

Vodafone Qatar P.Q.S.C.

Financial Performance:
Half year ended 30 June 2023



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Performance Highlights

Hamad Al-Thani
Chief Executive Officer



Key Messages



Strong First-Half Financial Performance

- **H1 FY23 Total Revenue QR1,551mn (+8.0% Y/Y)**
22 consecutive quarters of Y/Y Revenue growth.
- **H1 FY23 Net Profit QR260mn (+20.1% Y/Y)**
Highest recorded First-Half Net Profit.



Sustained Customer Experience Focus

- **Launched instant mobile sim activation**
Digitised solution enables customers to purchase a new SIM card or transfer their current numbers and allows to complete ID verification.
- **Launched new enhanced unlimited plans**
New Unlimited mobile plans offer unlimited local data, unlimited local minutes, and unlimited roaming data and minutes within the GCC.



Partnerships to Drive Digital Adoption

- **Google Cloud Partnership**
The partnered solution enables businesses and public organizations to securely connect to Google Cloud outside the public internet, making an organization's traffic at less risk of interruptions.
- **Microsoft Partnership**
Developing an end-to-end AI Digital Contact Centre Platform suitable for all organizations that want to modernize their Contact Centre Operations in Qatar.

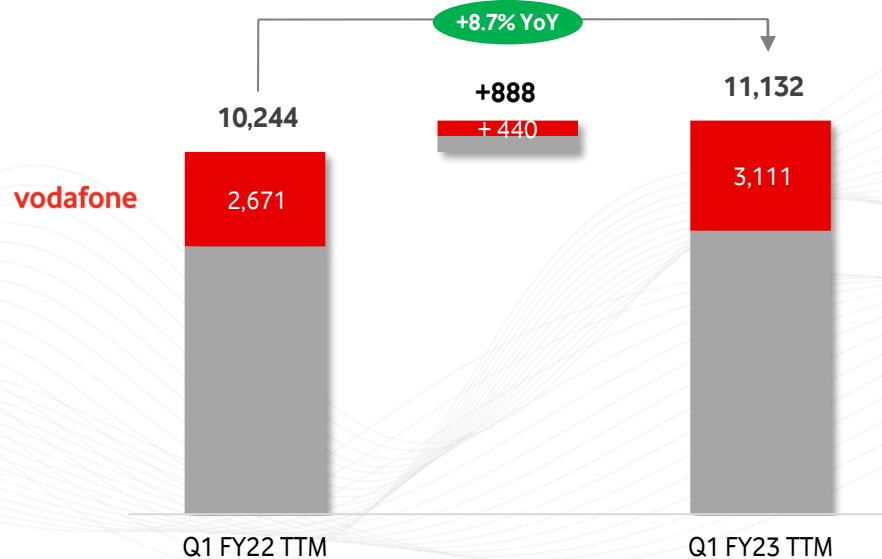


Critical Focus Areas

- **Growing our Fibre Network**
Launched "Gigabit only" Internet Speeds for Home Connectivity up to 25 Gbps.
- **Emerging Technologies: FinTech & Digital & AI**
Continue to take solid actions with clear roadmaps in emerging technological domains.

Market Performance : VQ Continues to Gain Market Share

Total Market Revenue (in QRmn)

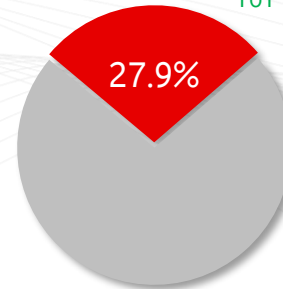


- Total market revenue has grown by 8.7% YoY in Q1 FY23 TTM.
- Vodafone Qatar has accounted for 49.5% of the YoY total market revenue growth (QR 440mn out of QR888mn) in Q1 FY23 TTM.

Market Share

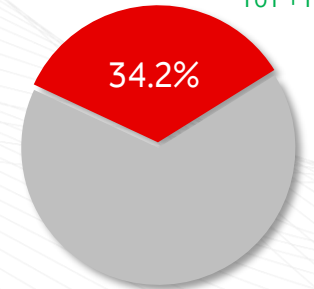
Total Revenue Market Share Q1 FY23 TTM

vodafone 
YoY +1.9pts



Mobility Revenue Market Share Q1 FY23 TTM

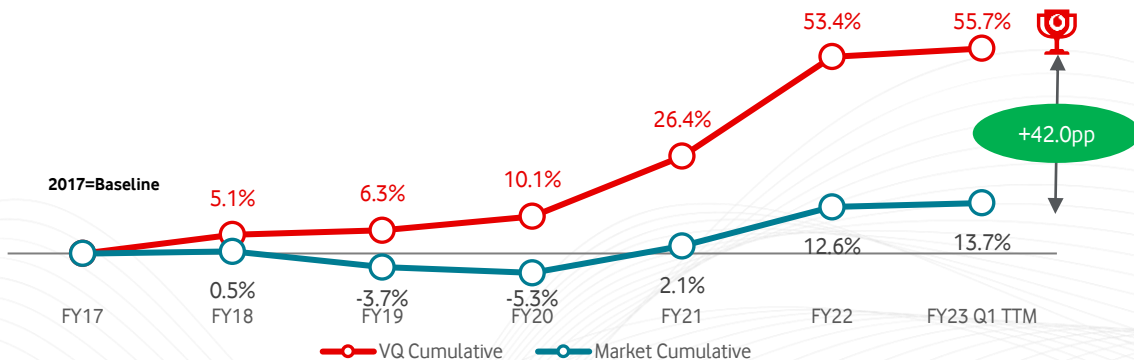
vodafone 
YoY +1.9pts



- Total revenue market share and Mobility revenue market share has increased by 1.9pts YoY in Q1 FY23 TTM.
- Mobility subscriber market share stands above 40% in Q1 FY23.
- The above metrics have increased QoQ, which showcases resilience of GTM, even in adverse market and competition environment.

