LIQUID TELECOM

Q1 2017 Results Presentation

29 August 2017

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Strong performance in Q1 on proforma basis

- Strong performance, on proforma basis:
  - Revenue up 6% at USD152.5m
  - Gross profit up 7% at USD92.4m
  - EBITDA up 7% at USD39.1m
- Cash Flow from operations up 16% at USD17.7m
- Adjusted net debt USD536.2m

- Neotel integration completed:
  - Gross margins are improving
  - We are investing in our network, business development and operational improvement
- Raha integration concluded
- 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
  - Network capital expenditure: USD120-180m
- Working capital: 25-30% of sales, trade payables to normalise due to Neotel

Kate Hennessy
Financial Review

Good operating performance, investing for the future

	Q1 2017-18 USD (m)	Q1 2016-17 (proforma) USD (m)	Change (%)
Revenue	**152.5**	**143.7**	**6.1**
Gross profit	92.4	86.1	7.4
Total overheads and other income	(53.3)	(49.7)	7.4
EBITDA	**39.1**	**36.4**	**7.5**
Depreciation, impairment and amortisation	(19.1)	(16.7)	14.6
Acquisition costs	(0.3)	-	
Net interest expense, FX and share of associated profits	(14.5)	(11.7)	23.9
Profit before tax	5.2	8.0	(35.0)
Tax	(1.8)	(1.6)	12.1
Profit after tax	3.4	6.4	(46.9)
Operating Cash Flow	17.7	15.3[1]	
Net debt (pre-refinancing)	517.1	n/a	
Adjusted net debt (after refinancing)	536.2	n/a	

[1] This number is not proforma

Good progress on higher-margin enterprise and retail businesses

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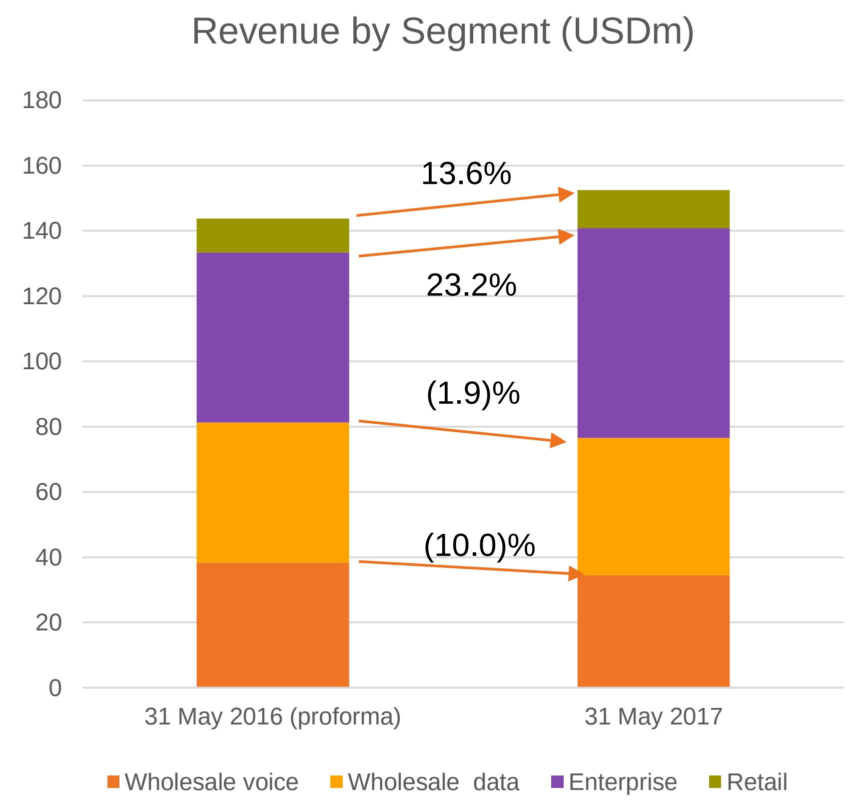
	Q1 2017-18	Q1 2016-17 (proforma)	Q1 2017-18 vs Q1 2016-17 (proforma) Change	FY 2016-17
Revenue	USDm	USDm	(%)	USDm
Wholesale voice	34.5	38.3	(10.0)	123.2
Wholesale data	42.1	42.9	(1.9)	118.1
Enterprise	64.2	52.1	23.2	73.4
Retail	11.7	10.3	13.6	28.3
Total	**152.5**	**143.7**	**6.1**	**343.0**



