • Alternative sources of supply are identified in advance to mitigate any potential disruption to the strategic supply chain; • Ongoing review and involvement of the human resources department at an early stage in organisation design and development activities.
No change	**2. Major quality failure or breach of contract** The Group's reputation and profitability could be damaged if it 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.

Strategic Report

Principal risks and uncertainties continued

Risk status	Risk description	Impacts	Risk mitigation
No change	**3. 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, in respect of 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 and virtual training on health, safety and environmental matters provided to employees and relevant third-party contractors; • ISO 37001 (Anti-Bribery Management System) certification retained; • Ongoing refresh of 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, consultants, and regulatory authorities, as necessary, to identify and assess changes in the regulatory environment; • Third-Party Code of Conduct communicated and annual certifications required of all high and medium risk third parties introduced and communicated; • Third-party monitoring through supplier audits and performance reviews.
No change	**4. 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; • Long-term contracts with blue chip MNOs; • 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	**5. 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 that these 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.
No change	**6. Non-compliance with permit requirements** The Group may not always operate with the necessary required approvals and permits for some of its tower sites, particularly in the case of tower portfolios acquired from a third-party. Vagueness, uncertainty and changes in interpretation of regulatory requirements are frequent and often arise without warning. As a result, the Group may be subject to potential reprimands, warnings, fines and penalties for non-compliance with the relevant permitting 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 authorities 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	**7. Loss of key personnel** The Group's successful operational activities and growth are 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 are in place for key roles; • Competitively benchmarked performance-related remuneration plans; • Staff performance and development/support plans.
No change	**8. 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 tenancies, service needs and revenue streams. Examples may include spectrally efficient technologies, which could potentially relieve certain network capacity problems, or complementary voice over internet protocol access technologies that could absorb a portion of subscriber traffic from the traditional tower-based networks.	Strategic	• Strategic long-term planning; • Business intelligence; • Exploring alternative technologies such as solar power; • Continuously improving our product offering to adapt to new wireless technologies; • Applying for new licences to provide active infrastructure services in certain markets.

Risk status	Risk description	Impacts	Risk mitigation
No change	**9. 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 analysis for MNOs; • Fair pricing structure; • Business intelligence and review of competitors' activities; • Strong tendering team to ensure high win/retention rate; • Continuous capex investment to ensure that the Group has sufficient capacity.
No change	**10. 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 corporate 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; • Implementation of a regional CEO and support function to governance and oversight structure.
No change	**11. Tax disputes** Our operations are based in certain countries with complex, frequently changing and bureaucratic and administratively burdensome tax regimes. This may lead to significant disputes around interpretation and application of tax rules and may expose us to significant additional taxation liabilities.	Compliance Financial Operational Reputational	• Frequent interaction and transparent communication with relevant governmental authorities and representatives; • Engagement of external legal and tax consultants to advise on legislative/tax code changes and assessed liabilities or audits; • Engagement with trade associations and industry bodies and other international companies and organisations facing similar issues; • Defending against unwarranted claims; • Recruitment of Group Tax Manager, and ongoing recruitment of in-house tax expertise at both Group and Opco levels.
New	**12. Covid-19** In addition to the normal health and safety risks to our employees and contractors, the ongoing impact of the Covid-19 pandemic could materially and adversely affect the financial and operational performance of the Group across all its activities. The effects of the pandemic may also disrupt the achievement of the Group's strategic plans and growth objectives and place additional strain on its technology infrastructure. There is also an increased risk of litigation due to the potential effects of the pandemic on fulfilment of contractual obligations.	Financial Operational	• Health and safety protocols established and implemented; • Business continuity plans implemented with ongoing monitoring; • Financial modelling, scenario building and stress testing; • Continuous monitoring of the external environment; • Increased fuel and capex purchases; • Review of contractual terms and conditions; • Review and adaptation of our control environment for remote working.
New	**13. Information technology failure and cyber attack risk** We are increasingly dependent on the performance and effectiveness of our IT systems. Failure of our key systems, exposure to the increasing threat of cybercrime attacks and threats, loss or theft of sensitive information, whether accidentally or intentionally, expose the Group to operational, strategic, reputational and financial risks. These risks are increasing due to greater interconnectivity, reliance on technology solutions to drive business performance, use of third parties in operational activities and continued adoption of remote working practices. Cyber attacks are becoming more sophisticated and frequent and may compromise sensitive information of the Group, its employees, customers or other third parties. Failure to prevent unauthorised access or to update processes and IT security measures may expose the Group to potential fraud, inability to conduct its business, damage to customers as well as regulatory investigations and associated fines and penalties.	Financial Operational Reputational	• Ongoing implementation and enhancement of security and remote access processes, policies and procedures; • Regular security testing regime established, validated by independent third parties; • Annual staff training and awareness programme in place; • Security controls based on industry best practice frameworks such as NCSC, and validated through internal audit assessments; • Specialist security third parties engaged to assess cyber risks and mitigation plans; • Incident management and response processes aligned to Information Technology Infrastructure Library ('ITIL®') best practice – identification, containment, eradication, recovery and lessons learned; • New supplier risk management assessments and due diligence carried out.

Viability statement

1) Assessment of prospects: context

The Group's strategy and business model are central to understanding its prospects: details can be found on pages 4-5 and 18-19 respectively. The current overall strategy has been in place for several years and has been further refined during 2020 to reflect our commitment to sustainable growth, and to making a positive contribution to ESG initiatives and the UN SDGs. The Group's strategy continues to develop and evolve through ongoing review and monitoring.

The Group's activities are long-term in nature, as is its business model. The Group is the sole independent operator and market leader in three of its five operating markets, and will also be sole independent operator in Senegal upon closing the Free Senegal transaction.

The Group has demonstrated consistent and continued Adjusted EBITDA growth for the last five years. From 2016 to 2020, operating loss has improved from US$(5) million to an operating profit of US$56 million.

The Group is well capitalised, strengthened by the bond refinancing completed In June 2020. The group raised US$975m from the initial June issuance and subsequent September bond tap. The new issuance carries a 7.000% coupon, reduced from 9.125%, and a maturity of 2025, extended from 2022. The terms of the issuance reflect an extended tenor, a reduced cost of capital, and improved covenants. The Group now has improved financial capacity to support its future growth, while net leverage remains at a reasonable level of 2.9x as at year-end.

The Board continues to take a balanced approach to the Group's strategy and the focus is primarily on exercising opportunities for growth in new markets, strengthening revenue streams from existing assets and cost control management. Decisions relating to entry into new markets are made consistent with the Group's current risk appetite and are subject to robust commercial analysis, diligence and Board oversight and approval. Similar controls operate in relation to significant new customers and tower colocation opportunities.

The Group's focus is on identifying further opportunities for expansion into new markets, growing its existing tower and tenant portfolio in existing markets and identifying potential for new product development and related technologies. This is consistent with the Group's existing strategy and risk profile, which is overseen and considered by the Board.

2) Key assumptions and the assessment process

Group prospects are assessed through its strategic planning process, which is led by the CEO and the executive management team and involves all relevant functions such as Finance, Commercial, Operations, Legal and Compliance. The Board, through its regularly scheduled meetings, oversees this process. The Board's role is to assess whether the strategic plan's outputs take account of external dynamics including political, social, technological and macro-economic factors. The output of this process is a set of objectives, financial forecasts and an assessment of any key risks that may impact delivery of the plan.

The latest updates to this strategic plan were finalised in 2020. This considered the Group's current positions and business prospects for the next five years, focusing on potential market expansion, growth opportunities in existing markets and the scope for new product development.

Based on this analysis, detailed financial forecasts were prepared for a five-year period. The forecasts for the first year represent its operating budget, which is subject to ongoing review and formal monitoring during the year. A similar level of detail is included in the second year of the forecast and this is flexed, based on the actual results obtained in year one. Forecasts for the remaining years are extrapolated from these first two years, based on the overall content of the strategic plan. We assume that debt refinancing will be available in all plausible market conditions and that there will be no material change to the Group's capital structure over the period.

The key assumptions reflect the principal risks of the Group, which are explained on pages 63-65 of this Annual Report. The purpose of this summary is to set out those key risks that could prevent the Group from achieving its strategy. Depending on the nature or impact of aspects of these principal risks, the Group's ability to continue in business in its current form could be affected, if these were realised. This was considered as part of the Group's viability assessment, outlined here.

3) Assessment of viability

While the Group's strategic plan reflects the Directors' best estimates of the future prospects of the business, the Group has also considered a number of downside scenarios by quantifying their potential financial impact and assessing the potential impact on planned delivery. For 2020, as a result of the increased pressures on the global financial markets driven by Covid-19, we conducted additional financial stress testing and sensitivity analysis. All of the scenarios modelled are based on aspects of the principal risks and represent 'severe but plausible' circumstances that could affect the Group, its operations, and its business activities.

The assessment of viability started with the available headroom as of 31 December 2020 and considered the plans and projections prepared as part of the forecasting cycle, which include the Group's cash flows, planned commitments, required funding and other key financial ratios.

The results of this stress-testing, and assessment of significant quantitative and qualitative factors, demonstrated that the Group would be able to withstand these impacts over the period of its financial forecasts. This is due to the inherent stability of its core business and by making necessary adjustments to its business-as-usual operational and activity plans.

4) Viability statement

The Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over this five-year period, based on the assessment of prospects and viability detailed above.

5) Going concern

The Directors also considered it appropriate to prepare the Financial Statements on a going concern basis, as explained in Note 2a to the Group Financial Statements included in this Annual Report.

Approval of Strategic Report

This Strategic Report has been prepared in accordance with the requirements of the Companies Act 2006 and has been approved and signed for on behalf of the Board.

Kash Pandya | Chief Executive Officer
10 March 2021

2020 progress in governance

Ensuring continued governance, compliance and strengthening our Board

Chair's introduction

Chair's introduction

Dear Shareholder

On behalf of the Board, I am delighted to introduce our Governance Report following the completion of our first full year as a listed company.

Sir Samuel Jonah, KBE, OSG | Chair

The report describes our governance arrangements, the operation of the Board and its Committees, and how the Board discharged its responsibilities throughout 2020.

The impact of Covid-19 has necessitated significant changes to the way the Board and its Committees have operated during 2020. Despite these challenges, we have continued to maintain the highest levels of governance whilst ensuring the safety of the Board and our colleagues. I would like to thank my fellow Board members, and the wider executive management team, for the way they seamlessly adapted to holding meetings virtually.

In our last Governance Report, contained in our 2019 Annual Report, we committed to being fully compliant with the 2018 UK Corporate Governance Code (the 'Code') by 1 January 2021. I am delighted to say that we achieved this objective during 2020.

At the time of the 2019 Annual Report, we complied with the Code in all but two of its provisions: Code Provision 11, that at least half of the Board, excluding the Chair, should be Non-Executive Directors whom the Board considers to be independent, and Code Provision 5 which recommends, amongst other options, the appointment of a designated Non-Executive Director for workforce engagement.

Code Provision 11 was addressed by the appointments of Sally Ashford and Carole Wainaina as independent Non-Executive Directors during 2020, meaning that half of the Board is independent, excluding the Chair. Both Sally and Carole bring a wealth of experience and further enhance the diversity and balance of the Board. I, and the rest of the Board, have already enjoyed working with them during the second half of the year.

Additionally, the appointment of Sally as the designated Non-Executive Director for workforce engagement ensures that the Company complies with Code Provision 5. She is bringing real dynamism to the Board's continuing engagement with our colleagues and is a strong advocate for all our workforce at Board meetings.

In our first Employee Engagement Survey, our employees provided positive feedback on their desire to hold shares in the Company through an employee share scheme. Following this, we will be seeking approval from shareholders for a Share Purchase Plan for our UK employees and a Global Share Purchase Plan for our employees in our other jurisdictions at the 2021 AGM.

We have also undertaken an internal review of the Board and its Committees during 2020, and reshaped the composition of the Board Committees, to enhance their diversity and ensure that we gain maximum benefit from the deep skills and experience of our Board members.

Over the coming year, the Board will continue to maintain its commitment to upholding the highest standards of corporate governance. We will also focus on enhancing engagement and communications with colleagues across the Group, as well as wider stakeholders.

Naturally, I was disappointed not to be able to welcome shareholders to our AGM in April 2020, due to Covid-19 restrictions. It looks increasingly likely that, while restrictions continue, we will need to adopt a similar format for our 2021 AGM arrangements. I look forward nonetheless to addressing personally any questions you may have in relation to our governance arrangements.

I hope to speak to you very soon.

Sir Samuel Jonah, KBE, OSG | Chair

Board and Committee attendance

The table below sets out the Directors' attendance at Board and Committee meetings during 2020. Where a Director was absent, they ensured their views were communicated to the Chair or another Director prior to the meeting.

Some Directors also attended Committee meetings as invitees during the year, but this is not reflected in the table.

Where N/A is shown, this signifies that the Director listed has not been a member of that particular Committee.

Variation in the number of meetings that Directors were required to attend reflects new Directors having joined the Board during 2020, as well as the fact that the composition of the Committees was changed in August 2020.

Where a Director was unable to attend a meeting, due to other commitments, their comments on any relevant papers or topics of discussion were submitted separately in advance to the relevant Committee Chair.

Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Sir Samuel Jonah (Chair) (Chair, Nomination Committee)	6/6	N/A	3/3	5/5
Magnus Mandersson (SID)	6/6	4/4	3/3	1/2
Alison Baker (Chair, Audit Committee)	6/6	4/4	2/2	5/5
Richard Byrne (Chair, Remuneration Committee)	6/6	4/4	N/A	5/5
Sally Ashford	2/2	N/A	1/1	3/3
Temitope Lawani	5/6	N/A	3/3	N/A
Carole Wamuyu Wainaina	1/1	0/1	1/1	N/A
David Wassong	6/6	N/A	N/A	N/A
Kash Pandya (Group CEO)	6/6	N/A	N/A	N/A
Tom Greenwood (Group COO)	6/6	N/A	N/A	N/A

Governance Report

Board of Directors

Sir Samuel Jonah, KBE, OSG
Chair
Appointed to the Board:
12 September 2019

Committees
Nomination Committee (Chair)
Remuneration Committee

Skills and experience
Sir Samuel Jonah has extensive listed company experience, having served on the Boards of various public and private companies including Vodafone Group plc, Lonhro plc, the Global Advisory Council of the Bank of America Corporation and Standard Bank Group. He has also been Chair, since January 2020, of Roscan Gold Corporation Inc. and, since February 2019, a Non-Executive Director of Grit Real Estate Income Group Limited. He previously worked for Ashanti Goldfields and later became Executive President of Anglo Gold Ashanti Limited.

He was born and educated in Ghana and obtained a Master's degree in Management from Imperial College, London, and is a member of the American Academy of Engineering.

Other current appointments
Grit Real Estate Income Group Limited, which is listed on the Johannesburg and London Stock Exchanges, and Roscan Gold Corporation Inc, which is listed in Canada on the TSX Venture Exchange.

Kash Pandya
Chief Executive Officer
Appointed to the Board:
12 September 2019

Committees
None

Skills and experience
Kash Pandya joined Helios Towers in 2015 having previously been a Board Director with Aggreko plc, the world's largest temporary power generation company, for eight years. This included five years as Managing Director, overseeing a doubling of its international business.
Kash has worked for various engineering and manufacturing companies including Jaguar, General Electric Company, Ford Motor Company and Novar plc (then Caradon plc). In 1999, he joined APW Ltd., a global manufacturing services company, to lead all operations outside the US. In 2004, he became the CEO of Johnston Group, a publicly quoted company, leaving the business on its sale to Ennstone plc.

Kash began his career through an engineering apprenticeship, and holds a Bachelor's degree in Technology Engineering, and a Master's degree in Manufacturing.

Other current appointments
None

Tom Greenwood
Chief Operating Officer
Appointed to the Board:
12 September 2019

Committees
None

Skills and experience
Tom Greenwood joined Helios Towers in 2010. He became Finance Director in 2012 before taking up the role of CFO in 2015. He was appointed as COO on 1 July 2020 and is responsible for all operational and business development activities across the Group.

He joined the Group from PwC's TMT Transaction Services team, where he focused on M&A and refinancings, mainly in the telecommunications sector. He is a qualified Chartered Accountant of the Institute of Chartered Accountants of England and Wales.

Other current appointments
None

Manjit Dhillon
Chief Financial Officer
Appointed to the Board:
1 January 2021

Committees
None

Skills and experience
Manjit Dhillon joined Helios Towers in 2016. In his role as Head of Investor Relations and Corporate Finance, he has overseen transactions including the recent US$975 million debt refinancing and the acquisition of 1,220 towers to enter the new market of Senegal. He also played a key role throughout the successful IPO of Helios Towers on the London Stock Exchange in 2019. He was appointed CFO in December 2020, effective 1 January 2021, having held the position as interim CFO since July 2020.

Prior to Helios Towers, Manjit has held a number of positions in the financial services sector, including with Deloitte, Goldman Sachs and Lyceum Capital. He is a qualified Chartered Accountant of the Institute of Chartered Accountants of England and Wales.

Other current appointments
None

Magnus Mandersson
Senior Independent Director
Appointed to the Board:
12 September 2019

Committees
Audit Committee
Nomination Committee

Skills and experience
Magnus Mandersson was appointed Senior Independent Director on 12 September 2019. He has 25 years of experience in the telecommunications and media sectors.

Magnus worked at Telefonaktiebolaget LM Ericsson for 14 years, where he held various positions including Executive Vice President. He was also President and Chief Executive Officer of SEC, the parent company for Tele2 Europe, held a number of leadership positions in the IKEA Group and Millicom S.A., and was Chair of Next Biometrics Group ASA. He is also Chair of Tampnet ASA Karnov Group AB, and a Board member of Albert Immo Holding S.à.r.l., PMM Advisors S.A. and Interogo Foundation.

He has a Bachelor of Science in Business Administration from Lund University in Sweden and obtained a Master's degree in Management from Imperial College, London.

Other current appointments
Chair of Karnov Group AB, a Sweden-listed company on NASDAQ.

Alison Baker
Independent Non-Executive Director
Appointed to the Board:
12 September 2019

Committees
Audit Committee (Chair)
Remuneration Committee

Skills and experience
Alison Baker has more than 25 years of experience in auditing, capital markets and assurance services. She has worked extensively in emerging markets, including those in Africa.

Until January 2017, Alison was a partner at PwC LLP and, previously, a partner at EY LLP. She is a qualified Chartered Accountant of the Institute of Chartered Accountants of England and Wales, and gained a Bachelor of Science in Mathematical Sciences from Bath University.

Other current appointments
KAZ Minerals Plc, which is listed on the Main Market of the London Stock Exchange; Rockhopper Exploration Plc which is listed on AIM; and Endeavour Mining Corp, listed on the Toronto Stock Exchange.

Richard Byrne
Independent Non-Executive Director
Appointed to the Board:
12 September 2019

Committees
Audit Committee
Remuneration Committee (Chair)

Skills and experience
Richard Byrne was appointed to the Board on 12 September 2019, having previously been a Director of Helios Towers, Ltd. since December 2010.

Richard co-founded TowerCo in 2004, serving as the company's President and Chief Executive Officer. He was a member of the Board of Directors from its inception until his retirement in December 2018. Before TowerCo, he was President of the tower division of SpectraSite Communications, Inc.

Richard has also served as National Director of Business Development at Nextel Communications Inc. From 2008 to 2018, he served on the board of directors of the Wireless Infrastructure Trade Association ('WIA') in the US.

Other current appointments
None

Temitope Lawani
Non-Executive Director
Appointed to the Board:
12 September 2019

Committees
Nomination Committee

Skills and experience
Temitope Lawani was previously a Director of Helios Towers, Ltd., serving since February 2010. A Nigerian national, he was co-founder and Managing Partner and is now co-Chief Executive and Director of Helios Fairfax Partners Corporation ('Helios', formerly named Helios Investment Partners) and has more than 25 years of principal investment experience.

Prior to forming Helios, Temitope was a principal in the San Francisco and London offices of TPG Capital, a global private equity firm. Temitope began his career as a corporate development analyst at the Walt Disney Company. He received a Bachelor of Science 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.

Other current appointments
Vivo Energy Holding plc, which is listed on the London Stock Exchange, and Helios Fairfax Partners, which is listed on the Toronto Stock Exchange.

Governance Report

Board of Directors continued

David Wassong
Non-Executive Director
Appointed to the Board:
12 September 2019

Committees
None

Skills and experience
David Wassong was previously a Director of Helios Towers, Ltd., serving from January 2010. He is Managing Partner of Newlight Partners LP, an independent investment manager formed in October 2018 when part of the Strategic Investments Group of Soros Fund Management LLC (‘SFM’), spun out of SFM. Previously, David was co-head of the Strategic Investments Group and jointly responsible for overseeing its investment portfolios. Before SFM, David was Vice President at Lauder Gaspar Ventures, LLC.

He started his career in finance as an analyst and then as an associate in the investment banking group of Schroder Wertheim & Co., Inc. David received an MBA from the Wharton School at the University of Pennsylvania and gained his Bachelor’s degree in Economics from the University of Pennsylvania.

Other current appointments
None

Sally Ashford
Independent Non-Executive Director
Non-Executive Director for Workforce Engagement
Appointed to the Board:
15 June 2020

Committees
Nomination Committee
Remuneration Committee

Skills and experience
Sally Ashford joined the Helios Towers Board in June 2020 as a Non-Executive Director for workforce engagement. She was, until the end of February 2021, Chief HR Officer at Royal Mail Group, a role she commenced in June 2018. Sally joined Royal Mail in June 2015 as the Group Reward Director and also held the role of HR Director for the parcels business. Prior to Royal Mail, Sally spent 13 years at Telefónica-O2, working across a range of senior roles including Global Compensation Director and HR Director of Telefónica Europe. She has also held a variety of senior HR-related roles at BT and Tesco.

Other current appointments
None

Carole Wamuyu Wainaina
Independent Non-Executive Director
Appointed to the Board:
13 August 2020

Committees
Audit Committee
Nomination Committee

Skills and experience
Carole Wainaina is currently Senior Advisor to the CEO at the Africa50 Infrastructure Fund. She joined Africa50 in 2017 as the COO. This followed her role as an Assistant Secretary General at the United Nations in the Department of Management. Carole was previously Executive Vice President and Chief HR Officer at Koninklijke Philips N.V., and also spent 13 years with The Coca-Cola Company. There, she held several senior roles across Eurasia and Africa and also worked as the Chief of Staff to the Global Chairman and CEO.

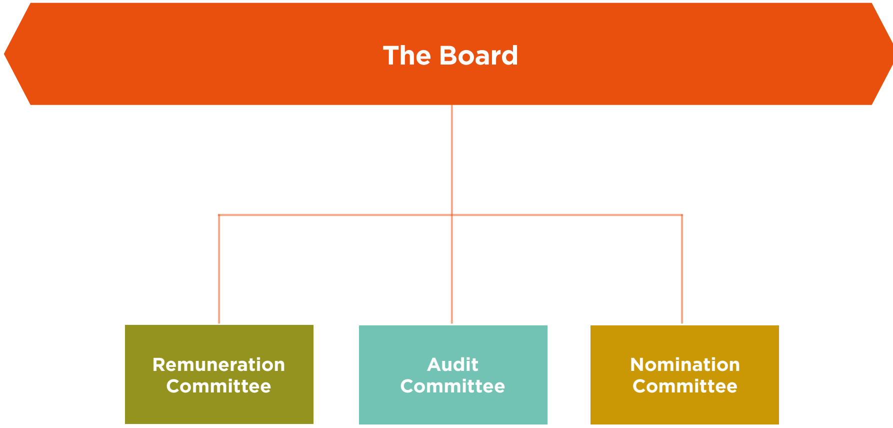
Other current appointments
Non-Executive Director for the Equatorial Coca-Cola Bottling Company, and Non-Executive Member for the Nairobi International Finance Centre

Governance Report: Board leadership and Company purpose

Corporate Governance Report

Board and Committees

The Board has established a number of Committees and has delegated to them responsibility for certain matters. The Board Committee structure is shown opposite. Each Committee is directed by written terms of reference setting out its roles and responsibilities, and the extent of its authority, as delegated by the Board. The Chair of each Committee reports regularly to the Board on matters discussed at Committee meetings.



Compliance with 2018 UK Corporate Governance Code

The Board confirms that the Company complies with the provisions set out in the Code as at the year end 31 December 2020.

The Corporate Governance Report, together with the Directors' and Remuneration Reports, describes how the Company has applied the main principles of the Code and complied with its detailed provisions.

In its 2019 Annual Report, the Company acknowledged that it was compliant with the Code, with two exceptions, both of which were addressed in 2020:

- Code Provision 11, relating to the Division of Responsibilities principle, recommends that at least half the Board, excluding the Chair, should be Non-Executive Directors whom the Board considers to be independent. Following the appointment of Sally Ashford and Carole Wainaina to the Board during 2020, the Company now complies with Code Provision 11 as five of the ten Board Directors (excluding, for these purposes, the Chair) are Non-Executive Directors who are regarded by the Board to be independent for the purposes of the Code.
- The current composition of the Board also reflects the rights of two of the Company's largest shareholders (Lath Holdings, Ltd and Quantum Strategic Partners Limited) to appoint a Director to the Board under the Shareholders' Agreement. Millicom Holding B.V. enjoyed a similar right, though they elected not to take this up, which fell away during 2020.
- The Board regards Sally Ashford, Alison Baker, Magnus Mandersson and Carole Wainaina to be independent for the purposes of the Code (which is available from the Financial Reporting Council at www.frc.org.uk) The Chair, Sir Samuel Jonah, was independent on appointment. Whilst Richard Byrne has been a Director of a Group company since 2010, the Board considers his continued membership of the Board is in the best interests of the Company and, after careful consideration, is satisfied that Richard continues to demonstrate independence in carrying out his role as a Non-Executive Director and Chair of the Remuneration Committee. The Board considers that he continues to be independent in his character and perspective, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, his judgement. Temitope Lawani and David Wassong, as representative Directors nominated by Lath Holdings, Ltd and Quantum Strategic Partners Limited respectively, were appointed to the Board under the Shareholders' Agreement, and are not regarded as independent.
- Code Provision 5, relating to the Board Leadership and Company Purpose Principle, recommends that the Board engages with the workforce and suggests either one or a combination of methods be used, being either a Director appointed from the workforce, a formal workforce advisory panel or a designated Non-Executive Director. The Company complied with this provision by appointing Sally Ashford as the designated Non-Executive Director for workforce engagement.

The following sections of this report explain how the principles of the Code have been applied, and provide cross-references to other sections and/or the Company's website (www.heliostowers.com), where more detailed descriptions are available.

Board leadership and Company purpose

As at 31 December 2020, the Board comprised ten members: the Chair, who is independent, the Chief Executive Officer, Chief Operating Officer and seven Non-Executive Directors, of whom five are considered to be independent for the purposes of the Code. As of 1 January 2021, Manjit Dhillon has also been appointed to the Board, bringing the total members to eleven, of whom six (including the Chair) are considered independent. The Directors' biographies, including Board Committee membership, are set out on pages 72-74.

The Board is collectively responsible for the oversight and long-term success of the Company and the effective leadership of the Group. To that end, the Group has a skilled and dedicated executive leadership team that develops and promotes the Group's strategy and oversees its implementation. Day-to-day management is delegated to the Executive Directors. However, certain matters are the specific preserve of the Board, as set out in the table on page 76. The Board has also delegated certain matters to its Audit, Nomination and Remuneration Committees, whose activities are explained in the Reports on pages 82-105 and whose terms of reference can be found on the Company website.

Governance Report: Board leadership and Company purpose

Corporate Governance Report continued

Matters reserved for the Board

Strategy and management
- The Group's strategy;
- Approval of the annual operating expenditure and capital expenditure budgets, and any material changes to them;
- Oversight of the Group's operations; and
- Review of the Group's performance in the light of its strategic aims, objectives, business plans and budgets.

Culture, purpose and values
- Establishing the Company's purpose, values and strategy;
- Assessing and monitoring of culture; and
- Ensuring workforce policies and practices support the Company's long-term sustainable success and are consistent with the Company's values.

Structure and capital
- Changes to the Company's capital structure;
- Major changes to the Group's corporate structure; and
- Changes to the Group's management and control structure.

Financial reporting and controls
- Approval of Financial Statements;
- Approval of the dividend policy; and
- Approval of any significant changes in accounting policies or practices.

Internal controls
- Establishment and maintenance of a framework of prudent and effective controls, to enable risk to be assessed and managed.

Contracts
- Approval of major capital projects, material contracts (including debt facilities), major investments and disposals; and
- Approval of non-ordinary course contracts.

Engagement and communication
- Engagement with, and participation from, shareholders and stakeholders on an ongoing basis; and
- Approval of mechanisms by which the Board will engage with the workforce.

Board membership and other appointments
- Ensuring adequate succession planning for the Board and senior management;
- Changes to the structure, size and composition of the Board;
- Appointments to the Board; and
- Approving the continuation in office of Directors.

