Management presentation

Andreas Goldau, Investor Relations:

Salam alaikum wa marhabanbikum fi hadidhi mukalama. Good afternoon and welcome to Ooredoo's financial results call. My name is Andreas Goldau, and I'm in charge of Investor Relations. Today, I'm joined by Aziz Aluthman Fakhroo CEO and Managing Director of the Ooredoo Group. We're going to start the presentation with an overview of the consolidated results and the strategy, followed by a presentation by Abdullah Al-Zaman, our Group CFO who is going to talk us through the operations.

As always, we keep the presentations brief to allow ample time for your questions. Please do type your questions into the Q&A section of this Zoom seminar at any time.

The presentation is available on the Ooredoo website at ooredoo.com, as well as on this webcast. The recording and transcription of the session has started now, so by attending this session you consent to being included. Please do note the usual disclaimer on slide number two, And on that I will hand over to Aziz.

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group:

Good afternoon, everyone. Welcome to our Investors Call. Last week we announced a groundbreaking transaction that will lead to the largest TowerCo in the MENA region. I'm obviously very pleased with this announcement. I must reiterate that we are still in exclusive negotiation with our future partners of Zain Group and TASC Tower Holding. As you may appreciate, this is a complex transaction, and it represents an important milestone for all parties. We're aiming for definitive agreements to be completed during the third quarter of this year.

In terms of transaction structure, a new JV will be created. It will operate as an independent tower company with its own dedicated management team, focusing on increasing the value of its asset. Ooredoo will contribute its towers assets in Qatar, Kuwait, Algeria, Tunisia and Iraq. The transaction concerns only the passive infrastructure. Each of the operators will retain its active equipment on each site.

To give you some context, when the transaction completes TASC Tower Holdings will have 30,000 sites across six countries: Qatar, Kuwait, Algeria, Tunisia, Iraq, as well as Jordan contributed by TASC. Oman is running a separate process, as you know, due to regulatory reasons. This will create the single largest TowerCo in the MENA region.

This transaction will allow us to achieve three things. Firstly, it will unlock value for our shareholders to transaction has a cash consideration as well as an ownership stake to participate in the future upside. Secondly, we will be able to optimize our capital and cost structure. And let's not forget the synergies that we will generate by combining our tower portfolio of Asiacell and Zain, in Iraq. This will drive an environmental impact, which will reduce the carbon footprint.

Here are the key highlights for the first half of 2023. As you can see, we continue on our good performance for the first half with delivered an increase in revenue with a solid EBITDA margin, free cash flow and net profit growth. We'll take you into more details later.

But the key highlights are increase of 3% of the top line to 11.4 billion riyals. Reported EBITDA remained flat at 4.8 billion Riyals reported EBITA margin at 42% and free cash flows up by 2% to 3.9 billion in the first half. Reported net profit is up by 20% to 1.8 billion riyals. Normalized net profit are up also by 20% at 1.6 billion riyals.

Other significant updates include the tower transaction, which has already touched on and the appointment of our new Palestine CEO, Samer Faras on May the 15th. He was previously the chief legal and regulatory officer of Ooredoo Algeria.

As mentioned before, for the first half of the year. Our revenue is up 3% to 11.4 billion riyals. Here are the highlights in more detail. I would just like to draw your attention on the fact that our EBITDA at 4.8 billion is flat, as numbers, but up by 4% on a normalized basis. Our EBITDA margin is also up by 0.4 percentage points on a normalized basis. Another key highlight is our customer base, which encompassing of IOH, now is at 156.2 million subscribers or a 3% growth.

This is the same. This is a similar breakdown for Q2. Again, our revenue is up by 4% to 5.8 billion. Our EBITDA on a normalized basis is up by 7% at 2.4 billion. Our EBITDA margin is up by one full percentage points on normalized basis. Our free cash flows are up by 17% at 1.9 billion on a normalized basis, and our net profit is up by 26%, roughly at 0.8 billion riyals on a normalized basis.

As mentioned previously, for the first half of the year, our revenue is up by 3%. On a quarter-by-quarter basis, it's up by 4%, mainly driven by: Iraq that grew by 26%; Algeria that grew by 11%; Kuwait that grew by 6%; and Maldives that grew by 9%.

