

Ooredoo Q.P.S.C.

First Half 2023 results: Strong Revenue growth of 3%, healthy EBITDA margin of 42% Net Profit increased 20% to QAR 1.8 billion

Doha, Qatar, 30 July 2023: Ooredoo Q.P.S.C. (“Ooredoo”) - Ticker: ORDS today announced its financial results for the six-month period ended 30 June 2023.

H1 2023 Highlights:

- Strong year-on-year (YoY) Revenue growth of 3%, reaching QAR 11.4 billion
- Healthy EBITDA, of QAR 4.8 billion with a margin of 42%
- Exceptional 20% YoY growth in normalized Net Profit, reaching QAR 1.6 billion
- **Normalized Free Cash Flow grew 7% YoY to QAR 3.9 billion**
- Capex intensity down 1 percentage point (pp) to 8%
- Expanded customer base (including IOH) to 156.2 million, a solid 3% YoY growth
- On track to achieve FY23 guidance

Consolidated Group	Quarterly Analysis			Half Year Analysis		
	Q2 2023	Q2 2022	% Change	H1 2023	H1 2022	% Change
Revenue (QAR m)	5,774	5,541	+4%	11,409	11,086	+3%
EBITDA (QAR m)	2,404	2,491	-3%	4,812	4,824	0%
EBITDA Margin (%)	42%	45%	-3pp	42%	44%	-1pp
EBITDA (QAR m) - Normalized	2,404	2,245	+7%	4,755	4,578	+4%
EBITDA Margin (%) - Normalized	42%	41%	+1pp	42%	41%	+0.4pp
Net Profit attributable to Ooredoo Shareholders (QAR m)	834	827	+1%	1,795	1,498	+20%
Normalized Net Profit attributable to Ooredoo Shareholders (QAR m)	831	661	+26%	1,625	1,350	+20%
CAPEX (QAR m)	477	593	-20%	873	965	-10%
CAPEX/Revenue (%)	8%	11%	-2pp	8%	9%	-1pp
Normalized Free Cash Flow (QAR m)	1,927	1,652	+17%	3,883	3,613	+7%
Customers (m)	56	55	+3%	56	55	+3%
Customers (incl IOH) m	156	151	+3%	156	151	+3%

Commenting on the results, HE Sheikh Faisal Bin Thani Al Thani, Chairman of Ooredoo, said:

“Ooredoo Group concluded the first half of 2023 with an outstanding performance, recording Revenue of QAR 11.4 billion and a remarkable surge in normalized Net Profit reaching QAR 1.6 billion. These impressive achievements underscore our steadfast dedication to providing robust connectivity, exceptional customer experiences, and maximizing value for our stakeholders.



Our digital transformation strategy has played a pivotal role in driving our success, empowering us to effectively capitalize on market opportunities and position ourselves for future growth. Our ability to remain agile and adapt to the rapidly changing market landscape positions us strongly for further progress and attractive returns.

Looking ahead, we remain committed to exploring strategic avenues that unlock significant capital and maximize value for our stakeholders, further solidifying our position as a leader in the industry."

Also commenting on the results, Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo said:

"These strong set of results validates our strategy which places operational excellence, and customer service at its core. Notably, our normalized Net Profit increased 26% in Q2 YoY, and we remain on track to achieve our guidance targets for 2023.

We are proud of our employees. Their dedication contributed to the positive performance of our operations. Ooredoo Kuwait delivered a solid 4% YoY growth in Revenue reaching almost QAR 1.5 billion. Asiacell achieved strong Revenue growth in H1 2023, with a YoY increase of 16%, reaching more than QAR 2 billion. In addition, Ooredoo Algeria delivered an 8% increase in Revenue during H1 2023.

We are making significant progress on executing our strategy and are well on track to achieve our guidance targets. We continue to strengthen our position as a leading telecommunications company striving to deliver competitive services to our customers and exceptional value to our stakeholders."

Strategic review

At Ooredoo, our commitment lies in adhering to a well-established and steadfast strategy, centered around five fundamental pillars: delivering exceptional customer experience, empowering our people and nurturing talent, driving innovation as a smart telco, continuously evolving and fortifying our core operations, and maintaining a value-focused portfolio.

