

# Ooredoo Group 1H 2018 Results

July 2018



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- Ooredoo Group management wishes to further caution the reader that forward-looking statements are not historical facts and are only estimates or predictions. Actual results may differ materially from those projected as a result of risks and uncertainties including, but not limited to:
  - Our ability to manage domestic and international growth and maintain a high level of customer service
  - Future sales growth
  - Market acceptance of our product and service offerings
  - Our ability to secure adequate financing or equity capital to fund our operations
  - Network expansion
  - Performance of our network and equipment
  - Our ability to enter into strategic alliances or transactions
  - Cooperation of incumbent local exchange carriers in provisioning lines and interconnecting our equipment
  - Regulatory approval processes
  - Changes in technology
  - Price competition
  - Other market conditions and associated risks
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- The Ooredoo Group undertakes no obligation to update publicly or otherwise any forward-looking statements, whether as a result of future events, new information, or otherwise

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## 1. Results review

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# Group Results

## Key Highlights

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### Financial highlights

- H1 2018 Revenue was QAR 15.3 billion, driven by strong contributions from Qatar, Iraq, Oman, Kuwait, Tunisia and Myanmar offset by reductions in Indonesia and Algeria. Group Revenue decreased by 6% year-on-year
- Group EBITDA QAR 6.2 billion, EBITDA margin of 41%. Group EBITDA decreased by 10% yoy mainly due to lower revenue
- Group Net Profit to Ooredoo shareholders QAR 689 million. Positive performances in Iraq and Oman offset by market challenges and lower revenue in Indonesia and Algeria and a substantial Foreign Exchange (FX) loss in Myanmar.
- Pre FX NP decreased by 18% compared to the reported 37%.
- Group Customer number 130 million, negatively impacted by the new Indonesian SIM card registration requirement
- Increased monetization of data business, data revenue increasing to 45% of Group revenue

### Operational highlights

- Ooredoo Qatar was the first operator in the world to launch a live 5G network on the 3.5GHz spectrum band. Latest network technology (5G NR) with much higher speeds, capacity and better latency than existing cellular systems
- Cutting edge data services in its markets with 4G networks, now available in 8 of Ooredoo's 10 markets
- "Enjoy the Internet" campaign featuring Leo Messi, Ooredoo's global brand ambassador has been well received
- Ooredoo Myanmar, Oman and Algeria fastest mobile network in the country recognized by Ookla's Speedtest Intelligence
- In Palestine, Wataniya Mobile successful capital share increase of USD 35 million through a secondary offering
- In July, Ooredoo finalized a USD 200 million loan over a five year period with KfW IPEX Bank in Germany

# Group Results

## Revenue and EBITDA

Overview

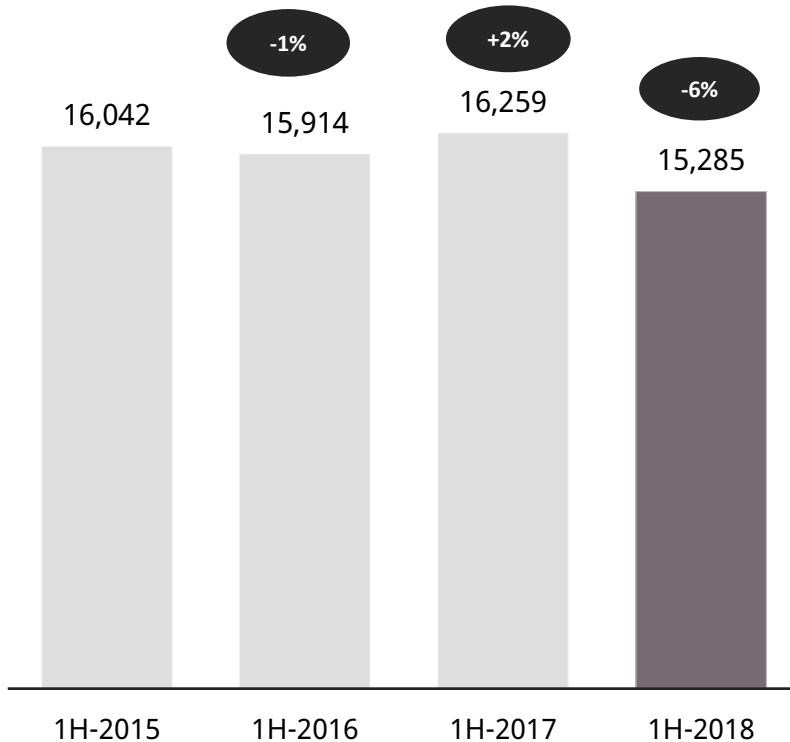
Results Review

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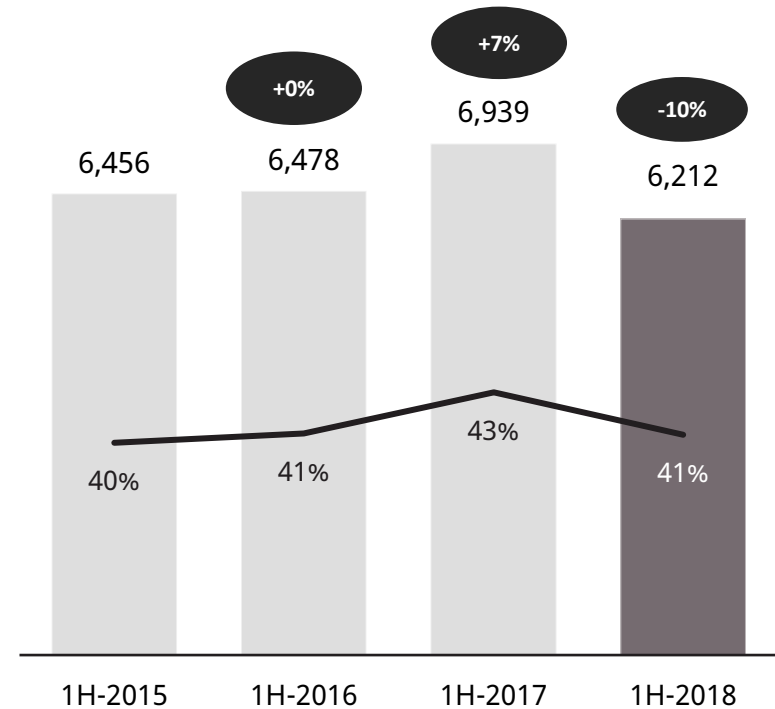
Operations Review

Additional Information

### Revenue (QARm)



### EBITDA (QARm) and EBITDA Margin



Revenue growth in Iraq, Oman, Kuwait, Tunisia and Myanmar offset by challenging environment in Indonesia & Algeria  
Positive EBITDA performance in Oman, Iraq, Tunisia, Myanmar offset by Indonesia, Kuwait & Algeria

# Group Results

## Net Profit

Overview

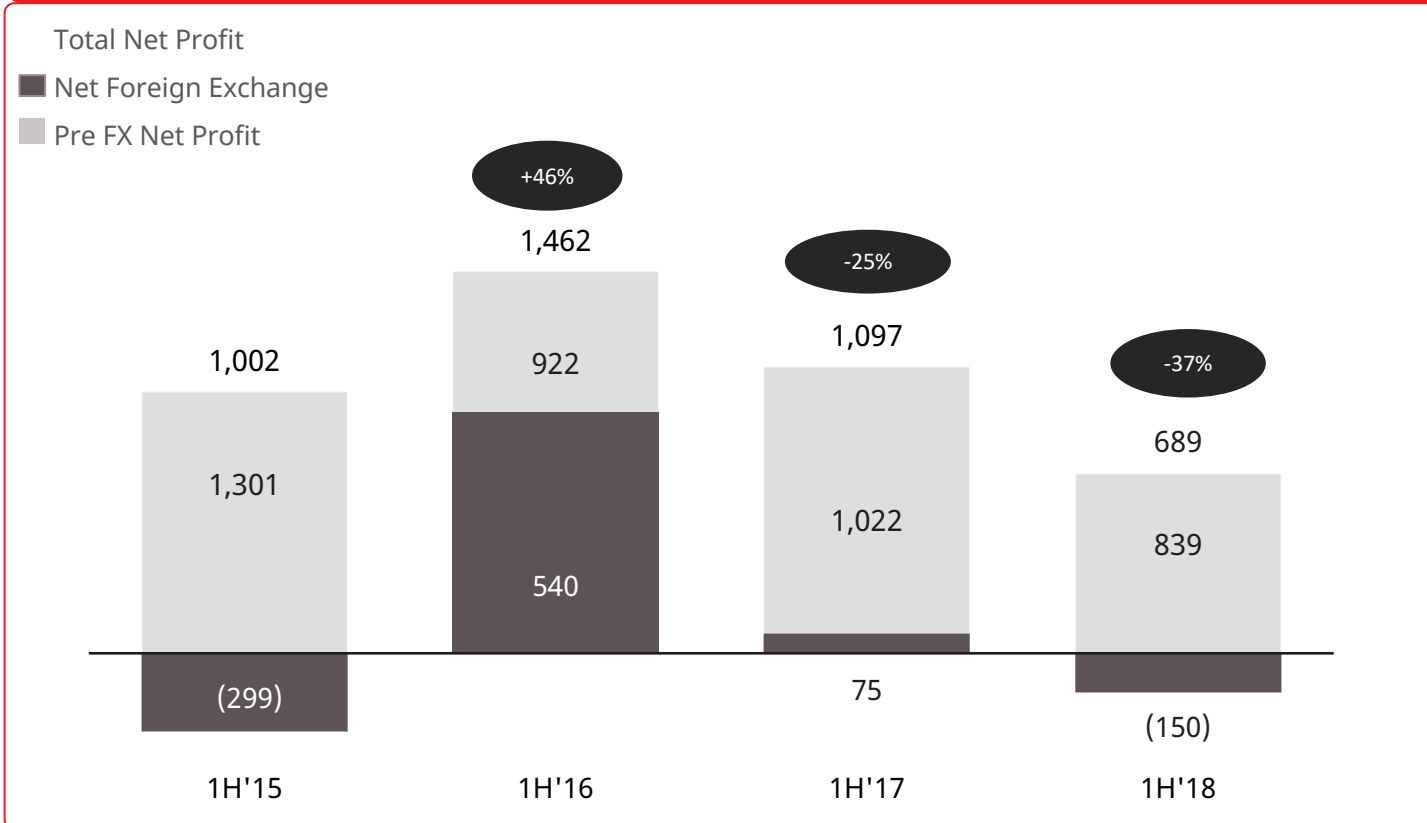
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### Net Profit Attributable to Ooredoo shareholders (QARm)



