

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: Half year ended 30 June 2020

29 July 2020

Disclaimer

- The following presentation is made only to, and is directed only at, persons to whom such a presentation may lawfully be communicated (“relevant persons”). Any person who is not a relevant person should not act or rely on this presentation or any of its contents.
- This presentation contains forward-looking statements that are subject to risks and uncertainties, including statements about Vodafone Qatar’s beliefs and expectations.
- These forward-looking statements are based on assumptions that Vodafone Qatar has made in light of its experience in the industry in which it operates, as well as its perceptions of historical trends, current conditions, expected future developments and other factors which Vodafone Qatar believes are appropriate under the circumstances. Prospective investors should understand that these statements are not guarantees of future performance or results.
- Due to these factors, Vodafone Qatar cautions that prospective investors should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time-to-time, and it is impossible to predict these events or how they may affect Vodafone Qatar.
- Vodafone and the Vodafone logo are trademarks of the Vodafone Group.





Quarterly highlights

Hamad Al Thani
Chief Executive Officer



Executive Summary | Quarterly Highlights

Profitable
Growth
Continues

10 Quarters

Consecutive YoY quarterly
total revenue growth

Net Profit

Reaches QR 81m in FY20 H1
a YoY increase of 4%
and underlying* increase of 17%

Strong
Commercial
Rebound

Subscriber Rebound

Despite initial shock, active
subscribers showing
strong momentum since
start of May

Stable ARPU

ARPU remained flat QoQ
while usage is showing healthy
signs of stabilization after peaks
observed during stay at home orders

Strengthening
Business
Resilience

Digital Adoption Accelerated

Digital Channel (Care & Sales)
catering to evolving customer
behaviours and exceeding
expectations

Optimization of Spend

Rationalization of Spend
(OPEX / CAPEX) initiatives
underway

Capturing
Market Share in
Competitive
Environment**

RMS +1.1pts YoY

Growth despite decline
In overall market value
resulting in a total
RMS of 22.8% in Q1-2020

Meeting the Demands of our Customers

Delivering critical national
digital infrastructure &
maintaining our strong
network performance

(*) Note: Excluding one-off project margin in FY19 Q1

(**) Note: On a 12 months trailing basis





Financial review

Brett Goschen
Chief Financial Officer



FY 2020 H1 | 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 4.1m in FY20 H1

Strong Financial Performance

- FY20 H1 **service revenue grows 3.4% YoY** to reach **QR 1 Billion** driven by continued growth in postpaid and home broadband solutions
- Reported EBITDA margin for H1 is 36.3% and EBITDA margin excluding equipment is **38.6% (2.8 pts higher YoY)**

