

# AXIAN TELECOM

Q2 2023 unaudited results

August 29th, 2023



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**HASSANEIN HIRIDJEE**

**Chairman and Founder**



**NICOLAS SYLVESTRE-BONCHEVAL**

**Chief Financial Officer**

## MACROECONOMIC ENVIRONMENT

### Madagascar:

- 2023 projected real GDP of 4.2%<sup>(1)</sup>
- 2023 projected inflation of 9.5%<sup>(1)</sup> (vs. 8.2% in 2022)
- \$/MGA at 4,530<sup>(2)</sup> in Q2'23, -9.8% YoY

### Tanzania:

- 2023 GDP growth projected is 5.2%<sup>(1)</sup>
- 2023 inflation projected is 4.9%<sup>(1)</sup> (vs. 4.4% 2022)
- \$/TZS at 2,413<sup>(2)</sup> in Q2'23, -3.4% YoY
- Q2'23 Foreign Reserve stood at \$5.28bn <sup>(3)</sup> (+\$0.17bn YoY)

### Togo:

- 2023 projected real GDP of 5.5%<sup>(1)</sup>
- 2023 projected inflation of 5.3%<sup>(1)</sup> (vs. 7.6% in 2022)
- \$/XOF at 601<sup>(2)</sup> in Q2'23, +4.4% YoY

## TELECOM INDUSTRY

### Madagascar<sup>(4)</sup>:

- Total subscribers as of Q2'23 were 18.0m which is a +23.4% increase YoY
- Mobile and data penetration of 60.1% and 34.2% respectively as of Q2'23, which is +9.8pp and +3.2pp YoY

### Tanzania<sup>(5)</sup>:

- Total subscribers as of Q2'23 were at 64.1m, which is a +14.0% increase YoY
- Mobile and data penetration of 103.7% and 55.1% respectively as of Q2'23, which is +14.1pp and +6.8pp YoY

### Togo<sup>(4)(6)</sup>:

- Total subscribers as of Q2'23 were at 6.8m which is a +6.0% increase YoY
- Mobile and data penetration of 82.5% and 80.2% respectively as of Q2'23, which is +2.9pp and +4.9pp YoY

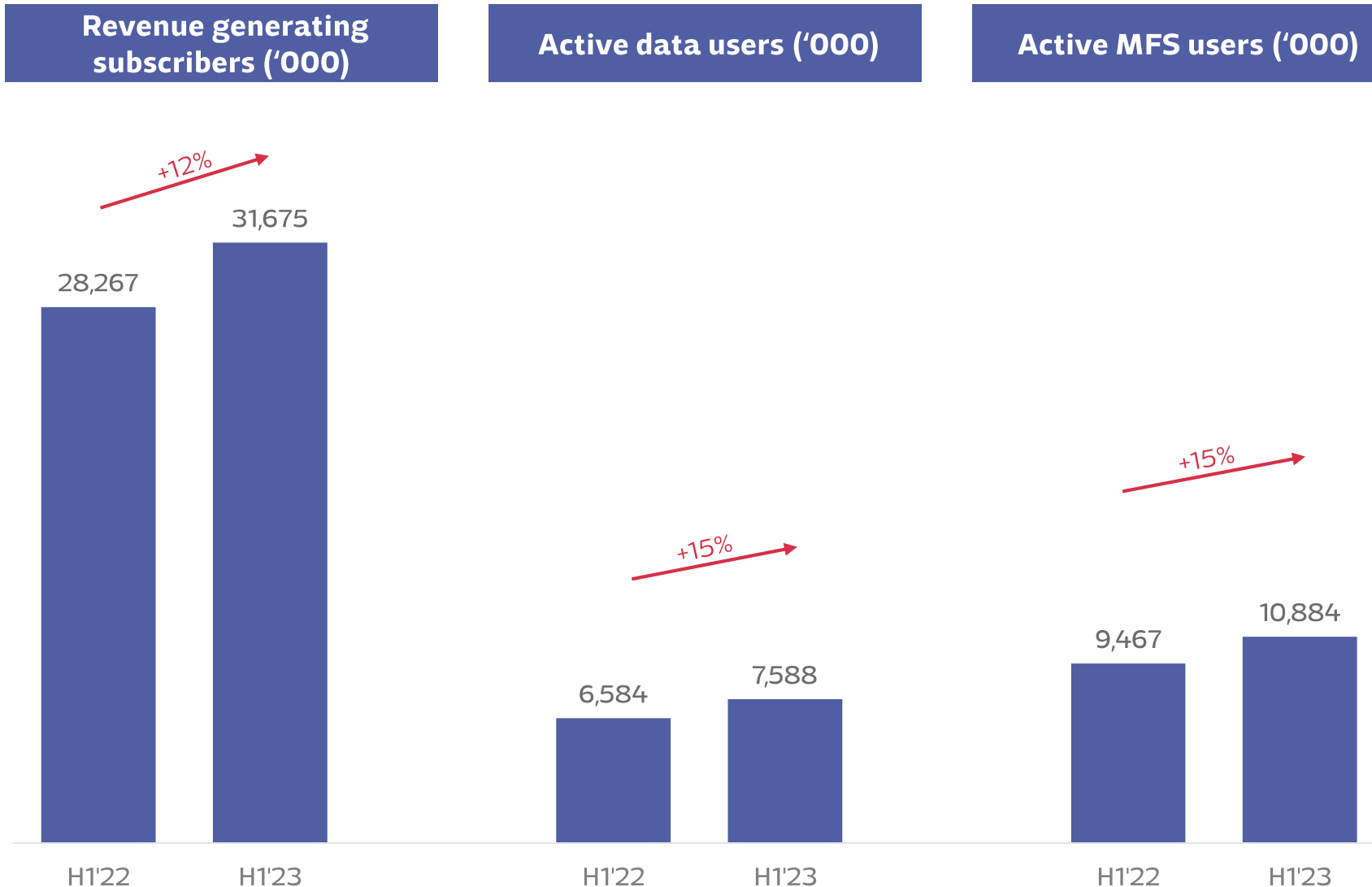
## AXIAN TELECOM HIGHLIGHTS

- In H1'23 we delivered strong revenue growth of 12% in our existing perimeter including Tanzania, despite YoY currency deterioration in Madagascar and Tanzania
- Our pro forma Adjusted EBITDA for the existing perimeter including Tanzania grew by 14% YoY in H1'23, despite the pressure on operating costs and currency devaluation.
  - Excluding impact of FX, Adjusted EBITDA growth is 19% YoY

