

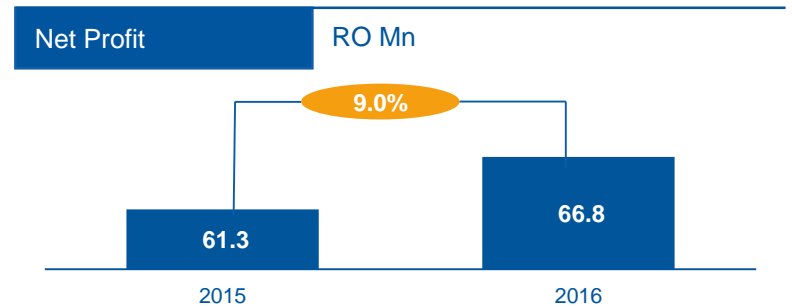
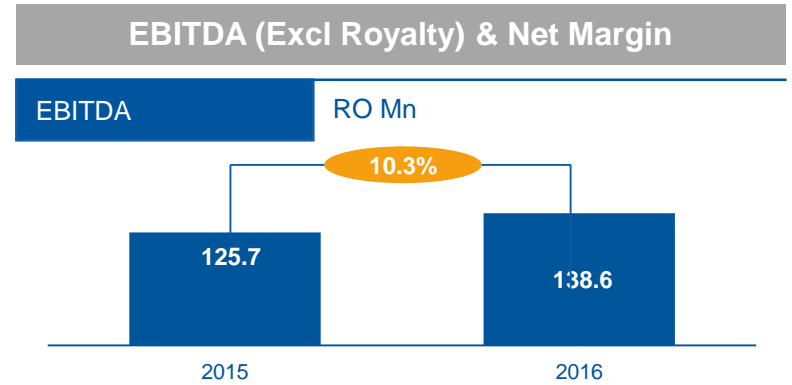
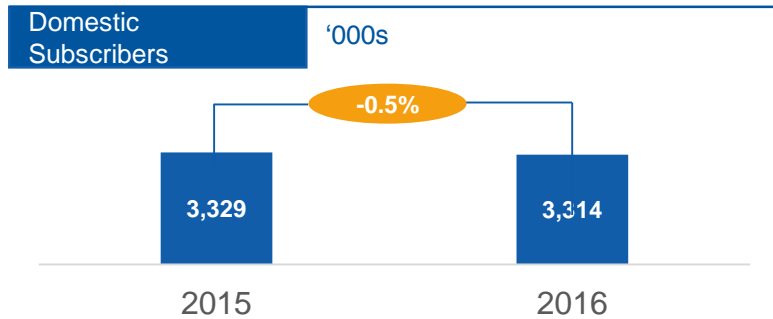
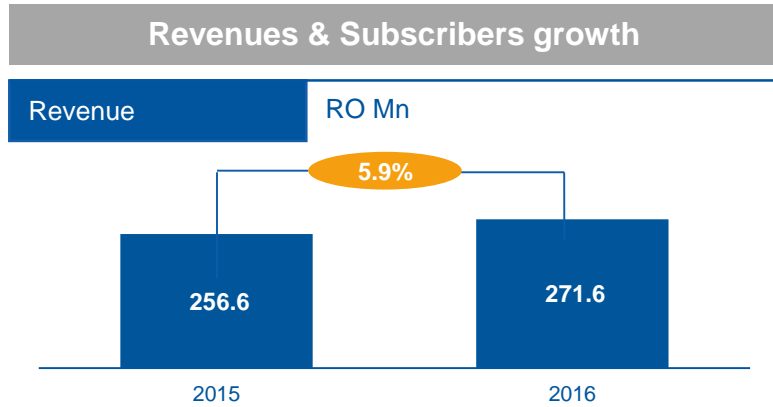
# **Omantel Group Performance – Q2 2016**

## **Presentation to Investor Community**

Conference call  
15<sup>th</sup> August at 2 PM (Oman Time)

**عمانتل**  
**Omantel**

**Group Revenue** recorded a growth of 5.9% mainly driven by parent company's (*domestic operations*) revenue growth of 6.4%. EBITDA increased by 10.3%



- Group Revenue at RO 271.6 Mn compared to RO 256.6 Mn of the corresponding period, mainly contributed by 6.4% growth in Parent company revenues.
- Domestic customer base declined by 0.5%. Including Mobile Resellers, the growth is 5.7%
- Continued growth in Mobile Subscriber acquisition. Omantel Mobile achieved growth of 9.2%.
- Growth in EBITDA (Incl Royalty) by 11.3%.
- Group Net Profit after tax is RO 66.8 million compared to RO 61.3 million of the corresponding period, an increase of 9.0%.
- Group Net profit margin is 24.6% compared to 23.9% of the corresponding period.
- Group has not accrued for any additional losses for WTL for Q2-2016 considering the fact that the investment was fully impaired in year 2015. This of course has resulted in lower loss of approx. RO 4.5 mn in Yr 2016 in comparison to year 2015.

