

**Oman Telecommunications Co (S.A.O.G)**  
**Board of Directors' Report Second Quarter Results – Year 2021**

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**Respected Shareholders,**

We are pleased to present to you a summary of the results of the operations for the 6 months' period ended 30<sup>th</sup> June 2021.

**Operating performance:**

**REVENUE:** Group Revenue for the period ended June 2021 has reached RO 1194.1 million compared to RO 1242 million for the corresponding period 2020.

Omantel (*Domestic performance*) Revenues reached RO 265.7 million compared to RO 288.1 million for the corresponding period 2020. Revenues growth achieved in Mobile Postpaid, Fixed Broadband, and Wholesale Capacity Sale have contributed in managing the Gross Margin for the first half of 2021, despite a fall in Mobile Prepaid due to challenging market conditions.

**EXPENSES:** Group's total Operating expenses decreased to RO 1007.5 Mn compared to RO 1038.6 Mn for the corresponding period 2020, a decrease of 3.0%.

**NET PROFIT.** The Group achieved an after tax Net Profit of RO 108.6 Mn compared to RO 100.5 Mn in 2020. After adjusting for minority interest the net profit for the period is RO 32.4 Mn compared to RO 24 Mn in 2020.

Oman Domestic operation continued its impressive performance in Q2-2021 despite the business disruptions witnessed resulting from Covid-19 pandemic. Net profit for the six months ended June 2021 stands at RO 36.1 Mn which is a growth of 14% in comparison to Year 2020 performance. This is mainly due to realization of higher margin on Capacity sales, significant growth in Postpaid Mobile (YOY growth of 19.5%) and Fixed broad band revenue (10.7%). This was further supplemented by a reduction in Operation and Maintenance costs on account of proactive cost optimization measures.

Group Earning per Share (EPS) for the period ended June 2021 is RO 0.043 compared to RO 0.032 for the corresponding period of year 2020.

**SUBSCRIBER BASE**

The total domestic subscriber base as of June 2021 (including mobile and fixed businesses) was 3.215 Mn (excluding Mobile Resellers) compared to 3.2 Mn of the corresponding period of the previous year, recording a growth of 0.5% over the last period. Total subscriber base with mobile resellers reached 3.8 Mn.

**Subsidiary Companies:**

**1) Mobile Telecommunication Company (Zain):**

Zain Group revenues recorded a drop of 2.9% and reached RO 932.4 Mn as of June 2021 compared to the corresponding period revenues of RO 961 Mn. EBITDA stands at RO 385.4 Mn, compared to the corresponding period EBITDA of RO 409.4 Mn recording a decline of 5.8%. Net profit stands at RO 115.3 Mn compared to RO 116.6 Mn of the previous period.

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Total customer base of Zain Group increased by 1.3% to 48.3 Mn compared to 47.6 Mn of the previous period.

The Board of Zain Group at the meeting held on 14<sup>th</sup> July 2021 recommended to pay an interim dividend of 10 fils per share as part of the minimum 33 fils annual dividend policy.

**Market Share:** Omantel's Mobile market share (*including Mobile Resellers*) is 53% with a revenue share of 59.5%. The Fixed Telephone (post & pre-paid) market share is 69% with a revenue market share of 79.6%.

### **Tower Sale**

On April 25, 2021, Board of Directors of the Company approved the sale and lease back of 2890 telecom towers in Oman. Under the agreement, Omantel will sell only its passive mobile infrastructure assets in the country and enter into a long-term master services agreement to continue to utilize the tower assets. Omantel will retain full ownership and control of its active network and spectrum as well as its software, technology and intellectual property with respect to managing its networks. The sales proceeds will be used for deleveraging, support strategic investments in next generation advanced technologies and capabilities enhancement. Various processes and activities towards financial closing are underway. The sale is expected to be completed by end of the year 2021.

### **Thanks and appreciation**

We take this opportunity to express our heartfelt thanks to our shareholders and loyal customers for their continued support that enabled us to achieve these excellent results. Also, we wholeheartedly appreciate the sincere contribution of the Executive Management and Employees for the performance in the challenging situation. With your support, we are confident that Omantel will continue its good performance and will be able to reach new heights of excellence.

On behalf of the Board of Directors and the staff, we are honored to greet His Majesty Sultan Haitham bin Tariq for His visionary leadership. We pray to Almighty Allah to return this occasion to His Majesty with good health, happiness and long life, and to the Omani people with prosperity under the wise leadership of His Majesty.

**CHAIRMAN**