Vodafone Qatar P.Q.S.C.

Financial results: nine months ended 30 September 2018

23 October 2018

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Sheikh Hamad Al Thani
Chief Executive Officer

Strategic review

Key Messages | Highlights This Quarter

Switched on first live 5G Network
and connected the first 5G trial customer with a speed exceeding 1 GBPS

#1 Mobile Network Performance
according to CRA audit results

Fixed Acceleration on Track
Key enablers in place / fiber rollout underway / commercial value propositions on track

Approval for capital restructure
with MEC and QFMA approved reduction in capital resulting in positive reserves going forward

Building the Foundation for Long-term Sustainability
OPEX & CAPEX rationalization and simplifying the way we work

Delivering Shareholder Value
Q3 Net profit increased QR 123m YoY and underlying margin crosses 30%

Financial review

Brett Goschen

Chief Financial Officer

Key points to note

Prior year network outage impacting YoY comparisons

One-off OPEX benefits booked in previous quarters:
CY17 Q3 – QR 18m
CY18 Q2 – QR 14m

Q3 is a seasonally low Quarter due to holiday period and timing of Eid

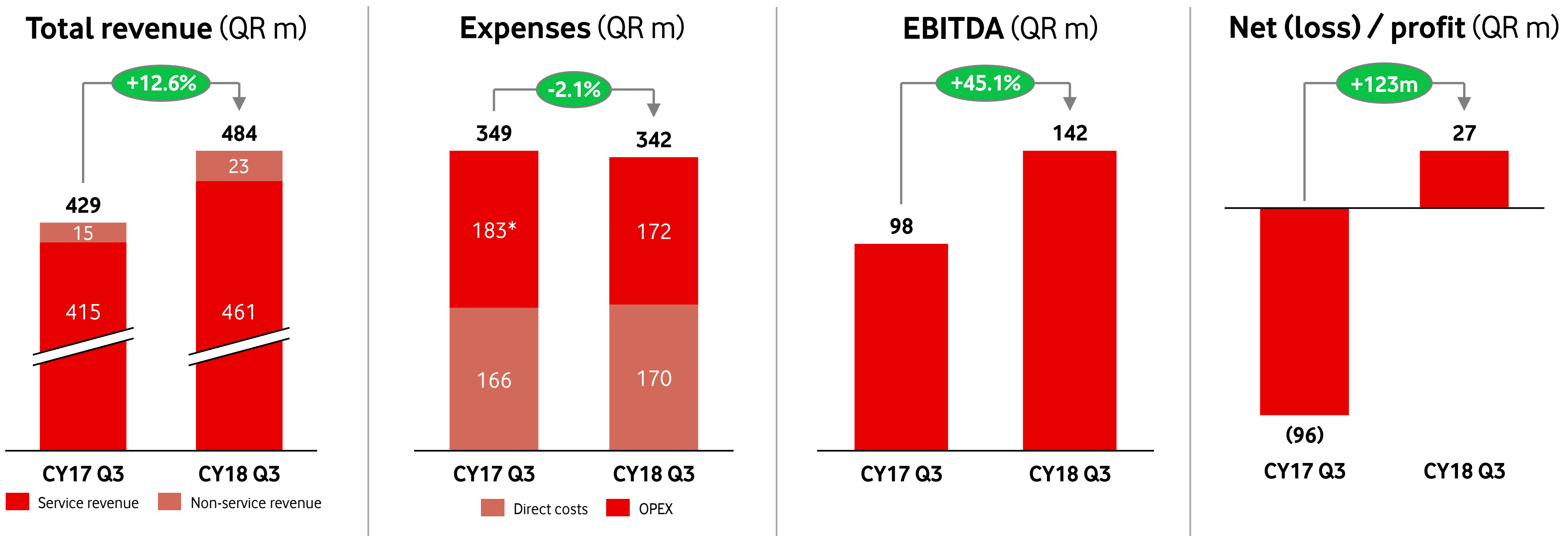
CRA has **reduced the local termination rates** by 23% from 1 July 2018

Continued focus on rightsizing cost base and CAPEX investments made to reduce expenses going forward

