# Ooredoo Group Q1 2025 Investor Call Transcript

## Management presentation

**Luelle Pillay, Head of Investor Relations:**

Good afternoon, everyone. Welcome to Ooredoo Group's first financial results call for 2025, covering the three-month period ended 31st March. My name is Luelle Pillay and I'm the Head of Investor Relations for the Group. I'm joined today by Aziz Aluthman Fakhroo, our Group CEO, who will open this session with an update on our strategic progress and a review of our consolidated results.

Following that, Abdulla Al Zaman, our Group CFO, will provide a deeper insight into the performance of our operations across the quarter. As always, we will keep the presentation concise to ensure we leave enough time for your questions at the end. Please feel free to submit your questions at any point using the Q&A function in the Zoom webinar. You can follow along with the presentation, which is available on both our website, Ooredoo.com, and this webcast platform.

Please note that the session is being recorded and transcribed. By attending, you are giving your consent to being included. Lastly, I'd 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 and thank you for joining us for our Q1 2025 investor call. Starting with a brief update on our strategic progress—we're advancing steadily across all our verticals.

Starting this quarter, we are reporting results separately for our Data Centre and Fintech businesses, and I'll cover those in more details in the next slides. On Towers, we're focused on completing closing processes across jurisdictions, with regulatory approvals being key to finalising the consolidation.

For our sea cable and fibre vertical, we contracted Alcatel Submarine Networks to build a high-capacity system connecting all GCC countries and beyond. Recent milestones in the quarter include securing Kuwait's first FIG landing point through CITRA and finalising a landing agreement with Iraq's ITPC.

This is the first time we are reporting figures in this way after our data centre business entered a new chapter with the re-brand to Syntys, which is well positioned to accelerate the region's digital transformation. We have 13 active data centres, across Qatar, Tunisia, and Kuwait; and an additional data centre in construction. In Q1, we have seen revenue at 35.2 million riyals and EBITDA at 13.4 million riyals. Nearly 65% of revenue in Qatar was driven by hyperscaler customers, underscoring our strong position in this segment. IT capacity increased by 25%, highlighting strong and growing demand for our data centre services. In the quarter, Iron Mountain acquired a minority stake in Syntys, providing expertise to accelerate the company's growth. In the long-term, we aim to deploy 1 billion dollars of planned investment and scale our operations to 120 MW of capacity.

Turning to our fintech vertical, we have generated over 22 million riyals of revenue, largely driven by international remittances. In our home market of Qatar, our most mature and established fintech market, we are performing well and are processing over $6 billion worth of transactions and holding a market share of 20% in the international remittance.

Looking at EBITDA, Qatar's profitability is being offset by losses in other markets, which are still in build phase, mainly Oman. Our CapEx spend in the fintech vertical was just over 16 million riyals – reflecting our increased investment in our less mature fintech markets. These are currently in the build-up phase and are developing nicely. We are also progressing towards market entry in Tunisia, Iraq, and Kuwait. We have developed partnerships globally, including with household names such as Visa, PayPal, and Qatar National Bank. Over the long-term, we aim to increase our active users base to 3-4 million. We will achieve this by scaling our fintech offering and leveraging existing telco customers now adopting our services, while also exploring to expand into greenfield opportunities and new markets. We kicked off the year with a solid performance sustaining operational momentum across our markets.

On a year-on-year basis, excluding the impact of our exit from the Myanmar operation, revenue increased by 3% and EBITDA grew by 2%, EBITDA margin remained strong at 43%, net profit increased by 5%, we also maintained a healthy balance sheet with a leverage ratio of 0.6 times.
Turning to revenue, we delivered revenue of 5.8 billion riyals. Excluding the impact of the Myanmar exit, revenue grew by 3% on the back of strong operational growth in Iraq, Algeria, Tunisia, and Kuwait. In Oman, we saw high levels of competition from peers in the market, Qatar was impacted by lower device sales, non-recurring revenue from the AFC tournament in Q1 2024, and the data centre carve out. In Maldives, there was elevated competition in the prepaid market and macroeconomic pressures affected Palestine's performance.

