Ooredoo Group H1 2025 Investor Call Transcript

Ooredoo Group H1 2025 Investor Call Transcript

Management presentation

Luelle Pillay, Head of Investor Relations:

Good afternoon everyone, and welcome to the 2025 results call, covering the six-month period to the 30 June.

I'm Luelle Pillay, Head of Investor Relations for the Group.

Joining me today is our Group CEO, Aziz Aluthman Fakhroo, who will begin with a summary of the key highlights from the first half of the year. He will then provide a detailed look at the performance of our data centre and fintech verticals, followed by an overview of our consolidated results. After Aziz, our Group CFO Abdulla Al Zaman will take you through a deeper review of the operational performance across the nine markets.

As always, we'll keep the presentation concise to ensure there's plenty of time to address your questions at the end. Please feel free to submit your questions at any time using the Q&A function here in Zoom.

The presentation slides are available on our website @ ooredoo.com as well as on this webcast platform. Please note that the session is being recorded and transcribed, by joining you consent to being included.

Finally, I would like to draw your attention to the disclaimer on slide two, and with that, I'll hand over to Aziz to begin the presentation.

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

Good afternoon everyone. Welcome to our H1 2025 investor call. For the first half of the year, we delivered strong financial results, made steady progress in executing our strategy and continue to drive sustainable profitability.

To start, here's a brief look at H1 2025.

Our core remains strong with resilient results from our GCC market and strong performance in our high-growth markets. We delivered double digit growth in Algeria with high single-digit gains in Iraq and Tunisia. This demonstrates the benefit of a balanced portfolio combined with our strategic investments.

This operational strength is driving sustainable profitability. Net Profit grew by 4% year-on-year, and our EBITDA margin remains at a solid 43%. We have a clear strategy that is focused on delivering long-term growth and value as we move towards becoming a leading digital infrastructure provider in the MENA region.

We have made steady progress.

On towers, closing in Qatar is progressing well.

We strategically spun off our data centres into Syntys and partnered with Iron Mountain to enhance and expand our data centre capabilities. Since becoming an NVIDIA Cloud Partner a year ago, we have successfully launched Qatar's sovereign AI cloud services, built on the latest NVIDIA GPU, hosted in Ooredoo data centres and operated by Syntys, positioning Ooredoo at the forefront of AI innovation.

We are building the largest subsea cable in the GCC to expand infrastructure and connectivity. This cable will link all GCC countries and beyond, serving as a critical enabler of high capacity, low latency connectivity between Asia and Europe. We have already concluded landing agreements in Kuwait and Iraq.

We are also scaling our FinTech offering, unlocking new value in this growing sector.

We have a healthy financial position. Our balance sheet is strong, giving us flexibility to invest for growth. We have 14.8 billion riyals in cash reserves and 5.5 billion riyals available in undrawn facilities. We have clear capital allocation priorities and maintain disciplined decision making to maximise value creation.

Now we will move on to take a more detailed look at our data centre and fintech verticals.

Data centres remain a dynamic, high-growth area of our business. In H1, Syntys delivered around 74 million riyals of revenue, with majority of the revenue coming from hyperscalers.

EBITDA totaled about 25 million riyals.

Strategic partnerships remain central to our growth, and as mentioned already, Iron Mountain acquired a minority stake in Syntys, supporting its expansion, and Syntys was key to launching Ooredoo's sovereign AI services and helped advance our partnership with NVIDIA by bringing their latest GPUs to our Qatar facilities.

With a committed investment of a billion dollars and an initial funding of $500 million, we are focused on scaling data centre capacity beyond 120 megawatts over the medium term.

We continue to advance financial inclusion through mobile-led solutions and have a growing market share in the international remittance markets. We already have FinTech offerings in Qatar, Oman and Maldives.