## Income Statement for Q2 2016 (High Level Summary)

Omantel Group				
In RO Mn	Three Months ended 31st March			
	2016	2015	In Fig	In %
<b>Revenue</b>	<b>271.6</b>	<b>256.6</b>	<b>15.1</b>	<b>5.9%</b>
Cost of Sales	(55.3)	(51.2)	(4.1)	(7.9%)
<b>Gross Margin</b>	<b>216.3</b>	<b>205.3</b>	<b>11.0</b>	<b>5.4%</b>
Gross Margin % of Revenue	<i>79.6%</i>	<i>80.0%</i>		
Operating Expenses	(77.7)	(79.6)	1.9	2.4%
<b>EBITDA</b>	<b>138.6</b>	<b>125.7</b>	<b>12.9</b>	<b>10.3%</b>
EBITDA %	<i>51.0%</i>	<i>49.0%</i>		
Depreciation & Amortization	(49.3)	(43.4)	(5.9)	(13.7%)
<b>EBIT</b>	<b>89.3</b>	<b>82.4</b>	<b>7.0</b>	<b>8.4%</b>
Finance & Other Income/ Expense	2.6	3.1	(0.5)	(15.1%)
<b>Profit Before Royalty &amp; Taxation</b>	<b>91.9</b>	<b>85.4</b>	<b>6.5</b>	<b>7.6%</b>
Royalty & Taxation	(26.2)	(28.6)	2.4	8.2%
<b>Profit After Tax (Before Minority Interest)</b>	<b>65.7</b>	<b>56.8</b>	<b>8.9</b>	<b>15.6%</b>
Minority Interest	1.1	4.4	(3.4)	(75.9%)
<b>Net Profit</b>	<b>66.8</b>	<b>61.3</b>	<b>5.5</b>	<b>9.0%</b>
Net Profit %	<i>24.6%</i>	<i>23.9%</i>		

Note: Operating expenses includes costs related to Employee, O&M, admin, marketing and annual license fees

# Strong balance sheet with impressive market fundamentals.

## Strong Balance Sheet

- Debt Ratio is 31.3%
- Gearing 5.8%
- Group total assets at RO 766 Mn.
- Net worth of RO 526 Mn.
- Net Asset per share is RO 0.750

## Impressive Market Fundamentals

- Dividend Yield 7.3% (Dividend at 115 Bz / share based on 31 Dec 2015 Closing Price of RO 1.565) & 7.1% Yield based on June'16 closing price of RO 1.625
- Market Capitalization at RO 1.22 Bn (Jun'16)
- Price Earning Ratio {P/E 9.13}
- EV / EBITDA 5.01
- Price to Book Value 2.17

Board has approved an Interim dividend of 40% of the paid up capital (40 bz per share) for the financial year 2016.

## Achievements

Omantel named Middle East “**Best Telco in Corporate Governance**” by Ethical Boardroom, a leading Corporate Governance Organization, UK.

Omantel is the First GCC Operator to Land Undersea Cable in Europe with AAE-1 in Marseille. the AAE-1 submarine cable is one of the first unique cable systems to connect Hong Kong to Singapore, Africa and Europe, all via Oman.

Omantel “**Makasib**” Royalty Program successfully achieved **1 Million** membership, which offers extensive range of rewards and benefits by using points earned with Omantel Mobile and Fixed Line services.

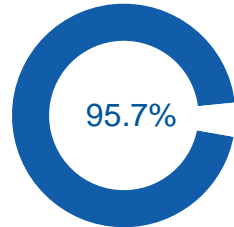
Omantel named among “**Top Wholesale Operators**” at the MVNO World Congress 2016.

Omantel achieved trial download speed of **1Gbps using 4G LTE** advanced pro technology, which paves the way for offering high speed mobile internet in the future.

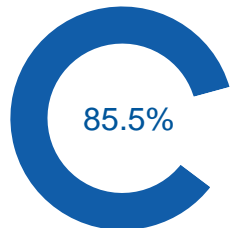
# Continuous improvement in network coverage and initiatives to improve customer experience

## Coverage

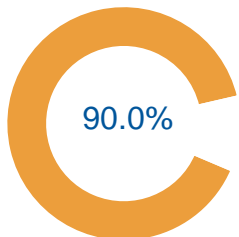
3G (Population)



4G (Population)



Fixed Broadband  
(Household)



## Key Focus area

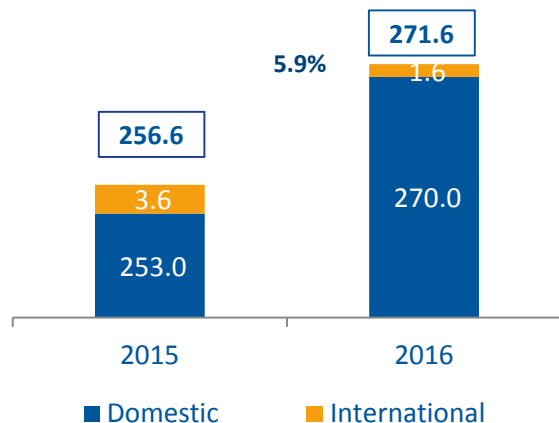
- Maximizing opportunities by launching special Khareef promotions and Back to School Campaigns.
- Summer enhanced Roaming Data offers for outbound customers
- Revamped Fixed Broadband, which provides new attractive plans
- Launching new MBB plans with special emphasis on youth and social media
- Trade Promotions for Enhanced voucher sales / Trade Branding activities to increase Omantel visibility in the market
- Benchmarking contact center operations and performance and improving customer experience
- Enhanced End to End solutions for effective resolution of customer complaints and enquiries

## Launches / Achievements

- Successful Revamping of Postpaid Portfolio (**Baqati**).
- Welcome offer and Hayyak Internet Plus offers were launched
- Launch of new segmented “**Marhaba**” Cards for new International destinations.
- Launch of new and attractive offers for MBB customers
- Launch of revamped smart “Omantel app” for enhanced on-line services
- Revamping of SMS Communication for existing products
- Empowering the first line agent for speedy resolution of customer issues
- Implemented automated Net Promoted Score (NPS) as part of enhancing customer experience.
- Launch of first digital outlet. The total number of digital outlets are 3 as of June 2016.

