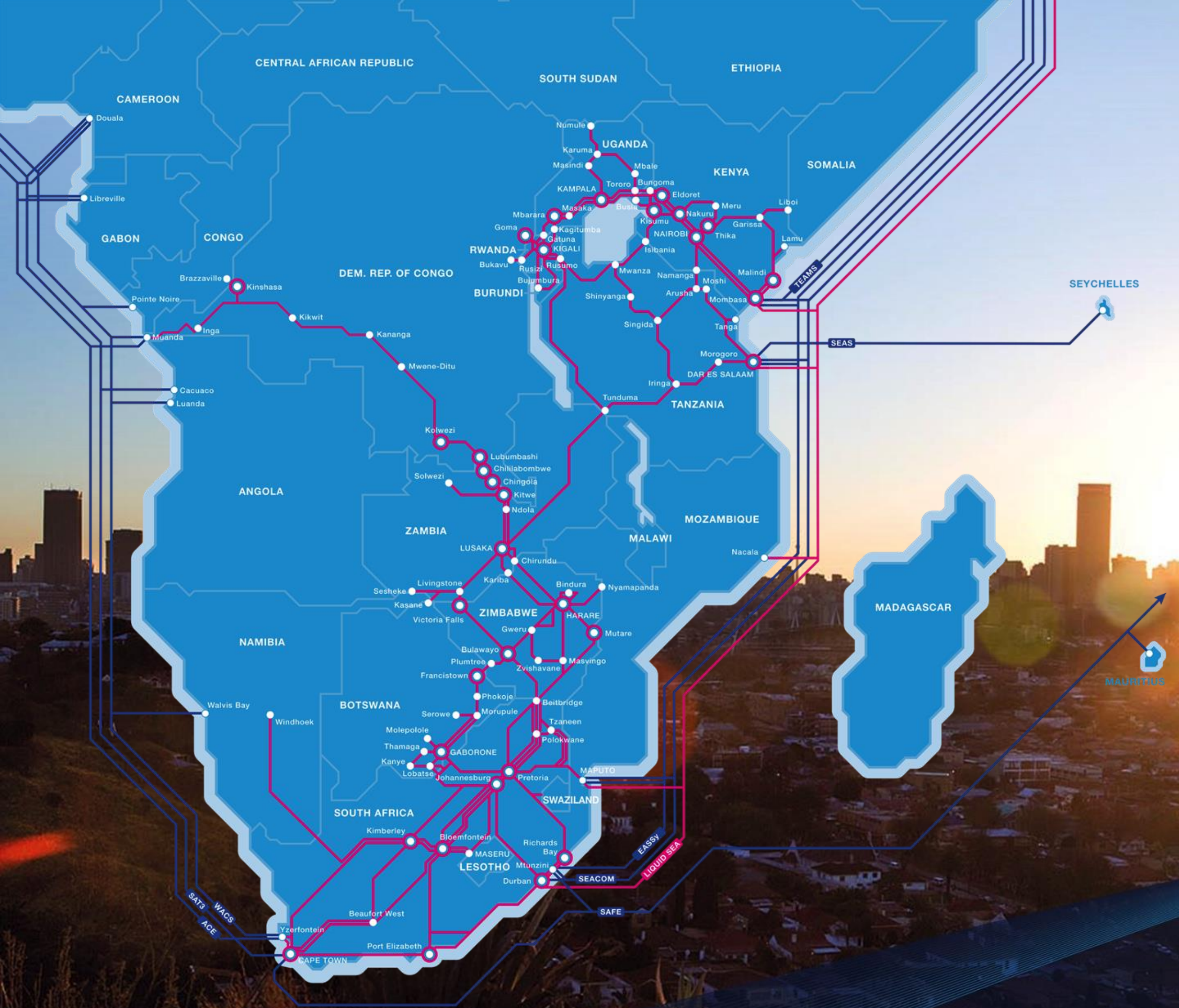

Building Africa's digital future

H1 2017 Results Presentation

26 October 2017

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Todays presenters

Nic Rudnick,
Group Chief Executive Officer

Kate Hennessy,
Group Chief Financial Officer

Agenda

- Performance overview
- Financial review
- Operational review
- Group strategy
- Key takeaways