Turning to EBITDA. EBITDA reached 2.5 billion riyals for the quarter, excluding the impact of the Myanmar exit, we delivered a 2% EBITDA uplift, EBITDA margin was maintained at a solid 43%, Kuwait, Algeria and Iraq increased their contribution towards the Group's profitability. EBITDA in Oman and Palestine was mainly affected by the softer topline performance while Qatar was impacted by non-recurring revenue from AFC tournament in Q1 2024 and data centre carve out as mentioned earlier

On to Net profit, we delivered healthy growth for the first quarter of 5%, reaching just shy of 1 billion riyals. It's important to highlight that net profit now reflects the initial impact of Pillar 2, amounting to 59 million riyals, in line with the new global minimum tax requirements.
On a normalised basis net profit decreased by 4%, with Q1 2024 including foreign exchange effects from the Myanmar operation.

Looking at CapEx, we continue to invest strategically for strong long-term returns. We deployed 538 million riyals of CapEx in the first quarter, the 41% increase was driven by higher investment in Iraq, Oman, Kuwait, Algeria and Tunisia to enhance and expand our infrastructure.
We added a CapEx by segment chart to the slide, and as you can see, the bulk of our investment continues to focus on networks to strengthen our capacity and reliability to meet rising demand and support the ongoing digital transformation.

The Group's free cash flow was healthy at 2 billion riyals. The decrease of 8% was mainly due to accelerated spend on CapEx projects.

Excluding the impact of Myanmar exit, Group customer base increased by 5%, bringing our total consolidated customer base to 52 million. Including IOH, we recorded 147 million customers, we saw a slight decrease in our customer base across three markets, in Qatar, Q1 2024 included AFC tournament related connections, in Oman, customer levels were impacted by a base clean-up, in Tunisia, the customer base was impacted by new regulation and improved quality of acquisitions.

Now let's discuss the strength of our balance sheet. The charts show that we have a healthy financial position with low debt levels. Our gearing is low at 0.6 times and below our board guidance. We maintain strong liquidity with around 5.5 billion riyals, circa 1.5-billion-dollar equivalent in undrawn committed facilities, mainly in USD, at the Group level, our debt profile is balanced, with long maturities and minimal interest rate risk, both S&P and Moody's affirm our investment-grade ratings.

Looking at how we are tracking against our full year guidance, revenue grew by 3%, excluding the impact of the Myanmar exit, putting us on track to meet our guidance of 2 to 3 percent revenue uplift. Our EBITDA margin for the first quarter aligns closely with FY 2025 guidance, highlighting our focus on driving efficiency and maintaining financial discipline. We've spent just over 530 million riyals in CapEx and will continue to invest strategically — keeping us on course to meet our guidance range of 4 and a half to 5 billion riyals

To conclude, Ooredoo delivered solid results over the first quarter of the year, and we are well positioned to continue our growth. We remain focused on executing our clear strategy and delivering value to our stakeholders. And on this note, I leave it to Abdulla to take you through the operational review. Thank you.

**Abdulla Al Zaman, Group Chief Financial Officer:**
Thank you, Aziz. Good afternoon, everyone. I will take you through our operational performance for the first quarter of 2025.

Starting with our home market, Qatar. The operation delivered a solid financial performance despite the competitive market conditions. Revenue decreased by 4% due to lower device sales, the impact of the data centre carve out; and non-recurring revenue from the AFC tournament in Q1 2024. Normalising for the AFC tournament and data centre carve out impacts, revenue decreased by 2% and EBITDA remained flat YoY. Ongoing operational efficiencies led to an improved EBITDA margin of one percentage point, reaching a strong 53%. Customers decreased by 3% to 3 million due to the inclusion of AFC related connections in the bases in Q1 2024.

