

The Vodafone logo, a white speech mark, is centered on the page. The background is a vibrant, futuristic digital landscape with glowing red and blue lines, circuitry, and perspective grids.

Vodafone Qatar P.Q.S.C.

Financial results: Year ended 31 December 2019

04 February 2020

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Quarterly highlights

Hamad Al Thani
Chief Executive Officer



Executive Summary | Year End Highlights

Profitable
Growth
Continues

Healthier
Revenue Mix on
Track

Capturing
Market Share in
Competitive
Environment*

Delivering
Shareholder
Value

Eight Quarters

Consecutive YoY quarterly
total revenue growth

+22% YoY

Net Profit QR 144m
for twelve months ended
31 December 2019

Investments Yielding Positive Results

FTTH access network
and 5G investment
yielding positive results

Healthier Revenue Mix

Broadband and Postpaid
Mobility driving YoY revenue
growth

+1.3pts

Overall revenue share growth
YoY of 1.3pts due to strong
broadband revenue
performance

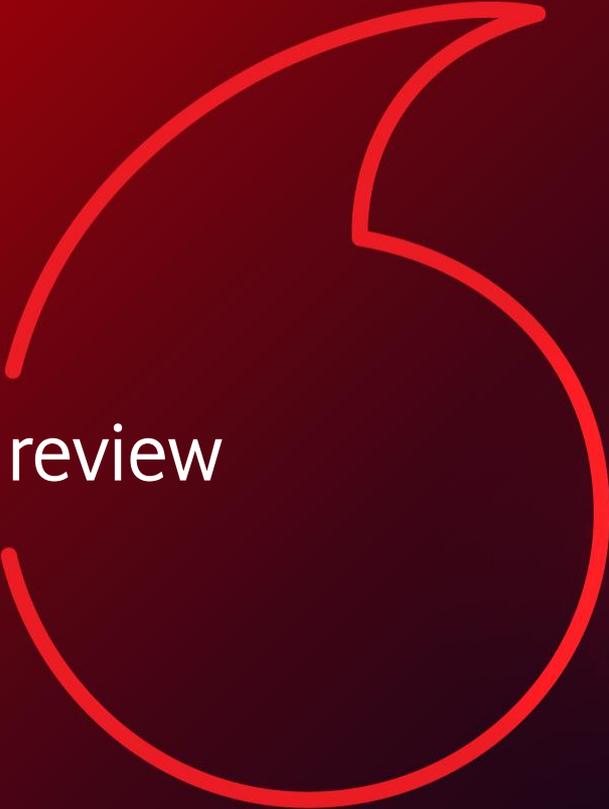
37.5% Mobility CMS

+1pts YoY in FY19 Q3

Proposed Dividend

Dividend of 5% per share
totalling to QR 211.4m.
This is subject to shareholder
approval in AGA on
24 February 2020





Financial review

Brett Goschen
Chief Financial Officer



FY 2019 | Financial Performance Highlights

Service Revenue + 2.4% YoY

Postpaid growth

OPEX 15.3% Lower YoY

Underlying excl. IFRS16 - 3.1% (Cost Optimisation)

EBITDA Margin 33.4%

+5.6pp YoY (excl. IFRS16 +1.4pp YoY)