**Pre FX impact Net Profit decreased by 18%, substantial F/X loss of QAR 150 million mainly from Myanmar Market competition, regulatory (Indonesia) and weaker economies (Algeria) developments adversely impacted overall financial results**

# Group Results

## Capital Expenditure and Free Cash Flow

Overview

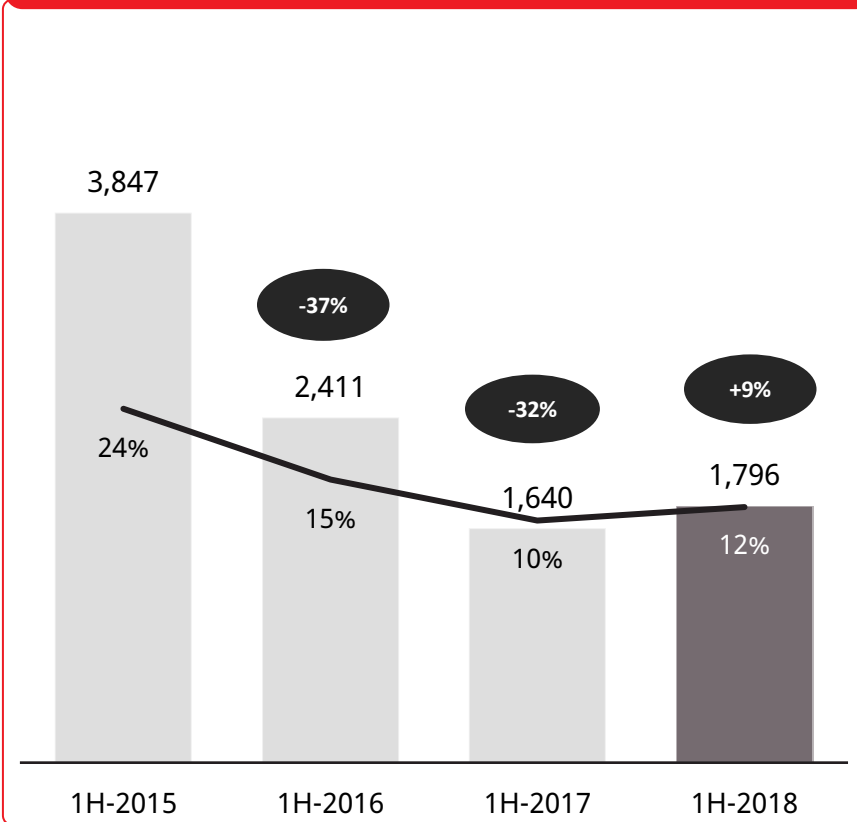
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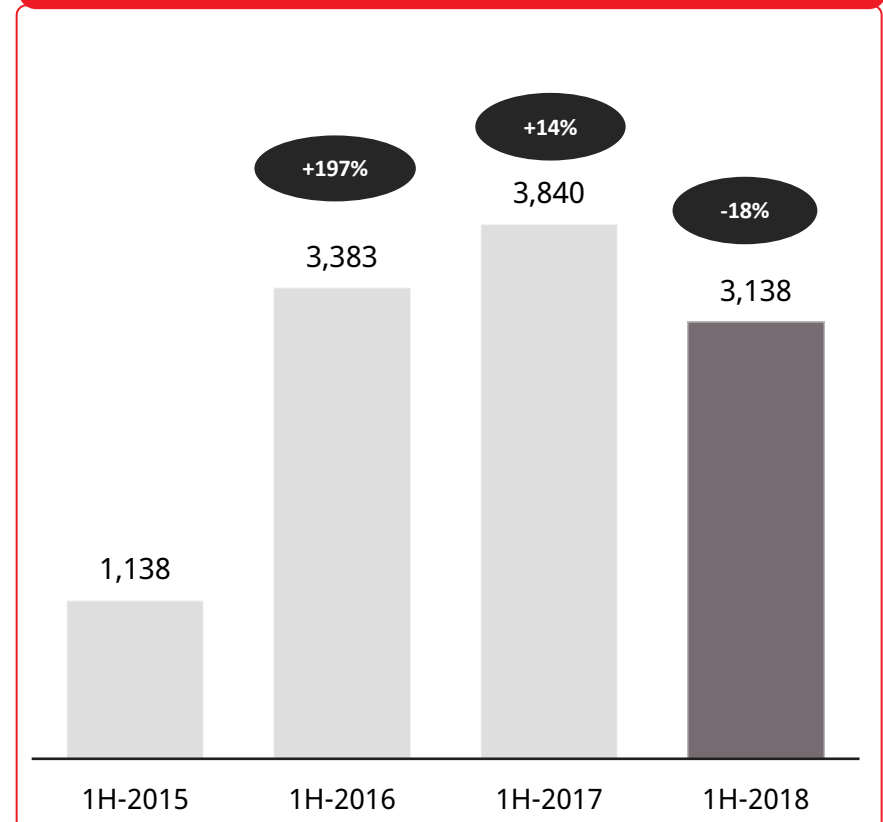
Operations Review

Additional Information

### CAPEX (QARm) & CAPEX/ Revenue (%)



### Free Cash Flow (QARm)



**FCF maintained at high level despite higher CAPEX and lower EBITDA**  
**Taking advantage of scale of Ooredoo Group and global sourcing strategy for efficient Capex**

Note: Free Cash Flow = Net Profit plus Depreciation & Amortization less CAPEX; CAPEX excludes license fee obligations; Net Profit adjusted for extraordinary items



# Group Results

## Total Customers

Overview

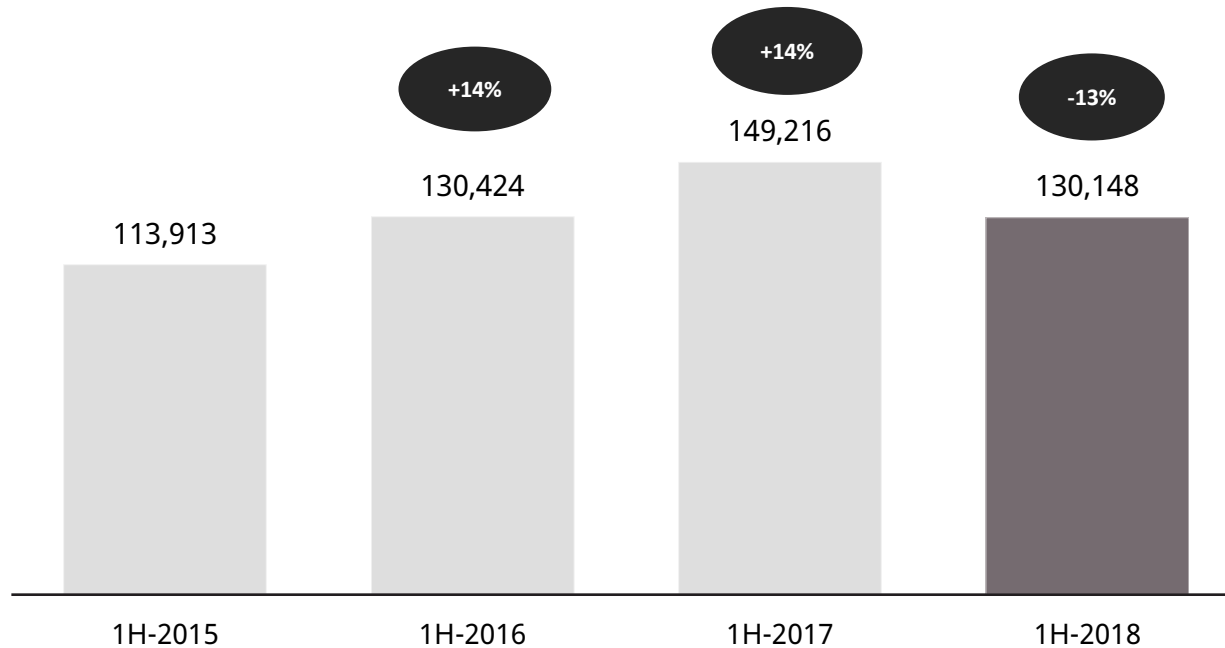
Results Review

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Additional Information

### Total Customers (000)



**Growing customer numbers in Iraq, Kuwait, Tunisia & Myanmar offset by a major drop due to the new SIM card registration requirements by the Indonesian regulator**



