

# Vodafone Qatar Q.S.C.

Q3 Results Presentation

Nine Months ended 31 December 2010



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## Agenda

- Key Highlights
- PBO & Update on Strategies
- Customer Growth
- Financial Highlights
- Revenue
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- Capitalised Fixed Asset Additions
- Debt
- Shareholding Structure
- Q4 FY11 Outlook
- Condensed Statement of Income & Cash Flows
- Condensed Statement of Financial Position
- Contact Details



## Key Highlights

<b>Customer Numbers</b>	<ul style="list-style-type: none"> <li>• 711,000 Mobile Customers at 31 December 2010</li> <li>• Mobile Customers grew 18% in the December quarter</li> </ul>
<b>Market Share</b>	<ul style="list-style-type: none"> <li>• 43% Mobile Population Share at 31 December</li> <li>• Estimated 25% Mobile Customer Market Share at 31 December</li> <li>• Estimated 24% Mobile Revenue Market Share for the December quarter</li> </ul>
<b>Revenue, ARPU &amp; Profit</b>	<ul style="list-style-type: none"> <li>• Total Revenue increased 27% in the December quarter</li> <li>• Total ARPU of QAR 120 for qtr ended 31 December, up 8% from Sept qtr</li> <li>• First quarter of positive EBITDA!</li> </ul>
<b>Network</b>	<ul style="list-style-type: none"> <li>• 100% geographic coverage of 2G &amp; &gt;98% population coverage of 3G</li> <li>• QR 42m additional capex requested for Q4 FY11 for network improvements</li> <li>• Increasing agreements to enable more inbound roamers</li> </ul>
<b>Fixed Line</b>	<ul style="list-style-type: none"> <li>• Commercial Broadband service launched at The Pearl 14 July 2010</li> <li>• In discussions with QNBN to deliver high speed internet to Qatar</li> </ul>
<b>Distribution &amp; Customer Care</b>	<ul style="list-style-type: none"> <li>• 9 VF retail stores, 2 mobile truck stores, online shop, 30 specialist retailers &amp; 2,600 distribution outlets</li> <li>• SME channel set-up in progress, channel partner agreements signed, Q4 launch due</li> <li>• Al-Johara team established in August &amp; expanded in November</li> <li>• Call Centre in 5 languages &amp; dedicated Business Customer Care</li> <li>• One-to-one specialised care for VIPs</li> </ul>
<b>Recent Launches</b>	<ul style="list-style-type: none"> <li>• Facebook reload service for Red launched 5 October 2010</li> <li>• International Calling Card launched 9 October 2010</li> <li>• Freedom Account relaunch, including monthly limit plan 24 October 2010</li> <li>• Vodafone Business solutions launched 1 November 2010</li> <li>• Vodafone Money Transfer launched 29 November 2010 to Philippines</li> <li>• BlackBerry® Enterprise Server launched for Businesses December 2010</li> </ul>



## Our Updated Purpose Based Organisation is:



To make a world  
of difference  
for all people  
in Qatar

To be the  
most admired  
Brand  
in Qatar

Vitality  
Worldliness  
Speed  
Simplicity  
Trust

We will...

- > Aggressively compete to grow in all segments
- > Really deliver an awesome customer experience
- > Actively develop all talent and be the role model for Qatarisation
- > Bravely take some risks on cool new stuff
- > Partner with government to build superfast broadband for all

## Update on delivering to our five Strategies:

- Aggressively Compete to Grow in All Segments  
Estimated 24% Mobile Revenue Market Share for December quarter
- Really Deliver an Awesome Customer Experience  
Vodafone leading in both NPS and CDI
- Actively Develop All Talent and Be the Role Model for Qatarisation  
12% Qatarisation at December 2010
- Bravely Take a Few Risks on Cool New Stuff  
Vodafone Money Transfer launched to Philippines on 29 November 2010, more countries coming in 2011
- Partner with the Government to Build Superfast Broadband for All



## NPS & CDI Graphs

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## Breakdown of CDI Score for November 2010

