



Transcription for OOREDOO

*July 30<sup>th</sup> 2019*



## **Corporate Participants**

**Ajay Bahri**

*Ooredoo – Group Financial Officer*

**Sara Al-Sayed/ Andreas Goldau**

*Ooredoo – Investor Relations*



## Presentation

### Operator

Ladies and gentlemen, welcome to Ooredoo Group First Half 2019 Financial Results investor call and webcast. I now hand over to your host, Mss Sara Al-Sayed. Madame, please go ahead.

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### Sara Al-Sayed

Thank you.

*[Arabic greeting]*

Hello, and welcome to Ooredoo's Financial Results Call. My name is Sara Al Sayed from the Investor Relations team. As part of today's discussion, I am pleased to introduce Ajay Bahri, our Group Chief Financial Officer. We start with an overview of the group results followed by Q&A session. The presentation is available on our website, [ooredoo.com](http://ooredoo.com) as well as the webcast.

We start with an overview of the group results followed by a Q&A session. The presentation is available on our website, [www.ooredoo.com](http://www.ooredoo.com), as well as the webcast. Please note the usual disclaimer on slide number two.

To begin, I will now hand over to Ajay.

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### Ajay Bahri

Thank you, Sara, and good day to everyone for joining the call today. Thank you, everyone.

I will start with slide number four.

During the first half of 2019, we made good progress with our digital transformation programme, investing in our network and driving efficiencies across the business.

Financially, the industry-wide shift from voice to data services, along with macroeconomic instability and currency weaknesses in some of our markets placed pressure on our group performance, and revenues were down 4% to QAR 14.5 billion in H1 2019, compared to the same period last year.

Meanwhile, EBITDA grew 2% to QAR 6.3 billion during the first half of 2019, corresponding to an EBITDA margin of 44% compared to 41% for the same period last year. The increase was supported by a positive impact from the adoption of IFRS 16 accounting standard. The favourable FX environment for some of our emerging markets helped drive an increase in



the net profit by 22% compared to the same period last year to reach QAR 841 million during the first half of 2019.

As data plays an increasingly crucial role in our industry, so has the need to monetise its usage. With that, I am pleased to share that data revenues now accounted for 52% of our overall group revenues amounting to QAR 7.5 billion for the first half of 2019. We maintained our lead in 5G adoption with the launch of commercial 5G in Kuwait, and demonstrated our 5G capabilities in Qatar at the 2019 Emir Cup final where we achieved data speeds of up to 1.2 Gbps on a 5G handset.

Let's move to slide number five, revenue and EBITDA. Group revenue for H1 2019 was QAR 14.5 billion, down 4% compared to the same period last year. The reduction in revenues was driven by a combination of currency depreciation, macroeconomic instability, changing product mix as well as intensified competition in some of our regions.

Geographically, we witnessed declines in Qatar, Kuwait, Algeria and Myanmar, which was partially offset by growth in Indonesia. Ooredoo Tunisia grew in local currency terms, but down in riyal terms. The positive momentum in Indonesia continued as our strategy to adopt to new market dynamics following SIM registration issues begins to produce results. Group EBITDA was up 2% to QAR 6.4 billion as a result of favourable product mix, cost-saving initiatives and the positive impact from the implementation of IFRS 16.

Moving on to the next slide.

Net profit rose 22% compared to the same period last year, driven by improvement in EBITDA and supported by net gains in foreign exchange, which helped offset a negative IFRS 16 impact on net profit. The year-on-year comparatives were positively impacted due to the net foreign exchange loss of 150 million in H1 2018 versus a gain of 46 million in 2019.

Next slide please. Let's look at capital expenditure and free cash flows.

CapEx was up 29% to 2.2 billion, representing our commitment to delivering the highest quality of coverage in our markets we operate in as well as our mission to deploy the latest technologies and standard in connectivity. Our investments have positioned the company for future growth, mainly 5G and 4G deployment and digitalisation across our key markets. Furthermore, our global sourcing strategy enabled us to optimise CapEx by taking advantage of the group's scale.