# Impressive Parent revenue performance compared Year 2015 with all 3 key segments (Consumer, Corporate and Wholesale) achieved revenue growth

## Group Revenue RO Mn

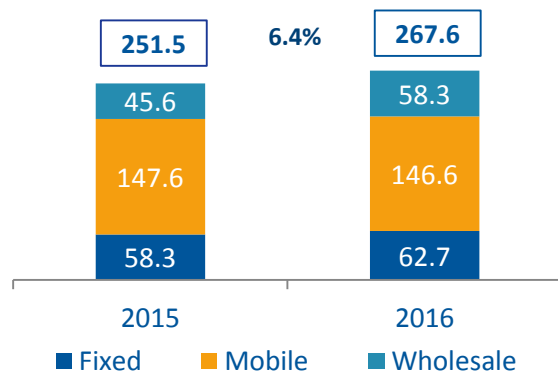


## Domestic Operations Highlights

Parent has achieved 6.4% growth in a highly competitive market, mainly contributed by growth in;

- 7.6% from Fixed Line Business Retail Revenues (include internet & data).
- 21.7% increase in Fixed Broadband revenue.
- 13.2% increase in Mobile Broadband revenue.
- Increase in revenues from all 3 segments;
  - Consumer by 2.0%.
  - Corporate by 2.6%.
  - Wholesale by 23.6%.

## Parent Company Revenue RO Mn

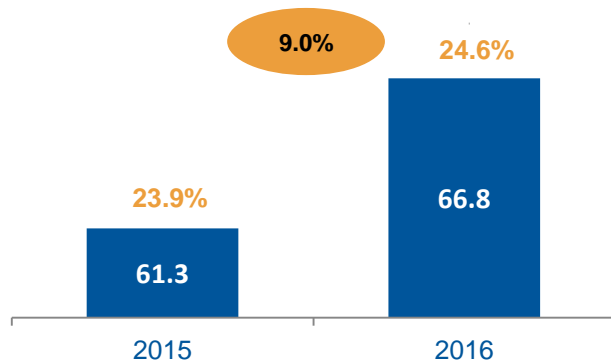


- Total Fixed Broadband subscriber growth of 29.3%.
- Growth in mobile broadband subscribers by 3.6%.
- 66.88% Smartphone penetration in Omantel Mobile Network.
- Continue decline in voice and SMS revenues.

