



**Ooredoo Group**

**Capital Markets Day 2014**

**Finance Update, Ajay Bahri, OG CFO**

**May 12, 2014**



# Key financial milestones since our last CMD in Feb'13

## Rebranding & Ticker Change

- Legal change of name from “Qatar Telecom” to “Ooredoo” came in to effect in July'13 and **share ticker changed to “ORDS” from “QTEL”**
- **Rebranding:** Qatar, Maldives, Tunisia, Myanmar and Algeria

## Capital Market activities

- **Asiacell IPO** February 2013, with shares now trading on the ISX. The fully subscribed share offer was the largest ever in Iraq and the biggest equity offering in the Middle East since 2008
- New **US\$1 billion Revolving Credit Facility (RCF)** signed on April 2013, used partly to refinance US\$ 1.25 billion RCF due in May 2013
- Inaugural **US \$1.25 Bn Sukuk** issued in Dec'13. The issue was **4 times oversubscribed**

## M&A

- Ooredoo **Myanmar license** officially awarded in February 2014, funding from internal sources

## Credit Ratings

- **Investment grade credit ratings maintained** (Moody's “A2”, S&P “A-”, Fitch “A+”)
- S&P downgrade due to increased exposure to “higher risk” markets



# Group results: Key Q1'2014 highlights

## A satisfactory start to 2014 in a challenging competitive environment

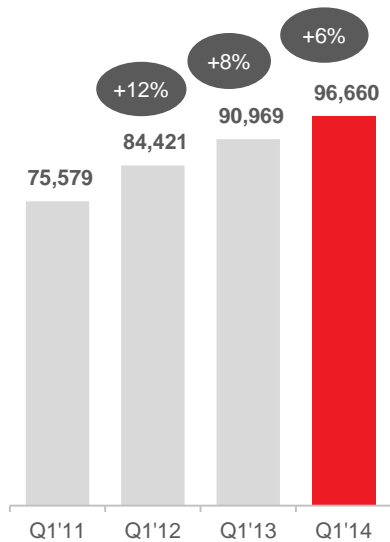
- **Strong customer growth** of 6.3% yoy to 96.7 million as Ooredoo captures a **growing share of our markets** by offering leading-edge telecoms services delivered across world-leading broadband networks
- Group revenue decreased by 3.4% yoy in a challenging operating environment and Foreign Exchange impact from Indonesia; partially offset by **strong growth in data revenues**. **Excluding FX impact revenue would increase** by 1.3% YoY
- **Robust results in Qatar, Oman and Algeria** during the quarter; operating environment remains tough with persistent price competition in Iraq, Kuwait and Indonesia
- EBITDA reduced by 8.5% to QAR 3,378 million reflecting the current competitive challenges in our markets, FX impact and initial investment for the new network in Myanmar. **Excluding FX impact and Myanmar start up cost EBITDA would decrease** by 1.4% YoY
- **Net profit for the first quarter up by 9.7%** impacted by positive FX trends in Indonesia compared to December 2013

## Strategic developments

- Ooredoo subsidiary Wataniya Group **completed Bravo divestment** to STC in January. Bravo operates a “Push to Talk” technology-based business which is not core to the Ooredoo Group’s technology platform strategy
- Ooredoo subsidiary Indosat **completed the sale of its shares in Tower Bersama** for approximately US \$122m
- Post period: On April 22 **Ooredoo and Rocket Internet announced a strategic partnership** to develop online businesses in Asia. eCommerce is adjacent to our traditional core business and a significant growth opportunity in the region.

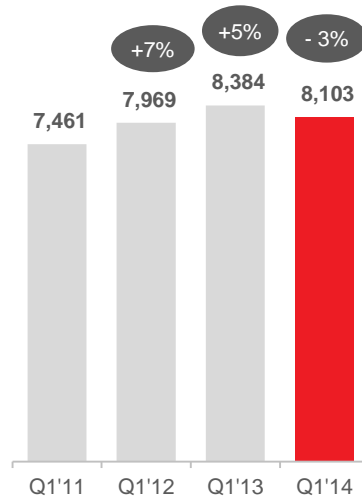
# Successful group performance

**Customers**  
(in thousands)



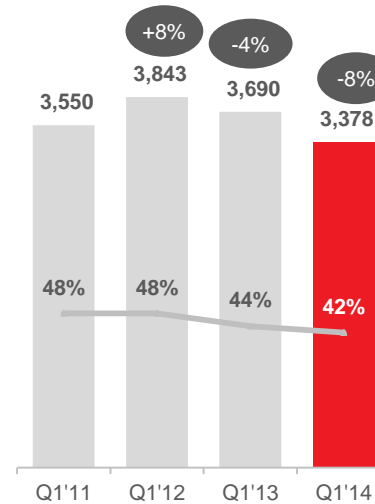
*Customer growth continuing across key operations...*