Looking at a snapshot of H1, numbers for this vertical's revenue were around 44 million riyals, with more than three quarters of this coming from international remittances. We've invested just under 18 million riyals of CapEx to enter new markets. We currently have around 330,000 active users each month. In Qatar, EBITDA reached 17 million riyals, and we've processed over 6 billion dollars in transactions. We're seeing good traction in Oman, where we have around 51,000 registered users and 15,000 30-day active users.

We are progressing well with the expansion of the FinTech vertical. We received approval in principle for a license in Tunisia. Implementation is growing smoothly, with strong traction on the ground. In Iraq, our regulatory engagement is going well. We are making steady progress on incorporation, and our local partnerships are strong. Overall, we're laying the groundwork for a scalable, structured rollout. In Kuwait, we are currently exploring the best way to enter the market, keeping an eye on strategic fit and long-term value. FinTech remains a significant untapped opportunity in Ooredoo's market, with access to over 50 million customers on the network. We continue to drive our efforts to capture this market.

Turning to our performance for the first half, the group achieved sustainable, strong growth reflecting operational strength and strategic investments.

The financial highlights for the first half reflect growth across most of the key metrics. Excluding the impact of our exit from the Myanmar operation, revenue increased by 4% and EBITDA grew by 3%. We maintain a consistent EBITDA margin at 43%. Net Profit increased by 4%.

Ooredoo Group H1 2025 Investor Call Transcript

As you can see from the slide, the solid momentum seen in the first quarter continued into Q2 with growth across majority of our key metrics.

Turning to our top-line performance, group revenues reached 11.9 billion riyals for the first half. Excluding the impact of Myanmar exit, H1 revenue increased by 4% year-on-year, and Q2 revenue increased by 5% year-on-year. H1 strong results in Iraq, Algeria, Tunisia, Qatar and Kuwait underpinned this growth. Revenue in Oman and Palestine was impacted by the highly competitive market and macroeconomic pressures, respectively.

Looking at EBITDA, top-line growth combined with our focus on operational efficiency and profitability, contributed to a strong EBITDA performance. EBITDA reached 5.1 billion riyals for the first half. Excluding the impact of Myanmar exit, EBITDA increased by a healthy 3% year-on-year in both H1 and Q2. EBITDA margin remains solid at 43%. Kuwait, Algeria, Iraq, Tunisia and Maldives enhanced their contribution to the group's overall profitability in the first half.

Turning to Net Profit for the first half, we are achieving consistent and sustainable profitability. On a reported basis, Net Profit increased by 4% to just shy of 2 billion riyals. Net Profit incorporates a Pillar 2 impact of 112 million riyals, aligned with new global minimum tax regulations.

For Q2, we delivered Net Profit growth on a reported basis of 3% and by an impressive 12% on a normalized basis, since the previous year included a gain from the disposal of Myanmar.

We continue to invest strategically to expand and future-proof our networks, positioning us for sustained growth and market leadership. In the first half, we invested 1.5 billion riyals, representing a 49% increase year-on-year. We ramped up spend mainly in Iraq, Tunisia, Algeria, Kuwait and Oman, along with data centre expansion.

Group free cash flow decreased by 11% year-on-year to 3.6 billion riyals in H1, due to accelerated spending on Capex projects, driven by strong market demand and growth in Iraq, Algeria and Tunisia. We are already seeing measurable results from these projects, as reflected by the strong performance from these operations. Free cash flow in Q2 also reflects data centre expansion and lower contribution from IOH.

We continue to add new customers and now have about 52 million customers across our network, an increase of 4% year-on-year. Including IOH customers, the customer base stood at just over 147 million customers.

Looking at our balance sheet, our strong investment-grade financial standing is evident in these charts. Our leverage remains conservative at 0.7 times comfortably below board guidance. We have strong cash and liquidity reserves in place to constantly meet our upcoming debt maturities. With 91% of our debt fixed, we have stability in our cost of capital.

Looking at how we are tracking against our full year 2025 Guidance. We expect revenue to continue the current trajectory; we delivered a 4% uplift, excluding the Myanmar exit in H1 and expected to meet our 2% to 3% growth target.

