

# Oman Telecommunications Co (Omantel)

MENA & Frontier Market Conference 2015

By Bank of America & Merrill Lynch  
Dubai, 18<sup>th</sup> November 2015

عمانتل  
Omantel

# Oman with total area of 309,500 Sq Kms is the 3rd largest country in the Arabian Peninsula.



## Strategic geo-political position

- Hormuz Strait

## Deep relationships

- West (US, UK, France..)
- GCC (Saudi, UAE, Qatar..)
- Iran

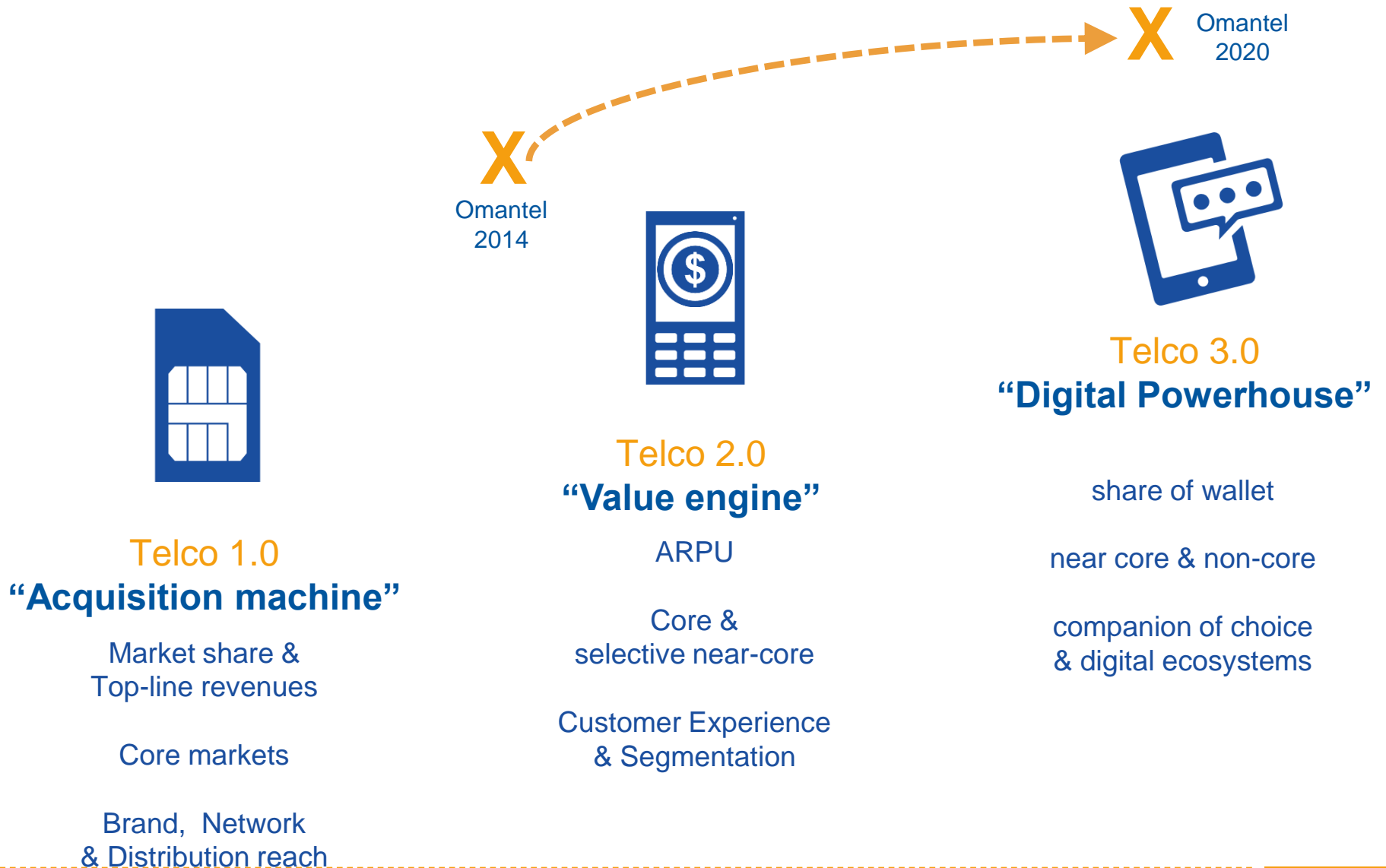
## Statistics

- Size: 309 500 km<sup>2</sup>
- Population: 4.1 Mn, 40% below 25 yrs
- GDP: \$81.1 billion (Yr 2014)
- GDP /Capita \$20,300

## Transformation

- Modernization since 1970
- Supported by Oil proceeds
- Telecom liberalized 2004

# Leapfrog to lead: Omantel 3.0



# Omantel 3.0 – leapfrog to lead: 4 strategic thrusts

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**Exceed**

customer expectations



**Lead**

Omani digitalization



**Innovate**

offering



**Transform**

to agile Omantel

# Omantel – Organization structure & Group companies

3 business units and 4 supporting units to provide integrated and customer centric solutions

## Consumer BU

Fixed & Mobile services to residential market

## Corporate BU

Fixed, Mobile & ICT services to professional market

## Wholesale BU

National and international carrier activities

## Integrated Network & Technology

Network and IT services

## Finance

Finance, Procurement, Performance Mgmt and M&A activities

## Corporate Strategy

Supports organization with regulatory, marketing strategy

## HR

Groups all employee related function

## Subsidiaries

Worldcall Telecom 57 %

- Telecom operator (Pakistan)