# Group EBITDA achieved a growth of 10.3% (increase of RO 12.9 Mn)

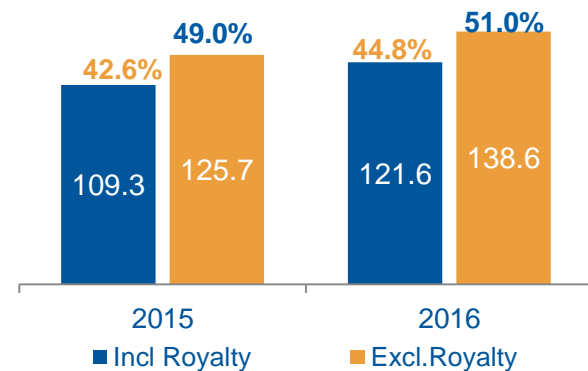
## Group Net Profit

RO Mn



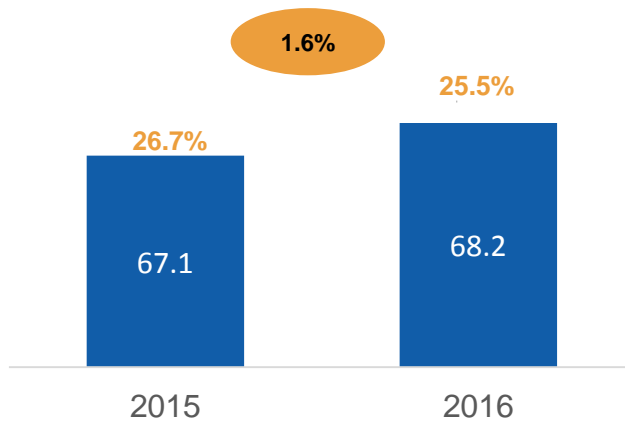
## Group EBITDA

RO Mn & %



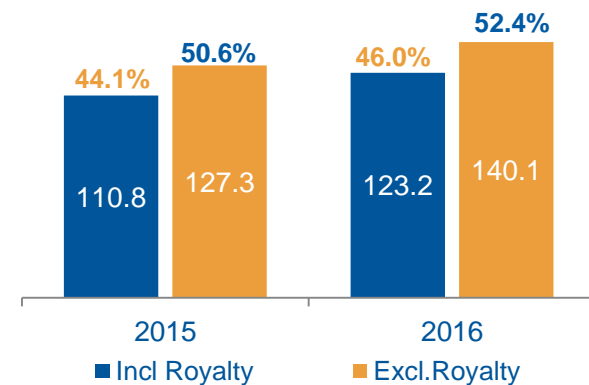
## Parent Net Profit

RO Mn

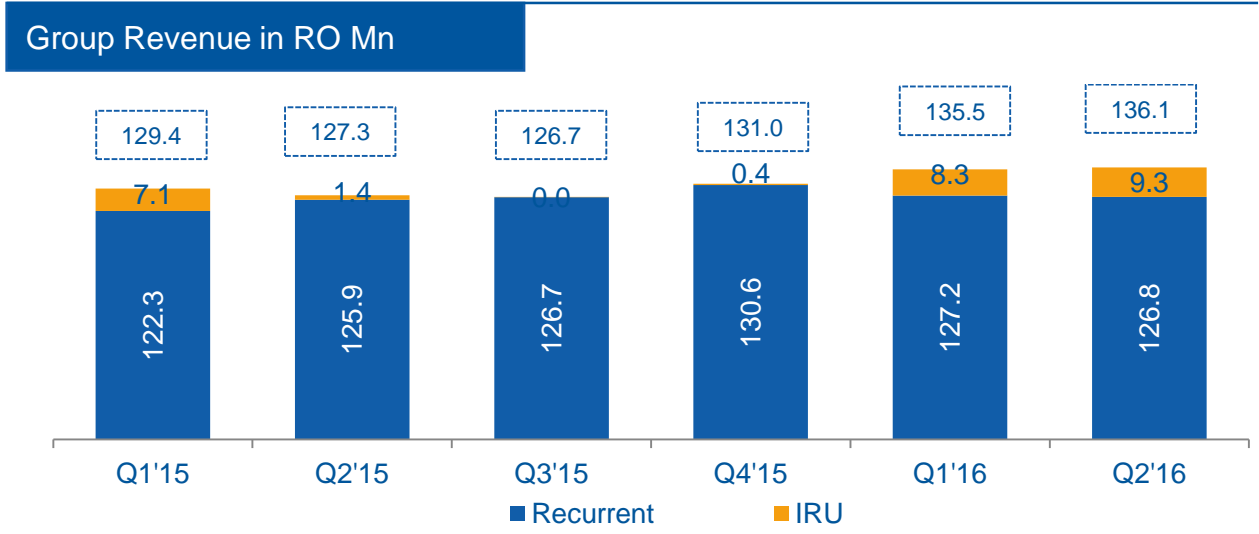


## Parent EBITDA

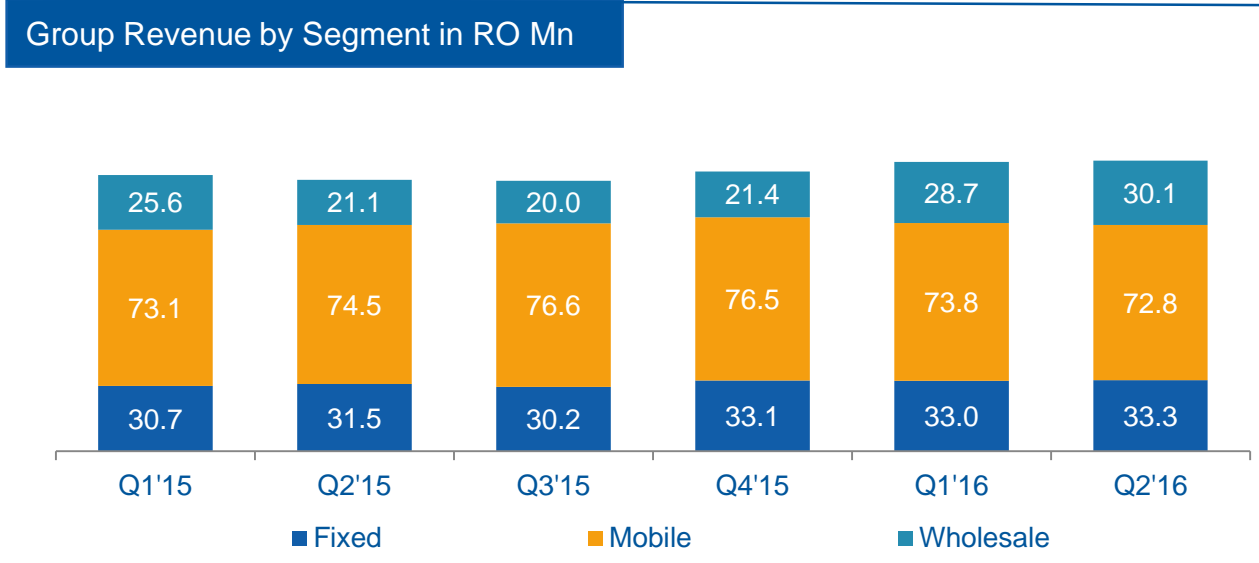
RO Mn & %



# Group Revenue - Quarterly Analysis shows overall revenues is highest compared to last 5 quarters.



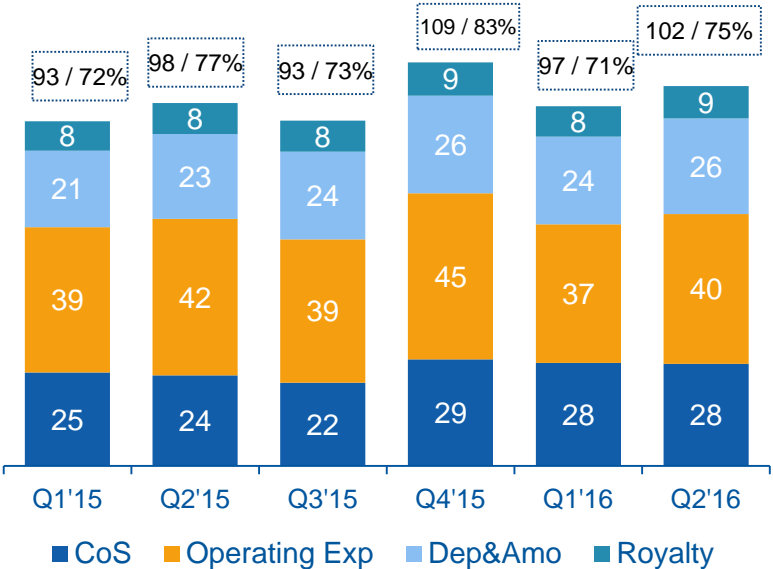
Overall Group Revenue in Q2'16 is **RO 136.1 Mn**  
Highest in last 5 Qrts



