**Transcription for OOREDOO GROUP**

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**Corporate Participants**

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*Ooredoo – Investor Relations*

**Waleed Al Sayed**

*Ooredoo – Deputy Group CEO*

**Ajay Bahri**

*Ooredoo – Chief Financial Officer*

**Presentation**

**Operator**

Ladies and gentlemen, welcome to Ooredoo Group Third Quarter Financial Results Investor Conference Call and Webcast. I now hand over to your host, Andreas Goldau, Ooredoo Group Investor Relations. Sir, please go ahead.

**Andreas Goldau**

Hello and welcome to Ooredoo’s financial results call. My name is Andreas Goldau and on behalf of the investor relations team, I thank you for joining this session. As part of today’s discussion, I am pleased to introduce Waleed Al Sayed, Deputy CEO of the Ooredoo Group and CEO of Ooredoo Qatar and Ajay Bahri our Chief Financial Officer. We will start with an overview of our group results. The presentation is available on our website [www.ooredoo.com](http://www.ooredoo.com).

Before we begin, a few necessary disclaimer points if you refer to slide number two.

*[Disclaimer]*

To begin, I will now hand over to Waleed.

**Waleed Al Sayed**

Thank you, Andreas, and thank you all for joining today’s call. We have made good progress year to year with increases in revenue, EBITDA, and customer numbers. I am pleased to report that we have reached the milestone of 150 million customers. Our relentless focus on delivering innovative products and investing in world-class infrastructure is being recognised with more and more customers choosing Ooredoo every day.

Operationally, we have done well, slightly increased revenues to QAR 24.5 billion with an increased EBITDA of QAR 10.5 billion. Cost synergies driven from group sourcing and our operational efficiencies resulted in an improved EBITDA margin of 43%. The decrease in net profits year over year is mainly caused by the increase in taxes in Oman, a challenging environment in Qatar and unfavourable foreign exchange trends in Tunisia. The 15% net profit drop in the annual comparison was significantly impacted by an extraordinary foreign exchange in 2016. However, excluding the foreign exchange gain last year, net profit drop for the period is limited to an 8% decrease.

Data growth remains strong, testament to our continued investment and success in driving forward our digital growth strategy. Data revenues accounted for the 45% of total group revenues. A highlight for the period was the success of our IPO in Maldives. Post the period, I am pleased to report that we have launched our services in Gaza. The team in Palestine worked hard for many years and we are very proud that this project now has been realised.

Let me now hand over to Ajay for further details.

**Ajay Bahri**

Thank you, Waleed, and good day to everyone joining us on the call today. Let's move to slide number five of the presentation. We performed well across several of our operations and delivered growth in revenue and EBITDA, reflecting the progress that has been made across the group. Excluding foreign exchange transaction impact, revenue increase by 2% year-on-year, and EBITDA increased 4% year-on-year. Core revenue generators were our operations in Qatar and Indonesia, each accounting for approximately one quarter of total revenue. EBITDA margin is healthy at 43%.

Next slide please, net profit. Excluding the foreign exchange impact, net profit decreased 8% year-on-year, as Waleed just mentioned. Group net profit was impacted by foreign exchange gain in 2016 of QAR 200 million, which led to a year-on-year decrease in nine months 2017 net profit. Furthermore, new Government levies have been implemented in Oman with increased corporate taxes and royalty fees. Additionally, we have had a challenging market in Qatar and suffered from unfavourable exchange rates in Tunisia, where the rate of the Tunisian dinar devalued about 12%.