Oman Data Park 60 %

- Tier-3 Data Centre
- Acquired 100% shares in Omania E-commerce

Omantel France SAS 100 %

- Asia Africa Europe - 1 (AAE-1) cable in France

## Associates

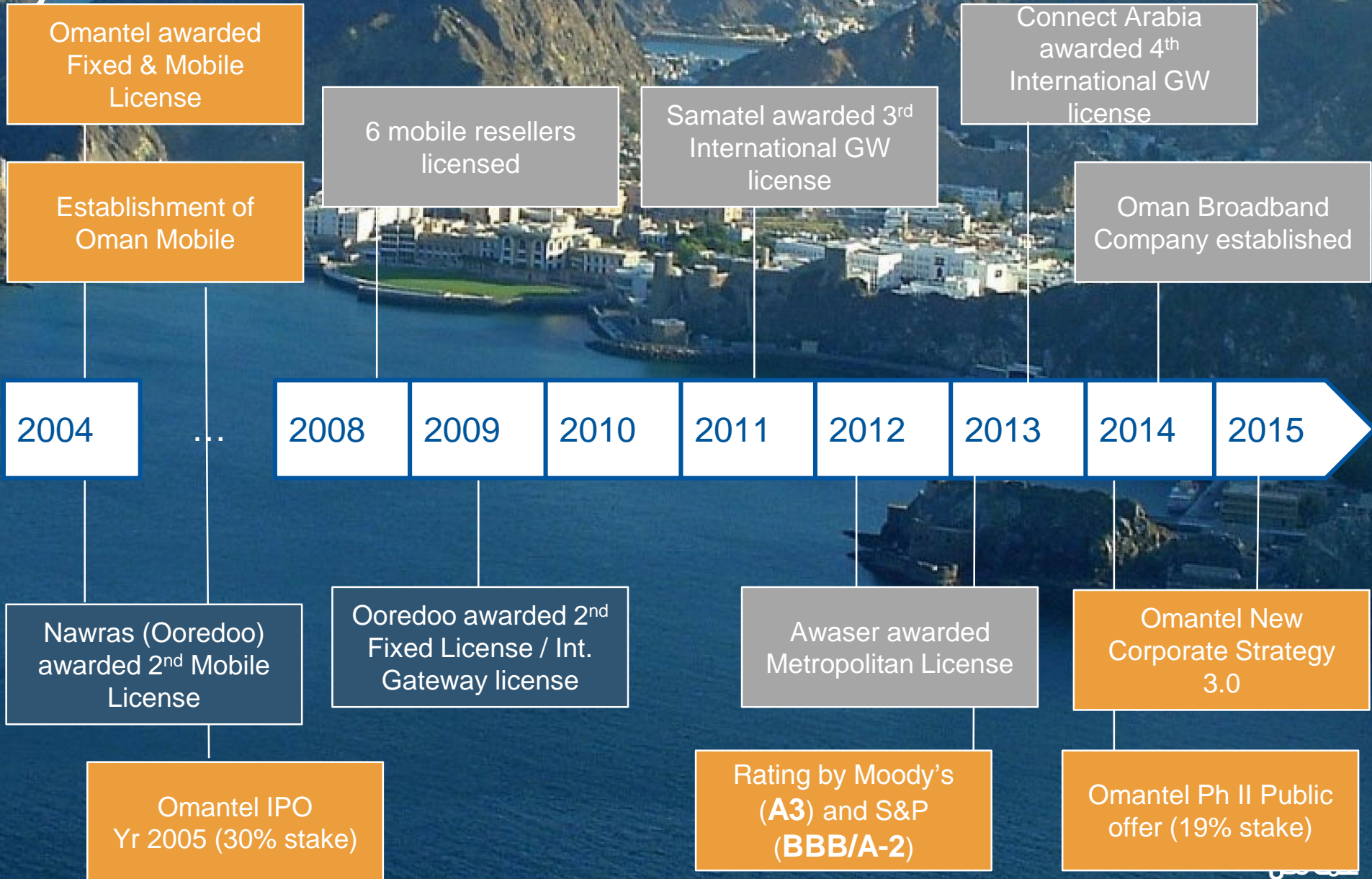
Oman Fiber Optic Co 41 %

- Manufacturing of optical fiber and cables

Infoline LLC 45 %

- 3rd party call center services and BPO

# Oman: From Monopoly to Competition – the Journey year by year



# From 3 to 12 cable systems in 5 years - transforming Oman as the most attractive regional hub

**FALCON**



**EPEG**




**TWA 1**



**MENA**



**POI**



**G2A**



**SMW3**



**EIG**



**GBI**



**OMRAN**



**BBG**



**AAE1**



up to 2010

2011

2012

2013

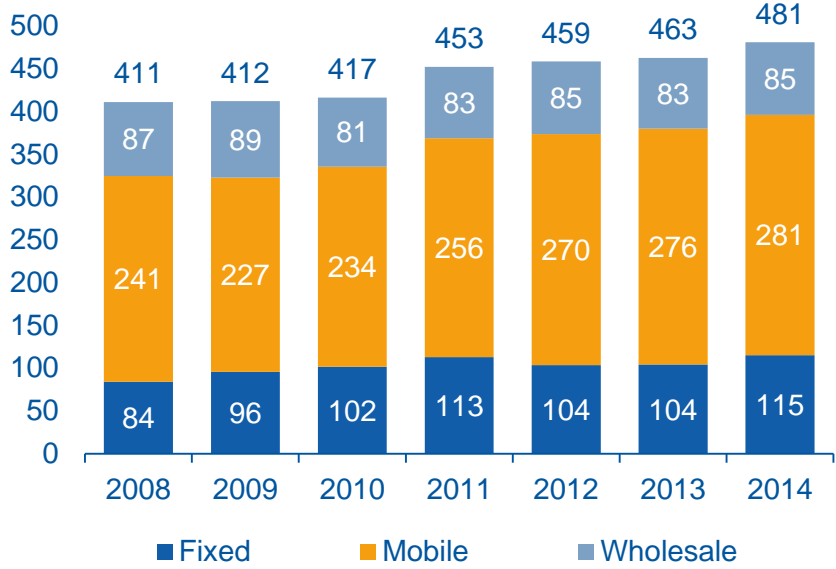
2015

2016



# Despite increasing market competition, Omantel has been able to achieve consistent good performance

Group Revenue Trend – RO Mn

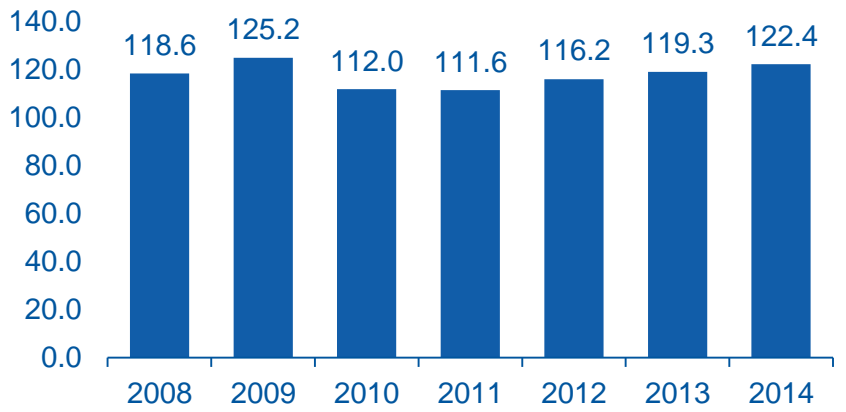


YoY Growth	2009	2010	2011	2012	2013	2014
YoY Growth	0.2%	1.0%	8.6%	1.4%	0.9%	4.0%

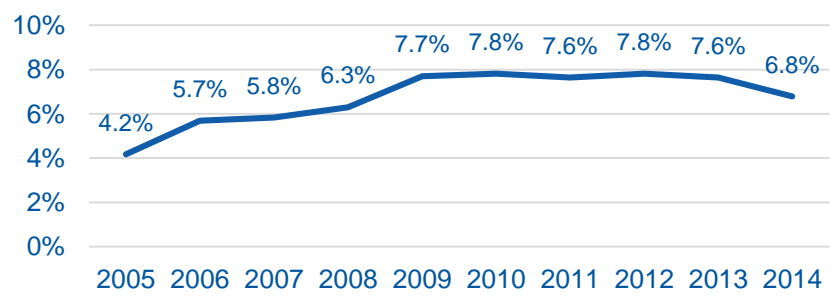
Omantel domestic revenue has been on the growth path since year 2009 despite increasing competition.