**Revenues**  
(in QAR million)



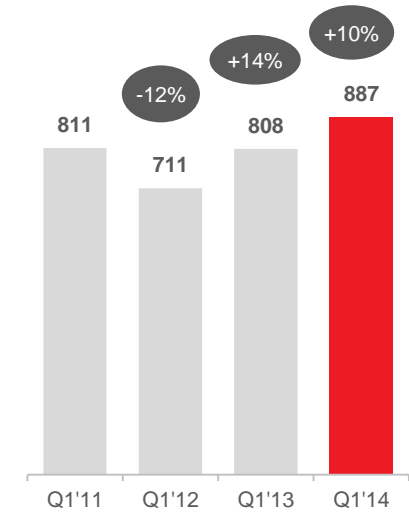
*...translating into steady revenues...*

**EBITDA margin**  
(% of Revenue)



*...cost optimization initiatives offset margin pressure partially ...*

**Net profit attributable to shareholders of Ooredoo**  
(in QAR million)



*...resulting in strong bottom-line results despite increased competition*

# Group results: 2014 Q1 performance summary

QAR Millions	3 months ended March 2014	Q1 2014 / Q1 2013	2014 Annual Guidance
Consolidated revenue	8,103	-3.4%	0 to +3%
EBITDA	3,378	-8.5%	-3 to -1%
Net profit attributable to Ooredoo shareholders	887	+9.7%	-
Earnings per share (in Qatari Riyals)	2.77	+10%	-
Market capitalization (as of 31 March 2014)	44,108	+21%	-
Capital expenditure	1,946	+45%	9,000 – 10,000



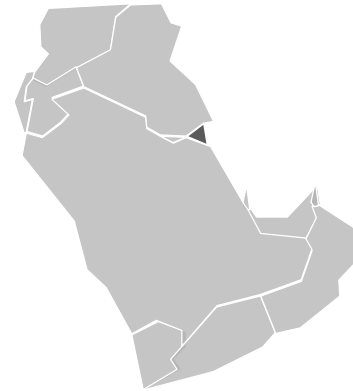
# Case study: Performance at Wataniya Kuwait

## Key developments

- Consumer and B2B revenue weak, various new products launched. Organization is working towards stabilization of the revenue in a highly competitive market.
- As a result of modernization and intense communication campaign network quality perception improved
- Apple certified network, iPhone sales started in March
- MNP customer loss significantly reduced but still a concern.
- EBITDA margin maintained at 24% despite drop in revenue.
- Cost optimization initiatives are on track.

## Operator importance to group

Customers: 2.3%; Revenue 6.7%; EBITDA: 3.7%; Capex: 8.5%



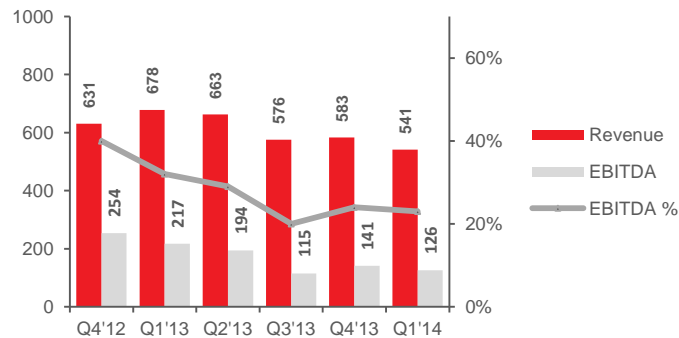
Kuwait

Pop : 3.9M (2013 est.)  
 Pop growth: 2.8%  
 Mob. penetration: 174%  
 GDP per capita: US\$ 45,050  
**F/X 3M '13 vs. 3M '12: +1%**

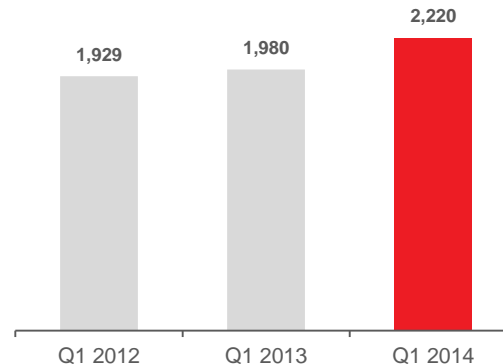
Wataniya

Operation: Mobile<sup>1</sup>  
 Effective Stake: 92.1%  
 Position: 2/3  
 Q1 Blended ARPU: QAR 76.5

