Ooredoo Group FY 2024 Investor Call Transcript

Management presentation

Luelle Pillay, Head of Investor Relations:

Good afternoon, everyone. Thank you for joining us today. Welcome to Ooredoo Group's results call for the year ended 31st December 2024. My name is Luelle Pillay and I'm the Head of Investor Relations here at Ooredoo Group.

Today's presentation is divided into three parts. First, our CEO, Aziz Aluthman Fakhroo will begin with an overview of 2024, highlighting the key milestones we achieved throughout the year. Thereafter he will present the consolidated results and following Aziz, our CFO, Abdulla Al-Zaman, will provide an in-depth review of the operational performance across the nine markets.

Lastly, Aziz will return to provide a brief outlook on the opportunities, initiatives and strategies that we are focused on for the year ahead.

We aim to keep this session concise to allow enough time for your questions at the end. Please feel free to submit your questions via the Q&A section of the Zoom webinar at any time during the presentation. For your reference, the presentation slides are available on our website at Ooredoo.com, and they are also accessible on this webcast. The session is being recorded and transcribed so by attending today, you consent to the recording and transcription of the event. You'll also find the usual disclaimer on slide number two. And with that, I will hand it over to Aziz to begin the presentation.

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
Good afternoon, everyone. 2024 was a year of progress and record growth. We delivered a strong financial performance, made strategic advances across a number of fronts, and continue to drive sustainable value creation.

Normalised net profit crossed the one billion dollar mark, our highest net profit yet. Our leverage sits below the board guidance. We're in healthy liquidity positions, and in terms of how we fared, looking at our 2024 guidance targets, we exceeded expectations on revenue. We were in line with our EBITDA margin and CapEx spend.

Sustained top-line growth delivering a revenue increase of 2%. Saw double-digit revenue and EBITDA growth in our high-growth markets, Iraq and Algeria, who are maintaining a strong growth trajectory. We successfully closed the sale of our Myanmar operation. We collaborated with Nvidia to become a cloud partner or NCP, and we're developing an AI- ready platform, which will be powered by Nvidia Advanced Technologies. We continued our journey to become the region's leading digital infrastructure provider of choice by carving out our data centers in Qatar, Tunisia and Kuwait and appointed a CEO for the data centre business. On the fintech, we remain the market leader in Qatar and obtained a PSP license in Oman, Maldives and recently in Tunisia. We also launched the mobile money app called 'walletii' and executed successful long-term financing transactions, securing just over $1 billion through a bond and loan, demonstrating market confidence in Ooredoo's financial strength and outlook.

The board recommended a dividend of 65 dirham, up by 18% year on year. We're pleased to be amongst the leading telecom in the Gulf to see an increase in share price in 2024.

Additionally, in the year, we completed an organizational restructure, appointing Sheikh Nasser Bin Hamad Bin Nasser Jassim Al-Thani, as Group regional CEO for the Middle East to ensure we have the right structure in place to deliver on our financial and strategic objectives.

Turning to 2024 performance, another year of strong growth driven by sustained operational momentum and improved financial position. The key financial highlights for the full year showed growth in all key metrics, a 2% increase in revenue to 23.6 billion riyals; EBITDA grew by 3% to 10 billion riyals; EBITDA margin increased by one percentage point, ending at 42.5%; generated free cash flows of 6.8 billion riyals.

We had a robust fourth quarter, as you can see from the slide.

Looking at revenue, we delivered a solid growth fueled by a robust operational performance. Our full-year revenue was up by 2%. This was driven by our operations in Iraq, Algeria, Kuwait, Tunisia and Maldives, all of which maintain their growth trajectory through the year. Revenue for Q4 was flat and was impacted by lower turnover in Oman, which was affected by an increase in competitive mobile market.

We delivered a stronger, EBITDA performance with an industry leading margin, thanks to our focus on driving efficiency across the group. On a full-year basis, we grew EBITDA by 3% and normalised basis, it was up by 4%. We achieved a solid margin of 42.5%, up by one full percentage point. Oman's Q4 EBITDA was impacted by lower revenue and higher operational costs, while Qatar's EBITDA was impacted by pressure on its gross margin. Kuwait's Q4 EBITDA was impacted by a one-off bad debt provision.

