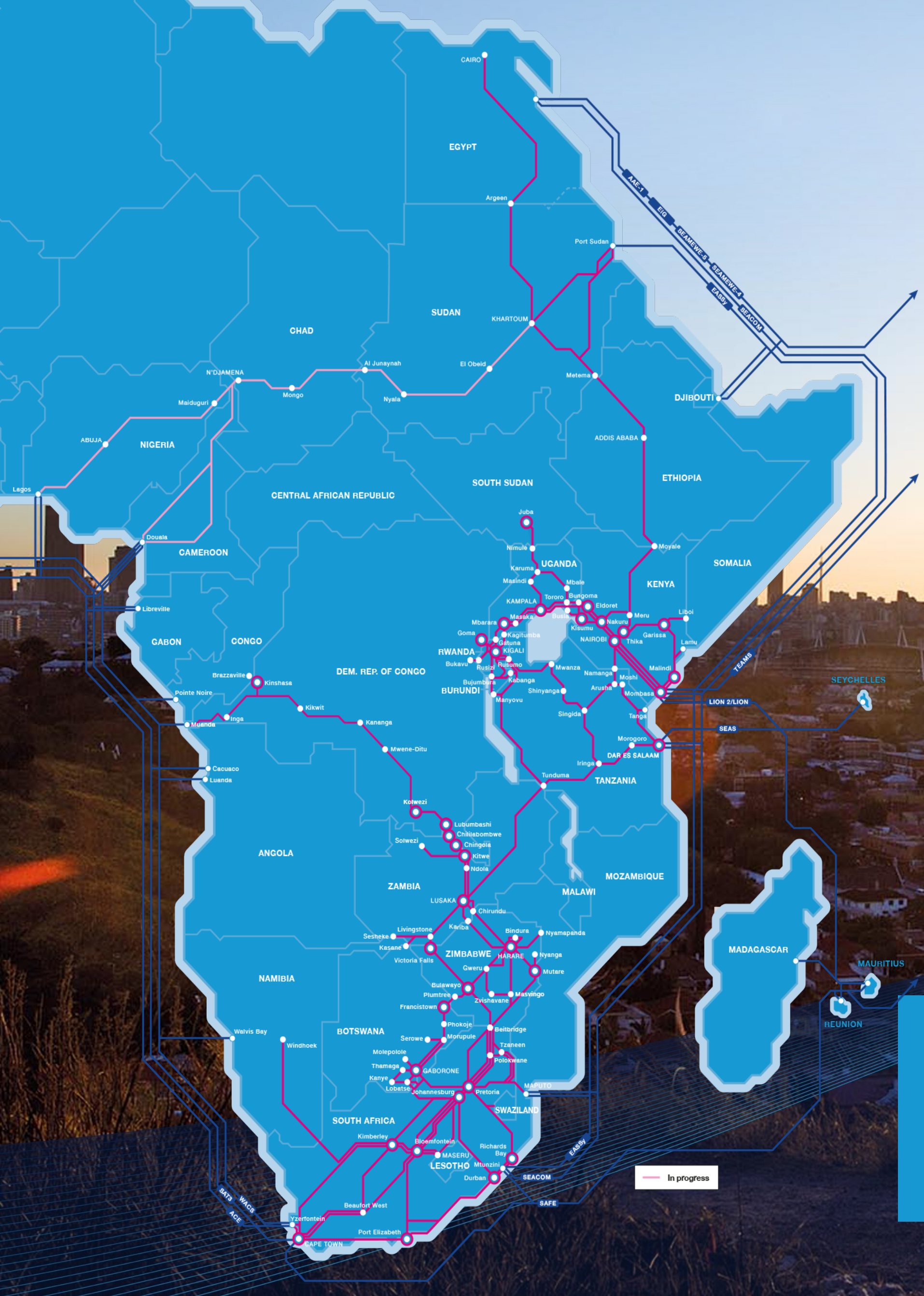

Building Africa's digital future

Liquid Telecom Q2 FY21 Results

20 October 2020

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Presenters

Strategic update
Nic Rudnick, CEO of Liquid Telecom

Financial update
Kate Hennessy, CFO of Liquid Telecom

Strategic Update

Nic Rudnick, CEO of Liquid Telecom

H1 FY21 performance highlights

LIQUID TELECOM

Delivery on track as Liquid weathers the COVID storm

Revenue (USD)	Adjusted EBITDA (USD)	Network customers
346.5m +2.0% H1 FY21 vs. H1 FY20*	**101.5m** - 2.8% H1 FY21 vs. H1 FY20*	**148,807** +73% in total H1 FY21 vs. H1 FY20

CAPEX (USD)	Total cash (USD)	Pre-IFRS 16 Net Debt / EBITDA
41.4m - 27.9% H1 FY21 vs. H1 FY20	**105.7m** +24.3% in H1	**3.33x** vs. 4.25x threshold

- The Q2 2019-20 figures revenue and Adjusted EBITDA figures as above are as reported.
- In the quarterly financial statements all prior year figures have been restated for IAS 29 hyperinflation.

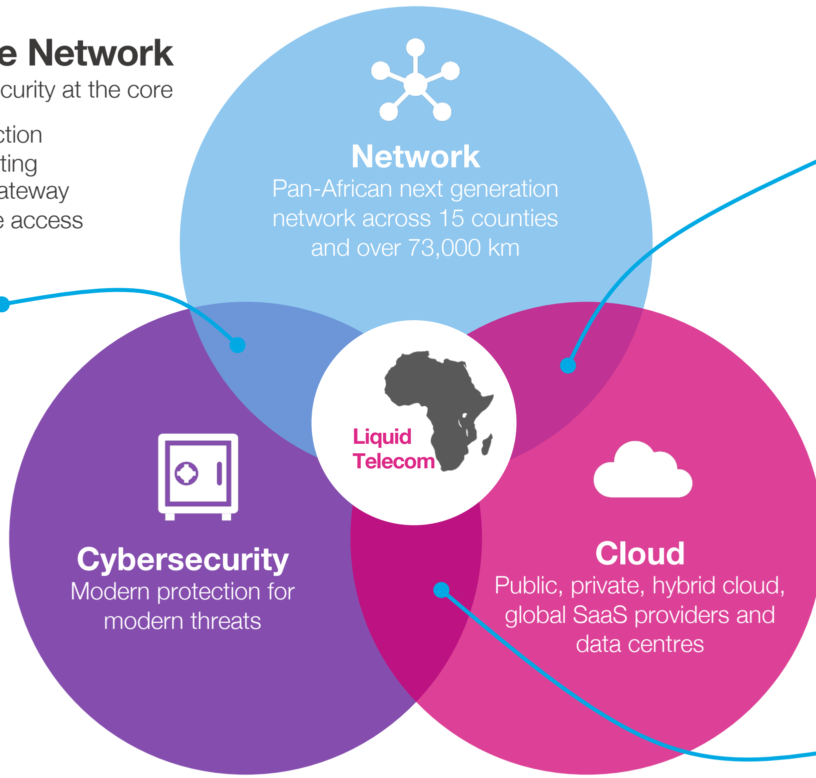
Strategic update

Strategic repositioning from 'Connectivity Only Provider' to 'Integrated Services Provider' commenced in FY21

Secure Network

Cloud-delivered security at the core

- Network protection
- Penetration testing
- Secure Web Gateway
- Modern remote access



Cloud Networking

Direct connectivity to multiple clouds; network within and between multi-clouds; cloud branch connectivity.