In the quarter Qatar's revenue was negatively impacted by: a highly competitive environment in the consumer space; discontinuation of the transit business; and the reporting of fintech separately into new entity, partially offset by higher handset sales. Myanmar and Palestine's revenue increased in local currency but was negatively impacted by FX depreciation of 34% and 9% respectively. In general, revenue increased across all segments. Others consist mainly of fintech revenue from Qatar Ooredoo money effective January 2023, reported separately from Ooredoo Qatar.

Group delivered reported EBITDA of 4.8 billion with a healthy margin of 42% for the first half.

Group EBITDA down by 3% in Q2 year on year, up by 7% on a normalized basis, mainly from good top line growth included in the others is a negative contribution from IOH of 194 million due to the one-off gain on the sale of data centers recognized in 2022. Normalizing for this, there was a positive IOH contribution of 52 million riyals in this quarter. Oman's EBITDA was impacted by lower gross margin and higher OpEx. There is an ongoing evaluation of the cost structure to improve efficiency in the operation. Reduced EBITDA margin in Qatar for Q2 due to bad debt and competitive pressures.

As previously mentioned, net profit for the first half of the year, both on a reported and normalized basis, are up 20% to 1.795 billion on a reported basis and 1.625 billion on a normalized basis. Here you will see, I think, a self-explanatory waterfall of the adjustments done in the first half of 2022 and the first half of 2023 as normalization exercises. The major items include the NMTC legal case gains of 446 million riyals in the Q1 of this year.

Similarly, net profit for Q2 is up by 1% on a reported basis, but up 26% on a normalized basis. The major 2023 normalization items include an impairment on the AMH investment and 75 million riyals of FX impact.

Our CapEx for the first half of this year is 10% below the first half of last year. As you know, the significant seasonality and a lot of the CapEx happens between Q3 and Q4. Other major items include: in Maldives an increase of 52% in CapEx, mainly driven by a sub-sea cable and the completion of our main headquarter; in Iraq, this is network rollout; Palestine, Oman and Tunisia also includes some roll out effect. What you will see in Kuwait, Algeria, Qatar is a decrease in CapEx as most of the network upgrades and the 5G upgrades were done in the previous year. Qatar also included last year some one-offs for the World Cup. Myanmar, as you know, we're managing this this operation on the bare minimum CapEx.

Free cash flow is up by 2% for the first half. Main drivers for the free cash flow performance is mainly top line growth and lower CapEx.

As previously mentioned, our consolidated customer base has grown by 3% from 54.8 million subscribers to 56.2 million subscribers. Every single market has known an expansion in their customer base. Please note that the decline in Qatar is due to a change in the definition of the pre-paid base to include 90 days active base instead of 365 days as previously reported. On a like-for-like basis, our customer base in Qatar were up by 1%. As previously mentioned, IOH customers at 100 million subscribers IOH numbers as you know are not consolidated anymore.

We're currently on track to meet our guidance. Our revenue is slightly ahead by 3%. Our EBITDA margin is flat and our CapEx is down by 10%. But we are still aiming to hit the 3 billion mark by end of the year.

Our debt profile has not changed since the previous quarter. We still are at 1.1 net debt to EBITDA ratio. 94% of our debt is a fixed rate as you already know. We had two RCF facility expiring in 2023 and 2024. We have had their maturities extended to 2027 and 2028 proactively. Our credit rating remains A (stable) and Moody's A2 (stable). As you know, in Q1, S&P had upgraded us. And now I hand over to Abdulla for the operational review.

Abdulla Al Zaman, Group Chief Financial Officer:

Good afternoon, as always. I start the operation review with our home market in Qatar. Reported revenue hasn't changed much year-on-year due to two factors. Number one, we voluntarily reduced transit revenue because it is high volume, low margin business. Our revenue or a second point, our revenue base was impacted by the fintech carve out. So, on like-for-like basis, revenue increased 4% in the first half of the year. EBITDA is a 6% year on year in a high competitive market and impacted by bad debt provision. In normalized basis. EBITDA was flat. On ESG, we started the recycling program or the used handsets.

