



Omantel Group Performance – H1 2022

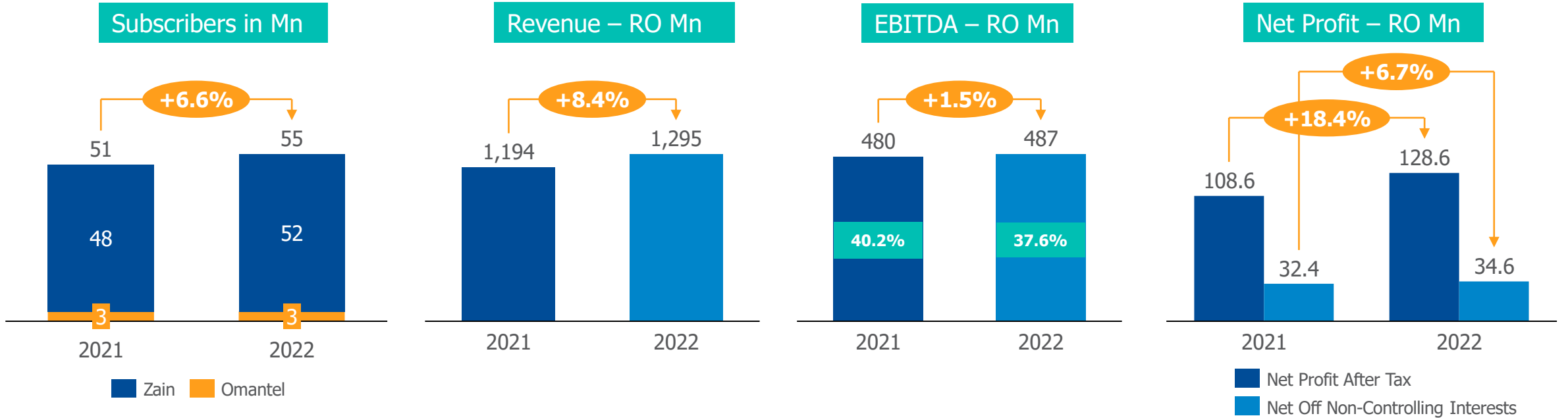
Presentation to Investor Community

Conference Call

9th August 2022 at 2 P.M. (Oman Time)

Omantel Group (Incl Zain Group) – H1 2022 Performance

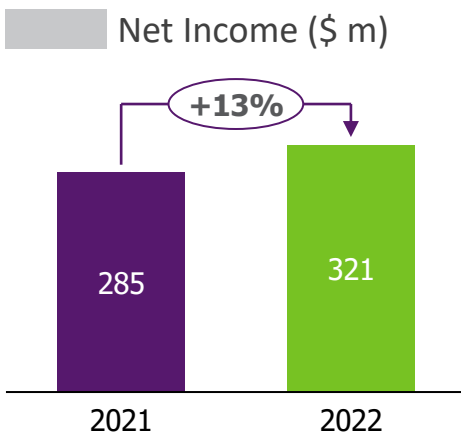
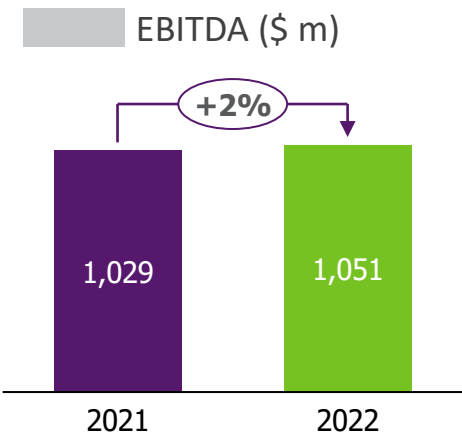
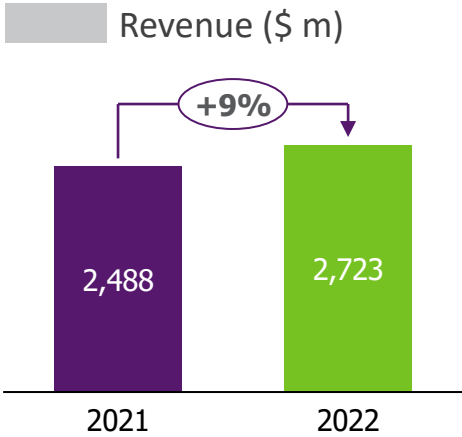
Group Revenue stands at RO 1,295 Mn and Net Profit is at RO 128.6 Mn, an increase of 18.4% YoY



