



Vodafone Qatar P.Q.S.C.
Financial results: Nine months ended
31 December 2017

27 February 2018

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Ian Gray

Chief Executive Officer

Strategic review



Key Highlights



Strong Recovery from Network Outage

Service Revenue & ARPU to pre-outage levels



Growth in Postpaid customers

Strong growth in postpaid subs driven by FLEX plans



Focus on Network coverage, capacity & expansion

76% of total data traffic on 4G - #1 in AMAP region
GSMA Premier Operator Rated



Customer experience excellence

NPS improvement (to pre-outage levels)



Closing 2017 with strong momentum

Postpaid & Fixed growth



Strategic initiatives

INVEST & GROW FIXED

Selective investment in fixed and equip the business to accelerate growth

CY 2018

DIGITAL & INNOVATIVE SOLUTIONS

A leading digital customer experience and innovative products and services (IoT, Content)

CY 2018

CUSTOMER EXPERIENCE EXCELLENCE

NPS improvement

CY 2017



NETWORK MODERNISATION

Leading mobile data network

CY 2016



COST OPTIMISATION

Strong EBITDA growth compared to service revenue

CY 2017



Brett Goschen

Chief Financial Officer

Financial review



Significant items impacting Quarter results

1

Strong recovery from network outage

- ✓ Postpaid subs growth and Enterprise momentum continues
- ✓ ARPU back to pre-outage levels

2

Settlement with network vendors as compensation for the network outage

- ✓ QR 25m recognised as other income during the period

3

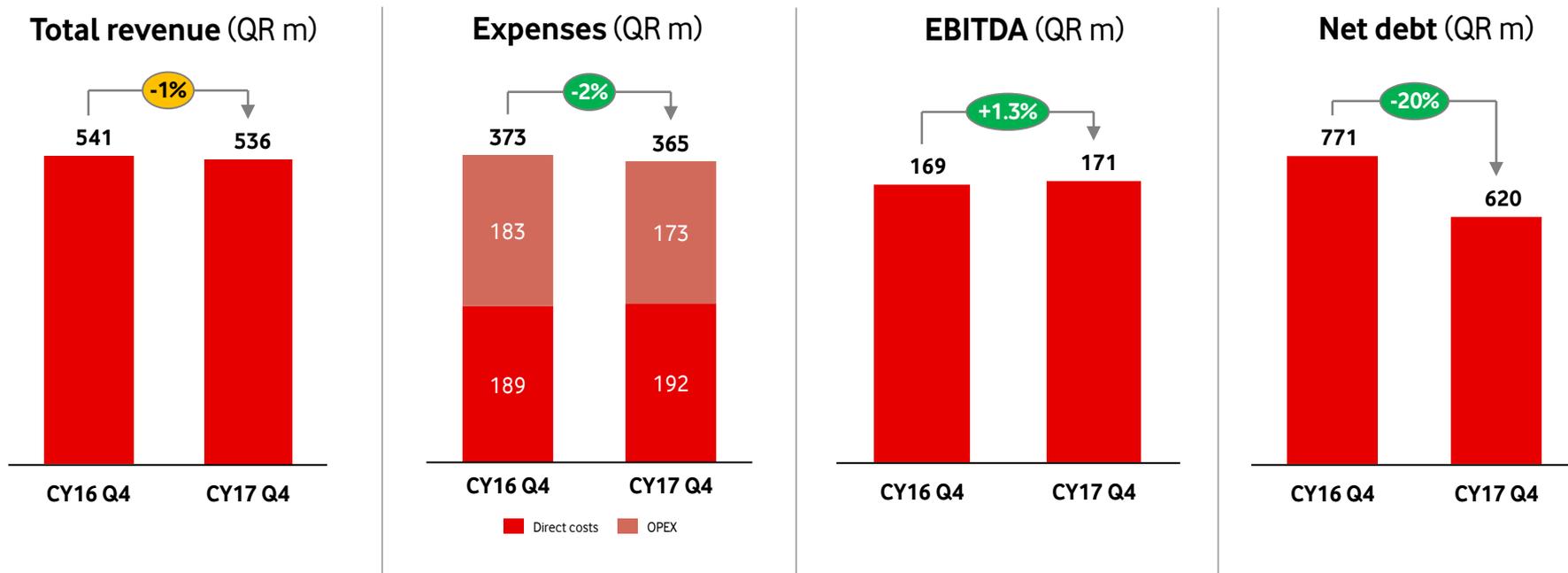
One-off Revenue during the Quarter

- ✓ Equipment revenue increased by QR 49m compared to Q3 CY17 driven by iPhone 8 & X sales and one off project revenue
- ✓ Non recurring service revenue QR 13m



