

Management Discussion & Analysis Report

Year Ended 31st December 2020

Global Telecom Landscape

Telecommunications play a fundamental role in shaping up the modern world across all aspects of the human race ranging from health, education, science, commerce, industry, media, entertainment, information and services etc. Moreover, the global outbreak of Covid-19 pandemic reinforced the relevance of telecommunications as a fundamental element of today's functioning society. Operators are passing through a 'Tech-Celeration' phase, wherein they are adopting accelerated digitization and new technologies to address lockdowns and social distancing behavior. Digital connectivity is quickly becoming a pre-requisite for functioning properly in the new era. Technology is enabling businesses to operate remotely, educating our children and connecting all elements of the civilization.

The magnitude of digital transformation which was otherwise predicted to take years to mature, has grown at an accelerated pace since the pandemic outbreak. The operators, faced with an enormous fusion of new business models and emerging technologies, are hastily seeking to harness the potential of digitalized commerce, create new customer experiences, transform their services, and drive efficiencies and cost savings in the wake of the pandemic.

The Impact of Covid-19 Pandemic

Wide Scale Disruption of Operational Norms:

The year 2020 started as a normal year. However as Covid-19 pandemic unleashed with all its fury at the onset of the year, the socio-cultural and commercial customs of the world flipped dramatically. A sudden and forceful worldwide transformation of societal rules i.e. avoidance of physical interaction and working in isolation, delivered seismic shocks to the traditional working models for most organizations globally.

The Economic Challenge:

The pandemic caused millions of job losses and extensive monetary hardship for consumers, businesses, countries, economies and communities around the world. Hundreds of thousands of fatalities triggered a global panic which led many countries to completely shutdown domestic and international travel, commercial transport, retail outlets, educational institutions, airports and industries.

Resultantly, customary business practices nearly collapsed due to wide scale nationwide lockdowns spread over months across multiple waves of the pandemic. This resulted in millions of job losses across the globe and literal downfall of certain key industries such as transport, airlines, tourism and hospitality.

The abrupt economic slowdown damaged overall business environment, eventually resulting in a curb on fiscal spending by several economies. Furthermore, prevailing geo-political tensions in the Middle East and trading conflicts between several global powers exerted pressure on global trade. As consumer, corporate and public sector spending remained subdued, telecom earnings and margins continue to shrink for most operators.

Omantel's Response:

Omantel aptly responded to these unique challenges through a series of measures addressing both our customers' wellbeing as well as our organizational efficiencies. We continued to extend support to our community as part of our corporate social responsibility. Omantel executed several awareness campaigns dispensing our initiatives on Covid-19 response to the society, content for visually impaired users.

Our contribution during the pandemic included free virtual clinics, free calls to certain countries, support to SMEs, SMS donation campaigns for the economically affected families, 6 months free access to online platforms such as MS Teams, Webex and Ijtimati, and free browsing of educational websites for students in the Sultanate.

Omantel tailored its service offerings to meet the new remote working practices. At the onset of Covid-19 outbreak, Omantel revolutionized the 'Working from Home' model by setting up and facilitating usage of world renowned online platforms/tools for our home as well as enterprise customers.

Being the pioneer in launching 5G services in the Sultanate, we ramped up our 5G network expansion and wireless fixed broadband services in order to meet the excessive growth in data demand.

In the Health sector, Omantel assisted the Ministry of Health during the pandemic by successfully launching the Virtual Clinic in the Royal Hospital. Whereas in the Education sector, Omantel performed as a key enabler for Sultan Qaboos University and Ministry of Education in achieving technological readiness for these entities towards online education regime.

Outlook for Telecom Operators:

From investors' standpoint, the telecom sector remains an attractive investment given a promising future of immense digitization, ICT & IoT growth despite the short term disruptions caused by the Covid-19 pandemic. During uncertain and volatile economic times, the steady demand for data services and emerging digitization requirement assures an innovative source of revenue for those dynamic operators that are efficiently transforming their business models.

However as global physical footfall is not expected to return to pre-Covid levels in near future, this new reality underscores the need for reliable connectivity like never before. The accelerated socio-commercial shift to virtual models from conventional physical interaction has driven up global demand for connectivity services on an unprecedented scale.

Amid challenges posed by the Covid-19, operators in matured markets continued to embrace 5G technology. As per the GSMA updates, over 100 operators launched their 5G services globally in over 47 markets by the end of 2020. Since basic feature of 5G technology is to serve high speed and low latency data communications, telecom operators are rapidly transforming their connectivity propositions around new segments such as, fixed broadband service enhancement, data analytics, virtual storage, information security, digitization, smart homes, smart cities, e-governments etc.

From an operational and service model perspective, the pandemic has generally resulted in multiple members of a household sharing a residential internet connection for data-intensive applications, when previously they were often using enterprise-grade office and school networks. Increased traffic on

household connections has put pressure on network resulted in extensive investments from operators to match and maintain their network infrastructure.

The implications of such financial commitments are visibly impacting the operators' profitability, especially at the back drop of terminally declining voice and messaging revenue, competition from unconventional OTT players, and a stringent regulatory quality compliance.

