



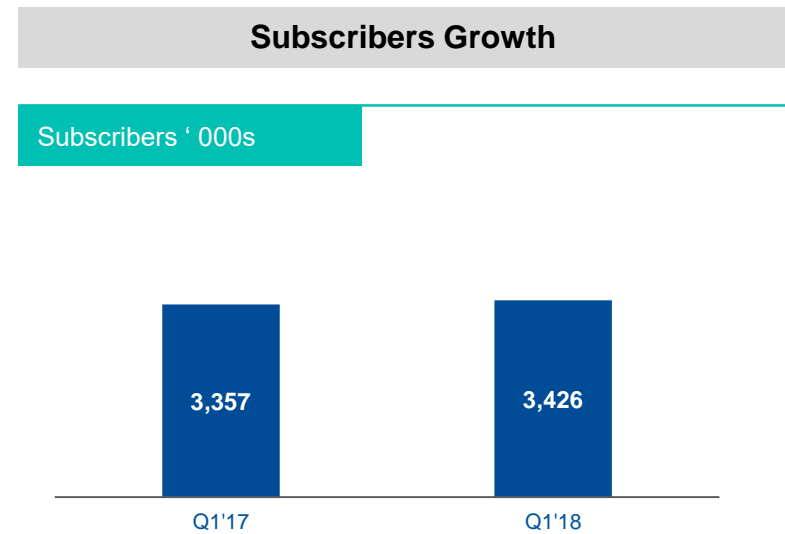
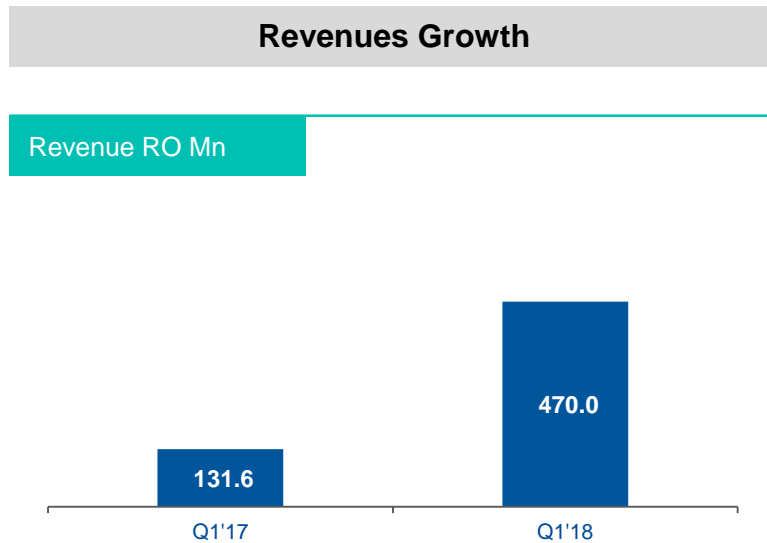
Omantel Group Performance – Q1 2018

Presentation to Investor Community

Conference call

21 May 2018 at 2 PM (Oman Time)

Group Revenue (including Zain Group Consolidated) for the period Q1'18 is RO 470 Mn. Domestic revenue growth has been 9.8% and Domestic subscriber base recorded a growth of 2.1%.

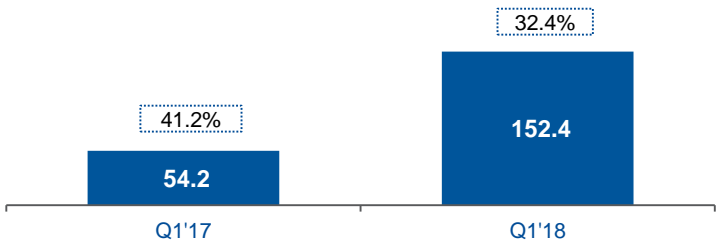


- The Group results for the period Q1'18 include fully consolidated Zain Group results, while Q1'17 include only domestic operations.
- Group Revenue is RO 470 Mn compared to RO 131.6 Mn of the corresponding period. *Q1'18 include consolidation of Zain Group, which contributed RO 325.5 Mn.*
- Domestic Operation include Parent company (domestic Fixed & Mobile business operations and other domestic subsidiaries). Domestic operations revenue growth is 9.8%.
- Total domestic subscriber base as of March 2018 (including mobile and fixed businesses) was recorded at 3.43 million (excluding Mobile Resellers) compared to 3.36 million of the corresponding period of the previous year, recording a growth of 2.1% over the last period. Domestic customer base including Mobile Resellers is 4,414 K compared to 4,538 K of the corresponding period.

Group EBITDA stands at RO 152.4 Mn and Net profit is RO 57.4 Mn

EBITDA (Post Royalty)

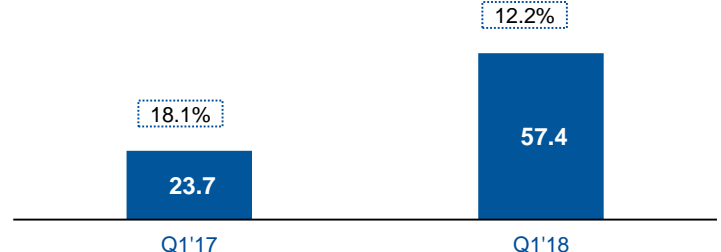
EBITDA – RO Mn



xx.x% indicate margins

Net Profit Margin

Net Profit – RO Mn



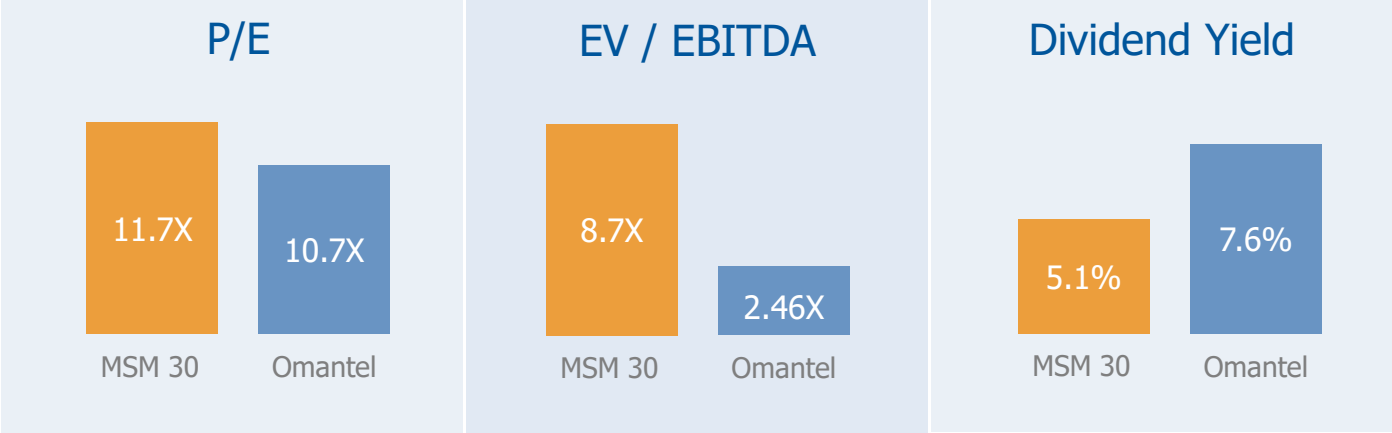
- The Group results for the period Q1'18 include fully consolidated Zain Group results, while Q1'17 include only domestic operations.
- The Group achieved an after tax Net Profit of RO 57.4 Mn (RO 16 Mn net off non-controlling interests) compared to the after tax profitability of RO 23.7 Mn in 2017.
- The Group net profit include acquired business of Zain Group, which contributed net profit of 52.8 Mn to the Group. After adjusting for the non-controlling interest, the acquired business contributed profit of RO 11.3 Mn to the Group Profit.