- Zain Group customer base recorded a growth of 7%. Omantel customer base declined by 1.5%.
- Main reasons for the decrease in Omantel subscriber base is due to drop in mobile prepaid. However, growth has been observed in Mobile Postpaid & Fixed Broadband subscriber base.

- Group Revenue for the period is RO 1,295 Mn compared to RO 1,194 Mn for the corresponding period 2021, a growth of 8.4%. Revenue include acquired business of Zain Group, which contributed revenues of RO 1 Bn.
- Net Profit observed a growth due to the growth in revenues, cost optimization measures across the group and lower impairment provision and depreciation.

Zain Group Performance – H1 2022 Performance (In US Dollars)



- All major key operations reported healthy top line performance for the 6 months 2022.
- Revenue up by 11% for Zain Kuwait, 14% for Zain KSA and 30% for Zain Sudan

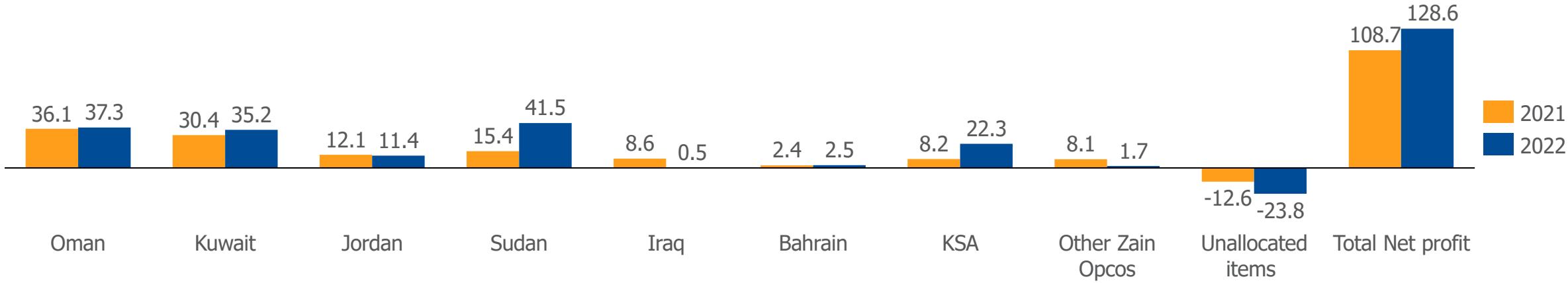
- Savings in Depreciation & Amortization \$30m, mainly from KSA (stopping depreciation & amortization on tower assets held for sale).

Net Profit increased by \$36m YoY, mainly due to:

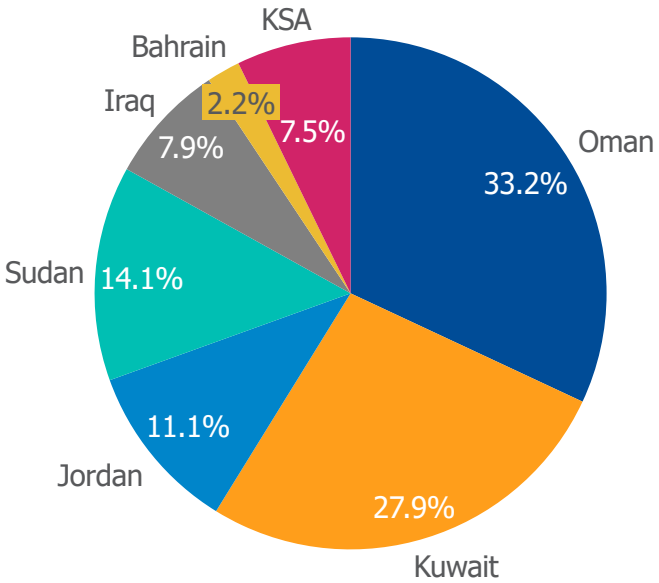
Tax related savings (\$23m) from Sudan on account of:

- 50% reduction in Corporate Income Tax Rate, resulted in \$12.9m benefit
- Reversal of 3% tax provision relating to FY'21 and Q1'22, resulting in total benefit of \$11m

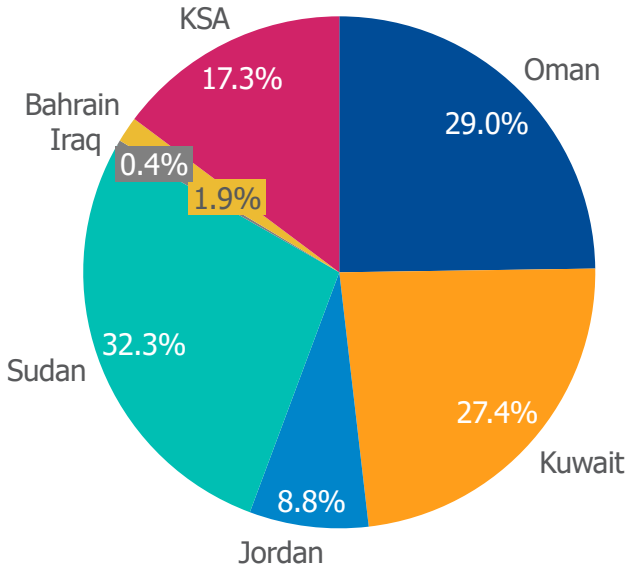
Segmental information – H1 2022 Performance



Net Profit Contribution Year 2021



Net Profit Contribution Year 2022



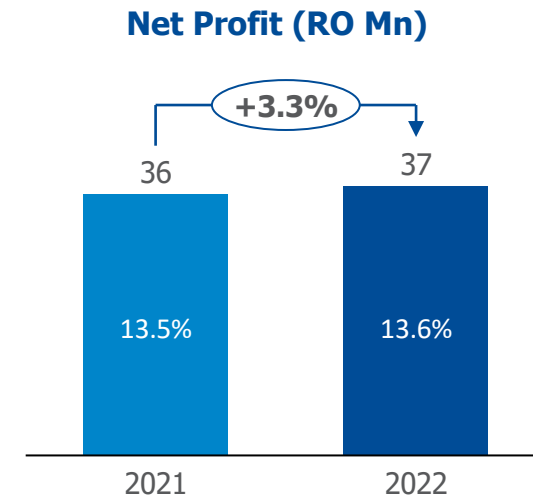
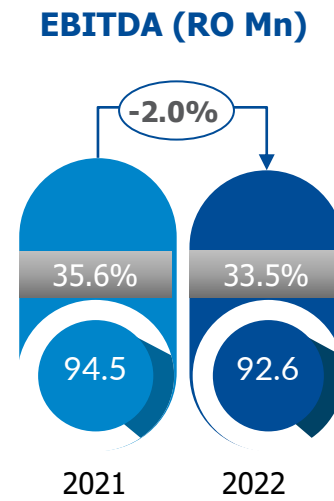
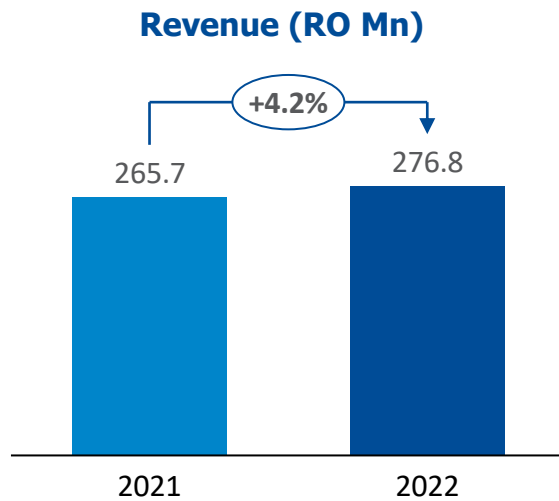
Note:

- 1) Net profit are adjusted for Purchase Price Allocation (PPA).
- 2) Unallocated adjustments which are of non-operating nature (include interest cost for Zain acquisition and interest cost on Borrowings at Zain group).