- SD-WAN
- Microsoft Express Route
- AWS Direct Connect
- Connected Data Centres

Secure Cloud

Security in the cloud

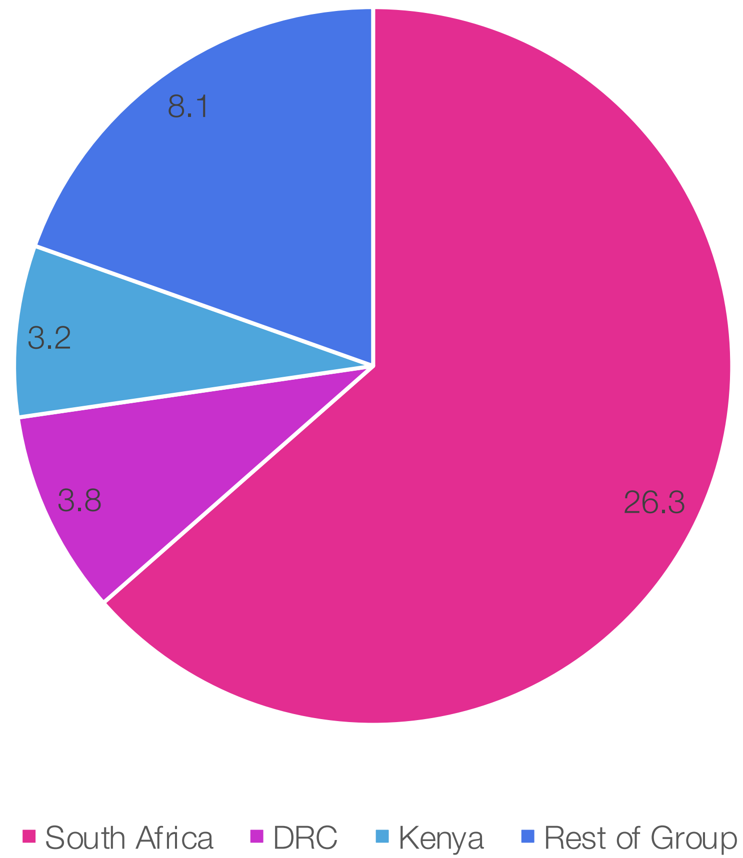
- Identity Management
- Cloud protection
- Data protection
- Backups / Disaster recovery

Underpins 'Go-To-Market' sales strategy for Enterprise

Continued investment into key markets

- Capex spend in Q2 was USD 19.5m
- We continued to invest in key growth markets, progressing builds in South Africa (NLD 5 & 6), DRC (SNEL) and Kenya (metro build) in the period