EBITDA margin excluding equipment above 30% for first time ever driven by Cost Optimisation Program

Quarterly Financial Performance (Year on Year)

CY18 Q3 v CY17 Q3



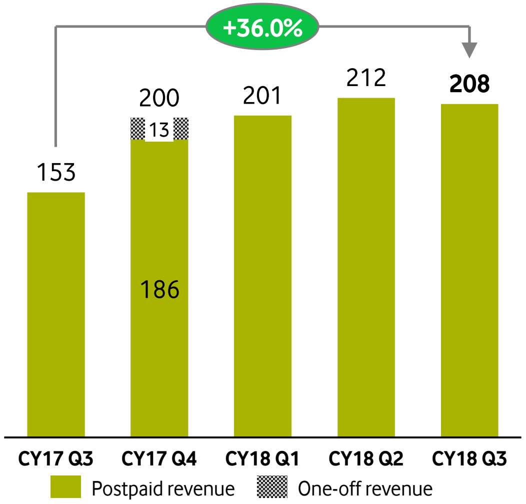
- **Total Revenue increased by 12.6%** driven by postpaid subscriber growth and network outage impact last year
- **Underlying expenses 2.1% lower** (excl. one off benefit last year QR18m) due to cost optimisation initiatives, offset by higher equipment sales
- **EBITDA increased by 45%** majorly due to higher revenue and lower expenses
- **Net profit QR 123m higher** driven by QR 80m lower amortisation costs and higher EBITDA

* Excludes one-off benefit of QR 18m for comparison, the reported OPEX is QR 165m

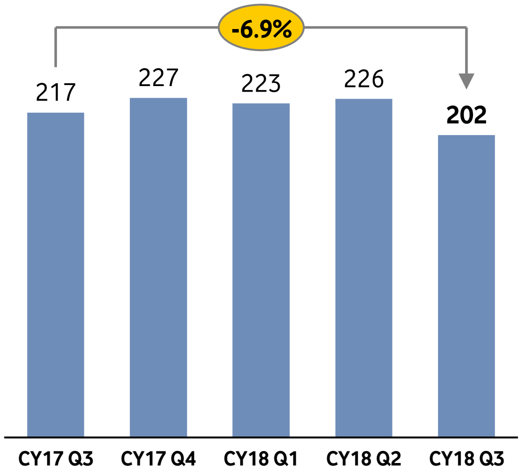
Service Revenue (QR m)