Remuneration
- Determining the remuneration of the Directors, senior management and the Company Secretary;
- Determining the remuneration of the Non-Executive Directors; and
- Introducing new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

Delegation of authority
- Agreeing the division of responsibilities of the Chair, Chief Executive Officer and Senior Independent Director, Board and Committees; and
- Approving the delegated levels of authority.

Corporate governance matters
- Undertaking a formal and rigorous annual review of its own performance, and that of its Committees and individual Directors, and the division of responsibilities;
- Determining the independence of each Non-Executive Director;
- Considering the balance of interests between shareholders, employees, customers and the community; and
- Reviewing the overall corporate governance structure of the Group.

Policies
- Approval of policies including those relating to the Code of Conduct, share dealings, whistleblowing, anti-bribery, health and safety, environment and sustainability.

Others
- Political donations;
- Approving the appointment of the Group's principal advisors;
- Approving the overall level of insurance; and
- Any decision likely to have a material impact on the Company or Group from any perspective.

The Board is responsible for ensuring leadership through effective oversight and review. It sets the strategic direction for the Group, shapes the organisational culture and values, promotes corporate governance and plays a key role in ensuring the business creates and sustains value growth over the long term. The Board also oversees the implementation of appropriate risk assessment systems and processes to identify, manage and mitigate the Group's principal risks, as outlined on pages 63-65.

Each Board meeting considers strategic, performance and risk agenda items to address future opportunities and threats, and to ensure the continued sustainability of the Group's business model.

The Board believes that effective corporate governance is critical to delivering our strategy and creating long-term value and sustainability within our business for the benefit of our investors. We are always mindful of our responsibilities and duties to these stakeholders under section 172 of the Companies Act 2006. We have provided details of our key stakeholders, their importance to our business, and the value we generate for them in the Strategic Report on page 59.

Risk management and internal control

The Board has overall responsibility for risk management and sets the Group's risk strategy, risk appetite and monitors risk exposure consistent with strategic priorities.

The Company has an established Group-wide system of risk management and internal control which identifies, and enables management and the Board to evaluate and manage, the Group's emerging and principal risks. Due to the limitations inherent in any system of internal control, this system provides robust, but not absolute, assurance against material misstatement or loss and is designed to manage rather than eliminate risk.

The effectiveness of the Group's system of internal control is regularly reviewed by the Board, as is the Group's risk management framework, with specific consideration given to material financial, operational and sustainability risks and controls, with appropriate steps taken to address any issues identified.

During 2020, no significant internal control failings were identified.

The Board has established the Audit Committee, which is comprised of four independent Non-Executive Directors, chaired by Alison Baker who has extensive recent and relevant financial experience. The Audit Committee meets at least quarterly to oversee, amongst other things, the risk management framework and the effectiveness of the Group's financial reporting, internal control and assurance systems. It also provides regular updates to the Board on any risks it considers within its remit.

The Board confirms that throughout 2020, and up to the date of approval of this Annual Report and Financial Statements, there have been rigorous processes in place to identify, evaluate and manage the emerging and principal risks faced by the Group. This includes those that would threaten its business model, future performance, solvency or liquidity, in accordance with the principles of the Code and the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, published by the Financial Reporting Council. The Group's approach to risk management, the risks identified and how it profiles these risks, are set out in the Risk management overview and Principal risks section on pages 62-65.

The Board and culture

The Board assesses and monitors the culture of the Group. If it is not satisfied that the policy, practices or behaviour throughout the business are aligned with the Group's purpose, values and strategy, it will ensure that Company management addresses the issue. In 2020, the results of the Employee Engagement Survey were discussed at length by the Board, and the Board is kept updated on progress of various initiatives from the survey which are intended to address engagement and culture. Additionally, in her role as the designated Non-Executive Director for workforce engagement, Sally Ashford has undertaken a number of 'Voice of the Employee' sessions with colleagues across the Group. The sessions allows the Company to understand the views of the workforce and the culture in which colleagues operate. The results of the sessions are then discussed at Board meetings. Cultural and compliance issues are discussed at Audit Committee meetings and updates are provided by the Chair of the Audit Committee to the Board as appropriate.

Board activities during 2020

During 2020, the activities undertaken by the Board included:

- the acquisition of 65 towers in South Africa from Eagle Towers;
- considered and approved business continuity plans to address Covid-19 risks;
- refinancing of the Company's bond and debt facilities;
- the acquisition of 1,220 towers from Free Telecom in Senegal;
- the adoption of the Group's Sustainable Business Strategy;
- the appointment of Tom Greenwood as Chief Operating Officer;
- the appointment of Manjit Dhillon as Chief Financial Officer, effective from 1 January 2021;
- the appointment of two Non-Executive Directors, with one as the designated Non-Executive Director for workforce engagement;
- undertaking an Employee Engagement Survey and attending employee feedback sessions;
- changes to the composition of the Board Committees; and
- compliance, financial and operational reviews.

Further detail on the Company's response to Covid-19 can be found on pages 44-45.

Stakeholders and the Board

The Board actively engages with the Group's debt and equity investors. The Executive Directors hold regular meetings and calls with investors, for example through formal roadshows following the Company's quarterly results, at industry and investor conferences and through ad hoc meetings and presentations. Via monthly and quarterly updates, the Board is apprised of all investor relations activities undertaken by management and the Executive Directors. Investor relations activity and a review of the shareholder register are also regular items in the Board information pack.

Governance Report: Board leadership, Company purpose and Division of responsibilities

Corporate Governance Report continued

During 2020, the Executive Directors met with almost 300 investment institutions, engaging with a combination of existing and potential debt and equity investors. Executive Board members also attended virtual conferences and hosted roadshow and investor events (again virtually, due to Covid-19). These engagements covered both current and prospective shareholders, the majority of which are institutional, with the remainder comprising large private client investment managers.

Any investors interested in engaging with the Company, including with the Executive Directors, should reach out in the first instance to investor.relations@heliostowers.com

Further details on how the views of the Company's key stakeholders were considered as part of the Board's decision-making process, and how the Directors' duties were discharged under Section 172 of the Companies Act 2006 can be found in our Section 172 statement on pages 49-51.

Workforce engagement

The Company has appointed a designated Non-Executive Director for workforce engagement, Sally Ashford, and in the second half of 2020 carried out an Employee Engagement and Culture Survey across the whole Group. For more detail please see the Workforce engagement case study on page 33 and the interview with Sally Ashford on page 80. In addition, the Group's operating companies each produce quarterly newsletters which are circulated Group-wide, and the Group itself engages with employees through multiple channels and activities. These include: stand-up meetings and round-table discussions; briefings provided to the whole Group, conducted by the Executive Directors; functional forums; and team-building activities. An all-employee town hall conference call has also been established to announce the financial and operational performance of each quarter.

Additionally, a number of 'voice of the employee' sessions were carried out in October and November 2020. The sessions were held with colleagues across the Group, to help the Board understand what colleagues felt about working for the Company, what changes they had seen and wanted to see going forward and what challenges they saw in the future. Further 'voice of the employee' sessions will be held in 2021.

All Group employees and third parties have access to a confidential whistleblowing hotline, EthicsPoint, which is hosted by Navex Global Inc. They can either make a personal call to report any concerns or log them via a website. The Company's whistleblowing policy provides that, subject to an allegation not being malicious or vexatious, there is no recrimination against any whistleblower – even if the concern is later found to be unsubstantiated.

The Board has delegated the oversight of whistleblowing claims to the Audit Committee. At each of its meetings, members receive a report on any concerns that have been raised and provide the appropriate challenges to management to ensure that all allegations are properly investigated. Any material concerns are reported by the Chair of the Audit Committee to the Board.

Board process and conflicts of interest

The Company's Articles of Association set out the policy for dealing with any conflicts of interests of a Director, and comply with the Companies Act 2006. There is a procedure in place for Board approval of any potential conflicts, whereby the Directors make the Chair aware of such conflicts in the first instance, prior to obtaining Board approval.

If any Director has a concern about the operation of the Board or the management of the Company that cannot be resolved, the Director's concerns will be recorded in the Board minutes.

Division of responsibilities

The Board determines the appropriate division of responsibilities between the Chair, Senior Independent Director and Chief Executive Officer, which can be found on the Company website at www.heliostowers.com/about-us/governance/

Sir Samuel Jonah is the Chair of the Company and Magnus Mandersson is its Senior Independent Director. Both were deemed to be independent on their appointments in September 2019, when assessed against the circumstances set out in Provision 10 of the Code. Kash Pandya is the Chief Executive Officer. Responsibilities are divided to ensure all Directors have sufficient time to devote to their role.

The Chair's responsibility is to lead the Board, promoting a culture of openness and debate, and in doing so ensures Board discussions are constructive and that each Director is able to contribute effectively. The Chair aims to create an environment whereby no Director dominates discussions. Each Non-Executive Director is able to contribute and constructively challenge discussions through their individual expertise and knowledge, providing specialist advice as required. In addition, the Chair, with the assistance of the Company Secretary, ensures that all Directors receive accurate, timely and clear information to aid their decision making.

Shareholders' agreement

Shortly prior to its Admission in 2019, certain founders and early investors of the Group (the 'Principal Shareholders'), entered into a Shareholders' Agreement with the Company which included specific governance rights. Each of Quantum Strategic Partners, Ltd., and Lath Holdings Ltd has the right to appoint a Director to the Board for such time as it and its associates are entitled to exercise or control 10% or more of the voting rights in the Company. Quantum Strategic Partners, Ltd and Lath Holdings Ltd have both taken up this right.

The Shareholders' Agreement will terminate either if: (i) the shares of the Company cease to be listed on the premium listing segment of the Official List and traded on the London Stock Exchange; (ii) if no Principal Shareholder holds 3% or more of the shares of the Company; or (iii) there is only one Principal Shareholder who holds 3% or more of the shares in the Company and none of Quantum Strategic Partners, Ltd, Lath Holdings Ltd or Millicom Holding B.V. holds 10% or more of the shares of the Company.

Time commitments
When making new appointments, the Board takes into account other demands on Directors' time.

Prior to any appointment, significant commitments are disclosed to the Chair with an indication of the time involved. The Board is content with the current level of external directorships held by the Chair and the independent Non-Executive Directors and, indeed, believes that other directorships enhance the capability and skills of the Board.

Company Secretary and legal advice
All Directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters. Both the appointment and removal of the Company Secretary is a matter for the whole Board.

The Company Secretary ensures the Board has access to the Company's policies and procedures, and receives information in a timely manner prior to each Board and Committee meeting. Papers are provided to Directors via a secure online portal.

Any Director may take independent professional advice at the expense of the Company to carry out their duties, if they believe it is necessary. On appointment, all Directors are advised of their duties, responsibilities and liabilities as a Director of a public listed company, and are given an induction to the Company. This includes meeting with the senior management team and, when it is safe to do so from a Covid-19 perspective, visiting an operating company.

Tax strategy
The Group is committed to complying with its statutory obligations in relation to the payment of tax, including full disclosure of all relevant facts to the appropriate tax authorities. Whilst the Board has ultimate responsibility for the Group's tax strategy, the day-to-day management rests with the senior leadership team, headed by the Chief Financial Officer and including the Group Tax Manager, who reports directly to the CFO. Further information on the Group's tax strategy is available on the Company's website at www.heliostowers.com/about-us/governance/

Governance Report

Q&A with Sally Ashford

Sally Ashford | Non-Executive Director for workforce engagement

The voice of the workforce, on the Board

In line with new corporate governance requirements, Helios Towers was delighted to welcome Sally Ashford to the Board in Summer 2020. Sally was previously Chief HR Officer of Royal Mail Group and joins us as designated Non-Executive Director for workforce engagement.

Sally, has engaging with the workforce been a career-long focus for you?

I have always been fascinated and driven by what motivates people. In fact, straight from university, employee recognition was my introduction to HR. When I was approached by Helios Towers, I felt I could make a valuable contribution to a dynamic and valuable organisation.

You were most recently with Royal Mail Group – does this make an interesting contrast with Helios Towers?

On the surface it is a huge contrast. At Royal Mail, there are 140,000 employees in the UK and a further 20,000 worldwide. You can trace its history back to 1516. Whereas Helios Towers is an 11-year-old company with around 450 employees.

Ultimately, though, people are people. We all share the same need to be valued and respected. We want clarity on what's expected of us, good communication, and a fair chance to be considered for new opportunities. So actually, whether you're a postman in London or maintaining a fleet of towers in Kinshasa, the same principles apply.

Are there also similarities in the purpose of both companies?

Both operate within the communications sector, and I'm proud of how each serves its markets socially and economically. Another attraction of joining the Helios Board is that I have also worked in telecoms for many years, and I am fascinated by the changes it can bring. Helios' work in Africa is an inspirational example of that.

You joined us last summer. What were your early impressions?

I was immediately impressed with the teams. It is very clear Helios has a lot of passionate people who are committed to the success of the business and are proud to contribute to developing their economies. I also think it's brilliant that the opco workforce is 100% African. This is great for Helios' engagement in the communities where we operate.

In the absence of being able to meet face-to-face, I've had some excellent Zoom sessions with my new colleagues from HR, and from DRC and Tanzania.

And what were the key learnings of those conversations for you?

I have spoken with people from distinct operating regions and functions. All the groups were not only each very positive, but also consistent in what they said. Our people value Helios' entrepreneurial culture; they enjoy being part of a growing company. They appreciate the short chains of command and how they have access to senior leadership when needed.

They are also very positive about Lean Six Sigma and the personal growth and results it delivers. I found real cohesion between the opcos and the Head Office operations; they all recognise they are integral to what's happening.

So this bears out the findings of the Employee Engagement Survey?

Very much so. As you can imagine, I have seen numerous employee surveys in my career, and often they will show pockets of positivity here and there. It's really quite rare to see such high levels of engagement so consistently expressed across distinct divisions and opcos. Those results are something to be celebrated.

Where do you see your focus in workforce engagement in 2021?

Helios' challenges are the type that are nice to have. It's a question of improving, especially as the Company launches in a new market, Senegal, in 2021. We must also make sure growth doesn't stretch people too thinly. In the survey, work-life balance was an area where we can improve. We can also never do too much in the area of transparent and regular communication, and maintaining two-way channels.

Will your findings and suggestions be voiced at Board level?

Yes, and regularly. The Board has been extremely supportive of the entire workforce engagement initiative, and it is now a regular agenda item at Board meetings. I will continue to represent the voice of the employees on the Board, and I look forward to contributing to the further development of the Group.

Nomination Committee Report

Chair's introduction

Dear Shareholder

On behalf of the Board, I am pleased to present the Nomination Committee Report for the year ended 31 December 2020.

Sir Samuel Jonah, KBE, OSG | Chair

The Nomination Committee (the 'Committee') met on three occasions in 2020 and during these meetings it considered the following key matters:

- Re-election of Directors at the AGM;
- Appointment of the new COO;
- Appointment of the new CFO;
- Appointment of additional Non-Executive Directors;
- Revising the structure of Board Committees; and
- The Board evaluation review.

Details of the members and attendance at each of the scheduled meetings is shown in the table below and the biographies of the members are shown on pages 72-74.

	Meetings attended
Sir Samuel Jonah (Chair)	3/3
Magnus Mandersson	3/3
Alison Baker	2/2
Sally Ashford	1/1
Temitope Lawani	3/3
Carole Wainaina	1/1

The Committee's terms of reference can be found on the Company website at www.heliostowers.com/about-us/governance/

As we stated in our 2019 Annual Report, the Company was actively seeking to appoint two additional independent Non-Executive Directors and I am pleased to confirm the appointment of Sally Ashford and Carole Wainaina as independent Non-Executive Directors during 2020. Sally and Carole bring a wealth of experience and further enhance the diversity and gender balance of the Board. Their appointment also ensures that at least half of the Board, excluding the Chair, is made up of independent Non-Executive Directors. Sally will also fulfil the role of designated Non-Executive Director for workforce engagement.

Executive search firm Korn Ferry was appointed to assist us with the recruitment of Carole and Sally and undertook an extensive search process based on objective criteria which promoted diversity of gender and social and ethnic backgrounds. The Company and the Directors confirm that they have no connection to Korn Ferry.

Following the arrival of Sally and Carole, the Committee took the opportunity to review the composition of the various Board Committees and the Board approved the changes. This ensured an equal gender balance on each Committee, that Directors sat on the Committees for which their skills, experience and knowledge were most relevant and that no Director sat on more than two Committees, thus ensuring that Directors had sufficient time to meet their Board responsibilities. Data on the mix of gender and ethnicity of the Board and management can be found on page 32.

The Committee also made recommendations to the Board in relation to the appointment of Tom Greenwood as COO and Manjit Dhillon as CFO. The appointment of Tom Greenwood as COO was a natural progression as his responsibilities evolved, reflecting his importance in driving the operational performance of the business. Manjit Dhillon was appointed as CFO following a thorough and extensive, externally facilitated search process. The appointments of Tom and Manjit reflect the Company's continued commitment to the development of its people, providing them with merit-based career pathways to the very top positions within the organisation, and both appointments further enhance the overall balance of skills, knowledge and experience on the Board.

Board succession and diversity

The Board manages its succession planning through its ongoing and active review of the Board's composition, with a focus on ensuring the right mix of skills and experience, which it believes is imperative for delivering on its strategy. All new appointments are based on merit, and a diverse and inclusive Board is key to ensuring the Group's high performance. Consequently, the Board believes in the importance of diverse membership, including in relation to gender, ethnicity, tenure and relevant experience.

With respect to gender, as at 31 December 2020, three out of our ten Board members were female, representing 30% of the Board. This proportion decreased to 27% following the appointment of Manjit Dhillon to the Board in January 2021. The Board is also ethnically diverse in composition and already meets, and indeed exceeds, the recommendation of the Parker Review report, to have at least one Director from a non-white ethnic group.

The addition of Sally Ashford and Carole Wainaina to the Board has further enhanced the Board's gender diversity and balance. The Company has recently adopted a new policy on diversity which entrenches the principle that everyone should be treated equally regardless of gender, race, ethnicity, age, sexual orientation or other characteristics, and which the Nomination Committee will take into account when reviewing the structure, size and composition of the Board.

Board evaluation

As we advised in the 2019 Annual Report, an internal evaluation of the Board was undertaken during 2020. As 2020 was our first full year as a listed company, and new Directors were being appointed to the Board, and therefore new members to the Board Committees, we did not undertake any evaluation of the Board Committees. We will conduct those during 2021 and report back in next year's Annual Report.

The Board evaluation was undertaken by means of a questionnaire that each Director had to complete, covering all aspects of how the Board operated, the areas it is responsible for and interaction with its stakeholders. The questionnaire also included a self-assessment section for each Director to complete. The Board met in November to discuss the results of the evaluation, with the Senior Independent Director leading discussions on the Chair's performance.

The evaluation highlighted how well the Board had operated in its first full year as a listed company, especially considering that new Directors were being appointed throughout the year and also that, for the majority of the year, the Board was unable to meet in person due to the global Covid-19 pandemic. Video conferencing has worked very well and ensured that the Board has been able to fulfil its duties. However, especially for a new Board, a major downside has been not being able to meet in person. Many Directors have yet to meet each other face-to-face, making it difficult to forge the working relationships that would occur naturally when a Board meets in person. As restrictions ease around travel, it is anticipated that the Board will be able to meet in person and that those working relationships will develop.

Likewise, the Board has not had the opportunity to visit the Group's overseas businesses and to meet colleagues. Again, the use of video conferencing has enabled the Board to meet the senior management of those businesses. However, meetings in-person are always more valuable, and more personable, especially for a new Board. Once restrictions on travel are eased, there will be greater opportunities for Directors to visit those businesses and meet colleagues.

The evaluation noted that certain policies and practices, such as gender pay gap reporting, diversity and workforce engagement, whilst already in place when the Company listed, needed to develop further, given the Company had only just completed its first full year as a listed company. These policies and practices will be reviewed on an ongoing basis by the Board during 2021 and will be reported upon further in next year's Annual Report.

Sir Samuel Jonah, KBE, OSG | Chair
Nomination Committee

Audit Committee Report

Chair's introduction

Dear Shareholder

I am pleased to present our Audit Committee report for the year ended 31 December 2020.

We have maintained our focus on the continuous improvement of our internal control environment, including evaluating the implications of Covid-19.

Despite the challenges of remote working, internal audit have been able to substantially complete their planned programme for the year. One consequence of the remote working has been the delay to our audit tender until 2021.

Alison Baker | Chair

The Audit Committee (the 'Committee') reports to the Board with its assessment of effective governance in financial reporting, internal control and assurance processes, and on the procedures in place to identify and manage risk.

In recent months, the Committee has focused on the risk assessment, cash flow and funding, accounting, controls and disclosure impacts of Covid-19 alongside ongoing work on how we manage cyber security threats and the continued evolution of our financial control environment.

This report provides an overview of how the Committee operated, an insight into the Committee's activities and its role in ensuring the integrity of the Group's published financial information and ensuring the effectiveness of its risk management, controls and related processes.

In addition to the scheduled Committee meetings, I have met regularly with the Chief Financial Officer, Head of Internal Audit and the external audit partner to discuss their reports and any relevant issues. I regularly meet the Deloitte audit team as part of my ongoing review of their effectiveness and quality.

The Committee has considered its effectiveness and welcomed the nomination of Carole Wainaina to the Committee during the year. The forthcoming audit reforms and continued focus on ensuring audit quality will ensure that we will have a full agenda for 2021, including the completion of our audit tender.

Key objectives

The Committee's key objectives include:

- the provision of effective governance over the appropriateness of financial reporting of the Group, including the adequacy of related disclosures;
- the performance of both the internal audit function and the external auditor; and
- oversight of the Group's internal control systems, business risks and related compliance activities.

Key responsibilities

Detailed responsibilities are set out in the Committee's terms of reference, which can be found at www.heliostowers.com/about-us/governance/

Accounting and financial reporting matters

- Monitoring the integrity of the quarterly financial information and Annual Report and Accounts, and any formal announcements relating to the Group's financial performance;
- Reviewing significant financial reporting judgements and accounting policies;
- Advising the Board on whether, as a whole, the Annual Report and Financial Statements, along with other price-sensitive public records and reports, are fair, balanced and understandable;
- Considering the going concern statement; and
- Considering and reviewing the statement of the Group's viability over a specified period.

Risk management and internal control

- Reviewing the Group's financial controls and internal control effectiveness and maturity;
- Reviewing the Group's risk management systems and risk appetite;
- Considering whistleblowing arrangements by which employees may raise concerns about possible improprieties in financial reporting or other matters; and
- Reviewing the systems which have been in place for the year under review and up to the date of approval of the Annual Report and Financial Statements.

Internal audit

- Monitoring and reviewing the effectiveness of the Group's internal audit function;
- Considering the results and conclusions of work performed by internal audit; and
- Considering the major findings of internal investigations.

External audit

- Conducting the tender process and considering recommendation of the external auditor appointment to the shareholders at the Annual General Meeting and approving their remuneration;
- Reviewing the results and conclusions of work performed by the external auditor;
- Reviewing and monitoring the relationship with the external auditor, including their independence, objectivity, effectiveness and terms of engagement; and
- Developing and implementing the Company's policy on non-audit services.

General matters

- Any specific topics as defined by the Board;
- Referring matters to the Board which, in its opinion, should be addressed at a meeting of the Board; and
- Providing advice to the Remuneration Committee on financial reporting matters and related judgements as they affect executive remuneration performance objectives.

Governance Report: Audit, risk and internal control

Audit Committee Report continued

Committee membership and attendance

In compliance with the Code, the Committee is composed exclusively of Non-Executive Directors, and each member is considered to be independent by the Company. The Chair of the Company, Sir Samuel Jonah, is not a member of the Audit Committee. The membership of the Committee changed during the year with the appointment of Carole Wainaina who was appointed after a rigorous process to ensure the Committee has the necessary range of expertise required to meet its responsibilities.

The Board is satisfied that I have recent and relevant financial experience to Chair the Committee. I am a Chartered Accountant and chair audit committees of other listed companies, and I am recognised by the Board as being well qualified to undertake this role effectively.

For the majority of the year, the Committee was unable to meet in person due to the global Covid-19 pandemic. Video conferencing has worked very well and ensured that the Committee has been able to fulfil its duties. Details of the members and attendance at each of the scheduled meetings is shown in the table below and the biographies and qualifications of the members are shown on pages 72-74.

	Meetings attended
Alison Baker (Chair)	4/4
Magnus Mandersson	4/4
Richard Byrne	4/4
Carole Wainaina[1]	0/1

(1) Carole Wainaina was unable to attend the November Audit Committee meeting due to a prior commitment, but provided her comments on the papers separately to the Committee Chair.

In addition, one meeting was held subsequent to the year end, with full Committee attendance.

I would like to thank my fellow Committee members Richard Byrne, Magnus Mandersson and Carole Wainaina, whose insightful contributions have enabled the Committee to perform its duties effectively.

Various officers and senior leaders of the Company attend Audit Committee meetings by invitation. These include the Chair, the Group Chief Executive Officer, the Group Chief Operating Officer, the Group Chief Financial Officer, the Group Finance Director, the Group Financial Controller, the Director of Sustainability and Organisational Development, who leads the Risk, Compliance and Health & Safety functions, the Company Secretary, who is the Company's General Counsel, and representatives from the external and internal audit teams.

After each meeting I, as the Chair of the Committee, report to the Board on the business undertaken.

Covid-19

The Covid-19 pandemic has had a range of implications on risk management and corporate reporting in the year. The key considerations are summarised below.

Principal and emerging risks

The impact of Covid-19 on the Group's principal and emerging risks and uncertainties has been reviewed in depth together with related mitigations. This work is summarised on pages 44-45.

Corporate governance

The financial close process and external audit

In response to governments' advice and restrictions regarding social distancing and travel, all of the Group's employees involved in the preparation of ongoing management information, financial reporting and supporting the external audit have been working from home, as are Deloitte's audit teams. This has required a different way of working during the year-end financial close process. Remote user access to our financial systems for these employees, software collaboration tools for the collation of audit evidence and regular status meetings have proved invaluable during the preparation of the financial results and execution of the external audit.

Internal controls systems

We have reviewed our financial controls and have concluded that except for a limited number of changes required as a result of remote working, primarily in relation to the form of physical evidencing of approval, the ongoing operation of our financial controls is substantially unaffected by Covid-19 restrictions. This is in part a function of the tools and processes that have allowed remote access working. We also performed a reassessment of the Internal audit plan for 2020 and 2021 to ensure priorities were realigned with areas of higher risk in the current Covid-19 impacted operating environment.

Financial reporting

Significant financial reporting judgements

The impact of Covid-19 has been factored into certain of our significant financial reporting judgements, notably impairment testing.

Long-term viability statement

The Committee provides advice to the Board on the form and basis of conclusions underlying the long-term viability statement, as set out on page 66-67, and the going concern assessment. In response to Covid-19, the Committee challenged management on its financial risk assessment as part of its consideration of the long-term viability statement. This included scrutiny of forecast liquidity, balance sheet stress tests and the availability of cash and cash equivalents through new or existing financing facilities.

Committee activity in 2020

In planning its own agenda, and reviewing the audit plans of the internal and external auditor, the Committee takes account of significant issues and risks, both operational and financial, that may have an impact on the Group's Financial Statements and/ or the execution and delivery of its strategy.

The Committee requested management to provide a number of in-depth reviews as part of the meeting agenda. These reviews and other Audit Committee activities in 2020 are summarised below. Following these reviews, action items were agreed, and progress against each item is being tracked and reviewed by the Committee.

Subject of review	Details of Committee activity
Covid-19 – business risk impact	Business risk impact of the Covid-19 pandemic, considering the global economic disruption risk, including the impact on other high-risk areas, controls and internal audit plans. Review and update of the Business Continuity Plan. This was undertaken with the Group CFO and the Director of Sustainability and Organisational Development.
Covid-19 – financial risk impact	Financial risk impact of the Covid-19 pandemic, including a review of the long-term viability statement and going concern, liquidity and stress tests. This was undertaken with the Group CFO, Group Financial Controller and the Head of Corporate Finance & Investor Relations.
Business process reviews, carried out in conjunction with internal audit	End to end process reviews, including process maps, risk and control matrices and any internal audit findings and remediation activities. This was undertaken by the Group process and control owner. • Site acquisition process • Non-financial metrics assurance process • Tax strategy risks and processes • Fuel process • Order to cash process • Payroll process • Expenses process
IT update	Update from the Group IT Director in relation to the overall IT strategy, in particular systems architecture and cyber risk.
Cyber security	Cyber security and information security, including user security, supplier security and cyber defence, network authentication and business continuity management from the Group IT Director.
Climate risk and TCFD plan	Presentation and approval of the climate change action and reporting roadmap. Gaining an understanding of sources and reliability of non-financial data and understanding the plans for meeting compliance with TCFD reporting and any other climate-related considerations.
Ongoing quarterly updates	Each quarter the Audit Committee reviews management papers covering the following key areas: • Judgements and estimates • Tax risk management and reporting • Litigation update • Going concern assessment • Internal control update • Internal audit – summary findings, outstanding actions, plan and progress • Compliance update, including whistleblower report and fraud risk management • Risk management and disclosure, including emerging risk considerations

Governance Report: Audit, risk and internal control

Audit Committee Report continued

Significant Group financial reporting judgements and estimates

The table below includes the key matters considered by the Audit Committee, with the support and challenge from the external auditor.

