



# Ooredoo Group

**Capital Markets Day**



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  - Our ability to manage domestic and international growth and maintain a high level of customer service
  - Future sales growth
  - Market acceptance of our product and service offerings
  - Our ability to secure adequate financing or equity capital to fund our operations
  - Network expansion
  - Performance of our network and equipment
  - Our ability to enter into strategic alliances or transactions
  - Cooperation of incumbent local exchange carriers in provisioning lines and interconnecting our equipment
  - Regulatory approval processes
  - Changes in technology
  - Price competition
  - Other market conditions and associated risks
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# Ooredoo Capital Markets Day 2019



## Agenda

|                      |   |
|----------------------|---|
| <b>10:00 - 10:05</b> | <b>Introduction - Andreas Goldau &amp; Sara Al Sayed, Ooredoo Group (OG) IR</b> |
| <b>10:05 - 10:15</b> | <b>Welcome – Waleed Al Sayed, Deputy GCEO (OG) &amp; CEO Ooredoo Qatar</b>      |
| <b>10:15 - 10:35</b> | <b>New Lead strategy and 5G - Mansoor Al Khater, Chief Strategy Officer, OG</b> |
| <b>10:35 - 10:55</b> | <b>Digital Transformation - Andrew Kvalseth , Chief Commercial Officer, OG</b>  |
| <b>Coffee break</b>  |   |
| <b>11:15 - 11:35</b> | <b>Finance update - Ajay Bahri, Chief Financial Officer, OG</b>                 |
| <b>11:35 - 11:50</b> | <b>Strategic Sourcing - Christian Linhart, Chief Procurement Officer, OG</b>    |
| <b>11:50 - 12:05</b> | <b>Indosat Ooredoo update – Vikram Sinha, COO Indosat Ooredoo</b>               |
| <b>12:05 - 12:20</b> | <b>Ooredoo Oman update – Ian Dench, CEO Ooredoo Oman</b>                        |
| <b>12:20 - 12:55</b> | <b>Q&amp;A (all speakers and attendees as merited)</b>                          |
| <b>12:55 - 13:00</b> | <b>Closing remarks - Andreas Goldau &amp; Sara Al Sayed, Ooredoo Group IR</b>   |
| <b>13:00 - 14:30</b> | <b>Meet the Ooredoo Group Team / Lunch</b>                                      |

# Agenda

- 10:00-10:05 Welcome by Ooredoo Group (OG) IR, Andreas Goldau & Sara Al Sayed
- 10:05-10:15 GCEO – Deputy GCEO Waleed Al Sayed (OG), CEO Ooredoo Qatar
- 10:15-10:35 New Lead strategy and 5G, Mansoor Al Khater, Chief Strategy Officer, OG
- 10:35-10:55 Digital Transformation - Andrew Kvalseth , Commercial officer, OG
- Coffee break
- 11:15-11:35:00 GCFO - Ajay Bahri, Ajay Bahri, Chief Financial Officer, OG
- 11:35-11:50 Strategic Sourcing - Group Chief Procurement Officer - Christian Linhart OG
- 11:50-12:05 Indosat Ooredoo update –Indosat Ooredoo Vikram Sinha, COO Indosat Ooredoo
- 12:05-12:20 Ooredoo Oman update – Ian Dench, Ooredoo Oman CEO
- 12:20-12:55 Q&A (all speakers and attendees as merited)
- 12:55-13:00 closing remarks Ooredoo Group IR, Andreas Goldau & Sara Al Sayed
- 13:00-14:30 Meet the Ooredoo Group Team / Lunch

# Healthy financial metrics, positioning for future opportunities



**Healthy Cash Flow generation** from market leading Opcos



- **Continued cost optimization** lead to **healthy EBITDA margins**
- Rationalization of **Capex investments**



- Ongoing **Net Debt reduction** builds **capacity for future growth**
- Reduction of **financial risk (FX), interest rate risk**



