

## Ooredoo Qatar - 3Q23 Result Review

Analyst: Neetika Gupta

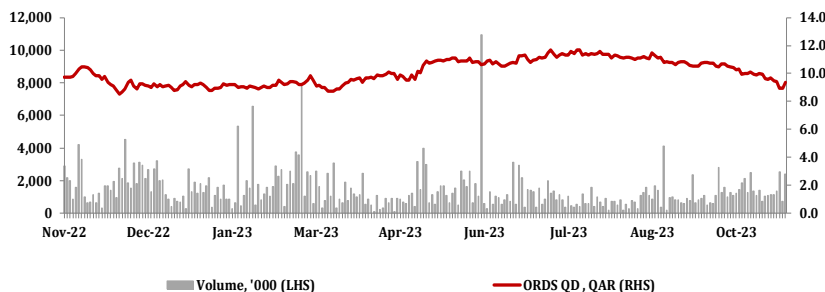
**Previous Recommendation:**  
Previous Reco. & Date:

**Buy**  
TP: QAR 13.20 per share; Buy on 26-September-2023

**Target Price (QAR):** 13.20  
**Upside / (Downside):** 40.6%

Date: 31-10-2023

Bloomberg Ticker	ORDS QD
Current Market Price (QAR)	9.390
52wk High / Low (QAR)	11.99/8.39
12m Average Vol. (mn)	1,431.3
Mkt.Cap. (QAR bn)	30,932/30,078
Shares Outstanding (mn)	3,203.2
Free Float (%)	31%
3m Avg Daily Turnover (QAR mn)	11,486.9
6m Average Daily Turnover (QAR mn)	13,288.9
P/E'23e (x)	8.9x
EV/EBITDA'23e (x)	4.3x
Dividend Yield '23e (%)	5.6%
Price Perf. (1m/3m) (%)	-12.2%/-17.8%



### Revenue increases marginally, in-line with U-Capital estimates.

Ooredoo reported Q3'23 revenue of QAR 5,832mn, which was in-line with UCapital's estimate of QAR 5,918mn, representing a 1% QoQ and YoY change. The subscriber base experienced a marginal 2% YoY growth in Q3'23, with solid growth observed in Iraq, Algeria, Kuwait, and Maldives. However, this growth was partially offset by revenue decreases in Qatar, Oman, and Tunisia, as well as foreign exchange depreciation in Myanmar and Palestine.

### EBITDA increased 12% YoY, in line with estimates.

EBITDA for the quarter increased by 12% on a YoY and 7% on a QoQ basis standing at QAR 2,579mn in-line with our estimated QAR 2,501mn. This significant growth was attributed to robust top-line and effective cost control measures. Iraq, Algeria, and Kuwait experienced solid EBITDA growth, but this increase was offset by lower EBITDA figures in Qatar, Oman, and Tunisia.

### Net Income beats our estimate.

The company's net income stood at QAR 869mn (51% YoY and 4% QoQ) beating our estimated QAR 733mn. The significant variance is likely due to gain from the NMTC legal case and sale of Indonesian tower.

### Maintain target price.

We hold a positive view on Ooredoo and expect robust growth in the telecom sector in the MENA and Asia regions. Ooredoo is well-positioned to sustain its growth trajectory due to its strong geographical presence and its partnerships with Zain and TASC Towers Holding to establish an independent tower company comprising up to 30,000 towers. Although, the impact on Ooredoo's operations in Palestine is not significant, as it only contributes 2% of the total revenue. However, it's worth mentioning that the group has faced substantial infrastructure damage in Gaza, which has had a negative effect on its Palestine operations. Excluding this, we anticipate strong growth in the coming period for Ooredoo, driven by its strategic programs and initiatives. Consequently, we are maintaining our Buy rating on the stock and keeping our target price at QAR 13.2 per share.

### Valuation.

Ooredoo is trading at 2023e P/E of 8.9x compared to the historical average 1-year forward P/E of 11.8x. Additionally, the stock is valued at EV/EBITDA multiple of 4.3x, based on our FY23 estimate, compared to the historical average of 4.5x.