Omantel Group – segment performance

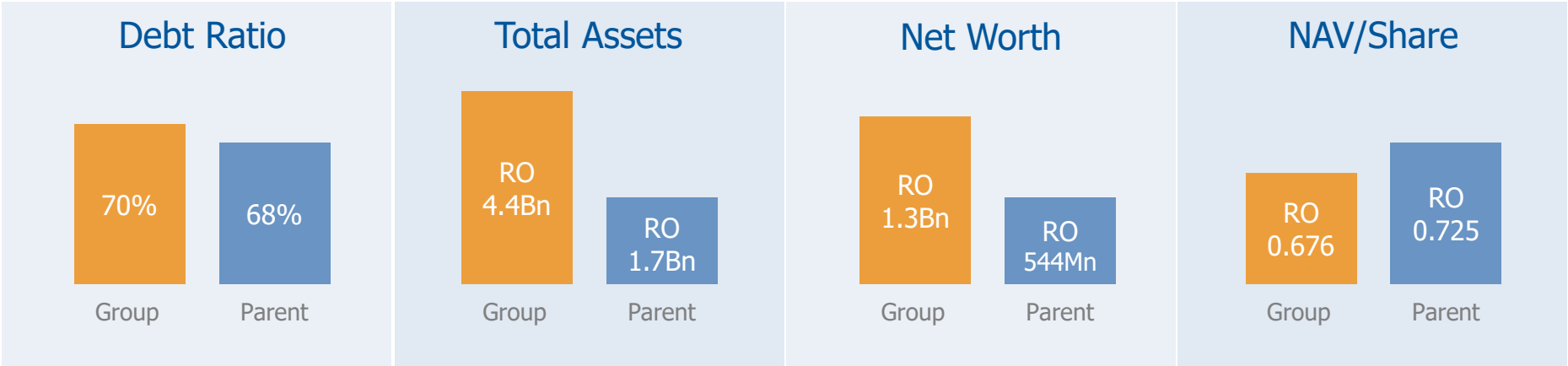
	Oman	Kuwait	Jordan	Sudan	Iraq	Bahrain	Others	Total
								RO `000
Segment revenues-(Point over time)	129,957	92,270	43,674	32,012	103,295	12,831	6,812	420,851
Segment revenues- (Point in time)	14,501	28,503	1,368	167	527	4,021	48	49,135
Sub total	144,458	120,773	45,042	32,179	103,822	16,852	6,860	469,986
% of Revenue Contribution	30.7%	25.7%	9.6%	6.8%	22.1%	3.6%	1.5%	
Net profit before interest and tax	20,139	23,769	10,336	6,469	7,947	1,118	30,811	100,589
Interest income	419	0	138	153	39	14	60	823
Finance costs	0	0	(1,750)	0	(3,669)	(23)	(28)	(5,470)
Income tax expense	(3,162)	0	(1,969)	(1,416)	(1,285)	0	(155)	(7,987)
	<u>17,396</u>	<u>23,769</u>	<u>6,755</u>	<u>5,206</u>	<u>3,032</u>	<u>1,109</u>	<u>30,688</u>	<u>87,955</u>
Unallocated items:								
Investment income								918
Share of results of associates and joint ventures								(2,752)
Others								(28,746)
Profit for the period								57,375

Key Performance and Market Comparative Ratios benchmarked to Muscat Securities Market

Investment Performance / Leverage ratios – as of March '18



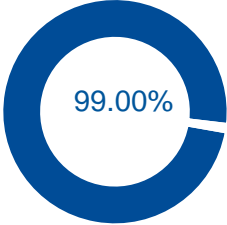
Balance Sheet Ratios – as of 31st March 2018



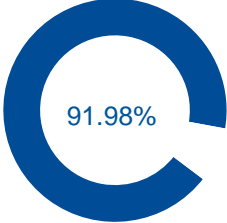
Continuous improvement in network coverage and initiatives to improve customer experience

Coverage

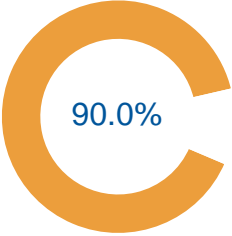
3G (Population)



4G (Population)



Fixed Broadband (Household)



Key Focus Area

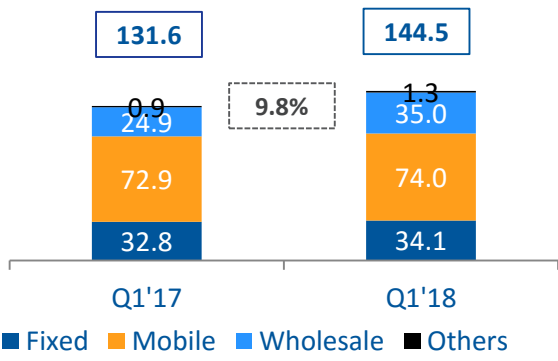
- World Cup Campaign - Increase customers' engagement by focusing on ground activities.
- Differentiate Postpaid package through exclusive roaming offerings.
- Pursue a segmented acquisition approach to ensure delivering best value to the customers.
- Introduce community based offers targeting differentiated segments.

Launches / Achievements

- Launched YouTube Pass targeting Omanis Youth customers, Launched Infinite calls targeting heavy voice users, Celebrated Kuwait and Bangladesh national days.
- Launched Jawazak nonstop WhatsApp targeting Roamer in GCC and Launched Prepaid VOIP targeting low end expats.
- Launched Single Bill and Reduced No. of Billing Complaints as well which have improved Real Time Billing Accuracy.

Domestic revenue compared to last year is higher by 9.8% mainly contributed by Fixed Broadband & Wholesale Revenues.