CY18 Q3 v CY17 Q3

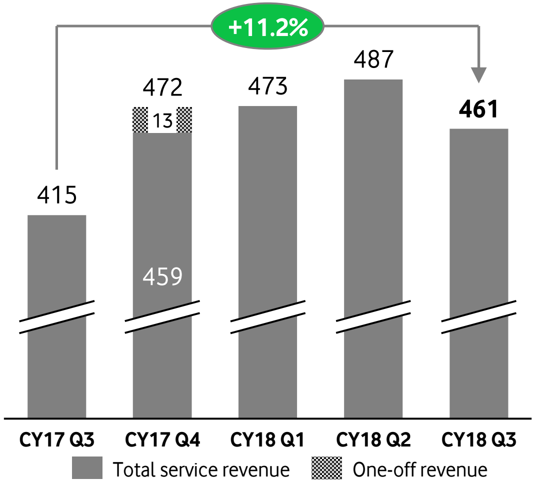
Postpaid Revenue



Prepaid Revenue



Total Service Revenue

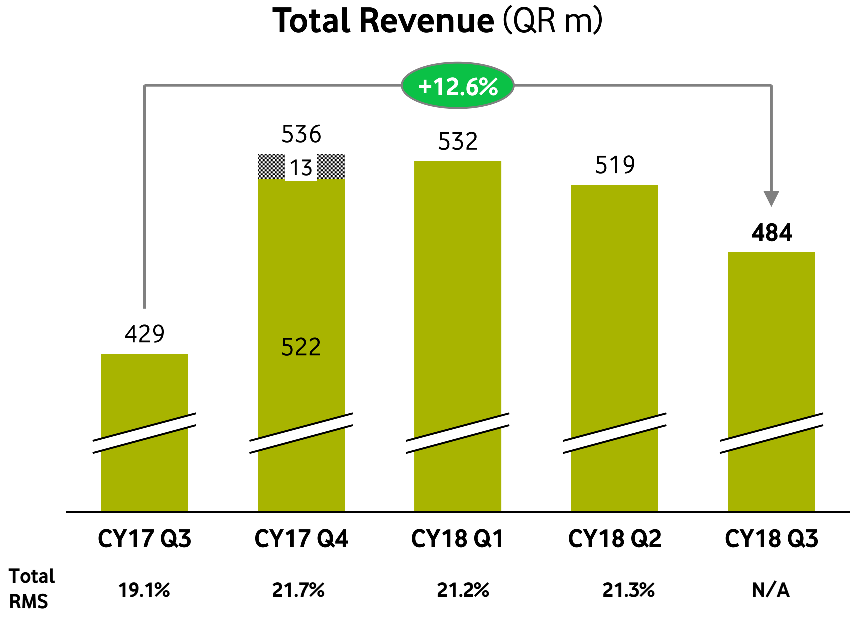


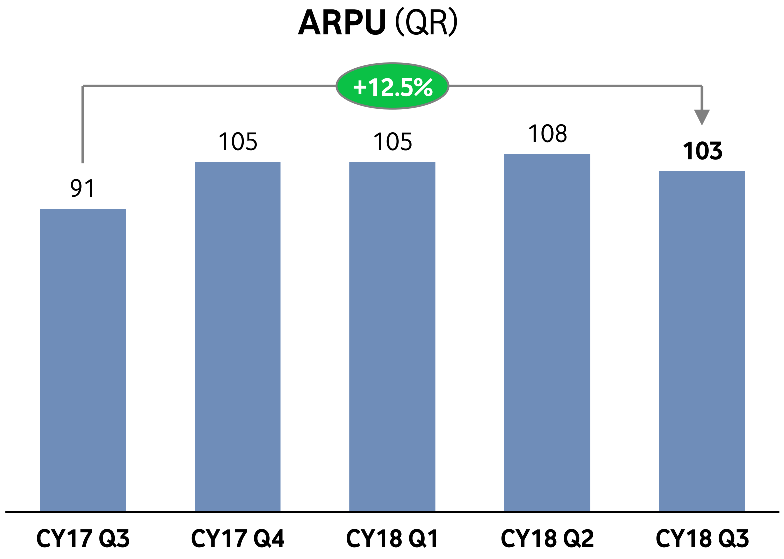
Total Service Revenue 11.2% higher YoY:

- Postpaid revenue increased by 36% primarily due to growth in subscribers and network outage impact last year
- Prepaid revenue 6.9% lower due to pre to post migration, reduction of local termination rates and the slowing prepaid market
- QoQ Service revenue lower primarily due to seasonality and reduction of local termination rates