Moving to Kuwait, solid commercial performance in quarter two from Kuwait. The customer base increased year-on-year by 7%. As a result, at the first half of the year, Local currency revenue grew by 5% and EBITDA also grew by 8% year-on-year.

Next is Oman. In Oman, we are seeing increased competition after the entry of the new mobile operator. But this did not stop us from growing our customer base, which increased by 6%. Revenue remained stable thanks for higher postpaid and handset sales. EBITDA was lower because of the lower gross margin and higher OpEx due to the reversal on bad debts provision.

Moving to Iraq. Asiacell was our portfolio top performer. Our customer base grew 5% year-on-year. This is another quarter of net-adds. The Iraqi customer appreciate that we have the best data service in the country. We have provided outstanding customer experience. Revenue grew 10% thanks to higher data usage, VAT are no longer applicable and data. EBITDA improved due to higher revenue. Our continued efficiency of work were reflected on the EBITDA margin.

Turn to Algeria. Algeria gave a solid performance up 3% in local currency. Local currency revenue growth was driven by data bundle. The Algerian dinar appreciation contributed to 8% increase in reported revenue. EBITDA improved due to higher data revenue and lower OpEx. Just a few days ago, we announced a new appointment of CEO, Roni Tohme. Congratulation. And he was the former CFO of the company.

Next is Tunisia. Ooredoo Tunisia remain the leader in the mobile market. Strong fixed revenue was offset by softer mobile business, where we saw discount in data bundle. Local currency revenue was down by 1%. We faced challenge of currency depreciation. EBITDA was down due to bad debt provision in the quarter one. Excluding this, first half EBITDA margin is 40%.

Myanmar. In spite of good financial result in local currency, currency devaluation had an impact on the reported number. Despite challenges like FX and cyclones, the EBITDA margin remained strong. No new development with regard to the sales process is still ongoing. And we are still waiting for regulatory approval.

Next. Maldives. In the Maldives we continue our network investment that help us gain market share, growing revenue and increase profit.

Next. Palestine. In Palestine revenue was up in local currency term. Again, FX depreciation impact the reported result. Our improved offering and amazing customer experience led to a fifth consecutive quarter of customer net-adds. EBITDA and margin improve due to the strict cost control. We appointed Samer Fares as Ooredoo Palestine's new CEO. He joined the from Ooredoo Algeria and also has experience working in the headquarter in Doha.

Next IOH. Our Indonesian asset performed strongly. I am very pleased with the solid growth rates across the board. IOH has updated the guidance for EBITDA margin to mid to high forties. EBITDA margin in H1 stood at 46%.

This concludes my operations review. Back to IR team. Thank you.

Andreas Goldau, Investor Relations
Thank you very much, Abdullah. Before we go to the Q&A part, I would like to highlight some conferences that are coming up in the second half of the year. We're probably going to attend the Bank of America MENA conference in Riyadh and in Dubai early November. And we are also planning on attending the Qatar exchange event in New York on the 20th and 21st of November. We're going to host the Capital Markets Day. The details will be announced in due course.

And now we come to the Q&A part. Your questions can be asked on Zoom or just raise your hand and we open the audio lines or simply type your questions in the Q&A box. If you're dialing in via phone, you can push *9 to ask a question.

So welcome again to the Q&A part, and I'm delighted to have the whole team here with me. So, we are joined by: Aziz, our CEO; and we also have the deputy CEO Sheikh Mohammed with us; Group CFO Abdullah; Deputy Group CFO, Eyas; and Head of Strategy, Rene Werner.

So, we're going to open up the panel for your questions. As I said, you can type them. We already received the first one, so you could just raise your hand and then we open up your microphone.

Questions and Answers

Question
Andreas Goldau, Investor Relations, asking on behalf of Wei Chow, Epicureim <via online submission>
I'm going to start with the first question from Wei Chow. He's going to ask about: the prepaid revenue; the change in customer base definition from 365 days to 90 days; the change in customer base definition from 365 days to 90 days out of the total drop in prepaid customers 420,000, what's the impact due to the change of the base definition? Abdullah do you want to comment, Eyas?

Eyas Assaf, Deputy Chief Financial Officer, answering
Yes, most of it is coming from the definition. Most of the drop is due to the definition.