On the other hand, the conventional voice revenue which was already facing a persistent decline in the pre-Covid era, has seen an accelerated deterioration as cost savvy consumers are rapidly adopting IP based voice and messaging services. This has resulted in a faster decline in operators' voice and messaging revenue during 2020. High broadband usage growth has not been able to generate ample revenue to compensate the voice revenues for operators due to worldwide commoditization of data.

Sultanate's Telecom Market & Omantel's Positioning

The country's telecom market witnessed increased levels of stress during the year due to the socio-economic impacts of Covid-19 outbreak, challenging market conditions and a subdued macro-economic environment. Moreover, a notable reduction in prepaid mobile market, increasing competition in mobile and fixed segments and continued sector liberalization will continue to impact operators' market share, revenue growth, profitability margins and enterprise values.

Despite these irrepressible challenges, Omantel's has been able to deliver a resilient performance during the year maintaining a positive profitability profile. During 2020, Omantel maintained its leadership position with the largest market share. In addition, Omantel is successfully sustaining its committed financial covenants. Our debt servicing capacity remains healthy amid efficient cash and spend management.

The economic and commercial challenges triggered by Covid-19 also impacted telecom revenues across the world. Inline with this trend, the key financial performance indicators of Omantel Group were also impacted. Omantel Group (including Zain) posted a total revenue of RO 2.5 Billion, against RO 2.6 Billion revenue as recorded in 2019. The Group (including Zain) posted a net profitability of RO 229 Mn during the year 2020, compared to RO 299.7 Mn in 2019.

We continue to pursue diversification with enhanced focus towards digitization, ICT and 5G, as well as achieving operational efficiencies through cost optimization and control. Omantel achieved significant cost savings through streamlining and re-engineering the internal processes, efficient utilization of resources, rejuvenated vendor management and network usage optimization etc.

Omantel launched its 'OPEX War Room' in the beginning of 2020 with sole objective to optimize our domestic capex and opex spending. Going forward, we will continue rolling out new cost optimization initiatives in addition to the recurring actions.

Consequently, Oman Operation achieved a 12% reduction in operational, maintenance and administrative costs during the year. On the capital spending, over 36% of the new capex planned for FY 2020 and 14% of the existing projects were either postponed or cancelled.

In order to meet the challenges posed by the upcoming rollout of mobile services by the 3rd operator, our primary focus remains on customer retention through better service provisioning and quality excellence.

We continue to modernize our fixed and mobile networks to align with new technologies such as 5G & network function virtualization. After the successful launch of 5G services in 2019, Omantel is actively expanding its 5G network footprint with primary focus on fixed wireless access services in order to align customer expectations and demand on high speed broadband services.

Our services expansion targets various evolving opportunities ranging from Intelligent Public Infrastructure, Smart Building Management Solutions, Digital Banking and Healthcare Services Infrastructure, High Performance Computing, Artificial Intelligence solutions, Machine Learning, Big Data Analytics, Deep Learning and Smart Contracts.

Our Corporate Strategy

In light of the current situation and in order to strengthen our position as one of the primary enablers of Oman's digital ambitions, we have developed our new strategy, "Shift Gear to achieve sustainable profitability growth".

Our new strategy builds further on the key transformation initiatives started under Omantel 3.0 by focusing on value generation of our core services through leveraging insights & data as well as digital functionality to continuously improve the quality of our services.

As per our key strategic focus, we are building a collaborative eco-system to diversify and generate new value from non-telco services such as ICT, value added services and new market opportunities. Additionally, Omantel has introduced stringent controls in spending to ensure the impact of Covid-19 is minimized while continuing to invest in essential strategic domains.

Omantel ICT

Amidst the Covid-19 pandemic, conventional commercial models turned more dependent on technology and online executions. The ICT business has hence witnessed a significant boost in demand around the world as enterprise customers in every sector seek technology intensive solutions to efficiently cope-up with the evolving service delivery requirements.

Omantel's ICT business persistently performs as a high growth segment. We continued to innovate and invest in our ICT portfolio i.e. digital initiatives, cloud computing, security services, unified communication solutions, big data and analytics, Blockchain and IOT. As our enterprise customers increasingly seek to expand their ICT capabilities, Omantel helps enable them to transform their conventional in-house ICT/IT models towards outsourced service models.

Being the Sultanate's leader of 5G technology, Omantel has successfully delivered Proof of Concept trials to provide Video Surveillance as a Service, and Ultra-Fast Internet for the vessels docking at Drydock using 5G technology.

On the IoT/Smart Cities front, Omantel completed the Smart City Master Planning for Duqm/SEZD, implemented IoT solutions for several large corporate clients, inaugurated the Smart City Pilot Project at KOM, and signed a contract for Energy Optimization using IoT with one of the largest retail chain in the Sultanate.

The digital economy, post Covid-19 will continue to thrive by catering to personalized needs through solutions that offer easy transactions and real time functionality. Omantel, the ICT and digital partner of choice for the public and private sector businesses in Oman will always continue to empower the Sultanate's digital future and pave the way for the near future and beyond.