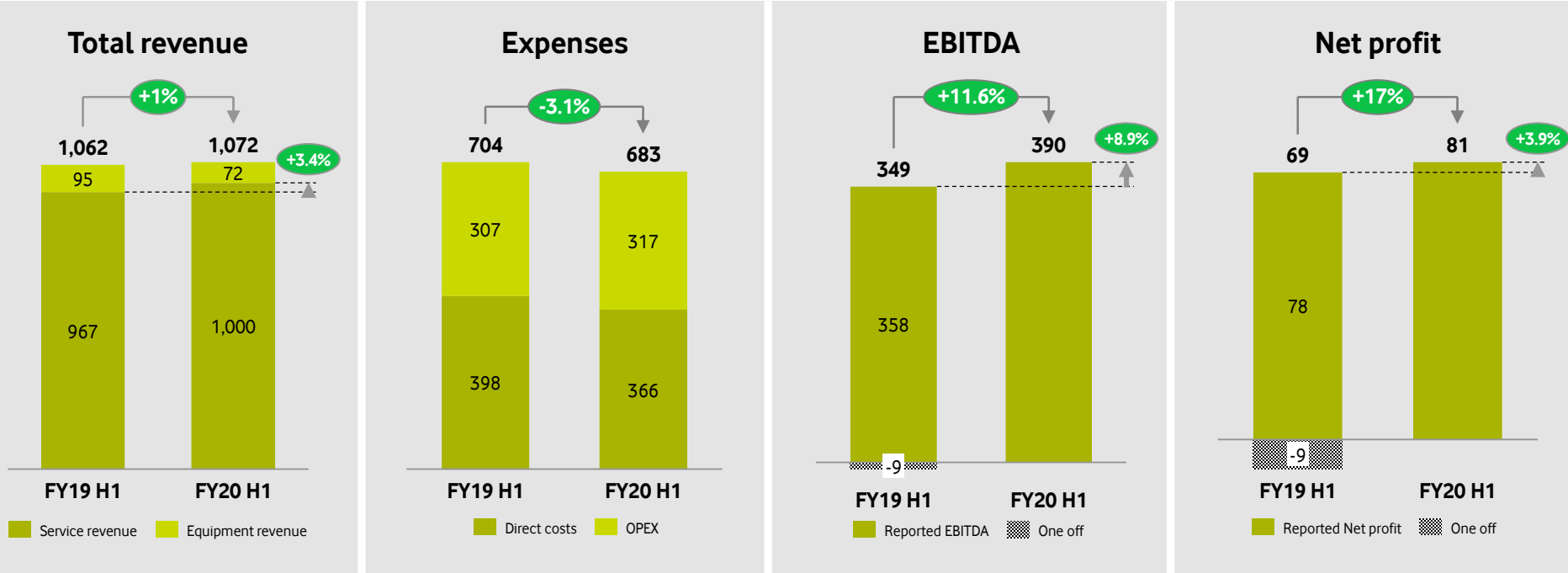
Growth in net profit

- **Net profit grows 4% YoY in FY20 H1 to QR 81m**, the highest ever



Half year ended: Financial performance (Year on Year) (QR m)

FY20 H1 v FY19 H1

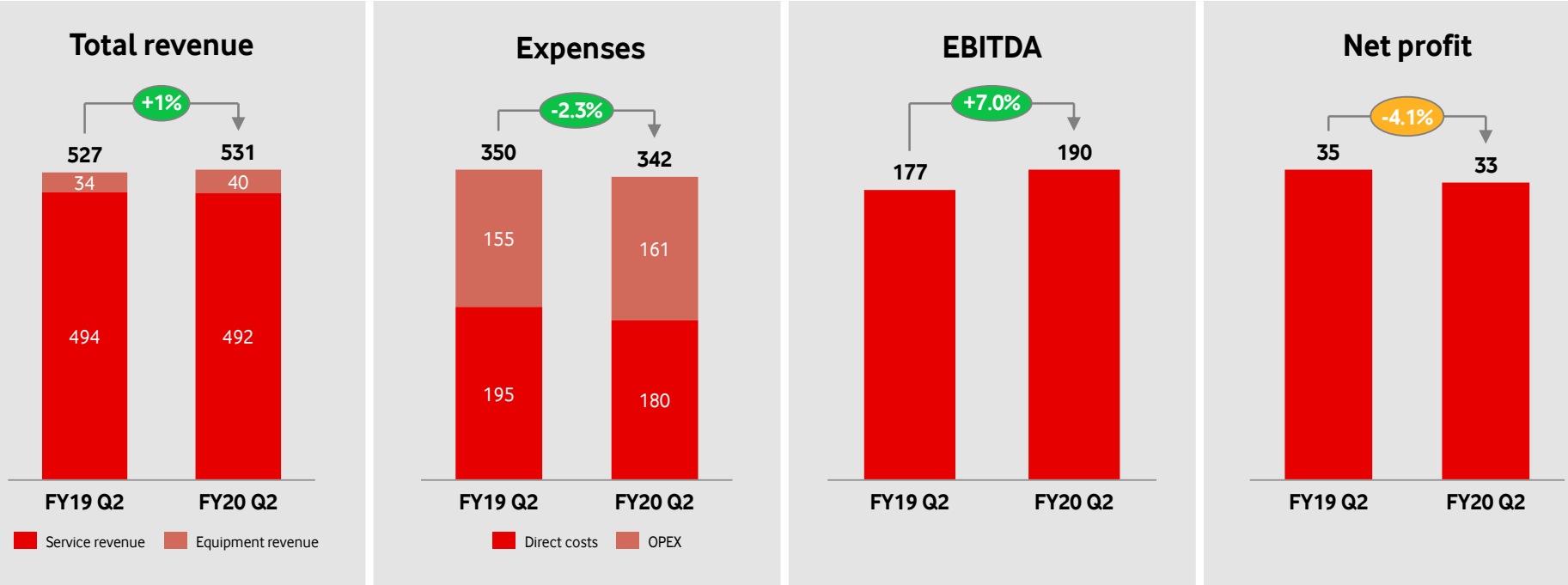


- 1 Total revenue QR 10m higher, led by Service revenue growth 3.4% driven by growth in fixed broadband (GigaHome) and postpaid
- 2 Expenses lower by 3.1% due to cost optimisation program offset by higher fixed, 5G operational costs, and license fee increase
- 3 Underlying EBITDA higher by 11.6% mainly due to higher service revenue and lower expenses
- 4 Underlying Net profit 17% or QR 12m higher following the EBITDA growth partially offset by higher depreciation and financing costs