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, responding
If we actually use the old definition, our customer base is up 1%.

Question
Andreas Goldau, Investor Relations, asking on behalf of Wei Chow, Epicureim <via online submission>
Great. that covers the first question. And yet another question. What is the impact of the discontinuation of transit on overall revenues in Qatar?

Abdulla Al Zaman, Group Chief Financial Officer, answering
So, this is approximately 82 million.

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, responding
As you know, transit business is close to zero margin

Abdulla Al Zaman, Group Chief Financial Officer, responding
This is right. Maybe we can define it as a high-risk low margin.

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, responding
Exactly.

Question
Andreas Goldau, Investor Relations, asking on behalf of unknown <via online submission>
Okay, then moving on, what drove the drop in postpaid customers in Opco Qatar?

Sheikh Mohammed Bin Abdulla Bin Mohammed Al Thani, Deputy Chief Executive Officer, answering
It's just been that market driven, highly competitive market, as addressed by our MD. There has been some changes also in our plans, which has been introduced in late March. And that's we see that impact going forward now.

Andreas Goldau, Investor Relations
Excellent.

Question
Andreas Goldau, Investor Relations, asking on behalf of of Madhvendra Singh, HSBC <via online submission>
Then we got some questions from HSBC from Madhi Singh. He continues on the topic of Qatar. Why did revenue decline and margins are lower? We saw Post Cup, emm, post the World Cup margins should improve. Is competition getting tougher?

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, answering
Competition is getting in general tougher in general market of Qatar. Margins are also slightly dropping because we're growing on B2B, which is recurrent revenue but at a lower margin.

Eyas Assaf, Deputy Chief Financial Officer, responding
If you allow me. Even if we normalize the revenue to exclude the transit revenue and the mobile money services, actually the revenues are flat, the revenue numbers.

Andreas Goldau, Investor Relations
Thank you very much Eyas and Aziz.

Question
Andreas Goldau, Investor Relations, asking on behalf of Unknown <via online submission>
Any updates on the Myanmar exit?

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, answering
We're still pushing and coordinating as much as we can with the local regulator to finalize their approvals. Unfortunately, it's a slow and tedious process.

Andreas Goldau, Investor Relations, responding
And in Myanmar, of course, the government extended the state of emergency and has cancelled the elections. But we are waiting for some news there.

Question
Andreas Goldau, Investor Relations, asking on behalf of Unknown <via online submission>
Then there's an accounting question. Which are the other associates (excluding Indosat), their contribution seems to have improved.

Abdulla Al Zaman, Group Chief Financial Officer, responding
It is StarLink. I can say it. And the other one was Mobile One, is it?

Eyas Assaf, Deputy Chief Financial Officer, responding
No, I think the for that associate is Intelaq mainly. Intelaq has contributed around 11 million in the EBITDA numbers.

Andreas Goldau, Investor Relations, responding
And I get the numbers just as background Intelaq is a joint venture that we have with Aspire in the area of the sports and event management and they been very active during the World Cup. Still ongoing.

Question
Andreas Goldau, Investor Relations, asking on behalf of of Madhvendra Singh, HSBC <via online submission>
Next question is on the dividend outlook from Madhi. Especially getting the strong growth in normalized net income. What's the policy? Is it based on reported or normalized net profits? Can you confirm the payout ratio for 2022?

Andreas Goldau, Investor Relations, answering
I could do that straight away, that 60%.

Andreas Goldau, Investor Relations, asking on behalf of of Madhvendra Singh, HSBC <via online submission>
And what's the outlook on 2023? Maybe a question for Aziz.

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, answering
We have this question every time it's normalized payout up to 60%. As you've seen, we always are the maximum the payout ratio for the last two years. Further than this, we can't comment. As you know, that dividend policy is a prerogative of the board. Management recommends so it’s a bit too soon to be discussing dividends.

Question

Andreas Goldau, Investor Relations, asking on behalf of Alexey Philippov, JP Morgan <via online submission>

Great. Then we move on to the tower business and the recent announcement there. Can you remind us what is the rationale behind the tower transaction? Given that you are contributing towers into a JV and have more towers relative to your partners, do you plan to keep the majority stake in the joint venture and thus keep the towers on the balance sheet. That is a question from Alexey Philippov.