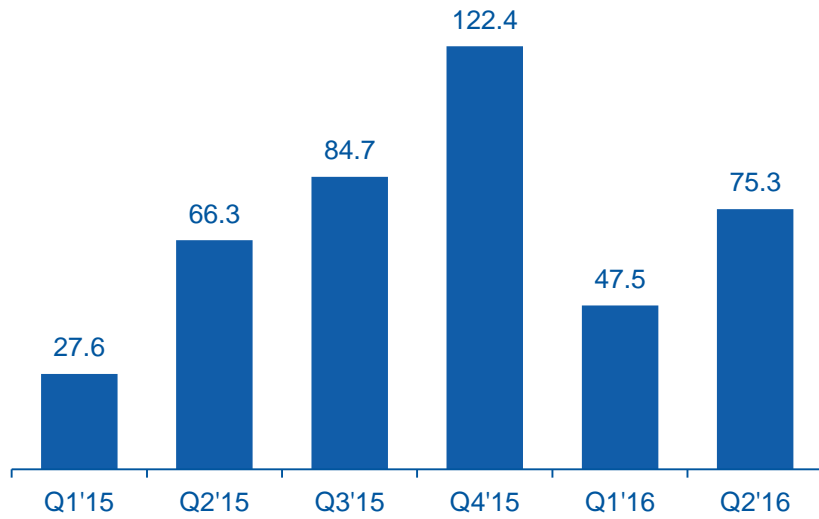


# OPEX ratio for Q2'16 is 75%. Capex to revenue ratio is at 27.9%, which is lower compared to last Quarter

Total OPEX (incl Depreciation) RO Mn, Opex Ratio - % to Revenue



CAPEX additions RO Mn (Cumulative)



Capex to Revenue ratio is at 27.9% (cumulative)

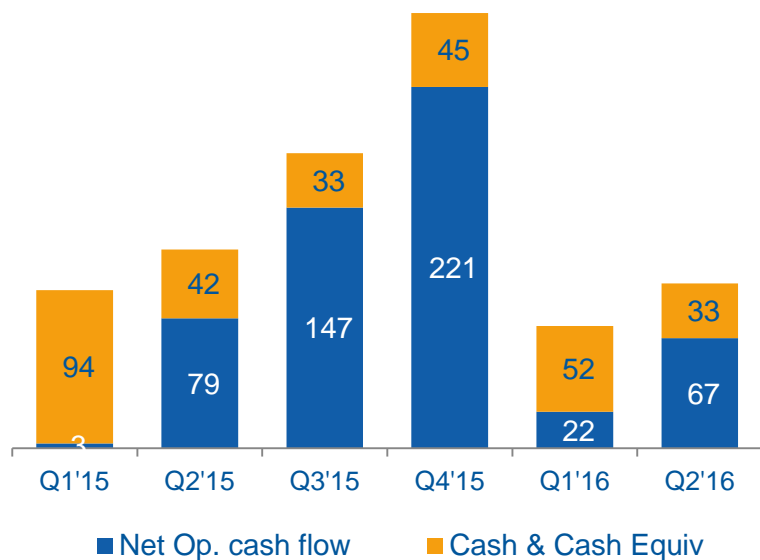
Opex to Revenue ratio for Q2 2016 for Group is 75.2% and for Parent also is 75%. Increase in depreciation amounting to RO 7.211 Mn over Q2 2015 is mainly from increased investment in network expansion and modernization of both mobile and fixed networks. Employee Cost amounting to RO 2.791 Mn is capitalized

