Vodafone Qatar P.Q.S.C.

Financial results: Nine months ended 30 September 2019

29 October 2019

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Quarterly highlights

Hamad Al Thani
Chief Executive Officer

Executive Summary | Quarterly Highlights

Profitable Growth Continues

GigaHome - Penetrating the Residential Segment

Infrastructure Investment Accelerated

Growing Despite Competitive Environment

Seven Quarters

Consecutive YoY quarterly total revenue growth

Fiber Footprint Growth

Continued expansion of our FTTH access network

5G Ahead of Plan

5G coverage exceeds 70% in Doha

+1.5%

VFQ grew total revenue by 1.5% YoY in FY19 Q2 while market declined 3.4% YoY

+44% YoY

Net Profit QR 108m for nine months ended 30 September 2019

GigaHome Gains Momentum

Access technology agnostic home broadband solutions with guaranteed Wi-Fi coverage for every size home

Coverage & Quality Improvements

Continued investments in key locations

37.6% Mobility CMS

+1.2ppts YoY in FY19 Q2

Financial review

Brett Goschen
Chief Financial Officer

FY 2019 Q3 | Key points to note and highlights

Items impacting YoY comparisons

- Change to Prepaid subscriber definition to align to ITU resulting in 303k higher opening prepaid subscribers
- IFRS 16 application from 1 January 2019 increases quarterly EBITDA by QR 22m and decreases Net Profit by QR 3m

Strong Financial Performance

- FY19 Q3 service revenue grows 3.3% YoY driven by 24% postpaid revenue growth
- Underlying EBITDA for the quarter grows 4.7% due to higher service revenue and cost optimisation
- Reported EBITDA margin of 34.8%

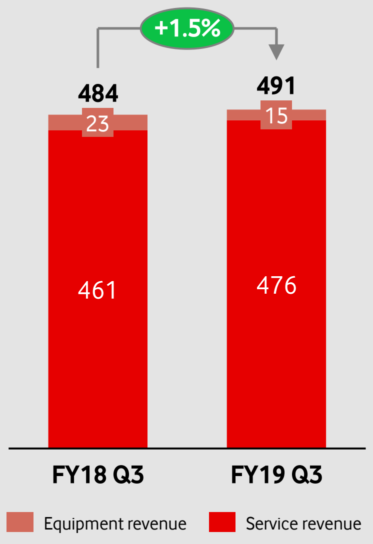
Steady growth in net profit

- 44% YoY growth in YTD net profits to QR 108m

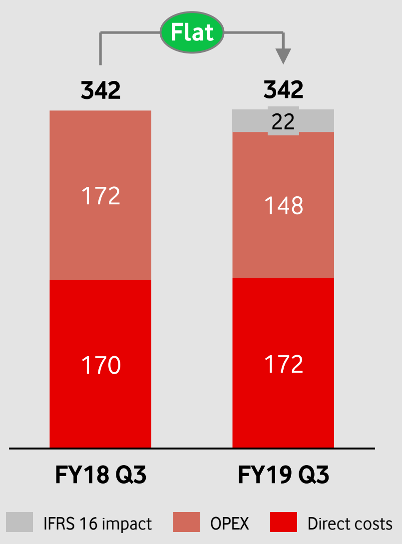
Quarterly Financial Performance (Year on Year) (QR m)