Omantel (Domestic performance)

Omantel + International SPVs + Domestic subsidiaries & associates

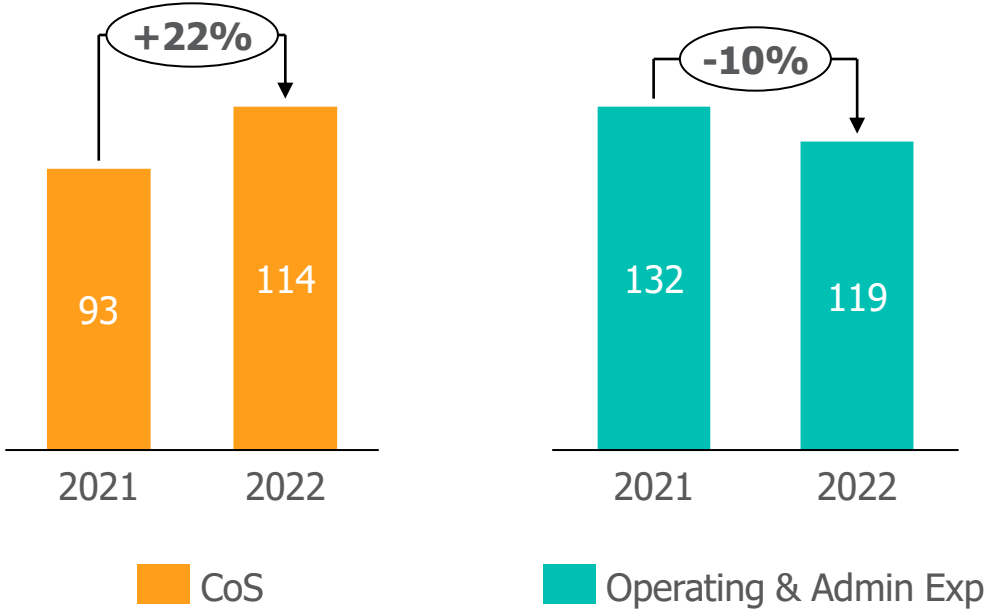
Domestic Performance – H1 2022 (Including domestic subsidiaries)



- Domestic operations covers Fixed Line business, Mobile business, Omantel International (OTI)-Wholesale arm of Omantel engaged in international voice aggregation business and Omantel subsidiaries (Oman Data Park, Infoline and Internet of Things- MOMKIN,Lamma).
- Revenues growth achieved in Mobile Postpaid (11.7%), Fixed Broadband (2.1%), while prepaid revenue declined due to challenging market conditions.
- Operating & Admin costs decreased by 4.0% mainly due to cost optimization measures.
- EBITDA & Net Profit Margin is 33.4% and 14.3% respectively. Increase in Net Profit is predominantly on account of cost optimization measures, reduction in impairment provision against receivables (contributed by healthy collections) and depreciation.

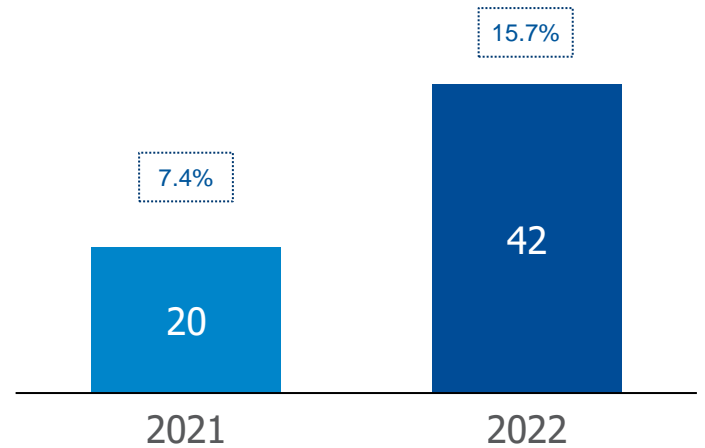
Operating & Admin costs are reduced by 10% YoY mainly due to cost optimization measures. OPEX to Revenue ratio is lower than last year due to decrease in revenue related costs. Capex to revenue ratio is at 15.7%