9 Note: Operating expenses includes costs related to Employee, O&M, admin, marketing and annual license fees

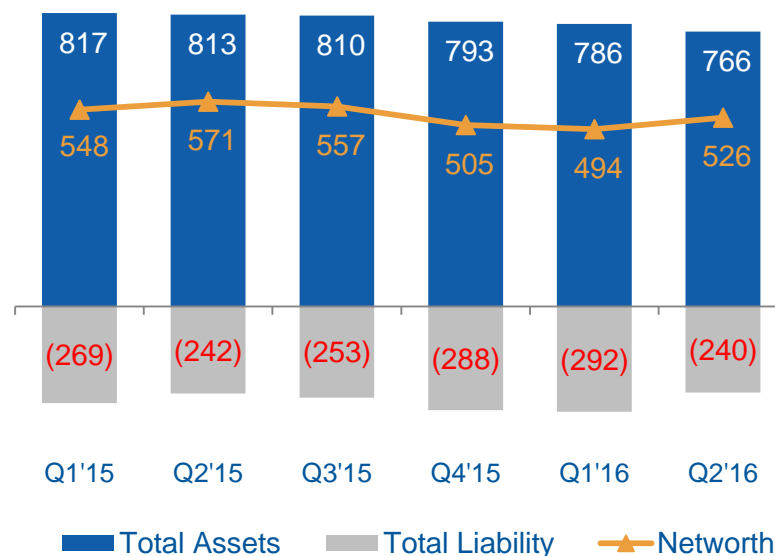


# Continued healthy Cash flow and strong Balance sheet

Cash Flow (Cumulative) RO Mn



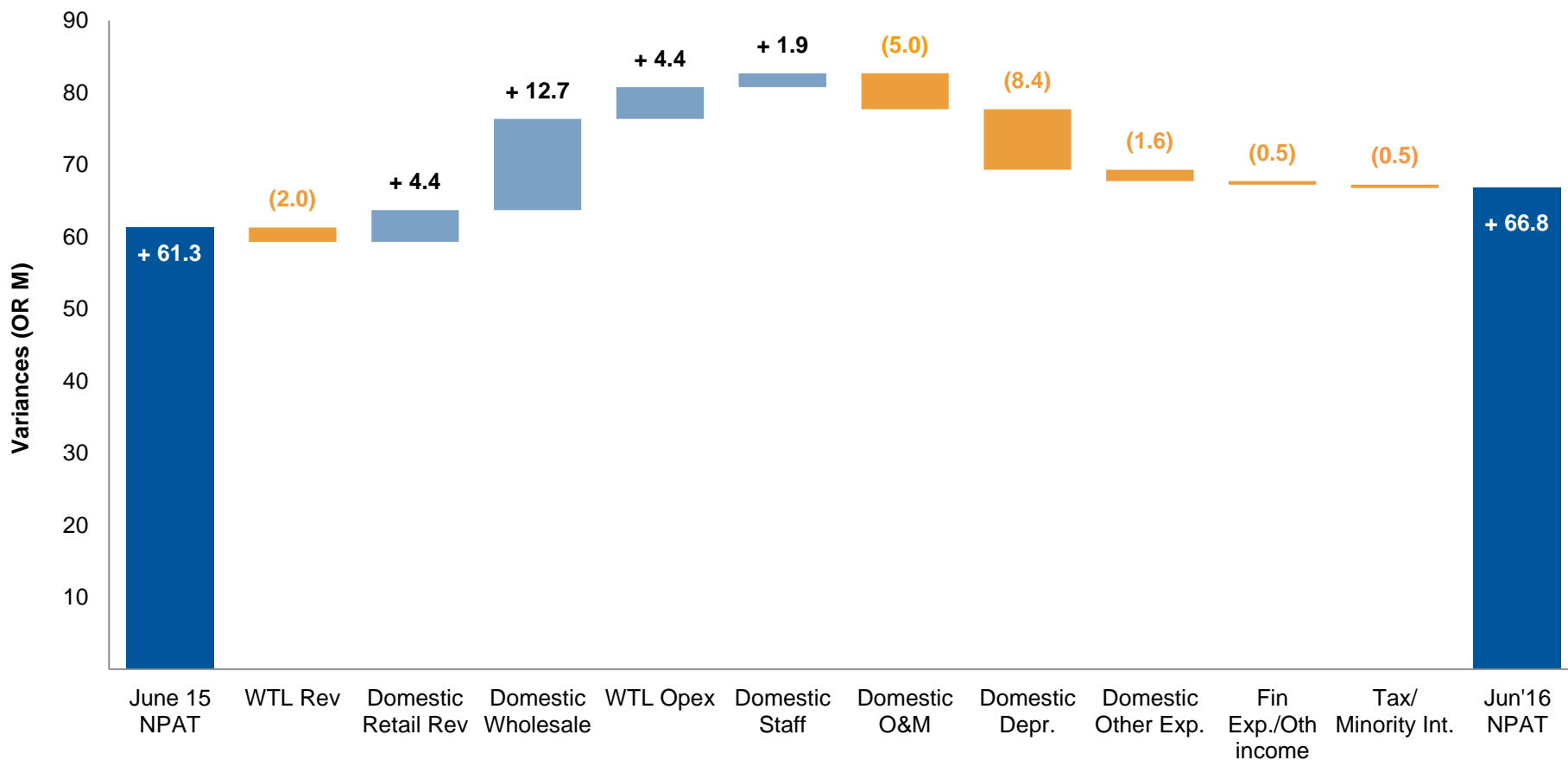
Assets, Liability & Net worth RO Mn



- 1) Net operating cash flow is RO 67 Mn which is 25% of revenue..
- 2) Cash & Cash equivalent excludes Fixed deposit with banks amounting to RO 24.4 Mn

## Net profit increased to RO 66.8 Mn, which is higher by 9% compared to last year

### NPAT Actual Variance Group (June'16 Vs June'15) OR 5.5 Mn

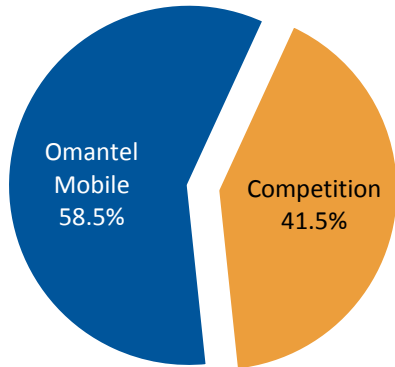


Group has not accrued for any additional losses for WTL for Q2-2016 considering the fact that the investment was fully impaired in year 2015. This of course has resulted in lower loss of approx. RO 4.5 mn in Yr 2016 in comparison to year 2015.

