

Sara Al Sayed, Investor Relation:

Good afternoon, everyone, and Ramadan Kareem. Hello and welcome to Ooredoo's Financial Results Call. My name is Sara Al Sayed from the Investor Relations team. We are joined by speakers from various locations in Doha during this Zoom Call. Let me introduce my colleagues. We are joined by -- if you have joined our recent virtual bond roadshow you will be familiar with, Aziz Aluthman Fakhroo, Managing Director of Ooredoo Group, joined also by Sheikh Mohammed Al Thani, Deputy CEO, Ooredoo Group and CEO of Ooredoo Qatar; Abdulla Ahmed Al Zaman, the new Ooredoo Group CFO; Ajay Bahri, former Ooredoo Group CFO and now Advisor of the Group MD. All bios are available in the investor deck. Aziz will start the presentation with key financial highlights and consolidated results followed by OpCo result information by Sheikh Mohammed and our Group CFO Abdulla.

We keep the presentation brief to allow sufficient time for your questions. The presentation is available on our website ooredoo.com, as well as on the webcast. Please do note the usual disclaimer on Slide number 2. So, to begin, I will now hand over to Aziz.

Aziz Aluthman Fakhroo, Managing Director of Ooredoo Group:

Good afternoon, everyone. Thank you for joining the call. We are happy to start the year on a very strong foot. As you will see with our results, our revenues are flat year-on-year, actually it has a slight decline of 1% at QAR7.2 billion for the first quarter. Our EBITDA increased by 6% to QAR3.2 billion for Q1.

Our net profit attributable to Ooredoo shareholders decreased by 50% and this was mainly due to a FX impact. Our data revenue now accounts for 55% of our total revenue. This highlights our leadership position in data across all our markets.

As you are aware, we've announced two landmark transactions in Q1 of this year. One was the successful sale of 4,200 towers in Indonesia through Ooredoo Indosat for approximately \$750 million. This is the highest valuation for these kinds of assets reached in Asia. So, we're very proud of this transaction.

We also are very proud of our bond issuance. We returned to the market this year after a five-year gap. We had a book that was oversubscribed by 3.4 times and achieved a coupon of 2.625% per year for \$1 billion issuance. That makes it the lowest coupon for all emerging market telecom operators.

Next slide. Now, as mentioned before, our revenue has marginally dropped to QAR7.2 billion. That's a 1% drop which is driven due to an FX impact. If you exclude the FX impact, our revenue increased by 1%. Just a reminder, we achieved an increase in operational revenue of 1% comparing Q1 of this year to Q1 of last year. This is despite the two first months of Q1 last year, not having any of the COVID restrictions across our markets which we are experiencing today in most of our markets. So, we're very happy with this performance.

In terms of EBITDA and this highlights our continued focus on cost optimization through leveraging technologies and digitalization. Our EBITDA grew by 6% year-on-year to QAR3.2 billion. This is actually impacted again by FX. If we remove the impact of FX, our EBITDA actually grew by 9% in the first quarter. This has been driven by very strong performance and margin expansion, mainly in Indonesia, Kuwait, Iraq, and Myanmar. To put it into perspective, our EBITDA margin for Q1 is 45% compared to last year's Q1 at 41%.

Next slide, please. As mentioned, our net profit is down by 50% in Q1 of this year. This is really affected by an FX impact coming from Myanmar. If we excluded that FX impact, our net profit would be up 120% to QAR457 million for the first quarter.

Next slide, CapEx and free cash flow. We are on schedule for the CapEx plan for the year. We're slightly ahead of last-year CapEx expenditure at QAR850 million, that's a 5% increase in CapEx in Q1 versus last year. Remember, CapEx is quite seasonal, so the variance is actually in the norm. In terms of free cash flow, again, we have a healthy free cash flow of QAR1.3 billion. That's a 14% reduction versus Q1 last year. As you've noticed, our CapEx for the year is slightly higher at the beginning of this year. This accounts for most of the deviation in free cash flow for the first quarter.

Our total customer base is for Q1 '21 was 118 million subscribers. That's close to par or stable versus Q1 of last year. There has been some slight drop in customer base, especially due to some regulatory changes in accounting for customers in Tunisia. The drop in Tunisia has been offset by an increase in subscribers in Indonesia, Iraq, Oman and Algeria.