Free cash flow declined 8% to 3 billion as higher CapEx was partly offset by higher EBITDA.

Next slide please.

Our customer base increased in all of our operating companies with the exception of Algeria and Indonesia. In Indonesia, as we reported earlier, the declining nature when compared to



the same period last year was due to the clean-up of our customer base post the introduction of the new SIM regulation. However, on a quarter-on-quarter basis, Indosat Ooredoo added 3 million new customers in Q2 2019 as a result of the new commercial strategy.

Moving on to the next slide, net debt.

We continued to maintain a healthy and well-balanced debt profile. Net debt increased 12% to 27.6 billion, impacted by the implementation of the IFRS 16 standard. Excluding the IFRS 16 impact, the net debt would have been QAR 22.9 billion, a reduction of 7% year-on-year. Our net debt-to-EBITDA ratio is at 2.2. Without IFRS 16, it would be 1.9, which is within our long-term guidance of between 1.5x to 2.5x. Group debt remains mainly at corporate level, largely in Qatar followed by Indonesia and then a smaller percentage allocated to the other OpCos. As a reminder, debt at the OpCo level is kept primarily in local currency.

Moving on to the next slide, slide number 10.

As you can see, our H1 2019 revenue narrowly missed our full year guidance range of -3% to 0%. This is due to a shift towards a more favourable product mix in some of our markets where we sold fewer handsets. EBITDA growth stood at 2%. Adjusted for IFRS 16 benefit, it would be down 6% and within our full year guidance range of -7% to -4%. We maintained a disciplined CapEx approach, a high-performing efficiency programme and strict cost management.

Please turn to slide 12 for an operational overview of our operating companies.

Slide 12 is Qatar. In our home market, Qatar, we maintained our number one position, supported by our leading network infrastructure, which is ranked amongst the fastest globally. We continue to lead the global race to provide 5G services with around 100 5G sites live across the country. We demonstrated our 5G capabilities at the Emir Cup final, where we achieved data speeds of up to 1.2 Gbps on 5G handsets and delivered more than 6 terabytes of mobile traffic during the event.

Financially, revenue was down slightly due to reduced handset sales and transit revenue decreased as well as local interconnect revenue decreased. Our EBITDA margin increased to 57% in H1 2019, up from 51% for the same period last year. EBITDA growth was supported by a favourable mix between service revenue and handset sales as well as improved efficiencies and cost optimisations across the business. Sequentially, revenue, EBITDA and EBITDA margin remained flat.

Let's move to slide 13, Indonesia. With a new strategy to transform Indosat Ooredoo's operations in the wake of the SIM card registration regulation, we continue to see growth accelerating. I am pleased to report revenue grew to 3.2 billion in H1 2019, an increase of 8% compared to the same period last year. In local currency terms, the revenue growth was



11%. EBITDA grew faster than revenue to reach 1.3 billion, an increase of 24% compared to the same period last year, reflecting the ongoing success of our cost optimisation initiatives and the positive impact of revenue growth.

Indosat Ooredoo continues to execute on its strategy to enhance customer experience with improved customer loyalty and lower churn rates. On a quarter-on-quarter basis, Indosat Ooredoo added 3 million new subscribers in quarter two, 2019, a clear indication that the market continues to respond well to our new strategy. This was also reflected in increased revenue and EBITDA compared to Q1 2019. Operationally, we expanded further our 4G+ network.

Next slide please, Iraq. Due to increased price competition in Iraq, revenues were flat at QAR 2.2 billion, whilst EBITDA decreased 9% due to increased spending on sales and marketing during the quarter, and data and fibre network costs related to higher data revenue growth. Asiacell is making good progress with its network upgrades and expansion to increase its reach and capacity as our target is to reach full 3G coverage in Iraq. As a result, our customer base increased 6% to 13.9 million in H1 2019, compared with H1 2018. Sequentially revenue, EBITDA, and margin improved.