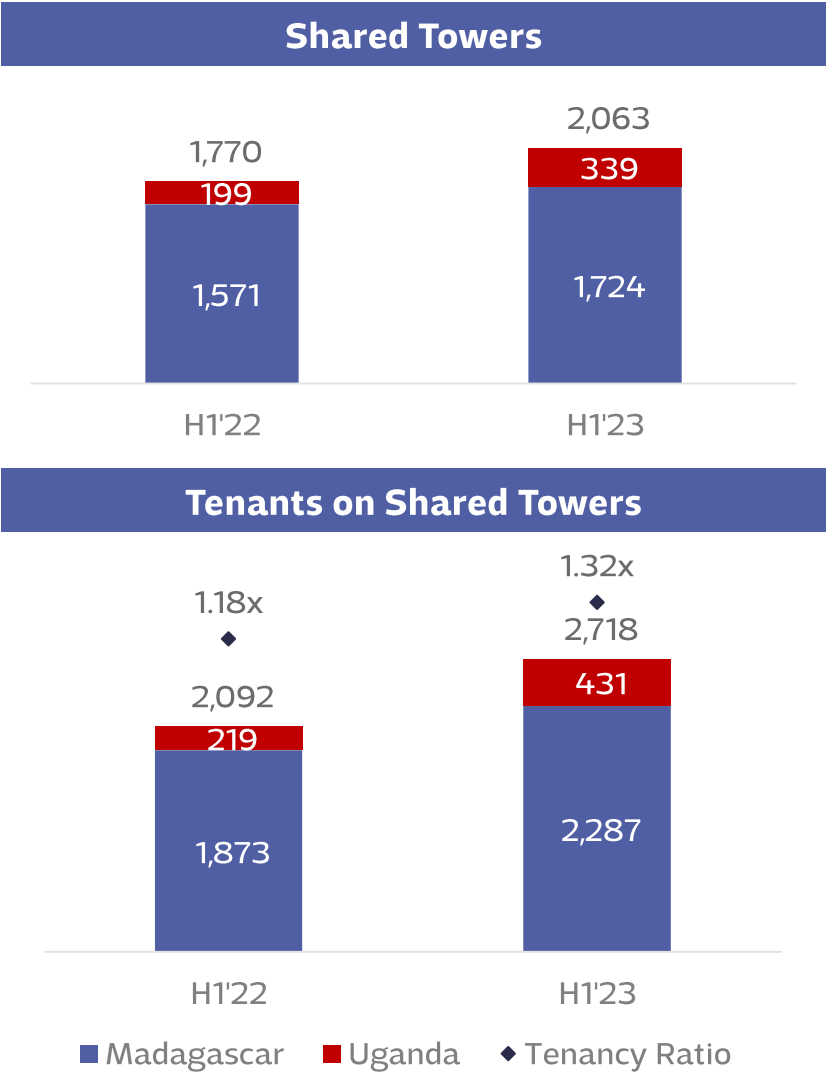
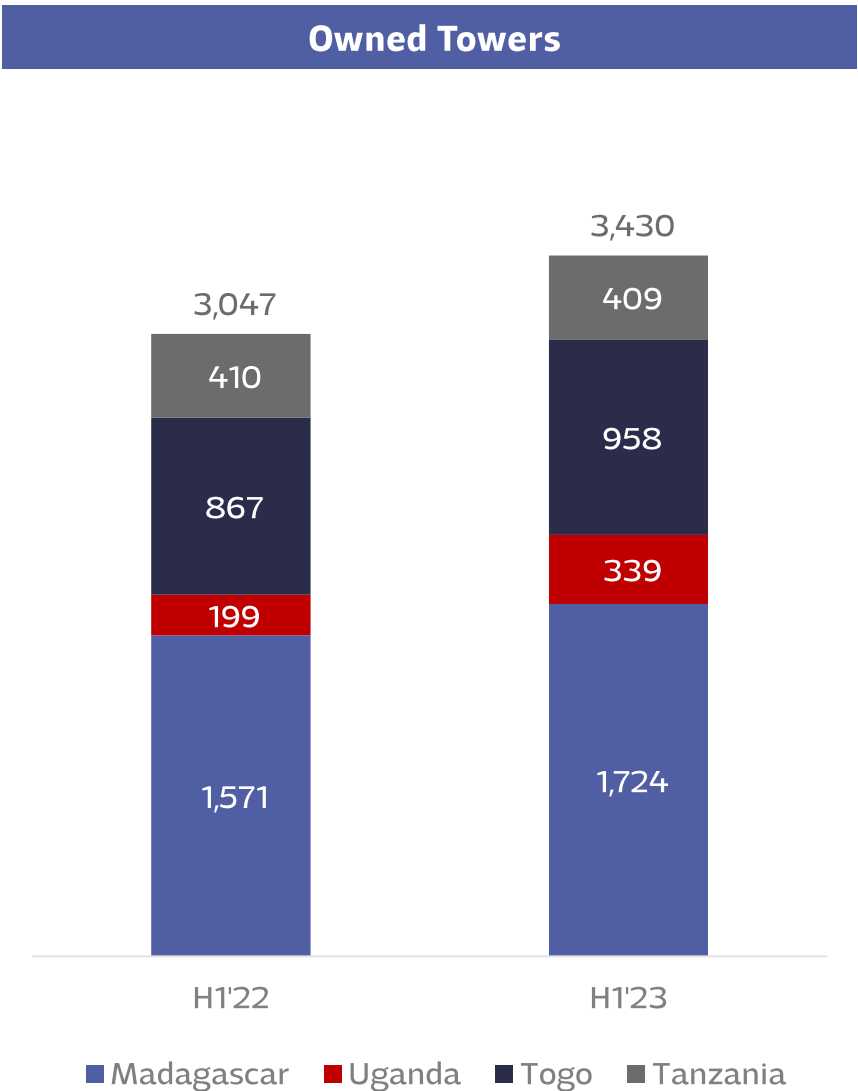
In \$m, unless otherwise stated