Our EBITDA margin of 43% for the first half aligns closely with our FY 2025 guidance of low 40s. We have invested 1.5 billion riyals in Capex during the first half and will continue to invest strategically in our core businesses, as well as in data centre and subsea cable projects - keeping us on board to maintain our guidance range of 4 and a half to 5 billion riyals.

Ooredoo Group H1 2025 Investor Call Transcript

To conclude, Ooredoo Group delivered strong results in the first half of the year, positioning us well for continued growth in the second half. We remain committed to driving robust and sustained profitability while achieving our strategic priorities.

On this note, I leave it to Abdulla to take you through the operational review. Thank you very much.

Abdulla Al Zaman, CFO of Ooredoo Group:

Thank you. Aziz. Good Afternoon, everyone.

I will take you through the group's year-on-year operational performance for the first half of 2025.

Beginning with our home market, Ooredoo Qatar maintained its leading premium positions and strong ARPU, despite a flat overall market. The financial performance for the first half showed positive momentum. On a normalized basis, revenue increased by 2% while EBITDA remained flat. The operation continues to show strong financial discipline by improving efficiency to deliver a solid EBITDA margin of 52%. Total customers stood at 2.9 million, while the mobile postpaid customer base grew by 2%.

Moving to Kuwait, the operation maintained healthy growth in a mature and highly saturated market. Service revenue grew by a strong 6% driven by higher voice, data and digital revenue, while the total revenue increased by 1% due to lower device sales. Normalizing for the one-off bad debt provision raised in H1 2024, EBITDA grew by 14% supported by higher service revenue combined with disciplined cost control. EBITDA margin expanded to 34%, up by eight percentage points. The customer base increased by 1% to 2.9 million.

On to Oman. Ooredoo Oman maintained strong cost discipline despite the market headwinds, while advancing its 5G initiatives to deliver a high-quality network and leading customer experience. Revenue and EBITDA decreased by 2% and 6% respectively. EBITDA margin remains strong at 45%. The customer base grew by 6% to 3.1 million, driven by focus on customer value.

Moving to Iraq, Asiacell delivered another period of a good growth driven by customer acquisition and healthy performance in the data segment. Revenue increased by a strong 8%, driven by a growing customer base and higher adoption of data services. EBITDA increased by 3%, driven by top-line growth and partially offset by increased operational expenses. Asiacell delivered a strong EBITDA margin of 45%. The customer base grew by 6% to 19.4 million, reflecting successful marketing execution and a growing consumer engagement.

Now looking at Algeria a standout performer within the group, we saw impressive double-digit growth. Revenue increased by 13% in local currency, driven by continued growth across voice, data, and digital services. Top-line growth led to a strong EBITDA increase of 20% in local currency with an EBITDA margin of 45%, up by 3 percentage points. The customer base grew by 6% to 14.5 million. The strong growth across the key metrics confirms that our strategic investments in expanding and improving the network are delivering measurable results. Additionally, Ooredoo Algeria secured a 5G license. This is a key strategic milestone that supports long term growth and engagement.

On Tunisia. Strong performance on both the mobile and fixed segments contributed to Ooredoo Tunisia's growth. Revenue increased by 7% in local currency, driven mainly by mobile services supported by high-quality acquisitions and CVM initiatives. Top-line growth also reflected the increasing demand for high-speed internet in fibre and fixed wireless access. Revenue uplift supported a healthy EBITDA increase of 9% in local currency. EBITDA margin was up by 1 percentage point to 42%. The customer base grew by 2% to 7 million.

Going to Maldives. In Maldives, despite the elevated competition in the mobile market, the operation's clear focus on cost control led to a healthy performance. Revenue decreased slightly by 1%, mainly due to lower revenue from the mobile segment. EBITDA increased by 3% while EBITDA margin grew by 2 percentage points to a strong 55%. Ooredoo Maldives remains the leader in customer experience and network quality.