Moving on to slide 15, Oman. Ooredoo Oman continues to report robust financial results; business was driven by an increase in fixed line revenue, which partially offset declines in mobile revenue. EBITDA grew 3% to 733 million due to the positive impact from the implementation of IFRS 16. Ooredoo Oman customer base increased 5% to 3.1 million, a result of growth in the prepaid segment. Our New Shababiah, all-in-one digital prepaid service and our New Shahry digital post-paid product continues to receive a positive reception from our customers. This quarter, we also launched new features in Ooredoo Oman's app through its artificial intelligence powered chatbot. Quarter-on-quarter revenue increased by 2%, while EBITDA remained flat due to timing of marketing spend.

Let's move to slide 16, Kuwait. Year-on-year, revenue declined by 12% due to lower handset sales. We reported significant EBITDA growth of 47% to QAR 432 million, margin improvement from 19-32%. EBITDA margin growth was driven by lower handset sales, a positive IFRS 16 impact as well as improved efficiencies and cost optimisations across the business. Ooredoo Kuwait customer base increased to 2.5 million in H1 2019 up by 6% compared to H1 2018. We remain at the forefront of technology in the country with the launch of commercial 5G. Kuwait is now the second market in our group which offers a commercial first generation network. Quarter-on-quarter revenue, EBITDA, and margins increased.

On slide 17, Algeria. You will see that the situation in Algeria continues to be challenging with difficult economic conditions and political instability as well as the devaluation of the Algerian dinar, the persistent price war and overall shrinkage in the market size. As a result, the Algeria's total revenue in local currency declined 7% year-on-year. Operationally, we maintained our mobile data leadership by providing the greatest 4G coverage in the country,



reaching 58% of the population in all 48 wilayas, enabling us to more than double our data traffic on a year-on-year basis. In the absence of improvement in the economic and competitive market conditions and partly due to seasonality, the performance of Q2 continued to be negatively impacted. EBITDA was also impacted by one-off marketing costs in quarter two.

Slide 18, Tunisia. Tunisia has delivered another robust set of results. Despite challenging market conditions and currency depreciation, we grew EBITDA by 10% to QAR 321 million due to improving operational efficiencies, careful cost management and the positive impact of implementing IFRS 16. Revenues increased 9% in local currency terms. However, in Qatari riyal terms, revenues decreased 11% to QAR 689 million due to 18% year-on-year depreciation of the Tunisian dinar. Our customer base grew 5% to 8.8 million, affirming our position as the number one telecom player by customer market share, supported by our excellent support and service. Consequently, we were recognised for providing the best customer service in Tunisia.

Moving on to slide 19, Myanmar. In Myanmar, we continued to face stiff competition from the fourth operator. Despite this, our customer base increased 19% to 11.1 million. In local currency terms, revenues were down 14%. However, due to depreciation in the Myanmar kyat, the Qatari Riyal terms revenue decline was 24% to QAR 535 million. EBITDA increased 3% to QAR 134 million, mainly due to the impact of the IFRS 16 implementation. Following the intervention of the regulator who stopped very aggressive price promotions in the market in the middle of February, you could see an improvement of our business in Q2 over Q1. Revenue increased by 6% and EBITDA improved by 27%.

This concludes the presentation. I will now hand you back to the IR team.

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**Sara Al-Sayed**

Thank you, Ajay. Now we can start the Q&A part. Questions can be asked on the webcast or over the phone. Operator, will you now please explain to the participants how to ask questions?

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## Question and Answer Session

### Operator

Our first question comes from Herve Drouet from HSBC. Please go ahead.

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### Herve Drouet

My first question was, firstly, on Algeria. Obviously, your KPI shows that it's still very challenging there. I was wondering on the top of the current macroeconomic environment, do you perceive the competitive pressure increasing in Algeria, and do you think with the market still being very challenging for all players, there could be potentially some hope on some stabilisation of the operations of the financials looking forward?

