PTCL Investor Call
Financial Results – Q4 & Year Ended Dec 31, 2019

17th February, 2020
Disclaimer

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The Company applied IFRS 16 using the modified retrospective approach effective from 01st Jan 2019. Accordingly, the comparative figures presented for 2018 have not been restated.
Business Overview

Rashid Khan
President & Chief Executive Officer
PTCL Group
Macroeconomic Challenges 2019

PTCL Group and PTCL posted Net Profit of PKR 2.4 B and PKR 6.3 B respectively in a challenging year of 2019

- **Policy Rate**
  - 2019: -13%
  - 2018: -8%

- **Inflation Rate**
  - 11.6%

- **PKR Devaluation**
  - 23%

- **Fuel & Power Rates**
  - Fuel: 21% Increase
  - Power: 32% Increase

- **GDP per Capita**
  - 11% Decrease

- **Reinstatement of Taxes**
  - Telecom Service

*All figures are in comparison with 2018*
Key Highlights – Year Ended Dec 31, 2019

PTCL Group

- Top line continues to grow 2.1% YoY, contributed by all OPCOs
- EBITDA of PKR 41.4 B declined by 1% - reinstatement of tax, inflation and PKR devaluation impact
- Net Profit - PKR 2.4 B

PTCL

- Revenue grew by 0.4% YoY *
- Wireline Data grew by 5% and Corporate & Wholesale grew by 11% in 2019
- Net Profit – PKR 6.3 B
- Final cash dividend of Re. 0.5 / share (5%). Total dividend for 2019 Re. 1 /share (10%)

* From 2019 international revenue is being reported gross of interconnect cost, previously it was reported on a net basis. On a net basis revenue is up by 0.8% YoY.
Key Operational Highlights – 2019

- PTCL revenue grew by 0.4% supported by improvement in customer experience, Corporate Services, DSL, FTTH & IPTV
- FTTH subs grew by 160%, complimented by 172% revenue growth
- Corporate & Wholesale segment grew 11% supported by IP Bandwidth and enterprise solutions.

- Revenue growth 0.8%. Normalized 6.8% (adjusted for taxes)
- Sub base crossed 23 M with net addition of 1.8 M and also ~1M data subs with market share of 14.2%
- Network upgraded by addition of 2,400 LTE, 800 3G upgrades and 100 new coverage sites

- Revenue growth 48% supported by increase in deposit base by 13% and loan base by 27%
- Network of 201 branches with addition of 60 new branches in 2019
- Delivery of services through branchless banking - distribution network of more than 41 thousand agents
Financial Overview

Nadeem Khan
Chief Financial Officer
PTCL Group
PTCL Group Key Financials – Q4 2019

QoQ Revenue stable while EBITDA & Net Profit declined due to inflation, interest rate and tax on mobile services.
PTCL Group – YoY Revenue Evolution Q4 2019

Revenue decline of 5%, normalized for one-offs revenue grew by 5%

%- YoY Growth

Q4 2018

PTCL

Ufone

Ubank

Eliminations

Q4 2019

33,094

52

(2,036)

590

(127)

31,574

PKR Million

YoY Growth

+0.3%

-13%

+43%

-5%
PTCL Group – YoY Revenue Evolution Q4 2019 (Normalized)

Normalized for one-offs revenue grew by 5%

YoY Growth

Q4 2018: 31,098
PTCL: 288 (+1.6%)
Ufone: 660 (+4.7%)
Ubank: 590 (+43%)
Eliminations: (127)
Q4 2019: 32,510

PKR Million

YoY Growth
PTCL Group – YoY EBITDA Evolution Q4 2019

Decline of 16% in EBITDA was mainly due to tax impact on revenue and inflation.

% YoY Growth  % EBITDA Margin

PTCL Group

Q4 2018  PTCL  Ufone  Ubank  Eliminations  Q4 2019

10,334  (517)  (947)  (136)  (40)  8,693

PKR Million

YoY Growth: 31%  -10%  -19%  -48%  \( -16\% \)

EBITDA Margin: 28%  28%  10%  48%  0%
PTCL Group – YoY Net Profit Evolution Q4 2019

Net Profit declined by 117% YoY due to increase in interest rates and One-off items in 2018

% YoY Growth

Net Profit 2018: 1,765
Net Profit 2019: 927

D&A: 1,015
Ufone: 784
Eliminations: (80)
PTCL: (1,760)
Q4 2019: 1,015
Q4 2018: 1,765

Q4 2018: -67%
Q4 2019: -22%
Ufone: -34%
Ubank: -17%
Eliminations: -117%
PTCL: -117%