Total Revenue & ARPU

CY18 Q3 v CY17 Q3

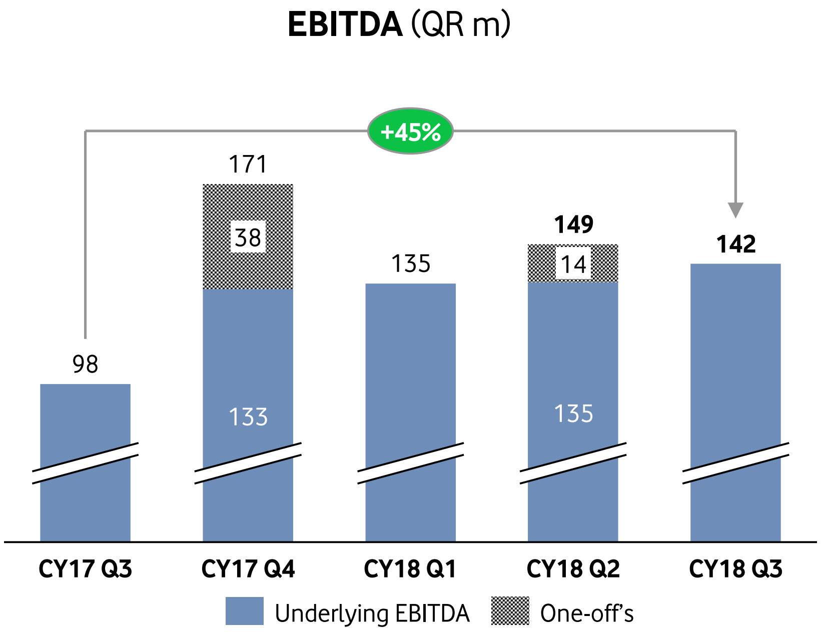


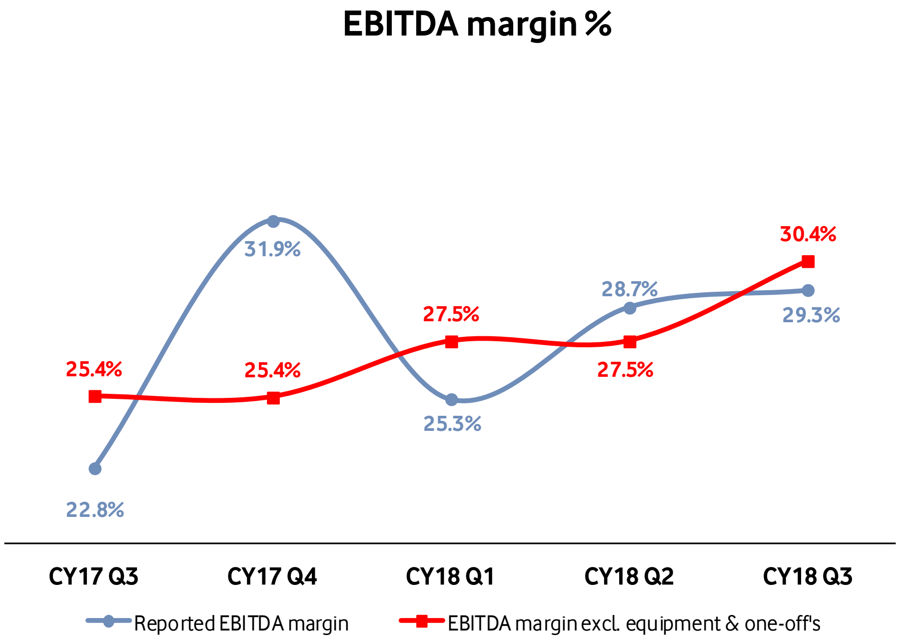


- **Total revenue increased 12.6% YoY** due to postpaid subscriber growth and network outage impact last year
- Total revenue decreased QoQ due to seasonality, reduction in local termination rates and lower handset sales
- **ARPU 12.5% higher YoY** driven by an increase in the contribution of postpaid subscribers to the total base

