



# PTCL Investor Call

## Financial Results for Q3 2018

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15<sup>th</sup> October, 2018

# Disclaimer

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# Business Overview

Dr. Daniel Ritz  
President & Chief Executive Officer  
PTCL Group



# Nine Months Headlines

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- **PTCL Group:**
  - Revenue grew 6% YoY and 11% for Q3 2018 Vs 2017
  - EBITDA grew 5% YoY
  - Net Profit grew 27% YoY like-for-like
- **PTCL:**
  - Stable revenue overall YoY
  - DSL revenue in transformed exchanges grew 15% YoY, Corporate grew 14% YoY
  - Net Profit of PKR 4.8 B for the period
  - Assigned long-term rating of AAA

# JCR-VIS Assigns Medium to Long Term Rating of “AAA” to PTCL



*JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned initial long term entity rating of ‘AAA’ (Triple A) and short term rating of ‘A-1+’ (A-One Plus) to Pakistan Telecommunication Company Limited (PTCL). Long term rating of AAA signifies highest credit quality with negligible risk factors being only slightly more than those for risk-free GoP’s debt. Short term rating of A-1+ signifies highest certainty of timely payment, healthy short term liquidity including internal operating factors and/or access to alternative sources of funds, and is below risk free GoP’s short term obligations. Outlook on the assigned ratings is ‘Stable’.*

*The assigned ratings reflect PTCL’s leading market position, extensive network infrastructure, strong financial risk profile and adequate business risk profile. Ratings also incorporate strong sponsor profile with majority shareholding of 62% vested with the Government of Pakistan and 26% stake along with management control being held by Etisalat International Pakistan, a 90% owned subsidiary of Etisalat Group.*

**Complete text of press release available on <http://www.jcrvis.com.pk/>**

# PTCL Group

11% YoY and 6% QoQ Topline Growth in Q3 2018



<i>PKR Million</i>	Q3 2018	Change %		9M 2018	Change %
		YoY	QoQ	Rs. M	YoY
Revenue	32,545	11%	6%	93,208	6%
EBITDA	10,940	10%	8%	31,293	5%
EBITDA Margin	34%	-0.1 p.p	0.6 p.p	34%	-0.3 p.p
Net Profit	1,808	22%	60%	3,946	-26%
Net Profit Margin	6%	0.5 p.p	1.9 p.p	4%	-0.9 p.p
Net Profit like-for-like	1,426	18%	-15%	4,656	27%

# PTCL

PTCL revenue stable YoY, however decline in QoQ due to seasonality

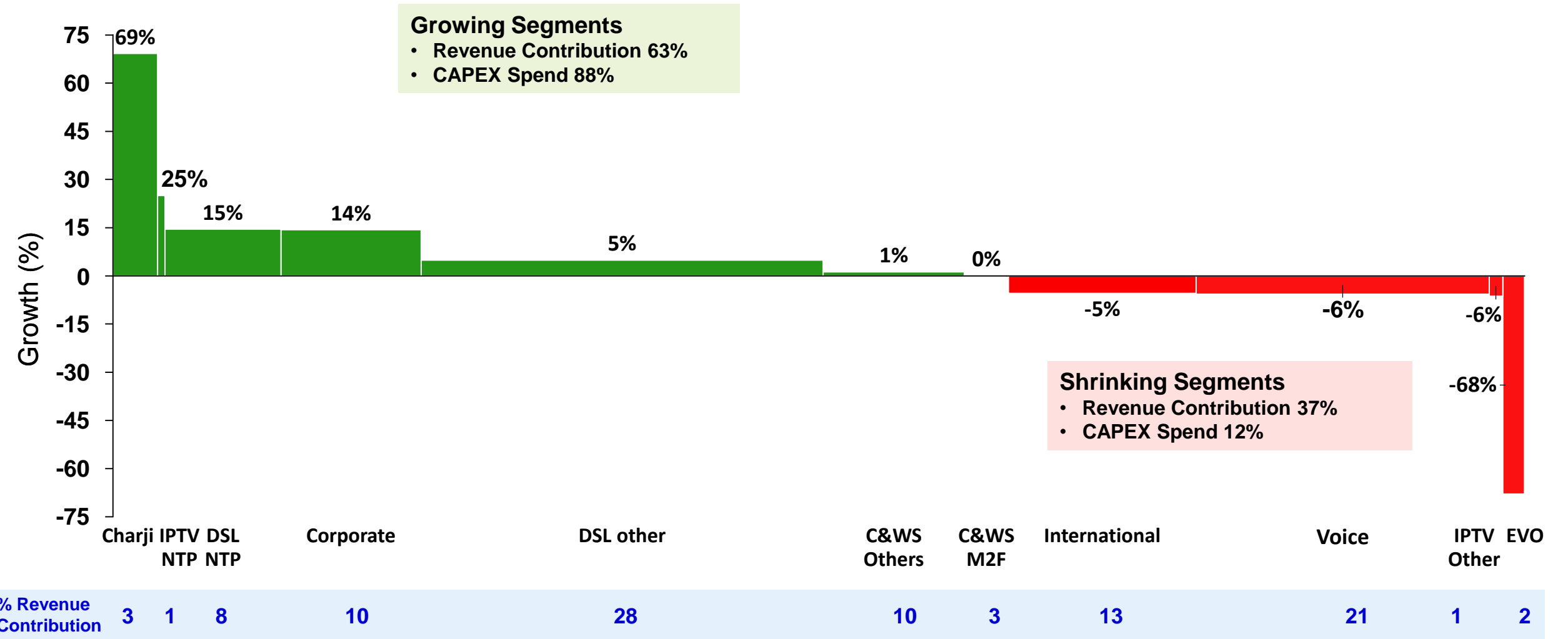


<i>PKR Million</i>	Q3 2018	Change %		9M 2018	Change %
		YoY	QoQ	Rs. M	%
Revenue	17,265	0%	-3%	52,623	0%
EBITDA	5,045	-10%	-7%	16,216	-7%
EBITDA Margin	29%	-3 p.p	-1.3 p.p	31%	-2.1 p.p
Net Profit	1,089	-40%	-42%	4,780	-26%
Net Profit Margin	6%	-4.2 p.p	-4.2 p.p	9%	-3.2 p.p
Net Profit like-for-like	1,570	-15%	-16%	5,363	-13%



# PTCL Revenue Segments Composition and Growth

Nine Months Ended 2018 Vs 2017



# Key Strategic & Operational Highlights



- Network transformation project for top 100 exchanges continues – subscriber and revenue growth
- Corporate segment continues to grow - mainly driven by Managed Services and Cloud based solution
- Grey Traffic impacting international traffic, Supreme court has taken suo moto notice
- Delay in network transformation due to ZTE ban has impacted Q3 2018 results



- Subscribers growth momentum continues leading to revenue upside – increase in market and value share
- Continues to gain SIM market share – from 13.2% Q3 2017 to 13.6% in Q3 2018
- Increased 3G network footprint by upgrading network sites
- Sustained TRI\*M score as number 2 operator



- Increased branch network to 136 locations especially in rural areas to provide formal banking services
- Accelerated profitable growth - double digit growth in Revenue, EBITDA and Net Profit both YoY and QoQ
- Automation & digitization of the core lending operations in progress
- Increase in deposit base by 12% and loan base by 9% in Q3 2018 only.

