

# AXIAN TELECOM

Q4 2022 unaudited results

April 25th, 2023



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**HASSANEIN HIRIDJEE**

**Chairman and Founder**



**PHILIPPE PRODHOMME**

**Chief Financial Officer**



**NICOLAS SYLVESTRE-BONCHEVAL**

**Head of Corporate Finance & IR**

## MACROECONOMIC ENVIRONMENT

### Madagascar:

- 2022 projected real GDP of 4.2%<sup>(1)</sup>
- 2022 projected inflation of 9.8%<sup>(1)</sup> (vs. 5.8% in Dec'21)
- \$/MGA at 4,461<sup>(2)</sup> in Dec'22, -11.1% YoY

### Tanzania:

- 2022 GDP growth expected is 4.5%<sup>(1)</sup>
- 2022 inflation expected is 4.0%<sup>(1)</sup> (vs. 3.7% 2021)
- \$/TZS at 2,331<sup>(2)</sup> in Dec'22, -1.2% YoY
- 2022 Foreign Reserve stood at \$5.18bn<sup>(3)</sup>

### Togo:

- 2022 projected real GDP of 5.4%<sup>(1)</sup>
- 2022 projected inflation of 5.6%<sup>(1)</sup> (vs. 4.3% in Dec'21)
- \$/XOF at 614<sup>(2)</sup> in Dec'22, -6.0% YoY

## TELECOM INDUSTRY

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

- Total subscribers as of Dec'22 were 16.5m which is +19.8% increase YoY
- Mobile and data penetration of 55.8% and 31.7% respectively as of Dec '22, which is +8.1pp and +2.7pp YoY

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

- Total subscribers as of Dec'22 were at 60.2m, which is +11.4% increase YoY
- Mobile and data penetration of 97.5% and 50.5% respectively as of Dec'22, which is +6.6pp and +0.5pp YoY

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

- Total subscribers as of Dec'22 were at 6.7m which is +9.4% increase YoY
- Mobile and data penetration of 82.4% and 77.4% respectively as of Dec'22, which is +5.3pp and +6.6pp YoY