We have a healthy net debt to EBITDA ratio of 2, which is right in the middle of our Board guidance of 1.5x to 2.5x. Again, as a reminder, we just issued a \$1 billion bond at the beginning of this quarter and used the proceeds to prepay a maturity of next year.

As a summary, revenue is stable, in line with our guidance. Our EBITDA is QAR3.2 billion, that's a 6% increase versus Q1 2020, that's ahead of our guidance for the year. And our CapEx is QAR850 million, which is right in line with our guidance for the year.

We remain confident for the rest of the year. As you may know, the outlook of the year also depends on the evolution of COVID-19 and an impact on our markets. Thank you.

Sheikh Mohammed Bin Abdulla Bin Mohammed Al Thani

Thank you, Aziz. I'll take you through the operational review and we will start with our home country Qatar.

In our home market, Qatar, we maintained our position as the leading operator in terms of both market share and in terms of infrastructure with Ooredoo Qatar's fixed line and mobile network amongst the fastest in the world. We remained focused on maintaining our network leadership as the Ooredoo fibre rollout program success continues to 479,000 homes connected across the country.

Financially, we had a good start to the year. In Qatar we had 1% year-on-year growth in revenue, driven by strong adoption of Ooredoo ONE. EBITDA remained stable and we maintained a robust EBITDA margin of 54% in Q1 2021. Sequentially, revenue decreased 1% between Q4 2020 and in Q1 2021.

During the quarter, we were honoured to have been recognized as the Global Partner of the Year and Digital Partner of the Year by leading money transfer company MoneyGram, a testament to our strategy of developing an ecosystem of digital solutions for our customers.

If we move to a Slide 13, Kuwait. The COVID-19 pandemic contributed to a softening macroeconomy environment. Revenue declined 8% year-on-year. EBITDA for the period increased 2% due to the cost saving and optimization program that the Company implemented. Despite the revenue decline we have a very healthy margin of 28%.

The population of Kuwait reached a 30-year low, with the sharp decrease in expat numbers heavily impacting our customer base and that's due to COVID-19 pandemic.

There is a positive MNP trend in Q1 2021. Ooredoo Kuwait was awarded the Best Internet Service Provider at the annual Service Hero Awards for the year 2020.

The Company remained focused on launching new and innovative products for its customers. Ooredoo Kuwait signed a MoU with NBK, the National Bank of Kuwait, to develop digital services, products, and solutions that contribute to the enriching customer experience and that's part of Ooredoo Group's digital strategy.

If we move to Algeria. Algeria delivered a very healthy set of results in Q1 2021 compared to Q1 2020 in local currency, despite a challenging macroeconomic environment. The Algerian dinar depreciated by 9% during the period. In local currency terms, revenue increased 2% year-on-year supported also by the reopening of business and bundling of our offers, mainly in Ooredoo App as well as our strategy of targeting SOHOs and SMEs. It's a niche market that Ooredoo Algeria is really striving for and we see great potential for growth in that segment. EBITDA margin was 34% due to cost saving and digital efficiencies.

Customer base is at 12.7 million in Q1 2021, up 3% compared to the same period. We maintained a leadership position in customer satisfaction.

I will hand over to our Group CFO, Abdulla Ahmad Al Zaman to take you through the rest of the operations.

Abdulla Ahmad Al Zaman:

Thank you, Sheikh Mohammed and good afternoon to everyone.

I'll be covering starting with Indonesia. I would describe this quarter for Indonesia to be the best performance in a quarter ever when compared to the past five quarters. When it comes to the revenue, the revenue is up approximately by 15%. The growing of course was driven by a stronger performance and that's consists of mobile and B2B.

EBITDA grew approximately 36% compared to Q1 2020, and this is also due to the combination of top line growth and optimization in the costs. Indosat Ooredoo's customer base increased from previous quarter.

The good news about the sale off 4,200 towers that generated approximately \$750 million was covered earlier by our MD in his introduction. This will likely be reflected in our financials next quarter.

On to Tunisia. Tunisia had a good top-line of QAR394 million in quarter one of 2021, an increase of approximately 3%, due to favourable FX trends, with the Tunisian currency. EBITDA was down a bit, approximately 3%, due to a one-off transaction in the OpEx. I am sure that this will recover by quarter two.

