**Transcription for OOREDOO**

***February 14th, 2019***

**Corporate Participants**

**Andreas Goldau**

*Ooredoo – Head of Investors Relations*

**Hans Kuropatwa**

*Ooredoo – Group Chief Mergers and Acquisitions Officer*

**Ajay Bahri**

*Ooredoo – Group Financial Officer*

**Sara Al-Sayed**

*Ooredoo – Investor Relations*

**Presentation**

**Operator**

Ladies and gentlemen, welcome to Ooredoo Group’s full year 2018 financial results investor call and webcast. I will now hand over to Mr Andreas Goldau. Sir, please go ahead.

**Andreas Goldau**

*[Arabic greeting]*

Hello and welcome to Ooredoo’s financial results call.

*[Introductions]*

We start with an overview of the Group results followed by the Q&A session. The presentation is available on our website at [www.ooredoo.com](http://www.ooredoo.com) as well as on the webcast.

To begin, I will now hand over to Ajay.

**Ajay Bahri**

Thanks to everyone for joining today’s call.

During 2018, we have made good progress with our strategic initiatives, driving forward our digital transformation.

Technological advances have made it possible to connect more people than ever before and the rise of mobile data is connecting a greater number of people and businesses to the global economy, including those we are proud to serve in the emerging markets we operate in.

While we see tremendous opportunities in these changes, they have put pressure on traditional revenue streams such as voice and SMS. For our business to succeed in this rapidly changing market environment, we need to evolve. Therefore, I am proud to say that we have taken a leadership role in technological deployment. Our digital transformation is enriching our customers’ digital lives and is also helping us capture more value from the market and paving the way to long term growth.

In Qatar in 2018, we launched the world’s first commercially available 5G network and became the first telecom operator to test self-driving 5G connected aerial taxis.

In Algeria, we maintain our data leadership providing the greatest 4G coverage in the country, reaching 48% of the population and all 48 wilayas. In the Maldives, we launched our SuperNet service in 11 new islands achieving a total coverage of 20 islands. These are just a few examples.

Data continues to be centric to our business. We have seen a significant increase in demand from our consumer and enterprise customers, with data revenue now accounting for 47% of total Group revenue. Our business has the right setup to capture the growing demand for data.

During 2018, we also made good progress expanding beyond our traditional telecom business and have unlocked new revenue streams from ICT and end-to-end solutions.

Financially, we were impacted by challenges in some of our key markets, putting pressure on our business performance. Group revenue for the year was QAR 29.9 billion and EBITDA margin stood at 41%. Our results were impacted overall by foreign exchange weakness in emerging markets as well as the changing market dynamics in Indonesia, resulting from new regulations requiring SIM card registrations.

Indonesia remains our second biggest revenue generator, after our home market in Qatar, and I am pleased to report that we are beginning to see the first signs of recovery in Indonesia with two consecutive quarters of quarter-on-quarter revenue growth in Q3 2018 and Q4 2018. This is a testament to the fact that our new strategy in Indonesia is starting to pay results. To oversee and support the implementation of our strategy, we appointed Mr Vikram Sinha as an advisor to Indosat Ooredoo’s Chief Executive Officer. Mr Sinha brings a wealth of knowledge and experience from his time as CEO of Ooredoo Maldives and Myanmar.

Finally, I am pleased to share that Wataniya Mobile was successfully rebranded to Ooredoo Palestine, enabling it to benefit from Group-derived synergies, leading to improvements in Ooredoo Palestine’s commercial and technical operations.

This quarter we have made some changes to our investor deck. Since most of your questions in the past have been based on sequential quarterly results, we have optimised the slide layout. Hopefully this will make it easier for you to see trends and analyse our results.

Let’s move to slide number five for more information about Group revenue and EBITDA.

Similar to the results for the first nine months of 2018, Group revenue for the year was impacted by a weak performance in Indonesia where the regulation on SIM card registrations continued to impact our top line performance. As mentioned in last quarter’s call, in Indonesia we have changed our strategy from a “push” to a “pull” distribution strategy. We are starting to see a positive impact from this change, and sequentially top line growth is returning in Indonesia.

