

The Vodafone logo, a white speech mark, is centered on the page. The background is a vibrant, futuristic digital landscape with red and blue glowing lines, circuitry, and arrows pointing in various directions, creating a sense of depth and movement.

# Vodafone Qatar P.Q.S.C.

Financial results: Three months ended 31 March 2020

23 April 2020

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# Quarterly highlights

**Hamad Al Thani**  
Chief Executive Officer



# Executive Summary | Highlights This Quarter

Profitable  
Growth  
Continues

## Nine Quarters

Consecutive YoY quarterly  
total revenue growth

**+10% YoY**

Net Profit QR 48m  
for three months ended  
31 March 2020 – Highest ever  
quarterly net profit recorded

Healthier  
Revenue Mix on  
Track

## Enterprise Performance

Enterprise performance driving  
quarterly service revenue  
growth

## GigaHome Maintains Momentum

FTTH access network  
and 5G investment  
yielding positive results

Coverage &  
Quality  
Enhancements

**> 1,000 Sites**

Surpassed 1k outdoor  
sites as we ramp up capacity  
and enhance coverage

## Meeting New Demands

Deployed in-building and  
outdoor coverage  
solutions in critical locations

Capturing  
Market Share in  
Competitive  
Environment\*

**(4.2%)**

Total telecom market value  
decreased in FY19 vs. FY18  
due to lower total ARPU

**RMS +1.2pts YoY**

Despite headwinds, VQ grew total  
RMS to 22.5% in FY19



# Executive Summary | COVID-19 Operational Business Continuity

## Critical Elements of Operational Business Continuity



## Commentary

- 1 Contact Center** operations impacted by offshore lockdowns have been mitigated through the mobilization of additional resources onshore
- 2 Retail Operations / Distribution** initially impacted due to closure of malls
  - Kiosks and store-in-store locations have been deployed in key partner locations
  - Our own online delivery service was launched via web and app channels
  - Employees' in our retail stores have been provided with hand sanitizer, latex gloves, facemasks and adhere to social distancing guidelines
- 3 Network Operations** have increased capacity to our fixed broadband and mobile networks to cope with the increased demand and we have enhanced coverage for new hospitals set up for COVID-19
- 4 Supply Chain** increased critical stock reserves, secured secondary warehousing location for stocks and put joint business continuity plans with key partners into action
- 5 Remote working** in place since 17 March and adopted by roughly ninety percent of our employees





# Financial review

**Brett Goschen**  
Chief Financial Officer



# FY 2020 Q1 | Key points to note and highlights

## Items impacting YoY comparisons

- One-off project revenue recognized in FY19 Q1 and related margin amounting to QR 9m ('one-off')
- Regulatory license fees paid to CRA increased from 1% to 1.5% of adjusted service revenue impacting QR 2.1m in FY20 Q1

## Strong Financial Performance

- FY20 Q1 **service revenue grows 7.2% YoY** driven by continued growth in postpaid and home broadband solutions
- Underlying **EBITDA for the quarter grows 17% (highest ever of QR 200m)**
- Reported EBITDA margin of 37%, highest ever. Excluding equipment business, **EBITDA margin is 39.2% (3.4 pts higher YoY)**

