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Speaker 1: Ladies and gentlemen, welcome to the Global Telecom third quarter, 2017 results conference call. This call is recorded and is open to analysts and investors of Global Telecom and is not open to any members of the media. I will now hand you over to your host, Ziad Itani from Arqaam Capital. Mr. Itani, please go ahead.

Ziad Itani: Thank you, Good morning and good afternoon everyone. This is Ziad Itani from Arqaam Capital. I'd like to welcome you all to Global Telecom's Q3 2017 Results Conference Call. It is my pleasure to host Global Telecom's senior management on the call. We have with us today Mr. Vincenzo Nesci, Chief Executive Officer of GTH, Mr. Gerbrand Nijman, Chief Financial Officer as well as Ms. Noha Agaiby, Head of Investor Relations. By now you should have received the company's presentation and earnings release, which are also to be found on the company's website. The call will start with a discussion of the key trends in this quarter followed by a Q&A session. Without any further delay I'll now hand over the call to Ms. Noha. Thank you very much.

Noha: Thank you Ziad for organizing our conference call. Good afternoon ladies and gentleman, welcome to our third quarter results conference call. I'm pleased to participate in today's call in my new capacity as head of investor relations at Global Telecom. Today, I'm joined by Vincenzo Nesci, our Chief Executive Officer, and Gerbrand Neiman, our Chief Financial Officer. Before starting the call, let me just draw your attention to the disclaimer. Forward-looking statements made during today's presentation, involve certain risks and uncertainties. These statements relate in part to the company's anticipated performance, future market development and brand, the turnaround of Algeria, expected synergies of the Warid transactions, operational and network development and network investment, the timing for the expected completion of the sale of Jazz's tower business in Pakistan, the effect of the acquisition of additional spectrum on customer experience, and the company's ability to realize its strategic initiative.

Any financial projection or any other statement of anticipated future performance made on this call, are expectations by the company's management. These forward looking statements involve certain risks and uncertainties and may prove to be incomplete or inaccurate. Actual results, achieved may vary from the projection. And a variation may be material. The statements should not be regarded as a representation of anticipated results, which would occur on our expected objectives or on the assumption underlying such themes. Let me also remind you that the earnings release and earnings presentation can be downloaded from the GTS website. Today, Gerbrand will start by taking you through the group's financials, and then after, Vincenzo will present the operational performance of our three companies. Of course, there will be ample time for questions thereafter.

So at this time, I would like to hand over the call to our CFO, Gerbrand, the call is yours.

Gerbrand: Thank you Noha. Good afternoon and good morning for those in the United States, also a warm welcome for me on our third quarter, 2017 results conference call from a cloudy Amsterdam. One slide 4, we present the main financial highlights for the third quarter of this year. Service revenue declined organically 2.3% year on year, and amounted to 735 million dollars. This organic year on year decline was mainly due to the revenue decrease in Algeria and Bangladesh, which was partially offset by growth in Pakistan. Our mobile data revenue continued to show strong growth this quarter with almost 40% organic growth year on year. We continue to see customer growth with 3.8 million customers equal to 4%, year on year growth, due to customer growth in Pakistan and Bangladesh. Underlying EBITDA (so excluding transformation and integration costs and material exceptional items) amounted to 382 million US Dollars in Q3, 2017 – an organic increase of 6.6% year on year as resale opened. Pakistan achieving strong in underlying EBITDA, mainly due to revenue growth, OPEX synergies and release of the historic SIM tax accruals, more than offsetting the low EBITDA achieved in Algeria and Bangladesh. Underlying EBITDA margin reached a strong level of 49.4%, improving 3.5 p.p. year on year, driven by margin expansion in Pakistan compensating for lower margins in Algeria and Bangladesh. Excluding the release of this historic SIM Tax accrual of 3.5 billion PKR (equivalent to roughly 30 million US dollars) the underlying EBITDA margin would have still been strong at 44.8%. On slide five, you can see our income statement for the quarter.

Other revenue increased 36.7% mainly due to the aforementioned release of historic SIM tax accruals. Total expenses decreased by 11% year on year, due to decreased SG&A as a result of the performance transformation program, that successfully decreased expenses mainly in Pakistan and in Algeria in addition to the release of the historic SIM tax accruals.

Consequently, reported EBITDA in Q3 2017 was 377 million US dollars. An increase of almost 10.5% year on year. Depreciation and amortization decreased in Q3 mainly due to the decrease in depreciation of telecommunication equipment in Pakistan, as we are in the final stages of the accelerated depreciation, related to the modernization of the old equipment. Technical services, service expenses decreased by 60% due to decrease of provided technical services to Jazz operations. Finance costs decreased mainly due to the partial repayment of borrowings in Algeria. The foreign exchange loss, was mainly due to the depreciation of the Bangladeshi Taka against the US Dollar by 3.6% year on year. Income tax expenses increased 92.6% due to applying a different minimum tax methodology in Pakistan in addition to the increase in profit before tax. This resulted in a profit for the period of 37 million US Dollars. Moving to slide six, our debt position as per the end of September 2017. Our gross debt was stable quarter on quarter at 3.0 Billion US Dollars. The net debt-to-LTM underlying EBITDA ratio was stable quarter on quarter at 1.7x. The maturity of the debt, roughly two billion is US dollars denominated, while the rest is in local currencies. The weighted average cost of debt remained flat quarter on quarter standing at 7.9%. With that, I would like to hand over to Vincenzo who will present the results of our three operations. Vincenzo.

