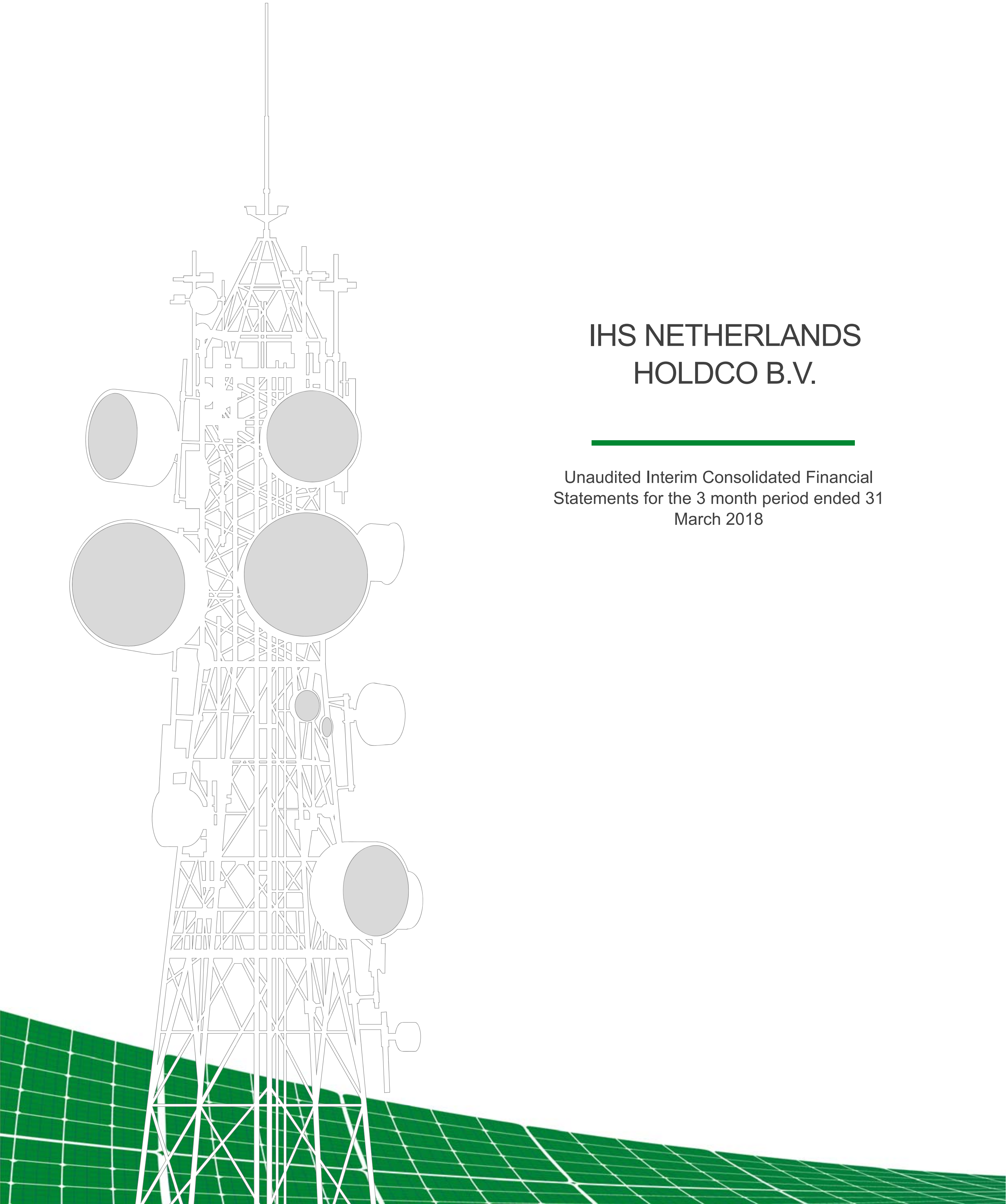

IHS NETHERLANDS HOLDCO B.V.

Unaudited Interim Consolidated Financial Statements for the 3 month period ended 31 March 2018

Directors

Mr. DARWISH Mohamad
Mr. VAN DIJK Bart
Mr. KLEIN Laurentius Ireneus Winfridus appointed 31 December 2017
Mr. ORDMAN David Andrew

Registered office

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Contents

INFORMATION ON THE COMPANY

Information on the Company and the Group

IHS Netherlands Holdco B.V. (the “Company”) and its subsidiaries form the “Restricted Group” for the purposes of the $800 million 9.5% Senior Notes due 2021, issued on 27 October 2016 (the “Holdco Notes”), listed on the Irish Stock Exchange. Each of the Company’s subsidiaries is a Guarantor of those notes. The Company and its subsidiaries are hereinafter referred to as the “Group”.

The Company was incorporated on 12 May 2016 and shares in the Company were subscribed for by its now immediate parent entity, IHS Netherlands (Interco) Coöperatief U.A., as a result of which the Company became part of the “IHS Group”, a group whose ultimate parent Company is IHS Holding Limited (“IHS Holding”), a private company incorporated under the laws of Mauritius.

On 13 May 2016, the Company subscribed for the entire share capital in two special purpose vehicles, IHS Netherlands NG1 B.V. (“NG1”) and IHS Netherlands NG2 B.V. (“NG2”).

On 15 September 2016, IHS Holding transferred the shares it held (representing 100% ownership[1]) in IHS Nigeria Limited (“IHSN”) and IHS Towers NG Limited (formerly Helios Towers Nigeria Limited) (“ITNG”) to NG1 and NG2 respectively. The Restricted Group for the purposes of the Holdco Notes was thus fully formed on 15 September 2016.

Disclaimer

The information in this document may contain forward-looking statements. Forward-looking statements include, but are not limited to, all statements other than statements of historical fact included in the information, including, without limitation, those regarding the Group’s future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets in which it operates or intends to operate. Forward-looking statements can be identified, in some instances, by the use of words such as “target”, “believe”, “expect”, “aim”, “intend”, “continue”, “forecast”, “seek”, “may”, “anticipate”, “estimate”, “plan”, “project”, “will”, “can have”, “likely”, “should”, “would”, “could” and other words and terms of similar meaning or the negative thereof, or by the forward-looking nature of discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which it will operate in the future. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or developments or otherwise. For the avoidance of doubt, the Company does not accept any liability in respect of any such forward-looking statements.

