

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 perspective grids.

Vodafone Qatar P.Q.S.C.

Financial results: Nine months ended 30 September 2020

27 Oct 2020

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Quarterly highlights

Hamad Al Thani
Chief Executive Officer



Executive Summary | Quarterly Highlights

Profitable
Growth
Continues

11 Quarters

Consecutive Y/Y quarterly
total revenue growth

Net Profit

FY20 YTD Net Profit
grows 17% Y/Y

Strong
Commercial
Rebound

Subscriber Growth Rebound

Mobile Customers
grow Q/Q after decline
in Q2-FY20

GigaHome Continues Strong Momentum

FTTH access network
and 5G investments
continue to yield positive results

Capturing
Revenue
Market Share
with Healthier
Revenue Mix

RMS +1.0pts Y/Y*

Growth resulting in total
RMS of 23.0% in Q2-2020

Healthier Revenue Mix

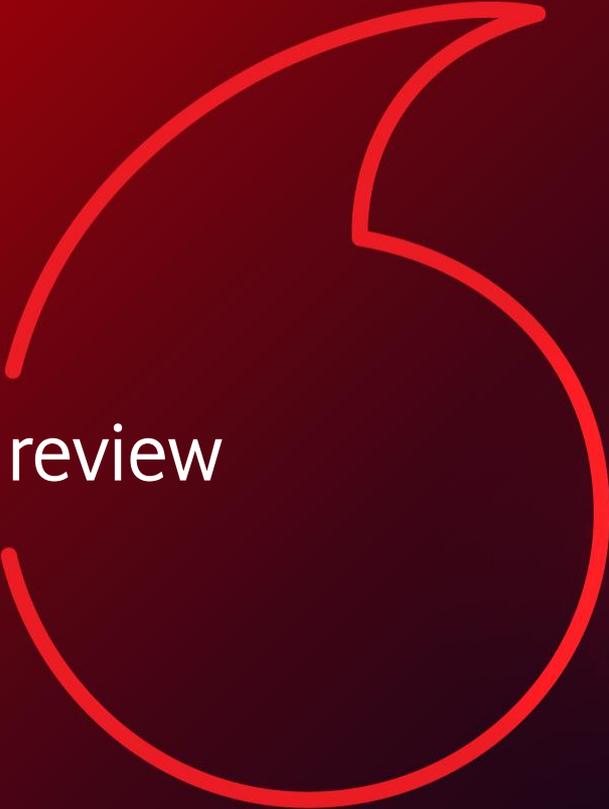
Broadband and Postpaid
Mobility driving YoY revenue
growth

Challenging
Market
Environment

Continued Market Value Erosion

The overall market declined by
QR 76m in Q2-2020 representing
a Y/Y decline of 3.4%*. This is the sixth
consecutive quarterly decline in
market value





Financial review

Brett Goschen
Chief Financial Officer



FY 2020 Q3 | 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
- Regulatory license fees paid to CRA increased from 1% to 1.5% of adjusted service revenue impacting YTD costs by QR 6.2m

Strong Financial Performance

- **FY20 Q3 Service revenue increased 5.1% YoY** driven by growth in fixed broadband solutions and postpaid
- **EBITDA for the quarter increased 18% YoY** due to higher service revenue and cost optimization
- **FY20 Q3 Reported EBITDA margin 37.4%** (2.6 ppts higher YoY)