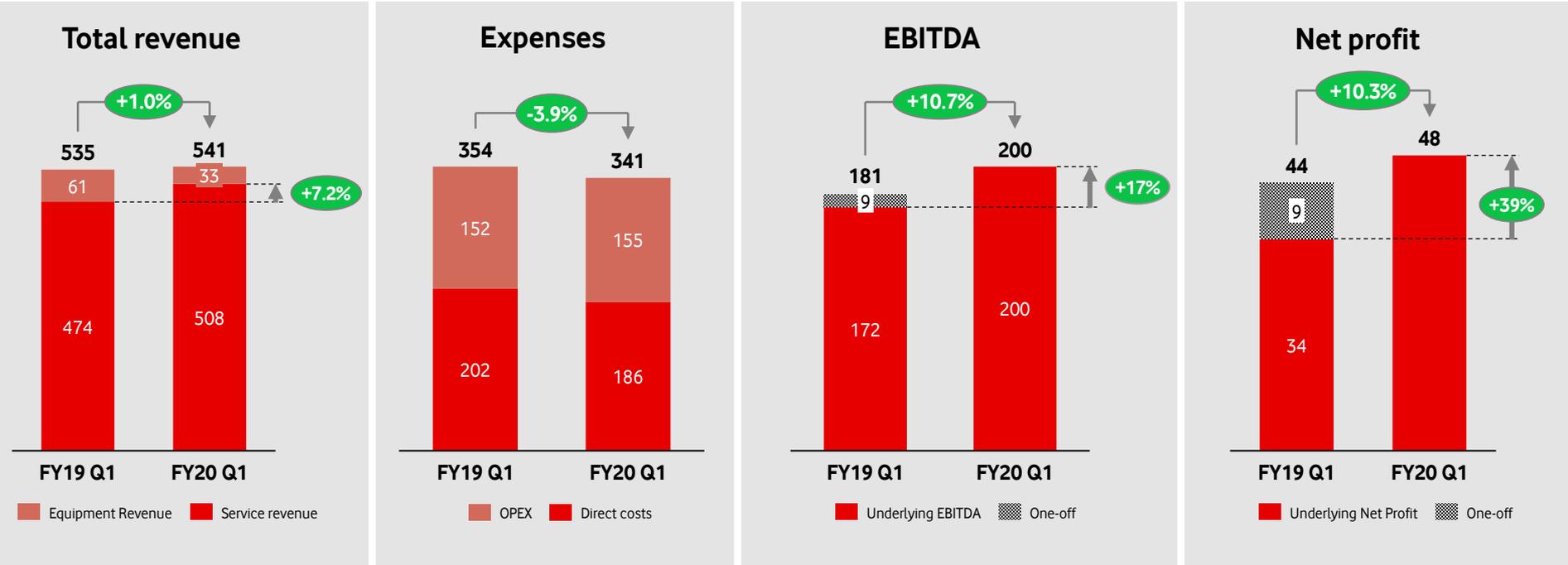
## Steady growth in net profit

- Underlying **net profit (excl. one-off) grows 39% YoY in FY20 Q1 to QR 48m**, the highest ever