	Q2'23	Q2'22	Var.	H1'23	H1'22	Var.
<b>Existing perimeter</b>						
<b>Revenue generating subscribers ('000)</b>	<b>31,675</b>	<b>28,267</b>	<b>12%</b>	<b>31,675</b>	<b>28,267</b>	<b>12%</b>
Active data users ('000)	7,588	6,584	15%	7,588	6,584	15%
Active MFS users ('000)	10,884	9,467	15%	10,884	9,467	15%
<b>Revenue</b>	<b>253</b>	<b>223</b>	<b>13%</b>	<b>494</b>	<b>353</b>	<b>40%</b>
<b>Adjusted EBITDA</b>	<b>114</b>	<b>91</b>	<b>26%</b>	<b>222</b>	<b>160</b>	<b>39%</b>
Adjusted EBITDA Margin	45%	41%	5 pp	45%	45%	(0) pp
<b>Capital Expenditure</b>	<b>54</b>	<b>67</b>	<b>(19%)</b>	<b>141</b>	<b>103</b>	<b>37%</b>
As a % of revenue	21%	30%	(9) pp	29%	29%	(1) pp
Adjusted Net Debt	917			917		
<b>Adjusted Net Debt to Adjusted EBITDA ratio (x)</b>	<b>2.1x</b>			<b>2.1x</b>		
<b>Pro Forma<sup>(1)</sup></b>						
<b>Revenue generating subscribers ('000)</b>	<b>31,675</b>	<b>28,267</b>	<b>12%</b>	<b>31,675</b>	<b>28,267</b>	<b>12%</b>
Active data users ('000)	7,588	6,584	15%	7,588	6,584	15%
Active MFS users ('000)	10,884	9,467	15%	10,884	9,467	15%
<b>Revenue</b>	<b>253</b>	<b>223</b>	<b>13%</b>	<b>494</b>	<b>442</b>	<b>12%</b>
<b>Adjusted EBITDA</b>	<b>114</b>	<b>91</b>	<b>26%</b>	<b>222</b>	<b>196</b>	<b>14%</b>
Adjusted EBITDA Margin	45%	41%	5 pp	45%	44%	1 pp
<b>Capital Expenditure</b>	<b>54</b>	<b>67</b>	<b>(19%)</b>	<b>141</b>	<b>111</b>	<b>27%</b>
As a % of revenue	21%	30%	(9) pp	29%	25%	3 pp
<b>Existing Perimeter Excluding Tanzania</b>						
<b>Revenue generating subscribers ('000)</b>	<b>15,763</b>	<b>13,344</b>	<b>18%</b>	<b>15,763</b>	<b>13,344</b>	<b>18%</b>
Active data users ('000)	3,869	3,326	16%	3,869	3,326	16%
Active MFS users ('000)	4,032	3,280	23%	4,032	3,280	23%
<b>Revenue</b>	<b>147</b>	<b>133</b>	<b>10%</b>	<b>287</b>	<b>264</b>	<b>9%</b>
<b>Adjusted EBITDA</b>	<b>71</b>	<b>57</b>	<b>25%</b>	<b>139</b>	<b>127</b>	<b>10%</b>
Adjusted EBITDA Margin	49%	43%	6 pp	49%	48%	1 pp
<b>Capital Expenditure</b>	<b>38</b>	<b>57</b>	<b>(33%)</b>	<b>64</b>	<b>93</b>	<b>(31%)</b>
As a % of revenue	26%	42%	(17) pp	22%	35%	(13) pp

- Double digit growth in pro forma subscriber base with strong growth from Madagascar
- +12% YoY growth in pro forma combined Revenues for H1'23
  - +9% growth in our existing perimeter excluding Tanzania
  - +16% growth in Tanzania driven by Mobile services and Mobile Money
- +14% YoY growth in pro forma combined Adjusted EBITDA in H1'23
- YoY Pro forma combined YTD Revenue and Adjusted EBITDA growth impacted by negative FX impacts of \$19m and \$11m respectively
  - Without FX impact, YoY growth of Revenue and Adjusted EBITDA would be 16% and 19% respectively
- Capital Expenditure increase YoY for H1'23; continued investment in Tanzania, partly offset by timing of supplier payments
- Adjusted Net Debt to Adjusted EBITDA Ratio is stable at 2.1x compared to Q1'2; Decrease in net cash compensated by higher EBITDA performance