CoS & Operating /Admin Expenses RO Mn



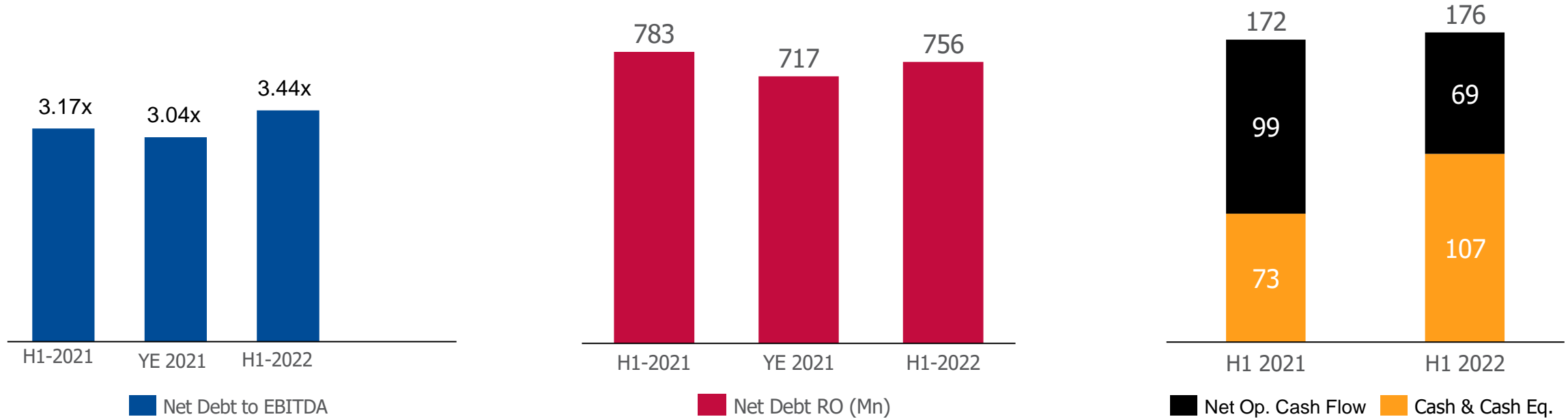
- YTD Opex to Revenue ratio for 2021 is 84% Vs 84.9% last year.
- Ratio decrease is mainly due to drop in Operating/ Admin Expenses. The increase in CoS is mainly driven by decrease in revenues.