FY19 Q3 v FY18 Q3

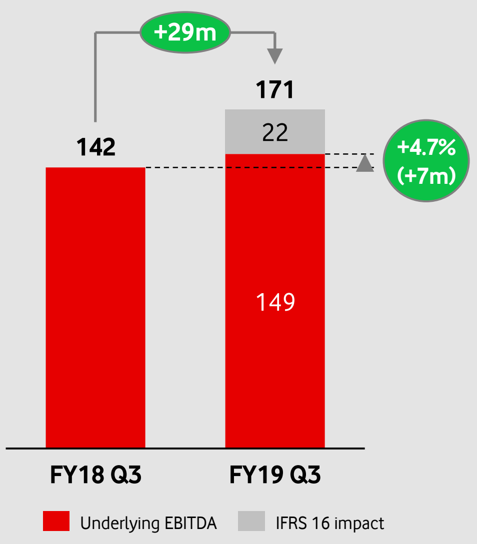
Total revenue



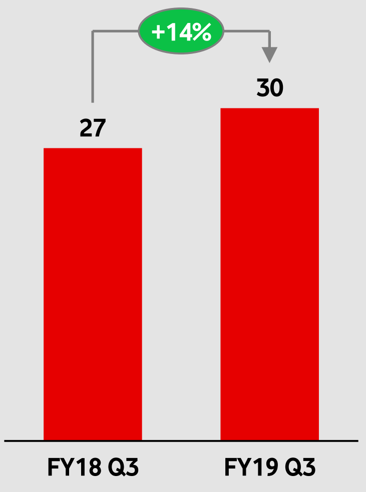
Expenses



EBITDA



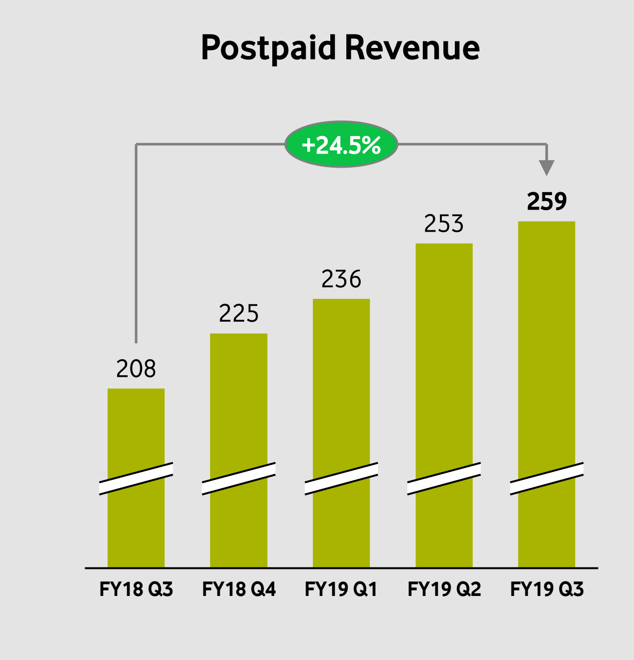
Net profit

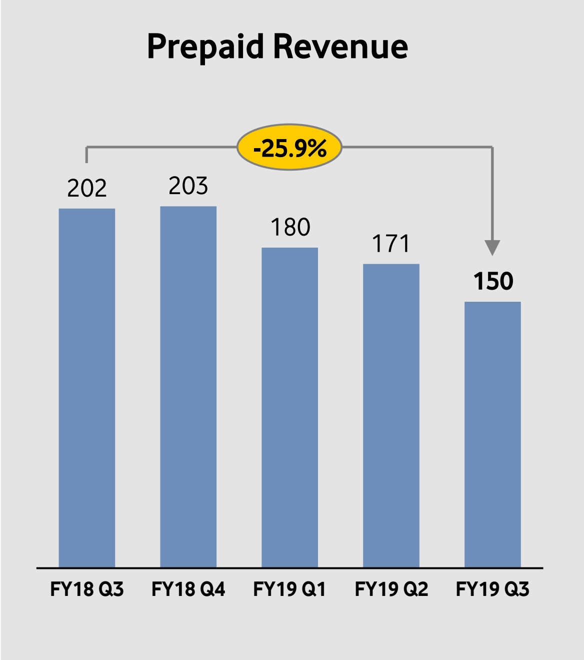


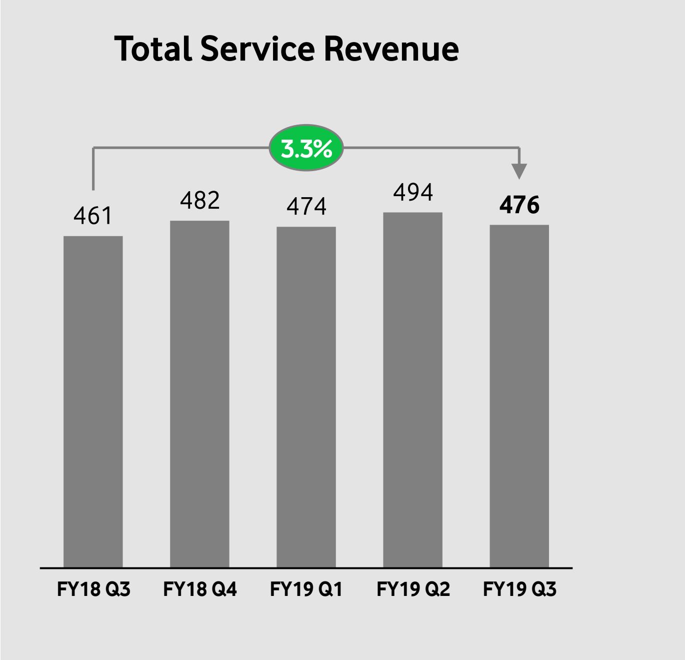
1. **Total Revenue increased by 1.5%** led by postpaid and broadband subscriber growth offset by a declining prepaid market and lower equipment sales
2. **Expenses (excl. IFRS 16)** flat due to cost optimisation savings partially offset by higher postpaid acquisition costs and fixed operational expenses
3. **EBITDA (excl. IFRS 16) grew 4.7%** due to higher service revenue
4. **Net profit increased 14%** as a result of higher EBITDA

Service Revenue (QR m)

