Vodafone Qatar P.Q.S.C.

Financial results: three months ended 31 March 2019

1 May 2019

Disclaimer

- The following presentation is made only to, and is directed only at, persons to whom such a presentation may lawfully be communicated ("relevant persons"). Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

- This presentation contains forward-looking statements that are subject to risks and uncertainties, including statements about Vodafone Qatar's beliefs and expectations.
- These forward-looking statements are based on assumptions that Vodafone Qatar has made in light of its experience in the industry in which it operates, as well as its perceptions of historical trends, current conditions, expected future developments and other factors which Vodafone Qatar believes are appropriate under the circumstances. Prospective investors should understand that these statements are not guarantees of future performance or results.
- Due to these factors, Vodafone Qatar cautions that prospective investors should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time-to-time, and it is impossible to predict these events or how they may affect Vodafone Qatar.
- Vodafone and the Vodafone logo are trademarks of the Vodafone Group.

Sheikh Hamad Al Thani
Chief Executive Officer

Strategic review

CEO Update | Highlights This Quarter

Total revenue for the quarter grew vs. previous year's quarter for the fifth consecutive quarter in a row

Vodafone has grown both service revenue and subscribers YoY driven by strong pre-to-post migrations and the success of postpaid value propositions (Red and Flex). Consumer and enterprise postpaid subscribers grew YoY by 27.1% for the quarter

Launch of Vodafone Giganet – the network for the future is our promise to pioneer the latest technology and digital innovation

Made the region's first successful 5G live call at the National Museum of Qatar between HE the Minister of Transport & Communications of Qatar and the Secretary General of the ITU in Switzerland

Fibre access network roll out on track 100% homes passed in several strategic areas, including the Pearl, Lusail, West Bay, and Msheireb and the commercial launch of GigaHome

Delivering Shareholder Value Cash dividend of 5% approved at the AGA on 4 March 2019 (QR 0.25 per share) totalling to QR 211.4m

Brett Goschen
Chief Financial Officer

Financial review

Q1 FY19 Key points to note & Highlights

Key items impacting FY19 Q1 YoY comparisons:

1. **Change to Prepaid subscriber definition** to align to ITU resulting in 303k higher opening prepaid subscribers
2. **IFRS 16 application** from 1 January 2019 increases EBITDA by QR 22m and decreases Net Profit by QR 2m

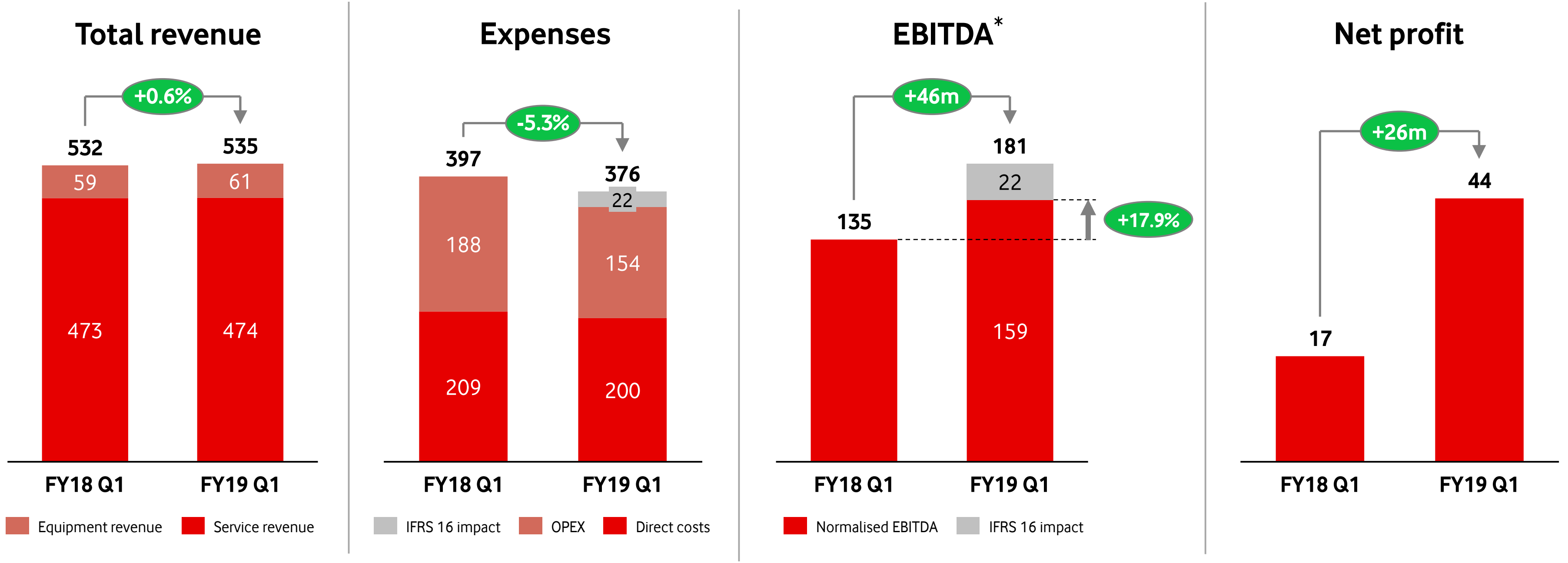
Strong Quarterly Financial Performance led by 27% postpaid subscriber growth and cost optimisation