We are pleased to provide an update on the progress made under our value-focused portfolio pillar of our strategy. On 24 July 2023 we announced that Ooredoo, Zain and TASC Towers Holding entered exclusive negotiations to create an independent tower company comprising of up to 30,000 towers. This transaction will create a potential uplift of both Ooredoo Group's and Zain Group's enterprise value through a more efficient capital structure. Both operators are committed to executing on their respective growth strategies to unlock significant capital and maximize value for shareholders while at the same time reducing the carbon footprint within the MENA region. The parties will proceed with negotiations on an exclusive basis with a view to sign definitive agreements around Q3 2023. Ooredoo's tower network in Oman is following a stand-alone process.

We continue to move ahead on all these strategic programs, diligently working to create sustainable value for our customers, stakeholders, and the communities we serve.

Financial highlights

Revenue

In the first half of 2023, Revenue recorded a 3% growth, reaching QAR 11.4 billion compared to QAR 11.1 billion in the same period of the previous year. All the Revenue segments recorded growth.

Solid growth in Iraq, Algeria, Kuwait and Maldives were partially offset by a decline in Revenue from Qatar and Tunisia as well as foreign exchange depreciation in Myanmar and Palestine.



EBITDA & EBITDA Margin

In H1 2023, EBITDA remained stable at QAR 4.8 billion, with a corresponding EBITDA margin of 42%, benefiting from strong topline growth. Solid EBITDA improvement in Iraq, Kuwait and Algeria were offset by a decrease in Qatar, Tunisia, Myanmar and Oman's EBITDA.

Net Profit

We delivered a solid reported Net Profit of QAR 1.8 billion, compared to QAR 1.5 billion in H1 2022, marking a 20% expansion YoY.

Similarly, Normalized Net Profit, which takes into account various adjustments such as the foreign exchange impact, impairment, and two one-off items (QAR 446 million gain from the NMTC legal case and QAR 56 million gains from Indonesian tower sales), grew by 20% YoY to reach QAR 1.6 billion, compared to QAR 1.4 billion in H1 2022. These strong growth figures reflect the Group's continued focus on profitability and the effective management of its operations.

Capital expenditure (CAPEX)

Ooredoo Group's CAPEX reached QAR 873 million in H1 2023, decreasing by 10% compared to the same period last year. Notably, CAPEX expenditure for the period highlights the strategic investments made in the countries to drive growth and enhance our operations. CAPEX is expected to ramp up in the second half of the year.

Free Cash Flow

In H1 2023, Normalized Free Cash Flow showed a notable increase of 7% YoY (up by 17% in Q2), reaching QAR 3.9 billion, driven by a higher normalized EBITDA and a lower CAPEX spend. Qatar, Iraq, Kuwait, Oman, and Algeria contributed to the Free Cash Flow generated during the period, highlighting the strong financial performance and cash generation capabilities of these markets.

Debt

Ooredoo Group maintained a robust investment grade rating in H1 2023, with a Net Debt/EBITDA ratio of 1.1x, which is well below the board's guidance range of 1.5x to 2.5x. Furthermore, the Group's financial position is protected from interest rate risks, as approximately 94% of the debt is fixed rate, and the company has sufficient cash balances to cover the floating rate portion of debt. Additionally, the company's liquidity remains strong, with QAR 8,652 million in cash reserves and QAR 4,636 million available in undrawn facilities.

Customer base

The Group's consolidated customer base reached 56.2 million, representing a 3% YoY growth compared to 54.8 million in the same period last year. H1 2023 saw strong customer growth across all operations, except for Qatar. Including IOH, we recorded **156.2 million** customers, up **3%**.

Guidance

Ooredoo Group is making steady progress towards achieving its 2023 targets. The Revenue target is expected to remain stable, while the EBITDA margin is projected to be in the low 40% range. Additionally, the planned CAPEX for the year will increase in the second half of the year to reach approximately QAR 3 billion.



Commercial highlights

Ooredoo Group witnessed notable developments across its OpCos during the quarter.

- **Ooredoo Kuwait** received the prestigious Asian Telecom Awards 2023 for Best Application and Best Website of the Year in Kuwait.
- **Ooredoo Palestine** Dr. Samer Fares assumed the position of the new Chief Executive Officer, Effective from 15 May.
- **Ooredoo Algeria** continued its network densification efforts to enhance customer satisfaction in terms of coverage and experience. The company has achieved a total of 6,556 sites.

Operating Companies highlights

Middle East

Ooredoo Qatar

Revenue has not moved materially, decreased by 1% YoY, negatively impacted by the discontinuation of the transit business (very low margin business, wholesale international voice traffic) and reporting Mobile Money in a separate legal entity. Normalizing for these factors, revenue increased by 4% YoY.