Quarterly Financial performance (Year on Year)

CY17 Q4 v CY16 Q4



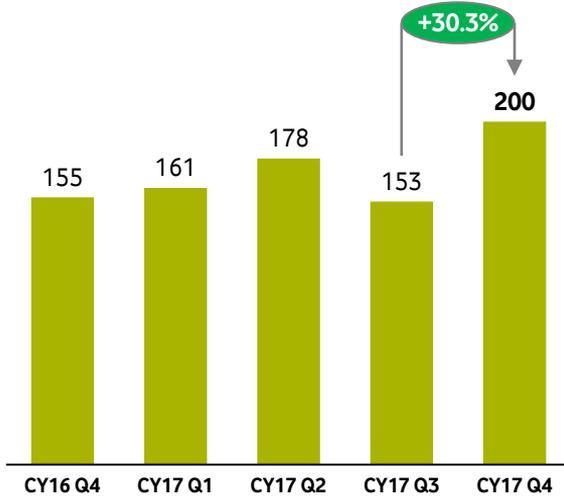
- **Total Revenue 1% decline** driven by slowing prepaid market partially offset by postpaid growth
- **Strong OPEX control** driving a 2% decline in Expenses
- Despite Total Revenue decline **EBITDA increases by 1.3%**
- **Cash generation** during the year decreases Net Debt by 20% (QR 151m)



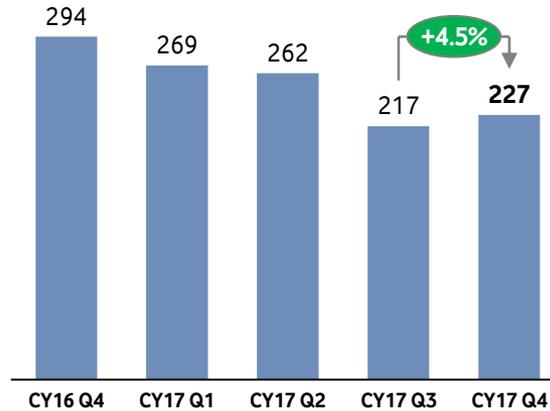
Service Revenue (QR m)

CY17 Q4 v CY17 Q3

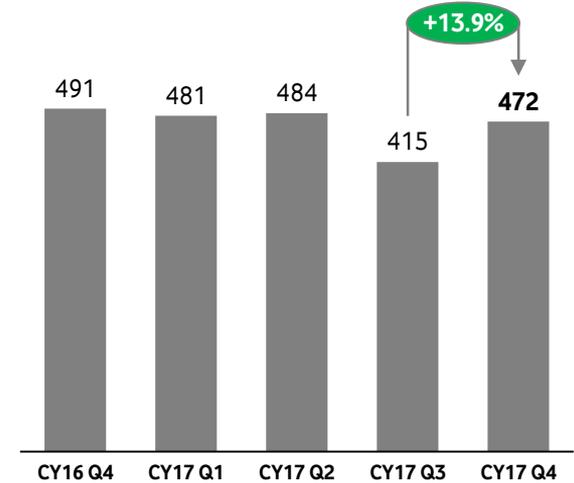
Postpaid Revenue



Prepaid Revenue



Total Service Revenue



Service Revenue growth of 13.9%, underlying 3.1%

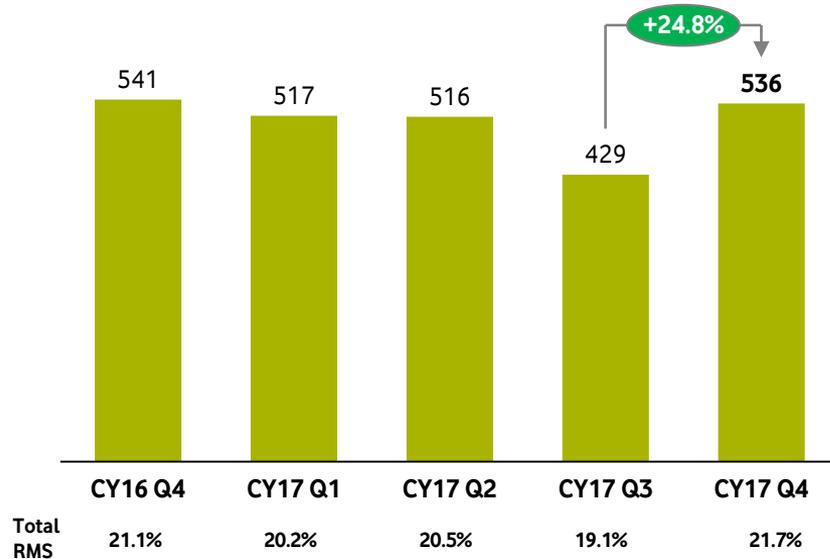
- Postpaid growth impacted by one-off revenue of QR 13m and network outage in Q2. Underlying postpaid revenue growth of 9%
- Prepaid 4.5% higher recovering from network outage in Q2