CAPEX QR 637m

Highest ever – investments in 5G, fixed & sites

Net profit + 22% YoY

Underlying excl. IFRS16 - 32%

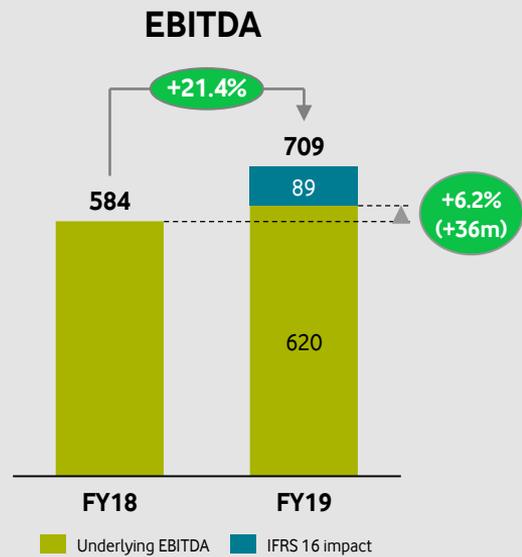
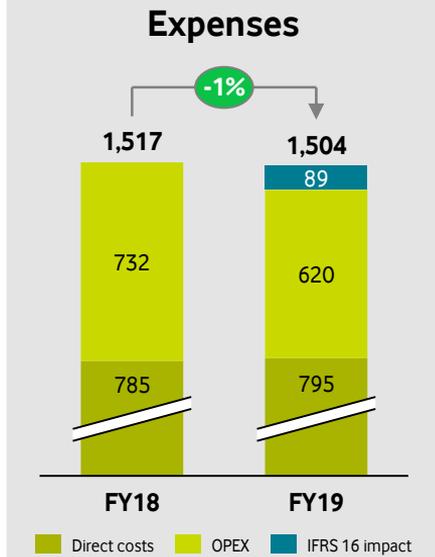
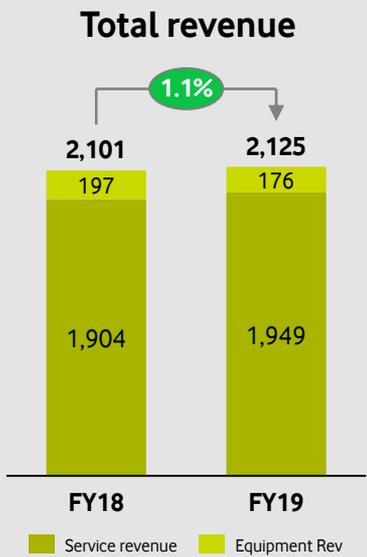
Net debt QR 517m

Net debt to EBITDA ratio maintained at 0.73



Financial performance (Year on Year) (QR m)