Nic Rudnick
Performance overview

Strong operating performance in H1 2017,

Financial strength

- **Strong H1 performance, on pro-forma basis:**
  - Revenue up 7% at USD 315.1m
    - Enterprise up 13.1%
    - Retail up 12.7%
- Gross profit up 7% to USD 189.1m
- EBITDA up 13% to USD 82.2m

Operational progress

- **Neotel gross margins stabilised**
- **Investing in our network:**
  - NLD 7/8, Western Cape and North West Route, more FTTH across Zambia, Kenya, Rwanda and Zimbabwe.
- **Data centre growth:**
  - Invested in the third floor of the EADC – estimated to be finished in Q1 2018/19
  - Jo'burg and Cape Town centre builds progressing well
- **Digital Services expansion:**
  - Co-operation with Econet media limited to meaningfully expand our content offering.
  - After the period, we contributed USD25m of content rights and an additional $35m into Econet Media Limited of which we now own almost 20%.(This includes a revenue share and content delivery network agreement)
  - Partnership with Microsoft to deliver value-added services
- **70% of share capital of Zanlink acquired on 1 June 2017 for USD3.1m**
- **RBH agreement finalised, but not yet completed, to take a 10% holding the Group with voting rights remaining in the SA entity.**

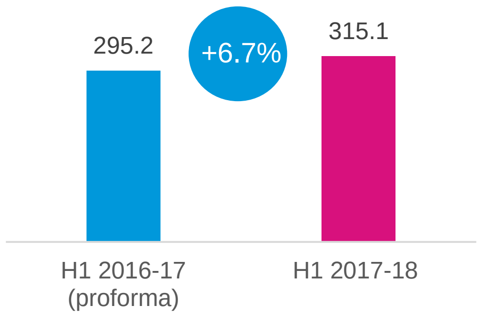
Promising outlook

- **2017-18 outlook**
  - Building on the strong foundations, investing for future growth including content and digital services

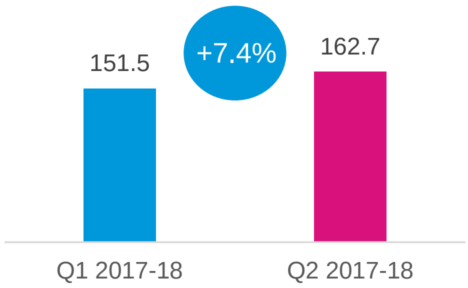
Kate Hennessy
Financial Review

Strong performance in H1 results

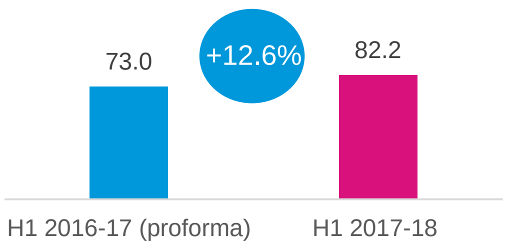
Revenue
(H1 2016-17 vs H1 2017-18)



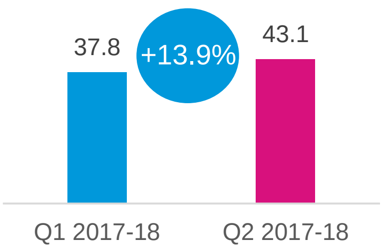
Revenue
(Q2 vs Q1 2017-18)



EBITDA
(H1 2016-17 vs H1 2017-18)