Certain data included in the information are “non-IFRS measures”. These non-IFRS measures may not be comparable to similarly titled financial measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with International Financial Reporting Standards. Although the Company believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of its business, users are cautioned not to place undue reliance on any non-IFRS financial measures and ratios included in this presentation.

[1] Less one share in each of IHS Nigeria Limited and IHS Towers NG Limited which are held by a nominee shareholder, for local legal reasons.

OPERATING AND FINANCIAL REVIEW

Overview

All financial information provided in this 'Operating and financial review' represents the consolidated position of the Group. A glossary of terms used is provided at the end of this document. The functional and presentation currency of the Company is the United States dollar ("USD", "US dollar" or "$").

The Group is a leading independent telecommunications tower infrastructure owner and operator in Nigeria. Its primary business is leasing tower space for communications equipment to Mobile Network Operators ("MNOs") and other customers, who in turn provide wireless, voice and data services to their end users. The Group provides its customers with opportunities to lease space on existing towers alongside current tenants, known as colocation, or to commission new towers for construction to the customer's specifications, known as build-to-suit ("BTS"). The Group also provides managed services in limited situations, such as maintenance, operations, marketing and leasing services, for certain towers owned by third parties. Services are provided based on long-term contracts with annual contractual escalations. A significant proportion of contracted tenant lease revenues are linked to US dollars.

The Group predominantly serves three of the four main Nigerian mobile network operators. As of 31 March 2018, the Group owned 5,968 towers, with a colocation rate of 1.55x, based on 9,222 tenants.

Highlights for the quarter and year to date

- Q1 revenue decrease year-on-year of 16.3%.
- Q1 EBITDA decrease year-on-year of 18.5%.
- Added 425 lease amendments and 87 tenants in the quarter.

	3 month period ended 31 March		
	2018	2017	Change
	$'000	$'000	%
Revenue	**85,293**	**101,856**	**(16.3)%**
Operating profit	**27,142**	**42,217**	**(35.7)%**
Loss/(profit) for the period	**(34,994)**	**3,987**	**n.a**
*Alternative measures**			
EBITDA	**52,099**	**63,900**	**(18.5)%**
EBITDA margin	**61.1%**	**62.7%**	**(1.6)pt**

*Alternative performance measures are non-IFRS measures that are presented to provide readers with additional information that is regularly reviewed by management. They should not be viewed in isolation or as an alternative to the equivalent IFRS measure. See reconciliations of EBITDA in note 11 to the closest equivalent IFRS measure and Non-IFRS measures definitions on page 21 for further details.

Trading results

In Q1 2018 the net increase in number of towers was 66, resulting in a total of 5,968 live owned towers at the end of the period; included in this quarterly net increase is the addition of 67 BTS sites. Tenants increased by 87 in the quarter, maintaining a Colocation Rate of 1.55x at 31 March 2018. We also added 425 lease amendments during the quarter.

Revenue

Revenue decreased by 16.3% to $85.3m in the 3 month period ended 31 March 2018 compared to $101.9m in the 3 month period ended 31 March 2017. The year on year revenue decrease is driven primarily by the adoption of the NAFEX rate which resulted in the translation of the Naira ("₦") results for the period at an average rate of ₦360.3/USD1 compared to a rate of ₦305.1/USD1 in Q1 2017; this accounted for 15.2% of the decrease in revenue expressed in USD. Underlying Naira revenue decreased by 1.1%, driven by the non-performing customers for which we no longer recognise revenue.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Trading results (continued)

Costs

Cost of sales decreased by 7.7% to $50.4m in the 3 month period ended 31 March 2018 from $54.6m in the prior year comparative period. The decrease was primarily due to decreased power costs, lower depreciation and amortisation and lower site rental costs. The decreases were partially offset by increases in impairment of property, plant and equipment and prepaid land rent. Power costs for Q1 2018 decreased by 8.8% compared to Q1 2017 as a result of foreign exchange movement (15.2%) which was partially offset by an increase in consumption of 1.5%, due to increased towers, and an increase in the average Naira diesel price of 3.9%.

Depreciation and amortisation and site rental costs are Naira denominated expenses and have decreased in US dollar terms, owing to the adoption of the NAFEX rate for the conversion of profit and loss items from Q1 2018. These decreases are partially offset by an impairment of tower assets and related prepaid rent of $1.2m in the 3 months to 31 March 2018 compared to no impairment in the same period in 2017.

Administrative expenses increased by 37.9% in Q1 2018 to $11.0m from $8.0m in the same period in 2017. The major increase in administrative expenses is the impairment of withholding tax assets of $3.7m in Q1 2018 compared to no impairment for the comparative period in 2017. The larger impairment of withholding tax assets was partly offset by decreases in staff costs of $0.5m year-on-year. While underlying Naira values of staff costs remained relatively flat year-on-year, there is an overall decrease in the reported US dollar consolidated staff costs due to the adoption of the NAFEX rate in Q1 2018.

Operating profit

Operating profit in Q1 2018 was $27.1m compared to an operating profit of $42.2m in Q1 2017 as a result of decreased gross profits, driven mainly by decreased revenues, and increased administrative expenses as described above. The decrease in operating profits is partly offset by a $0.3m increase in other income.

EBITDA

EBITDA for the 3 months ended 31 March 2018 decreased by 18.5% year-on-year, from $63.9m in Q1 2017 to $52.1m in Q1 2018, with the EBITDA margin decreasing by 1.6pts from 62.7% to 61.1%. Exceptional items included in operating profit are excluded in calculating EBITDA (please see reconciliation of EBITDA in note 11).