Now turning to net profit. Full-year net profit numbers were at an all-time high for the group. Reported net profit increased by 14% on a reported basis to 3.4 billion riyals. On a normalised basis, growth was of 12% to 3.7 billion riyals. As previously mentioned, we have now surpassed the $1 billion worth of net profit. These numbers are a testament to our efforts in driving profitability and efficiency across the business. At the bottom of the slide, you can see the bridge between reported and normalised net profit.

Turning to net profit in Q4, we delivered an impressive growth on a reported basis of 46% and 4% on a normalised basis.

Our CapEx spend grew by 13% during 2024. On this theme, it's been pleasing to see that we have consistently improved return on capital employed. And since 2020, we have almost doubled our return on our CapEx, outperforming our regional peers in this area.

We ended the year with a strong free cash flow generation of 6.8 billion, increasing by 1% on a normalised basis, demonstrating the group's strong financial, health and operational discipline.

The strong EBITDA performance was supported by an increase in capital expenditure as we continue to make strategic investments towards the growth demands of our telecom operation.

We attracted more customers thanks to our best-in-class network on top of quality customer experience, including IOH and excluding Myanmar. We closed the year off with just over 146 million customers.

The group is in a very healthy financial position with historically low debt levels. This slide reiterates the group's strong financial position. Our net debt to EBITDA ratio stands at 0.4 x, well below the board's guidance of 1.5 and 2.5 x. We maintain the healthy liquidity position, a combination of cash and committed undrawn facilities. We have 5.6 billion Qatar Riyal, circa $1.5 billion equivalent in undrawn committed facilities, primarily available at the group level in USD.
We have a balanced and long-term maturity profile; we have a minimal interest rate risk with 92% fixed-rate debt share. S&P and Moody's maintain the investment grade rating for the group.

Turning to shareholder value. We have driven higher returns, which we pass on to our shareholders. Our dividend policy is sustainable and progressive and aims for a dividend payout between 40 to 60% of normalised earnings. For 2024, the board has recommended a dividend of 65 dirhams per share, a dividend yield of 5.04%, representing an 18% increase over 2023 at a 58% payout ratio. The trajectory of the dividend payment has been strong and progressive over the past five years. We have had a healthy dividend payout with a cumulative increase of 160% since 2020, highlighting the value we have generated for our shareholders over these years.

Back to Abdulla for the operations review.

Abdulla Al Zaman, Group Chief Financial Officer:
Thank you, Aziz. Good afternoon, everyone. I will take you through the group's year-on-year operational performance, highlighting key achievements and progress made through the year 2024 financial.

Starting with our home market in Qatar. We saw a robust financial performance despite a highly competitive environment. Fully reported revenue decreased by 2% due to the base effect carried from 2023 of higher revenue from the data centre and one-off project. On a normalization basis, the revenue decreased by 1% due to lower mobile service and device sales. On a normalised basis EBITDA was 1% lower and Q4 EBITDA was lower due to pressure on gross margin. Reported EBITDA margin stood at 52%, which places Ooredoo Qatar at industry leading position for its profitability. Customer base remained stable at 3 million.

Moving to Kuwait, we saw a solid underlying performance driven by strategic focus on innovation and customer experience. Revenue grew by 7% thanks to a higher service revenue from data and digital services, as well as equipment revenue. EBITDA decrease by 14%, impacted by one-off, bad debt provision recorded. In 2024 normalizing for one-off provision, EBITDA remained flat, and we continue to see healthy growth in our customer base, which grew by 2% to 2.9 million.

In Oman, our team continued to navigate a higher competitive market while maintaining financial discipline. Revenue decreased by 3%, mainly due to lower mobile and fixed revenue. EBITDA decreased by 6%, impacted by pressure on top line and higher operating costs. The EBITDA margin remained resilient at 46%. We expected the launch of a new 5G initiatives to stabilise performance for the year 2025.