Key matter	Action taken by management	Action taken by the Audit Committee
Taxation	Due to the evolving nature of tax legislation and its application in our operating countries, management is required to make judgements and estimates in relation to tax risks, the outcomes of which can be less predictable than in other jurisdictions. Management has determined its best estimates for taxes payable, in conjunction with local advisors, and accounted for them accordingly.	The Committee considered papers from both management and Deloitte. After receiving input from the Group CFO on the latest position with regards to ongoing matters concluded that the Group's tax position had been appropriately accounted for and that there was adequate disclosure in relation to the key known uncertain matters as set out in Note 27 to the Financial Statements.
Recoverability of receivables and accrued revenue	The Group's customer base is primarily large MNOs who account for 84% of the receivables balance. Accordingly, management's review for impairment of receivables focuses on the smaller operators, or where there is evidence of a customer dispute. In accordance with customer contract agreements, variations are often billed for additional equipment placed on our towers. Management has ongoing controls to identify amendments to customer tower equipment. Accrued revenue only reflects amounts that management has inventoried and believes are due under the contract.	The Committee received detailed analysis of the receivables and accrued revenue balances for consideration. We noted Deloitte proposed judgemental differences in relation to debtors paying slowly and concluded that adjustment was not required given it was immaterial and cash was still being received. The Committee challenged the practice of recognising revenue ahead of agreement with the customer but noted that there was a history of settlement at amounts at least equal to that due under the contract. Accordingly, the Committee concluded that management's judgement in relation to the receivables balances and associated disclosure was appropriate.

In addition to the significant judgements and estimates noted above, the Audit Committee reviewed the Alternative Performance Measures used within the Annual Report and Financial Statements and concluded that the disclosures were appropriate. More detail on the challenge provided by our Auditor in this regard is set out on page 89.

Effectiveness of internal control and risk management process

With the assistance of the internal audit team, the Committee has, on behalf of the Board, monitored and regularly reviewed the effectiveness of internal controls and risk management systems, including ESG risk.

Internal control effectiveness

The Committee received a report from Internal audit setting out the key aspects of our risk management practices and system of internal control during the year, summarising the work performed across our three lines of defence.

The Committee was satisfied that an effective review of the system of risk management and internal control took place during the 2020 financial year. Where specific areas of improvement were noted as part of the different reviews conducted by Internal and External Audit, mitigating alternative controls and processes were either in place, implemented, or steps to address the identified points were taken during the year, and up to the date of this report.

A particular area of focus was the General IT control environment, regarding the IT financial reporting system, specifically, privileged user access. This access has now been adequately restricted and additional monitoring mechanisms have been put in place to review any change implemented on the system. Several other additional controls have also been added.

Principal risks

The Committee reviewed and recommended to the Board the principal risk disclosures for approval, including emerging risk considerations, for inclusion in the 2020 Annual Report.

Following a robust assessment of the principal risks by the Committee during the year, Information technology failure and cyber attack risk and Covid-19 were added as additional principal risks.

Details on how the Group implements its risk management framework and monitors its controls on a Group-wide basis are set out on pages 62-65.

Going concern and long-term viability

The Committee reviewed and challenged management assumptions in assessing the going concern basis of preparation and the scenarios and disclosure of longer-term viability, including the impact of Covid-19.

With respect to going concern, the Audit Committee:

- reviewed the detailed cash flow forecasts prepared by management and challenged the underlying assumptions including downside scenarios and the impact of Covid-19;
- assessed the Group's available facilities and headroom including compliance with bond and banking covenants;
- reviewed comments from Deloitte on the assumptions and judgements made; and
- satisfied with the robustness of the review, recommended to the Board the appropriateness of the going concern assumption and the related disclosures.

Further details on the Group's going concern assessment can be found in Note 2(a) to the Financial Statements

With regard to the viability statement, the Audit Committee:

- reviewed and challenged management on its recommended viability period as well as on its robust modelling, stress-testing scenarios (including the impact of Covid-19) and conclusions; and
- satisfied itself that a five-year outlook is appropriate. This period is driven principally by the fact that it: is covered by the Group's strategic plan; reflects the nature of the Group's principal risks (some of which are external and have the potential to impact in the short term).

The viability statement, and a full explanation, can be found on page 66-67.

Fair, balanced and understandable

The Board is responsible for ensuring that the Annual Reports are fair, balanced and understandable.

The Audit Committee assessed and recommended to the Board (which it subsequently endorsed) that, taken as a whole, the 2020 Annual Report and Financial Statements is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy.
In forming its opinion, the Committee reflected on information it had received from management, internal audit, external auditors and Committee discussions during the year. The Committee's assessment included:

- understanding the detailed process undertaken in drafting the Annual Report;
- feedback from investors through engagement specialists from IPO;
- work presented by internal audit, at our March 2021 meeting, on assurance surrounding non-financial KPIs and management information; and
- results from work undertaken by Deloitte on their review of the annual Report which provided a number of key findings that were presented to the Audit Committee.

Alternative Performance Measures

Historically, the tower industry has used a wide range of APMs to compare and assess business performance. This is a function of differing lease and debt structures, as well as asset life.

As noted above, the Audit Committee reviewed in detail the use of APMs within the Annual Report. We requested that the Auditor specifically comment on the APMs against disclosure of the ESMA guidance. The Auditor challenged the balance of APMs and importance of equal prominence and additional disclosures in relation to adjusting items. In order to ensure appropriate balance and not give undue prominence, we requested that management present all of the APM reconciliations and explanations in a separate section of the Annual Report and Financial Statements. This can be found on pages 49-52.

Internal audit

I meet with the Head of Internal Audit outside of the formal meetings, typically monthly, to discuss the output from the internal audit function and aspects of risk management. The Head of Internal Audit attends each of the Committee meetings and also has a private session with the Audit Committee

Audit Committee Report continued

without management present. At each meeting, the Committee considers the results of the internal audits undertaken and the appropriateness of management's response to matters raised. The Committee also tracks long-outstanding items. I am satisfied that the Head of Internal Audit is receiving adequate support from the business to undertake his reviews and senior sponsorship is strong in ensuring that there is timely follow-through of recommendations.

At present, the rolling internal audit plan is addressing, in turn, each of the key business cycles across the operating companies and central functions where appropriate. As the Group continues to grow, we will reassess the adequacy of the internal audit function to ensure that it is fit for growth and emerging risk requirements.

Internal audit effectiveness review
During the year we assessed the effectiveness of internal audit against the 5P maturity model and the Institute of Internal Audit Code of Professional Practice and Code of Ethics. We will seek to perform an external review of its effectiveness in future years once we have further developed the function.

A focus area for 2021 is the review and development of our combined assurance plan, including developing the internal audit function in line with the growth ambitions of the Group, to ensure that we have robust assurance plans across our three lines of defence.

Compliance and whistleblowing

The Head of Compliance and the Director of Sustainability and Organisational Development attend the Committee meetings and present any whistleblowing incidents and an update on ongoing investigations.

The Committee assessed the adequacy of the Group's whistleblowing arrangements and the procedures for detecting fraud. We did not experience any material frauds during the year.

External auditor

During the year, the Group Chief Financial Officer and I have had regular discussions on accounting matters, internal control and fees with our external audit partner, in addition to the detailed discussions undertaken by the Committee.

Professional scepticism and challenge
The quality of the audit is of paramount importance to the Committee and the agenda and accounting matters presented to the Committee are often the outcome of many weeks or months of work undertaken by Deloitte and the finance function. The regular discussions held outside of the Committee meeting allow me to assess the level of professional scepticism and challenge that our external auditor applies to management.

After each Committee meeting we also hold a private session with the external auditor, without management being present where we challenge the Auditor on whether they have maintained their independence and objectivity from management in considering key matters and whether there are areas of concern that they wish to bring to the Committee's attention.

In addition to the key matters set out on page 88, areas where the Auditor has challenged management included:
- key sources of estimation and inclusion of sensitivities to help users understand the impact of estimates including derivative valuation; and
- APM disclosures as set out above.

The Committee received a detailed report from Deloitte in advance of our March 2021 meeting and I can report that all key matters and areas of challenge were satisfactorily resolved with no disagreements between the auditor and management. Some immaterial audit differences were noted and reported to the Committee.

As part of our review of the Deloitte Audit Plan we requested further feedback on the quality of the control environment across the Group.

Audit Committee assessment of quality and effectiveness
In its assessment of audit quality, the Committee took into account:
- the detailed audit scope and strategy for the year, including the coverage of emerging risks in all geographies and recent acquisitions;
- Group materiality and component materiality;
- how the auditor communicated any key accounting judgements and conclusions; and
- feedback from management on the performance of the external auditor.

We reviewed the FRC's 2019/20 Audit Quality Inspection Report on Deloitte LLP. The results highlighted the need to:
- improve the extent of challenge over cash flow forecasts in relation to the impairment of goodwill and other assets;
- enhance the effectiveness of substantive analytical review and other testing for revenue; and
- improve the assessment and extent of challenge regarding management's estimates, particularly for model testing.

The Committee considered that the audit process as a whole had been conducted robustly and the team had been effective and professional. The Committee duly recommended to the Board that Deloitte be offered for re-election at the forthcoming AGM.

Non-audit services policy
In January 2020, the Committee made an amendment to non-audit services policy to reflect the new ethical standards issued by the Financial Reporting Council (the 'FRC') in December 2019, further restricting non-audit services and setting out the prescribed services which our Auditor may provide. Detail on non-audit fees can be found in Note 5B on page 139.

External audit tendering
Following the IPO, and after Helios Towers became a constituent of the FTSE 250 at the end of December 2019, Helios Towers became a Public Interest Entity ('PIE') as defined under the Companies Act 2006. As a PIE, and in accordance with the Governance Code and EU legislation, Helios Towers is required to comply with all requirements regarding auditor tendering every ten years and rotation after 20 years.

In compliance with the Competition and Markets Authority's final Order on mandatory tendering and Audit Committee responsibilities for FTSE 350 companies, the Committee planned to carry out a full and competitive audit tender during 2020 with the External auditor's appointment

being effective for the audit of the 2020 financial year. Due to Covid-19 this has been delayed and, having sought approval from the FRC, this will now start in 2021.

External auditor independence and objectivity
The Committee seeks to ensure the objectivity and independence of our external auditor through:
- focus on the assignment and rotation of key personnel;
- the adequacy of audit resource and level of senior hours; and
- policies in relation to non-audit work.

External auditor reappointment
As noted above, the Committee recommended to the Board that Deloitte be offered for re-election at the forthcoming AGM.

Looking ahead
In planning our agenda for 2021 we will comply with the requirements of the 2018 UK Corporate Governance Code and follow best practice guidance for audit committees, recently updated by the FRC.

The Committee will continue to receive in-depth presentations from management on the challenges faced by the business and the operation of internal controls across the business cycles. The Committee agenda will also continue to respond to the issues raised by our 'three lines of defence' internally – management, risk and compliance, and internal audit – as well as the evolving external risk landscape and regulatory environment.

Specific areas of focus in 2021 are:
- operating company site visits to assess the quality of finance functions, succession planning and development;
- review of our combined assurance plan, including developing the internal audit function in line with the growth ambitions of the Group, to ensure that we have robust assurance plans across our three lines of defence;
- development of our Audit Assurance Policy;
- consideration of our climate-related financial disclosures and associated risk and governance processes; and
- oversight of the audit tender process which will be conducted in Q2 2021.

Over the next 12 months, and in addition to its usual duties, the Committee will assess the policy package of audit reforms that are expected to be presented by the UK Government and the new audit regulator. A strong, high-quality regulator will be good for audit quality and it remains our key priority to ensure that we maintain the integrity of our Financial Statements through a rigorous audit process.

We also seek to respond to shareholders' expectations in our reporting and, as always, welcome any feedback from them. I will be available, virtually, on our investor call following the AGM in April, and welcome any questions relating to the work of the Committee and our forward agenda. I hope to speak with you then.

Alison Baker | Chair, Audit Committee

Directors' Remuneration Report

Chair's introduction

Dear Shareholder

Thank you for your support approving the Directors' Remuneration Policy and the 2019 Directors' Remuneration Report at our AGM in April 2020.

On behalf of the Remuneration Committee, I am pleased to present the Helios Towers Directors' Remuneration Report for the 2020 financial year.

Richard Byrne | Chair

2020 was a year in which the Company had to act to overcome challenges presented by the Covid-19 pandemic. Employees adopted new working practices to ensure their safety and the safety of our customers, our partners and the public. Their adaptability and commitment avoided disruption to operations during the year.

The business did not require or receive government support during the year and no employee has had pay reduced or been furloughed during the financial year as a result of the pandemic. Nonetheless, the Company does not operate in isolation and we are mindful of how the pandemic has affected people's lives as well as its broader impact on businesses and economies.

The year was characterised by continued strong operating performance and growth. The Company grew its site count, tenancies, revenue, Adjusted EBITDA, Adjusted EBITDA margin and portfolio free cash flow. The Group lowered its cost of debt with two successful Senior Notes offerings raising an aggregate principal amount of US$975 million.

The Company also announced an agreement with the MNO Free Senegal to acquire 1,220 sites and build an additional 400 sites in the next five years, adding an exciting new market to the business. The transaction is expected to close in H1 2021.

Pay in respect of 2020

The Remuneration Committee (the 'Committee') met six times during the year to discuss and resolve on agenda items including the Directors' Remuneration Policy (the 'Policy'), the 2019 Directors' Remuneration Report, Directors' remuneration and awards, and all-employee share plans.

I wrote to our shareholders in February 2020, summarising the Policy developed by the Committee and sharing information on the proposed approach to performance measurement for the annual bonus and the Long-Term Incentive Plan (LTIP) for our Executive Directors.

We thank our shareholders for their support at our 2020 AGM. The Directors' Remuneration Policy and the 2019 Directors' Remuneration Report were approved with 'votes for'

representing 99.4% and 100.0% of total votes cast respectively.

The Policy operated as intended and there were no salary increases for Executive Directors during the year.

The annual bonus for the Executive Directors was based on Adjusted EBITDA, portfolio free cash flow, network performance and international standards targets. The performance targets for the bonus were set and approved by the Remuneration Committee in January 2020 with consideration of the appropriateness of the performance conditions, the 2020 business plan and market expectations.

Kash Pandya and Tom Greenwood will receive annual bonus awards equal to 64% and 58% of their maximum bonus opportunities respectively. 50% of the bonus in excess of target is deferred in shares for three years. The Committee considered the formulaic outcomes and determined that no adjustments were necessary on account of the strong financial performance during the year, the share price growth and the fact that the Company did not take any government support or furlough any staff during the year. As in prior years, no dividends will be paid for the year ended 31 December 2020 given the scale of the current opportunity to invest and grow the business.

As disclosed in the 2019 Annual Report, LTIP awards in respect of the 2020 financial year were granted in November 2019, following the Group's listing on the London Stock Exchange. Kash Pandya and Tom Greenwood were granted LTIP awards of 200% and 150% of salary respectively. No further share incentive scheme awards were granted to Executive Directors during the year.

Board changes and remuneration in 2021

In June 2020, the Remuneration Committee was pleased to welcome Sally Ashford as a member as well as the designated Non-Executive Director for workforce engagement. As Chief HR Officer at Royal Mail Group until February 2021, and Member of the Supervisory Board and Chair of Remuneration Committee at Telefónica Deutschland until September 2020, Sally's experience and knowledge make her a valuable addition to the Committee.

Tom Greenwood was promoted from CFO to Chief Operating Officer (COO) on 1 July 2020. Despite the change in role, there were no changes to Tom's remuneration arrangements at the time as the Committee and Tom agreed to review Tom's pay according to the normal, annual timeline in Q4 2020. As stated in the Policy, the Committee reviews the salaries of Executive Directors annually, considering the performance of the Company and individual, any changes in responsibilities or scope of the role, and pay practices in relevant comparator companies of a broadly similar size.

Tom has been with the Company for over a decade and has performed well in his ever-increasing roles within Helios including his new role as COO, where he leads all operational, M&A and expansionary activities for the Group. The Committee awarded an increase in base salary to £440,000 from 1 January 2021. This represents an increase of 24% and positions Tom's salary just below the median of the comparator group for his new role. Tom's salary increase was within the range of salary increases awarded to other employees below Board level who changed roles during the year. There are no other changes to Tom's remuneration arrangements.

Manjit Dhillon was promoted to the CFO role from 1 January 2021 having performed the role of interim CFO since 1 July 2020. Manjit joined the Company in 2016 and in his role as Head of Investor Relations and Corporate Finance, has overseen transactions including the recent US$975 million debt refinancing and the acquisition of 1,220 towers to enter the new market of Senegal. He also played a key role in the successful IPO in 2019. The Board was delighted to welcome Manjit to his new role and took pride in promoting an internal candidate following an extensive search of internal and external candidates.

Manjit's salary on appointment was set at £350,000, slightly below the level of the previous CFO. The remainder of Manjit's remuneration package will be in line with the Policy. He will be entitled to:

- a maximum bonus opportunity of 150% of salary;
- a maximum LTIP opportunity of 150% of salary; and
- a pension equal to 9% of salary, in line with the workforce.

In addition, he will be subject to a shareholding requirement of 150% of base salary, which remains in place for two years post-employment.

Kash Pandya has continued to excel since the IPO. Despite the challenges posed by Covid-19, the business has demonstrated its resilience, delivering strong performance and growing the share price since the IPO. Kash did not receive a salary increase in 2020. Having considered his strong performance and the continued growth of the Company, the Committee decided to award Kash a salary increase of 9%. His new salary will be £634,000, from 1 January 2021, in line with the median of the comparator group. Kash's salary increase was within the range of salary increases awarded during the year to high-performing individuals below Board level.

I wrote to and spoke with several of our largest shareholders seeking their views regarding the salary increases and they were supportive of the proposals.

There are no changes to the performance conditions for the 2021 annual bonus and LTIP. Targets for the LTIP measures are set out on page 102. After the initial three-year vesting period, the 2021 LTIP awards will be subject to a further two-year holding period for Executive Directors, resulting in a total vesting and holding period of five years.

We believe that our remuneration approach continues to align the interests of the Executive Directors with those of our shareholders, colleagues and wider stakeholders. We remain committed to considering the views of all our shareholders and we welcome any comments on this report.

Richard Byrne | Chair,
Remuneration Committee

Directors' Remuneration Report continued

At a glance

2020 highlights

Market expansion	Number of sites	Number of tenancies	Revenue	Adjusted EBITDA	Portfolio free cash flow
Agreement to acquire 1,220 sites in Senegal	7,356 +5% YoY increase	15,656 +7% YoY increase	US$414.0m +7% YoY increase	US$226.6m +10% YoY increase	US$174.4m +3% YoY increase

Key objectives of approach to remuneration

- Market competitive to attract and retain talent
- Performance-linked incentives
- Encourage outperformance
- Align with shareholder interests
- Align with UK corporate governance practices
- Support sustainable growth

Executive Directors' remuneration in respect of 2020

The table below sets out the base salary, benefits, pension and annual bonus received by the Executive Directors for the financial year ended 2020. No LTIP awards vested during the year.

Role	Name	Base salary £'000	Benefits £'000	Pension £'000	Annual bonus £'000	LTIP vesting £'000	Total £'000
CEO	Kash Pandya	579	45	52	646	–	1,323
COO	Tom Greenwood	355	27	32	311	–	725

In November 2019, the CEO and COO were granted LTIP awards in respect of 2020, equal to 200% and 150% of salary respectively. The performance conditions (relative TSR, Adjusted EBITDA and ROIC) are equally weighted and assessed over the three-year period covering 2020-22. The awards, targets and vesting ranges are disclosed on pages 92-93 of the 2019 Annual Report.

Application of the Policy in 2021

Overview of quantum

Role	Name	Base salary £'000	Pension % of base salary	Annual bonus maximum % of base salary	LTIP maximum % of base salary
CEO	Kash Pandya	634	9%	175%	200%
COO	Tom Greenwood	440	9%	150%	150%
CFO	Manjit Dhillon	350	9%	150%	150%

Annual bonus operation

Performance measures and weightings:

Adjusted EBITDA (50%)	Portfolio free cash flow (30%)	Network performance (15%)	International standards (5%)

The targets, and performance against them, will be fully disclosed in next year's Remuneration Report. 50% of any bonus amounts in excess of target performance levels will be deferred in shares with a three-year vesting period subject to continued employment.

2021 Long-Term Incentive Plan operation

The 2021 LTIP awards will be granted during March 2021. Performance measures are assessed over a three-year period with the following threshold (25%) vesting to maximum (100%) vesting ranges:

Relative TSR vs FTSE 250 Index excluding financial services and investment trusts (33.3%)	Adjusted EBITDA per share (33.3%)	ROIC (33.3%)
Targets: median – upper quartile performance	Targets: 10.0%-15.5% Three-year CAGR (FY20-FY23)	Targets: 11.0%-13.4% in FY23

There is a two-year holding period post-vesting for Executive Directors, making a five-year vesting and holding period in total.

Malus and clawback

Cash bonuses can be clawed back within three years of payment, and malus applied to any deferred bonus at any time prior to vesting. LTIP awards can be clawed back within two years of vesting, and malus applied at any time prior to vesting.

Shareholding requirement

Executive Directors have five years from their date of appointment to obtain the necessary shareholding. Deferred bonus and LTIP awards that have vested count towards the shareholding requirement (including unexercised options).

	Shareholding requirement % of base salary	Shareholding as of 31 Dec 2020 % of FY20 base salary[1]
CEO	200%	2,136%
COO	150%	2,134%
CFO	150%	Appointed on 1 January 2021

(1) Calculated as the number of shares held, multiplied by the closing price on the London Stock Exchange on 31 December 2020 (£1.53) divided by base salary.

Governance Report: Remuneration

Directors' Remuneration Report continued

Annual report on remuneration

This section of the report provides details of the Directors' remuneration for the year ending 31 December 2020 and how we propose to apply the Policy for 2021. The Directors Remuneration Policy, detailed on pages 80-86 of the 2019 Annual Report (www.heliostowers.com/media/1786/ht-ar-2019.pdf), was developed based on the following principles:
- remuneration should be competitive with the market, but above-market pay should only be earned for outperformance against the market;
- remuneration should be sufficient to attract and retain talent in the event of the departure of any executive; and
- the design of remuneration should follow principles and governance similar to other FTSE-listed companies.

Because the Company is committed to achieving high standards of corporate governance, the principles of the revised UK Corporate Governance Code (effective from 1 January 2019) were taken into consideration when developing the Policy. In particular the Committee believe the Policy is:
- simple, being in line with standard market practice for a UK-listed company;
- clear to both participants and shareholders;
- risk aligned through features such as malus and clawback provisions and the ability of the Committee to overrule formulaic incentive outcomes;
- providing a significant proportion of Executive Directors' pay based on overall corporate performance, and particularly long-term performance; and
- aligned to the culture and business strategy of Helios Towers, through the use of appropriate performance measures.

The views of shareholders and their advisory bodies are also central in informing our thinking. We are committed to open dialogue with our shareholders and hope that the level of disclosure we provide will ensure that the Remuneration Committee's decisions on remuneration are fully explained.

This full Directors' Remuneration Report will be subject to an advisory vote at the 2021 AGM.

Remuneration Committee

Roles and responsibilities

The role of the Remuneration Committee is to assist the Board in determining its responsibilities in relation to remuneration, including:
- establishing a formal and transparent procedure for developing the policy on executive remuneration;
- making recommendations to the Board on the Company's policy on executive remuneration, including setting the overarching principles, parameters and governance framework of the Group's Remuneration Policy;
- aligning the approach to remuneration throughout the Company with long-term sustainable success;
- determining the individual remuneration and benefits package of each of the Company's Executive Directors and certain senior executives, including the Company Secretary;
- setting the remuneration for the Company Chair;
- reviewing the wider workforce remuneration policies and practices and taking these into account when determining the approach for executives;
- reviewing and approving the design of performance-related pay schemes; and
- ensuring compliance with the UK Corporate Governance Code in relation to remuneration.

The Committee meets at least three times a year and has formal terms of reference which can be viewed on the Company's website at www.heliostowers.com/about-us/governance/. Committee attendance is set out on page 71.

Membership

The Board considers the Group to be in compliance with the Code requirements relating to Committee composition and roles; namely, a Remuneration Committee should comprise at least three members who are all independent Non-Executive Directors, and that the Chair of the Board should not also chair the Remuneration Committee.

Independent Non-Executive Director	Date of appointment to the Committee
Richard Byrne (Chair of the Remuneration Committee)	12 September 2019
Sir Samuel Jonah	12 September 2019
Alison Baker	12 September 2019
Sally Ashford	15 June 2020

Alignment of remuneration with Company strategy

Our approach to remuneration is designed to balance short-term goals and long-term ambitions to deliver the Company's strategy and create value for shareholders. To help the Board and senior executives assess delivery against this strategy, we track progress against a number of key performance indicators (KPIs) and alternative performance measures (APMs) – see pages 1 and 49-51.

Several of our KPIs and APMs are included as performance conditions used to assess annual bonus and LTIP awards. This helps us align the focus of Executive Directors with the interests of our shareholders and provides clarity to all stakeholders on the relationship between the successful implementation of the Company's strategy and the remuneration paid.

All employees with at least three months of service are eligible to receive an annual bonus prorated to their time of service during the year and based on Company and individual performance. Its purpose is to reward activities that drive our success in the near term. The annual bonuses awarded to Executive Directors are based on disclosed performance conditions which are currently focused on:

- operating and financial performance (Adjusted EBITDA and portfolio free cash flow);
- customer service (network performance); and
- international standards (quality, environment, health and safety, anti-bribery).

Achieving our near-term objectives is critical to setting the foundation to achieve our longer-term growth strategy, providing the funds for us to invest further in our existing markets and pursue opportunities in new markets. LTIP awards are granted to Executive Directors and other selected senior executives and key personnel to ensure they are retained and incentivised to deliver the longer-term business plan and sustainable long-term returns for shareholders.

The three performance conditions currently used for LTIP awards have been selected to incentivise value creation and profitable growth:

- Relative total shareholder return: a market-based measure used to assess the relative value created for our shareholders;
- Adjusted EBITDA per share: measures underlying operating performance on a per share basis; and
- Return on invested capital: evaluates asset efficiency and the effectiveness of the Group's capital allocation.

To maintain the alignment of remuneration with strategy and shareholder interests over time, the Committee will assess and adjust performance conditions as and when appropriate.

Award	Performance measure	Business excellence and efficiency	Network access and sustainable development	Empowered people and partnerships
Annual bonus	Adjusted EBITDA[1]	✓	✓	
	Portfolio free cash flow[1]	✓		
	Network performance	✓	✓	
	International standards			✓
LTIP	Relative total shareholder return ('TSR')	✓	✓	✓
	Adjusted EBITDA[1] per share	✓	✓	
	Return on invested capital[1] ('ROIC')	✓		

(1) Defined in the alternative performance measures section on pages 49-51.

Main activities

The Remuneration Committee met six times during the year. The agenda items discussed at these meetings are summarised below:

- 2019 annual bonus outcomes;
- 2020 annual bonus and 2020 LTIP performance metrics and targets;
- the Directors' Remuneration Policy and shareholder engagement;
- 2019 Directors' Remuneration Report;
- Executive Director remuneration benchmarking vs. FTSE 250 market practice in relation to remuneration;
- Executive Director remuneration; and
- advisory fees.

Statement on shareholder voting

The table below details the results of the shareholder votes at the 2020 AGM, held on 9 April 2020, on both the Directors' Remuneration Policy and the Directors' Remuneration Report for the year ended 31 December 2019.

Resolution	Votes for	Votes against	% of issued share capital voted	Votes withheld
To approve the Directors' Remuneration Policy	692,418,280 99.4%	4,477,870 0.6%	69.6%	1,694,555
To approve the annual statement by the Chair of the Remuneration Committee, and the Directors' Remuneration Report	698,590,706 100.0%	0 0.0%	69.9%	0

The approved Directors' Remuneration Policy can be found on pages 80-86 of the 2019 Annual Report (www.heliostowers.com/media/1786/ht-ar-2019.pdf).

Governance Report: Remuneration

Directors' Remuneration Report continued

Remuneration in respect of 2020

Pay for 2020 was set by the Remuneration Committee according to the Policy approved by shareholders at the 2020 AGM. As required by the regulations, statutory figures for Helios Towers plc are reported for the financial year ended 31 December 2020. On 1 July 2020, Tom Greenwood was promoted from his previous role as CFO to the newly created position of COO. Tom's remuneration was unchanged during 2020 following the change of role.

Statutory single figure table for the Executive Directors (audited)

The following tables show the information mandated by the Remuneration Reporting Requirements for 2020 and 2019.