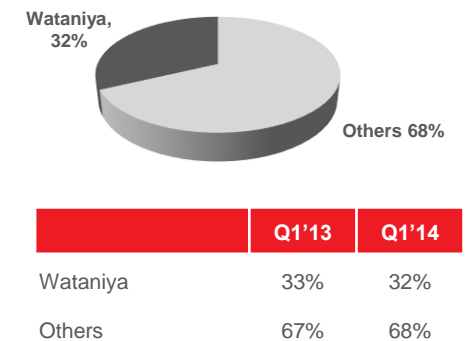
Revenue & EBITDA (in millions QAR)



Customer growth (in '000s)



Market share evolution<sup>3</sup>



Notes: (1) GSM, GPRS, EDGE, WCDMA, HSDPA; (2) Three month average compared to USD; (3) Subscriber market share;  
 Source: IMF, Wireless Intelligence, Ooredoo

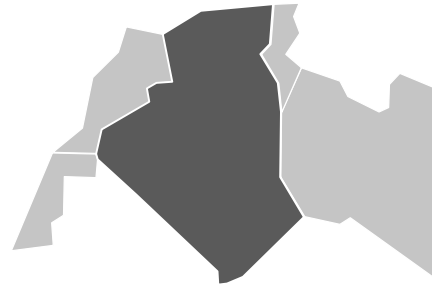
# Case study: Performance at Ooredoo Algeria

## Key developments

- Very healthy revenue growth driven by increase in customer numbers and strong postpaid business
- Revenue market share increased due to higher 3G ARPU
- Market research indicates good brand awareness of new Ooredoo brand
- 3G roll out stays ahead of competition (10 wilayas (counties) launched in Dec'13, additional 9 wilayas launched in Jan'14)

## Operator importance to group

Customers: 10.3%; Revenue: 13.6%; EBITDA: 12.6%; Capex: 18.0%



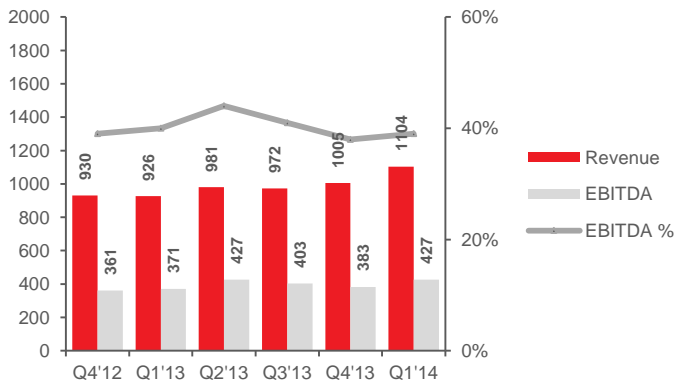
Algeria

Pop : 37.0M (2013 est.)  
 Pop growth: 1.5%  
 Mob. penetration: 89%  
 GDP per capita: US\$ 5,789  
**F/X 3M '13 vs. 3M '12: +1%**

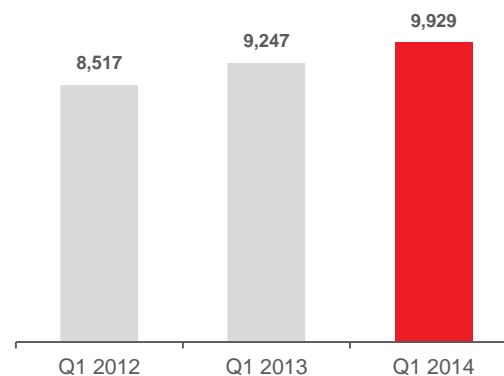
Nedjma

Operation: Mobile<sup>1</sup>  
 Effective Stake: 74.4%<sup>4</sup>  
 Position: 2/3  
 Q1 Blended ARPU: QAR 36