Group revenue growth has been marginally impacted by decline in subsidiary revenues (Worldcall)

Group Net Profit Trend – RO Mn



Dividend Yield



Omantel dividend yield has been around 7% since year 2009.

Year 2014 Net Profit is the highest net profit achieved since Year 2009.



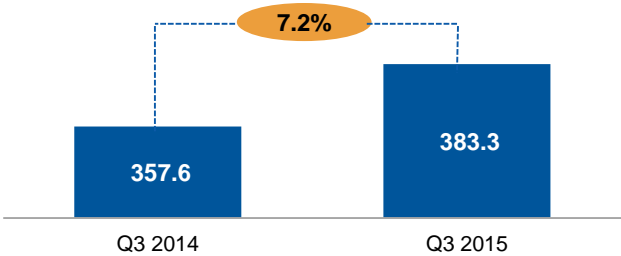
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# Omantel Performance Q3 2015

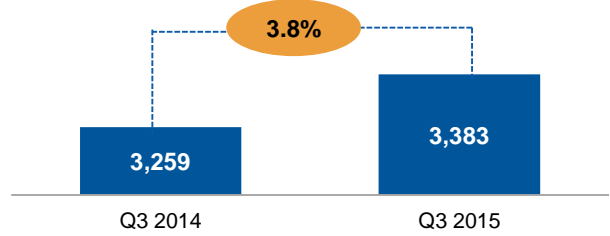
# Revenue recorded a growth of 7.2% and EBITDA increased by 4.5%

## Revenues & Subscribers growth

Revenue – RO Mn

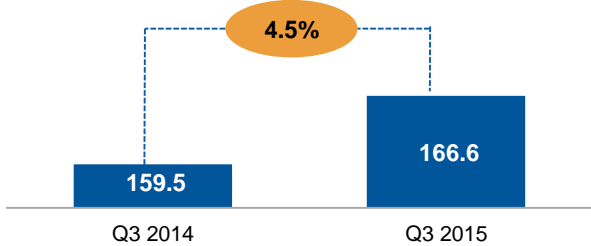


Domestic Subscribers'000s

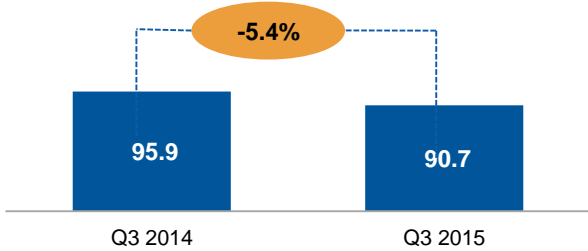


## EBITDA & Net Margin

EBITDA – RO Mn



Net Profit – RO Mn



- Group Revenue at RO 383.3 Mn compared to RO 357.6 Mn of the corresponding period, mainly contributed by 7.8% growth in Domestic Operation.
- WTL contribution (international operation) to the total revenue stands at 1.5%.
- Domestic customer base grown by 3.8%
- Continued robust Mobile Subscriber acquisition. Omantel Mobile achieved growth of 8.9%

- Growth in EBITDA by 4.5%. EBITDA as % is 44% compared to 45% of the corresponding period.
- Group Net Profit after tax is RO 90.7 million compared to RO 95.9 million of the corresponding period, a decrease of 5.4%
- Group Net profit margin (after MI) is 24% compared to 27% of the corresponding period.

## Continued strong balance sheet with impressive market fundamentals.

### Strong Balance Sheet

- Debt Ratio is 31.2% and Gearing at 6.5%
- Group total assets at RO 810 Mn.
- Net worth of RO 557 Mn.
- Net Asset per share is RO 0.751

### Impressive Market Fundamentals

- Dividend Yield 6.8% (Dividend at 115 Bz / share based on 31 Dec 2014 Closing Price of RO 1.695)
- Market Capitalization at RO 1.211 Bn (Sep'15)
- Price Earning Ratio {P/E 10.02}
- EV / EBITDA 5.45
- Price to Book Value 2.15

### Achievements

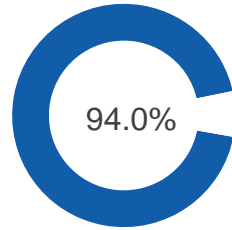
- Omantel has been voted for Leading Corporate for Investor Relations and Best Investor Relations Professional in Oman for the year 2015, at the seventh Annual Middle East Investor Relations Society (ME-IRS) award ceremony held in Dubai.
- Omantel has been voted most valuable brand in Oman and trusted brand in the telecom sector by Brand Finance as announced by Oman Economic Review.

Board has approved an Interim dividend of 55% of the paid up capital (55 bz per share) for the financial year 2015.

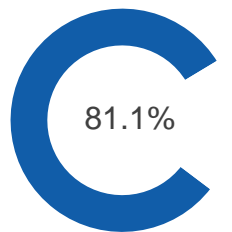
# Continued improvement in network coverage and initiatives to improve customer experience

## Coverage

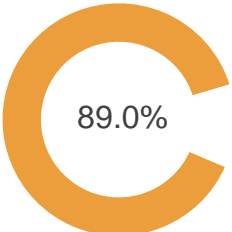
3G (Population)



4G (Population)



Fixed Broadband (Household)



## Q3'2015 Focus area

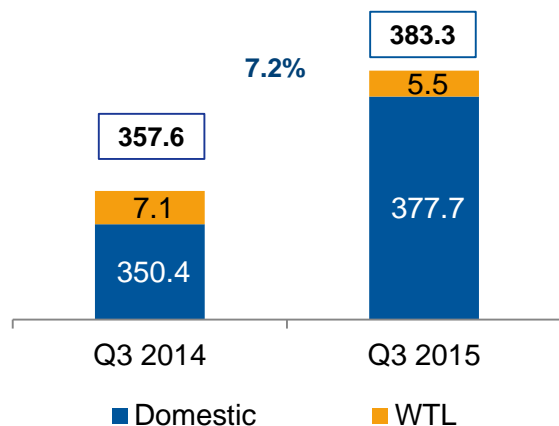
- **Deploying new BPM KIOSK machines** with the advanced features which will improve customer interaction and the touch & feel experience.
- On **developing technical Video tutorial** of Omantel products and services, there has been significant progress and number of videos been developed. Targeted to release number of these videos by the year end.

