

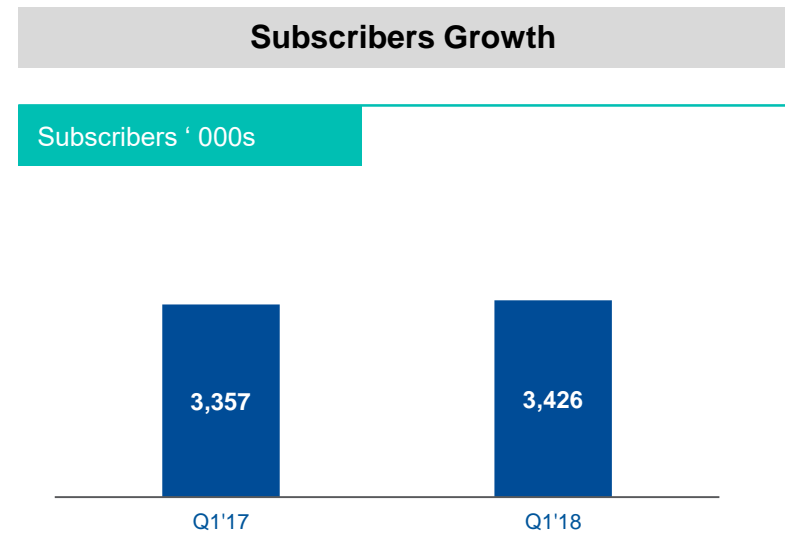
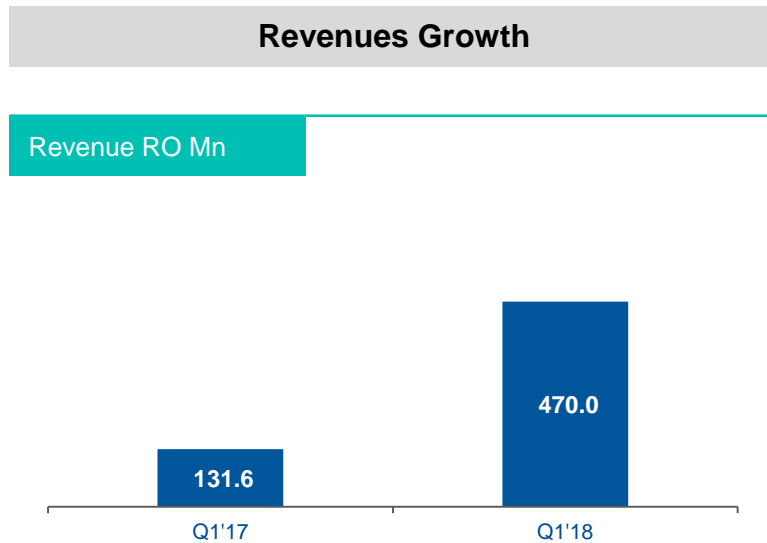


Omantel Group Performance – Q1 2018
&
Update on Bond Issuance
Presentation at Muscat Securities Market
By
CEO, Omantel

AGENDA

- 1) Omantel Performance Q1 2018.
- 2) Zain Transaction recap & status update
- 3) Omantel Initial Bond Offering
- 4) Q& A

Group Revenue (including Zain Group Consolidated) for the period Q1'18 is RO 470 Mn. Domestic revenue growth has been 9.8% and Domestic subscriber base recorded a growth of 2.1%.