# Quarterly Financial Performance (Year on Year) (QR m)

## FY20 Q1 v FY19 Q1

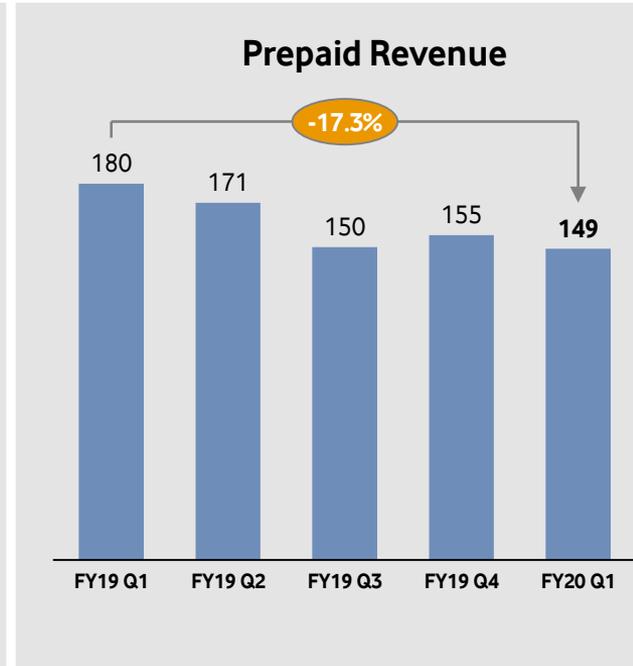
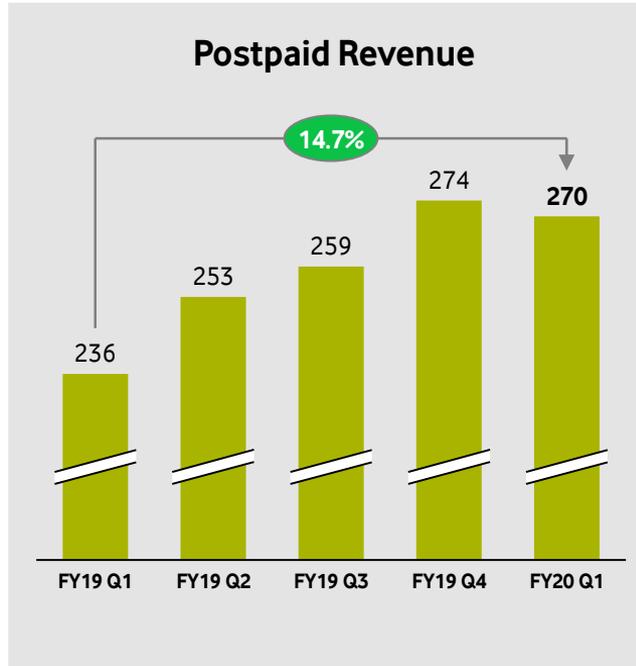
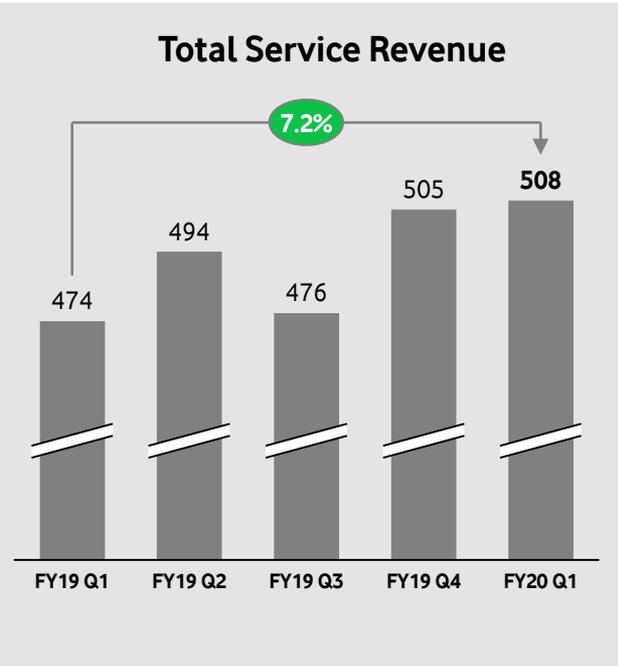


- 1 **Total Revenue grew 1% led by service revenue growth 7.2%** driven by continued growth in postpaid and fixed broadband (GigaHome)
- 2 **Expenses 3.9% lower** due to cost optimisation program, lower equipment costs and impact of lower termination rates
- 3 **Underlying EBITDA increased 17% (excl. one-off)** due to higher service revenue and lower expenses
- 4 **Net profit (excl. one-off) 39% higher** driven by EBITDA growth partially offset by higher depreciation