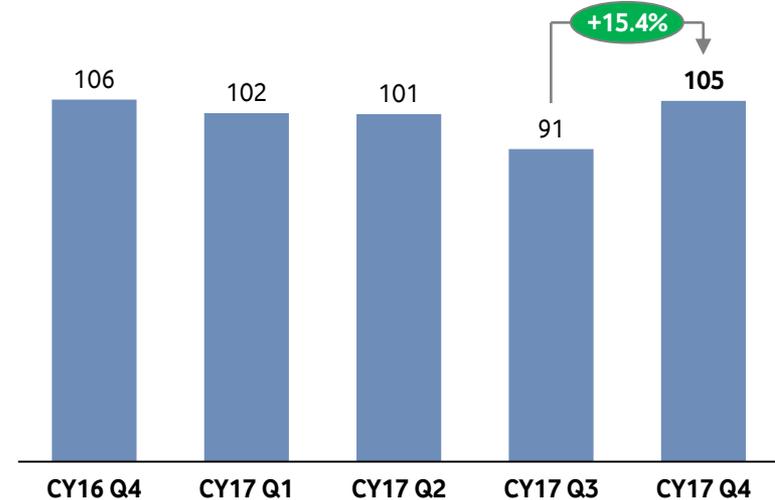
Total Revenue & ARPU

CY17 Q4 v CY17 Q3

Total Revenue (QR m)



ARPU (QR)



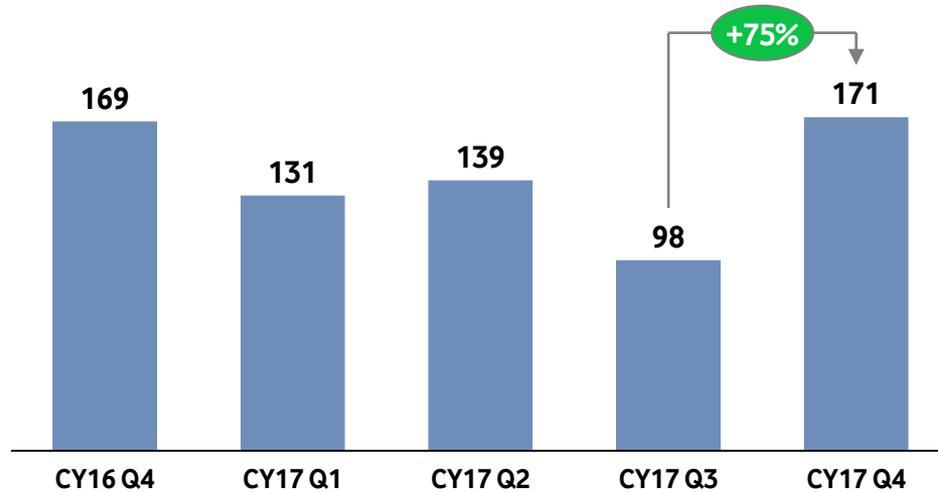
- **Total revenue 24.8% higher**, adjusting for one-off revenue and outage impact in Q2, Total Revenue increases by 2.7%
- ARPU impacted by one-offs. **Underlying ARPU returns to pre outage levels**