Moving onto the next slide, net debt, and net debt to EBITDA ratio. As you can see, there is a further drop in net debt to EBITDA ratio to 1.8 times, which is now in the lower half of our long-term guidance of between 1.5-2.5 times. We have a well-balanced debt profile with total group net debt further reduced to QAR 26 billion. Group debt remains mainly at a 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 onto the next slide, free cash flow, and capital expenditure. CapEx continues to decline as it benefits from a global sourcing programme and group economies of scale. Most CapEx is allocated to accommodate the more data traffic on our networks. Free cash flow is healthy at 5.6 billion at the nine-month period, supported by lower CapEx levels. Consequently, our CapEx to revenue ratio continued to decrease to 11% for the first nine months compared to 15% last year. Traditionally, Q4 is the highest quarter in the year in terms of CapEx, and we expect the CapEx to revenue ratio to increase by the end of the year, as we have this catch-up CapEx coming in Q4.

Moving onto the next slide. During the nine months of 2017, I am pleased to report we reached the milestone of 150 million customers. This is an important achievement, as it demonstrates the strength of the Ooredoo brand and the success of our innovative products, as well as the quality of our network and high levels of customer service. The growth in our customer base was mainly generated by our operations in Indonesia, Iraq, Algeria, Tunisia, Oman, Qatar, and the Maldives.

Next slide please. I am pleased that we have once again exceeded our estimates for EBITDA guidance, as we continue to focus on increasing business profitability and efficiency. Revenue growth is well within our guidance range at 1%. CapEx continues to be below guidance level and for reasons discussed a few minutes back.

Moving onto the next slide, Qatar; let’s progress to the operation of Qatar and Qatar reported a slight decrease in revenue and EBITDA margin and results are being affected by a decrease in visitor numbers during the month of Eid as compared to last year, which was partially offset by increase in Ooredoo TV revenues. We are focusing on operational efficiency to maintain profitability, and have also launched several new promotions to encourage subscription and data usage. Nevertheless, we maintain our clear number one position in the market, and are proud of our fixed line and mobile networks being ranked amongst the fastest globally. We are progressing well with our fibre rollout programme having passed more than half a million households in Qatar. Sequential quarters, revenue was down 9% due to lower handset sales and also international calls, and consequently, there was improvement in EBITDA margin.

Next slide, Indonesia. Indosat Ooredoo continues to significantly contribute to the growth with a 5% growth in revenue and a 6% growth in EBITDA and a healthy EBITDA margin of 47%. Business driven by growth in both fixed and mobile segments. We are now covering 32% of the population with our growing 4G network, customer numbers are up by 19% year-on-year, reaching almost 100 million customers by the end of September. Sequential quarters' revenue was down 5% due to seasonality. Quarter two was a high month with the Labran festival in that quarter. Also, there has been some increased competition in the data revenue side in quarter three. Consequently, EBITDA margin was also down.

Let's move to the next slide. The Iraqi market showed signs of growth during the period, as connectivity in the liberated areas continue to increase. We delivered good results with solid growth in revenue, EBITDA and customer numbers in Q3 2017. There was an increase in EBITDA of 2% to QAR 1.5 billion and a strong EBITDA margin of 45%. I would like to remind everyone that we continue to operate in a difficult market environment, affected by a worsening banking system, VAT impact, and political situations. Quarter two to quarter three’s revenue was up 5% with similar increase in EBITDA.

Next slide, Oman. We started the most significant ever network upgrade in the history of Oman which will see our 4G coverage rising from 55-90% of the population next year. Our revenue performance was driven by fixed and mobile data demand, our results were impacted by increase in royalty fee and income tax, good operational efficiency and cost controls helped maintain a strong EBITDA margin at 53%. Quarter two to quarter three’s revenue and EBITDA saw positive growth. The process for the third license issuance was cancelled by the Omani Government, as per the latest reports we have seen, the new focus is on a license between a local investment fund and a selected global strategic partner.

Next slide please, Kuwait. You can see that Ooredoo Kuwait had a good nine-month period with growth of 7% in revenues and 9% in EBITDA, compared to the same period last year. Similar to the half-year results, growth was driven by non-recurring business, mainly handset sales. Cost efficiency programmes are in place to lower OpEx and maintain EBITDA margin. Quarter two to quarter three revenue was slightly down due to lower handset sales, and the EBITDA margin was also consequently impacted, with some timing of marketing spend being higher in quarter three.