'Reach Further' with Omantel Wholesale Business

Omantel's Wholesale Business has been in the fore front in transforming the Sultanate as the most connected countries in the region. This transformation has materialized as a result of successful implementation of our strategy to capitalize on the country's unique geographical characteristics and distinctive location. The international infrastructure in which Omantel smartly invested, clubbed with innovative business models offered to wholesale clients, have proved to be a game changer and enabled Omantel to become a leading regional telecom wholesale player. Combined with a number of significant wholesale projects that are currently in progress, Omantel is contributing to solidifying Oman's position to become a global telecom hub.

The term 'Reach Further' is a live aspiration that Omantel is acting upon and driving the way it operates. The global subsea network of Omantel spans over 20 cables reaching to more than 50 countries worldwide covering more than half of the world's population within reach from Oman. This allows the wholesale customers of Omantel to easily connect to all major telecom hubs around the globe to source services and content at the highest quality needed to run business-critical applications and enrich the lives of end-users.

At the same time, Omantel established international roaming setups with more than 700 operators, and has more than 400 partners of 4G data roaming around the world. Such features allow Omantel's customers to seamlessly enjoy their telecom services in more than 200 countries.

Omantel, in partnership with Equinix, has taken a leading and bold step to revolutionise the telecommunications landscape in Oman and the MENA region by launching the region's first and only carrier-neutral data centre, where carriers, enterprises, content and cloud providers can co-locate critical telecom and IT infrastructure and enjoy access to vast local and international connectivity options. This ambitious project will further attract international players to have their servers and POPs hosted in Oman in order to serve the region, and beyond, from Oman.

The concept of "work from home" resulting from Covid-19 pandemic have seen data traffic increasing by more than 40% towards streaming services, OTT players, and video conferencing, which was managed efficiently due to wider reach of our global network

Omantel, has successfully managed to entertain all requests from local and international wholesale clients, and delivered high quality solutions that supported its wholesale clients to supply the much needed capacity increase and higher bandwidth services to their end-customers.

Omantel's remarkable achievements in the wholesale arena have been widely recognized on a global level. Omantel has been bagging international prestigious awards. In 2020, Omantel was awarded both the "Middle East Regional Operator of the Year" and "Best Data/Capacity Provider of the Year" at the Carrier Community Global Awards in Berlin, demonstrating the importance of the company's role on the regional and global wholesale landscape.

Omantel Group – Consolidated Performance – 2020

Omantel Group revenue includes revenues from domestic operations of the parent company, revenue from Zain Group, domestic and other international subsidiaries.

Consolidated P&L Highlights			
	2020	2019	% Change
	RO in Mn		
Revenue	2,513.4	2,592.2	-3.0%
EBITDA	1,028.6	1,097.7	-6.3%
Net Profit for The Year	229.0	299.7	-23.6%
Non-Controlling Interests	(162.1)	(222.0)	-27.0%
Profit Net Off Non-Controlling Interests	66.9	77.7	-13.9%

Omantel Group revenue posted a y-o-y decline of -3% for the year ended 31st December 2020. The revenue declined to RO 2,513 million in 2020 compared to RO 2,592 million as recorded in 2019. The Group revenue include acquired business of Zain Group, which contributed revenues of RO 1,991 Mn.

Performance & Key Operational Highlights of Zain Group

Zain Group revenues recorded a drop of 3% and reached RO 1,991 Mn as of December 2020 compared to the corresponding period revenues of RO 2,045 Mn. EBITDA stands at RO 823 Mn, recording a decline of 8%. Net profit stands at RO 255 Mn compared to RO 306 Mn of the previous period.

COVID-19 pandemic disrupted economic activity due to lockdowns and travel bans across all Zain markets, impacted Group's revenue by RO 161 Mn for the full year. To counter the impact of the COVID-19 pandemic on Zain Group financials, management proactively took decisive cost optimization measures in areas such as contracts renegotiation, and management of cash flows that succeeded in reducing operational expenses by RO 65 Mn.

Total customer base of Zain Group decreased by 3.4% to 47.8 Mn compared to 49.5 Mn of the previous period.

Performance Highlights of Zain Group's Cross Border Portfolio:

Kuwait: Revenue decreased by 4% to reach KD 321 million (USD 1.05 billion), EBITDA decreased by 11% to reach KD 112 million (USD 367 million) and net income down by 8% to reach KD 76 million (USD 248 million). Zain Kuwait reported an EBITDA margin of 35%.

Saudi Arabia: Zain KSA recorded revenue of SAR 7.9 billion (USD 2.1 billion), a 6% drop Y-o-Y, while EBITDA for the year declined by 9.4% Y-o-Y to reach SAR 3.44 billion (USD 918 million), reflecting an EBITDA margin of 43%. Net income recorded at SAR 260 million (USD 69 million), reflecting a 46% drop Y-o-Y.

Iraq: Zain Iraq’s revenue dropped 14% to reach US\$ 943 million. EBITDA declined 19% Y-o-Y amounting to USD 378 million (40% EBITDA margin). The operation reported a net profit of USD 80 million for 2020, up by 27% Y-o-Y.

Sudan: In local currency SDG terms revenue grew by 62% Y-o-Y to reach SDG 22.5 billion (USD 416 million) for the full-year 2020. EBITDA correspondingly increased by 67% to reach SDG 9.3 billion (USD 171 million), while net income increased 43% to reach SDG 3.3 billion (USD 61 million).