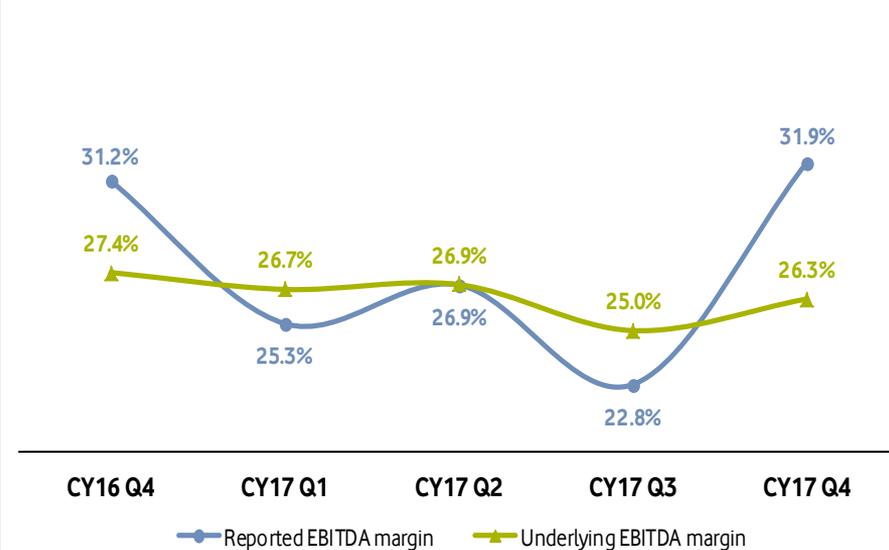
EBITDA & Underlying EBITDA margin

CY17 Q4 v CY17 Q3

EBITDA (QR m)



EBITDA margin %



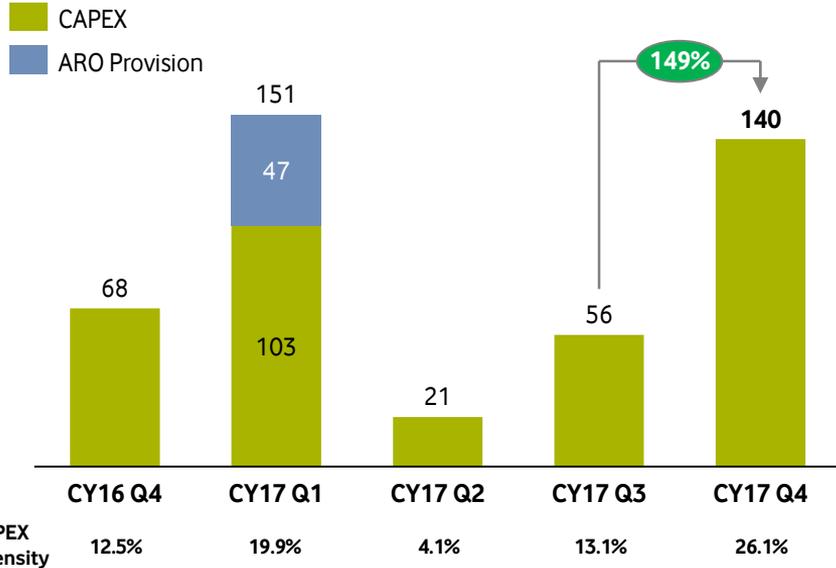
- On a reported basis **EBITDA increases 75%** and **EBITDA margin reaches 31.9%** due to one-off benefits and strong recovery post network outage
- **Underlying EBITDA 26.3%** excluding one-off revenue and network outage settlement



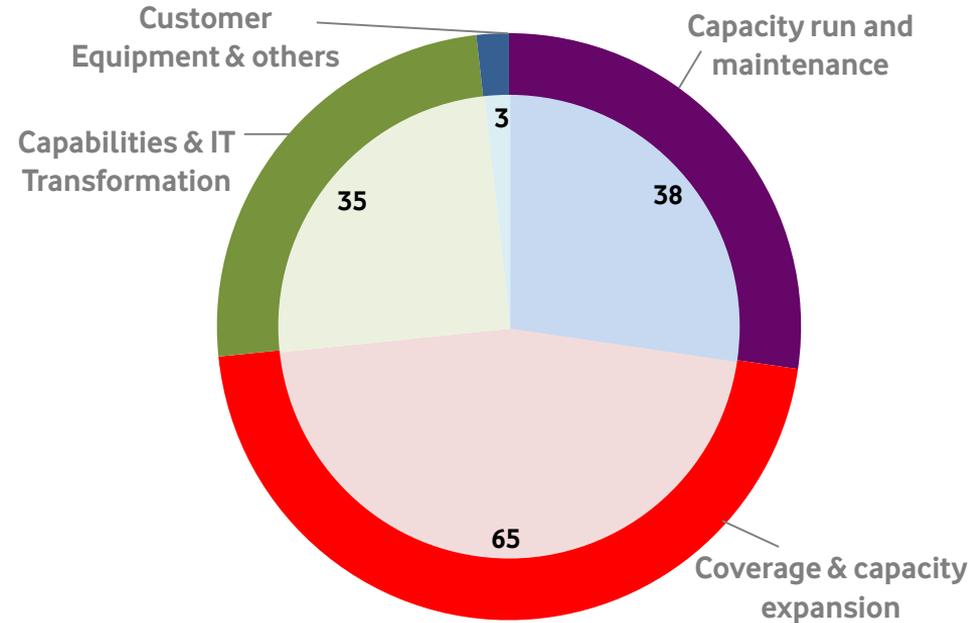
CAPEX (QR m)