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# Financial Overview

Nadeem Khan

Chief Financial Officer

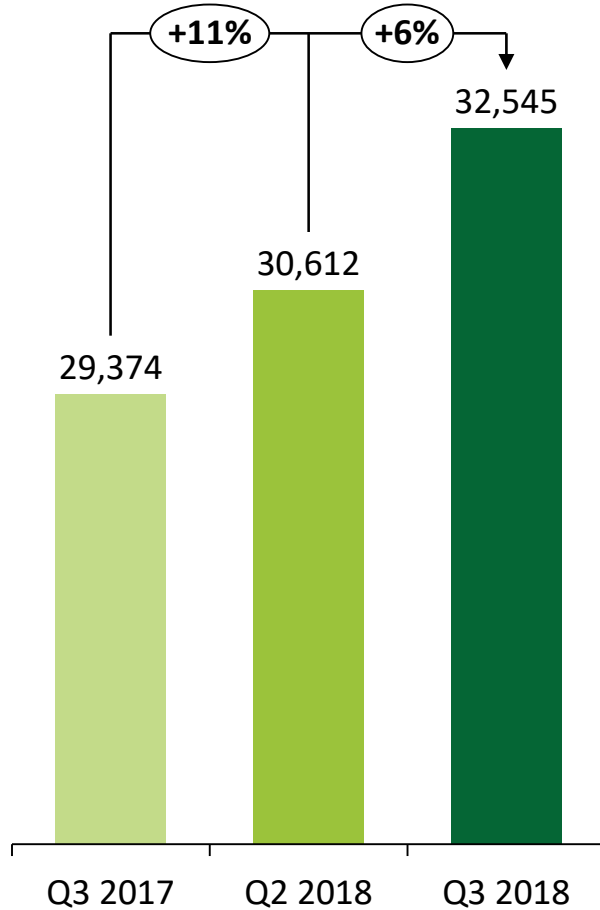
PTCL Group

# PTCL Group Key Financials

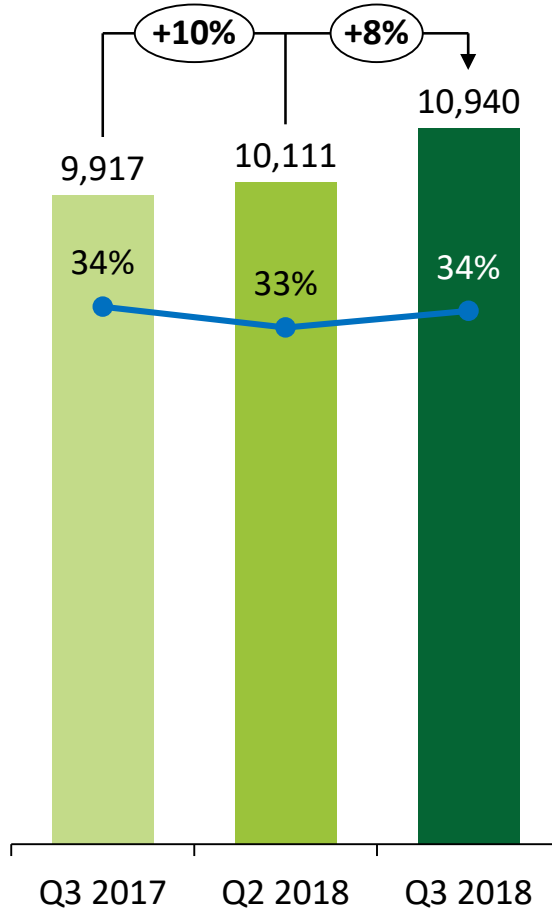
Net Profit growth of 22% YoY and 60% QoQ driven by healthy growth in revenues



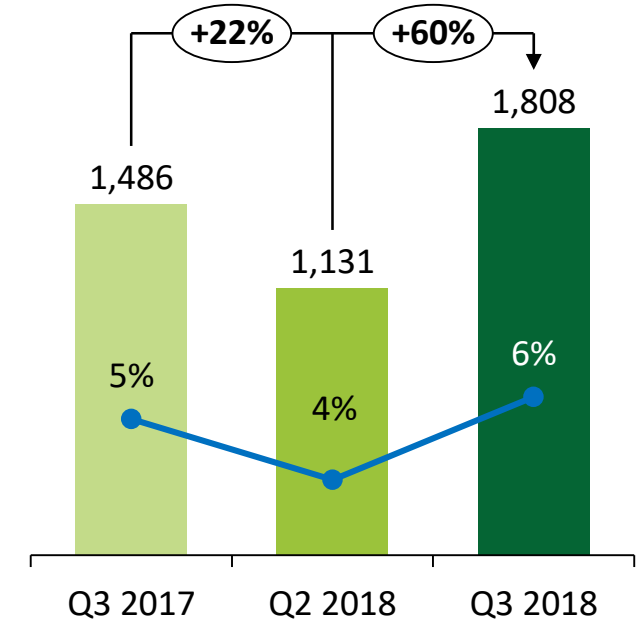
Revenue (PKR M)