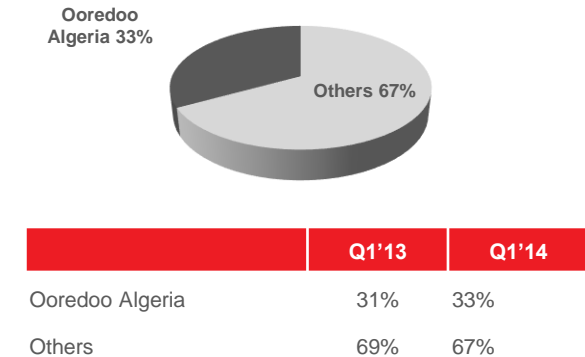
## Revenue & EBITDA (in millions QAR)



## Customer growth (in '000s)



## Market share evolution<sup>3</sup>



Note: (1) GSM, GPRS, EDGE; (2) Three month average compared to USD; (3) Subscriber market share; (4) 71% is held via NMTC and a 9% stake is held via Ooredoo QSC;  
 Source: IMF, Wireless Intelligence, Ooredoo



# In 2014, we will focus on achieving bigger efficiencies

**Cost efficiencies are the greatest value creation lever**



## ***Cost Optimizing:***

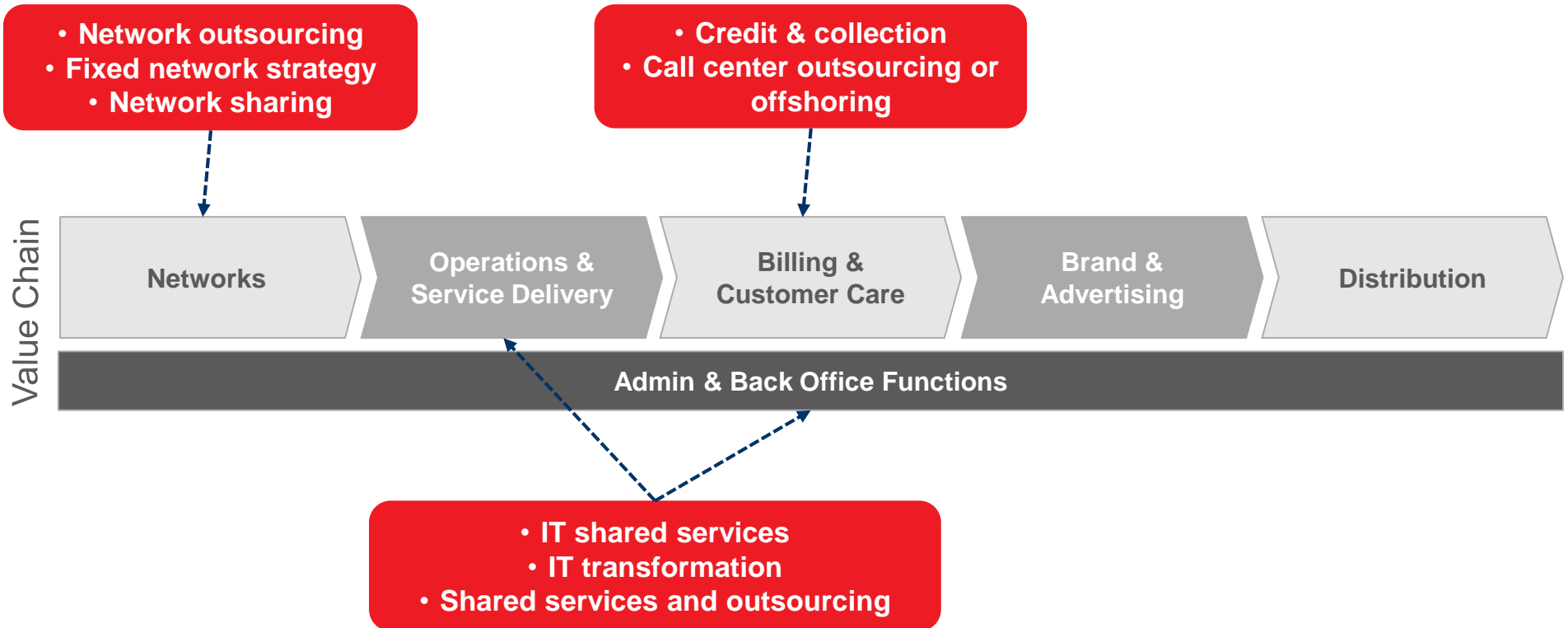
- Focused Initiative to drive Performance Gap Savings
- OPCOs to provide detailed plans
- Achievements to be monitored