Domestic Revenue RO Mn



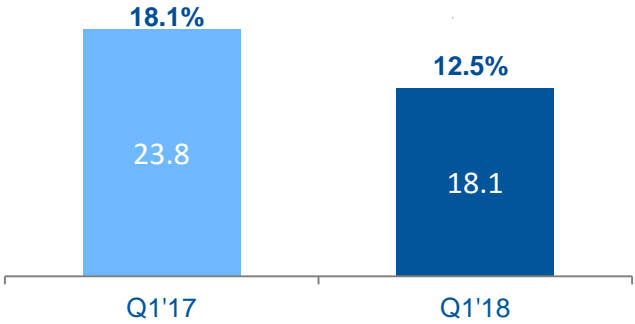
Domestic Revenue Highlights

- **Domestic revenue has increased by 9.8% compared to last year.**
- **3.9%** growth from Fixed Line Retail revenues compared to last year.
- Mobile Retail revenues increased by **2.0%** compared to last year mainly contributed by Device revenues.
- **12.5%** increase in Fixed Broadband revenue.
- Growth in Fixed Broadband subscriber by **16.4%**.
- Wholesale revenue grown by **40.5%** mainly due to higher submarine capacity (IRU revenues) and hubbing revenues.
- **78.8%** Smartphone penetration in Omantel Mobile Network.
- Continue decline in voice revenues (both national and international calls).

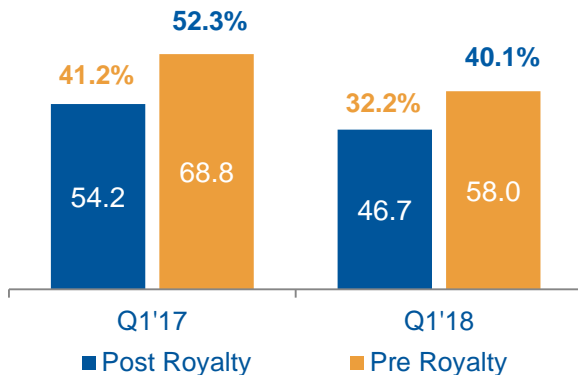
Domestic company results include Omantel domestic Fixed and Mobile operations and domestic subsidiaries

Net Profit declined by 24% mainly due to increase in cost of sales resulting from change in revenue mix and impairment provision.

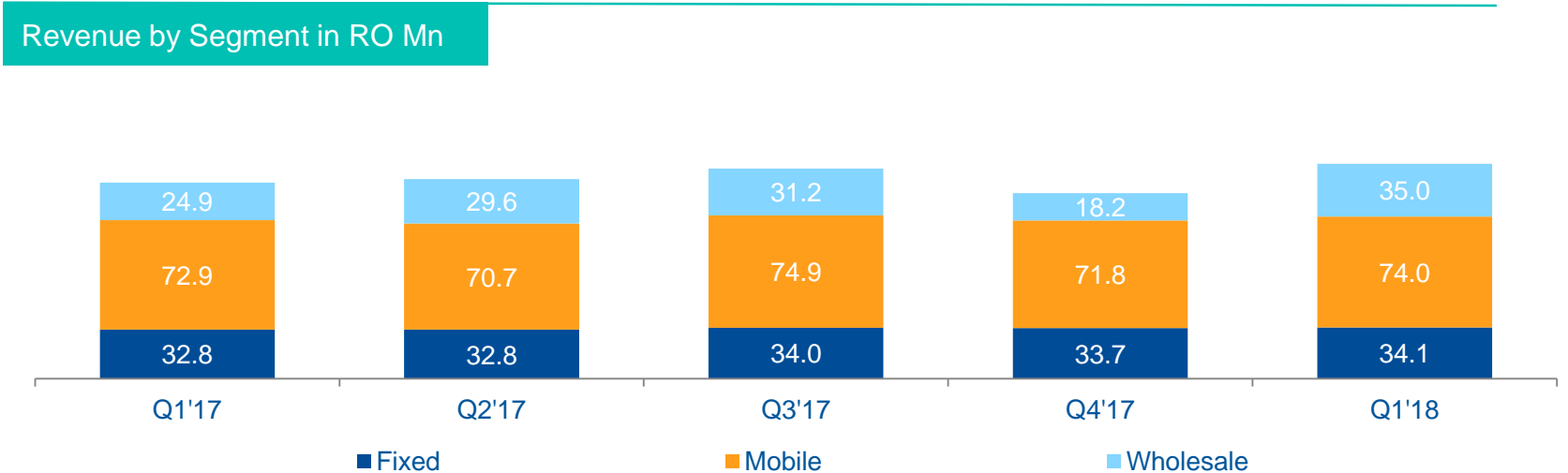
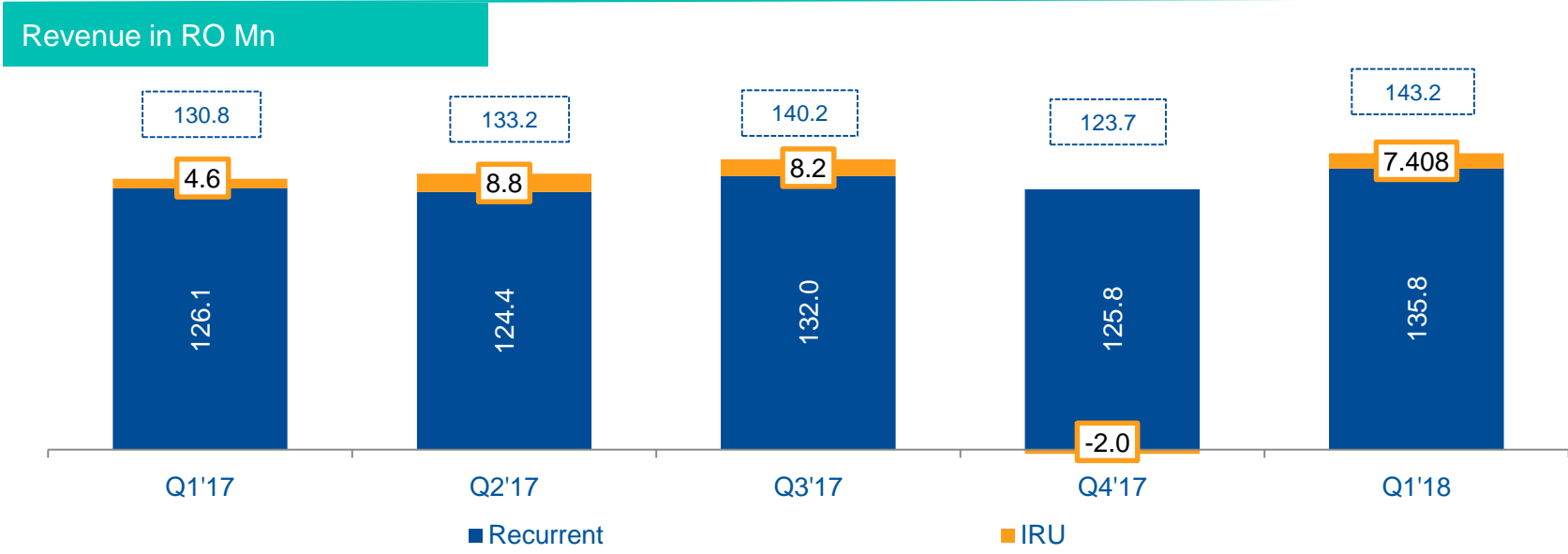
Domestic Net Profit – RO Mn