Investor Presentation Q4 & Year Ended Dec 31, 2019
PTCL Key Financials – Q4 2019

Revenue grew by 0.3% YoY, however inflation putting pressure on EBITDA and Net Profit

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>EBITDA &amp; Margin %</th>
<th>Net Profit &amp; Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PKR Million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4 2018</td>
<td>17,722</td>
<td>4,977</td>
<td>2,642</td>
</tr>
<tr>
<td>Q3 2019</td>
<td>18,002</td>
<td>4,833</td>
<td>1,673</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>17,774</td>
<td>4,459</td>
<td>882</td>
</tr>
</tbody>
</table>

% Change:
- Revenue: +0.3% YoY, -1.3% QoQ
- EBITDA & Margin: -10%, -8%
- Net Profit & Margin: -67%, -47%
## PTCL Revenue – Q4 2019

Wireline Data, Corporate & Wholesale continue to grow YoY

<table>
<thead>
<tr>
<th>PKR Million</th>
<th>Q4 2019</th>
<th>Change %</th>
<th>2019</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>YoY</td>
<td>QoQ</td>
<td>YoY</td>
</tr>
<tr>
<td>Wireline Data</td>
<td>7,017</td>
<td>4%</td>
<td>-0.5%</td>
<td>28,121</td>
</tr>
<tr>
<td>Wireless Data</td>
<td>556</td>
<td>-7%</td>
<td>8%</td>
<td>2,115</td>
</tr>
<tr>
<td>Voice</td>
<td>3,043</td>
<td>-9%</td>
<td>-2%</td>
<td>12,615</td>
</tr>
<tr>
<td>Retail</td>
<td>10,616</td>
<td>-1%</td>
<td>-1%</td>
<td>42,852</td>
</tr>
<tr>
<td>Corporate &amp; Wholesale</td>
<td>4,554</td>
<td>9%</td>
<td>-2%</td>
<td>18,297</td>
</tr>
<tr>
<td>International</td>
<td>2,605</td>
<td>-8%</td>
<td>-3%</td>
<td>10,400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,774</strong></td>
<td><strong>0.3%</strong></td>
<td><strong>-1.3%</strong></td>
<td><strong>71,548</strong></td>
</tr>
</tbody>
</table>
PTCL – EBITDA YoY Evolution Q4 2019

EBITDA declined due to increase in OPEX impacted by inflation

% EBITDA Margin

Q4 2018 Revenue Cost of Sales OPEX Q4 2019

PKR Million

4,977 52 231 800 4,459

28% 25% -10%
PTCL – Net Profit YoY Evolution Q4 2019

YoY 67% decline in net profit due to one-off items in 2018

Q4 2018 EBITDA D&A Non Operating Tax Q4 2019 EBITDA D&A Non Operating Tax Impact Q4 2019 Like-for-Like

PKR Million

Q4 2018 2,642

Q4 2019 1,065

Like-for-Like 1,436

-67%

-26%

(1,834) (184)

775 882

165

197

(87)

Investor Presentation Q4 & Year Ended Dec 31, 2019
PTCL Group

2.1% YoY growth in Revenue for the year 2019.

<table>
<thead>
<tr>
<th>PKR Million</th>
<th>Q4 2019</th>
<th>Change %</th>
<th>2019</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>YoY</strong></td>
<td><strong>YoY</strong></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>31,574</td>
<td>-5%</td>
<td>129,543</td>
<td>2.1%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>8,693</td>
<td>-16%</td>
<td>41,365</td>
<td>-1%</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>28%</td>
<td>-3.7 p.p</td>
<td>32%</td>
<td>-1.2 p.p</td>
</tr>
<tr>
<td>Net Profit</td>
<td>(301)</td>
<td>-117%</td>
<td>2,377</td>
<td>-58%</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>-1%</td>
<td>-6.3 p.p</td>
<td>1.8%</td>
<td>-2.7 p.p</td>
</tr>
<tr>
<td>Net Profit like-for-like</td>
<td>927</td>
<td>-22%</td>
<td>-23%</td>
<td>3,994</td>
</tr>
</tbody>
</table>