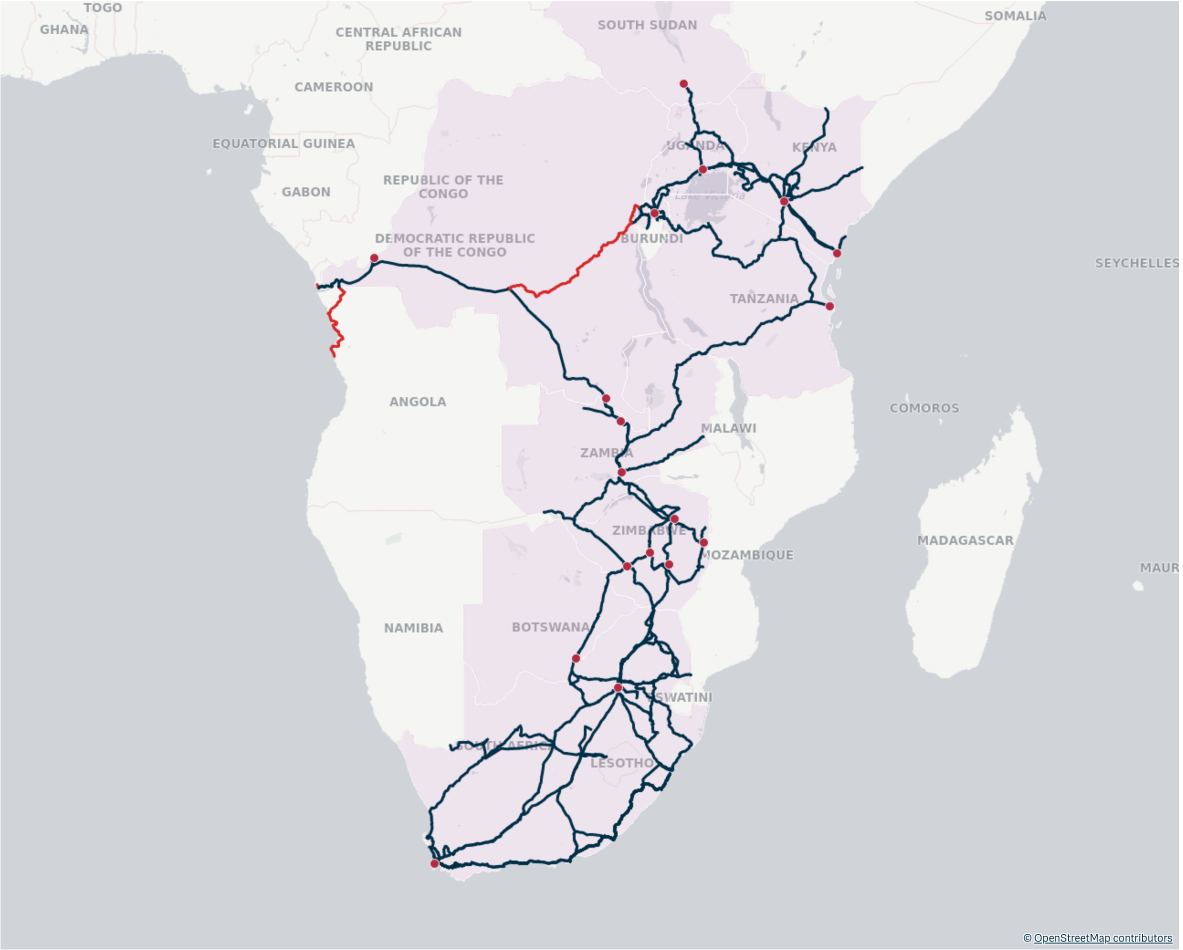
H1 capex spend USD 41.4 m



New investment into growth markets

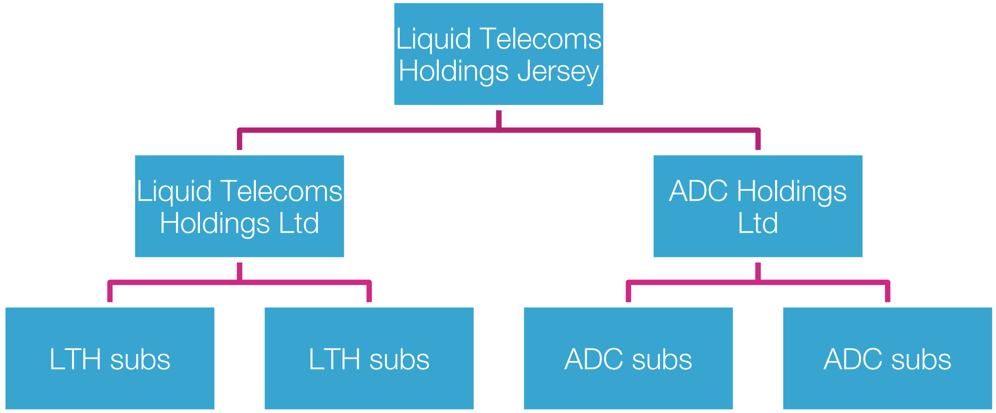
- We also expanded our footprint into South Sudan with our first live connection in the country from the capital Juba to Nimule on the southern border with Uganda
- Building out the East-West link through the DRC to provide additional US-Asia redundancy
- Both our DRC and South Sudan projects have been shortlisted in the ‘Connecting the Unconnected’ category at the Glotel Awards 2020

40,852Km



Driving value from our data centres

- Plan in place to split out ADC business to drive additional value and opportunity
- Ability to attract different type of investors
- New Jersey holdco for the whole group
- No change to group shareholders
- ADC already has separate and established management team
- Fibre and data centres businesses will continue to trade on arms' length basis



Q2 FY21 Financial Update

Kate Hennessy, CFO of Liquid Telecom

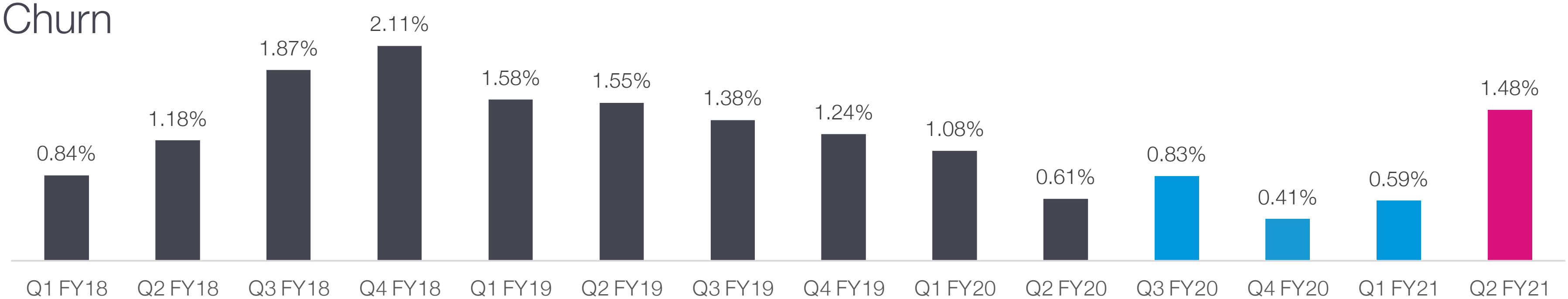
Q2 FY21 - key operational highlights

LIQUID TELECOM

73,291 km of fibre

1.48%	148,807	USD 81.5m
Churn	Network customers	Wholesale date revenue
+0.89 bps Q2onQ1	+8.3% Q2onQ1	+8.3% Q2onQ1

Churn



Impact of COVID-19 pandemic

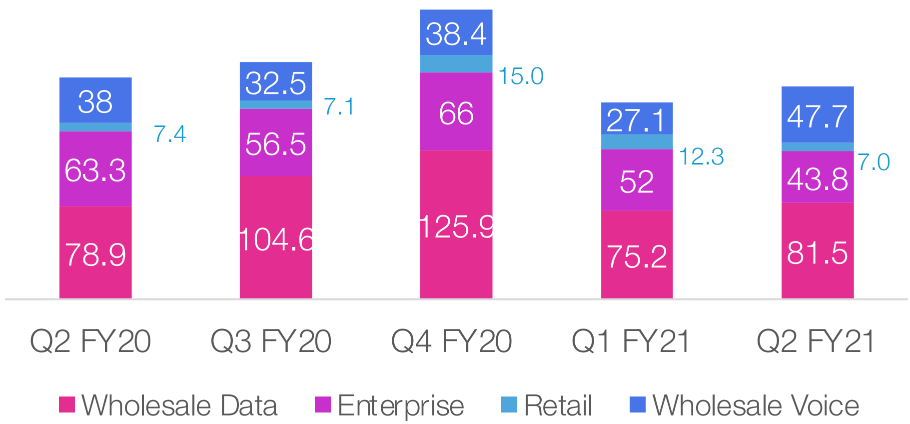
	Q2 FY21 impact	Outlook
Operational	• Some restrictions lifted, allowing projects to resume • Phased in return of Liquid Telecom's workforce to work from the office in Africa	• Efforts to catch up on delayed projects underway • Risk of a second wave still remains with possibility of further localised lockdowns
Commercial & financial	• Strengthening ZAR rate compared to Q1, but still behind this time last year • Continued slow down in collections although customers responding to enhanced collections procedures • Churn a consequence of operating decisions in companies more profoundly impacted by the pandemic	• FX volatility is likely to be the most significant negative factor in FY21 • Retail and Wholesale are expected to be broadly unaffected • Will be some catch up in Enterprise as lockdowns ease, but overall expect delays in re-building the future sales pipeline
Liquidity	• Continue to protect liquidity with USD 40m RCF drawn down and placed on deposit • Working Capital outflow from prior year reversing with collections and increasing MRR	• The Group will maintain disciplined approach to cost management and capital investment to protect FCF position • Continuous focus on working capital management and cash preservation