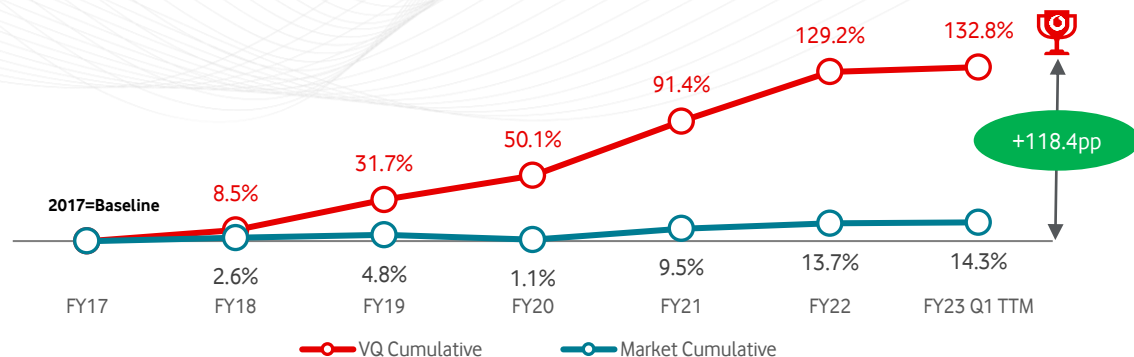
Market Performance : Sequential Outperformance in Q1 FY23

Indexed Cumulative Revenue Growth (2017-2023 Q1 TTM)



- Vodafone has realized **55.7% revenue growth** while the overall Market revenue has increased by 13.7% since 2017
- +42.0pp outperformance adjusted for overall Market

Indexed Cumulative EBITDA Growth (2017-2023 Q1 TTM)

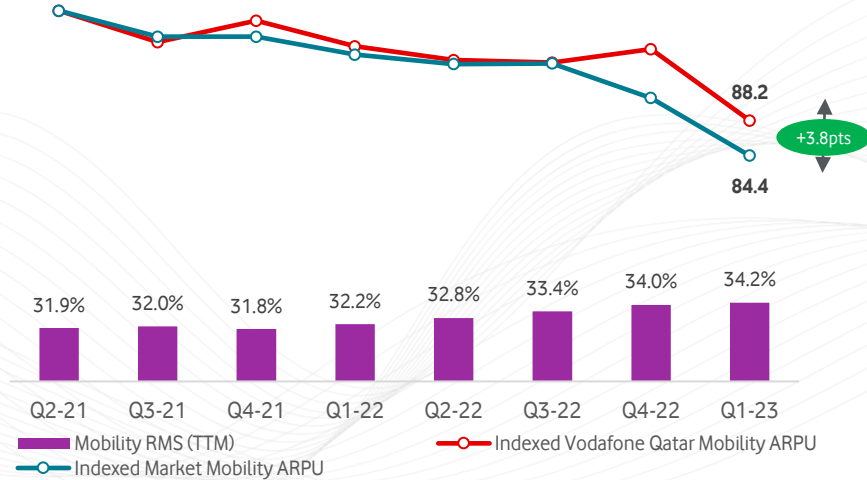


- Vodafone has realized **132.8% EBITDA growth** while the overall Market EBITDA has increased by 14.3% since 2017
- +118.4pp outperformance adjusted for overall Market

Market Performance : Disciplined value protective growth despite challenger status

Indexed Mobility ARPU

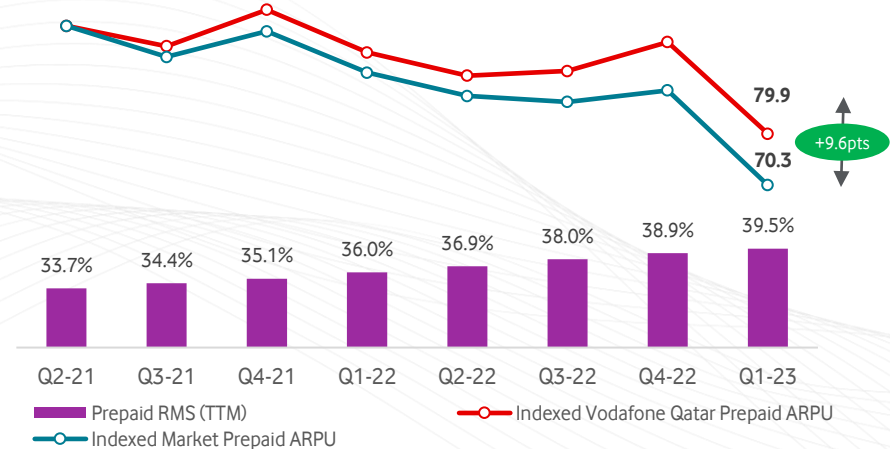
Q2-21 Indexed to 100



- +3.8pts Mobility ARPU performance adjusted for overall Market in the last 8 quarters