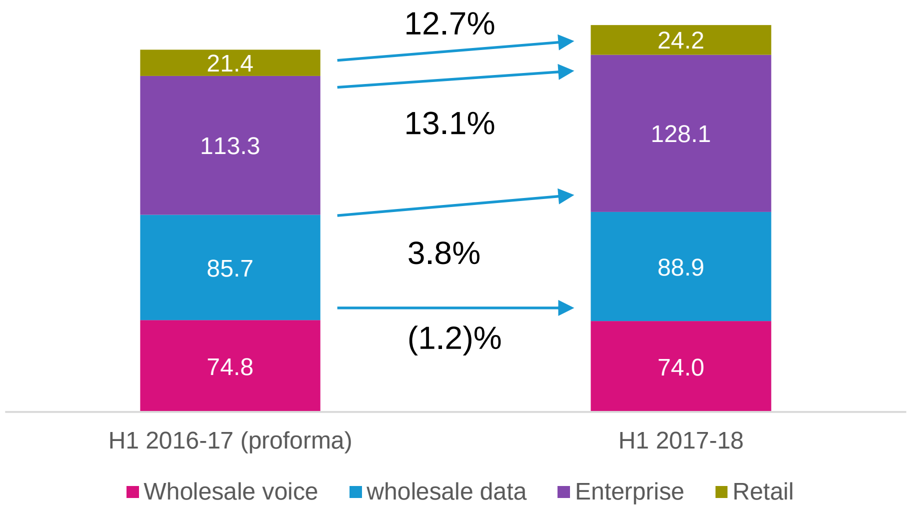


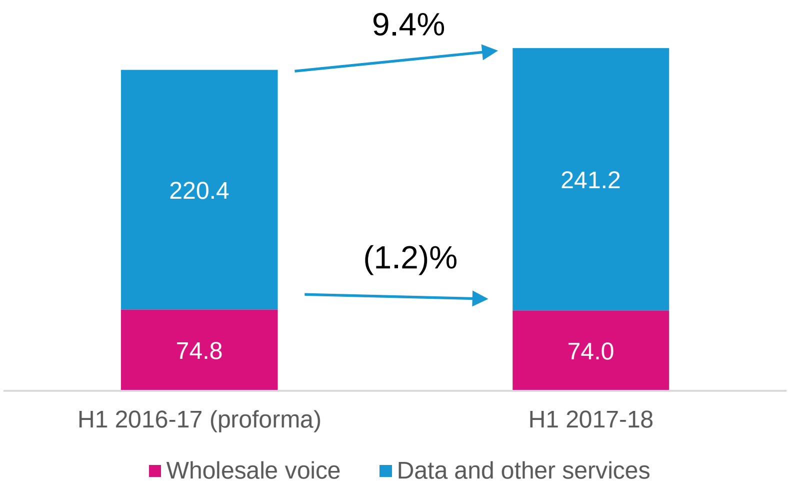
EBITDA
(Q2 vs Q1 2017-18)



Good progress on higher-margin enterprise and retail businesses

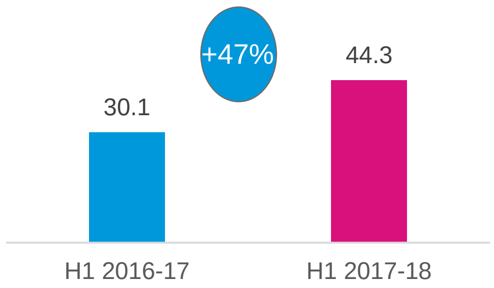
	H1 2016-17 (proforma)	H1 2017-18	H1 2017-18 vs H1 2016-17 (proforma)
Revenue	USDm	USDm	% change
Wholesale voice	74.8	74.0	-1.2
Wholesale data	85.7	89.0	3.8
Enterprise	113.3	128.1	13.1
Retail	21.4	24.2	12.7
Total	295.2	315.1	6.7





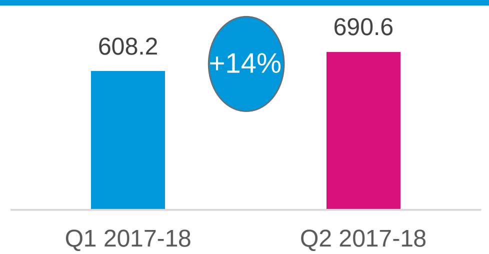
Robust balance sheet and cash flow

Operating Cash Flow
(H1 2016-17 vs H1 2017-18)

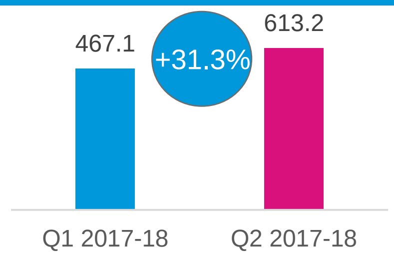


- H1 2017-18 movement in IRU's is USD14.1m (H1 2016-17: USD7.2m)
- H1 2017-18 capital expenditure of USD107.4m (H1 2016-17: USD49.0m)
  - Data centres: Jo'burg, Cape Town