Revenue by segment

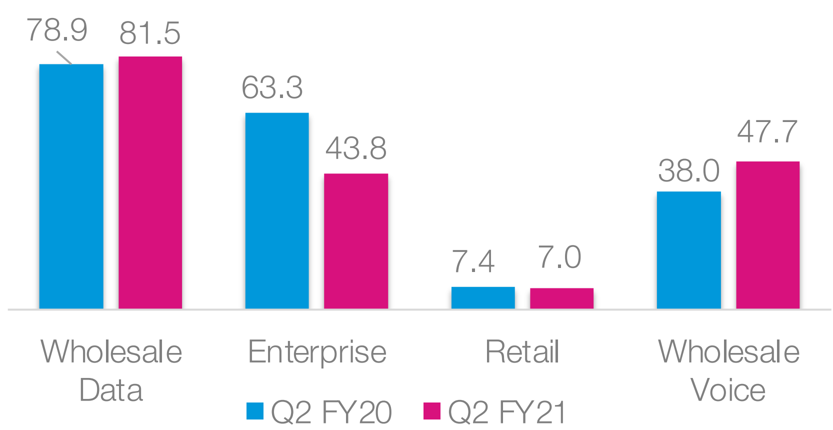
- Wholesale data revenue of USD 81.5m up 3.3%, driven by our first dark fibre sale in South Sudan and the sale of an IRU in DRC
- Enterprise revenue fell quarter-on-quarter due to a weaker exchange rate in South Africa and Zimbabwe, non-recurrence of NRR in SA from Q2 FY20 and a spike in churn, but offset by an almost 10% increase in Rest of Africa
- Although Retail revenue was down slightly on the prior Q2, due to the exchange rates in Zimbabwe, H1 growth of 25.6% reflects the true growing demand and the benefit of tariff increases in Zimbabwe
- A strong performance in the voice segment reflects the relaxing of lockdown restrictions, up 25.5% on the prior year although margins remain low in the active jurisdictions.

Prior year Q2 as restated for hyperinflation in Zimbabwe

Quarterly progression (USDm)



Q2 on Q2 (USDm)

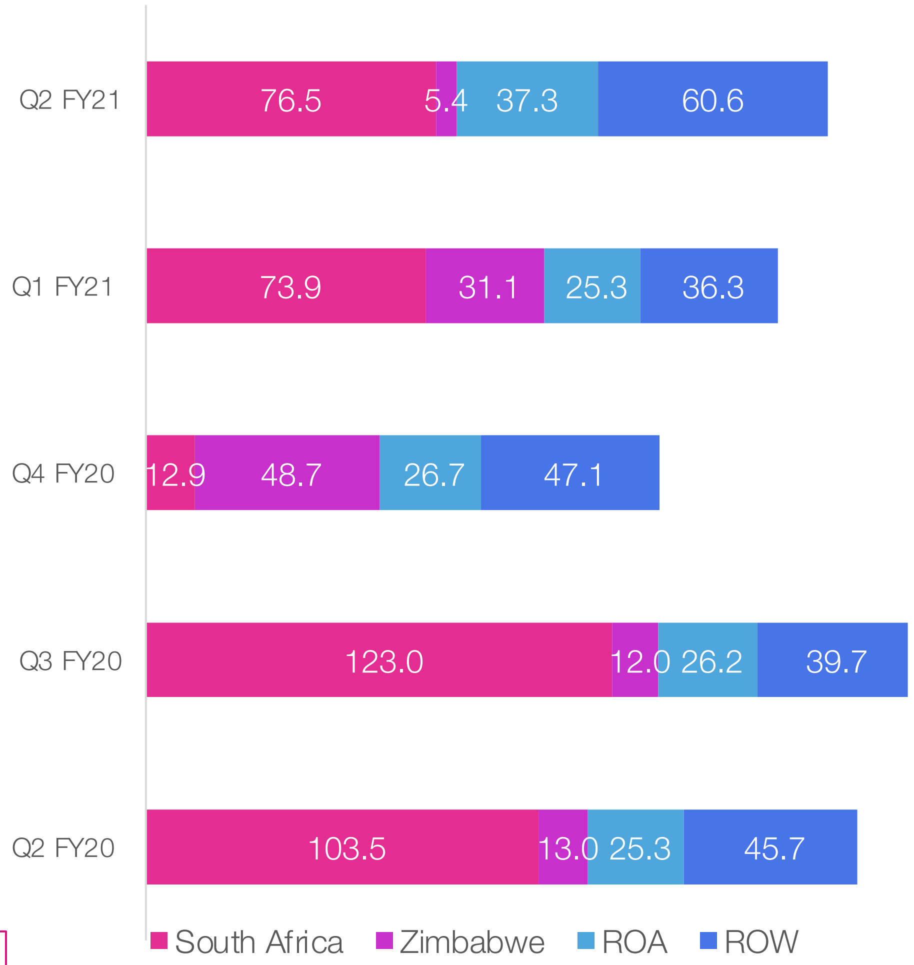


Revenue by market

- Step back in South Africa revenue due to continued weakness in the ZAR to USD exchange rate and a spike in churn
- Zimbabwe revenue now much smaller proportion of the group due to high ZWL$ exchange rate. Underlying business is strong, benefitting from tariff increases and positive demand
- Rest of Africa starting to show benefits of past investment, monetising projects in South Sudan and the DRC
- The Rest of Word revenue reflects the uplift in voice traffic in the quarter

Prior year Q2 as restated for hyperinflation in Zimbabwe

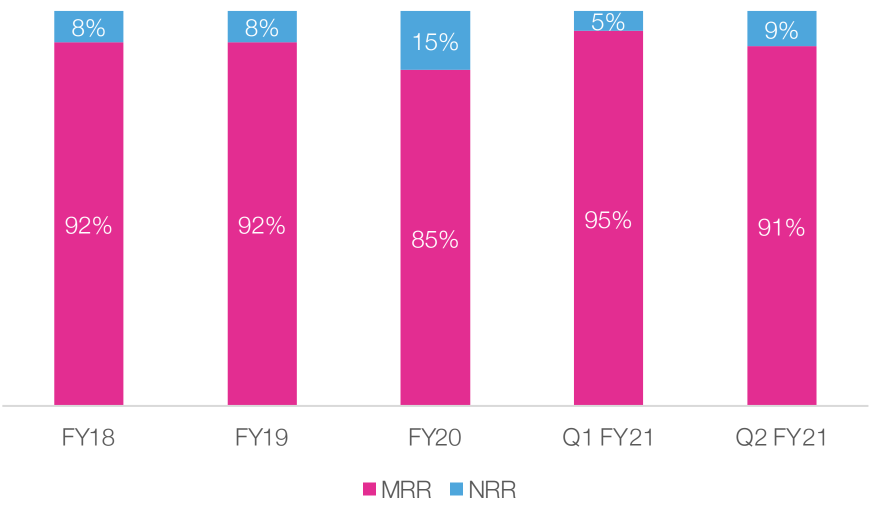
Quarterly progression (USDm)



Monthly recurring revenue (MRR)