Moving to Palestine - in the challenging conditions, our teams' performance is a truly admirable. Ooredoo Palestine continues to support customers, delivering a leading customer experience to 1.5 million customers on the network. Revenue decreased by 7% and EBITDA was down by 6% on the reported basis. EBITDA margin was steady at 40%, reflecting disciplined cost control and operation.

Finally, our joint venture, IOH published respectable results for the first half of the year. While revenue and EBITDA decreased by 3% and 4% respectively, EBITDA margin was maintained at the solid 47%. The performance was impacted by intense competition in the market. However, on a quarter-on-quarter basis, EBITDA performance has trended positively.

This concludes the operational review, back to Luelle. Thank you very much.

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. You can raise your virtual hand, and I'll unmute your line when it comes to you. Alternatively, you can type your questions into the Q&A box, and if you're dialling in via phone line, please press star nine to ask a question.

For Q&A, I'm joined by senior leadership. Together with Aziz and Abdulla, we have our Deputy CFO, Eyas Naif Assaf. So, let's open up the floor to questions.

Don't see any questions? Oh, I see one.

Our first question comes from Maddy Singh from HSBC. Please go ahead Maddy.

Maddy Singh, HSBC:

Yes. Hi. Thank you. Can you hear me?

Luelle Pillay, Head of Investor Relations:

Yes. We can hear you.

Maddy Singh, HSBC:

Great. Thanks a lot for taking my question.

My first question is just wanted to be reminded about the dividend calculation methodology when you give your guidance. What is the net income base you are using for dividend calculation? Is it still the normalized net income but with FX included there?

So, if you could confirm that, that will be great. The reason I'm asking is because I think that net income line is growing very strongly. So, I'm just trying to understand, you know, what happens to dividend in that regard.

And then second question is, if you could update on the performance in Iraq. Has there been any change in the, you know, the market structure or, let's say, you know, how Korek has been behaving? Any update on the 5G launch and so on?

So if you could just talk about the Iraqi market. And finally, also, you know, your CapEx run rate looks a bit lower compared to the full year guidance. So, should we expect a catch up in the second half? And is the lower run rate because of any bulky CapEx which is to be done? Or it is just regular CapEx but running at a slower run rate?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

Thank you for this question. I think we you're always one of the first to ask the questions. It's usually you or Arqaam Capital, I think. Luelle Pillay: Actually, its Nishit, Aziz: ah Nishit Congratulations to both of you. So, look, there's a lot of questions here.

One, regarding the dividend policy is based on normalized net income. Normalized net income, the normalization is as according to the chart we produce during the sections, which was before where we showed the different normalization.

I'll let Eyas, if he wants to go.

Eyas Naif Assaf, Deputy CFO of Ooredoo Group:

Actually, his calculation is correct. So, we exclude the one-time adjustment, but Forex is included.

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

And you know, we've been on a very strong net income growth for the last four years. I hope you don't only attribute that to FX and give a bit of credit to the management of the company and all its employees.

Maddy Singh, HSBC:

Not at all, not at all. I was just looking at the dividend.

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

When it comes to Iraq, so currently, there's no change in the landscape in terms of Korek for the time being. The direction from the regulator, which has suspended Interconnect, etc, is still in place.

5G fourth operator launch to what we know, and we're planning and structuring ahead, and this will link to your Capex question. As stated by the regulators, it's normally a launch of operation towards the very end of this year. And I think Iraq's operation, when you look at the total market growth of roughly 4 and a half percent cent, we're growing at around 9 plus percent, if I'm not mistaken Eyas. I think it's really a testament to the strength of the team in Iraq.

To your last points in terms of Capex. look, there's a lot of cyclicality into Capex, because there are long lead times to procurement, import duties, etc, etc. So, what you do see year-on-year is a huge Capex ramp up towards the last quarter of the year because we're pre-ordering basically a lot of orders for the year to come, so that we can start the year directly installing and building up our investment, whether it's network, RAN, core, etc, etc. So, there is a build-up in the Capex cyclicality.