CAPEX additions RO Mn



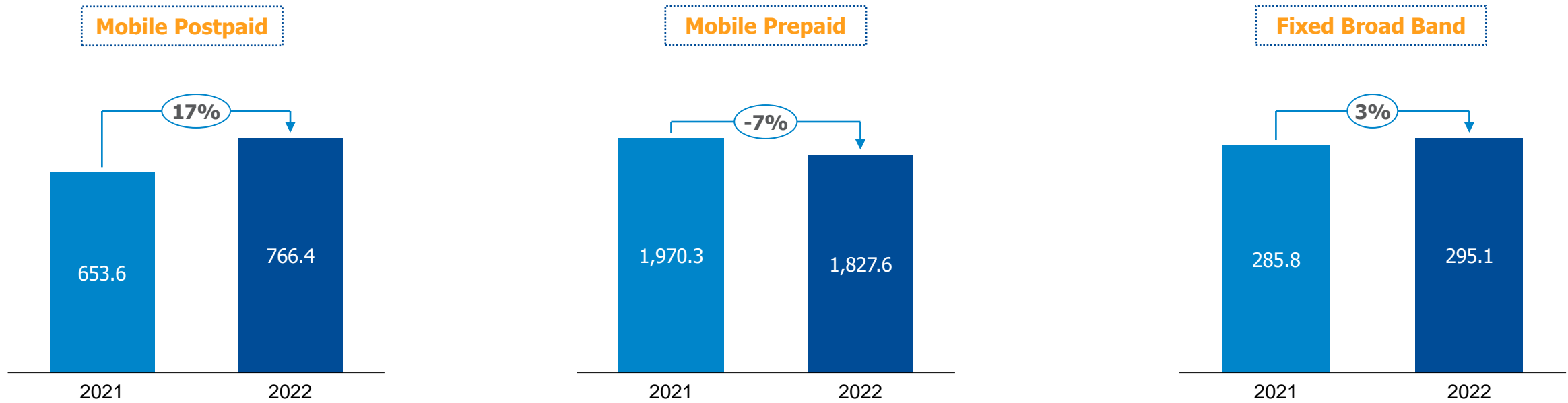
Decline in Capex to Revenue Ratio is predominantly resulting from the global supply chain disruption in addition to cost optimization measures

Leverage and Cash Flow position



- The Net Debt to EBITDA is measured at the end of every half and full year. Net Debt to EBITDA (Leverage ratio) required as per the Covenant is 3.7. Based on adj EBITDA (EBITDA plus Dividend from Zain), the leverage as of H1-'2022 is 3.44x and Interest cover is 4.4 against the target of 4. Leverage went up on account of capitalization of lease rentals arising from transfer of Headquarters to REIT. This is expected to come down upon completion of IPO of REIF.
- Omantel carries a Corporate Family Rating (CFR) assigned **by Moodys 'Ba3'** and **by Fitch 'BB-'**

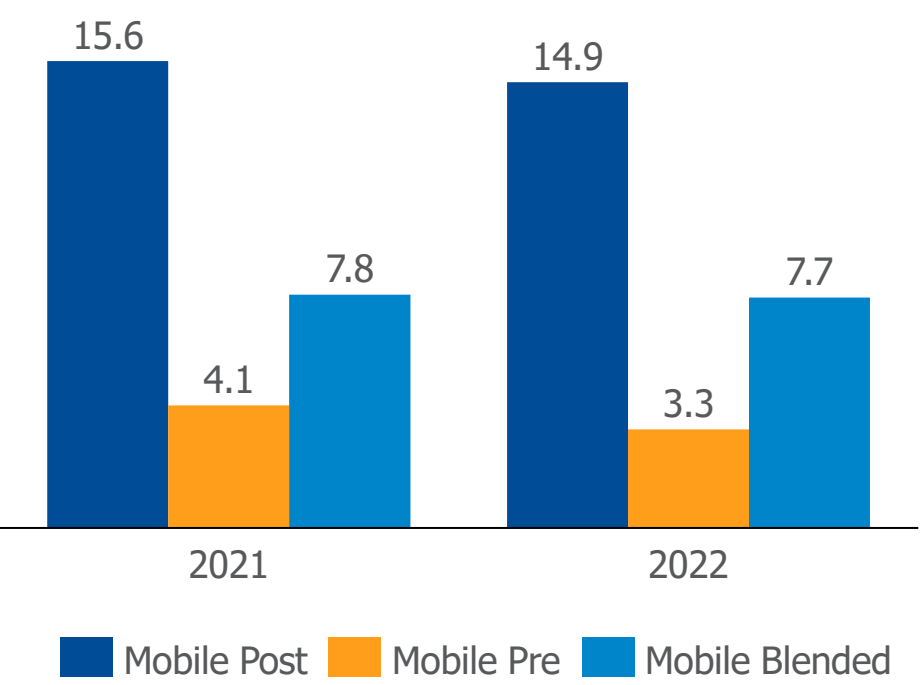
Omantel Subscriber base analysis shows FBB and Mobile postpaid continued its growth trajectory, while pre-paid declined YoY.