Our customer base was a lower of 2.2 million due to a change on the prepaid customer lifecycle definition of 90 days instead of 180 days. This is a common methodology that is being applied across the mobile operators in Tunisia.

Next slide, Iraq. As we are all aware, that the Iraqi economy was impacted by weakening purchasing power following the 17% devaluation of the Iraqi dinar and the effect of the COVID-19 pandemic. That caused a slight pulled back on the top line. So, the revenue decreased in Q1 2021 versus Q1 2020 and that was QAR852 million versus QAR1,085 million. EBITDA declined approximately 20% to QAR380 million. We maintained a healthy EBITDA margin of 45%.

There will be a slow recovery hopefully going forward. And in term of the customer base, we've seen a slight increase in quarter one 2021 versus quarter one 2020. In Iraq we successful launched 4G, which will contribute more to the top line growth in the future months.

On to Oman. The COVID 19 pandemic impacted our top line in Oman. Revenue declined 5% year-on-year. EBITDA also declined by approximately 12% in quarter one 2021, but the Company remained committed to manage its overall cost structure in order to gain market and improve top-line.

Ooredoo Oman's customer base increased by approximately 2% to 2.9 million in the quarter one 2021, and it seems that the Company has a very good foundation in terms of customer base.

Lastly, I will go to Myanmar. As you are all aware of the political development in Myanmar which includes restriction on mobile and wireless broadband. Our top line in Myanmar declined by approximately 11% year-on-year. It's driven by a reduction in data revenue due to the restrictions, which was partially offset by voice revenues. EBITDA improved by 12% due to optimizations and cost-saving in order to manage the circumstances in Myanmar.

One of the major factors that contributed to the revenue decline in Myanmar was the FX decline, which contributed approximately 11%.

Customer base decreased in Myanmar by approximately 14%.

Ooredoo Myanmar also has launched number of initiatives to support the community, including donations and free recharge in order to help the community during these circumstances.

I will now hand over to, Andreas.

Andreas Goldau, Investor Relations:

Thank you very much, Abdulla. Before we go into the Q&A session, a couple of announcements. First, I'm very proud to share with you that we just uploaded our first ESG report. It is available now on our website and you'll find some details about our activities and disclosures in that space, so if you have some time, please check it out. I'm going to post link here as well in a second.

And moving on to the next slide. Activities for the first half, travel is still extremely difficult. So we can join at least some virtual conferences and the next one will actually be coming up with Arqaam, from the 24th to the May 26th, followed by a debt and equity conference by Bank of America Merrill Lynch at the beginning of June, and our first-half results are due again at the end of July.

And then another request from our side, the external survey or as it is called now the Institutional Investor Magazine survey started the voting process again and we would highly appreciate your support there. We have three nominations, Best CEO as Sheikh Mohammed Al Thani, best CFO as Abdulla Ahmad Al Zaman and we got two nominations in the IR sector, with Sara Al Sayed and myself. I have shared with you the link there as well and would highly appreciate your support if you have some feedback for us. As always looking forward to that and that's always much appreciated.

Moving on to be next area, which is going to be our Q&A session. So I would like to open the floor now for your questions.

Questions and Answers

Ziad Arqaam capital:

I have several questions, actually starting with the cost optimization initiatives. It seems that employee salaries and associated costs are down 14% year-on-year. I'm wondering what's the cause of this, is it because of digitalization initiatives mainly in Indonesia, because this is where we've seen most of the recovery? Or is it mainly due to the COVID -- sort of COVID-19 impact with shop closures and we are going to see a reversion of that then and an increase in the cost on the recovery and mobility? That's the first question. Yeah. Okay.

The second question is on Qatar, we've seen ARPU recover 5% year-on-year, and it's not just because of the increased postpaid segment. We've seen specifically a 4% recovery in the postpaid segment's ARPU by itself. So, what's driving the recovery in the postpaid segment ARPU in Qatar. And do you think this is sustainable, and what are the key sort of levers or drivers for growth in that market, given that we've seen subscriber base decline? And that's the second question.

And the third question is with regards to the allowances for impairment, this dropped by QAR60 million year-on-year. Were there any sort of reverses in this quarter? These are three questions I have, but I will stick with these and then I'll come back with more questions.