Revenue growth generated in Kuwait and Oman was offset by reductions in Algeria and Myanmar. Revenue from Qatar, Iraq and Tunisia remained flat.

OpEx was maintained through tight cost control and group efficiency, however, due to lower revenue, EBITDA decreased. The EBITDA margin is solid at 41%. We will continue to focus on cost management and efficiencies.

Let’s move to slide six.

The decrease in group net profit was mainly caused by the market adjustment in Indonesia and the challenging market conditions in Algeria, as well as FX losses in Myanmar. The net impact of FX losses amounted to QAR 346 million during the year.

That said, it is important to note that we continue to make good progress with our efficiency programme and reported a net profit attributable to shareholders of QAR 1.6 billion.

On a quarterly basis, net profit increased 40% in Q4 2018 compared to the same period last year. The increase was mainly due to lower taxes, regulatory provisions and foreign exchange gains in Q4 2018.

Next slide please.

CapEx was up 7% in line with our guidance. Our investments have positioned the company for future growth: mainly, 5G deployment in Qatar and 4G deployment and digitalisation across other key markets. Furthermore, our global sourcing strategy enabled us to optimise CapEx by taking advantage of Ooredoo Group’s scale.

Free cash flow declined 20% to 4.9 billion, impacted by the lower EBITDA and the increase in CapEx.

Slide eight, total customers.

Group customer numbers decreased to 115 million, mainly driven by Indosat. However, we recorded strong growth in Palestine, Iraq, Kuwait, Tunisia and Myanmar. We expect customer numbers to begin stabilising as the SIM card registration process in Indonesia has now been finalised.

Slide nine, net debt.

I am pleased to report that we have a healthy and well-balanced debt profile. Net debt declined 11% in 2018.

Our net debt to EBITDA ratio is at 1.8x, which is at the lower end of our long-term guidance of between 1.5 and 2.5 times.

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.

Let’s move to slide 10, performance and 2018 guidance.

As previously discussed, 2018 has been a very challenging year for the Group impacted by regulatory changes, new taxes and difficult market conditions. In the second half of the year, intensified price war and aggressive competition in Algeria and Myanmar adversely impacted revenues, resulting in revenue and EBITDA missing guidance.

Capital expenditure supported by group-wide sourcing initiatives are in line with guidance, growing 7.3% year-on-year.

Regarding 2019 outlook, we remain cautiously optimistic about the recovery in Indonesia market, which has a significant impact on our top line and bottom line results. We expect local currency revenue growth in 2019 in most of our markets, however, potential currency depreciation in emerging market countries will impact Qatar Riyal reported figures. Overall, expect a -3% to 0% revenue year-on-year in 2019.

On the EBITDA side, our guidance (excluding the IFRS 16 impact, the new accounting standard for accounting for leases) is a -7% to -4% EBITDA decline year over year in 2019, mostly due to lower revenue. Another point to highlight is that in 2018, EBITDA included one-off benefits from share of associates which are not likely to materialise again in 2019, and that is why you see a higher decline in EBITDA compared to revenue.

On the CapEx side, we maintained a disciplined CapEx approach supported by group-wide purchasing efficiencies. In 2019, Indosat and Algeria will continue to invest in the network supporting revenue recovery. Overall, we expect CapEx in 2019 to be between QAR 5.5 billion to 6.5 billion. In addition, we will update you on IFRS 16 impact in 2019 in the following quarters.

Please turn to slide number 12 for an operational overview of our OpCos.

In our home market in Qatar, we maintained our number one position supported by our leading network infrastructure, which is ranked amongst the fastest globally. We continued to lead the global race to provide 5G services with 90 5G sites live across the country.

Financially, revenue was slightly down due to reduced handset sales, however, underlying service revenue remained stable during the year. EBITDA increased 2% supported by cost optimisations from our digital transformation programme. Sequentially, while revenue remains steady, EBITDA margin improved.

We continue to diversify our revenue with Ooredoo TV growing its customer base by 4% quarter-on-quarter.

Slide 13, Indonesia.