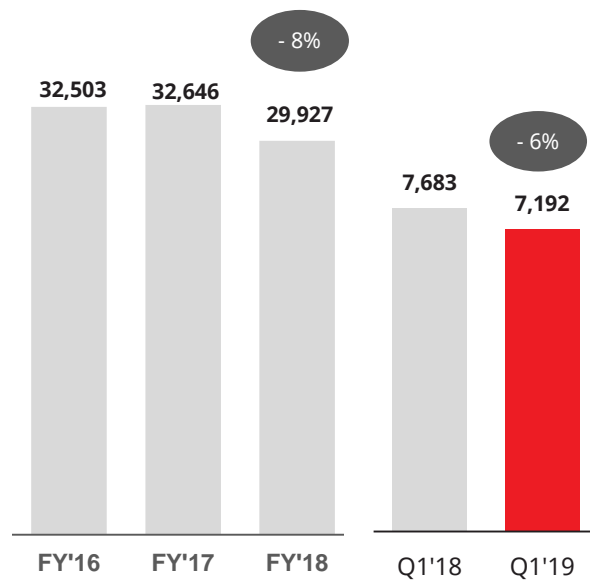
Improved **cash upstreaming** from **high risk countries**



**Stable investment** grade credit rating ensures market access

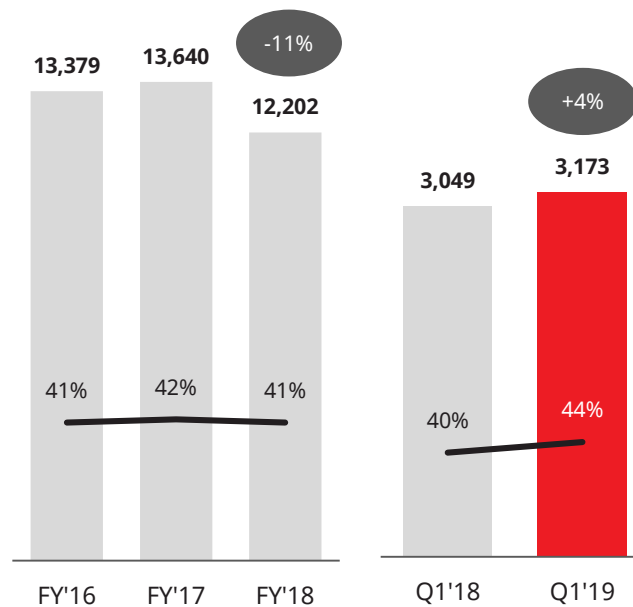
# Healthy margins maintained in challenging markets

**Revenues**  
(in QAR million)



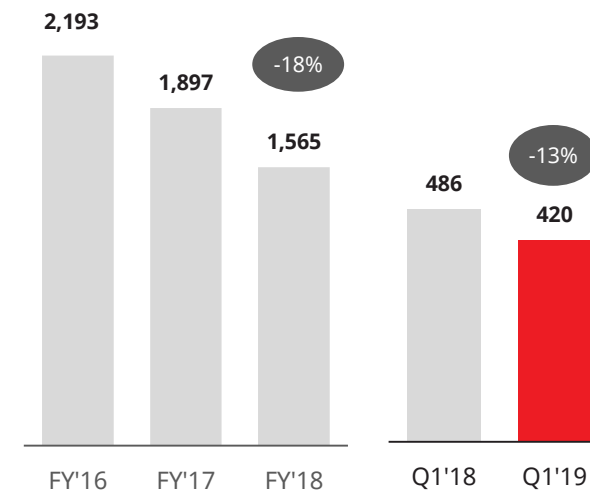
Revenue impacted by reduced handset sales and negative FX impact

**EBITDA and EBITDA margin**  
(% of Revenue)



Cost optimization initiatives offset margin pressure partially

**Net profit attributable to Ooredoo Shareholders**  
(in QAR million)



FX trends weighs on bottom-line results

# IFRS 16: positive EBITDA impact and higher leverage

IFRS 16 - Accounting standard on leases applied from 1st January 2019

| Group Financials              | Q1 2019<br>Pre IFRS 16 | IFRS 16<br>impact | Q1 2019 Actuals after<br>IFRS 16 |
|-------------------------------|------------------------|-------------------|----------------------------------|
| EBITDA (QR m)                 | 2,949                  | +224              | 3,173                            |
| EBITDA margin                 | 41.1%                  | +3%               | 44.1%                            |
| Deprn & Amortisation (QR m)   | -1,934                 | -213              | -2,147                           |
| Finance Cost (QR m)           | -447                   | -73               | -520                             |
| Profit after Tax (QR m)       | 522                    | - 54              | 468                              |
| Net Debt to EBITDA (leverage) | 1.8x                   | +0.4x             | 2.2x                             |