Domestic EBITDA – RO & %



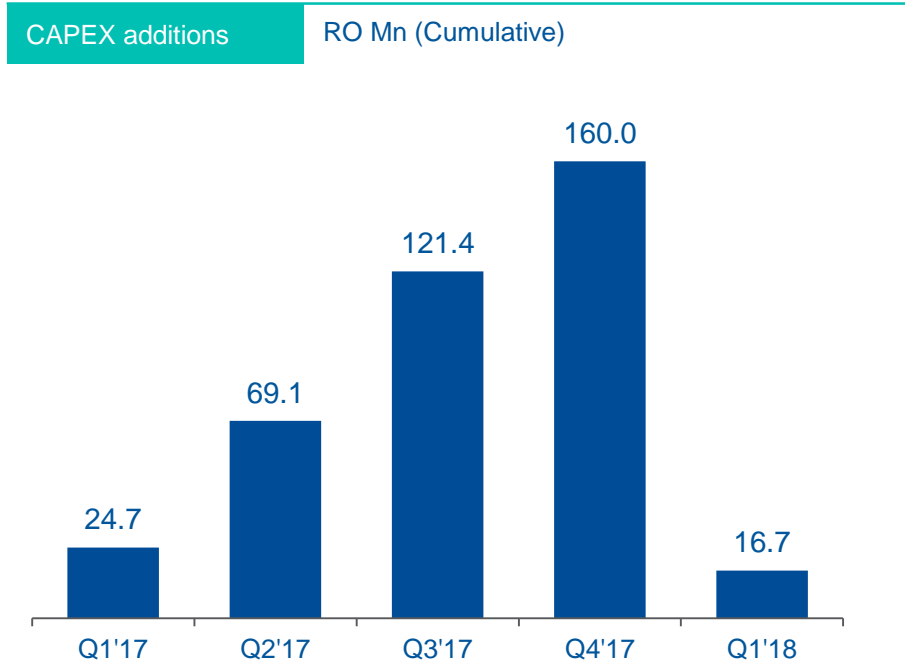
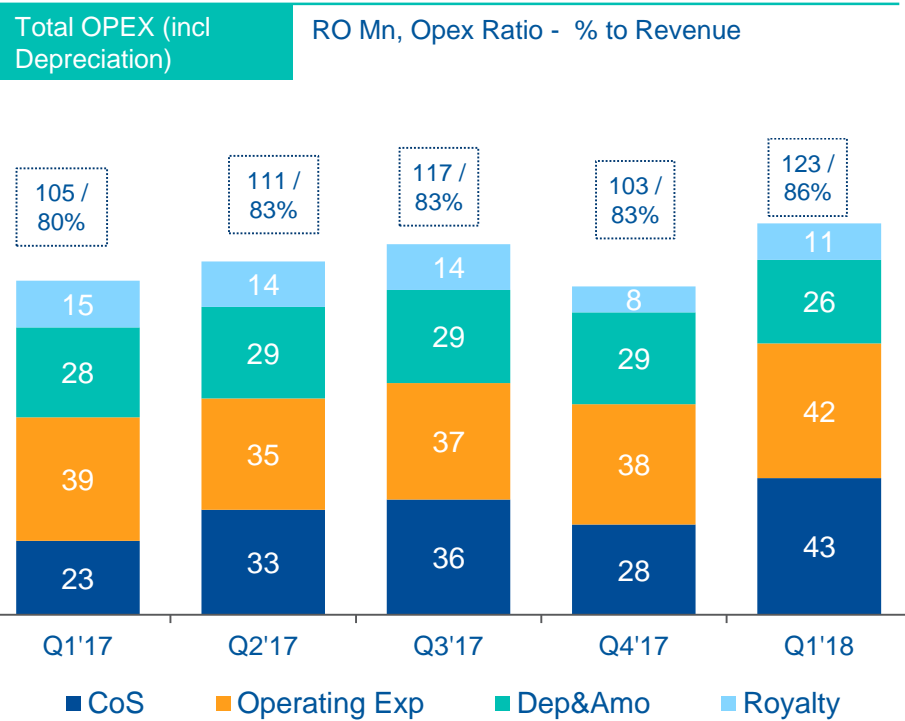
Revenues (Fixed, Mobile and Wholesale) - Quarterly Trend



Note: IRU – Revenues from Submarine cable system based on Indefeasible Right of use (IRU), which are non-recurrent nature



OPEX ratio for Q1'18 is 86% mainly on account of increase in Cost of Sale and Operating & Administrative expenses. Capex spending has been rationalized and Capex to revenue ratio for Q1'18 stands at 11.6%.

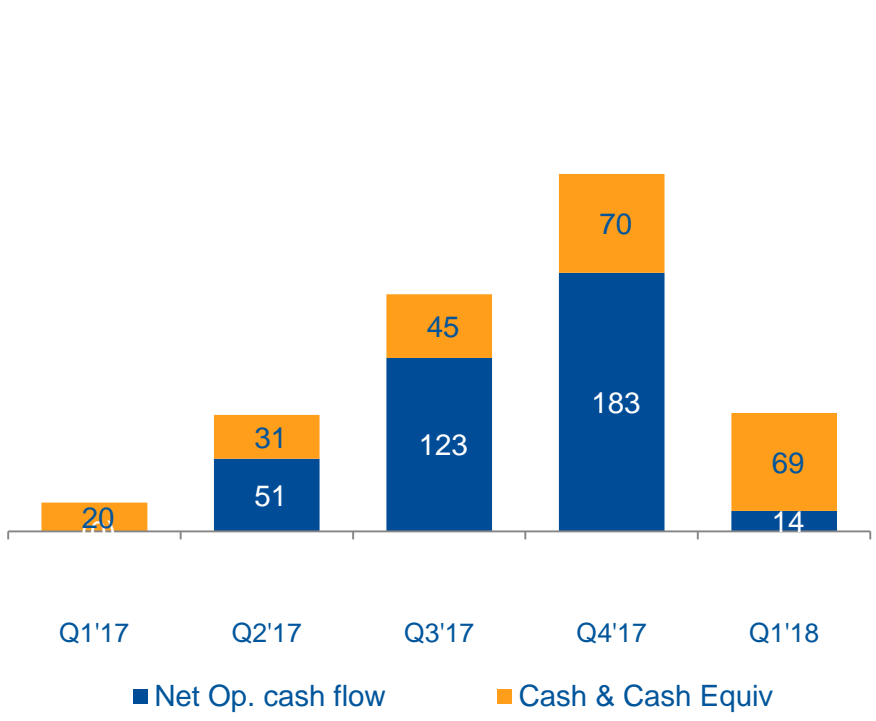


Capex to Revenue ratio is at 11.6% (cumulative)

