Omar Good morning and good afternoon, everyone. This is Omar Maher from EFG Hermes. I'd like to welcome you all to MEEZA’s Full Year 2024 Results Conference call. I'm pleased to be joined by Mr. Mohamed Al Ghaithani, Chief Executive Officer of MEEZA and Mr. James Corby, Chief Financial Officer. As usual, the call will begin with the discussion of the key highlights of the period, and this will be followed by a Q&A session.

I will now hand the call over to Yaman Al Jundi, Investor Relations Director for the Safe Harbor statement. Thank you.

Yaman Thank you, Omar. And thanks, everyone, for joining us. A couple of items before we begin. The investor presentation is available on the Investor Relations section of MEEZA’s website, meeza.net. Please note the disclaimer on slide 2, which is an important part of this presentation regarding any information provided and any forward-looking statements made.

I'll now hand over to our CEO.

Mohamed [indiscernible 01:04] First, I would like to thank all the stakeholders, shareholders, for their continued trust and support of the company and their belief in MEEZA’s future. Today, Inshallah, we’ll review the financials and operational indicators. I will start with the operation highlights.

In the past year, 2024, the company achieved the net profit of 60.4 million, a slight increase from last year, and this is despite the decline in the total revenue by 11%. This reflects the strong growth in the higher margin business sectors. This is our focus, and we try to focus more on the higher margin business rights.

Key operation results in the growth drivers, as you can see, we announced four megawatts expansion at day before at the data centre on the QSTP, and hopefully by next year Q1 this will be the standard commission and start operation chart.

Now most of the data centre capacity that we have is fully utilized, and this reflects the trust from our customers and the service that we provide. We have very good facilities secured. This helps us to total capacity have reached 96%. We are bound to finance this expansion, [indiscernible 03:17] financing from one of the Islamic banks here in Qatar.

Financial results, I will touch very high level some numbers, and then the CFO will continue to dig deep for more assets. Recurring revenues, excluding solutions where we have declined, increased by 7.3% to reach 309 million. As you can see in the presentation, the data centres and [indiscernible 03:56] service grow by 8% and 12% from the last year.

Gross margin reached 31.6%, an additional 4.5 points. This maintained the dividend, about [indiscernible 04:21] terms per share for 2020. Operational indicators, we have future committed contracts valued at 1.6 billion, increased from 1.2 billion in December 2023. We have added 400 million QAR to our TCV and contracts, long term contracts. Our net pipeline that we are trying to get more business around 1.7 increase from last year. We have managed to gain clients on board. Our collections last year around 395 million, bringing the AR down by 19% year-on-year.

I'll hand over to the CFO to go through the more financial numbers. James.

James Great. Thank you, Mohamed. Good morning, everyone.

Okay, starting with the performance of 2024 versus 2023, as we talked about, Mohamed talked about, revenue has declined 11.5%, but that's due to Solutions Services product lines. That is offset by growth in the higher margin recurring revenue streams of managed services and data centre services, growing at 12% and 8%.

Expenses declined 16.2% due to that lower solutions revenue and our continued cost optimization. As a result, EBITDA essentially remained flat and net profit increased 0.2 million to 60.4 million for FY 24.

Moving to the next slide, looking at revenue and gross margin for the past five years, MEEZA has double digit CAGR from 2020 to 2024 in Managed Services and Data Centre Services. Total revenue, excluding Solutions, has grown 7% year-on-year due to higher data centre utilization, reaching 96% as Mohamed said, and an increase in our Managed Services customers.

Gross margin improved 4.5 percentage points to 31.6%. This is our highest ever, with 2023 impacted by the lower margin solutions revenue.

Moving to the gross margin by product line, the absolute gross margin increased 3.1% to 118.3 million driven by data centre utilization, as previously said. And pleasingly, in the Managed Services cloud and workplace services product lines, margins remained above 30%.

Moving to EBITDA and net profit margin, they continue to expand, as you can see on the graphs, driven by the growth in the higher margin revenue lines and our data centre strategy. Net profit margin reached 16.1%, our highest yet.