Shaikh Mohammed Al Thani, Chief Executive Officer:

I think with the salary, we always have ongoing optimization programs and that's where we are being very efficient looking into the cost structure and the mainly of OPEX item, the staff cost and we always have this efficiency.

Needless to say also that the COVID-19 has accelerated our digital transformation. People are working from home and people start adopting new ways of working. It's an ongoing program optimization and digitalization also and COVID-19 has really contributed to this efficiency.

I move to question about Qatar, there has been a revision on our projects and portfolio and prices, and mainly on the 5G plans and this part of monetization of our 5G investment. Ooredoo Qatar is focusing on giving more value for money and that's where the revision of our offers and being innovative as well as bundling these offers with content providers such as Netflix. Ooredoo Qatar has been innovating and providing more value for money with the revised prices. And that's really helped our ARPU increase.

Ziad arqaam capital:

Can you give us some details on the lease back costs, the structure, how much do you expect to pay per year on leasing back these towers?

Ajay Bahri, Former Group Chief Financial Officer:

I think the exact details will be released by Indosat Ooredoo. But as a concept, what I can tell you is the process was more to fix the lease payments and get the bids based on the lease payments. So, it was not that lease payments were to be bid by the bidders.

Indosat will release more details in due course.

I can pick up your question on the impairment as well. COVID started in Q1 of last year and the risk on bad debts have increased as a result of that. Some of that is getting reversed, the recoveries have improved in some of the OpCos, so that is partly the reason why you see some improvement.

Ziad Arqaam capital:

That's very clear, is it possible to quantify the reversal in the first quarter?

Ajay Bahri, Former Group Chief Financial Officer:

I think we can pick that offline with with Andreas.

Ziad Arqaam capital:

Sure. Thank you very much.

Andreas Goldau, Investor Relations:

We have a question from Nishit from SICO. How do you plan to hedge the expected significant impact on earnings for exit from the Myanmar kyat devaluation?

Ajay Bahri, Former Group Chief Financial Officer:

The FX loss which we get from Myanmar is related to the dollar payables, a big part of that is their IFRS 16 leases, which into play once IFRS 16 was implemented recently. As far as hedging is concerned, there are no hedging instruments available in the Myanmar market. So that's a risk which we have to live with. What is done proactively in the country is to look at contracts which are dollar-denominated, and this can be converted to local currency and there is a proactive work being done by the team on the ground to do that not only now but for quite some time.

For example, even for the tower leases, a certain portion, which is linked to local costs, is paid in local currency. So that's a continuous effort. Unfortunately, there are few hedging instruments in the market. So that risk will continue. The only way to reduce it is to reduce the dollar contracts and dollar payables, which is not always possible. A lot of vendors don't want to take that risk as well. So that's part of the overall risk of the business there.

Andreas Goldau, Investor Relations:

One comment on the conditions of the Indonesian tower sales, the details will be shown in the financials in the future, but the deal is not that different from the last tower deal that we had so you can expect more of the same impact.

Ali Dhalooma BoA:

Thank you for the call today, I had just a few questions related to Oman. The first one is in regard to VAT that got implemented on April 16. I was wondering if you passed through the full VAT in your prices.

And the second question again related to Oman, the 5G license. Can you give us a little bit of detail about what's the conditions there because I understand that you have a commitment that you and Omantel should build around 4,400 5G stations over the

next five years, but I was wondering if there is annual to pay related to that, because I haven't seen any license payment fee related to that. So maybe if you can clarify.

Just a final question in Oman is when do you expect the third player to enter and to start operating, is it third quarter or fourth quarter? I mean if you have any sense on that. Thank you.

Abdulla Ahmad Al Zaman, Group Chief Financial Officer:

In regard to the tower deals of the 5G license, we have paid that already and yes, there is a commitment to the regulator over there to build a certain number of towers.

The timing of new entrants as per the latest update this would be on the quarter four of this year.

Andreas Goldau, Investor Relations:

Maybe just some additional information, just to clarify, so VAT is in place and in our pricing system, we are actually ready to increase our prices by 5%.

Ali Dhalooma BoA:

All the way that 5% is pushed to the customer?