EBITDA & Margin

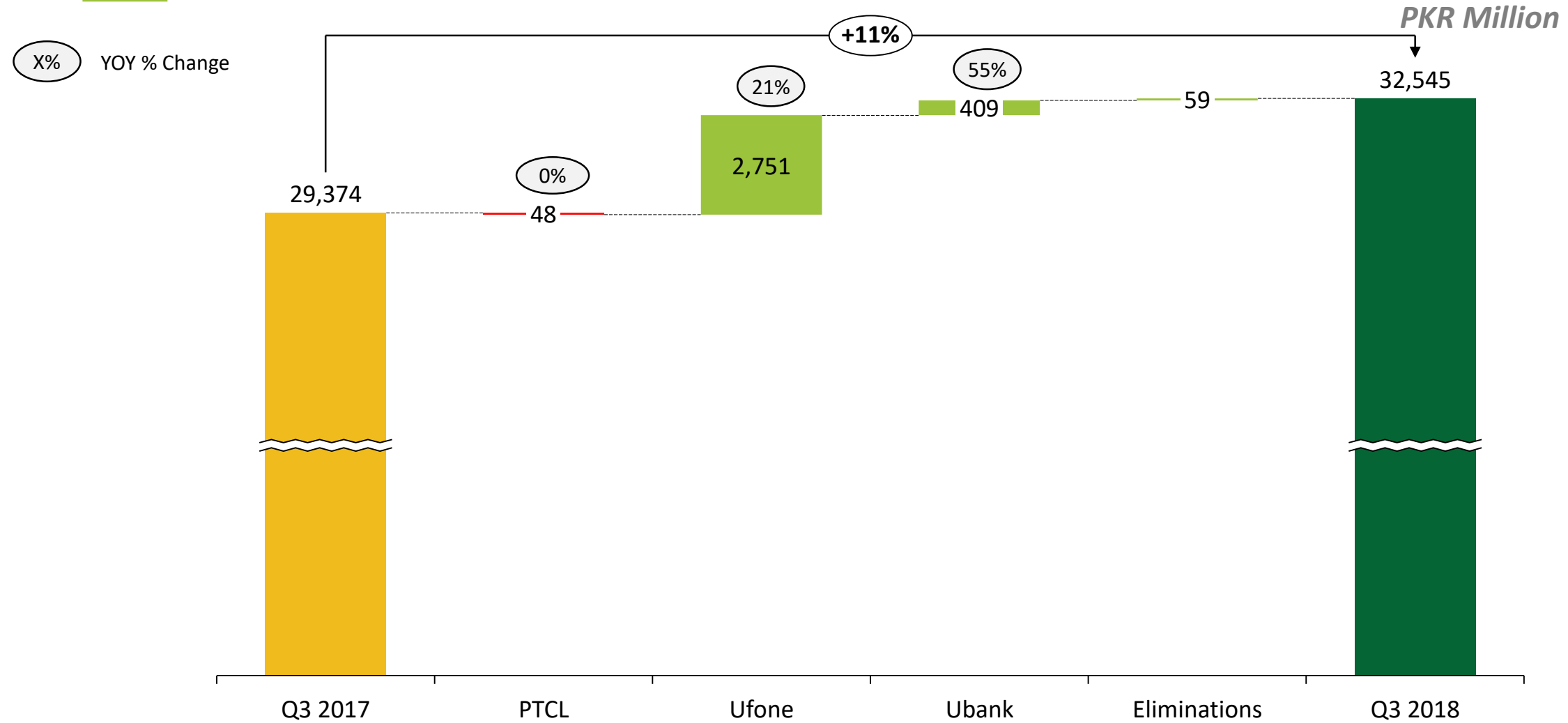


Net Profit & Margin



# PTCL Group – Revenue Evolution YoY

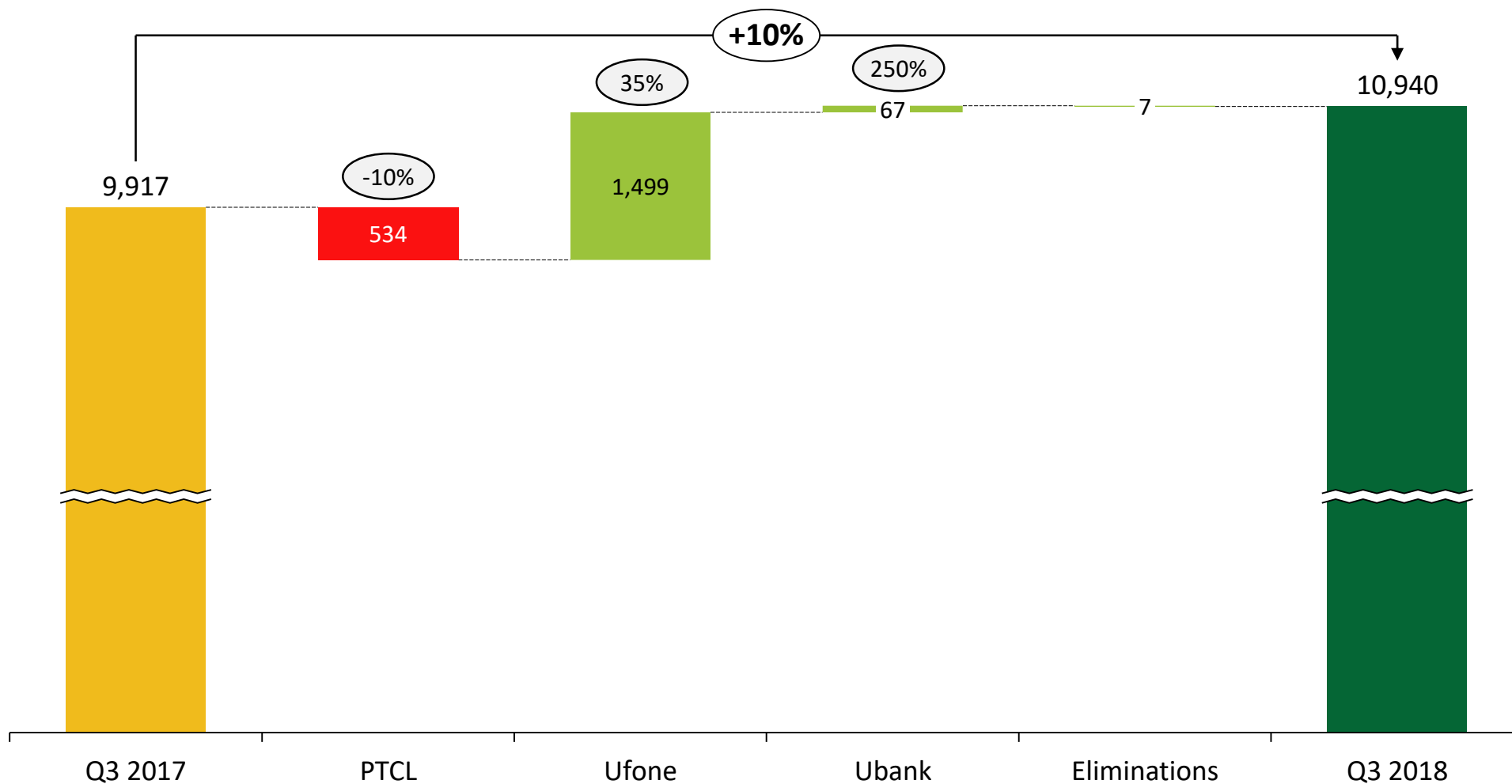
Revenue growth of 11% despite tough competition in cellular market and decline in fixed voice