# Group Results

## Net Debt

Overview

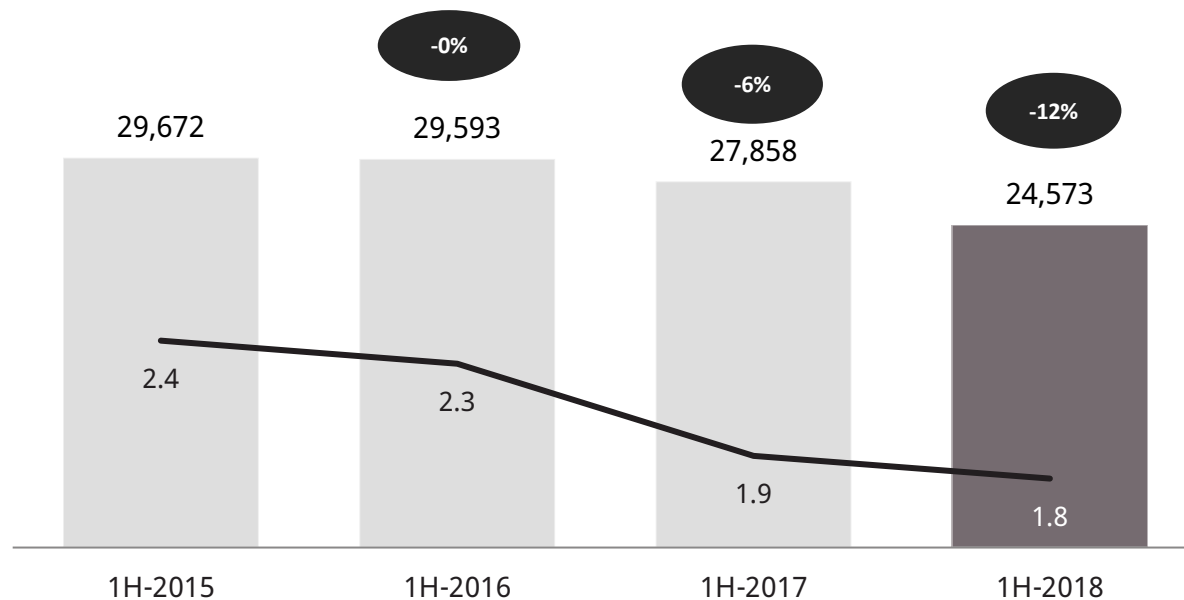
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### Net Debt (QARm) and Net Debt / EBITDA



Positive trend of lower Group Net Debt continued, Net Debt to EBITDA ratio at 1.8x  
Lower half of the board guidance between 1.5 and 2.5x (bank covenant 4x)

# Group Results

## 2018 1H performance summary

Overview

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Group Financials  
(QAR bn)

2018  
Actual

% Change  
2018 / 2017

Revenue	15.3	-6%
EBITDA	6.2	-10%
CAPEX	1.8	9%

Original  
2018 Full Year  
Guidance over  
2017

New Guidance  
2018 / 2017

-1.5% to +1.5%	-3.5% to -6.5%
-1.5% to +1.5%	-5.5% to -8.5%
5 bn to 6 bn	4.5 bn to 5.5 bn

Slow first half of the year due to market challenges in Indonesia and Algeria as well as high negative FX impact  
Revising our guidance on revenue in line with current trend, further efficiencies for EBITDA & CAPEX expected

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# Ooredoo has a bold new vision and has embarked into a major transformation program

## OLD VISION

Enriching people's lives as a leading international communications company

## NEW VISION

Enriching people's digital lives



We are embarking into a major Group digital transformation program:

# "Get Digital!"

# We updated LEAD for digital and diversification

## OLD LEAD



**Market  
Leader**

- Leading network
- Better distribution
- Smart services

**Performance  
Culture**

- People/Skills
- Organization
- Governance

**Efficient  
Models**

- Asset light
- Optimized channels
- Group synergies

# Digital is now integrated with our LEAD strategy

## NEW LEAD

**Market  
Leader**

- Smarter distribution
- Leading data networks

**Performance  
Culture**

- Culture transformation
- Lean & Agile

**Efficient  
Models**

- Advanced analytics
- Re-engineered cost models

**Extend &  
Leverage**

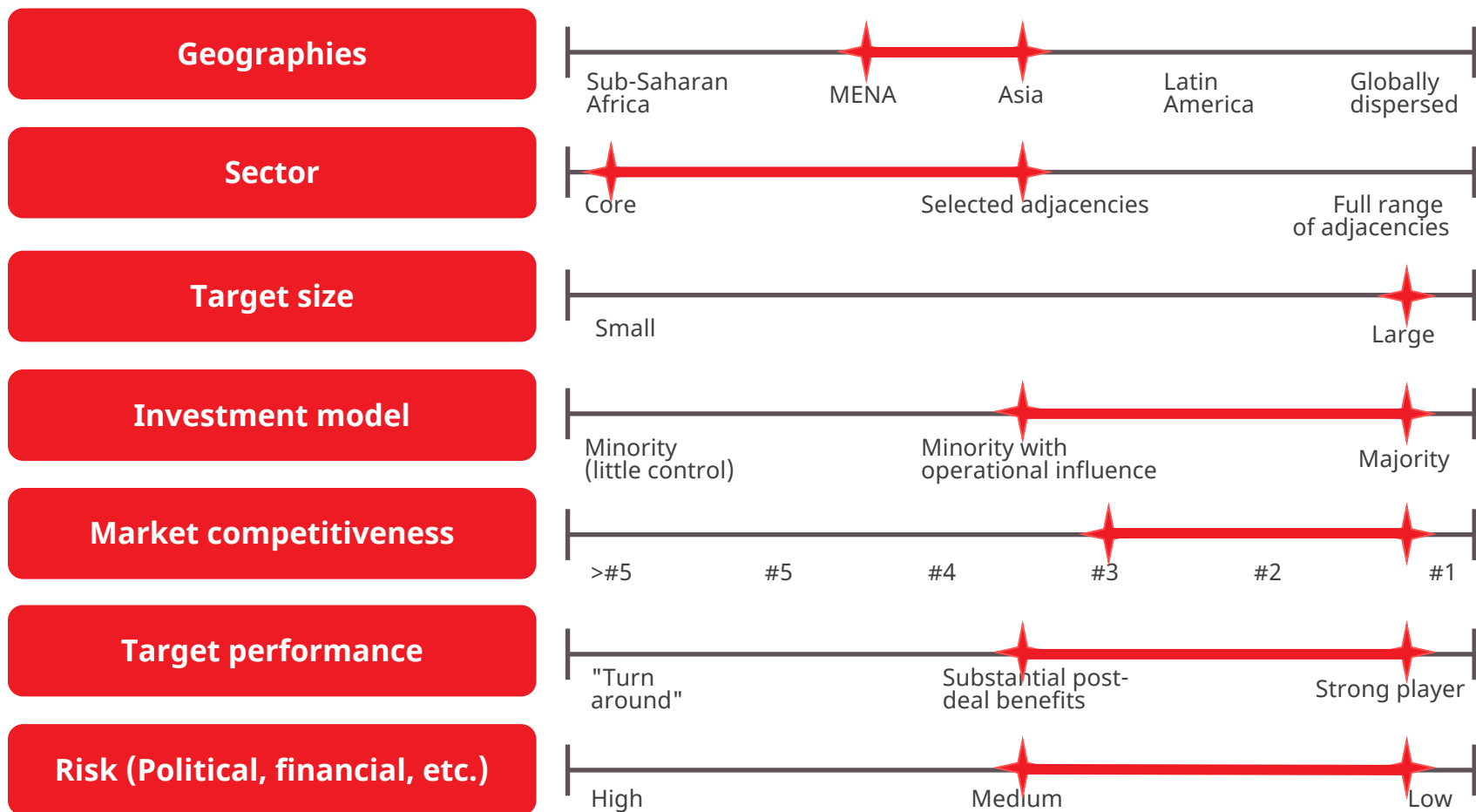
- Connectivity
- Consumer content
- B2B/ ICT