Ooredoo Group H1 2025 Investor Call Transcript

As mentioned, our CapEx envelope this year is slightly higher than the previous year. If you look at it from a telecom perspective, it's relatively in line, but we do have the FIG and Sonic cables in place, plus the data centre expansion which are going through, so this will pull some Capex towards the end of the year.

We also, to note, there's a bit of luck, because it depends on regulators, but also quite a bit of good planning. We have three markets which have launched or will be launching in the horizon, 5G which is Tunisia, which is live 5G, Algeria, where we won the auction, one of the auctions for 5G, and we're looking to launch this year. And Iraq, as you mentioned, there's still a bit of confusion, but all the Capex we've been doing in the past years has always been 5G ready, so we're not seeing a surge, a massive surge, because of these new licenses.

Luelle Pillay, Head of Investor Relations:

Thank you, Aziz. Our next question comes from Nishit Lakhotia from SICO Bank. Please go ahead, Nishit.

Nishit Lakhotia, SICO Bank:

Yes. Thank you for the call, and congrats on a good quarter. I have a couple of questions.

First, at your home market, Qatar, it's been broadly stable to bit declining. I know you've talked about a certain event last year. But when we look at your competitor and the performance of your competitor, I mean, the same factor will apply to your competitor as well, and they've been doing much better. So how do you look at this in terms of how you're looking losing market share? Is your competitor gaining market share across segments? And what's your strategy for Qatar market? So that's on the first question.

Second, coming back on the Iraq operations itself, it's been doing very well. You've been growing faster than the market. But are you concerned that this growth may not be sustainable once this new operator is launched because the competitive dynamics that would come in the 5G? And at the same time, the other market that are growing for the group, which is Tunisia and Algeria, how do you see the growth in the coming quarters? Is this rate sustainable?

And how do you see the 5G launch affecting the growth in Algeria and Tunisia? Do you think the same rate, or it could be better post launch of 5G in these two markets? Yeah. That's it from me. Thank you.

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

So, again, three questions in one. I'll try to address all of them.

So, when it comes to Qatar, I think the right statement is not growing. It's stable. And this is the goal we have in Qatar, to maintain a stable position, and I think Qatar's management is doing a good job at that.

There is very rough number. When you look at the overall RMS or service market share, you know, we're roughly at the split of seventy thirty, and we try to hover around these this area. One quarter, it drops slightly. The next quarter, there's a slight catch up. I think it's a healthy way.

We don't want to push too hard because suddenly, and we've witnessed this in other markets and we've also learned that in the past, when you become when you're the leading player and you become a bit too dominant, then it triggers usually a price war, which would completely destroy the market.

Ooredoo Group H1 2025 Investor Call Transcript

Also, yes, there are areas within our portfolio where our market position is untenable in the long-term. One area where our competitor is doing a great job is on the fixed market, for instance, fixed broadband. We were at 90% market share maybe a couple of years ago. As you can imagine, sustaining and maintaining at 90% market share is impossible and is not healthy for the market.

So, there are some small pockets in the segmentation where we will lose naturally, organically some market share. That being said, we're still extremely focused on the premium segment of the market, and this translates also - we might have a slightly slower customer acquisition in the market, but we also benefit from a significant ARPU premium. And I think this is what we're trying to protect, and you've heard this management say it over and over and over again. We're slightly less focused on pure revenue market share. We're very focused on profitable market share and EBITDA market share.

And these, when you look at these parameters, we're actually very happy with the performance in Qatar.

Iraq. What was the question on Iraq? Iraq.

There was the growth, in growth in Iraq and 5G, how do we see the growth going and especially Tunisia and Algeria? Slightly linked question.

Look. Iraq, we still believe we can continue to grow with a new entrant coming in. We're fine tuning our models.