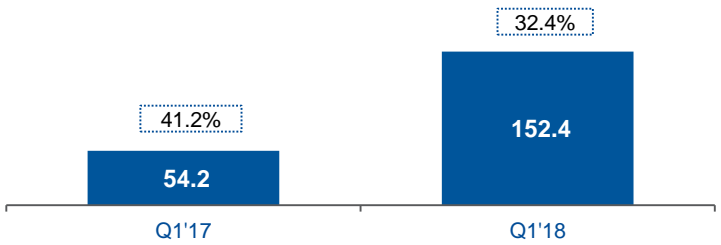


- The Group results for the period Q1'18 include fully consolidated Zain Group results, while Q1'17 include only domestic operations.
- Group Revenue is RO 470 Mn compared to RO 131.6 Mn of the corresponding period. Q1'18 include consolidation of Zain Group , which contributed RO 325.5 Mn.
- Domestic Operation include Parent company (domestic Fixed & Mobile business operations and other domestic subsidiaries). Domestic operations revenue growth is 9.8%.
- Total domestic subscriber base as of March 2018 (including mobile and fixed businesses) was recorded at 3.43 million (excluding Mobile Resellers) compared to 3.36 million of the corresponding period of the previous year, recording a growth of 2.1% over the last period. Domestic customer base including Mobile Resellers is 4,414 K compared to 4,538 K of the corresponding period.

Group EBITDA stands at RO 152.4 Mn and Net profit is RO 57.4 Mn

EBITDA (Post Royalty)