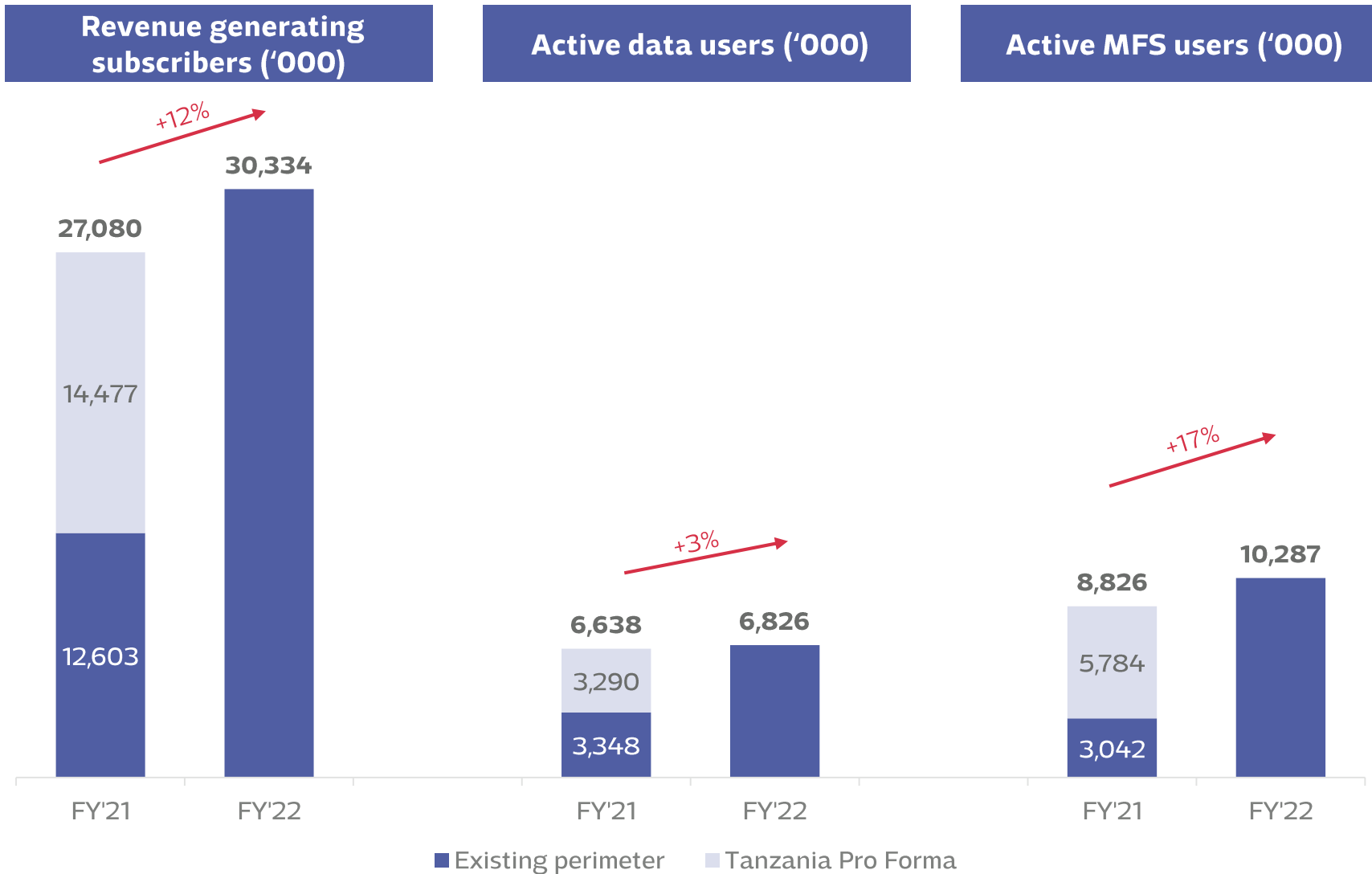
## AXIAN TELECOM HIGHLIGHTS

- Despite currency deterioration in majority of our markets we continue to deliver strong revenue growth in our existing perimeter excluding Tanzania with 9% YoY in FY'22
- Our adjusted EBITDA for the existing perimeter excluding Tanzania grew by 5% YoY in FY'22, despite the pressure on operating costs due to increasing energy prices

*In \$m, unless otherwise stated*

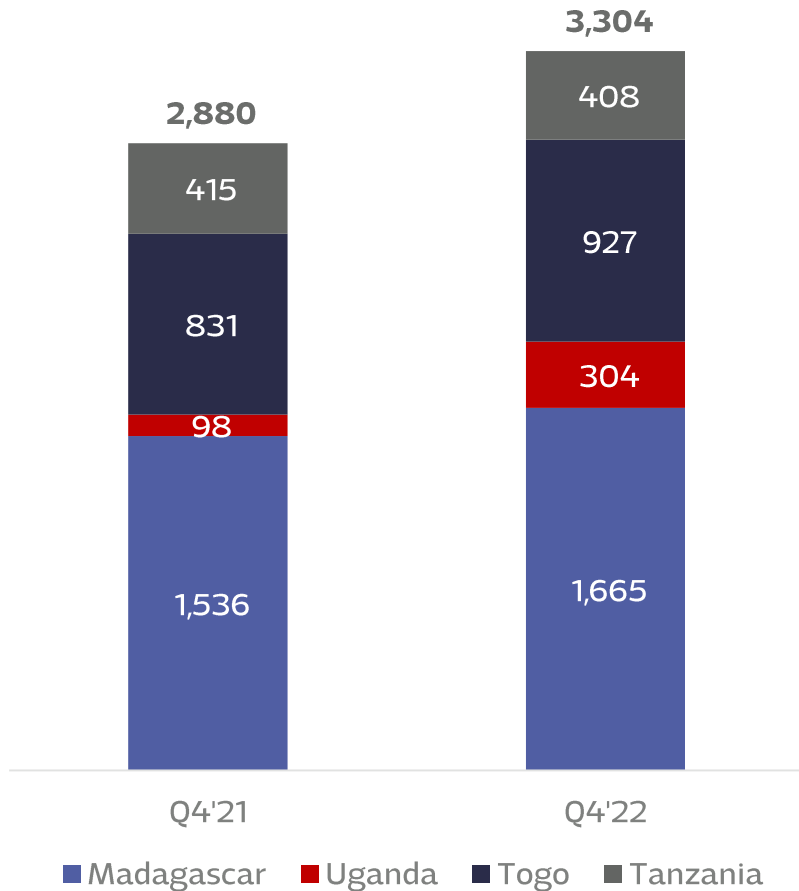
	Q4'22	Q4'21	Var.	FY'22	FY'21	Var.
<b>Existing perimeter</b>						
<b>Revenue generating subscribers ('000)</b>	<b>30,334</b>	12,603	<b>141%</b>	<b>30,334</b>	<b>12,603</b>	<b>141%</b>
Active data users ('000)	6,826	3,348	104%	6,826	3,348	104%
Active MFS users ('000)	10,287	3,042	238%	10,287	3,042	238%
<b>Revenue</b>	<b>241</b>	<b>132</b>	<b>82%</b>	<b>828</b>	<b>496</b>	<b>67%</b>
<b>Adjusted EBITDA</b>	<b>108</b>	<b>62</b>	<b>74%</b>	<b>376</b>	<b>253</b>	<b>49%</b>
<i>Adjusted EBITDA Margin</i>	45%	47%	(2) pp	45%	51%	(6) pp
<b>Capital Expenditure</b>	<b>46</b>	<b>37</b>	<b>24%</b>	<b>269</b>	<b>148</b>	<b>82%</b>
<i>As a % of revenue</i>	19%	28%	(9) pp	32%	30%	3 pp
Adjusted Net Debt	<b>810</b>			<b>810</b>		
<b>Adjusted Net Debt to Adjusted EBITDA ratio (x)</b>	<b>2.0x</b>			<b>2.0x</b>		