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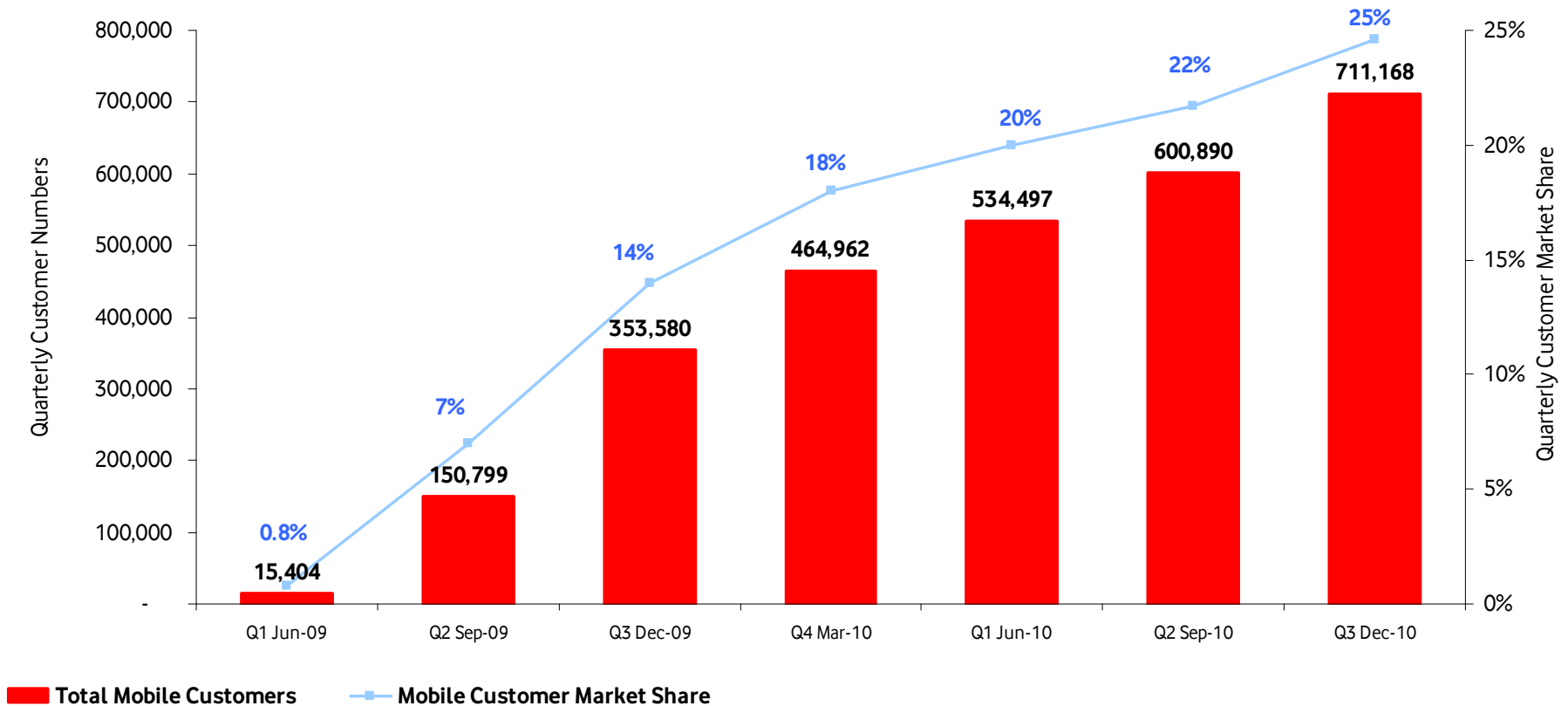
## CDI breakdown by customer segment

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# Mobile Customer Growth

## Quarterly Growth in Mobile Customers & Mobile Customer Market Share



- 18% growth in Customer Numbers in December quarter



## Financial Highlights

Financial Performance	Quarterly Periods				
	Q3 FY10	Q4 FY10	Q1 FY11	Q2 FY11	Q3 FY11
	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10
	QARm	QARm	QARm	QARm	QARm
Total Revenue (Fixed & Mobile)	177.6	144.7	175.8	209.7	266.5
Adjusted EBITDA (Fixed & Mobile) <sup>1</sup>	(38.6)	(28.7)	(8.8)	(23.1)	1.0
Adjusted EBIT (Fixed & Mobile) <sup>2</sup>	(162.3)	(155.9)	(141.9)	(158.0)	(137.8)
Operating Free Cash Flow (Fixed & Mobile)	(206.7)	(256.0)	(63.9)	(53.0)	(14.4)
Capitalised Fixed Asset Additions (Mobile only)	140.0	201.5	72.6	95.2	67.1

KPIs	Quarterly				
	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10
Total Mobile Customers	353,580	464,962	534,497	600,890	711,168
Total Quarterly Mobile ARPU	171	101	104	112	120
Population	1.631M	1.677M	1.678M	1.642M	1.637M
Annual Population growth	5%	2%	3%	1%	0.4%
Mobile Penetration	152%	156%	160%	167%	174% *
Mobile Population Share	22%	28%	32%	37%	43%
Mobile Customer Market Share	14%	18%	20%	22%	25% *
Mobile Total Revenue Market Share	16%	14%	16%	20%	24% *

\* Estimated as Qtel's December quarter data has not yet been released

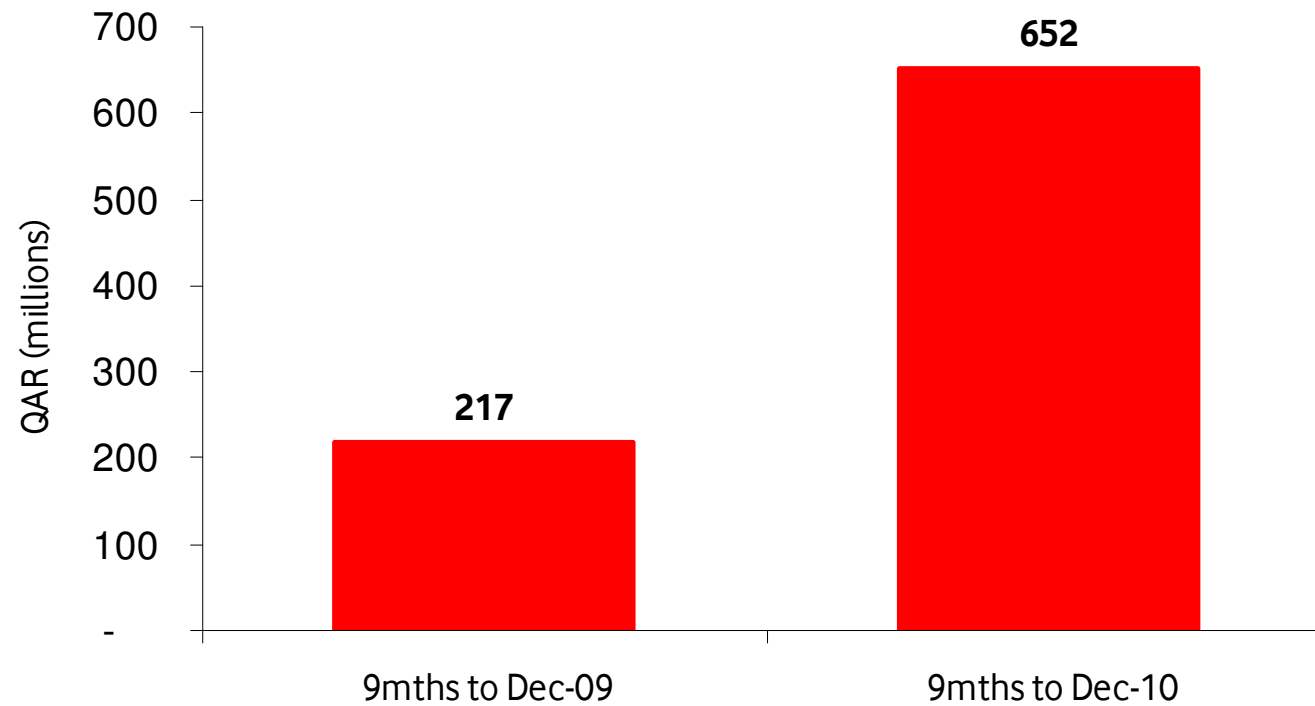
<sup>1</sup> Quarterly EBITDA has been adjusted to align the Vodafone Group management fees with when revenues were earned