Indexed Prepaid ARPU

Q2-21 Indexed to 100



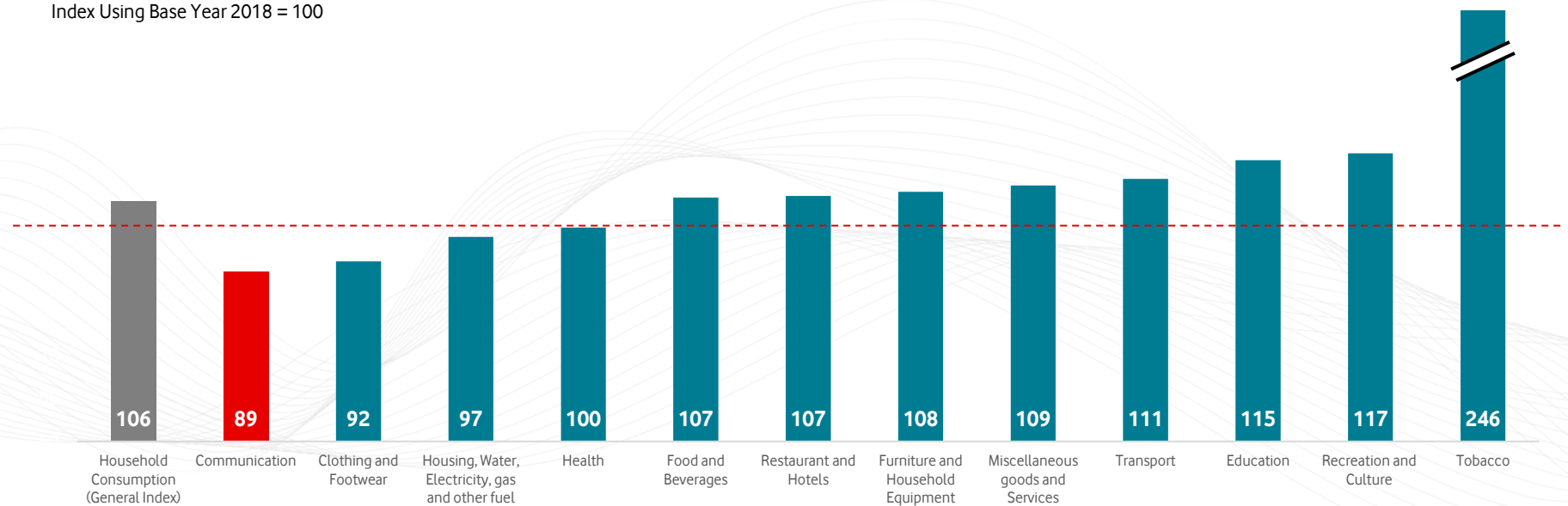
- +9.6pts Prepaid ARPU performance adjusted for overall Market in the last 8 quarters

The continued gap in the pricing movement vis-à-vis market is significant, given that VQ is the challenger

Market Performance : Communication Sector CPI has declined

Consumer Price Index by Major Groups of Commodities and Services, June-2023

Index Using Base Year 2018 = 100



Communication has the lowest Consumer Price Index level compared to other major groups, with 10.7pts decline compared to 2018 Price Levels

Growing Our Fixed Network : Fibre Speeds start from 1 Gbps

The First Telecom Provider in The Middle East to Offer “Gigabit Only” Speeds for Home Fibre

- Fibre Internet Speeds for Home Connectivity, starting from 1 Gbps up until 25 Gbps.
- Leveraging XG-PON technology to provide ‘Gigabit only’ speeds.
- This coincides with the recent announcement of Msheireb Downtown’s Smart City district becoming one of the first Gigacity in the Middle East to deliver super-fast Vodafone network speeds of up to 25 Gbps. It will soon extend to 100 Gbps in the near future, using a Nokia Bell Labs prototype.

Comparison between Vodafone Qatar’s old and new portfolios. The fastest offered previous speed is now the entry level product

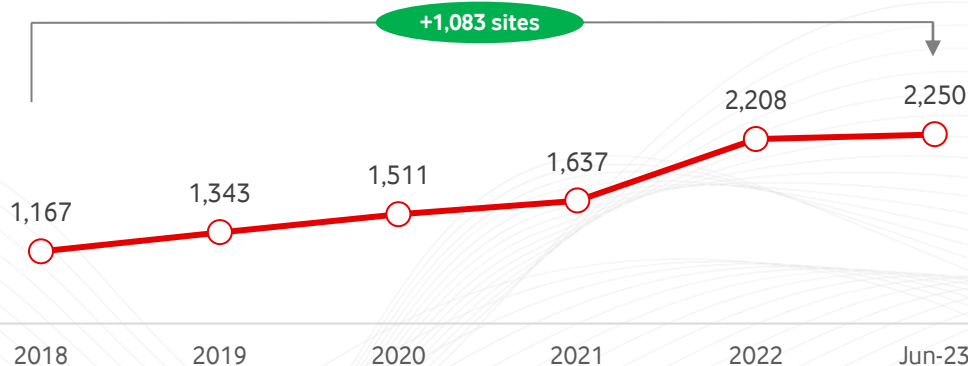
GigaHome Essential	20 Mbps
GigaHome Classic	100 Mbps
GigaHome premium	500 Mbps
GigaHome VIP	1 Gbps



GigaHome 1G	1 Gbps	<i>Promo 2 Gbps speed until 19th September</i>
GigaHome 2G	2 Gbps	
GigaHome 5G	5 Gbps	
GigaHome 10G	10 Gbps	
GigaHome 25G	25 Gbps	