Maybe follow-up questions on the Tunisian strong numbers, especially you have a really good EBITDA and EBITDA margin. I was wondering, do you think the current EBITDA margin in Tunisia is sustainable at the current Q2 level? Were there some potential one-off that may have helped the Tunisian margin?

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### Ajay Bahri

I think as far as Algeria is concerned, I think the political situation, as you all know, is still not stabilised as yet. The macroeconomic conditions also are not good. On the other hand, the competition has been quite stiff and has not shown any signs of abatement as yet. Logically speaking, if everything is logical, then this should not sustain for a long time. In a shrinking market where macroeconomic conditions are not good, stiff competition doesn't make sense, but we've seen that in some other markets as well. So to answer your question, there is no sign of the stability yet or prices going up in the market, but we'll have to wait and see how it plays out here.

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### Herve Drouet

I guess one operator, one of the player needs to lead the way in term of showing maybe an intent of getting back more towards profitability and at least stabilising revenue. Could Ooredoo play that role, or are you waiting for the competitors to make the first move?

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### Ajay Bahri

No, I don't think I can comment on competitive dynamics in a call like this. But what I can tell you is that on a big picture basis, we, as a group, don't like to destroy market value in any market. However, if there is a need to react to competition, we generally have to do that, yes, so that's what I can comment on. As there is good signals in the market, I'm sure, if everyone is suffering – it would be for everyone's benefit to have some stability in the prices. So we'll have to wait and see how that plays out here.



So your question was on Tunisia EBITDA margins, so I think the improvement of the margin is a combination of two things. One, of course, is the revenue increase, which is happening in the market, and on top of that, there have been focus on cost as well. So there's nothing one-off big to talk about in this quarter, so I would say that the trends are generally in line with expectations.

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**Operator**

Our next question comes from Dilya Ibragimova from Citi. Please go ahead.

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**Dilya Ibragimova**

I had a couple of questions, please. First one on Qatar. If we're looking at the service revenue performance year-on-year and second quarter, there seems to have been a decline. You did mention that there is some pressure in mobile due to regulator interconnect decline, maybe you could quantify that impact and comment whether there are any other pressures either due to the market [inaudible] the number of subscribers is not growing from quarter-on-quarter on the market. And what do you see there from the pricing perspective?

And also, if you could comment on the fixed, what trends are you seeing both year-on-year and from the competitive dynamic, whether... it seems like competitive GigaHome, [STE] is gaining some traction on the market? Are you seeing any pressure on your pricing, ARPU, any colour on that, and what your expectations are for the second half in Qatar service revenue? That would be helpful.

And second question is on Kuwait, if you could comment on overall competitive dynamic? Is it stable, is it improving? I think in the second half of last year, there have been some positive interventions from the regulator, blocking some of aggressive price promotions. If you could comment whether that is ongoing and what type of price environment we're going to in the second half?

Thank you.

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**Ajay Bahri**

See, as far as Qatar's revenue is concerned, there was a decline in that revenue, not a very significant one, but it is a combination of three things. One is lower handsets sales. So excluding handset sales, we had an impact coming from transit revenue, which is international transit revenue, which is a very low-margin business, low single digits, where certain transit revenue is not coming anymore, so which is not really critical from overall revenue impact to Ooredoo Qatar and it has hardly any margin impact on that. That's one piece of it.



The second piece of this was the local interconnect, which also has gone down, which also has impacted the incoming interconnect revenue, and lastly, on the prepaid side, the price erosion has been there. I think that prepaid revenue was also impacted. One could say almost equally each one of these has impacted us. Relatively speaking, the prepaid and the transit revenue is a bigger piece compared to the local interconnect.