## ***Network Sharing:***

- Expand on existing network sharing agreements across key markets

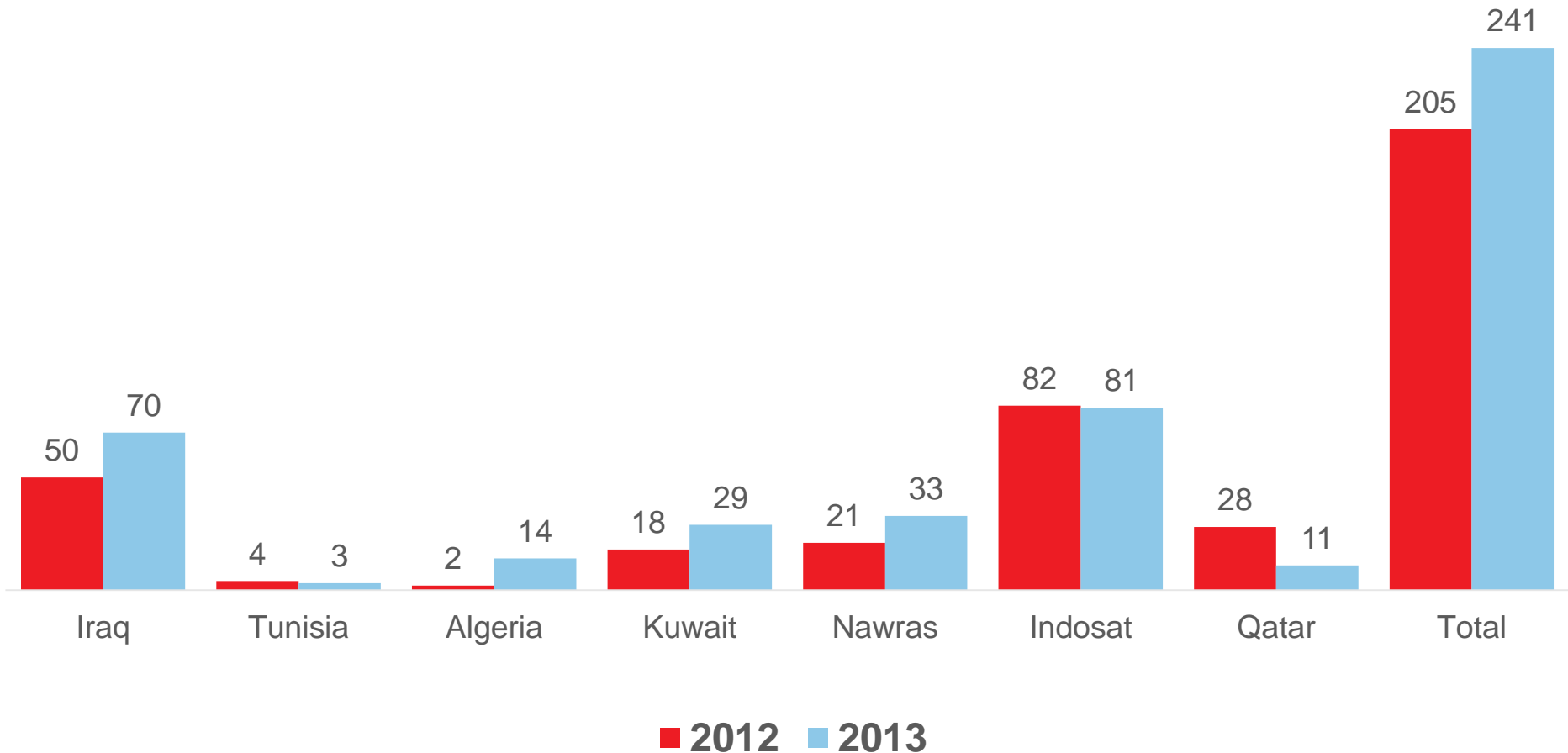
# Cost optimization: 2013 benchmark study identified more than \$500M in addressable savings

Leading efficiency improvement opportunities identified by AT Kearney:

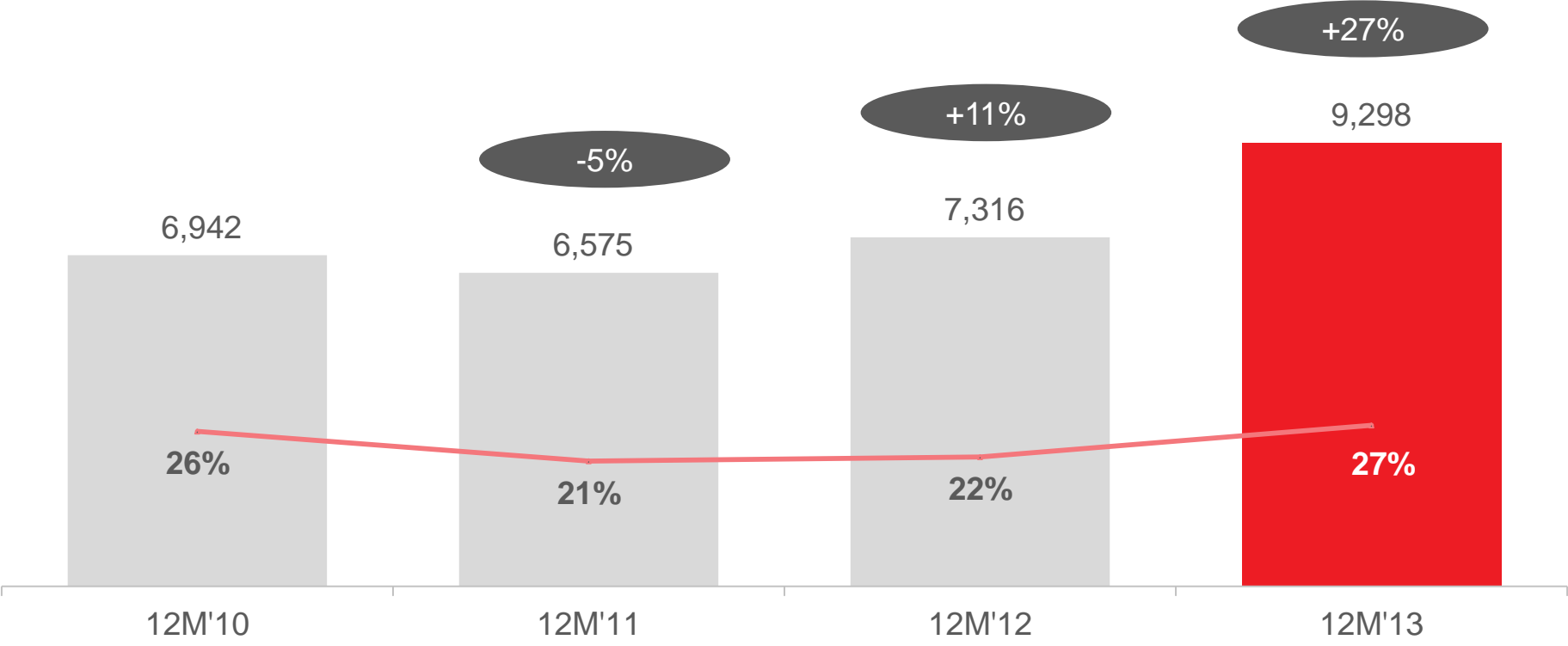


# Cost Optimization: Actual savings achieved in 2012 and 2013

Savings achieved in Key Opcos (US \$m)