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, answering

So we'd like to expand. We can't say much more than what we currently disclose. We're in exclusive discussions with Zain and TASC. We will end up with an equal stake with Zain. It will therefore become a joint venture. So, it will be off the balance sheet. As you are rightfully noted, we're basically contributing roughly 20,000 towers and they're basically contributing 10,000 towers. So, at the end of the day, it would be a cash and share transaction where we receive shares in the resulting vehicle plus an equalization payment. More than this unfortunately, right now I can't comment. I would love to, but I can't.

Andreas Goldau, Investor Relations, asking on behalf of Alexey Philippov, JP Morgan <via online submission>

Yes, I can only repeat the typed question. He's asking what's the impact on EBITDA and net income if you deconsolidate it and the Bloomberg range citing the cost between three and 5 billion. He's asking if that's a valid valuation range.

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, answering

More than what is disclosed currently and our statement. We can't disclose whether in terms of valuation range and even in pro forma impact to the accounts till the assets are not closed, we can't disclose.

Andreas Goldau, Investor Relations responding

Fair enough. I believe the Zain call is also happening next Monday in the same situation there.

Question

Andreas Goldau, Investor Relations, asking on behalf of Unknown <via online submission>

Then we have a question with regards to the Iraqi business and Algeria. Despite the improvement in EBIDTA, the net profit is not showing the corresponding increase. Can you help us explaining the reason?

Abdulla Al Zaman, Group Chief Financial Officer, responding

For which OpCo?

Andreas Goldau, Investor Relations, responding

Algeria.

Eyas Assaf, Deputy Chief Financial Officer, answering

Algeria, we don't disclose the net profits. So, I'm don't know from where you conclude it's not picked in the net profit.

Sheikh Mohammed Bin Abdulla Bin Mohammed Al Thani, Deputy Chief Executive Officer, answering

In Iraq, it's really the quick growth in top line and it's been really further down to the EBITDA and the bottom line. We see a very good progress in Iraq supported by the top line.

Question

Andreas Goldau, Investor Relations, asking on behalf of Ziad Itani, Arqaam Capital<via online submission>

Okay. Then we have a very forward-looking question from Ziad Itani. I am afraid we will get another no comment answer again. But I ask it anyway, what are the plans for the potential proceeds of the tower deal? Would you consider one-off the dividends?

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, answering

And similar ones. We do not comment on dividends. This goes to the prerogative of the board in general as a statement, as the management. As you know, sales of towers are accompanied with long term leases. So, use of the proceeds and we are preference to reinvest these proceeds in higher rates of returns investments then the underlying lease we're sustaining. And that's to avoid the destruction value over the long term.

Question

Andreas Goldau, Investor Relations, asking on behalf of Unknow <via online submission>

And to avoid sounding like a broken record, we're going to skip the next tower deal question. But there's another question here. Are you considering any other M&A expansion outside of your current markets?

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, answering

Again, this is a question we get every time. We're very very value conscious for our shareholders. We've been looking at a lot of opportunities. I think over 30 opportunities in the past two years. To date, no opportunities has ticked the box in terms of being value accretive to our shareholders and to Ooredoo. In general. But we keep our eyes open, that we will be opportunistic if needed.

Question

Andreas Goldau, Investor Relations, asking on behalf of Alessandra David, Ashmore <via online submission>

Thank very much. Alessandra David would like to know if there's an update on data centers and their performance in development.

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, responding

So, you want to take it?

Rene Werner, Group Chief Strategy Officer, answering

Yeah, we're in the process basically of carving out the operations. There is a process, as we have commented earlier, that is ongoing and we're running. So, we'll come back with probably news when it's the right time in that process to comment on this. As you can see in the region, data centers get increasing focus. So, we think we have an attractive asset there. And we have also demand from the external market growing that asset even organically further in the region. So, we're quite optimistic about the development of our data center operations.

Question

Andreas Goldau, Investor Relations, asking on behalf of Unknow <via online submission>

Thank you very much Rene. Then there's a question again with regards to the reclassification of the revenue definitions, customer definition in Qatar. Is there any one-time revenue / ARPU benefit of the change?

