

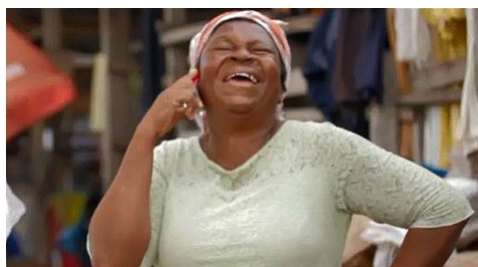
# Case Study: Helios Towers Africa (Ghana, Tanzania, DRC)

## HTA's Story

Prior to the advent of the independent telecom tower model in Africa, wireless phone operators built and operated their own tower structures to house antennas. Each tower required its own power generation, security and maintenance. As a result, operators were duplicating efforts and operating towers were not focusing on their core business of providing affordable, high-quality mobile connectivity to their customers.

In 2006, Helios Investment Partners, an Africa-dedicated private equity firm, disrupted this model by launching Helios Towers Nigeria, the first independent telecom tower company in Africa devoted to building and operating towers. This allowed mobile operators to outsource non-core activities and passive infrastructure, and to focus instead on end-user services.

In 2009, seeking to capitalize on (i) the largely virgin telecom tower market in Africa, (ii) Helios's experience in telecom tower investments in Africa combined with its partners' involvement in the global wireless infrastructure space, and (iii) a dearth of capital given the global financial crisis, active global investors Soros, ACM and RIT joined Helios to form Helios Towers Africa (HTA), a platform company dedicated to pursuing the tower opportunity on a Pan-African basis. IFC joined the consortium in early 2011.



A knowledgeable management team was recruited to run the company, including Chuck Green, former co-founding group member and senior executive of Crown Castle International, one of the world's largest operators of telecom infrastructure, as well as other senior executives with significant African telecommunications experience.

Under the HTA umbrella, country-specific companies have been set up in Ghana, Tanzania and the Democratic Republic of the Congo, as these countries offer a combination of attractive market dynamics (e.g., a large consumer base, multiple mobile operators and significant anticipated demand for towers), and a willingness of telecom operators to have HTA acquire their existing tower assets in sale-and-leaseback transactions. Building on shareholder relationships, a strong capital base, experience in tower infrastructure and transactions, and its management team, HTA was able to execute the first series of sale-and-leaseback contracts for towers in Africa. The company counts among its customers the leading mobile operators in the region, including Bharti Airtel, Millicom, MTN, Orange and Vodacom.

## The Role Played by Private Equity

Helios Investment Partners played a catalytic role in the formation of HTA. Through its prior tower investments in Africa, Helios had direct relationships with a number of telecom operators in the region, which helped it to identify initial management team members and facilitate business development initiatives. Helios's Africa know-how, combined with investor activism, global political and business networks, industry expertise and capital provided HTA with significant credibility and the ability to acquire tower portfolios in Africa.

Furthermore, HTA's management team and shareholders focused on evangelizing the industry in Africa into adopting the concept of infrastructure sharing. While common practice in other markets, the model of independent telecom tower companies was still in its infancy on the continent.

Developing the tower business required not only the operators to be on board, but also regulatory buy-in. The Tanzania Communications Regulatory Authority and the National Communications Authority of Ghana have focused on the problem of tower proliferation—as operators look to expand coverage, they have built additional towers in already crowded locations. Regulators have ▶

### The Company



### Essentials

**Company:** Helios Towers Africa (HTA; [www.helios Towers Africa.com](http://www.helios Towers Africa.com))

**Countries:** Ghana, Tanzania, Democratic Republic of the Congo

**Sector:** Infrastructure

**Business focus:** Telecom infrastructure

**GP:** Helios Investment Partners, an Africa-focused private investment firm with approximately US\$2 billion in assets under management ("Helios," [www.heliosinvestment.com](http://www.heliosinvestment.com))

**Shareholders:** Quantum Strategic Partners LP ("Soros," 40%), Helios Investors II, L.P. (advised by Helios Investment Partners, 26.5%), Albright Capital Management (ACM, 13.3%), RIT Capital Partners and Lord Rothschild's family interests (together, "RIT," 13.3%) and International Finance Corporation (IFC, 6.6%)