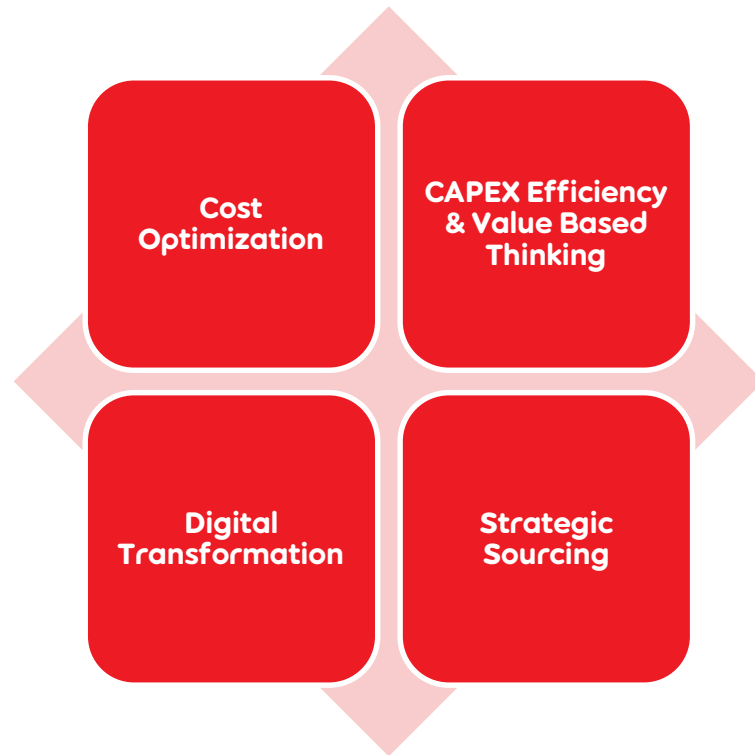
# 2019 Q1 performance – generally in line with guidance

| Group Financials<br>(QAR bn) | Q1 2019<br>Actual | % Change Q1<br>2019 / 2018<br>Excl. IFRS 16 impact | 2019 Full Year<br>Guidance over 2018<br>Excl. IFRS 16 impact |
|------------------------------|-------------------|--|--|
| Revenue                      | 7.2               | -6%  | -3% to 0%  |
| EBITDA                       | 3.2               | -3%  | -7% to -4%   |
| CAPEX                        | 1.1               | 17%  | 5.5bn to 6.5bn   |

- Guidance for 2019 has been given without IFRS 16 impact
- Q1 Revenue lower than guidance, lower handset sales
- EBITDA slightly better than guidance
- Reported EBITDA incl. **IFRS16 impact was up by 4%**
- CAPEX higher YoY mostly due to Indosat Ooredoo network investment