CY17 Q4 v CY17 Q3

Total CAPEX



Quarterly CAPEX Mix



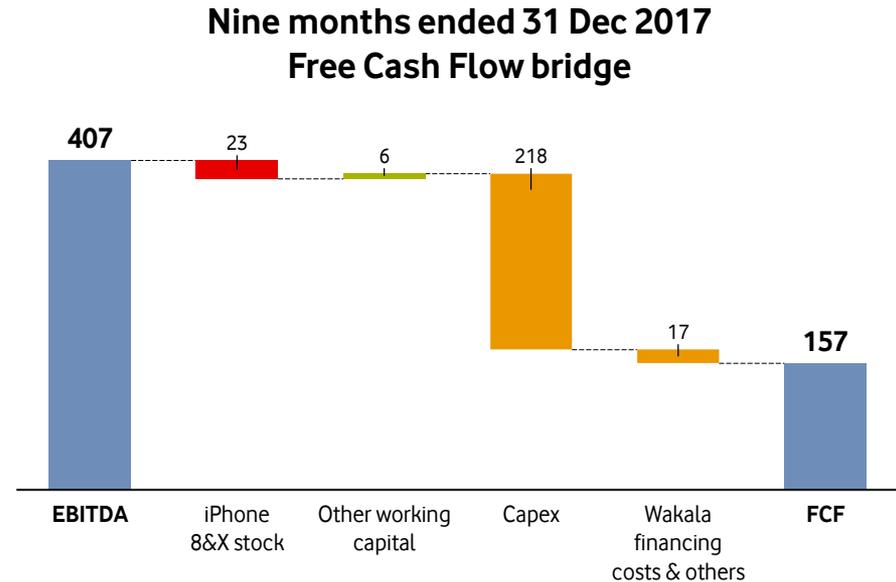
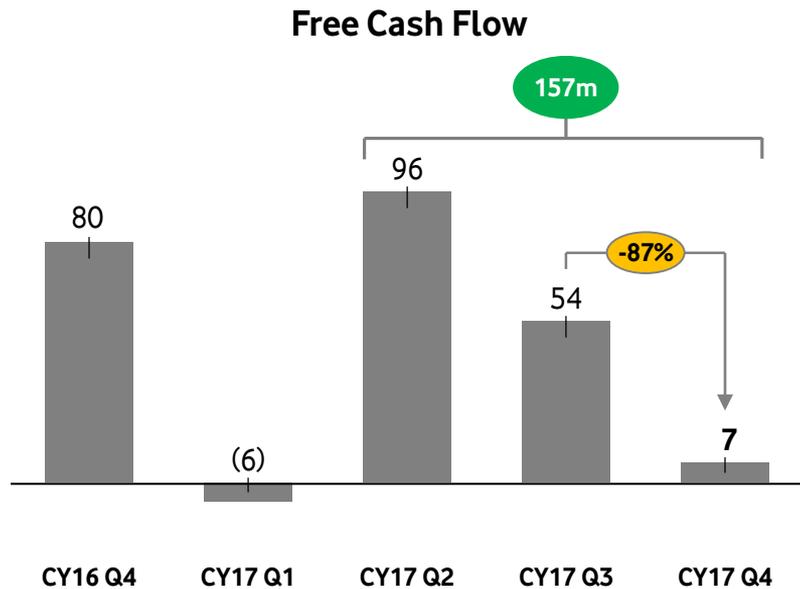
CAPEX investment QR 140m and a 149% increase QoQ focusing on:

- Coverage & capacity enhancements
- Core network infrastructure upgrades
- Development of new commercial capabilities and products



Free Cash Flow (QR m)