Gross debt
(Q1 and Q2 2017-18)



Net debt
(Q1 and Q2 2017-18)



Net debt and covenants

Adjusted net debt (post refinancing)	H1 2017-18
	USDm
Total gross debt:	**690.6**
Issuance of Eurobond	550.0
Drawdown of ZAR term loan	87.6
Drawdown of USD term loan	25.0
Other debt	20.3
Interest accrued	7.7
Less: unrestricted cash and cash equivalents	(77.4)
Adjusted net debt	**613.2**

Comments

- Restricted cash of USD12m is due to customer deposits held in SA.

Key takeaways

- Good growth: Revenues +7%, EBITDA +13%
- Margin improvement
- Neotel integration working well
  - Already realising ZAR45m of operating cost savings per annum with more to come
  - Specifically identified new opportunities of over ZAR100m and growing directly attributable to the acquisition
  - Positive signs of cultural integration
- Net debt (31 August 2017: USD613.2m) and gross debt (31 August 2017: USD690.6m) with plans to delever, as anticipated, from the next financial year

Nic Rudnick

Operational review

Wholesale voice

LIQUID TELECOM

What we do

- Voice interconnect into and out of Africa
- National and international operators
- Fibre or satellite

Customer type

- International carriers
- Regional carriers
- African mobile network operators

Key clients

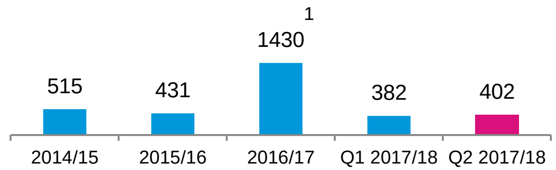
MTN, TATA, ECONET, BT, CELL C

Key trends

- Low margin voice traffic gradually and naturally being **substituted by higher margin data**

Key operating measures (as at 31 August 2017)

Total voice minutes on network (m)



Competitor examples

Large carriers: Vodafone Carrier Services, Orange International Carrier Services (own network terminations only)

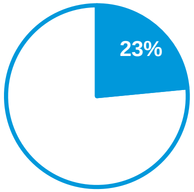
Neutral Carriers: PCCW Global / BICS

International wholesale carriers: Ibasis, Telkom Italia Sparkle and TATA

H1 2017 development

- **Revenues: up 19.7% half-year on half-year,** down 1% (proforma), total Q2 minutes up 293% versus Q2 2016-17, average revenue per minute down from 29 cents to 21 cents
  - Management decided to reduce volumes of zero or negative margin destinations carried by Neotel
  - Increased volumes to destinations lying outside of Liquid Telecoms fibre footprint
- **Gross margin:** This declined 220 basis points (proforma) from 25.9% in Q2 16-17 to 23.7% in Q2 17-18 driven by increased traffic to new destinations such as Eritrea in Q1 and Ethiopia in Q2
- **Key contract wins:** Local MNOs including DRC and Ethiopia, and several framework agreements with multinational MNOs where we deliver traffic to and from their subsidiaries from other African countries and other destinations

H1 2017 revenue contribution[1]



[1] This number includes Neotel

Wholesale data

What we do

- Global IP transit and international leased lines
- Extensive high capacity fibre network
- Fibre connectivity to 3G/4G LTE base stations

Customer type

- International carriers
- African mobile network operators / public telecom operators
- African internet service providers

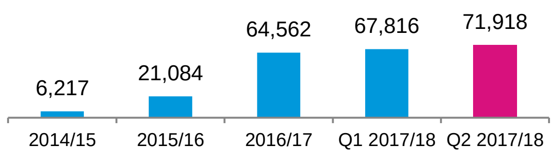
Key clients

Key trends

- **Consistent growth in higher margin data traffic**
- Growth expected to be driven by **increasing demand for 4G LTE** and **investments into new networks**
- Significant demand for digital services supported by **additional investments in data centres** in sub-Saharan Africa