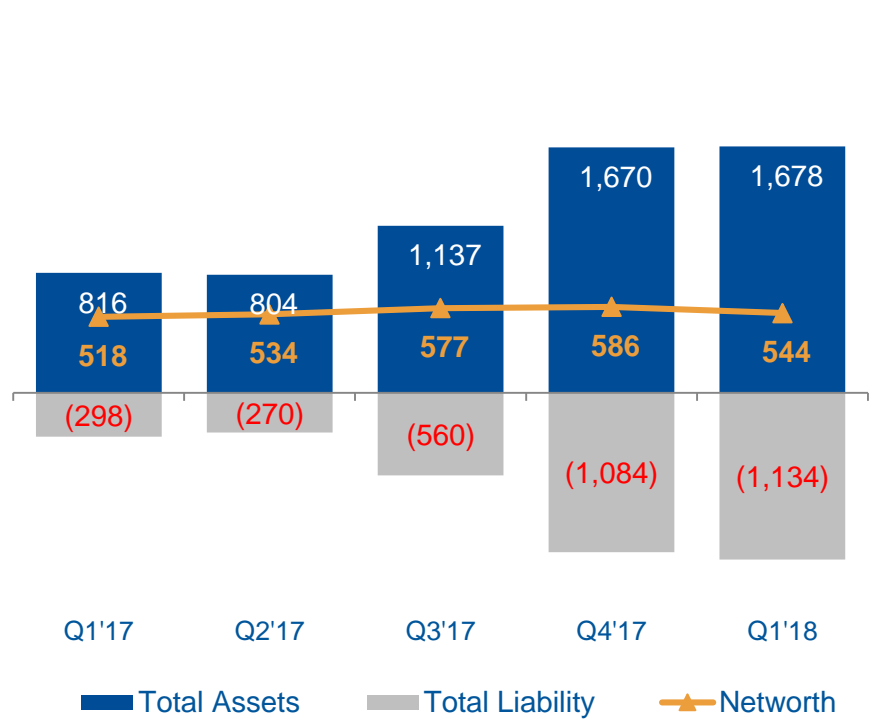
YTD Opex to Revenue ratio for 2018 is 85.9%. Increase in Cost of Sale is mainly driven by increase in revenues of Hubbing and Handset device sales.
Employee Cost amounting to RO 1.3 Mn is capitalized

Cash flow and Financial Position as of 31st March 2018

Cash Flow (Cumulative) RO Mn



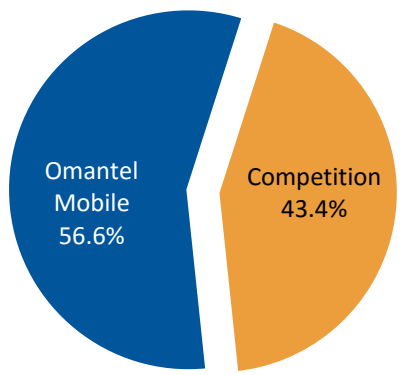
Assets, Liability & Net worth RO Mn



Networth has been impacted resulting from the implementation of IFRS 9 impacting the retained earnings and impact from the parent is RO 18 Mn

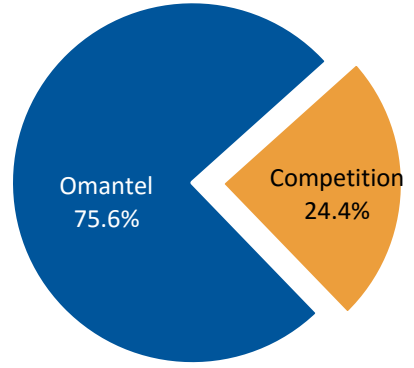
Both Mobile & Fixed Market Share have been mostly stable during the period

Mobile Subscriber Market share % - including Mobile Resellers



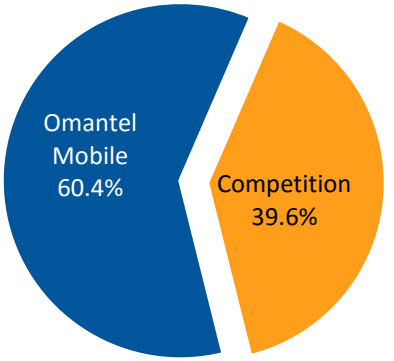
Omantel Mobile subscribers increased by 0.3% compared to Q1'17. However, total subscribers with Mobile Resellers declined by 4.6%.

Fixed Line Subscriber Market share %

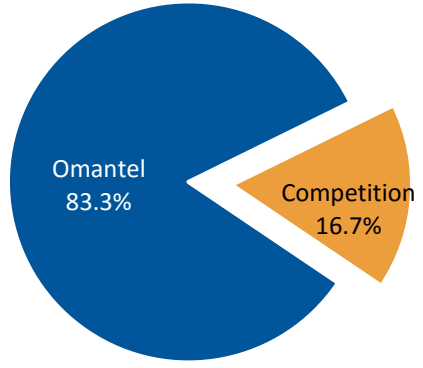


Omantel fixed line subscriber base achieved a growth rate of 10.4%, net addition is around 37 K.

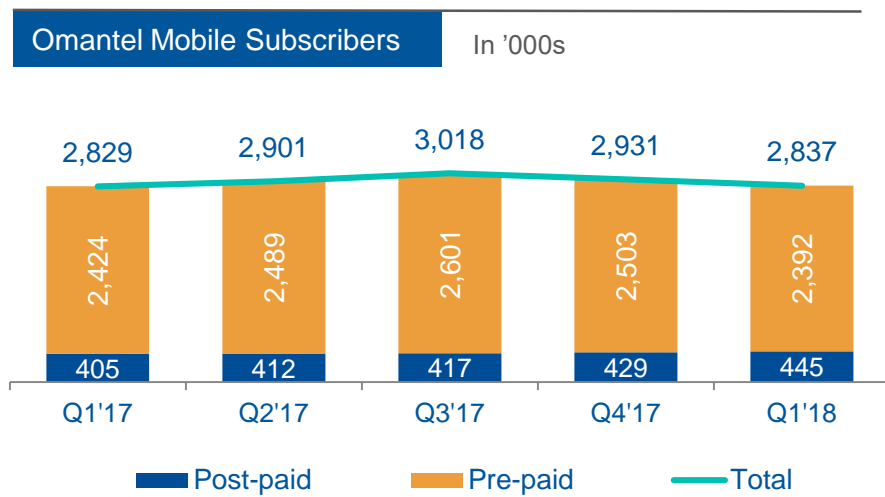
Mobile Revenue Market share % - including Mobile Resellers