<sup>2</sup> Quarterly EBIT has been adjusted to align the Vodafone Group management fees with when revenues were earned and to distribute additional Amortisation expense incurred in March 2010 following a change in the amortisation period from 20 years to 19.16 years  
EBIT includes licence cost of QAR 7.7bn amortised over 19.16yrs from May 2009



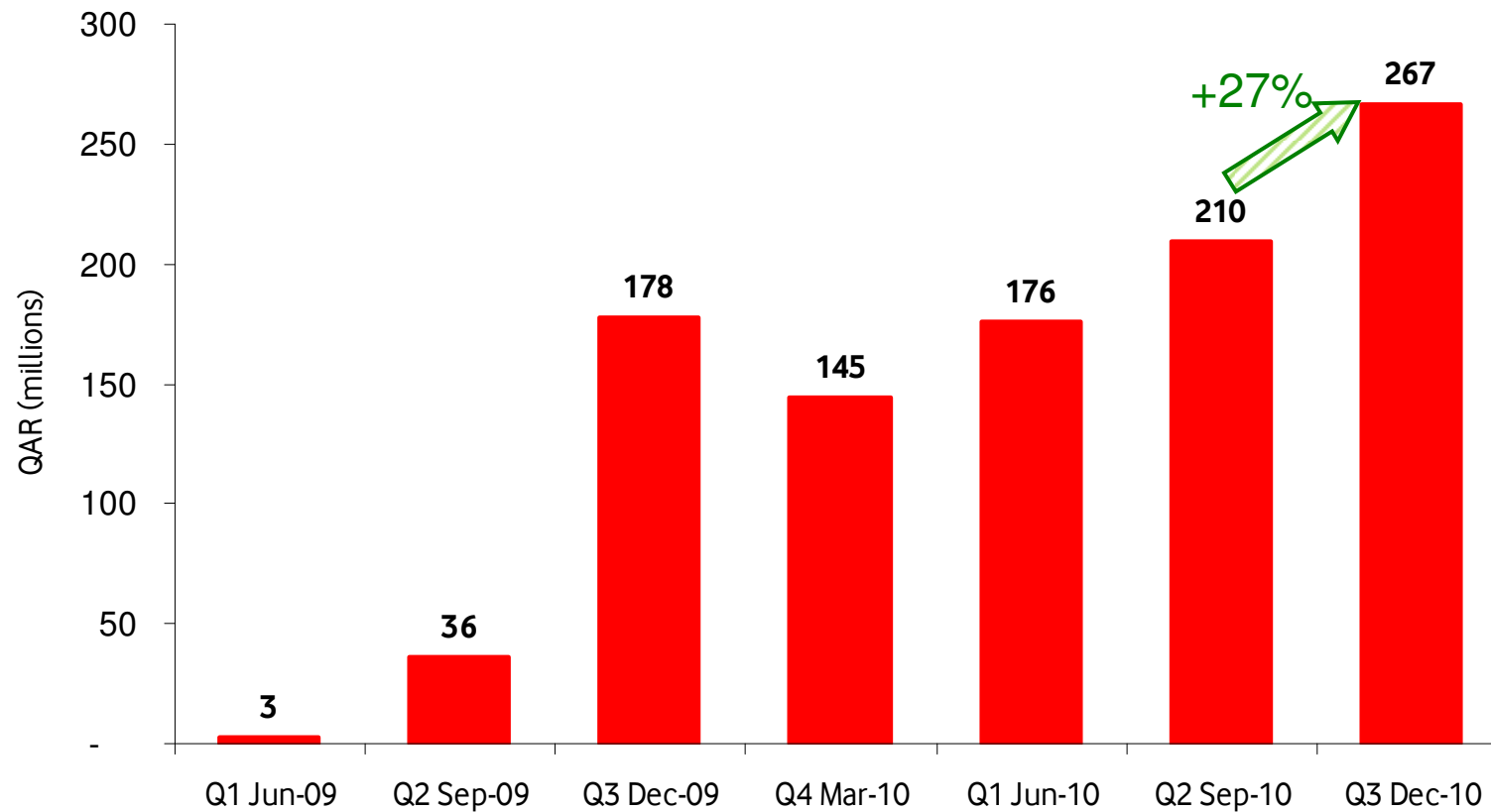
## Total Revenue (Fixed Line & Mobile)