Moving to Kuwait. The operation continued to deliver a healthy performance across all metrics. Revenue increased by 1% driven by higher service revenue from voice, data and digital revenue streams. EBITDA increased by 51% with an improved EBITDA margin of 34%, up by 11 percentage points, EBITDA growth was supported by higher service revenue and lower operating expenses, the first quarter of the prior year included a one-off bad debt provision. Normalising for this one-off provision, EBITDA increased by 13%, the customer base increased by 2% to 2.9 million.

Turning to the Oman operations, we continue to operate in a highly competitive market. Revenue decreased by 3% mainly due to lower service revenue. Despite the ongoing market competition, Ooredoo Oman sustained mobile service revenue year on year. Pressure on the topline led to a 7% reduction in EBITDA, while the EBITDA margin was solid at 44%. The operation recorded 3 million customers on its network for the quarter. We expect new 5G initiatives and expanded coverage to help stabilise performance in Oman during FY 2025

In Iraq, Asiacell maintains its strong growth momentum driven by an expanding customer base and rising data demand. Revenue increased by a strong 8%, EBITDA grew by 5% with a solid EBITDA margin of 45%, the customer base grew by 9% to 19.7 million.
In Algeria, we continue to see double-digit growth, as the operation continues to build on the strong progress made in previous quarter. Performance was supported by strategic investments in network expansion and digital transformation. Both revenue and EBITDA increased by 12%, with a stable EBITDA margin of 42%. The customer base grew by 7% to 14.5 million.
Moving to Tunisia. In the first quarter, after the issuance of 5G licenses, Ooredoo Tunisia launched its 5G products and services, responding to the strong market demand for 5G fixed wireless access. Revenue increased by 4% in local currency, supported by mobile and fixed

segments, EBITDA increased by 1% in local currency as topline growth was offset by higher operating expenses, EBITDA margin stood at 39% and the customer base reached 6.9 million by the end of the first quarter.

In Maldives, the business maintained strong cost discipline, revenue decreased by 1%, impacted by competition in the prepaid market, operational efficiencies contributed to an EBITDA increase of 1% with an EBITDA margin improvement of one percentage point to 55%, the customer base expanded by 5% with the 5G network now reaching 80% of the population.

Moving to Palestine. I want to thank our in-country colleagues again for their ongoing efforts to keep customers connected. The team restored coverage across most densely populated areas in Gaza, increasing the number of active sites by over 50%. Our customer base grew by 6% and stood at 1.5 million customers. On a reported basis, revenue and EBITDA decreased by 3% and 4% respectively due to the impact of the macroeconomic pressures. EBITDA margin stood at 38%.

Finally, our joint venture, IOH published their results for the first three months of 2025. The performance was impacted by increasing competition in the market. Revenue declined by 2% and EBITDA was down by 1% while EBITDA margin increased slightly by 0.5 percentage points to a solid 47%.

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

## Questions and Answers

**Maddy Singh, HSBC**: Yes? Hi. Thanks for taking my questions. I have two questions.
First is on the margins. In a couple of markets, margins have been quite volatile during the period. Like, if you look at the previous two, three quarters, specifically Iraq and Kuwait, if you could, you know, help us understand how should we think about the, normalised, rate of margins in these markets? How should we, you know, think about the Q4 margin as well, because that has been, quite volatile in past. So, if you could talk about that, that would be very helpful. And then second question is on Iraq, is there any update on the 5G process? And I mean you, you have a, I think, dispute between the regulator and the third operator. Is there any resolution in sight? And is the 5G license for yourself dependent on, such a resolution or, is it, would it be independent of that? Thank you.

**Aziz Aluthman Fakhroo, CEO of Ooredoo Group:** Okay. Thank you. I will give some general comment, so maybe a couple of comments. Q4 generally, has some seasonality, towards it.
When you look at Iraq in particular, who on this quarter, we had a bit of, additional OpEx versus regular quarters due to a couple of things. One is especially the shutdown of Korek's internet capacity. So that shifted quite a lot of volumes to our network, which is a positive. But we had to incur, some additional OpEx to sustain the traffic flow, and to try to attract as many customers as we could, to retain these customers. Also, we're trying to futureproof, our network in the event of the launch of the third operator, Vodafone, with 5G. So, this is why there's is a bit of, fluctuation in terms of the margin in Iraq. But I will leave it to my finance colleagues for more details here.

