

Vodafone Qatar Q.S.C Financial Results

Press Presentation

For the 9 months ended 31 December 2011

19 January 2012



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Agenda

- Key highlights
- Q3 FY12 financial review
- Commercial and strategic progress
- Q&A



Key Highlights

For the 9 Months ended 31 December 2011

797,000

Mobile Customers
12% growth

QR 906m

Total Revenue
39% growth

QR 102m

EBITDA
11% EBITDA margin

QR (57)m

Distributable Profits
63% improvement



Main Activities for the Quarter

October

Stop the clock 3/30



BlackBerry on Red



New mobile internet rate



November

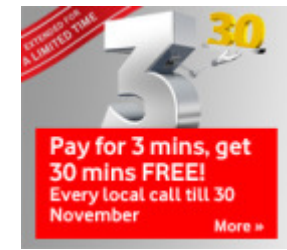
Double Top-up offer



BlackBerry on Red



Stop the clock 3/30



December

National Day Activities



iPhone 4S Launch



Al Sadd Sponsorship



Q3 FY12 Financial Review

Steve Walters

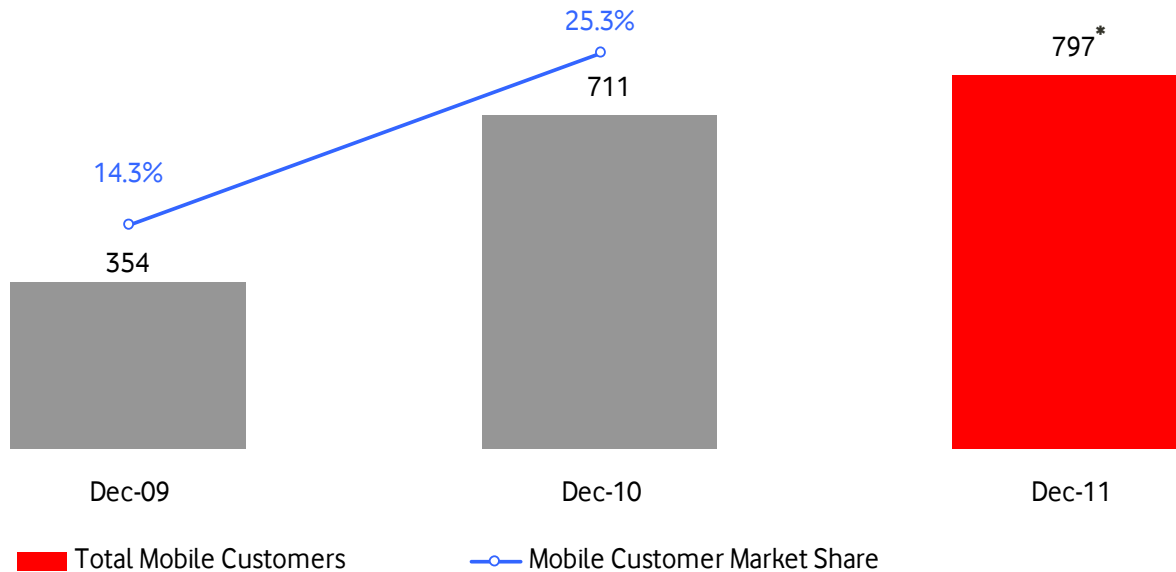


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Mobile Customer Growth

Year-on-Year Growth in Mobile Customers and Mobile Customer Market Share



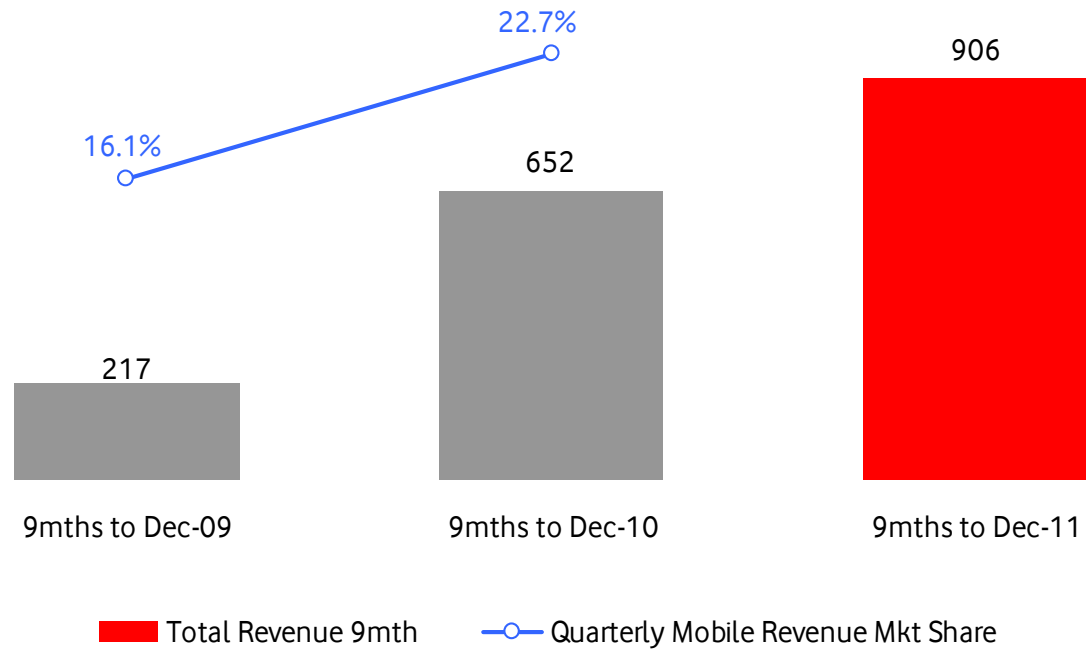
- **12% growth** in Customer Numbers year-on-year

* Customer numbers reflect an adjustment of 46,000 to remove pre-activated SIM cards from the base following a technical systems upgrade. On the same basis, September 2011 customer base would have been 782,000