**Date of investment:** February 2010

**Investment:** US\$375 million

### Impact Highlights

Since its founding, HTA has grown rapidly—more than doubling revenues each year since 2010—to become a leading independent telecom infrastructure company in Africa, with one of the largest telecom tower portfolios on the continent

By working with mobile operators and regulators, HTA has been able to change the business model of operators; instead of running their own towers, operators now outsource management and ownership to tower companies

These business model enhancements reduce operational costs, allow mobile operators to focus on their core business, and free up capital for investments in coverage expansion and end-user service improvement

HTA has been recognized for its energy management system, which has cut carbon dioxide emissions across its towers by more than one ton each month and is increasingly enabling connectivity, including in remote, under-served areas

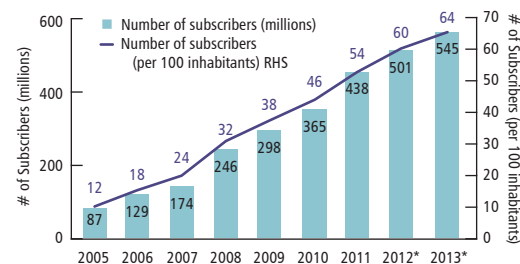
# The Company View

**“As CEO, sometimes you need to know you’re working in an environment that has certain structures where it’s safe for you to make the right decisions for the business. The corporate governance gives you that safety net. For me, that was one of the biggest attractions. When I look at the profiles of the shareholders, I feel I can manage this business in the most professional way possible and I can deliver results to promise.”**

**Norman Moyo,**  
CEO, Helios Towers  
Tanzania



## Mobile Subscriptions Growth in Africa



\* Estimates.

Source: International Telecommunication Union.

**“The telecom sector is one of the key sectors for us in Africa. What we’re particularly attracted to in the telecom towers sector is the recurring nature of the revenues, the stability of the earnings stream and the ability to scale the business not only geographically but also to expand into adjacent product areas.”**

**Tope Lawani, Co-Founder, Helios Investment Partners**

► also been keen to see price reductions from increased competition, as well as improved health and safety standards in building and operating towers. HTA demonstrated the cost- and space-saving benefits of collocation experienced in Nigeria to regulators in other countries, which led to regulatory support for the practice.

By specializing in building and operating towers, HTA has been able to drive down costs measurably, a benefit passed to their clients, who can then reduce prices for end-users. For example, operators can save more

than US\$150,000 in capital expenditures on each tower and up to 25% in total operating expenses. HTA has also driven quality and efficiency gains: HTA towers guarantee over 99% uptime (downtime is caused primarily by power outages), and time-to-market for operators looking to expand in a new region is cut from 80 days to seven. The cost benefits of collocation continue to deliver new business opportunities for HTA. In July 2013, for example, Vodacom agreed to sell its 1,149 towers in Tanzania to HTA, and now leases space on HTA towers.

## Beyond the Bottom Line

**Unreliable electricity supply across Africa forces tower operators to generate their own electricity, usually through diesel-fuelled generators. These generators are noisy, expensive (due to diesel costs and because they require constant monitoring) and emit 2.6 kilograms of carbon dioxide for every liter of diesel used. Moreover, diesel can be difficult to transport, easy to steal and harmful to the environment. Faced with these challenges, HTA looked for solutions to improve the reliability of the energy supply, drive down costs and generate electricity in a more environmentally friendly way.**

In 2012, HTA invested nearly US\$40 million in an energy storage and remote monitoring system that significantly reduces diesel consumption while also providing enough energy to power a tower station for up to 12 hours a day. The new system can be powered by different energy sources, including alternative



ones such as solar and wind, in addition to diesel. As a result of these changes, carbon dioxide emissions were down by more than a ton per month by December 2012.

This new system has been particularly impactful in remote rural areas, where tower operators struggle to transport diesel and generate electricity. As a result of HTA's innovation, hitherto unconnected regions are gaining access to mobile networks and the related benefits of connectivity. HTA has been recognized for its energy management system, receiving the Best Network Improvement award at AfricaCom 2012.