EBITDA margin (excluding equipment and IFRS 16) **exceeds 31%**

Highest Net Profit of QR 44m and QR 26m increase YoY

Quarterly Financial Performance (Year on Year) (QR m)

FY19 Q1 v FY18 Q1



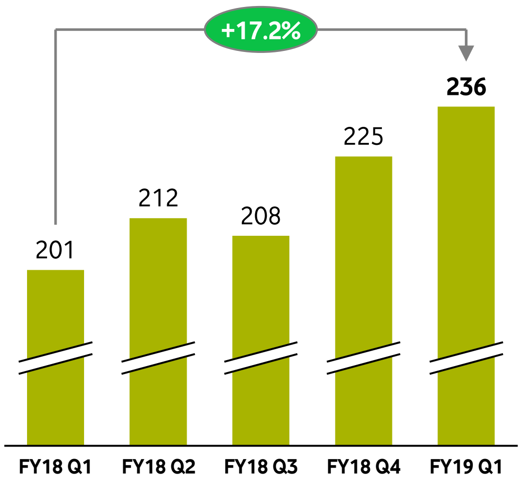
1. **Total Revenue increased by 0.6%** driven by postpaid subscriber growth offset by a declining prepaid market
2. **Expenses (normalised for IFRS 16) 5.3% lower** due to cost optimisation program and lower equipment costs offset by higher postpaid acquisition costs
3. **EBITDA (normalised for IFRS 16) 17.9% higher** due to higher net service revenue, lower expenses and Msheireb margin
4. **Net profit QR 26m higher** driven by higher EBITDA

* before industry fees

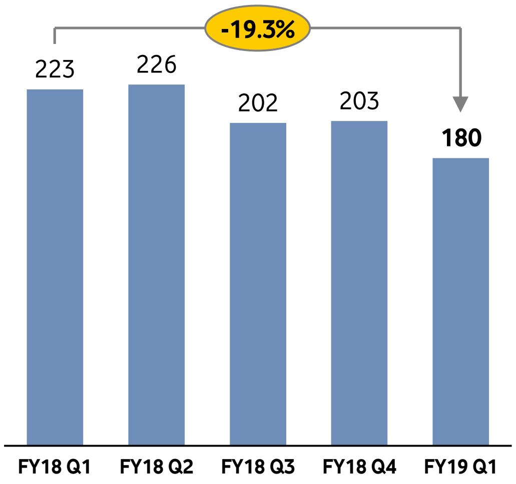
Service Revenue (QR m)