# Capital expenditures: Network modernization continues



**Guidance for 2014: QAR 9,000-10,000 mill. including Myanmar**

\* In QAR mill



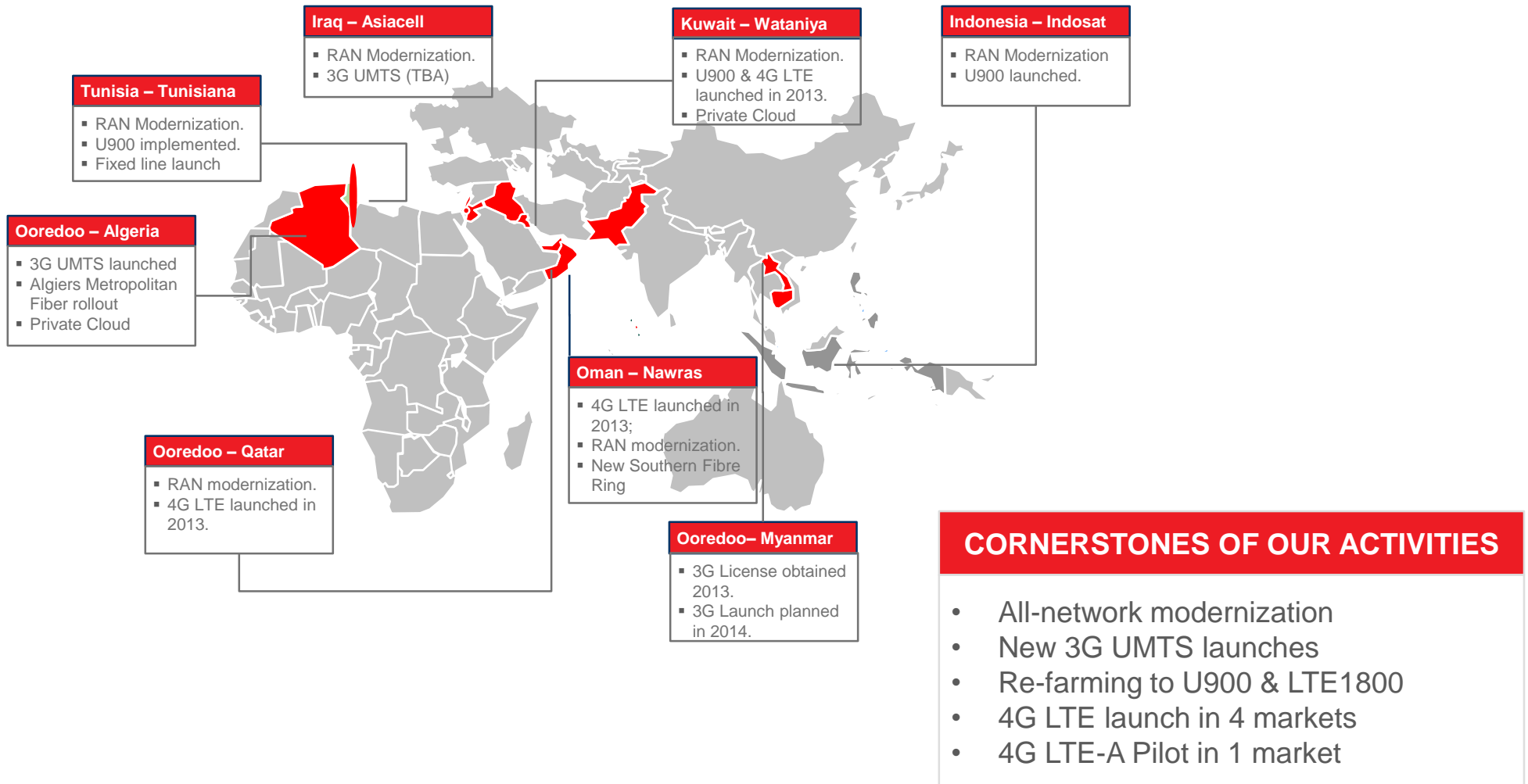
# Our mobile networks deliver great customer experience

## OUR COVERAGE TODAY

- Our 2G GSM radio network covers more than a Million square kilometres and more than a Quarter of a Billion people.
- Our 3G UMTS radio network covers close to 85 Million people and rapidly expanding.
- We now serve **96 million customers**.
- **3G licence in Myanmar** with launch planned in 2014



# Technology initiatives across the Ooredoo Group



# Key financial issues

## Foreign Exchange risk

- FX hedging policy implemented throughout the Group
- Appropriate hedging levels achieved; in some emerging markets no suitable hedging instrument available or cost prohibitive



## Leverage levels

- Leverage maintained within Board guidance of 1.5x – 2.5x (Net Debt to EBITDA) now at 2.2x.
- Investment grade credit rating maintained (Moody's "A2", S&P "A-", Fitch "A+"); S&P downgrade due to increased exposure to "higher risk" markets



## Debt refinancing risk

- Ooredoo QSC refinancing requirements in 2014 addressed pro-actively
- Available cash will be used to repay USD900mn bond due in June 2014
- USD500mn Islamic credit due in May 2014 is being extended for another year



## Interest Rate risk

- Ooredoo solidified long-term fixed rates and reduces exposure to floating interest rate risk at Group level

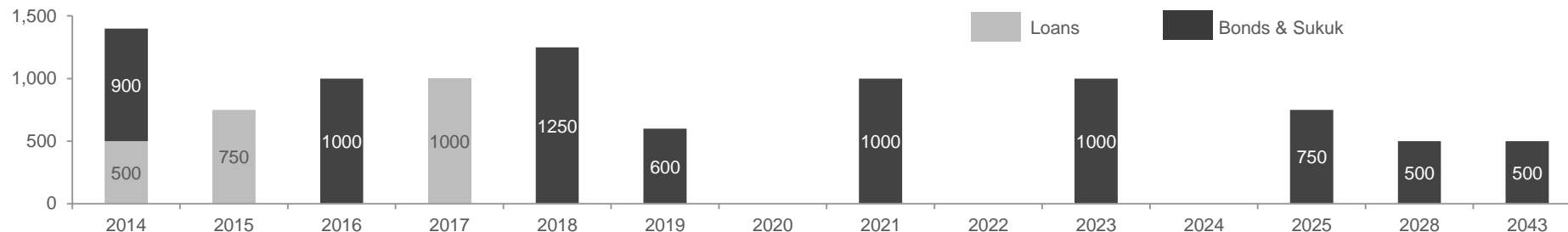


## Diversification of funding sources

- Diverse funding tool-box available to Ooredoo and access to diversified global market investors
- Inaugural Sukuk issuance of USD1.25bn in Dec 2013 using innovative Islamic structure based on air-time vouchers