Sheikh Mohammed Bin Abdulla Bin Mohammed Al Thani, Deputy Chief Executive Officer, answering

It's a clear positive upside on the ARPU. And one that's clear because of the outcome of that result of the formula with customers.

Andreas Goldau, Investor Relations
I can also see Madhi has raised his hand. So, I'm going to open up his microphone. Madhi, if you unmute then your line is open for an audio question.

Question
Madhvendra Singh, HSBC asking
Yes. Hi. Thanks, Andreas for taking my question, I'm going to keep pandering on the dividend point because I'm still not clear. So, 2022, the normalized net income was 2,821. Am I correct on that?

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, responding
Of memory. Probably, yes.

Madhvendra Singh, HSBC asking
Yes. So, if I calculate the payout ratio on that, that payout ratio comes to 49%, not 60%.

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, answering
No. So if I remember correctly our normalized, last year's payout ratio and it was just to have a round number on the dividend, we're actually at 58 or 59%. Close to 60%.

Madhvendra Singh, HSBC asking
That is on reported net income because your EPS, clean EPS, normalized EPS is 0.88. And the dividend was 0.43. So, I mean, either I'm missing something or there is some…

Abdulla Al Zaman, Group Chief Financial Officer, responding
We will be more than happy to furnish you with the information needed. I have no problem with that.

Madhvendra Singh, HSBC asking
But let's, yeah. So please if you could clarify that. That'd be great. And then second question is on the tower transaction. So, without sounding repetitive there, just, you know. The way the transaction is structured, are you trying to keep the earnings neutral or is there a risk of slight dilution, accretive? How do you think this transition will be overall?

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, answering
We believe that the transaction will actually generate substantial value on both sides. On the OpCo side, because once we carve out the assets, there will be mutualization of assets between the different operators. I give you very simply, in most our geography, a tower is not just a steel structure, it's a diesel generator, it's logistics to fuel that generator. It's 24-hour security. That cost is then divided by the number of tenants. So, there will be enhancement on the OpEx side to run the number of sites. Also on the towers, and that's why we also elected to keep a significant stake, there's a lot of synergies. As you neutralize sites, what happens is that we reduce the overall leases you're paying and you're increasing the yield per tower at a much higher multiple than the telco is currently paying. So, we actually believe that this is going to be a very accretive transaction, both for the ongoing telco operation but also for our remaining stake within the TowerCo.

Madhvendra Singh, HSBC asking
Look, just clarify the, uh, that obviously sound like a great plan. But doing all of that would probably take some time. In the first instance, let's say the first quarter post transaction, do you expect that to be accretive right from there? Or you expect the synergies to create over the period. And then, you know, maybe in year one or year two end of that, that's when you get to…

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, answering
Just to clarify, in Q4 right now we signed exclusivity. What should we, what we're looking to do, is to sign final documentation. We don't expect to close any market before next year because we need the regulatory approvals. Once a market is closed, the actual operational benefits and consolidations can start quite quickly. But overall, the materialization of synergies should appear over probably a two-year period.

Madhvendra Singh, HSBC responding
It's very, very clear. Thank you very much.

Andreas Goldau, Investor Relations
Thanks Madhi. We're going to have another audio question from Bahrain: Nishit from SICO. Please, I'm going to unmute your microphone.

Question
Nishit Lakhotia, SICO Capital, asking
Yes. Thank you for the opportunity. A couple of questions. First, again, on the Qatar market. Can you be more, give more clarity on what the bad debts were? Because it seems to be sizeable in Q2. And so if you can just: quantify what was it regarding; where is it coming from. And what's the strategy on perhaps dealing with the competition, given that it's become pretty intense for any, any strategy of management wants to share for your home market? That's the first question on Qatar.

Second, given that there would be the recent Iraq sanctioning of some 14 banks, is there any issue of upstreaming of dividends that you see in Iraq? Also, regarding increasing in prices, are you not able to increase prices without any restriction by the, you know, the regulator or not on all your packages? So that that's the second question.