Jordan: Revenue declined by 2% to reach JOD 345 million (USD 487 million). EBITDA similarly down 2% Y-o-Y to reach JOD 153 million (USD 216 million), reflecting margin of 44%. Net income reached JOD 56 million (USD 79 million), up 2.5% Y-o-Y.

Bahrain: Zain Bahrain generated revenue of BHD 62 million (USD 164 million), down 1.8% Y-o-Y. EBITDA for the period amounted to BHD 21.4 million (USD 57 million), up 1.7% Y-o-Y, reflecting an EBITDA margin of 34%. Net income amounted to BHD 5.4 million (USD 14 million).

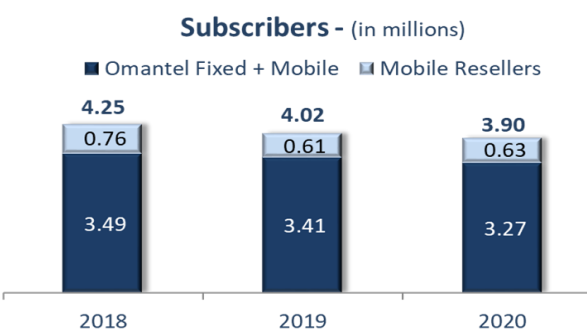
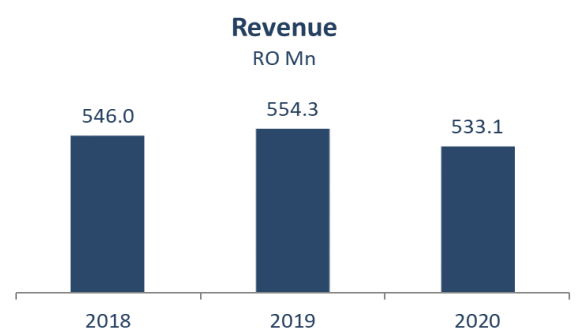
Performance of Omantel (Excluding Zain Group)
(Domestic Fixedline, Mobile, Omantel International SPVs & Domestic Subsidiaries / Associates)

Omantel’s domestic operations include Fixed Line business, Mobile business, Omantel International (OTI)-Wholesale arm of Omantel engaged in international voice aggregation business and Omantel subsidiaries (Oman Data Park, Internet of Things- MOMKIN & Infoline).

Resulting mainly due to the Covid-19 economic impact and other operational challenges, Omantel posted 3.8% decline in revenue (excluding Zain) during 2020. Revenue declined from RO 554.3 Mn in FY 2019 to RO 533.1 Mn in 2020.

An already prevailing slowdown in the country’s mobile market accelerated further due to the pandemic, as a series of lockdowns, international travel restrictions and physical modes of doing business hampered the overall economic activity.

This ultimately resulted in a high degree of job losses and large reduction in number of workforce and hence a notable decline in the prepaid mobile market was witnessed during the year.



In absolute terms, Omantel posted a reduction in number of mobile subscribers. However, Omantel successfully maintained its leadership position with the largest market share in the Sultanate.

As at 31st Dec'20, Omantel's domestic customer base stood at 3.27 Mn (3.9 Mn including mobile resellers) as against a total customer base of 3.41 Mn (4.0 Mn including mobile resellers) in 2019.

Revenue for the Financial year ended 31 December			
	2018	2019	2020
Fixed Business (incl ICT)	140.3	147.2	156.0
Mobile Business (net of cost of content)	275.9	270.3	238.2
Wholesale Business	126.0	133.0	131.7
Total Revenue	542.2	550.4	525.9
Revenue from Domestic Subsidiaries	3.8	3.9	7.3
Total Revenue - Omantel + Subsidiaries	546.0	554.3	533.1
Growth %	2.8%	1.5%	-3.8%

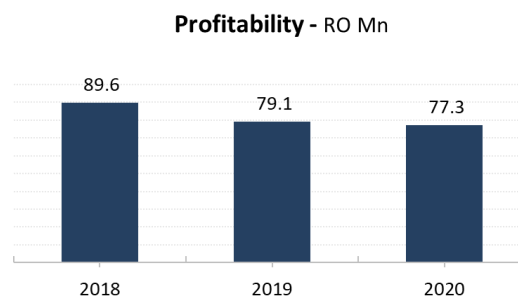
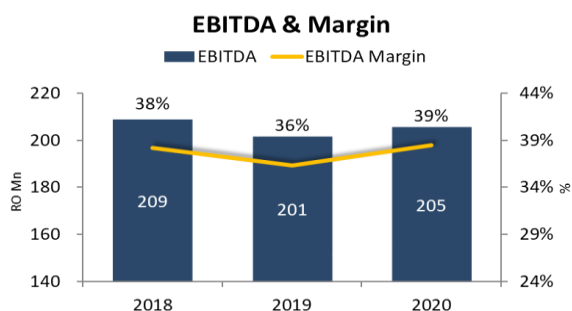
Growth in revenue is driven by Fixed Broadband, Mobile Postpaid and ICT segments. Voice business continued its persistent decline across Fixedline and Mobile segments, resulting from a wide adoption of VoIP based OTT applications.