## Launches / Achievements

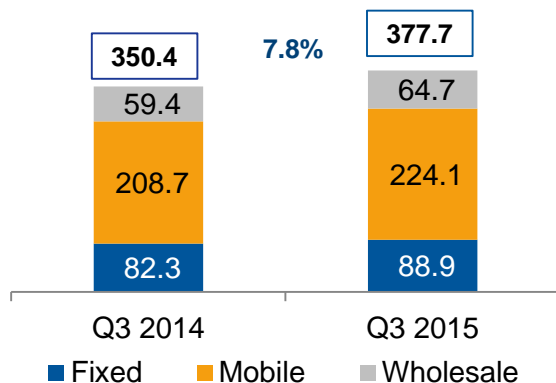
- Launch of **prepaid on-boarding program** to enhance customer experience and engagement
- Launch of **Visitor's pack** for Khareef Season
- Launch of **utility based emergency credit** feature for customers
- Successful pilot for IPTV
- Omantel continued to focuses on digitalizing and ease of bill enquire by enhancing the process for activating the eBill (paperless digital copy of bill).
- **Enhanced IVR payment processing** method which improving the payment tracking feature and efficiency of IVR continuing on the concept seamless payment processing.

# Impressive domestic revenue performance and 3 key segments (Consumer, Corporate and Wholesale) achieved revenue growth

## Group Revenue RO Mn



## Domestic Revenue RO Mn



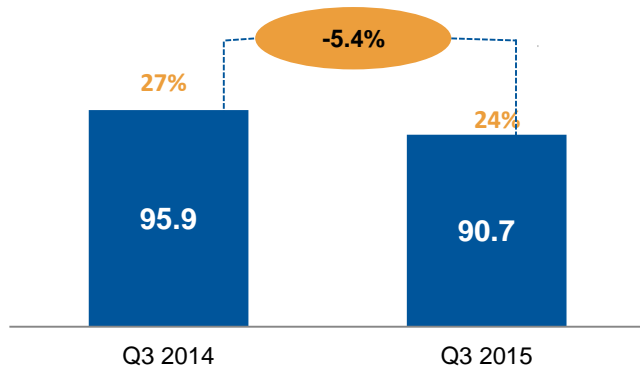
## Domestic Highlights

**Domestic** Revenues increased by **7.8%**, mainly contributed by growth in;

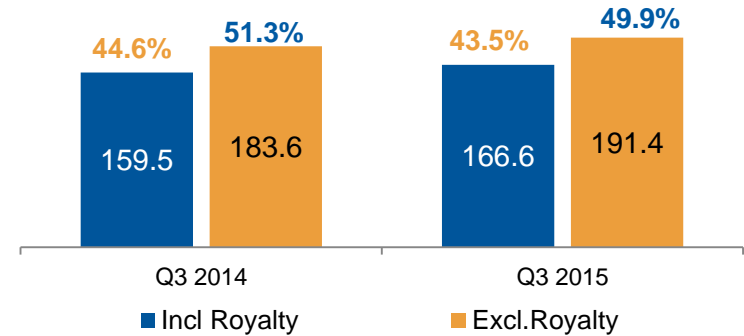
- **8.3%** from Fixed Line Business Retail Revenues (include internet & data).
- **24.8%** increase in Fixed Broadband revenue.
- **25.7%** increase in Mobile Broadband revenue.
- Increase in revenues from all 3 segments;
  - **Consumer by 8.3%.**
  - **Corporate by 5.3%.**
  - **Wholesale by 9.5%.**
- Total Fixed Broadband subscriber growth of 31.3%.
- Growth in mobile broadband subscribers by 13.3%
- 62% Smartphone penetration in Omantel Mobile Network

Net Profit is lower than last year and mainly due to reduction in finance & other income resulting from the steep decline in the carrying value of portfolio investments due to meltdown in the security markets