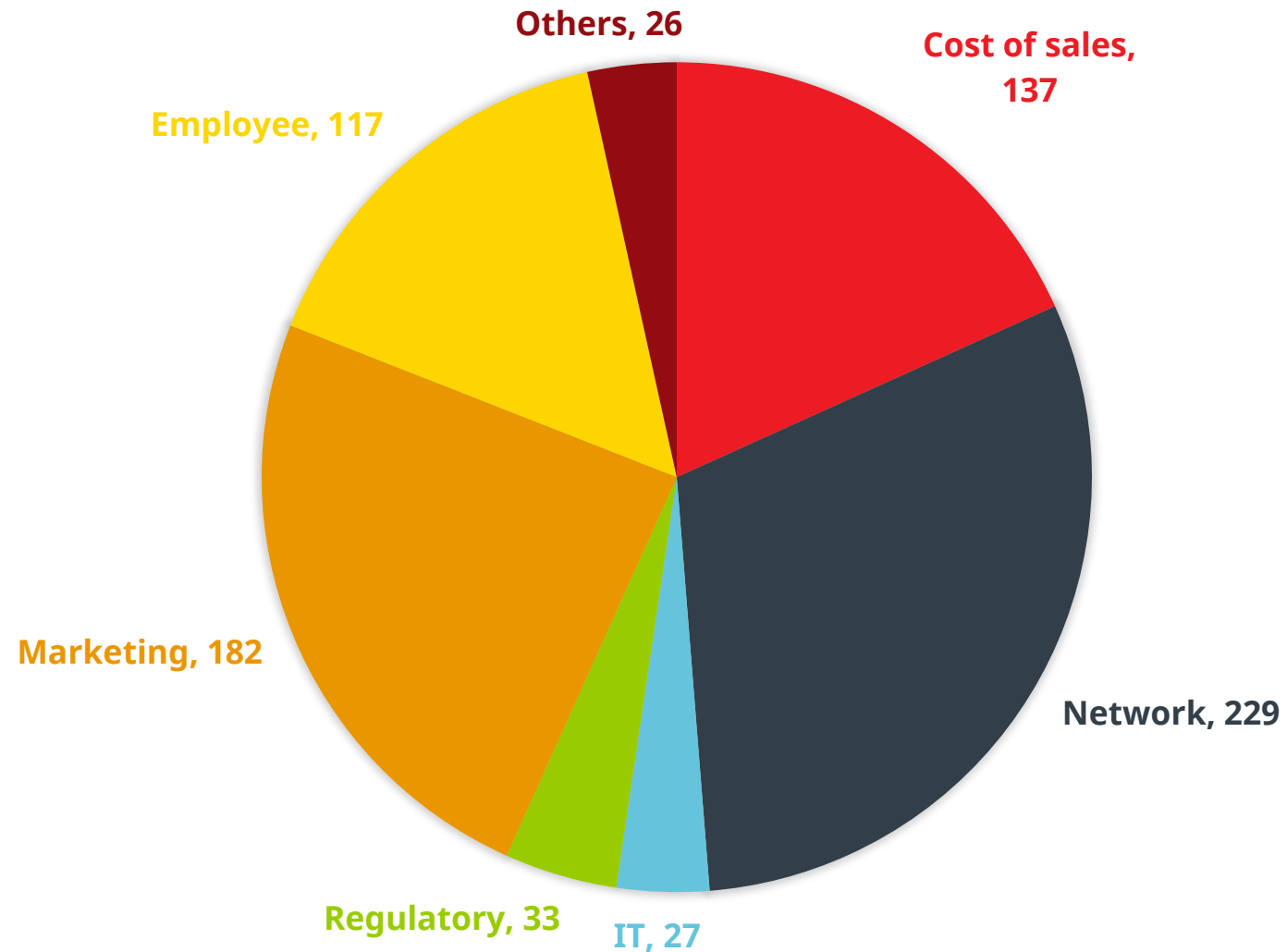


# Cost Optimization, Efficient Models & Digital Transformation : Integral part of Ooredoo's strategy



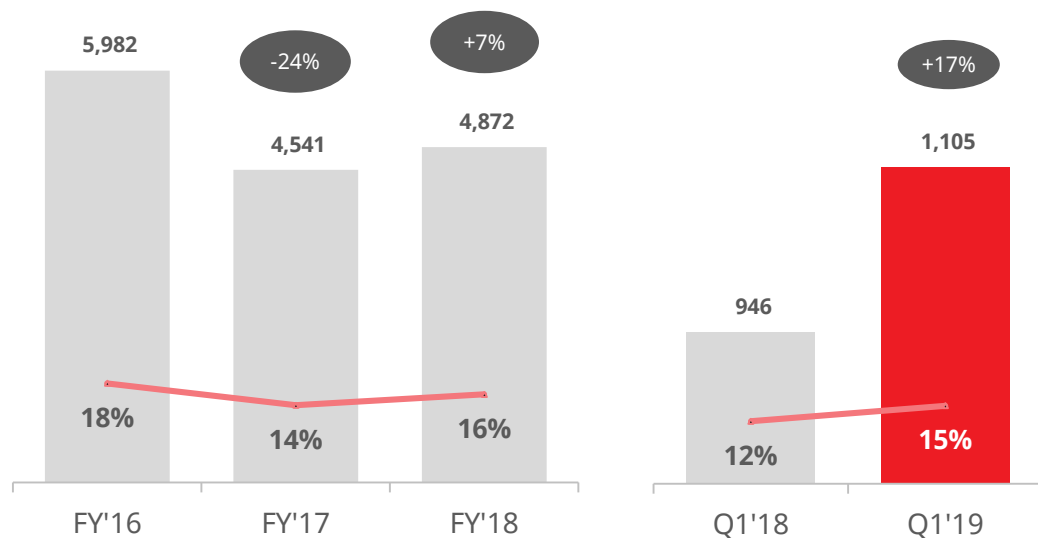
- In 2017, Global Cost Benchmarking exercise was conducted
- QAR 751mn savings achieved in 2018 by various cost saving initiatives across OpCos. 2019 program in progress
- Group wide Digitalization initiative making progress as part of Digital Transformation Strategy
- Improved CAPEX approval processes, Central Validation for Group led categories. Best practices being shared across OpCos including Value based CAPEX planning, standardized cost models etc.
- Power and Managed Services outsourcing and Tower contract renegotiation in Indosat and Myanmar
- Cost Benchmarking refresh exercise on going in 2019
- Capex restart 2.0 in progress