Executive Director	Base salary £'000	Taxable benefits[1] £'000	Other benefits[1] £'000	Pension £'000	Annual bonus £'000	LTIP vesting £'000	Total remuneration £'000	Fixed remuneration £'000	Variable remuneration £'000
Kash Pandya									
2020	579	33	12	52	646	–	1,323	676	646
2019 [2]	119	6	1	11	154	–	292	138	154
Tom Greenwood									
2020	355	20	8	32	311	–	725	414	311
2019 [2]	73	4	1	7	76	–	161	85	76

(1) In 2020, the only taxable benefit received in 2020 was worldwide medical insurance (excluding the US). The other benefit received was life insurance cover equal to 4x base salary. The most significant benefit received was medical insurance, representing 100% of taxable benefits and 72% of total benefits received by each of the Executive Directors.

(2) In 2019, the single figure of remuneration relates to the period 18 October 2019 to 31 December 2019.

Annual bonus (audited)

The Policy was applied to setting the threshold, target and maximum awards for the Executive Directors for the 2020 annual bonus scheme. The maximum bonus opportunity awards for the CEO and COO were 175% and 150% of salary respectively.

Role	Name	Threshold performance % of salary	Target performance % of salary	Maximum performance % of salary
CEO	Kash Pandya	0% (£0k)	100% (£579k)	175% (£1,013k)
COO	Tom Greenwood	0% (£0k)	75% (£266k)	150% (£532k)

The performance conditions for the 2020 annual bonus scheme were set in January 2020 and based on achievement against Adjusted EBITDA, portfolio free cash flow, network performance and international standards targets. We provide details of the bonus targets and achievement against them in the table below.

						% of Maximum award achieved		Bonus awarded % of base salary	
Measure	Weighting	Threshold	Target	Maximum	Actual	CEO	COO	CEO	COO
Adjusted EBITDA[1]	50%	US$184m	US$229m	US$275m	US$227m	54%	47%	46.9%	35.2%
Portfolio free cash flow[1]	30%	US$140m	US$175m	US$210m	US$174m	57%	50%	29.7%	22.3%
Network performance[2]	15%	3 months	n/a	12 months	12 months	100%	100%	26.2%	22.5%
International standards[3]	5%	0 retained	n/a	4 retained	4 retained	100%	100%	8.8%	7.5%
Total						64%	58%	111.6%	87.5%

(1) Defined in the alternative performance measures section on pages 49-51.

(2) Based on compliance with service level agreements with anchor tenants for all operating subsidiaries. The 2020 annual bonus performance criteria for network performance based on cumulative SLA compliance across all operating subsidiaries measured at the end of each month were as follows:
- 3 months or less of meeting or exceeding average customer SLA: no award (Threshold);
- 4-11 months of meeting or exceeding average customer SLA: Linear increase between Threshold and Maximum award; and
- 12 months of meeting or exceeding average customer SLA: 26.25% and 22.5% of salary for the CEO and COO respectively (Maximum).

(3) The 2020 annual bonus performance criteria for international standards was based on the retention of Group-wide certificates (ISO 9001, ISO 14001, ISO 37001 and OHSAS 18001/ISO 45001):
- No certificates retained: no award;
- One certificate retained: 25% of target. 1.25% and 0.94% of salary for the CEO and COO respectively;
- Two certificates retained: 50% of target. 2.5% and 1.88% of salary for the CEO and COO respectively;
- Three certificates retained: 75% of target. 3.75% and 2.81% of salary for the CEO and COO respectively;
- Four certificates retained: Maximum. 8.75% and 7.5% of salary for the CEO and COO respectively.

The Remuneration Committee considered the 2020 annual bonus scheme in the round including performance conditions, relative weightings, targets, value of award, performance against targets and resulting levels of award.

The Committee considered the formulaic outcomes and determined that no adjustments were necessary on account of the strong financial performance during the year, the share price growth and the fact that the Company did not take any government support or furlough any staff during the year. The Committee is aware of the view of some shareholders that annual bonuses should not be paid where the Company has cancelled dividends. As in prior years, no dividends will be paid for the year ended 31 December 2020 given the scale of the current opportunity to invest and grow the business. Therefore, the Committee did not consider it appropriate to adjust the annual bonus outcome on that basis. The Committee deemed the scheme to be appropriate and that it required no discretion to be exercised.

At a meeting in February 2021, the Committee approved the payment of the 2020 annual bonuses, with 94.8% of the CEO's bonus and 92.9% of the COO's bonus paid in cash and the remaining amounts deferred in shares for three years subject to continued employment, in line with the Policy to defer 50% of any bonus received above target.

Long-Term Incentive Plan awards vesting
No LTIP award concluded its performance period during the financial year ended 31 December 2020. As a result, no LTIP awards vested during the year.

Scheme interests awarded in the year (audited)
No scheme interests were awarded to Directors during the financial year ended 31 December 2020.

The 2020 LTIP awards were granted to Executive Directors in November 2019 following the Company's IPO. Details of the 2020 LTIP awards, including their face value, targets and vesting ranges, can be found on pages 92-93 of the 2019 Annual Report.

Changes to scheme interests during the year
In relation to outstanding scheme interests that were previously granted, there were no changes to the number of shares and/or share options granted or offered, nor the main conditions for the exercise of the rights, including the exercise price and date and any change thereof, during the financial year ended 31 December 2020.

Single figure table for Non-Executive Directors (audited)
The following table sets out the total remuneration for Non-Executive Directors and the Chair of the Board for the year ended 31 December 2020. Remuneration is shown from the date of appointment for Non-Executive Directors who were appointed to the Board of Directors during the year.

Name	Position/role	Board Committee Chair position	Fixed fees £'000	Variable fees £'000	Total fees[1] £'000
Sir Samuel Jonah	Chair of the Board	Nomination Committee Chair	240	–	240
Magnus Mandersson	Senior Independent Non-Executive Director		84	–	84
Sally Ashford[2]	Independent Non-Executive Director		45	–	45
Alison Baker	Independent Non-Executive Director	Audit Committee Chair	84	–	84
Richard Byrne	Independent Non-Executive Director	Remuneration Committee Chair	84	–	84
Carole Wamuyu Wainaina	Independent Non-Executive Director		26	–	26
Temitope Lawani	Non-Executive Director		–	–	–
David Wassong	Non-Executive Director		–	–	–

(1) No taxable benefits were paid to the Non-Executive Directors during the year; therefore, the figures above are total payments.
(2) Sally Ashford was paid an additional fee equivalent to £17,000 per year for her role as the designated Non-Executive Director for workforce engagement.

Governance Report: Remuneration

Directors' Remuneration Report continued

Statement of Directors' shareholding and share interests (audited)

The following table shows the interests of the Directors and connected persons in shares owned outright or vested, as of 31 December 2020. To ensure close alignment with shareholder interests, the shareholding guidelines for the current CEO and COO are 200% and 150% of salary respectively. Both Directors met this requirement as of 31 December 2020, with the CEO and COO holding 2,136% and 2,134% of salary(1) respectively.

	Shares owned outright	Vested legacy incentive plan options (exercisable)(2)	Unvested legacy incentive plan options (non-exercisable)(3)	Options subject to performance (unvested)(4)	Total interest (number of shares and options)
Executive Directors					
Kash Pandya	8,083,160	–	–	961,474	9,044,634
Tom Greenwood	4,951,494	–	–	442,544	5,394,038
Non-Executive Directors					
Sir Samuel Jonah	–	–	–	–	–
Magnus Mandersson	–	–	–	–	–
Sally Ashford	–	–	–	–	–
Alison Baker	–	–	–	–	–
Richard Byrne	720,219	32,469	29,598	–	782,286
Carole Wamuyu Wainaina	–	–	–	–	–
Temitope Lawani	–	–	–	–	–
David Wassong	–	–	–	–	–

(1) Calculated as the number of shares owned outright, multiplied by the closing price on the London Stock Exchange on 31 December 2020 (£1.53) divided by base salary.
(2) Legacy incentive plan nil-cost options that have vested and are exercisable.
(3) Legacy incentive plan nil-cost options that remain unvested and non-exercisable.
(4) The 2020 LTIP awards granted in November 2019. Details can be found on pages 92-93 of the 2019 Annual Report (www.heliostowers.com/media/1786/ht-ar-2019.pdf).

There has been no change in the Directors' shareholdings and share interests between 31 December 2020 and the publication of this report. No options were exercised by the Directors during the 2020 financial year.

Payments to past Directors (audited)

There were no payments to past Directors during the financial year ended 31 December 2020.

Payments for loss of office (audited)

No payments were made for loss of office during the financial year ended 31 December 2020.

Application of the Remuneration Policy in 2021

Base salary

After completing a benchmarking exercise of remuneration practice relative to FTSE 250 constituents, the Remuneration Committee approved salary increases for Kash Pandya and Tom Greenwood. Tom Greenwood's salary increase also reflects his new role as Group COO. The Committee deemed the increases to be fair and appropriate with consideration to market levels, individual and Company performance, and role changes. Details of each decision are set out on page 93.

Manjit Dhillon was promoted to the CFO role from 1 January 2021 having performed the role of interim CFO since 1 July 2020. Manjit's salary on appointment was set at £350,000, slightly below the level of the previous CFO. The remainder of Manjit's remuneration package will be in line with the Policy.

Role	Name	Base salary in 2020 £'000	Base salary in 2021 £'000	% increase	2021 salary effective date
CEO	Kash Pandya	579	634	9%	1 January 2021
COO	Tom Greenwood	355	440	24%	1 January 2021
CFO	Manjit Dhillon	not applicable	350	not applicable	1 January 2021

The Remuneration Committee will review salaries prior to 1 January 2022.

Pension

All Executive Directors receive a pension contribution equal to 9% of base salary, in line with the wider workforce.

Benefits

All Executive Directors are eligible for life insurance cover equal to 4 x base salary, worldwide medical insurance (excluding the US), gym membership and 25 days' annual leave.

Annual bonus

For the 2021 financial year, the maximum bonus opportunity awards for the CEO, COO and CFO are 175%, 150% and 150% of salary respectively. The levels of bonus awarded are subject to financial and non-financial performance conditions measured over the 2021 financial year. They are calculated on a straight-line basis between threshold and target performance, and target and maximum performance.

Role	Name	Threshold performance % of base salary	Target performance % of base salary	Maximum performance % of base salary
CEO	Kash Pandya	0%	100%	175%
COO	Tom Greenwood	0%	75%	150%
CFO	Manjit Dhillon	0%	75%	150%

The bonus performance conditions for the 2021 financial year are set out in the table below. The targets were approved by the Committee in February 2021. The targets for the financial measures are deemed to be commercially sensitive; they will be disclosed in full in next year's Directors' Remuneration Report, at around the time when the bonuses are paid.

Metric	Weighting	Rationale for inclusion as a performance condition
Adjusted EBITDA[1] (financial)	50%	Measures operating performance by eliminating differences caused by changes in capital structures (affecting interest and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and booked depreciation on assets. Adjustments are made for certain items the Company believes are not indicative of underlying trading performance.
Portfolio free cash flow[1] (financial)	30%	Measures the cash flow generated by the business operations after expenditure incurred on maintaining capital assets, including lease liabilities, and taxes. It is a measure of the cash generation of the tower estate.
Network performance (non-financial)	15%	Network performance is a key operational performance metric. It is a measure of uptime of the site network, relative to levels specified in our customer service-level agreements.
International standards (non-financial)	5%	Performance will be measured in relation to continued retention of our four ISO accreditations: • ISO 9001 (Quality); • ISO 14001 (Environmental Management); • ISO 18001 (Health & Safety Management); and • ISO 37001 (Anti-Bribery).

(1) Defined in the alternative performance measures section on pages 49-51.

50% of any bonus earned above target will be deferred in shares for a three-year period.

Long-Term Incentive Plan awards

In February 2021, the Remuneration Committee approved the performance conditions and targets for the 2021 LTIP awards to be granted to the Executive Directors and other selected senior executives and key personnel of the Company. The awards are designed to ensure they are retained and incentivised to deliver longer-term business plans and sustainable long-term returns for shareholders. The 2021 LTIP awards are expected to be granted during the year in the form of nil-cost options. The Committee intends to calculate the number of options granted using the average closing share price on the London Stock Exchange during the fourth quarter of the previous financial year (i.e. Q4 2020) and this is a practice we intend to continue going forward.

The maximum LTIP awards for the 2021 financial year are 200%, 150% and 150% of salary for the CEO, the COO and the CFO respectively. The quantum awarded to management and employees below Board level are based on an appropriate cascade. The values of the awards to be granted to the Executive Directors are detailed in the following table:

Role	Name	Base salary £'000	Face value of 2021 LTIP award % of base salary	Face value of 2021 LTIP award £'000
CEO	Kash Pandya	634	200%	1,268
COO	Tom Greenwood	440	150%	660
CFO	Manjit Dhillon	350	150%	525

The 2021 LTIP awards will vest in March 2024, subject to performance conditions to be measured over a three-year performance period between 1 January 2021 and 31 December 2023. Each performance condition is assessed independently.

Governance Report: Remuneration

Directors' Remuneration Report continued

The 2021 LTIP performance conditions and targets are set out in the following table.

Metric	Purpose	Definition	Weighting	Threshold 25% vesting	Target	Maximum 100% vesting
Relative total shareholder return (TSR)	Measure of shareholder value creation	Helios Towers plc's TSR relative to the FTSE 250 index, excluding financial services and investment trusts, based on the average TSR over a three-month period immediately prior to the start and end of the performance period.	33.3%	Threshold vesting when performance is at least the median TSR of the peer group.	Straight-line vesting between threshold and maximum.	Maximum vesting performance is ranked in the upper quartile of the peer group.
Adjusted EBITDA[(1)] per share 3-year CAGR FY20 – FY23	Measure of profitability	Adjusted EBITDA (as defined in the Company's Financial Statements) on a per share basis.	33.3%	10.0%	Straight-line vesting between threshold and maximum.	15.5%
Return on invested capital (ROIC)[(1)] % in FY23	Measure of efficiency	ROIC is defined as portfolio free cash flow divided by invested capital. Invested capital is defined as gross property, plant and equipment and gross intangibles, less accumulated maintenance and corporate capital expenditure.	33.3%	11.0%	Straight-line vesting between threshold and maximum.	13.4%

(1) Defined in the alternative performance measures section on pages 49-51.

In accordance with the Policy, vested awards will be subject to a two-year holding period post-vesting, making a five-year vesting and holding period in total. Malus and clawback will apply.

The Remuneration Committee does not plan to grant further LTIP awards to Executive Directors until 2022.

Non-Executive Directors' fees
Non-Executive Directors' fees are unchanged for the year 2021 and are summarised in the following table. Fees will continue to be reviewed annually.

Position/role	Annual fee £
Chair of the Board	240,000
Independent Non-Executive Director fee	60,000
Non-Executive Director fee[(1)]	–
Additional fee for Senior Independent Director	17,000
Additional fee for Board Audit Committee Chair/Remuneration Committee Chair	17,000
Additional fee for Committee membership	8,500

(1) Relates to Non-Executive Directors representing certain legacy institutional shareholders; Temitope Lawani (Lath Holdings Ltd) and David Wassong (Quantum Strategic Partners Ltd).

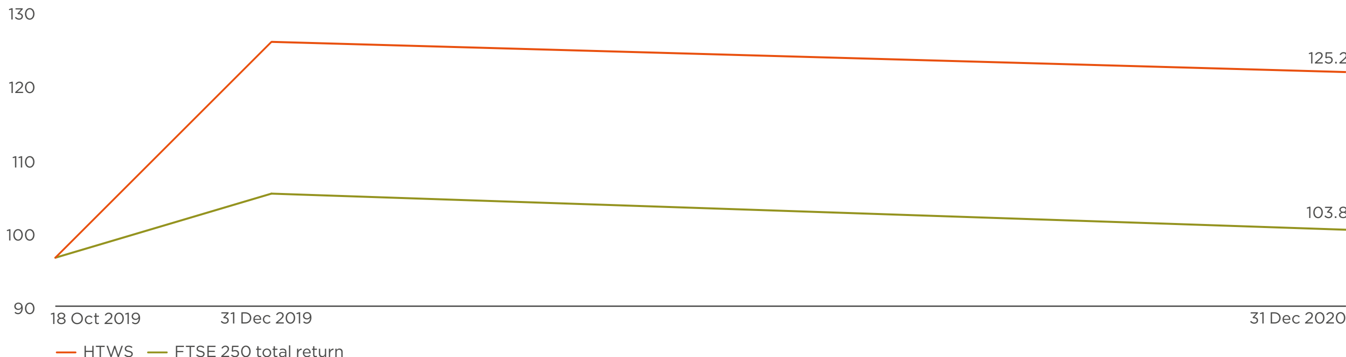
Non-Executive Directors are entitled to an additional fee if they are required to perform any specific and additional services. Sally Ashford will continue to be paid an additional annual fee of £17,000 for her role as the designated Non-Executive Director for workforce engagement.

Other remuneration items

TSR performance graph

The graph below shows the TSR of the Company relative to the FTSE 250 index, from 18 October 2019, when the Company's shares were admitted to trading on the Main Market of the London Stock Exchange, to 31 December 2020. The FTSE 250 is considered an appropriate comparator for Helios Towers because the Company has been a constituent of the index since 23 December 2019.

Total shareholder return vs. FTSE 250



Source: Datastream from Refinitiv (rebased to 100).

Historic CEO's remuneration

The table below shows the CEO's remuneration since Admission to the London Stock Exchange on 18 October 2019.

	2020	2019[1]
CEO single figure total remuneration - Kash Pandya (£'000)	1,323	292
Annual bonus (as % of maximum opportunity)	64%	74%
Long-term incentive vesting (as % of maximum opportunity)	–	–

(1) The single figure of remuneration for 2019 relates to the period from 18 October 2019 to 31 December 2019.

Percentage change in remuneration of Directors vs. employee average

The table below shows the year-on-year percentage change of Director and employee remuneration from 2019 to 2020. The Company was admitted to the London Stock Exchange on 18 October 2019. For comparability, the percentage change is measured using annualised 2019 remuneration figures during the period from admission to 31 December 2019. The 10% increase in certain Non-Executive Director fees reflects additional fees earned for Board Committee membership in accordance with the Directors' Remuneration Policy approved by shareholders at the 2020 AGM.

Director	Salary/Fees	Taxable benefits	Bonus
Kash Pandya	0%	+4%	(14%)
Tom Greenwood	0%	+5%	(16%)
Sir Samuel Jonah	0%	–	–
Magnus Mandersson	+10%	–	–
Sally Ashford[1]	–	–	–
Alison Baker	+10%	–	–
Richard Byrne	+10%	–	–
Carole Wamuyu Wainaina[1]	–	–	–
Temitope Lawani[2]	–	–	–
David Wassong[2]	–	–	–
Helios Towers plc employees[3]	n/a	n/a	n/a
Group employees[4]	+3%	+10%	+8%

(1) Appointed to the Board of Directors during 2020; comparative prior year information is not available.
(2) Non-Executive Directors representing legacy institutional shareholders; Temitope Lawani (Lath Holdings Ltd) and David Wassong (Quantum Strategic Partners Ltd) do not receive remuneration for their Directorship roles on the Board.
(3) Helios Towers plc, the parent company of the Group, did not have any employees during the year ended 31 December 2020.
(4) Median percentage increase for employees employed by the Company and its subsidiaries during the periods under consideration.

Governance Report: Remuneration

Directors' Remuneration Report continued

Engagement with the workforce
In June 2020, Sally Ashford was appointed to the Board and became a member of the Remuneration Committee. She is also the designated Non-Executive Director for workforce engagement. During the second half of the year, Sally met with employees from across the Group to have a wide-ranging discussion about working at Helios Towers and to share their views on a range of topics including reward, training and development and employee communications. For employee safety and due to Covid restrictions, meetings were held remotely online.

Based on feedback, there is positive interest from employees to own shares in the Company following the successful IPO in 2019. Consequently, in December 2020, the Committee approved a recommendation to the Board in support of introducing employee share purchase plans. The Company is proposing to introduce a UK Share Purchase Plan for UK employees and a Global Share Purchase Plan for employees in other jurisdictions (collectively the 'plans'). The plans will enable all employees to purchase shares in the Company and receive free matching shares, up to a specified limit, that vest after a predetermined holding period. Resolutions to approve the plans will be proposed for shareholder approval at the 2021 AGM. Further information on both plans can be found in the 2021 Notice of AGM.

The Committee supports the introduction of the plans and believes they will be mutually beneficial for:
- employees: having the ability to share in the Company's success through ownership and benefit from free matching shares;
- shareholders: aligning employee interests more closely to their own; and
- the Company: having share-based plans to support recruitment and retention of talented employees.

Additionally, the Committee supports the introduction of the plans in order to have a share-based reward scheme available to all employees. Share-based schemes are currently only available to Executive Directors and other selected senior executives and key personnel.

In August 2020, Helios Towers commissioned its first Company-wide employee survey, carried out by an independent specialist organisation, providing employees with the opportunity to express their views on the Company and their employment within the Company, including remuneration and reward practices. Among the many positive responses:
- 91% find their roles interesting and challenging;
- 84% plan to be with the Company in two years' time;
- 93% said they cared about the Company;
- 83% said the Company's purpose made them feel good about their work; and
- 61% felt their rewards were linked to their performance and contribution.

In February 2021, Sally continued discussions with employees in a second round of focus groups. These discussions will continue throughout 2021. The aim is to continue to capture feedback to share with the Board and look at opportunities for making improvements if possible and where appropriate.

Advice to the Committee
Members of the management team are invited to attend Committee meetings where appropriate, except when their own remuneration is being discussed. During the year Kash Pandya (Group Chief Executive Officer), Tom Greenwood (Group Chief Operating Officer), Paul Barrett (General Counsel and Company Secretary), and Nick Summers (Director of Sustainability and Organisational Development) attended certain meetings at the Committee's invitation.

During 2020, the Committee retained PwC to provide independent advice on remuneration matters. PwC was appointed to support the Company in the design of the Directors' Remuneration Policy prior to the IPO and was retained as Remuneration Committee advisor following the IPO. PwC is a member of the Remuneration Consultants' Group and, as such, operates voluntarily under its Group Code of Conduct in relation to executive remuneration consulting in the UK. The Committee was satisfied that the advice provided by PwC was independent and objective.

The firm also acted as tax adviser to the Company during 2020. The Committee reviewed the nature of all the services provided during the year by PwC, which included tax advice, and was satisfied that no conflict of interest exists or existed in the provision of these services. PwC does not have any other connections with the Company or its Directors.

Total fees received by PwC amounted to £83,521, in relation to remuneration advice that materially assisted the Committee during the financial year ended 31 December 2020. PwC's services are charged on a fixed fee basis with additional items charged on a time and materials basis.

The Committee will continue to seek remuneration advice from PwC in 2021.

External engagements
We recognise that external Non-Executive Directorships can give Board members a further breadth and level of experience that can benefit the Company. As such, Executive Directors may usually take up one Non-Executive Directorship (broadly equivalent in terms of time commitment to a FTSE 350 Non-Executive Directorship role), subject to the Board's approval and provided there is no conflict of interest. A Director may also retain any fee they receive.

Neither Kash Pandya nor Tom Greenwood held any external non-executive roles as of 31 December 2020. Upon appointment to the Board as an Executive Director on 1 January 2021, Manjit Dhillon did not hold any external non-executive roles.

Details of service contracts and letters of appointment

The following table shows the current service contracts and terms of appointment for the Executive Directors. The service contracts for the Executive Directors do not have a fixed term.

Executive Director	Title	Effective date of contract	Notice period from Company	Notice period from Director
Kash Pandya	Group CEO	12 September 2019	12 months	12 months
Tom Greenwood	Group COO	12 September 2019	12 months	12 months
Manjit Dhillon	Group CFO	1 January 2021	12 months	12 months

The Chair and Non-Executive Directors receive letters of appointment. All Non-Executive Directors' appointments and subsequent reappointments are subject to annual re-election at the AGM. Dates of the Directors' letters of appointment are set out below:

Non-Executive Director	Position/role	Date of appointment	Notice period
Sir Samuel Jonah	Chair of the Board	12 September 2019	3 months
Magnus Mandersson	Senior Independent Non-Executive Director	12 September 2019	3 months
Sally Ashford	Independent Non-Executive Director	15 June 2020	3 months
Alison Baker	Independent Non-Executive Director	12 September 2019	3 months
Richard Byrne	Independent Non-Executive Director	12 September 2019	3 months
Carole Wamuyu Wainaina	Independent Non-Executive Director	13 August 2020	3 months
Temitope Lawani	Non-Executive Director	12 September 2019	3 months
David Wassong	Non-Executive Director	12 September 2019	3 months

The service contracts for the Executive Directors, and terms and conditions of appointment for Non-Executive Directors, are available for inspection by the public at the registered office of the Company.

Relative importance of expenditure on pay

The table below shows the Company's expenditure on pay compared to shareholders' distributions by way of dividend and share buyback.

	2020 US$m	2019 US$m	YoY % change
Distributions to shareholders	–	–	–
Total employee pay	27.0	22.0	+23%

CEO pay ratio and gender pay gap

Helios Towers has fewer than 250 UK employees and therefore is not required at this stage to report or disclose our CEO: median employee pay ratio or gender pay gap information.

The Remuneration Committee fully supports the sharper focus on wider workforce pay and conditions, and is committed to taking this into consideration when making decisions on executive remuneration. We are also mindful of shareholder expectations to promote fair and equal treatment of male and female employees in relation to remuneration, i.e. ensuring employees receive equal pay for performing the same job to the same standards. In the interest of transparency, the Company has disclosed gender pay gap information on its website www.heliostowers.com/about-us/diversity-and-inclusion/

The Company regularly reviews the pay rates throughout the Company and will keep its approach to disclosing a UK and/or Group-wide pay ratio and/or gender pay gap information under review over the coming years.

Approval

This report has been approved by the Board of Directors and signed on its behalf by:

Richard Byrne | Chair, Remuneration Committee
10 March 2021

Governance Report

Directors' Report

In accordance with Section 415 of the Companies Act 2006, the Directors of Helios Towers plc present their Annual Report and audited Financial Statements for the year ended 31 December 2020.

The Directors believe that the requisite components of this report are set out within this Annual Report and Financial Statements and/or on the Company's website at www.heliostowers.com

Business performance

Results

Results for the year ended 31 December 2020 are set out in the Detailed financial review on pages 52-56 and the Consolidated Income Statement on page 122.

Dividends

The Directors do not intend to pay a final dividend for the year ending 31 December 2020.

Strategic Report

The Strategic Report can be found on pages 10-67.

Corporate Governance Report

The Corporate Governance Report can be found on pages 75-81.

Directors' Remuneration Report

The Directors' Remuneration Report can be found on pages 92-105.

Activities in research and development

The Company undertook no activities in research and development during the year.

Branches outside the UK

The Company has no branches outside the UK.

Future developments

On 12 August 2020, the Group announced the agreed acquisition of a portfolio of 1,220 sites from Free Senegal. The acquisition is currently expected to close in H1 2021.

The Group is currently in advanced discussions regarding the acquisition of approximately 5,000 towers in new geographies across the Africa and Middle East region. Of these, the Group is in advanced negotiations with respect to approximately 2,000 towers across multiple African markets and is in the advanced stages of a competitive process with respect to the remainder. There is no guarantee that these or any other acquisitions currently under contemplation will ultimately be agreed or completed, and until acquisitions are agreed their terms remain confidential.

The Group will assess various financing alternatives, including third-party lending and/or capital markets offerings, to fund the inorganic element of its growth strategy, targeting tower assets in new and existing markets.

Post-balance sheet events

See Note 31 of the Notes to the Financial Statements.

Directors

Directors who have served during the year, and summaries of the current Directors' key skills and experience, are set out in the Governance Report on pages 72-74.

Directors' interests

Details of the Directors' beneficial interests are set out in the Directors' Remuneration Report on page 100.

Directors' and officers' liability insurance and indemnities

The Company maintains Directors' and officers' liability insurance, which provides cover for legal actions brought against its Directors and officers. Each Director appointed prior to the Company's listing on the premium listing segment of the Financial Conduct Authority's Official List and admission to trading on the Main Market for listed securities of the London Stock Exchange also has the benefit of prospectus liability insurance which gives cover for liabilities incurred by Directors in the performance of their duties or powers in connection with the issue of the Company's prospectus dated 15 October 2019 in relation to the Company's listing on the premium listing segment of the Financial Conduct Authority's Official List and admission to trading on the Main Market for listed securities of the London Stock Exchange. The Company has also entered into qualifying third-party indemnity arrangements for the benefit of all its Directors, in a form and scope that complies with the Companies Act 2006. These indemnities came into force on 15 October 2019 and remain in force as at the date of this Annual Report.

Articles of Association

The Articles of Association set out the internal regulation of the Company and cover such matters as the rights of shareholders, the appointment and removal of Directors and the conduct of the Board and general meetings. Copies are available from the Company Secretary. The Articles of Association may be amended in accordance with the provisions of the Companies Act 2006 by way of a special resolution of the Company's shareholders. The Company's Articles of Association can be found on the website at www.heliostowers.com/media/1674/hta-plc-articles-of-association-oct2019.pdf

Stakeholders and policies

Section 172 statement

The Company's Section 172 statement can be found in the Strategic Report on page 57-59.

Employee engagement

Details of how the Company engages with its workforce can be found in the Strategic Report on pages 57-59.