EBITDA was down by 6% YoY due to lower gross margin.

The customer base of Ooredoo Qatar reached 3 million, representing a 7% decrease compared to the previous year due to a change in definition of the prepaid base to 90-day active from 365-day. On a like-for-like basis, customers were up 1%.

Ooredoo Qatar has been at the forefront of sustainability initiatives, partnering with Seashore Group to implement a recycling programme for unwanted mobile devices and received an award for Best CSR initiatives in ICT sector at the Qatar CSR Summit Awards 2023.

Ooredoo Oman

In a highly competitive backdrop, Ooredoo Oman achieved a Revenue of QAR 1,230 million, up 1% YoY, supported by higher device sales, ICT/IOT revenue and higher postpaid, partially offset by decline in prepaid and fixed revenue.

EBITDA declined 10% YoY amounting to QAR 588 million, impacted by a lower gross margin and higher OPEX. There is an ongoing evaluation of the cost structure to improve efficiency in the operation.

The customer base saw a significant expansion recording a solid 6% YoY growth to reach 3.1 million.

Ooredoo Oman's commitment to digitalization and technological advancement, a core aspect of the overall strategy, was recognized this quarter as Ooredoo Oman wins the 'Most Innovative Digitally Transformed Telecom Company' award at the Global Business Outlook Awards.

Ooredoo Kuwait

Ooredoo Kuwait delivered a solid performance in H1 2023, with Revenue reaching QAR 1,460 million, marking a 4% YoY growth. Furthermore, the company achieved a notable 7% increase in EBITDA YoY, resulting in an EBITDA margin of 31%. This success can be attributed to strong Revenue growth.



The customer base of Ooredoo Kuwait experienced significant growth, expanding by 7% YoY to reach a total of 2.8 million customers. This growth has been benefitting from improved economic conditions.

During the period, Ooredoo Kuwait made significant progress on digitalization initiatives. It successfully launched a new strategic approach to onboard SIM sales through partners and community forums. Additionally, Ooredoo Kuwait introduced an innovative and fully automated digital sales platform, a first among the OpCos. Various gamification initiatives were implemented to enhance user engagement, resulting in improved Monthly Active Users (MAUs). The introduction of advanced payment options, including the successful rollout of smartpay for B2C segments, further strengthened the digital experience. Efforts to drive digital adoption were reinforced through continuous improvement of the eSIM and online exclusive portfolio.

Asiacell - Iraq

Asiacell achieved very solid Revenue growth in H1 2023, with a YoY increase of 16%, reaching a total of QAR 2,024 million. This growth can be attributed to the increase in data revenue.

Increase in EBITDA of 23% YoY, benefitting from strong top line growth. Despite the higher leased line and energy costs, the operation delivered a strong EBITDA margin of 46% for H1.

The customer base of Asiacell experienced a notable YoY increase of 5% in H1 2023, reaching a total of 17.1 million customers. This growth is a result of the company's enhanced focus on improving the customer experience and retention efforts. Asiacell launched various initiatives during H1 2023, including a new loyalty program and the introduction of eSIM.

Ooredoo Palestine

In H1 2023, Ooredoo Palestine recorded a total Revenue of QAR 203 million, recording a 3% decrease compared to the previous year. The decrease can be attributed to the functional currency depreciation against the dollar, with a depreciation rate of 9%. However, the data monetization plan positioned Ooredoo Palestine as the leader in data experience, resulting in strong data revenue growth.

Positively, EBITDA displayed a 5% YoY increase, reaching QAR 82 million. This growth was driven by disciplined cost control measures, contributing to a strong EBITDA margin of 41% compared to 37% for the same period last year.

During the same period, the customer base of Ooredoo Palestine experienced growth, with a 2% YoY increase to reach 1.4 million. This growth was facilitated by the company's commitment to delivering superior customer experience and enhanced offerings, including numerous promotions and offers that capitalized on the seasonality of Ramadan, Eid al-Fitr, and Eid al-Adha.

North Africa

Ooredoo Algeria

Revenue increased by 3% in local currency (LC) YoY, data bundle extension led to higher revenue. The strong appreciation of the Algerian Dinar contributed to the 8% YoY increase in reported Revenue. The operation achieved a strong EBITDA margin of 40% in H1 2023, up 3.1pp YoY demonstrating the company's emphasis on implementing effective cost control measures.

Furthermore, Ooredoo Algeria experienced a growth of 1% in its customer base, reaching a total of 13.0 million customers in H1 2023 compared to the same period last year.