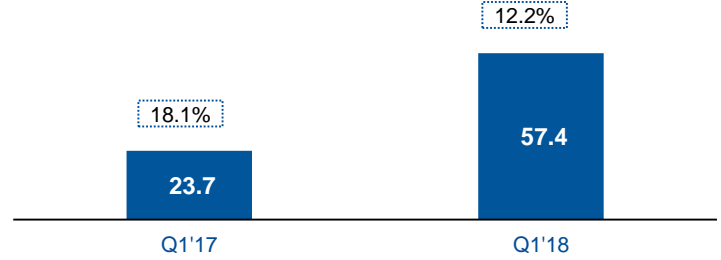
EBITDA – RO Mn



xx.x% indicate margins

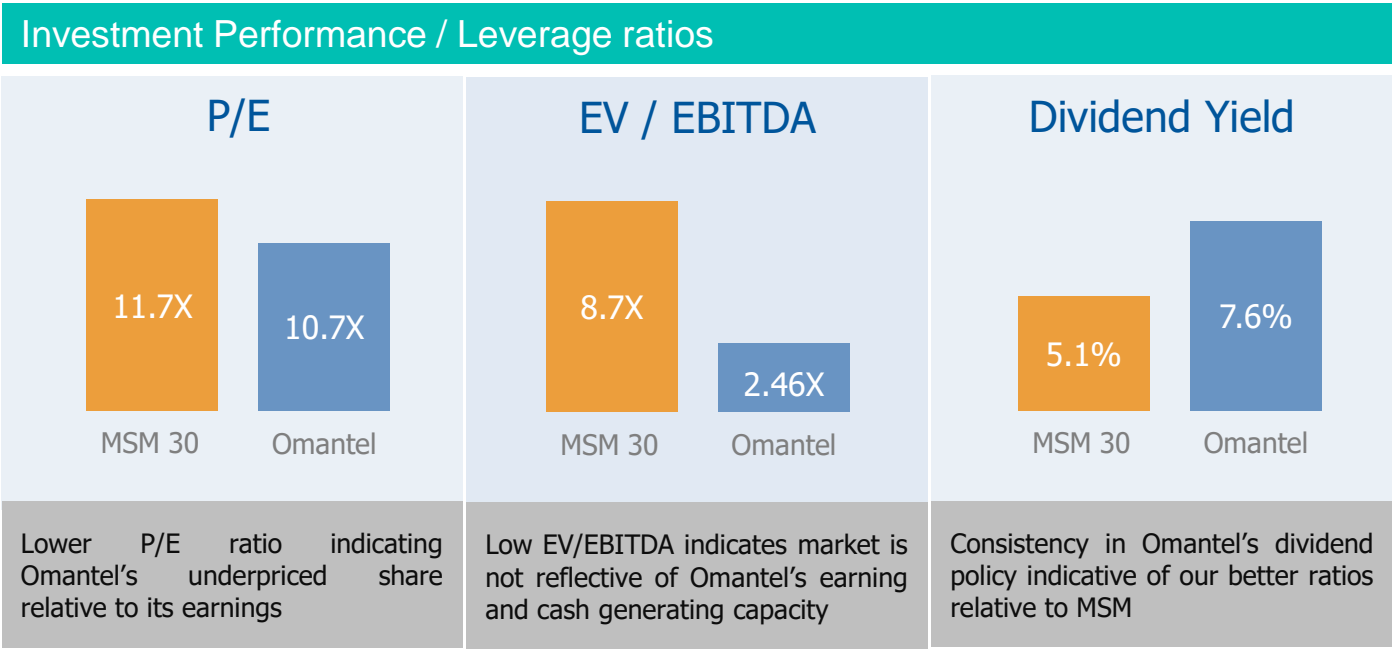
Net Profit Margin

Net Profit – RO Mn

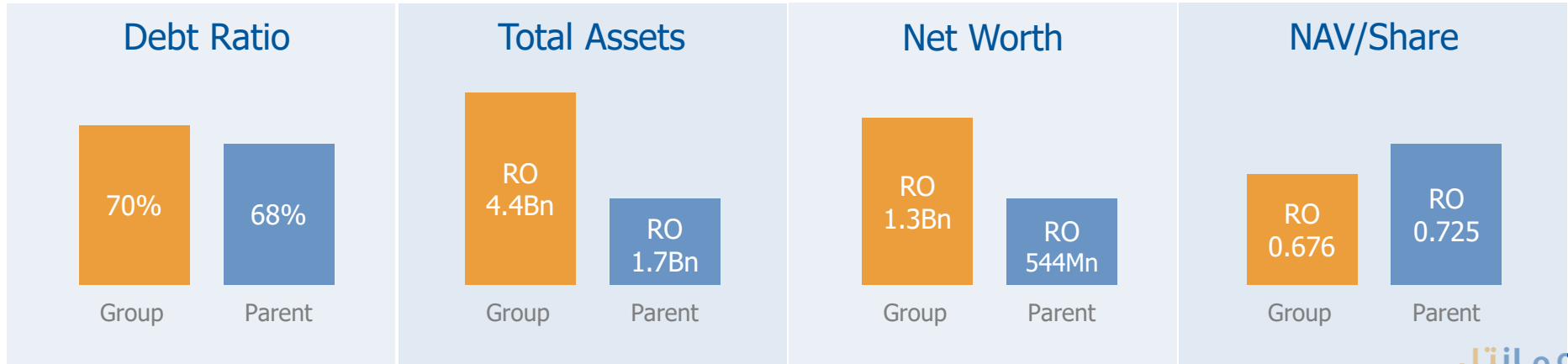


- The Group results for the period Q1'18 include fully consolidated Zain Group results, while Q1'17 include only domestic operations.
- The Group achieved an after tax Net Profit of RO 57.4 Mn (*RO 16 Mn net off non-controlling interests*) compared to the after tax profitability of RO 23.7 Mn in 2017.
- The Group net profit include acquired business of Zain Group, which contributed net profit of 52.8 Mn to the Group. After adjusting for the non-controlling interest, the acquired business contributed profit of RO 11.3 Mn to the Group Profit.

Key Performance and Market Comparative Ratios – it is observed that the Market (MSM 30) is not reflective of Omantel's earnings performance



Balance Sheet Ratios – as of 31st March 2018

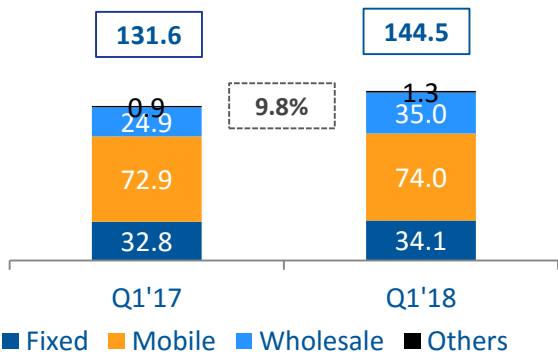


Domestic Performance

Performance Q1 2018 (detail analysis)

Domestic revenue compared to last year is higher by 9.8% mainly contributed by Fixed Broadband & Wholesale Revenues.