- MRR is cornerstone to stable cash generation, although NRR still a valuable way to recoup build costs quickly
- Mix can vary according to customer requirements, but the average NRR for the last 3 years for the Group was c10%.
- About three quarters of Wholesale Data revenue in H1 FY21 was MRR, up on H1 last year, driven by the 4G and 5G roaming contracts
- South Africa NRR typically higher than the group as a whole

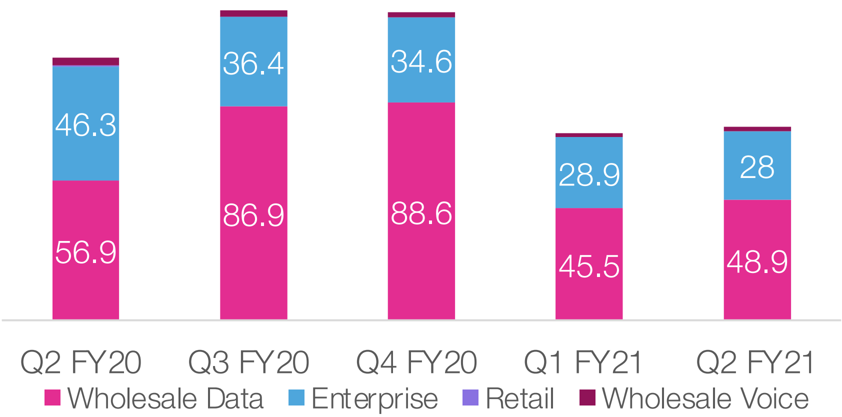
MRR/ NRR % Split



Deep dive into South Africa

- Q2 and H1 revenue severely impacted by exchange rates. Average rate moved from 14.44 in prior H1 to 17.36. Impact in the quarter was USD 15.6m and USD 31.2m for H1
- South Africa Wholesale Data revenue of USD 48.9m again accounts for nearly two thirds of country revenue, driven by the 4G and 5G roaming contracts
- Enterprise revenue in South Africa USD 18.3m lower than Q2 FY20 due to churn, the non-renewal of certain contracts and adverse exchange rate impact
- South Africa Wholesale Voice revenue continues to represent a smaller proportion of the total as the country follows the global trend in declining voice usage

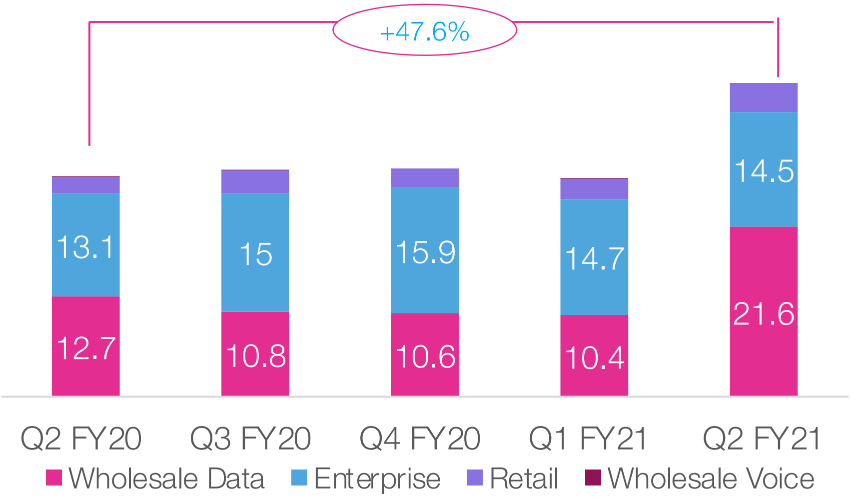
Revenue by business segment
(USDm)



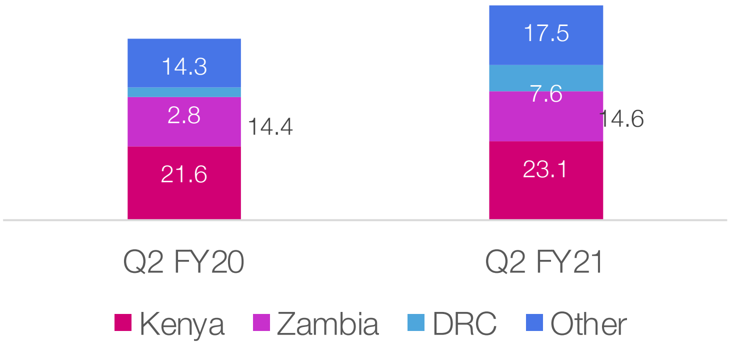
Deep dive into Rest of Africa

- Rest of Africa comprises Kenya, DRC, Zambia, Tanzania, Rwanda, Botswana, Uganda and South Sudan
- Strong performance from rest of Africa, up 47.6% from this time last year
- Increase in revenue across all product segments
- Wholesale data increase driven by sales of network capacity in the DRC
- Enterprise up almost 10% even in a challenging market, characterised by COVID induced economic challenges, significant competitive tension in Kenya and nascent technology markets across the region
- Retail expanding, particularly in Zambia, as we grow market share, helped by the launch of the Liquid Home brand earlier this year
- Kenya accounts for around a quarter of the region's revenue, with expansion expected from DRC

Revenue by business segment
(USDm)



Revenue by country
(USDm)