FY19 Q3 v FY18 Q3





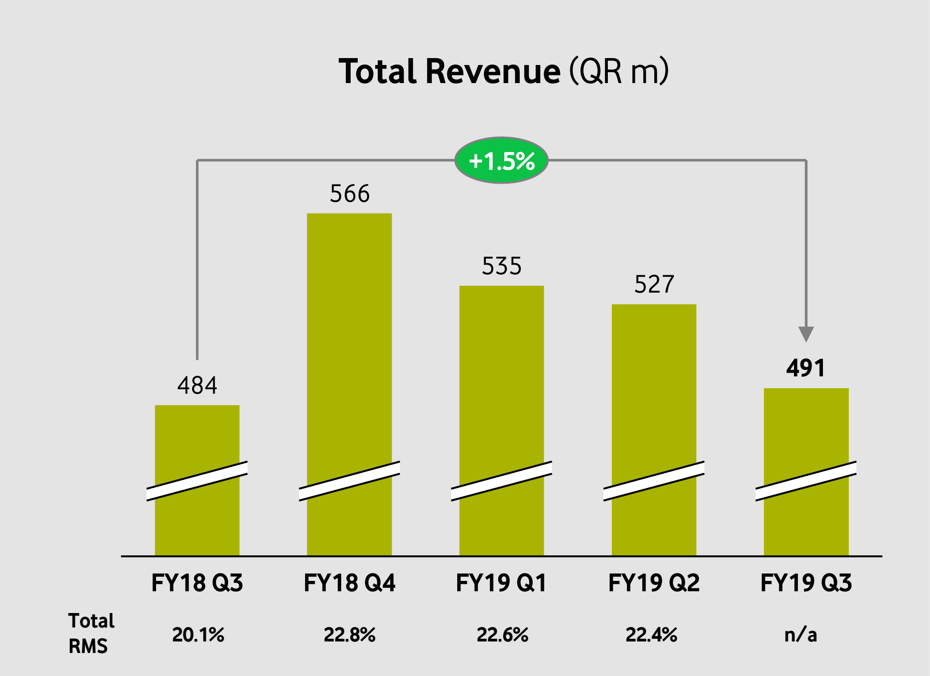


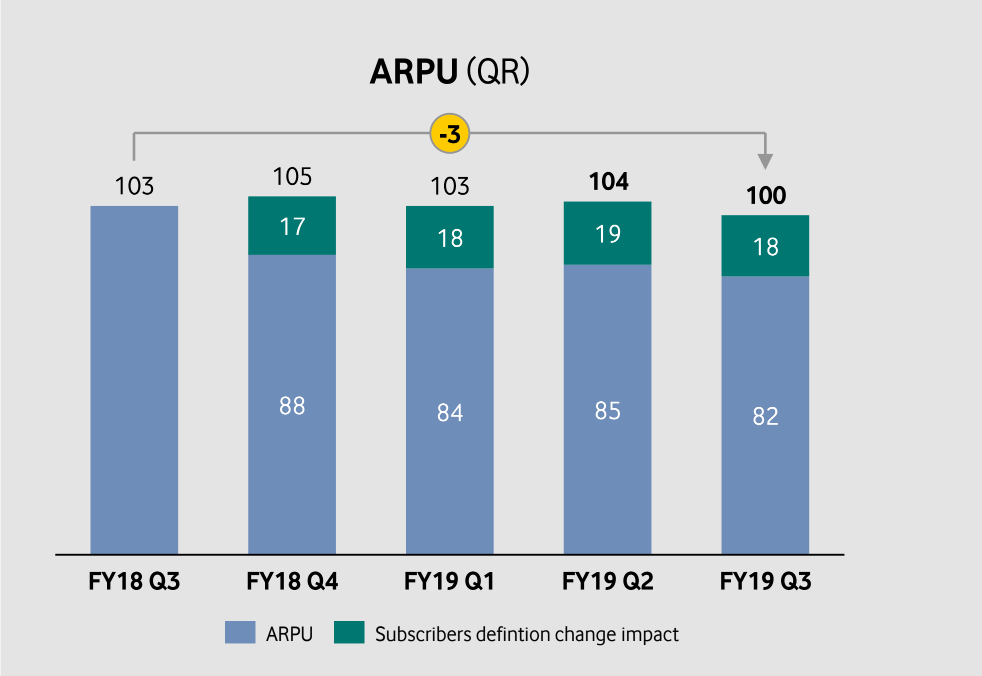
Service Revenue 3.3% higher YoY:

1. Postpaid revenue increased by 24.5% driven by growth in subscribers
2. Prepaid revenue 25.9% lower due to reduction of local termination rates, pre-to-post migrations and a declining prepaid market
3. Service revenue grew 3.3% due to postpaid and high-speed broadband growth (GigaHome)