We're also, and you will appreciate that we'll be quite cryptic on these questions because, we're preparing our commercial strategies to prepare ourselves for a new entrant. A new entrant will, of course, will have a dilutive effect on the market. It's simple laws of math. The new entrant will acquire market share. A new entrant usually dilutes ARPU.

Our main job is to ensure that we sustain a very healthy level of growth and that the acquisition of new market share comes out of other people's pockets and as little as possible than from our pocket.

And we're preparing a strategy. And as I said, we have a very, very strong team in Iraq, and I'm very confident that we'll be very well prepared for that.

Going to Algeria and Tunisia, we're seeing very strong growth in both of these markets. We don't see that growth significantly eroding. Of course, market matures. That's a normal factor. We have 5G coming in. There's usually a dual effect when you look at 5G entering. You have, on one side, a slight compression of the total yield you get for data, but on the other side, a significant increase in consumption of data.

So we see it as a net, net positive.

Luelle Pillay, Head of Investor Relations:

Thank you. Okay. So, we have typed questions from Raghad Al Tamimi. How has Ooredoo's digital transformation contributed to improving its EBITDA margin of Ooredoo? Great.

I'll ask them one by one.

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

Ooredoo Group H1 2025 Investor Call Transcript

Alright. Look. We're in a constant digital migration, adoption of new technologies from digital distribution to AI to machine learning. We, as a group and not just in Kuwait, we need to constantly adopt these new technologies and reinvent ourselves, for many reasons.

One is consumer centricity. More and more, you're seeing behaviours where customers, if they can interact as little as possible with human beings, whether it's queuing in a shop or being on the call centre queue, the happier they are.

So, some of these digital transformations have customer benefits and not dollar benefits, but this, again, translates in lower churn and brand loyalty.

Other transformations, of course, if you take digital distribution when you can sell your recharges through your digital app, well, you reduce the commission you're paying to third party distribution channels. So, this has immediate cost of sales reduction and translates in higher EBITDA margin. I think we've been constantly growing our EBITDA margin as a group and operation by operation.

If I'm not mistaken, I think three, four years ago, Kuwait's EBITDA margin was in the low thirties.

Eyas Naif Assaf, Deputy CFO of Ooredoo Group:

Yes.

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

Now we're hovering to close to the forties. I think that shows the level of efficiencies we've been driving in Kuwait. But my current statement, if you take every single of our operation, is true.

As a group, we were in the mid to high thirties as EBITDA margin. Today, we are in the mid-forties, and we're still pushing to increase that EBITDA profitability.

Eyas Naif Assaf, Deputy CFO of Ooredoo Group:

The growth in the revenue in Kuwait is coming from voice, data, and digital service, not just coming from one source of revenue. Therefore, we see it that the quality of revenue has increased. Today, the EBITDA is 34%, but if you normalize it for the handsets, it's almost 41% for Kuwait.

Luelle Pillay, Head of Investor Relations:

Yes. I think that question two was covered on specific cost areas.

Question three, how much did the 15% minimum under DMTT Pillar 2 impact Ooredoo Kuwait's net income in H1 2025. And on this as well, I would like to add how what would be the impact at year end of 2025 going forward?

Abdull Al Zaman, CFO of Ooredoo Group:

What is it? This is I can take the I don't see or it is not a material impact for Ooredoo Kuwait, actually. This is what we have booked, if I'm not mistaken, the first half about 15 million.

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

Exactly, yeah.

Abdulla Al Zaman, CFO of Ooredoo Group:

Yeah. 15 million. So, if we talk about the second half, it would be another 15 million. So approximately, there's a 30 million Qatari riyals. So, I don't see this as a material impact on Kuwait.

Ooredoo Group H1 2025 Investor Call Transcript

Eyas Naif Assaf, Deputy CFO of Ooredoo Group:

The main reason that's not impacted because by implementing the pillar tool, they removed the SECA and the Social Security, which was almost 3.5% from the total net profit. Therefore, the impact in Kuwait is very minor.

Luelle Pillay, Head of Investor Relations:

Next question, also staying on Kuwait. Kuwait is the fourth country contributor in terms of total revenue with only 6% customer base. Provide more insights on this.