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

FY20 Q2 v FY19 Q2



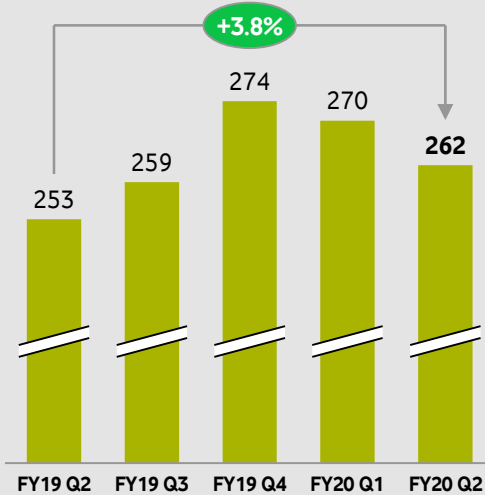
- 1 **Total revenue grew 1%** driven by growth in postpaid, fixed broadband and equipment revenue offset by decline in prepaid and reduction in termination rates
- 2 **Expenses lower by 2.3%** due to cost optimisation partially offset by higher fixed and 5G operational costs
- 3 **EBITDA higher by 7% or QR 13m** mainly driven by cost optimisation (lower expenses)
- 4 **Net profit QR 2m lower** due to EBITDA flow through offset by higher depreciation



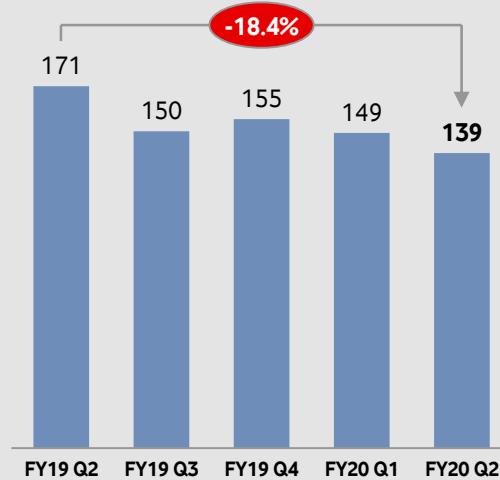
Service Revenue (QR m)