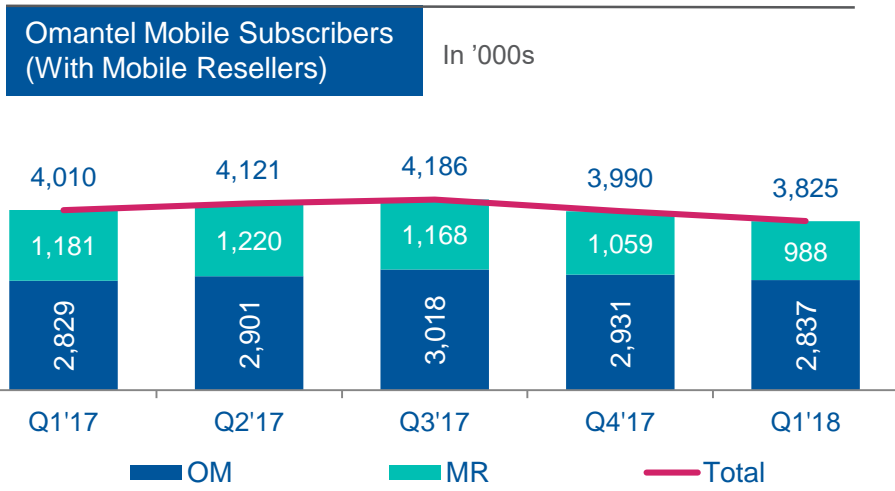
Fixed Line Revenue Market share %



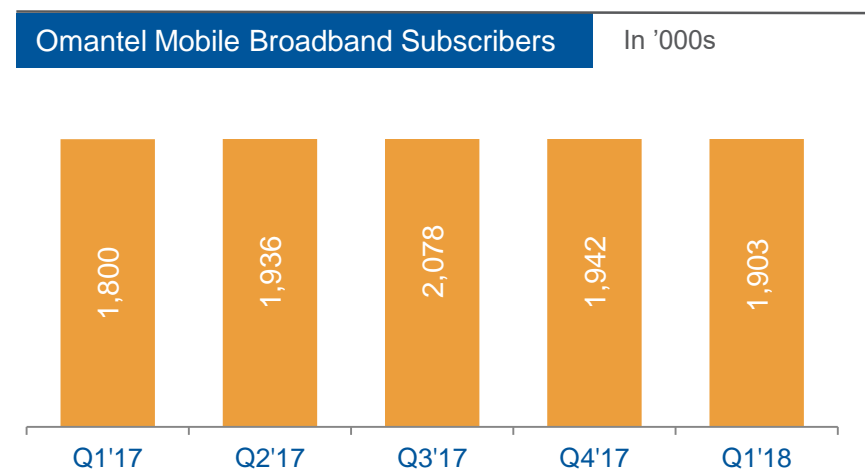
Mobile subscriber base – Post paid continue to grown and achieved 9.8% growth YoY. Total mobile subscriber base continuing the declining trend since Q3'17 due to stricter starter kit promotional measures and macro economic situation.



Growth in postpaid Omantel mobile subscriber base by 9.8% compared to Q1'17.

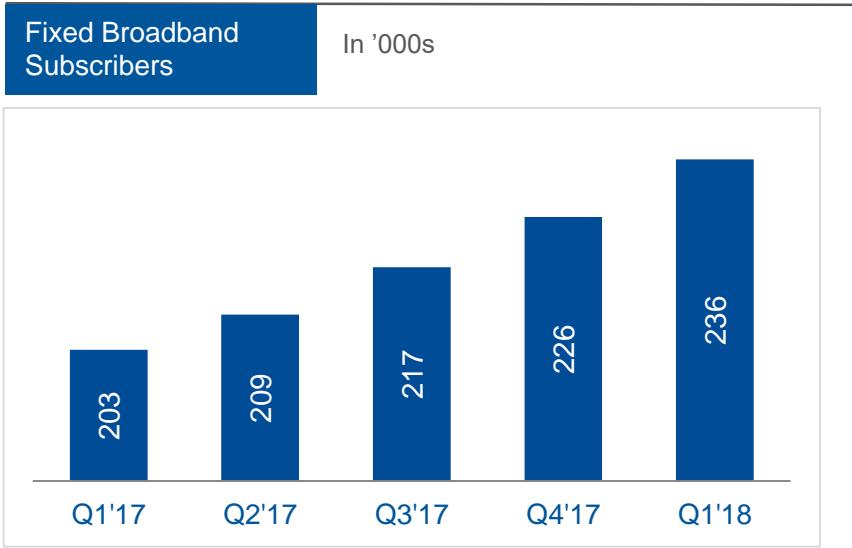
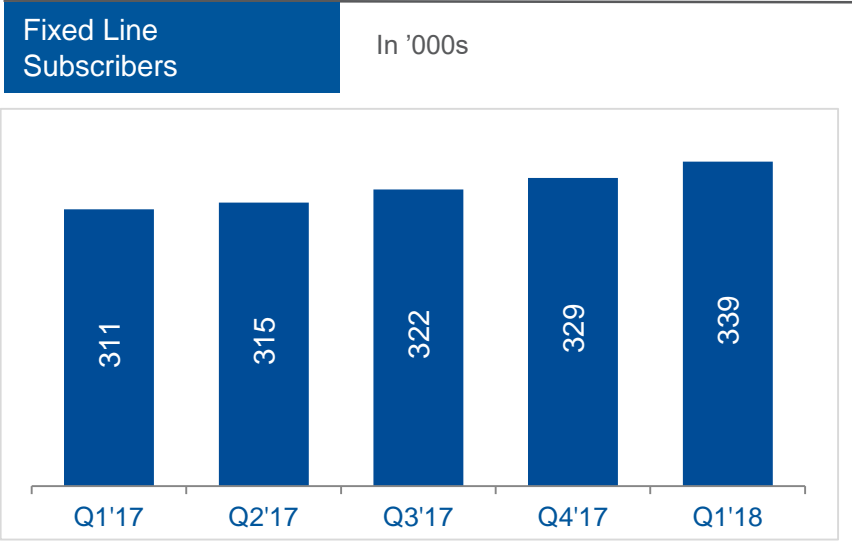


Overall Omantel mobile market declined by 4.6%.



- 1) Mobile Broadband grown by 5.7% compared to Q1'18.
- 2) Mobile Broadband subscribers includes Pay As You Go (PAYG).
- 3) Mobile Broadband unique subscribers subscribed to any one of the packages including Blackberry service is around 1098 K as of Mar'18 compared to 993 K, an increase of 10.6%.