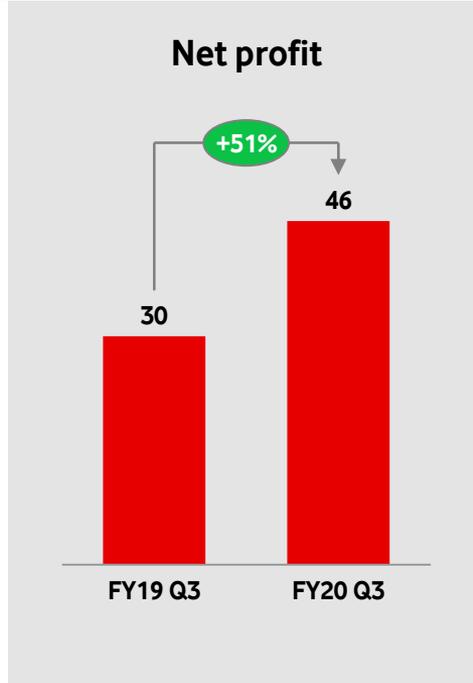
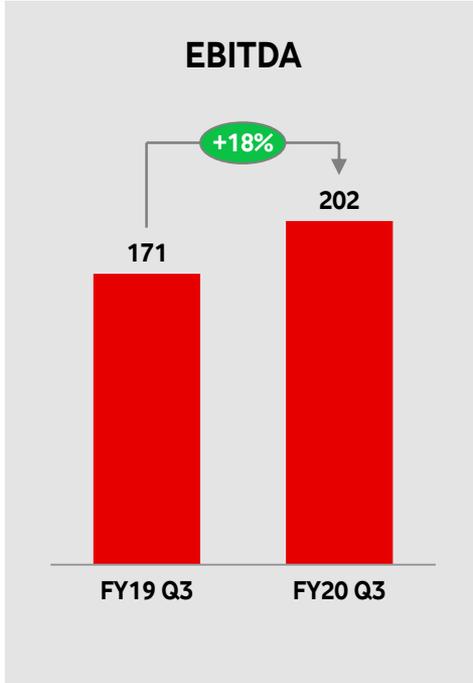
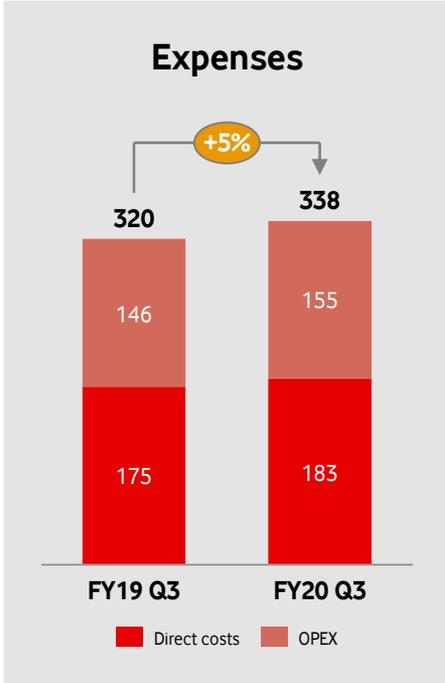
Growth in net profit

- **Net profit grows 51% YoY** in FY20 Q3 to QR 46m



Quarter 3 | Financial Performance Year on Year

FY20 Q3 v FY19 Q3 (QR m)



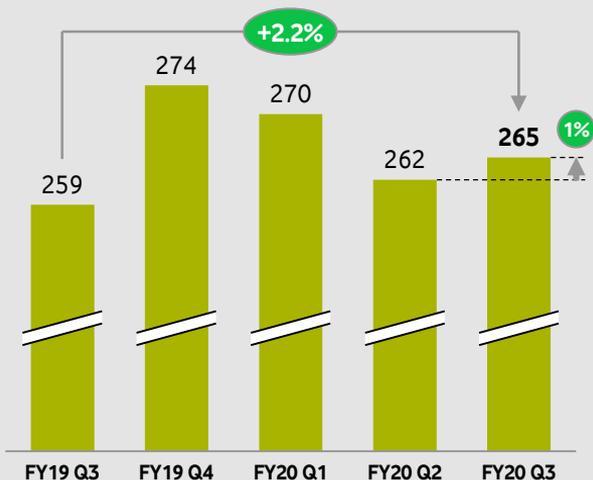
- 1 **Total revenue QR 48m higher led by Service revenue (+5.1% YoY)** driven by growth in fixed broadband and postpaid partially offset by decline in prepaid and reduction in termination rates
- 2 **Expenses higher by 5%** due to impact of higher equipment sales, fixed & 5G operational costs and FX losses (Euro appreciating)
- 3 **EBITDA higher by 18% or QR 31m** as a result of the higher service revenue
- 4 **Net profit QR 16m higher** from the EBITDA flow through partially offset by higher depreciation