<b>Pro Forma<sup>(1)</sup></b>						
<b>Revenue generating subscribers ('000)</b>	<b>30,334</b>	<b>27,080</b>	<b>12%</b>	<b>30,334</b>	<b>27,080</b>	<b>12%</b>
Active data users ('000)	6,826	6,638	3%	6,826	6,638	3%
Active MFS users ('000)	10,287	8,826	17%	10,287	8,826	17%
<b>Revenue</b>	<b>241</b>	<b>224</b>	<b>8%</b>	<b>916</b>	<b>853</b>	<b>7%</b>
<b>Adjusted EBITDA</b>	<b>108</b>	<b>90</b>	<b>21%</b>	<b>411</b>	<b>376</b>	<b>9%</b>
<i>Adjusted EBITDA Margin</i>	45%	40%	5 pp	45%	44%	1 pp
<b>Capital Expenditure</b>	<b>46</b>	<b>53</b>	<b>(12%)</b>	<b>277</b>	<b>188</b>	<b>47%</b>
<i>As a % of revenue</i>	19%	24%	(4) pp	30%	22%	8 pp
<b>Existing Perimeter Excluding Tanzania</b>						
<b>Revenue generating subscribers ('000)</b>	<b>14,770</b>	<b>12,603</b>	<b>17%</b>	<b>14,770</b>	<b>12,603</b>	<b>17%</b>
Active data users ('000)	3,635	3,348	9%	3,635	3,348	9%
Active MFS users ('000)	3,877	3,042	27%	3,877	3,042	27%
<b>Revenue</b>	<b>141</b>	<b>132</b>	<b>7%</b>	<b>541</b>	<b>496</b>	<b>9%</b>
<b>Adjusted EBITDA</b>	<b>68</b>	<b>62</b>	<b>8%</b>	<b>265</b>	<b>253</b>	<b>5%</b>
<i>Adjusted EBITDA Margin</i>	48%	47%	1 pp	49%	51%	(2) pp
<b>Capital Expenditure</b>	<b>22</b>	<b>37</b>	<b>(42%)</b>	<b>216</b>	<b>148</b>	<b>46%</b>
<i>As a % of revenue</i>	15%	28%	(13) pp	40%	30%	10 pp