# PTCL Group – EBITDA Evolution YoY

Growth of 10% mainly driven by growth in revenues

PKR Million

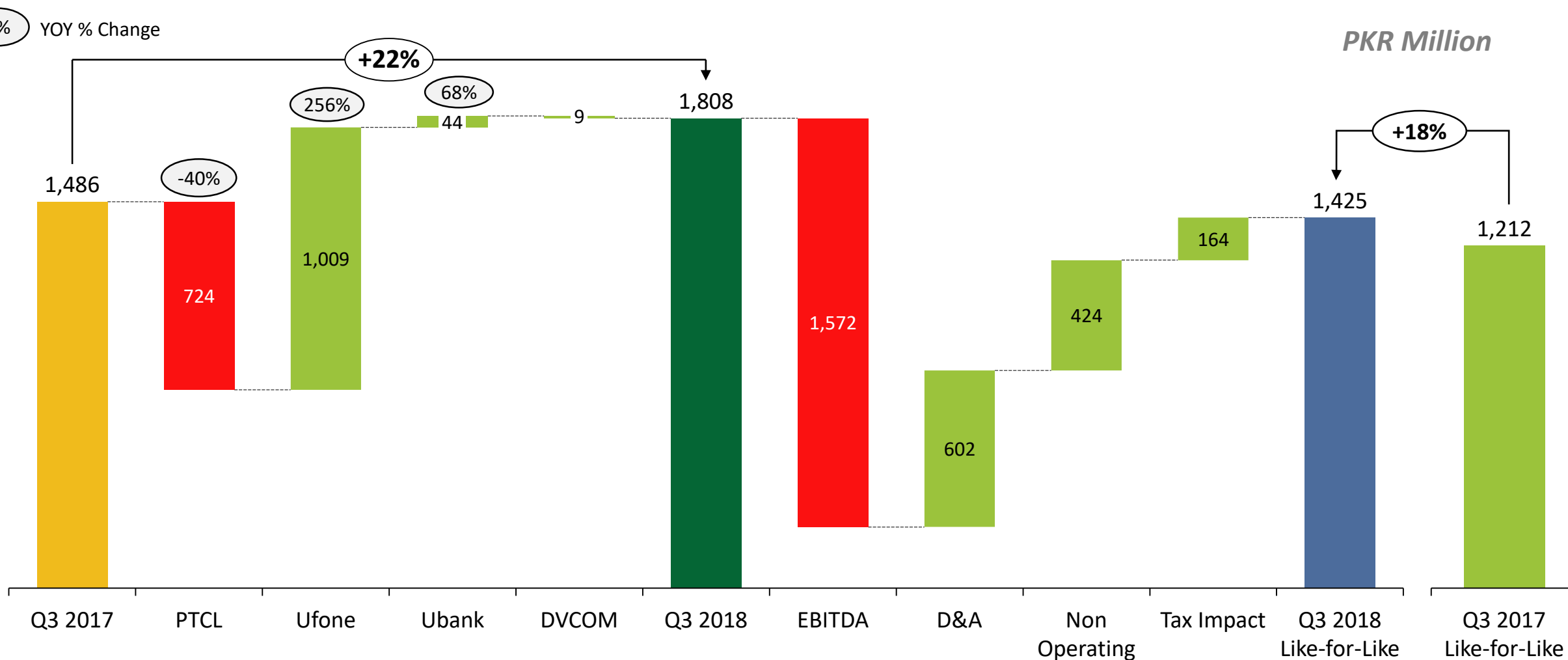


# PTCL Group – Net Profit Evolution YoY

Net Profit for Q3 2018 improved by 22% compared to Q3 2017 (like-for-like basis improved by 18%)



PKR Million

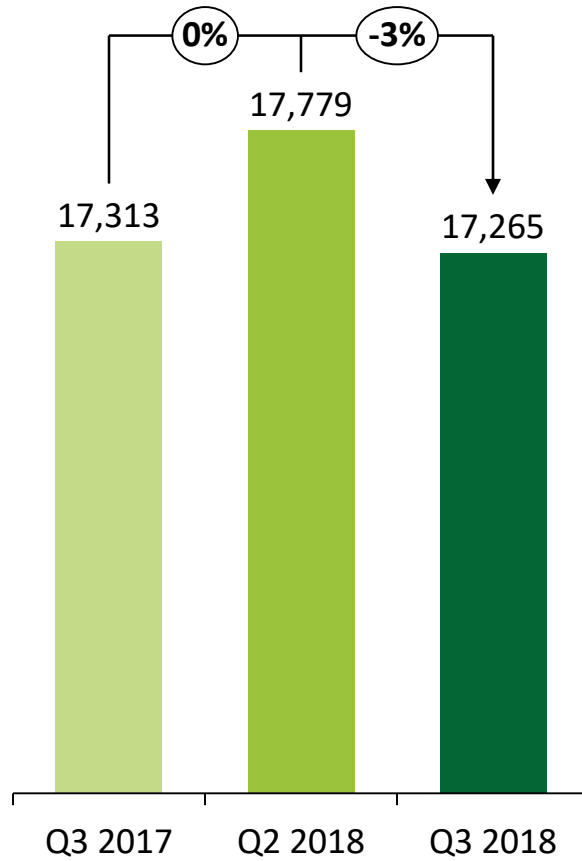


# PTCL Key Financials

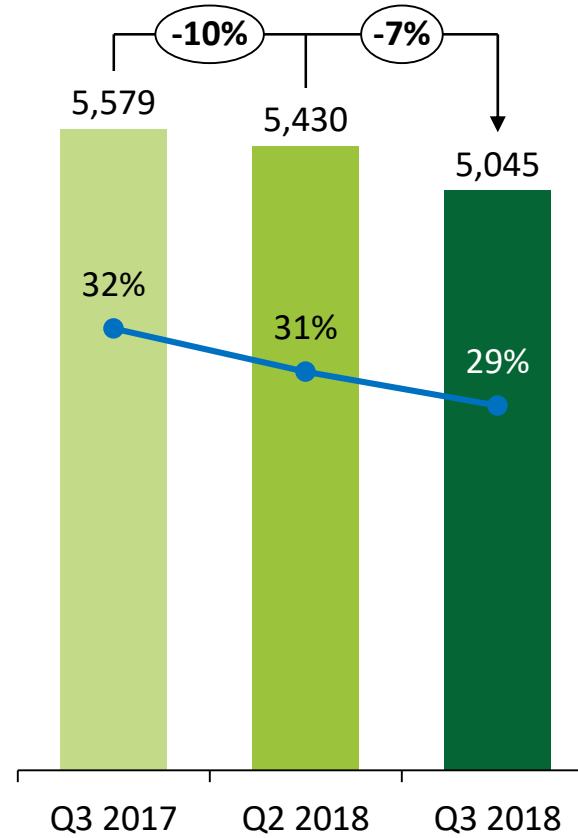
*Higher SAC, Cable & Media, Fuel & Power and PKR devaluation put pressure on EBITDA*