In Iraq, AsiaCell was among the best performance in our portfolio, delivering an impressive performance owed to the investment on the network, higher customer acquisition and a healthy performance on the data segment against the backdrop of the favorable market conditions. Full-year revenue grew by 16%, thanks to strong customer growth and increased uptake on the data services. EBITDA increased by 22%, while margin expanded by 2 percentage points to a strong 46%. Q4 EBITDA, and margin was impacted by one off costs incurred. The customer base increased by 8% to reach 19.1 million customers.

Turning to Ooredoo Algeria, another high-performing market within the group. The operation benefited from the strategic investment in network expansion and digitalization. The customer base grew by 10% to 14.7 million, signalling a strong market position. We saw strong momentum in revenue up by 15% thanks to solid growth in data and digital revenue. Q4 EBITDA margin was impacted by one-off costs incurred. EBITDA for the year expanded by 21%, while a 2 percentage points increase in margin to 42%.

Ooredoo Tunisia returned to growth this year with a solid financial and operational performance. The operation benefited from targeted investment in a fixed business to meet a strong demand in the market. Revenue increased by 5% on the back of goods growth across most services segment. Normalised EBITDA increased by 6%, benefiting from top-line growth and cost efficiency. The operation recorded a solid EBITDA margin, which increased by 4 percentage points to 42%.

Turning to Maldives we continue to see a healthy growth and robust financial performance supported by our market leading position and investment in the market. We achieved a 5% revenue growth, supported by a 3% increase on the customer base. EBITDA increase by 2%, driven by a healthy top line growth, offset it partially by higher operational costs. EBITDA margin remained impressive at 55%.

In Palestine, we are proud of our team on the ground who have demonstrated unwavering commitment to their customers, employees and community while delivering a resilient performance. Customer base grew by 8% to 1.6 million. Revenue remained flat in 2024, while EBITDA decreased by 6%. EBITDA margin stood at 37% for the year.

IOH results showed another successful year for the company. Revenue grew by 9%, with the impressive growth in EBITDA of 10%, while maintaining a 47% EBITDA margin.

This concludes my operations review. Back to Aziz for the outlook; thank you very much.

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
After successfully navigating 2024, we now shift our focus to the future, building on our strong position and on the momentum, we have gained we remain focused on continuing our success.
I will spend a few minutes highlighting some of the focus areas that will drive our growth in these years ahead.

We have kicked off the year strong, securing two key strategic partnerships that will accelerate the growth of our sea cable and datacentre businesses.

In January, we announced our partnership with Alcatel Submarine Networks to build a new submarine cable connecting countries in the region. This aligns with Ooredoo strategy to lead in the digital infrastructure by expanding networks capacity and internet interconnectivity across the GCC and beyond. Recently, we announced our partnership with Iron Mountain to leapfrog the growth in our Mena Digital Hub. Iron Mountain has vast industry knowledge and strategic expertise to provide us with services related to the design, construction and daily operations of our data centres. The partnership will initially focus on the operational support, infrastructure enhancement and support to our plans to further expand the data centres capacity. This partnership will enable, Ooredoo, to expand its MENA footprint of hyperscalers and AI data centres infrastructure. Combining the strengths of the company's local development and operation channel track record with Iron Mountain's global operational expertise.

Looking ahead, we are confident in our strategic direction and our ability to continue driving growth and delivering value to all our stakeholders. We aim to sustain operational and financial momentum by retaining high value customers, making targeted investments and utilising AI to drive operational and capital efficiencies. Continuing to strengthen the core will remain a key area of focus. We will do this by maintaining a leading position in our current market while seeking opportunities to drive value creation. We will continue to scale our fintech business and finalise the closing of towers in each market. We're anticipate closing of Qatar by the half year. We remain focused on accelerating the expansion of our data centres. The opportunity to leverage Iron Mountain's expertise and to partner with a global leader will accelerate our efforts. Lastly, look at expanding our efforts in subsea cable system to become a global connectivity player. We have already taken significant steps through our partnership with Alcatel Submarine Networks, securing a submarine cable that will link all GCC countries and Iraq in high-capacity loop.
As we continue to focus on these strategic initiatives, we are well on our way to solidify our position as the region's leading digital infrastructure provider.