- Double Digit growth in Pro forma subscriber base with strong growth in Madagascar
- +7% YoY growth in Pro forma combined Revenues for FY'22
  - +9% growth in our existing perimeter excluding Tanzania
  - +5% growth in Tanzania driven by Mobile services partly offset by impact of MFS levy
- +9% YoY growth in Pro forma combined Adjusted EBITDA in FY'22
- Pro forma combined Revenue and Adjusted EBITDA growth impacted by YTD negative FX impacts of \$52m and \$23m respectively
  - Without FX impact, YoY growth is 13% and 15% respectively
- Capital expenditure increase due to passive infrastructure rollout, network strengthening, 2Africa investment, and timing of supplier payments
- Adjusted Net Debt to Adjusted EBITDA Ratio at 2.0x mainly due to increased lease liabilities vs. Q3'22

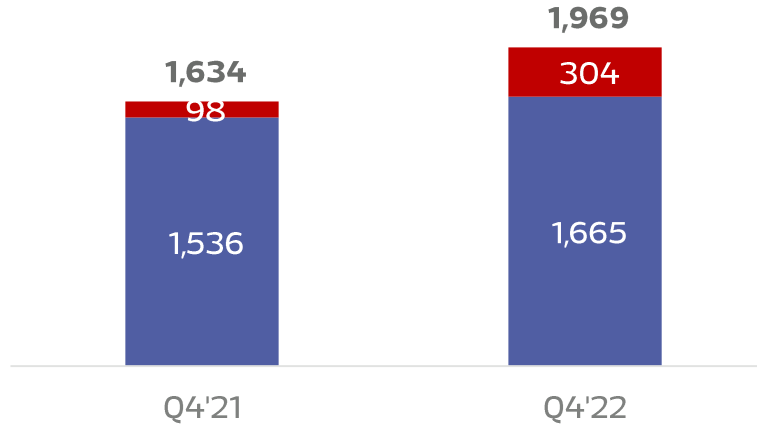


- Revenue generating subscribers +12% YoY, mainly driven by
  - +1.9m subscribers in Madagascar, a 21% increase YoY
  - +0.2m subscribers in Togo, a 7% increase YoY
  - +1.1m subscribers in Tanzania, an 8% increase YoY
- Active data users +3% YoY, mainly from +0.3m growth in Madagascar and Togo
- Active MFS users +17% YoY with strong growth across all operations
  - +21% and +40% YoY for Madagascar and Togo respectively
  - + 11% YoY growth in Tanzania