Stakeholder engagement

Details of how the Company engages with its stakeholders and how this engagement affects the Board's decision making can be found in the Strategic Report on page 59.

Modern slavery statement

The Company has approved and published on its website its modern slavery statement in accordance with the Modern Slavery Act 2015, which can be found at www.heliostowers.com/modern-slavery-statement/

Anti-discrimination policy

The Company's Anti-Discrimination Policy applies to all Group staff (including non-permanent workers) as well as contractors, consultants and any other workers and adopts a zero tolerance approach to any unlawful discrimination when a person is harassed or treated arbitrarily or differently due to a relevant protected characteristic. The Company encourages all its workforce to report any instance of discrimination which they witness or which comes to their attention and the policy makes it clear that selection for employment, promotion, training or any other benefit will be on the basis of aptitude and ability only. The policy is reviewed

periodically to take account of legislative changes.

Energy consumption and emissions
Details of the Company's energy consumption and emissions and relevant TCFD disclosures can be found on page 24 of the Strategic Report.

Significant agreements
The Company is required to disclose any significant agreements that take effect, alter or terminate on a change of control of the Company following a successful takeover bid.

The Company has committed debt facilities and a US$975 million listed bond, all of which are directly or indirectly subject to change of control provisions, albeit the facilities do not necessarily require mandatory prepayment on a change of control.

The Shareholders' Agreement, details of which are set out on page 78, will terminate either if: (i) the shares of the Company cease to be listed on the premium listing segment of the Official List and traded on the London Stock Exchange; (ii) no Founding Shareholder holds 3% or more of the shares of the Company; or (iii) there is only one Founding Shareholder who holds 3% or more of the shares in the Company and none of Quantum Strategic Partners, Ltd, Lath Holdings Ltd or Millicom Holding B.V. holds 10% or more of the shares of the Company.

If there is a takeover or other change of control (usually excluding an internal reorganisation), outstanding awards under the Group's incentive plans vest or become exercisable, to the extent that any performance conditions (if applicable) have been met, and subject to time pro-rating (if applicable) unless determined otherwise by the Board in its discretion and in accordance with the rules of the plans. In certain circumstances, the Board may decide (with the consent of the acquiring company) that outstanding awards under the Employee Incentive Plan 2019 will instead be cancelled in exchange for equivalent awards over shares in the acquiring company.

Political contributions
The Company did not make any donations to any political party or other political organisation during the year.

Financial risk management
Details of the Company's policies on financial risk management in relation to the use of financial instruments and the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk are outlined in Note 26 to the Financial Statements.

Shareholders and share capital

Share capital
Details of the Company's share capital are set out in Note 18 to the Financial Statements. The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

Major interests in shares
As at 31 December 2020, the Company had been advised of the following notifiable interests (whether directly or indirectly held) in its voting rights:

Shareholder	Number of voting rights	%
Newlight Partners	157,417,444	15.74
Helios Investment Partners	118,665,646	11.87
Albright Capital Management	83,857,891	8.39
Millicom	76,451,874	7.65
RIT Capital Partners	51,866,841	5.19

As at 8 March 2021, the Company had not been advised of any changes.

The rights attaching to the shares are set out in the Articles of Association.

The Company has established a trust (the 'EBT') in connection with the Company's share plans, which holds treasury shares (as described in Note 18 to the Financial Statements) on trust for the benefit of employees and former employees of the Group. The trustee(s) of the EBT (the 'Trustee') may vote or abstain from voting in respect of the Company's shares held unallocated in the EBT. In respect of any allocated shares, unless the Company requests otherwise, the Trustee must seek voting directions from beneficial holders of the shares and vote in accordance with any directions received (or otherwise abstain from voting).

In accordance with good practice, unless the Company directs otherwise, the Trustee will waive its entitlement to receive any dividends above a maximum of one pence in aggregate in respect of shares which are the beneficial property of the EBT.

Authority to purchase own shares
Provided it has the authority to do so, the Company can make market purchases of its own shares or agree to do so in the future.

On 9 April 2020, the Company was authorised to purchase up to 100,000,000 ordinary shares in the capital of the Company, subject to the minimum price being paid for a share being not less than the nominal value of the share and the maximum price being not more than an amount equal to the higher of (a) 105% of the average of the closing price of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased and (b) the higher of the price of the last independent trade and the highest current bid as stipulated by the European Commission-adopted Regulatory Technical Standards pursuant to article 5(6) of the Market Abuse Regulation, as regards exemptions for buyback programmes and stabilisation of financial instruments.

Directors' Report continued

Employee share plans

The Company is requesting shareholder approval for a UK Share Purchase Plan and a Global Share Purchase Plan at its 2021 AGM. The implementation of both plans follows the positive feedback on employee share ownership received from the Company's first Employee Engagement Survey, conducted in 2020.

Annual General Meeting

The Company's Annual General Meeting (the 'AGM') will be held on 15 April 2021 at 10:00a.m. as a closed meeting at Linklaters, One Silk Street, London, EC2Y 8HQ. Due to the impact of Covid-19 and the current UK Government restrictions on large physical gatherings, the Company will be holding the AGM as a closed meeting and shareholders will be unable to attend in person.

The Company will continue to closely monitor developments relating to Covid-19, including the latest UK Government restrictions and legislation. In the event that these change, and it becomes necessary or appropriate to revise the arrangements for the AGM further, the Company will issue a further communication via the Regulatory News Service and the Company's website at www.heliostowers.com/investors/annual-general-meeting/

The Chair, and the Chairs of the Audit and Remuneration Committees, will be present to answer shareholders' questions. Shareholders may submit questions by email in advance of the AGM to investors@heliostowers.com by 10.00a.m. on Tuesday 13 April 2021. Shareholders will have the ability to appoint a proxy electronically either through our registrar's website or CREST services by 10.00a.m. on Tuesday 13 April 2021.

An investor call will be held immediately following the AGM. Details will be provided on the Company's website at www.heliostowers.com/investors/annual-general-meeting/

Voting at the AGM will be conducted by way of a poll and the results will be announced through the Regulatory News Service and posted on the Company's website. In planning the business of the AGM, the Board will take account of institutional shareholder guidelines on pre-emption rights, share buy-backs and shareholder rights in relation to general meetings when drafting the usual resolutions dealing with those matters. In each case, resolutions will be presented to the AGM to give the Board flexibility to respond to market developments.

Auditor and audit

Auditor reappointment

A resolution to reappoint Deloitte LLP as Auditor will be proposed at the Annual General Meeting.

In accordance with the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, the Company will conduct an audit tender in 2021 and will inform shareholders of the result of the tender, which is expected to be conducted in the second quarter of 2021.

The tender was due to take place in 2020, but was delayed in accordance with guidance in relation to Covid-19 issued by the Financial Conduct Authority ('FCA'), Financial Reporting Council ('FRC'), and Prudential Regulation Authority ('PRA').

Audit information

Each of the Directors at the date of the approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- they have taken all reasonable steps as Directors to make themselves aware of any relevant audit information, and to establish that the Company's Auditor is aware of that information.

This confirmation is given, and should be interpreted, in accordance with the provisions of section 418 of the Companies Act 2006.

Listing rules disclosures

No disclosures are required by the Company pursuant to Listing Rule 9.8.4 R.

The Governance Report, including the Directors' Report, have been approved by the Board of Directors of Helios Towers plc.

Signed on behalf of the Board

Paul Barrett | Company Secretary
10 March 2021

Helios Towers plc
Company number: 12134855
Registered office: 10th Floor,
5 Merchant Square West,
London,
W2 1AS

Governance Report

Statement of Directors' responsibilities

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements, and the Group's Financial Statements, in accordance with applicable United Kingdom law and those applicable accounting standards.

The Directors have elected to prepare the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), which is the United Kingdom Accounting Standards and applicable law, including the Financial Reporting Standard Applicable in the UK and Republic of Ireland ('FRS 102').

The Directors are required to prepare Financial Statements for each financial year which present a true and fair view of the financial position of the Company and of the Group, and of the financial performance and cash flows of the Group. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 ('Accounting policies, changes in accounting estimates and errors') and FRS 102 then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS for Group and FRS 102 for Company is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company and of the Group's financial position and financial performance;
- state that the Company has complied with FRS 102 and the Group has complied with IFRS, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the accounts on a going concern basis unless, having assessed the ability of the Company and the Group to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group, and which enable them to ensure that the Financial Statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable UK law and regulations, the Directors are responsible for the preparation of a Directors' report, Directors' remuneration report and corporate Governance Report that comply with that law and regulations. In addition, the Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Neither the Company nor the Directors accept any liability to any person in relation to the Annual Report and Financial Statements except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

Directors' responsibility statement under the UK Corporate Governance Code

In accordance with Provision 27 of the 2018 UK Corporate Governance Code, the Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides information to enable shareholders to assess the Company's performance, business model and strategy.

Responsibility statement of the Directors in respect of the Annual Report and Financial Statements

Each of the Directors whose names are listed on pages 72-74 confirm that to the best of their knowledge:

a) the Group Financial Statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and the Company Financial Statements prepared under FRS 102, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and Company and the undertakings included in the consolidation taken as a whole; and
b) the management report (encompassed within the Overview, Strategic Report, and Governance sections) includes a fair review of the development and performance of the business, and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed for and on behalf of the Board

Kash Pandya | Chief Executive Officer
10 March 2021

Our financial performance

A year of growth, delivery and progress

Independent auditor's report to the members of Helios Towers plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Opinion

In our opinion:

- the Financial Statements of Helios Towers plc (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as adopted by the European Union ('IFRSs');
- the Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the consolidated income statement;
- the consolidated statement of other comprehensive income;
- the consolidated and Company statements of financial position;
- the consolidated and Company statements of changes in equity;
- the consolidated statement of cash flows;
- the statement of compliance and presentation of financial statements; and
- the related notes to the consolidated Financial Statements 1 to 31 and notes to the Company Financial Statements 1 to 7.

The financial reporting framework that has been applied in the preparation of the group Financial Statements is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company Financial Statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the group and the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and Company for the year are disclosed in note 5b to the Financial Statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Recoverability of receivables • Completeness of tax provisions Within this report, key audit matters are identified as follows: • Newly identified • Increased level of risk • Similar level of risk • Decreased level of risk
Materiality	The materiality that we used for the group Financial Statements was US$7.0m (2019: $6.2m) which was determined based on a combination of 1.7% (2019: 1.6%) of revenue and 3% (2019: 3%) of Adjusted EBITDA (as defined in note 4) benchmarks to the group Financial Statements.
Scoping	We have performed a full scope audit on the group's key trading entities in Tanzania, Democratic Republic of the Congo, Ghana and the Republic of the Congo. We have performed specified procedures over the South African trading entity. Based on this assessment, our audit coverage was 99% of group Adjusted EBITDA and Revenue, and 88% of Net Assets.
Significant changes in our approach	In the prior year, we identified additional key audit matters: • Accounting for the SA Towers Acquisition • Change of control taxes escrow accounting These matters related to the acquisition of the South African business and the Group's main market listing respectively; both of which took place in 2019 and as such were no longer key audit matters in the current year.

4. Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our evaluation of the Directors' assessment of the group's and Company's ability to continue to adopt the going concern basis of accounting included:

- assessing financing facilities including the nature of facilities, their repayment terms and covenants;
- challenging the linkage of the forecasts to the Group's business model and medium-term risks (including the impact of the Covid-19 pandemic and Brexit);
- assessing and challenging key assumptions used in the forecasts, including the amount of headroom and performing sensitivity analysis;
- testing the mathematical accuracy of the model used to prepare the forecasts, testing of clerical accuracy of those forecasts; and
- assessing the historical accuracy of forecasts prepared by management.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Financial Statements

Independent auditor's report to the members of Helios Towers plc continued

5.1. Recoverability of receivables Similar level of risk

Key audit matter description	The group's customer base is comprised of Mobile Network Operators (MNOs) and other fixed wireless operators. We have identified a risk of recoverability of balances receivable from both smaller operators, who may have a higher liquidity risk and where historically management have experienced recoverability issues, and specific receivable balances from larger operators where there is evidence of dispute with the customer. *IFRS 9 Financial Instruments*, requires management to record an impairment against receivable balances (expected credit losses) based on unbiased forward-looking information; there is judgment involved in determining these impairment charges and hence we considered this to be a key audit matter. As at 31 December 2020, the group had trade receivables totalling US$88m (2019: US$129.3m). The group has recognised an expected credit loss charge of US$5.8m (2019: US$6.4m) against these receivables. Further information is set out on pages 145 to 146 of the Financial Statements and this represents a significant matter considered by the Audit Committee on page 88.
How the scope of our audit responded to the key audit matter	In responding to this key audit matter, we obtained an understanding of management's controls relevant to the identification of receivables at risk of default, assessing their recoverability, and determining appropriate levels of expected credit loss. We challenged management on their Expected Credit Loss (ECL) policy to assess whether their judgements regarding the recoverability of receivables were reasonable and completed the following audit procedures: • identified receivables which may be under dispute or may not be recoverable due to customer cash flow issues, based on a review of aged items and discussions with group and local management; • sent balance confirmation letters to customers to confirm validity of receivables at year end, and obtained relevant contracts and customer approved invoices where confirmation letters from customers were not received; • obtained evidence of cash received post year end to confirm the recoverability of amounts receivable at the year end; and • assessed management's impairment calculation for compliance with the requirements of *IFRS 9 Financial Instruments*.
Key observations	We are satisfied that the inputs and assumptions applied in management's impairment calculation were reasonable and that the overall estimate is appropriate. However, as discussed in the audit committee report on page 88, we identified immaterial uncorrected misstatements relating to provisions for specific doubtful debts.

5.2. Completeness of tax provisions Similar level of risk

Key audit matter description	The group operates in a variety of tax jurisdictions within Africa. Historically, there have been a number of tax investigations and inspections by local tax authorities within these jurisdictions, the findings of which could result in the imposition of additional liabilities, fines and penalties. We note that there is often judgement required when applying the tax laws within these jurisdictions and therefore we consider the completeness of tax provisions to be a key audit matter. Similarly, the Directors have identified uncertain tax positions as a critical judgement on pages 135 to 136, the Audit Committee has raised taxation as a significant matter for consideration on page 88 of the annual report, and note 27 describes several tax related contingent liabilities.
How the scope of our audit responded to the key audit matter	In responding to this key audit matter, we obtained an understanding of management's controls relevant to the assessment of required provisions in respect of existing tax investigations and inspections. We also tested the completeness of the group's tax provision by completing the following procedures: • held discussions with local management, including finance managers, financial controllers and tax advisors, to further understand current tax matters and the extent of communications with local tax authorities during the year; • assessed related correspondence between the group and the local tax authorities to corroborate management's stated positions; • evaluated supporting calculations for the tax provision/accrual and assessed the adequacy thereof based on the information obtained above; • involved tax/audit specialists in Africa to audit key judgements within the tax provisions/accruals, and worked with a tax specialist at the group level to review the group's overall tax position; and • assessed the completeness and accuracy of disclosures made in the annual report in respect of tax investigations and inspections in accordance with *IAS 37, Provisions Contingent Liabilities and Contingent Assets, and IFRIC23, Uncertainty over Income Tax Treatments*.
Key observations	We determined that the provisions held by management were reasonable, did not identify any additional cases requiring further consideration and provision, and are satisfied that the tax related contingent liabilities are appropriately disclosed in note 27.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Company Financial Statements
Materiality	US$7,000,000 (2019: US$6,200,000)	US$2,800,000 (2019: US$2,480,000)
Basis for determining materiality	Materiality has been determined as a combination of 1.7% (2019: 1.6%) of revenue and 3% (2019: 3%) of Adjusted EBITDA (as defined in note 4) benchmarks to the group Financial Statements.	Company materiality has been determined as 1% (2019: 1%) of net assets, which is capped at 40% (2019: 40%) of group performance materiality.
Rationale for the benchmark applied	We believe that using a materiality based on these benchmarks reflects the underlying performance of the group and are key performance measures used by investors, and have used professional judgement in determining a blended measure. In calculating an adjusted EBITDA measure figure, items are not reflective of the underlying performance of the group have been removed. Materiality represents approximately 3.0% (2019: 3.0%) of adjusted EBITDA and 1.7% (2019: 1.6%) of revenue.	The Company acts principally as a holding Company and therefore net assets is a key measure for this business.

Financial Statements

Independent auditor's report to the members of Helios Towers plc continued

6. Our application of materiality (continued)

6.2. Performance materiality

	Group Financial Statements	Company Financial Statements
Performance materiality	65% (2019: 70%) of group materiality	Company performance materiality is capped at 65% (2019: 70%) of Company materiality.
Basis and rationale for determining performance materiality	We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial Statements as a whole. Group performance materiality was therefore set at 65% (2019: 70%) of group materiality. In setting performance materiality at this level, we primarily considered the Group's overall control environment, our ability to rely on controls and the level of uncorrected misstatements identified in the previous period.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of US$350,000 (2019: US$310,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

7. An overview of the scope of our audit

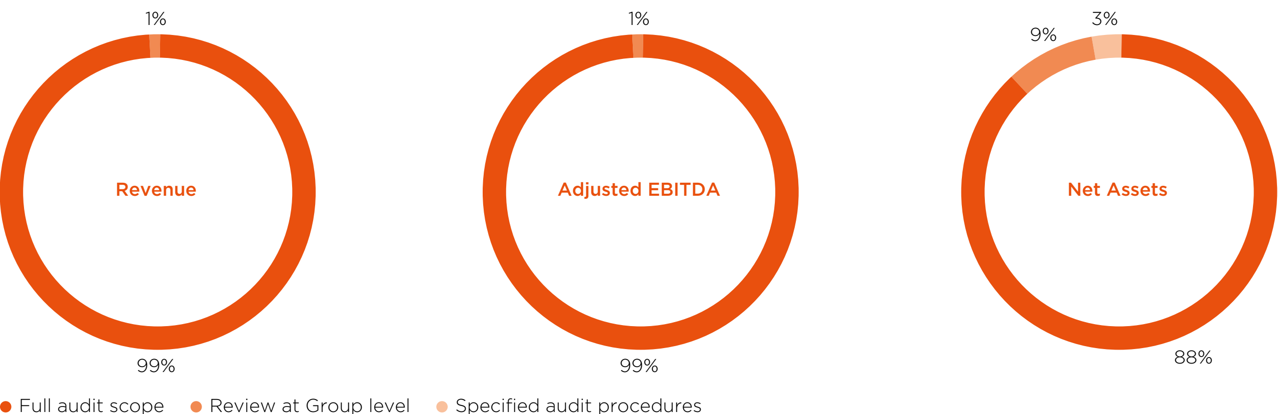
7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Although the group has operating companies within Tanzania, Democratic Republic of the Congo, Ghana, the Republic of the Congo and South Africa, the majority of its accounting function and supporting accounting records are held at its central back office in the United Kingdom.

Therefore, based on the above risk assessment, a significant proportion of our audit effort is concentrated at a group level, with appropriate utilisation of component auditors to perform a limited number of supplemental specified audit procedures at each operating Company, covering areas such as inventory counts, fixed asset verifications and assessment of uncertain tax positions. Covid-19 did not have a significant impact on the nature, timing or extent of work performed by group component auditors when compared to the prior year.

The statutory operating companies within each of the above countries were in full audit scope for the current year, with the exception of the smallest, South Africa, on which we performed specified audit procedures only. Our component materiality ranged from US$1.0m to US$3.0m (2019: US$0.5m to US$3.3m).

Based on this approach, we achieved the following audit coverage over Revenue (99%, 2019: 99%), Group Adjusted EBITDA (99%, 2019: 99%) and Net Assets (88%, 2019: 88%):



7.2. Our consideration of the control environment

Following continued development within management's finance function, we agreed with the Audit Committee to refine our audit approach to place more reliance on automated IT controls and manual business process controls.

Our planned approach had therefore included an intention to rely on the operating effectiveness of internal controls within the financial reporting system, as well as the revenue and receivables, purchase to pay, and tax business cycles.

To assess the appropriateness of the controls over the financial reporting IT system, we engaged our IT audit specialists at the interim stage of the audit to evaluate controls over change management, user access and segregation of duties and to determine whether we could place reliance thereon. Through this testing we identified deficiencies within the general IT control environment, which were subsequently remediated by management through the implementation of mitigating controls in the fourth quarter. However, we were unable to take a control reliance approach over the financial reporting IT system for the entire period of intended reliance due to the interim deficiencies noted above.

Management identified a number of manual controls over financial reporting and the other control cycles, which would help to mitigate the impact of the above general IT control deficiencies. Although these manual controls successfully mitigated some areas impacted by the above deficiencies, we were unable to obtain sufficient and appropriate audit evidence for the effectiveness of certain manual controls for the entirety of the year. Therefore, due to these deficiencies, in combination with the general IT control deficiencies noted above, we concluded that it was too early to adopt a control reliance audit approach and hence reverted to the same approach as undertaken in prior years, which does not place reliance on operating effectiveness of controls.

In response to the deficiencies identified, we revisited our risk assessment and altered the nature and extent of our planned testing, including lowering our Group performance materiality (see section 6.2).

We are satisfied that the combination of our revised approach above was sufficient to achieve our audit objectives and have presented our findings to management and the Audit Committee. Management are taking actions to respond thereto as outlined within the Corporate Governance Report on page 77.

7.3. Working with other auditors

We exercised close supervision and oversight of our component audit teams through the performance of the following procedures:

- sent detailed instructions to all component audit teams outlining the specified procedures above;
- all component teams were included in team briefings, planning meetings and component risk assessments;
- we reviewed supporting working papers prepared by components and related deliverables submitted to us; and
- close calls were held to discuss matters raised.

Due to the restrictions in travel because of Covid-19, the group engagement team was unable to undertake site visits to overseas components, as had been performed in the previous year. In response to this, we have had more frequent communications with our component auditor teams throughout the audit process than in previous years, such as conducting meetings with component auditor via video conferencing.

Financial Statements

Independent auditor's report to the members of Helios Towers plc continued

7. An overview of the scope of our audit (continued)

At the Company entity level we also tested the consolidation process and carried out review procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to a full scope audit or specified audit procedures.

8. Other information

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, 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.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 or the Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 (UK) 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 Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal compliance, and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and involving relevant internal specialists, including tax, valuations, IT, and forensic specialists regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in revenue recognition, petty cash or small asset misappropriation and bribery and kickbacks. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's adherence to telecommunication and environmental regulations applicable to the group (including its components) and the sector in which it operates.

11.2. Audit response to the risks identified

As a result of performing the above, we identified the completeness of tax provisions as a key audit matter related to the potential risk of non-compliance with laws and regulations. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the Financial Statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax and regulatory authorities;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- in addressing the risks of fraud in petty cash or small asset misappropriation and bribery and kickbacks, through consultation with our forensic specialists we designed and performed additional audit procedures including further focussed testing on unusual transactions and reviewing the group's whistleblowing hotline; and
- in addressing the risk of fraud in revenue recognition, for all material customers obtaining underlying contracts and recalculating expected revenue balances based on the contractual terms.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Financial Statements

Independent auditor's report to the members of Helios Towers plc continued

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. Corporate Governance Report

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Report relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Report is materially consistent with the Financial Statements and our knowledge obtained during the audit:
- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 66-67;
- the Directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 66-67;
- the Directors' statement on fair, balanced and understandable set out on page 109;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 63;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 89; and
- the section describing the work of the audit committee set out on page 85.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

The Company was incorporated on 1 August 2019. We were appointed on 1 October 2019 by the Directors to audit the Financial Statements for the period ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 2 years, covering the years ended 31 December 2019 and 31 December 2020.

However, we were appointed on 18 November 2010 for other Group entities (including the former parent company Helios Towers, Ltd) to audit the Financial Statements for the year ended 31 December 2010. The period of total uninterrupted engagement including previous renewals and reappointments is 11 years, covering the years ended 31 December 2010 to 31 December 2020.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

R Duffy

Ryan Duffy
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham
10 March 2021

Financial Statements

Consolidated Income Statement

For the year ended 31 December

	Note	2020 US$m	2019 US$m
Revenue	3	414.0	387.8
Cost of sales		(266.1)	(261.9)
Gross profit		147.9	125.9
Administrative expenses		(83.5)	(119.4)
Loss on disposal of property, plant and equipment		(8.1)	(11.0)
Operating profit/(loss)	5a	56.3	(4.5)
Interest receivable	8	0.8	0.7
Other gains	24	40.1	33.9
Finance costs	9	(118.1)	(104.9)
Loss before tax		(20.9)	(74.8)
Tax expense	10	(15.8)	(61.8)
Loss after tax for the year		(36.7)	(136.6)
Loss attributable to:			
Owners of the Company		(36.7)	(136.0)
Non-controlling interest	13	–	(0.6)
Loss for the year		(36.7)	(136.6)
Loss per share:			
Basic and diluted loss per share (cents)	29	(4)	(15)

All activities relate to continuing operations.

The accompanying notes form an integral part of these Financial Statements.

Consolidated Statement of other comprehensive income

For the year ended 31 December

	2020 US$m	2019 US$m
Loss after tax for the year	(36.7)	(136.6)
Other comprehensive (loss)/gain:		
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign operations	(9.2)	(1.0)
Income tax relating to these items	–	–
Total comprehensive loss for the year, net of tax	(45.9)	(137.6)
Total comprehensive loss attributable to:		
Owners of the Company	(45.9)	(137.0)
Non-controlling interest	–	(0.6)
Total comprehensive loss for the year	(45.9)	(137.6)

The accompanying notes form an integral part of these Financial Statements.

Financial Statements

Consolidated Statement of financial position

As at 31 December

Assets	Note	2020 US$m	2019 US$m
Non-current assets			
Intangible assets	11	23.2	28.4
Property, plant and equipment	12a	594.7	631.9
Right-of-use assets	12b	109.2	108.2
Derivative financial assets	26	88.8	41.0
		815.9	809.5
Current assets			
Inventories	14	9.0	9.3
Trade and other receivables	15	137.6	166.5
Prepayments	16	39.3	14.1
Cash and cash equivalents	17	428.7	221.1
		614.6	411.0
Total assets		1,430.5	1,220.5
Equity and liabilities			
Equity			
Share capital	18	12.8	12.8
Other reserves		(87.0)	(87.0)
Share-based payments reserves		18.4	19.6
Treasury shares	18	(2.3)	(4.4)
Translation reserve		(91.9)	(82.7)
Retained earnings		280.3	317.6
Equity attributable to owners		130.3	175.9
Non-controlling interest	13	–	(0.6)
Total equity		130.3	175.3
Current liabilities			
Trade and other payables	19	174.7	222.7
Short-term lease liabilities	21	23.5	21.4
Contingent consideration	30	–	3.6
Loans	20	2.6	19.2
		200.8	266.9
Non-current liabilities			
Deferred tax liabilities		4.4	3.1
Contingent consideration	30	–	5.9
Long-term lease liabilities	21	108.2	104.2
Loans	20	986.8	665.1
		1,099.4	778.3
Total liabilities		1,300.2	1,045.2
Total equity and liabilities		1,430.5	1,220.5

The accompanying notes form an integral part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Board on 10 March 2021 and signed on its behalf by:

Kash Pandya

Manjit Dhillon

Consolidated Statement of changes in equity

For the year ended 31 December 2020

	Note	Share capital US$m	Share premium US$m	Other reserves US$m	Treasury shares US$m	Share-based payments reserves US$m	Translation reserve US$m	Retained earnings US$m	Attributable to the owners of the Company US$m	Non-controlling interest (NCI) US$m	Total equity US$m
Balance at 1 January 2019		909.2	187.0	(12.8)	–	–	(81.7)	(880.0)	121.7	–	121.7
Transition to IFRS 9											
Loss for the year		–	–	–	–	–	–	(136.0)	(136.0)	(0.6)	(136.6)
Other comprehensive loss		–	–	–	–	–	(1.0)	–	(1.0)	–	(1.0)
Total comprehensive loss for the year		–	–	–	–	–	(1.0)	(136.0)	(137.0)	(0.6)	(137.6)
Transactions with owners;											
Reorganisation		263.9	(187.0)	(74.2)	(2.7)	7.9	–	–	7.9	–	7.9
New issue of shares		109.2	16.4	–	–	–	–	–	125.6	–	125.6
Share issue costs		–	(7.3)	–	–	–	–	–	(7.3)	–	(7.3)
Purchase of own shares		–	–	–	(1.7)	–	–	–	(1.7)	–	(1.7)
Share-based payments		–	–	–	–	11.7	–	–	11.7	–	11.7
Capital contribution from shareholders		–	–	–	–	–	–	55.0	55.0	–	55.0
Capital reduction		(1,269.5)	(9.1)	–	–	–	–	1,278.6	–	–	–
Balance at 31 December 2019		12.8	–	(87.0)	(4.4)	19.6	(82.7)	317.6	175.9	(0.6)	175.3
Loss for the year		–	–	–	–	–	–	(36.7)	(36.7)	–	(36.7)
Other comprehensive loss		–	–	–	–	–	(9.2)	–	(9.2)	–	(9.2)
Total comprehensive loss for the year		–	–	–	–	–	(9.2)	(36.7)	(45.9)	–	(45.9)
Transactions with owners;											
Share-based payments	25	–	–	–	–	0.9	–	–	0.9	–	0.9
Transfer of treasury shares		–	–	–	2.1	(2.1)	–	–	–	–	–
Non-controlling interest		–	–	–	–	–	–	(0.6)	(0.6)	0.6	–
Balance at 31 December 2020		12.8	–	(87.0)	(2.3)	18.4	(91.9)	280.3	130.3	–	130.3

Included in other reserves is the merger accounting reserve which arose on Group reorganisation in 2019 and is the difference between the carrying value of the net assets acquired and the nominal value of the share capital.