That's as far as the service revenue is concerned for mobile. On the fixed side, competitive dynamics have not changed over the quarter. I think they are similarly and the ARPU impact has not been significant also on the fixed side. We normally don't give an outlook for second half of the year. However, we don't see anything in Q2, which is pointing to any major deterioration in ARPU on the fixed side. Kuwait on the other hand, first half of the year, especially quarter one, there was stabilisation of prices, and the positive impact of that was visible in the performance of the operator. However, towards the end of the second half, as the 5G rhetoric hits us, there has been again some enhanced competitive dynamics. One can see competition coming back to some extent in the market by the end of quarter two.

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**Operator**

Our next question comes from Nishit Lakhotia, SICO. Please go ahead.

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**Nishit Lakhotia**

I have a few questions. First, on the miscellaneous income for the first half, I've seen it's around 170; it's quite a significant amount in the first half compared to what it was last year. If you remove the one-off gain that Ooredoo had booked from the subsidiary recognition into this amount. So it's around 175 million for this quarter and 277 for the first half, so it looks very material compared to your bottom line, so if you can give more colour as to what is coming in the miscellaneous income in this year that would be helpful.

Second question is on your exposure to Myanmar. I understand that Ooredoo has also given some shareholder loans to Myanmar, so if you can just quantify exactly how much is that, because that was leading to a lot of Forex impact as well under this other income, and what's your exposure right now in terms of shareholder loans to Myanmar operations? Third, on the Ooredoo Oman operations, what are you hearing about this third license from Vodafone? Is aware of... what's the management's outlook on when this is expected? Any colour on the third license would be helpful.

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**Ajay Bahri**

On miscellaneous income, you're right, it's a significant number, and if you look at quarter two itself, it's almost about 173 million, and it's got three pieces in it, about half of it is related to reversal of certain provisions for taxes in certain operations, where favourable

court decisions were declared in our favour, so half of that listed. Also, you remember in Q1, we talked about spectrum re-farming benefit in one of our opcos, that will be about 25% of that. Another 25% would be one-off sale of assets in the opcos, yes. If you look at half-year basis, that's for both the quarters put together, the total miscellaneous income is very similar numbers. Over last year, we had this Artajasa fair value gain, and this time, we have the spectrum re-farming, which is... the valuation of that is about half of the benefit comes from there, and this provision reversal, which I referred to in Q2, would be another 35% approximately, and rest of the 15% is one-off sale of asset.

Exposure to Myanmar. The company in Myanmar is run in large extent by shareholder loans and local funding is not available much. They did have external debt of about \$300 million from IFC and ADB. We haven't given that number in public domain, but I think you can make your assumptions based on the data I've given you now, and that policy does impact the FX exposure in the country for us, and the FX impact that you see coming last year year-to-date was 150 million negative, was a result of the in exposure we have in the country. This year, on the other hand, it's been slightly positive, so we have a 47 million overall gain, which we are assuming on the slides on net profit.

For the Oman third license, no formal new information in public domain as far as the issuance of the license is concerned. However, I think the operators were advised to start discussions with Vodafone on potential interconnection agreements and discussions like that, but that was not very recent. Of course, it's an old news, but no new update as far as the license is concerned. The expectation really be until the license is awarded difficult to know what timelines would start after that, but in a market like Oman, it could take six to eight months for someone to launch operations once I think the license is awarded.

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**Sara Al-Sayed**

We have a couple of questions on the webcast, if I can read them. First question from [Chaplin]. Thank you for the presentation. You mentioned a shift in product mix helped overall EBITDA. Could you explain what the shift in product mix is?

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**Ajay Bahri**

The shift really is a decline in handset sales. Handset sales are low-margin sales, so once the handset sales are low, you will see a lower revenue number but the EBITDA margin actually goes up once the handset sales are less.

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**Andreas Goldau**

There are a couple of more questions online. If we start to see first question from Akbar from Al Rayan. How much of Qatar's EBITDA margin expansion is because of lower handset sales and how sustainable is the current level?