Net financing costs

Net financing costs increased to $61.0m in the 3 month period ended 31 March 2018 compared to $37.4m the same period in 2017. The increase is primarily due to a fair valuation loss in Q1 2018 of $24.6m resulting from the revaluation of the embedded derivative in the Holdco Notes, whereas Q1 2017 had an upward revaluation of $0.8m. The valuation loss was partially offset by a decrease of $5.8m in net foreign exchange losses from financing activities and was increased by a $3.1m decrease in foreign exchange gains on non-deliverable forwards (NDFs) and an increase of $1.0m in net interest expense. The increase of $2m in interest expense results primarily from the increased borrowings resulting from the drawdown of ₦6.4bn by IHSN against the local syndicated facility in February 2017 and a 78 basis point increase in the interest rate on the same loan as compared to Q1 2017.

Taxation

The tax expense for Q1 2018 was $1.1m compared to $0.8m in Q1 2017 and is comprised of corporation tax and education tax in both periods. IHSN and ITNG have assessed losses which offset the majority of taxable income generated in the period. The income tax charge for the 3 months ended 31 March 2018 includes small income tax charges for IHS Netherlands Holdco B.V.and ITNG and education tax charges, at 2% of profits, for ITNG and IHSN.

Deferred tax liabilities related to property, plant and equipment and intangible assets have increased in Q1 2018 and have been offset by the recognition of deferred tax assets raised in respect of the unrealised foreign exchange losses and unutilised capital allowances, up to the level of the deferred tax liabilities. Deferred tax liabilities in respect of the fair valuation of the derivatives embedded within the terms of the Holdco Notes have decreased; please refer to note 14.

Cash flows and funding

Net change in cash position for the quarter on a comparative basis

There was a net decrease in cash and cash equivalents in the quarter to 31 March 2018 of $20.3m. This includes an increase in restricted cash during the period of $38.2m. Refer to note 19 for details regarding the movement in restricted cash. As at 31 March 2018 we had $104.8m (31 December 2017: $125.1m) of cash and cash equivalents of which $71.7m (31 December 2017: $70.7m) was held in US dollars.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Cash flows and funding (continued)

Changes in cash from operations, financing and investment

Net cash outflows from operating activities are $0.1m in Q1 2018 compared to net cash inflows of $7.1m in Q1 2017. The primary driver of this decrease is a year-on-year decrease in gross profits and operating profits of $12.4 million and $15.1 million respectively. The cash outflows from movements in working capital were $6.1m lower in Q1 2018 compared to Q1 2017 and include the impact of $19.4m of customer receipts received into restricted accounts. Refer to note 19 for details on the movement in restricted cash.

Net cash used in investing activities increased from $9.0m in Q1 2017 to $14.3m in Q1 2018. Payments made for property, plant and equipment (including advance payments) were $6.2m higher in Q1 2018 compared to Q1 2017. In Q1 2018, $16.1m (including $12.4m of advance payments) were made towards BTS towers and power equipment upgrades. The higher capital expenditure was offset by a transfer of $1.3m of restricted cash from other receivables to cash and cash equivalents and an increase in interest received of $0.5m year-on-year. Refer to note 19 for details regarding the movement in restricted cash.

In Q1 2018 we had a net outflow from financing activities of $6.1m (Q1 2017: net inflow of $13.0m). The outflow in Q1 2018 is primarily due to interest paid on the Naira syndicated facilities and the FinCo Notes (see note 15) totalling $6.0m. The main cash inflow from financing activities in Q1 2017 is the receipt of $21.0m in funds drawn down against the syndicated Naira facility in IHSN, offset by interest paid on the Naira syndicated facility and the FinCo Notes totalling $3.8m, the payment of NDF margin deposits of $3.2m and loan facility fees paid of $1.0m. Profits on NDFs and repayments of margins on NDFs of $16.8m and $2.9m respectively were also received during the period but as these were received into restricted accounts, they are not reported as cash flows from financing activities but rather as a net movement in restricted cash. Refer to note 19 for details regarding the movement in restricted cash.

Indebtedness

At 31 March 2018, total outstanding loans and borrowings were $1.6bn (book value) (31 December 2017: $1.6bn), of which $657.0m (31 December 2017: $645.4m) is in the form of subordinated shareholder loans from the Company's ultimate parent entity (with a principal value of $866.3m (31 December 2017: $866.3m)).

For more information on indebtedness, see note 15.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three month period ended 31 March 2018

	Note	3 month period ended	
		31 Mar	31 Mar
		2018	2017
		$'000	$'000
Revenue	3	85,293	101,856
Cost of sales	4	(50,393)	(54,595)
Gross profit		**34,900**	**47,261**
Administrative expenses	5	(10,968)	(7,951)
Other income	6	3,210	2,907
Operating profit		**27,142**	**42,217**
Finance income	7	1,486	3,832
Finance costs	8	(37,929)	(42,049)
Changes in fair value through the profit or loss	9	(24,568)	820
(Loss)/profit before taxation		**(33,869)**	**4,820**
Taxation	10	(1,125)	(833)
(Loss)/profit for the period		**(34,994)**	**3,987**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Changes in fair value of available-for-sale financial assets		1	1
Exchange differences on translation		267	3,020
Other comprehensive income for the period		**268**	**3,021**
Total comprehensive (loss)/profit for the period		**(34,726)**	**7,008**

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 March 2018

	Note	**At 31 Mar 2018 $'000**	At 31 Dec 2017 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	472,423	481,536
Intangible assets	13	292,556	295,208
Investments		13	12
Derivative financial instruments	14	14,460	39,030
Trade and other receivables		66,428	57,393
		845,880	**873,179**
Current assets			
Derivative financial instruments	14	-	16,500
Inventories		4,079	3,641
Trade and other receivables		198,299	131,547
Amounts due from related parties	18	10,999	12,703
Cash and cash equivalents		104,812	125,086
		318,189	**289,477**
Total assets		**1,164,069**	**1,162,656**
LIABILITIES			
Current liabilities			
Derivative financial instruments	14	286	-
Trade and other payables		82,818	76,506
Income tax payable		5,566	4,599
Borrowings	15	53,644	30,216
Amounts due to related parties	18	4,083	6,724
Provisions for liabilities and other charges	16	7,952	7,749
		154,349	**125,794**
Non-current liabilities			
Borrowings	15	871,215	875,208
Amounts due to related parties	18	656,974	645,441
Provisions for liabilities and other charges	16	1,341	1,297
		1,529,530	**1,521,946**
Total liabilities		**1,683,879**	**1,647,740**
Net liabilities		**(519,810)**	**(485,084)**
EQUITY			
Share capital		10	10
Accumulated losses		(276,264)	(241,270)
Other reserves		(243,556)	(243,824)
Total Equity		**(519,810)**	**(485,084)**