EBITDA progression

- Absolute gross profit down 5.3%. Gross margin down from 54.0% to 53.3% mainly due to roaming
- Careful cost control resulted in 10.8% reduction in opex
- Adjusted EBITDA broadly flat Q2 on Q2 as a result
- Strong EBITDA improvement in Rest of Africa and Rest of World segments offset lower EBITDA from South Africa and Zimbabwe
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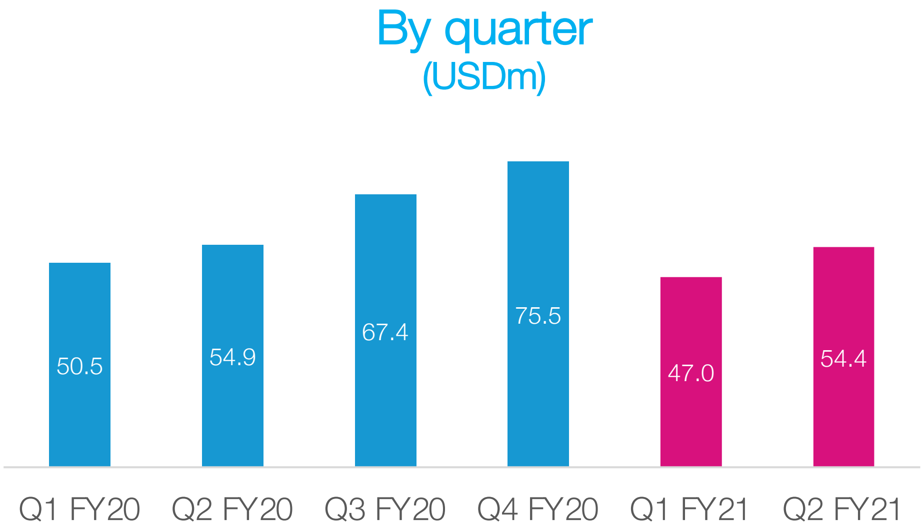
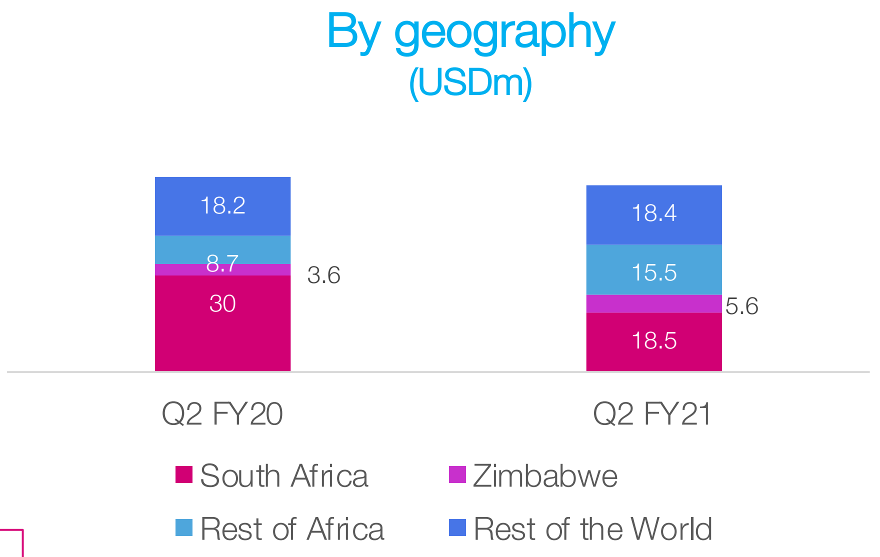
Prior year Q2 as restated for hyperinflation in Zimbabwe





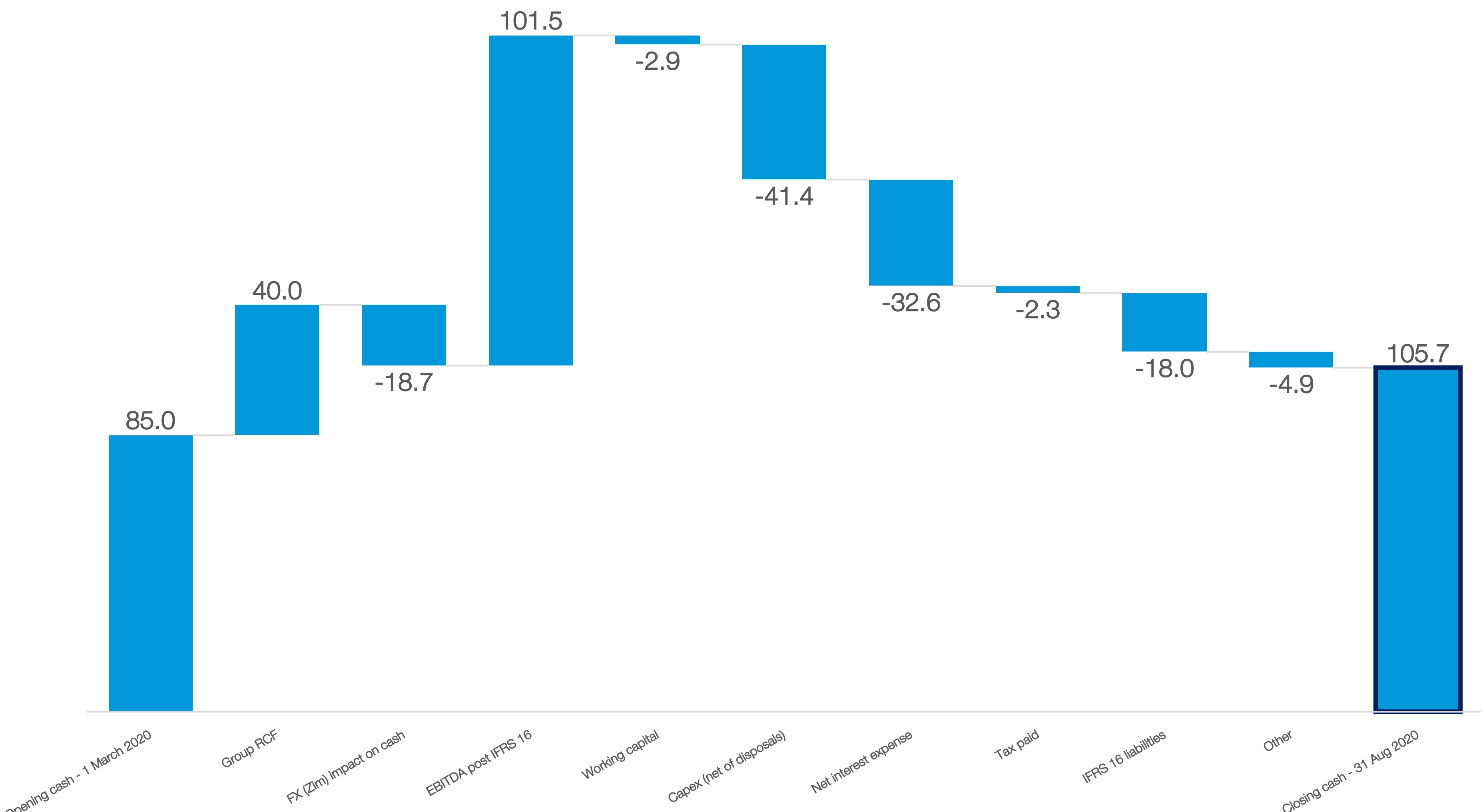
Income statement – Q2 FY21

USDm	Q2 FY20	Q2 FY21	Q2 on Q2
Revenue	187.5	179.9	-4.0%
Adjusted EBITDA	54.9	54.4	-0.9%
Adjusted EBITDA margin (%)	*29.3%*	*30.2%*	*0.9pp*
Depreciation, impairment and amortisation	*-28.7*	*-23.6*	*17.8%*
Operating profit	26.2	30.8	17.6%
Finance costs	*-18.8*	*-19.2*	*-2.1%*
Net foreign exchange loss	*-136.3*	*-192.5*	*-41.2%*
Hyperinflation monetary gain (IAS 29)	*107.9*	*77.9*	*-27.8%*
Profit/(loss) for the year	***-18.3***	***-101.4***	***-455.5%***