FY19 Q1 v FY18 Q1

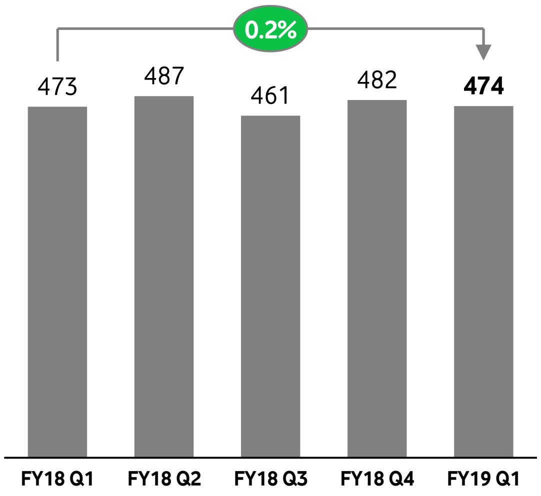
Postpaid Revenue



Prepaid Revenue



Total Service Revenue

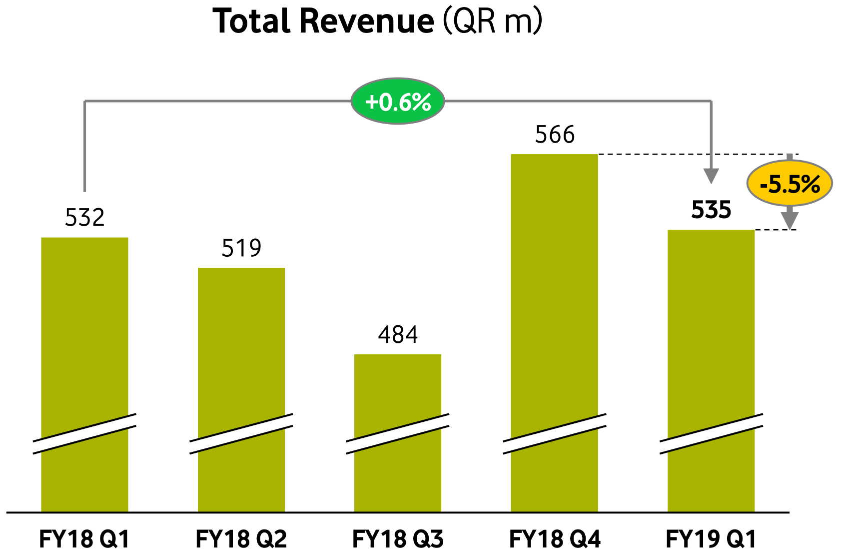


Service Revenue 0.2% higher YoY:

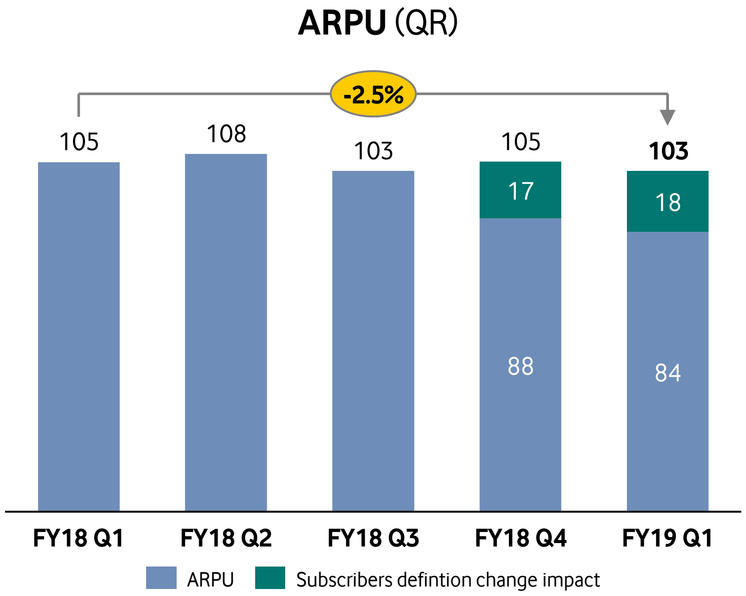
1. Postpaid revenue increased by 17.2% primarily due to growth in subscribers
2. Prepaid revenue 19.3% lower due to pre to post migration, reduction of local termination rates and a declining prepaid market
3. Service revenue remained stable YoY in line with market trends