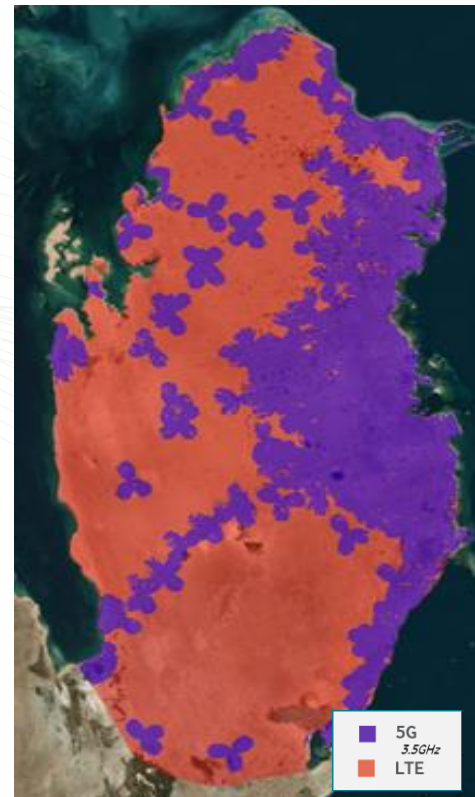
Growing Our Mobile Network : 2,250 Radio Network Sites Across the Country

Radio Access Network Evolution



- +93% new radio network sites since 2018.
- 85% of the outdoor network sites are now 5G enabled.
- Rapid site deployment took place in 2022 for the World Cup, FY23 H1 focus was on optimizing those investments in line with our plan.
- On the 5G core, we collaborated with Cisco to upgrade our 5G network and continue superior end-user experiences. We implemented Cisco Ultra 5G Core and utilized additional solutions to enhance our network with virtual core, automation, and security.

Radio Network Coverage



Financial Performance

Masroor Anjum
Chief Financial Officer



Key Highlights



Strong revenue growth

- Growth momentum continues with total revenue growing by 8%, led by service revenue growth of 11.8%



Cost efficiency

- OPEX increase YoY remained lower than revenue growth, driven by cost optimisation initiatives



Continued growth in profitability

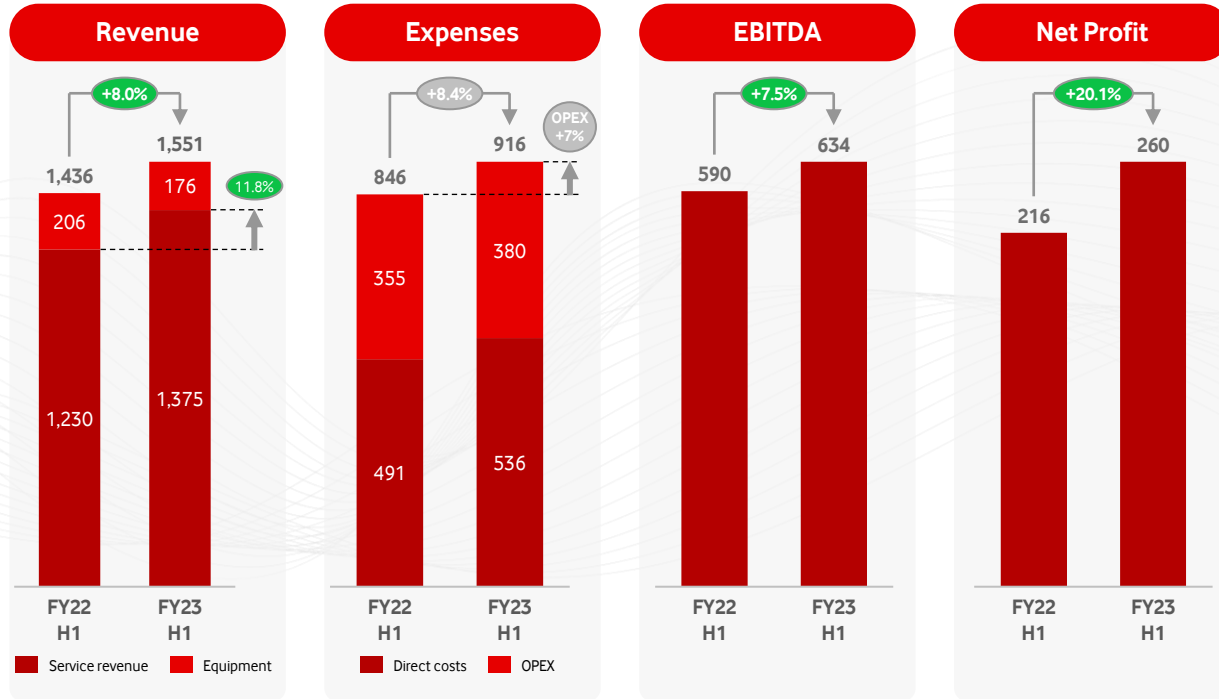
- EBITDA QR 634m, 7.5% increase YoY
- EBITDA margin of 40.9%, continues to improve
- Net profit QR 260m, grows 20.1% YoY



Robust subscriber base

- Mobility subscribers grew 4.1% YoY

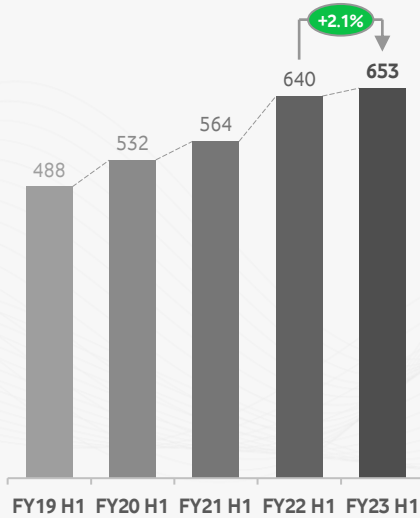
FY23 H1 Year on Year : Strong performance across all financial KPIs



