



# Vodafone Qatar Q.S.C Financial Results

Year ended 31 March 2017

18<sup>th</sup> May 2017

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# Introduction

**Ian Gray**

Chief Executive Officer

# The strategy developed last year was followed and it delivered

## Recent Performance

- Higher quality services and products
- Brand / Network perception improved
- Segmented offers allows margin management
- Introduction of more Vodafone Global initiatives

## Outcome of Progress

- EBITDA Margin continues improvement
- Cash position improved
- Strengthening of reputation

## Longer Term / Outlook

- Regulatory action needed on open fixed access
- International voice revenue likely to decline further
- Data traffic and fixed will require investment
- Company in strong position to deal with challenges



# From turnaround... To recovery... To growth

- Financial results exceeding budget, guidance and expectations
- Technical quality now leading in market
- Customer service quality now world class
- Innovative range of products, unmatched by competition
- Customer reaction now consistently positive in most segments

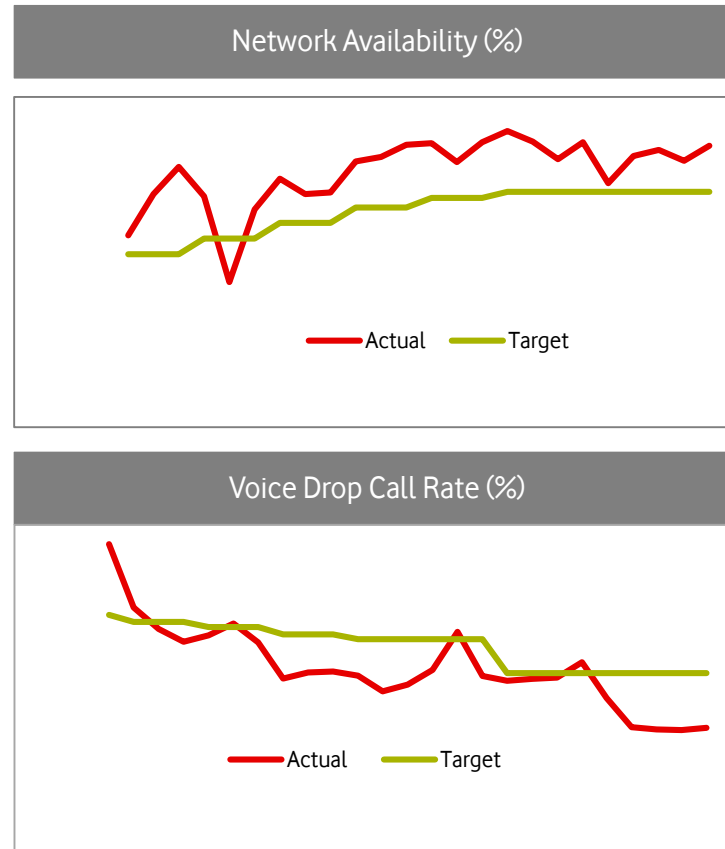


Company ready for next stage of growth  
Short term vision clear

But amortization of original licence fee and distributable profits not well understood



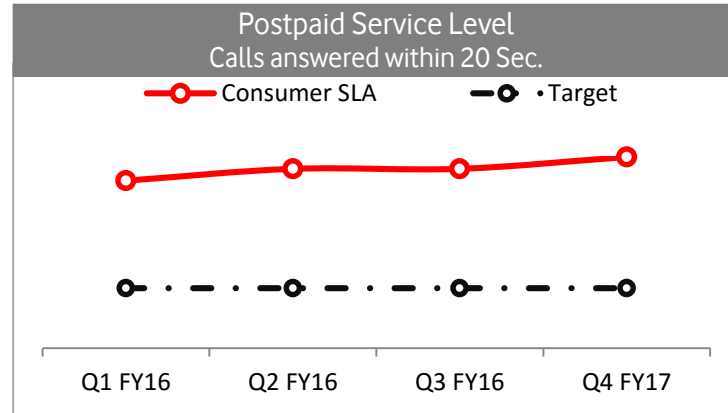
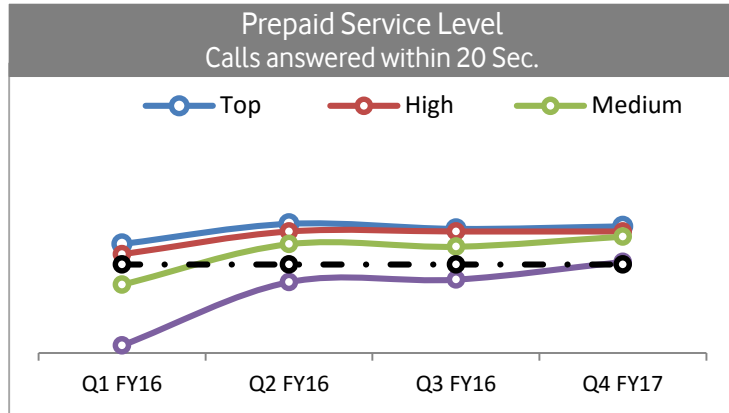
# Superior technical network quality