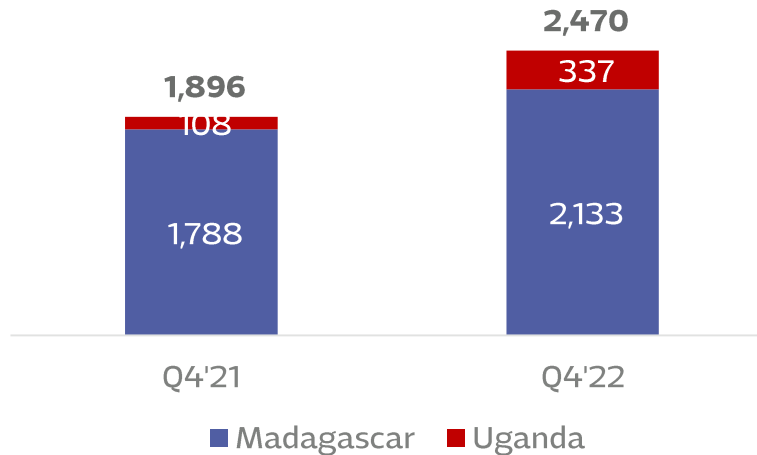
## Owned Towers



## Shared Towers

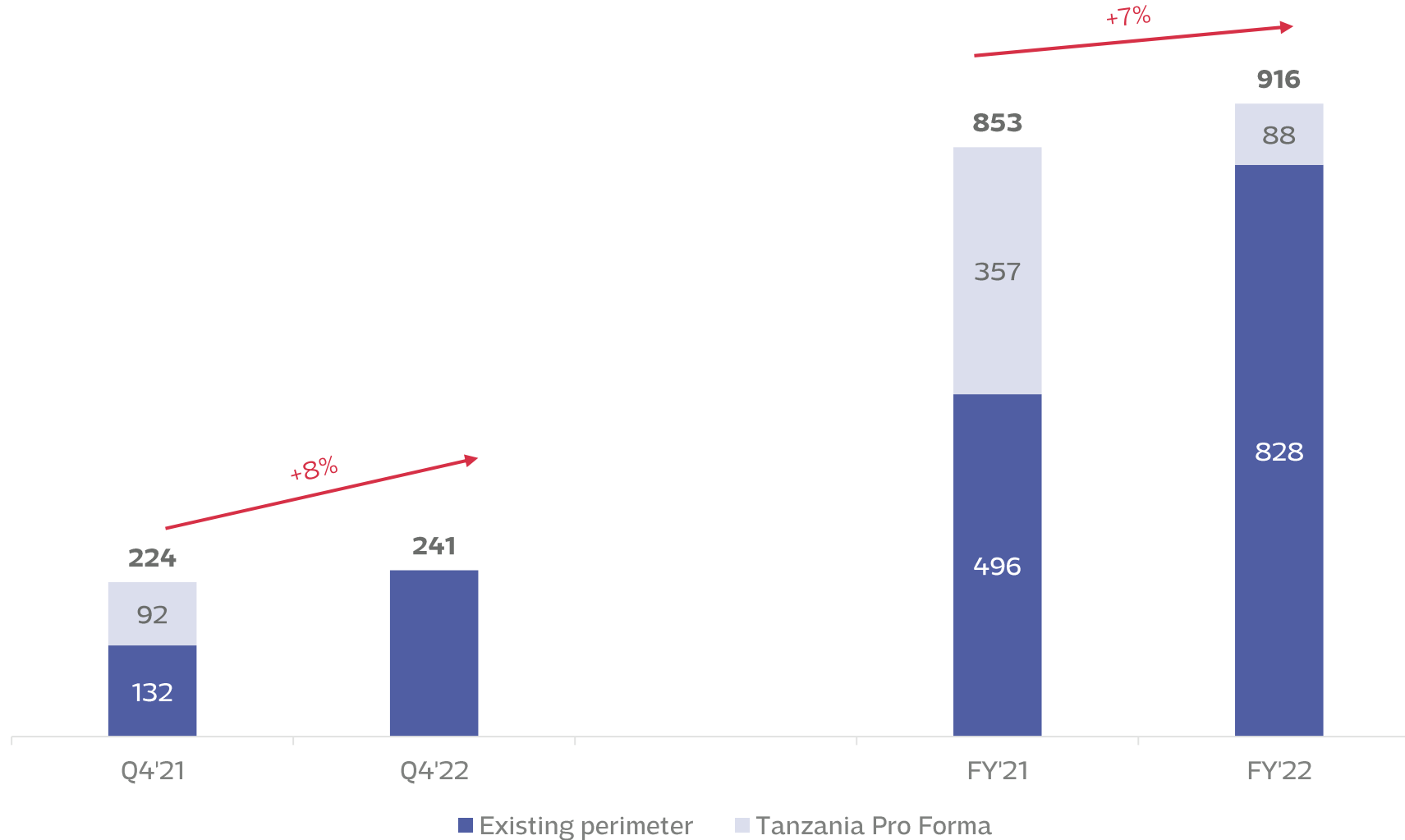


## Tenants on Shared Towers



- Number of Owned Towers increased by 424 in FY'22, while Shared Towers increased by 335 YoY of which:
  - +129 YoY in Madagascar
  - +206 YoY in Uganda
  - +96 YoY in Togo
  - 7 YoY in Tanzania
- Tenants on Shared Towers increased by 574 in FY'22, while Tenancy Ratio grew from 1.16x to 1.25x YoY
  - +345 YoY in Madagascar
  - +229 YoY in Uganda

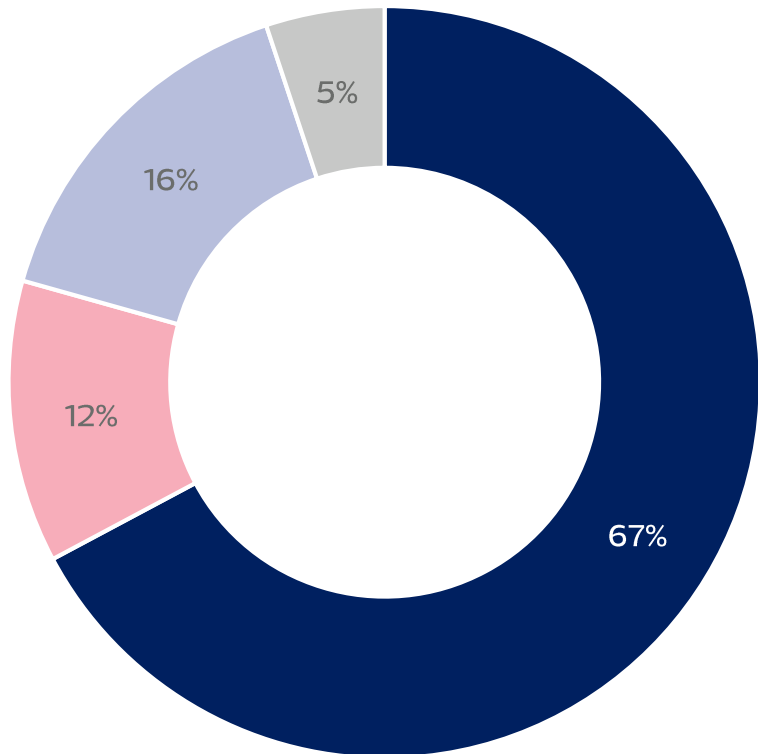
## QTD and YTD Revenues (\$m)



- +67% YoY revenue growth in FY'22 in our existing perimeter
  - FY'22 includes \$57m in revenue from Axian Financial Services Ltd which also drives increase in revenue from Digital and mobile financial services segment (FY'21: \$16m)
  - FY'22 includes \$286m of revenue from MIC Tanzania, for the post acquisition period
- Pro forma Tanzania revenue +5% YoY driven by growth in mobile segment, partly offset by FX negative impact (-\$4m) and the implementation of mobile money levy increasing MFS transaction costs for Active MFS users