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENTS

For the three month period ended 31 March 2018

	Note	3 month period ended 31 Mar 2018 $'000	 31 Mar 2017 $'000
Cash flows from operating activities			
Cash generated from operations	17	5,436	10,759
Payment for long term rent		(5,304)	(3,679)
Income taxes paid		(206)	-
Net cash flows (used in)/generated from operating activities		**(74)**	**7,080**
Cash flows from investing activities			
Purchase of property, plant and equipment		(120)	(437)
Construction of property, plant and equipment		(3,603)	(5,794)
Payment in advance for property, plant and equipment		(12,378)	(3,662)
Purchase of software and licences		(101)	(4)
Proceeds from the sale of property, plant and equipment		11	302
Insurance claims received		24	469
Interest income received		622	105
Restricted cash transferred from other receivables	19	1,292	-
Net cash used in investing activities		**(14,253)**	**(9,021)**
Cash flows from financing activities			
Bank loans and bonds received		-	20,997
Transaction costs on new bank loans and bonds and loan facility fees		(61)	(1,045)
Refund/(payment) of margin deposit for non-deliverable forward contracts		-	(3,199)
Interest paid		(6,044)	(3,728)
Net cash (used in)/generated from financing activities		**(6,105)**	**13,025**
(Decrease)/increase in cash and cash equivalents		**(20,432)**	**11,084**
Cash and cash equivalents at beginning of the period		125,086	140,061
Exchange gains/(losses) on cash and cash equivalents		158	(495)
Cash and cash equivalents at period end		**104,812**	**150,650**

The notes are an integral part of these consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

IHS Netherlands Holdco B.V. is a private Company with limited liability incorporated under the laws of the Netherlands on 12 May 2016.

The Company owns 100% of the shares in IHS Netherlands NG1 B.V. and IHS Netherlands NG2 B.V., who in turn own 100%[2] of the shares in IHS Nigeria Limited and IHS Towers NG Limited respectively. IHS Netherlands Holdco B.V. therefore indirectly owns 100% of IHS Nigeria Limited and IHS Towers NG Limited, the two main operating subsidiaries of the Company.

These unaudited interim consolidated financial statements ("financial statements") as at and for the three months ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the "Group"). They include the interim consolidated statement of comprehensive income, the consolidated statement of financial position, the interim consolidated statement of cash flows, and the accompanying selected notes.

The Company is principally involved in the managing and leasing of telecommunications infrastructure to telecommunications and other service providers.

2. BASIS OF PREPARATION

These unaudited interim consolidated financial statements ("financial statements") do not constitute statutory accounts. These financial statements include the consolidated financial information of IHSN, ITNG, NG1, NG2 and the Company.

The principal accounting policies applied in the preparation of these financial statements are consistent with those of the Group's consolidated financial statements for the period ended 31 December 2017. The disclosures made in these financial statements are not complete disclosures as required by International Financial Reporting Standards "IFRS" (IAS34).

The preparation of the unaudited interim consolidated financial statements requires management to make estimates and assumptions that affect the reported numbers. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.1 FUNCTIONAL AND PRESENTATION CURRENCY

The functional and presentation currency of the Company is US dollar. Unless otherwise indicated, financial information presented in US dollar has been rounded to the nearest thousand.

The functional currency for IHS Nigeria Limited and IHS Towers NG Limited is Nigerian Naira ("₦" or "NGN"). The financial statements were translated to US dollar (the reporting currency) at ₦360.2 (2017: ₦360.0) per US dollar for the consolidated statements of financial position, and monthly average rates ranging from ₦360.25 to ₦360.36 per US Dollar (2017: ₦304.7 to ₦305.8) for the interim consolidated statements of comprehensive income and interim consolidated statements of cash flows.

Until 31 December 2017, the Group used the relevant central bank rate, being the relevant official rate in each jurisdiction for foreign currency translation. In April 2017, the Central Bank of Nigeria introduced a new foreign exchange window, which includes the NAFEX (Nigerian Autonomous Foreign Exchange Rate Fixing). This has resulted in a situation where there are several different official exchange rates in the market, thereby requiring the Company to monitor and evaluate which exchange rate is most appropriate to apply in translating foreign currency transactions in its Nigeria businesses and in translating Naira amounts for group reporting purposes.

Where multiple official exchange rates exist, the Group assesses the appropriate rate to use and takes into account relevant factors. In the case of translating foreign operations or foreign transactions, such factors include access to those rates in the future to meet payments or dividends. In determining whether it is appropriate to move from one official rate to another, the Group considers the available rates in official markets.

The Group considered the requirements of IAS 21 *The Effects of Changes in Foreign Exchange Rates* and also performed an assessment of the availability of the NAFEX rate in that market. The Group's analysis concluded that access to US dollar in Nigeria in the future to meet payments or dividends was expected to be obtained via the more liquid NAFEX market. Management applied their judgement in determining when it was most appropriate to switch from CBN rates to NAFEX rates. This judgement was based around whether the Group had sufficient access to the NAFEX market.

[2] Less one share in each of IHS Nigeria Limited and IHS Towers NG Limited which are held by a nominee shareholder, for local legal reasons

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

2.1 FUNCTIONAL AND PRESENTATION CURRENCY (CONTINUED)

Based on this judgement, management determined that it was appropriate to switch at 31 December 2017. On this basis, the NAFEX has been used for the translation of USD denominated balances in the Nigerian subsidiaries and also for consolidation purposes at 31 December 2017 and subsequently.

2.2 GOING CONCERN BASIS IN THE FINANCIAL STATEMENTS

After making enquiries, the Directors have reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. The results of management review of the Group companies' market, operations and financials in the past 12 months and a forecast for the foreseeable future provides a sound basis for the appropriateness of using the going concern assumption in the preparation of the Group's financial statements for the three month period ended 31 March 2018.