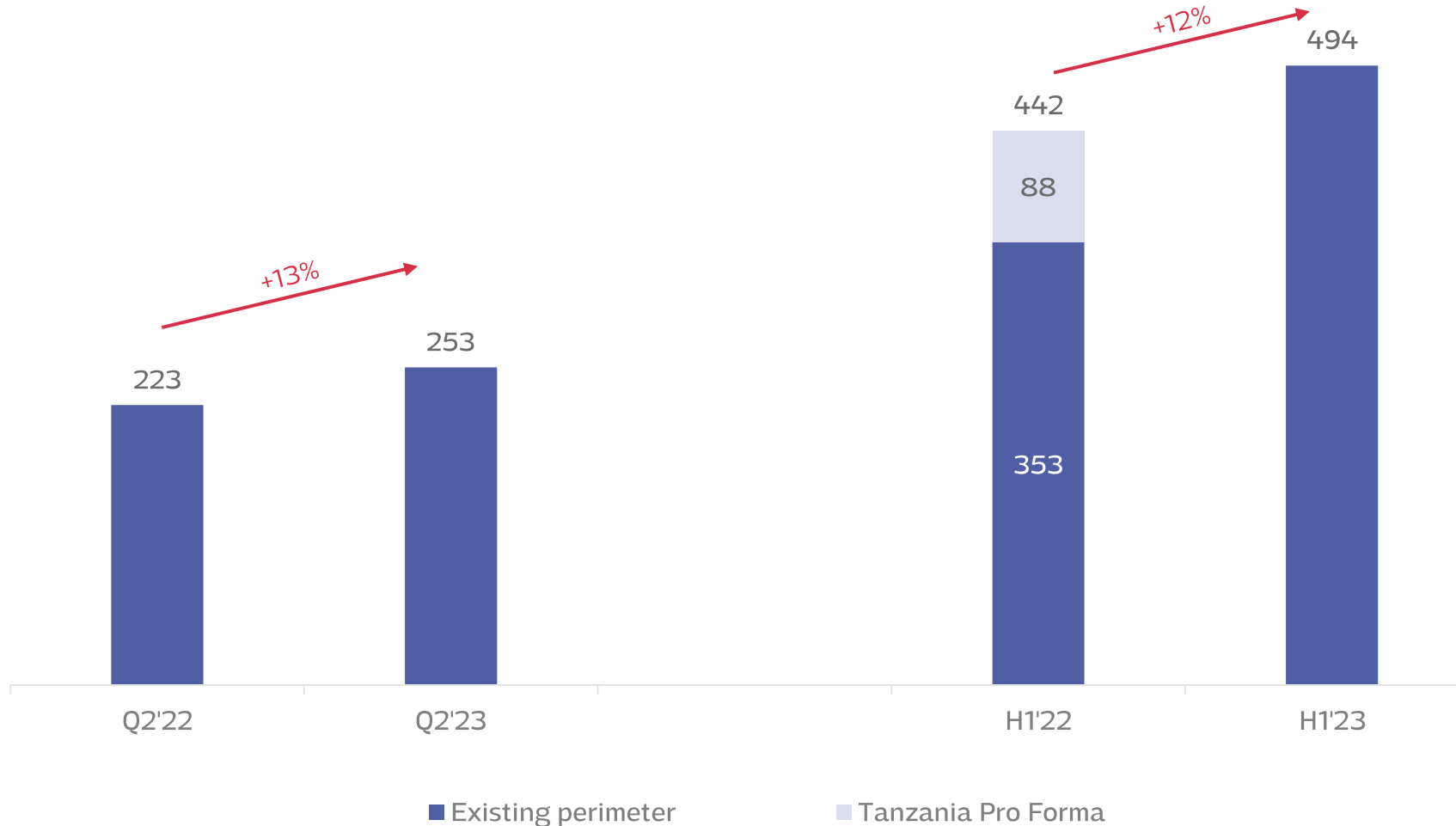


- Revenue generating subscribers +12% YoY, mainly driven by
  - +2.2m subscribers in Madagascar, a 23% increase YoY
  - +0.2m subscribers in Togo, a 6% increase YoY
  - +1.0m subscribers in Tanzania, an 7% increase YoY
- Active data users +15% YoY, strong growth in Tanzania with +0.5m, and Madagascar +0.4m
- Active MFS users +15% YoY with strong growth across all operations
  - +19% and +30% YoY for Madagascar and Togo respectively
  - + 11% YoY growth in Tanzania



- Number of Owned Towers increased by 383 YoY in H1'23, while Shared Towers increased by 293 YoY; increase in Owned Towers comprised of:
  - +153 YoY in Madagascar
  - +140 YoY in Uganda
  - +91 YoY in Togo
  - 1 YoY in Tanzania
- Tenants on Shared Towers increased by 626 YoY in H1'23, while Tenancy Ratio grew from 1.18x to 1.32x:
  - +414 YoY in Madagascar
  - +212 YoY in Uganda

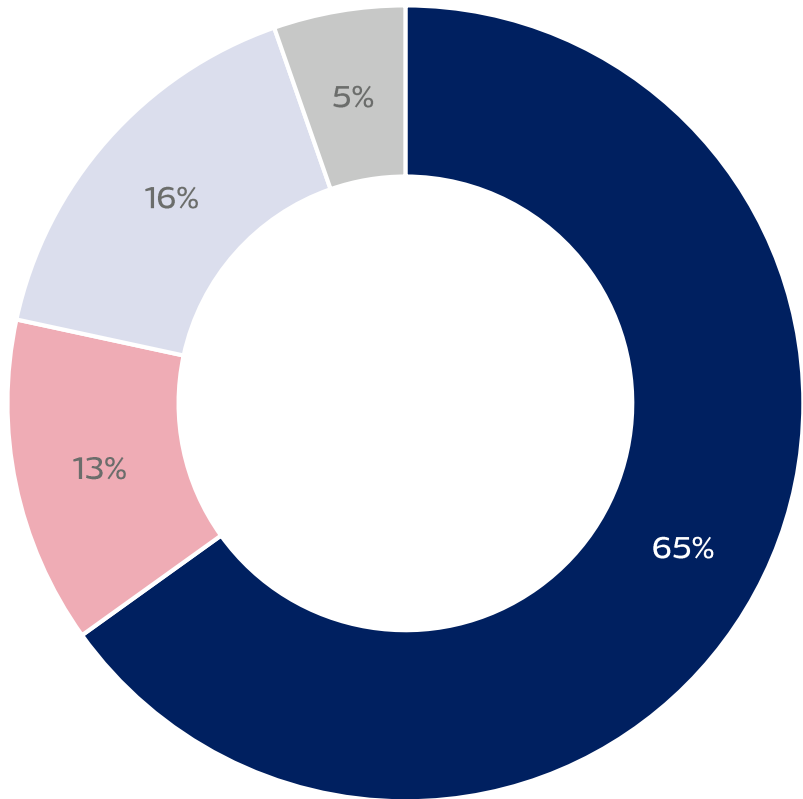
## QTD and YTD Revenues (\$m)