# 2018 Group Cost Optimization Project QAR 751mn savings

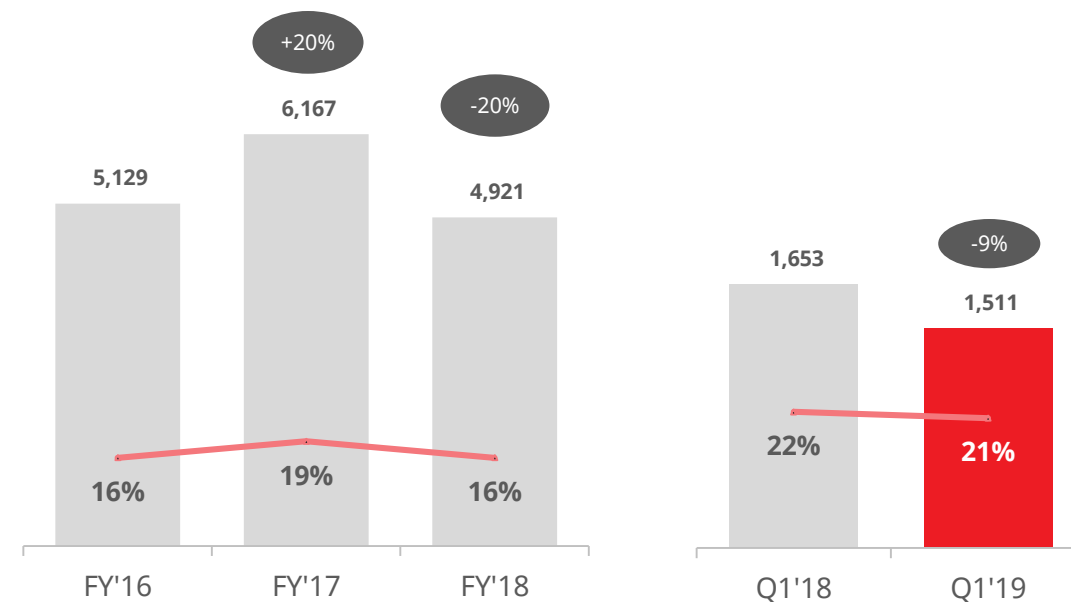


# Free Cash Flow and Capital Expenditure

## CAPEX (QARm) & CAPEX/Revenue (%)



## Free Cash Flow (FCF) (QARm) & FCF/Revenue (%)

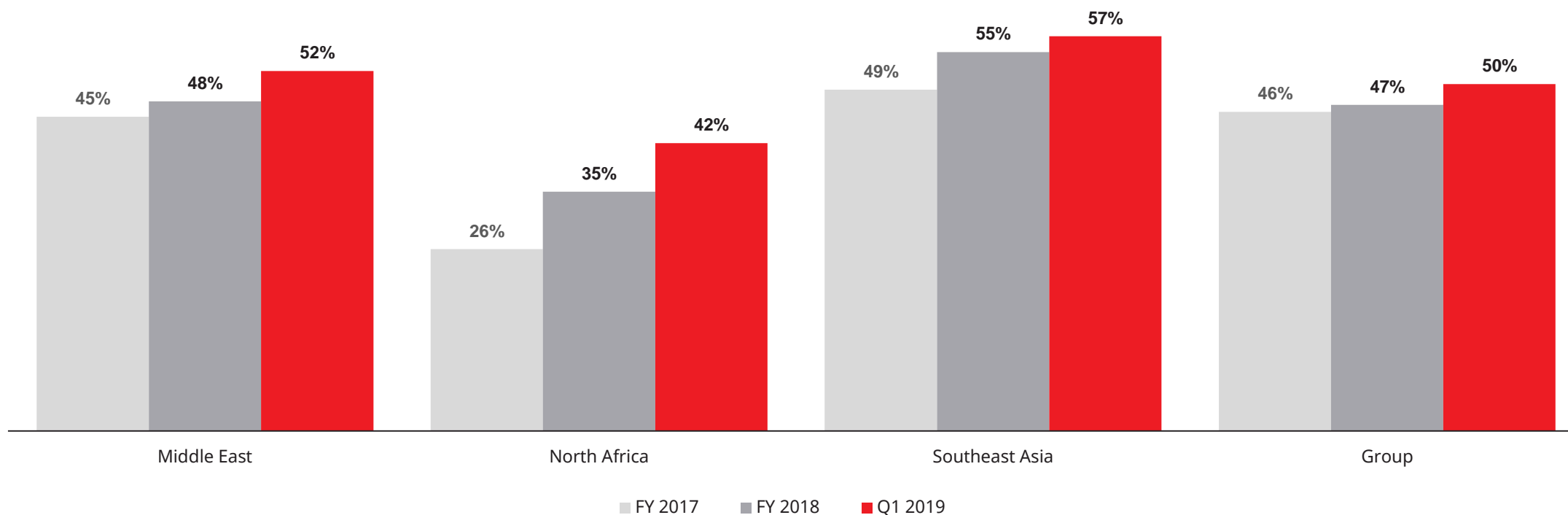


- Further investments in data network capacity/quality, economies of scale realized via centralized Ooredoo Group procurement