Service Revenue

FY20 Q3 v FY19 Q3 (QR m)

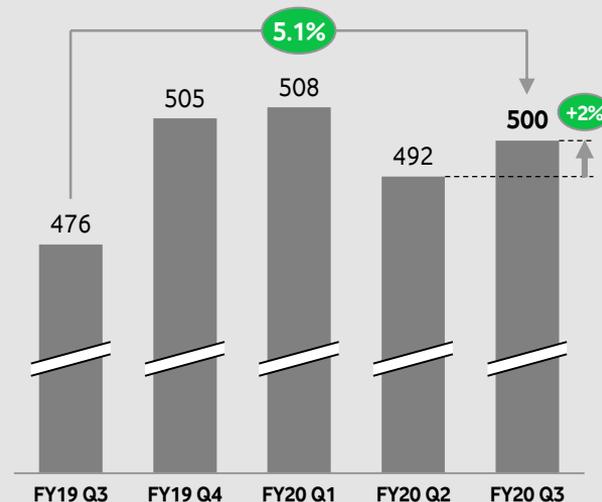
Postpaid Revenue



Prepaid Revenue



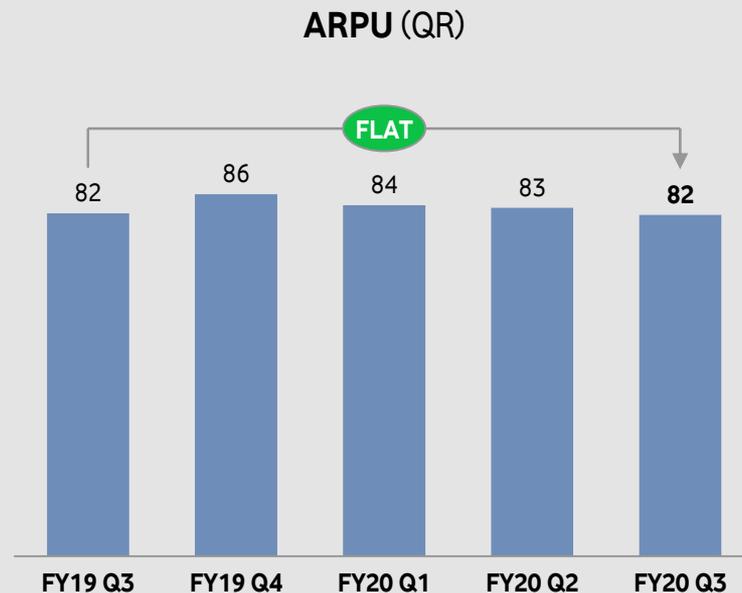
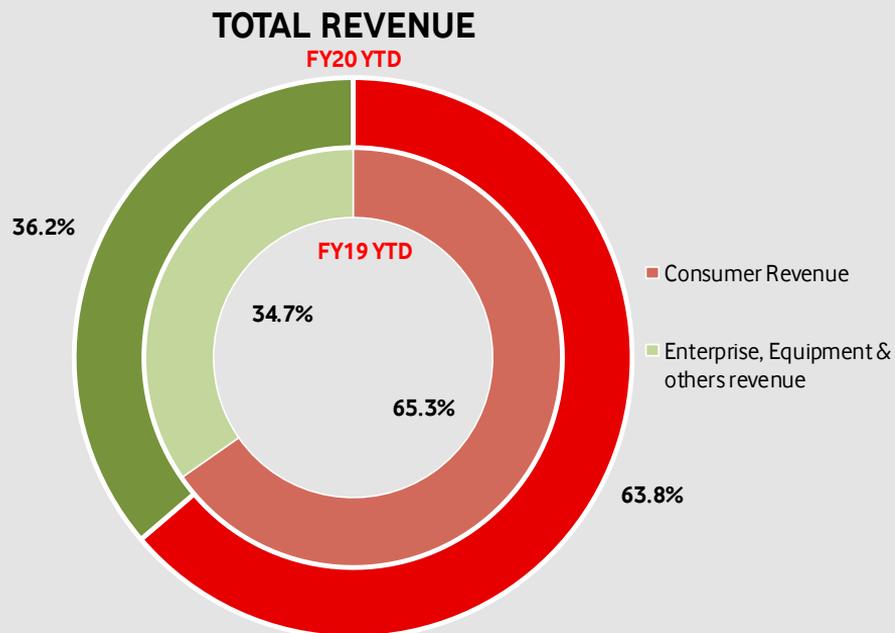
Total Service Revenue