# Ooredoo Q.S.C. only – debt profile (US\$ m)



Loan Type (in USD mn)	Amount	Usage	Rate	Maturity	Bonds/Sukuk (in USD mn)	Issue Amount	Interest/Profit Rate	Maturity	Listed in
Dual Tranche RCF <sup>1</sup>	750	750	Libor + 155 bps	26 May 2015	Fixed Rate Bonds due 2014	900	6.500%	10 Jun 2014	LSE
					Fixed Rate Bonds due 2016	1,000	3.375%	14 Oct 2016	LSE
QNB QAR3bn RCF	823	0	QAR rates	Available till 31 Jan 2015	Fixed Rate Bonds due 2019	600	7.875%	10 Jun 2019	LSE
					Fixed Rate Bonds due 2021	1,000	4.750%	16 Feb 2021	LSE
QIB Commodity Murabaha Facility	500	500	Libor + 95bps	15 May 2014	Fixed Rate Bonds due 2023	1,000	3.250%	21 Feb 2023	ISE
					Fixed Rate Bonds due 2025	750	5.000%	19 Oct 2025	LSE
					Fixed Rate Bonds due 2028	500	3.875%	31 Jan 2028	ISE
USD1bn RCF <sup>2</sup>	1,000	1000	Libor + 115bps	31 Mar 2017	Fixed Rate Bonds due 2043	500	4.500%	31 Jan 2043	ISE
Total	3,037	2,250			Sukuk due 2018	1,250	3.039%	3 Dec 2018	ISE
					Total	7,500			

Total outstanding debt as 31 March 2014 at Ooredoo Q.S.C. level

US\$ 9,750 million

- Leverage maintained within Board guidance of 1.5x – 2.5x. **Debt headroom available for growth.**
- Prudent asset liability management – refinancing requirements due in 2014 being addressed.
- Low long-term fixed rates locked in and conservative debt maturity profile.

Note: (1) This includes additional 10bps utilization margin  
 (2) This includes additional 30bps utilization margin



# MSCI upgrade & Ooredoo share liquidity

- **Qatar Exchange** will be formally upgraded into the **MSCI Emerging Market (MSCI EM)** Index, to take effect on May 30<sup>th</sup>, 2014.
- Market expectations are that Ooredoo Q.S.C. meets all the criteria for its inclusion into the new MSCI EM index. **The full list of constituents will be announced by MSCI on May 14<sup>th</sup>, 2014.**
- Ooredoo Q.S.C. uniquely has **no Foreign Ownership Limit (FOL)** however, management is aware of the Ooredoo **share liquidity issue raised by equity investors.**
- Discussions with key shareholders are on-going to consider solutions to address the share liquidity issue.
- Actions being discussed include:
  - **Increase of the “free float” via a secondary placement**, locally or internationally
  - **Revival of the existing GDR on the London Stock Exchange** with meaningful size
  - Establishing sponsored market makers on the Qatar Exchange known as **“Liquidity Providers”**



# Disclaimer

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- Ooredoo (parent company Ooredoo Q.S.C.) and the group of companies which it forms part of (“Ooredoo Group”) cautions investors that certain statements contained in this document state Ooredoo Group management's intentions, hopes, beliefs, expectations, or predictions of the future and, as such, are forward-looking statements.
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  - Our ability to manage domestic and international growth and maintain a high level of customer service
  - Future sales growth
  - Market acceptance of our product and service offerings
  - Our ability to secure adequate financing or equity capital to fund our operations
  - Network expansion
  - Performance of our network and equipment
  - Our ability to enter into strategic alliances or transactions
  - Cooperation of incumbent local exchange carriers in provisioning lines and interconnecting our equipment
  - Regulatory approval processes
  - Changes in technology
  - Price competition
  - Other market conditions and associated risks
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Upcoming  
events

2014 1H Results – August 2014 *TBD*