To conclude, looking at our performance against our guidance targets and outlining our expectation for the 2025 financial year. From a revenue perspective, we exceeded our expectation, delivering a 2% uplift, better than the guidance of a flat revenue performance.
Our EBITDA margin performance of 42.5 was in line with our guidance of delivering in the low 40s.
In terms of CapEx, we met expectation. For 2025, we maintain similar guidance, expecting revenue to grow by 2 to 3% for the full year, with revenue growth in most of our Opcos in local currency.
On EBITDA, we expect to have a margin in the low 40s with a strong focus on cost control.
Lastly, on CapEx, given our strategic focus on data centre and subsea cable, two areas with attractive growth prospects. Our CapEx spend will increase to between four and a half to five billion riyals.

That concludes my section of the presentation and now, Luelle for Q&A.

Questions and Answers

Luelle Pillay, Head of Investor Relations:
Thank you very much, Aziz and Abdulla. We have now reached the Q&A segment of today's call. Here's how you can participate: raise your virtual hand, and I'll unmute your line when it's your turn. Alternatively, you can type your questions in the Q&A box, and if you're dialing in by your phone line, please push star 9 to ask a question. For the Q&A segment, I'm joined by senior leadership team together with Aziz and Abdulla. We have Eyas Assaf our deputy CFO, and Rene

Werner our head of strategy. So, let's open the floor to questions. Our first question comes from Nishit Lakhotia from SICO bank; please go ahead, Nishit.

Nishit Lakhotia, SICO Bank
Yes, thank you for the opportunity, I have a couple of questions.
First on the Qatar operations, so, I see some pressure in your home market and seems like you are losing some market share to your competitor even this year. And you mentioned the pressure on gross margins as well. So, if you can give some, color on how what do we expect going forward in your home market and what was the bad debts regarding, and how much was it in 2024 in Qatar? If you can give some highlight on that, that would be helpful. And the second question is on the CapEx, so there are two major, investments, outside of the core telecom that you are doing in from the subsea cable and data centre. Then there is a sizable pickup in CapEx for next year. So, how much do you intend to spend within the data centers and subsea cable for FY 25?
And, if you're going to give some color out of this 4.5 to 5 billion and where what exactly is your data centre capacity currently? Because we know that you want to become more the capacity will have to increase 120MW in the coming year. Where is it right now? Thank you.

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
I'll start with Qatar; actually, for Qatar, if you look at revenue and market share, we actually gain for the year. All holistically, we have a strong growth in, B2B in Qatar, and we were flat on the consumer side. So, I don't see where you see some decline in terms of revenue or market share. Yes, subscriber base, we're gaining slightly less than the market growth, but we focus on value customers, high-value customers. That's why, but overall, we actually gain in terms of, revenue market share in Qatar, in terms of bad debt provisions in Qatar. I think these are related. And I'll let my finance team answer these , but they are related to legacy B2B bad debt provisions, which we've written off, right?
Eyas Assaf, Deputy CFO of Ooredoo Group: Right.

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
When we look at the debt, and there were provisions, we just cleared the provision as we believe there's no recourse to recovery on our revenues for all these legacy B2B accounts; what were the other?
Luelle Pillay, Head of Investor Relations: Spilt of Capex guidance

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
So, maybe my colleagues, from finance can give a bit more color. If you look at the pure telco operation or CapEx, the run rate is exactly the same as the previous year; we're targeting around 13 to 14%. The remaining, as you rightfully identified, is going to data centres and subsea cables. The exact staggering of this depends on the speed of deployment and execution. These are multi-year construction contracts, where payments are staggered against delivery. But if you run the numbers, this should give you, a sense of guidance. In terms of data centres, we've said, historically, we've committed around one billion dollars of CapEx over the next few years to bring our capacity from existing installed capacity, which is circa around 40MW to 120MW, so that's 3x. And that's excluding, mainly cloud-native data centre and this is putting any major AI and native data centres. In terms of subsea cable, holistically, we can't give numbers for a specific contract. Holistically, we're targeting to spend roughly, $400 million over the next couple of years on the variety of new cables.