- **Preferred digital partner**
  - Platform connectivity
  - Partnership models

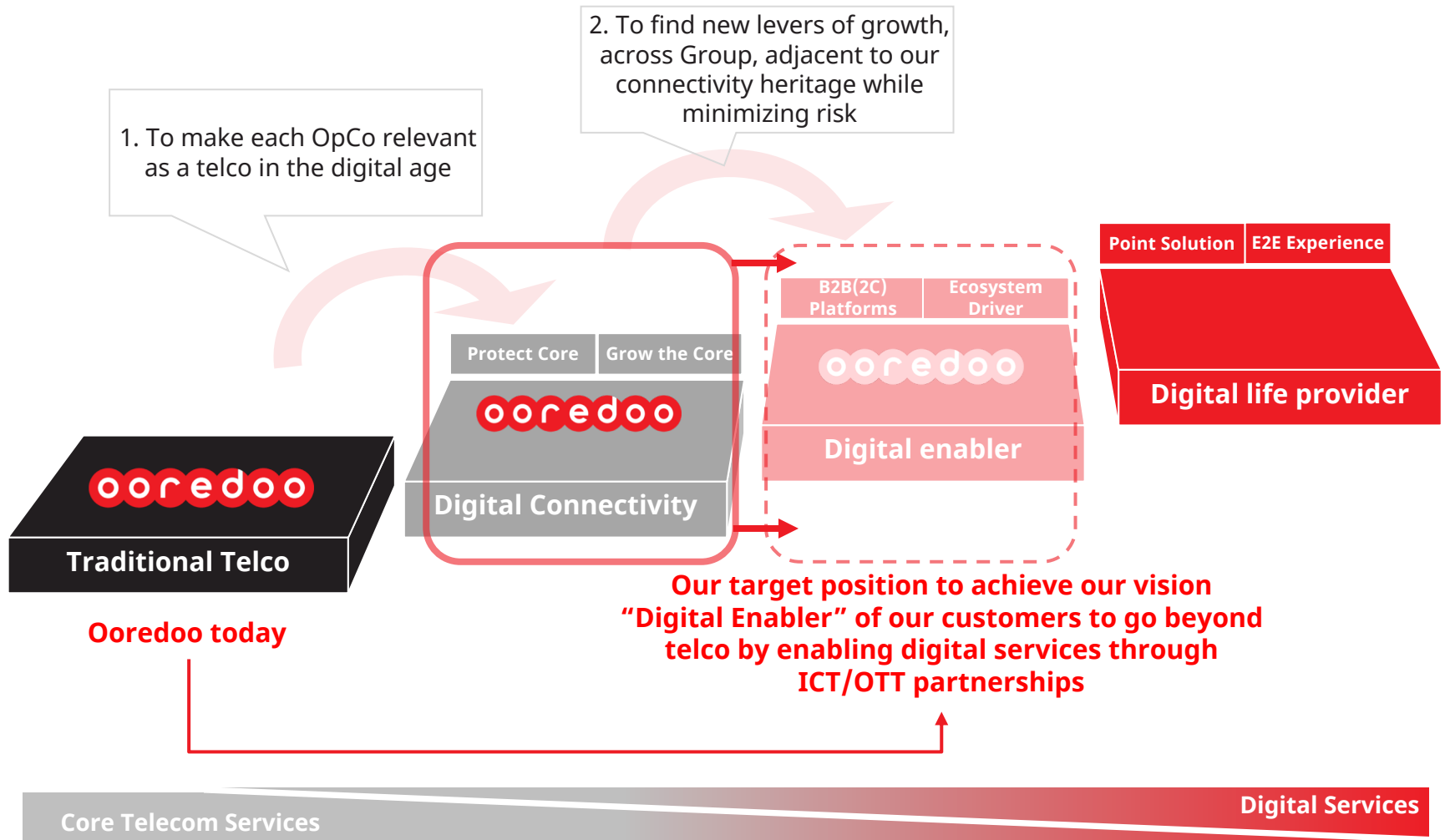
- **Digital operations**
  - Systems
  - Processes
  - Mindset

- **Digital interactions**
  - Marketing
  - Sales
  - Care

# We are not actively looking to buy more Telco; our investment criteria remain unchanged



# We aspire for our Operating Companies to become “Digital Enablers”





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# Group Operations

## Qatar

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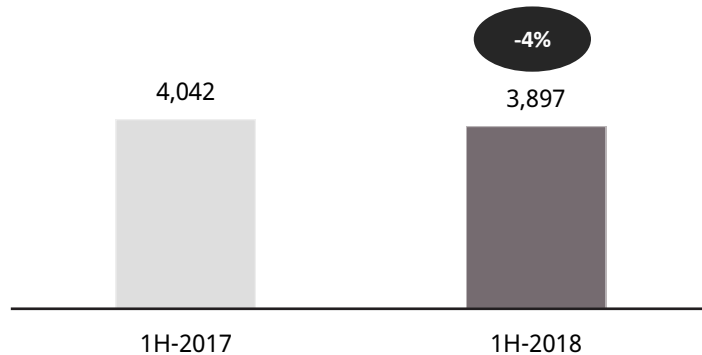
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Operations  
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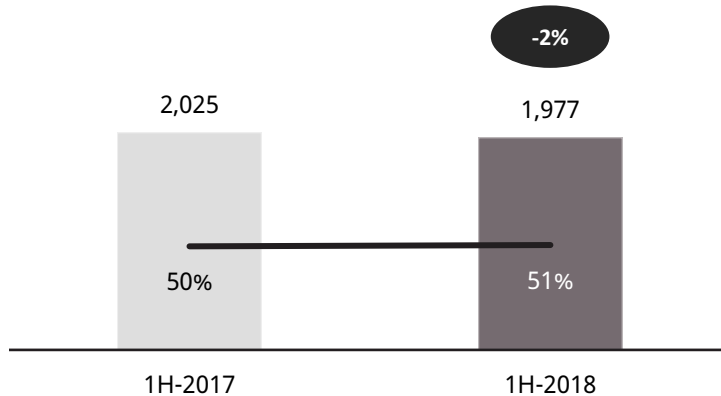
Additional  
Information

### QARm

#### Revenue



#### EBITDA & Margin



▪ 1 USD = 3.6415 Qatari Riyal (QAR)

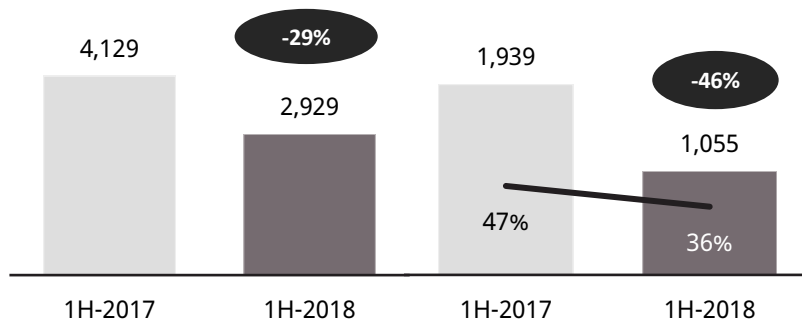
### Ooredoo Qatar

- Ooredoo became the first operator in the world to launch a live 5G network (5G NR, 3.5 GHz spectrum)
- Market leading position maintained - Ooredoo's fixed line and mobile networks in Qatar ranked among fastest globally
- Lower handset sales led to lower revenue but improved EBITDA margin
- 3.3 million customers, down by 1% compared to previous quarter mainly due to seasonality and a shift from MBB to postpaid contracts
- FIFA World Cup was telecast in partnership with BeIn sports live on Ooredoo tv, Ooredoo was official telecom partner of the Emiri Cup 2018
- Ooredoo's Fibre-to-the-Home network continued to grow; 384k customers connected

## QARm

### Revenue

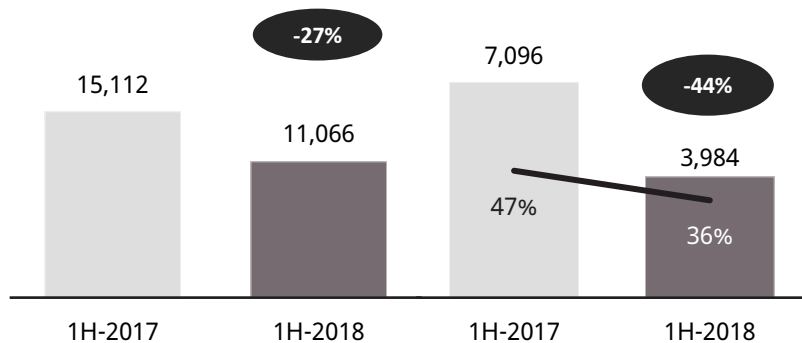
### EBITDA & Margin



### Revenue

### IDRbn<sup>1</sup>

### EBITDA & Margin



▪ 1 USD = 13,766 Indonesia Rupiah (IDR)<sup>1</sup>

Note: Average rate over the period (IDR)