FY19 v FY18

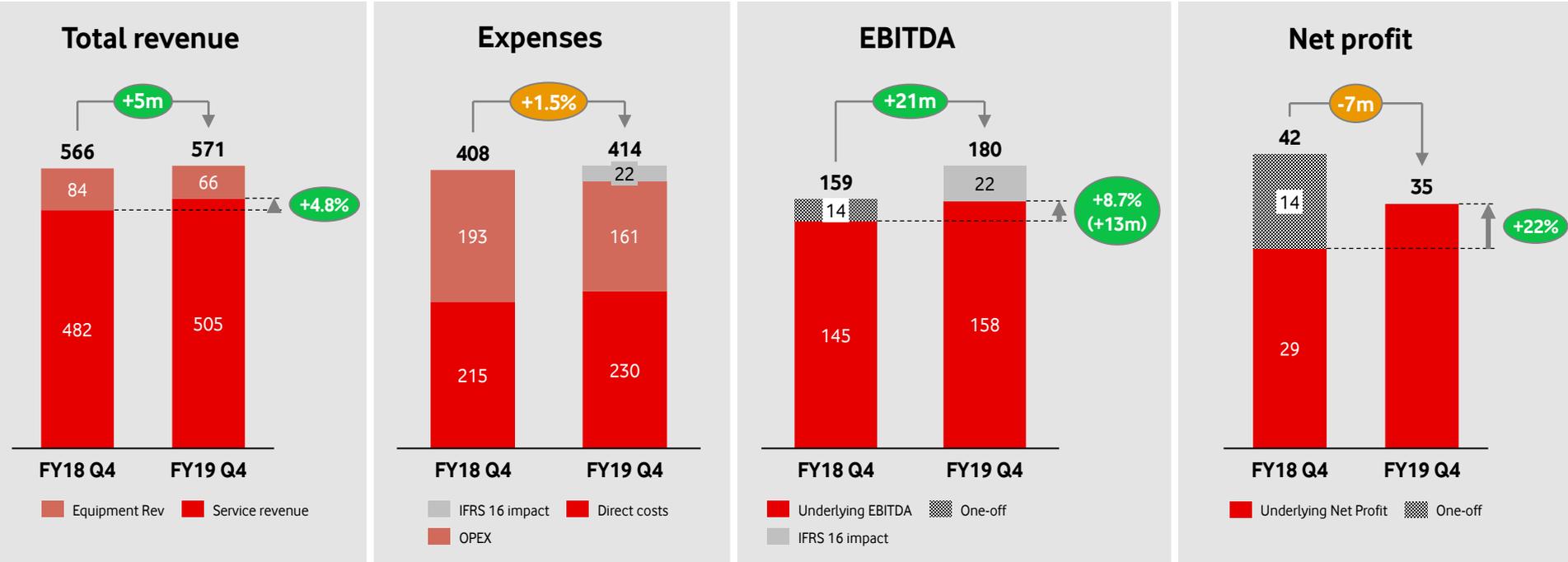


- Total Revenue increased 1.1%** as a result of growth in postpaid and broadband subscribers offset by a declining prepaid market and lower equipment sales
- Expenses (excl. IFRS 16) 1% lower** due to continued cost optimisation despite additional fixed operational costs & higher postpaid subscriber acquisition costs
- EBITDA 21.4% higher** driven by higher service revenue, lower expenses and benefit of IFRS 16
- Net profit increased 22% (underlying 32% excl. IFRS 16)** majorly due to underlying EBITDA growth



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

FY19 Q4 v FY18 Q4



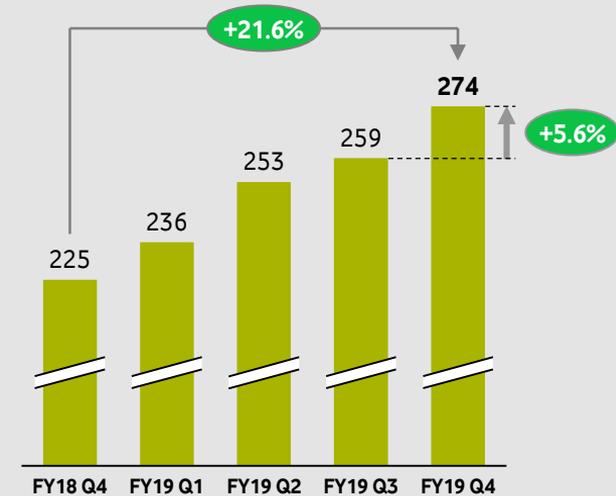
- Total Revenue** grew 1% led by **service revenue growth 4.8%** due to postpaid and broadband subscriber growth offset by lower one-off project revenue
- Expenses (excl. IFRS 16)** increased **1.5%** as a result of higher postpaid acquisition costs partially offset by lower OPEX (Cost optimisation)
- EBITDA (excl. IFRS 16 and one-off)** increased **8.7%** due to higher service revenue
- Net profit (excl. one-off)** **22% higher** as a result of EBITDA growth



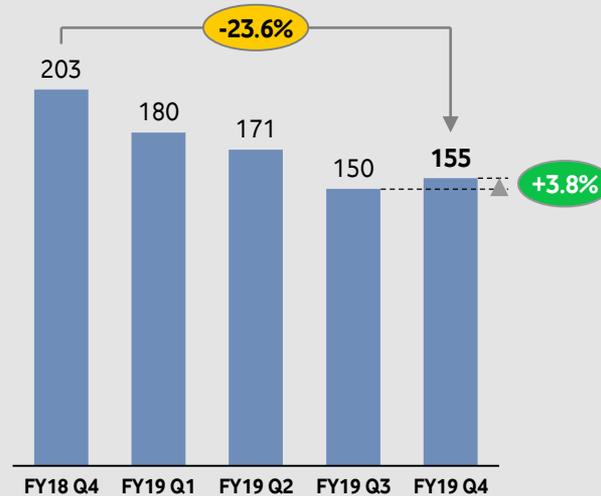
Service Revenue (QR m)