**Abdulla Al Zaman, Group Chief Financial Officer**: On, from Kuwait, we had also, one, bad debt, one-off for the 2024. But, we are seeing, or we are noticing a solid performance on Kuwait, so I don't see any concern on the EBIDTA margin for Kuwait. In regard to Iraq update, in terms of, the fourth operator in Iraq. I think we have, I'm sure, the update we had on the last event or on the last, investment calls. So we know that they're being pulled for license, and till that day, or till today, we don't have any insight, or information.

**Aziz Aluthman Fakhroo, CEO of Ooredoo Group**: I know that they signed a joint agreement with Vodafone, with Vodafone, the public stance has a launch towards the end of this year. How feasible it is, is still uncertain for us, but we're preparing and preparing all mitigation planning, especially given the importance of the Iraq market for us.

**Luelle Pillay, Investor Relations**: Thank you, Aziz and Abdulla, our next question comes from Nishit Lakhotia, Analyst, SICO Bank. Go ahead.

**Nishit Lakhotia, SICO Bank**: Yes. Thank you for the opportunity. I have a couple of questions. First, on the operations in general. In Qatar, we, if you, if you look at your competitor, they, they have been able to grow their revenues in all. And even if you remove the distortion of the data centre carve out, Qatar operations looked relatively weaker than what your competitor has been doing. So, when do we see this, stabilising for, what they do in terms of we can see some growth in, in your home market? And secondly, also on the Maldives, we've seen that the operations were weaker than what your competitors have done in terms of growth. So, you know, first is how, you know, how you are dealing with that competitive situation and is there an issue with of streaming cash from Maldives? Because it seems like the charges are quite steep to upstream dollars from Maldives. So, yeah. Are you facing any issues, in that aspect? So maybe, just these two for now.

**Aziz Aluthman Fakhroo, CEO of Ooredoo Group**: So maybe touching on Qatar, versus our competitor. We tried to segregate service revenue market share versus actually mobile market share. And in terms of service revenue, where it's hard to, to segregate what it is because we know this wholesale numbers, etcetera, was extremely low margin. When we look at the mobile market share, we're actually quite stable with our competitor. There is the market in Qatar is barely growing, if not flat. And in this we're retaining our position. Also, we benefit, as a premium telecom operator on quite a significant ARPU differentiator, differential versus our competitor.
It's a natural, especially when you are in a position like us where we have close to 70%, market share, that there is some slight dilution for us and some slight accretion, for the competitor. I think this is where you will see the difference, versus our competitor in Qatar. When it comes to the Maldives, there's been quite extreme competitive pressures there. What we prioritize is profitable market share versus absolute market share and EBITDA market share. This has always been the core for the last four years, our focus is really focusing on EBITDA market share and profitable revenue versus absolute revenue. And that's what's also been driving the constant growth in our bottom line, which I think is what matters to our shareholders. Coming to your last question, upstreaming of capital from the Maldives. Yes, upstreaming from the Maldives is quite costly at the current moment, as Maldives is facing some foreign currency issues.

**Nishit Lakhotia, SICO Bank**: Okay. And so, if I can just one more quick one. It's a long shot but I just want to know, will you be, open to sharing at what valuations have Iron Mountain taken stake in your data centre spin-off? Because I assume they have not contributed in cash and they're bringing in their own expertise and they've got a stake into that, for that. So, anything you can share on that?

**Aziz Aluthman Fakhroo, CEO of Ooredoo Group**: No. So actually, Iron Mountain's valuation, Iron Mountain's investment is a cash investment. It's not, sweat equity or contribution in equity. They actually bought a stake.It's a two stage as you know, it's a two-stage deal that the entry point and for regulatory purposes. Now they're coming just in a circle which manages the data centres, manages the commercialisation, the design and build, but actually doesn't have a direct stake in the assets. We're trying to learn our lessons from the regulatory environment with the Tower Co's so trying to build a buffer into this. And once we get all the regulatory approvals for the roll up of the assets, Iron Mountain has then the option to convert into the asset level. So, if you look at the blended multiple, we're looking for both tranches. We're looking at mid to high 20s multiple.