Moving to the quarterly view, Q4 is a seasonally strong quarter as entities look to spend any remaining budget before the start of the next financial year, especially in Solutions. And the data centre revenue was also aided in Q4 by the one megawatt contract start from the first of December, 2024.

Moving to the capex slide. As you can see, capex in 2024 remained on the low side, focusing on the refresh capex in our data centres. With the expansion of MV4 by four megawatts this year, capex will return to FY ‘21 levels in 2024.

Cash flow, really good performance on cash generated from operations reaching 111.9 million. This is the highest it's been in the last five years. This was aided, as Mohamed talked about, we had high collections of 394 million, increasing 6% year-on-year as a result of improved controls and focus. Cash on hand at the end of the year is 279 million, and net cash of 157 million.

That's the end of our presentation. We're now going to go into the Q&A.

**Omar** Thank you very much. We'll now move to the Q&A part of the session. If you'd like to ask any questions, I invite you to either use the raise hand function to ask your question verbally, or you can use the Q&A box to send your question in writing.

Omar And we have our first question from Alessandra David. Alessandra, please go ahead.

Alessandra Thank you for taking my question. I just had two questions, mostly to do with the expansions you're talking about. So, with the MV4, the full megawatt capacity is coming online now, did you say in the first quarter of 2026. So maybe, if you could just give me a little bit more clarity on maybe the CapEx spend with this as well as the MV6 and MV7 expansions as well. What kind of CapEx timeline over the next couple of years can we kind of expect giving those two and what would that take your overall data centre capacity?

James So, the capex per megawatt, in terms of the four megawatt expansion at MV4 is going to be between $13 million and $14 million per megawatt. And as I said, we're expecting capex levels to reach 2021 this year. So, a majority of the CapEx for the MV4 expansion will be this year. MV6, MV7, we expect a 21 to 25 month build phase, and we're expecting announcements in H1 on those facilities.

I think you also asked about the capex per megawatt for MV6 and MV7. We are obviously going through the design phase for those data centres, and with obviously movement now to an AI demand, our designs need to be flexible for air cooled and liquid cooled in the future. We are expecting probably a 10% uplift on capex per megawatt because of liquid cooling, but that would be passed through to the customer. Our guidance on capex per megawatt still falls around $12 million to $14 million per megawatt for the expansion plans.

I hope that answers your question.

OmarThank you, James. Our next question is from Ahmed [indiscernible 12:40]. Please go ahead.

Ahmed First, on the gross margin number for the data centre, is this 40% sustainable, the level that we have seen in 2024, is it sustainable? Also, regarding the four megawatt addition, can you please let us know on the contribution of these four megawatts into 4Q numbers, have they contributed? Because I heard first of September, I don't know, can you please confirm this?

Also, regarding the capacity additions during 2025, so we are talking about MV6, MV7, should they come in the second half of this year? Or should it contribute or start coming in 2026?

Also, if you can give us some colour on the capacity additions also made by the other peers in Qatar maybe. Thank you.

James Okay, so I think that's about four questions. The DC margin, is it sustainable? I think we talked about the one-off benefit we had on MV2 electricity actualization I think in Q2. That has some uplift in 2024. We're not expecting that to repeat. So, the margins on data centres are going to hover around 35%, that's our expectation.

James In terms of the four megawatt expansion of MV4, we're obviously pushing the construction as fast as we possibly can.

MohamedAs I mentioned, this is Mohamed, as I mentioned earlier, the plan is to have it in Q1, in the next year, Inshallah. But always, we are trying our best to bring the construction period down. However, there is some items that need to be manufactured abroad and that will take time. We're working closely with our contractors to make sure that we can expedite the process to bring it down. But as of today, the plan to have it in mid of Q1 next year, Inshallah.