The Fixed business revenue recorded a growth of 6%, mainly contributed by Fixed Broadband, Corporate Data and ICT revenue streams. Omantel's ICT & near-core business grew by 11% during FY 2020. Mobile business revenue declined by -12%, mainly due to continued decline in pre-paid segment..

EBITDA & Net Profitability (Excluding Zain Group):

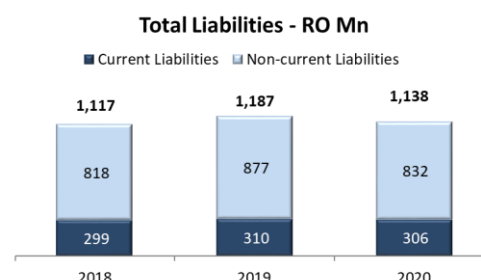
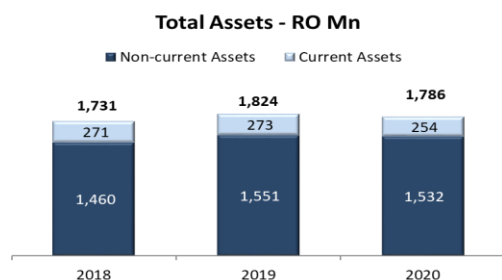
Resulting from a successful cost optimization drive and stringent spending policies, Omantel's EBITDA improved from RO 201 Mn in 2019 to RO 205 Mn in 2020. EBITDA margin posted improvement from 36% in 2019 to 39% y-o-y.

Omantel posted a net profit (excluding non-organic subsidiaries) of RO 77.3 Mn in FY 2020, compared to RO 79.1 Mn in 2019, i.e. a decrease of 2.3% y-o-y.



Interest cost related to Zain acquisition is accounted for in Omantel Group's consolidated accounts.

Financial Position



Overall assets depict a strong financial position, at the backdrop of both organic (network infrastructure) and cross border (Zain Group) investments. Omantel Group's Non-Current Assets, principally telecom equipment, investments and facilities currently account for 79.9% of the Group's overall asset base.

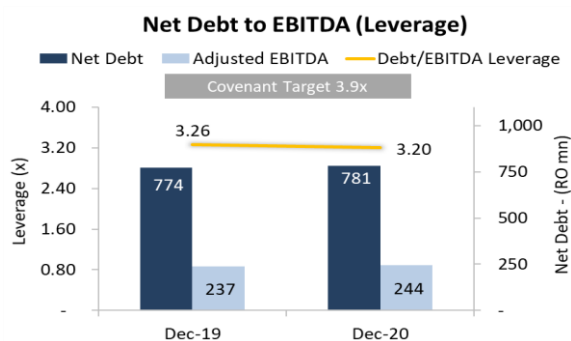
Interest Coverage, Debt Profile and Covenants:

Omantel's debt service capability is assessed at the backdrop of the funding taken for Zain acquisition in 2017. For the year ended December 31 2020 Omantel was able to exceed the covenant ratio mandate set by lenders.

Omantel maintained desirable financial covenants during the year 2020.

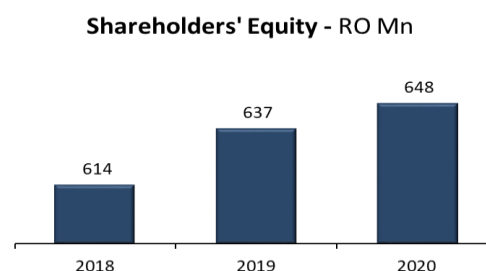
A healthy interest cover of 4.53x was achieved which was above the mandatory coverage requirement of 4x.

The net debt to EBITDA stood at 3.2x as against the mandate of 3.9x.



Shareholders' equity posted an increase of 1.6% during 2020. The Shareholders' equity increased from RO 637 Mn in 2019 to RO 648 Mn in 2020.

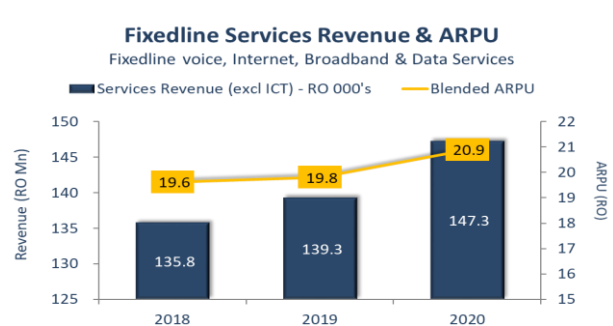
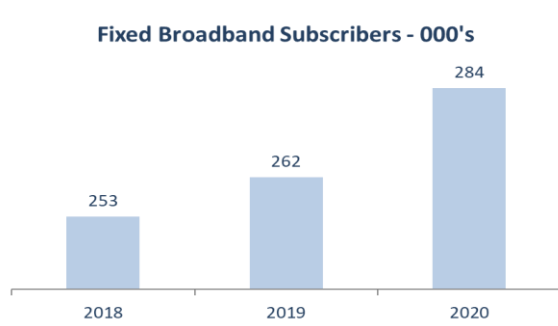
Shareholders equity has grown at a compounded growth rate of 2.3% in the last 3 years.