Total Revenue & ARPU

FY19 Q3 v FY18 Q3



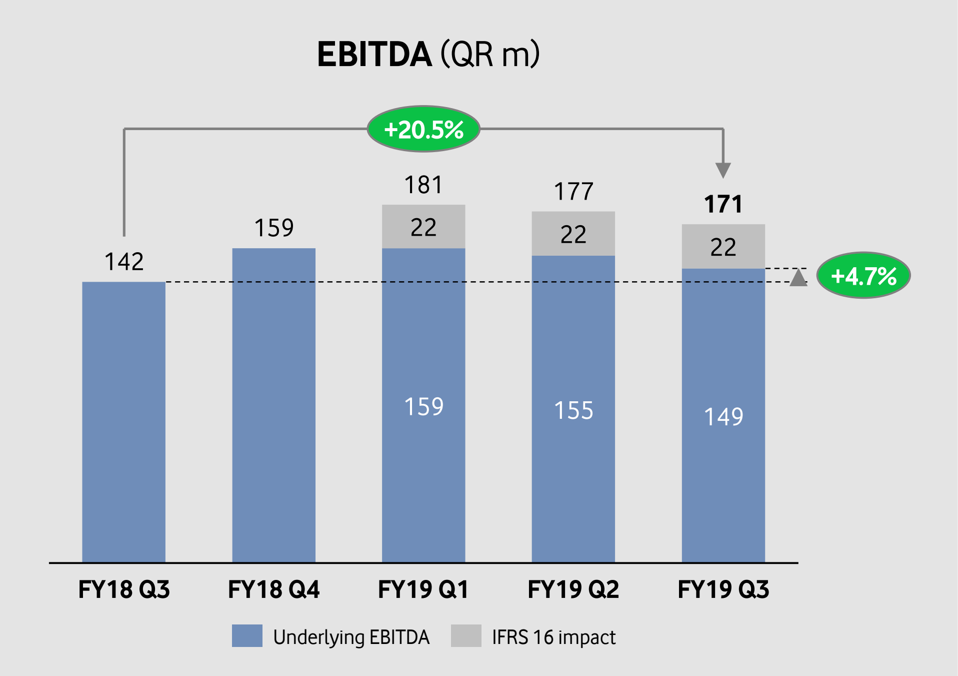


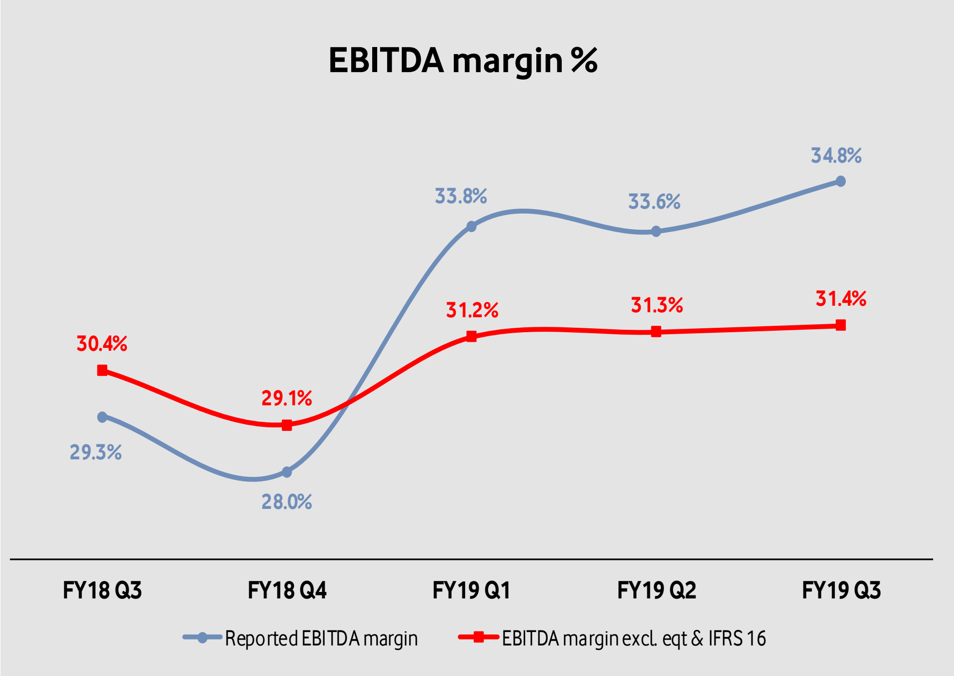
1 **Total revenue 1.5% higher** led by postpaid and broadband subscriber growth partially offset by a declining prepaid market and lower equipment sales

2 **ARPU YoY declined by QR 3** mainly due to reduction in termination rates

EBITDA & Underlying EBITDA margin

FY19 Q3 v FY18 Q3



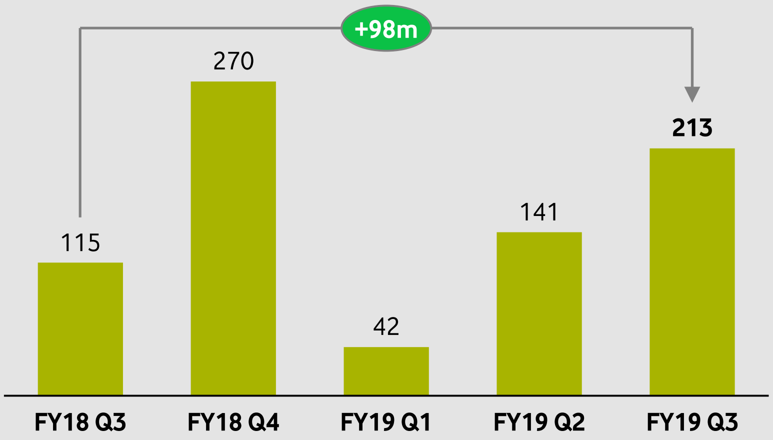


1. **EBITDA increases 20.5%** driven by higher service revenue, cost optimisation and benefit of IFRS 16
2. **Continuing expansion in underlying EBITDA margin at 31.4%** excluding equipment business and IFRS 16 impact

CAPEX (QR m)