Nishit Lakhotia, SICO bank
Thank you, thank you so much.

Luelle Pillay, Head of Investor Relations:
Thank you. Our next question comes from Alessandra David from Ashmore. Please go ahead, Alessandra.

Alessandra David, Ashmore
Hi. Thank you for taking my question. Congratulations on the results. I just had two questions. One of them was following up from the previous question about your existing data centre capacity. If you're able to disclose how many megawatts you currently have or within the market or what's it current in construction, that'll be really helpful. And my second question was on the fixed line

segment in Qatar. You've been losing customers in the segment, and that's sort of been identified by your competitors where they think they can, have a competitive edge. So I was just kind of curious if there's a strategy on, sort of rectifying this. Thank you.

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
So, again, to answer that in the previous question, my mistake if I didn't, I said locally, currently we have around 40MW of in total installed capacity across our footprint. We are going through expansion programs. I am not 100% sure we can actually disclose the numbers of what we are currently building. So, if you don't mind, we'll double-check internally was, our data centre unit and our B2B unit to make sure we can. And I'm very happy to disclose these numbers. Maybe another data point which is more important that how much installed capacity we have is how much available capacity we have – we're currently running, close to 98, 99% utilization rate, so we're running at full capacity. As I previously said, I think a previous earning calls or an interview, you know, we can't build them fast enough, to satisfy the demand. So, it's a good problem to have, but it's still a problem, especially these are projects with long lead time. You're talking about 18 to 24 months for full build between permitting design and engineering and construction phase, if everything goes well.

What was the second question, [Luelle Pillay: what's the fixed line saving?]
Fixed line, yes, there is a decline in fixed line, but I think what is extremely important is to look at where was our starting point in terms of market share. To around three years ago, we were running at roughly 90% market share, in Qatar on fixed line. So, the fact that there's some attrition and today we're still above, 80% market share, the fact that there is some attrition is absolutely normal. It's impossible to retain such a market share in any given market, especially when you have such a market share, the regulator puts you in a dominant position. So, it gives advantages to your competition. So, therefore, we do believe some attrition in the fixed-line business. Despite that, it's quite slow attrition because we believe our service quality is exceptional or premium service. But yes, defending a position of 90% market share is close to impossible. Unless we would be ready to close to maybe erode our own market.

Alessandra David, Ashmore
Thank you.

Luelle Pillay, Head of Investor Relations:
Okay, we have a few typed questions from Ankit Bansal. How much CapEx is required to roll out 5G?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
Our 5G rollout in Oman is close to complete. We just do a bit of a few additional sites where we need to increase coverage, and we see revenue streams and some regulatory imposed, deployments. But the major bulk of the 5G rollout is actually, was completed last year.

Luelle Pillay, Investor Relations:
Thank you. Can we know your views on the remaining penalty charges in Iraq and Palestine?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
You want to take this? [Signals to Finance]

Eyas Assaf, Deputy Group CFO:
The two types of penalties and rules involved in Iraq in 2024, one is related to quality service, which is coverage, which is around 90 million Riyal. The other one [is] related to the old case was between the Chancellor and the regulator regarding the fees. If you remember, this is an old case. We settled the principal amount in '21, and now the regulator is claiming, for that penalty on the delay payment. Even that we won the case in the civil court, but the regulatory insists.
So, being conservative, we pay that amount, and we expense it. But we still, following up with the court, to get back this money. But being conservative, we this expense the amount which is 215 million Qatar Riyal.