Domestic Revenue RO Mn



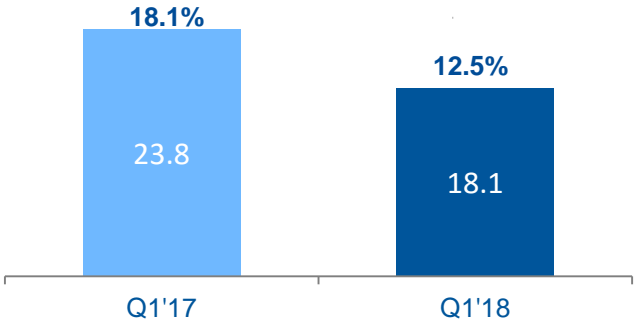
Domestic Revenue Highlights

- **Domestic revenue has increased by 9.8% compared to last year.**
- **3.9%** growth from Fixed Line Retail revenues compared to last year.
- Mobile Retail revenues increased by **2.0%** compared to last year mainly contributed by Device revenues.
- **12.5%** increase in Fixed Broadband revenue.
- Growth in Fixed Broadband subscriber by **16.4%**.
- Wholesale revenue grown by **40.5%** mainly due to higher submarine capacity (IRU revenues) and hubbing revenues.
- **78.8%** Smartphone penetration in Omantel Mobile Network.
- Continue decline in voice revenues (both national and international calls).

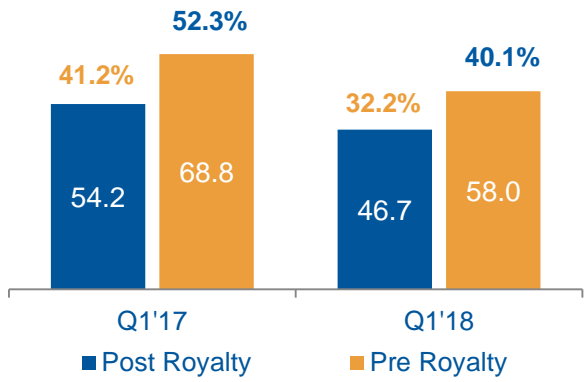
Domestic company results include Omantel domestic Fixed and Mobile operations and domestic subsidiaries

Net Profit declined by 24% mainly due to increase in cost of sales resulting from change in revenue mix and impairment provision.