As already discussed, Indosat Ooredoo’s top line performance continues to be impacted by the new regulation, however, sequentially we have seen top line growth from quarter two onwards. Q4’s EBITDA was temporarily under pressure due to investment in network expansion and one-off marketing expenses. We have changed our strategy to focus pull sales activities, rather than push marketing, designed to increase revenue from bundles and packages. We expect this to lead to a more loyal customer base, lower churn rates and eventually higher margins. Churn on our customer base has already stabilised, and revenue improved by 12% quarter-on-quarter supported by both the mobile and fixed business. We expect to see improvements continue in 2019.

As stated earlier, we appointed Mr. Vikram Sinha who was previously the CEO of Ooredoo Maldives and Myanmar as the advisor to Indosat Ooredoo’s CEO. We are confident that the depth of knowledge and experience that he brings from his previous posting will be an asset to Indosat Ooredoo.

Operationally, we expanded our 4G Plus network into the fourth province in North Sumatra, with our 4G network coverage reaching 80% of the population.

In Indonesia, we deployed a smart city initiative to manage public services, which was recognised as the most innovative smart city project by Telecom Asia in 2018.

Moving onto the next slide, Iraq.

In Iraq, we continue to see the benefits of the improvement in the security situation. Excluding the impact of IFRS 15, full year revenue grew 3.3%. Year-on-year EBITDA increased by 6% due to prudent management and stringent cost control.

Quarter-on-quarter revenue was lower due to seasonality and increased competition. The third quarter is normally stronger because of certain festivals. Similar with the previous year, Q4 EBITDA was lower due to revenue impact, but also due to one-off provisions related to year end. Q4’s EBITDA margin was similar to that of the previous year.

We continue to restore connectivity in the liberated areas, and by doing so we contribute to the economic growth of the people of Iraq. We also launched our B2B service during the quarter and received Logic Manager’s Risk Maturity Model Award.

Moving onto the next slide, Oman.

Ooredoo Oman continues to report good financial results with growth across the board.

Growth was supported by our focus on digital enablement as we cater to the changing needs of both business and consumer customers across the market. To maintain our digital competitiveness, we launched new services and products designed to elevate customers’ digital experience.

We received approval for the renewal of Ooredoo Oman’s mobile license for a 15-year period starting 2020. The renewal fee of OMR 75 million is to be paid in two instalments in 2020 and 2021.

Excluding IFRS impact, year-on-year revenue increased 3%, improving EBITDA. Revenue and EBITDA performance was stable quarter-on-quarter.

Let’s move to slide 16, Kuwait.

In Kuwait, we reported a strong revenue increase for the year, up 9% compared to the previous year. Growth was mainly driven by increased handset sales which also impacted our margins. The market continues to be very competitive, but I am pleased to report a 4% increase in customer numbers indicating good demand for our products and services.

Quarter-on-quarter revenue was up 9% driven by service revenue as well as device sales. EBITDA margin also improved to 31% in Q4 from 23% in the previous quarter. The improvement was driven by higher revenues and one-off adjustments of cost provisions in Q4.

We expanded our B2B offering by partnering with SAP to provide enterprise cloud services, leveraging our existing state-of-the art data centres. The partnership will enable us to provide end to end IT solutions to strategic enterprise clients creating a new revenue stream for the business. We are also providing a disaster recovery centre for Boursa, the Kuwait Stock Exchange.

Ooredoo Kuwait has been recognised by winning various awards including Employer of Choice by LinkedIn.

Moving onto the next slide, Algeria.

You will see that the situation in Algeria continues is to be challenging with difficult economic conditions, including the devaluation of the Algerian dinar, persistent price war and an overall shrinkage in the market. As a result, Ooredoo’s total revenue in local currency decreased 15% year-on-year and 4% quarter-on-quarter with a corresponding impact on EBITDA.

Operationally, we have maintained our mobile data leadership by providing the greatest 4G coverage in the country reaching 48% of the population and 48 wilayas. Ookla has once again recognised our leadership in terms of network speed in 3G and 4G in Algeria.

We also increased our brand equity through target corporate communications, product marketing and football sponsorship.

Moving onto the next slide, Tunisia.

Tunisia delivered another robust set of results this quarter. We maintained our leadership in the mobile market and grew customer numbers by 8% during the year. Revenue grew 9% year-on-year in local currency. From 2018 onwards, revenues were to be grossed up for royalty tax and the full year impact was reflected in Q4 2018. On a normalised basis, revenue grew by 4%. This was offset by Tunisian dinar depreciation by 9% year-on-year.