Key operating measures (as at 31 August 2017)

IP transit capacity sold (Mbps)



Competitor examples

Mobile operators: MTN, VDC Global Neutral Carriers: PCCW Global / CMC Networks, WIOOC

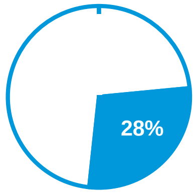
Fixed operators: Zesco / Zamtel

There is no pan-african competitor

H1 2017 development

- **Revenues: up 75.4% year-on-year,** up 4% (proforma) due to:
  - Rapid growth in IP transit and dark fibre sales in DRC, Kenya, Rwanda, IRUs in SA (North-West, NLD 7/8) and Zambia
  - Acquisition of Zanlink, in Zanzibar, for $3.1m
  - Long-term contracts are increasingly important to the Group
- **Contract wins:**
  - International MNOs where we are delivering several national leased lines for a total of 12Gbps of capacity in aggregate to a subsidiary of a multinational MNO to connect base stations in East Africa and 1.2Gbps of cross-border connectivity to another subsidiary, both for a 10-year period
  - We contracted with a national MNO in a Central African landlocked country to provide over 1500Mbps of dedicated IP connectivity to our South Africa hub
- **Capital expenditure:** Continued to expand driven by connectivity to base stations, and increasing reliability of the network

H1 2017 revenue contribution



Enterprise

LIQUID TELECOM

What we do

- High speed dedicated Internet access
- Cloud, data storage and hosting services
- Multi-site secure connectivity services (MPLS)
- Payment solutions
- Digital services: Office365, Backup, Voip

Customer type

- Enterprises
- Small-medium enterprises
- Governments
- Non-governmental organizations
- Financial institutions

Key clients

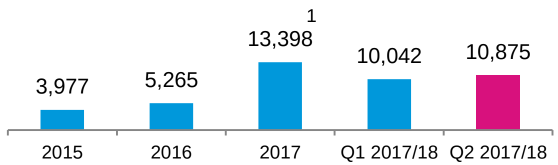
TRANSNET
BARCLAYS
SITA
Investec

Key trends

- **Bespoke high margin services**
- **Strong growth in demand for value added services** such as hosting, payment solutions and cloud services

Key operating measures (as of August 31 2017)

Number of enterprise customers



Competitor examples

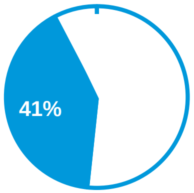
Large ISPs: Paratus, internet Solutions, SEACOM, MTN, CMC Network

System integrators: Dimension Data

H1 2017 development

- **Revenues:** up 309% year on year, up 13% on a proforma basis driven by:
  - Organic growth in South Africa (e.g. large financials, government contracts), Zambia and Kenya
  - Broadened our product offering into digital services through our partnership with Microsoft to deliver cloud products and services across Africa
  - Growth in payment terminal contracts in South Africa and Zimbabwe
  - Inorganic growth through the acquisition of Raha
- **Operational expenditure:**
  - Increased sales team and investment in campaigns to improve our visibility across our footprint
- **Capital expenditure:**
  - Following acquisition of Neotel we have invested in our own local access networks, to deliver additional services under the Western Cape contracts
  - We have also made additional investments in core and back-office infrastructure in South Africa to service the growth in connectivity and digital services across our footprint
  - Driven by customer connections, e.g. to serve the UN and financial institutions

H1 2017 revenue contribution[1]



[1] 2017 includes connections and is therefore not fully comparable

Retail

What we do

- Fibre to the home (FTTH)
- Fixed wireless access broadband and LTE
- Wi-Fi hotspots
- Value added services (e.g. content, voice and security backup services)

Customer type

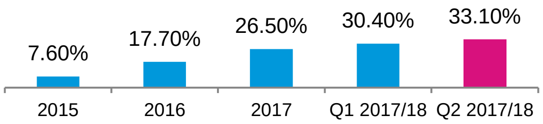
- Residential
- Small offices, home offices
- Outlets

Key trends

- Growth expected to be driven by **investments in LTE and fibre to the home**
- Drive towards adding **digital services** on top of broadband connectivity e.g. content, entertainment, education, security and backup.