# Service Revenue (QR m)

## FY20 Q1 v FY19 Q1



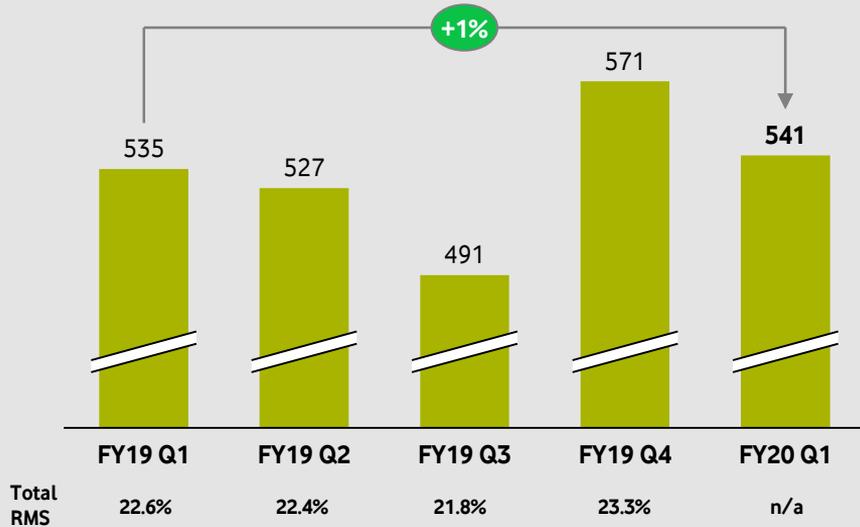
- 1 **Service Revenue grew 7.2%** due to higher postpaid and fixed broadband (GigaHome) subscribers
- 2 **Postpaid revenue grew 14.7%** driven by growth in subscribers
- 3 **Prepaid revenue 17.3% lower** due to migrations to postpaid, lower termination rates and a declining prepaid market



# Total Revenue & ARPU

## FY20 Q1 v FY19 Q1

### Total Revenue (QR m)



### Mobility ARPU (QR)



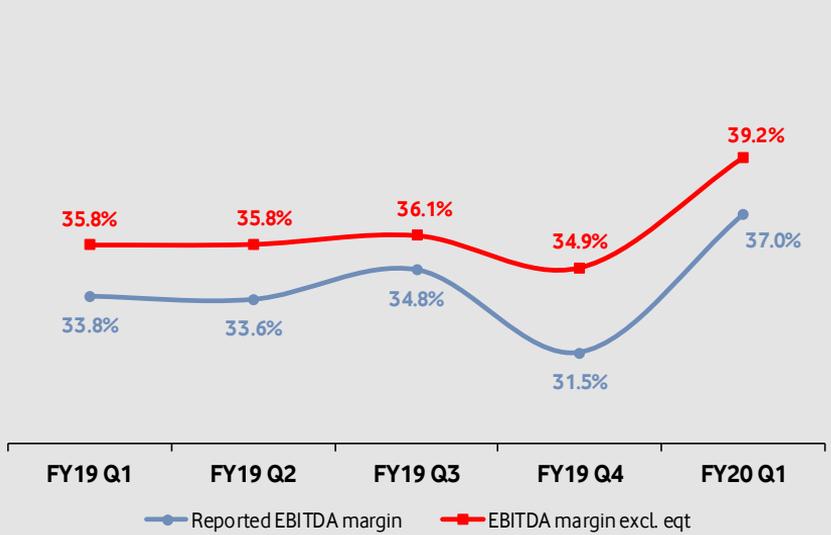
- 1 Total revenue grew 1%** due to growth in service revenue offset by lower equipment sales (lower handset and one-off revenue)
- 2 ARPU flat YoY** driven by growth in postpaid and broadband offsetting lower prepaid revenue and impact of lower termination rates