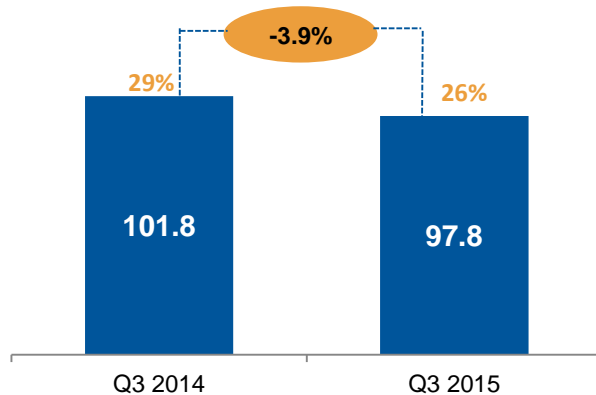
Group Net Profit RO Mn



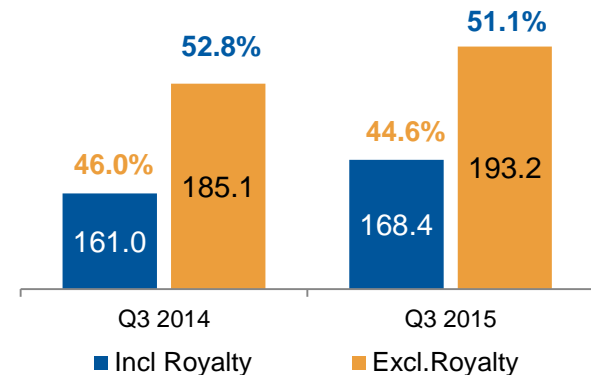
Group EBITDA RO Mn & %



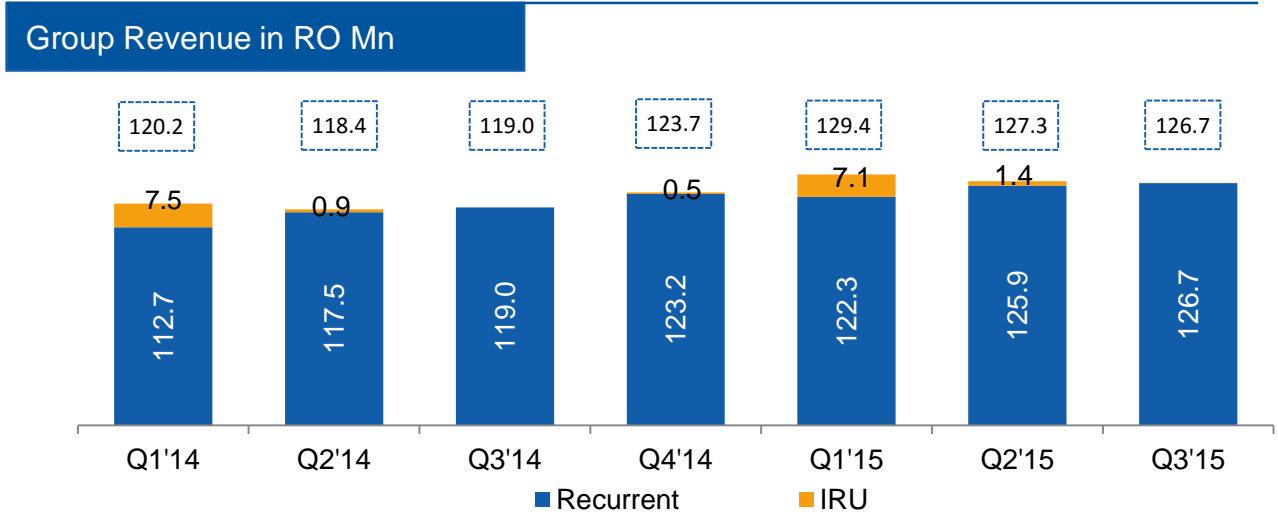
Domestic Net Profit RO Mn



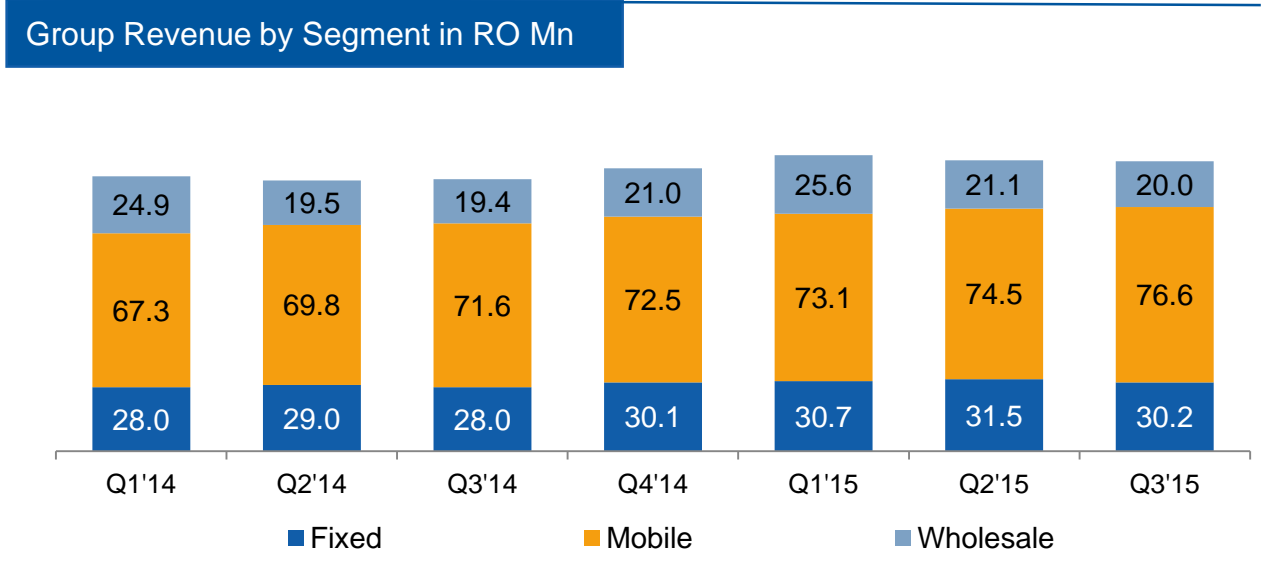
Domestic EBITDA RO Mn & %



Group Revenue - Quarterly Analysis shows overall revenues is highest compared to last 6 quarters.



Overall Group Revenue highest in Q3'15  
**RO 126.7 Mn**

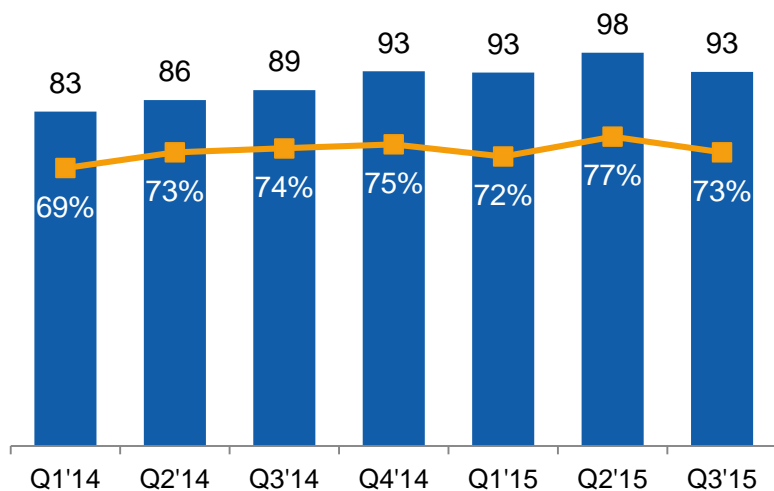


Mobile Q3'15 highest at  
**RO 76.6 Mn**  
 compared to last 6 Qtrs



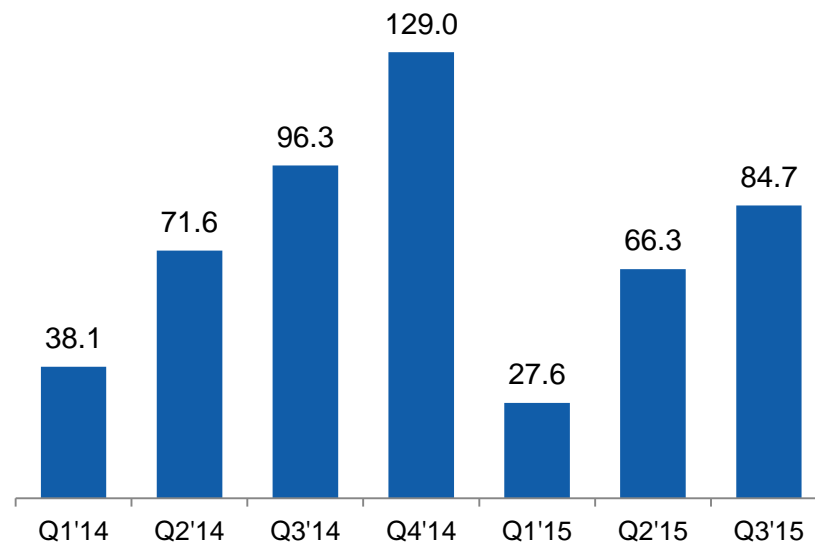
OPEX ratio for Q3'15 is 73% which lower than Q2'15 and Capex ratio is at 22.1%

