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**Executives:**

James Corby - Chief Financial Officer

Yaman Al-Jundi- Investor Relations Director

**Operator:** Hello and welcome to the Meeza First Quarter 2025 Earnings Call. I would like to advise all participants that this call is being recorded, and questions may be submitted during the presentation via the Q&A box on your screen.

I'd now like to welcome Phibion Makuwerere from QNBFS to begin the conference. Phibion, over to you.

**Phibion Makuwerere:** Thank you, Pauly. Good afternoon to you all and thank you for joining us this afternoon for Meeza QSTP’s 1Q 2025 Earnings Conference Call. My name is Phibion, I'm with QNB Financial Services.

On today's call, we have two members of Meeza’s management team, James Colby, the chief financial officer, and Yaman Al-Jundi, the investor relations director. And as usual, the management team will first review the results and then we'll have a question-and-answer segment afterwards.

I will now turn over the call to Yaman. Please go ahead.

**Yaman Al-Jundi:** Thank you, Phibion, and thanks everyone for joining us. Just a quick couple of items. The investor presentation you should be able to see it. It's also available on the IR section of our website. And also, to remind you of the disclaimer on slide two, which is an important part of this presentation regarding any information provided and any forward-looking statements made.

And with that, I'll hand it over to our CFO, James.

**James Corby:** Thank you, Yaman. Welcome to Meeza’s Earnings Call for Q1 FY25. I'm James Corby, Meeza’s CFO, and I wish you a very good afternoon. Today, we'll give a brief business update and then go over the financial results for Q1. So, looking at Q1 highlights, we're really pleased to report tangible progress.

The 4 MW expansion of MV4 has begun with the fabrication of the modules. Work has also begun here on site in Qatar and the customer contract is nearing final execution. We have entered stage 3 and 4 design on MV6 with 6 MW planned to be commissioned first out of the 24 MW building. But actually, the quarter has been positive with total revenue increasing 1.9%. Gross margin expanding 0.2 ppts to 31.2% and net profit increasing 12.5% to QR 13.1 million.

Operationally, our future contracted revenue unwind is still QR 1.6 billion, with a net pipeline of QR 1.7 billion. In Q1, we onboarded three new customers in our key core high margin segments of data center managed services and in relation to the M-4 phase two expansion, we drew down QR 25 million of the debt facility.

Moving to the next slide, we're really pleased as well to give a small glimpse of the MV-4 construction which you can see is well underway. Being a modular design, you can prepare the modules while also prepping the site, which enhances speed of delivery, and we expect our effects to be in H1 next year. And we are working to deliver it as early as possible. So that gives a brief update on operational matters.

Now, moving to the financial section of the presentation of financial results. Q1 financial performance here, we're looking at movement year-on-year Q1 to Q1. Total revenue increased 1.9% into higher solutions and the full optimization of full utilization of the data center capacity. Underlying EBITDA excluding bad debt provision increased by QR 1 million year-on-year, while net profit improved, as I said earlier by 12.5% from that EBITDA flow through lower depreciation and higher finance income.

 We moved to gross margin. Gross margin, expanding 0.2 ppt to 31.2%. And that is driven by higher data center contribution margin from that higher utilization. Pleasingly, we also saw an increase in solutions margin from 8.9-10% due to the mix of deals that we had.

Move into the margin slide trends. EBITDA and net profit margin to Q1 for the last five years. EBITDA margin excluding the NaaS project that we had in 2021 to 2023, increased 8 ppts, thanks to the favorable revenue mix and rationalized cost base. Net profit is more than doubled in the same period due to improving returns from increased CapEx.

Moving to CapEx, we've spent so far QR 6.2 million this year in CapEx and that includes some of the MV-4 expansion of the 4 MW. As you'd expect,

CapEx intensities but is set to increase significantly this year as media ramps up its data center capacity rollout.

Moving to the last slide of the presentation, we have cash flow. Q1 is typically a negative cash flow generating quarter, but cash flows in Q1 were impacted favorably this year by high collection. So, year-on-year we can see an improvement. Meeza holds a net cash that position with cash on hand of QR 234 million, and QR 144 million of total debt. As you know, the company distributed QR 51.9 million in dividends during Q1. That brings us to the end of our presentation. Thank you very much and now we'll have a question-and-answer session.

**Operator:** Thank you. And a reminder to all our attendees, if you wish to submit a question, please use the Q&A box on your screen. And while we await further questions to be received, I will hand back over to Phibion to guide the Q&A session.

**Phibion Makuwerere:** Thank you, Pauly. We just wait for questions to start coming in. It looks like we've got our first question here from Alessandra David from Ashmore. She says, can you elaborate on the Q&Q drop in DC revenue after the final megawatts was leased out in Q4?

**James Corby:** Is this year-on-year or quarter-on-quarter?

**Phibion Makuwerere:** Quarter-on-quarter. Q&Q.

**James Corby:** In relation to the year-on-year movement of data center revenue. We're not seeing it as bigger outlook as you might expect because in 2024, we had a fit out one-off revenue for one of our customers in the data center white space.

**Phibion Makuwerere:** Okay. Thank you. Another question here from Gus with Sancta Capital. May you please update us on the status of the land lease for MV-6? Also, where will the new facility be located?