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

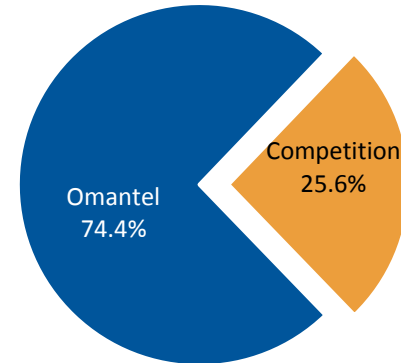
## Mobile Subscriber Market share

% - including Mobile Resellers



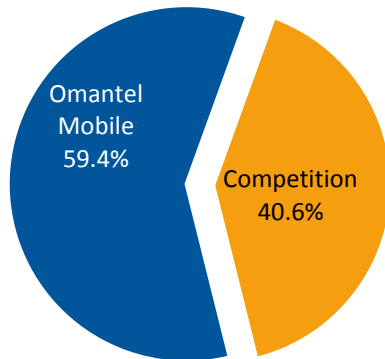
## Fixed Line Subscriber Market share

%



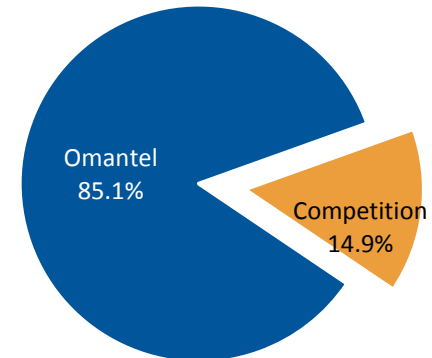
## Mobile Revenue Market share

% - including Mobile Resellers



## Fixed Line Revenue Market share

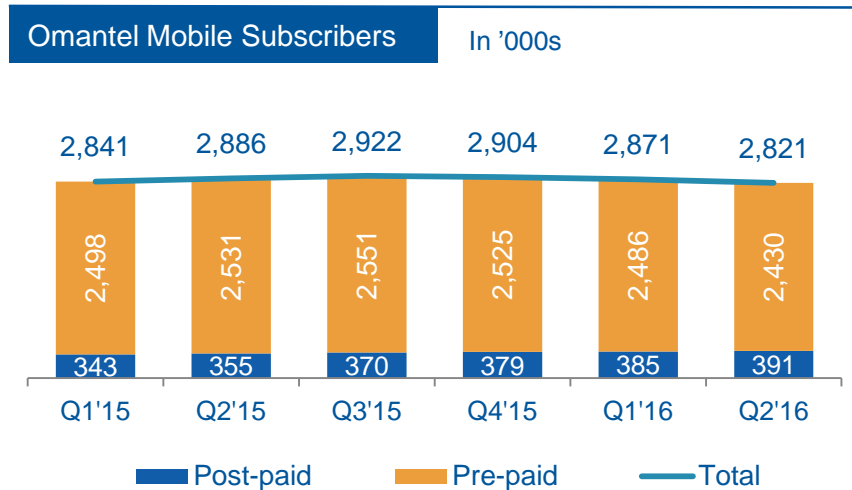
%



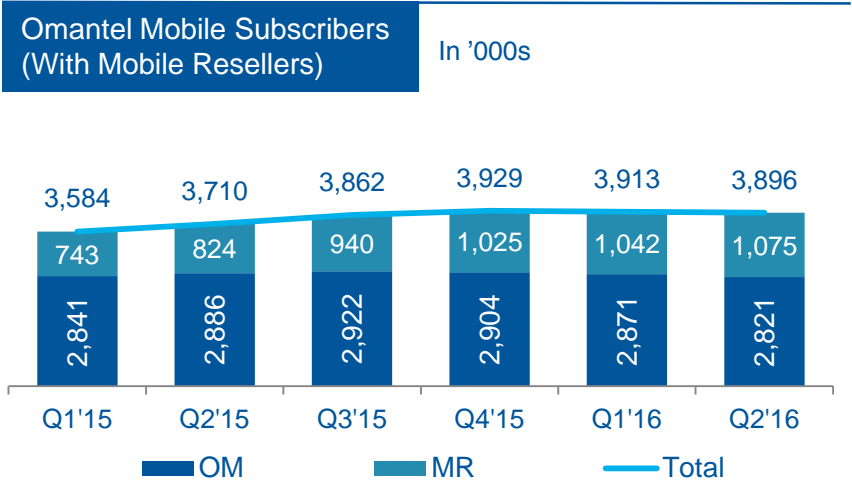
Omantel Mobile (incl Mobile Resellers) achieved a growth rate of 5.0%, net addition is around 186 K.

Omantel fixed line subscriber base achieved a growth rate of 3%, net addition is around 32 K.

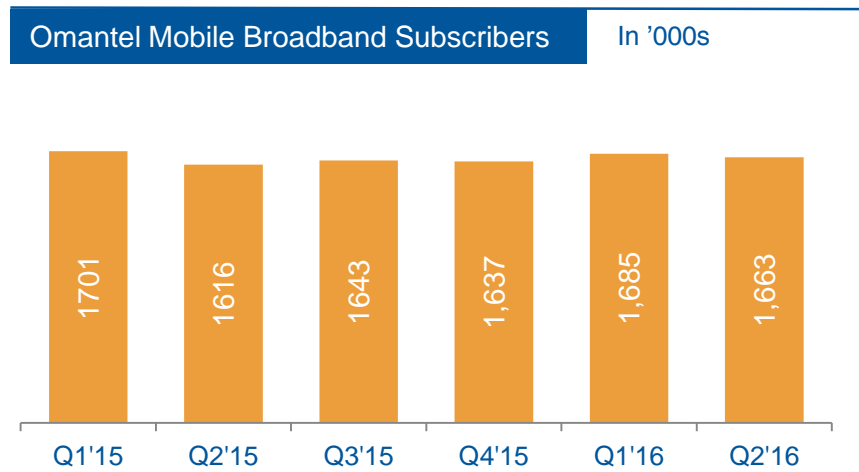
# Mobile subscriber base – Overall subscriber base including mobile resellers grown by 5.0%. Post paid achieved 10.5% growth YoY.



Growth in postpaid Omantel mobile subscriber base by 10.1% compared to Q2'15.