CY17 Q4 v CY17 Q3

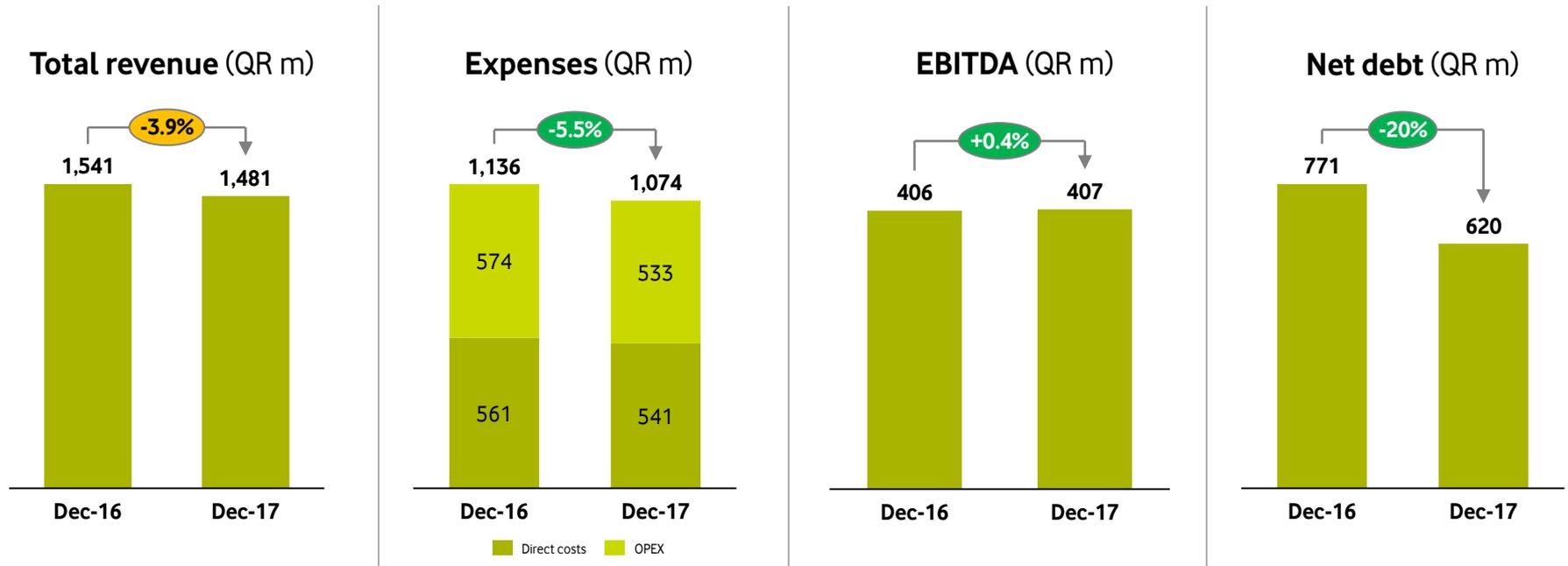


- Free Cash Flow decreased 87% in the quarter due to higher CAPEX and iPhone stock



Nine Months: Financial performance (Year on Year)

CY17 v CY16



- **Total Revenue 3.9% decline** driven by network outage in Q2 and slowing prepaid market partially offset by postpaid growth
- **Expenses decrease 5.5%** driven by network compensation and strong cost control
- Despite network outage **EBITDA increases by 0.4%**
- **Cash generation** during the year decreases Net Debt by 20% or QR 151m



Key New Developments



Company Changes that Re-Set it for the Future

- Extension of Licence
- Capital Reduction
- Credit Facility has been agreed to support Acceleration in Fixed & 5G
- Extension of Vodafone Group Plc co-operation agreement
- Qatar Foundation entered into a conditional Share Purchase Agreement with Vodafone Europe B.V
- Board and Executive Management Restructure



Questions ?



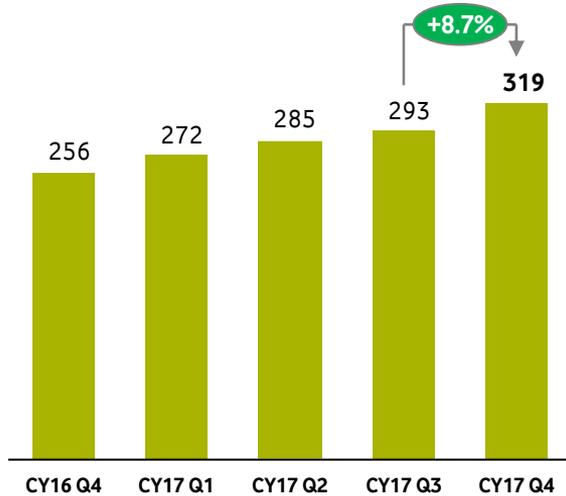
Appendix



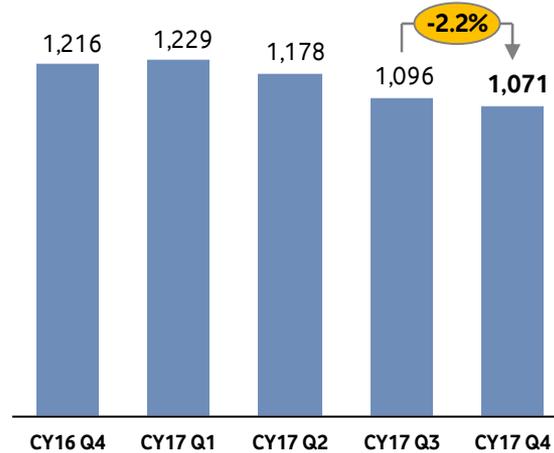
Mobile Customers ('000s)