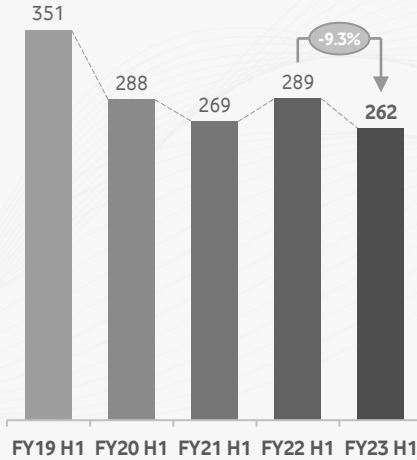
- Total revenue grew QR 115m (8%) led by service revenue growth (+11.8%) partially offset by lower projects revenue
- Expenses increased primarily due to growth in revenue, subscribers and network expansion
- EBITDA grew 7.5% primarily driven by service revenue growth
- Net profit grew 20.1% resulting from higher EBITDA

Service Revenue : Service revenue growth continues

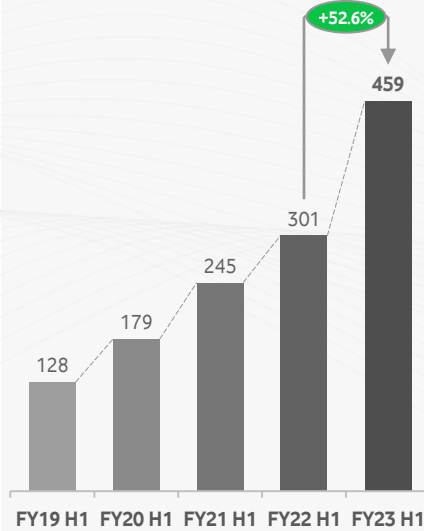
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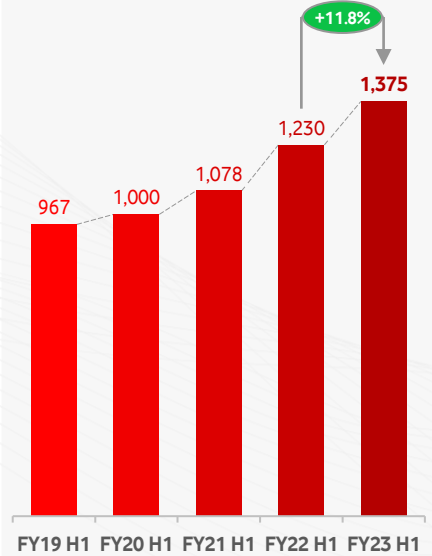
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Managed services, Fixed & Others

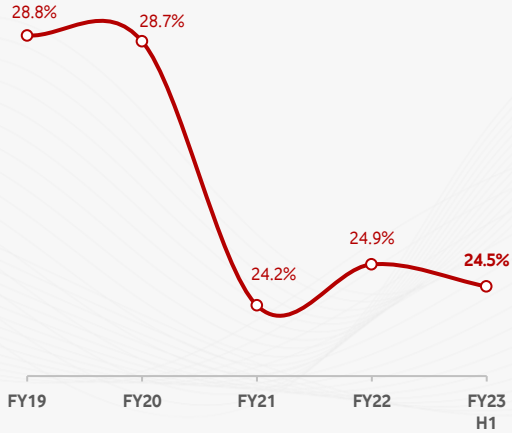


Total service revenue



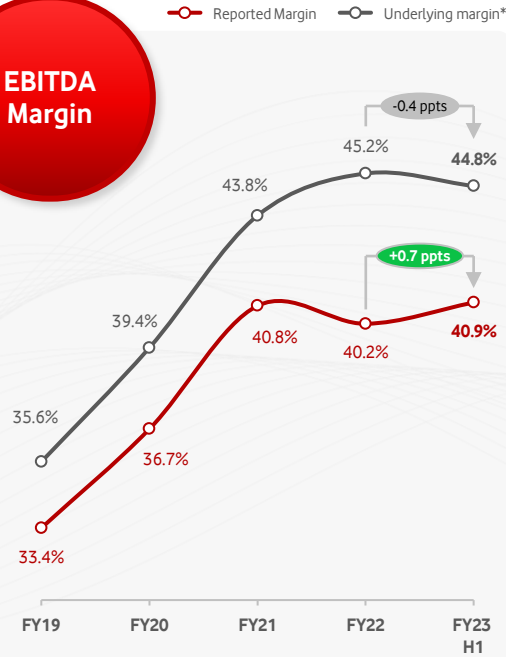
Margin Trends : Improving efficiency and margins

OPEX Intensity



- **OPEX intensity** continues to decline driven by cost optimisation

EBITDA Margin



- **Reported EBITDA margin at 40.9%**, 0.7 pts higher than FY22
- **Underlying EBITDA margin (excl. equipment) of 44.8%**, 0.4 pts decrease due to change in revenue mix