EBITDA & Underlying EBITDA margin

CY18 Q3 v CY17 Q3

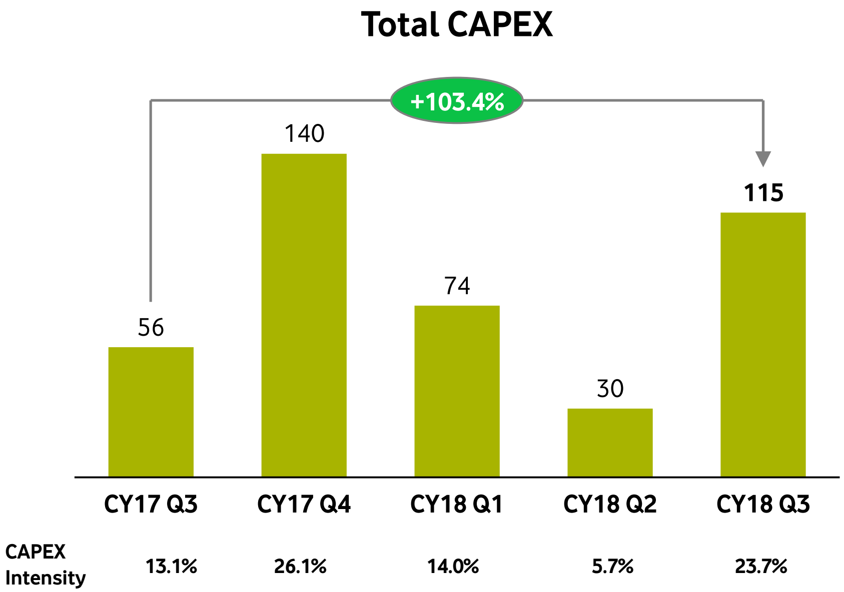


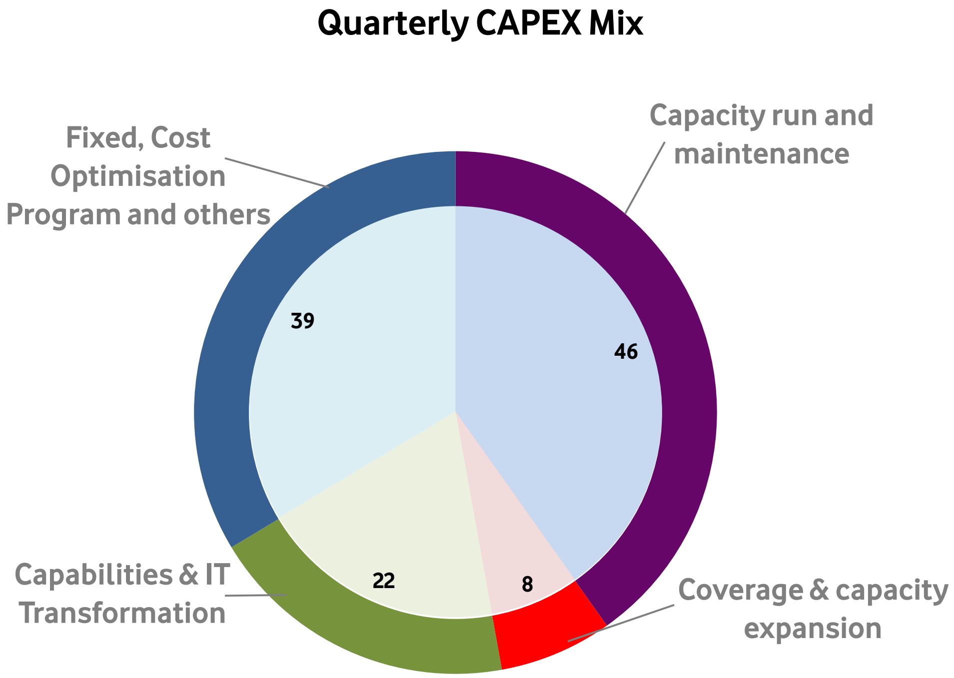


- **EBITDA increases 45%** due to higher service revenue and lower expenses
- **EBITDA margin of 30.4%** excluding equipment business

CAPEX (QR m)