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**Ajay Bahri**

I think it's good to look at the actual margin itself rather than the percentage of margin. I think the absolute number is a sustainable number because that's coming from service revenue and OpEx optimisation. The percentage of EBITDA, of course, or EBITDA divided by revenue, really that is based on the mix of the product, so I think that can change in any quarter if there are more handset sales, but that... if you talk about the absolute EBITDA number itself, the riyal number, I think that's sustainable.

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**Andreas Goldau**

His second question was what's the enhanced view on the Indonesian first half performance, is it in line with your expectations?

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**Ajay Bahri**

Now see, you obviously want good performance, but the first half performance has been positive. Our initial trends are meeting our expectations, so I would say it's a positive internal assessment, yes.

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**Andreas Goldau**

In the mid-term where do you see ARPU stabilising in Indonesia?

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**Ajay Bahri**

I think the ARPU numbers of Indonesia, you will see a big variation in the numbers in Indonesia. It's a function really of the clean-up of the data of customers, so you can see that the ARPU has been going up as we have been cleaning up the database, and in this quarter, if you see quarter-on-quarter, we can see healthy growth in the ARPUs, and the clean-up is behind us now. I think that dynamic itself, which is just a mathematical calculation with lower number of customers, once you clean-up the customer base, that is behind us to a large extent. On the other hand, price correction can have a positive impact as well, and that really depends on competitive dynamics in the market.

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**Andreas Goldau**

Just for your reference, the ARPU numbers for all of this is also available on slide number 25. The next question is how does Indosat's recovery compare to the performance of the overall market?

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**Ajay Bahri**

I think they are in line with the overall market growth, and we'll have to wait for the results of the other operators for Q2 to comment on relative performance, but in Q1, relative performance was also positive for Indosat.

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**Operator**

Our next question comes from Omar Maher, EFG Hermes. Please go ahead.

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**Omar Maher**

I have three questions, if I may. First, as a follow-up on the point that you mentioned, Ajay, on Qatar actually, with the drop in revenue from projects. Can you just maybe clarify the nature of these projects? Are these government projects related to the government's investment programme, and therefore, with the investment programme rather coming to an end, maybe we shouldn't expect significant growth in this area, specifically in the coming few years? I see the project awards generally in Qatar has been coming down quite significantly because of this programme coming to an end, so is this a correct assessment, if you can validate this?

Second question is on Indonesia. Actually, have you heard anything from the regulator on another potential clean-up this time being related to handsets rather than SIM cards, something that will be implemented in August, and if yes, is there something that is actually feasible and can have an impact on the market or not?

Then last question is you mentioned something... if I remember, seeing in the financials something about the company collecting in Iraq some payments from the banks in the form of land plots rather than cash, but it's not quite clear what the nature of this or why it is the case? So could you please clarify this?

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**Ajay Bahri**

See, for Qatar performance concerns, I think, maybe, I didn't talk about projects there. I was talking about transit revenue; it was one reason, which is international transit revenue, so that was one reason.

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**Omar Maher**

Sorry, I didn't... maybe I didn't hear it clearly, so transit.

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**Ajay Bahri**

Yes. The second one. Yes, talking about project [audio] international transit revenue, local interconnect and prepaid revenue, so projects likely have not had an impact during the first half, I think impacted that on B2B revenue.

Your second question on the regulation in Indonesia in August for handset. That is not actually linked to customer registration, which is a different requirement for the operator. There's more to check handset imports in the country to make sure grey market imports are minimised, and it's more to look at the IMEI number of the handsets which are on the system, so we don't expect any impact like what we saw for the customer registration, which was completely different. This is our assessment of that as we speak.

On Asiacell. I think the company has had some land, which it has acquired, which is being used for its own purpose right now, and that's where it stands right now, so I think there is no new development as far as that is concerned.