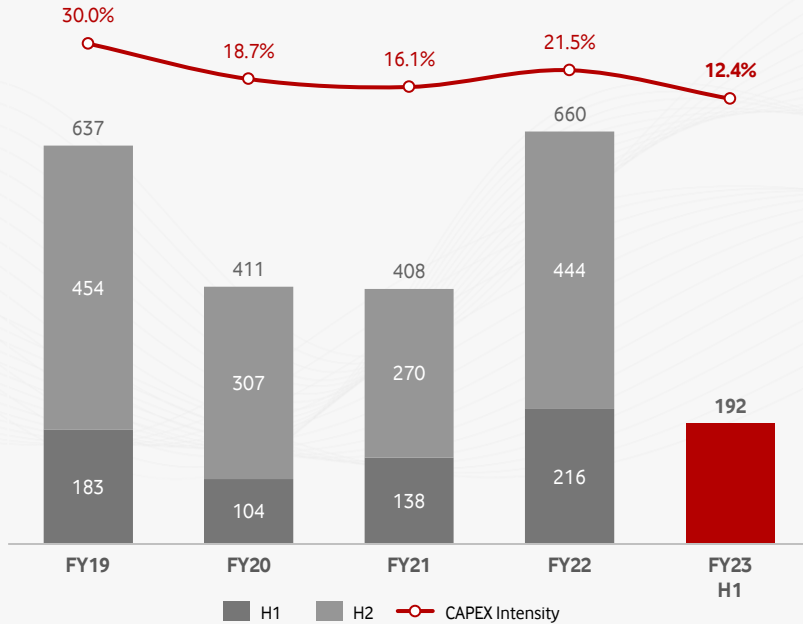
Net Profit Margin



- **Net Profit margin of 16.8%** (+0.4 pts higher than FY22) led by growth in EBITDA

Capital Expenditure : Investments driving profitable growth

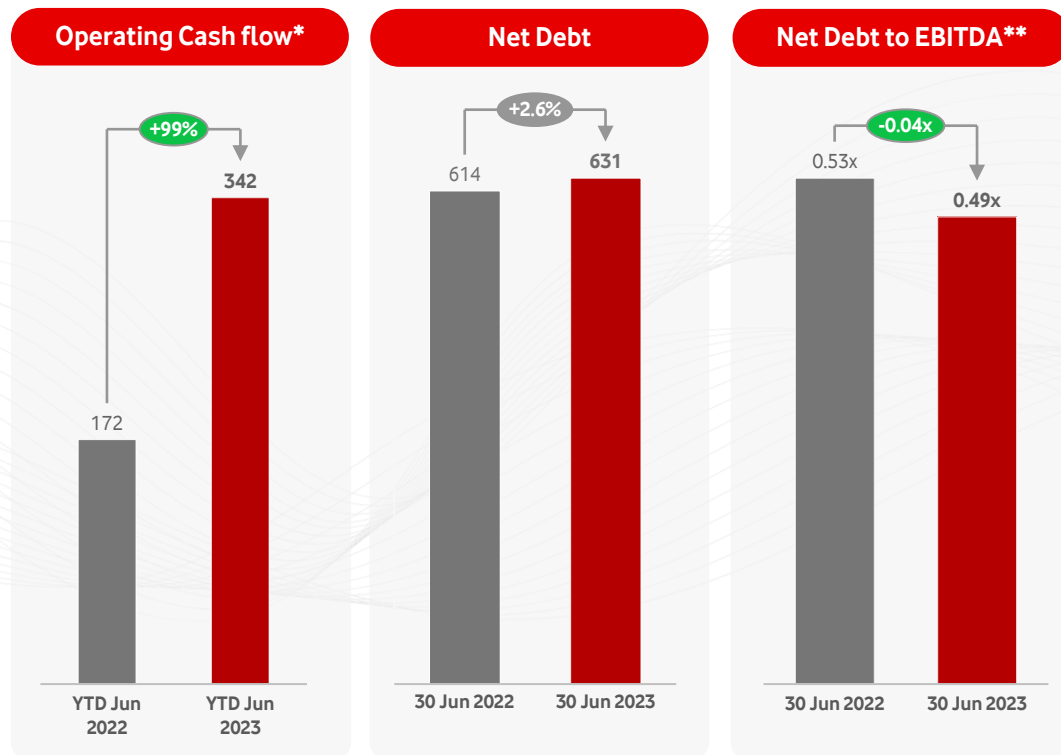
Capital expenditure (CAPEX)



Return on capital employed (ROCE*)

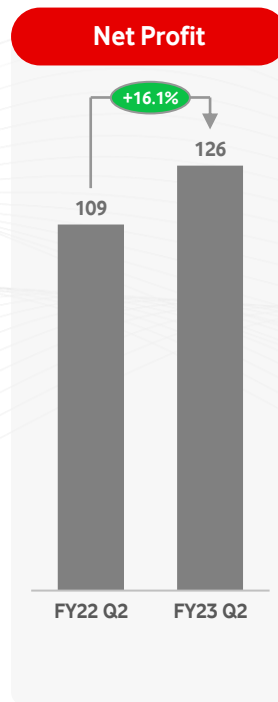
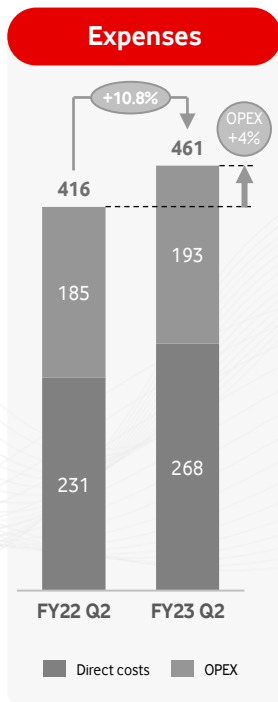
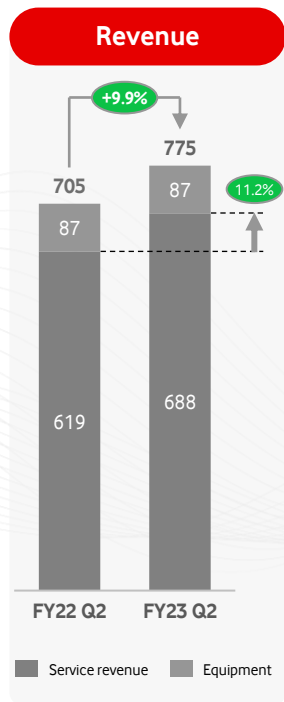