### 9 Month Total Revenue Comparison



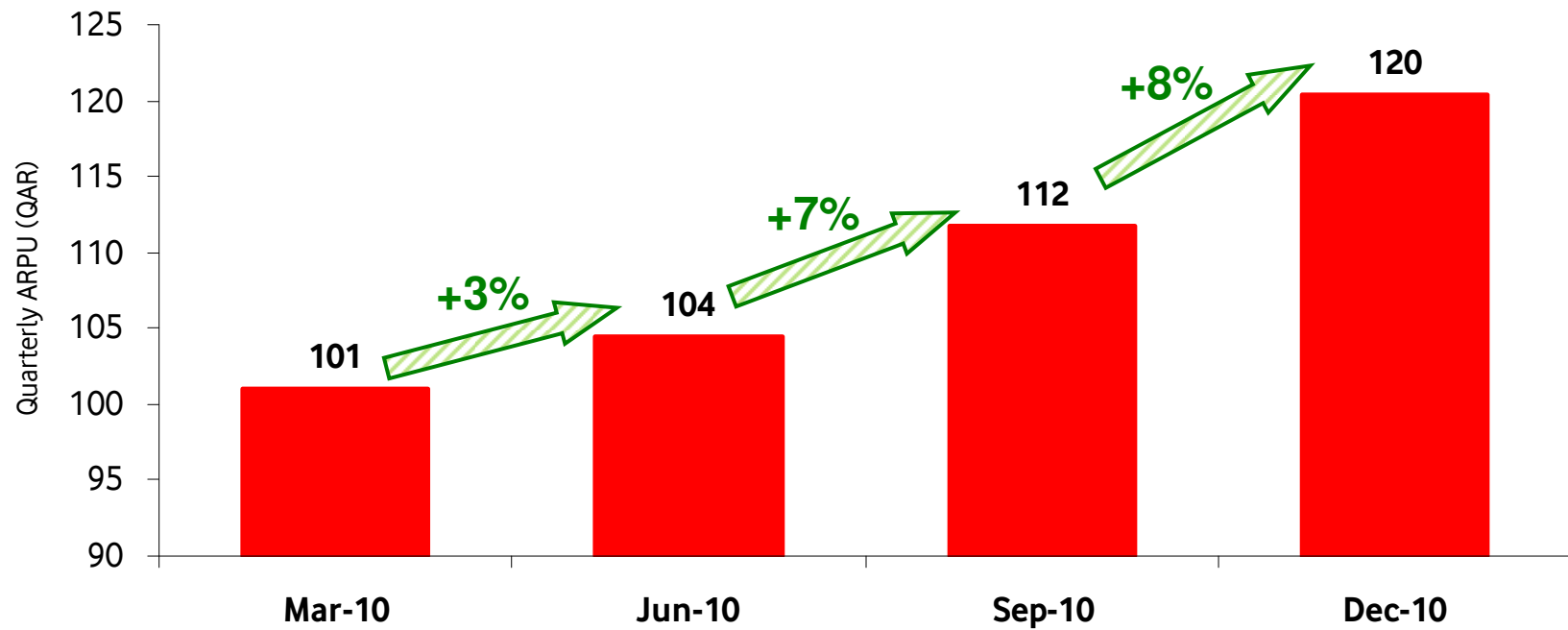
## Total Revenue (Fixed Line & Mobile)