Share-based payments reserves relate to share options awarded. See Note 25.

Translation reserve relates to the translation of the Financial Statements of overseas subsidiaries into the presentational currency of the Consolidated Financial Statements.

Financial Statements

Consolidated Statement of cash flows

For the year ended 31 December 2020

	Note	2020 US$m	2019 US$m
Cash flows from operating activities			
Loss before tax		(20.9)	(74.8)
Adjustments for:			
Other gains	24	(40.1)	(33.9)
Finance costs	9	118.1	104.9
Interest receivable	8	(0.8)	(0.7)
Depreciation and amortisation on property, plant and equipment	11, 12	148.0	147.2
Share-based payments and long-term incentive plans	25	1.0	–
Loss on disposal of property, plant and equipment	4	8.1	11.0
Movement in working capital:			
Decrease in inventories		0.6	1.0
Decrease/(increase) in trade and other receivables		21.1	(56.0)
Increase in prepayments		(0.8)	(1.0)
(Decrease)/increase in trade and other payables		(24.7)	27.6
Cash generated from operations		209.6	125.3
Interest paid		(102.3)	(74.4)
Tax paid	10	(47.8)	(13.3)
Net cash generated from operating activities		59.5	37.6
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(123.4)	(95.2)
Payments to acquire intangible assets		(0.3)	(9.2)
Acquisition of subsidiary	30	–	(10.6)
Proceeds on disposal on assets		1.0	0.4
Transactions with non-controlling interests		(1.6)	–
Interest received		0.8	0.7
Net cash used in investing activities		(123.5)	(113.9)
Cash flows from financing activities			
Gross proceeds from issue of equity share capital		–	125.6
Share issue costs		–	(7.3)
Repurchase of fully vested options		–	(1.7)
Borrowing drawdowns		995.6	50.0
Loan issue costs		(26.0)	–
Repayment of loan		(689.8)	–
Repayment of lease liabilities		(8.3)	(5.4)
Capital contributions – escrow funds		–	47.7
Net cash generated from financing activities		271.5	208.9
Net increase in cash and cash equivalents		207.5	132.6
Foreign exchange on translation movement		0.1	(0.5)
Cash and cash equivalents at 1 January		221.1	89.0
Cash and cash equivalents at 31 December		428.7	221.1

Notes to the Financial Statements

For the year ended 31 December 2020

1. Statement of compliance and presentation of financial statements

Helios Towers plc, together with its subsidiaries (collectively, 'Helios', 'the Group' or 'the Company'), is an independent tower company, with operations across five countries. Helios Towers plc is a public limited company incorporated and domiciled in the UK, and registered under the laws of England & Wales under company number 12134855 with its registered address at 10th Floor, 5 Merchant Square West, London, W2 1AS, United Kingdom. In October 2019, the ordinary shares of Helios Towers plc were admitted to the premium listing segment of the Official List of the UK Financial Conduct Authority and trade on the London Stock Exchange Plc's main market for listed securities.

The Company and entities controlled by the Company are disclosed in Note 13. The principal accounting policies adopted by the Group are set out in Note 2. These policies have been consistently applied to all periods presented.

2(a). Accounting policies

Basis of preparation

The Group's Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs'), taking into account IFRS Interpretations Committee (IFRS IC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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$) and rounded to the nearest hundred thousand (US$0.1 million) except when otherwise indicated.

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 in line with the Group's accounting policies.

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that have 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.

Financial Statements

Notes to the Financial Statements continued

For the year ended 31 December 2020

2(a). Accounting policies (continued)

Going concern

The Directors believe that the Group is well placed to manage its business risks successfully, despite the current uncertain economic outlook in the wider economy. The Group's forecasts and projections, taking account of possible changes in trading performance, show that the Group should remain adequately liquid and should operate within the covenant levels of its current debt facilities. The Directors consider it appropriate to adopt the going concern basis of preparation for the consolidated Financial Statements.

As part of their regular assessment of the Group's working capital and financing position, the Directors have prepared a detailed trading and cash flow forecast for a period which covers at least 12 months after the date of approval of the consolidated Financial Statements. In assessing the forecast, the Directors have considered:

- trading risks presented by the current economic conditions in the operating markets;
- the impact of macroeconomic factors, particularly interest rates and foreign exchange rates;
- the status of the Group's financial arrangements;
- progress made in developing and implementing cost reduction programmes and operational improvements; and
- mitigating actions available should business activities fall behind current expectations, including the deferral of discretionary overheads and restricting cash outflows.

In particular, the Directors have considered the impact of Covid-19 on the Group's operations. The Directors have acknowledged the latest guidance on going concern as issued by the Financial Reporting Council in June 2020 and December 2020 and the thematic review published in July 2020. Management have considered the latest forecasts available to them and additional sensitivity analysis has been prepared to consider any reduction in anticipated levels of Adjusted EBITDA and operating profit arising from various scenarios.

The Directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial information. Forecast liquidity has been assessed under a number of stressed scenarios and a reverse stress test was performed to support this assertion.

New accounting policies in 2020

The following accounting standards, interpretations, improvements and amendments have become applicable for the current period:

- Amendments to IFRS 3 Business Combinations
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 16 Leases Covid-19 Related Rent Concessions

These accounting policies do not have a material effect on the Group's Financial Statements.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. The identifiable assets, liabilities and contingent liabilities ('identifiable net assets') are recognised at their fair value at the date of acquisition. Acquisition-related costs are expensed as incurred and included in administrative expenses.

2(a). Accounting policies (continued)

Business combinations and goodwill (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquired, and the fair value of the acquirer's previously held equity interest in the acquired (if any) over the net of the fair values of acquired assets and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss. Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (a period of no more than 12 months), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. The carrying value of contingent consideration is the present value of those cash flows (when the effect of the time value of money is material).

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. Subsequently, changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments are recognised in the income statement, when contingent consideration amounts are remeasured to fair value at subsequent reporting dates. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units ('CGU') that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss is recognised directly in profit or loss. An impairment loss recognised for goodwill is not able to be reversed in subsequent periods. On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

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. The Group applies the five-step model in IFRS 15 Revenue from Contracts with Customers. Prescriptive guidance in IFRS 15 is followed to deal with specific scenarios and details of the impact of IFRS 15 on the Group's Consolidated Financial Statements are described below.

On inception of the contract a 'performance obligation' is identified based on each of the distinct goods or services promised to the customer. The consideration specified in the contract with the customer is allocated to a performance obligation identified based on their relative standalone selling prices. In line with IFRS 15, the Group has identified its performance obligations. The first performance obligation is providing a series of distinct tower space and site services. This performance obligation includes fees for the provision of tower infrastructure, power escalations and tower service contracts. This is the only material performance obligation for the Group at the balance sheet date. The Group also identified performance obligations to provide data, fibre and in-building services, which are expected to become more significant over the coming years.

Notes to the Financial Statements continued

For the year ended 31 December 2020

2(a). Accounting policies (continued)

Revenue recognition (continued)

Revenue from these services is recognised as the performance obligation is satisfied over time using the time elapsed output method for each customer to measure the Group's progress under the contract. Customers are usually billed in advance creating a deferred income which is then recognised as the performance obligation is met over a straight-line basis. Amounts billed in arrears are recognised as contract assets.

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. Where refunds are issued to customers, they are deducted from revenue in the relevant service period.

The entire estimated loss for a contract is recognised immediately when there is evidence that the contract is unprofitable. If these estimates indicate that any contract will be less profitable than previously forecasted, contract assets may have to be written down to the extent they are no longer considered to be fully recoverable. We perform ongoing profitability reviews of our contracts in order to determine whether the latest estimates are appropriate. Key factors reviewed include:

- transaction volumes or other inputs affecting future revenues which can vary depending on customer requirements, plans, market position and other factors such as general economic conditions;
- the status of commercial relations with customers and the implications for future revenue and cost projections;
- our estimates of future staff and third-party costs and the degree to which cost savings and efficiencies are deliverable;
- whether Covid-19 will have an impact on the assumptions listed above, including our future revenue projections, our ability to complete our contractual work on time, and our assessment of whether our force majeure contract clauses will prevent any contract penalties.

The direct and incremental costs of acquiring a contract including, for example, certain commissions payable to staff or agents for acquiring customers on behalf of the Group, are recognised as contract acquisition cost assets in the statement of financial position when the related payment obligation is recorded. Costs are recognised as an expense in line with the recognition of the related revenue that is expected to be earned by the Group; typically this is over the customer contract period as new commissions are payable on contract renewal.

Foreign currency translation

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(a). Accounting policies (continued)

Financial assets

Financial assets within the scope of IFRS 9 are classified as financial assets at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ('OCI'), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

For purposes of subsequent measurement all financial assets within the scope of IFRS 9 are measured at amortised cost, fair value through OCI or fair value through profit or loss.

At the current reporting period the Group did not elect to classify any financial instruments as fair value through OCI.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:
- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings.

The subsequent measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

(b) Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements continued

For the year ended 31 December 2020

2(a). Accounting policies (continued)

Leases

The Group applies IFRS 16 Leases. 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.

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.

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, and only those costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are capitalised. 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.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

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

2(a). Accounting policies (continued)

Property, plant and equipment (continued)

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 with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. They are amortised on a straight-line basis over the life of the contract. Other intangible assets are subsequently amortised on a straight-line basis over their estimated lives of three to ten years.

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Customer contracts	15 years
Customer relationships	15 years
Colocation rights	Amortised over their contractual lives
Right of first refusal	Amortised over their contractual lives
Non-compete agreement	Amortised over their contractual lives
Computer software and licences	2-3 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). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). 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. Any impairment is allocated pro-rata across all assets in a cash-generating unit unless there is an indication that a class of asset should be impaired in the first instance or a fair market value exists for one or more assets. Once an asset has been written down to its fair value less costs of disposal then any remaining impairment is allocated equally amongst all other assets.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. Reversals are allocated pro-rata across all assets in the cash-generating unit unless there is an indication that a class of asset should be reversed in the first instance or a fair market value exists for one or more assets. A reversal of an impairment loss is recognised in the income statement immediately. An impairment loss recognised for goodwill is never reversed in subsequent periods.

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Notes to the Financial Statements continued

For the year ended 31 December 2020

2(a). Accounting policies (continued)

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.

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.

Share-based payments

The Group's management awards employee share options, from time to time, on a discretionary basis which are subject to vesting conditions. The economic cost of awarding the share options to its employees is recognised as an employee benefit expense in the income statement equivalent to the fair value of the benefit awarded over the vesting period. For further details refer to Note 25.

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.

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.

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.

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.

2(a). 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.

Share capital
Ordinary shares are classified as equity.

Treasury shares
Treasury shares represents the shares of Helios Towers plc that are held by the Employee Benefit Trust. Treasury shares are recorded at cost and deducted from equity.

New accounting pronouncement
The Group has adopted all of the new and revised Standards and Interpretations issued by the 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 consolidated Financial Statements.

At the date of authorisation of these Financial Statements, the following new and revised IFRS Standards, which are applicable to the Group, were issued but are not yet effective:

Amendments to	Effective date	Description of change
IFRS 3	1 Jan 2022	IASB identified three possible amendments to IFRS 3 that would update IFRS 3 without significantly changing its requirements.
IAS 16	1 Jan 2022	Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.
IAS 37	1 Jan 2022	Amendments regarding the costs to include when assessing whether a contract is onerous.
Various	1 Jan 2021	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the Financial Statements of the Group in future periods.

2(b). 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.

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Notes to the Financial Statements continued

For the year ended 31 December 2020

2(b). Critical accounting judgements and key sources of estimation uncertainty (continued)

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.

Uncertain tax positions

The tax impact of a transaction or item can be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. Where there are uncertain tax positions, the Directors assess whether it is probable that the position adopted in tax filings will be accepted by the relevant tax authority, with the results of this assessment determining the accounting that follows. The Group uses tax experts when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate. The most significant judgement in this area relates to the Group's tax disputes in Congo Brazzaville. Further details of these are included in Note 27.

Contingent liabilities

The Group exercises judgement to determine whether to recognise provisions and the exposures to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities (see Note 27). Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise.

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 with any changes in the year reflected in the profit and loss account. 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 26.

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, COO and CFO of the Group, who are considered to be the chief operating decision makers ('CODMs'). 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. Details and information of our main customers are disclosed on page 2. Accounting policies are applied consistently for all operating segments. The segment operating result used by CODMs is Adjusted EBITDA, which is defined in Note 4.

31 December 2020	Tanzania US$m	DRC US$m	Congo Brazzaville US$m	Ghana US$m	South Africa US$m	Total operating companies US$m	Corporate US$m	Group total US$m
Revenue	167.1	174.0	26.6	42.9	3.4	414.0	–	414.0
Adjusted gross margin(1)	67%	67%	66%	72%	77%	68%	–	68%
Adjusted EBITDA(2)	105.0	103.5	12.7	27.4	1.1	249.7	(23.1)	226.6
Adjusted EBITDA margin(3)	63%	59%	48%	64%	32%	60%	–	55%
Financing costs:								
Interest costs	(36.2)	(49.6)	(9.5)	(7.3)	(2.9)	(105.5)	7.7	(97.8)
Early redemption charges(4)	–	–	–	–	–	–	(23.9)	(23.9)
Foreign exchange differences	(1.8)	0.5	6.8	(2.2)	–	3.3	0.3	3.6
Total finance costs	(38.0)	(49.1)	(2.7)	(9.5)	(2.9)	(102.2)	(15.9)	(118.1)
Other segmental information:								
Non-current assets	280.6	295.8	39.5	48.5	50.3	714.7	101.2	815.9
Property, plant and equipment capital additions	33.8	27.8	7.7	9.2	17.1	95.6	1.3	96.9
Property, plant and equipment depreciation and amortisation	(51.1)	(57.7)	(11.0)	(7.9)	(2.1)	(129.8)	(4.2)	(134.0)

(1) Adjusted gross margin means gross profit, adding back site and warehouse depreciation, divided by revenue.
(2) Adjusted EBITDA is loss before tax for the year, adjusted for finance costs, other gains and losses, interest receivable, loss on disposal of property, plant and equipment, amortisation of intangible assets, depreciation and impairment of property, plant and equipment, depreciation of right-of-use assets, deal costs for aborted acquisitions, deal costs not capitalised, share-based payments and long-term incentive plan charges, and other adjusting items. Adjusting items are material items that are considered one-off by management by virtue of their size and/or incidence.
(3) Adjusted EBITDA margin is Adjusted EBITDA divided by revenue.
(4) Corporate includes call premium and release of transaction costs of US$13.7 million and US$10.2 million respectively, in relation to the early redemption of the US$600 million Senior Notes. See note 20 for further detail.

31 December 2019	Tanzania US$m	DRC US$m	Congo Brazzaville US$m	Ghana US$m	South Africa US$m	Total operating companies US$m	Corporate US$m	Group total US$m
Revenue	162.2	158.0	25.9	40.1	1.6	387.8	–	387.8
Adjusted gross margin(1)	66%	64%	70%	69%	78%	66%	–	66%
Adjusted EBITDA(2)	96.4	88.3	13.6	23.6	0.2	222.1	(16.9)	205.2
Adjusted EBITDA margin(3)	59%	56%	53%	59%	13%	57%	–	53%
Financing costs:								
Interest costs	(44.5)	(48.7)	(9.0)	(6.7)	(2.1)	(111.0)	18.1	(92.9)
Foreign exchange differences	(3.7)	0.2	(1.5)	(6.8)	–	(11.8)	(0.2)	(12.0)
Total finance costs	(48.2)	(48.5)	(10.5)	(13.5)	(2.1)	(122.8)	17.9	(104.9)
Other segmental information:								
Non-current assets	304.7	335.2	40.7	45.7	31.2	757.5	52.0	809.5
Property, plant and equipment capital additions(4)	43.7	37.0	6.4	11.7	15.1	113.9	0.3	114.2
Property, plant and equipment depreciation and amortisation	(52.9)	(61.3)	(11.8)	(8.8)	(1.0)	(135.8)	(2.9)	(138.7)

(1) Adjusted gross margin means gross profit, adding back site and warehouse depreciation, divided by revenue.
(2) Adjusted EBITDA is loss before tax for the year, adjusted for finance costs, other gains and losses, interest receivable, loss on disposal of property, plant and equipment, amortisation of intangible assets, depreciation and impairment of property, plant and equipment, depreciation of right-of-use assets, deal costs for aborted acquisitions, deal costs not capitalised, share-based payments and long-term incentive plan charges, and other adjusting items. Adjusting items are material items that are considered one-off by management by virtue of their size and/or incidence.
(3) Adjusted EBITDA margin is Adjusted EBITDA divided by revenue.
(4) Property, plant and equipment capital additions in the year ended 31 December 2019 in South Africa, exclude the fair value of intangible assets acquired and goodwill recognised under IFRS 3 (see Note 30).

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Notes to the Financial Statements continued

For the year ended 31 December 2020

4. Reconciliation of aggregate segment Adjusted EBITDA to loss before tax

The key segment operating result used by chief operating decision makers ('CODMs') is Adjusted EBITDA.

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

The Group believes that Adjusted EBITDA and Adjusted EBITDA margin facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest and finance charges), tax positions (such as the impact of changes in effective tax rates or net operating losses) and the age and booked depreciation on assets. The Group excludes certain items from Adjusted EBITDA, such as loss on disposal of property, plant and equipment and other adjusting items because it believes they are not indicative of its underlying trading performance.

Adjusted EBITDA is reconciled to loss before tax as follows:

	2020 US$m	2019 US$m
Adjusted EBITDA	226.6	205.2
Adjustments applied to give Adjusted EBITDA		
Adjusting items:		
Project costs[1]	(4.4)	(18.6)
Deal costs[2]	(8.8)	(1.7)
Share-based payments and long-term incentive plans[3]	(1.0)	(31.2)
Loss on disposal of property, plant and equipment	(8.1)	(11.0)
Other gains (Note 24)	40.1	33.9
Depreciation of property, plant and equipment	(128.4)	(129.5)
Amortisation of intangibles	(5.6)	(9.2)
Depreciation of right-of-use assets	(14.0)	(8.5)
Interest receivable	0.8	0.7
Finance costs	(118.1)	(104.9)
Loss before tax	(20.9)	(74.8)

(1) Project costs in 2020 relate to the preparation for a debt refinancing, and in 2019 relate to listing of equity on the London Stock Exchange in October 2019.
(2) Deal costs comprise costs for potential and aborted acquisitions, which mainly comprise professional fees and travel costs incurred while investigating potential site acquisitions that are expensed when the potential site acquisition does not proceed, and deal costs not capitalised, which relate to the exploration of investment opportunities.
(3) Share-based payments and long-term incentive plan charges and associated costs.

5a. Operating profit/(loss)

Operating profit/(loss) is stated after charging the following:

	2020 US$m	2019 US$m
Cost of inventory expensed	51.8	56.8
Auditor remuneration (see Note 5b)	2.8	5.8
Loss on disposal of property, plant and equipment	8.1	11.0
Depreciation and amortisation	148.0	147.2
Staff costs (Note 6)	27.5	22.6

5b. Audit remuneration

	2020 US$m	2019 US$m
Statutory audit of the Company's annual accounts	0.4	0.3
Statutory audit of the Group's subsidiaries	1.5	1.7
Audit fees:	1.9	2.0
Quarterly review engagements	0.4	0.3
Other assurance services	0.5	1.0
Audit related assurance services	0.9	1.3
Project costs	–	2.4
Other services	–	0.1
Total other non-audit services:	–	2.5
Total non-audit fees	0.9	3.8
Total fees	2.8	5.8

2019 project costs relate to the IPO which was completed in October 2019.

6. Staff costs

Staff costs consist of the following components:

	2020 US$m	2019 US$m
Wages and salaries	25.6	21.3
Social security costs – employer contributions	1.4	1.0
Pension costs	0.5	0.3
	27.5	22.6

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

	2020	2019
Operations	137	133
Legal and regulatory	29	29
Administration	37	32
Finance	86	84
Sales and marketing	67	64
	356	342

7. Key management personnel compensation

	2020 US$m	2019 US$m
Salary and fees	2.0	1.5
Pension and benefits	0.2	0.2
Bonus	1.3	1.4
	3.5	3.1

The above remuneration information relates to Directors in Helios Towers plc. Further details can be found in the Directors' Remuneration Report of the Annual Report.

8. Interest receivable

	2020 US$m	2019 US$m
Bank interest receivable	0.8	0.7

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9. Finance costs

	2020 US$m	2019 US$m
Foreign exchange differences	(3.6)	12.0
Interest costs	80.5	77.0
Early redemption expenses[1]	23.9	–
Interest costs on lease liabilities	17.3	15.9
	118.1	104.9

(1) Early redemption expenses includes call premium and release of transaction costs of US$13.7 million and US$10.2 million respectively, related to the early redemption of the US$600 million Senior Notes.

The year-on-year decrease in foreign exchange differences for the year ended 31 December 2020 is driven primarily by the fluctuations year-on-year of the Central African Franc and Ghanaian Cedi.

10. Tax expense, tax paid and deferred tax

	2020 US$m	2019 US$m
(a) Tax expense:		
Current tax		
In respect of current year	12.2	61.3
Adjustment in respect of prior years	3.2	0.7
Total current tax	15.4	62.0
Deferred tax		
Originating temporary differences on acquisition of subsidiary undertakings	(0.6)	(0.2)
Originating temporary differences on capital assets	1.0	–
Total deferred tax	0.4	(0.2)
Total tax expense	15.8	61.8
(b) Tax reconciliation:		
Loss before tax	(20.9)	(74.8)
Tax computed at the local statutory tax rate	(4.2)	(22.0)
Tax effect of expenditure not deductible for tax purposes	25.0	51.1
Tax effect of income not taxable in determining taxable profit	(1.8)	–
Deferred income tax movement not recognised	(9.3)	(26.0)
Prior year over/(under) provision	3.2	0.7
Change of Control Taxes	–	55.0
Minimum income taxes	2.3	3.0
Other	0.6	–
Total tax expense	15.8	61.8

The range of statutory income tax rates applicable to the Group's operating subsidiaries is between 15% and 30%.

A change of control (as defined by the relevant local tax authority) of certain of the Group's subsidiaries may trigger Change of Control Taxes liabilities for the Group. An amount has been set aside by the pre-IPO shareholders to cover these taxes which the Group believes is sufficient to cover its current estimates of these taxes.

As stipulated by local applicable law, minimum income taxes apply and were paid by operating entities in Congo Brazzaville and DRC which have reported tax losses for the year ended 31 December 2020. Minimum income taxes rules do not apply to the Ghana, South Africa or Tanzania businesses.

10. Tax expense, tax paid and deferred tax (continued)

Tax paid	2020 US$m	2019 US$m
Income tax	(10.1)	(3.3)
Change of Control Taxes funded by escrow restricted cash	(37.7)	(10.0)
Total tax paid	(47.8)	(13.3)

For more information relating to Change of Control Taxes see Note 17.

Deferred tax
As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, the deferred tax balance at the balance sheet date has been calculated at the rate at which the relevant balance is expected to be recovered or settled. Management has performed an assessment, for all material deferred income tax assets and liabilities, to determine the period over which the deferred income tax assets and liabilities are forecast to be realised. The deferred tax liability is calculated by applying the statutory corporate income tax rate of 28% in South Africa and 30% in Congo Brazzaville on the respective intangible assets recognised at the balance sheet date.

Unrecognised deferred tax assets
No deferred tax asset is recognised on US$200.5 million of tax losses at the balance sheet date, as the relevant businesses are not expected to generate sufficient short-term taxable profits to justify recognising the associated deferred tax assets.

Tax losses for which no deferred tax assets were recognised are as follows: US$190.5 million are subject to expiry under local statutory tax rules within periods of 3 to 5 years and US$10.0 million are not expected to expire. As at the balance sheet date, the geographical split of the deferred tax assets in relation to losses is DRC US$144.6 million (tax effect US$43.4 million), South Africa US$7.8 million (tax effect US$2.2 million), Congo Brazzaville US$13.1 million (tax effect US$3.9 million), Mauritius US$32.7 million (tax effect US$4.9 million) and UK US$2.3 million (tax effect US$0.4 million).

11. Intangible assets

	Goodwill US$m	Customer contracts US$m	Customer relationships US$m	Colocation rights US$m	Right of first refusal US$m	Non-compete agreement US$m	Computer software and licence US$m	Total US$m
Cost								
At 1 January 2019	–	–	–	–	35.0	30.0	17.7	82.7
Additions during the year	–	–	–	8.8	–	–	0.4	9.2
On acquisition of subsidiary undertakings (Note 30)	4.1	3.4	6.9	–	–	1.1	–	15.5
Disposals during the year	–	–	–	–	–	–	–	–
Effects of foreign currency exchange differences	0.1	0.1	0.2	–	–	–	1.3	1.7
At 31 December 2019	4.2	3.5	7.1	8.8	35.0	31.1	19.4	109.1
Additions during the year	–	–	–	–	–	–	0.3	0.3
Disposals	–	–	–	–	–	(30.0)	–	(30.0)
Effects of foreign currency exchange differences	0.7	(0.2)	(0.3)	–	–	–	–	0.2
At 31 December 2020	4.9	3.3	6.8	8.8	35.0	1.1	19.7	79.6
Amortisation								
At 1 January 2019	–	–	–	–	(27.5)	(30.0)	(12.8)	(70.3)
Charge for year	–	(0.2)	(0.3)	(0.3)	(5.2)	–	(3.2)	(9.2)
Effects of foreign currency exchange differences	–	–	–	–	–	–	(1.2)	(1.2)
At 31 December 2019	–	(0.2)	(0.3)	(0.3)	(32.7)	(30.0)	(17.2)	(80.7)
Charge for year	–	(0.2)	(0.5)	(0.6)	(2.4)	(0.3)	(1.6)	(5.6)
Disposals	–	–	–	–	–	30.0	–	30.0
Effects of foreign currency exchange differences	–	–	–	–	0.1	–	(0.2)	(0.1)
At 31 December 2020	–	(0.4)	(0.8)	(0.9)	(35.0)	(0.3)	(19.0)	(56.4)
Net book value								
At 31 December 2020	4.9	2.9	6.0	7.9	–	0.8	0.7	23.2
At 31 December 2019	4.2	3.3	6.8	8.5	2.3	1.1	2.2	28.4

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11. Intangible assets (continued)

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 was amortised on a straight line-basis over its exercisable period which ended on 1 May 2020. As part of the same transaction, the Group entered into a non-compete agreement with Airtel Group under which the Group and the Company was granted the right that Airtel would not compete with the Group in DRC and/or Congo Brazzaville. The amortisation period for the non-compete agreement was four years, which ended in 2020.

On 30 April 2019, the Group acquired 89.5% of the voting equity shares of Helios Towers South Africa Holdings (Pty) Ltd and simultaneously entered into agreements with SA Towers Proprietary Limited and Sky Coverage Proprietary Limited, to purchase certain employee contracts and business assets comprising towers, tower sites and related assets as well as to transfer certain tenant leases. The Group has treated this as a single business combination transaction and accounted for it in accordance with IFRS 3 – Business Combinations ('IFRS 3') using the acquisition method. As a result of this transaction, intangible assets have been recognised on acquisition of subsidiary undertakings for customer contracts, customer relationships and goodwill.

In July 2019, HTT Infraco Limited entered into a marketing agreement with Viettel, whereby it acquired the rights to colocate on approximately 1,000 sites. These additional sites meant that new colocation opportunities were made available to other Group customers.

The remaining amortisation period is;

- customer contracts and customer relationships 13 years;
- colocation rights 13 years;
- non-compete agreement three years; and
- computer software and licence two to three years.

Impairment

The Group tests goodwill, irrespective of any indicators, at least annually for impairment. All other intangible assets are tested for impairment where there is an impairment indicator. The Group's cash-generating-units (CGUs) are aligned to its operating segments. All of the carrying value of the goodwill is included in the South Africa operating segment. If any such indication exists, then the CGUs recoverable amount is estimated. For goodwill, the recoverable amount of the related CGU is also estimated each year. The recoverable amount is determined based on a value-in-use calculation using cash flow projections for the next six years from financial budgets approved by the Board of Directors. Management uses contractual customer agreements at the time, independently assessed new tenancies based on the expected growth in South Africa and operating expense assumptions based on past experience in its cash flow projections.

Key assumptions used in value-in-use calculations

- number of towers under management at the end of each year together with the lease upgrade or number of tenants per tower. These are based on estimates of the number of tower opportunities in the relevant markets and the expected growth in these markets;
- discount rate; and
- operating cost and capital expenditure requirements.