Kuwait is the fourth country contributor in terms of total… (eyas) its mainly the Arpu (Luelle) yeah its (eyas) it's the same like Qatar it's the six percent ah (aziz) yes the customer base for the (eyas) yes (aziz) for the whole group (eyas) yeah yeah yeah

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

It's just a pure ARPU. You know? We, if you look at certain markets, we have ARPUs which are closer to $80. On a blended total customer base across the group, our ARPU is an average of $8 or $9. So that gives the discrepancy of ARPU between countries, geographies.

Eyas Naif Assaf, Deputy CFO of Ooredoo Group:

The second highest ARPU after Qatar.

Luelle Pillay, Head of Investor Relations:

I don't see any more questions. I'm just going to give it about ten seconds. Yep. No more questions if the results were clear?

So, since there is no more –

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

There's one, Ziad.

Luelle Pillay, Head of Investor Relations:

Ziad Itani. Thank you, Ziad. Please go ahead, Ziad, from Arqaam Capital

Ziad Itani, Arqaam Capital Research:

Thank you, and congratulations on the strong results. Just one more one small question from our end, specifically on the associate JV income.

It seems there's a sharp drop in the second quarter, down 95% or so year-on-year and even sequentially. I understand you have a lot of associate JVs. Probably the biggest is the one you have with Hutchison 3 Indonesia [Indosat Hutchison] but also you have Asia Mobile, and so many others.

So, what's the reason behind this drop, and how should we think about it going forward? Do you expect this to recover? Because the impact on EBITDA is close to 3% this quarter since you account for it within this line item. Thank you.

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

Ooredoo Group H1 2025 Investor Call Transcript

So, the main contributor to our associate is IOH, and the drop is mainly linked to IOH. Indonesia around the end of Q3 of last year, a price war was triggered by one of our competitors, which has significantly negatively affected all operators because you can't stay idle.

We actually took a position to lose market share, but we're trying to maintain price discipline in the market. It took around three quarters of significant deterioration. And by the way, IOH, first of all, has their own disclosures because they're listed.

So, I'd suggest going through there, but IOH was probably one of the least impacted in terms of value out of the different operators in Indonesia, at the offset of this price war.

What we're starting to see is people have taken the painful lessons, and we're slowly entering a track of recovery in terms of market repair and discipline. So, we think the market is stabilizing now.

Eyas Naif Assaf, Deputy CFO of Ooredoo Group:

If you allow me just to elaborate. Actually, the draw shows 19 million riyal. One of the main reasons, in addition to the reason mentioned by Aziz, there was one accounting adjustment related to the booking of this asset and this liability there. As you know, in in Indosat, the booking the using the local standard. We are using the IFRS.

So, it's only accounting adjustment entry. It's can say contribute 50% for this difference.

Ziad Itani, Arqaam Capital Research:

Okay. I see. That's very clear. Thank you. And if I may add just one more question on the Omani market, it seems competition is very tough, and it might even intensify more with Awasr getting a mobile license before end of the year.

So, what's your plan for that? What's the turnaround strategy for this market specifically?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

There's no way to sugarcoat this. Oman is a very tough market. It is, at least my opinion, that, you know, a market of the size of Oman, with the growth of Oman, which has now three real operators and at least four or five MVNOs operating is unsustainable in the long-run. That being said, Oman is still one of our core markets. We're very committed.

And despite of this, yes, there's a significant erosion in performance versus where it was three years ago before the third entrance, it is still a market which has a 40 plus EBITDA margin. So, it's still a healthy market. And also Oman is very core to us for its Telco operation, but it's also the first market outside of Qatar where we launched our mobile financial services. It's key when we look at two of our major infrastructure projects, whether it's FIG or SONIC, both start landing. The first connectivity to the Asia route is in Oman and is also core to our data centre operation.