**Total Opex (incl Depreciation) by Qtr – RO Mn & Opex Ratio- % to Revenue**



Domestic Opex to Revenue ratio for Q3'15 is 71.9%

**Capex Additions (Cumulative) RO Mn**



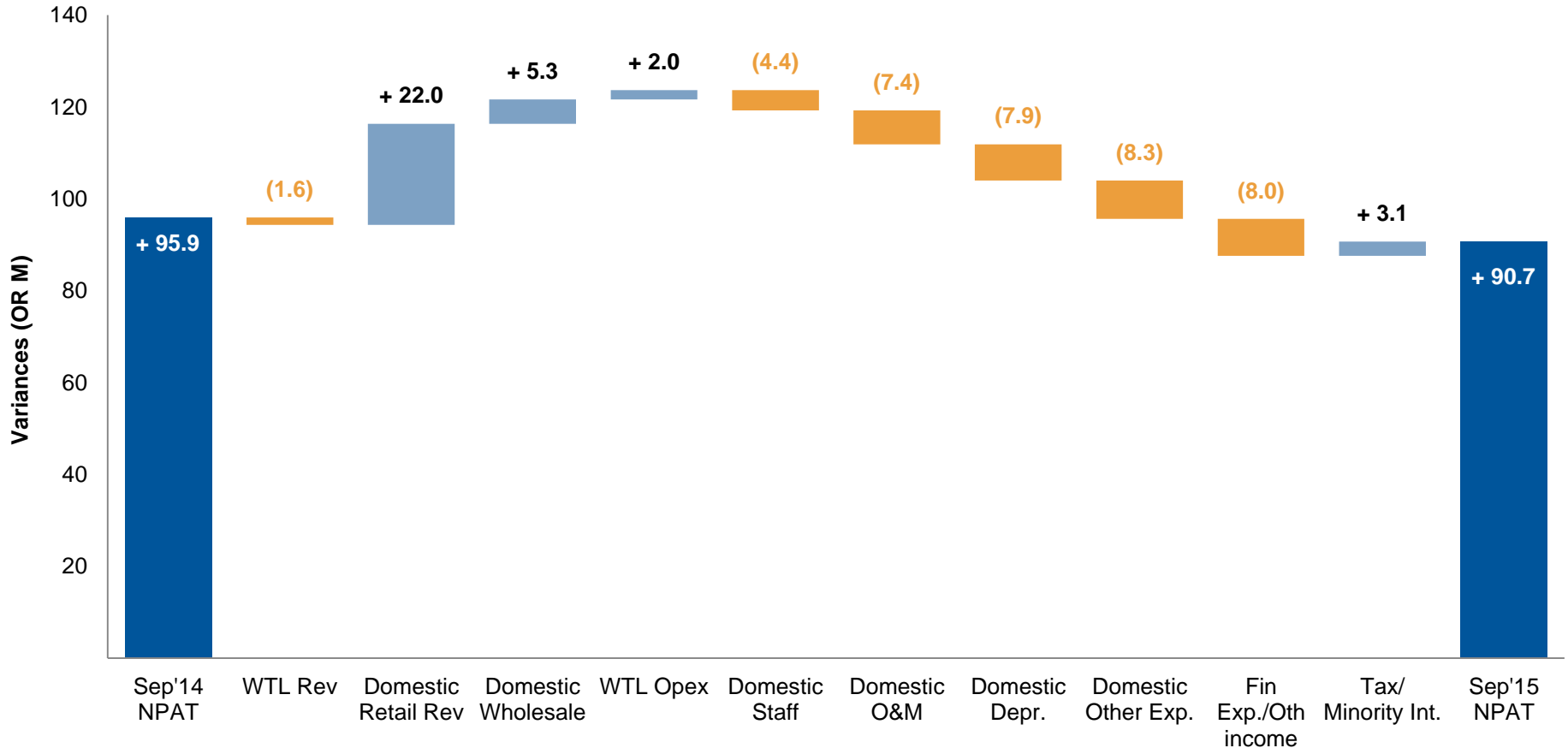
Capex to Revenue ratio is at 22.1%

Omantel acquired additional spectrum in 800 and 2600 Mhz to enhance its mobile Broadband service offerings for RO 7.7 Mn. This is expected to boost the deployment of LTE and enable to have wide coverage of LTE services and improved quality of broadband services.



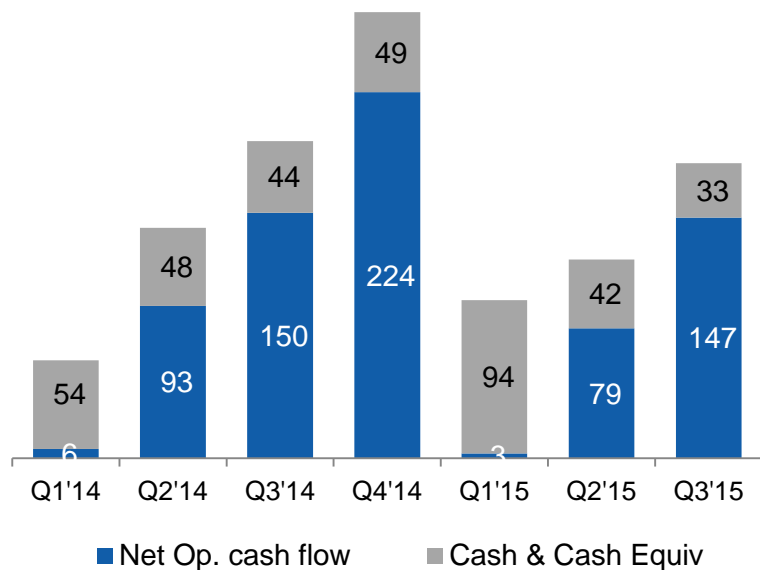
Net profit is lower by 5.2 Mn compared to last year. One of the main reason is impact on Finance & other income amounting to RO 8 Mn