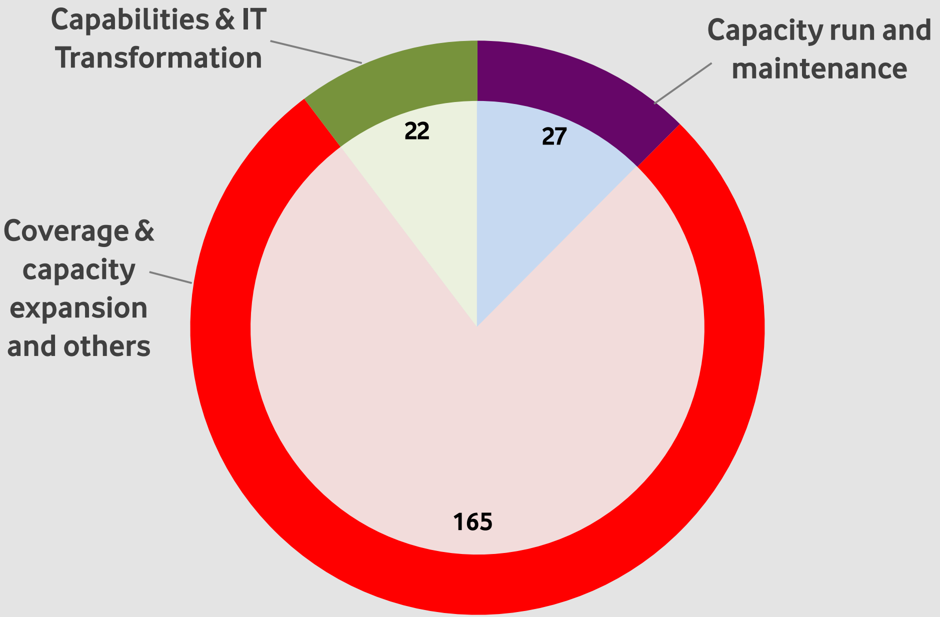
FY19 Q3 v FY18 Q3

Total CAPEX



CAPEX Intensity	23.7%	47.8%	7.9%	26.8%	43.4%

Quarterly CAPEX Mix

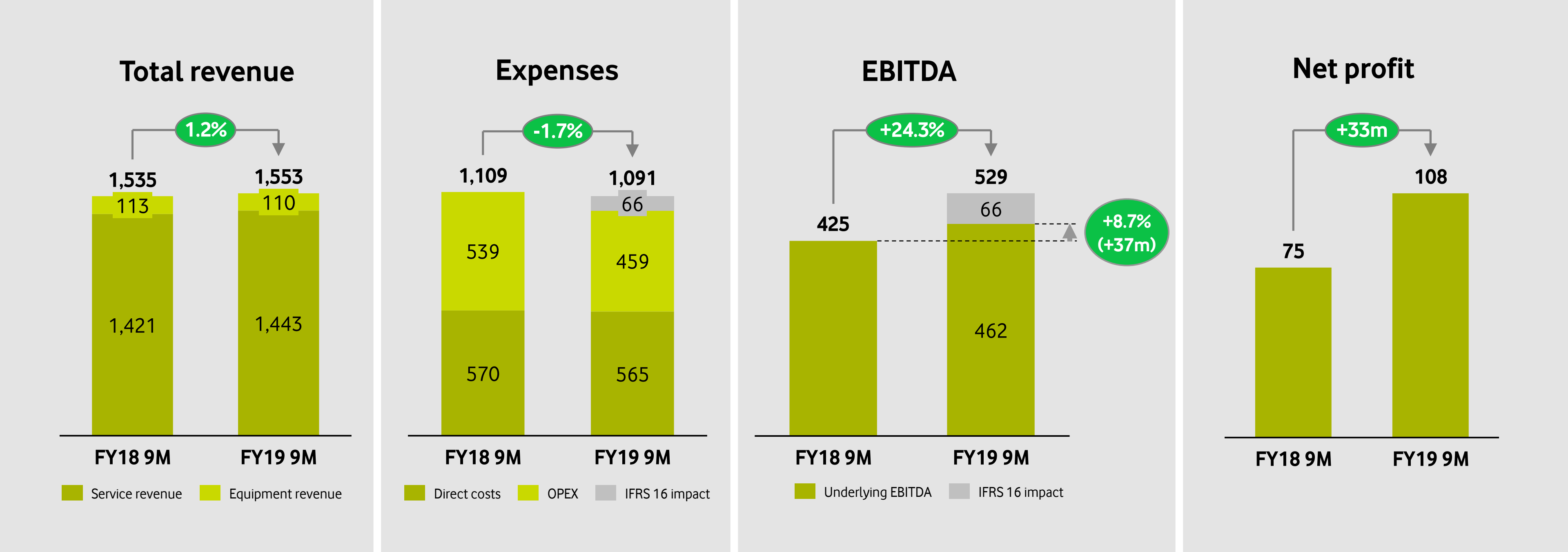


CAPEX investment QR 213m focusing on:

1. Mobile (5G deployment) and fixed coverage expansion
2. Investments to maintain the network
3. Development of new commercial capabilities and products

Nine months ended: Financial performance (Year on Year) (QR m)

YTD FY19 v YTD FY18



1. **Total Revenue increased 1.2%** driven by postpaid and broadband subscriber growth offset by a declining prepaid market
2. **Expenses (excl. IFRS 16) 1.7% lower** as a result of cost optimisation despite additional fixed operational costs and higher postpaid subscriber acquisition costs
3. **EBITDA 24.3% higher** due to higher service revenue, lower expenses and benefit of IFRS 16
4. **Net profit 44% higher (increase of QR 33m)** driven by higher EBITDA

Statement of income

For nine months ended 30 September 2019

	Nine months ended		
QR m	30 Sep 19	30 Sep 18	YoY
Revenue	**1,553**	**1,535**	**18**
Interconnection and other direct expenses	(565)	(570)	5
Employee salaries and benefits	(169)	(177)	8
Network, rentals and other operational expenses	(290)	(362)	72
Depreciation of property, plant and equipment	(170)	(192)	21
Amortisation of intangible assets	(130)	(128)	(2)
Depreciation of right-of-use assets	(63)	-	(63)
Loss on disposal of property, plant and equipment	-	(0)	0
Industry fee	(13)	(9)	(5)
Operating profit	**152**	**98**	**55**
Wakala contract cost	(24)	(21)	(3)
Other financing costs	(22)	(4)	(18)
Profit from mudaraba	2	3	(1)
Profit for the period	**108**	**75**	**33**
Basic and diluted earnings per share (in QR per share)	**0.03**	**0.02**	**0.01**