CY18 Q3 v CY17 Q3



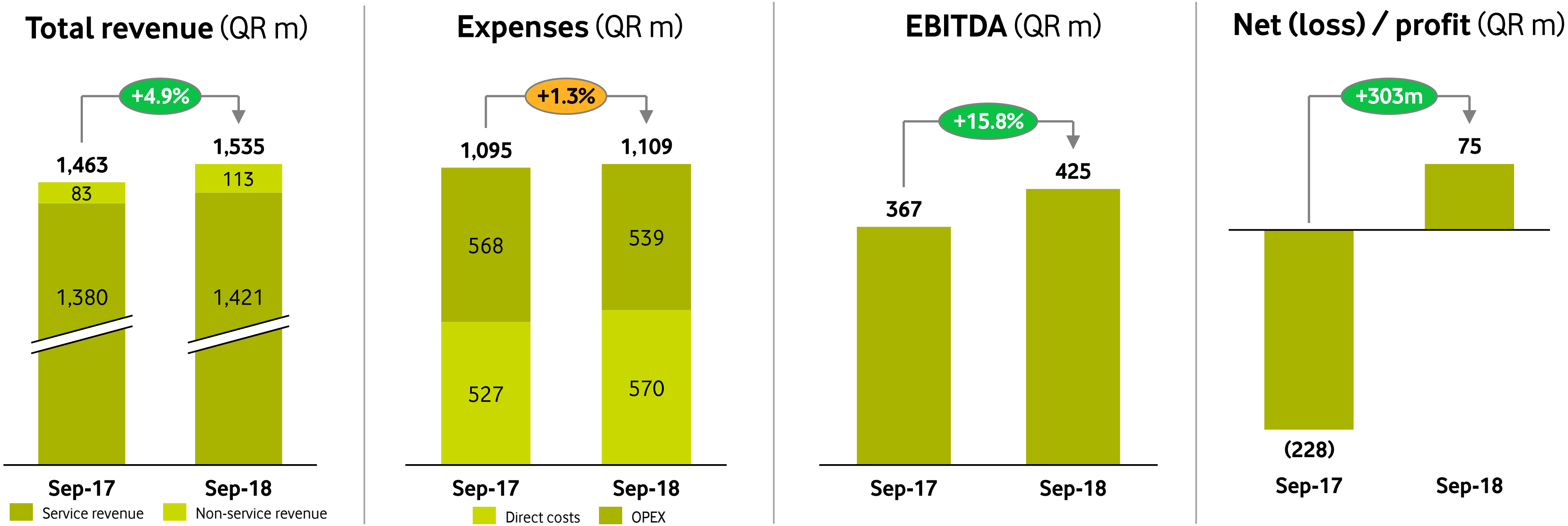


CAPEX investment QR 115m focusing on:

- Mobile (including 5G) & fixed coverage expansion
- Capacity run including network modernisation
- Development of new commercial capabilities and products
- Investments to reduce future expenses identified by Cost Optimisation Program

Nine months ended: Financial performance (Year on Year)

YTD CY18 v YTD CY17



- **Total revenue increased by 4.9%** led by growth in postpaid, fixed and higher equipment sales partially offset by lower prepaid revenue
- **Higher expenses** due to higher equipment sales offset by lower OPEX
- **EBITDA increased by 15.8%** due to higher revenue and lower OPEX
- **Net profit for nine months is QR 303m higher** driven by EBITDA flow through and lower amortization costs (mobile license extension benefit of QR 239m)

Financial Summary

For Nine Months ended 30 September 2018

QR m (unless otherwise stated)	9m to Sep-18	9m to Sep-17	*YoY Growth (%)*
Mobile Customers (000)	**1,380**	1,389	*(0.6%)*
Total Revenue	**1,535**	1,463	*4.9%*
Service Revenue	*1,421*	*1,380*	*3.0%*
EBITDA	**425**	367	*15.8%*
EBITDA Margin %	*27.7%*	*25.1%*	*2.6pp*
Net Profit Excl Amortization	138	74	*86.3%*
Net Profit / (Loss)	**75**	(228)	*n/a*
Profit (Excl Amortization) per Share (QR)	0.16	0.09	*86.3%*
Profit / (Loss) per Share (QR)	0.09	(0.27)	*n/a*
Capital Expenditure	**218**	181	*(21%)*
Movement in Net Debt	**132**	144	*(8.4%)*

- **Customer Base lower,** largely impacted by slowing prepaid market and reduction in market sim duality
- **Total Revenue increase** led by growth in postpaid, fixed and higher equipment sales partially offset by lower prepaid revenue
- EBITDA margin improved by 2.6pp to 27.7% with an **EBITDA increase of 15.8%** majorly due to higher revenue and lower OPEX
- **Net Profit for nine months is QR 303m higher** driven by EBITDA flow through and lower amortisation costs (mobile license extension benefit of QR 239m)
- **Capital Expenditure 21% higher**
- **Net Debt reduced by QR 132m** to QR 488m

Statement of Financial Position

As at 30 September 2018

QR m	Sep-18	Dec-17	Var
Property, plant and equipment	1,176	1,202	(26)
Intangible assets	4,386	4,461	(75)
Trade and other receivables	26	25	2
Total non-current assets	**5,589**	**5,688**	**(99)**
Inventories	14	36	(22)
Trade and other receivables	317	302	15
Cash and cash equivalents	340	199	141
Total current assets	**671**	**536**	**135**
Total assets	**6,260**	**6,225**	**35**
Share capital	8,454	8,454	-
Legal reserve	48	41	7
Distributable profits	379	248	132
Accumulated losses	(4,332)	(4,272)	(60)
Total equity	**4,550**	**4,472**	**78**
Wakala contract	827	818	9
Provisions and trade payables	150	158	(8)
Total non-current liabilities	**977**	**976**	**1**
Trade and other payables	733	777	(44)
Total current liability	**733**	**777**	**(44)**
Total equity and liabilities	**6,260**	**6,225**	**35**