Total Revenue

Year-on-Year Total Revenue Comparison

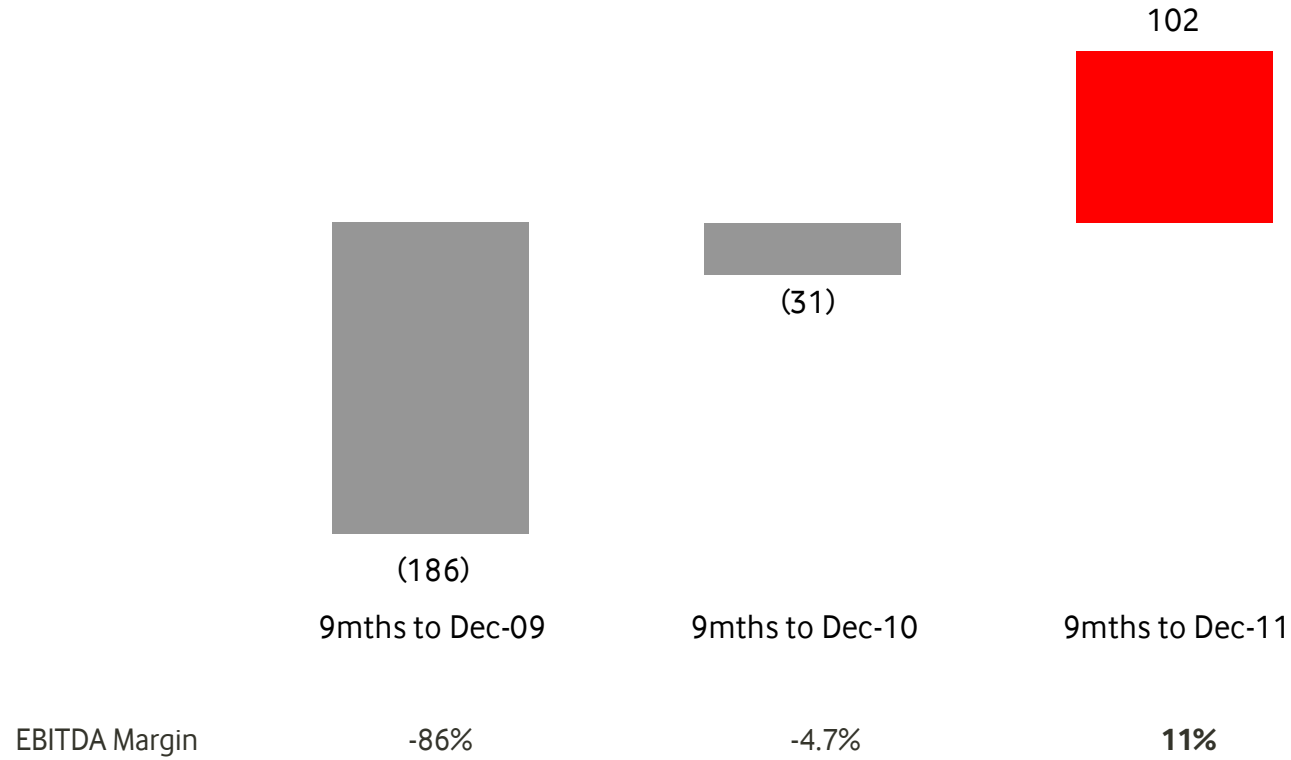


- **39% growth** in Total Revenue year-on-year
- **Nine-month ARPU is QR 111** (1.4% decline year-on-year)
 - Adjusted nine-month ARPU of QR 113* generates a 0.4% increase year-on-year