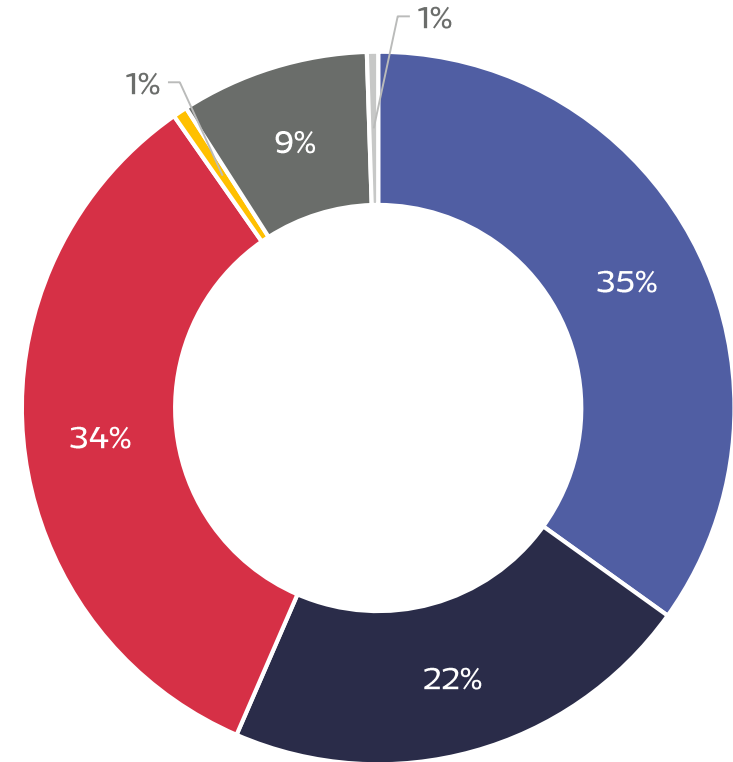


**FY'22 Revenue<sup>(1)</sup> by segment (%)**



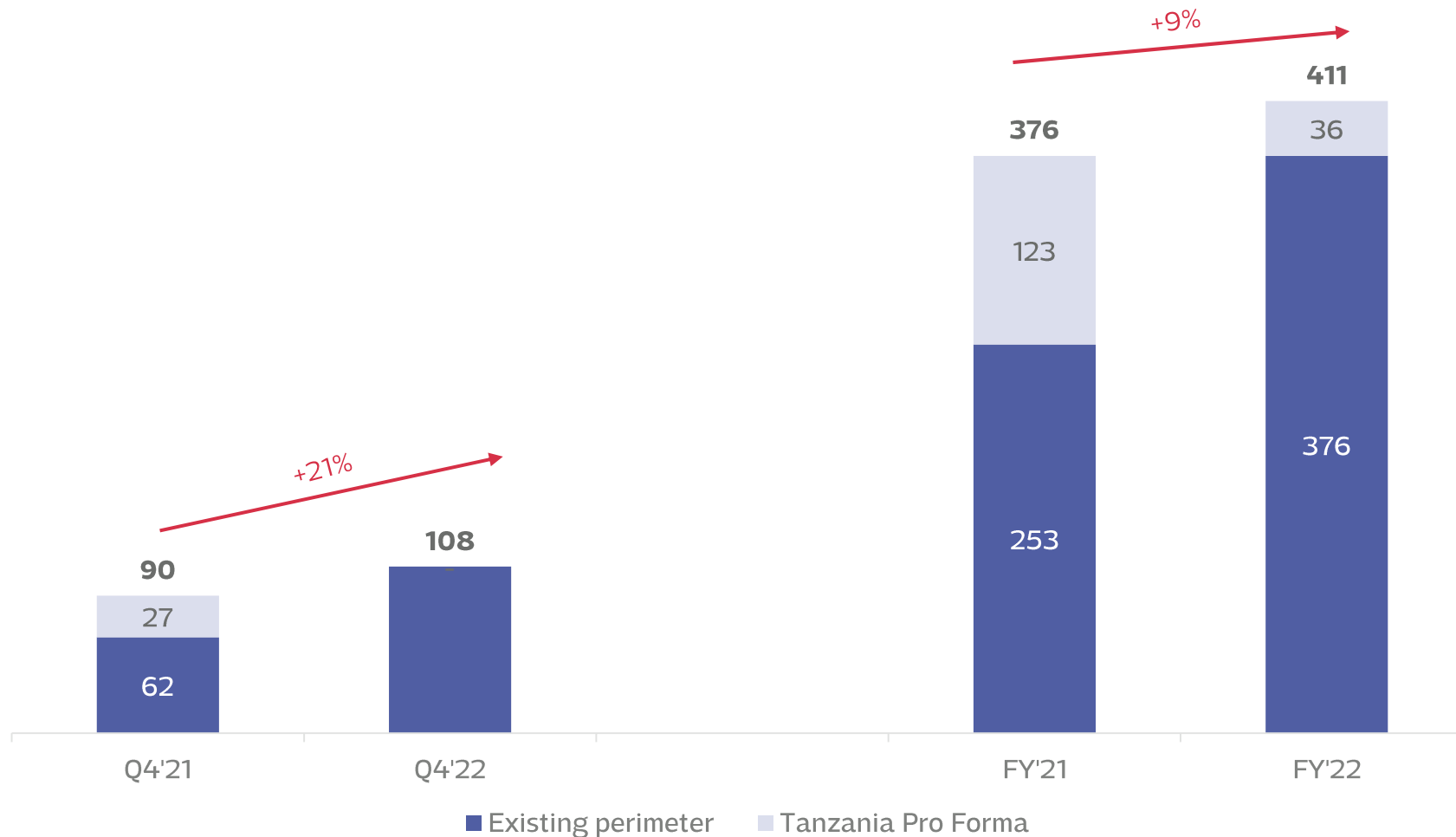
■ Mobile & Fixed ■ Infrastructure ■ Digital ■ Others