Assets

- **Property, plant and equipment reduced by QR 26m** due to depreciation of QR 192m offset by CAPEX during the period of QR 166m
- **Intangible assets declined QR 75m** driven by amortization of QR 128m offset by CAPEX during the period of QR 53m
- **Inventory reduced by QR 22m** due to timing of iPhone launches and sale of stock
- **Trade and other receivables increased by QR 15m** majorly due to the growing postpaid base

Equity

- **Equity increased by QR 78m** due to the net profit for the period of QR 75m and the IFRS 9 opening balance adjustment to the bad debt provision of QR 3m

Liabilities

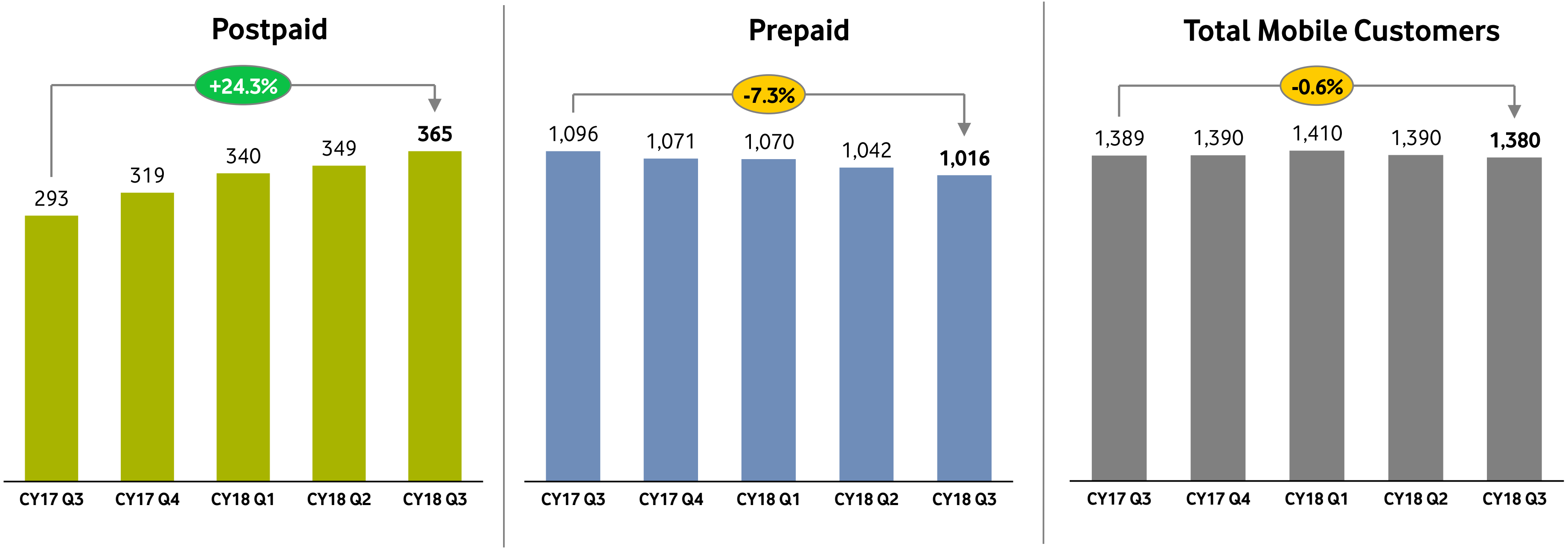
- **Wakala contract liabilities increased by QR 9m** reflecting the accumulation of financing costs for the period partially offset by a repayment
- **Provisions decreased by QR 8m** majorly due to the release of a legal provision in Q2
- **Current liabilities decreased QR 44m** as we settled CAPEX that was incurred in FY17

Questions ?