*\*Targets set by Vodafone for AMAP region*



# World-class Customer Service



# Innovative range of products targeting all customer segments

Platinum	Gold	Silver
<p><b>RED</b></p> <p>Bill Manager, Global Data, Network Name, Easy Donations, VIP Manager, My Car</p> <p><b>+</b></p> <p>Vodafone Points 180 Directory</p>	<p><b>Connect</b></p> <p>Offering customers flexibility to use flex to make calls or use data</p> 	<p><b>Happy 123</b></p> <p>Giving prepaid customers customized offers every day</p> 





# Enterprise products that are simple and to the point



- **Unlimited:** Worry free elements of Local Min/SMS
- **Inclusive International - Roaming minutes & data** that can be used for International & Roaming
- **Premiere Non Telecom Benefits:** Valet parking/ Premium concierge service/ Airport Lounge Access



- **Choice:** A choice of plans offering Bundles of local voice & data
- **Satisfaction:** Our postpaid bundles come at an array of prices that will satisfy business needs.
- **Unique Telecom benefits:** Up to 30 international minutes bonus, upon receiving 1 hours of calls.
- **None telecom benefits:** Personalised Ring Back tone suiting business needs.





# Financial Summary

**R.Ramamoorthy**

Chief Financial Officer

# Financial Summary

For the twelve months ended 31 March 2017

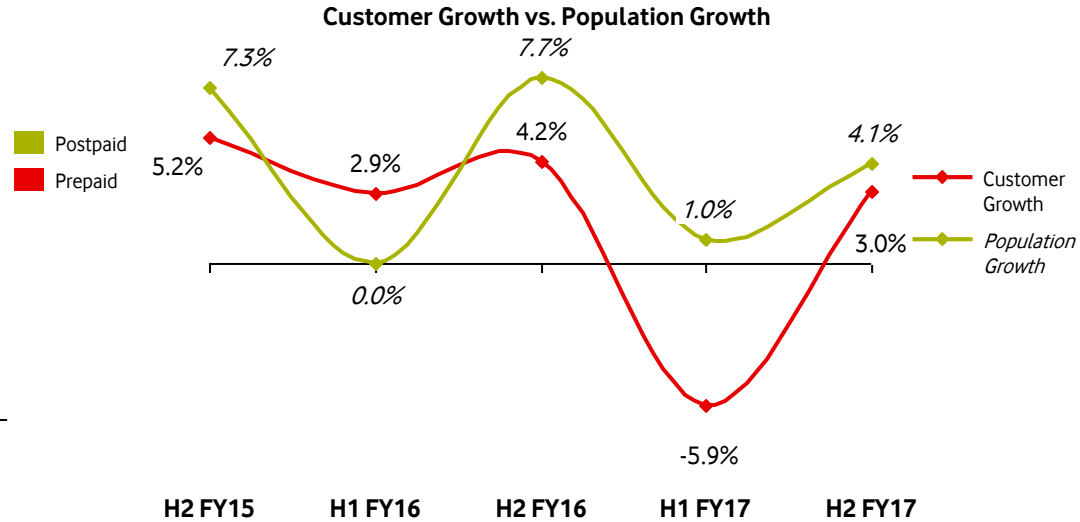
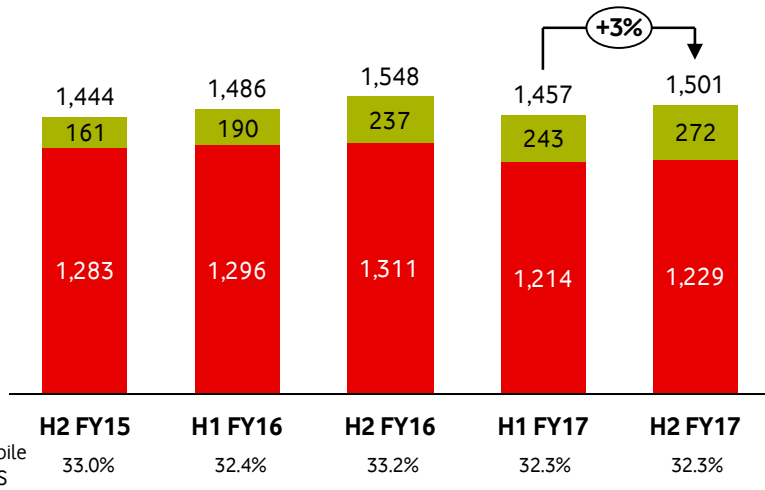
QR m (unless otherwise stated)	12m to Mar-17	12m to Mar-16	YoY Growth (%)
<b>Mobile Customers (000)</b>	<b>1,501</b>	<b>1,548</b>	<i>(3%)</i>
<b>Total Revenue</b>	<b>2,059</b>	<b>2,119</b>	<i>(2.9%)</i>
<i>Service Revenue</i>	<i>1,941</i>	<i>1,967</i>	<i>(1.3%)</i>
<b>EBITDA</b>	<b>537</b>	<b>401</b>	<i>34%</i>
<i>EBITDA Margin %</i>	<i>26.1%</i>	<i>18.9%</i>	<i>7.1pp</i>
<b>Net Profit Excl Amortization*</b>	<b>134</b>	<b>(62)</b>	<i>316%</i>
Net Loss	(269)	(466)	<i>42%</i>
Profit (Excl Amortization) per Share (QR)*	0.16	(0.07)	<i>n/a</i>
Loss per Share (QR)	(0.32)	(0.55)	<i>42%</i>
<b>Capital Expenditure</b>	<b>311</b>	<b>396</b>	<i>22%</i>
<b>Free Cash Flow</b>	<b>116</b>	<b>(134)</b>	<i>n/a</i>