FY19 Q4 v FY18 Q4

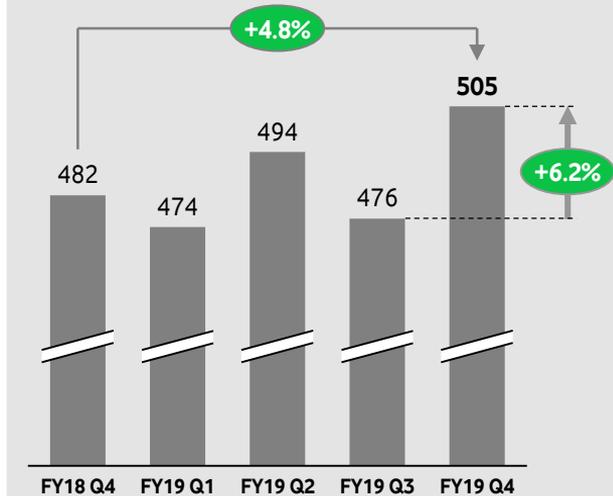
Postpaid Revenue



Prepaid Revenue



Total Service Revenue



Service Revenue increased 4.8% YoY:

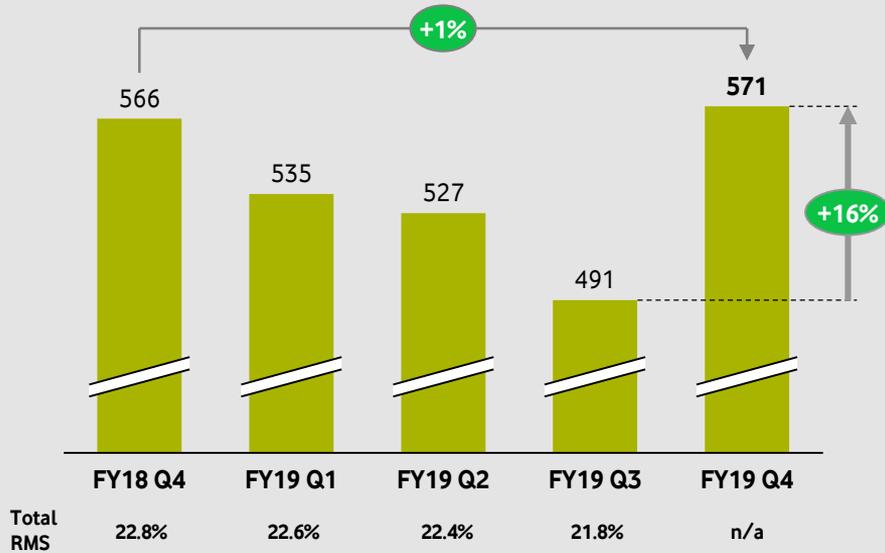
- 1 Postpaid revenue grew 21.6% driven by continued growth in subscribers
- 2 Prepaid revenue decreased 23.6% due to reduction of local termination rates, pre-to-post migrations and a declining prepaid market
- 3 Service revenue grew 6.2% QoQ due to higher prepaid (seasonality) and postpaid & high-speed broadband growth (GigaHome)