Growth was driven by mobile data and VAS services, as well as fixed revenue and handset sales. EBITDA decreased as a result of higher interconnect, commission and acquisition costs, as well as increased OpEx due to changes in royalty accounting.

Moving onto slide 25, Myanmar.

In spite of Mytel’s entry, as fourth operator in June 2018 and aggressive price competition, Ooredoo’s revenue remained flat year-on-year, with the exclusion of the IFRS 15 impact in 2018, revenue will have grown by 5%.

Through careful cost control measures and digital transformation, the EBITDA margin improved year-on-year from 11% to 15%, however, Myanmar’s currency depreciated by 16% year-on-year. Quarter on quarter revenue is down 6% due to intense competition. Q4’s EBITDA margin is impacted due to lower revenues. Ooredoo Myanmar increased its customer base by 21% supported by its strong brand recognition as is evidenced by the fact that we remained the most recommended brand by users in Myanmar.

Operationally, our digital initiatives are yielding results, with the “My OML” app’s monthly active users reaching 15% of our monthly data users.

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

**Andreas Goldau**

Before we move onto the Q&A part, two further points from the investor relations team.

First of all, we would like to thank everyone who voted for us in the Qatar Exchange IR Awards. This year we won't best CEO, best CFO, IRO, best overall IR, and a silver medal in the IR website category. We highly appreciate your continuous support.

On a different topic, we haven’t held a capital market day for some time, but now we are looking into an event probably on the 19th June and potentially in Oman. Further details to be confirmed, but please save the date in your calendars.

Now, we are going to start the Q&A session.

**Question and Answer Session**

**Operator**

*[Operator instructions]*

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

**Nishit Lakhotia**

I have two questions. One on the miscellaneous income for Ooredoo. It has been very significant this year. I know you have given two points again on loss of control of subsidiary and compensation received for performing certain one-off ancillary services in Qatar, but around half a billion QAR are from these ancillary services in Qatar, so exactly how sustainable is it and if you can share more colour on what exactly was this component. That would be very helpful. That is my first question.

Second is on the guidance. Given that you had almost 700 million plus in miscellaneous income, which is not that sustainable, you're almost guiding at a lower EBITDA as well for next year. How should we look at the bottom line for 2019? Thank you.

**Ajay Bahri**

As far as miscellaneous income is concerned, during the quarter, the only difference was that we had a foreign exchange gain this year compared to a very low foreign exchange gain last year. During the quarter, Tax provisions were lower this quarter compared to last year’s quarter four.

The question you have asked is more from quarter three, and like we explained last quarter, the income that you see from ancillary services was a one-off income, it is not expected to repeat.

As far as the guidance is concerned, the guidance we normally give is for three-line items, which is revenue, EBITDA, and CapEx, and we don’t give guidance on net profits. However, one can obviously translate the EBITDA impact with your own analysis to the bottom line.

**Operator**

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

**Dilya Ibragimova**

I had a couple of questions, please. First is on your M&A strategies – actually two on M&A, first on Indonesia. In the past you have commented that the regulatory regime was an obstacle for in-market consolidation, and also in terms of in-market consolidation you mentioned that in the past that you prefer to take the potential benefit of consolidation happening rather than being an active participant. Just considering the comments this morning from the minister that the rules may be changing, and the spectrum transfer rules specifically may be relaxed, how does that affect your position on M&A in the market? That’s question number one, whether you would reconsider participation in the consolidation potentially.

The second question on M&A is more on the strategic footprint. In the past you commented that you see Middle East and Asia as your strategic area for the operations. Is it still the same or do you see an opportunity for rebalancing the footprint and maybe be more focused on Middle East? These are the two questions on M&A.

**Hans Kuropatwa**

Yes. I think certainly the moves that were announced yesterday by the minister in Indonesia are helpful in two ways. I think one it shows that the administration is thinking about this matter and are generally supportive of consolidation, and (b) I do think they have some practical merits for those considering consolidation, so I think it’s helpful and as has been reported in the press, there have been many discussions between various players in Indonesia over time. I don’t think there is anything more I can say on any specifics of any transactions in Indonesia, but the general environment, I think it’s a helpful development.