2.3 APPROVAL

These interim consolidated financial statements were authorised and approved for issue on 14 May 2018.

3. REVENUE

The Group's revenue accrues primarily from providing telecommunication support services. The Group provides services in respect of telecommunication towers ranging from infrastructure sharing and leasing (colocation) and managed services. For the sale of colocation and managed services, revenue is recognised in the accounting period in which the services are rendered.

4. COST OF SALES BY NATURE

	3 month period ended	
	31 Mar 2018	31 Mar 2017
	$'000	$'000
Tower repairs and maintenance	5,103	5,334
Power generation	14,716	16,131
Regulatory permits	3,469	3,597
Site rent	2,213	2,586
Security services	2,451	2,905
Staff costs	934	1,563
Depreciation and amortisation	19,803	21,762
Impairment of property, plant and equipment	1,205	-
Impairment of prepaid land rent	19	-
Other expenses	480	717
	50,393	**54,595**

Other expenses include non-site rent, vehicle maintenance and repairs, insurance, travel costs, professional fees and other sundry costs.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. ADMINISTRATIVE EXPENSES

	3 month period ended	
	31 Mar 2018	31 Mar 2017
	$'000	$'000
Staff costs	3,491	4,025
Rent	218	322
Repairs and maintenance	601	883
Travel costs	280	361
Professional fees	538	259
Depreciation and amortisation	129	125
Impairment of withholding tax assets	3,716	-
Loss on disposal of property, plant and equipment	94	63
Other expenses	1,901	1,913
	10,968	**7,951**

Included in 'Other expenses' for the three month periods ended 31 March 2018 and 2017 were allowances for doubtful debts of $1.5m and $1.4m respectively.

6. OTHER INCOME

Other income for the three month periods ended 31 March 2018 comprises charges to INT Towers Limited (“INT”) under the management services agreement between IHSN and INT.

7. FINANCE INCOME

	3 month period ended	
	31 Mar 2018	31 Mar 2017
	$'000	$'000
Interest income - bank deposits	1,030	105
Foreign exchange gain from non-deliverable forward exchange contracts	116	3,269
Foreign exchange gain arising from financing	340	458
	1,486	**3,832**

8. FINANCE COSTS

	3 month period ended	
	31 Mar 2018	31 Mar 2017
	$'000	$’000
Interest expense	37,084	35,110
Foreign exchange loss arising from financing	673	6,615
Foreign exchange loss from non-deliverable forward exchange contracts	112	-
Loan facility fees	60	324
	37,929	**42,049**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. CHANGES IN FAIR VALUE THROUGH THE PROFIT AND LOSS

	3 month period ended	
	31 Mar 2018	31 Mar 2017
	$'000	$'000
Embedded derivatives in bond – change in fair value	(24,568)	820
	(24,568)	**820**

10. TAXATION

	3 month period ended	
	31 Mar 2018	31 Mar 2017
	$'000	$'000
Company income tax	(327)	(296)
Education tax	(798)	(537)
Deferred taxes	-	-
	(1,125)	**(833)**

IHSN and ITNG have assessed losses which mostly offset taxable income generated in the current period. The income tax expense for the current period is the income tax expense of IHS Netherlands Holdco B.V. and a charge for current income tax for ITNG, in so far as this is related to its subsidiary, Tower Infrastructure Company Limited (TICL), which does not have assessed losses which it can offset against taxable income. The education tax charge represents a 2% charge on the taxable profits of IHSN and ITNG, before the application of assessed losses brought forward.

11. NON-IFRS PERFORMANCE MEASURES RECONCILIATIONS

Reconciliation of (loss)/profit for the period to EBITDA

	3 month period ended	
	31 Mar 2018	31 Mar 2017
	$'000	$'000
(Loss)/profit for the period	(34,994)	3,987
Add back:		
Tax charge	1,125	833
Change in fair value through the profit or loss	24,568	(820)
Finance costs	37,929	42,049
Finance income	(1,486)	(3,832)
Depreciation and amortisation	19,932	21,887
Impairment of property, plant and equipment and prepaid land rent	1,224	-
Net loss/(gain) on disposal of property, plant and equipment	85	(204)
Impairment of withholding tax assets	3,716	-
EBITDA	**52,099**	**63,900**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

	Tower equipment $'000	Land and buildings $'000	Furniture and office equipment $'000	Motor Vehicles $'000	Capital work-in-progress $'000	Total $'000
Cost						
At 1 January 2017	727,081	32,300	7,797	5,499	8,333	781,010
Additions during the period	5,414	1,053	296	-	21,481	28,244
Disposals	(9,803)	-	(17)	(31)	-	(9,851)
Transfers from advance payment	78,293	-	-	-	4,322	82,615
Reclassifications	16,212	300	-	-	(16,512)	-
Effect of movement in exchange rates	(126,116)	(5,186)	(1,244)	(843)	(2,690)	(136,079)
At 31 December 2017	**691,081**	**28,467**	**6,832**	**4,625**	**14,934**	**745,939**
At 1 January 2018	691,081	28,467	6,832	4,625	14,934	745,939
Additions during the period	170	84	100	-	3,604	3,958
Disposals	(147)	(252)	(8)	(24)	-	(431)
Transfers from advance payment	5,341	145	-	-	357	5,843
Reclassifications	2,225	1,125	-	-	(3,350)	-
Effect of movement in exchange rates	(383)	(16)	(4)	(3)	(8)	(414)
At 31 March 2018	**698,287**	**29,553**	**6,920**	**4,598**	**15,537**	**754,895**
Accumulated depreciation						
At 1 January 2017	(204,828)	(816)	(4,788)	(4,055)	-	(214,487)
Charge for the period	(77,898)	(152)	(1,763)	(753)	-	(80,566)
Disposals	9,058	-	12	18	-	9,088
Impairment	(26,728)	-	-	-	-	(26,728)
Effect of movement in exchange rates	46,425	150	978	737	-	48,290
At 31 December 2017	**(253,971)**	**(818)**	**(5,561)**	**(4,053)**	**-**	**(264,403)**
At 1 January 2018	(253,971)	(818)	(5,561)	(4,053)	-	(264,403)
Charge for the period	(16,788)	(30)	(393)	(131)	-	(17,342)
Disposals	52	253	8	22	-	335
Impairment	(1,205)	-	-	-	-	(1,205)
Effect of movement in exchange rates	137	1	3	2	-	143
At 31 March 2018	**(271,775)**	**(594)**	**(5,943)**	**(4,160)**	**-**	**(282,472)**
Net book value						
At 31 December 2017	437,110	27,649	1,271	572	14,934	481,536
At 31 March 2018	**426,512**	**28,959**	**977**	**438**	**15,537**	**472,423**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. INTANGIBLE ASSETS