- 1 Postpaid revenue increased by 2.2% assisted by higher ARPU
- 2 Prepaid revenue declined by 8.9% as a result of pre-to-post migrations, reduction of mobile termination rates (MTR) and overall declining prepaid market
- 3 Total service revenue QR 24m or 5.1% higher due to growth in fixed broadband and postpaid offset by decline in prepaid



Total Revenue & ARPU



1 Enterprise and other revenue mix improved 1.5ppts YoY due to growth in fixed broadband and business solutions

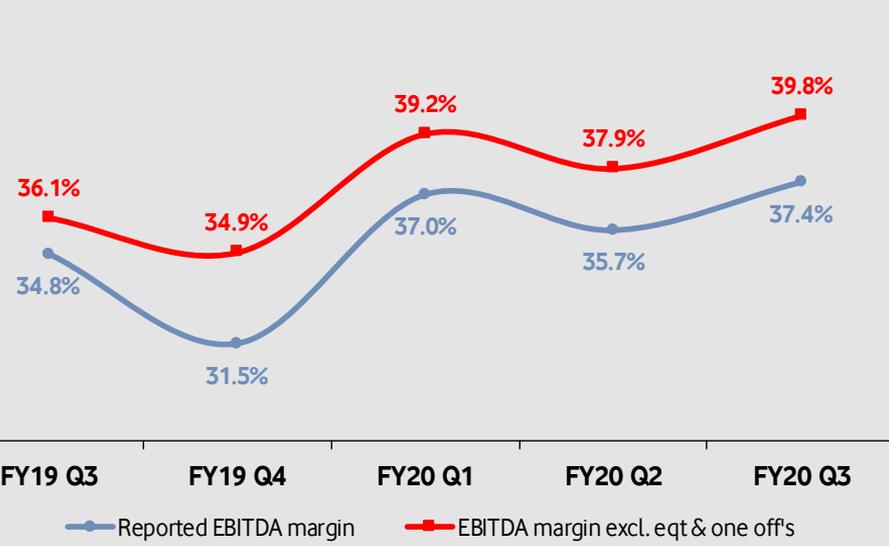
2 ARPU is flat YoY



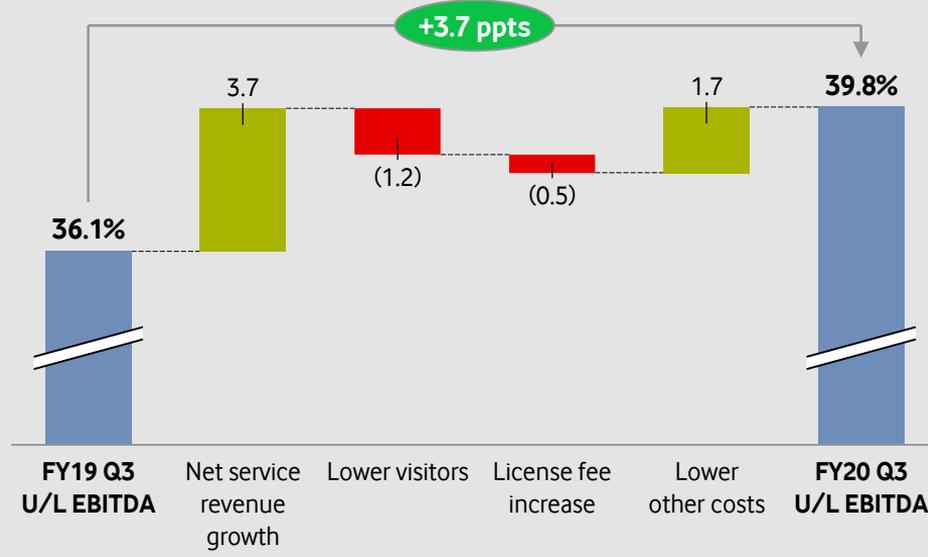
EBITDA margin

FY20 Q3 v FY19 Q3

EBITDA margin %



FY20 Q3 Underlying EBITDA Margin growth YoY



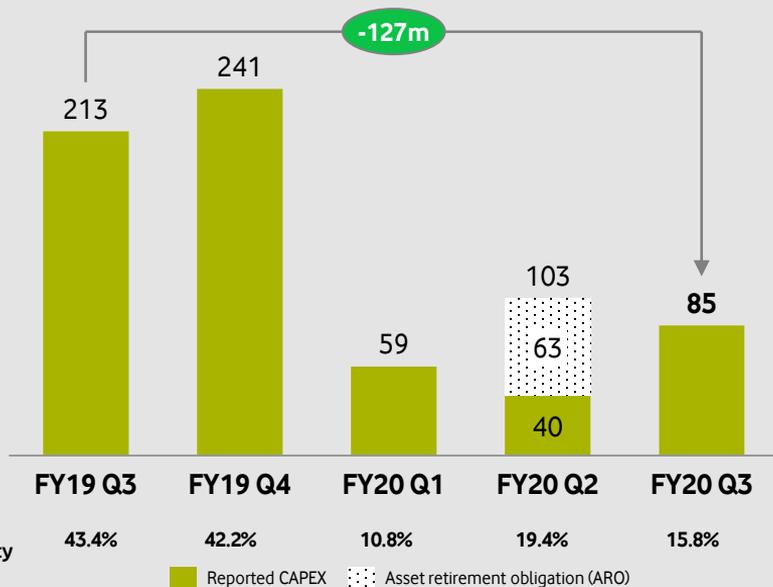
- 1 Underlying EBITDA margin of 39.8% (growth of 3.7 pts YoY) led by growth in service revenue and cost optimisation
- 2 Reported Margin at 37.4% expanded 2.6 pts YoY, highest ever



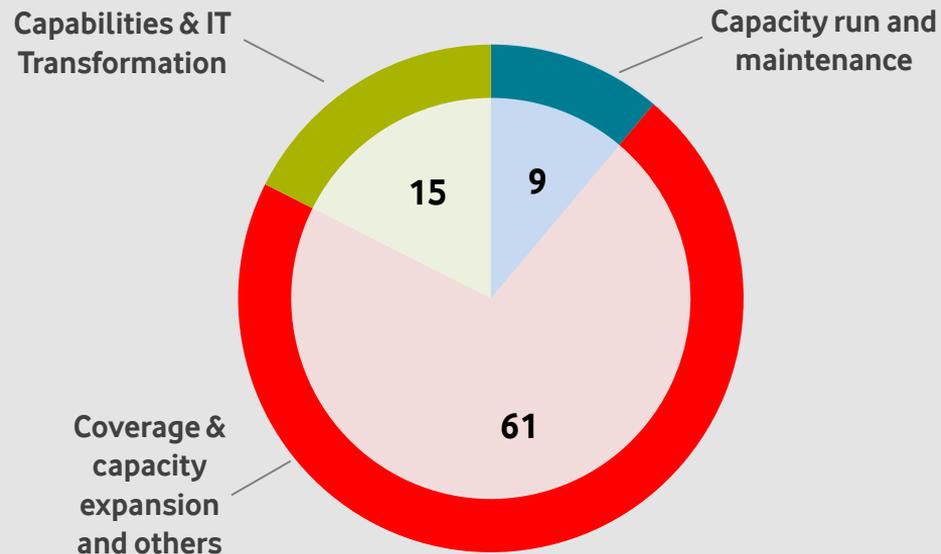
CAPEX

FY20 Q3 v FY19 Q3 (QR m)