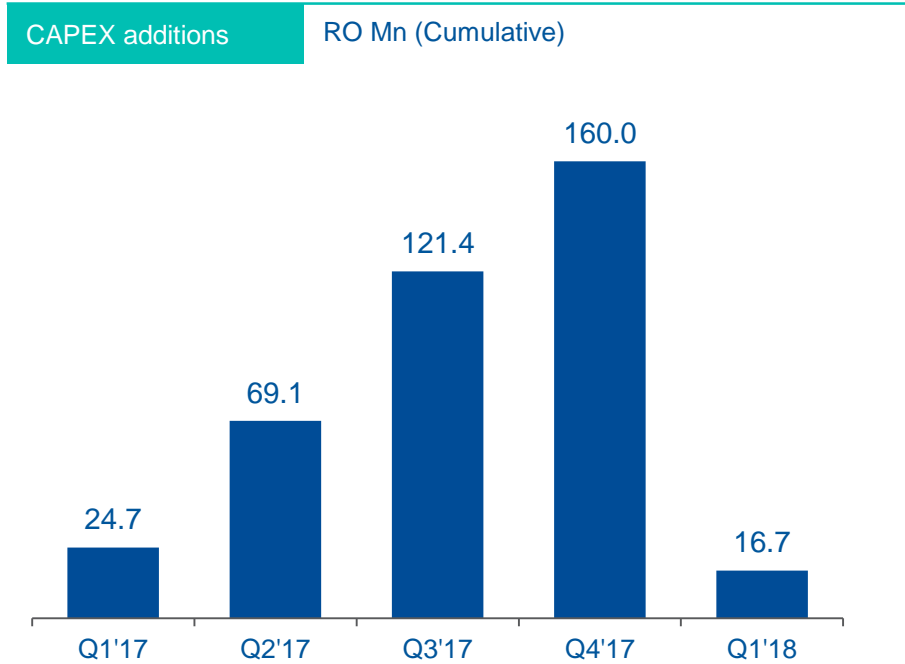
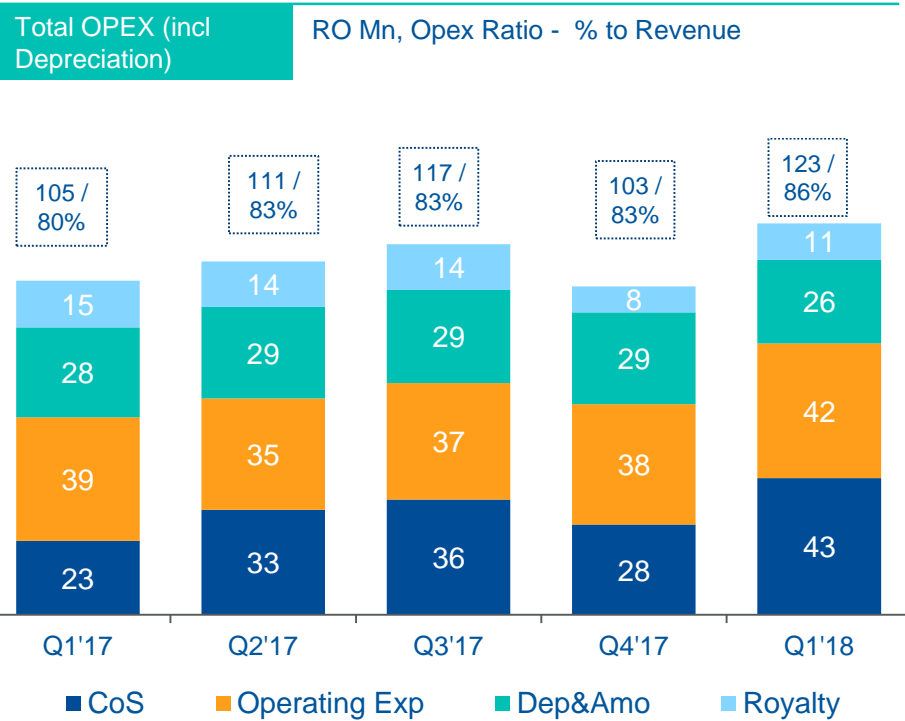
Domestic Net Profit – RO Mn



Domestic EBITDA – RO & %



OPEX ratio for Q1'18 is 86% mainly on account of increase in Cost of Sale and Operating & Administrative expenses. Capex spending has been rationalized and Capex to revenue ratio for Q1'18 stands at 11.6%.