- **Lower Customer Base** driven by completion of one-time base clean-up of 100k customers
- **Total Revenue decline** from lower margin business and MTR offset with postpaid & fixed growth. Underlying total revenue grew by 3.3%
- **Service Revenue** excluding MTR and low margin business grew by 2.5%
- **EBITDA** grew by 34% and 7.1pps aided by improved market pricing, better revenue mix and strong cost control
- **Improved Net Profit (Excl Amortization)** led by EBITDA flow through
- **Capital Expenditure** 22% lower. Fy17 includes QR 47m from a change in accounting policy for Asset Retirement Obligation
- All financial metrics in line with guidance

11 \* Profit (Excl Amortization) = Distributable Profit



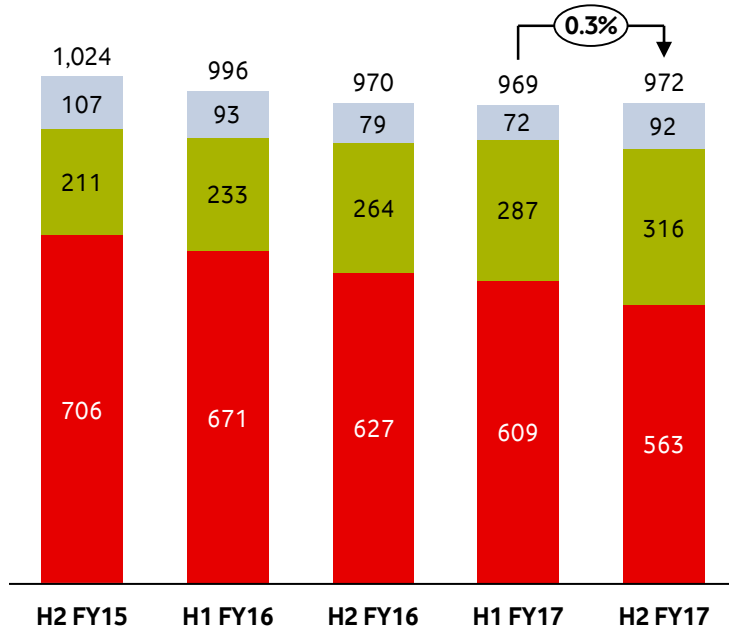
# Mobile Customers (000's)