Total Revenue & ARPU

FY19 Q1 v FY18 Q1



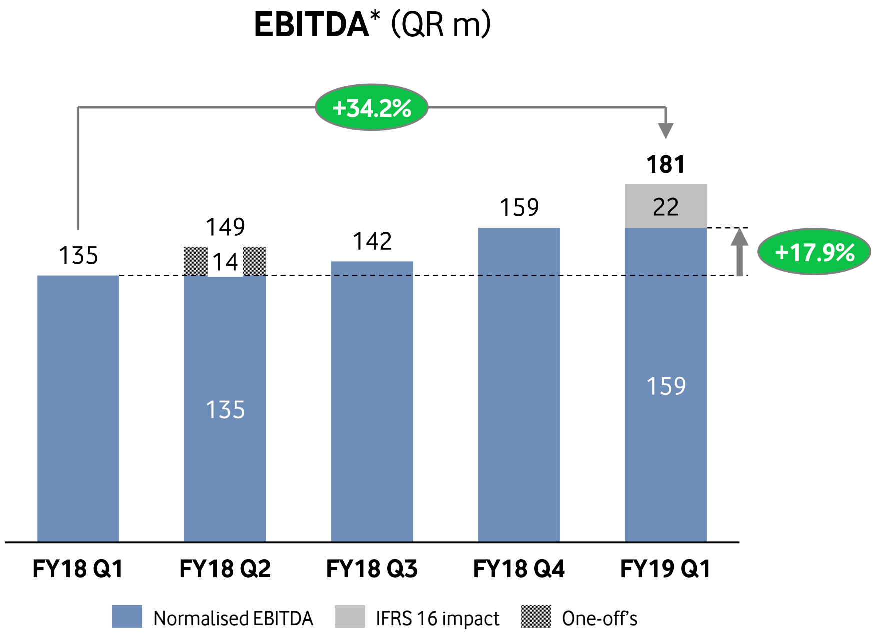
Total RMS	21.2%	21.3%	20.1%	22.8%	n/a

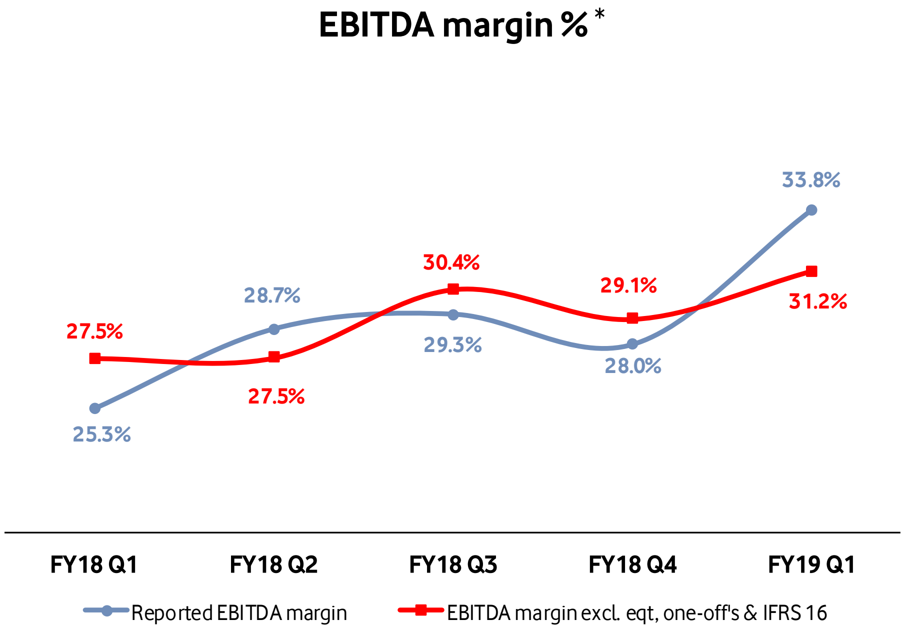


1. **Total revenue decreased 5.5% QoQ** due to lower handset sales and prepaid revenue partially offset by postpaid growth
2. **Normalised ARPU QR 2 lower YoY** primarily due to reduction in termination rates