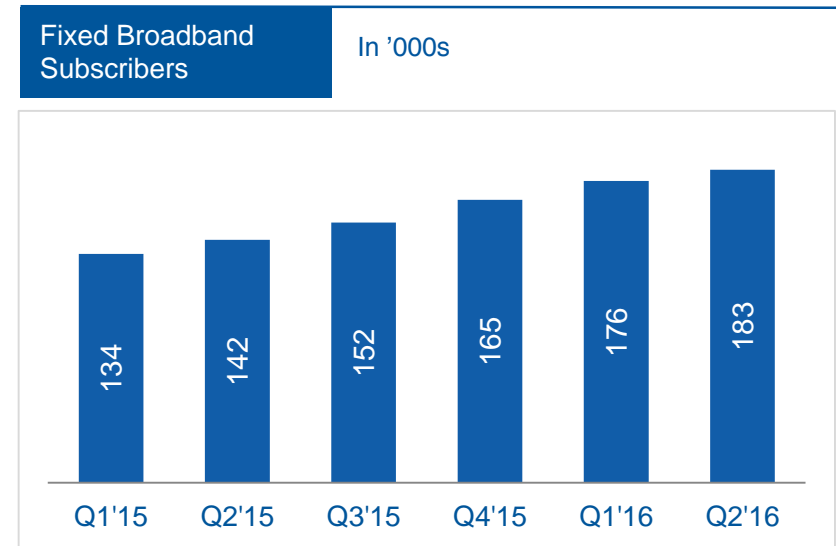
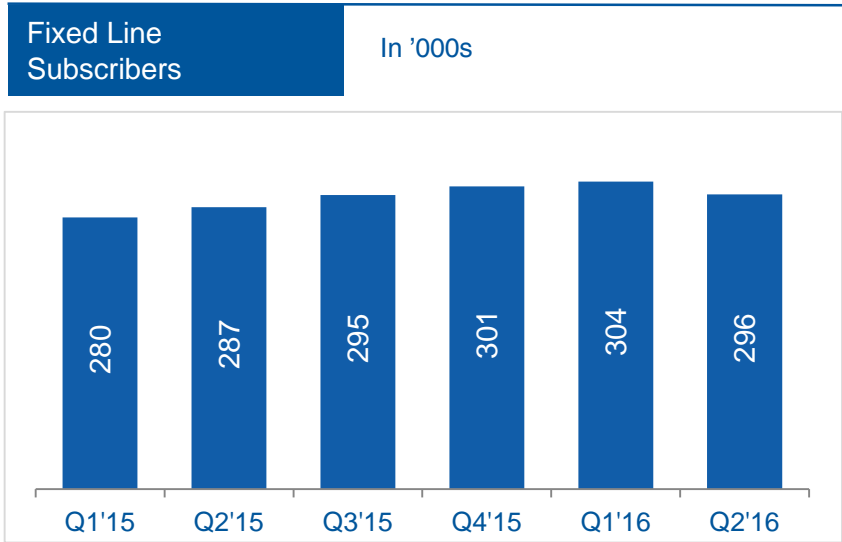


Overall Omantel mobile market grew by 5.0%.



- 1) Mobile Broadband subscribers includes Pay As You Go (PAYG).
- 2) Mobile Broadband grown by 2.9% compared to Q2'15. Compared to Q4'15, it has grown by 1.6%.
- 3) Mobile Broadband unique subscribers subscribed to any one of the packages including Blackberry service is around 970 K as of Mar'16 compared to 901 K, an increase of 7.7%.

# Fixed line and Fixed Broadband Subscriber base continued its impressive growth



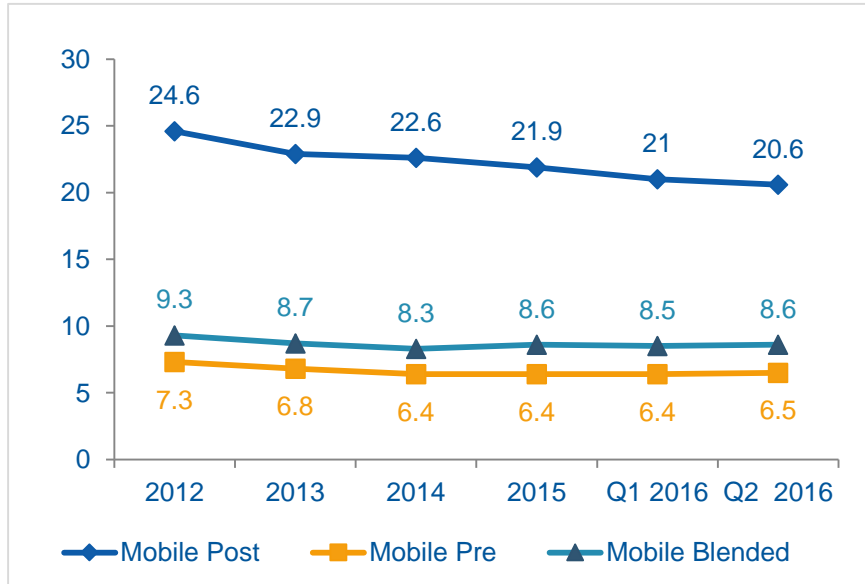
- 1) Fixed line subscribers include postpaid, pre-paid and payphone. Including ISDN primary, the total fixed line reported is 334,993
- 2) Fixed Line subscribers recorded a growth of 2.8% compared to Q2'15.

Fixed broadband increased by 29.3% compared to Q2'15.

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

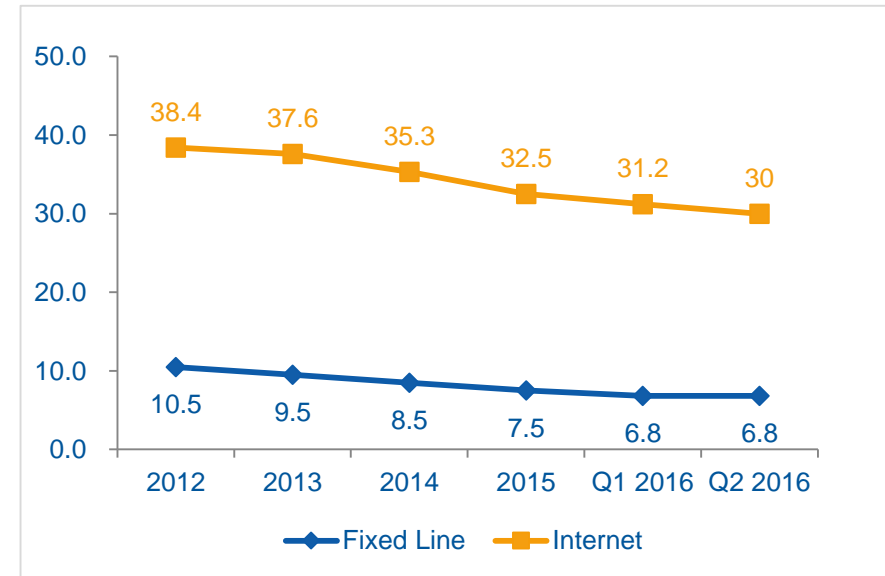
## Mobile Services

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)

## 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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