	Goodwill $'000	Software and licences $'000	Customer related intangible assets $'000	Network related intangible assets $'000	Total $'000
Cost					
At 1 January 2017	147,010	1,360	200,015	24,814	373,199
Additions during the period	-	502	-	-	502
Effect of movement in exchange rates	(22,664)	(286)	(29,073)	(3,825)	(55,848)
At 31 December 2017	**124,346**	**1,576**	**170,942**	**20,989**	**317,853**
At 1 January 2018	124,346	1,576	170,942	20,989	317,853
Additions during the period	-	101	-	-	101
Effect of movement in exchange rates	(69)	(1)	(87)	(12)	(169)
At 31 March 2018	**124,277**	**1,676**	**170,855**	**20,977**	**317,785**
Accumulated depreciation					
At 1 January 2017	-	(785)	(8,335)	(3,484)	(12,604)
Charge for the period	-	(392)	(9,891)	(1,768)	(12,051)
Effect of movement in exchange rates	-	181	1,024	805	2,010
At 31 December 2017	**-**	**(996)**	**(17,202)**	**(4,447)**	**(22,645)**
At 1 January 2018	-	(996)	(17,202)	(4,447)	(22,645)
Charge for the period	-	(120)	(2,095)	(375)	(2,590)
Effect of movement in exchange rates	-	1	3	2	6
At 31 March 2018	**-**	**(1,115)**	**(19,294)**	**(4,820)**	**(25,229)**
Net book value					
At 31 December 2017	124,346	580	153,740	16,542	295,208
At 31 March 2018	**124,277**	**561**	**151,561**	**16,157**	**292,556**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

14. DERIVATIVE FINANCIAL INSTRUMENTS

	31 Mar 2018	31 Dec 2017
	$'000	$'000
Current		
Non-deliverable forward exchange contracts	(286)	16,500
Non-current		
Embedded derivatives within listed bonds	14,460	39,030
	14,174	**55,530**

The embedded derivatives at 31 March 2017 represent the fair value of the put and call options embedded within the terms of the Holdco Notes. The call options give the Group the right to redeem the bond instruments at a date prior to the maturity date (27 October 2021), in certain circumstances and at a premium over the initial notional amount.

The put option provides the holders with the right (and the Group with an obligation) to settle the Holdco Notes before their redemption date in the event of a change in control (as defined in the terms of the IHS Notes, which also includes a major asset sale), and at a premium over the initial notional amount.

As at reporting date, the Holdco Notes call option had a fair value of $16.02 million (asset) (December 2017: $40.27 million (asset)) while the Holdco Notes put option had a fair value of $1.56 million (liability) (December 2017: $1.24 million (liability)), net $14.46 million (asset) (December 2017: net $39.03 million (asset)).

The non-deliverable forward exchange contracts (NDFs) give IHS the right to purchase US dollars at a future date at an agreed fixed exchange rate; these are measured at fair value. As at the reporting date the Group had NDF's to the value of $0.29 million (liability), (December 2017: $16.50 million (asset)). During the period $16.8m of NDF profits, represented in the balance of NDFs at 31 December 2017, were received into restricted accounts. The receipt of these profits is therefore not reflected in the cash flow from financing activities for the period but rather as a net movement in restricted cash. Refer to note 19 for information regarding the restricted cash.

15. BORROWINGS

	31 Mar 2018	31 Dec 2017
	$'000	$'000
Current		
Bank borrowings	20,533	16,169
Bond borrowings	33,111	14,047
	53,644	**30,216**
Non-current		
Bank borrowings	73,288	77,722
Bond borrowings	797,927	797,486
	871,215	**875,208**
Total third party borrowings	**924,859**	**905,424**
Related party loans (note 18)	656,974	645,441
All borrowings	**1,581,833**	**1,550,865**

Bank borrowings

Bank borrowings are a Naira credit facility (the "NGN Credit Facility") of ₦32.9 billion held by IHSN provided by a consortium of lenders. The NGN Credit Facility has a five-year term. The facility was issued at Nibor plus a 2.5% margin and is due to be repaid in full by 2021 (December 2016: 2021). ₦32.9 billion was drawn at 31 March 2018 (December 2017: ₦32.9 billion).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

15. BORROWINGS (continued)

Bond borrowings

IHS Netherlands Holdco B.V.

IHS Netherlands Holdco B.V. issued $800 million 9.5% Senior Notes due 2021 (the "Holdco Notes") under a Senior Notes Indenture dated 27 October 2016 between the Issuer (IHS Netherlands Holdco B.V.), the Guarantors (each of IHS Netherlands NG1 B.V., IHSN, IHS Netherlands NG2 B.V., ITNG, Tower Infrastructure Company Limited and IHS Towers Netherlands FinCo NG B.V.), the Trustee (Citibank N.A., London branch), the Principal Paying Agent and Transfer Agent (Citibank N.A., London branch) and the Registrar (Citibank N.A., London branch). The Notes are listed on the Irish Stock Exchange.

The Holdco Notes have a tenor of five years from the date of issue, interest is payable semi-annually in arrear and the principal is repayable in full on maturity.

The Holdco Notes have early redemption features whereby IHS Netherlands Holdco B.V. has the right to redeem the Holdco Notes before the maturity date, and the holders hold a right to request the early settlement of the Holdco Notes, in certain circumstances. The values of the respective call and put options are disclosed in note 14.

IHS Towers Netherlands FinCo NG B.V.