FY23 H1 Cash Position : Generating strong cash flows



- Cash flow generation doubled reflecting strong collections and working capital optimisation initiatives
- Despite higher dividend pay out in FY23, net debt remained largely stable due to strong OFCF
- Net debt to EBITDA ratio continues to decline reaching 0.49x

FY23 Q2 Year on Year : Another quarter of continued growth



- Total revenue grew QR 70m (9.9%) led by service revenue growth (+11.2%)
- Expenses higher primarily due to growth in revenue, subscribers and network expansion
- EBITDA increased 8.6% primarily driven by service revenue growth
- Net profit grew 16.1% resulting from higher EBITDA

FY23 H1 Year on Year : Statutory results summary

QR m (unless otherwise stated)	30 Jun 23	30 Jun 22	YoY
Consumer revenue	787	797	(10)
Enterprise, equipment and other revenues	764	639	125
Total revenue	1,551	1,436	115
Direct costs	(536)	(491)	(45)
Operational expenses	(380)	(355)	(25)
Depreciation and amortisation	(316)	(329)	12
Industry fee	(26)	(25)	(1)
Financing costs and other income/expenses	(32)	(20)	(12)
Profit for the period	260	216	43
Basic and diluted earnings per share (in QR)	0.061	0.051	0.010

- Total revenue grew QR 115m primarily driven by enterprise and equipment revenue
- Higher direct costs resulting from revenue and customer growth
- Operational expenses higher due to network expansion, increase in subscribers and revenue growth
- Financing costs higher reflecting increase in effective borrowing rates

FY23 Guidance



FY23 Guidance

Financial KPIs	FY22 Results	FY23 Expectation
Total revenue	QR 3,066m	+ YoY %
EBITDA Margin	40.2%	+ 1 – 1.5 pts
CAPEX intensity	21.5%	17% to 18%

- The Management expects continuing top line growth in FY23
- Higher revenue along with cost optimisation initiatives will enable growth in profitability margins
- CAPEX investments into profitable growth segments will continue

Q&A



For more information visit our website:

www.vodafone.qa/en/investor-relations

Or email us:

InvestorRelationsQatar@vodafone.com

APPENDIX



Consolidated Statement of Income

QR m (unless otherwise stated)	Six months ended		
	30 Jun 23	30 Jun 22	YoY
Consumer revenue	787	797	(10)
Enterprise, equipment and other revenues	764	639	125
Total revenue	1,551	1,436	115
Interconnection and other direct expenses	(523)	(477)	(46)
Network and other operational expenses	(243)	(229)	(14)
Employee salaries and benefits	(138)	(126)	(11)
Depreciation of property, plant and equipment	(166)	(174)	9
Amortisation of intangible assets	(94)	(103)	10
Depreciation of right-of-use assets	(56)	(51)	(6)
Expected credit losses	(13)	(13)	0
Industry fee	(26)	(25)	(1)
Operating profit	292	237	55
Finance costs	(23)	(14)	(10)
Other financing costs	(15)	(9)	(5)
Other income/expenses	6	3	3
Profit for the period	260	216	43
Basic and diluted earnings per share (in QR)	0.061	0.051	0.010

- Total revenue grew QR 115m primarily driven by enterprise and handset revenue
- Higher interconnect and other direct expenses resulting from revenue growth
- Network and other operational expenses increased due to network expansion and growth in subscribers and revenue
- Financing costs higher due to increase in borrowing rates

Consolidated Statement of Financial Position

QR m (unless otherwise stated)	30 Jun 23	31 Dec 22	Var
Property, plant and equipment	1,779	1,885	(106)
Intangible assets	4,088	4,050	39
Right-of-use assets	390	430	(40)
Receivables, prepayments and contract costs	249	298	(49)
Total non-current assets	6,506	6,662	(156)
Inventories	50	38	12
Receivables, prepayments and contract costs	492	535	(43)
Cash and bank balances	139	187	(48)
Total current assets	681	760	(79)
Total assets	7,187	7,422	(235)
Share capital	4,227	4,227	-
Legal reserve	142	126	15
Retained earnings	295	479	(185)
Total equity	4,663	4,833	(169)
Loans and borrowings	560	512	48
Lease liabilities	274	315	(42)
Provisions	111	102	8
Total non-current liabilities	944	929	15
Loans and borrowings	209	207	2
Lease liabilities	153	141	11
Trade and other payables	1,218	1,311	(93)
Total current liabilities	1,580	1,660	(80)
Total equity and liabilities	7,187	7,422	(235)

Assets

- Property, plant & equipment and intangible assets decreased by QR 68m due to depreciation and amortisation of QR 260m offset by CAPEX of QR 192m
- Right of use assets decreased by QR 40m as a result of depreciation QR 56m offset by new leases QR 17m
- Receivables, prepayments and contract costs QR 92m lower driven by collections from world cup and related projects