**Nishit Lakhotia, SICO Bank:** Wonderful. Thank you so much.

**Luelle Pillay, Investor Relations**: Thank you. We have a few typed questions. So, our first question is from Rowan Stringer. Are we expecting a decline in free cash flow for 2025 due to increasing CapEx. And is the guided CapEx to new run rate going forward for FY 26 and 27?

**Aziz Aluthman Fakhroo, CEO of Ooredoo Group**: So, in terms of guided CapEx, the guidance we gave at the beginning of the year is the same one we're sustaining right now. If you break up our CapEx into two buckets, you have the core telecom operation. What you're seeing is that our run rate CapEx is actually stable on the core telecom, and we're running at, I think correct me if I'm wrong, a 14% CapEx to sales ratio or something like, between 13 and 16%. I'll let my colleagues, correct me, but this is our main point of guidance. Despite having certain markets like Tunisia where we just launched 5G, which will drive a slight peak of CapEx for that market. The bulk of the additional CapEx is coming from our adjacencies. As you know, we announced the on the FIG cable and the build-up of our international connectivity with the undersea cables. Most of the CapEx will be spent towards the end of 2025 and beginning of 2026. And then also on the data centre side, we're building an additional data centre as we speak. We're working on expansion of existing facilities because we're running at 99% occupancy, and this will have some CapEx, but just attributable to the data centre business, for which we actually raised half $1 billion.

**Luelle Pillay, Investor Relations**: Thank you, Aziz. I think you've touched a bit on the CapEx, but anonymous is asking, how does how is the remaining CapEx plan to be spent? How are you planning on financing the remaining 4 to 4.5 billion. Any plans when you bonds issuance?

**Abdulla Al Zaman, Group Chief Financial Officer**: It's, terms of financing, I think we are in a very, good positioning of cash positioning. And we already have made the financing at the beginning of late last year of 500 millions. And our priority today and how are we going to spend, the CapEx, I believe Aziz have, mentioned that already. That is on our core. The rest of it of approximately to say 1.6 billion will be part of it to the data centre and the rest of the expansion in terms of the sea cable, the fintech. This is covering, I hope, the questions.

**Luelle Pillay, Investor Relations**: Thank you, Abdulla. Our next question comes from Alessandro David from Ashmore. Hi, thank you for the presentation. Two questions from number one. Can you talk a bit more about the consumer landscape in Qatar in terms of what you're seeing in customer growth? I'll ask the first part, and the second one is can you talk about competition in Qatar market? You have spoken about targeting value market share. What is your strategy here?

**Aziz Aluthman Fakhroo, CEO of Ooredoo Group**: So in terms of Qatar, I think, and my colleagues concur, we're seeing moderate growth versus other markets like Iraq, Algeria, Tunisia, or even Kuwait, where we're seeing, double digit growth, or in the case of Kuwait, we're seeing very high single digit growth. Qatar, we're seeing very moderate growth in terms of the general market. We're seeing, I think, 1.1%, something like this. In terms of general growth of the market, of course, we're trying to capture the lion's share of the market. The positioning of Ooredoo has been to focus on the high value customers. This has always been our positioning, and we're a clear leader in that market. We're also a premier provider in the B2B space and in the premium segment. And that's our core positioning in Qatar, is to be the premium quality provider of the market.

**Luelle Pillay, Investor Relations**: Thanks. The next question comes from Praduyma from HSBC. Its four questions so I'll ask them one by one. When do you expect to receive cash proceeds from Zain for the asset equalisation process related to the tower JV? early estimates, were circa $500 million, but revised after IHS Kuwait transaction. Can you give any idea about the revised amount to be received?