Ajay Bahri, Former Group Chief Financial Officer:

Exactly. So it's cash neutral. Of course, we have to see how the customer behaviour reacts to that situation there.

With regards to the spectrum fees, we paid OMR7.5 million already and we have to pay an annual fee of approximately OMR1 million for that.

Ali Dhalooma BoA:

Thank you. It was very clear.

Ziad Arqaam capital:

I just had one more follow-up question on Iraq, with regards to the \$234 million license payment, was this entirely paid from cash in Asiaccell or did we see some down streaming from Qatar to that subsidiary?

Is this a bullet payment, is it going to be an instalment, because it seems that the net debt to EBITDA increased because of this? I assume it was a one-time payment.

Also, on Iraq, why did we see the QAR200 million FX loss in dividend receivables from that entity back in Q4? Are there any issues in repatriating cash generated in Iraq and is this improving now and if so, why?

Ajay Bahri, Former Group Chief Financial Officer:

The historical FX loss was because of the devaluation done by the Central Bank in quarter four last year. So, we have dividends receivables still from Iraq. You'll recall that about four years back we were not able to upstream dividends. From 2017 onwards, we've been doing that on a regular basis, but still there is some amount still available for us to upstream. So the unupstreamed part had an impact for us because of the devaluation. But we are continuing to stream upstream dividends on a regular basis. The amount will take maybe a year or two to deplete completely with the current rate that we see. The payment of course of QAR234 million was done completely from Asiacell itself, they had all the cash. They were prepared for that. It was a bullet payment done in the beginning of this year.

Ziad Arqaam capital:

Okay. That's very clear. Thank you. And one more question, when it comes to 5G coverage in Qatar, are we now at full coverage, or do you expect more CapEx deployment toward that? And is it possible to give us an indication on the normalized CapEx intensity we can expect and potential one-offs in preparation for the World Cup?

Sheikh Mohammed Bin Abdulla Bin Mohammed Al Thani, Deputy Group Chief Executive Officer and Chief Executive Officer of Ooredoo Qatar:

In Qatar, we are at almost 99% of coverage of the populated area. In terms of the CapEx, our guidance is between 15% to 20% of the revenue.

Ziad Arqaam capital:

Okay. And what about the World Cup preparation? Could we see a one-off investment, material investment or for that matter any substantial ICT business, sizable revenues?

Sheikh Mohammed Bin Abdulla Bin Mohammed Al Thani, Deputy Group Chief Executive Officer and Chief Executive Officer of Ooredoo Qatar:

There is always ongoing investments hand in hand with the Supreme Committee of the World Cup. We also have our big corporate deals that really enhance the infrastructure. We have ongoing investments, and still we can see bigger investment regarding the World Cup.

Ziad Arqaam capital:

Great. Thank you.

Arona:

Hi. Thank you very much gentleman. I have a couple of questions. First question is related to margin. Since we have seen a healthy improvement in EBITDA margins in first quarter '21, how can we think about the sustainability of this margin through the rest of the year? If you can see -- if the margins are not being able to sustain what would be the headwinds for margins going forward?

Aziz Aluthman Fakhroo, Managing Director of Ooredoo Group:

I said in terms of margin as you highlighted, the Q1 is pretty exceptional if you're looking at 6% post FX or 9% margin expansion, EBITDA margin. There are some one-off items in there. We're not revising our guidance for the year, but predicting the year

especially that we still have uncertainty due to COVID is hard, where we think we could see a conservative view of margin is between 2% to 3% expansion.

Arona:

That's quite helpful. And second question is on Iraq. Since you have taken a hit from the devaluation, what is the possibility going forward for you to increase prices in your various plans to offset this impact?

Abdulla Ahmad Al Zaman, Group Chief Financial Officer:

Well currently, we are having help from McKinsey to re-evaluate our marketing strategy and we are expecting that we will turn around and do a better job, Inshallah in the coming months because we are focusing on the markets and are due to launch and to modify certain products.

Arona:

All right. Thanks a lot, gentlemen. Thank you.

Andreas Goldau, Investor Relations:

Omar Maher from EFG is asking what are your turnaround plans in Kuwait to counter the revenue decline? This is bearing in mind that STC Kuwait's revenue did not decline as much as Ooredoo's in the first quarter of 2021.