Equity

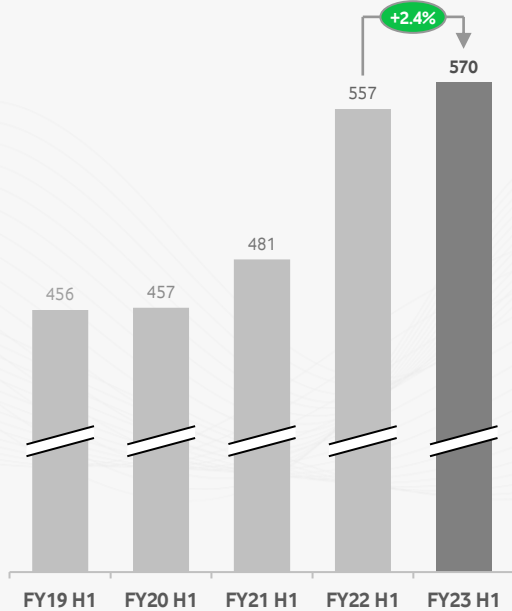
- Equity decreased by QR 169m resulting from dividend payment QR 423m and social and sports fund accrual QR 6m offset by net profit for the period QR 260m

Liabilities

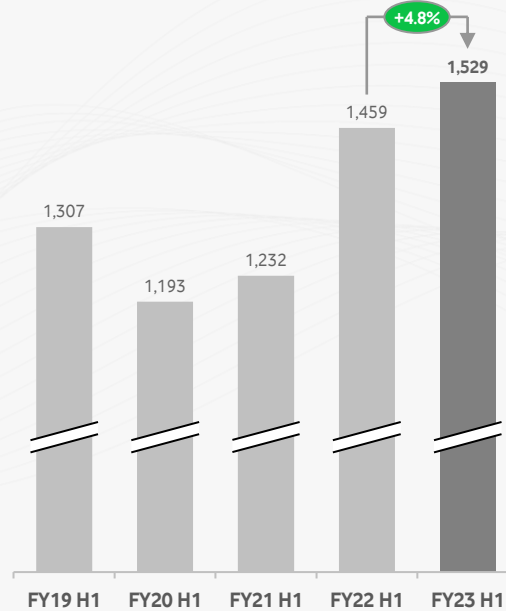
- Loans and borrowings QR 50m higher due to drawdown for dividend payment
- Lease liabilities QR 31m lower due to settlements QR 57m partially offset by new leases QR 17m and finance cost unwinding QR 10m
- Trade and other payables decreased by QR 93m due to CAPEX and regulatory payments

Mobility Subscribers

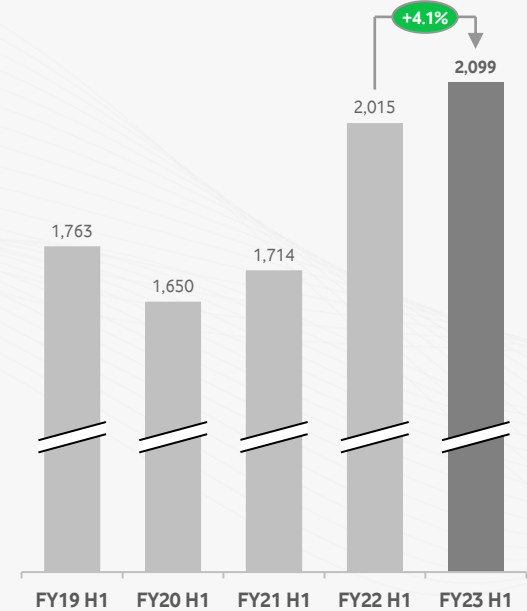
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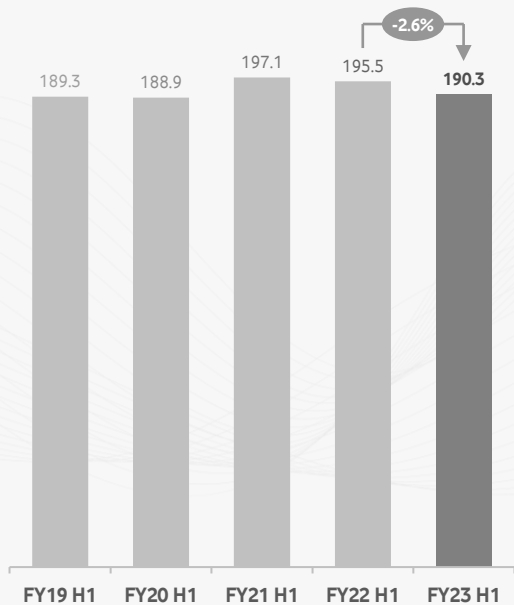


Total Mobility

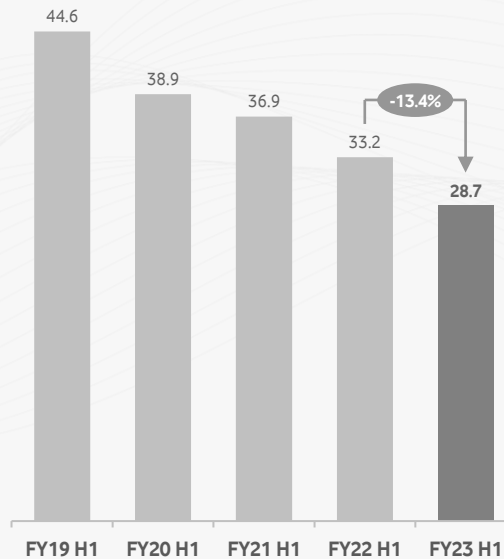


Mobility ARPU

Postpaid



Prepaid



Total Mobility