EBITDA & Underlying EBITDA margin

FY19 Q1 v FY18 Q1





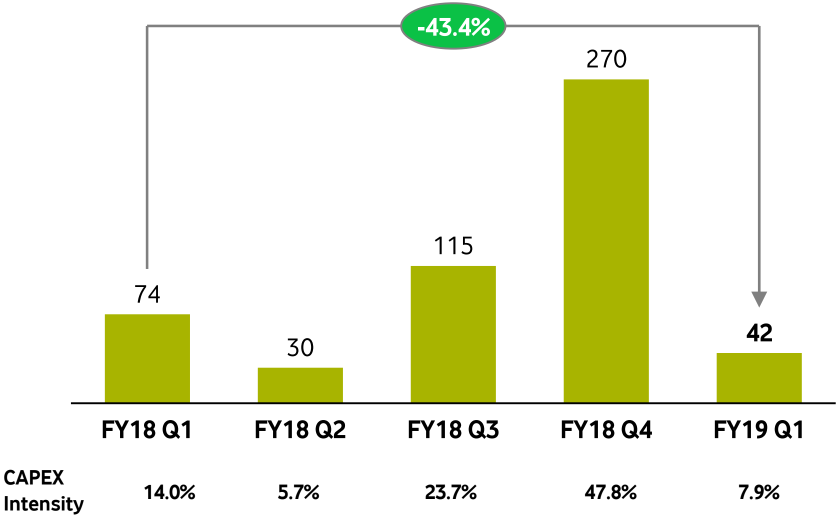
1. **Normalised EBITDA increases 17.9%** due to higher net service revenue, continued cost optimisation and Msheireb margin
2. **Normalised EBITDA margin of 31.2%** excluding equipment business and IFRS 16 impact, highest ever

* before industry fees

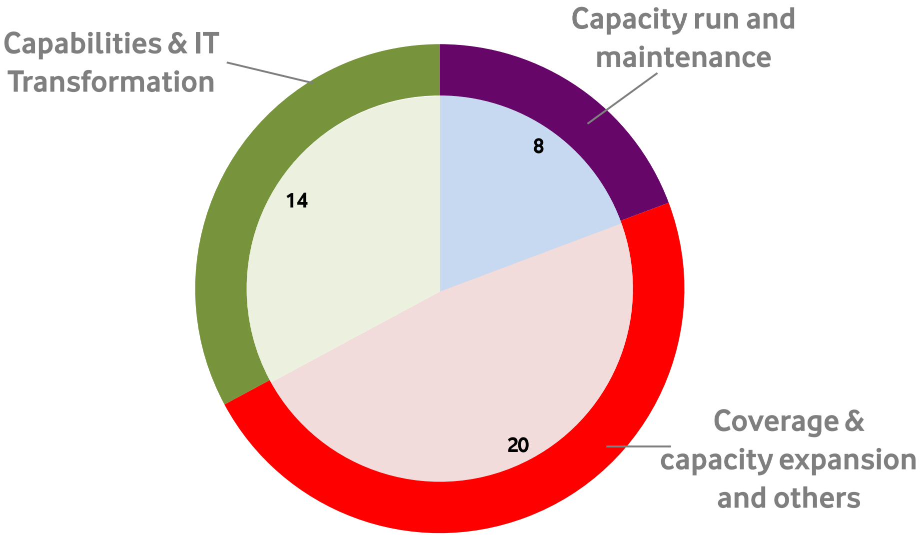
CAPEX (QR m)

FY19 Q1 v FY18 Q1

Total CAPEX



Quarterly CAPEX Mix



CAPEX investment QR 42m focusing on:

1. Mobile and fixed coverage expansion
2. Investments to maintain the network
3. Development of new commercial capabilities and products

Statement of income

Period ended 31 March 2019

QR m	Three months ended 31 Mar 19	31 Mar 18	YoY
Revenue	535	532	3
Interconnection and other direct expenses	(200)	(209)	9
Employee salaries and benefits	(55)	(60)	5
Network, rentals and other operational expenses	(99)	(128)	28
Earnings before financing income/costs, tax, depreciation, amortisation and industry fee	**181**	135	46
Industry fee	(4)	(1)	(3)
Earnings before financing income/costs, tax, depreciation and amortisation	**176**	133	43
Depreciation	(79)	(65)	(14)
Amortisation	(41)	(44)	2
Loss on disposal of property, plant and equipment	-	(0)	0
Operating profit	**56**	24	32
Wakala contract cost	(8)	(6)	(2)
Other financing costs	(6)	(1)	(5)
Profit from mudaraba	1	0	1
Profit for the period	**44**	17	26
Basic and diluted earnings per share (in QR per share)	**0.05**	0.02	0.03