**Aziz Aluthman Fakhroo, CEO of Ooredoo Group**: So for the tower transaction, it's a bit like for those that have been following us for a while, it's a bit like the Myanmar closing of the transaction which we kept pushing back, but we got down on time when we received the proceeds. This is the same thing. We're waiting for regulatory approvals. These are very lengthy processes in the jurisdictions we operate as, the core jurisdiction, which is Qatar, has never had a tower transaction before. We would be the first tower company with Zain. And therefore, there's quite a few regulatory hurdles we're passing through. We're going through that process methodically. As soon as we're able to clear that process, we will then close Qatar and the subsequent markets. Then after, in terms of the proceeds waterfall, it hasn't changed in the waterfall itself hasn't changed, of course, the value and the equalisation payments to value, because our network, does not stand still. We're building additional capacity as our market grows, and therefore the additional the equalization takes into account all that additional build up.

**Luelle Pillay, Investor Relations**: And on IOH, what are the key drivers behind the weakness? Do you still expect the same synergies as guided earlier.

**Aziz Aluthman Fakhroo, CEO of Ooredoo Group**: So in terms of IOH, first I think they had, or they had their results call call, So there's no restrictions. Okay. Just trying to make sure we're not, talking in terms of disclosures, in terms of, look, in terms of recurring synergies, we've achieved around $400 million of long-range recurrent synergies, nearly a year and a half ahead of schedule. So we were at the top range of our, synergy benchmark, and at the lower range in terms of timing. So we're extremely happy and these synergies are not eroding or disappearing. What we are seeing is quite more aggressiveness in the market in terms of customer acquisition, which usually drives in part prices down and cost of acquisition up. This is what has been driving the softness, for the last two quarters. We're starting to see some stabilisation but were monitoring this very carefully.

**Luelle Pillay, Investor Relations**: I think you've touched on DC, but, but the question, can you give some idea about minority stake sale of data centre unit to Iron Mountain? How much stake sold and valuation, etc.?

**Aziz Aluthman Fakhroo, CEO of Ooredoo Group**: So, I think I already answered.

**Luelle Pillay, Investor Relations**: And then the CapEx guidance DC expansion we've already covered. I'd like to know why there's been a reduction in prepaid segment in terms of customer base in Qatar, given that Q1 2025 is usually associated with the tourist season.

**Aziz Aluthman Fakhroo, CEO of Ooredoo Group**: So, yes and no. It's usually associated with the tourist season. What we had last year in Q1 of 2024 was the AFC, the Arab football cup which drove, as you can imagine, as it's tourists, it's mostly prepaid, growth in Q1, which we clearly know, which we clearly explained in our numbers, were part of the reason where Q1 of this year was slightly weaker than last year. That being said, I think actually the AFC this year is in I think. Yeah, so it's next year.

**Luelle Pillay, Investor Relations**: From Mohit. Hi team. Thanks for the presentation. My question is with respect to data centre revenue growth. How does the growth look versus Q1 2024? Also going forward, how much revenue could grow in the medium term 2 to 3 Years?

**Aziz Aluthman Fakhroo, CEO of Ooredoo Group**: So look, this is the first time we're showing the standalone numbers. So I think you should take it as a benchmark. In terms of revenue growth, as a rule of thumb, right now we're really operating at close to, if not maximum capacity. We're at 99% utilisation rate. So there is very little room to grow without adding any additional capacity.

We are working on plans to add some capacity during this year, especially in Qatar. But to witness significant, revenue growth, you first need to wait for usually what is, 18 to 24 months buildout period. But we're currently working on plans to add some incremental capacity during this year and early next year so that we can fulfil the demand in the local market. And we have the same, problematic in Kuwait by the way.

**Luelle Pillay, Investor Relations**: Thank you. You've covered all the questions. I don't see any more questions. Okay. Since there are no further questions, I'd like to thank you for joining today's call Ooredoo Group's next results release, which is our half year results will be expected at the end of July or early August. If you have any follow up questions, please reach out to the Investor Relations team. Thank you once again for joining our call. We look forward to connecting with you soon. Thank you.

**[End of Call]**