CY17 Q4 v CY17 Q3

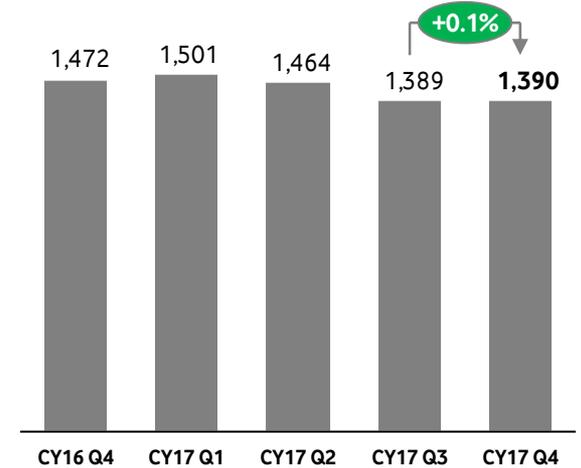
Postpaid



Prepaid



Total Mobile Customers



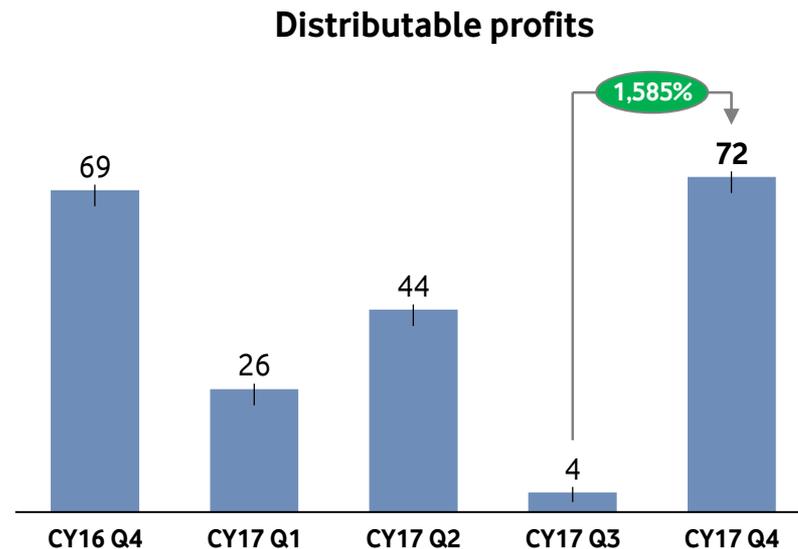
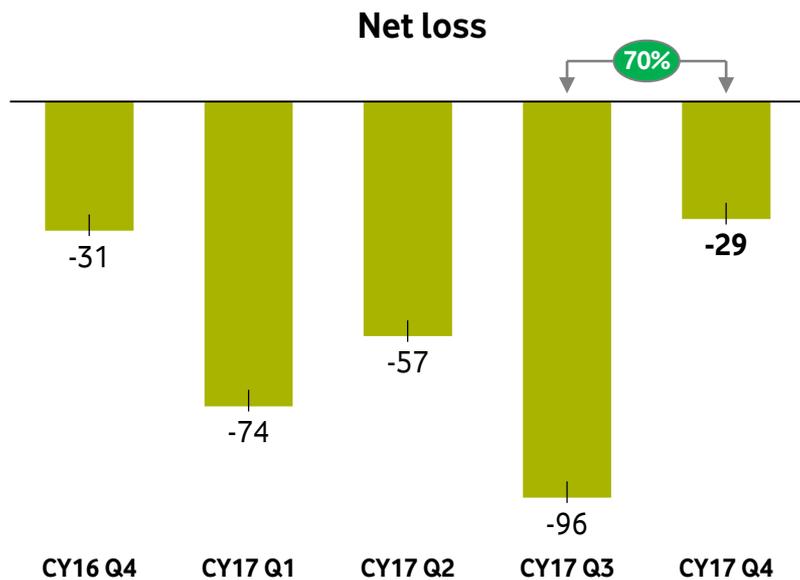
Total Mobile customers continue to grow post Network outage