- **3% growth in Customers after completion of one-time customer base clean-up in H1**
  - Postpaid: 11.9% growth led by mid-range Connect plans
- **Underlying YoY growth 3.3%** excluding customer base clean up



# Service Revenue (QR m)



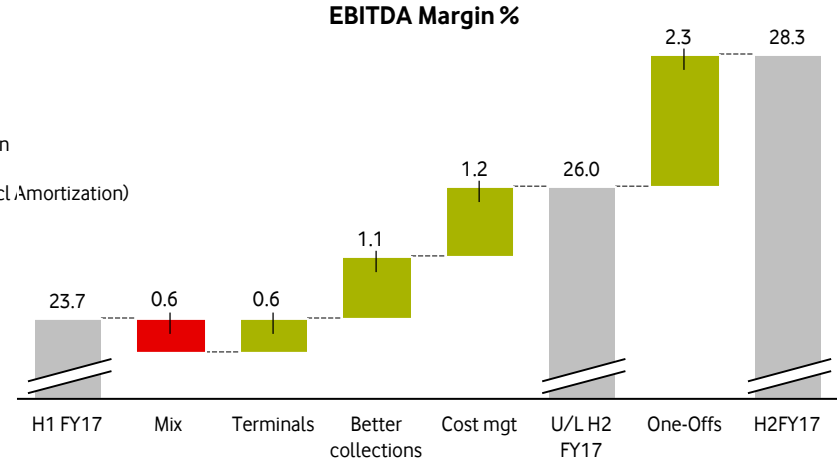
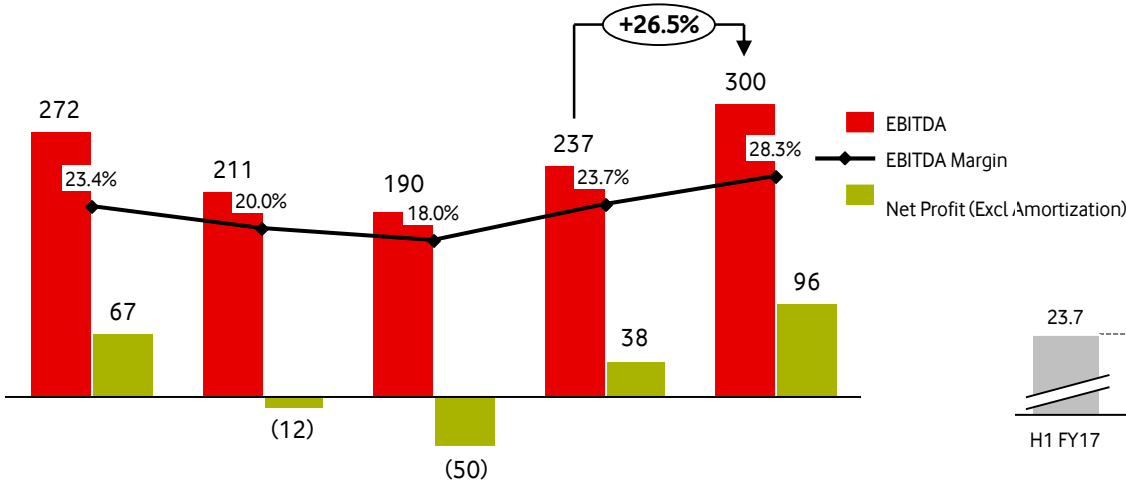
■ Prepaid  
■ Postpaid  
■ Other

- **Service Revenue 0.3% higher** aided by postpaid and fixed growth
- **ARPU growth** driven by postpaid growth
- **Prepaid revenue 7.6% lower** driven by
  - Continued decline in international voice to VOIP and
  - Competitive price pressure
- **Postpaid grew by 10.1%** driven by customer growth
- **Total Revenue 5.9% higher** impacted by higher postpaid and terminal (launch of iPhone 7 in Q3) offset by lower prepaid revenue

Mobile ARPU (QR)	117.6	111	102.9	102.9	103.6
Total RMS	23.2%	21.4%	20.9%	20.0%	20.7%
Total Revenue	1,163	1,066	1,053	1,000	1,059