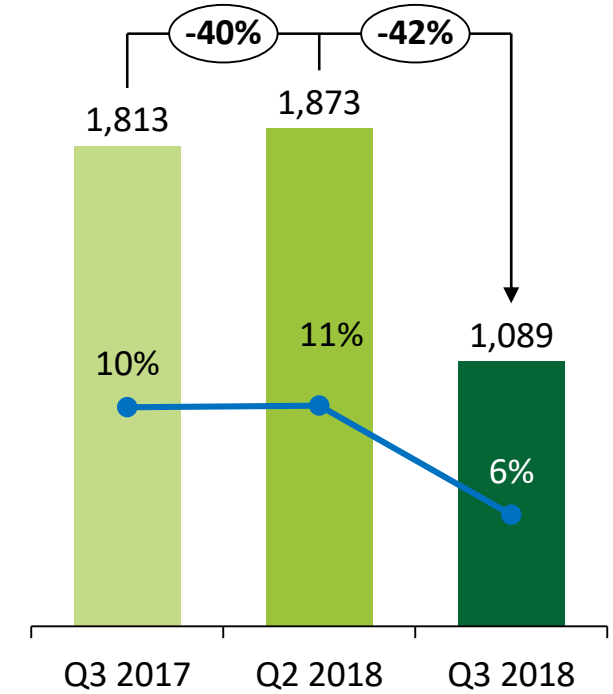
Revenue (PKR M)



EBITDA & EBITDA Margin



Net Profit & Margin





# PTCL Revenue

Wireline Data, CharJi and Corporate continue to grow (Share of growing segments up from 59% to 63% YoY)



PKR Million	Q3 2018	Change %	
		YoY	QoQ
Wireline Data	6,721	5%	0%
Wireless Data	735	-33%	-10%
CharJi	564	48%	-1%
EVDO	171	-76%	-31%
Voice	3,480	-9%	-4%
Retail	10,935	-3%	-2%
Corporate Services	1,793	15%	4%
Wholesale	4,536	2%	-7%
Total	17,265	0%	-3%

# DSL Revenue

*Higher than average DSL revenue growth in transformed exchanges*



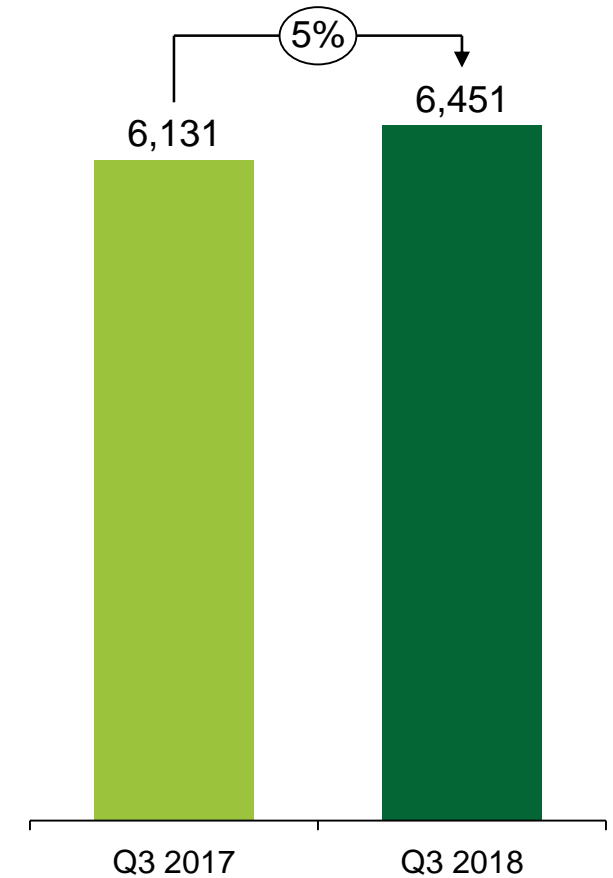
Avg. Subscribers ('000)



ARPU (PKR)



Revenue (PKR M)