Commentary YoY:

- **Revenue QR 18m higher** as a result of postpaid and broadband subscriber growth offset by impact of a slowing prepaid market
- **Interconnect and other direct expenses QR 5m lower** due to reduction in mobile termination rates and cost optimisation
- **Employee salaries and benefits decreased by QR 8m** due to the headcount rationalization in FY18 Q2
- **Network, rentals and other operational expenses QR 72m lower** due to IFRS 16 benefit and cost optimisation (underlying saving of QR 6m excluding IFRS 16)
- **Depreciation and amortization QR 44m higher** due to IFRS 16 impact QR 63m offset by revision of useful economic lives of assets
- **Other financing costs QR 18m higher** due to discounting of IFRS 16 lease liabilities

Statement of Financial Position

As at 30 September 2019

QR m	Sep-19	Dec-18	Var
Property, plant and equipment	1,342	1,292	49
Intangible assets	4,475	4,428	47
Right-of-use assets	337	-	337
Trade and other receivables	34	26	9
Total non-current assets	**6,188**	**5,746**	**442**
Inventories	15	35	(20)
Trade and other receivables	362	300	62
Cash and bank balances	342	401	(59)
Total current assets	**719**	**736**	**(17)**
Total assets	**6,908**	**6,483**	**425**
Share capital	4,227	4,227	-
Legal reserve	60	51	9
Retained earnings	198	312	(114)
Total equity	**4,485**	**4,591**	**(106)**
Lease liabilities	236	-	236
Provisions and trade payables	214	156	58
Total non-current liabilities	**451**	**156**	**294**
Wakala contract	844	820	24
Lease liabilities	90	-	90
Trade and other payables	1,038	916	122
Total current liabilities	**1,972**	**1,736**	**236**
Total equity and liabilities	**6,908**	**6,483**	**425**