**FY'22 Revenue<sup>(1)</sup> by country (%)**



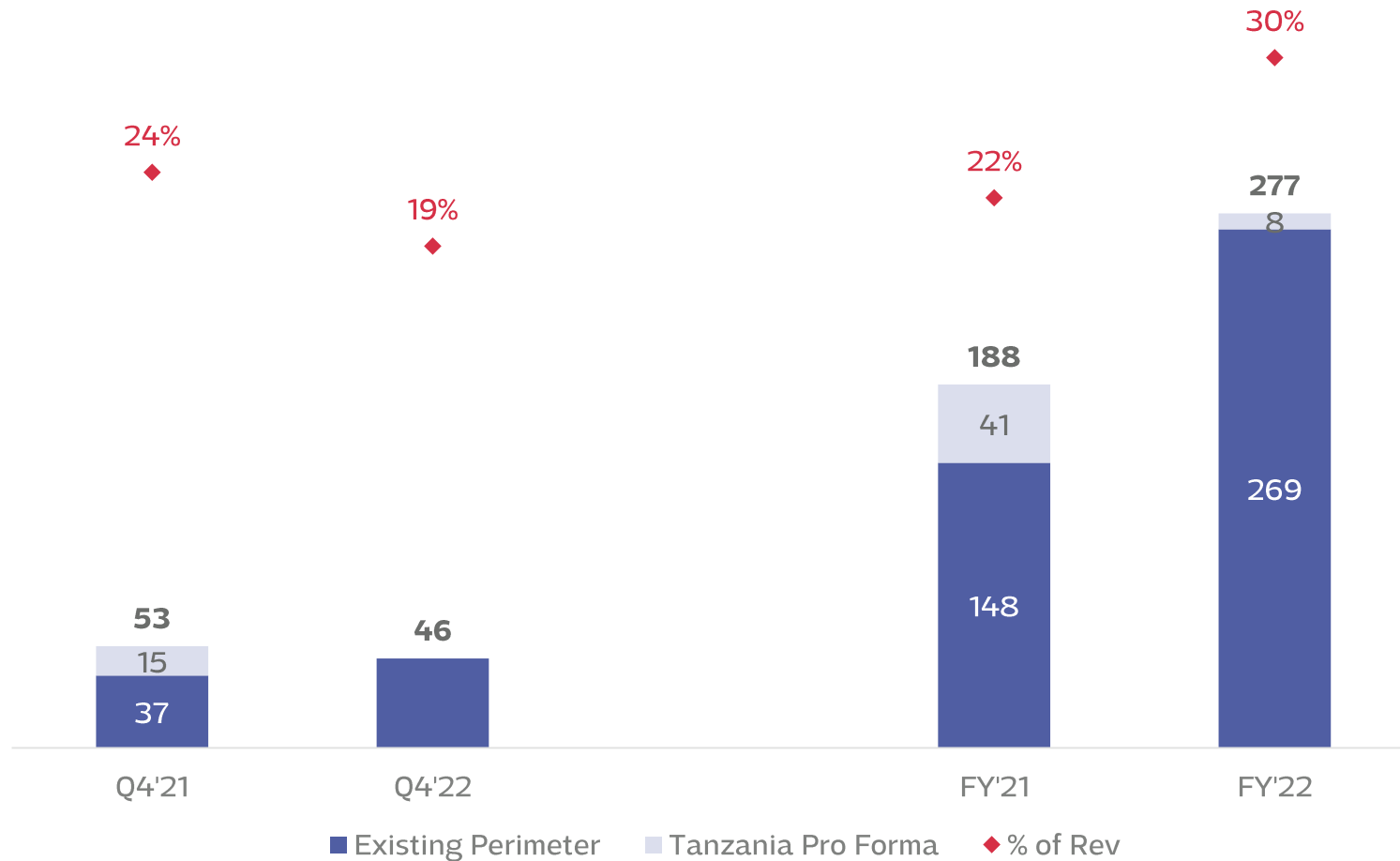
■ Madagascar ■ Togo ■ Tanzania ■ Uganda ■ Mauritius ■ Others