Fixed line and Fixed Broadband Subscriber base continued its growth trend

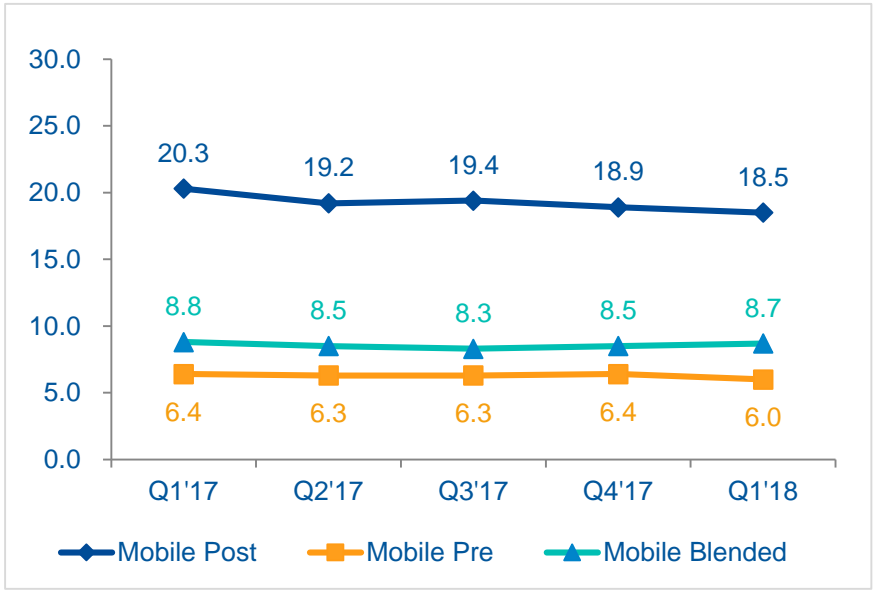


1) Fixed line subscribers include postpaid, pre-paid and payphone. Including ISDN primary, the total fixed line reported is 394,797.

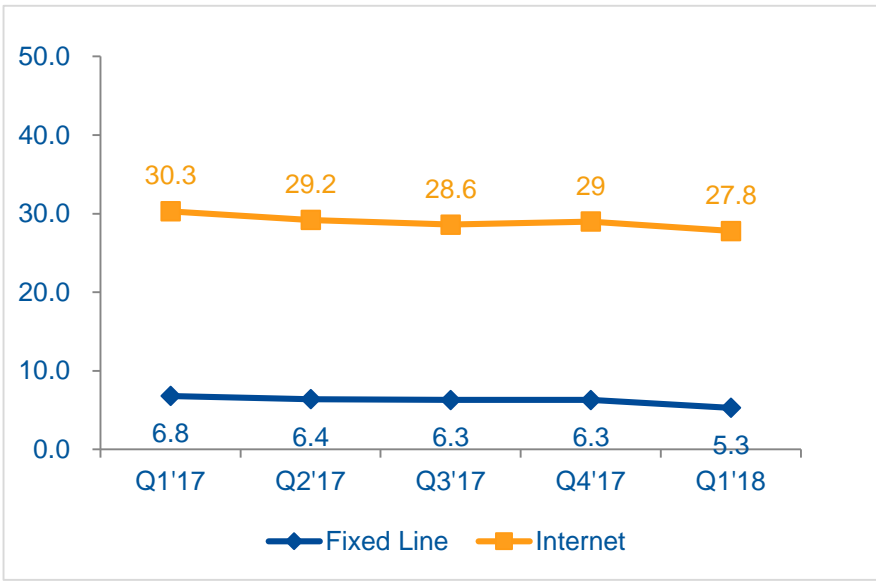
Fixed broadband increased by 16.4% compared to Q1'18.

ARPU / month for major products shows marginal variation compared to previous year

Mobile Services RO / Month



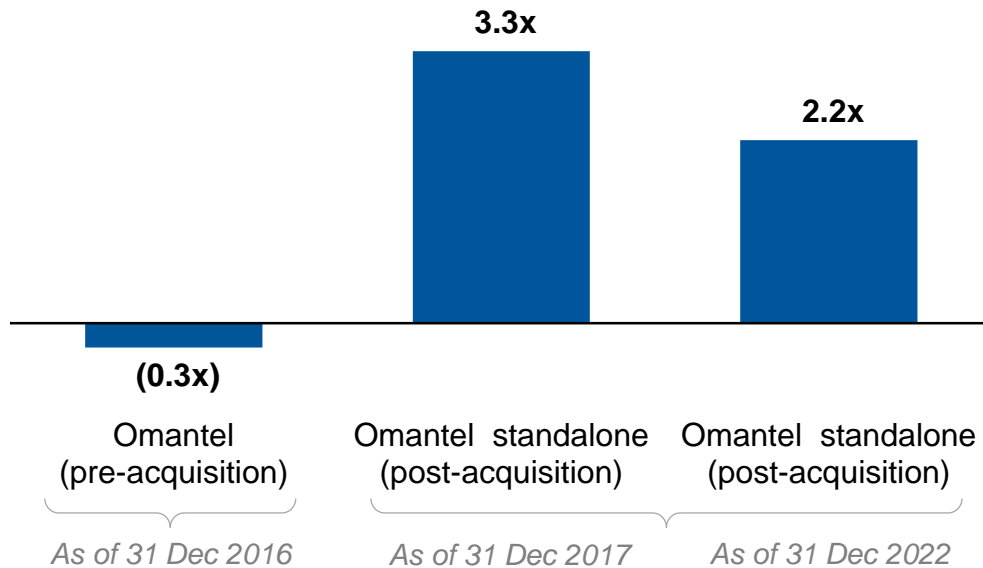
Fixed Line Services RO / Month



- 1) Fixed line include post & pre-paid and payphone.
- 2) Internet include Broadband and all internet services (dialup post & prepaid, dedicated)

Debt covenants and deleveraging measures

Net Debt / EBITDA on standalone basis



Omantel's acquisition of the 21.9% stake in Zain was financed in aggregate by US\$2.3bn of acquisition facilities, comprising:

- US\$ 1,500 million Bond
- US\$ 800 million Term Loan

Measures undertaken to deleverage are:

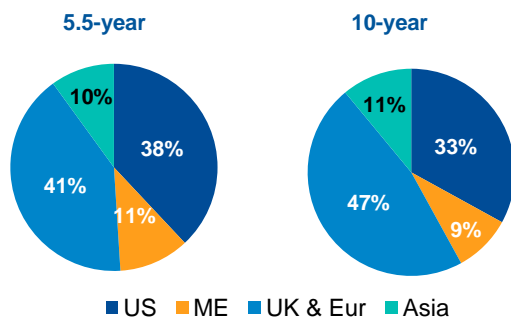
- Capex rationalization
- Cash flow Management

On April 17, 2018, Omantel successfully completed the inaugural US\$1.5bn dual-tranche senior secured offering with 5.5-year and 10-year tenors.