Vincenzo: Thank you Gerbrand and good morning, good afternoon or good evening for the ones in Dubai to all of you. We move now to our operational and financial analysis of the countries starting from Pakistan, which is our largest operator. As you can see in slide number eight, Jazz continued to show strong growth with the Warid integration also ahead of schedule. Note that this is the first quarter in which the 2017 results of Pakistan are fully comparable year on year following the consolidation of Warid in July 2016. Jazz reported had a growth of nearly 7% year on year, supported by continued growth in mobile data revenues, which grew 38.9% year on year for the quarter, driven by an increase in data customers, and the continued 3G network expansion. The customer base increased by more than 4% year on year, driven by continuous customer satisfaction

through focus on the price simplicity and efficient distribution channel management. Underlying EBITDA margin, excluding 700 million of Pakistani Rupee or restructure in costs related to both performance and formation and integration costs was 55.1% in Q3 2017, improving by 13.1 points year on year, and then 10.4 percentage points quarter on quarter. This steep increase in margin is also partially attributed to approximately 7.8 points of margin for the ... from that, already Gerbrand mentioned release of historical SIM tax accrual. But even excluding the impact, the margin would have been a very healthy 47.3%. CAPEX increased year on year with LTM CAPEX to revenue ratio of approximately 18%, and this is entirely driven by the network integration and the 3G and 4G LTE rollout. Finally, while Jazz has already fully achieved the target run rate of synergies, announced at the time of the Warid transaction, it remains fully focused and on track to complete its network integration activities by the end of 2017.

We move now to slide number nine, which encompasses the information on the sale of the towers in Pakistan. On August 30, 2017, we have announced that Jazz has signed an agreement for the sale of its tower business, to Tanzanite for 940 million US Dollars on a debt and cash-free basis. This is a highly attractive transaction for our shareholders and fully in line with our asset light strategies. The 940 million US Dollar valuation implies a high single-digit EV multiple on contributable EBITDA. And a significant trailing premium versus our current trading multiples. In terms of accounting, we will book a gain of around 420 million dollars at closing, and our leverage ratio will decrease by approximately 0.4x on a pro forma basis. In addition, the group EBITDA margin will be diluted by around 3.8 percentage points on an annualized basis following the closing of this transaction.

The completion of the tower transaction is subject to the satisfaction of/waiver of certain conditions, including receipt of customer regulatory approvals. The approval process is in progress and on track, and we are still aiming for completion to occur by the end of 2017. We move now to Algeria on slide number ten, where you can see that the regulatory environment improved but the competition still remains very, very aggressive. The Djezzy operational turnaround continued in Q3 2017, despite the challenge in regulatory and macroeconomic environment, which remains characterized by strong competition and inflationary pressures. Telecom share of wallet remains under significant pressure in Algeria from food basket inflation, and the taxes resulting from the finance law

introduced in January 2017. The final piece of the regulatory puzzle has been completed since the end of the quarter with the introduction of mobile termination rate symmetry with effect from 31st of October 2017.

Against this evolving regulatory background, revenue decreased by 9.8% year on year, slowing the year on year decline from Q2 2017, with service revenue decreasing by 11.3%. The data revenue growth was 55% due to higher usage and the substantial increase in data customer, as a result of the 3G and the 4G LTE network rollout. However, competition on smartphone, data pricing in particular, remains very aggressive with certain propositions being several times cheaper than Djezzy's standard data architecture. Underlying EBITDA margin remains strong, at nearly 49%. And excluding the impact of the changes to indirect taxes with effect from January 1st 2017, the underlying EBITDA margin would have been robust, at approximately 51%.

We move now to slide 11, or we move to Bangladesh where the market pressure weighed on revenues and EBITDA. In Bangladesh, the market is still characterized by intense price competition which has accelerated following the SIM re-verification process with additional pressures on Q3 coming from the impact of very adverse weather condition. Revenue decreased 4.6% with continued competition on customer acquisition, driving multi SIM and diluted shares of wallet. The operational focus continued to be on improving network coverage, which has driven data revenue growth of 28% resulting from data usage growth of 106% along with a 17% growth in active data users. Underlying EBITDA decreased by 19% year on year, mainly caused by the revenue erosion together with higher customer acquisition costs, and increased technology OpEx to improve network availability, which has been put under stress by the extreme weather conditions that characterized this country in the recent months. At the end of the quarter, 3G population of coverage reached approximately 70%, representing a gradual closing of the gap with the competition.