As for MV6 and MV7, to be honest, there is a lot of discussions with many stakeholders. However, there is no concrete news that we can say that this is going to happen on this time. So still, we're pushing toward building new capacities, but the plan is still not finalized. Hopefully, by half of this year, before end of the half of this year, Inshallah, we'll have more clarity about what you are going to build for the next year and to [indiscernible 15:58] next year, Inshallah, end of next year, Inshallah. But I can assure you that there is demand and there is discussion how big and we’re doing. It's not clear yet, but they come in on the right track, and the expansion will happen sooner or later this year.

Ahmed Thank you. On the capacity additions by the peer companies?

Mohamed As I talk to you now, we get inquiries for 10, 20, 40, but there is no concrete demand that we can discuss. As you know, globally, many announcements, big numbers. There is announcement of 500 billion. There is announcement in one trillion globally, but in the actuals, it happens maybe 10% or 20% of this. So, this is the same discussions that happen here in Qatar, but there is demand, and it will happen. I believe this year there should be announcement other than the four megawatts. I believe that we’ll have other announcements. Not only four, maybe more. Maybe 6, 10, Inshallah, trying to make that number bigger, Inshallah.

Ahmed And you are increasing the capacity as well?

Mohamed Yes, this is our plan. This is our job to make sure that we grow.

Ahmed Thank you.

Omar Thank you. And next question in writing from Raja, it says, “Capex per megawatt was guided to be in the $12 million to $13 million per megawatt. What will it be for MV4 phase two? And do you see opportunities for further improvements?”

James I think I've touched on this before. The MV4 four megawatt expansion, the capex guideline is between $13 million and $14 million per megawatt. As I said, the guidance that we gave between $12 million and $13 million is still very much relevant on the additional capacity.

Omar Thank you, James. The next question comes from Gus Shahaib. Gus, please go ahead.

Gus Thanks for this call, and congrats, especially on the fourth quarter numbers and bringing the last megawatt online.

I just want to clarify, that last megawatt that you brought online with a hyperscaler customer in Q4, there was a bit of confusion. When did that hit? When did that start hitting P&L exactly, just so we can look at that on a run rate basis for the rest of the year? Was it December 1, meaning one month of contribution for last year, which helped provide some big uplift for the fourth quarter, or was it for the full quarter? Thank you.

James Hi, Gus. It started on the first of December, 2024, so one month.

Gus Okay, thank you. Thanks for that, James.

Omar Thank you. And we have a follow up question from Raja. It says, “Can you share some colour on the discussions with hyperscalers who are looking to occupy MV4 phase two, MV6, etc.? What will be the utilization ramp up time post completion of construction?”

James I think, as Mohamed talked about, we're in constant contact with hyperscalers. The pipeline and demand is there as we've talked about before. We expect full occupancy of the expansion from what we call ready for service day, so that would be the assumption.

Omar Thank you, James. And we have a follow up question from Alessandra David. Alessandra, please go ahead.

Alessandra Hi. Just one other question for me. I was just curious if you could maybe share a little bit of colour on how you see your funding mix over the next year with the expansion. Can we expect it to remain broadly in line? I know you've given a sort of 40% debt to equity target ratio in the past, but maybe if you could just elaborate on the [indiscernible 20:45].

James We will be splitting our investment through debt and equity, as we talked about before. There will be a 70/30 debt to equity split on the expansion of MV4, and we expect to continue to look into the debt market as we expand further.

Alessandra Thank you.

Omar Thank you. And we have another follow up question from Ahmed as well. Please go ahead.

Ahmed Hi again. Given that the MV4 addition won't come in 2025, can you provide some guidance on the numbers? Should the figures be flat this year compared to 2024 given that there is no capacity addition?

James We're not currently giving guidance. I think, as we talked about, that one megawatt has come online from December, so there will be an uplift from that for the entire year versus FY ’24. We will continue to grow our managed services segment as well at what we would hope to be over the double digit CAGR in the five-year period. And we're looking as well at continued cost optimization as well. So, we expect 2025 to be a good year.

Ahmed Your current capacity stand at 15?

James At this stage we're not going to give guidance on megawatt expansion within 2025. Management and discussions are going on looking to deliver megawatts as fast as we possibly can.