### Growth in Quarterly Total Revenue



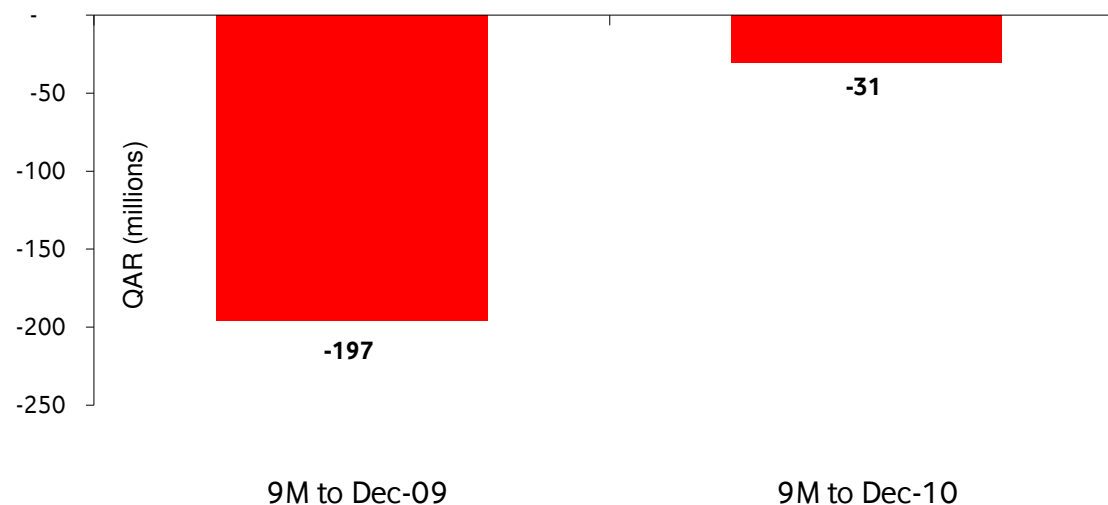
# Total Mobile ARPU

## Growth in Quarterly Total Mobile ARPU



## EBITDA

### 9 Month Adjusted EBITDA\* Comparison



Unadjusted EBITDA	9M to Dec-09	9M to Dec-10
	-186	-31

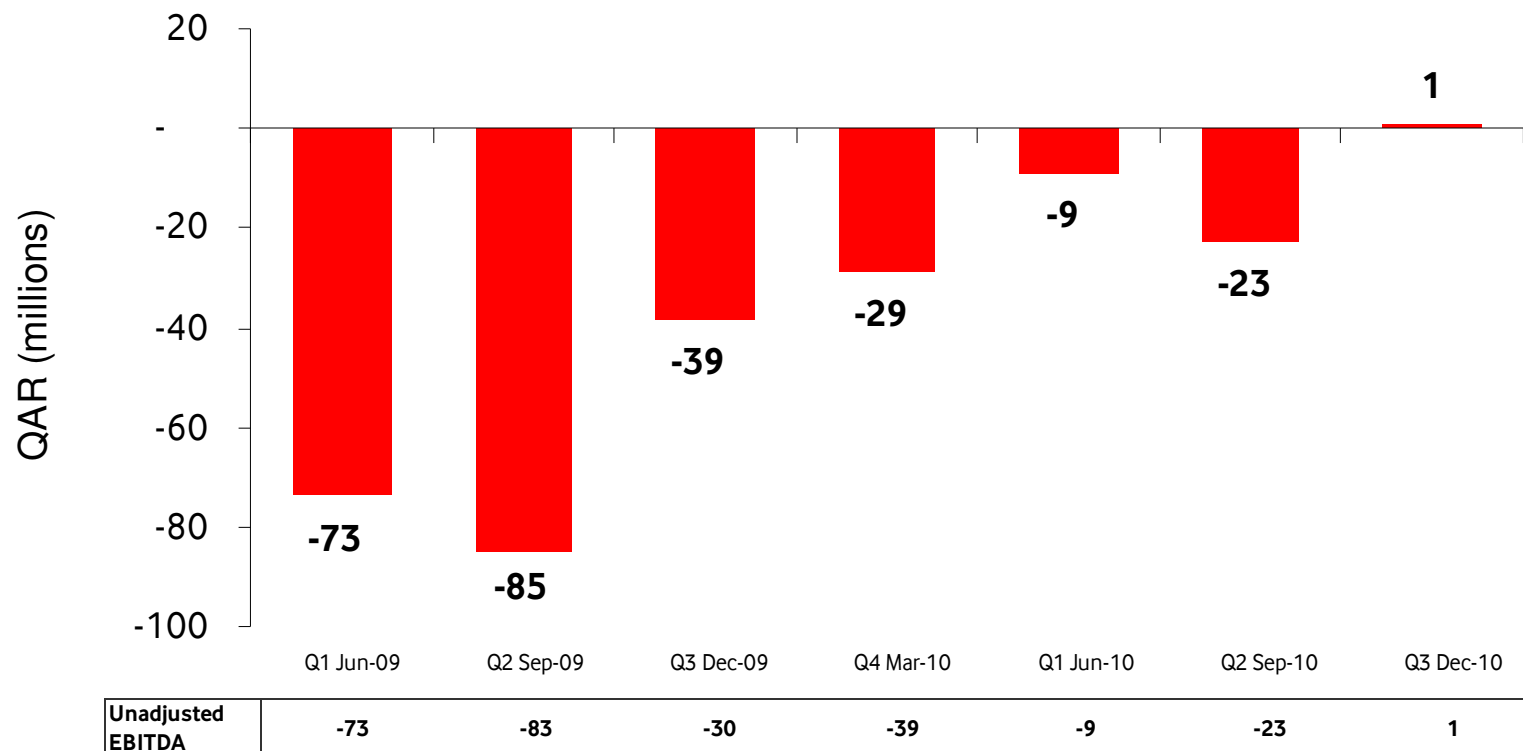
- Current forecast to be EBITDA positive on a cumulative basis by mid-2012
- Current forecast to be cash flow positive on a cumulative basis in the calendar year 2013
- 3 year plan will be renewed in March 2011

\*Quarterly EBITDA has been adjusted to align the Vodafone Group management fees with when revenues were earned



## EBITDA

### Progress in Quarterly Adjusted EBITDA\*



- Current forecast to be EBITDA positive on a cumulative basis by mid-2012
- Current forecast to be cash flow positive on a cumulative basis in the calendar year 2013
- 3 year plan will be renewed in March 2011

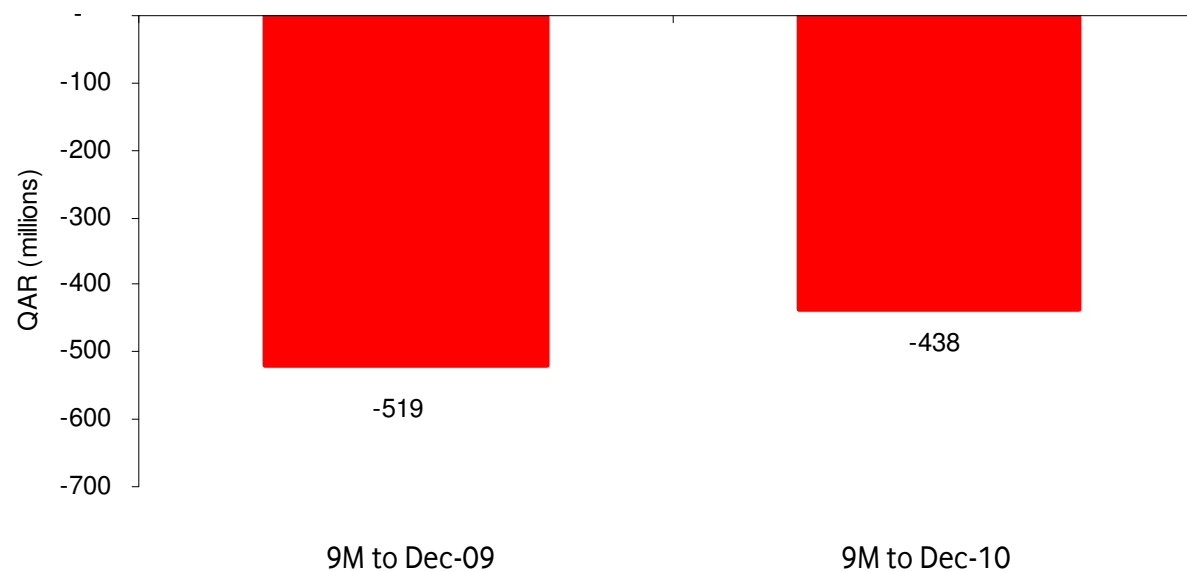
\*Quarterly EBITDA has been adjusted to align the Vodafone Group management fees with when revenues were earned