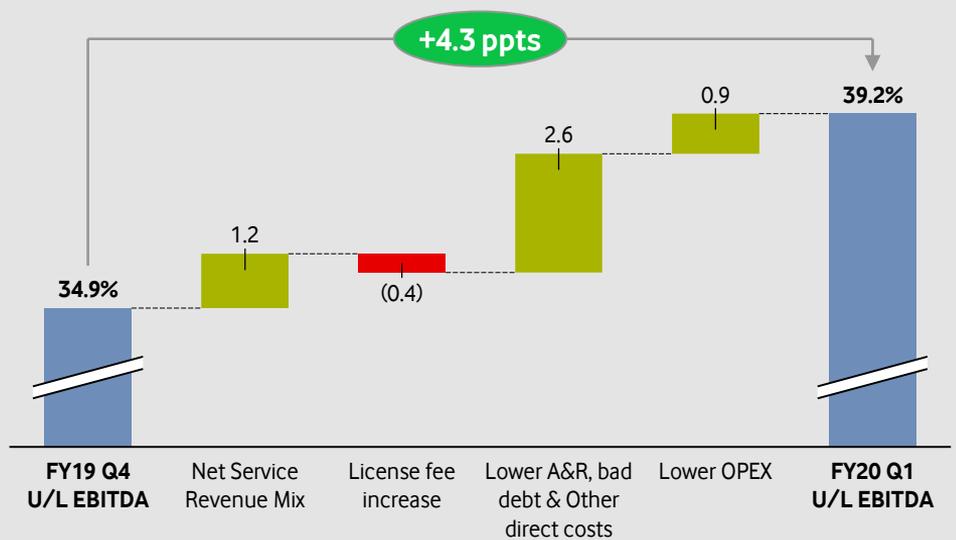
# EBITDA & Underlying EBITDA margin

FY20 Q1 v FY19 Q1

EBITDA margin %



Underlying EBITDA Margin growth QoQ



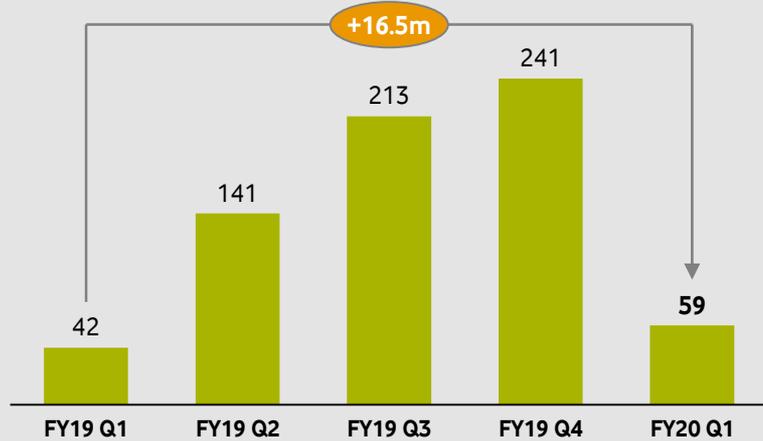
- 1 Highest ever reported margin of 37%, grows 3.2ppts YoY driven by growth in fixed broadband and postpaid revenue
- 2 EBITDA margin of 39.2% excluding equipment business (growth of 3.4 ppts YoY)



# CAPEX (QR m)

## FY20 Q1 v FY19 Q1

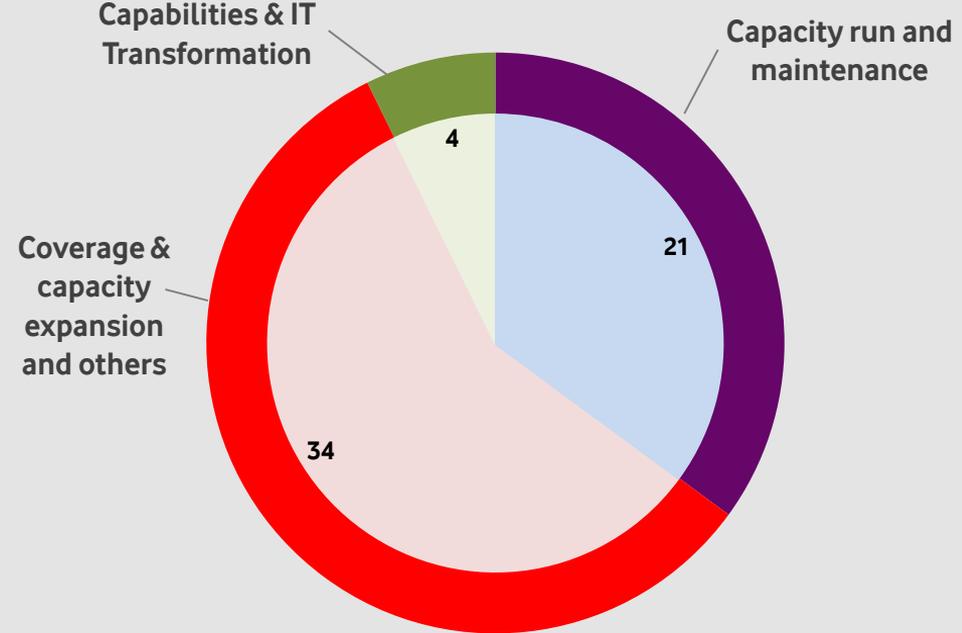
### Total CAPEX



CAPEX Intensity

7.9%    26.8%    43.4%    42.2%    10.8%

### Quarterly CAPEX Mix



CAPEX investment QR 59m focusing on:

- 1 Mobile and fixed coverage expansion
- 2 Investments to maintain the network
- 3 Development of new commercial capabilities and products



# Consolidated statement of income

Period ended 31 March 2020

QR m	Three months ended		
	31 Mar 20	31 Mar 19	YoY
<b>Revenue</b>	<b>541</b>	<b>535</b>	<b>6</b>
Interconnection and other direct expenses	(186)	(202)	17
Network, rentals and other operational expenses	(101)	(97)	(4)
Employee salaries and benefits	(54)	(55)	1
Depreciation of property, plant and equipment	(61)	(59)	(3)
Amortisation of intangible assets	(44)	(41)	(3)
Depreciation of right-of-use assets	(24)	(20)	(4)
Industry fee	(5)	(4)	(1)
<b>Operating profit</b>	<b>65</b>	<b>56</b>	<b>8</b>
Finance cost	(10)	(8)	(2)
Other financing costs	(7)	(6)	(1)
Profit from mudaraba	0	1	(1)
<b>Profit for the period</b>	<b>48</b>	<b>44</b>	<b>4</b>
<b>Basic and diluted earnings per share (in QR per share)</b>	<b>0.011</b>	<b>0.010</b>	<b>0.001</b>

## Commentary YoY:

- **Revenue increased** driven by QR 34m growth in service revenue (growth in postpaid and GigaHome) offset by lower equipment sales
- **Interconnect and other direct expenses QR 17m lower** due to lower equipment cost, reduction in mobile termination rates and cost optimization initiatives
- **Network, rentals and other operational expenses increased by QR 4m** due to additional fixed operational and 5G related costs
- **Employee salaries and benefits QR 1m lower**
- **Depreciation and amortization QR 10m higher** due to higher CAPEX incurred in FY 2019
- **Financing costs increase by QR 2m** due to local refinancing of group financing facility and higher net debt



# Consolidated statement of financial position

As at 31 March 2020

QR m	Mar-20	Dec-19	Var
Property, plant and equipment	1,464	1,484	(20)
Intangible assets	4,444	4,471	(27)
Right-of-use assets	344	358	(14)
Trade and other receivables	34	37	(2)
<b>Total non-current assets</b>	<b>6,286</b>	<b>6,350</b>	<b>(64)</b>
Inventories	30	38	(8)
Trade and other receivables	399	407	(7)
Cash and bank balances	167	303	(136)
<b>Total current assets</b>	<b>596</b>	<b>748</b>	<b>(152)</b>
<b>Total assets</b>	<b>6,883</b>	<b>7,098</b>	<b>(215)</b>
Share capital	4,227	4,227	-
Legal reserve	66	63	3
Retained earnings	62	230	(168)
<b>Total equity</b>	<b>4,355</b>	<b>4,519</b>	<b>(165)</b>
Loans and borrowings	920	820	100
Lease liabilities	258	253	5
Provisions and trade payables	231	229	2
<b>Total non-current liabilities</b>	<b>1,409</b>	<b>1,302</b>	<b>107</b>
Lease liabilities	99	121	(21)
Trade and other payables	1,019	1,155	(136)
<b>Total current liabilities</b>	<b>1,118</b>	<b>1,276</b>	<b>(158)</b>
<b>Total equity and liabilities</b>	<b>6,883</b>	<b>7,098</b>	<b>(215)</b>