Revenue and Subscribers:

Fixed line Business:

Fixed line Business includes national and international fixed line voice, fixed broadband, dedicated internet and enterprise data services. Average fixed line subscribers (prepaid & postpaid voice) witnessed a decline of 4.5% during 2020, whereas fixed broadband subscribers posted a growth of 8.3% over 2019.

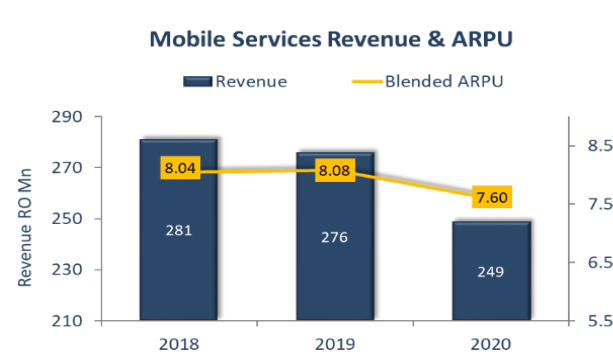
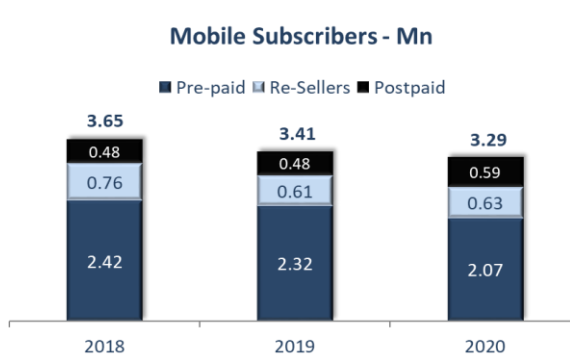


The ARPU for the fixed line services has been derived based on the revenues generated by all fixed line users, including voice, data and broadband services. The blended ARPU of fixedline services posted a visible improvement during the year 2020, as fixed broadband growth increased as Covid-19 crisis triggered the work-from-home regime during the year. ARPU increased from RO 19.8 per month in 2019 to RO 20.9 per month during 2020.

Mobile Business:

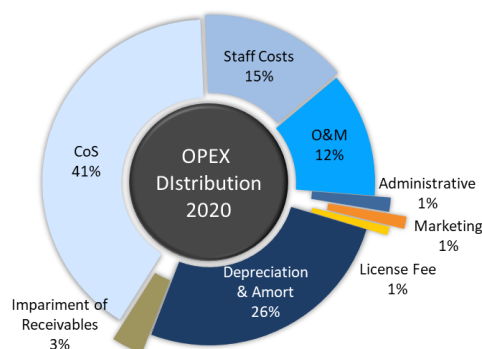
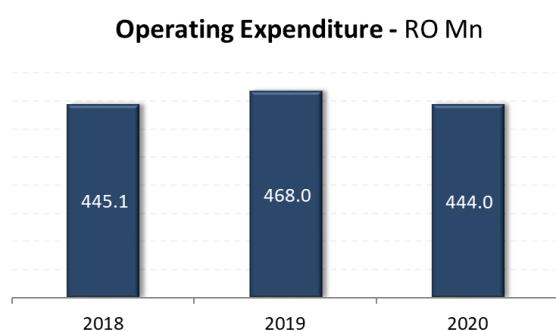
The domestic mobile market growth was significantly impacted during 2020 due to the broader macro-economic impact of Covid-19 pandemic. Inline with this trend, Omantel posted a reduction in prepaid subscriber base by 11%, which was partially mitigated by a healthy growth in postpaid mobile subscribers.

However with enhanced focus on customer experience management, service delivery strategies, innovative pricing and a premium network quality, Omantel maintained its market share leadership during 2020. Our mobile services portfolio is built around postpaid, prepaid and other value added offerings.



During 2020, mobile business retail revenue continued its negative growth trajectory in both voice and broadband segments mainly due to decline in pre-paid segments. Contribution of our mobile business revenue declined from 49% in 2019 to 45% during 2020. Mobile services revenue declined by -9.8% during 2020. This revenue decline was mainly contributed by voice, which declined by -22% Y-o-Y.

Operating Costs:



Total operating expenses ('opex') amounted to RO 444 Mn in 2020, i.e. a decrease of 5% over FY 2019. As a percentage of total revenue, the Opex to revenue ratio improved from 84.4% in 2019 to 83.3% in 2020.

Financial year ended 31 December		
Figures in RO Mn	2019	2020
Cost of Sales	186.0	179.7
Operating & Administrative Expenditure	151.9	134.5
Depreciation & Amortization	115.1	116.1
Provision for Impairment of Receivables	15.0	13.8
Total Operating Expenditure	468.0	444.0

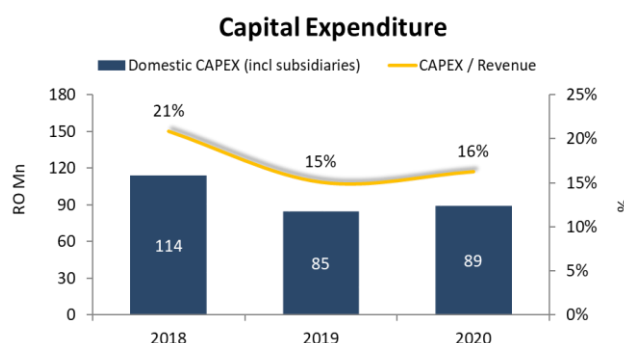
Reduction in operating expenditure is achieved mainly due to savings resulting from the wide scale cost optimization measures adopted by Omantel.