## EBIT

### 9 Month Adjusted EBIT\* Comparison



Unadjusted EBIT	9M to Dec-09	9M to Dec-10
	-497	-438

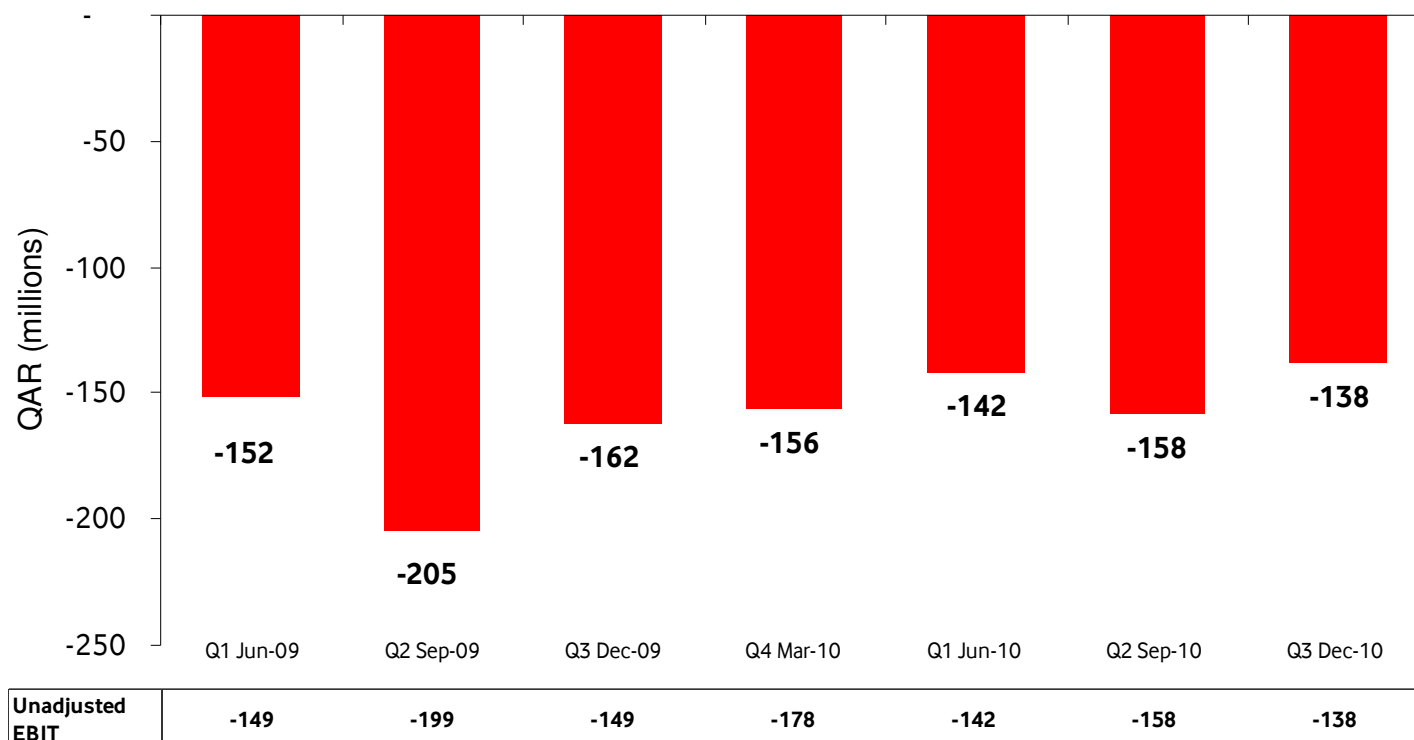
- 9-month Amortisation of the QAR 7.7bn license fee is QAR 302 million.

*\*Quarterly EBIT has been adjusted to align the Vodafone Group management fees with when revenues were earned and to distribute additional Amortisation expense incurred in March 2010 following a change in the amortisation period from 20 years to 19.16 years*