## Indosat Ooredoo

- As anticipated another challenging quarter
- New SIM registration process and changed marketing strategy (from “push” to “pull”) continued to impact revenue and customer numbers
- Decline in Voice/ SMS revenue not offset by data
- Declined revenue has not been fully compensated by lower expenses, impacted EBITDA and EBITDA margin
- Data price increased 10% -15% in early June and continued in July, cautiously optimistic for a return to growth in 3Q-2018
- 75 million customers in Q2 compared to 96m in Q1, mainly due to new SIM verification policy
- 4G coverage further extended

# Group Operations

## Iraq

Overview

Results Review

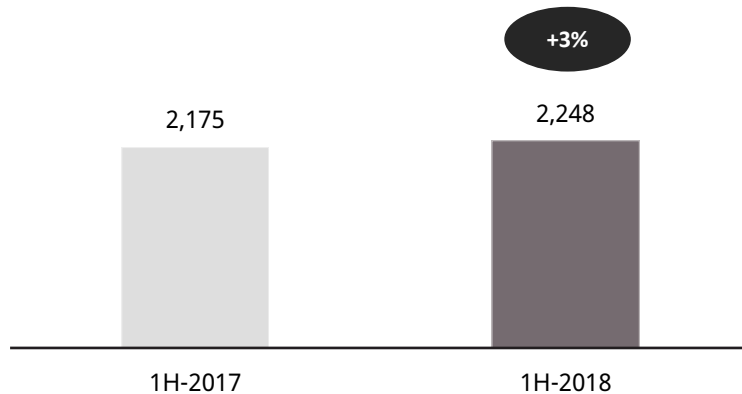
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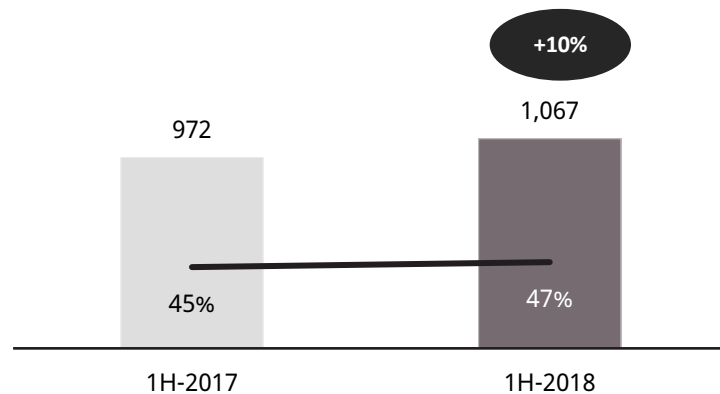
Additional Information

### QARm

#### Revenue



#### EBITDA & Margin

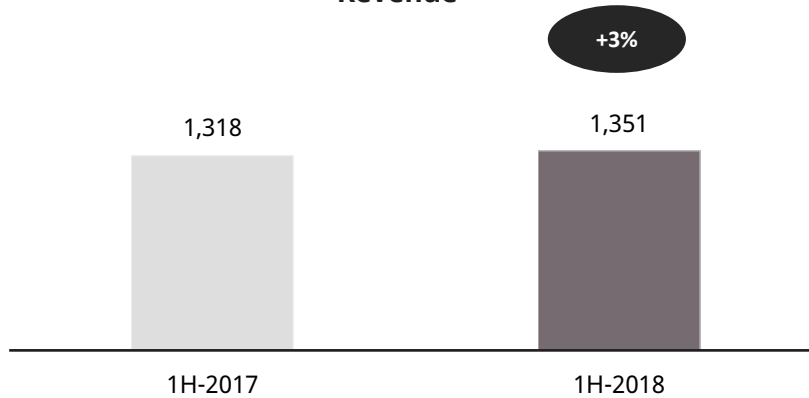


### Asiacell

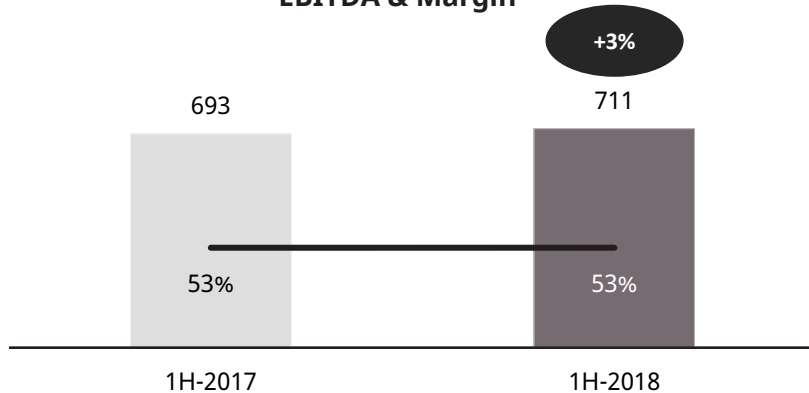
- Recovery continues with growth in revenue, EBITDA and customer numbers
- After liberation of occupied areas more sites are back on-air, stable security in Mosul, Sulaymaniyah and Erbil, still some issues in Kirkuk
- Opex control and higher revenue enable good EBITDA improvement
- 13.0 m customers representing an increase of 7%, mainly coming from Mosul and liberated areas
- New B2B product line launched
- Government started consultation process with regards to fourth license, no short term result expected

### QARm

#### Revenue



#### EBITDA & Margin



▪ 1 USD = 0.38463 Omani Rial (OMR)<sup>1</sup>

### Ooredoo Oman

- Revenues growth is driven by increases in both mobile and fixed data revenue
- EBITDA growth due to higher revenues as well as efficient cost management
- Customer base stood at 2.9 million in H1 2018 compared to 3.1 million last year, the slight decrease was driven by new registration standards by the regulator
- 4G coverage further extended covering more than 90% of the population
- Ooredoo Oman network ranked as no.1 by Ookla
- No new information on third operator

Note: (1) Constant pegged currency

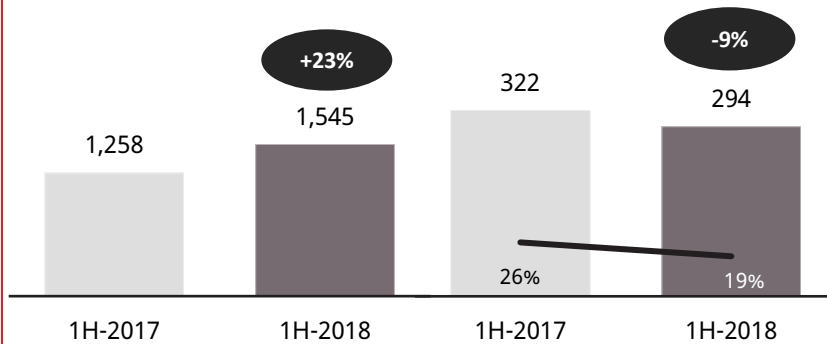
# Group Operations

## Kuwait

### QARm

#### Revenue

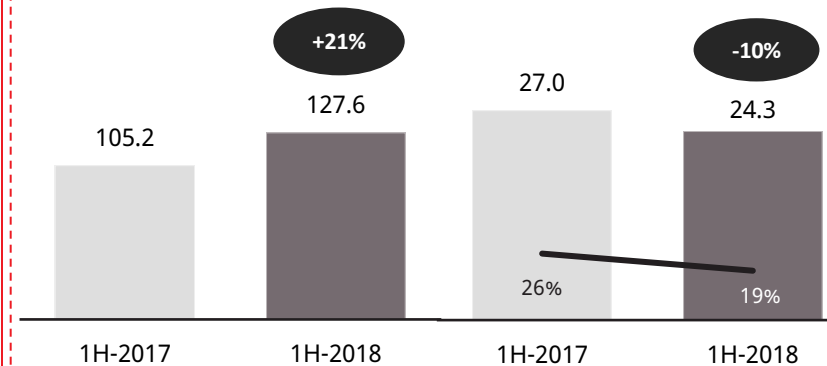
#### EBITDA & Margin



#### Revenue

#### KWDm

#### EBITDA & Margin



▪ 1 USD = 0.3008 Kuwait Dinar (KWD)<sup>1</sup>

Note: Average rate over the period (KWD)

### Ooredoo Kuwait

- Strong Revenue growth was driven by handset sales
- Intense competition continues
- 5% increase in customer numbers to 2.4 million, positive MNP (mobile number portability) trend
- Lower service revenue and higher handset sales led to a compression of margins and a decline of EBITDA
- Improved brand equity score
- Soft economic environment and government related hike in fuel and electricity cost in the public sector had a negative impact on service business