**NPAT Actual Variance Including WorldCall (Sep'15 Vs Sep'14) OR -5.2 Mn**

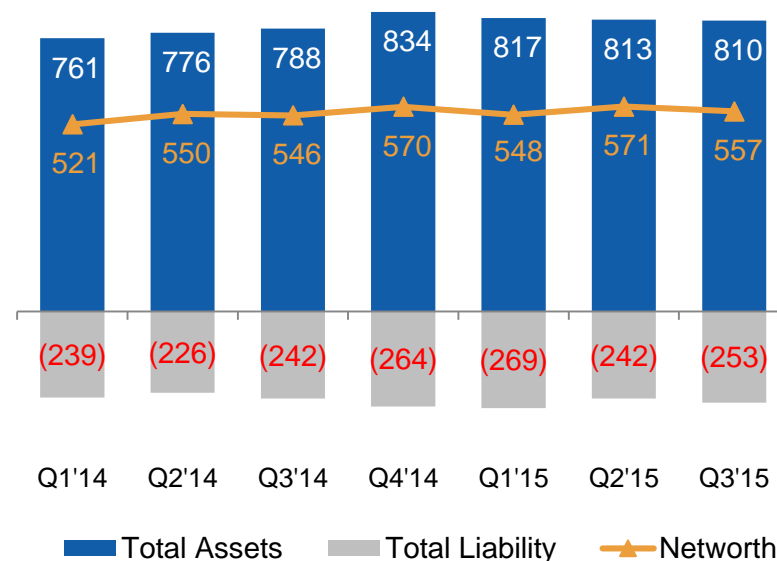


# Continued healthy Cash flow and strong Balance sheet

### Cash Flow (Cumulative) RO Mn



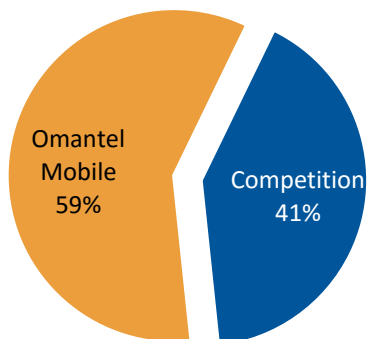
### Assets, Liability & Net worth RO Mn



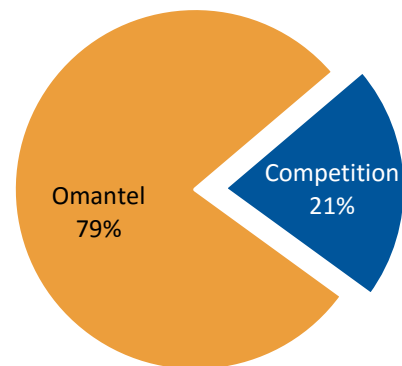
- 1) Operating cash flow before working capital changes is RO 170 Mn which is 44.5% of revenue.
- 2) Cash & Cash equivalent excludes Fixed deposit with banks amounting to RO 38.3 Mn

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

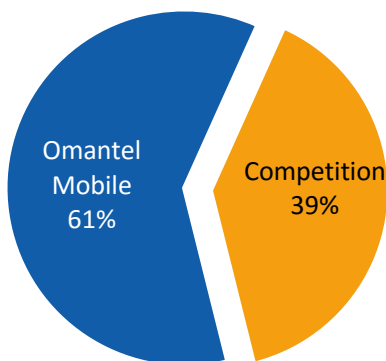
**Mobile Subscriber Market Share - (incl. Mobile Resellers)**



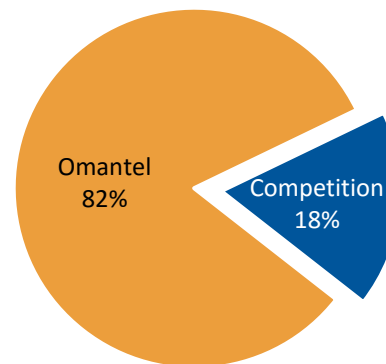
**Fixed Line Subscriber Market Share**



**Mobile Revenue Market Share - (incl. Mobile Resellers)**



**Fixed Line Revenue Market Share**

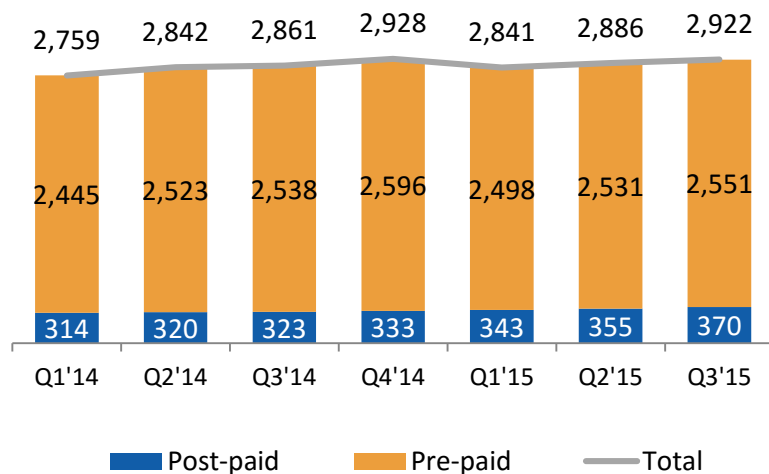


Omantel Mobile (incl Mobile Resellers) achieved a growth rate of 8.9%, net addition is around 316 K.

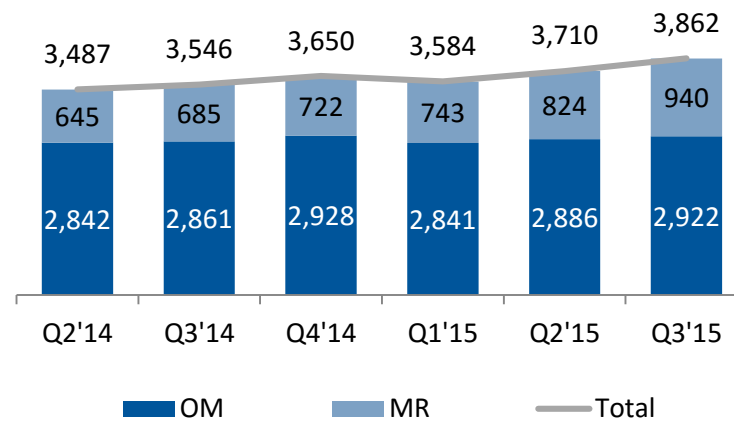
Omantel achieved a growth rate of 8%, net addition is around 26 K.

## Mobile subscriber base – Post paid has achieved 14.7% growth YoY

Oman Mobile Subscribers – In '000s



With Mobile Resellers – In '000s

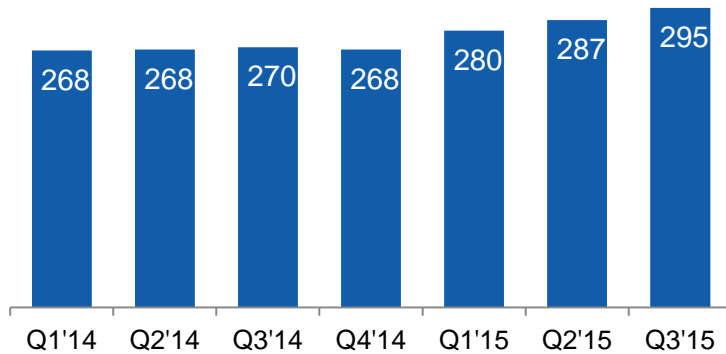


Growth in both post & pre paid Omantel mobile subscriber base by 14.7% and 0.5% respectively compared to Q3'14.