Total CAPEX



Quarterly CAPEX Mix



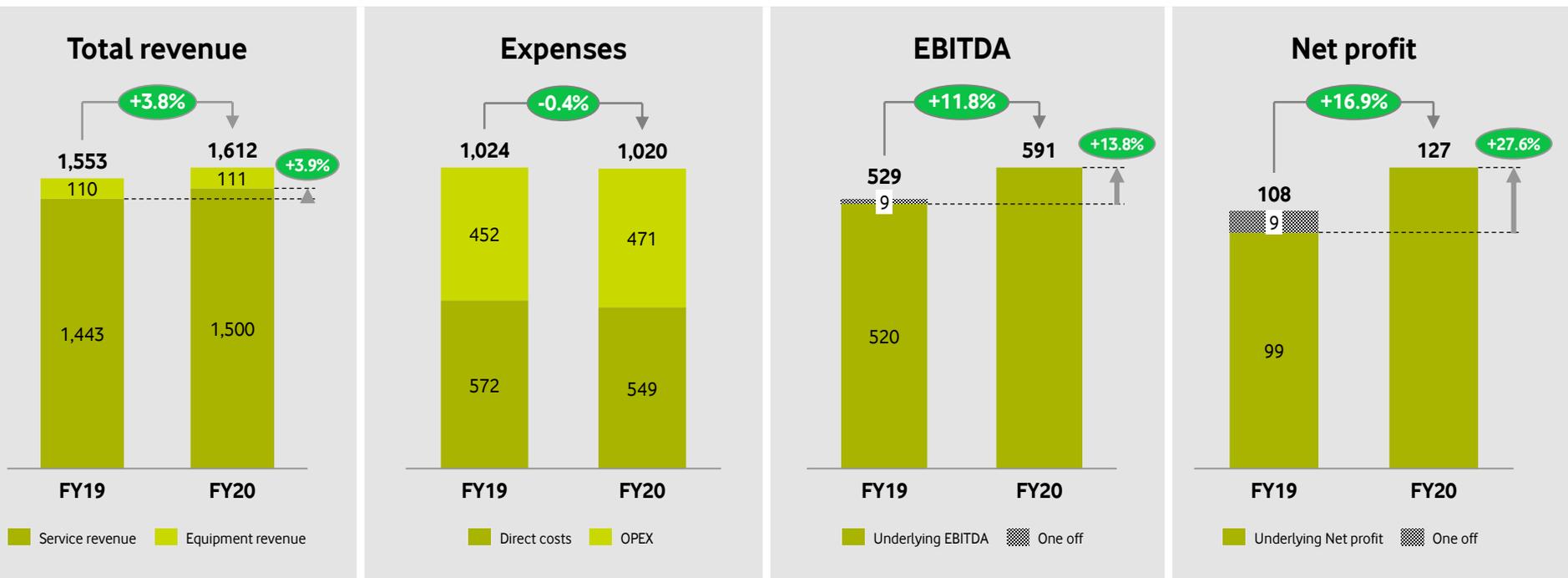
CAPEX investment QR 85m focusing on:

- 1 Capacity expansion and coverage foot print enhancement
- 2 Enhancing digital capabilities and products
- 3 Investments to maintain the network



Financial Performance Year on Year

Nine months ended 30 September 2020 (QR m)



- 1 Total revenue QR 59m higher led by service revenue (+3.9% YoY)** driven by fixed broadband and postpaid offset by decline in prepaid and reduction in termination rates
- 2 Expenses largely flat** due to cost optimization offset by higher fixed, 5G operational costs, equipment costs, FX losses and license fee increase
- 3 Underlying EBITDA 13.8% higher** mainly due to higher service revenue
- 4 Underlying Net profit 27.6% or QR 28m higher** following EBITDA growth partially offset by higher depreciation and financing costs