Appendix

Mobile Customers ('000s)

CY18 Q3 v CY17 Q3

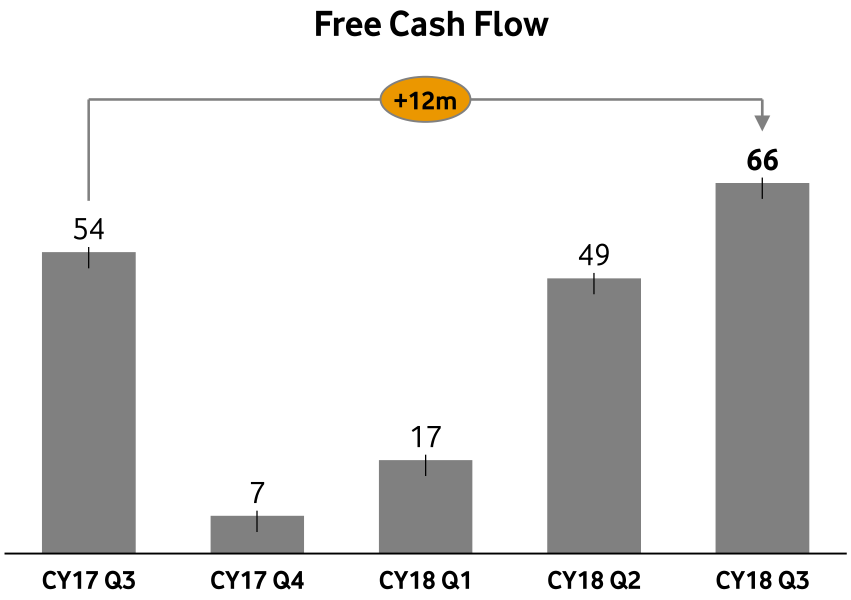


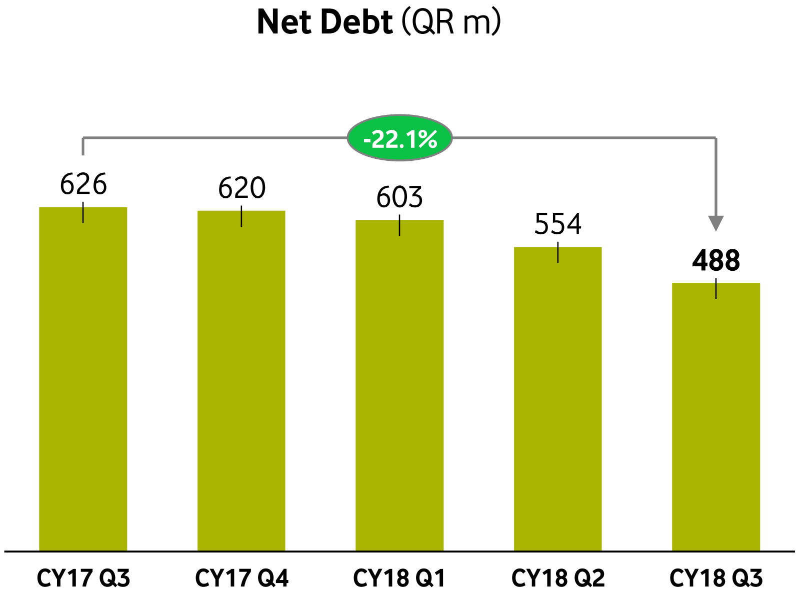
Total Mobile Customers 0.6% lower YoY:

- Postpaid: 24.3% growth led by Flex, Red and Enterprise plans
- Prepaid: 7.3% lower due to slowing prepaid market, pre to post migration and reduction in market sim duality
- Average quarterly population is 3.6% lower QoQ

Free Cash Flow & Net Debt (QR m)

CY18 Q3 v CY17 Q3





- **Free Cash Flow increased QR 12m YoY** due to higher EBITDA
- **Lower Net Debt** due to continued strong cash flows

Thank You
The Future Is Exciting

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Or email us:
InvestorRelationsQatar@vodafone.com