EBITDA

Year-on-Year EBITDA Comparison

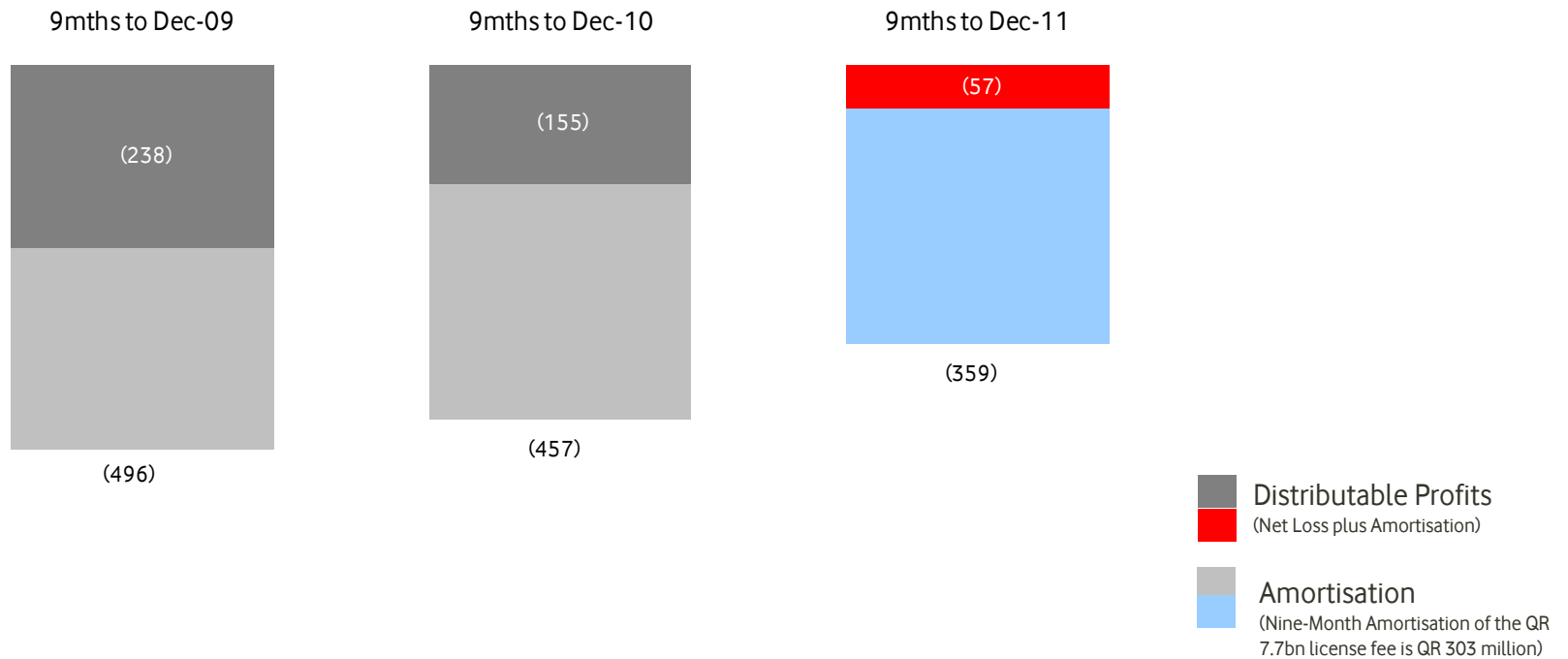


- **Nine-month EBITDA margin of 11%**



Net Loss & Distributable Profits

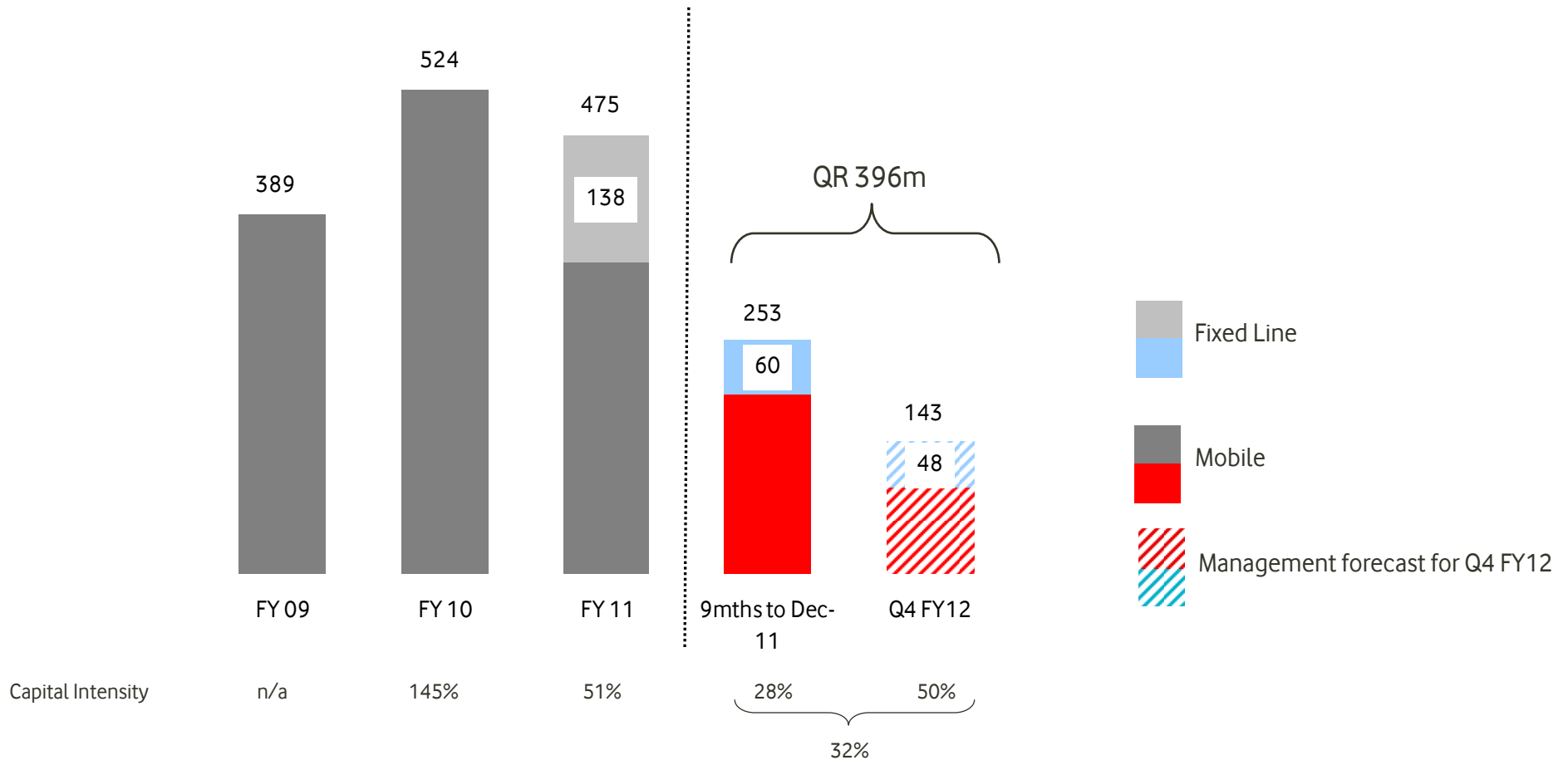
Year-on-Year Comparison



- **63% improvement** in Distributable Profits year-on-year
- **21% improvement** in Net Loss year-on-year