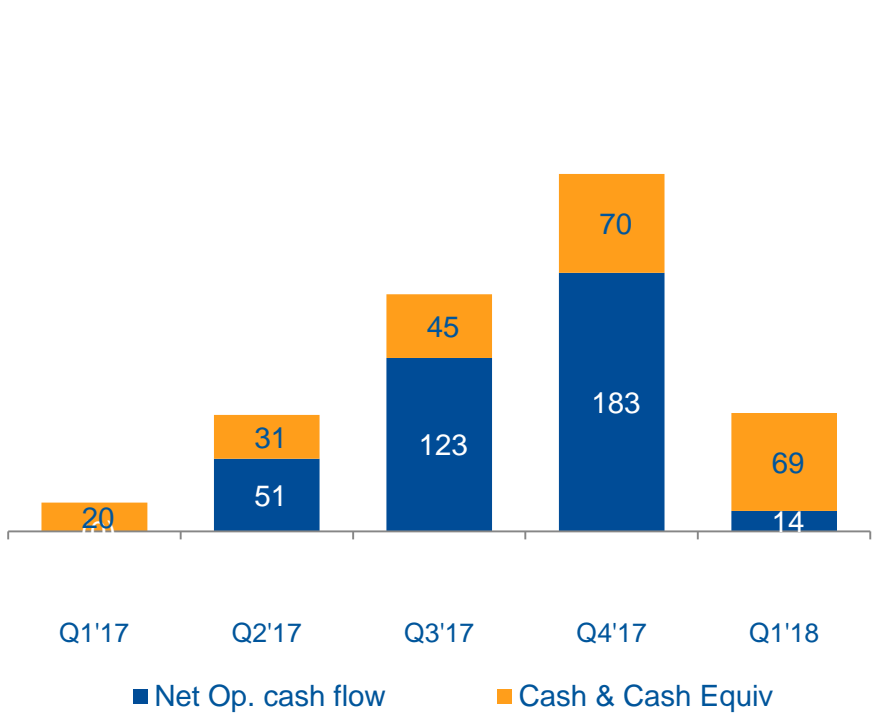


Capex to Revenue ratio is at 11.6% (cumulative)

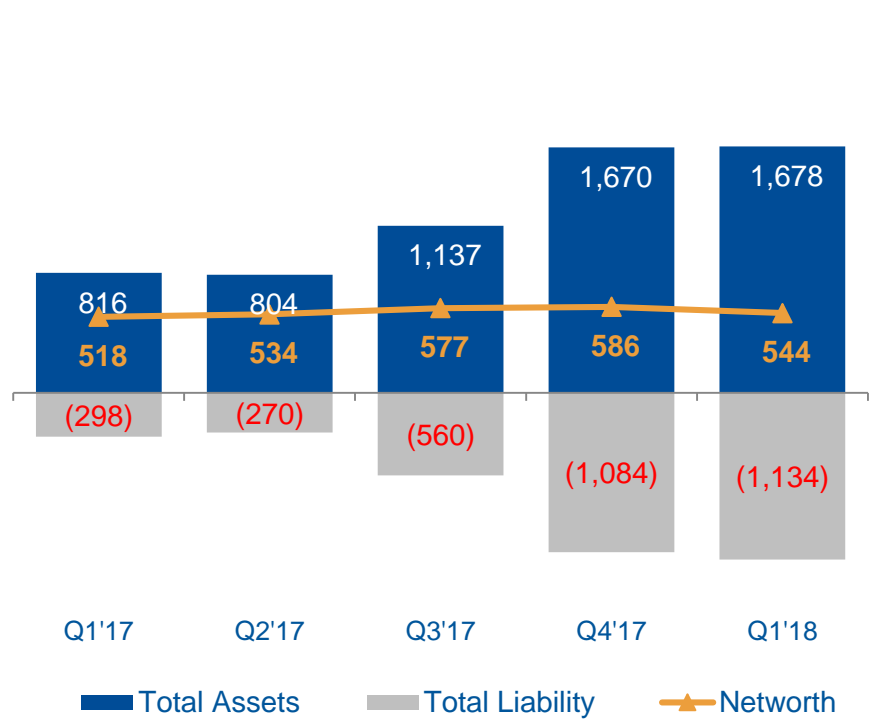
YTD Opex to Revenue ratio for 2018 is 85.9%. Increase in Cost of Sale is mainly driven by increase in revenues of Hubbing and Handset device sales.
Employee Cost amounting to RO 1.3 Mn is capitalized