FY20 Q2 v FY19 Q2

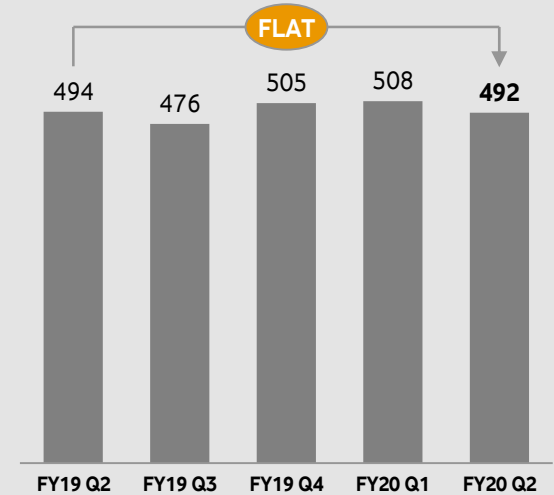
Postpaid Revenue



Prepaid Revenue



Total Service Revenue

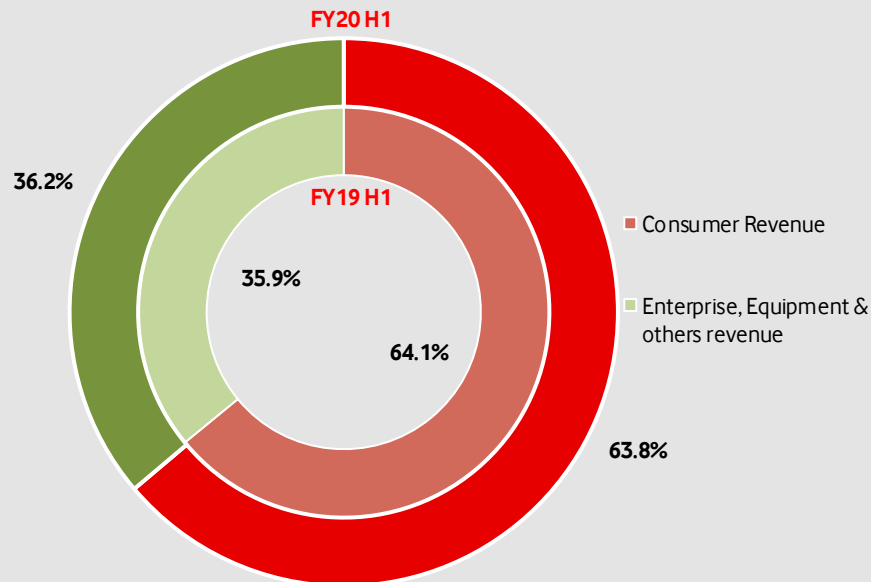


- 1 Postpaid revenue increased by 3.8% primarily due to subscriber growth
- 2 Prepaid revenue declined by 18.4% as a result of pre-to-post migrations, lower subscribers, reduction of mobile termination rates (MTR) and declining prepaid market
- 3 Total service revenue is largely flat YoY

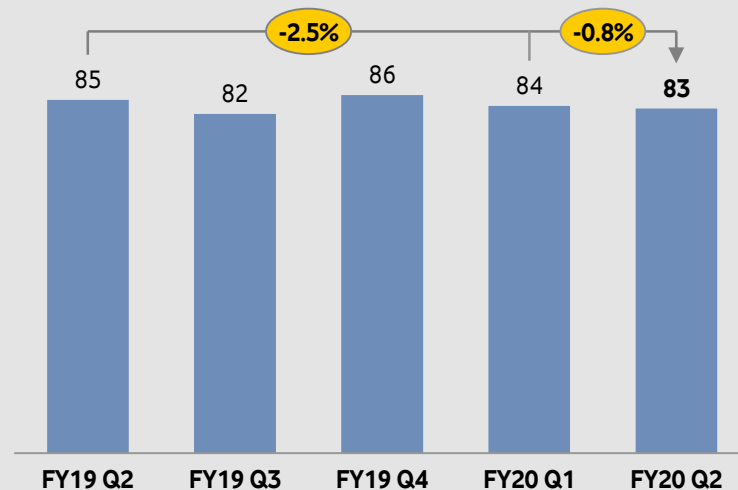


Total Revenue & ARPU

TOTAL REVENUE



ARPU (QR)



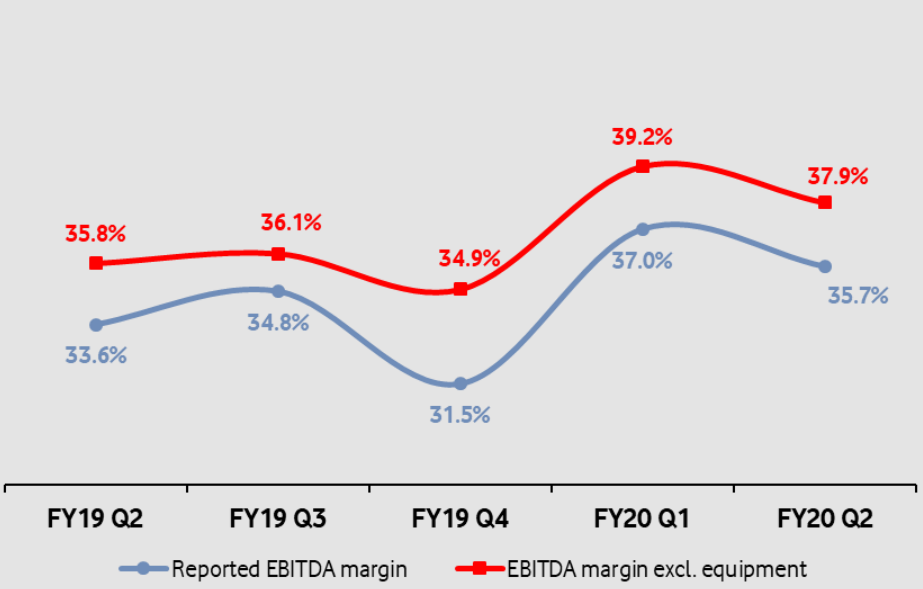
- 1 Revenue mix is fairly stable YoY between consumer segment and Enterprise & others
- 2 ARPU YoY decline by QR 2 primarily due to reduction in termination rates