Sheikh Mohammed Bin Abdulla Bin Mohammed Al Thani, Deputy Group Chief Executive Officer and Chief Executive Officer of Ooredoo Qatar:

In Kuwait if we compare STC to Ooredoo, both dropped, but the percentage on Kuwait is 7%, whereas in STC it is around I think 6% Q-on-Q, EBITDA both increased and there you can see we have a very strong plan when it comes to EBITDA and cost optimization. That's based on the numbers that we have recently published.

We have a robust plan in Ooredoo Kuwait, to manage revenue, and that's driven by our Group strategy which has four pillars about improving and enhancing our core. That's through a very smart investment in 5G recently and trying to monetize that while providing a very innovative and creative products and offers by having solutions, and basically, honestly, having more content and giving more value for money.

That can help you uplift prices. As well as, we are taking an advantage also being -- having our subsidiary Fast Teleco, which is the fixed arm that has the infrastructure to help us target a segment of fixed and B2B.

On top of that also, we have a pillar of group strategy of fiscal year, 2022 and 2021 as the digital. And that's where Ooredoo Kuwait is really working hard for providing a very solid digital journey. That's a thorough also our first digital product launched in Kuwait called ANA. And that's something we are really relying on in Kuwait, to capture better markets by having a digital product and services and that will of course bringing more efficiency and less cost, when it comes to also to a customer acquisition.

We have seen a strong performance from Ooredoo Kuwait on expanding its EBITDA margin, despite the drop in the top line.

Ziad Arqaam capital:

Is there a scenario where the merger is cancelled? What is the reason for the delay, is it price related or structural?

Aziz Aluthman Fakhroo, Managing Director of Ooredoo Group:

As you appreciate we can't comment on the merger terms till there inked signed and executed. At that point, we'll disclose them completely. For the time being it's too premature to disclose. Merger discussions are advancing very well. As you appreciate, it's a complex transaction where you want to layout plans and detail as much as you can, pre-merger in terms of the merger plan, in terms of synergies, management cost optimization, etc. And this is quite a hefty task. And due to travel restrictions with the COVID-19 pandemic, we suffered a bit of delay in the due diligence exercise, but we're very confident that we will get a successful transaction in the revised timeline.

Ziad Arqaam capital:

Thank you very much. Can we please get more color on mobile money services? Any plans to introduce microfinance remittance services, details on the partnership with MoneyGram penetration of the app users and outlook?

Aziz Aluthman Fakhroo, Managing Director of Ooredoo Group:

I'll take just a high level and then may someone else go into detail. MFS is a core part of our strategy. If you look a lot of the markets we operate in, they have a similarity of usually being under banked with in certain countries, banking penetration and credit card penetration rates below the 20%. So, MFS is a very strong pillar, which we're trying to develop across all our markets as fast as possible. And we've been very successful in this. Depending on each jurisdiction and regulation, we need to sometimes partner with some local financial providers or international ones, and also for technology reasons.

Sheikh Mohammed Bin Abdulla Bin Mohammed Al Thani, Deputy Group Chief Executive Officer and Chief Executive Officer of Ooredoo Qatar:

We have had a pretty successful journey and specifically when read the paper, when we see a big spike in money remittance and that's due to the pandemic and that's successful with our partner MoneyGram. And we always see this as part of our digital journey.

Andreas Goldau, Investor Relations:

I would like to thank you all for joining today's call.

Please refer to the Ooredoo Investor Relations website for further updates and additional information, do follow us on Twitter at Ooredoo IR. Feel free to contact the Investor Relations team for any follow-up questions that you might have.

We're looking forward to your future participation heads either the Arqaam or the (inaudible) conference, at our next quarterly call with the first half results at the end of July. And please do check out our new ESG report, and do remember for the Institutional Investor magazine vote that's valid only for the equity investors and analysts, not for retail investors not for Ooredoo staff and also not for the debt investors, they've got a separate survey.

Thank you very much for your participation. That concludes our call for today.

Sheikh Mohammed Bin Abdulla Bin Mohammed Al Thani, Deputy Group Chief Executive Officer and Chief Executive Officer of Ooredoo Qatar:



Thank you.

Abdulla Ahmad Al Zaman, Group Chief Financial Officer:

Thank you, everyone.