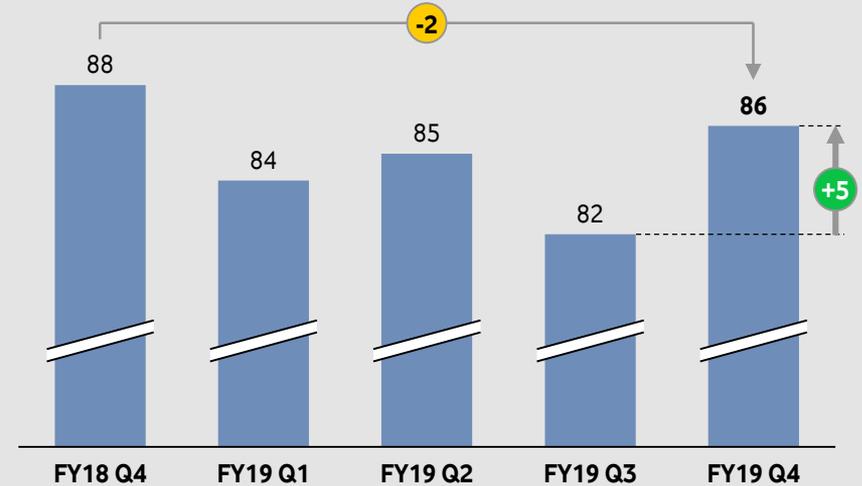
Total Revenue & ARPU

FY19 Q4 v FY18 Q4

Total Revenue (QR m)



ARPU (QR)



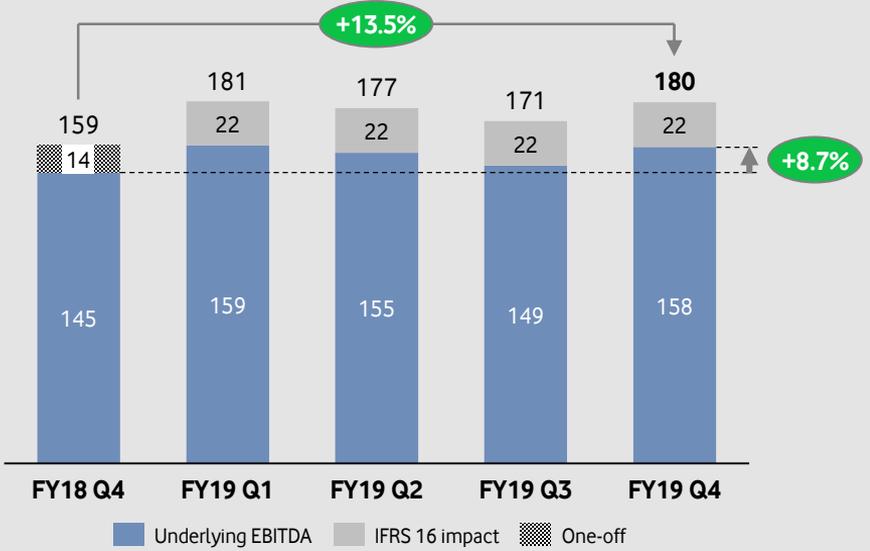
- 1 Total revenue 16% higher QoQ** driven by growth in service revenue and higher equipment sales
- 2 ARPU increase QR 5 QoQ** due to prepaid seasonality and postpaid & broadband growth