On the second point, strategic footprint, no I don’t think there is any change from our stated position of having an important footprint both in the Middle East and Asia, and we’re not considering any significant change in that portfolio of balance.

**Dilya Ibragimova**

Just on the in-market consolidation to clarify whether your position has changed in a way, how would you consider whether you'd consider participating or it would depend on opportunities, or you'd rather take a passive role?

**Hans Kuropatwa**

I think it is something that everyone has given consideration to in the Indonesian market. I think we've commented as much in previous calls. I think the current announced move on spectrum is helpful, but I don’t think it’s absolutely decisive in pushing anyone to make a decision.

**Dilya Ibragimova**

Just a couple of questions outside of M&A, if I may. The first is just an accounting question. You mentioned that three of the opcos have been affected, the revenue there has been affected by the accounting issues, and that’s netting off the revenue. May I just clarify? Does that affect only 2018 revenues? So, if we compare trend 2018 after netting off versus 2017, would that be not quite comparable, because 2017 is still on the gross revenue, whatever that change in accounting was, so maybe the 2017 versus 2018 is not quite comparable, so that’s one. The second you commented that the TV subscriber growth in Qatar was very strong and I was just wondering what's driving that specifically in Q4. Is it pricing, is it advertising, or is it maybe the Asia Cup events? Yes, so if you could comment on what's driving that and what's your expectation there. The third comment is on dividends. If you could comment on what is behind the decision to reduce the dividend this year? Is it the performance this year? How are you planning to deploy the cash that you will have available from reducing the dividend? Are you planning to use that to continue deleveraging or maybe some financial support will be required to some of the operations, or maybe the decision to cut the dividend reflects your outlook for 2019?

**Ajay Bahri**

Thank you for the questions, especially the one on IFRS 15. I think my comments may have caused some confusion there. So IFRS 15 impact you can actually see in the financial statement notes and the overall revenue impact is not material compared to 2017, if you want to see. However, a certain amount of impact was recorded in quarter four for the full year. So, my first comment is on total revenue for the group, if you look at total revenue for the group, the reported versus what was last year on a total basis is more or less comparable. However, individual opcos have a different situation. The three opcos where we made the adjustment in regards in quarter four, we had passed an adjustment relating to the full year, so in the reported numbers that you see in our press release and the financial statement, it is in quarter four. However, the OpCo schedules that we've given you in the presentation and in the supplementary schedules, we have we distributed that impact to each quarter for quarter one, quarter two, quarter three, and quarter four, so the total revenue number that you'll see in the supplementary schedules for quarter four will be higher than the quarter four revenue that we reported in our other press release.

The ideal one that you can actually see the quarter-on-quarter developments, which is like to like. For these OpCos, last year’s numbers of revenues are not adjusted as allowed by the accounting standard. The only adjustment was done to opening earnings. So, when you look at year-on-year numbers for these opcos you will see a lower revenue in 2018, because. But going forward, ’18 to ’19 comparison will be on a like-for-like basis.

If you come to the Ooredoo TV growth, the growth has been very promising, and, in fact, we've been growing quarter-on-quarter starting from the beginning of the year. It’s a combination of the content that we’re providing, the content has improved over time, as well as a combination of pricing, which is also a function of the negotiations that we do. At the same time, we were rolling out the network, fibre network, as well to new areas, where we got new customers.

The last question was on dividends. The dividend pay-out ratio is not very dissimilar from what we did last year. As you know the profits are down compared to last year, so the dividend cut in a way is reflecting that. You also know from the previous question that there are a lot of one-off items in the net profit, and the operational net profit is lower for the year. When you look at the dividend pay-out, from the perspective of performance for the year you can see the pay-out ratios is in line with what we've done historically.

**Dilya Ibragimova**

May I just ask on the support to OpCos in Myanmar and Indonesia, whether you still see them as self-sustained in terms of funding or whether you see a need to offer some financial support from the group?

**Ajay Bahri**

Indosat has historically been self-funding and they intend to continue to access the debt capital markets and the bank loan market for their debt financing needs. That’s business as usual for them. Myanmar on the other hand we have been funding from the group and we expect that at least for this year that will still continue, but we expect things to be changing after one year.