- Annual Distributable Profits is the measure on which dividends will be based



Capitalised Fixed Asset Additions

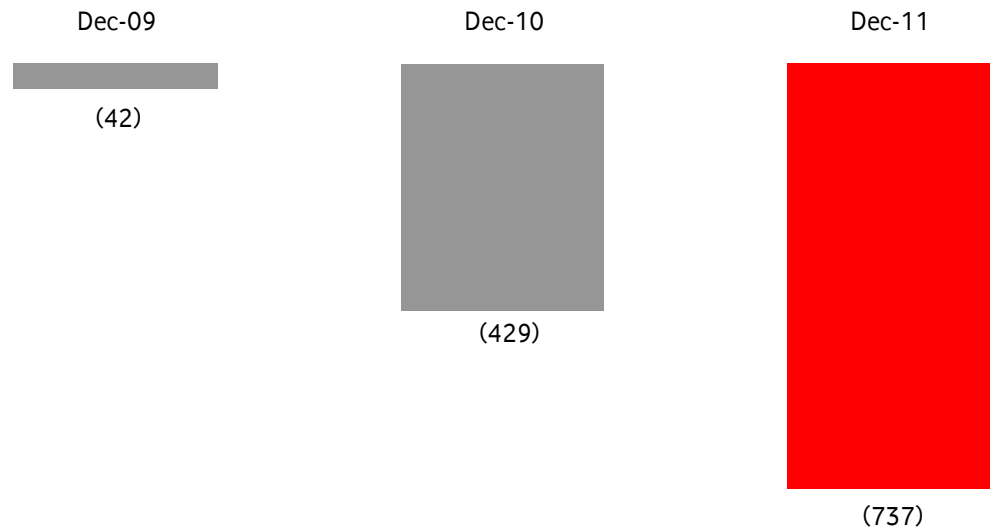


- Long-term total capital intensity expected to stabilise at 10% of revenue from FY15 onwards.



Net Debt

Borrowings less Term Deposits



- **D/E ratio of 11%** at 31 December 2011 (this would be 17.9% if the total borrowing facility was fully utilised)
- We have a **borrowing facility of US\$ 330m (QR 1.2 billion)** comprising:
 - US\$110m (QR 400m) at 1mth US Libor + 3.55%; matures 2 April 2012
 - US\$120m (QR 437m) at 1mth US Libor + 1.55%; matures 3 May 2014
 - US\$100m (QR 364m) at 1mth US Libor + 1.15%; matures 1 June 2018
- This is the total funding expected to deliver our current mobile & fixed 5 year plan