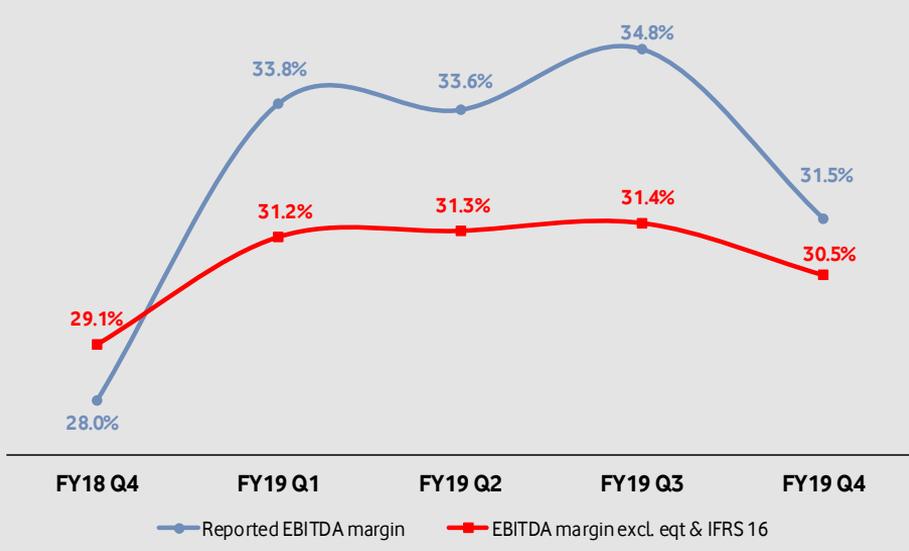
EBITDA & Underlying EBITDA margin

FY19 Q4 v FY18 Q4

EBITDA (QR m)



EBITDA margin %



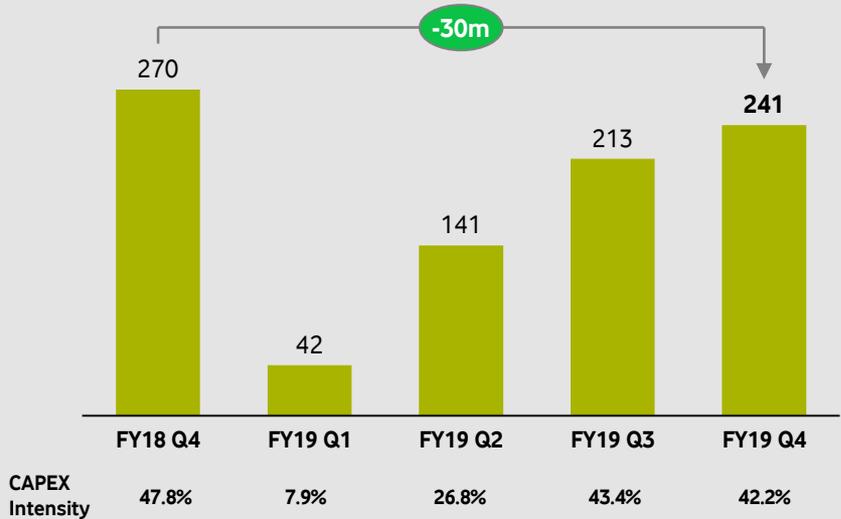
- 1 **EBITDA growth of 13.5%** due to higher service revenue, cost optimisation and benefit of IFRS 16 partially offset by FY18 Q4 one-off margin
- 2 **EBITDA margin of 30.5%** excluding equipment business and IFRS 16 increased 1.4 pts YoY driven by growth in service revenue and continued cost optimisation



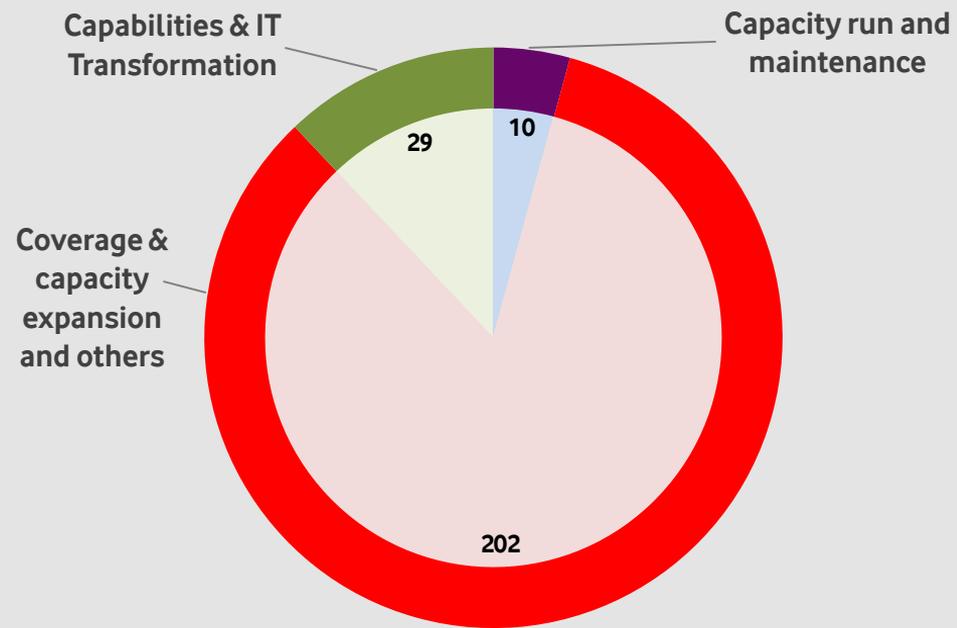
CAPEX (QR m)