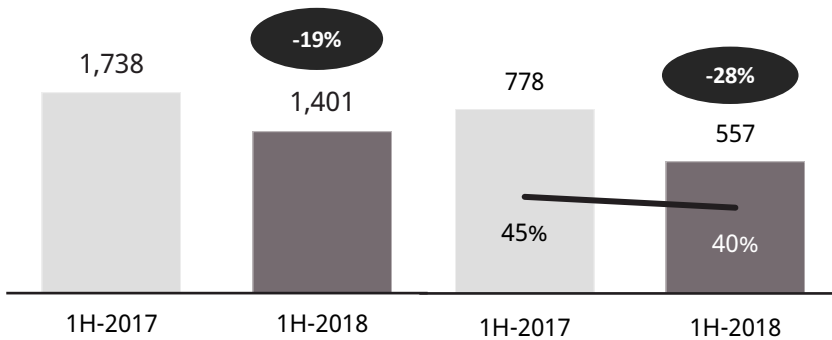
# Group Operations

## Algeria

### QARm

#### Revenue

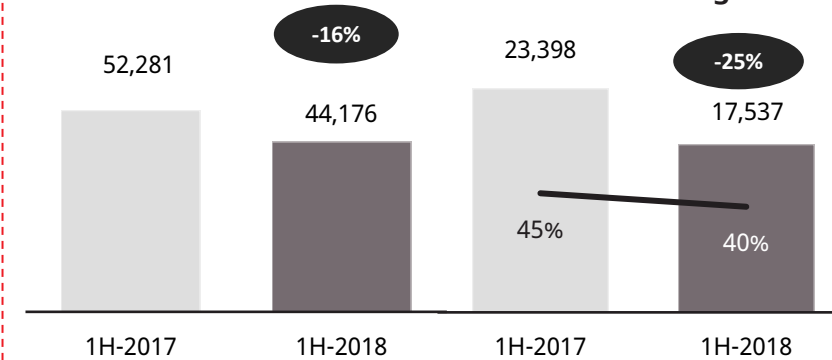
#### EBITDA & Margin



#### Revenue

#### DZDm

#### EBITDA & Margin



▪ 1 USD = 114.9 Algerian Dinar (DZD)<sup>1</sup>

### Ooredoo Algeria

- Algerian mobile market value dropped due to intense price competition, seasonality related to Ramadan, and ongoing consumer purchasing power difficulties
- Ooredoo Algeria maintains leading position in mobile data, but data does not offset the decline in Voice/ SMS revenue
- Continued growth in data users and record usage, however decreasing data ARPU and revenue per GB
- 13.6 million customers, a slight decrease due to cleaning of customer base per regulatory requirements
- Ooredoo Algeria network ranked as no.1 by Ookla
- Ooredoo Algeria has been the first operator to offer 4G in all 48 Algerian wilayas (States)

Note: Average rate over the period (DZD)

# Group Operations Tunisia

Overview

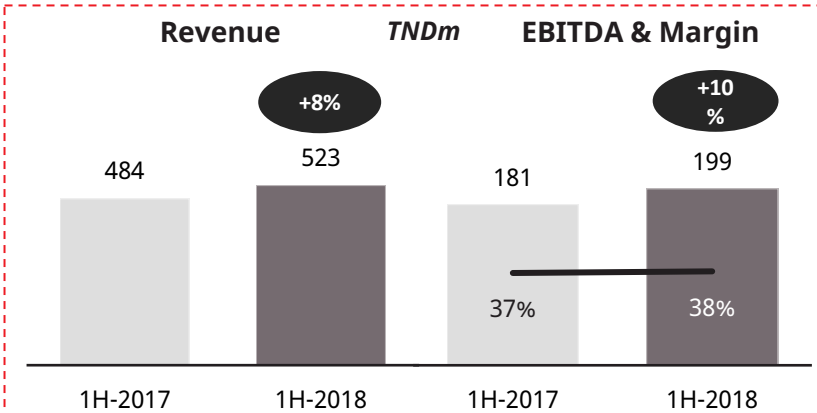
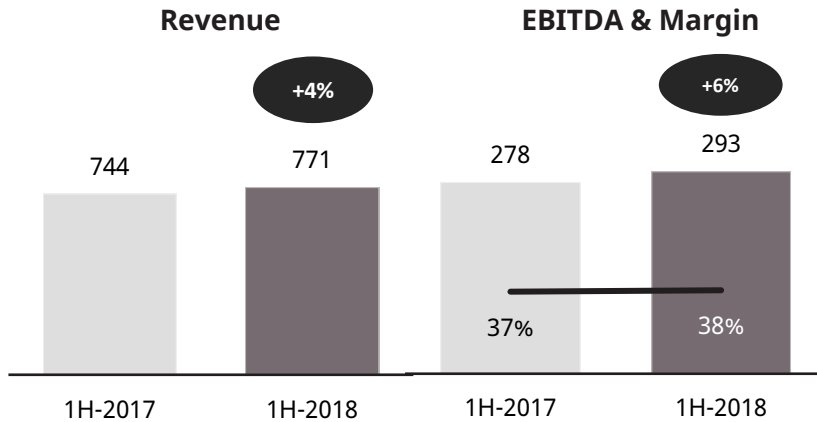
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## QARm



▪ 1 USD = 2.471 Tunisian Dinar (TND)<sup>1</sup>

Note: Average rate over the period (TND)

## Ooredoo Tunisia

- Displayed a solid performance yoy with growth in revenue, EBITDA and customer numbers
- YTD Revenue grew 8% in local currency terms overall with strong growth sustained in the mobile data and VAS, fixed line and handset sales
- OT is building its business model by rebalancing revenue mostly to data and VAS instead of voice and SMS to ensure margin protection
- Leadership in mobile market maintained
- Customer number 8.4 million, up by 5%



# Group Operations Myanmar

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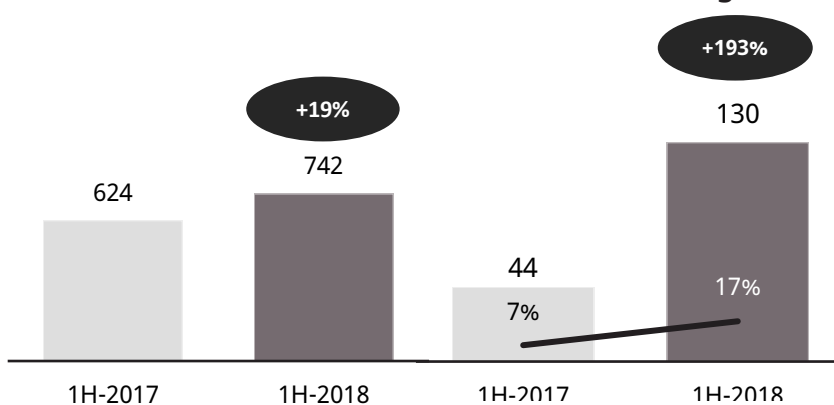
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## QARm

### Revenue

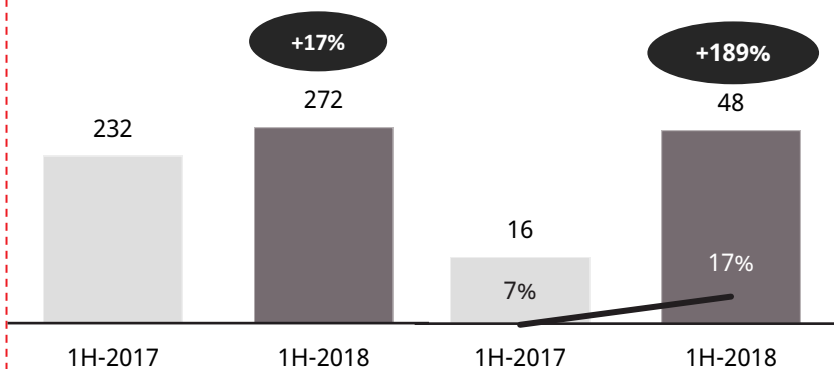
### EBITDA & Margin



### Revenue

### MMKBn

### EBITDA



▪ 1 US\$ = 1336 Myanmar Kyat (MMK)

## Ooredoo Myanmar

- Strong performance yoy with growth in revenue, EBITDA and customer numbers
- Data and Digital revenue was a key growth engine
- Consistent growth in EBITDA margin underpinned by strong OPEX management, positive trend continues
- Customer base reached 9.4 million, increased by 1 million compared to last year
- 4G coverage was extended further to approximately 250 townships
- Fastest 3G/4G network in Myanmar from Ookla's Speedtest Intelligence
- Fourth operator Mytel started very aggressive pricing towards in June as temporary launch campaign