## EBIT

### Progress in Quarterly Adjusted EBIT\*

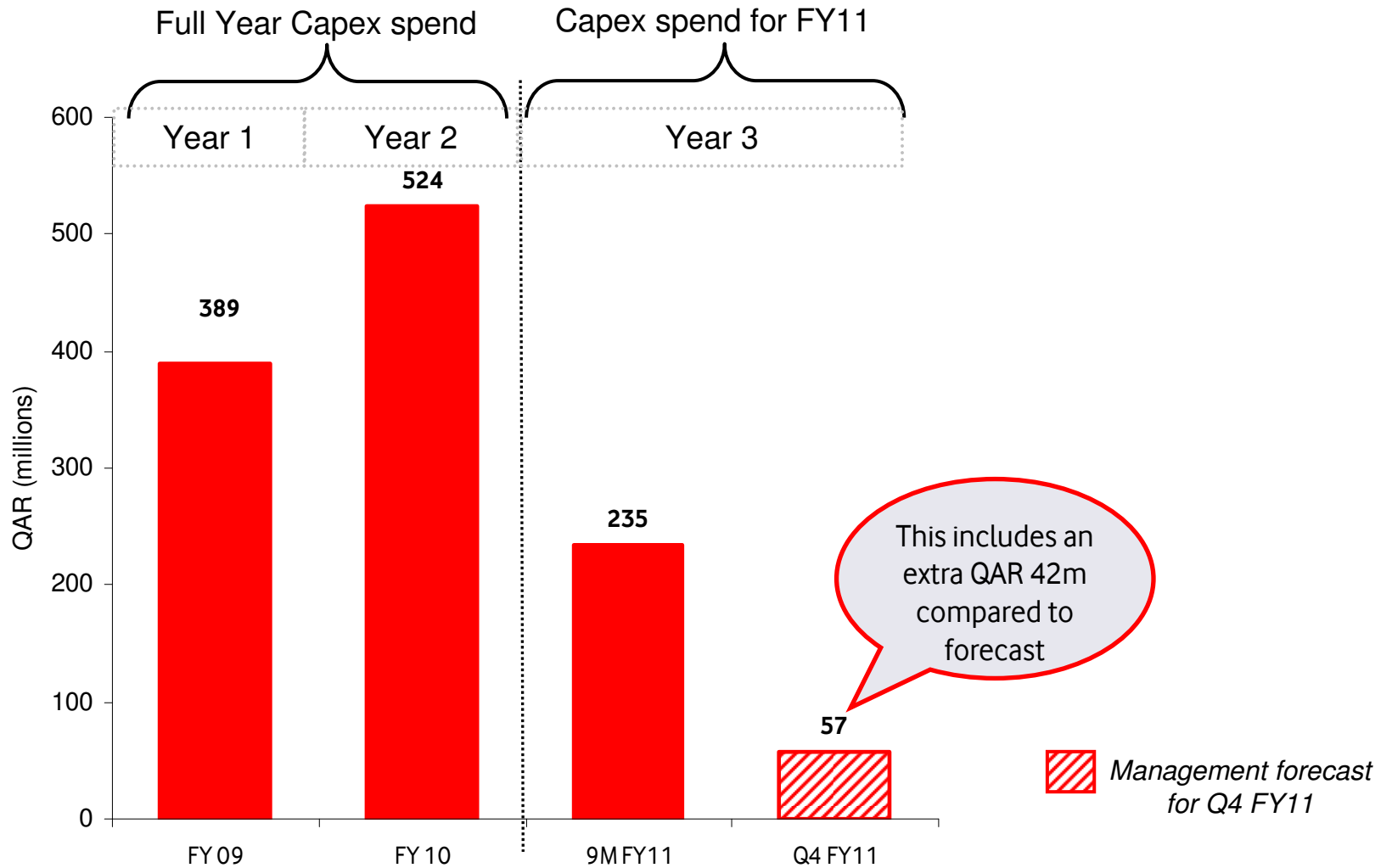


- Quarterly Amortisation of the QAR 7.7bn license fee is QAR 101 million.

\*Quarterly EBIT has been adjusted to align the Vodafone Group management fees with when revenues were earned and to distribute additional Amortisation expense incurred in March 2010 following a change in the amortisation period from 20 years to 19.16 years