- Capex to sales ratio reduced from 27% in 2015 level to 15%
- 2018 FCF impacted by lower EBITDA and higher Capex

• Note: Free Cash Flow = Net Profit plus Depreciation & Amortization less CAPEX; CAPEX excludes license fee obligations & right-of-use assets; Net Profit adjusted for extraordinary items

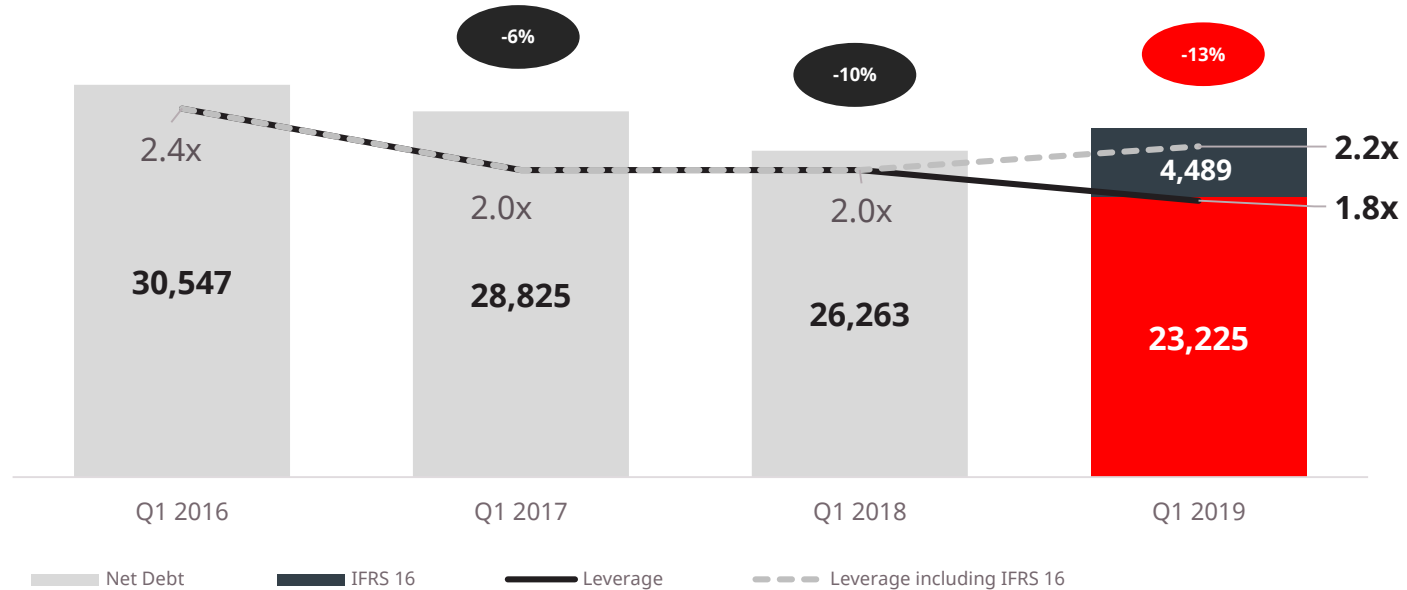
# Investments in networks driving data revenue