Ooredoo Algeria continues to optimize cost across the business to maintain profitability and be amongst the top quartiles.

To enhance its network capabilities, Ooredoo Algeria has successfully deployed new 4G sites, providing additional capacity on its 4G network. This strategic initiative has contributed to maintaining high positions in the Data Network Performance benchmarks, ensuring a reliable and efficient network experience for its customers.

Ooredoo Tunisia

In H1 2023, Ooredoo Tunisia reported Revenues of QAR 707 million, a 5% decline YoY. The strong fixed revenue performance was offset by softer mobile service revenue performance in line with the country's mobile market trends.

EBITDA for the same period experienced a decrease of 21% YoY in LC terms, impacted by pressure on the topline and exceptional bad debt recognized in Q1. Excluding those doubtful receivables provisions, H1 EBITDA margin stood at 40%.

The company continues to review its cost structure and introduce several initiatives to improve operations effectiveness and efficiency.

The operation continued to increase its customer base, growing customers by 1% to reach 6.9 million customers.

To enhance its competitiveness in the market, Ooredoo Tunisia continues to place efforts in its targeted strategy focusing on fiber expansion.

Asia

Indosat Ooredoo Hutchison (IOH)

The merger between Indosat Ooredoo and 3 Indonesia, forming Indosat Ooredoo Hutchison (IOH), has completed a successful year since its official establishment on January 4th, 2022. This strategic partnership has surpassed expectations, positioning IOH as a joint venture rather than a subsidiary. Consequently, Ooredoo Group now attributes only a 33% share of IOH's profits to its EBITDA. IOH's exceptional performance has exceeded initial plans, delivering even better results than anticipated.

IOH announced its Q2 2023 financial results on 28 July 2023. In the local currency, the operation achieved robust performance YoY, recording a substantial 10% growth in Revenue. EBITDA also increased by 24% YoY, resulting in a healthy EBITDA margin of 46% and showcasing strong operating leverage.

IOH's customer base for the quarter reached of 100 million, up by 4% YoY.

Ooredoo Maldives

During the first half of 2023, Ooredoo Maldives delivered positive results, with a YoY Revenue increase of 7% to QAR 240 million. This performance was driven by growth in mobile and fixed segments.

Moreover, EBITDA marked a strong YoY growth of 8%, reaching QAR 133 million, fueled by higher Revenue generation, resulting in a healthy EBITDA margin of 55%.

Maldives customer base reached almost 400k, expanding by 6% YoY.

Ooredoo Maldives made significant strides during the quarter by expanding services and introducing exciting offers. The company conducted Ooredoo Business Connects events, expanded its SuperNet broadband network to four new islands, and offered special discounts for



Hajj travelers. Additionally, all-new Magey Plan Exclusive data packs were launched, along with the "Moolee Enme Agu Heyo Sale" with up to 80% discounts on devices. The m-Faisaa platform welcomed new merchants like OdiApp, enhancing travel experiences through seamless payment solutions.

Ooredoo Myanmar

Ooredoo Myanmar showed a resilient performance by achieving a 4% YoY Revenue growth in local currency during H1 2023, despite facing a challenging business environment marked by internet service shutdowns in Upper Myanmar, high inflation rates, currency depreciation and devastation caused by the Mocha cyclone. This growth can be attributed to the strong performance of the mobile Revenue segment.

The customer base increased by 2% YoY to 8.5 million due to ongoing initiatives to engage with the customers. Further, Ooredoo continues to maintain its NPS leadership position in Q2 2023 in Myanmar.

In September 2022, Ooredoo Group announced the sale of its telecom business in Myanmar to Nine Communications Pte. Ltd at an enterprise value of USD 576 million and total equity consideration of USD 162 million. This transaction is an important milestone in line with the Group's strategic decisions to focus on markets where Ooredoo is leading. The sale is subject to customary closing conditions, including ongoing regulatory approvals in Myanmar.

- Ends -

About Ooredoo

Ooredoo is an international communications Company operating across the Middle East, North Africa, and Southeast Asia. It serves consumers and businesses in ten countries, delivering Ooredoo a broad range of content and services through its advanced, data-centric mobile and fixed networks.

As of 31 December 2022, Ooredoo generated Revenues of QAR 23 billion. Its shares are listed on the Qatar Stock Exchange and the Abu Dhabi Securities Exchange.

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For additional information, including detailed supplemental schedules, financial statements, and details about our investor call, please visit our website at www.ooredoo.com/en/investors/

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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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