## Capitalised Fixed Asset Additions (Mobile only)

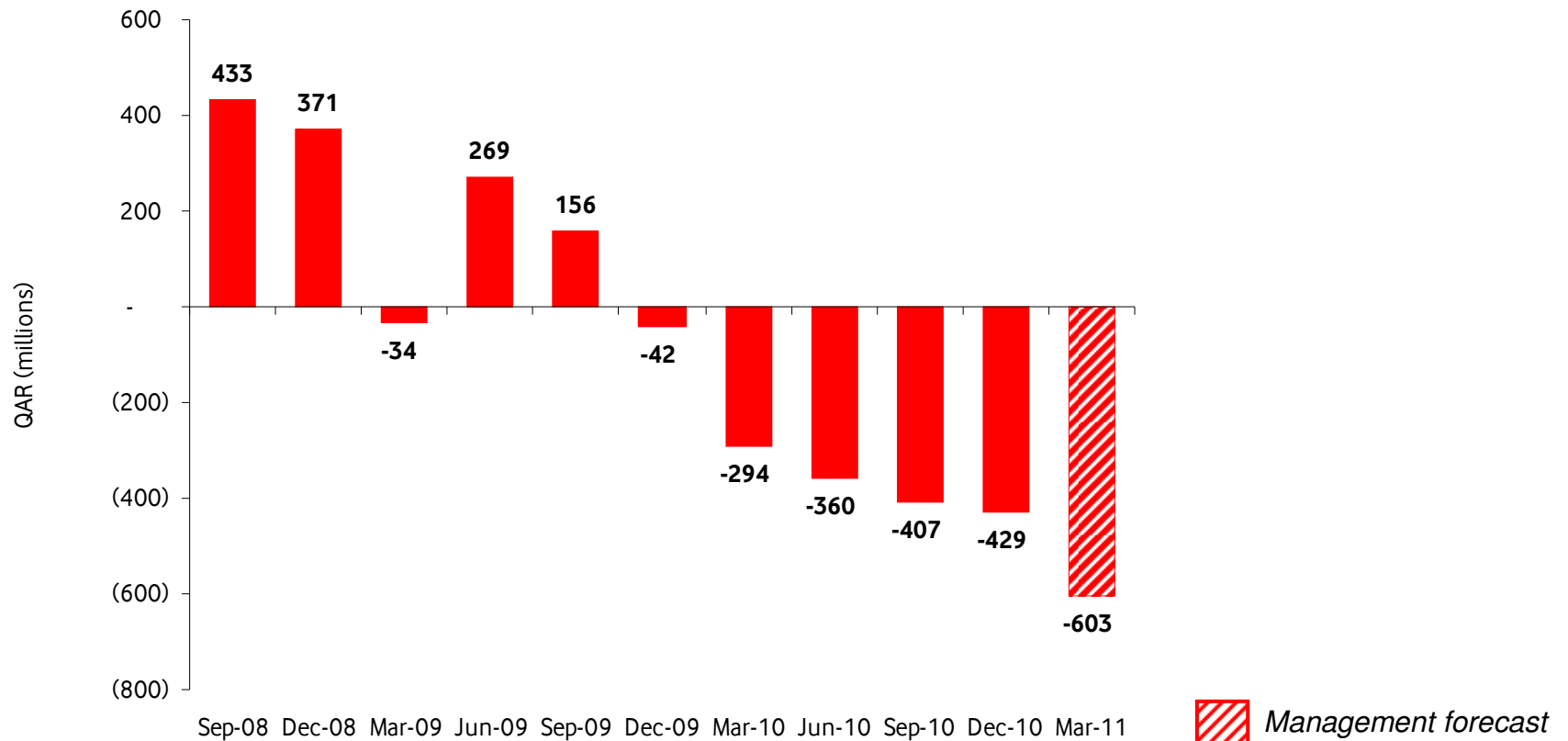


- QAR 42m of additional capital expenditure has been requested for Q4 FY11.
- Long-term capital expenditure expected to stabilise at 8% of revenue from FY13 onwards.



## Net Debt

### Borrowings less Term Deposits



- Borrowing facility extended from US\$110m to US\$230m (QAR 837 million) to cater for increase in capex due to accelerated customer uptake. US\$110m facility is at 1mth US Libor + 3.55%; the additional US\$120m facility is at an interest rate of US Libor + 1.55%.
- Future borrowing will be required for fixed line.



## Fixed Line Rollout Plan

VFQ is proceeding with plans to:

- Lay fibre from QSTP data centre to its international cable landing station near Al Khor
- Lay fibre between data centre 1 and data centre 2
- Lay fibre for backbone of the core fixed & mobile network

Last mile access and metro to be delivered by QNBN entity (delivering fibre to the home at speeds of 100mbps for 95% of the population)

Fixed license requirements (below) to be aligned with the QNBN delivery schedule

Milestone	Location	Access Technology	Required Service	Time
I	The Pearl	Not specified	Internet service	3 Months from Effective Date
II	The Pearl	Not specified	Fixed Voice and internet	12 Months from Effective Date
IV	West Bay CBD	Fibre to the Building	Fixed Voice	30 Months from effective date
V	Rest of Qatar	Not specified	Fixed Voice	48 months from effective date



## Outlook Q4 FY11

- Focus on customer acquisition to new segments – Qatari, Khaliji, Business
  - Increase distribution footprint for business customers
- Reinforce loyalty of existing customer segments
- Increase Vodafone Money Transfer footprint
- Further enhancements to the mobile network (additional QAR 42m requested)
  - Additional 2G sites
  - Improving 3G speeds from 3.6 to HSDP+
  - Greater UMTS900 coverage
  - Optimisation of the network
- Launch of fixed line voice services to The Pearl-Qatar



## Condensed Statement of Income and Cash Flows – 9 months ended 31 Dec 2010

	Nine month period ended December 31, 2010 (Unaudited) QAR '000	Nine month period ended December 31, 2009 (Unaudited) QAR '000
Revenue	651,976	216,816
Direct costs	(323,124)	(166,705)
Other expenses	(359,712)	(235,917)
<b>EBITDA</b>	<b>(30,860)</b>	(185,806)
Depreciation	(104,894)	(53,552)
Amortisation of licence	(301,954)	(257,200)
Interest income	3,320	20,866
Financing costs	(22,424)	(19,883)
<b>Loss before taxation</b>	<b>(456,812)</b>	(495,575)
Income tax expense	-	-
<b>Loss for the financial period</b>	<b>(456,812)</b>	(495,575)
<b>Basic and diluted loss per share (QAR)</b>	<b>(0.54)</b>	(0.61)

	Nine months ended December 2010 QAR '000	Nine months ended December 2009 QAR '000
Loss for the period	(456,812)	(495,575)
<b>Other comprehensive income</b>		-
Gains arising from cash flow hedge during the period	17,196	
<b>Total comprehensive loss for the period</b>	<b>(439,616)</b>	(495,575)



## Condensed Statement of Financial Position – as at 31 Dec 2010

	31 December 2010 QAR '000	31 December 2009 QAR '000		31 December 2010 QAR '000	31 December 2009 QAR '000
<b>Non-current assets</b>			<b>Equity</b>		
Property, plant and equipment	1,013,174	832,283	Share capital	8,454,000	8,454,000
Intangible asset	7,054,781	7,346,735	Legal reserve	11,442	11,442
Trade and other receivables	5,568	4,432	Accumulated other comprehensive income	17,196	-
<b>Total non-current assets</b>	<b>8,073,523</b>	8,183,450	Retained losses	(1,263,123)	(806,311)
<b>Current assets</b>			<b>Total equity</b>	<b>7,219,515</b>	7,659,131
Inventory	10,214	21,713	<b>Non-current liabilities</b>		
Trade and other receivables	166,403	118,207	End of employment benefits	4,733	1,972
Cash and cash equivalents	77,168	85,356	Provisions	6,734	4,848
<b>Total current assets</b>	<b>253,785</b>	225,276	Long term borrowings	506,378	379,083
<b>Total assets</b>	<b>8,327,308</b>	8,408,726	<b>Total non-current liabilities</b>	<b>517,845</b>	385,903
			<b>Current liabilities</b>		
			Trade and other payables	589,948	363,692
			<b>Total current liabilities</b>	<b>589,948</b>	363,692
			<b>Total liabilities</b>	<b>1,107,793</b>	749,595
			<b>Total equity and liabilities</b>	<b>8,327,308</b>	8,408,726





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# Vodafone Qatar Shareholder Structure