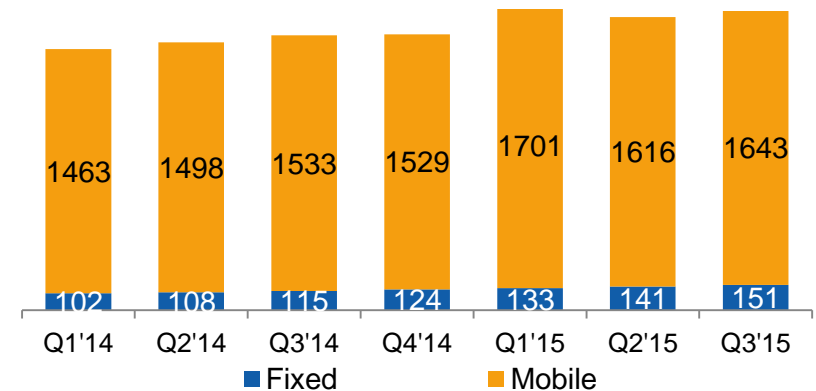
Overall Omantel mobile market grew by 8.9%.

# Fixed line and Broadband Subscriber base both fixed and mobile continues its impressive growth

Fixed Line Subscribers – In '000s



Fixed & Mobile Broadband – In '000s

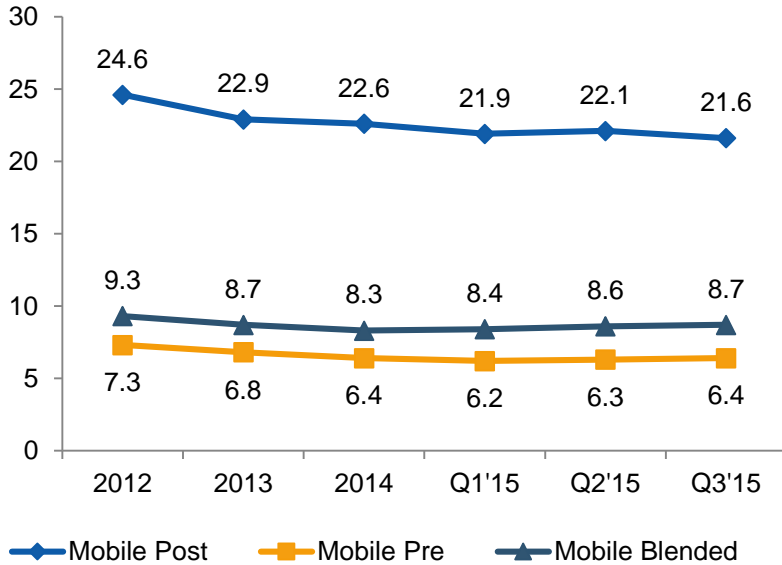


- 1) Fixed line include pre-paid and payphone.
- 2) Fixed Line subscribers recorded a growth of 9.4% compared to Q3'14.

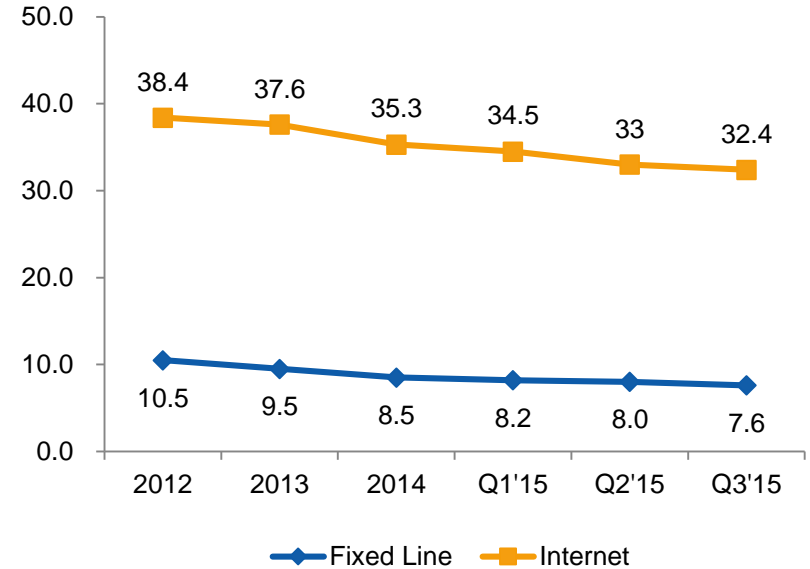
- 1) Mobile Broadband subscribers includes Pay As You Go (PAYG).
- 2) Mobile Broadband grown by 7.2% while Fixed broadband increased by 31.3% compared to Q3'14. Combined Broadband Subscribers recorded a growth of 9%.
- 3) Mobile Broadband unique subscribers subscribed to any one of the packages including Blackberry service is around 950 K as of Sep'15 compared to 838 K, an increase of 13.3%.

# ARPU / month for major products

## Mobile Services



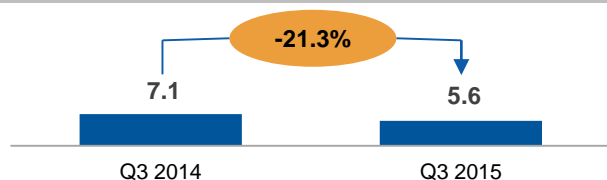
## Fixed Line Services



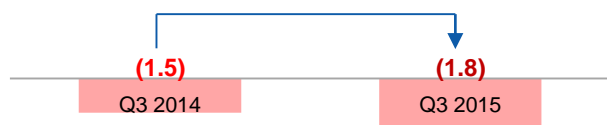
- 1) Fixed line include post & pre-paid and payphone.
- 2) Internet include Broadband and all internet services (dialup post & prepaid, dedicated)

# Worldcall Performance

## Revenue In Mn RO



## EBITDA In Mn RO



## Net Profit In Mn RO



## Highlights

- YTD revenues for 2015 posted RO 5.615 Mn (-21.3%) {-16.5% in PKR} lower than YTD revenues for 2014.
- EBITDA 2015 has declined to RO -1.8 Mn compared to the corresponding period of year 2014. EBITDA margin decreased from -21.7% in 2014 to -32.7% in 2015.
- The YTD bottom line posted a net loss of RO 12.9 Mn as against a loss of RO 10.2 Mn in 2014.
- In view of the continued losses despite the turnaround strategies, the management is exploring alternative strategies, which will be disclosed in due course.

## Presented by

Mr. Talal Said Al Mamari, CEO

Mr. Martial Caratti, CFO

Mr. P.G. Menon, GM Strategic Finance

Ms. Bushra Al Balushi, Manager Planning & Economics

Omantel

Finance Division (Investor Relations)

P.O Box 789, Ruwi, Postal Code 112, Sultanate of Oman

Website: [www.omantel.om](http://www.omantel.om), Email: [investor@omantel.om](mailto:investor@omantel.om)

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