Capital Expenditure, Depreciation & Amortization

Omantel incurred a total capex of RO 89.2 Mn during the year, which includes RO 86.8 Mn spending relating to Omantel's own business generation including network, IT & ICT infrastructure.

RO 2.4 Mn capex was incurred by Omantel's subsidiary Oman Data Park on its technology infrastructure during the year.

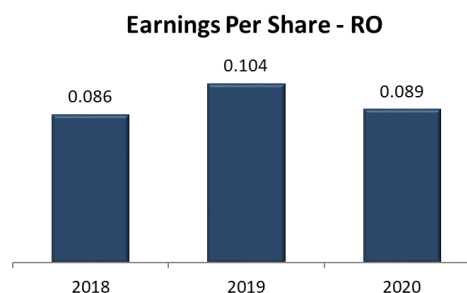
Network capex posted a y-o-y increase of 4% for 2020 from RO 83.6 Mn in 2019 to RO 86.8 mn in 2020. This was mainly due to the capitalization of prior year projects.



Earnings Per Share & Dividends:

Group Earning per Share (EPS) for the year ended 31st Dec'20 is RO 0.089 compared to RO 0.104 for the corresponding period of year 2019.

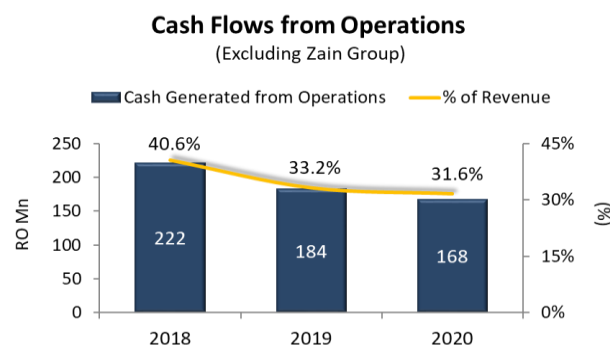
The Group continues to maintain a healthy shareholder relationship with consistent dividend distribution through years.



For FY 2020, the Group has recommended a dividend of 55 baiza /share), which corresponds to 55% of the paid up capital. The payout ratio is 61.6% of the Group Net Profit.

Omantel maintained its indigenous cash generation during 2020. However the impact of Covid-19 related economic slowdown was notable as it resulted in lower cash generation and customer recoveries due to low revenue generated from mobile segment.

Net cash flow generated from operating activities was RO 168 Mn in 2020 compared to RO 184 Mn as recorded in 2019. Cash generated during 2020 corresponds to 31.6% of the total revenue, as against 33.2% as recorded in 2019.



Investor Rating:

Omantel carries a rating of BB- assigned by Fitch Rating Services. Omantel also carries a Corporate Family Rating ("CFR") of Ba3 assigned by Moody's.

According to Moody's, Omantel's Baseline Credit Assessment Rating of 'Ba3' remains at par with the credit risk assessment of the Sultanate of Oman, reflective of Omantel's strong market position in the domestic telecom market, despite the slowdown of country's economy, Omantel's resilient operating performance is supported by the necessity-like consumer spending characteristics on telecommunications services. Omantel continues to maintain healthy EBITDA margins of over 35% despite the pressure on revenue, and good liquidity.

As indicated by Fitch, Omantel's standalone credit profile stands higher than Oman's sovereign rating of 'BB-'. Given the moderate-to-strong legal and operational linkages between the government and Omantel, the rating agencies do not envisage Omantel's credit profile to be rated higher than the Sultanate.

Omantel's credit profile resilience against the trend of growing operational challenges by focusing more on cost savings, services diversification, refinement of customer experience and capitalizing upon new

technologies. However the core operational challenges i.e. market size reduction, upcoming competitive intensity in the mobile segment, terminally declining voice revenue, and a deeply hit macro-economic growth fueled by the Covid-19 outbreak continue to pressurize our credit ratings going forward.

Internal Control Systems and their Adequacy:

The company has internal control systems and processes that provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations. Internal controls comprise of operational procedures, segregation of duties, periodic reconciliations and formal policies and procedures that facilitate complete, accurate and timely processing and recording of transactions and safeguarding of assets.

The Management receives independent feedback from the reports issued by Internal Audit of the Group, Statutory Auditors and the State Audit Institution on the adequacy of the internal controls and continues to strengthen the internal control. Also, as part of the internal control, the company has a defined authority manual and processes, which are followed across the organization. Internal controls are generally adequate for established activities and services. Internal controls are periodically tested, reviewed and enhanced.

Our Network

Omantel owns a nationwide state-of-the-art and modern integrated network infrastructure, which is a result of our continued commitment over decades to provide seamless connectivity experience to our customers. Our vast portfolio of multiple mobile technologies, advanced fixed line infrastructure, an array of several international submarine cable investments and cable landing stations defines Omantel as a one stop shop for all communication needs of both enterprise, individual and household customers.