Finally, on the regulatory front, the government of Bangladesh approved a regulatory and licensing guidelines for 4G LTE several mobile services and spectrum auction guidelines. However, an auction is unlikely to occur until 2018. In addition, the ministry of post, telecommunication and information technology issued a public consultation on

regulatory and licensing guidelines for tower sharing and the industry has now provided comments on these guidelines to the government of Bangladesh. Before handing over to Noha for the question and answer session, I would like to state that the board of directors of GTH yesterday has taken note of the filing by Veon for the MTO for the remainder of 42.31% of our capital with the price of 7.9 Egyptian Pounds per share. And has decided to appoint Pharos as the independent financial advisor as requested by the Regulation. Of course, GTH will undertake all legal procedures as required. Please note that we cannot make any further comments on this matter. Now Noha, the floor is again, is again to you for the starting of the question and answer session.

Noha: Thank you Vincenzo. Now we are ready to take your questions. Operators, can we have the first question please?

Speaker 1: Thank you Miss Noha. Ladies and gentleman, we will now start the question and answer session. If you wish to ask a question, please press 0-1 on your telephone keypad. Please limit your questions to two question each to give the time of everyone to ask questions, and if we get more time, you may press 0-1 again for follow up questions. Thank you for holding until we have answered his question.

Our first question comes from Baha Makarem from Arqaam Capital. Please go ahead.

Baha: Hi everyone, thank you for your time. Two questions, one regarding Pakistan, one regarding Algeria. The first one regarding the release of SIM tax accruals, is it purely a one-off or can we expect further impact further on down the line? And follow up to that is that have repatriation issues begun to improve, or is there any sign of improvement? The second question is in Algeria, how do you expect MTR's to impact your operations? Do you think that you will end up lowering prices or will focus be rather on capturing the benefit internally? Thank you.

Vincenzo: On Algeria, the MTR will impact extremely positively the revenues, it's clear that we do not like to give any indication on what we expect of the amount we expect as this is confidential and a forecast, which we don't like to disclose. What we can tell you is that the catalog has been published with a total symmetry on the 30th of October and a new MTR has been implemented as from the 31st of October. Our two competitors have filed

claims against the symmetry, they consider that they have been damaged by this decision and the regulator is now examining this claim with the them, they filed this appeal, which is now under examination from the regulator and the regulator might change something. Of course, we are making all necessary efforts to convince the regulator that what they emphasized is the correct approach to the market situation of today, and to the evolution of the market in the last 12 months.

Gerbrand: Yeah and on the question of the MTR, sorry not on the MTR.

Vincenzo: On the sim.

Gerbrand: On the SM Tax accruals, sorry, is in principle, a one-off indeed. And you had a follow up question on that one but I couldn't hear that properly, can you repeat?

Baha: Sure, my question was regarding repatriation from Pakistan. Is it still a major issue or has it begun to resolve?

Gerbrand We have been able, I think we said in a quarter ago as well, been able to upstream cash from Pakistan. You know they have also sufficient funds that we think we will be able, over time, it will take longer to upstream those funds as wells, at least that's what's left over for us. So it will take quite some time but there have sufficient reserves to facilitate it, so we don't expect an issue there.

Baha: Okay, perfect thank you.

Speaker 1: We have no other questions at this time, ladies and gentleman, I will like to remind you, if you have any further questions, please press 0-1 on your telephone keypad. Thank you for holding. Our next question comes from Alex Collins from Barkley's. Please go ahead.

Alex: Hi, thanks for the presentation. So hypothetically, you made this offer to minorities. What would be the process if you wanted to de-list the GTH entity from Egypt, and where potentially would this entity be re-listed or moved to? Thanks.

Vincenzo: I believe I was clear in the last statement of my presentation, we have received a copy of the offer which was published on the EGX screen and we do not comment, we have

empowered Pharos for an IFA and we will respect all of the rules and regulations but the question you put now on the table is question which should address to Veon, not to us.

Alex: Okay, understood. Many thanks.

Speaker 1: Our next question comes from Baha Makarem from Arqaam Capital. Please go ahead.

Baha: Hi again, just a separate question, I know you said you don't want to comment on the deal, but if I could ask something regarding the EFSA regulatory approval, do you know anything about the timeline? Can you disclose anything about that on when we can expect approval by EFSA? Thank you.

Vincenzo: The EFA has all the time they want to answer and there is a reference in their rules to a period of four weeks, but clearly, they can request documentation, they can request, they can put a question to which Veon and us might be obliged, will be obliged to answer, and this could eventually impact the timing, but on their site is written four weeks.

Baha: Okay, great, thank you.

Speaker 1: Ladies and gentlemen, I would like to remind you, if you have any further questions, please press 0-1 on your telephone keypad. Thank you for holding. Ladies and gentlemen, as a reminder, if you wish to ask a question, please press 0-1 on your telephone keypad. Thank you for holding. No further questions, Miss Noha, I gave it back to you for the conclusion.

Noha: Okay, that was the last question and we will end the call here. Thank you all for your participation in today's earnings call and for your continuous interest in global telecom. Please do not hesitate to contact me anytime should you have any follow up questions. Have a good day and bye for now.

Speaker 1: This concludes today's conference call. Thank you for your participation, you may now disconnect.