

Market Data

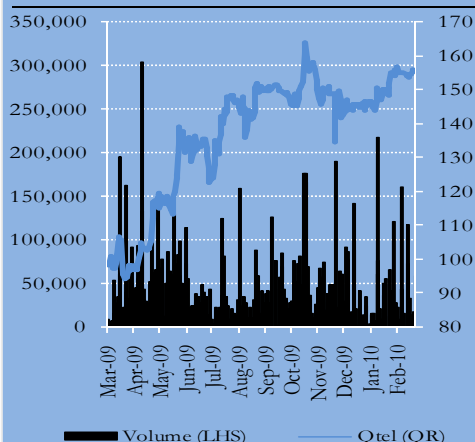
Bloomberg Code:	QTEL QD
Reuters:	QTEL.QA
CMP (09 March 2010):	QR149.9
O/S (mn):	146.7
Market Cap (QR mn):	21,985.3
Market Cap (US\$ mn):	6,036.9
Price/EPS 2010e (x):	7.0
Price/BV 2010e (x):	1.3

Price Performance

1-Yr

High (QR):	163.9
Low (QR):	94.3
Average Volume:	43,802

Share Price Performance



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Qatar Telecom (Qtel) – 2009 Review

- **Qatar Telecom (Qtel)**'s group revenues grew by 18.2% from QR20.3bn in 2008 to QR24.0bn in 2009. The company's consolidated EBITDA registered a growth of 15.1% in 2009 to QR11.3bn, resulting in EBITDA margin of 47.1% which declined from 48.4% in 2008. It reported a net profit of QR2.8bn, an increase of 20.6% over 2008. The company's board recommended dividend of QR7 per share for 2009 which was at QR10 per share for 2008.

Financial Highlights

(QR mn)	2008	2009	% Change	Q4-2008	Q4-2009	Q3-2009
Sales Revenue	20,318.9	24,025.3	18.2%	6,000.0	6,541.0	5,941.3
EBITDA	9,825.0	11,309.0	15.1%	2,835.0	2,965.0	2,835.9
EBITDA Margin (%)	48.4%	47.1%	-	47.3%	45.3%	47.7%
Net Profit attributable to Shareholders	2,306.0	2,780.0	20.6%	468.0	431.0	710.9

Source: Company Results and Global Research

- On Quarter-on-Quarter (Q-o-Q) basis, the group achieved a growth of 10.1% in total revenue and 4.6% growth in EBITDA while net profit declined by 39.4% in Q4-2009. On Year-on-Year (Y-o-Y) basis, the group's revenue and EBITDA grew by 9.0% and 4.6% respectively while net profit declined by 7.9% in Q4-2009.
- The Y-o-Y growth in total customer base was 5.2%, serving 60.5mn total active customers as of Dec. 31, 2009.

Growth in Group Customers

	2008	2009	% Change
Group Customers (mn)	57.5	60.5	5.2%

Source: Company Results

- In Qatar, Qtel's customer base increased from 1.95mn at the end of 2008 to 2.40mn at the end of 2009, a Y-o-Y increase of 23.3%. Qatar operation witnessed a revenue growth of 4.4% to QR5.7bn. EBITDA margin in Qatar declined from 62.4% in 2008 to 58.8% in 2009. The company announced that EBITDA impacted due to initial competitive dynamics. On the back of declining margin, EBITDA declined by 1.7% from QR3.4bn in 2008 to QR3.3bn in 2009.
- In Indonesia, Indosat's subscriber base declined by 9% to 33.7mn in 2009. The decline in customer base has been attributed to removal of a significant proportion of the lower-value, calling card type behavior subscribers from its base to reduce the pressure on its existing network. In 2009, Indosat's revenue and EBITDA grew by 58% and 54.2% to QR6.6bn and QR3.2bn, respectively.

- In 2009, Wataniya Telecom's group customer base grew by 39% to 15.2mn Revenue from Wataniya Telecom's group operations declined from QR6.5bn in 2008 to QR6.1bn in 2009. EBITDA for the period declined by 10.8% to QR2.4bn in 2009.

Country-wise Contribution to Qtel's Total Customer base - 2009

Qatar	4.0%
Indosat - Indonesia	55.7%
Wataniya Telecom	25.1%
Nawras - Oman	3.1%
Asiacell - Iraq	12.1%

Source: Company

- Revenue from Oman-based Nawras operation grew by 23.3% to QR1.6bn. EBITDA grew by 62.7% during the year to QR827mn, resulting in EBITDA margin of 50.9% which increased from 38.6% in 2008. Customer base increased by 23.1% in 2009 to 1.86mn.

Qtel Group KPIs

	Subscriber base (mn)			Revenue (QR bn)			EBITDA Margin	
	2008	2009	Change	2008	2009	Change	2008	2009
Qatar	1.9	2.4	23.3%	5.4	5.7	4.4%	62.4%	58.8%
Indosat - Indonesia	37.0	33.7	-9.0%	4.2	6.6	58.0%	49.9%	48.7%
Wataniya Telecom	10.9	15.2	39.0%	6.5	6.1	-6.5%	41.4%	39.5%
Nawras - Oman	1.5	1.9	23.1%	1.3	1.6	23.3%	38.6%	50.9%
Asiacell - Iraq	6.1	7.4	20.4%	2.8	4.0	40.4%	52.8%	54.1%

Source: Company Results

- In Iraq Asiacell's customer base grew by 20.4% to 7.35mn in 2009. It achieved a revenue growth of 40.4% to QR4bn and its EBITDA also grew significantly by 43.9% to QR2.2bn. EBITDA margin increased from 52.8% in 2008 to 54.1% in 2009.
- At the current market price of QR149.9 per share (as on March 09, 2010), the company trades at FY2010E P/E of 7.0x and P/BV of 1.3x.

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