## Ooredoo's Data Revenue as a % of Total Revenue (by Region)



# Debt reduction strategy successfully executed

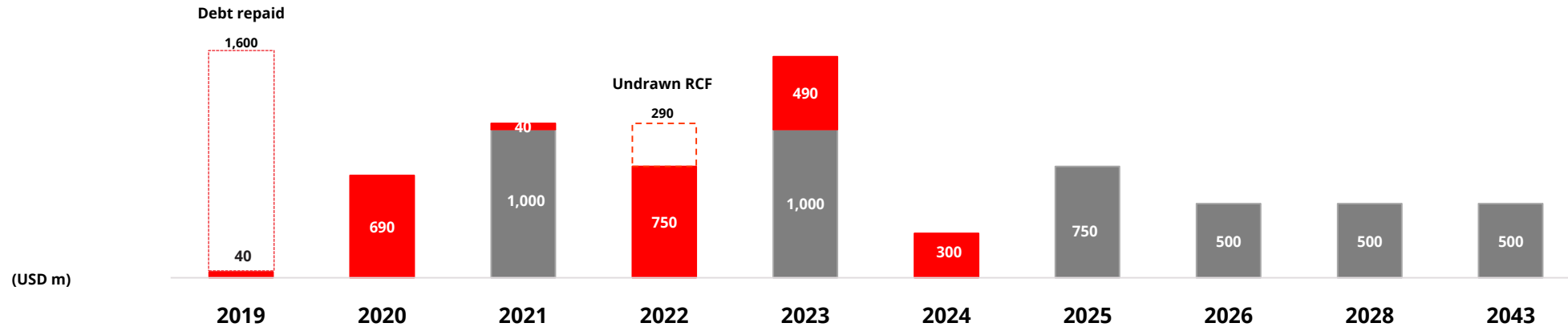
## Net Debt (QARm) and Net Debt / EBITDA



- Net Debt to EBITDA ratio 2.2x (1.8x excluding IFRS 16 impact), within board guidance between 1.5x and 2.5x (bank covenant 4x)
- IFRS 16 addition to debt of QAR 4,489m
- Net Debt reduced by 13% YoY (excluding IFRS 16)

• Net Debt is as per Bank Covenant definition (and includes IFRS16 lease addition for Q1 2019)

# Ooredoo Q.P.S.C. Current Debt Profile – Lower Refinancing Risk



| Loans (in USD m)         |               |               |                |             | Bonds (in USD m)          |               |          |             |     |
|--------------------------|---------------|---------------|----------------|-------------|---------------------------|---------------|----------|-------------|-----|
| Amount                   | Usage         | Rate*         | Maturity       |             | Issue Amount              | Coupon        | Maturity | Listed in   |     |
| QNB QAR3bn RCF           | 824           | 0             | QAR MM rate    | 31-Jan-20   | Fixed Rate Bonds due 2021 | 1,000         | 4.75%    | 16 Feb 2021 | LSE |
| USD 500mn RCF            | 500           | 500           | Libor + spread | 06 May 2020 | Fixed Rate Bonds due 2023 | 1,000         | 3.25%    | 21 Feb 2023 | ISE |
| USD150mn Term Loan       | 150           | 150           | Libor + spread | 31-Aug-20   | Fixed Rate Bonds due 2025 | 750           | 5.00%    | 19 Oct 2025 | LSE |
| USD1bn RCF               | 1,000         | 710           | Libor + spread | 07-Jun-22   | Fixed Rate Bonds due 2026 | 500           | 3.75%    | 22 Jun 2026 | ISE |
| USD200mn Amortizing Loan | 200           | 200           | Libor + spread | 12-Jul-23   | Fixed Rate Bonds due 2028 | 500           | 3.875%   | 31 Jan 2028 | ISE |
| USD 100m Term Loan       | 100           | 100           | Libor + spread | 08-Oct-23   | Fixed Rate Bonds due 2043 | 500           | 4.50%    | 31 Jan 2043 | ISE |
| USD 150mn RCF            | 150           | 150           | Libor + spread | 30-Oct-23   |                           |               |          |             |     |
| USD 100m Term Loan       | 100           | 100           | Libor + spread | 31-Oct-23   |                           |               |          |             |     |
| USD 100m Term Loan       | 100           | 100           | Libor + spread | 13-Dec-23   |                           |               |          |             |     |
| USD 300m RCF             | 300           | 300           | Libor + spread | 16-May-23   |                           |               |          |             |     |
| <b>Total Loans</b>       | <b>3,424m</b> | <b>2,310m</b> |                |             | <b>Total Bonds</b>        | <b>4,250m</b> |          |             |     |