Commercial and Strategic Progress

Richard Daly



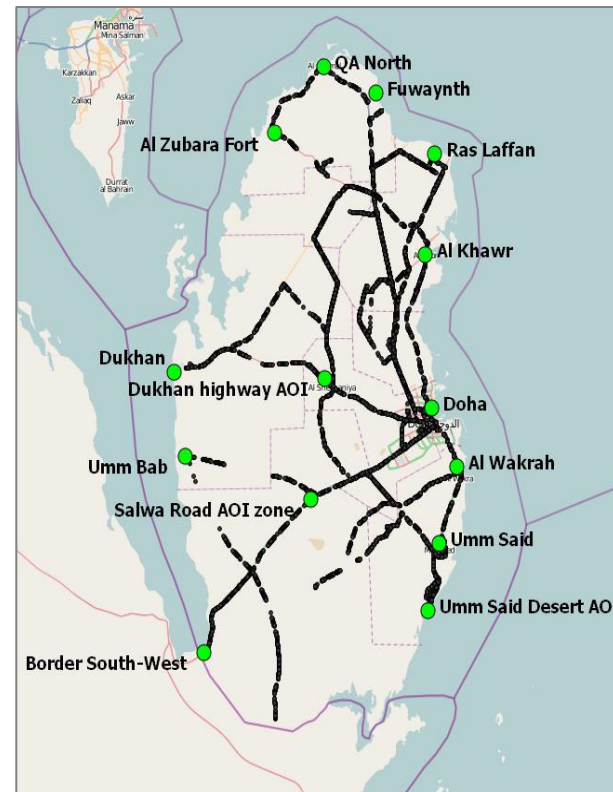
Short Term Business Priorities

- Full network coverage and quality improvements
- Postpaid launch
- Roaming customer experience
- Business segment launch
- Fixed line broadband in partnership with QNBN
- Qatarisation



Network Improvements

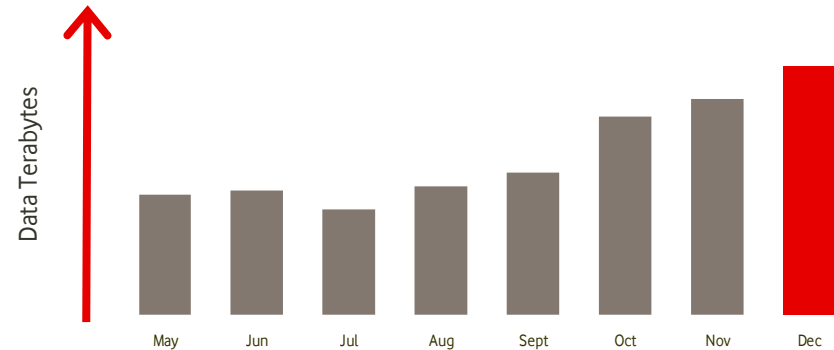
- 497 outdoor & 123 indoor cell sites
- Coverage:
 - 100% 2G and 99% 3G population coverage
- Drive Test
 - Independent test by P3 Communications
 - 4,500 KMs covered / 3,040 calls made
 - Call set-up success rate: **98.9%**
 - Dropped call rate: **0.2%**: data download **2.38 Mbps**
- Next Steps
 - **50** additional cell sites by 31 March
 - Improved network stability and data speeds



Data growth

- We are seeing significant growth in mobile data usage in Qatar
- Consumption has **doubled** in 5 months

Total Vodafone monthly data usage



- More than **50%** of our customers access the internet on their mobile every month
- More than **250,000** customers use Facebook on their mobile every week
- The Vodafone network has sufficient capacity and offers excellent download speeds



Fixed Line Services

- Qatar's Fixed Line market is worth **QR 1.9 billion** annually
- Vodafone core network fixed/mobile convergence is now complete
- This week we have completed the fibre connection between our two data centres at Meeza and QDC
- Next step is to connect to our International Landing Station (ILS) and provide international capacity in partnership with GBI
- By the summer our fibre ring backbone will be complete
- We currently offer fixed line services at The Pearl
- This will be followed in 2012 by Barwa City, West Bay CBD and then a nationwide roll-out as QNBN delivers last mile connectivity
- **Project is on track and within our licence obligations**



Opening of Qatar Call Centre in Doha

- 14 Qatari nationals recruited in our Doha call centre
- Will handle queries from local Qatari customers following full opening
- Full opening in February