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**Omar Maher**

Is there something new, the land acquisition? I mean it's... I'm not sure if it's the first time, maybe I haven't noticed it before, but is this something that has been developing recently? Is it because you're... I mean what is driving this? Is it because you're unable to collect foreign currency from the banks, or is it the wait...?

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**Ajay Bahri**

No, this is nothing new here. Nothing with upstreaming of cash from Iraq. This is a local situation in Iraq and it's not recent, we're talking about a couple of years back, so nothing new about this issue. Recently, in fact, on the other hand, as far as the upstreaming of cash is concerned, we've been able to upstream cash well in the recent times, so if you talk about last, say, one year, in excess of \$200 million have been upstreamed, so I think the upstreaming part is working right now. That's, in fact, the new development.

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**Operator**

Our next question is from Dalal Darwich, Arqaam Capital. Please go ahead.

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**Dalal Darwich**

I just have one quick question. Is there any colour on a new MVNO coming in Kuwait?

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**Ajay Bahri**

The new regulation was talked about by the regulator there, but the timing of when and how that will play out is still not absolutely clear, but as the information comes more in

public domain, I think we can talk about it at that time. There's no clarity on timing as of now.

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**Operator**

Our next question is from Dilya Ibragimova, Citi. Please go ahead.

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**Dilya Ibragimova**

I had couple of follow-ups. First is on your comment on 5G pricing. You mentioned that in Kuwait the competitive capacity is increasing because 5G capacity is coming in. Do you think it's unique to Kuwait and what is your view on Qatar in 5G? Do you think you may be facing a similar situation as capacity comes in from both yourself and your competitor, there may be some pricing pressure? I know you did comment that right now you don't see anything that would affect price, but is Qatar different from Kuwait, and why do you think that the situation would be different?

Second question, just on Iraq. You do mention in the presentation that the competitive... the price competition is high. Just wondering is the competition between the two MNOs, Zain and Asiacell, is Korek active at all or maybe the competition is coming from other smaller 5G... sorry, 4G-specific players? Maybe just give us a little bit of colour where competition is coming from.

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**Ajay Bahri**

As far as Qatar is concerned, I think in terms of the competition is reasonably intense with Vodafone in any case, so I don't think the introduction of 5G adds a new dynamic. In case of Kuwait, we had some market repair in the first half of the year, and that's why the return of competition dynamics was a new development there, because that slight price stabilisation is impacted now with this 5G coming in. We don't have that situation here. We've not had price increases in Qatar, for example, so I think it's not relevant from that perspective, if you talk about my comment, and it's relevant to Qatar.

As far as Iraq is concerned, I think the price competition in Iraq is to be seen for different regions differently, and in different regions, different operators are strong. Sometimes Korek is going aggressive in strongholds for us and Zain. Otherwise Zain may react to that for its stronghold, so it's a more complex dynamic given the size of the country; it's not the same dynamic in each region.

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**Dilya Ibragimova**

And Korek is still competitive even though there is an unclear situation around ownership?

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**Ajay Bahri**

I think at the operating level, their competitive dynamics hasn't changed much, so they are reasonably aggressive in their competitive approach.

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*[No further questions]*

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**Sara Al-Sayed**

There's one question from the web. Where do you see leverage at the Indosat level given the higher CapEx at the end of the year?

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**Ajay Bahri**

We normally don't give forecasts on leverage, but what we can say is that the current trends will ensure that they are within their covenant levels, which they have agreed with their lenders, but as you can see the trends of EBITDA positive, the growth is good and that helps reduce the leverage levels also, so the positive trend of EBITDA will offset the increased CapEx intensity as far as leverage calculation is concerned.

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**Sara Al-Sayed**

No further questions on the webcast.

Thank you, operator, and thank you all for joining today's call. Please refer to the Ooredoo Investor Relations website for additional updates. Follow us on Twitter @OoredooIR or feel free to contact the Investor Relations team if you need further information. We look forward to your future participation in our next update, probably around 29 October 2019. Meanwhile, thank you again for your continued interest in Ooredoo.

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