A long-term nominal growth rate of 7.2% has been applied to extrapolate the cash flow projections into perpetuity, based on management's estimate of the long-term annual growth rates in Adjusted EBITDA. From the financial model a net present value was derived, using a pre-tax discount rate of 9.5% and compared to the goodwill carrying value. The discount rate was based on local weighted average cost of capital assuming debt leveraging of 38.0% and risk free rate of 3.5%.

Amortisation of Intangibles are included within Administrative expenses in the Consolidated Income Statement.

12a. Property, plant and equipment

	IT equipment US$m	Fixtures and fittings US$m	Motor vehicles US$m	Site assets US$m	Land US$m	Leasehold improvements US$m	Total US$m
Cost							
At 1 January 2019	12.2	1.0	4.4	1,139.4	8.9	1.3	1,167.2
Additions	5.3	0.1	0.4	88.5	–	0.1	94.4
On acquisition of subsidiary undertakings (Note 30)	–	–	–	7.6	–	–	7.6
Disposals	–	–	(0.1)	(26.9)	–	–	(27.0)
Effects of foreign currency exchange differences	1.0	0.3	(0.2)	(15.9)	–	1.7	(13.1)
At 31 December 2019	18.5	1.4	4.5	1,192.7	8.9	3.1	1,229.1
Additions	4.0	0.1	0.6	91.9	–	–	96.6
Reclassifications	–	–	–	2.3	(2.3)	–	–
Disposals	–	–	(0.5)	(20.2)	–	–	(20.7)
Effects of foreign currency exchange differences	0.3	–	–	2.1	0.2	0.1	2.7
At 31 December 2020	22.8	1.5	4.6	1,268.8	6.8	3.2	1,307.7
Depreciation							
At 1 January 2019	(5.7)	(0.9)	(2.9)	(480.5)	–	(0.6)	(490.6)
Charge for the year	(4.1)	(0.1)	(0.6)	(124.2)	–	(0.5)	(129.5)
Disposals	–	–	–	15.6	–	–	15.6
Effects of foreign currency exchange differences	(0.8)	(0.3)	0.3	9.5	–	(1.4)	7.3
At 31 December 2019	(10.6)	(1.3)	(3.2)	(579.6)	–	(2.5)	(597.2)
Charge for the year	(4.6)	(0.1)	(0.5)	(122.8)	(0.1)	(0.3)	(128.4)
Disposals	–	–	0.4	13.9	–	–	14.3
Effects of foreign currency exchange differences	(0.2)	–	–	(1.4)	–	(0.1)	(1.7)
At 31 December 2020	(15.4)	(1.4)	(3.3)	(689.9)	(0.1)	(2.9)	(713.0)
Net book value							
At 31 December 2020	7.4	0.1	1.3	578.9	6.7	0.3	594.7
At 31 December 2019	7.9	0.1	1.3	613.1	8.9	0.6	631.9

At 31 December 2020, the Group had US$59.0 million (2019: US$62.7 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 the site assets balance, and depreciation will commence when the assets are available for use.

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12b. Right-of-use assets

	2020 US$m	2019 US$m
Right-of-use assets by class of underlying assets		
Land	105.4	104.0
Buildings	3.7	4.2
Motor vehicles	0.1	–
	109.2	108.2
Depreciation charge for right of use assets		
Land	12.7	7.2
Buildings	1.3	1.3
	14.0	8.5

Refer to Note 21 for details of lease liabilities.

13. Investments

The subsidiary companies of Helios Towers plc are as follows:

		Effective shareholding 2020		Effective shareholding 2019	
Name of subsidiary	Country of incorporation	Direct %	Indirect %	Direct %	Indirect %
Helios Chad Holdco Limited	Mauritius	–	100%	–	100%
Helios Towers Africa LLP	United Kingdom	–	100%	–	100%
Helios Towers Congo Brazzaville SASU	Republic of Congo	–	100%	–	100%
Helios Towers DRC S.A.R.L.	Democratic Republic of Congo	–	100%	–	100%
Helios Towers FZ-LLC	United Arab Emirates	–	100%	–	100%
Helios Towers Ghana Limited	Ghana	–	100%	–	100%
Helios Towers, Ltd	Mauritius	100%	–	100%	–
Helios Towers Madagascar Holdings Limited	United Kingdom	–	100%	n/a	n/a
Helios Towers Malawi Holdings Limited	United Kingdom	–	100%	n/a	n/a
Helios Towers Partners (UK) Limited	United Kingdom	–	100%	–	100%
Helios Towers Senegal SAU	Senegal	–	100%	n/a	n/a
Helios Towers South Africa Holdings (Pty) Ltd	South Africa	–	100%	–	66%
Helios Towers South Africa (Pty) Ltd	South Africa	–	100%	–	66%
Helios Towers South Africa Services (Pty) Ltd	South Africa	–	100%	–	62.5%
Helios Towers Tanzania Limited	Tanzania	–	100%	–	100%
Helios Towers UK Holdings Limited	United Kingdom	100%	–	n/a	n/a
HS Holdings Limited	Tanzania	–	1%	–	1%
HT Congo Brazzaville Holdco Limited	Mauritius	–	100%	–	100%
HT DRC Infraco S.A.R.L.	Democratic Republic of Congo	–	100%	–	100%
HT Holdings Tanzania Ltd	Mauritius	–	100%	–	100%
HTA Group, Ltd	Mauritius	–	100%	–	100%
HTA Holdings Ltd	Mauritius	–	100%	–	100%
HTA (UK) Partner Ltd	United Kingdom	–	100%	–	100%
HTG Managed Services Limited	Ghana	–	100%	–	100%
HTSA Towers (Pty) Ltd	South Africa	–	100%	–	59.1%
HTT Infraco Limited	Tanzania	–	100%	–	100%
McRory Investment B.V.	The Netherlands	–	100%	–	100%
McTam International 1 B.V.	The Netherlands	–	100%	–	100%
Towers NL Coöperatief U.A.	The Netherlands	–	100%	–	100%

All subsidiaries were incorporated in prior years, other than Helios Towers UK Holdings Limited, Helios Towers Madagascar Holdings Limited, Helios Towers Malawi Holdings Limited and Helios Towers Senegal SAU, which were incorporated in 2020. Helios Towers plc 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 registered office address of all subsidiaries is included in the list of subsidiaries on page 166.

13. Investments (continued)

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

The principal activities of HTG Managed Services Limited, HT DRC Infraco S.A.R.L., HTT Infraco Limited, and Helios Towers Congo Brazzaville SASU and the remaining South African entities are the building and maintenance of telecommunications towers to provide space on those towers to wireless telecommunication service providers in Africa. Helios Towers Senegal SAU was incorporated in 2020.

All investments relate to ordinary shares.

During the year the Group acquired the remaining 34% and 10.5% of two subsidiaries, Helios Towers South Africa Holdings (Pty) Ltd and HTSA Towers (Pty) Ltd, which it did not previously own for a cash consideration of ZAR25.0 million and ZAR1.9 million.

	2020 US$m	2019 US$m
Non-controlling interest	–	(0.6)

14. Inventories

	2020 US$m	2019 US$m
Inventories	9.0	9.3

Inventories are primarily made up of fuel stocks of US$5.9 million (2019: US$6.6 million) and raw materials of US$3.1 million (2019: US$2.7 million). The impact of inventories recognised as an expense during the year in respect of continuing operations was US$51.8 million (2019: US$56.8 million).

15. Trade and other receivables

	2020 US$m	2019 US$m
Trade receivables	50.9	105.7
Loss allowance	(5.8)	(6.4)
	45.1	99.3
Trade receivable from related parties	37.1	23.4
	82.2	122.7
Other receivables	49.1	37.1
VAT & withholding tax receivable	6.3	6.7
	137.6	166.5

Loss allowance	2020 US$m	2019 US$m
Balance brought forward	(6.4)	(6.5)
Provision for impairment	–	–
Unused amounts reversed	0.6	0.1
	(5.8)	(6.4)

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. Loss allowance expense is included within cost of sales in the Consolidated Income Statement.

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, sundry receivables and Escrow receivables.

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15. Trade and other receivables (continued)

Of the trade receivables balance at 31 December 2020, 84% (31 December 2019: 73%) is due from five 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.

Debtor days

The Group calculates debtor days as set out in the table below. It considers its most relevant customer receivables exposure on a given reporting date to be the amount of receivables due in relation to the revenue that has been reported up to that date. It therefore defines its net receivables as the total trade receivables and accrued revenue, less loss allowance and deferred that has not yet been settled.

	2020 US$m	2019 US$m
Trade receivables[1]	88.0	129.1
Accrued revenue[2]	11.0	2.2
Less: Loss allowance	(5.8)	(6.4)
Less: Deferred income[3]	(32.6)	(64.4)
Net receivables	60.6	60.5
Revenue	414.0	387.8
Debtor days	53	57

(1) Trade receivables, including related parties.
(2) Reported within other receivables.
(3) Deferred income, as per Note 19, has been adjusted for US$18.4 million (2019: US$nil) in respect of amounts settled by customers at the balance sheet date.

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 are disclosed in Note 23.

16. Prepayments

	2020 US$m	2019 US$m
Prepayments	39.3	14.1

Prepayments primarily comprise advance payments to suppliers. Included in prepayments are prepaid transaction costs of US$3.6 million in relation to the US$200 million term facility and US$0.9 million in relation to the US$70 million revolving credit facility.

17. Cash and cash equivalents

	2020 US$m	2019 US$m
Bank balances	179.7	216.8
Short-term deposits	249.0	4.3
	428.7	221.1

The bank balances as at 31 December 2020 include restricted cash of US$nil million (31 December 2019: US$37.7 million) relating to Change of Control Taxes. See Note 10 for further details.

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 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.

18. Share capital

	2020		2019	
	Number of shares (million)	US$m	Number of shares (million)	US$m
Authorised, issued and fully paid				
Ordinary shares of £0.01 each	1,000	12.8	1,000	12.8
	1,000	12.8	1,000	12.8

The share capital of the Group is represented by the share capital of the Company, Helios Towers plc.

The Treasury shares represent the cost of shares in Helios Towers plc purchased in the market and held by the Helios Towers plc Employee Benefit Trust to satisfy options under the Group Share options plan. Treasury shares held by the Group as at 31 December 2020 are 1,820,105 (31 December 2019: 3,046,273).

19. Trade and other payables

	2020 US$m	2019 US$m
Trade payables	12.7	17.9
Amounts payable to related parties	–	0.1
Deferred income	51.0	64.4
Deferred consideration	4.1	8.0
Accruals	75.1	63.6
VAT, withholding tax, and other taxes payable	31.8	68.7
	174.7	222.7

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 27 days (2019: 31 days). Payable days are calculated as trade payables and payables to related parties, divided by cost of sales plus administration expenses less staff costs and depreciation and amortisation. 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.

The Group recognised revenue of US$61.5 million (2019: US$48.1 million) from contract liabilities held on the balance sheet at the start of the financial year. Contract liabilities are presented as deferred income in the table above.

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

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 due to their short-term nature.

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20. Loans

	2020 US$m	2019 US$m
Loans[1]	976.9	–
US$600 million 9.125% senior notes 2022	–	607.3
US$100 million term loan facility 2022	–	75.5
ZAR 535 million term loan facility A and B	12.5	–
Shareholder loans:		
SA Towers Proprietary Limited	–	1.5
Total borrowings	989.4	684.3
Current	2.6	19.2
Non-current	986.8	665.1
	989.4	684.3

(1) Included in loans is the US$975 million 7.000% Senior Notes due 2025.

On 18 June 2020 HTA Group, Ltd., a wholly owned subsidiary of Helios Towers plc, issued US$750 million of 7.000% senior notes due 2025, guaranteed on a senior basis by Helios Towers plc and certain of its direct and indirect subsidiaries. The Notes were issued at an issue price of 99.439% of the principal amount.

The proceeds of the Notes were used (i) to redeem US$600 million of HTA Group's outstanding Senior Notes due 2022 (plus accrued interest), (ii) to repay all amounts outstanding under its US$125 million term facility (of which US$75 million was outstanding), (iii) to pay certain fees and expenses in relation to the Offering and (iv) with excess funds available for general corporate purposes.

In addition, on 9 September 2020 HTA Group, Ltd issued a further US$225 million aggregate principal amount of its 7.000% senior notes due 2025. The Additional Notes will be treated as a single class together with the Original Notes for all purposes under the indenture. After giving effect to the issuance of these Additional Notes, the outstanding aggregate principal amount of Notes will be US$975 million.

HTA Group also entered into a five-year US$200 million term facility with borrowing availability in US dollars for the general corporate purposes (including acquisitions) of the Company and certain of its subsidiaries. This new term facility replaced the existing US$125 million term facility, which was cancelled upon completion of the Offering on 19 June 2020. Transactions fees related to this are reported in Prepayments (see Note 16).

Additionally, HTA Group entered into a revolving credit facility (with a 4.5-year tenor) with borrowing availability in US dollars for the purpose of financing or refinancing the general corporate and working capital needs of the Company and certain of its subsidiaries. Commitments under the new revolving credit facility amount to US$70 million and replaced the previous US$60 million revolving credit facility, which was also cancelled on 19 June 2020. Transactions fees related to this are reported in Prepayments (see Note 16).

On 18 December 2019, HTSA Towers (Pty) Ltd, entered into secured term loan with total commitment of ZAR 535 million and comprises two facilities: Facility A, with a term of 78 months, and Facility B, with a term of 84 months. The annual interest rate is JIBAR plus 4% per year on loans under Facility A and JIBAR plus 4.5% per year on loans under Facility B. As of 31 December 2020, ZAR 184 million (Facility A: ZAR 92 million, and Facility B: ZAR 92 million) of the South African facilities were drawn. This is a secured loan with tower sites owned by HTSA Towers pledged as security.

The current portion of borrowings relates to accrued interest on the bonds and term loan interest payable within one year of the balance sheet date.

Loans are classified as financial liabilities and measured at amortised cost.

21. Lease liabilities

	2020 US$m	2019 US$m
Short-term lease liabilities		
Land	22.4	19.6
Buildings	1.1	1.8
	23.5	21.4

	2020 US$m	2019 US$m
Long-term lease liabilities		
Land	105.0	101.4
Buildings	3.1	2.8
Motor vehicles	0.1	–
	108.2	104.2

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 (2019: US$20.9 million).

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

	Within 1 year US$m	2–5 years US$m	5+ years US$m	Total US$m
31 December 2020	23.5	83.9	347.2	454.6
31 December 2019	21.5	76.1	459.8	557.4

22. Uncompleted performance obligations

The table below represents 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. Management refers to this as contracted revenue.

	2020 US$m	2019 US$m
Total contracted revenue	2,842.8	2,871.7

Contracted revenue

The following table provides our total undiscounted contracted revenue by country as of 31 December 2020 for each year from 2021 to 2025, with local currency amounts converted at the applicable average rate for US dollars for the year ended 31 December 2020 held constant. Our contracted revenue calculation for each year presented assumes:

- no escalation in fee rates;
- no increases in sites or tenancies other than our committed tenancies;
- our customers do not utilise any cancellation allowances set forth in their MLAs;
- our customers do not terminate MLAs early for any reason; and
- no automatic renewal.

	Year ended 31 December				
(US$m)	2021	2022	2023	2024	2025
Tanzania	170.8	168.8	163.7	145.6	125.7
DRC	166.7	169.1	171.5	171.0	144.7
Congo Brazzaville	27.1	26.3	25.4	24.7	9.4
Ghana	33.6	31.9	31.0	30.4	30.1
South Africa	4.7	5.1	5.3	5.4	5.3
Total	402.9	401.2	396.9	377.1	315.2

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23. Related party transactions

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:

	2020		2019	
	Income from towers US$m	Purchase of goods US$m	Income from towers US$m	Purchase of goods US$m
Millicom Holding B.V. and subsidiaries[1]	72.2	–	70.4	–
Ecost Building Management Pty	–	–	–	1.4
Vulatel (Pty) Ltd	–	–	0.2	0.3
Nepic Pty	–	0.2	0.3	–
Total	72.2	0.2	70.9	1.7

	2020		2019	
	Amount owed by US$m	Amount owed to US$m	Amount owed by US$m	Amount owed to US$m
Millicom Holding B.V. and subsidiaries[1]	37.1	–	22.9	–
Vulatel (Pty) Ltd[2]	–	–	0.2	–
Nepic Pty[2]	–	–	0.3	0.1
SA Towers Proprietary Limited[2]	–	–	–	1.5
Total	37.1	–	23.4	1.6

(1) Millicom Holding B.V is a shareholder of Helios Towers plc.
(2) No longer classified as related parties as of November 2020. See Note 13 for further details.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Based on the ECL model, no provisions have been made for loss allowances in respect of the amounts owed by related parties.

Amounts receivable from the related parties related to other Group companies are short term and carry interest varying from 0% to 15% per annum charged on the outstanding trade and other receivable balances (Note 15).

24. Other gains

	2020 US$m	2019 US$m
Fair value gain on derivative financial instruments	33.8	33.9
Fair value movement on forward contracts	0.1	–
Fair value movement in contingent consideration	6.2	–
	40.1	33.9

The contingent consideration related to the acquisition of the South African subsidiary undertakings in April 2019. As at balance sheet date this was US$nil (2019: US$9.5 million). A fair value gain of US$6.2 million has been recognised. The contingent consideration was for a two-year period ending April 2021, however during the year the Group acquired the remaining 34% and 10.5% of two subsidiaries; Helios Towers South Africa Holdings (Pty) Ltd and HTSA Towers (Pty) Ltd. As a result of this transaction the Group has no further obligation to settle any contingent consideration (refer to Note 13).

25. Share-based payments

Pre-IPO LTIP

Ahead of the IPO certain Directors, former Directors, Senior Managers and employees of the Group were granted nil-cost options in respect of shares up to an aggregate value of US$10 million based on an offer price of 115 pence and a US Dollar to pounds Sterling conversion rate of US$1:£0.7948 (the 'HT LTIP').

The Company issued 6,557,668 shares to the trustee of the Trust (or as it directs) immediately prior to IPO in order to satisfy future settlement of awards under the HT LTIP and nil-cost options under the HT MIPs. The Trust is consolidated into the Group.

These options become exercisable in tranches over a three-year period post-IPO. The award participants were entitled to exercise some of the share options on IPO.

In the event an option holder becomes a 'bad leaver', any of their options which have not yet become exercisable will lapse. Between the first anniversary and the third anniversary of admission to the London Stock Exchange, tranches of each participant's remaining entitlements (whether shares and/or options over shares) will cease to be subject to forfeiture in accordance with a defined schedule.

Number of options	2020	2019
As at 1 January	2,085,596	–
Granted during the year	–	6,557,668
Exercised during the year	(315,732)	(4,421,831)
Forfeited during the year	–	(50,241)
At 31 December	1,769,864	2,085,596
Of which:		
Vested and exercisable	(728,970)	(3,790)
Unvested	1,040,894	2,081,806

Fair value of options/share awards granted pre-IPO

The fair value at grant date is independently determined using a probability-weighted expected returns methodology, which is an appropriate future-orientated approach when considering the fair value of options/shares that have no intrinsic value at the time of issue. In this case the expected future returns were estimated by reference to the expected proceeds attributable to the underlying shares at IPO, as provided by management, including adjustments for expected net debt, transaction costs and priority returns to other shareholders. This is then discounted into present value terms adopting an appropriate discount rate. The capital asset pricing methodology was used when considering an appropriate discount rate to apply to the pay-out expected to accrue to the share awards on realisation.

Key assumptions:

- Expected exit dates 0 to 4 years;
- Probability weightings up to 25%;
- Expected range of exit multiples up to 10.0x;
- Expected forecast Adjusted EBITDA across two scenarios (management case and downside case) and respective probability weightings;
- Estimated proceeds per share; and
- Hurdle per share up to US$1.25.

The Group has in place one adopted discretionary share plan called the Helios Towers plc Employee Incentive Plan 2019 (the 'EIP'), details of which are set out in this Note.

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25. Share-based payments (continued)

Employee Incentive Plan

Following successful admission to the London Stock Exchange, the Company has adopted a discretionary share plan called the Helios Towers plc Employee Incentive Plan 2019 (the 'EIP'). The Employee Incentive Plan is designed to provide long-term incentives for senior managers and above (including Executive Directors) to deliver long-term shareholder returns. Participation in the plan is at the Remuneration Committee's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Shares received under the scheme by Executive Directors will be subject to a two-year post-vesting holding period. In all other respects the shares rank equally with other fully paid ordinary shares on issue.

In November 2019, the Group offered 4,271,821 nil cost share awards to selected Executive Directors and other senior executives. The equity settled awards comprise three equal and separate tranches which vest depending upon the achievement of the following performance targets over a three-year period:

- Relative TSR tranche;
- Adjusted EBITDA tranche; and
- ROIC tranche.

Set out below are summaries of options granted under the EIP.

	2020 Number of options	2019 Number of Options
As at 1 January	4,271,821	–
Granted during the year	243,195	4,271,821
Exercised during the year	–	–
Forfeited during the year	(287,279)	–
As at 31 December	4,227,737	4,271,821
Vested and exercisable at 31 December	–	–

The IFRS 2 charge recognised in the Consolidated Income Statement for the 2020 financial year in respect to the EIP was US$1.0 million (2019: US$0.08 million). All share options outstanding as at 31 December 2020 have a remaining contractual life of 8.9 years.

The fair value at grant date is independently determined using the Monte Carlo model. Key assumptions used in valuing the share-based payment charge are as follows:

	Relative TSR tranche	Adjusted EBITDA tranche	ROIC tranche
Grant date	19 Nov 2019	19 Nov 2019	19 Nov 2019
Share price at grant date	£1.22	£1.22	£1.22
Fair value as a percentage of the grant price	58.7%	100%	100%
Term to vest (years)	3.1	3.1	3.1
Expected life from grant date (years)	3.1	3.1	3.1
Volatility	30.5%	n/a	n/a
Risk-free rate of interest	0.5%	n/a	n/a
Dividend yield	n/a	n/a	n/a
Average FTSE 250 volatility	30.5%	n/a	n/a
Average FTSE 250 correlation	14%	n/a	n/a
Fair value per share	£0.72	£1.22	£1.22

26. Financial instruments

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

	31 December 2020 US$m	31 December 2019 US$m
Balance brought forward	41.0	7.1
Change in fair value of derivative financial instrument – US$600m 9.125% senior notes 2022	(41.0)	33.9
Derivative financial instrument – US$975m 7.000% senior notes 2025	85.7	–
Currency forward contracts	3.1	–
Balance carried forward	88.8	41.0

Fair value measurements

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 data 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 Company, 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:

	2020 US$m	2019 US$m
Debt (net of issue costs)	1,121.1	809.9
Cash and cash equivalents (excluding restricted cash – see Note 17)	(428.7)	(183.4)
Net debt	692.4	626.5
Equity attributable to the owners	130.3	175.9
	531%	356%

Debt is defined as long-term and short-term loans and lease liabilities, as detailed in Notes 20 and 21 respectively.

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

Externally imposed capital requirements

The Group is not subject to externally imposed capital requirements.

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26. Financial instruments (continued)

Categories of financial instruments

	2020 US$m	2019 US$m
Financial assets		
Financial assets at amortised cost:		
Cash and cash equivalents	428.7	221.1
Trade and other receivables	131.3	159.8
	560.0	380.9
Fair value through profit or loss:		
Derivative financial assets	88.8	41.0
	648.8	421.9
Financial liabilities		
Amortised cost:		
Trade and other payables	91.9	89.6
Contingent consideration	–	9.5
Lease liabilities	131.7	125.6
Loans	989.4	684.3
	1,213.0	909.0

As at 31 December 2020 and 31 December 2019, the Group had no cash pledged as collateral for financial liabilities.

The Directors estimate the amortised cost of borrowings and cash and cash equivalents is approximate to fair value.

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's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's senior management oversees the management of these risks. The finance function is supported by the Group's senior management, which advises on financial risks and the appropriate financial risk governance framework for the Group. 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 has 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 New Ghanaian Cedi ('GHS'), Tanzanian Shilling ('TZS'), Central African Franc ('XAF') and South African Rand ('ZAR') through its main operating subsidiaries.

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

	Liabilities		Assets	
	2020 US$m	2019 US$m	2020 US$m	2019 US$m
New Ghanaian Cedi	11.6	9.5	35.8	17.8
Tanzanian Shilling	35.0	83.5	78.7	137.4
South African Rand	16.8	12.2	8.8	6.3
Central African Franc	6.0	4.3	19.7	16.0
	69.4	109.5	143.0	177.5

26. Financial instruments (continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase in US Dollar against GHS, XAF, TZS and ZAR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable potential 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, TZS or ZAR. For a 10% strengthening of US Dollar against the GHS, XAF, TZS and ZAR, there would be an equal and opposite effect on the profit and other equity, on the basis that all other variables remain constant.

	Central African Franc impact		New Ghanaian Cedi impact		Tanzanian Shillings impact		South African Rand	
	2020 US$m	2019 US$m	2020 US$m	2019 US$m	2020 US$m	2019 US$m	2020 US$m	2019 US$m
Impact on profit or loss	(1.4)	(1.2)	(2.4)	(0.8)	(4.4)	(5.4)	0.8	0.6

This is mainly attributable to the exposure outstanding on GHS, XAF, TZS and ZAR 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. Default does not occur later than when a financial asset is 90 days past due (unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.) Write-off happens at least a year after a financial asset has become credit impaired and when management does not have any reasonable expectations to recover the asset.

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 deliver a credit rating for its major customers. As of 31 December 2020, the Group has a concentration risk with regards to four of its largest customers. 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 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 categorised exposures according to their degree of risk of default. The use of a provision matrix 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 receivables balance and associated loss allowances in each Group credit rating category.

		31 December 2020			31 December 2019		
Group Rating	Risk of impairment	Gross exposure US$m	Loss allowance US$m	Net exposure US$m	Gross exposure US$m	Loss allowance US$m	Net exposure US$m
1	Remote risk	62.3	(0.3)	62.0	94.9	(0.1)	94.8
2	Low risk	10.6	(0.4)	10.2	22.1	(0.8)	21.3
3	Medium risk	–	–	–	–	–	–
4	High risk	13.2	(3.2)	10.0	9.6	(3.0)	6.6
5	Impaired	1.9	(1.9)	–	2.5	(2.5)	–
Total		88.0	(5.8)	82.2	129.1	(6.4)	122.7

Liquidity risk management

The Group has long-term debt financing through Senior Loan Notes of US$975 million due for repayment in December 2025. The Group has a revolving credit facility of US$70 million for funding general corporate and working capital needs. As at 31 December 2020 the facility was undrawn and is available until December 2024. The Group has remained compliant during the year to 31 December 2020 with all the covenants contained in the Senior Credit facility. In June 2020 HTA Group Ltd, a wholly owned subsidiary of the Group, signed a US$200 million term loan agreement. As at 31 December 2020 none of the available term loan balance was drawn.

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26. Financial instruments (continued)

Liquidity risk management (continued)

Ultimate responsibility for liquidity risk management rests with the Board. 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 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 below includes principal cash flows.

	Within 1 year US$m	1–2 years US$m	2–5 years US$m	5+ years US$m	Total US$m
31 December 2020					
Non-interest bearing	91.9	–	–	–	91.9
Fixed interest rate instruments	26.1	23.0	1,047.7	347.2	1,444.0
	118.0	23.0	1,047.7	347.2	1,535.9
31 December 2019					
Non-interest bearing	89.6	–	–	–	89.6
Fixed interest rate instruments	40.7	19.8	721.3	459.8	1,241.6
	130.3	19.8	721.3	459.8	1,331.2

Non-derivative financial assets

The following table details the Group'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 anticipates that the cash flow will occur in a different period.

	Within 1 year US$m	1–2 years US$m	2–5 years US$m	5+ years US$m	Total US$m
31 December 2020					
Non-interest bearing	560.0	–	–	–	560.0
Fixed interest rate instruments	–	–	–	–	–
	560.0	–	–	–	560.0
31 December 2019					
Non-interest bearing	380.9	–	–	–	380.9
Fixed interest rate instruments	–	–	–	–	–
	380.9	–	–	–	380.9

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 Senior Notes. The call options give the Group the right to redeem the Senior Notes instruments at a date prior to the maturity date (18 December 2025), 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 Senior Notes before their redemption date in the event of a change in control resulting in a rating downgrade (as defined in the terms of the Senior 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. The options are considered a Level 3 financial instrument in the fair value hierarchy of IFRS 13, owing to the presence of unobservable inputs. Where Level 1 (market observable) inputs are not available, the Helios 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. The Senior Notes are quoted and it has an embedded derivative. The fair value of the embedded derivative is the difference between the quoted price of the Senior Notes and the fair value of the host contract (the Senior

26. Financial instruments (continued)

Derivative financial instruments assets (continued)

Notes excluding the embedded derivative). The fair value of the Senior Notes as at the valuation date has been sourced from an independent third-party data vendor. The fair value of the host contract is calculated by discounting the Senior Notes' future cash flows (coupons and principal payment) at USD 3-month LIBOR plus Helios Towers' credit spread. For the valuation date of 31 December 2020, a relative 1% increase in credit spread would result in an approximate US$1.4 million decrease in the valuation of the embedded derivatives.