Luelle Pillay, Head of Investor Relations:
Thank you, the next question, What is the market share of Vodafone in Oman and where where do you think it will stabilise? Is Ooredoos's Oman likely to stabilise in Oman in 2025, given Vodafone will be completing three years in Oman?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
Please correct me is around 8 to 10%? [Signals to team]
[Rene Werner, Head of Strategy: The total revenue market share fixed on mobile combined by Vodafone is three and a half to four. Currently there's still the disclosure of this, but so on mobile there around 8%. So around 8 to 9% customer market share. We believe that when we see the revolution there starting to stabilise the level, we're doing all we can to preserve first our value and also our customers. Going forward, we're hoping for some discipline in the market, but again, it's a three-player market and we're not protected from, some significant ARPU, erosion moves from our competitors. Till now, we've seen we've stayed very disciplined not to erode our own base.

Luelle Pillay, Head of Investor Relations:
The next question is what is the expected impact of Vodafone's entry in Iraq on Ooredoo's ARPU market share and EBITDA margins?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
We're following this very closely. There's still quite a lot of missing information that said, as this there are strong signal that a fourth operator is coming in at the same time, we've also seen that there is some opposition in the country. So, we're not really sure where it stands. We're also doing our full case study. You know, we've learned with the introduction of Vodafone in Qatar, Vodafone in Oman, introduction of StC in Kuwait. So, we have quite a lot of knowledge on how to protect ourselves, how to defend our position, but we don't see anything forthcoming in the near future.

Luelle Pillay, Head of Investor Relations:
Okay. Last one from Nikhil is; how much data center capacity are you planning to add in Qatar in the next five years?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
We will easily increase our capacity and we're confident to increase Qatar by around 60 to 80%, if not more, in the coming years.

Luelle Pillay, Head of Investor Relations:
Okay. Thank you. Let's go to Ziad Itani from Arqaam Capital, Please go ahead.

Ziad Itani, Arqaam Capital
Yes, thank you for the presentation and congratulations on the strong results. Just a couple of questions from our first on the top-line growth guidance for 2025 of 2 to 3%. Last year, you were a bit more conservative, expecting flat growth now and despite the fact that you sold the Myanmar, and which was contributing between 3 to 4% of top-line and this, was persistent for five months last year, you're expecting faster growth?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
We're not expecting faster growth. I think historically we've been quite conservative with our growth guidance. Every year, we said flat and every year, we ended up growing by 2 to 3%. So, this year, we sort of flipped it. We said look instead of being conservative, we'll give slightly a more aggressive target, which is good for us and good for our operation as well. Again, holistically, maybe it's not an answer which you will 100% like, but it's really the guidance. We're not focused on revenue at all costs. We're focused on good profitable revenue. This is really our more our biggest guidance. And I think, last year's performance and in today's results, what we want is revenues that drive enhanced profitability. This is really what is at the centre of our strategy. Growing the top line is, of course, part of that strategy. But it's also delivering more on efficiencies.

Ziad Itani, Arqaam Capital
Okay, so but is it, safe to assume that this growth will also be driven by data centers and cable connectivity more than the traditional telco business?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
For next year, the contribution cable business, no, because it will still be in the CapEx phase; we're not expecting the delivery of the first cable to late 2027. There won't be any impact for the next two years before you see some significant, revenue contribution from that business. Data centers, as I said, build outs tend to take around 18 months. We have some incremental capacity upgrades, so this should generate revenue, but it will be de minimis. Most of the growth, which is scheduled, comes from consumers and B2B.

Ziad Itani, Arqaam Capital
All right. That's very clear. And the second question is with regards to the number ranges case, and we've seen this surface again, even though you've won the case and I assume you got paid. Can you give us a bit of details. What's the latest on this? Are you going to take any provisions?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
We got paid. We won the case. We were a bit surprised, as you are, but, currently we don't see any, legitimacy to that, so we're not even project provisioning.

Ziad Itani, Arqaam Capital
All right. Makes sense. Thank you.

Luelle Pillay, Head of Investor Relations:
Thanks Ziad. Let's move to a typed question from HSBC, Pradyuma, Why was Iraq so weak in Q4 in terms of revenue growth and as well as EBITDA margins?

Abdulla Al Zaman, Group Chief Financial Officer:
Quarter four revenue had this normal trend. However, quarter three had higher costs incurred due to higher revenue, where the costs associated with lease line cost and high network costs.