Key operating measures (as at August 31 2017)

FTTH service penetration



Competitor examples

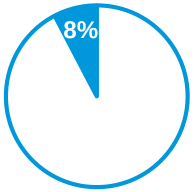
Fixed operators: KT Rwanda, Yo Africa (Zimbabwe), Telkom (SA)

Mobile operators: MTN, Vodacom, Airtel, Net One

H1 2017 development

- **Revenues:** Up 84% H1 2017-18 versus H1 2016-17, 13% on a pro forma basis:
  - Increased service penetration from 30.4% in Q1 2017-18 to 33.1% (of homes passed)
  - With the exception of Kenya, we remain the largest FTTH network operator in our operations
  - New FTTH customers in Kenya, Rwanda, Zambia and Zimbabwe have driven service penetration higher
  - Rapid customer acquisition in Zambia on fixed LTE network
  - Slight decrease in number of customers on CDMA network in SA
- **Capital expenditure:**
  - FTTH roll-out continues with 1000 new premises per week across our FTTH footprint (Kenya, Rwanda, Zambia and Zimbabwe)
  - Extending fixed-wireless access networks through LTE: In Zambia we cover 50,000 premises with 48 LTE base stations
  - Investing in new products, in particular content, to drive customer acquisition across our footprint

H1 2017 revenue contribution



Nic Rudnick
Group strategy

Liquid Telecom's Group strategy

We are a digital services provider that gives customers high-speed and reliable internet access

LIQUID TELECOM

Focus on higher margin segments while continuing to grow wholesale voice

Wholesale data

- Leverage our metro, regional, cross-border fibre networks and interconnection with submarine cables
- Maintain core and national network reliability close to 100% while expanding network
- Continue exploring new partnership opportunities, including with content providers

Enterprise

- Target large scale consumers of bandwidth, with complex connectivity and digital services requirements
- Continue to expand metro and "Fibre to the Building" networks
- Target multinational enterprise customers operating within our fibre footprint
- Expand our one-stop shop offering of value added services (Cloud, VoIP and payment solutions)

Wholesale voice

- Open new destinations from and into Africa
- Attract new carrier accounts based on differentiating quality of service
- Stabilise gross profit by adding volume to African destinations

Retail

- Extend our "Fibre to the Home" (GPON) and LTE 4G offering
- Roll-out new retail products and services to these customers, including content

Broaden our digital services offering

- Partnering with Cloud services providers (e.g. Microsoft to provide Microsoft Office 365, Dynamic365, Azure, ExpressRoute)
- Acquisition of rights and investment into Econet Media Limited to supply 100 channels such as Netflix, Kwese, NBA and TED across 19 countries by April 2018.

Continue geographic expansion

- Continue to pursue organic and acquisitive growth in-line with our geographical focus and product specialisation
- Crystallise synergies in SA by reducing duplicative cost structures and leveraging a combined international network and investing in local access networks to improve gross profit margins

Nic Rudnick
Key takeaways

Key Takeaways

- Financial strength:
  - Good first half performance (vs H1 2016-17) with revenues up 7% and EBITDA up 13%
  - Cash Flow from operations up 44% to USD44.3m
  - Adjusted net debt USD613.2m (Q1 2017: USD536.2m)

- Operational progress:
  - RBH flip-up will provide us with USD22m of new equity and substantial additional free cash flow (above loan commitments) in excess of 30% of approximately R1.5bn over the next 5 years
  - Digital Services expansion
    - Increased investment in cloud including Microsoft Azure and Azure stack
    - Investment in content offerings, resulting in increased revenues – revenue share is estimated to contribute USD25 million in additional EBITDA over the next 5 years
  - Neotel gross margins stabilised
  - Ketraco agreement finalised
  - Data centre growth continuing
  - 70% of share capital of Zanlink acquired on 1 June 2017 for USD3.1m

- 2017-18 outlook:
  - Building on the strong foundations, investing for future growth including content and digital services
  - Working capital: 25-30% of sales, trade payables to normalise following the Neotel acquisition

Questions