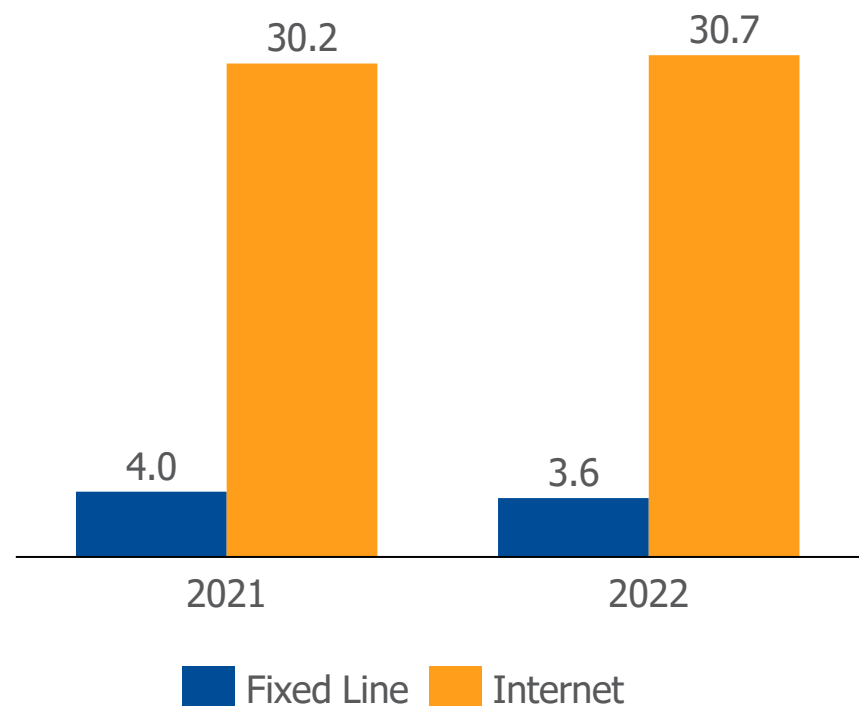
- Mobile postpaid customer base shows steady growth, mainly driven by pre to post migrations .
- Although prepaid market base is dropping in the country (YoY -3%), Omantel is maintaining the prepaid subscriber market share. The general drop on the Prepaid Customers base comes from migrations Postpaid plans, as well as, increased competition.
- Fixed Broadband customer base keeps on growing, fundamentally on WFBB (4G/5G) with increased uptake in line with 5G network rollout and Fiber customers.

ARPU / month for Internet shows growth mainly due to uptake of higher ARPU services, while mobile ARPU declined compared previous year

Mobile Services RO / Month



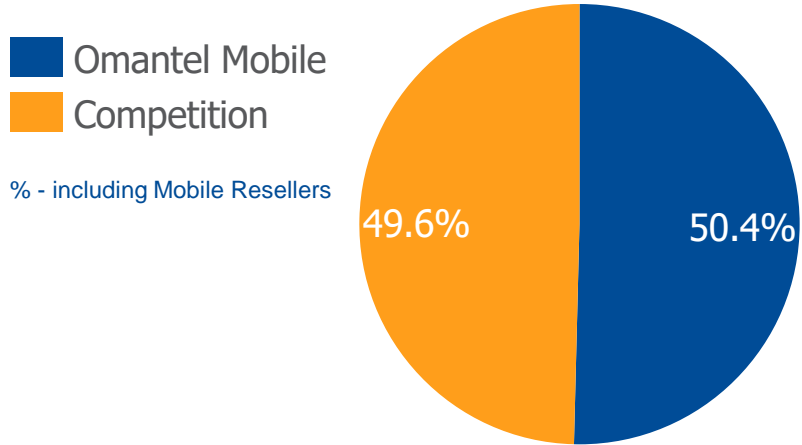
Fixed Line Services RO / Month



- Fixed line include post & pre-paid voice services.
- Internet include Fixed Broadband and all internet services (dialup post & prepaid, enterprise data services)