Luelle Pillay, Head of Investor Relations:
Thank you Abulla, and his next question is, how much or when are you getting cash from Zain for the tower deal?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
That's a question that we all like to answer. We're pending. We're going through the regulatory approval process. We were very optimistic we could close this regulatory approval process, sooner rather than later. That being said, we have built into our agreements with Zain quite a long time because history had told us, you know, I think, the first tower deal, which was Zain IHS in Kuwait, took three years to close the, Talwal deal in Saudi took, close to two years to close, Omantel Helios took two, two years to close. A lot of the markets where we are operating in, including Qatar, are markets where no tower companies exist. We're going through the regulatory approval process was, which, includes multiple agencies. We've covered close to all agencies. We have two regulatory approvals pending. Very few, we're quite hopeful we should get this done ASAP.

Luelle Pillay, Head of Investor Relations:
Thank you. And then his last question is how much minority stake Iron Mountain is acquiring and then what valuation?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
The Iron Mountain deal first, we're extremely pleased with this deal and strategic partnership, which will allow us to accelerate our data centre strategy and we believe the Iron Mountain is probably one of the premier partners we could have found. That being said, the way that the disclosure is not that, straightforward because the transaction itself is not straightforward. We've decided to add in, in part because of the lessons we've learned with historical as well, to split the transaction in a two-stage part. One, which is an investment in what we call a ServiceCo, which is part of our data centre company that will provide design, engineering, operation and commercialization and know-how to the data centre company. And that's the first stage. And over time, within the three-to-five-year horizon, maximum, there's a full roll up of all the assets within that vehicle and at that point, the crystallization of the value will be defined. It also allows us to grow the business before full crystallization of the value.

To give you a sense, if you have, so that we gave some valuation guidelines, during our Capital Market Day – these are good pointers, to this where we should end up with this transaction. Thank you.

Luelle Pillay, Head of Investor Relations:
Thank you Aziz. Your dividend policy was designed at a time when net debt was in excess of 20 billion Qatari Riyal. Now, net debt is getting close to zero a 40 to 60% payout policy looks inappropriate. Is it time to recommend to the board to revise the target upwards?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
First of all, you did mention the most important word, it is board. Management, of course has its say and its recommendation but this is a board matter. But a few pointers. You know, within the last four years, we increased our dividend by 160%, that's the first part. The second part, we're paying at the top of the range. The third part, there's a flow-through between dividends and capital appreciation. If you look at our share price, has also significantly appreciated over that horizon. We've nearly doubled the value since, since 2021. Today, you know, we were close to a $6 billion company, slightly shy of a $6 billion company, in January 2021. As of January 2025, we're close shy of the 12 billion, company. So, we understand how enterprise value function, how, net debt and cash functions. So, we leave with this at the purview for the board.
Also, as you can see, we're going through, an organic growth phase where we're deploying more capital, you know, significant growth area. Having some dry powder is not a bad thing. Last point, you know, our dividend is around the 5% mark, which puts it, towards the top of the range, at least in terms of our regional peers. More, in the ballpark for most telecoms.

Luelle Pillay, Head of Investor Relations:
Yeah. Thank you. Aziz. Moving to Algeria with respect to the Algerian market. We see a QoQ drop in revenue and EBITDA margin. Is this a seasonality effect, or do we see the growth normalising in Algeria?

Eyas Assaf, Deputy Group CFO:
That's from quarter to quarter. It's a seasonal based. And as you know, the third quarter is the best season and if you compare it to Q4 last year that was due a seasonal event. So it's only Q3 seasonality. And the EBITDA margin also has been affected. If you'll normalize for the cost. We don't see anything abnormal.

Luelle Pillay, Head of Investor Relations:
Thanks. Yes. And our next question from Rashid Anwar,. What are the key strategic priorities for Ooredoo Qatar over the next 12 to 24 months?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
I think Ooredoo Qatar has significant strategic priorities. One is to consolidate its position and, to maintain, the revenue share in the market to drive higher value and higher ARPU. To a market that's on the consumer side, there's also a lot of strides on the B2B and enterprise side; if you've seen already, in 2020, our enterprise business in Qatar has grown by nearly 9.5%. There's a lot of focus on customer excellence and customer satisfaction, and positioning Ooredoo Qatar as the premier premium operator of choice is extremely important. Plus, Ooredoo Qatar is instrumental and supporting the group. This initiative, whether it's in fintech or adjacency initiatives, whether it's in fintech or data centre.