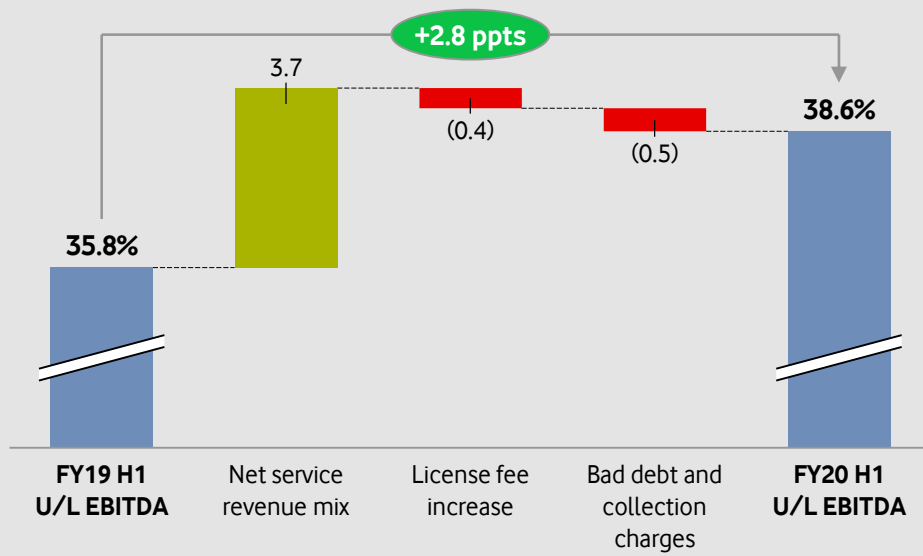
Underlying EBITDA margin

FY20 Q2 v FY19 Q2

EBITDA margin %



FY20 H1 Underlying EBITDA Margin growth YoY

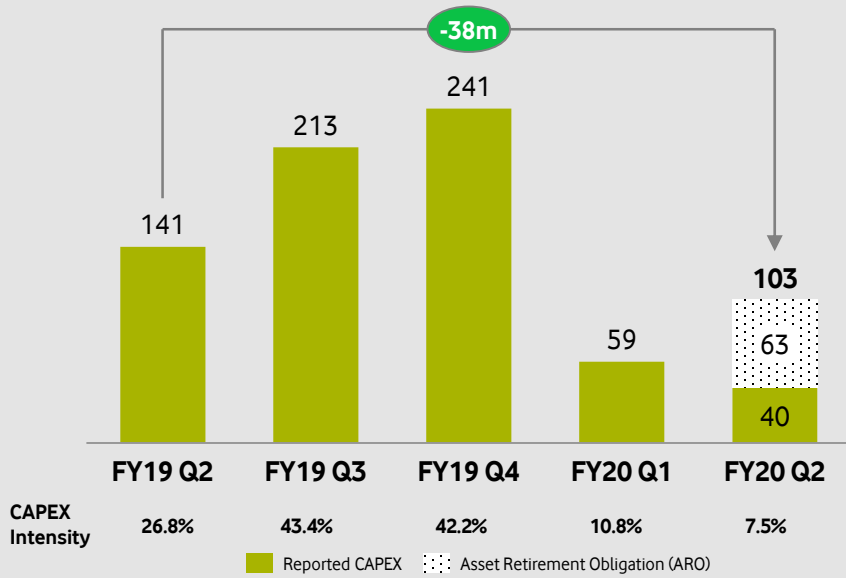


- 1 EBITDA margin of 37.9% excluding equipment business (growth of 2.1 ppts YoY)
- 2 Reported Margin at 35.7% grows 2.1 ppts YoY