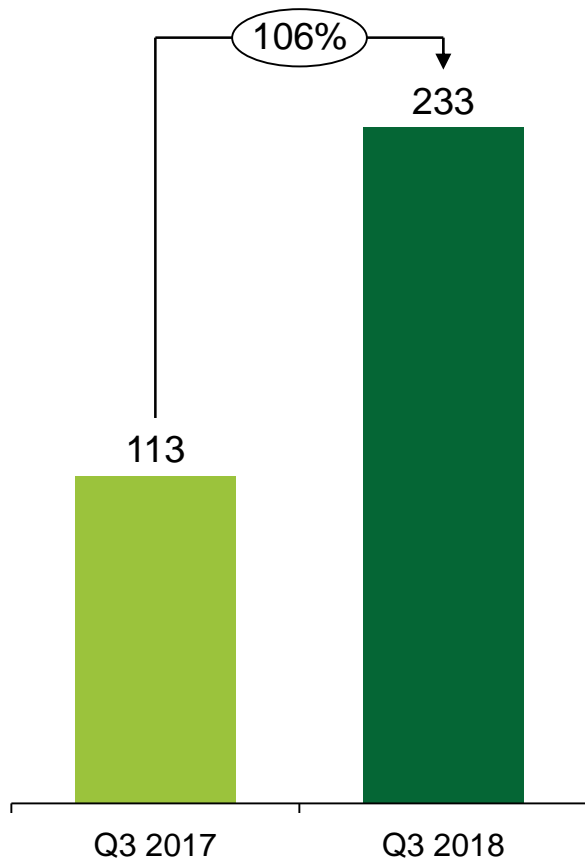


# CharJi Revenue (LTE)

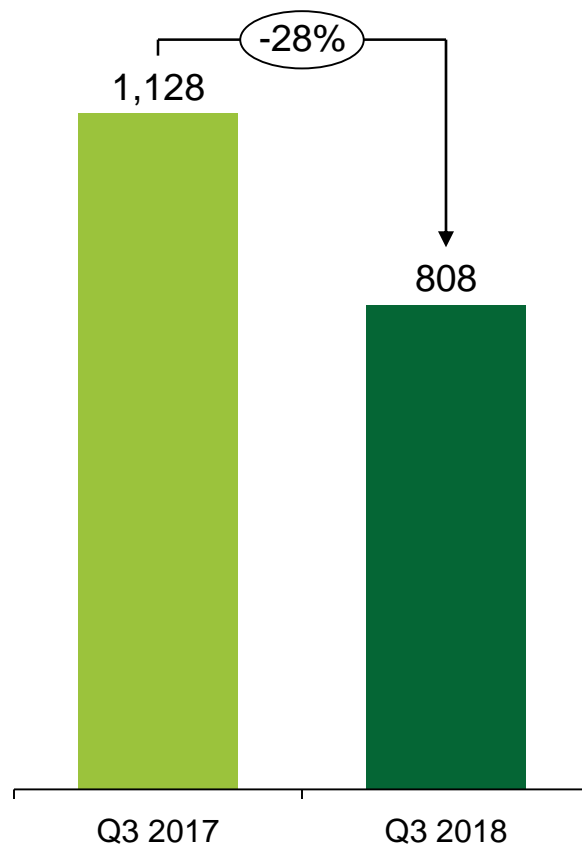
Double Digit Growth Continues



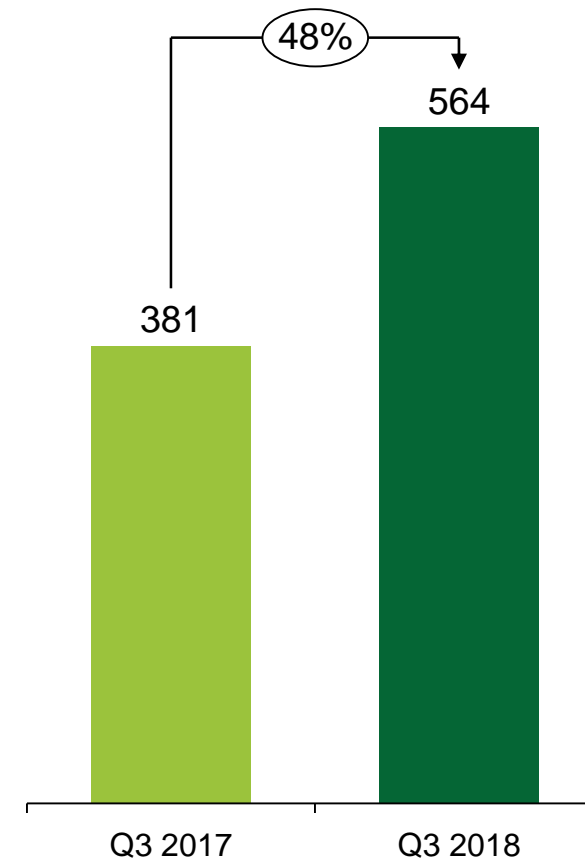
Avg. Subscribers ('000)



ARPU (PKR)



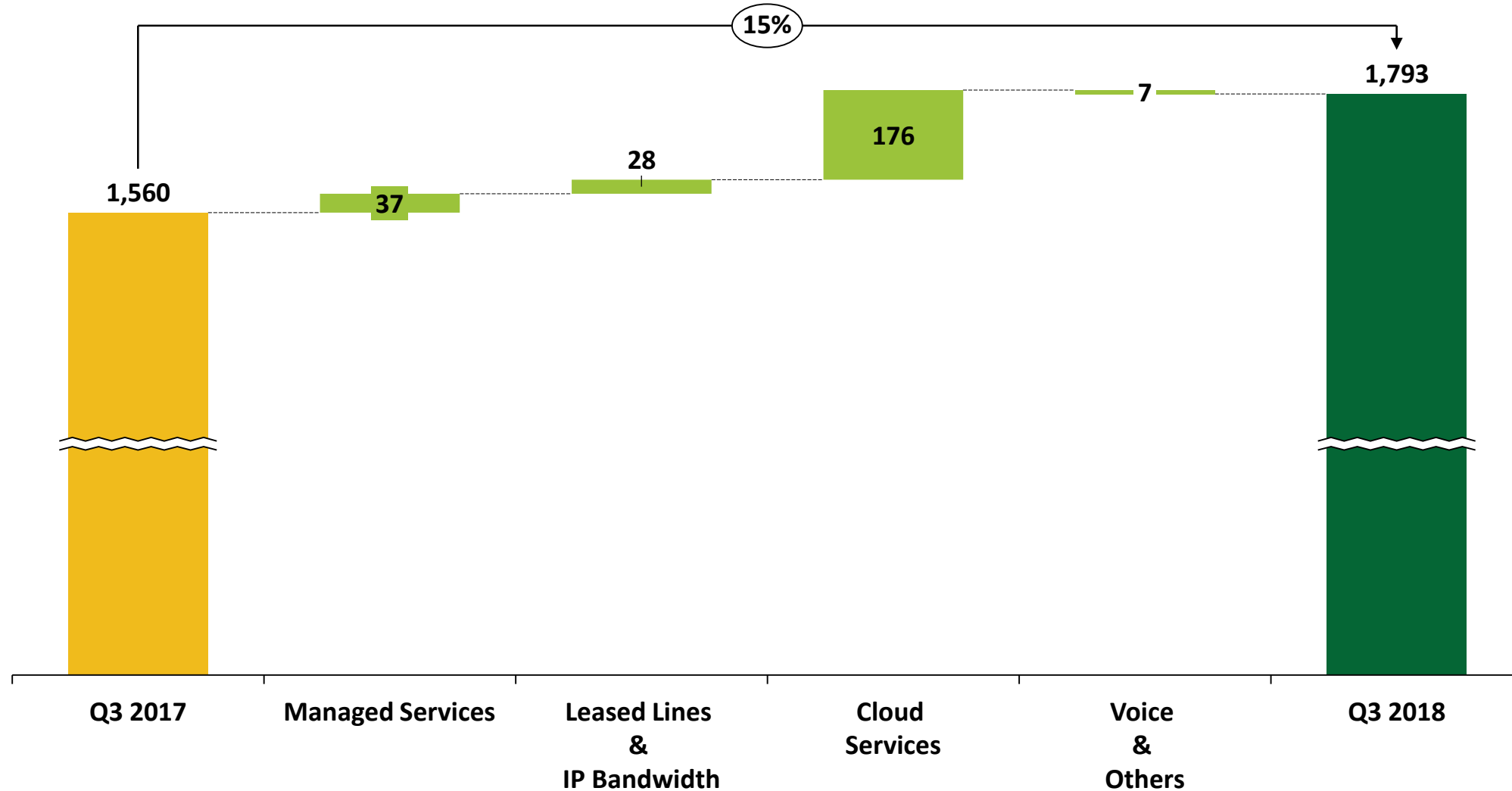
Revenue (PKR M)