Of the original $250 million 8.375% Guaranteed Senior Notes due 2019 (the "FinCo Notes") issued by IHS Towers Netherlands FinCo NG B.V., an aggregate principal amount of $13.065 million remains outstanding and continues to accrue interest at an annual interest rate of 8.375% payable semi-annually in arrear on 15 January and 15 July. The principal is repayable at the maturity date (15 July 2019).

Related party loans

As at 31 March 2018, the Group had loans with principal value of $849.3 million (31 December 2017: $849.3 million) and $17.0 million (31 December 2017: $17.0 million) from IHS Holding Limited at 5% and 7% per annum respectively. Interest is chargeable only in the 8th year and the loans are interest free before then. The loans are repayable in full by 2024 and are subject to a subordination deed such that they are subordinated to the payment of other debt.

Contractual maturities

As at 31 March 2018, the contractual maturities of the Group's borrowings were as follows:

	Carrying value $'000	Total contractual cash flows $'000	Less than 1 year $'000	Between 2 and 3 years $'000	Between 4 and 5 years $'000	Over 5 years $'000
Bank borrowings	93,821	138,320	35,959	74,998	27,363	-
Bond borrowings	831,038	1,112,374	77,095	165,612	869,667	-
Related party loans	656,974	910,851	-	6,829	711,520	192,502
	1,581,833	**2,161,545**	**113,054**	**247,439**	**1,608,550**	**192,502**

16. PROVISIONS FOR LIABILITIES AND OTHER CHARGES

The provision is for decommissioning and relates to the probable obligation that the Group may incur on the leased land on which its tower equipment is constructed. The amount is recognised initially at the present value of the estimate of the amount that will be required to decommission and restore the leased sites to the original states, discounted using the effective borrowing rate of the Group. The amount provided for each site has been discounted based on the respective lease terms attached to each site.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

17. CASH GENERATED FROM OPERATIONS

Reconciliation:	**3 month period ended**	
	31 Mar 2018	31 Mar 2017
	$'000	$'000
(Loss)/profit before taxation	(33,869)	4,820
Adjusted for:		
Depreciation of property, plant and equipment	17,342	18,885
Impairment of property, plant and equipment	1,205	-
Amortisation of intangible assets	2,590	3,001
Impairment of prepaid land rent	19	-
Amortisation of prepaid land rent	2,192	2,380
Net loss/(profit) on sale of property, plant and equipment	85	(204)
Impairment of receivables	1,499	1,404
Impairment of withholding tax assets	3,716	-
Finance cost	37,929	42,049
Fair value through profit or loss	24,568	(820)
Finance income	(1,486)	(3,832)
Insurance claims income	(24)	(469)
Operating profit before working capital changes	**55,766**	**67,214**
Increase in inventories	(441)	(3,782)
Increase in trade and other receivables (excluding prepaid rent) †	(55,428)	(70,694)
Increase in trade and other payables	6,528	26,409
Increase in net amounts due from related parties	(10,860)	(19,308)
increase in net amounts due to related parties	9,871	10,920
Net working capital changes	**(50,330)**	**(56,455)**
Cash generated from operations	**5,436**	**10,759**

†Included in the increase in trade and other receivables is an increase in respect of receipts from customers during the period, totalling $19.4 m, which were received into restricted accounts. Refer to note 19 for information on the restricted cash.

18. RELATED PARTY TRANSACTIONS

	31 Mar 2018	31 Dec 2017
Current	**$'000**	$'000
Amounts due from:		
IHS Holding Limited	5,999	7,699
IHS Netherlands (Interco) Coöperatief U.A.	5,000	5,004
	10,999	**12,703**
Amounts due to:		
INT Towers Limited *	2,825	5,893
IHS Netherlands (Interco) Coöperatief U.A.	47	692
IHS Holding Limited	1,211	139
	4,083	**6,724**
Non-current		
Amounts due to:		
IHS Holding Limited	**659,974**	**645,441**

* INT Towers Limited is a sister subsidiary to IHSN and ITNG in Nigeria.
Non-current amounts due to IHS Holding Limited represent shareholder loans as disclosed in note 15.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

19. RESTRICTED CASH

Amounts held in bank accounts of $72.9m (31 December 2017: $34.6m) are classified as 'other receivables' within current assets as the Group is not currently able to access such amounts and consequently they no longer meet the criteria of 'cash and cash equivalents'. This relates to certain "post no debit" instructions in respect of some of our accounts, received by our banks in Nigeria from the Nigeria Economic and Financial Crimes Commission (EFCC), with whom we are currently co-operating in relation to certain information requests.

To our knowledge, no formal allegation or investigation against IHS has been notified to us as part of the EFCC's inquiries, and we continue to fully co-operate with the EFCC's information requests, while working constructively with them to understand the basis of their actions in respect of our accounts.

The movement in the restricted cash for the period is as follows:

	$'000
Balance as at 1 January 2018	34,618
Receipts from customers	19,425
Payments to vendors	(1,287)
Net refund of margin deposit for non-deliverable forward contracts	2,884
Foreign exchange derivative instruments gains received	16,777
Interest income earned and rolled over	408
Interest paid to third parties*	(3,575)
Transfer from restricted cash to cash and cash equivalents*	3,570
Exchange gains on restricted cash	30
Balance as at 31 March 2018	**72,850**

* The lenders under the syndicated Naira facility drew a portion of the interest payments from accounts which are restricted. During the period, IHSN was allowed to use cash in the restricted accounts to pay interest of $3.6m on the Naira syndicated facility on the condition that these payments would be funded through transfers of cash from non-restricted accounts. Funds to the value of $3.6m were transferred from non-restricted accounts to the restricted accounts to fund the interest payment.

As at 30 April 2018, the affected accounts contained an aggregate balance of approximately $74m.

Included in 'other receivables' as at 31 March 2018 is an amount of $4.0m relating to a margin deposit on a matured NDF which the bank is currently not able to release into the Group's bank accounts. The Group expects that this amount will be refunded once the "post no debit" is released. If refunded earlier this amount is expected to be refunded into a restricted account. As at 30 April 2018, the aggregate balance of such NDF deposits was $6.1m.