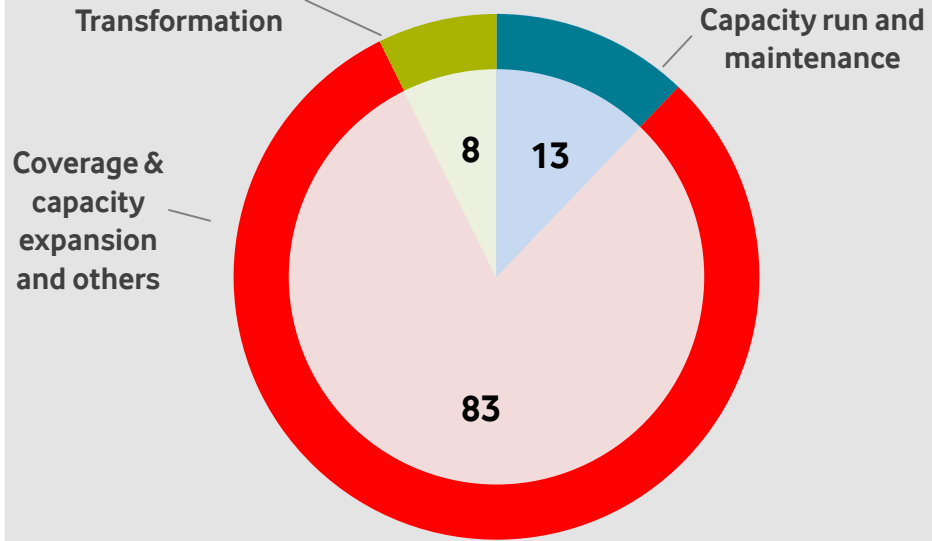


CAPEX (QR m)

Total CAPEX



Quarterly CAPEX Mix



CAPEX investment QR 103m focusing on:

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





Consolidated statement of income

Half year ended 30 June 2020

Six months ended

QR m	30 Jun 20	30 Jun 19	YoY
Revenue	1,072	1,062	10
Interconnection and other direct expenses	(366)	(398)	32
Network, rentals and other operational expenses	(205)	(192)	(13)
Employee salaries and benefits	(112)	(114)	2
Depreciation of property, plant and equipment	(122)	(111)	(11)
Amortisation of intangible assets	(91)	(89)	(2)
Depreciation of right-of-use assets	(53)	(42)	(11)
Industry fee	(9)	(9)	0
Operating profit	115	106	9
Finance cost	(22)	(16)	(6)
Other financing costs	(13)	(14)	1
Other income	1	2	(1)
Profit for the period	81	78	3
Basic and diluted earnings per share (in QR per share)	0.019	0.018	0.001

Commentary YoY:

- **Revenue increased QR 10m** led by Service revenue growth of 3.4% driven by growing fixed broadband and postpaid.
- **Interconnect and other direct expenses QR 32m lower** driven by cost optimisation program and lower one-off project costs, offset by increase in license fees
- **Network, rentals and other operational expenses increased by QR 13m** majorly additional fixed and 5G operational costs, partially offset by cost optimisation
- **Depreciation and amortization QR 24m higher** due to higher CAPEX incurred in FY 2019
- **Financing costs increase by QR 6m** due to local refinancing of group financing facility and higher net debt



Consolidated statement of financial position

As at 30 June 2020

QR m	Jun-20	Dec-19	Var
Property, plant and equipment	1,433	1,484	(51)
Intangible assets	4,407	4,471	(64)
Right-of-use assets	353	358	(5)
Trade and other receivables	32	37	(5)
Total non-current assets	6,225	6,350	(125)
Inventories	32	38	(6)
Trade and other receivables	340	407	(67)
Cash and bank balances	135	303	(168)
Total current assets	506	748	(242)
Total assets	6,731	7,098	(367)
Share capital	4,227	4,227	-
Legal reserve	69	63	6
Retained earnings	91	230	(139)
Total equity	4,387	4,519	(132)
Loans and borrowings	818	820	(3)
Lease liabilities	272	253	19
Provisions and trade payables	150	229	(79)
Total non-current liabilities	1,239	1,302	(63)
Loans and borrowings	103	-	103
Lease liabilities	101	121	(20)
Trade and other payables	902	1,155	(253)
Total current liabilities	1,105	1,276	(171)
Total equity and liabilities	6,731	7,098	(367)

Assets

- **Property, plant and equipment decreased by QR 51m** driven by depreciation QR 122m and adjustment of asset retirement obligation QR 63m offset by CAPEX of QR 135m
- **Intangible assets QR 64m lower** due to amortization QR 91m offset by CAPEX of QR 27m
- **Right of use assets QR 5m lower** as a result of depreciation QR 53m offset by capitalisation for new leases of QR 48m
- **Trade and other receivables QR 72m lower** mainly due to higher collection from dealers and lower prepayments
- **Cash and bank balances QR 168m lower** following the dividend payment and settlement of FY19 CAPEX liabilities

Equity

- **Equity decreased by QR 132m** due to dividend of QR 211m and social and sports fund QR 2m for FY19 offset by the net profit for the period

Liabilities

- **Loan and borrowings increased QR 100m** on account of drawdown during the period
- **Provisions, trade and other payables decreased QR 332m** primarily driven by settlement of FY19 CAPEX liabilities, revision of asset retirement obligation estimates and reduction in other payables

Questions ?





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



Mobile Customers ('000s)

FY20 Q2 v FY19 Q2