Our 4G/LTE and 3G mobile networks cover 94.9% and 99.4% of the population respectively. Over 90% of households in Oman have access to Fixed Broadband services. During 2020, we continued our Fiber deployment in various high-population areas around the country.

After the successful launch of our commercial 5G network in 2019, we continue to expand our 5G coverage in 2020 to accommodate the customer demand accelerated by the new traffic dynamics and requirements that were triggered during the COVID19 pandemic. With 5G Fixed Wireless Broadband services (FWBB), Omantel customers can get ultra high-speed internet services at their homes with speeds up to 1Gbps. Customers can enjoy various lifestyle offers including basic home, gaming, entertainment and premium connectivity.

Omantel is transforming its mobile and fixed core network by adopting Network Function Virtualization (NFV) and Software Defined Networking (SDN) technologies. These technologies enable Omantel to operate efficiently with a reduced time to market for new services.

Our fully functional virtualized packet core deployment was completed in 2020, and it is now carrying both 5G Fixed-Wireless-Access (FWA) traffic as well as part of the 4G FWA traffic migrated from existing legacy packet core. Deployment of 5G enhanced Mobile Broadband (eMBB) service is completed and ready to launch the service in 2021. Onboarding of other virtualized core functions like IMS, Fixed CS and Mobile CS are completed. Migration of the traffic for these functions from the legacy to virtualization will continue in 2021.

Omantel maintains an extensive transport network infrastructure that supports services for residential, enterprise, mobile, and wholesale businesses. Our transport network carries a footprint of over 10,000+ kilometers of highly meshed fiber network, providing multiple protection paths across Muscat Governorate and Northern/Eastern/Southern/Wusta Rings.

To serve the extensive data demand in this new era, Omantel maintains highly resilient nation-wide IP/MPLS core and metro transport networks providing L2/L3 packet-services across entire Sultanate. Our optical transport network is architected with the best-of-breed SDH/DWDM/OTN technologies that offer seamless connectivity to our customers.

In 2019, Omantel started deploying 'Evolved Core Transport Network (ECTN)' which is the next generation of IP and Optical Core Transport infrastructure. Deployment of new optical core network and the migration of IP core network to ECTN was completed in 2020.

Network Security

The COVID-19 pandemic triggered businesses' survival instincts across both commercial and non-commercial sectors. Businesses accelerated their operational and service digitization to succeed in the new reality, which entails high degree of e-commerce and online commercialism.

Resulting from this new reality, data and data carrying networks/infrastructure have become the lifeblood of businesses across the globe. Organizations are thinking out of the box about protecting their competitive advantage and developing new models to become and remain cyber secure.

Omantel has taken proactive steps to ensure that our customer's data, information and logical assets remain protected from the high vulnerability of cybercrimes. As new circumstances evolved from the pandemic, Omantel revisited its Business continuity program and incident response plans specially to protect critical elements, ramped up work-from-home and remote access capabilities, prioritize investments in our network security, ramped up our SOC infrastructure protection and implemented data leakage prevention practices across the organization.

Omantel's robust cybercrime protection infrastructure generated encouraging results in ensuring that our customers' data and experience remains protected. During the year 2020, Omantel's corporate security infrastructure thwarted 435K Signaling attacks, mitigated over 7925 high intensity D-DOS attacks, more than 24 thousand user profiling, endpoint and behavioral incidents were contained, and over 123 million web application attacks were prevented across our entire network.

Omantel's resilient security infrastructure and policies has enabled us to achieve incident free services and an incessant network uptime throughout the year. Omantel is the key enabler in supporting the Sultanate to remain the 3rd global best in diffusing cyber-attacks. We are amongst the pioneering contributors to the international bodies i.e. GSMA, ITU, towards improving global telecom industry regulations and practices.

Omantel carries an advanced risk management framework based on international standards. Our signaling network is regarded as one of the most secured signaling networks in the world. Omantel expanded its D-DOS threat detection and mitigation capacity to protect Omantel and its customers against large scale volumetric threats (of up to 40 Gbps on premise and 14Tbps through cloud).

Omantel is also implementing ISO 27701 standard for privacy and data protection across its network. As a responsible telecom player, Omantel works very closely with international bodies such as FASG, NESAS under the umbrella of GSMA and ITU to develop permanent reference document and guidelines for telecom industry.

In recognition of its efforts to globally enhance cybersecurity, GSMA chose Omantel to represent it at the ITU Forum International Telecommunication Union Forum for Cyber Security and Combating Electronic Piracy. Omantel remains a preferred partner of GSMA to bring awareness about NESAS in MENA and North America region.

Omantel is among the first companies to implement the GSMA directives regarding leveraging business opportunities in this field. As a result, ITU awarded Omantel the “Internet of Things Security” award in recognition of its contribution to achieving ITU’s vision of mobile networks.

Employee Status:

Total number of Omantel employees as of Dec’20 stood at 2,450 (2,484 in Dec’19). With total number of Omanis of 2,237 compared to 213 Non-Omani employees, the Group’s Omanization stands at 91.3%. As at 31st Dec’20, total Male employees accounted for 1,918 whereas the number of female employees remained 532.