- +40% YoY revenue growth in H1'23 in our existing perimeter and 12% YoY growth including Tanzania
  - Strong growth in infrastructure revenue with +11m YoY
  - Mobile and Fixed Services grew \$88m YoY, of which \$81m attributable to inclusion of Tanzania
  - Digital and Mobile Financial services grew \$42m YoY, of which \$37m attributable to inclusion Tanzania
- Pro Forma Tanzania revenue +16% YoY with growth in Mobile Services, Mobile Money Services.
- FX deterioration impacted revenue by -1%, without this impact, growth would have been 18% YoY

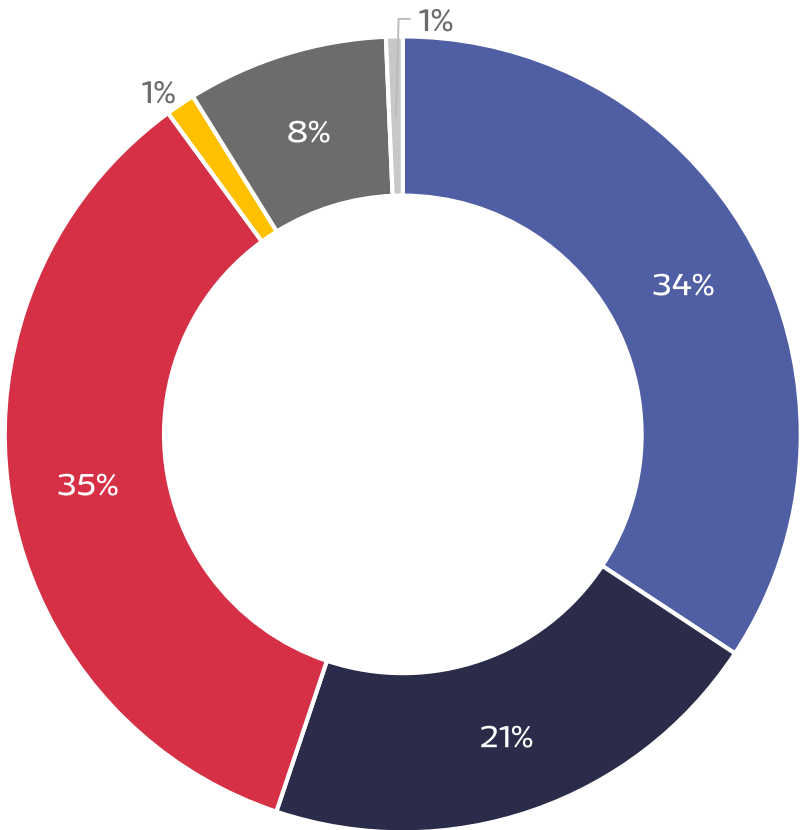


H1'23 Revenue by segment (%)