Balance Sheet

($m) to one decimal place	31 May 2017	28 Feb 2107
Goodwill	150.5	151.8
Intangible assets	138.0	133.9
Property, plant and equipment	627.4	612.5
Other long-term assets	64.3	64.4
Total non-current assets	**980.2**	**962.6**
Inventories	23.0	22.1
Trade and other receivables	196.7	166.4
Cash and cash equivalents	89.7	141.1
Restricted cash and cash equivalents	12.3	11.7
Total current assets	321.7	341.3
Total Assets	**1,301.9**	**1,303.9**
Total equity	429.4	428.3
Long-term liability	374.2	601.5
Deferred revenue	44.9	42.8
Deferred tax liability	34.7	33.7
Total non-current liabilities	453.8	678.0
Short-term portion of long-term liability	231.4	8.7
Trade and other payables	158.3	166.9
Deferred revenue	29.0	22.0
Total current liabilities	**418.7**	**197.6**
Total equity and liabilities	**1,301.9**	**1303.9**

Net debt and covenants

Net debt at 31st May 2017 (pre refinancing)	Q1 2017-18
	USDm
Repaid debt:	
LT holdings $300m loan	303.1
LTSA Bridge loan	225.8
Tata loan	57.1
Other debt:	
Long term	17.9
Short term	2.9
Total debt	606.8
Less: cash and cash equivalents	(89.7)
Net debt	517.1

Adjusted net debt (post refinancing)	Q1 2017-18
	USDm
Total gross debt	606.8
Less: cash and cash equivalents	(89.7)
Repaid existing debt	(585.9)
Issuance of Eurobond	550.0
Drawdown of ZAR term loan	75.0
Estimated fees and expenses	(20.0)
Adjusted net debt	**536.2**

Cash Flow from operations – good progress, focus on working capital

	Q1 2017-18	Q1 2016-17 (Liquid only)
	USDm	USDm
Profit before tax	**5.2**	**17.3**
Depreciation	15.7	6.7
Amortisation	3.3	2.1
Other non-cash movements	3.1	(0.6)
Finance costs	14.0	2.4
Working capital changes:		
Increase in trade and other receivables	(16.2)	(18.2)
(Increase) / decrease in inventories	(1.0)	2.2
Decrease in trade and other payables	(20.2)	(3.9)
Increase in deferred revenue	9.4	7.6
Increase / (decrease) in accruals	4.7	(0.1)
Decrease in onerous contracts	(0.3)	(0.2)
Cash generated from operations	**17.7**	**15.3**
Finance and tax costs	(12.0)	2.0
Net cash generated from operating activities	**5.7**	**13.3**

Nic Rudnick

Operational review

Wholesale voice

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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

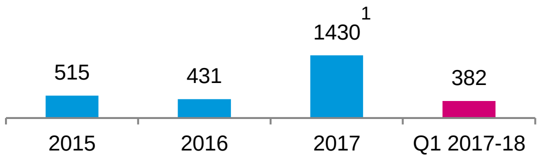
MTN
TATA
ECONET
BT
CELL C

Key trends

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

Key operating measures (as at 31 May 2017)

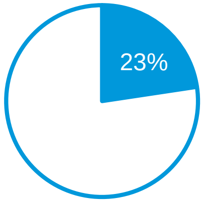
Total voice minutes on network (m)



Q1 2017 development

- **Revenues: up 8.2% year-on-year,** down 10% (proforma), total minutes up 222%, average revenue per minute down 66%
  - 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 4.7% (proforma) from 32.5% to 27.8% driven by increased traffic to new destinations
- **Key contract wins:** Local MNOs including DRC and Ethiopia, and several framework agreements with multinational MNOs, that give us the ability to deliver traffic to and from their subsidiaries from other African countries and other destinations