And third, again, on the TowerCo. Regarding the JV, once it is formed, will it be open to acquiring more towers or this is the tower base that the JV will have and will you be open to selling your stake in the JV to another operator as well in diluting. So how, how will that strategy be with this group that is getting forward formed for further acquisition or divesting.

Andreas Goldau, Investor Relations
Okay. Let's take a break and then start with the question. And the first one was on Qatar. The net debt impact and the competitive environment in the Qatari market

Sheikh Mohammed Bin Abdulla Bin Mohammed Al Thani, Deputy Chief Executive Officer, answering
When it comes to the bad debt, it is cleaning in our books and it's been very long pending bad debts. This is something strategy we are taking. When it come to the market, you know post World Cup we have seen a dip in the market. We have seen also a decreased number of population, a very competitive market as explained also by the speakers here. Over we are looking for our strategy which we believe in the postpaid looking for the more value. That's for our customers. We're looking very good on our channel of sales and that's what you are looking at until the end of 2023.

Also, we are planning workshop that we are having next month. And do this for you to start planning at this to be taking into account for the three-year business plan.

Andreas Goldau, Investor Relations
And there was a question, do you experience any impact from sanctions in Iraq? Just got a message from our Treasury team. The upstreaming is progressing as planned and no impact there.

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, answering
No issue in Iraq in terms of upstream. And there's also a question, I think, some price uplift in Iraq. Across all our footprint, we try to maximize price of it across all our portfolio constantly. But then we have to do with a measured matter and not to also deteriorate our competitiveness and our market positioning. And so it's something which is a constant delicate exercise of fine balance I think the numbers in Iraq show that we are, do a very good job there.

Andreas Goldau, Investor Relations
There is a third question also regarding towers.

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group , answering
Yeah, look, I'm limited, first of all, into what I can say. We just signed this facility with TASC and ZAIN to create what is probably going to be largest Tower portfolio. This will have an independent management. It will be considered the joint venture and as a subsidiary. Apart from that, looking forward, I do appreciate your enthusiasm for knocking down the line in the acquiring territories etc I think it's extremely premature to have this discussion as a transaction. We haven't even finalized our final documentation.

Nishit Lakhotia, SICO Capital, asking
Okay. But can I just follow up on this tower thing, I mean, given the earlier strategy of possibly becoming possibly asset light and monetizing on the passive infrastructure, these kind of JV structures would just mean moving from your main, you know, from one company to another, but still holding the asset. Isn't this just a bit of a different strategy now, instead of because you are just partially monetizing but we are keeping a decent chunk still through the JV audit books.

Aziz Aluthman Fakhroo, Managing Director and CEO of Ooredoo Group, answering
But there's a couple. There's a couple of points here. One is a deliberate choice not to monetize 100% today as explained to previous of your colleague. There's a lot of value to be unlocked across portfolio consolidation in the TowerCo itself. And we don't see the purpose, especially we're not doing sales of towers to deleverage our balance sheet. We're currently running at 1.1 times net debt. So, monetizing 100% today is not the most efficient, especially we'd be leaving quite a lot of synergistic value on the table in the next few years. That's number one. Two, it is an asset light, as these assets will not be controlled by us and will not sit on our balance sheet at the end. So, these will not be impacting our balance sheet whether in terms of leverage and or in terms of depreciation going forward.

Nishit Lakhotia, SICO Capital, commenting
Okay. Thank you.

Abdulla Al Zaman, Group Chief Financial Officer, responding
Question regarding the dividend, do you have the answer?

Eyas Assaf, Deputy Chief Financial Officer, answering
I want to highlight, I think we highlighted before the difference for the normalized profit for dividends, we always exclude the impact of the Forex. So, if you go to last year, it was 2.8 and it has Forex impact 512 million. If you normalize it, it come 2. 3 and you found that it was 59 point of that 2.3 billion. I hope it's clear.

Andreas Goldau, Investor Relations
Thank you for the clarification there. There are any further questions in virtual hands or take the questions in the Q&A part?

I don't see any further questions. Then, I would like to thank you for your participation. Our next call is probably happening at the end of October, tentatively scheduled for the so the 31st of October. If you have any further comments, feedback, questions, feel free to reach out to the Investor Relations team at any time. Thank you very much.

~Ends~