Income Statement												
(QAR mn)	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23e	YoY (%)	QoQ (%)	Var (%)	9M22	9M23	YoY (%)
Sales/Revenue	5,767	5,845	5,635	5,774	5,832	5,918	1%	1%	-1%	16,854	17,241	2%
EBITDA	2,302	2,273	2,408	2,404	2,579	2,501	12%	7%	3%	7,102	7,391	4%
Operating Profit (Loss)	1,166	1,130	1,303	1,275	NA	1,343				3,679	NA	
Net Profit (Loss)	574	312	961	834	869	733	51%	4%	19%	2,049	2,664	30%
Balance Sheet												
(QAR mn)	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23e	YoY (%)	QoQ (%)	Var (%)	9M22	9M23	YoY (%)
Shareholders' Equity	23,805	24,311	24,605	25,312	NA	26,045						
Key Ratios												
	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23e	YoY (%)	QoQ (%)	Var (%)	9M22	9M23	YoY (%)
EBITDA Margin	39.9%	38.9%	42.7%	41.6%	44.2%	42.3%						
Operating Profit Margin	20.2%	19.3%	23.1%	22.1%	NA	22.7%						
Net Profit Margin	10.0%	5.3%	17.0%	14.5%	14.9%	12.4%						
Return on Equity (RoE)	9.6%	5.1%	15.6%	13.2%	NA	11.3%						

Source: Financials, Bloomberg, U Capital Research


For our earlier report, please [click here](#).

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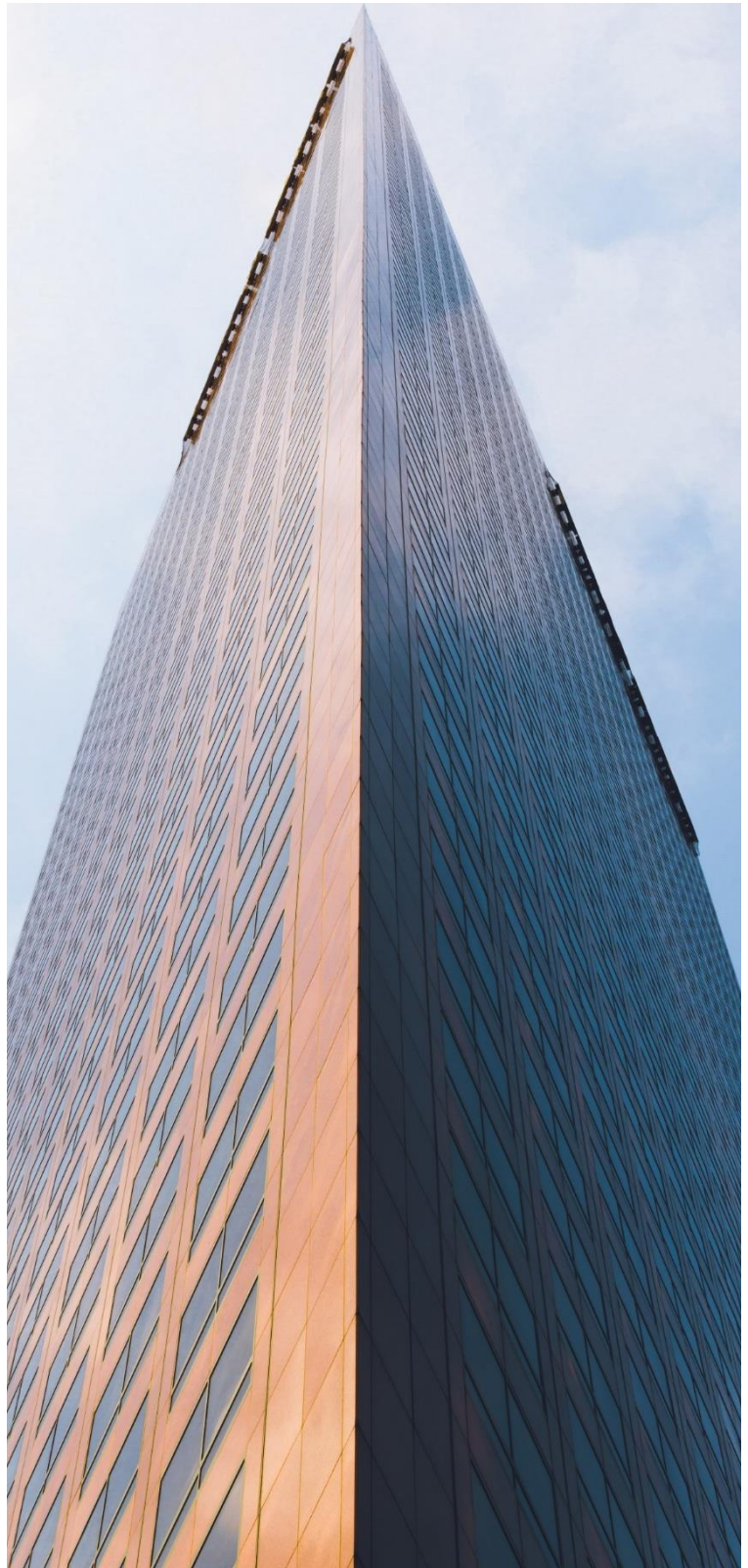
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## Recommendation

BUY	Greater than 20%
ACCUMULATE	Between +10% and +20%
HOLD	Between +10% and -10%
REDUCE	Between -10% and -20%
SELL	Lower than -20%

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