FY19 Q4 v FY18 Q4

Total CAPEX



Quarterly CAPEX Mix



CAPEX investment QR 241m focusing on:

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



Consolidated statement of income

Year ended 31 December 2019

QR m	Year ended		
	31 Dec 19	31 Dec 18	YoY
Revenue	2,125	2,101	23
Interconnection and other direct expenses	(795)	(785)	(11)
Network, rentals and other operational expenses	(393)	(496)	103
Employee salaries and benefits	(227)	(236)	9
Depreciation of property, plant and equipment	(227)	(256)	29
Amortisation of intangible assets	(176)	(169)	(7)
Depreciation of right-of-use assets	(85)	-	(85)
Loss on disposal of property, plant and equipment	-	(0)	0
Industry fee	(18)	(12)	(6)
Operating profit	202	147	55
Finance cost	(34)	(29)	(4)
Other financing costs	(29)	(6)	(23)
Profit from mudaraba	4	5	(2)
Profit for the year	144	118	26
Basic and diluted earnings per share (in QR per share)	0.034	0.028	0.006

Commentary YoY:

- **Revenue increased by QR 23m** driven by growth in service revenue QR 45m (postpaid and broadband growth) offset by lower equipment sales QR 22m
- **Interconnect and other direct expenses QR 11m higher** due to higher postpaid & broadband acquisition costs partially offset by cost optimisation savings
- **Network, rentals and other operational expenses decreased by QR 103m** mainly due to IFRS 16 benefit and continuing cost optimisation (underlying saving of QR 14m excluding IFRS 16)
- **Employee salaries and benefits QR 9m lower**
- **Depreciation and amortization QR 63m higher** due to IFRS 16 impact QR 85m offset by benefit from revision of useful economic lives of assets
- **Other financing costs increased by QR 23m** due to discounting of IFRS 16 lease liabilities



Consolidated statement of financial position

As at 31 December 2019

QR m	Dec-19	Dec-18	Var
Property, plant and equipment	1,484	1,292	191
Intangible assets	4,471	4,428	43
Right-of-use assets	358	-	358
Trade and other receivables	37	26	11
Total non-current assets	6,350	5,746	604
Inventories	38	35	3
Trade and other receivables	407	300	107
Cash and bank balances	303	401	(98)
Total current assets	748	736	12
Total assets	7,098	6,483	615
Share capital	4,227	4,227	-
Legal reserve	63	51	11
Retained earnings	230	312	(83)
Total equity	4,519	4,591	(71)
Loans and borrowings	820	-	820
Lease liabilities	253	-	253
Provisions and trade payables	229	156	73
Total non-current liabilities	1,302	156	1,146
Loans and borrowings	-	820	(820)
Lease liabilities	121	-	121
Trade and other payables	1,155	916	240
Total current liabilities	1,276	1,736	(460)
Total equity and liabilities	7,098	6,483	615

Assets

- **Property, plant and equipment increased by QR 191m** due to CAPEX QR 418m (Network expansion (sites and 5G deployment) and investment in Fixed) offset by depreciation of QR 227m
- **Intangible assets QR 43m higher** driven by CAPEX of QR 219m (network software deal) offset by amortization of QR 176m
- **Right of use assets QR 358m and lease liabilities QR 374m** recognised due to adoption of IFRS 16
- **Trade and other receivables increased by QR 118m** as a result of higher postpaid and equipment receivables
- **Cash and bank balances QR 98m lower** majorly driven by dividend paid during the year

Equity

- **Equity decreased by QR 71m** due to dividend for FY18 (QR 211m) offset by the net profit for the year QR 144m

Liabilities

- **The Group Wakala facility was refinanced** with a local facility of QR 820m
- **Provisions and trade payables increased QR 73m** primarily due to network software multi year deal payable over four years
- **Trade and other payables increased QR 240m** due to higher CAPEX



Questions ?