**Operator**

Our next question comes from Ziad Itani, Arqaam Capital. Please go ahead.

**Ziad Itani**

Just a couple of questions, first of all on the Iraqi market. It seems now this is your second biggest EBITDA contributor, so I'm just looking at the numbers and you mentioned that the revenue was negatively impacted on IFRS 15. Is it possible to quantify the impact, because you have added 10% to your subscriber base year-on-year, but your revenue is down almost 1% in Q4, and also on that same market, is there any news for the bid for a fourth licence and when does your mobile licence expire?

**Ajay Bahri**

As far as the Iraqi market is concerned, you will see that in quarter four we have done the adjustment for previous quarter revenue numbers, so if you look at quarter three, quarter two numbers, what we reported this quarter with what we reported last year, you'll see the adjustment there. That will give you an adjustment of what the IFRS 15 adjustment is approximately. That’s as far as the adjustment is concerned. As far as the performance itself is concerned, in this quarter there has been some intensity and price competition, and that has impacted the performance. However, quarter three normally is very good in Iraq. Quarter-on-quarter change is more seasonality rather than any decline in performance, so when you compare performance against competition, I think it will be good to take into account the IFRS 15 adjustment for a like to like comparison.

For the fourth licence, we don’t have any update on that as yet. Nothing has been announced as yet. As far as our licence is concerned, normally I think it was 15 years licence, we still have maybe five years to go, but let’s reconfirm that outline to you.

**Ziad Itani**

And why aren't you investing much in Iraq? Your CapEx intensity is almost 3%.

**Ajay Bahri**

I think it’s more a delay in terms of moving equipment from different regions to Sulaymaniyah. The custom controls, which we have implemented this year, made it difficult for some of the equipment to move around. Some projects are in progress. There is a conscious effort to not invest. It’s just a question of timing. In fact, we’re the market leader there and we want to retain that leadership through having the best network.

**Ziad Itani**

Can you repatriate money out of Iraq?

**Ajay Bahri**

Yes, we can.

**Ziad Itani**

There is no limit on that, so you've been taking dividends…?

**Ajay Bahri**

Historically, it really depends on the liquidity of dollars in the market, so there have been times, especially in the last couple of years, where it was difficult to get dollars out. It’s been a little better recently, but it comes and goes in terms of the availability of dollars. Historically, I probably mentioned that in some calls a long time back pulled out almost $1 billion in this 10-year period of time.

**Ziad Itani**

Sorry, how much?

**Ajay Bahri**

Almost a billion dollars including, repayment of a loan or something which we've given in the licence. We’re talking about over a 10-year period. Iraq doesn’t normally have issues with the dollars, given that it’s an oil-based economy. It was because of the political instability in the last couple of years where we've had issues. Things recently have been very positive. We have been able to upstream some of the funds which were not moving earlier.

**Ziad Itani**

When can we expect 4G in that market?

**Ajay Bahri**

That’s a combination of what the regulator wants to do and the users’ frequencies and the extra spectrum, so we’ll have to wait for public announcements on that.

**Ziad Itani**

A second question on Tunisia. You mentioned EBITDA declined because of higher OpEx, but also a change in royalty accounting. Can you shed some colour on this?

**Ajay Bahri**

Sure. The company pays a royalty and it also has to pay VAT on the revenues, in the past the royalty was paid net of VAT. The government has clarified that we have to pay royalty on VAT as well. What it means is you record your revenue on a gross basis and then on a gross basis you pay your royalty. Your revenue goes up because of the grossing up, but your royalty payment amount goes up, so what comes back is a higher number, so you end up paying a higher royalty. The whole year’s adjustment is included in Q4.

**Ziad Itani**

How much is the royalty?

**Ajay Bahri**

The total impact of investing is about TND 10 million for us. On an EBITDA basis that’s the amount you have to consider as a one-off item, which has impacted us in quarter four.

**Ziad Itani**

Only 10 million?

**Ajay Bahri**

TND 10 million coming in quarter four as the extra cost because of this grossing up.

**Andreas Goldau**

We have one more information for you with regards to the Iraqi licence, which was indeed a 15-year licence issued in August 2007 and it’s going to expire at the end of August in 2022.