Q1 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

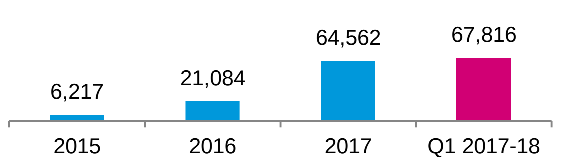
MTN, TATA, ECONET, BT, vodacom

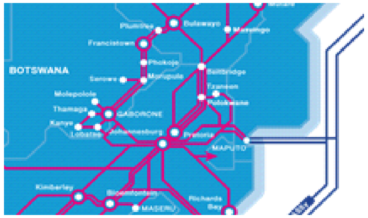
Key trends

- **Consistent growth in higher margin data traffic**
- Growth expected to be driven by **increasing demand for 4G LTE** and **investments into new networks**

Key operating measures (as at 31 May 2017)

IP transit capacity sold (Mbps)

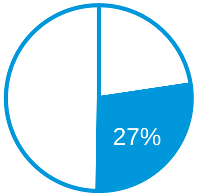




Q1 2017 development

- **Revenues: up 55.9% year-on-year,** down 1.9% (proforma) due to:
  - Lower revenues as we migrated the services of a key customer to a more efficient IP Backhaul allowing them to make significant cost savings.
  - Partially offset by growth in IP transit and dark fiber sales in DRC, Kenya, Rwanda, IRUs in SA (North-West, NLD 7/8) and Zambia
  - 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
- **Capital expenditure:** driven by connectivity to base stations, and increasing reliability of the network

Q1 2017 revenue contribution



Enterprise

LIQUID TELECOM

What we do

- High speed dedicated Internet access
- Hosting, data storage and colocation services
- Multi-site secure connectivity services (MPLS)
- Payment solutions

Customer type

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

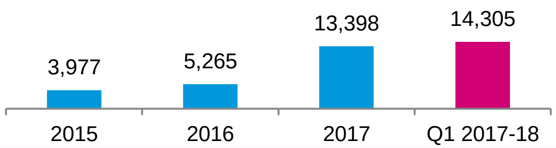
Key clients

Key trends

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

Key operating measures (as of May 31 2017)

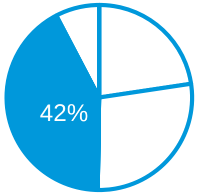
Number of enterprise customers



Q1 2017 development

- **Revenues:** up 334% year on year, up 23% on a proforma basis driven by:
  - Organic growth in South Africa (e.g. large financials, government contracts)
  - Growth in payment terminal contracts in South Africa and Zimbabwe
- **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
  - Driven by customer connections, e.g. to serve the UN and financial institutions

Q1 2017 revenue contribution[1]



Retail

What we do

- Fibre to the home (FTTH)
- Fixed wireless access broadband
- WiFi hotspots
- Value added services (e.g. voice and security backup services)

Customer type

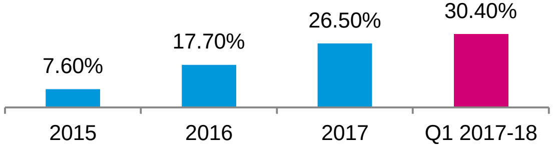
- Residential
- Small offices, home offices
- Outlets

Key trends

- Growth expected to be driven by **investments in LTE and fibre to the home**
- Drive towards adding **value added services** on top of broadband connectivity

Key operating measures (as at May 31 2017)

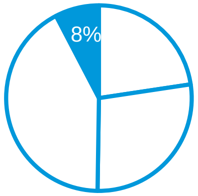
FTTH service penetration



Q1 2017 development

- **Revenues:** Up 84% year-on-year, 13% on a pro forma basis:
  - Increased service penetration from 26.5% to 30.4% (of homes passed)
  - With the exception of Kenya, we remain the largest FTTH network operator in our countries of operations
  - 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 in Rwanda and Kampala (Uganda)
  - Investing in new products, in particular content, to drive customer acquisition across our footprint

Q1 2017 revenue contribution



Liquid Telecom's future group strategy

Strategy	Segment	Actions
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 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" and LTE offering • Roll-out new retail products and services to these customers, including content
Invest in content and distribution as Netflix principal provider in Africa		• Investment to become the principal supplier of 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

Questions

Thank you


AFRICAN.
We can help grow world-class business out of Africa.
We believe in the ambition and potential of African business. It's why we've built Africa's largest fibre infrastructure and provide an award-winning satellite network, capable of keeping any enterprise connected, protected and competitive at all times. Because we are not just a telecoms company.
We are your technology partner.
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