Commentary YoY:

- **Revenue increased by QR 3m** driven by postpaid and equipment revenue offset by impact of a declining prepaid market
- **Interconnect and other direct expenses decreased by QR 9m** due to reduction in mobile termination rates and cost optimisation initiatives
- **Employee salaries and benefits QR 5m lower** due to lower headcount
- **Network, rentals and other operational expenses** QR 28m lower, underlying excluding IFRS 16 **QR 7m lower** due to cost optimisation initiatives
- **Depreciation and amortization QR 12m higher** due to IFRS 16 impact (QR 20m) and higher CAPEX partially offset by revision of useful economic lives of assets
- **Other financing costs increased by QR 5m** due to discounting of IFRS 16 lease liabilities

Statement of Financial Position

As at 31 March 2019

QR m	Mar-19	Dec-18	Var
Property, plant and equipment	1,259	1,292	(34)
Intangible assets	4,404	4,428	(24)
Right of use assets	380	-	380
Trade and other receivables	36	26	11
Total non-current assets	**6,080**	**5,746**	**333**
Inventories	19	35	(16)
Trade and other receivables	331	300	31
Cash and bank balances	208	401	(193)
Total current assets	**558**	**736**	**(178)**
Total assets	**6,638**	**6,483**	**155**
Share capital	4,227	4,227	-
Legal reserve	55	51	3
Retained earnings	140	312	(172)
Total equity	**4,422**	**4,591**	**(169)**
Lease liabilities	369	-	369
Provisions and trade payables	158	156	2
Total non-current liabilities	**527**	**156**	**371**
Wakala contract	828	820	8
Trade and other payables	861	916	(55)
Total current liabilities	**1,689**	**1,736**	**(47)**
Total equity and liabilities	**6,638**	**6,483**	**155**

Assets

- **Property, plant and equipment decreased by QR 34m** due to depreciation QR 59m offset by CAPEX QR 25m
- **Intangible assets declined QR 24m** driven by amortization of QR 41m offset by CAPEX of QR 17m
- **Right of use assets QR 380m and lease liabilities QR 369m** recognised due to adoption of IFRS 16
- **Trade and other receivables QR 42m** higher due to higher equipment receivables and higher prepayments
- **Inventories QR 16m** lower due to clearance of handset stock
- **Cash and bank balances decreased by QR 193m** primarily due to dividend payments (QR 195m)

Equity

- **Equity decreased by QR 169m** due to the declaration of a 5% dividend offset by the net profit for the period of QR 44m

Liabilities

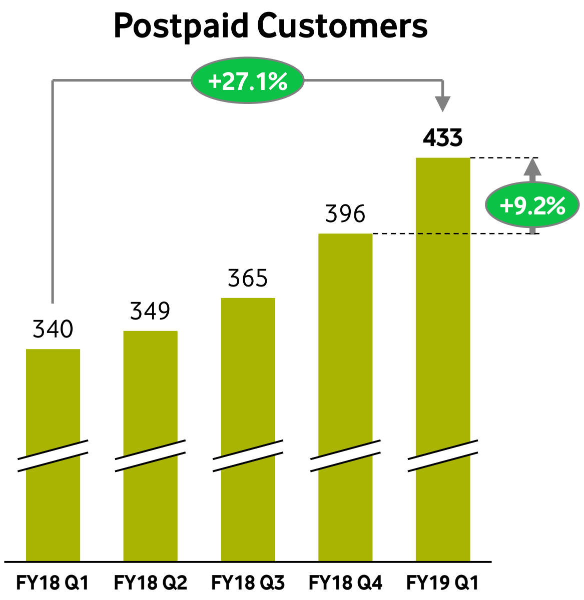
- **Current liabilities decreased QR 47m** due to higher CAPEX settlements