Next slide please, Algeria. I am pleased to report that Ooredoo Algeria’s focus on on-going cost optimisation efforts and declining handset subsidies is offsetting the decline in revenue as evident by EBITDA margin of 46% for 2017. In absolute terms, EBITDA increased 15% to QAR 1.2 billion for the nine months 2017. Despite the fierce market competition, we maintained revenue market share and continued to grow our customer base. Quarter two to quarter three’s revenue was up 4%, Q2 normally is a lower season, and seasonality is better in quarter three. Similarly, EBITDA margin also saw improvement of 10%.

Next slide please. In Tunisia, results continued to be impacted by FX depreciation (foreign exchange depreciation). However, in local currency terms, Ooredoo Tunisia generated 2% growth in revenues and EBITDA as of the nine-month period 2017. Revenue growth was supported by higher service revenues from the fixed and wholesale business, as well as an increase in handset sale. Data remained the key contributor to our revenue. Quarter two to quarter three revenue was up 12%, supported by seasonality, quarter three being higher revenue growth quarter. Similarly, the positive impact on EBITDA as well.

Moving onto the next slide, Myanmar. Ooredoo Myanmar has consistently delivered double-digit EBITDA growth maintaining a positive EBITDA margin for the third consecutive quarter. Growth is driven mainly from gross margin improvements and lower OpEx intensity. The level of competition remains high, however, Ooredoo Myanmar has improved revenue sequentially by 12% benefitting from some price rationalisation in the market for data pricing. As a result, EBITDA margin has also improved. Overall, the customer base decreased 12% due to an adjustment for inactive subscribers. Our revenue-generating customer base has increased 3% quarter-on-quarter.

With this, I would like to hand it back to Andreas.

**Andreas Goldau**

Thank you very much, Ajay and Waleed. Operator, could you please explain to our listeners how they can ask a question.

**Question and Answer Session**

**Operator**

*[Operator instructions]*

We have an audio question from Maddy Singh from Morgan Stanley. Please ask your question.

**Maddy Singh**

A couple of questions. Firstly, in Iraq, obviously, the revenue growth has recovered quite well in the third quarter, but we also know about the referendum which was done in Kurdistan and the directive from the Central Government to move your headquarters to Baghdad. How do you see the situation is going to evolve in Iraq and whether you [inaudible] or Ooredoo is likely to suffer any negative consequences because of this? Secondly, in Qatar, how much of the pressure on revenues you would attribute to the economic blockade.

**Waleed Al Sayed**

Basically, in Iraq, as you know that we are licensed from the Central Government in Baghdad. We are compliant completely by the law and there is no effect from the move in Kurdistan. We have not yet received any official request to move to Baghdad. However, we have offices all around Iraq. We have offices in Kurdistan, we have an office also in Baghdad itself, and we are ready to move from one office to another office without any problem if we have been requested so.

Regarding Qatar and the blockade, the only thing that was affected as I have told you before in the last quarter, is basically the roaming. As you know, when we have Eid, we have a big number of visitors coming from Saudi Arabia in the past and now because of the blockade, they cannot do this anymore, so there was effect of the roaming, whether Qataris travelling to those countries or their neighbouring countries, people coming to Qatar, and that is the only effect from the blockade has affected Qatar, basically.

**Maddy Singh**

Do you think the pressure on revenues or this kind of impact will continue in the fourth quarter and next year also?

**Waleed Al Sayed**

No, I don’t believe so. That revenue, anyway, I don’t think it will be recognised again except if this blockade issue has been totally removed. However, there are many projects that is going to happen in 2018, and there are lots of Government projects that is going to be launched. In fact, there are many factories in Qatar being built, at the moment, and also there are many commercial farms being developed, and all that is going to be on the incremental side. In addition to IoTs and smart services and digital transformation that we are doing in the company, and I think that, going forward, those are all areas of growth.