Prior year Q2 as restated for hyperinflation in Zimbabwe

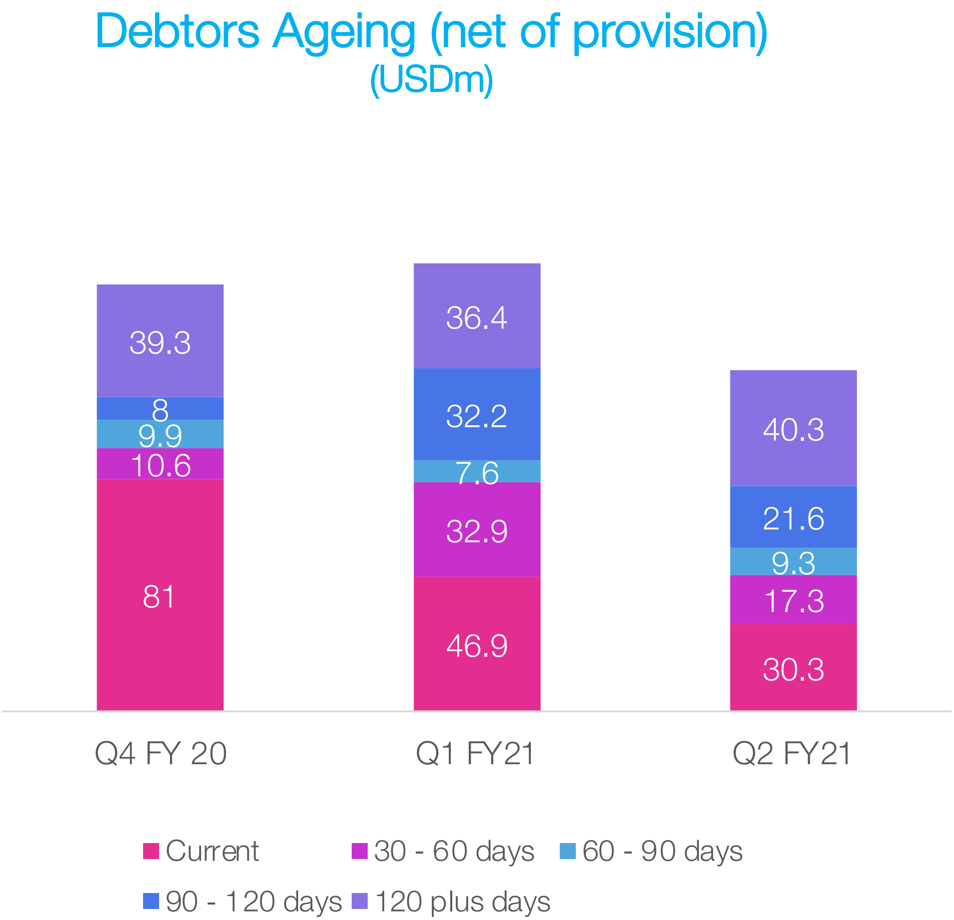
Cash flow waterfall – H1 FY21

USDm



Understanding our debtor ageing

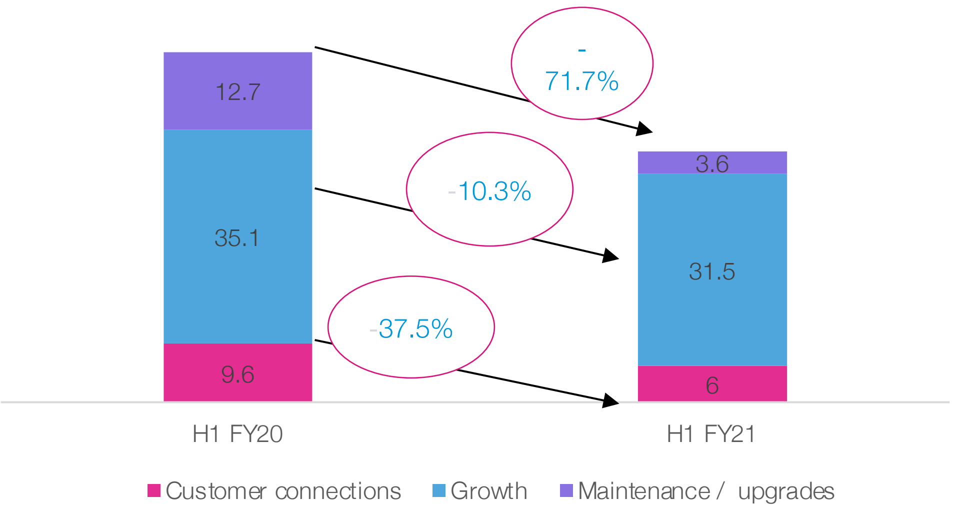
- Overall quantum of debtors coming down. This is reflected in the positive working capital trajectory
- Certain contracts concluded in FY20 carry longer than usual payment terms, so are not overdue. These largely fall in the 90-120 days and 120+ days buckets and total USD 25.2m
- Some slow down in collections due to COVID-19, particularly in Zambia and Tanzania
- Encouraging signs that certain governmental customers are now settling long standing debts
- Bad debt provision of USD 35.9m in place to cover all 90+ day amounts (excluding those with contractually longer payment terms as described above)