So, we're still very committed to Oman. It is an extremely challenging market, and we hope that, over time, it rationalizes. We've seen this in many markets. I think the telecom industry is not new to this kind of situation. It usually takes slightly longer than reasonable for these markets to rationalize, but over time, there will be inevitable rationalization.

All these power players can't sustain a market that aggressive. We're lucky to be in a position where we're strong enough as a market proposition to sustain it.

Ziad Itani, Arqaam Capital Research:

Ooredoo Group H1 2025 Investor Call Transcript

Makes sense. And just finally on the same topic, any updates on the separate tower sales initiative in this market?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

So, we're still working with them there.

To be very, very candid, it hasn't been our number one priority in Oman, and it hasn't been our number one priority on the tower sales. We're really focused to closing our main transaction in Qatar first so that we can start closing the rest of the markets. I think once that hurdle is passed, and hopefully this year and soon, we can then start focusing on Oman.

Ziad Itani, Arqaam Capital Research:

That's very clear. Thank you.

Luelle Pillay, Head of Investor Relations:

Thanks, Ziad. We have another question from Nishat. Please go ahead,

Nishit Lakhotia, SICO Bank:

Yeah. Am I audible?

Luelle Pillay, Head of Investor Relations:

Yes. You are.

Nishit Lakhotia, SICO Bank:

Yeah. Yeah. Thank you again for the opportunity.

I have two questions. First, on the Ooredoo Kuwait group, would this current strategy of upstreaming 90 to 100% of the as a payout from Ooredoo Kuwait continue given that the operation is generating a lot of cash, which is needed and you are the major shareholder in more than 90% of the group. So that's the first question.

And second, on Maldives, how much percentage of your cash is stuck in Maldives given the situation and it is very difficult to upstream cash from Maldives currently?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

So, coming to Kuwait, yes, the dividend policy, I don't think we're going to change it.

We own 90 plus percent of Ooredoo Kuwait. I think if we were able to do a squeeze out delisting, we would.

It only makes sense for us to upstream the profitability back to the group shareholders because ultimately, the group shareholders represent more than 90% of Ooredoo Kuwait.

Regarding Maldives, yes, it's no secret that there are currency exchange liquidity issues.

We're working very closely with the government to find solutions. We're able to upstream partially some of our cash, not fully. We've been again in these situations in the past in other operations, namely Iraq. We've always found solutions. It's not as fast everyone would like.

We don't want to be in this position, but it's part of the geographies we've decided to operate in. And if for us, it's business as usual. So, we're confident that we'll find a solution, and we're working on that.

Nishit Lakhotia, SICO Bank:

Okay. Thank you.

Luelle Pillay, Head of Investor Relations:

Thanks, Nishat. And I have question, another one from Raghad Al Tamimi.

What will be the impact on Ooredoo revenues after the launch of Starlink, which has been recently announced?

Aziz Aluthman Fakhroo, CEO of Ooredoo Group:

Starlink is an amazing technology. What they're able to do is really fascinating. Then, you know, for dense urban areas, their technology cannot come close in terms to fix fibre or even our mobile networks. Also, in a country like Qatar, we have 99% coverage in 5G, where you can you have speeds of north of a 100 plus megabytes.

We have the second, depending on the ranking, between first and third fastest network in the world.

So, we're very confident that Starlink, apart from some remote cases, people camping in very remote areas, some yachts using it, etcetera, there is limited impact to us.

Actually, there's a positive is people tend to forget that technologies like Starlink need ground relays. We actually provide the connectivity to one of these ground relays in the region as Qatar. So that's actually a revenue stream for us.

So, I think it's a net positive for the time being.

Luelle Pillay, Head of Investor Relations:

Thank you. There are no further questions.

So, since there are no more questions, thank you for joining today's call.

Results are expected to be released in October with the Capital Markets Day pencilled in for Q4 of this year.

If you have any further questions or any follow ups, please feel free to reach out to the Investor Relations team.

Thank you once again for joining. We look forward to connecting with you soon.