Consolidated statement of income

Nine months ended 30 September 2020



QR m (unless otherwise stated)	Nine months ended		
	30 Sep 20	30 Sep 19	YoY
Total revenue	1,612	1,553	59
Interconnection and other direct expenses	(549)	(572)	23
Network, rentals and other operational expenses	(305)	(283)	(22)
Employee salaries and benefits	(167)	(169)	2
Depreciation of property, plant and equipment	(189)	(170)	(19)
Amortisation of intangible assets	(133)	(130)	(3)
Depreciation of right-of-use assets	(80)	(63)	(17)
Industry fee	(14)	(13)	(1)
Operating profit	175	152	23
Finance cost	(32)	(24)	(8)
Other financing costs	(18)	(22)	4
Other income	1	2	(1)
Profit for the period	127	108	19
Basic and diluted earnings per share (QR per share)	0.030	0.026	0.004

Commentary YoY:

- **Revenue increased QR 59m** led by service revenue growth of 3.9% driven by fixed broadband and postpaid.
- **Interconnect and other direct expenses QR 23m lower** driven by cost optimisation program and lower termination rates offset by increase in license fees and higher equipment costs
- **Network, rentals and other operational expenses increased by QR 22m** due to additional fixed and 5G operational costs and FX losses partially offset by cost optimisation benefits
- **Employee salaries and benefits QR 2m lower**
- **Depreciation and amortization QR 39m higher** due to higher CAPEX incurred in FY 2019 and additional property leases
- **Financing costs increased by QR 8m** due to local refinancing of Vodafone Group facility and higher net debt



Thank You
The Future Is Exciting

For more information visit our website: www.vodafone.qa/en/investor-relations

Or email us: InvestorRelationsQatar@vodafone.com



Appendix





Consolidated statement of financial position

As at 30 September 2020

QR m (unless otherwise stated)	30 Sep 20	31 Dec 19	Var
Property, plant and equipment	1,507	1,484	23
Intangible assets	4,309	4,471	(162)
Right-of-use assets	316	358	(42)
Trade and other receivables	30	37	(6)
Total non-current assets	6,163	6,350	(188)
Inventories	29	38	(9)
Trade and other receivables	356	407	(51)
Cash and bank balances	145	303	(158)
Total current assets	530	748	(218)
Total assets	6,693	7,098	(405)
Share capital	4,227	4,227	-
Legal reserve	72	63	9
Retained earnings	132	230	(97)
Total equity	4,432	4,519	(88)
Loans and borrowings	766	820	(54)
Lease liabilities	245	253	(9)
Provisions and trade payables	162	229	(67)
Total non-current liabilities	1,173	1,302	(129)
Loans and borrowings	154	-	154
Lease liabilities	109	121	(12)
Trade and other payables	825	1,155	(330)
Total current liabilities	1,088	1,276	(188)
Total equity and liabilities	6,693	7,098	(405)

Assets

- **Property, plant and equipment & Intangible assets decreased by QR 139m** due to depreciation and amortization QR 322m and adjustment of asset retirement obligation QR 63m offset by CAPEX of QR 246m
- **Right of use assets QR 42m lower** as a result of depreciation QR 80m offset by capitalisation for new leases of QR 38m
- **Trade and other receivables QR 57m lower** mainly due to higher collection from dealers and lower prepayments
- **Cash and bank balances QR 158m lower** following the dividend payment and settlement of FY19 CAPEX liabilities

Equity

- **Equity decreased by QR 88m** due to dividend payment offset by the net profit for the period

Liabilities

- **Loans and borrowings increased by QR 100m** on account of drawdown during the period
- **Provisions, trade and other payables decreased QR 397m** primarily driven by settlement of FY19 CAPEX liabilities, revision of asset retirement obligation estimates and reduction in other payables

Mobile Customers ('000s)

FY20 Q3 v FY19 Q3