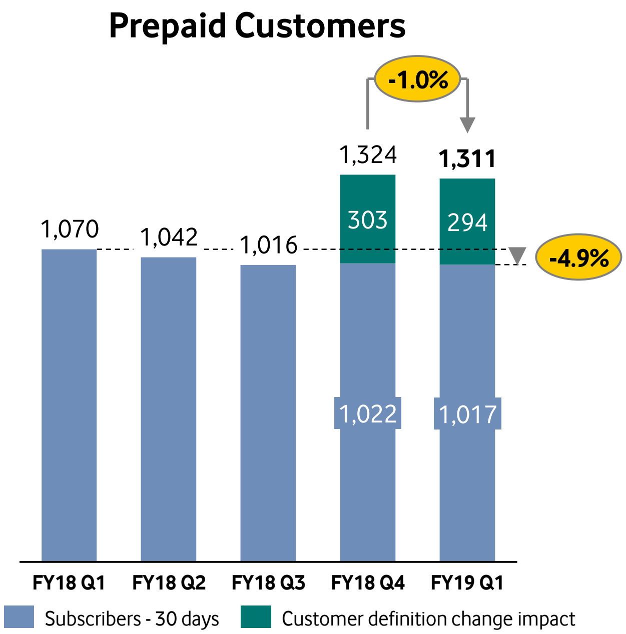
Questions ?

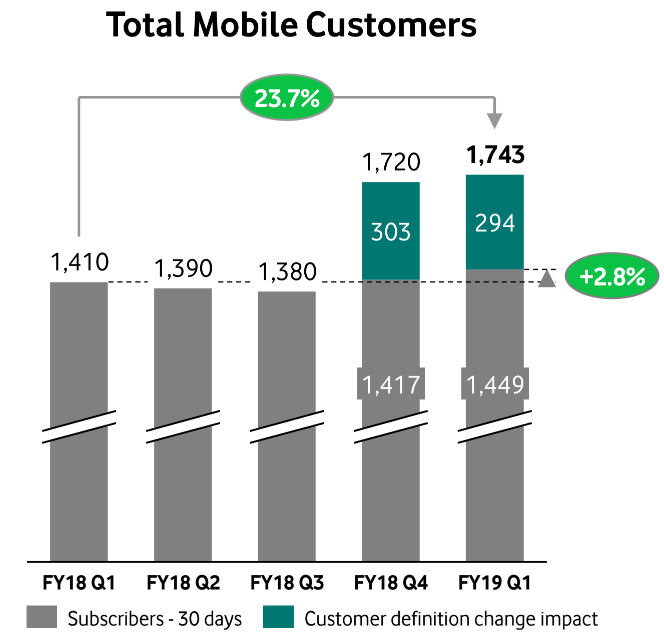
Appendix

Mobile Customers ('000s)

FY19 Q1 v FY18 Q1







Total Mobile Customers 24% higher YoY (underlying 2.8% higher YoY):

1. Postpaid: 27.1% growth led by pre to post migration and popularity of plans
2. Prepaid: underlying 4.9% lower due to slowing prepaid market, pre to post migration and reduction in market sim duality

Statement of income (impact of IFRS 16)

Period ended 31 March 2019

New accounting standard for Leases (IFRS 16)

Accounting for leases

1. Long term leased assets are recognised at discounted present value of future payments as an asset with a corresponding lease liability in the balance sheet
2. The asset is depreciated and finance costs charged on leased liability (un-winding of discount)
3. Effectively, EBITDA increases due to lower OPEX but depreciation and finance costs increase
4. Net profit adversely impacted during the initial years due to discounting impact on the higher liability in the initial years (therefore higher finance cost)

Impact

- **The new standard has impacted accounting for leased site rent, rented properties e.g. stores, duct lease contracts and some capacity leased lines**