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



- +49% YoY Adjusted EBITDA growth in FY'22 in our existing perimeter
  - FY'22 includes +\$20m in Adjusted EBITDA from Axian Financial Services Ltd (FY'21: \$6m)
  - FY'22 includes +\$111m in Adjusted EBITDA from MIC Tanzania, for the post acquisition period
- Pro forma Tanzania Adjusted EBITDA +19% YoY driven by revenue growth and cost optimisation

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



- FY'22 Capital Expenditure ("Capex") for the existing perimeter at \$269m. Pro forma Capex increased to 30% of revenue vs. 22% last year
  - Our Infrastructure segment contributed 33% to the current period's Capex driven by tower deployments in Madagascar and Uganda, and investments in the 2Africa cable
  - Our Mobile & Fixed segment contributed 66% to the current period's Capex driven by network development in Madagascar & Togo. MIC Tanzania contributed +\$52m to the Mobile & Fixed perimeter capex

## Adjusted Net debt (\$m) and Adjusted Net Debt to Adjusted EBITDA ratio (x)



- Adjusted Net Debt to Adjusted EBITDA ratio of 2.0x as at Dec'22
- Increase is mainly driven by increase in lease liabilities in Tanzania since Q3'22
- Excluding the impact of the increase in lease liabilities of \$178m, Adjusted Net Debt to Adjusted EBITDA ratio is 1.5x as at Dec'22

# Appendix

# ADJUSTED EBITDA RECONCILIATION

In \$m, unless otherwise stated

	Q4'22	Q4'21	FY'22	FY'21	Q4'22	Q4'21	FY'22	FY'21
	<b>Existing perimeter</b>				<b>Proforma<sup>(1)</sup></b>			
<b>Profit/(loss) for the period</b>	<b>38</b>	<b>(46)</b>	<b>84</b>	<b>87</b>	<b>38</b>	<b>(133)</b>	<b>120</b>	<b>37</b>
Income tax (credit)/expense	(4)	(0)	30	27	(4)	79	(11)	75
Finance income	(18)	(12)	(48)	(25)	(18)	(12)	(48)	(26)
Finance costs	42	23	145	58	42	38	165	116
Depreciation of property, plant and equipment	24	28	117	96	24	38	127	139
Amortization of right of use assets	16	4	38	8	16	11	46	38
Amortization of intangible assets	14	2	23	8	14	4	26	15
<b>EBITDA</b>	<b>111</b>	<b>(2)</b>	<b>390</b>	<b>259</b>	<b>111</b>	<b>25</b>	<b>426</b>	<b>397</b>
Share of net (profit)/loss in joint ventures	(4)	48	(14)	(22)	(4)	48	(14)	(22)
(Reversal of impairment)/impairment of property, plant	1	0	-	0	1	1	-	0
(Gain)/loss on disposal of property, plant and	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other non-operating expense/(income)	-	16	-	16	-	16	(0)	1
<b>Adjusted EBITDA</b>	<b>108</b>	<b>62</b>	<b>376</b>	<b>253</b>	<b>108</b>	<b>90</b>	<b>411</b>	<b>376</b>

# CALCULATION OF ADJUSTED NET DEBT TO ADJUSTED EBITDA RATIO

FY'22 - Adjusted Net Debt Calculations (USD)		
<i>In \$m, unless otherwise stated</i>	Q4'22	Q3'22
Borrowings (non-current)	263	284
Borrowings Bonds (non-current)	412	412
Borrowings (current)	43	23
Borrowings Bonds (current)	13	5
<b>Total Borrowings</b>	<b>730</b>	<b>723</b>
Loans payable to related parties (non-current)	151	145
Loans payable to related parties (current)	-	-
IFRS adjustment to the Issuance canceled	(7)	(7)
<b>Less: Adjusted Debt Amount</b>	<b>144</b>	<b>137</b>
<b>Adjusted Borrowings</b>	<b>587</b>	<b>586</b>
IFRS 16 non-current	380	193
IFRS 16 current	42	50
<b>Lease Liability</b>	<b>422</b>	<b>243</b>
<b>Total Adjusted Debt</b>	<b>1,009</b>	<b>829</b>
Cash and cash equivalents	227	228
Bank overdraft	(28)	(21)
<b>Excluding: Net Cash</b>	<b>199</b>	<b>206</b>
<b>Adjusted Net Debt</b>	<b>810</b>	<b>623</b>
Proforma Last Twelve Month EBITDA <sup>(1)(2)</sup>	411	392
<b>Leverage Ratio</b>	<b>2.0x</b>	<b>1.6x</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.

**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;

**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;

**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;

**VPY:** versus prior year.



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