While we currently expect that the "post no debit" on the affected accounts will be released once the EFCC's enquiries are completed, it is not possible at this time to predict the matter's likely duration or outcome.

20. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group had contractual, non-cancellable capital commitments of $43.6 million for full turnkey site build and upgrade of existing sites and delivery of power project equipment as at 31 March 2017.

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. The Group reviews these matters in consultation with internal and external legal counsel to determine on a case by case basis whether a loss from each of these matters is probable, possible or remote.

The Group's contingent liabilities in respect of litigations and claims amounted to US$1.7 million at the end of the reporting period. Based on legal advice received, the Group's liability is not likely to crystallize, thus no provisions have been made in these financial statements.

21. EVENTS AFTER THE REPORTING PERIOD

There were no disclosable events after the reporting period.

NON-IFRS MEASURES AND GLOSSARY

EBITDA, EBITDA margin and other non-IFRS financial measures are used by Group management to monitor the underlying performance of the business and the operations. EBITDA, EBITDA margin and other non-IFRS financial measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing EBITDA, EBITDA margin and other non-IFRS financial measures as reported by us to EBITDA, EBITDA margin and other non-IFRS financial measures as reported by other companies. EBITDA, EBITDA margin and the other non-IFRS financial measures described in this document are unaudited and have not been prepared in accordance with IFRS or any other generally accepted accounting principles. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of any regulatory authority and will not be subject to review by aby regulatory authority; compliance with such requirements may require us to make changes to the presentation of this information.

Capital expenditure (“Capex”): Any expenditure which would be treated as capital expenditure in the financial statements in accordance with applicable accounting principles including advance payments for capital expenditure and excluding any non-cash expenditure.

EBITDA: Profit or loss for the period excluding the impact of finance income, finance cost, fair value through profit or loss, depreciation and amortisation, and provision for or benefit from taxes, less other income, plus other expenditures that are sufficiently large and unusual as to distort comparisons from one period to the next. EBITDA is an indicator of the financial performance of our core business. EBITDA is a component of the calculation that has been used by our lenders to determine compliance with certain covenants under our debt facilities. EBITDA is not intended to be an alternative measure of operating income or gross profit margin as determined in accordance with IFRS.

EBITDA margin: EBITDA divided by revenue, expressed as a percentage.

Group: IHS Netherlands Holdco B.V. and each of its direct and indirect subsidiaries.

Gross debt: Borrowings as stated on the balance sheet less related party loans and finance leases.

L2QA EBITDA: EBITDA for the last two quarters on an annualised basis.

Gross Leverage: Gross debt divided by L2QA EBITDA.

Towers: Refers to ground-based towers, in-building solutions, rooftop and wall-mounted towers and cells-on-wheels, each of which are constructed to support wireless transmission equipment. We measure the number of towers in our portfolio at a given time by counting the number of towers that we own or operate with at least one tenant. The number of towers in our portfolio excludes towers for which we provide managed services.

Tenants: Refers to the number of distinct customers that have leased space on each tower that we own across our portfolio.

Colocation Rate: Refers to the average number of tenants per tower that is owned or operated across a tower portfolio at a given point in time, excluding managed services.

Lease Amendments: Refers to the installation of additional equipment on a site or the provision of ancillary services for an existing tenant.

SUMMARY OF UNAUDITED QUARTERLY RESULTS

For the respective quarters ended:

	31 Mar 2018 $'000	31 Dec 2017 $'000	30 Sep 2017 $'000	30 Jun 2017 $'000
Statement of profit or loss				
Revenue	**85,293**	**97,833**	**95,907**	**97,273**
Cost of sales	(50,393)	(53,402)	(56,068)	(82,952)
Gross profit	**34,900**	**44,431**	**39,839**	**14,321**
Administrative expenses	(10,968)	(50,942)	(29,902)	(7,084)
Other income	3,210	3,361	3,491	4,118
Operating profit/(loss)	**27,142**	**(3,150)**	**13,428**	**11,355**
Finance income	1,486	29,747	1,635	42,469
Finance cost	(37,929)	(314,445)	(46,884)	(52,204)
Changes in fair value though the profit or loss	(24,568)	29,110	7,790	(1,340)
(Loss)/profit before taxation	**(33,869)**	**(258,738)**	**(24,031)**	**280**
Taxation	(1,125)	2,183	(3,418)	(705)
Loss for the period attributable to owners	**(34,994)**	**(256,555)**	**(27,449)**	**(425)**
EBITDA reconciliation:				
Loss for the period	**(34,994)**	**(256,555)**	**(27,449)**	**(425)**
Add back:				
Tax charge/(credit)	1,125	(2,183)	3,418	705
Changes in fair value though the profit or loss	24,568	(29,110)	(7,790)	1,340
Finance cost	37,929	314,445	46,884	52,204
Finance income	(1,486)	(29,747)	(1,635)	(42,469)
Depreciation and amortisation	19,932	26,745	22,937	21,048
Impairment/(reversal of impairment) of property, plant and equipment and prepaid land rent	1,224	(4,717)	2,557	30,454
Net loss on disposal of property, plant and equipment	85	150	123	137
Impairment of withholding tax receivable	3,716	23,499	24,347	-
Other one-off items*	-	17,603	-	-
EBITDA	**52,099**	**60,130**	**63,392**	**62,994**
EBITDA margin	61.08%	61.46%	66.10%	64.76%
Capital expenditure in quarter:				
Purchase of property, plant and equipment	(3,723)	(3,106)	(39,306)	(4,863)
Purchase of software and licences	(101)	(132)	(234)	(132)
Advance payments for property, plant and equipment	(12,378)	(9,527)	(6,345)	(9,693)
Total capital expenditure	**(16,202)**	**(12,765)**	**(45,885)**	**(14,688)**
Interest received	622	523	646	47
Interest paid	(6,044)	(44,432)	(6,415)	(43,372)
Bond transaction costs and facility fees paid	(61)	(88)	(827)	(385)
Net interest paid in quarter	**(5,483)**	**(43,997)**	**(6,596)**	**(43,710)**

*One-off items for the three months ended 31 December 2017 includes an increase in the impairment provision for overdue trade accounts receivables treated as exceptional given its size and incidence.