Ahmed But the current capacity, the existing one, it is 15 megawatt?

James 14, yes.

Ahmed 14. Thank you.

Omar Thank you. Next question is from the Q&A box from Ahmed. It says, “Do you expect to maintain 50% market share in the expansion phase, and what gives you that confidence?”

James MEEZA throughout, the communication that we've given over the last two years has been that we want to remain the market leader in the data centre segment. So, yes. I think obviously, hyperscale is growing in nodes that they already have in certain countries, obviously where they exist, and they will expand in the areas of those nodes. They can't go beyond a certain radius from the node. So, our expectation is, as hyper scalers grow in Qatar, so will MEEZA’s data centre portfolio.

Omar Thank you. Next one from the Q&A box from Shahrukh Saleem. It says, “How are your costs determined, particularly electricity costs? Any revisions expected there?”

James Electricity costs? Our electricity costs obviously come from the provider, Corona. On the hyperscaler business, electricity costs are passed through assuming the desired PUE is met per the contract.

Omar Thank you. And his second question is, “The contracts you have signed with customers, would they be renewed annually? Is the pricing based on utilization of the contracted capacity with customers?”

James I think we've answered this before, but our data centre contracts are long in length and range between 5 and 15 years, so they're very rarely renewed every year.

Omar Thank you, James. And we have a follow up question from Gus. Please go ahead.

Gus Thank you. I just had a follow up question on Aredu [ph 25:33] who also has a data centre presence in Qatar, albeit smaller. Obviously another question that was asked on the Q&A was what competition are you seeing from Aredu? They've announced large capex plans. It seems most of that is geared towards Kuwait and Iraq and Oman. But are you seeing any physical data centre builds on the ground from Aredu in Qatar? That's the first question.

Mohamed I couldn't hear your question. [indiscernible 26:13] to be honest. There is nothing damaged. This is what I can answer.

Gus Okay. So you're not seeing any evidence of any builds at this point. Okay. And the second question, just on the Solution Services business, it's very lumpy, obviously, on lower margin, but it seems you de-emphasized that a good bit this last year. I mean, how was the outlook for the Solutions business, out of curiosity? How are those conversations progressing? Is that something you're still pursuing, or do you prefer to focus strictly on data centres and managed services? Or do you still, at the same time, pursue solution services businesses as they come, as kind of new business to maybe bring in longer term data centre clients?

Mohamed For solutions, we are continuing to negotiate this type of business, but not stop chasing this. However, there is very high competition. There are companies not in the stock market, been here for 30, 40 years. Competition is very high, and solution is sometimes not a consistent time of revenue stream. However, what you are trying to do is when we focus on other services, like many services, that we can upset a new requirement. We're trying to do this business based on the customers’ needs, not based on the RFP’s or tenders floated in the market. We're trying to create a needs for the customers.

Part of this need, they might need solutions like hardware, software to be refreshed or licensed for different solutions. This is what we are trying to do. We are trying to change a little bit how we approach the customers to understand more their needs, to give them the proper solution instead of reply back to the tenders floated in the market.

Gus Thank you, Mohamed, for the perspective. I appreciate that.

Just a final question. On MV6, which you mentioned, when you've already announced the MV4 expansion, which is four megawatts, so that's like a good 30% uplift on your capacity that's coming online next year, but on MV6, you mentioned in the first half of the year you'll announce details about the tendering and the size and the build cost and timeline, but any indication from now that would be helpful in terms of what size would you start with, with MV6? What are you thinking in terms of what would the initial capacity be that you look to kind of finalize in the first half of this year? Is it another four? Is it ten? Just curious, if you can give us any more transparency on that.

Mohamed This is still a tender process. It’s in the MCIT website, we are participating this tender six megawatts. But what we are trying intend for us to be more commercial, it makes sense for us. You know that building a small sets of data centres, the cost always will be high. So, what you are trying to make is to make much bigger that is in tender. This is the discussion. But still, there is nothing that we can announce.