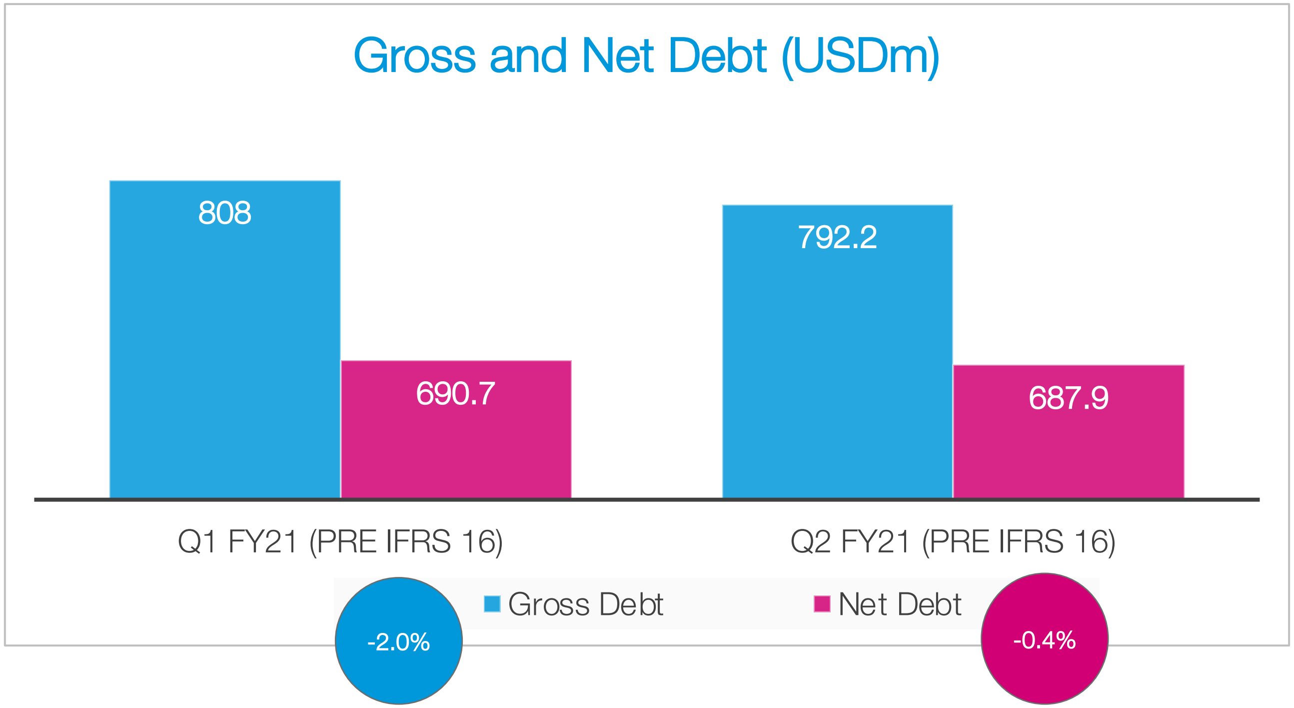
Group capex overview

- Capex in Q2 FY21 was USD 19.5m (net of disposal proceeds), - 26.4% on Q2 FY20 as we continued to preserve cash. Total spend H1 to date was USD 41.4m
- Capex spend prioritised on major revenue generating projects to get back on schedule
- Maintenance and customer connection spend in line with business requirements
- Capex expenditure through the year is not linear, and determined by a combination of operating environment, the timing of individual projects as well as when payments to creditors are due

6 months capex progression (USDm)



Debt and covenants



	Type of covenant	Threshold	Q2 FY21	Q1 FY21
Net debt/ EBITDA	Maintenance	4.25	3.33	3.34
Gross debt/ EBITDA	Incurrence	3.75	3.80	3.79

Outlook reaffirmed

FY21 outlook guidance remains unchanged

Revenue

- The Group's business and operations are inherently resilient against the COVID-19 pandemic due to ever increasing demand for connectivity and digital services in the lockdown environment.
- Wholesale and Retail revenues are expected to be broadly unaffected by the pandemic. Enterprise segment is likely to be impacted by delays in closing deals, lower new sales, discounting and slower debt collections.

EBITDA

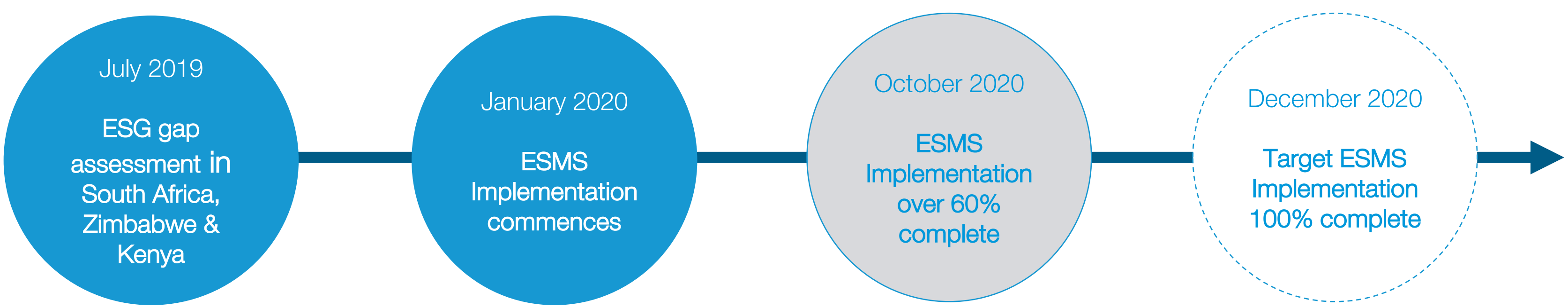
- Forecasting a negative FX drag on the Group's Adjusted EBITDA in FY21, predominantly due to further expected weakening of ZAR and ZWL$ against the USD
- Expect some volatility in EBITDA through FY21 with potential softening in some quarters as COVID-19 impact continues to unfold
- Typical quarterly profile distorted by the pandemic, but expect some recovery in H2

Capex

- As we maintain strong investment discipline to protect the Group's free cashflow position, we anticipate capex for FY21 to be in the range of USD 90m – 110m
- Capex commitments in line with Q1 at USD 54m
- Will prioritise discretionary capex dynamically as the impact of COVID-19 pandemic continues to unfold

Environmental and Social Management System – Group progress 6 months from launch

- ESMS Manual Compilation
- Group HSE Policy Implementation
- Implementation of Digital Incident Management Procedure
- Implementation of Contractor Specifications for Health, Safety, Social and Environment
- Health, Safety and Environmental KPI reporting across South Africa, Southern Africa and East Africa regions
- Level 1 Greenhouse Gas Emissions calculation across South Africa, Southern Africa and East Africa regions



Environmental and Social Management System – regional progress 6 months from launch

South Africa

- Re-certification: ISO 45001 and ISO 14001
- Updated HSE Documents (HSE Policy, Emergency and Response Plan, Contractor Specification)
- Establishment of Regional HSE Steering Committee
- Training, vetting, auditing of all active contractors
- Compliance with ILO Conventions: internal and external (HR Documentation, Contractor Specifications, Service Provider Contracts)

Zimbabwe

- Updated HSE Documents (HSE Policy, Emergency and Response Plan, Contractor Specification
- Compilation of HSE Legal and Baseline Registers
- Implementation of Incident Management Procedures
- Establishment of Regional HSE Steering Committee
- Training, vetting, auditing of all active contractors
- Compilation of HSE legal and baseline registers
- Compliance with ILO Conventions: internal

Kenya

- Establish HSE competency and HSE Committee
- Compilation of HSE legal and baseline registers
- Compilation of HSE Documents (HSE Policy, Emergency and Response Plan, Contractor Specification, PPE Policy)
- Implementation of Incident Management Procedures
- Implementation of HIRA Procedures
- Implementation of PPE Management Procedures
- Internal Grievance Notification Procedure implementation
- Compliance with ILO Conventions: internal

DRC & Botswana

- Establish HSE Committee
- Compilation of HSE Documents (HSE Policy, Emergency and Response Plan, Contractor Specification)
- Implementation of Incident Management Procedures
- HSE vetting of all contractors
- Commence with contractor HSE audits
- Compilation of HSE legal and baseline registers (DRC in progress)
- Compliance with ILO Conventions: internal

Q&A