Luelle Pillay, Head of Investor Relations:
Thank Aziz, our last typed question is what were these financial asset impairment charges of around 300 million Qatar Riyals during 2024?

Abdulla Al Zaman, Group Chief Financial Officer:
This is related to bad debt provision actually this year has improved versus last year. Last year that was 400. This year 300.

Luelle Pillay, Head of Investor Relations:
Thank you Abdulla. We have a hand raised from Nishit Lakhotia, SICO Bank.

Nishit Lakhotia, SICO Bank:
Hi, thank you again. I just have two questions. One on the Iraq, operations, last year, that was a benefit from the interconnect, services, that were stopped to Korek customers. What's the situation now? And, do you think Iraq in general will now see, single digit to mid digit growth, going forward, or you will still expect the overall operations to grow much higher than any other, operations that you have, in your Opcos? So, given the 5G launch, you got very good. So in general, what's your view of Iraq and the interconnection, issue with Korek. That's on Iraq and second on Tunisia. It's done well, but you there is again, a goodwill impairment this year. So is it like a normalisation of, you know, you have a lot of goodwill for Tunisia. So, I mean, this year, despite operation doing well, there was an impairment. So how do we see that? Will it be done, like in fourth quarter, that, you know, start in a step by step or staggered fashion?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
So concerning Iraq, we still see it as a core market of growth, Iraq as a developing country, as, you know, in a way, to and to oversimplify. And of course, there's operational excellence above that. But in a way, telecom has for a proxy the underlying GDP growth. Iraq is developing very fast.
It's, oil-based economy, which has benefited over the last few years from sustained high oil price, and we don't see this, subduing right now when it comes to the Korek situation, we have no news or, no information that would show any shift in position coming to the interconnect. So long answer short, we're still very bullish on Iraq in the short to medium term. Well, in the long term of course I wish of course, you know, sustaining high teens growth year on year is something which is, usually impossible in any telecom markets. But we don't we don't see a major slowdown coming up, at least in the next year ahead. And that applies for Iraq, and Algeria apart from unexpected situations. But this is part of, within what we can foresee and control. And we do believe that the growth can be sustained.

Abdulla Al Zaman, Group Chief Financial Officer:
In terms of Tunisia’s value out of goodwill, I will confirm that we are very conservative in terms of measuring what is a good value versus the performance and this is aligned with our external auditor today. We have also done an impairment this year or 2024, on Tunisia. Look, but this is a continuing watch with us and the external debt.

Eyas Assaf, Deputy Group CFO:
We see a major improvement over the last year, which was around 500 million this year. All around. We hope that the performance and the economy is recovering, which will help us to avoid this impairment.

Luelle Pillay, Head of Investor Relations:
Thank you, Nishit. The last typed question is from Rashid Anwar. What KPIs should investors track to assess Ooredoo Qatar's success in the coming quarters?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:
Depends on what kind of, investor you are. Long-term investor. Value investor? I think if you look at Ooredoo group as a whole, the key, KPIs we focus on, at least financially; One is free cash flow and free cash flow, conversion, and return on invested capital. And of course, profitability, gross margin EBITDA and net profit. These are two major KPIs we focus on. And then in terms of operational KPIs, we have a few of KPIs, from network quality to customers satisfaction, voice for the customer, and of course the typical telco, KPIs revenue, market share. We have more, the higher focus on EBITDA market share because we believe in profitability. So, not really sure what answer to give you here.

Luelle Pillay, Head of Investor Relations:
I think it's a good answer. So, I don't see any more questions. So, since there are no further questions, I'd like to thank you for joining Ooredoo groups 2024 results call. If you have any additional questions, please feel free to reach out to investor relations team. Thank you very much. Thank you.