# Corporate Revenue

Accelerating Growth by Offering New Services

PKR Million

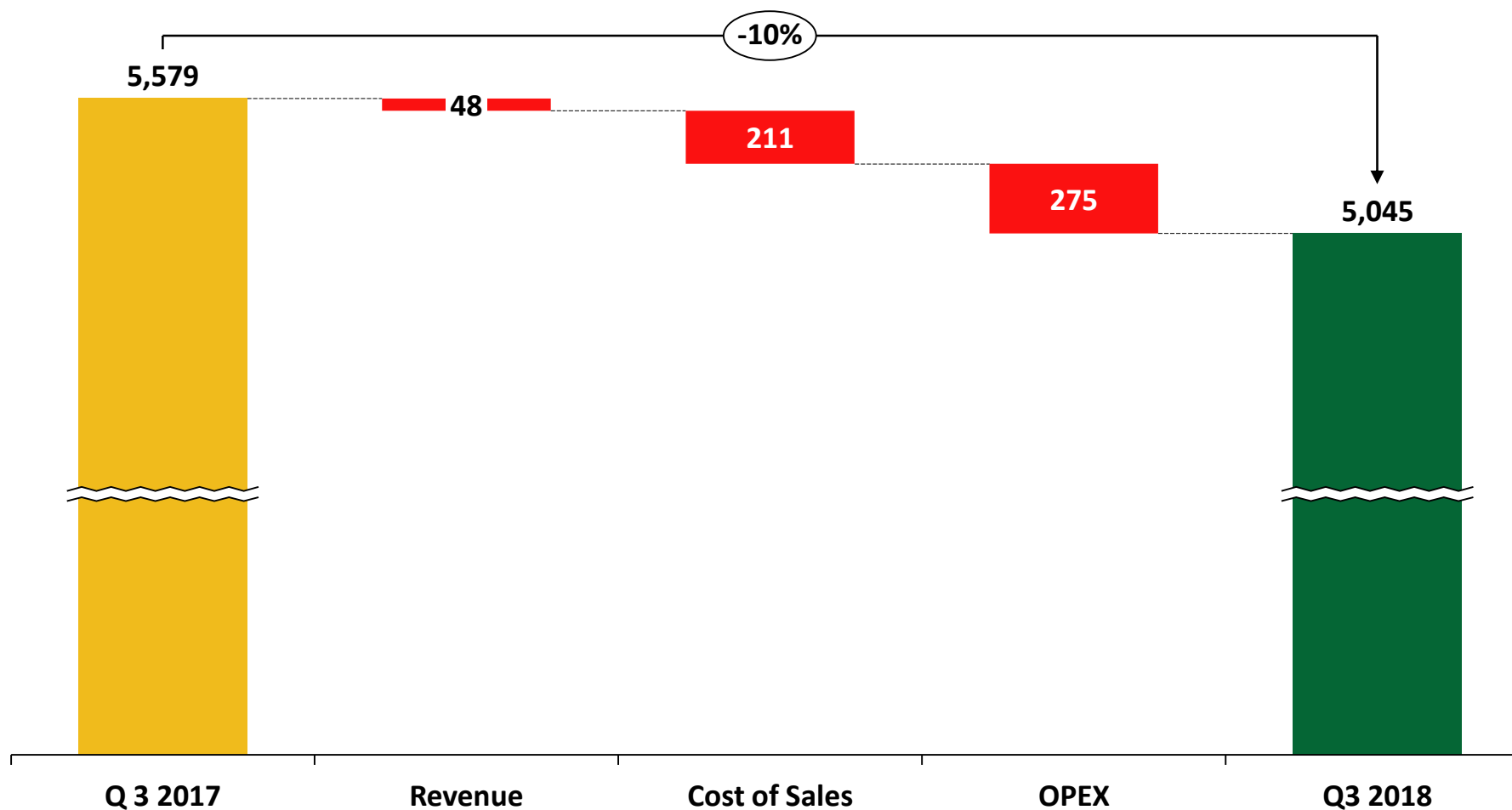


# PTCL – EBITDA Evolution YoY

Higher SAC, Cable & Media, Fuel & Power and PKR devaluation put pressure on EBITDA

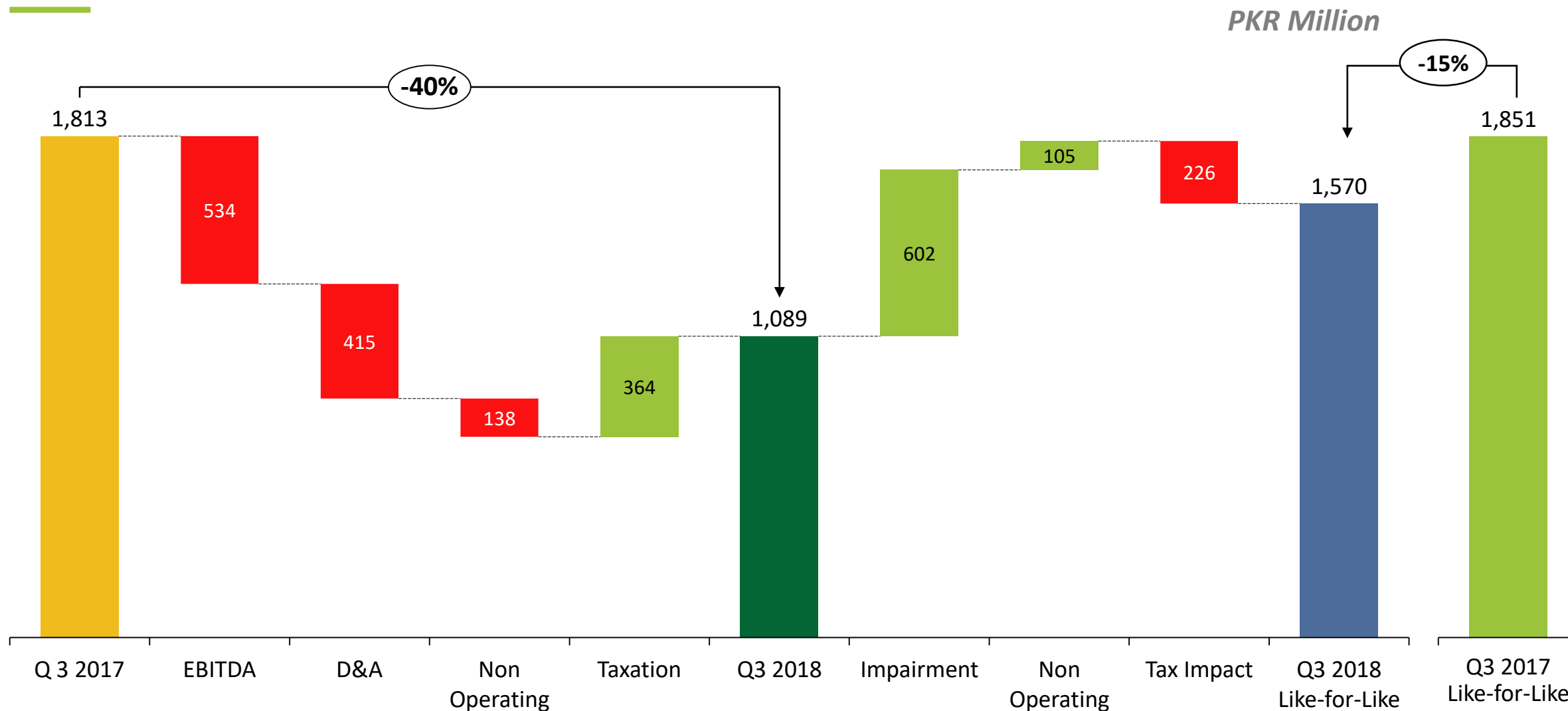


PKR Million



# PTCL – Net Profit Evolution YoY

Lower Net Profit mainly due to one-off impairment and non operating favorable one-offs in Q3 2017