What we have six megawatts, but we can see that we can build much bigger facility can reach up to 10 megawatts. And this is a discussion between us and the clients. So, the delay is in favour for MEEZA’s shareholders, we are trying to make the best for shareholders, to make this expansion as big as possible so we can increase the return on the investment for the shareholders. Unfortunately, I don't have much details to be shared. There is no clarity. There are many options still, but I believe we can finalize this within the coming half year, inshallah.

Gus Thank you, Mohamed. I really appreciate the transparency. As a final question, this MV6 in terms of location, have you finalized or do you have a preliminary location for it? Will it still be next to the MV2 facility?

Mohamed It will be the next to MV facility. Okay, we are utilizing the same [indiscernible], and our design, this is one of the discussions is to make the proper design for the [indiscernible], so we can enhance or expand the value for the land, to make sure that we monetize all single square meter.

Gus Makes sense. Thank you very much.

Omar Thank you. The next question from the Q&A box from Lateen Garg. It says, “Is electricity costs also passed through for local customers that are non-hyperscalers?”

James No, it isn't.

Omar Thank you. And there's a follow up from Raja that says, “What is your current hyperscaler versus non-hyperscaler revenue mix within the TC segment?”

James At this stage, we can't disclose that information.

Omar Thank you. And we have a question from Ahmed that says, “How much uplift the additional one megawatt leased in MV4 delivers in percentage terms to DC segment revenues?”

James At this stage, we can't disclose pricing. So, I think in terms of the results, you'll get a better picture in Q1.

Omar Thank you. And there's a follow up from Raja that says, “What is the outlook for the cloud segment?”

James The outlook for the cloud segment is positive. We continue to look to grow that. I think we're seeing from an industry perspective over double digit CAGR growth. Our competition is strong in that area, obviously with Azure and Google Cloud services, but we look to continue to grow that segment, especially keeping data classification with inside as well as outside of a public cloud. So, we'll look to grow cloud services based on our current run rate.

Omar Thank you, James. The next question from [indiscernible 34:03]. It says, “Given the competition, is the pricing for the new capacity lower than existing contracts? And if that's the case, to what extent?” And then the second question is, “Can you give us some guidance on margins for the DC segment?”

James I think I touched on the fact that we can't give specific pricing, but I think there obviously is pressure on hyperscaler pricing within the region, definitely. In terms of margin, it's then up to the DC providers to try and bring that cost per megawatt down, and that's what we're trying to do to ensure that we maintain the margin around 35% of the DC space and maximize the returns to the shareholders on that segment.

Omar Thank you. And I think we have a verbal follow up from Ahmed. Please go ahead.

Ahmed Thank you. Regarding the revenue per megawatt, any guidance on this level? Where should we see this level in 2025, onwards? Is it like 11, 12, higher?

James We're not giving guidance on revenue per mobile. I think you'll be able to see from the numbers in Q1 of the impact in the DC space. So yes, that's not something that we're currently giving in terms of revenue or pricing.

Ahmed Okay, thank you.

Omar Thank you. And I think we have a follow up from Gus as well. Please go ahead.

Ahmed Thanks, Omar. Actually, I've asked all my questions, but thank you.

Omar Oh, okay, perfect. So, I guess there are no more questions in the queue. So in case anyone would like to ask additional questions before we wrap up, just a quick reminder to either use the raise hand function or the Q&A box for written questions.

Alright, it looks like we don't have any more questions. So, I guess back to Mohamed and James, in case you would like to make any concluding remarks before we wrap up the call.

Yaman Thank you, Omer. Thank you everyone who joined us today and for your questions. If you have any follow up questions, please don't hesitate to contact us, and we'd be happy also to schedule a follow up meeting. And we're also currently planning to be in Dubai for the EFG conference, Inshallah, coming up, so we hope to see you there as well. Thank you all.

Omar Thank you, Yaman, Mohamed and James. And thank you, everyone, for your participation. This concludes the call and have a lovely week. Thank you.