If we take one of the webcast questions, there is a question regarding Indosat. “Any guidelines for 2019? How are you going to fund the CapEx for the next year and 2020?”

**Ajay Bahri**

The guidance for 2019 for Indosat will be given by Indosat. Andreas, do we have the date for that as yet?

**Andreas Goldau**

It’s going to be sometime in March.

**Ajay Bahri**

Sometime in March. When they’ll have their analyst call, I think they will share with you the guidance. As far as CapEx is concerned, we had a question earlier on about self-funding for Indosat. I think I've answered that question already.

**Operator**

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

**Omar Maher**

Just one follow-up question on the miscellaneous income. I just wanted to check if my calculation is correct, that the implied miscellaneous income for the fourth quarter only is around QAR 300 million. Is that correct?

I was wondering if you could clarify whether this has more to do with the loss of control over the subsidiary or the ancillary services that you booked in Qatar?

**Ajay Bahri**

Quarter four miscellaneous income has two, three elements in it. One of course is the foreign exchange gain, so this quarter unlike previous quarters we have had a foreign exchange gain, so that’s been a positive impact for us, if you look at Myanmar and indeed Indosat as well. That's one reason. The second is that in previous quarters of Q4 2017 we had one-off provisions for taxes for previous years in a couple of our operations, which would be Algeria and Iraq, which was not there this quarter, and also there were certain impairment provisions related to our investments in quarter four of last year. So, in comparison to last year you will see a difference which is because of these reasons.

**Omar Maher**

Sorry, are we talking about miscellaneous income that is under other income, which is note nine in the financial statement?

**Ajay Bahri**

That’s right.

**Omar Maher**

Because in the financial statement it says that this is mainly the gain or loss for subsidiary and the ancillary services in Qatar.

**Ajay Bahri**

Okay, maybe you're talking about the specific line item there, so the gains or losses from subsidiary is actually the gains we got in Indonesia where one of their subsidiaries, Artajasa, was converted to associate and when this happens you have to do fair value accounting, so the fair value gain went to the income for the year, so that’s a one-off item. You're right.

**Omar Maher**

So, there is almost 300 million in additional one-offs in the fourth quarter alone from this line. Correct?

**Ajay Bahri**

This is not in quarter four. The loss in subsidiary is actually more coming from previous quarter; we explained that in previous quarters.

**Omar Maher**

But the ancillary services are actually what's contributed to the bulk of the gain in Q4.

**Ajay Bahri**

Again, the ancillary services is also from previous quarters. We talked about it – maybe if you send your specific question in an email to us we will definitely answer that. But just to take your point and link it to the dividend payment, I think the point really is there's a lot of one-off items which come this year, which are not going to be repeated, and if I understand your question in detail offline, I will definitely pick it up with you.

**Omar Maher**

If I may just add one more question, could you maybe clarify what is the nature of the ancillary services in Qatar, again?

**Ajay Bahri**

Like we explained last time as well, these are one-off non-telecom services, in the nature of doing some mega projects. Since, these are not telecom services this revenue is going to other income. If they were telecom services directly related to our business, it will have gone as revenue. But these are one-off opportunities which we are seeing in certain projects.

*[No further questions]*

**Andreas Goldau**

Thank you all for joining today’s call. Please refer to the Ooredoo investor relations website for additional updates. Follow us now on Twitter @OoredooIR or feel free to contact the investor relations team for further information. We look forward to your future participation in our next update, probably around 29 April, and do remember to save the date on the capital markets day, June 19 probably in Muscat. Meanwhile, thank you again for your continued interest in Ooredoo.

**Post Call Questions**

**Omar Maher - EFG Hermes**

My question is on the miscellaneous income line. In FY18 it was cQAR720 million, while in 9M it was cQAR659 million (QAR236 million in FV gain and QAR423 million in miscellaneous), so the difference between FY and 9M leads to a 4Q figure of cQAR61 million; so I was wondering where most of the QAR 61 million came from, was it FV gain or ancillary services?

**Andreas Goldau**

The number for Q4 2018 represents Miscellaneous Income coming from most of the OpCoS and does not include any offs for Fair value gain or ancillary services.