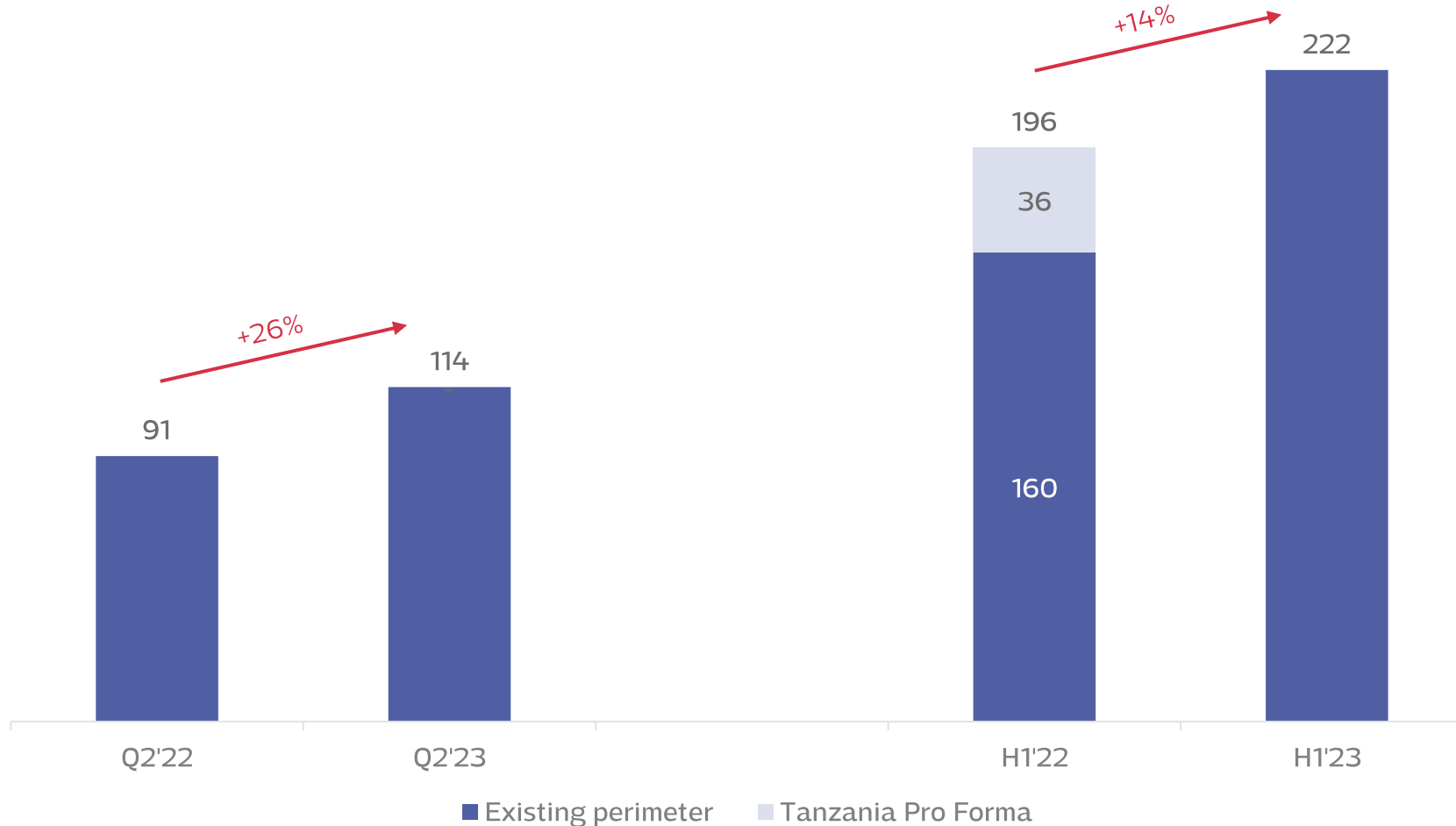
■ Mobile & Fixed ■ Infrastructure ■ Digital ■ Others

H1'23 Revenue by country (%)