**James Corby:** Thanks, Gus. MV-6 land lease is executed and the location of the facility is next to MV-2 in Umm Qarn which is about 15 km North of Doha.

**Phibion Makuwerere:** Okay. Thank you. Another question from Zohaib Pervez with Al Rayan Investments. I think the question is around the timeline for the MV-4. When does it come online?

**James Corby:** Yeah, we're targeting H1 next year. Obviously the earlier the better in H1.

**Phibion Makuwerere:** We don't have any questions at the moment, but I will give it a minute or so. Just wait for more questions to come in. If we don't get any questions after a minute, we'll probably wrap the call up.

But I suppose while you're waiting, I might just chip in with one of my questions, general one, just having observed the global trends around AI and DC's. We've noticed that… I think Microsoft has been almost like rethinking its DC strategy. How does… I'm sure you've been following the headlines. How does this affect your plans, especially your longer-term growth plans?

**James Corby:** Yeah. Hi, Phibion. At the moment, we haven't seen obviously we've seen Microsoft announcements, but we haven't seen a change in the demand for Microsoft in terms of our pipeline.I think we're… what wecan add to that as well is that the probably the decline for Microsoft that's been announced is in relation to AI and most of the demand that we're seeing in in Qatar is coming from Cloud.

**Phibion Makuwerere:** All right. Thank you. We've… I think we've got a few more questions that have just come through. We've got Raja from Sancta Capital. His question is how do you intend to finance MV-6? What is the target timeline for it, and do you have preliminary CapEx intensity estimates for MV-6 on per MW basis based on the tender.

**James Corby:** Okay. Quite a few questions, though. I think, in terms of financing for MV-6, we're looking at a 90% debt, 10% equity. In terms of the… What was the second question? Phibion, can you just remind me?

**Phibion Makuwerere:** Okay, Sir, the second question is do you have any preliminary CapEx intensity estimates for MV-6 on per MW basis?

**James Corby:** I mean, obviously what we've given to the market is sort of our target CapEx per MW. You know, in the past it's been in the ballpark for $15 million per MW, but we're obviously looking to reduce that through an RCI model. And obviously, you know a larger supply chain we expect to reduce that to around $12 million per MW going forward on MV-6.

**Phibion Makuwerere:** Okay. The next question from Basel is, should we expect DC revenue to be in line with 2024, given you don't expect any MW capacity increases this year?

**James Corby:** No, I think we obviously announced in Q4 last year that we were at full utilization, so we didn't have full utilization for all of 2024. So, you should see some upside in dates and revenue in 2025 from being fully utilized for that period. So, the upside is approximately 1 MW of revenue.

**Phibion Makuwerere:** Okay. The next question from Zohaib, again, it's what is the CapEx requirements for 2025?

**James Corby:** We expect to spend in excess of QR 175 million.

**Phibion Makuwerere:** Okay. The next one, when do you expect to start construction of 6 MW capacity?

**James Corby:** It's a good question. We don’t know the exact timeline at this stage. I would say Q3 FY25.

**Phibion Makuwerere:** Okay. Thank you. Okay. The next question is, what's your guidance for net profits and revenues for this year?

**James Corby:** We're not currently giving guidance, unfortunately, but obviously the company is looking to grow both revenue and net profit this year from last year.

**Phibion Makuwerere:** Okay. Thank you. We've got another question again from Ashmore. Okay. You start off by saying just understanding the guidance in Q4 given the uplift due to the final MW being leased out. Was this… was this the run rate for the rest of the year just trying to understand when the 3% quarter-on-quarter drop was a result of… was it as a result of pricing or one or it's a one-off? Just trying to understand the run rate going forward.

Second question is net profit growth from favorable net finance costs? Can you elaborate on this?

**James Corby:** Yes, I think... Overall, it's if you want the breakdown separately in terms of movement on DC, I think it's you can definitely send us an e-mail. I think high-level Q4 is typically a very strong quarter in Qatar. As you know, entities that exhaust or spend the remain remainder of their budgets. So, when you're looking at a Q4 to Q1 bridge, it's very difficult to sort of see eye-to-eye. There's lots of moving parts. So yes, if you have a specific question on that, please, please send Yaman an e-mail and we can come back to you on that one.

**Phibion Makuwerere:** And then, the second question was on the net profit growth from a favorable net finance cost. He wants you to elaborate on this.

**James Corby:** Yes, this is just year-on-year, I think we've obviously seen, yeah, we've established our treasury function a lot, a lot more now in terms of managing the working capital and cash that we have on hand and we're also, you know, able to put more money on deposit and basically, obtain better rates year-on-year and obviously we've seen a change in the interest rate as well on our loan year-on-year as well, which is impacting other income expenses.

**Phibion Makuwerere:** Okay. It looks like we no longer have questions on the line. I'll give it a few more seconds. And if we don't get anything, then we can wrap up.

**James Corby:** Hi Phibion.So, I think that's about it. In terms of questions. Yeah, apologies on the first couple of questions though, guys, I think this is the first time we've used this tool. So, difference between receiving questions by voice versus text, but we really appreciate you turning the call as you see, as you can see like positive results from key one and the future is very positive for 2025. Thank you very much.