**Operator**

Our next question is from Nishit Lakhotia from SICO. Please go ahead.

**Nishit Lakhotia**

I have one question on the Myanmar operations. We are seeing that revenue actually is now declining, and considering that it still should be a growth market [audio]. I am just wondering that now the focus on the earnings are coming from cost efficiency which [inaudible] in the mature operations. If you can give colour on what is your strategy on the Myanmar operations. Also, if you can just let us know how much has Ooredoo spent on the Myanmar operations, right from license acquisition to the CapEx to date, if you can share that data? Thank you.

**Ajay Bahri**

I think as far as Myanmar is concerned, you have to see revenue in local currency terms and quarter-on-quarter, quarter two to quarter three, there is an increase in revenue, which is more indicative of the trend in the market now. There is a little bit of impact of translating the numbers into Qatar riyal as well, but we have got a 12% increase in revenue quarter two to quarter three, so that is a positive trend. As far as cost efficiencies are concerned, I think that is a focus in all operations for us, and wherever there is an opportunity, that is always a focus for us, irrespective of what stage of growth a company is in. To benefit that, you see on the EBITDA margin growth is a function of both revenue increase as well as making sure we keep a close eye on our cost as well.

As far as the overall spend is concerned for Myanmar, I think it is – Waleed told in the past that we invested in the license over there, which was close to a billion dollars, and the rest of the investments are of course in the network, which information, I don’t think we have given that, but you can get it from the segment information in the financial statements.

**Andreas Goldau**

Nishit, you can find that information with the detailed CapEx by OpCo in our supplemental schedules, so we have the information there quarter by quarter for all the OpCos.

**Ajay Bahri**

… can be added up from there, because if you want to total it up for each quarter for the past five/six quarters.

**Nishit Lakhotia**

Even talking in terms of local currency terms, the revenue, the growth was hardly there. In nine months, the revenue is actually weaker compared to what it was in nine months 2016. Where do you see the operations heading in terms of growth in local currency on the top line?

**Ajay Bahri**

Like I said, in the first two quarters, the performance was not as strong, part of it was also nonrecurring revenue like handset sales, which were not very high this year. But quarter two to quarter three, like I said, there is a 12% increase in revenue, so I think that is more indicative of the trend of what you can expect in future, the first nine months also includes the first two quarters which are impacting the overall nine-month performance, but I think the other trend, the quarter three performance is more indicative of that.

**Operator**

Next question is from Omar Maher from EFG Hermes. Please go ahead.

**Omar Maher**

I'd like to go back to the comments that you mentioned, Waleed, earlier in the call, because you… if I heard you correctly, you did say that there were challenges at the level of the Qatari operation, and I understand what was mentioned in the release regarding the slowdown in mega projects on the mobile side, but I just wanted to understand the underlying trend behind that, so is it… are you seeing any evidence of departure, like indefinite departure, of expats from the country or is this merely a seasonality impact due to the typically slow summer season where everyone is out on summer vacations back home and returning to the country? I think if I understood you correctly, what you're saying later on is that the main impact is on the roaming only, but as far as I understand, the roaming has always been a very negligible part of the revenue. I am just trying to link what you mentioned on the roaming being the main impact and at the same time the roaming being relatively small compared to total revenue, but at the same time you're speaking about challenges in Qatar, so I'm just trying to understand that a little bit more. Thank you.

**Waleed Al Sayed**

Okay, basically we don’t face a real challenge because of the blockade. For example, you know that, like any telecoms company in the region, normally we used to receive all our equipment through Dubai, but we overcame that problem very easily and very fast, because all our vendors now they are shipping their equipment from abroad through several positions where they have existence and through Doha International Port, which is one of the biggest ports in the world at the moment. The revenue basically it is a combination of two; one is the revenue as I have said and this is definitely… it was a good revenue coming from visitors and from Qataris travelling abroad to those countries, basically, and that’s the only revenue that we are not realising at the moment.