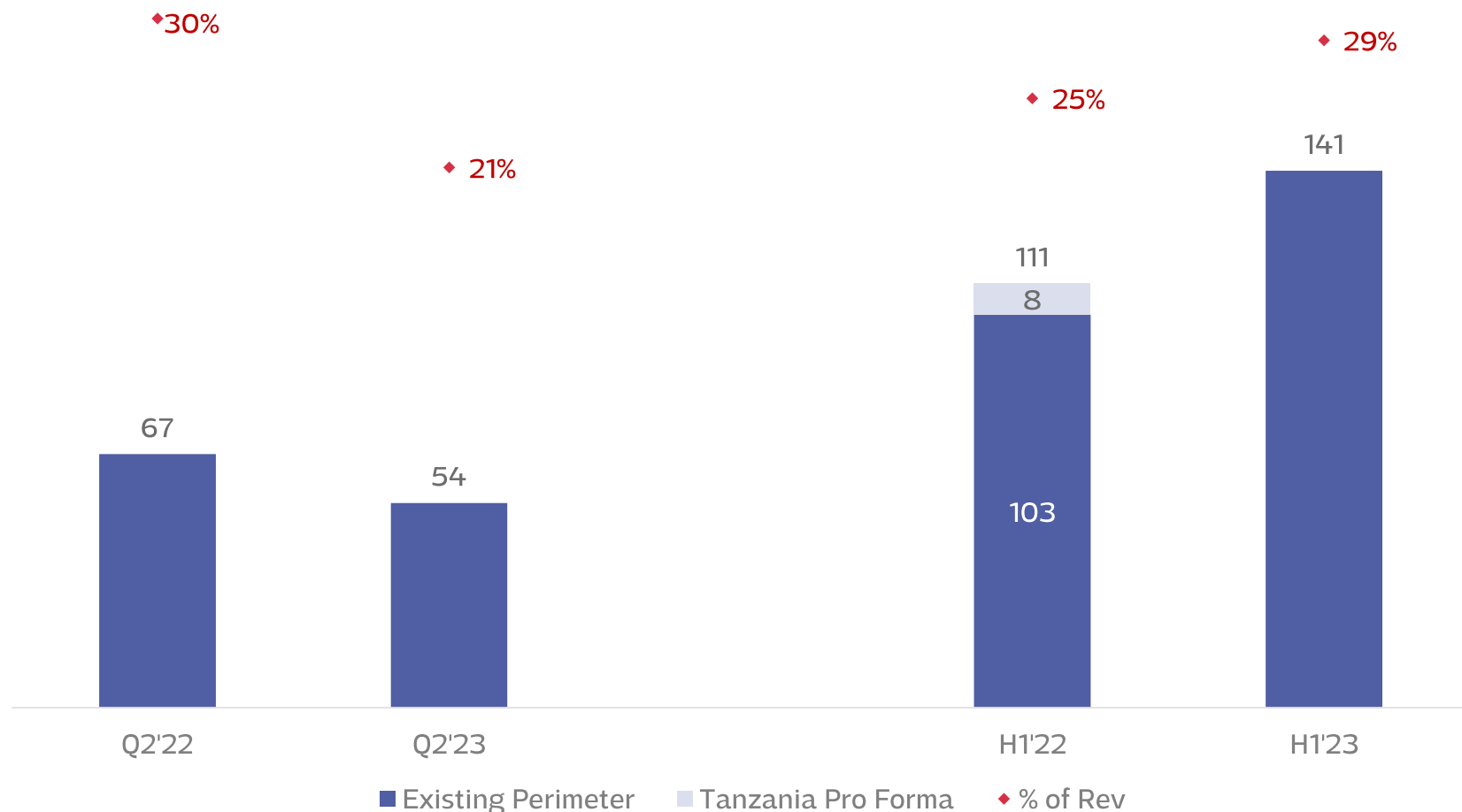


■ Madagascar ■ Togo ■ Tanzania ■ Uganda ■ Mauritius ■ Others

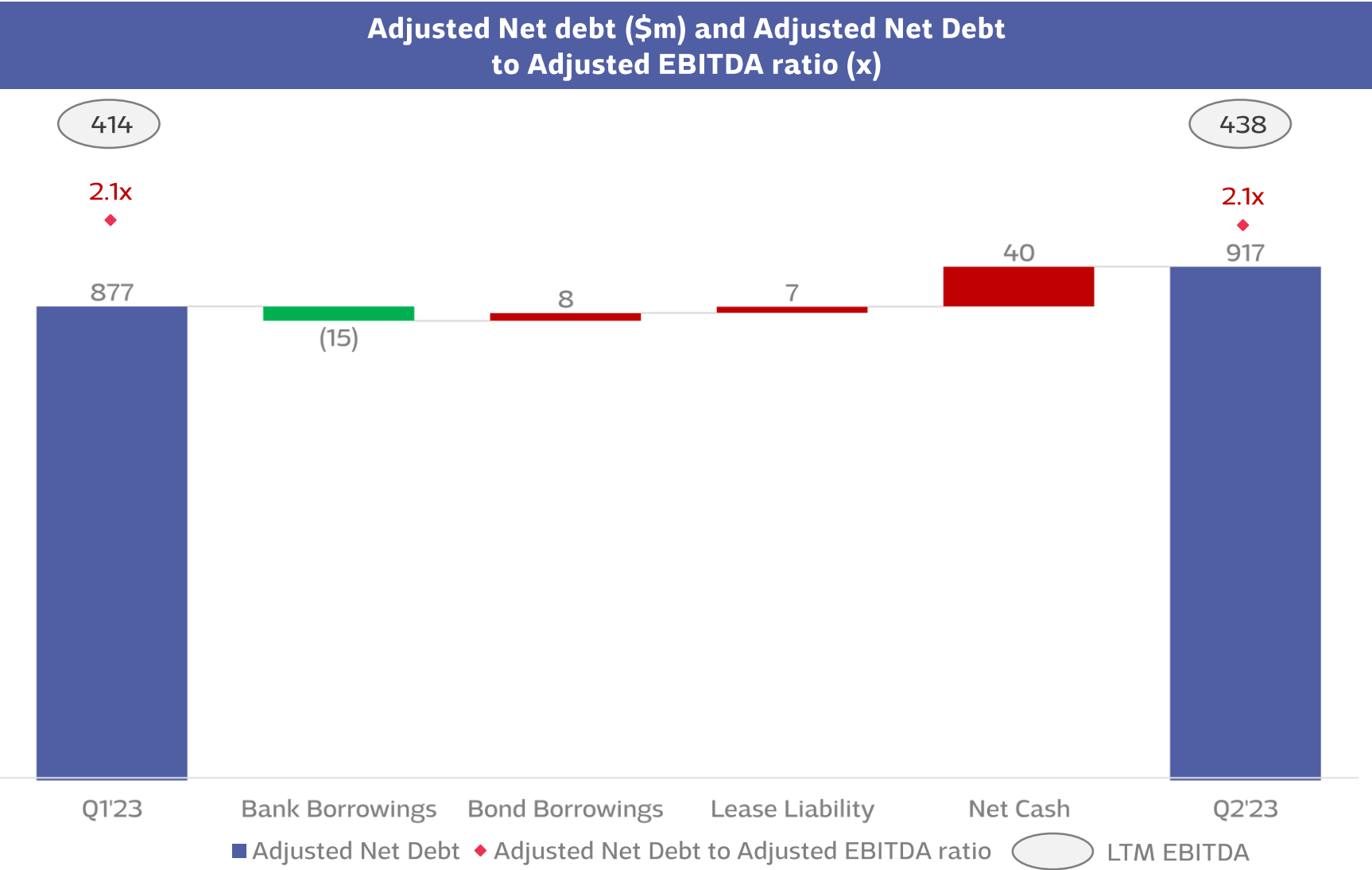
### QTD and YTD Adjusted EBITDA (\$m)



- +39% YoY Adjusted EBITDA growth in H1'23 in our existing perimeter
  - YoY Growth in Digital Services in Madagascar by \$5m and Mobile Services by \$3m
  - YoY Growth is also impacted by expenses in H1'22 related to MIC Acquisition and related party loan write-off
  - H1'23 includes +\$50m in Adjusted EBITDA from MIC Tanzania
- Pro Forma Tanzania Adjusted EBITDA +20% YoY driven by revenue growth and efficiencies on operating expenses
- Adjusted EBITDA including Tanzania grew 14% YoY
  - Adverse FX movements impacted organic growth by 5%, mainly related to Madagascar

QTD and YTD Capital Expenditure (\$m)<sup>(1)</sup>

- H1'23 Capital Expenditure ("Capex") for the existing perimeter at \$141m; Pro forma Capex increased to 29% of revenue vs. 25% last year
  - Our Mobile & Fixed segment contributed 88% to the current period's Capex driven by network development in Tanzania, which contributed \$77m to the Mobile & Fixed perimeter capex
  - Our Infrastructure segment contributed 11% to the current period's Capex. Lower contribution is mainly driven by timing of the supplier payments in Madagascar



- Adjusted Net Debt to Adjusted EBITDA ratio of 2.1x as at H1'23
  - Decrease in Net Cash following \$31m dividends distribution during Q2'23
  - Offset by growth in Adjusted EBITDA performance