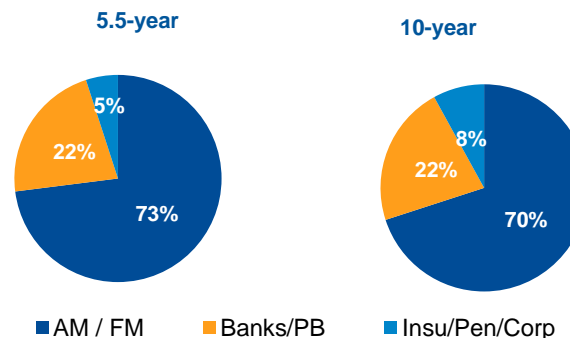
Transaction Highlights

- ✓ High quality orderbook peaking over **US\$8.0bn** (5.3 times order book) with a cross-section of high quality global institutional investors before settling at **US\$6.9bn** at pricing (4.6x oversubscribed)
- ✓ First ever two tranche transaction by an Omani corporate and **largest Corporate offering** from Oman ever.
- ✓ Notes priced **50-62.5bps** and **37.5bps tighter** from initial price thoughts ("IPTs") on the 5.5-year (\$600 Bn maturing in Yr 2023) and 10-year (\$900 Bn maturing in Yr 2028) tranche respectively on the back of tremendous investor appetite.
- ✓ 5.5 Yr Coupon rate 5.625% (Yield 5.875%) and 10 Yr Coupon rate 6.625% (Yield 6.875%)

Allocation by Geography



Allocation by Investor Type



Note: Bond was rated Baa3 (Moody's) / BBB- (Fitch) and rating did impact by Sovereign rating

Financial Statements Q1'2018

Omantel Group - Statement of Financial Position

Condensed Consolidated Statement of Financial Position as at 31 March 2018 (Unaudited)

	Note	Unaudited	Audited
		31 March 2018	31 December 2017
		RO'000	RO'000
Assets			
Current assets			
Cash and bank balances	4	433,282	380,996
Trade and other receivables		630,654	693,620
Contract assets		65,484	-
Inventories		36,695	52,400
Investment securities at FVTPL		31,904	18,043
Investment securities at amortised cost		6,000	6,000
Investment securities available for sale		-	101
Non-current assets held for sale	5	9,644	9,602
		<u>1,213,663</u>	<u>1,160,762</u>
Non-current assets			
Contract assets		16,370	-
Investment securities at FVTPL		35,589	31,850
Investment securities at FVOCI		7,978	-
Investment securities available for sale		-	23,020
Investment securities at amortised cost		3,000	3,000
Investments in associates and joint ventures	6	247,392	245,329
Due from associates		531,517	521,445
Other assets		22,752	19,070
Property and equipment		1,392,999	1,468,231
Intangible assets and goodwill		974,861	1,005,135
		<u>3,232,458</u>	<u>3,317,080</u>
Total assets		<u>4,446,121</u>	<u>4,477,842</u>

Omantel Group - Statement of Financial Position – Continue

Liabilities and Equity

Current liabilities

Trade and other payables		959,849	768,367
Deferred revenue		101,331	86,394
Due to banks	7	807,334	854,934
		<u>1,868,514</u>	<u>1,709,695</u>

Non-current liabilities

Due to banks	7	1,204,673	1,111,421
Other non-current liabilities		59,892	58,899
		<u>1,264,565</u>	<u>1,170,320</u>

Equity

Attributable to the Company's shareholders

Share capital	8	75,000	75,000
Legal reserve		25,002	25,000
Voluntary reserve		49,875	49,875
Capital contribution		44,181	44,181
Foreign currency translation reserve		(42,104)	(25,475)
Investment fair valuation reserve		(865)	(207)
Hedging reserve		1,716	(81)
Share of reserves of associates		(67)	(68)
Retained earnings		354,374	399,616
		<u>507,112</u>	<u>567,841</u>

Non-controlling interests		805,930	1,029,986
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Total equity

Total liabilities and equity

		<u>1,313,042</u>	<u>1,597,827</u>
		<u>4,446,121</u>	<u>4,477,842</u>

Statement of Income

Condensed Consolidated Statement of Profit or Loss – Three months ended 31 March 2018 (Unaudited)

	Note	Three months ended 31 March	
		2018 RO'000	2017 RO'000
Revenue		469,986	131,619
Cost of sales		(169,444)	(39,178)
Gross profit		300,542	92,441
Operating and administrative expenses		(140,416)	(37,107)
Depreciation and amortization		(75,069)	(28,543)
Provision for impairment – trade and other receivables		-	(1,139)
Expected credit loss on financial assets		(7,696)	-
Operating profit		77,361	25,652
Interest income		9,502	720
Investment income	11	918	662
Share of results of associates and joint ventures	6	(2,752)	(14)
Other (expense)/income		(21,879)	65
Finance costs		(25,169)	(258)
Provision for impairment loss on property and equipment		(12,130)	-
Loss from currency revaluation		(3,302)	(111)
Net monetary gain	17	43,007	-
Profit before taxation		65,556	26,716
Taxation		(8,181)	(1,811)
Profit for the period from continuing operations		57,375	24,905
Discontinued operations:			
Loss from discontinued operations		-	(1,160)
Profit for the period		57,375	23,745
Attributable to:			
Shareholders of the Company		15,970	23,797
Non-controlling interests		41,405	(52)
		57,375	23,745
Earnings per share	12		
Basic – RO		0.021	0.033

Omantel Group - Cash Flow

Condensed Consolidated Statement of Cash Flows – Three months ended 31 March 2018 (Unaudited)

	Three months ended 31 March	
	2018	2017
	RO'000	RO'000
	—	(Note 20)
Cash flows from operating activities		
Profit for the period before income tax	65,556	25,556
Adjustments for:		
Depreciation and amortization	75,070	28,543
Interest income	(9,495)	(716)
Investment income	(940)	(662)
Share of results of associates and joint ventures	2,752	14
Provision for impairment loss on property and equipment	12,130	-
Finance costs	25,169	258
Loss on currency revaluation	3,299	-
Net monetary gain	(43,007)	-
Gain on sale of property and equipment	(40)	(19)
Operating profit before working capital changes	130,494	52,974
Increase in trade and other receivables	(100,798)	(16,074)
Decrease/(increase) in inventories	15,515	(1,121)
Increase/(decrease) in trade and other payables	32,609	(19,171)
Cash generated from operations	77,820	16,608
Income tax paid	(2,598)	(17,604)
<i>Net cash from operating activities</i>	75,222	(996)

Omantel Group - Cash Flow – Continue

Cash flows from investing activities

Deposits maturing after three months	483	45,000
Investments in securities (net)	1,237	29
Increase in due from associates	(6,724)	-
Acquisition of property and equipment (net)	(38,876)	(34,058)
Acquisition of intangible assets (net)	(346)	-
Investment in subsidiary	(1,650)	-
Interest received	2,507	732
Dividend received	273	1,404
<i>Net cash used in investing activities</i>	<u>(43,096)</u>	<u>13,107</u>

Cash flows from financing activities

Proceeds from bank borrowings	138,728	268
Repayment of bank borrowings	(91,729)	(19)
Dividends paid to Company's shareholders	(400)	-
Share capital from minority shareholder	400	-
Finance costs paid	(11,370)	(248)
<i>Net cash from/(used in) financing activities</i>	<u>35,629</u>	<u>1</u>

Net increase/(decrease) in cash and cash equivalents	67,755	12,112
Effect of foreign currency translation	(7,045)	-
Transition adjustment on adoption of IFRS 9 (Note 3.3)	(8,149)	-
Cash and cash equivalents at beginning of period	<u>330,379</u>	<u>11,768</u>
	382,940	23,880

Cash and cash equivalents of discontinued operation

	-	(3,434)
Cash and cash equivalents at end of period (note 4)	<u><u>382,940</u></u>	<u><u>20,446</u></u>

Presented by

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