## Assets

- **Property, plant and equipment decreased by QR 20m** driven by depreciation QR 61m offset by CAPEX of QR 41m
- **Intangible assets QR 27m lower** due to amortization QR44m offset by CAPEX of QR 17m
- **Right of use assets QR 14m lower** as a result of depreciation QR 24m offset by capitalisation for new leases of QR 10m
- **Cash and bank balances QR 136m lower** following the dividend payment

## Equity

- **Equity decreased by QR 165m** due to dividend for FY19 of QR 211m offset by the net profit for the period of QR 48m

## Liabilities

- **Loan and borrowings increased QR 100m** on account of drawdown during the period for settlement of dividend and vendor payments
- **Lease Liabilities decreased by QR 16m** resulting from payments of QR 31m offset by new capitalization of ROU assets QR 10m and interest unwind of QR 5m
- **Trade and other payables decreased QR 136m** primarily driven by settlement of CAPEX, regulatory and other payables



**Questions ?**

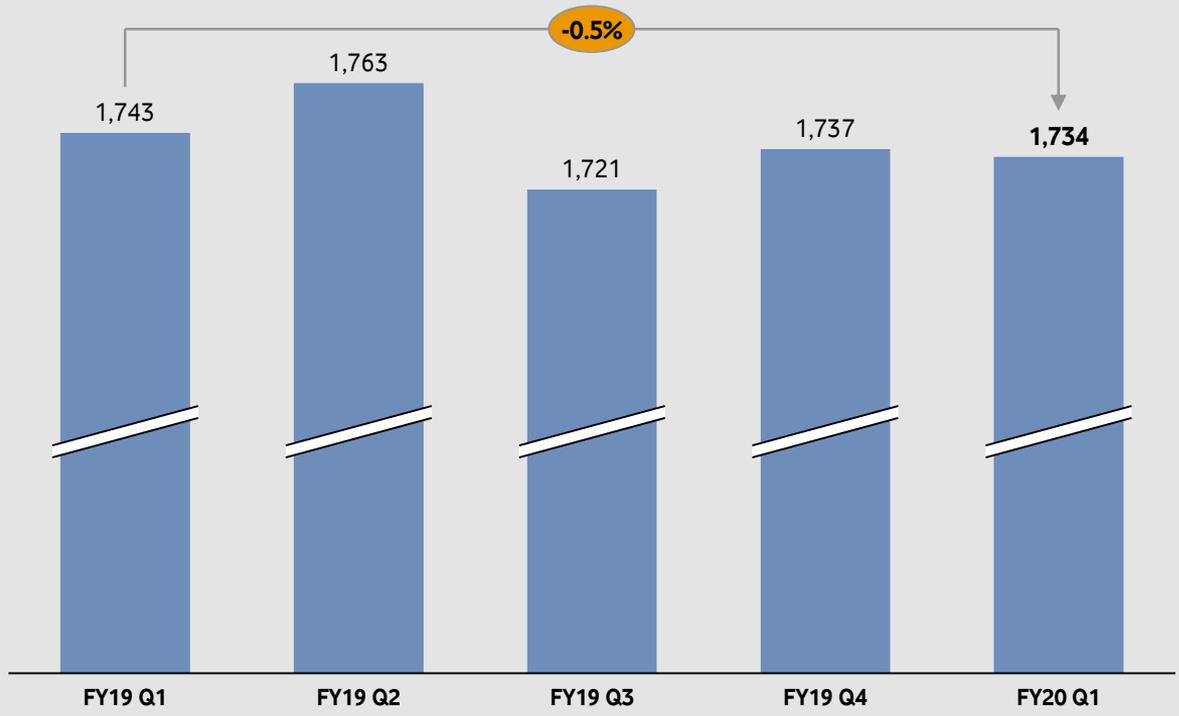


# Appendix



# Mobile Customers ('000s)

FY20 Q1 v FY19 Q1





**Thank You**  
**The Future Is Exciting**

**For more information visit our website:** [www.vodafone.qa/en/investor-relations](http://www.vodafone.qa/en/investor-relations)

**Or email us:** [InvestorRelationsQatar@vodafone.com](mailto:InvestorRelationsQatar@vodafone.com)