# PTCL Balance Sheet & Cash Flow Statement

*Strong Unleveraged Balance Sheet*



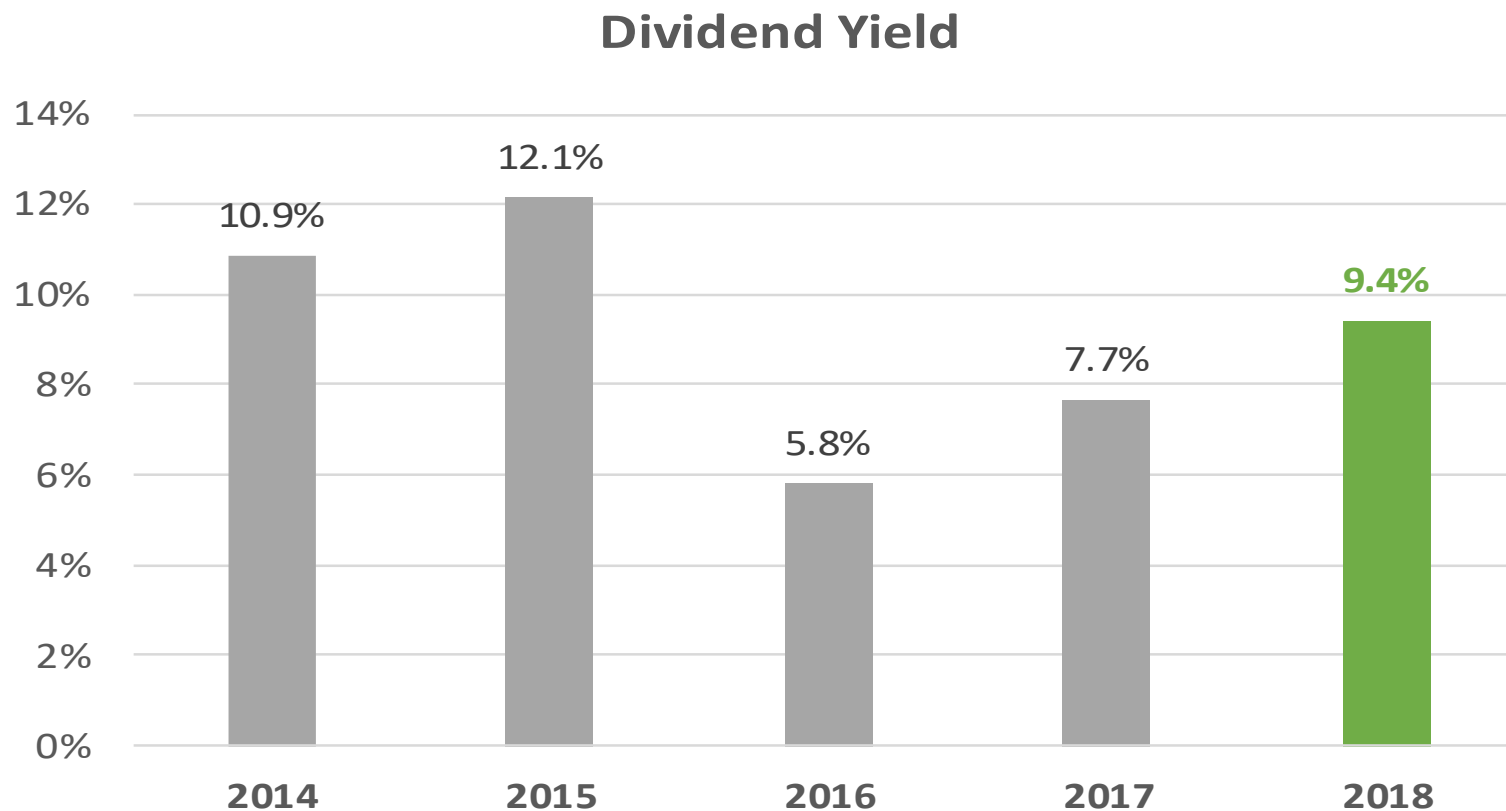
Balance Sheet		
Description	Dec-17	Sep-18
	PKR Million	
Non Current Assets	116,098	117,515
Cash & Cash Equivalents	19,851	13,017
Current Assets	71,250	70,822
<b>Total Assets</b>	<b>187,348</b>	<b>188,337</b>
Share capital	51,000	51,000
Reserves	34,102	33,782
<b>Equity</b>	<b>85,102</b>	<b>84,782</b>
Employees retirement benefits	23,504	22,638
Deferred government grants	8,060	7,981
Non-current liabilities	39,263	36,992
Current liabilities	62,984	66,563
<b>Total Liabilities</b>	<b>102,247</b>	<b>103,555</b>
<b>Total Liabilities &amp; Equity</b>	<b>187,348</b>	<b>188,337</b>

Cash Flow Statement		
Description	Sep-17	Sep-18
	PKR Million	
<b>Cash generated from operations</b>	<b>22,942</b>	<b>15,311</b>
Employees retirement benefits paid	(636)	(755)
Payment to PTET	(5,254)	(2,780)
Payment of voluntary separation scheme	(4,704)	(10)
Income tax paid - net	(1,631)	(2,445)
<b>Cash inflows from operating activities</b>	<b>8,472</b>	<b>9,351</b>
Cash flows from investing activities		
Capital expenditure	(9,618)	(7,851)
Acquisition of intangible assets	(88)	(223)
Long term loans and advances	(778)	(2,358)
Government grants received	264	300
Long term investment in Ubank	-	(1,000)
<b>Cash Inflow/(outflow) from investing activities</b>	<b>(3,625)</b>	<b>(8,074)</b>
Dividend paid	(5,079)	(5,031)
<b>Net inc/(dec) in cash and cash equivalents</b>	<b>(233)</b>	<b>(3,754)</b>
<b>Opening Cash and cash equivalents</b>	<b>5,902</b>	<b>16,770</b>
<b>Closing Cash and cash equivalents</b>	<b>5,670</b>	<b>13,016</b>

\* Short term investment in Sep-17 of Rs. 19 B (not included in above Cash & Cash equivalent)

# Dividend

*PTCL announced PKR 1 interim dividend per share for the year 2018, equates to PKR 5.1 B dividend payout*





# Summary & Conclusion

Dr. Daniel Ritz  
President & Chief Executive Officer  
PTCL Group

# Summary & Conclusion

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- *PTCL Group has delivered significant revenue growth with all three operating companies*
- *PTCL Group Net Profit significantly up by 27% YoY on like-for-like basis*
- *PTCL growing segments have increased from 59% to 63% for Q3 2018 Vs Q3 2017*
- *DSL revenue in transformed exchanges grew 15% YoY, Corporate segment grew 14% YoY*
- *SAC, Cable & Media and Fuel & Power spend weighing on PTCL Q3 2018 EBITDA*
- *PTCL announced PKR 1 interim dividend per share for 2018 equal to PKR 5.1 B dividend payout - PTCL share offers attractive dividend yield of 9.4%.*
- *PTCL is assigned long-term rating of AAA*

# Questions & Answers

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**THANK YOU**