**Well balanced debt maturity profile with diversified bank/bond debt portfolio**

# Financial risks – Challenging but adequately addressed

## Debt refinancing / liquidity risk / rating

- 2019 Debt maturities repaid
- Smooth long term debt profile, current cash levels adequate
- Investment grade credit rating maintained

Moody's "A2", outlook: stable; S&P "A-", outlook: stable; Fitch "A-", outlook: stable



## Interest Rate risk

- Very high fixed rate debt hedge ratio



## Leverage levels

- Leverage of 2.2x (1.8x without IFRS16 impact) within Board Guidance of 1.5x – 2.5x (Net Debt to EBITDA)
- Debt reduction successfully implemented (sale of non core assets)



## Foreign Exchange risk

- FX risk is natural part of investing in Emerging Markets
- OPCO debt transformation into local currency completed
- Myanmar only OPCO with significant USD exposure



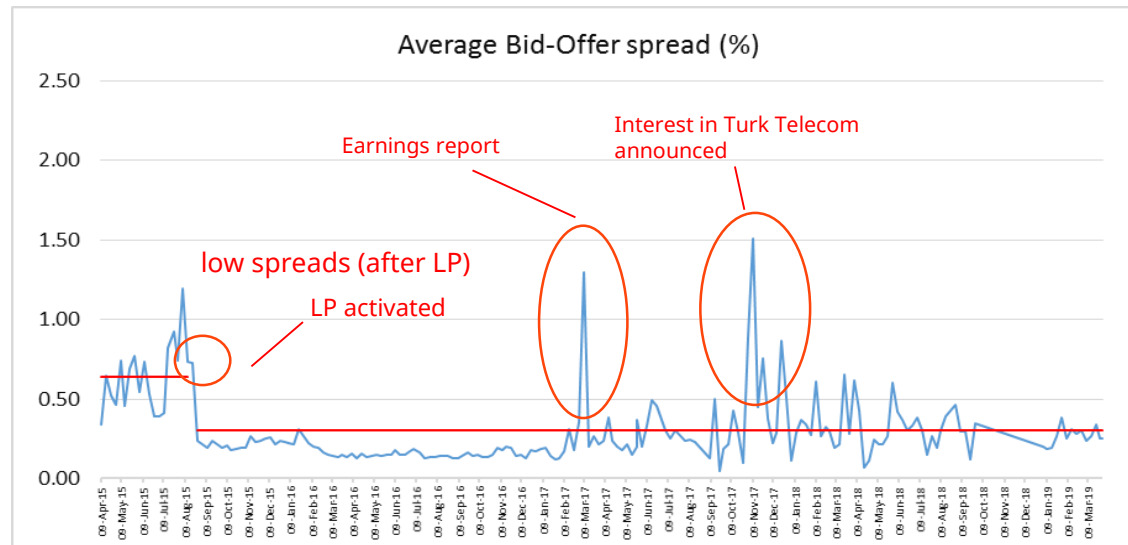
## Cash up-streaming

- Iraq: Good progress made, some challenges remaining
- Tunisia and Algeria: All dividends up streamed
- Maldives: IPO proceeds and past dividends up-streamed



# Stock Split and Share Liquidity

- A mandatory **“Ten for One” stock split** is being implemented for all Qatar Exchange listed companies starting in June 2019 and Ooredoo’s stock split takes effect on 03 July 2019 (trading July 4th). Lower share prices are expected to generate more active trading by retail investors. The bid/offer spread should be naturally tighter, improving liquidity slightly for all shares
- **Liquidity Provider Service** was engaged in Q3 2015 in order to improve Ooredoo share liquidity on the QSE. The LP system is passive, ensuring quotes on both sides of the order book at all times. This has reduced bid/ask spreads and improved liquidity. The average bid/offer spread was 0.27% of share price in Q1 2019 compared to 0.64% prior to activation of LP service



| MSCI benchmark  | KPI   | Q1 2019 | Pre - LP |
|-----------------|-------|---------|----------|
| 12 months ATVR* | > 15% | 29%     | 24%      |
| 3 months ATVR   | > 15% | 35%     | 21%      |

\*ATVR – Annualized Traded Value Ratio – median value of shares traded every day in relation to market cap

| Key highlights             | Q1 2019  | Pre - LP |
|----------------------------|----------|----------|
| Average daily traded value | QAR 9.7m | QAR 5.1m |
| Share of QE Traded Value   | 3.13%    | 2.8%     |





# Thank You

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