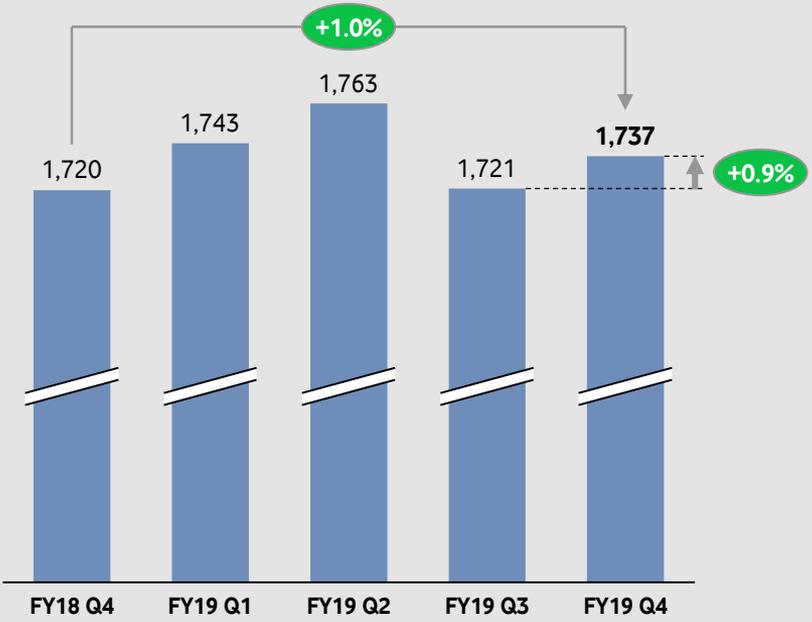
Appendix



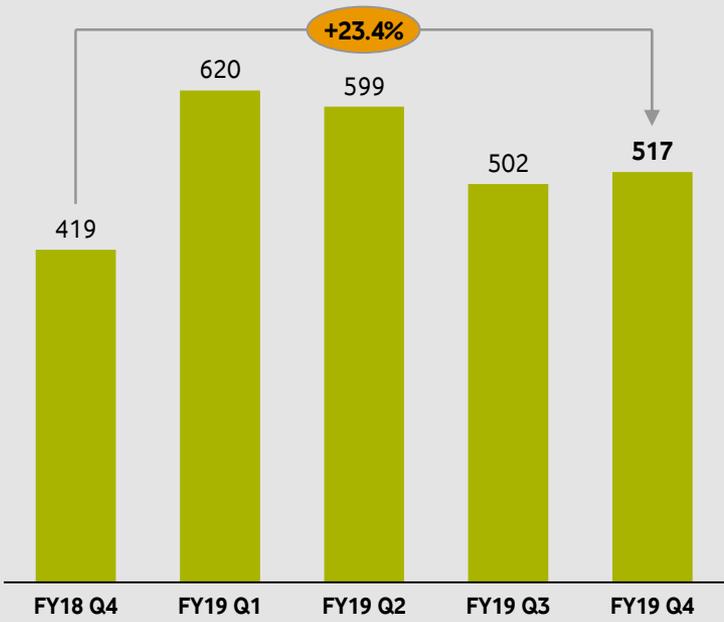
Mobile Customers and Net Debt

FY19 Q4 v FY18 Q4

Total Mobile Customers ('000s)



Net Debt (QRm)





Thank You
The Future Is Exciting

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

Or email us: InvestorRelationsQatar@vodafone.com