Investor Presentation Q4 & Year Ended Dec 31, 2019
PTCL

0.4% YoY Growth in Revenue for 2019

<table>
<thead>
<tr>
<th>PKR Million</th>
<th>Q4 2019</th>
<th></th>
<th>2019</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Change %</td>
<td></td>
<td>Change %</td>
</tr>
<tr>
<td></td>
<td></td>
<td>YoY</td>
<td>QoQ</td>
<td>YoY</td>
</tr>
<tr>
<td>Revenue</td>
<td>17,774</td>
<td>0.3%</td>
<td>-1%</td>
<td>71,548</td>
</tr>
<tr>
<td>EBITDA</td>
<td>4,459</td>
<td>-10%</td>
<td>-8%</td>
<td>19,986</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>25%</td>
<td>-3 p.p</td>
<td>-1.8 p.p</td>
<td>28%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>882</td>
<td>-67%</td>
<td>-47%</td>
<td>6,347</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>5%</td>
<td>-9.9 p.p</td>
<td>-4.3 p.p</td>
<td>8.9%</td>
</tr>
<tr>
<td>Net Profit like-for-like</td>
<td>1,065</td>
<td>-26%</td>
<td>-31%</td>
<td>5,956</td>
</tr>
</tbody>
</table>
## PTCL Balance Sheet

**Strong Unleveraged Balance Sheet**

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>PKR Million</th>
<th>Dec-18</th>
<th>Dec-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, Plant and Equipment</td>
<td>106,151</td>
<td>116,720</td>
<td></td>
</tr>
<tr>
<td>Long term loans and advances</td>
<td>10,690</td>
<td>12,387</td>
<td></td>
</tr>
<tr>
<td>Other Non Current Assets</td>
<td>11,024</td>
<td>12,053</td>
<td></td>
</tr>
<tr>
<td><strong>Non Current Assets</strong></td>
<td><strong>127,866</strong></td>
<td><strong>141,160</strong></td>
<td></td>
</tr>
<tr>
<td>Trade debts</td>
<td>16,658</td>
<td>20,259</td>
<td></td>
</tr>
<tr>
<td>Stores and spares</td>
<td>6,068</td>
<td>5,335</td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>9,591</td>
<td>4,174</td>
<td></td>
</tr>
<tr>
<td>Other current assets</td>
<td>36,341</td>
<td>39,066</td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td><strong>68,658</strong></td>
<td><strong>68,835</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>196,523</strong></td>
<td><strong>209,994</strong></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>51,000</td>
<td>51,000</td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>32,571</td>
<td>36,751</td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td><strong>83,571</strong></td>
<td><strong>87,751</strong></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>44,433</td>
<td>43,008</td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>68,519</td>
<td>79,235</td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Equity</strong></td>
<td><strong>196,523</strong></td>
<td><strong>209,994</strong></td>
<td></td>
</tr>
</tbody>
</table>
PTCL Cash Flow Statement

Higher cash outflows in 2019 on account of CAPEX and Dividend payments

<table>
<thead>
<tr>
<th>Cash Flow Statement</th>
<th>PKR Million</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flows from operating activities</td>
<td></td>
<td>21,892</td>
<td>24,772</td>
</tr>
<tr>
<td>Cash Flows from investing activities</td>
<td>(24,026)</td>
<td></td>
<td>(27,155)</td>
</tr>
<tr>
<td>Cash Flows from financing activities</td>
<td>(5,045)</td>
<td></td>
<td>(3,034)</td>
</tr>
<tr>
<td><strong>Net Inc/(Dec) in Cash &amp; Cash Equivalents</strong></td>
<td>(7,179)</td>
<td></td>
<td>(5,417)</td>
</tr>
<tr>
<td>Opening Cash &amp; Cash Equivalents</td>
<td>16,770</td>
<td></td>
<td>9,591</td>
</tr>
<tr>
<td><strong>Closing Cash &amp; Cash Equivalents</strong></td>
<td>9,591</td>
<td></td>
<td>4,174</td>
</tr>
</tbody>
</table>
Dividend

PTCL announced final cash dividend of Re. 0.50 per share in addition to the interim cash dividend of Re. 0.50 per share.

- **2015**: 12%
- **2016**: 6%
- **2017**: 8%
- **2018**: 10%
- **2019**: 11%

**Average dividend yield**: 9.3%
Summary & Conclusion

Mr. Rashid Khan
President & Chief Executive Officer
PTCL Group
Summary & Conclusion

PTCL Group reported 2.1% growth in 2019 contributed by all operating companies.

PTCL revenue continue to grow based on wireline data and wholesale service, despite declining trend in voice and wireless data segments.

Ufone is expanding network coverage and continues to show healthy growth on the back of increasing subscriber base.

Ubank continues to deliver significant growth in revenue based on increasing loan portfolio and expansion of branch network.

PTCL has declared a final cash dividend of Re. 0.50 per share in addition to the interim cash dividend of Re. 0.50 per share for the year 2019, equates to PKR 5.1 B dividend.
Questions & Answers
PTCL Investor Relations
Email: amir.siddiqi@ptcl.net.pk