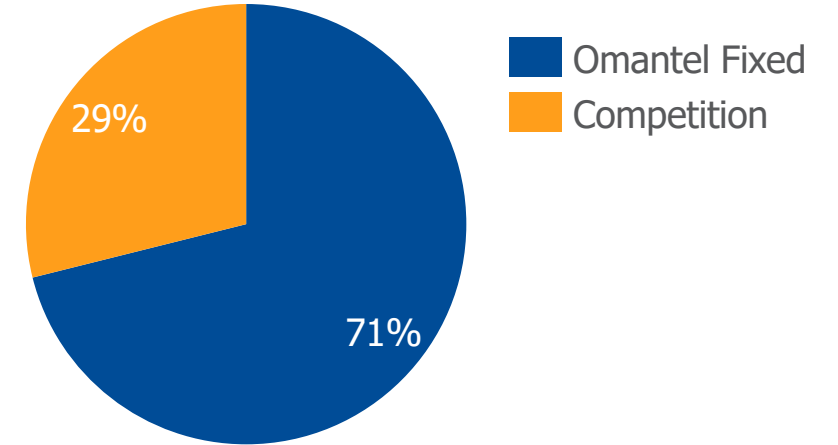
Mobile & Fixed Line Business Market share (Subscriber & Revenue share)

Mobile Subscriber Market share

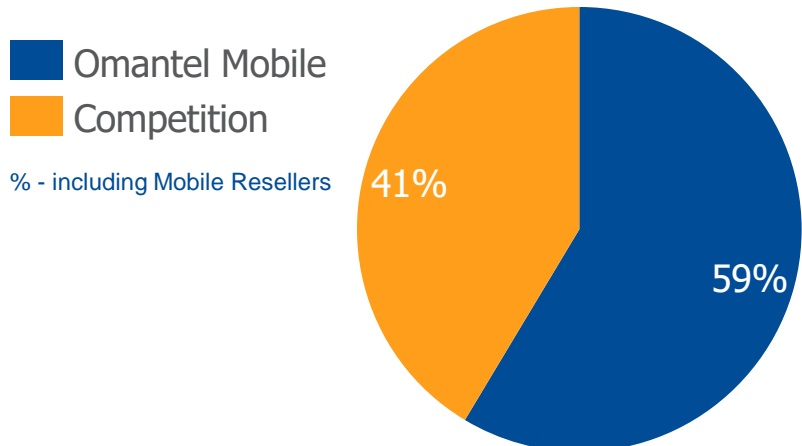


Note: Omantel Mobile (incl Mobile Resellers) subscribers increased by 0.5%, net growth is around 16 K mainly due to growth in Mobile Postpaid

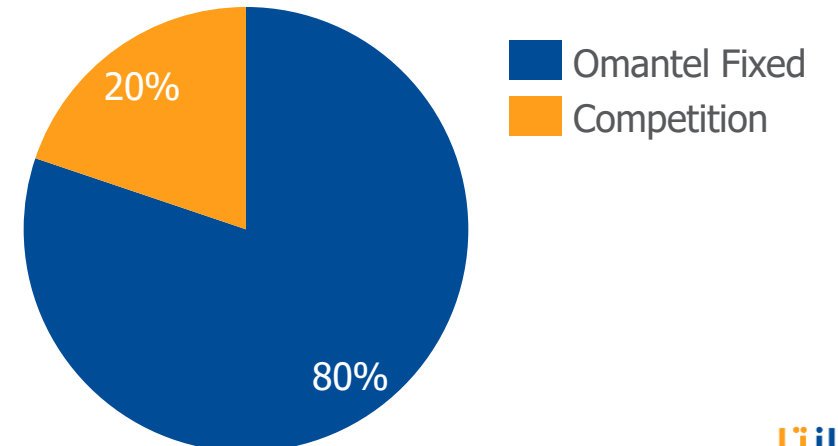
Fixed Subscriber Market share



Mobile Revenue Market share



Fixed Revenue Market share



Presented by

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Q&A