Also, as you know, the mega project is only an expectation by Ooredoo. I mean, every year, the team put some projections of how many revenues we are expecting from the mega project, but then we don’t have the exact details, because the Government, they change their priorities every year based on different situations. In quarter four, we started seeing some of those revenues as being realised. I think by the end of the year we will recognise some of those revenues because of maturity with some of the projects. But then if those projects don’t happen this year then definitely it will start next year and we will realise those revenues next year.

Regarding the population, there is a 3% increased population from quarter-to-quarter. We don’t see any decline of customers from that one, but also we are faced with an intense competition from Vodafone basically to gain the same amount of customers that we have and especially in the business area, and we have to compete, we have to counteract, and we have to provide services in what our customers expect from us. Apart from that one, there are no abnormalities in anything in the country related to the blockade at all.

**Omar Maher**

Would you say that there is a price war going on in the market?

**Waleed Al Sayed**

Not on the consumers side. Definitely there are different offers coming from Ooredoo and Vodafone, promotions, bonuses, data bonus or all these things, but not very intensive, not… I mean, we don’t have really a concern, big concern, regarding that, but on the business side, yes, there are different offers, every operator would like to gain those business customers, because it’s more a long-term customer. What we are trying to do is that we have very good relations with those customers. We are building on that relationship, so it’s a combination of the price and also promise, delivery, and the quality of service. So far, it is not… I can't call it as a price war like it’s happening in other parts of the world. I think it’s a very high competition with a combination of both the price and the quality of service, and promised services to those customers. You know that the companies in Qatar they are more towards what they are going to receive for the money they are going to pay; it’s not about money only, it’s not about the prices that they are going to pay, but they are looking at the quality of the services that they are going to receive, and this is maybe one of the things that it makes us and Vodafone to be more creative, to create those expected services.

**Operator**

Our next question is from Eric Chang from HSBC. Please go ahead.

**Eric Chang**

I just wanted to delve into Indosat. It appears that your revenues are down year-on-year in Q3 in local currency terms and I was just wondering whether that is more related to weakness in the mobile segment or the fixed. You alluded that there was starting a price war on data packs and I think that that was initiated by Telkomsel, so do you expect that trend to continue after it’s been relatively a year of pretty moderate competition in Indonesia, and now we see Telkomsel incumbent initiating… kind of starting a price war. Would you expect either you or yourselves and the other players to follow suit?

**Ajay Bahri**

Okay, so as far as Q3 is concerned, there is a decline of about 2% in local currency terms compared to last year Q3. A little bit of that is coming from non-recurring revenue like equipment sales, so if you exclude the equipment sale, the growth is about 0.5%, so what we call recurring revenue, there is in fact a growth of 0.5%. Having said that, there is in fact competition during the quarter and when we say that Telkomsel is also coming at low prices, it is more a reaction to what competition was doing, the third and fourth operators were doing, in the past, so it is not that their price… they are undercutting prices below what the [inaudible] operators are doing. They have joined to bring down their price levels, so the intensity in terms of the lower level prices have not increased but the overall… let’s do it this way, that Telkomsel has started protecting its base by reacting to lower prices.

**Operator**

Our next question is from Eithar Alrushaid from NBK Capital. Please go ahead.

**Eithar Alrushaid**

I just have a question regarding the CapEx and the trend that you mentioned, so there has been quite a significant decline in the CapEx per revenue year-over-year from 15% to 11%. You mentioned sort of a quarterly impact and maybe an increase by year-end. Moving forward, do you expect it to remain around the lines of 11% or are there significant CapEx requirements in some of the key markets that might increase that figure?