Questions



Appendices



Condensed Statement of Income – nine months ended 31 December 2011

	Nine Months Ended December 31,	
	2011 (Unaudited) QAR '000	2010 (Unaudited) QAR '000
Revenue	906,073	651,976
Direct costs	(424,546)	(323,124)
Other expenses	(379,396)	(359,712)
EBITDA	102,131	(30,860)
Depreciation	(138,420)	(104,894)
Amortisation of licenses	(302,880)	(301,954)
Interest income	4,881	3,320
Financing costs	(25,151)	(22,424)
Loss before taxation	(359,439)	(456,812)
Income tax expense	-	-
Loss for the period	(359,439)	(456,812)
Basic and diluted loss per share (QAR)	(0.43)	(0.54)

Interim Condensed Statement of Comprehensive Income

	Nine Months Ended December 31,	
	2011 (Unaudited) QAR '000	2010 (Unaudited) QAR '000
Loss for the period	(359,439)	(456,812)
Other comprehensive income		
(Loss)/gain arising from cash flow hedge during the period	(21,896)	17,196
Total comprehensive loss for the period	(381,335)	(439,616)



Condensed Statement of Financial Position – as at 31 December 2011

	December 31, 2011 (Unaudited) QAR '000	March 31, 2011 (Audited) QAR '000
Non-current assets		
Property, plant and equipment	1,276,219	1,161,201
Intangible assets	6,651,217	6,954,098
Trade and other receivables	7,191	5,668
Total non-current assets	7,934,627	8,120,967
Current assets		
Inventory	12,990	11,496
Trade and other receivables	159,428	200,314
Cash and cash equivalents	77,039	83,261
Total current assets	249,457	295,071
Total assets	8,184,084	8,416,038

	December 31, 2011 (Unaudited) QAR '000	March 31, 2011 (Audited) QAR '000
Equity		
Share capital	8,454,000	8,454,000
Legal reserve	11,442	11,442
Accumulated other comprehensive income	(2,112)	19,784
Accumulated losses	(1,766,467)	(1,407,028)
Total equity	6,696,863	7,078,198
Non-current liabilities		
End of employment benefits	6,850	4,707
Provisions	10,315	8,604
Long term borrowings	415,050	727,672
Total non-current liabilities	432,215	740,983
Current liabilities		
Short term borrowings	398,936	-
Trade and other payables	656,070	596,857
Total current liabilities	1,055,006	596,857
Total liabilities	1,487,221	1,337,840
Total equity and liabilities	8,184,084	8,416,038



Financial Summary

Financial Performance

	23 Jun to Dec-08 QRm	9mths to Dec-09 QRm	9mths to Dec-10 QRm	9mths to Dec-11 QRm
Total Revenue (Fixed & Mobile)	-	217	652	906
EBITDA (Fixed & Mobile)	(45)	(186)	(31)	102
Net Loss (Fixed & Mobile)	(40)	(496)	(457)	(359)
Capitalised Fixed Asset Additions (Fixed & Mobile)	81	322	286	253
Free Cash Flow (Fixed & Mobile) ¹	(62)	(315)	(122)	(113)

Key Performance Indicators (KPIs)

	Dec-08	Dec-09	Dec-10	Dec-11
Total Mobile Customers	-	354,000	711,000	797,000
Qatar's Population	1.554m	1.632m	1.637m	1.708m
Qatar's Mobile Penetration	108%	152%	172%	n/a *
Mobile Customer Market Share	n/a	14.3%	25.3%	n/a *
Quarterly Total Mobile Revenue Market Share ²	n/a	16.1%	22.7%	n/a *