As at the reporting date, the call option had a fair value of US$85.7 million (31 December 2019: US$41.0 million on the US$600 million 9.125% Senior Notes 2022), while the put option had a fair value of US$0 million (31 December 2019: US$0 million). The increase in the fair value of the call option is attributable the tightening of the Group's credit spread, which is in line with the market movement due to the impact of Covid-19 on financial markets.

The key assumptions in determining the fair value are: the quoted price of the bond as at 31 December 2020; the credit spread; and the yield curve. 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.

	Within 1 year US$m	1–2 years US$m	2–5 years US$m	5+ years US$m	Total US$m
31 December 2020					
Net settled:					
Embedded derivatives	–	–	(85.7)	–	(85.7)
	–	–	(85.7)	–	(85.7)
31 December 2019					
Net settled:					
Embedded derivatives	–	–	(41.0)	–	(41.0)
	–	–	(41.0)	–	(41.0)

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 respectively.

27. Contingent liabilities

In the year ended 31 December 2020, the Congo Brazzaville tax authority issued an assessment on a number of taxes including VAT and corporate income tax for the years 2016 and 2017 of approximately US$3.0 million, of which a provision amounting to US$0.2 million has been provided for in the Congo Brazzaville accounts, as a future tax outflow is expected and the remaining US$2.8 million is subject to an ongoing appeal process.

The Directors are working with their advisers and are in discussion with the tax authorities to bring the matter to conclusion based on the facts. The Directors believe that the potential future cash outflows in relation to certain elements of the tax audit are not considered probable and cannot be measured reliably.

Other tax, and regulatory proceedings, claims and unresolved disputes are pending against Helios Towers in respect of which the timing of resolution and potential outcome (including any future financial obligations) are uncertain and no provisions have been recognised in relation to these matters.

Legal claims

Other legal and regulatory proceedings, claims and unresolved disputes are pending against Helios Towers in respect of which the timing of resolution and potential outcome (including any future financial obligations) are uncertain and no provisions have been recognised in relation to these matters.

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28. Net debt

	2020 US$m	2019 US$m
External debt	(989.4)	(684.3)
Lease liabilities	(131.7)	(125.6)
Cash and cash equivalents	428.7	221.1
Restricted cash	–	(37.7)
Net debt	(692.4)	(626.5)

2020	At 1 January 2020 US$m	Cash flows US$m	Other(1) US$m	At 31 December 2020 US$m
Cash and cash equivalents	183.4	245.2	0.1	428.7
External debt	(684.3)	(279.8)	(25.3)	(989.4)
Lease liabilities	(125.6)	8.3	(14.4)	(131.7)
Total financing liabilities	(809.9)	(271.5)	(39.7)	(1,121.1)
Net debt	(626.5)	(26.3)	(39.6)	(692.4)

2019	At 1 January 2019 US$m	Cash flows US$m	Other(1) US$m	At 31 December 2019 US$m
Cash and cash equivalents	89.0	94.9	(0.5)	183.4
External debt	(628.1)	(50.0)	(6.2)	(684.3)
Lease liabilities	(118.4)	5.4	(12.6)	(125.6)
Total financing liabilities	(746.5)	(44.6)	(18.8)	(809.9)
Net debt	(657.5)	50.3	(19.3)	(626.5)

(1) Other includes foreign exchange and interest movements.

Refer to Note 20 for further details on the year on year movements in short-term loans and long-term loans.

29. Earnings per share

Basic earnings per share has been calculated by dividing the total loss for the year by the weighted average number of shares in issue during the year after adjusting for shares held in Employee Benefit Trusts.

To calculate diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares. Where share options are exercisable based on performance criteria and those performance criteria have been met during the year, these options are included in the calculation of dilutive potential shares.

The Directors believe that Adjusted EBITDA per share is representative of the operations of the business (refer to Note 4).

29. Earnings per share (continued)

Earnings per share is based on:

	2020 US$m	2019 US$m
Loss after tax for the year attributable to owners of the Company	(36.7)	(136.0)
Adjusted EBITDA (Note 4)	226.6	205.2

	2020 Number	2019 Number
Weighted average number of ordinary shares used to calculate basic earnings per share	997,517,010	926,493,633
Weighted average number of dilutive potential shares	6,527,541	998,232
Weighted average number of ordinary shares used to calculate diluted earnings per share	1,004,044,551	927,491,865

Loss per share	2020 cents	2019 cents
Basic	(4)	(15)
Diluted	(4)	(15)

Adjusted EBITDA per share	2020 cents	2019 cents
Basic	23	22
Diluted	23	22

The calculation of basic and diluted earnings per share is based on the net loss attributable to equity holders of the Company entity for the year of US$36.7 million (2019: US$136.0 million). Basic and diluted earnings per share amounts are calculated by dividing the net loss attributable to equity shareholders of the Company entity by the weighted average number of shares outstanding during the year.

The calculation of Adjusted EBITDA per share and diluted EBITDA per share are based on the Adjusted EBITDA earnings for the year of US$226.6 million (2019: US$205.2 million). Refer to Note 4 for a reconciliation of Adjusted EBITDA to net loss before tax.

30. Acquisition of subsidiary undertakings 2019

On 30 April 2019, the Group acquired 89.5% of the voting equity shares of Helios Towers South Africa Holdings (Pty) Ltd and simultaneously entered into agreements with SA Towers Proprietary Limited and Sky Coverage Proprietary Limited, to purchase certain employee contracts and business assets comprising towers, tower sites and related assets as well as to transfer certain tenant leases. The Group has treated this as a single business combination transaction and accounted for it in accordance with IFRS 3 – Business Combinations ('IFRS 3') using the acquisition method. The total consideration in respect of this transaction was US$20.0 million. Goodwill arising on this business combination has been allocated to the South Africa CGU. This acquisition is in line with the Group's strategy.

This business combination had the following effect on the Group's assets and liabilities:

	30 April 2019 US$m
Identifiable assets acquired:	
Assets	
Fair value of property, plant and equipment	7.6
Fair value of intangible assets	11.5
Other assets	0.2
Total assets	19.3
Liabilities	
Assumed liabilities	(0.1)
Deferred income	(0.1)
Deferred taxation	(3.2)
Total net identifiable assets	15.9
Goodwill on acquisition	4.1
Total consideration	20.0
Consideration paid in cash	10.6
Consideration paid in shares	0.1
Contingent consideration	9.3
Total consideration	20.0

Financial Statements

Notes to the Financial Statements continued

For the year ended 31 December 2020

30. Acquisition of subsidiary undertakings 2019 (continued)

The goodwill is mainly attributable to the workforce and the future lease-up potential of the sites acquired and is expected to be deductible for tax purposes.

Acquisition related contingent consideration

The contingent consideration balance is dependent on the timing of sites under construction being fully completed in accordance with technical specifications. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between US$nil and US$12.0 million undiscounted. The fair value of the contingent consideration arrangement of US$9.3 million was estimated at 30 April 2019 based on management knowledge of market outlook and future pipeline. There was no change in the fair value of the contingent consideration for the year ended 31 December 2019. The contingent consideration liability is categorised as Level 3 in the fair value hierarchy of IFRS 13. The calculation of the fair value of the contingent consideration balance is most sensitive to changes in the following assumptions:

- number of sites coming on-air between 310 and 500;
- timing of sites coming on-air for a period of two years; and
- discount rate ranging from 15% to 20%.

As at 31 December 2020 the contingent consideration was US$nil (2019: US$9.5 million). Please refer to Notes 13 and 24 for further details.

The Group incurred acquisition-related costs of US$0.7 million related to the above business combination in 2019. These costs have been included in deal costs in the Group's consolidated income statement. For the period from 30 April 2019 to 31 December 2019 this acquisition contributed revenue of US$1.7 million and a loss of US$1.9 million.

The Group has assessed the fair value of the assets acquired at US$19.3 million, in terms of IFRS 3, based on appropriate valuation methodology. The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Depreciated replacement cost adjusted for physical deterioration as well as functional and economic obsolescence
Intangible assets (customer contracts)	Multi-period excess earnings method which considers the present value of net cash flows expected to be generated by the customer relationships

31. Subsequent events

There are no reportable events after the balance sheet date.

Company Statement of financial position

As at 31 December

	Note	2020 US$m	2019 US$m
Non-current assets			
Investments	3	1,192.7	1,165.1
		1,192.7	1,165.1
Current assets			
Trade and other receivables	4	36.4	5.7
Prepayments		0.1	0.3
Cash and cash equivalents	5	80.3	119.0
		116.8	125.0
Total assets		1,309.5	1,290.1
Equity			
Issued capital and reserves			
Share capital	6	12.8	12.8
Share-based payments reserves		10.9	10.0
Other reserves		7.2	7.2
Retained earnings		1,254.6	1,258.3
Total equity		1,285.5	1,288.3
Current liabilities			
Trade and other payables	7	24.0	1.8
Total liabilities		24.0	1.8
Total equity and liabilities		1,309.5	1,290.1

The loss for the year attributable to the shareholders of the Company and recorded through the accounts of the Company was US$3.7 million.

These Financial Statements were approved and authorised for issue by the Board on 10 March 2021 and signed on its behalf by:

Kash Pandya | **Manjit Dhillon**

The accompanying notes form an integral part of these Financial Statements.

Financial Statements

Company Statement of changes in equity

For the year ended 31 December 2020

	Note	Share capital US$m	Other reserves US$m	Share-based payments reserves US$m	Retained earnings US$m	Attributable to the owners of the Company US$m	Total equity US$m
Total comprehensive loss for the period		–	–	–	(20.2)	(20.2)	(20.2)
Transactions with owners;							
Reorganisation		1,173.5				1,173.5	1,173.5
New issue of shares		109.2	–	–	–	109.2	109.2
Share-based payments		–	–	10.0	–	10.0	10.0
Capital reduction		(1,269.9)	7.2	–	1,278.5	15.8	15.8
Balance at 31 December 2019		12.8	7.2	10.0	1,258.3	1,288.3	1,288.3
Loss for the period		–	–	–	(3.7)	(3.7)	(3.7)
Other comprehensive loss		–	–	–	–	–	–
Total comprehensive loss for the year		–	–	–	(3.7)	(3.7)	(3.7)
Transactions with owners;							
Share-based payments		–	–	0.9	–	0.9	0.9
Balance at 31 December 2020		12.8	7.2	10.9	1,254.6	1,285.5	1,285.5

Included in other reserves is the merger accounting reserve which arose on Group reorganisation in 2019 and is the difference between the carrying value of the net assets acquired and the nominal value of the share capital.

Share-based payments reserves relate to share options awarded.

Notes to the Company Financial Statements

For the year ended 31 December 2020

1. Statement of compliance and presentation of financial statements

Helios Towers plc, together with its subsidiaries (collectively, 'Helios', 'the Group' or 'the Company'), is an independent tower company, with operations across five countries. Helios Towers plc is a public limited company incorporated and domiciled in the UK, and registered under the laws of England & Wales under company number 12134855 with its registered address at 10th Floor, 5 Merchant Square West, London W2 1AS, United Kingdom. The ordinary shares of Helios Towers plc were admitted to the premium listing segment of the Official List of the UK Financial Conduct Authority and trade on the London Stock Exchange plc's main market for listed securities. The Company is the parent and ultimate parent of the Group.

The principal accounting policies adopted by the Company are set out in Note 2. These policies have been consistently applied to all periods presented.

2. Accounting Policies

Basis of preparation

The Company Financial Statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), and with the Companies Act 2006. This is the first set of Financial Statements for the Company.

The Financial Statements have been prepared on the historical cost basis. The Financial Statements are presented in United States dollars (US$), and rounded to the nearest hundred thousand (US$0.1 million) except where otherwise stated, which is the functional currency of the Company. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Helios Towers plc meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its Financial Statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-Group transactions and remuneration of key management personnel.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these Financial Statements.

The principal accounting policies adopted are set out below.

Foreign currency translation

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.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments that are classified as payable or receivable within one year on initial recognition, and which meet the above conditions, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

(ii) Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration, including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus the fair value of other consideration.

Financial Statements

Notes to the Company Financial Statements continued

For the period ended 31 December 2020

2. Accounting Policies (continued)

Financial instruments (continued)

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Related parties

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

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the Company's taxable profits and its results as stated in the Financial Statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial Statements.

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 Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Share–based payment

The Company grants to its employees rights to the equity instruments of its Group. The fair value of awards granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to receive the awards. The fair value of the awards granted is measured using a pricing model, taking into account the terms and conditions upon which the awards were granted.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, 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.

The Directors consider that there are no critical accounting judgements or key sources of estimation uncertainty within the Company's individual Financial Statements.

Financial risk management

The Company has exposure to market risk. The overall framework for managing risk that affects the Company is discussed in Note 2 to the Consolidated Financial Statements. All carrying values are considered to be fair values.

Foreign currency risk

The Company holds monetary assets and liabilities in currencies other than US$. The majority of these relate to intercompany balances.

3. Investments

	2020 US$m	2019 US$m
Cost		
Brought forward	1,165.1	–
Additions in the year	27.6	1,165.1
Carried forward at 31 December	1,192.7	1,165.1
Provision for impairment		
Brought forward	–	–
Carried forward at 31 December	–	–
Net book value as at 31 December	1,192.7	1,165.1

Details of the Company's subsidiary undertakings are set out in Note 13 in the consolidated Financial Statements of the Group.

4. Trade and other receivables

	2020 US$m	2019 US$m
Amounts receivable from related parties	36.4	5.7

Amounts receivable from related parties are unsecured, interest free and repayable on demand.

5. Cash and cash equivalents

	2020 US$m	2019 US$m
Bank balances	80.3	119.0

6. Share capital

	2020		2019	
	Number of shares (millions)	US$m	Number of shares (millions)	US$m
Authorised, issued and fully paid				
Ordinary shares of £0.01 each	1,000	12.8	1,000	12.8
	1,000	12.8	1,000	12.8

The share capital is represented by the share capital of the Company, Helios Towers plc. The Company was incorporated on 1 August 2019 to act as the holding company for the Group.

7. Trade and other payables

	2020 US$m	2019 US$m
Amounts payable to related parties	24.0	1.8

Amounts payable to related parties are unsecured, interest free and repayable on demand.

Financial Statements

List of subsidiaries

Name of subsidiary	Registered office address
Helios Chad Holdco Limited	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
Helios Towers Africa LLP	5 Merchant Square West, 10th Floor, London, W2 1AS
Helios Towers Congo Brazzaville SASU	1st Floor, TPI Building, Boulevard Denis Sassou-Nguesso, opposite the SCLOG, Mpila, Brazzaville, Congo
Helios Towers DRC S.A.R.L.	1st Floor, Tower LE 130, 130B, Avenue Kwango, Kinshasa, Gombe, DRC
Helios Towers FZ-LLC	DIC, Unit 102, Floor 1, Building 5, Dubai Internet City, United Arab Emirates
Helios Towers Ghana Limited	No.31, Akosombo Road, Airport Residential Area, Private Mail Bag CT 409, Cantonments, Accra, Ghana
Helios Towers, Ltd	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
Helios Towers Madagascar Holdings Limited	5 Merchant Square West, 10th Floor, London, England, W2 1AS
Helios Towers Malawi Holdings Limited	5 Merchant Square West, 10th Floor, London, England, W2 1AS
Helios Towers Partners (UK) Limited	5 Merchant Square, 10th Floor, London, United Kingdom, W2 1AS
Helios Towers Senegal SAU	Immeuble Seydou Nourou Tall, 66 Boulevard de la République, Dakar, Plateau
Helios Towers South Africa Holdings (Pty) Ltd	First Floor, Hertford Office, Park Block I, 90 Bekker Road, Vorna Valley, Midrand, 1686, Gauteng, South Africa
Helios Towers South Africa (Pty) Ltd	First Floor, Hertford Office, Park Block I, 90 Bekker Road, Vorna Valley, Midrand, 1686, Gauteng, South Africa
Helios Towers South Africa Services (Pty) Ltd	First Floor, Hertford Office, Park Block I, 90 Bekker Road, Vorna Valley, Midrand, 1686, Gauteng, South Africa
Helios Towers Tanzania Limited	Ground Floor, Peninsula House, Plot No. 251 Toure Drive, P.O. Box 105297, Oysterbay, Dar Es Salaam, Tanzania
Helios Towers UK Holdings Limited	5 Merchant Square West, 10th Floor, London, United Kingdom, W2 1AS
HS Holdings Limited	Ground Floor, Peninsula House, Plot No. 251 Toure Drive, P.O. Box 105297, Oysterbay, Dar Es Salaam, Tanzania
HTA Group, Ltd	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
HTA Holdings, Ltd	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
HTA (UK) Partner Ltd	5 Merchant Square, 10th Floor, London, United Kingdom, W2 1AS
HT Congo Brazzaville Holdco Limited	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
HT DRC Infraco S.A.R.L.	1st Floor, Tower LE 130, 130B, Avenue Kwango, Kinshasa, Gombe, DRC
HTG Managed Services Limited	No.31, Akosombo Road, Airport Residential Area, Private Mail Bag CT 409, Cantonments, Accra, Ghana
HT Holdings Tanzania Ltd	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
HTSA Towers (Pty) Ltd	First Floor, Hertford Office, Park Block I, 90 Bekker Road, Vorna Valley, Midrand, 1686, Gauteng, South Africa
HTT Infraco Limited	Ground Floor, Peninsula House, Plot No. 251 Toure Drive, P.O. Box 105297, Oysterbay, Dar Es Salaam, Tanzania
McRory Investment B.V.	Oslo 1, 2993 LD Barendrecht, The Netherlands
McTam International 1 B.V.	Oslo 1, 2993 LD Barendrecht, The Netherlands
Towers NL Coöperatief U.A.	Prins Bernhardplein 200, 1097JB Amsterdam, The Netherlands

Officers, professional advisors and shareholder information

Directors

Sir Samuel Jonah
Kash Pandya
Tom Greenwood
Manjit Dhillon (appointed 1 January 2021)
Magnus Mandersson
Alison Baker
Richard Byrne
David Wassong
Temitope Lawani
Sally Ashford
Caroline Wamuyu Wainaina

Company Secretary

Paul Barrett

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Helios Towers plc corporate website

You can access the Helios Towers plc corporate website at www.heliostowers.com. The corporate website provides useful information including Annual Reports, results and regulatory announcements and share price data, as well as further information about the Company.

This Annual Report and Financial Statements does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Company shares or other securities. This Annual Report and Financial Statements contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of the Company. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

Financial Statements

Glossary

We have prepared the interim 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’, ‘Helios Towers’ our ‘Group’ and the ‘Group’ are references to Helios Towers, plc and its subsidiaries, taken as a whole.

‘**2G**’ means the second-generation cellular telecommunications network commercially launched on the GSM and CDMA standards.

‘**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).

‘**5G**’ means the fifth generation cellular telecommunications networks. 5G does not currently have a publicly agreed upon standard; however, it provides high-speed data access using a range of technologies that exceed those available for 4G.

‘**Adjusted cash and cash equivalents**’ means cash and cash equivalents excluding restricted cash.

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

‘**Adjusted EBITDA margin**’ means Adjusted EBITDA divided by revenue.

‘**Adjusted free cash flow**’ means portfolio free cash flow less net payment of interest and discretionary capital additions.

‘**Adjusted gross margin**’ means Adjusted Gross Profit, divided by revenue.

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

‘**Adjusted operating profit/(loss)**’ means operating profit/(loss) adjusted for loss on disposal of property, plant and equipment, deal costs, share-based payments and long-term incentive plan charges, and adjusting items. Adjusting items are material items that are considered one-off in nature by management by virtue of their size and/or incidence.

‘**Africa’s Big-Five MNOs**’ means Airtel, MTN, Orange, Tigo and Vodacom/Vodafone.

‘**Airtel**’ means Airtel Africa.

‘**ALU**’ means average lease-up, the number of colocation tenancies added to our portfolio in a defined period of time divided by the average number of total sites for the same period of time, excluding colocations acquired as part of site acquisitions reported as of a certain date.

‘**amendment colocation tenant**’ means tenants that add or modify equipment, taking up additional space, wind load capacity and/or power consumption under an existing lease agreement. The Group calculates amendment colocations on a weighted basis as compared to the market average rate for a standard tenancy in the month the amendment is added.

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

‘**anchor tenant**’ means the primary customer occupying each site.

‘**ARPU**’ means average revenue per user.

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

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

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

‘**CAGR**’ means compound annual growth rate.

‘**CODM**’ means Chief Operating Decision Maker.

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

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

‘**committed colocation**’ means contractual commitments relating to prospective colocation tenancies with customers.

‘**Company**’ means Helios Towers, Ltd prior to 17 October 2019, and Helios Towers plc on or after 17 October 2019.

‘**Congo Brazzaville**’ otherwise also known as the Republic of Congo.

'**contracted revenue**' means total undiscounted revenue as at that date with local currency amounts converted at the applicable average rate for US dollars held constant. Our contracted revenue calculation for each year presented assumes: (i) no escalation in fee rates, (ii) no increases in sites or tenancies other than our committed tenancies (which include committed colocations and/or committed anchor tenancies), (iii) our customers do not utilise any cancellation allowances set forth in their MLAs (iv) our customers do not terminate MLAs early for any reason and (v) no automatic renewal.

'**corporate capital expenditure**' primarily relates to furniture, fixtures and equipment.

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

'**Eagle Towers site acquisition**' means the acquisition of 65 sites in South Africa from Eagle Towers SA (RF) (Pty) Ltd.

'**edge data centre**' means secure temperature-controlled technical facilities which are smaller than a standard core network data centre and positioned on the edge of a telecommunications network. They are used by operators to regenerate fibre signal, deliver cloud computing resources or cache streaming content for local users.

'**Free Cash Flow**' means Adjusted Free Cash Flow less cash flows from changes in working capital adjusting items, deal costs, the Vodacom Tanzania plc share repurchases and the proceeds from the disposal of assets.

'**Free Senegal**' means Saga Africa Holdings Limited SA (which operates under the 'Free' trademark).

'**Free Senegal MTSA**' means the MTSA with Free Senegal for the provision of hosting and energy services on the acquired sites and build-to-suit sites.

'**Free Senegal site acquisition**' means the acquisition of 1,220 sites in Senegal from Free Senegal and the entry into the Free Senegal MTSA.

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

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

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

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

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

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

'**Hardiman'** means Hardiman Telecommunications Ltd.

'**Helios Towers Congo Brazzaville**' or '**HT Congo Brazzaville**' means Helios Towers Congo Brazzaville SASU.

'**Helios Towers DRC**' or '**HT DRC**' means HT DRC Infraco SARL.

'**Helios Towers Ghana**' or '**HT Ghana**' means HTG Managed Services Limited.

'**Helios Towers plc**' means the ultimate Company of the Group.

'**Helios Towers South Africa**' or '**HTSA**' means Helios Towers South Africa Holdings (Pty) Ltd and its subsidiaries.

'**Helios Towers Tanzania**' or '**HT Tanzania**' means HTT Infraco Limited.

'**HSE**' means Health, Safety and Environment.

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

'**ISA**' means individual site agreement.

'**ISP**' means Internet Service Provider.

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

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

'**last quarter annualised Adjusted EBITDA**' or '**LQA Adjusted EBITDA**' means Adjusted EBITDA for the last three months of the respective period, multiplied by four.

'**LCY**' means Local Currency.

'**lease-up**' means the addition of colocation tenancies to our sites.

'**Levered portfolio free cash flow**' means Portfolio free cash flow less net payment of interest.

'**liquidated damages**' means provisions that generally require the Group to make a payment to the customer, most often by means of set-off against service fees payable by the customer, if the Group fails to uphold a specified level of uptime.

Financial Statements

Glossary continued

'**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 serviced types; (iii) architecture simplified in comparison to 3G; and (iv) provisions for open interfaces.

'**LTIFR**' means the number of incidents requiring days away from work due to occupational injuries per 1 million man hours worked.

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

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

'**managed sites**' means sites that the Group 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.

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

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

'**mobile penetration**' means the amount of active mobile phone subscriptions as a percentage of the total market for active mobile phones.

'**MTN**' means MTN Group Ltd.

'**MTSAs**' means master tower services agreements.

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

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

'**net receivables**' means total trade receivables (including related parties) and accrued revenue, less deferred income.

'**network PoS**' means the different technology placed on a site by a single MNO, for example, installing of 3G equipment on a site where the MNO may already have 2G equipment.

'**NOC**' means network operating centre.

'**online site**' means a site which is operating and generating revenue.

'**Orange**' means Orange S.A.

'**our established markets**' refers to Tanzania, DRC, Congo Brazzaville, Ghana and South Africa.

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

'**owned sites**' means freehold or leasehold sites where we own the telecommunications passive infrastructure and any equipment relating to power provision and security. We are responsible for maintaining and securing the site as well as obtaining the relevant permits and, if applicable, ground leases relating to the sites.

'**performance against SLA**' means with respect to a given customer, the uptime achieved for a given period divided by the maximum required contractual downtime in such customer's SLA, as applicable.

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

'**PoS**' means points of service, which is an MNO's antennae equipment configuration located on a site to provide signal coverage to subscribers. At Helios Towers, a standard PoS is equivalent to one tenant on a tower.

'**Principal Shareholders**' means Millicom Holding B.V., Quantum Strategic Partners, Ltd., Lath Holdings Ltd., ACM Africa Holdings, LP, RIT Capital Partners plc, IFC African, Latin American and Caribbean Fund, LP and International Finance Corporation.

'**pro forma last quarter annualised Adjusted EBITDA**' means the last quarter annualised Adjusted EBITDA for the last three months of the respective period, as further adjusted to reflect the estimated contribution to Adjusted EBITDA for the Free Senegal Site Acquisition.

'**SA Towers**' means SA Towers (Pty) Ltd.

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

'**Shares**' means the shares in the capital of the Company.

'**Shareholders Agreement**' means the agreement entered into between the Principal Shareholders and the Company on 15 October 2019, which grants certain governance rights to the Principal Shareholders and sets out a mechanism for future sales of shares in the capital of the Company.

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

'**site acquisition**' means a combination of MLAs or MTSAs, which provide the commercial terms governing the provision of site space, and individual ISA, which act as an appendix to the relevant MLA or MTSA, 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.

'**small cells**' means low-powered cellular radio access nodes that operate in licensed and unlicensed spectrum that have a range of ten metres to a few kilometres.

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

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

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

'**strategic suppliers**' means suppliers that deliver products or provide us with services deemed critical to executing our strategy such as site maintenance and batteries.

'**Sub-Saharan Africa**' or '**SSA**' means African countries that are fully or partially located south of the Sahara.

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

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

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

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

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

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

'**total colocations**' means standard colocations plus amendment colocations as of a given date.

'**total online sites**' or '**total sites**' means total towers, IBS sites, edge data centres 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 total anchor, standard and amendment colocation tenants as of a given date.

'**tower contract**' means the MLA and ISA executed by us with our customers, which act as a schedule to the relevant MLA and includes certain site-specific information (for example, location and equipment).

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

'**UK Corporate Governance Code**' means the UK Corporate Governance Code published by the Financial Reporting Council and dated July 2018, as amended from time to time.

'**upgrade capex**' or '**upgrade capital expenditure**' comprises structural, refurbishment and consolidation activities carried out on selected acquired sites.

'**Viettel**' means Viettel Tanzania Limited.

'**Vodacom**' means Vodacom Group Limited.

'**Vodacom Tanzania**' means Vodacom Tanzania plc.

'**Vulatel**' means Vulatel (Pty) Ltd.

'**Zantel**' means Zantel Telecom plc.

Our customers, as well as certain other telecommunications operators named in this Annual Report, are generally referred to in this document by their trade names. Our contracts with these customers are typically with an entity or entities in that customer's group of companies.

Financial Statements
Notes

Disclaimer:
This document does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire or dispose of securities in Helios Towers plc (the 'Company') or any other member of the Helios Towers group (the 'Group'), nor should it be construed as legal, tax, financial, investment or accounting advice. This document contains forward-looking statements which are subject to known and unknown risks and uncertainties because they relate to future events, many of which are beyond the Group's control. These forward-looking statements include, without limitation, statements in relation to the Company's financial outlook and future performance. No assurance can be given that future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this announcement. The Company undertakes no obligation to update or revise any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances. Nothing in this document is or should be relied upon as a warranty, promise or representation, express or implied, as to the future performance of the Company or the Group or their businesses.

This document also contains non-GAAP financial information which the Directors believe is valuable in understanding the performance of the Group. However, non-GAAP information is not uniformly defined by all companies and therefore it may not be comparable with similarly titled measures disclosed by other companies, including those in the Group's industry. Although these measures are important in the assessment and management of the Group's business, they should not be viewed in isolation or as replacements for, but rather as complementary to, the comparable GAAP measures.

This report has been printed on material which is certified by the Forest Stewardship Council. The paper is made at a mill with ISO 14001 Environmental Management System accreditation. Printed using vegetable oil based inks, printer is also certified to ISO 14001 Environmental management system and FSC certified.

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