**Ajay Bahri**

As far as the end of the year is concerned, as I indicated, we do expect it to go above 11%. A lot of projects, which are in progress right now and all the operations are expected to be completed by 2017 quarter four. Now, sometimes there could be a little bit of spill-over into next year, so we will be giving guidance for next year. That will be after the annual call that we do in February, so at that time I will be able to give you more colour on where we expect CapEx to be. But each opco’s CapEx requirements are determined based on where they are, what is happening, the competition, and the big decrease that you’ve seen is because if you compare it to two years back, there was a lot of modernisation of the network, which is behind us; a lot of CapEx spend now is to cater for data growth and data capacity requirements, 4G, and that’s the type of spend we’re doing now.

**Eithar Alrushaid**

In terms of… I mean, this is sort of the maintenance level, but in terms of the expansionary CapEx, are there any network rollouts that you anticipate in the short-term that might increase this figure?

**Ajay Bahri**

Like I said, some of the projects were at capacity leads on-going right now, so you will see an increase in Q4 CapEx for sure, but the actual guidance for 2018 we will be able to give you in February.

**Operator**

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

**Omar Maher**

Just one follow-up question on what you mentioned, Ajay, earlier in the call about the long-term debt levels. Did I hear you correctly saying 1.5-2 times EBITDA, is this where the company sees the target in the long run?

**Ajay Bahri**

The long-term target approved by the board and which we've declared publicly is 1.5-2.5 times EBITDA multiples on net debt. We are currently at 1.8, which is on the lower half of the range currently.

**Omar Maher**

Do you see any reason… I mean, obviously with the available free cash flow, there is an opportunity to deleverage from the current level, do you think this is something that is possibly going to be done by the end of this year?

**Ajay Bahri**

The deleveraging, if you look at the net debt to EBITDA, is already happening. If you look at the chart which we've put on the slide, it went from 2.2 last year at the same time to 1.8 already, so as we improve our EBITDA and cash flows, the deleveraging has been increasing for the past couple of years now.

**Operator**

Our next question is from Abdurrahman Aljabri from Olayan Group. Please go ahead.

**Abdurrahman Aljabri**

My question is regarding your Iraqi operation, in particular the segmental CapEx percentage to the segmental assets. It seems that it has been going down over the years, so as to your EBIT margin, is that worrying? Are you contracting your operation in Iraq? That’s the first question and my second question regards to the Omani operation. Again, by the same token, you’ve been pouring a lot of CapEx as a percentage of assets to the Omani operation and yet you're not realising the return that justifies it, so could you elaborate on that and should we expect this going forward?

**Ajay Bahri**

Okay, as far as Iraq is concerned and, in fact, the contracting of revenues happened more in previous years when part of the network was shut down from, if I remember, July 2014 onwards when ISIS took over Mosul, Kirkuk, and a number of areas, and that is reversing this year. If you see revenue in Iraq is on a growth trajectory now, so you're right; if you look at the revenue numbers a couple of years back, you will see a decline from that, but the recent trend after the liberation of some of these areas is growth in Iraq, so we are positive about the growth potential for Iraq from where we are today.

As far as Oman is concerned, of course the Omani market as we said has been impacted by increase in royalty fees and taxes, and to that extent, the net profit is impacted in Oman, but the EBITDA margin and the EBITDA itself is healthy, so as long as the returns, if you were to look at the standalone Omani results, the return is still quite high compared to where the cost of capital is, so yes, we do intend the company to invest, as we have said that we want to increase the coverage of 4G in Oman. It’s a profitable venture, giving us a good return, so we intend to continue to invest there.

**Abdurrahman Aljabri**

I don’t think I heard you correctly, so you're contracting your capital expenditure in Iraq going forward. Oman was very clear, but Iraq, I lost your voice there a couple of times.

**Ajay Bahri**

Okay, no, I do not think we’re going to contract the capital expenditure. I thought your question was more about the revenue contracting compared to previous years, so if you're talking about…

**Abdurrahman Aljabri**

No, it was not about the revenue. I did not mention the revenue. I was asking actually about EBIT; your return on the CapEx is low and you seem to be lowering your CapEx as a percentage of assets in Iraq. I did not mention revenues.