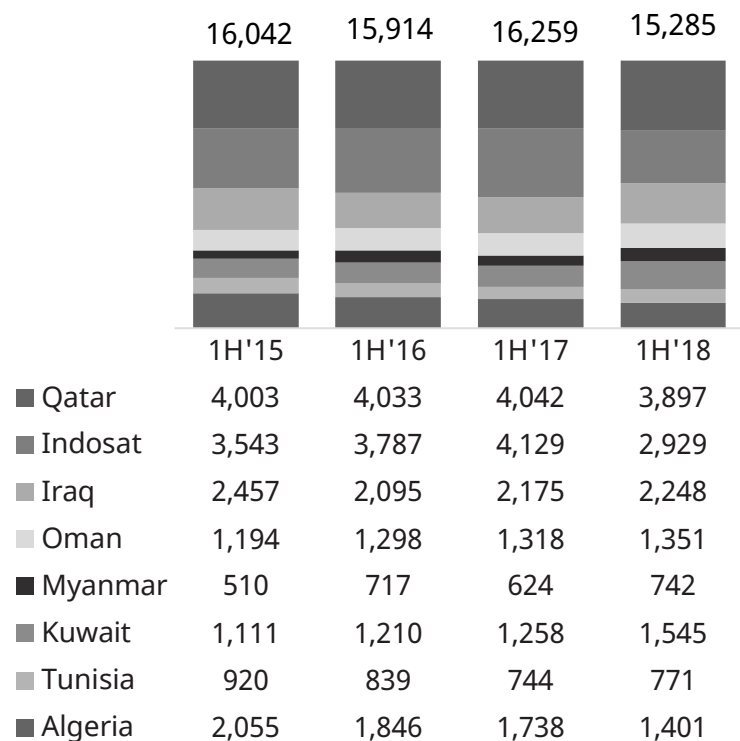
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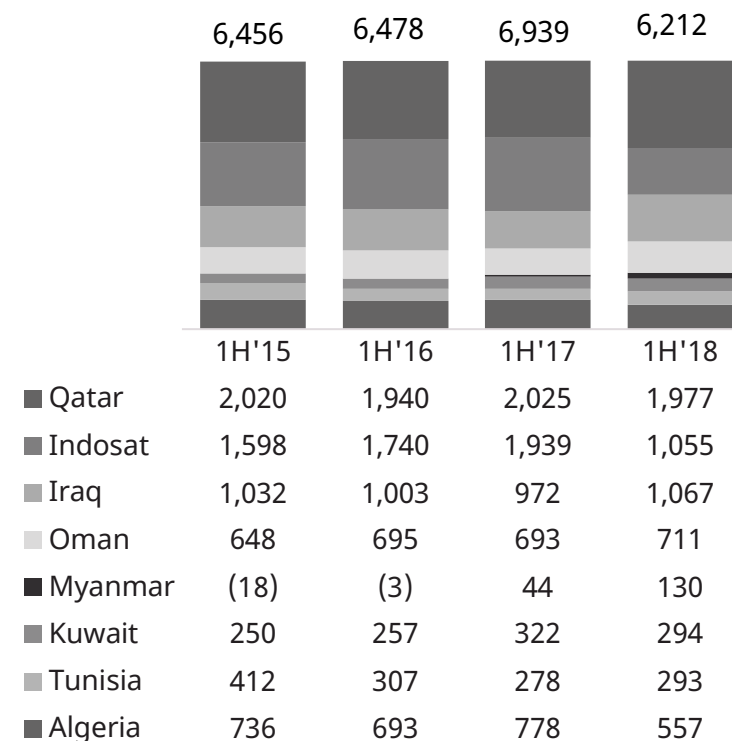
# Additional Information

## Key Operations Importance to Group

### Revenue (QARm)



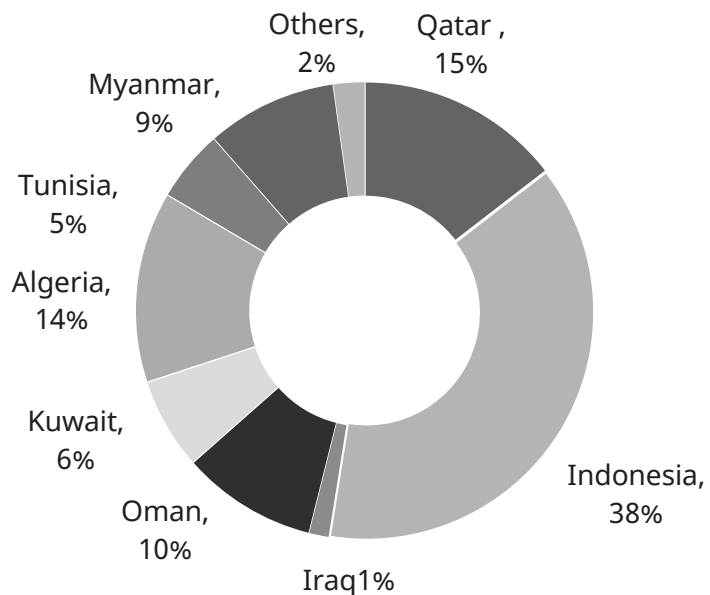
### EBITDA (QARm)



# Group Operations Breakdown

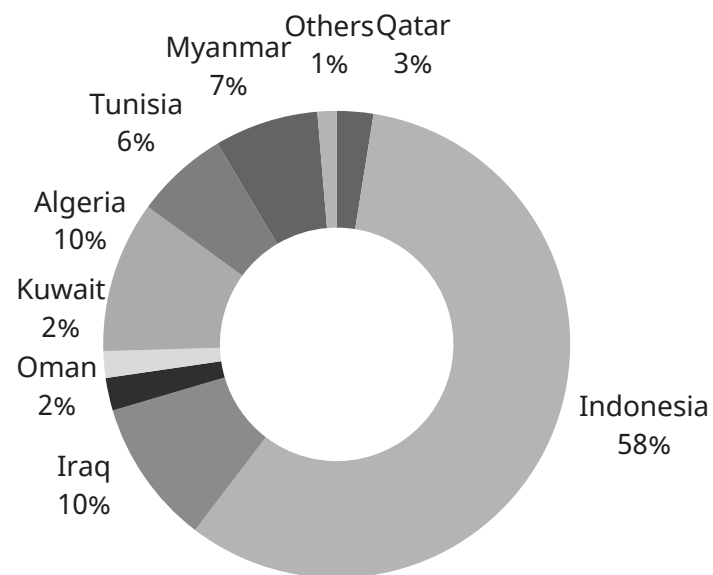
## CAPEX & Customers

### CAPEX Breakdown (%)



**1H 2018 CAPEX = QAR 1,796 million**

### Customer Breakdown (%)



**1H 2018 Total Customers = 130 million**

# Group Results

## Total Group Debt Breakdown

Overview

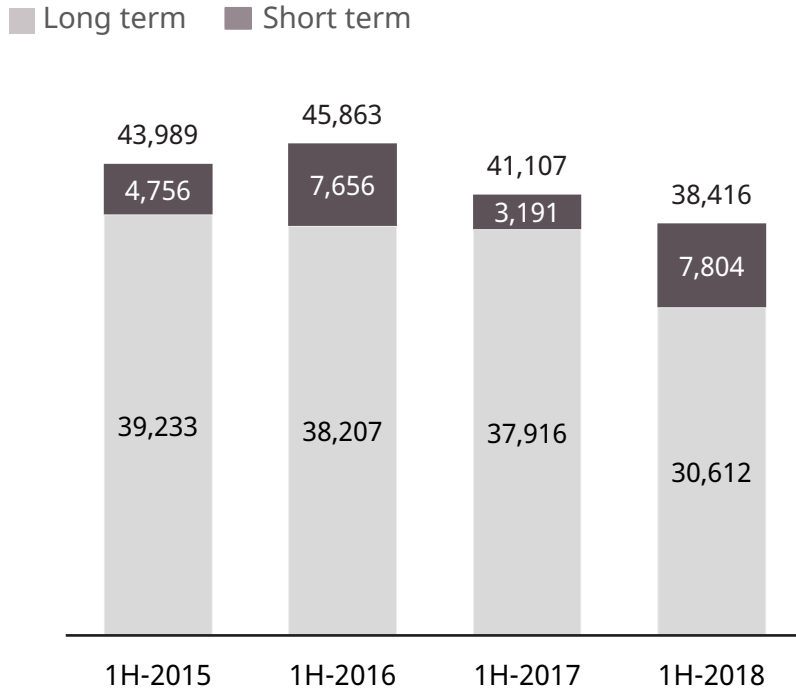
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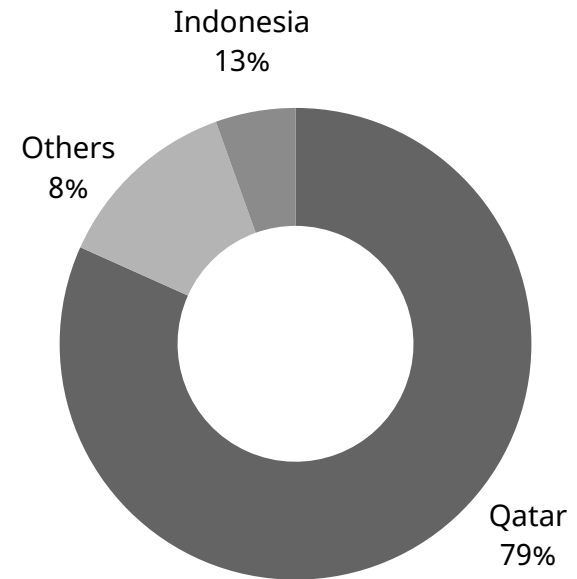
Operations Review