# Appendix

# ADJUSTED EBITDA RECONCILIATION

*In \$m, unless otherwise stated*

	Q2'23	Q2'22	H1'23	H1'22	H1'23	H1'22
	Existing perimeter				Proforma <sup>(1)</sup>	
<b>Profit/(loss) for the period</b>	<b>(6)</b>	<b>10</b>	<b>16</b>	<b>33</b>	<b>16</b>	<b>69</b>
Income tax expense/(credit)	18	13	30	22	30	(19)
Finance income	(14)	(7)	(27)	(15)	(27)	(15)
Finance costs	62	35	99	56	99	75
Depreciation of property, plant and equipment	33	36	64	59	64	69
Amortization of right of use assets	15	7	28	12	28	20
Amortization of intangible assets	8	3	15	5	15	8
<b>EBITDA</b>	<b>116</b>	<b>97</b>	<b>226</b>	<b>172</b>	<b>226</b>	<b>207</b>
Share of net (profit)/loss in joint ventures	(5)	(6)	(7)	(11)	(7)	(11)
(Reversal of impairment)/impairment of property, plant	4	(0)	4	(0)	4	(0)
(Gain)/loss on disposal of property, plant and	0	-	-	-	-	(0)
Other non-operating expense/(income)	-	-	-	-	-	(0)
<b>Adjusted EBITDA</b>	<b>114</b>	<b>91</b>	<b>222</b>	<b>160</b>	<b>222</b>	<b>196</b>

# CALCULATION OF ADJUSTED NET DEBT TO ADJUSTED EBITDA RATIO

## Q2'23 - Adjusted Net Debt Calculations (USD)

*In \$m, unless otherwise stated*

	Q2'23	Q1'23
Borrow ings (non-current)	253	261
Borrow ings Bonds (non-current)	414	413
Borrow ings (current)	66	69
Borrow ings Bonds (current)	12	4
<b>Total Borrowings</b>	<b>744</b>	<b>748</b>
Loans payable to related parties (non-current)	156	153
Loans payable to related parties (current)	-	-
IFRS adjustment to the Issuance canceled	(6)	(7)
<b>Less: Adjusted Debt Amount</b>	<b>149</b>	<b>147</b>
<b>Adjusted Borrowings</b>	<b>594</b>	<b>601</b>
IFRS 16 non-current	402	420
IFRS 16 current	69	45
<b>Lease Liability</b>	<b>471</b>	<b>464</b>
<b>Total Adjusted Debt</b>	<b>1,065</b>	<b>1,066</b>
Cash and cash equivalents	194	225
Bank overdraft	(46)	(36)
<b>Excluding: Net Cash</b>	<b>148</b>	<b>189</b>
<b>Adjusted Net Debt</b>	<b>917</b>	<b>877</b>
Last Tw elve Month EBITDA	438	414
<b>Leverage Ratio</b>	<b>2.1x</b>	<b>2.1x</b>

In this presentation, we present certain financial measures of the Group that are not defined in, and thus, not calculated in accordance with International Financial Reporting Standard ("IFRS"), United States Generally Accepted Accounting Practice ("U.S. GAAP") or generally accepted accounting principles in any other relevant jurisdiction. These include EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin (each as defined below). Because these measures are not standardized, they may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. We do not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

**Adjusted EBITDA:** EBITDA adjusted for: (i) share of net profit of joint ventures; (ii) loss on disposal of subsidiary; and (iii) gain on disposal of property, plant and equipment;

**Adjusted EBITDA Margin:** ratio of Adjusted EBITDA to our revenue, expressed as a percentage;

**Adjusted Net Debt:** Adjusted Total Debt less cash and cash equivalents (excluding deposits held at banks and bank overdraft) as at the date of the consolidated statement of financial position;

**Adjusted Net Debt to Adjusted EBITDA ratio:** Adjusted Net Debt divided by Adjusted EBITDA for a stated period, expressed as a multiple;

**Adjusted Total Debt:** current and non-current borrowings plus capitalized debt issuance costs (excluding the Subordinated Shareholder Loans and loans payable to entities under common control) and lease liability as at the date of the consolidated statement of financial position;

**Active data users:** the total number of customers using more than 5 MB of mobile data over a 30-day period;

**Active MFS users:** total number of mobile financial users that made, received or participated in a Mobile Money Active Event within 30 days. A Mobile Money Active Event is a transaction initiated by a mobile money user, whether or not it is revenue-generating;

**Capital Expenditure:** purchases of property, plant and equipment and purchases of intangible assets as stated in the Financial Statements;

**EBITDA:** profit or loss for the year/period, excluding the impact of: (i) income tax expense; (ii) finance income; (iii) finance costs; (iv) depreciation of property, plant and equipment; (v) amortization of intangible assets; and (vi) amortization of right-of-use assets;

**Owned Towers:** Refers to ground-based towers, rooftop towers, and cell-on-wheels. Our Towers support wireless telecommunication equipment, and we measure the number of Owned Towers by considering the number of towers which are owned by all consolidated subsidiaries of the Group;

**Revenue generating subscribers:** revenue generating subscribers over fixed periods, usually a 90-day period at the Group level (a block of which we refer to as an "RGS90"), and one-, seven-, 30- and 60-day periods at the operational level;

**Shared Towers:** Refers to a subset of Owned Towers, specifically those towers which are owned by companies in our Group which provide passive telecommunications infrastructure services. We measure the number of Shared Towers by considering only those Towers with at least one Tenant at the date of measurement;

**Tenancy Ratio:** Represents the average number of Tenants per Shared Tower across our portfolio. Tenancy Rate is calculated by dividing the number of Tenants on Shared Towers by the number of Shared Towers at the date of measurement;

**Tenants:** Refers to the number of distinct customer points of presence across our Shared Tower portfolio;

**YoY:** Year-over-Year



# AXIAN TELECOM

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