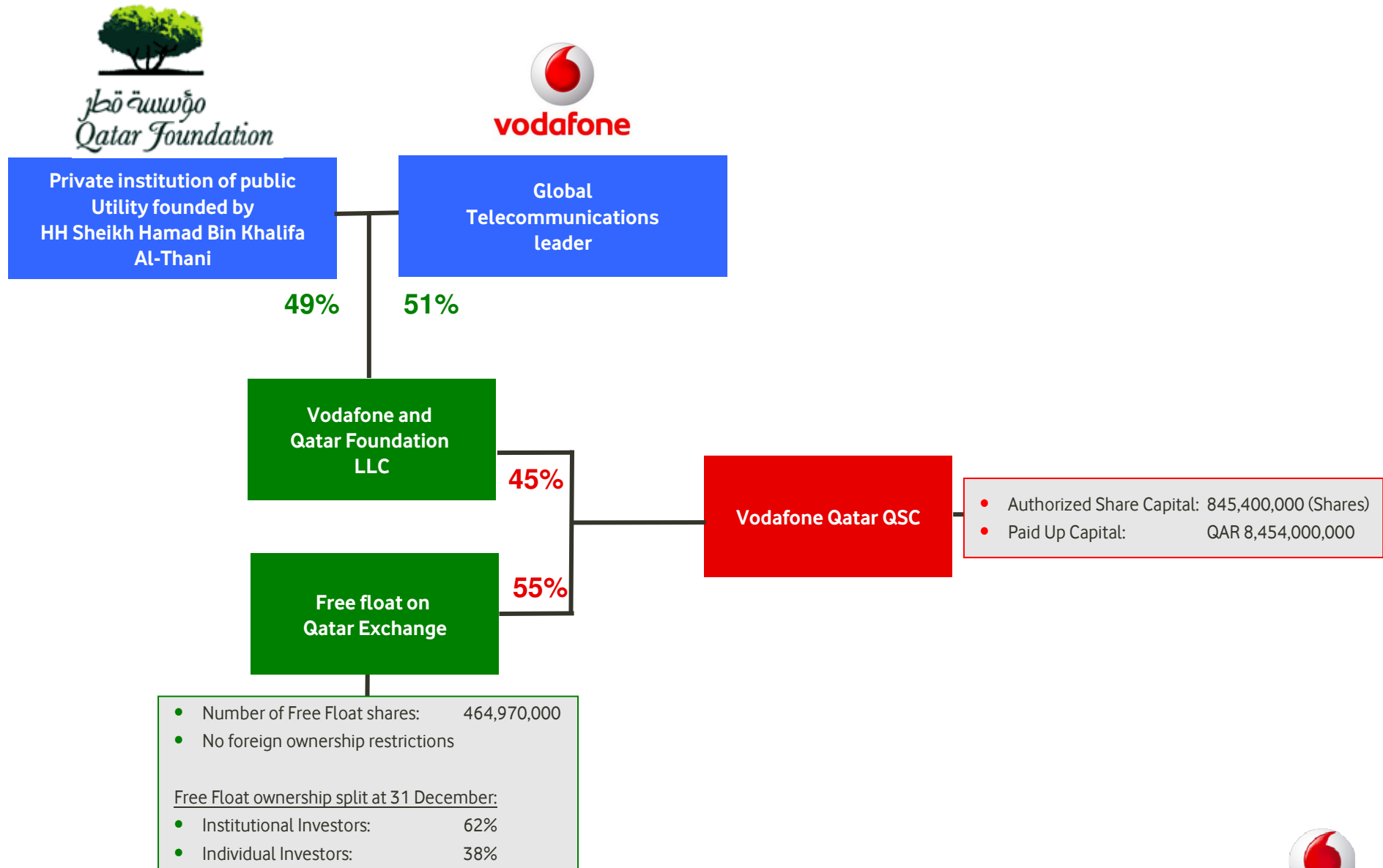
¹ Excludes mobile licence payment made in May 2009

² Revenue market share is based on Vodafone Qatar's total mobile revenue (in which content revenue is reported as net) versus Qtel's reported postpay, prepay and other mobile revenue.

* Data is not available as Qtel's December quarter results are not yet available



Vodafone Qatar Shareholder Structure



Contact Details

Rachael Mayo-Smith

Head of Investor Relations

M +974 7777 5642

E rachael.mayo-smith@vodafone.com

Khalid Barzak

Investor Relations Manager

M +974 7777 5413

E khalid.barzak@vodafone.com

Steve Walters

Chief Financial Officer

M +974 7777 5464

E steve.walters01@vodafone.com

Address: Vodafone Qatar
PO BOX 27727
Doha, Qatar

Website: www.vodafone.com.qa