Additional Information

### Total Group Debt (QARm)



### Total Group Debt Breakdown (as at June 30, 2018)

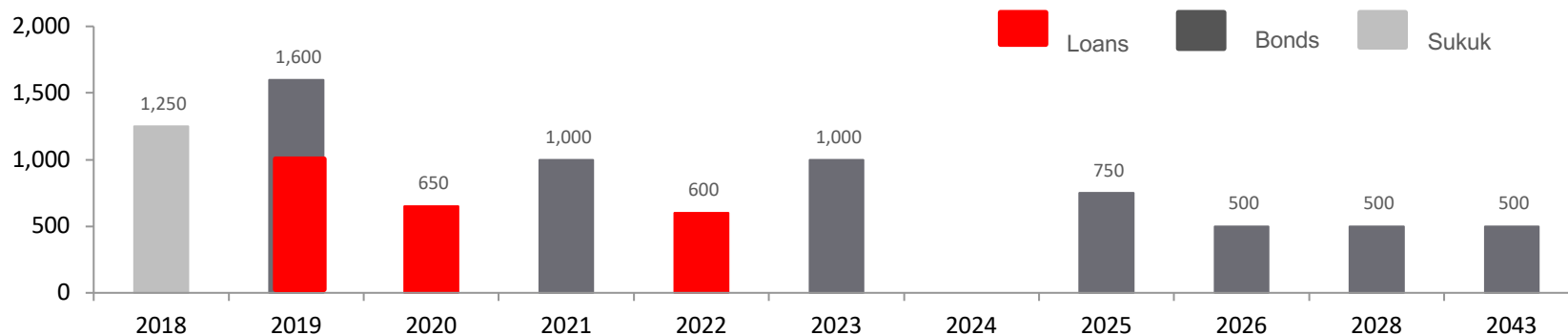


**Total Group debt reduced, well balanced profile  
OpCo debt primarily in local currency**

Note: Qatar debt includes Ooredoo International Finance Ltd. and Ooredoo Tamweel Ltd.

# Group Results

## Debt Profile – Ooredoo Q.P.S.C. level



Loan Type (in USD mn)	Amount	Usage	Rate*	Maturity	Bonds/Sukuk (in USD mn)	Issue Amount	Interest/ Profit Rate	Maturity	Listed in
QAR3bn RCF	824	0	QAR Money Market	31 Jan 2020	Fixed Rate Bonds due 2019	600	7.875%	10 Jun 2019	LSE
USD1bn RCF	1,000	1,000	Libor + 100bps	17 May 2019	Fixed Rate Bonds due 2021	1,000	4.75%	16 Feb 2021	LSE
USD 500mn RCF	500	500	Libor + 88bps	06 May 2020	Fixed Rate Bonds due 2023	1,000	3.25%	21 Feb 2023	ISE
USD150mn Term Loan	150	150	Libor + 90bps	31 Aug 2020	Fixed Rate Bonds due 2025	750	5.00%	19 Oct 2025	LSE
USD1bn RCF	1,000	600	Libor+ 130bps	07 Jun 2022	Fixed Rate Bonds due 2026	500	3.75%	22 Jun 2026	ISE
					Fixed Rate Bonds due 2028	500	3.875%	31 Jan 2028	ISE
					Fixed Rate Bonds due 2043	500	4.50%	31 Jan 2043	ISE
					Sukuk due 2018	1,250	3.039%	03 Dec 2018	ISE
<b>Total Loans</b>	<b>3,474 m</b>	<b>2,250 m</b>			<b>Total Bonds and Sukuk</b>	<b>6,100 m</b>			

**Total outstanding debt as at 30 June 2018 at Ooredoo Q.P.S.C. level**

**USD 8,350 million**

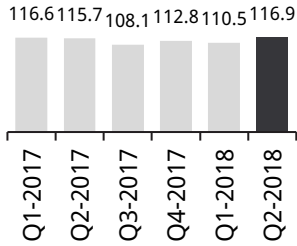
\* Based on the rates applicable for the usage levels

*Long term debt profile is well balanced*

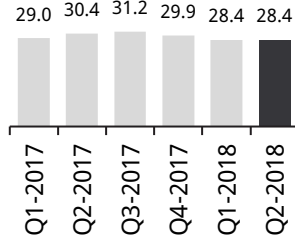
# Group Operations Breakdown

## Blended ARPU

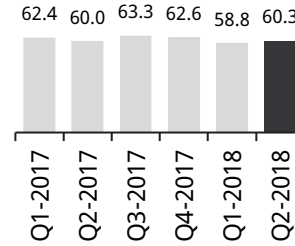
**Qatar (QAR)**



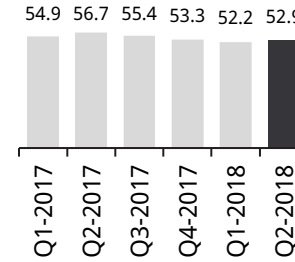
**Iraq (QAR)**



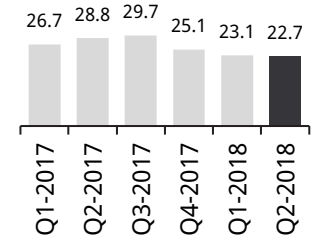
**Oman (QAR)**



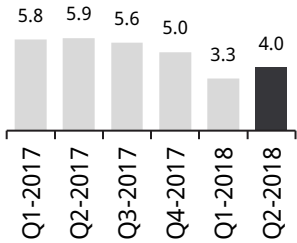
**Maldives (QAR)**



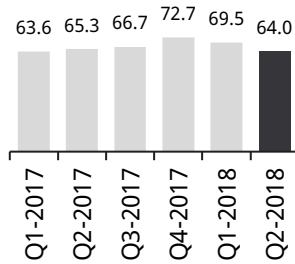
**Palestine (QAR)**



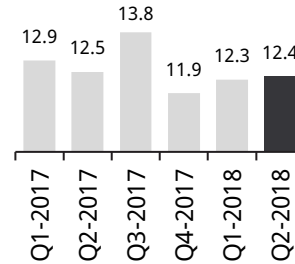
**Indonesia (QAR)**



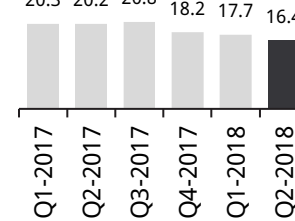
**Kuwait (QAR)**



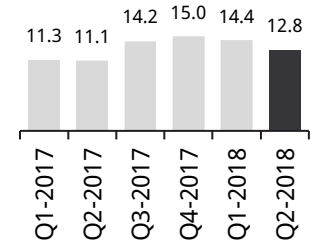
**Tunisia (QAR)**



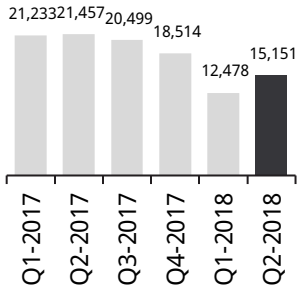
**Algeria (QAR)**



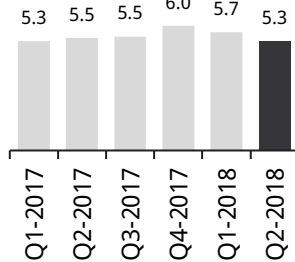
**Myanmar (QAR)**



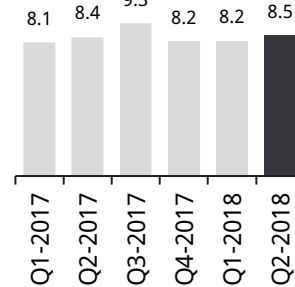
**Indonesia (IDR)**



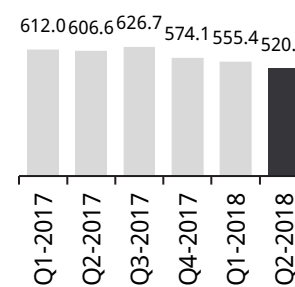
**Kuwait (KWD)**



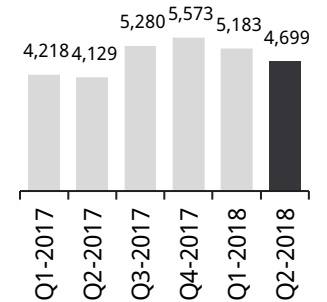
**Tunisia (TND)**



**Algeria (DZD)**



**Myanmar (MMK)**



# Additional Information

## Statutory Corporate Tax Rates

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	Statutory Tax Rate	Losses C/Fwd Allowed	Notes
Algeria	26%	4 years	
Indonesia	25%	5 years	
Iraq	15%	5 years	
Kuwait	15%	3 years	GCC companies (including NMTC) are exempted and are subjected to 4.5% Zakat, KFAS & national Labour Support Tax on consolidated profits
Maldives	15%	5 years	
Myanmar	25%	3 years	
Oman	15%	5 years	
Palestine	20%	5 years	
Qatar	10%	3 years	Qatari/GCC owned companies and companies listed on Qatar Exchange are exempt
Singapore	17%	Indefinitely	
Tunisia	35%	5 years	1) 25% is the standard tax rate; 2) 35% tax rate applies to oil companies, banks, financial institutions including insurance companies and telecommunication companies





Next Quarterly Results (tbc) October 29

Thank You