**Ajay Bahri**

No, the revenue is the answer to your question, so because of contracting revenue, because there was a network, which was available but could not be used because ISIS had closed down the networks, so you had a cost of network, which means the appreciation was still coming in, but the revenue could not be generated on those areas and that's why the EBIT was on a declining trend. As the revenue is coming back from the network and those networks are switched on, against the depreciation charge now you're getting revenue as well, so the historical decline in EBIT was because of the shutdown of networks in areas controlled by ISIS. As far as the CapEx is concerned, the timing of the CapEx spend also was linked to the areas which were not impacted by ISIS, so we were not investing more initially into cities like Mosul, Kirkuk, and [audio], because they were not… they were under ISIS control. As a total CapEx decline, it was related to that, but as these areas are coming back now, we are investing back in these areas. In fact, there's an opportunity for revenue growth. Again, we don’t expect a contraction going forward, in fact, because of these areas coming back; we do intend to invest in CapEx there.

**Operator**

Our next question is from Maddy Singh from Morgan Stanley. Please go ahead.

**Maddy Singh**

Very quick questions: roughly how much of revenues in Qatar and Kuwait, as well as Oman, if you could share is coming from prepaid. I don’t need exact numbers, just like a rough idea.

**Ajay Bahri**

I don’t think we've given a breakdown of revenue by different categories, but big picture, what we can say is that prepaid is the dominant revenue stream in our operations and you can probably see the number of customers maybe in the customer slide that we gave you. You also have the ARPU available by different categories of customers. We do give that for Qatar, Oman, and Kuwait, so that gives an indication of the number of customers and ARPU, and approximately an idea of the revenues as well.

**Operator**

We have another question from Ziad Itani from Arqaam Capital. Please go ahead.

**Ziad Itani**

Just one question, on the Tunisian market, what's the reason behind the 10% increase in ARPU q-on-q and do you think this is sustainable?

**Ajay Bahri**

Q3 is seasonally high in Tunisia, if you look at previous quarter-on-quarter increase also, part of that is the holiday season and a little bit of roaming coming from tourism, so this should be attributed more to seasonality and even the EBITDA margin increased to 43% in this quarter; it should be attributed to seasonality. We do expect that it will go down to normal levels after quarter three and similarly, the margins should also be seen more like 40% as a sustainable level, not the quarter three 43%, yes.

**Ziad Itani**

One follow-up question, please, on your JV losses this quarter. Can you elaborate more on this? Is this related to the rocket internet venture?

**Ajay Bahri**

Sure, that line item in financials covers all other associate investments, some of the big ones there are the big ones are an investment in Singapore, which is StarHub as well as the rocket investment, which you're aware of. There has been decline in StarHub performance. It’s a listed company; you can see that. I think their revenues from some of the TV services are going down, costs are going up a little bit, and that content cost is going up, but the big reason for the difference compared to last year is some of the rocket ventures had a fair value gain last year. That gain is not repeated this year, so on a year-on-year basis you will see a lower gain coming from the rocket venture.

**Ziad Itani**

Can you tell us what's your exposure to that venture?

**Ajay Bahri**

The exposure actually is… I'm just wondering whether we declared that information in public domain. Let me pick it up offline with you and see if we declared that information in the public domain or not.

**Operator**

*[Operator Instructions]*

**Ajay Bahri**

Just a clarification on the rocket investment, we have a commitment and agreement to spend up to €180 million for the rocket venture, which we advised in all the previous calls as well.

**Operator**

We have no further questions. Dear speakers, back to you for the conclusion.

**Andreas Goldau**

Thank you very much operator and thank you all for joining today’s call. Please refer to the Ooredoo investor relations website for additional updates. We look forward to future participation in our next update. That would be around 11 February. Meanwhile, thank you again for your continued interest in Ooredoo.