# EBITDA & Distributable Profits (QR m)

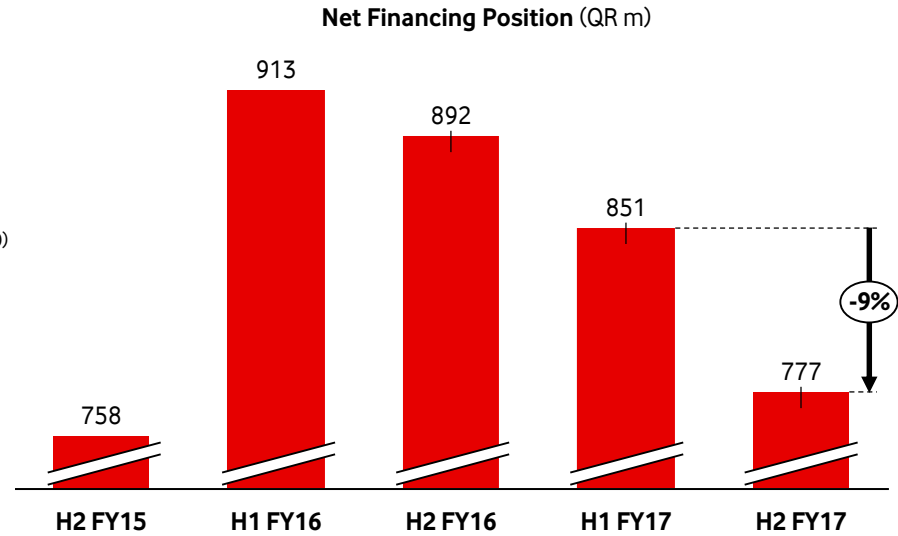
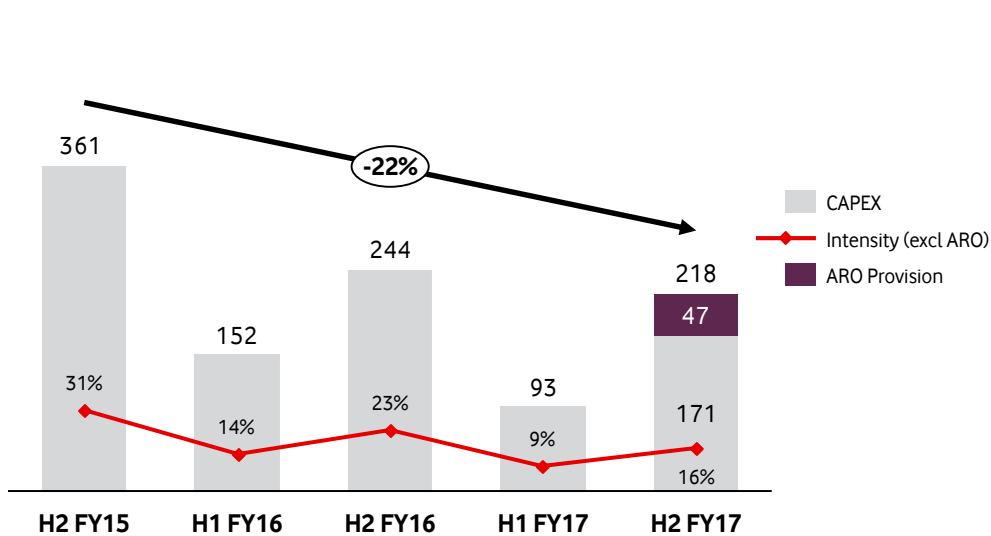


	H2 FY15	H1 FY16	H2 FY16	H1 FY17	H2 FY17
Reported EBITDA %	23.4%	20.0%	18.0%	23.7%	28.3%
Net Loss	(135)	(214)	(252)	(164)	(106)

- **26.5% increase** in reported EBITDA.
- **EBITDA% improved by 4.6pps** driven by strong cost management, better collection & One-off benefits in H2.
  - Underlying EBITDA% expands 2.3pps to 26.0%.
- **Higher Net Profit (Excl. Amortization)** led by EBITDA flow though.



# CAPEX and Financing Position (QR m)



- **H2 increase in Capex investment** driven by
  - Network LTE upgrade & site roll out
  - Increase in Asset Retirement obligation (ARO) provision from a change in accounting estimates
  
- **9% decrease in Net Financing** due to higher EBITDA flow through



# Questions





# Contact Details

Visit our website for more information or send an email to [InvestorRelationsQatar@vodafone.com](mailto:InvestorRelationsQatar@vodafone.com)



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