	Three months ended			
QR m	Reported 31 Mar 19	IFRS 16 impact	U/L 31 Mar 19	U/L YoY
Revenue	535		535	3
Interconnection and other direct expenses	(200)		(200)	9
Employee salaries and benefits	(55)		(55)	5
Network, rentals and other operational expenses	(99)	(22)	(121)	7
Earnings before financing income/costs, tax, depreciation, amortisation and industry fee	**181**	(22)	**159**	24
Industry fee	(4)	(0)	(5)	(3)
Earnings before financing income/costs, tax, depreciation and amortisation	**176**	(22)	**154**	21
Depreciation	(79)	20	(59)	7
Amortisation	(41)		(41)	2
Loss on disposal of property, plant and equipment	-		-	0
Operating profit	**56**	(2)	**54**	30
Wakala contract cost	(8)		(8)	(2)
Other financing costs	(6)	4	(2)	(1)
Profit from mudaraba	1		1	1
Profit for the period	**44**	2	**46**	28
Basic and diluted earnings per share (in QR per share)	**0.05**		**0.05**	0.03

Customer definition change effective 1 January 2019

Prepaid Customer Definition Change

Customer definition

Prepaid	**Revised current definition:** any customer with a recharge in last 30 days **to any chargeable activity in last 90 days**
Post-paid	No change

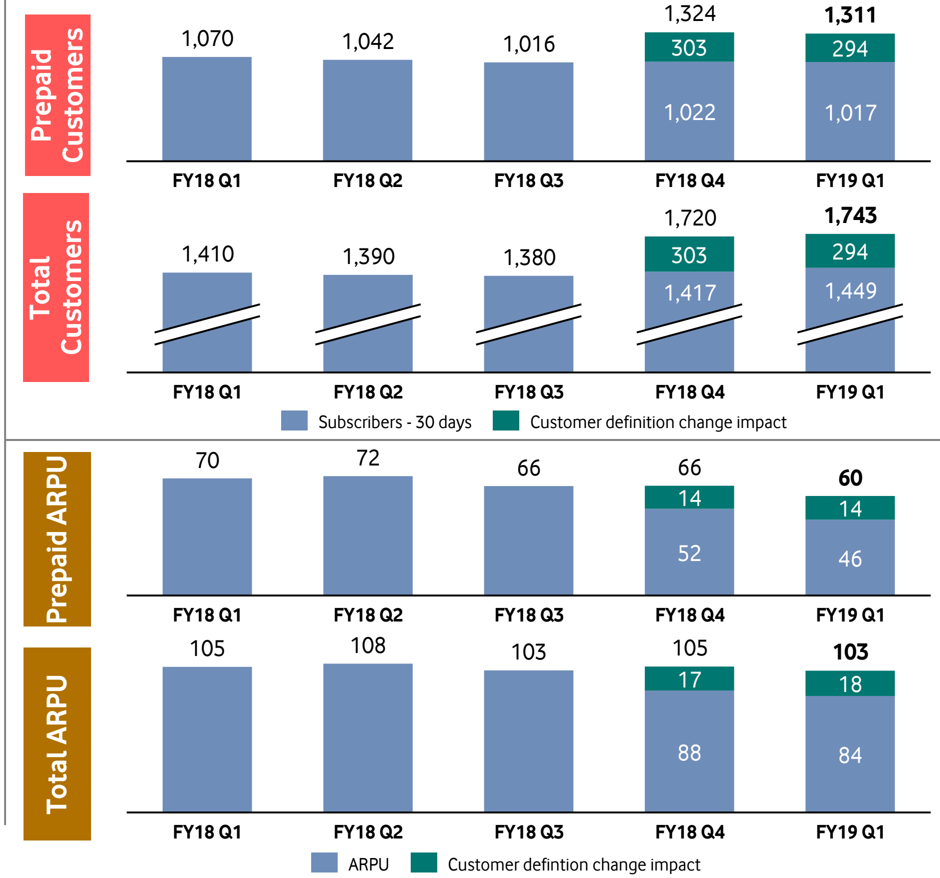
Rationale

Aligning more closely to customer definition of International Telecom Union **(ITU) &** Communication and Regulatory Authority **(CRA)**

Impact

Reported opening prepaid subscribers (as at 1 January 2019) increase by 303k, lowering prepaid and overall company ARPU

Impact on Customers & ARPU



Thank You
The Future Is Exciting

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

Or email us:
InvestorRelationsQatar@vodafone.com