Assets

- **Property, plant and equipment QR 49m higher** driven by CAPEX QR 219m (5G deployment and Fixed investments) offset by depreciation QR 170m
- **Intangible assets increased by QR 47m** due to CAPEX of QR 177m (network software deal) offset by amortization of QR 130m
- **Right of use assets QR 337m and lease liabilities QR 326m** recognised due to adoption of IFRS 16
- **Inventories QR 20m** lower due to clearance of handset stock
- **Trade and other receivables increased by QR 71m** primarily due to higher postpaid and equipment receivables
- **Cash and bank balances decreased by QR 59m** driven by dividend paid during the year

Equity

- **Equity decreased by QR 106m** due to dividend for FY18 (QR 211m) offset by the net profit for the period QR 108m

Liabilities

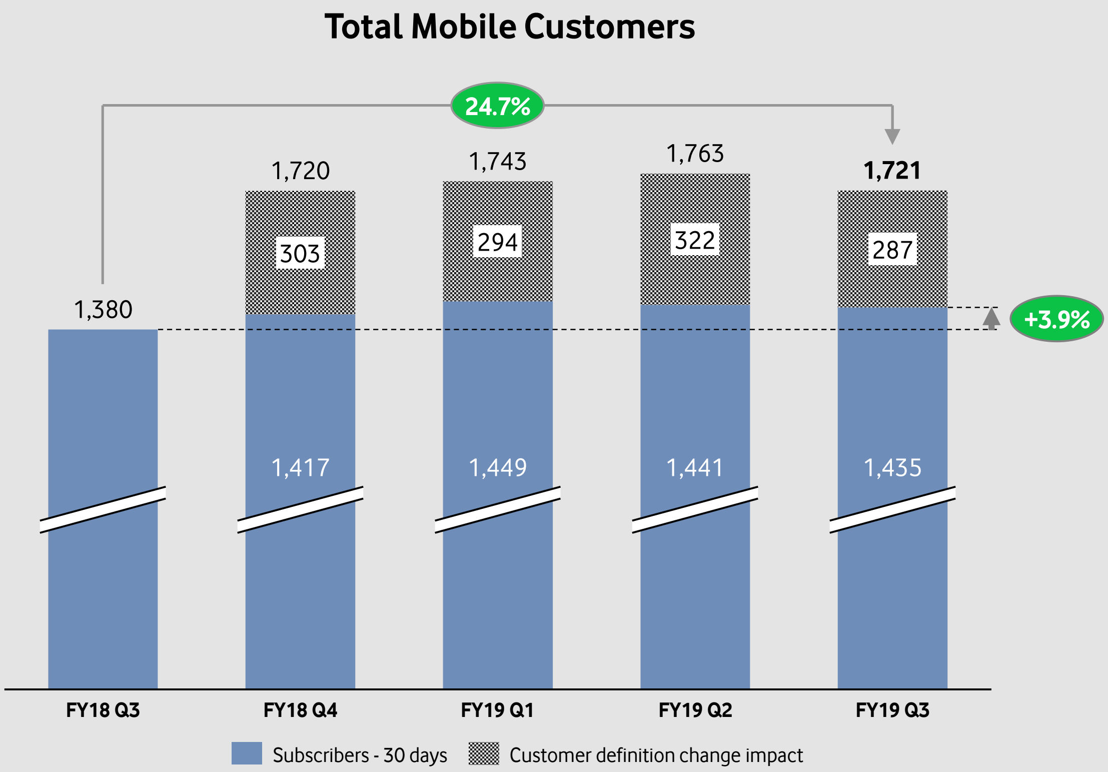
- **Provisions and trade payables QR 58m higher** due to network software multi year deal payable over four years
- **Trade and other payables increased QR 122m** due to higher CAPEX

Questions ?

Appendix

Mobile Customers ('000s)

FY19 Q3 v FY18 Q3



Thank You

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Or email us: InvestorRelationsQatar@vodafone.com