- Postpaid: 8.7% growth led by popularity of Flex plans
- Prepaid: 2.2% decline due to slowing prepaid market



Net Loss & Distributable Profit (QR m)

CY17 Q4 v CY17 Q3



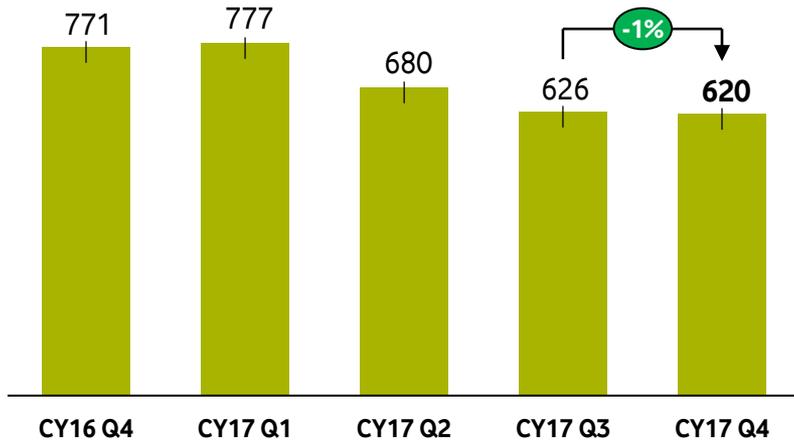
- Quarterly Distributable Profit highest in 3 years led by EBITDA flow through



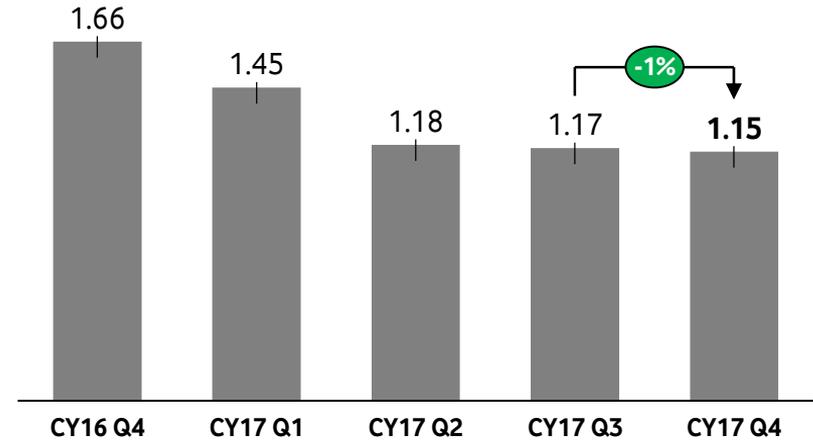
Financing Position

CY17 Q4 v CY17 Q3

Net Debt (QR m)



Net Debt to EBITDA Ratio*



- **Lowest Net Debt in Company history**
- Four month EBITDA to Net Debt improved by 1% due to higher EBITDA

* Calculated based on annualised EBITDA of previous four Quarters



Financial Summary

For Nine Months ended 31 December 2017

QR m (unless otherwise stated)	9m to Dec-17	9m to Dec-16	YoY Growth (%)
Mobile Customers (000)	1,390	1,473	(5.6%)
Total Revenue	1,481	1,541	(3.9%)
<i>Service Revenue</i>	<i>1,371</i>	<i>1,460</i>	<i>(6.1%)</i>
EBITDA	407	406	0.4%
<i>EBITDA Margin %</i>	<i>27.5%</i>	<i>26.3%</i>	<i>1.2pp</i>
Net Profit Excl Amortization*	120	107	12%
Net Loss	(182)	(195)	6.6%
Profit (Excl Amortization) per Share (QR)*	0.14	0.13	12%
Loss per Share (QR)	(0.22)	(0.23)	6.6%
Capital Expenditure	218	160	35.8%
Movement in Net Debt	157	122	28.7%

- **Customer Base lower**, largely impacted by network outage and reduction in market sim duality
- **Total Revenue and Service Revenue decline** led by network outage and aggressive pricing environment
- EBITDA growth with **EBITDA margin expanding by 1.2pp** despite outage impact due to one-offs and postpaid growth
- **Net Profit (Excl Amortization)** driven by EBITDA flow through and lower depreciation
- **Capital Expenditure 36% higher**
- **Net Debt reduced by QR 157m to QR 620m, the lowest ever**

* Net profit (excl. amortisation) = Distributable Profit





Thank you !

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

Or email us:
InvestorRelationsQatar@vodafone.com