Cash flow and Financial Position as of 31st March 2018

Cash Flow (Cumulative) RO Mn



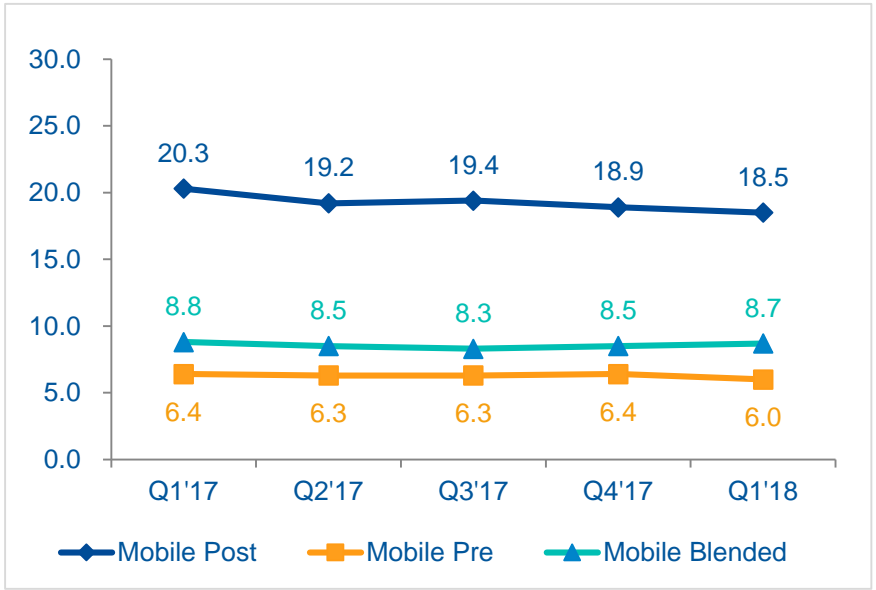
Assets, Liability & Net worth RO Mn



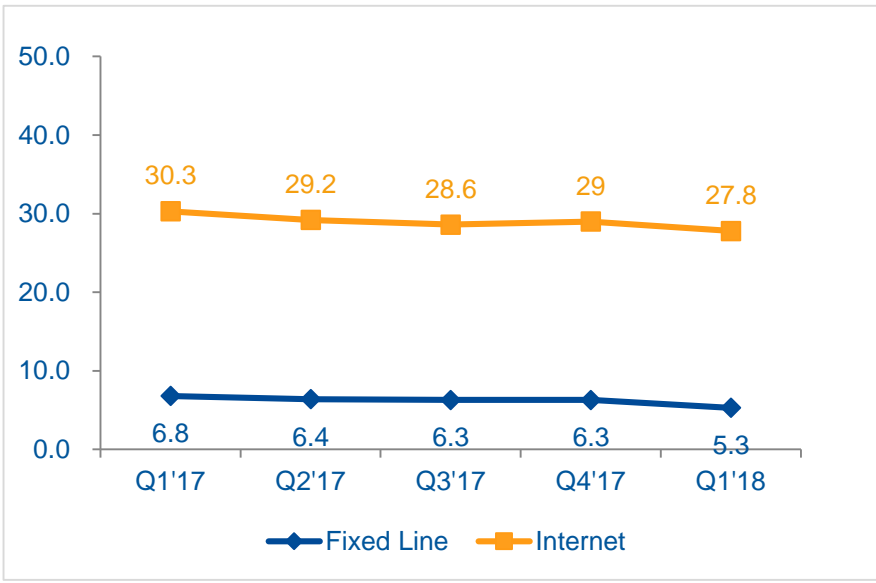
Networth has been impacted resulting from the implementation of IFRS 9 impacting the retained earnings by RO 18 Mn

ARPU / month for major products shows 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)

Zain Transaction Recap

A Transformational Transaction focus on long term growth

Omantel has acquired a 21.9% stake and Board control of Zain



- ✓ **Leading** MENA telecom operator
- ✓ **Balanced** portfolio of growth and cash generative assets
- ✓ **Complementary** geographic footprint
- ✓ **Experienced** management
- ✓ **Significant** synergy potential

US\$2.25bn
fully debt financed
transaction

21.9%
economic stake

Since Q4 '17
full consolidation
of financials⁽²⁾

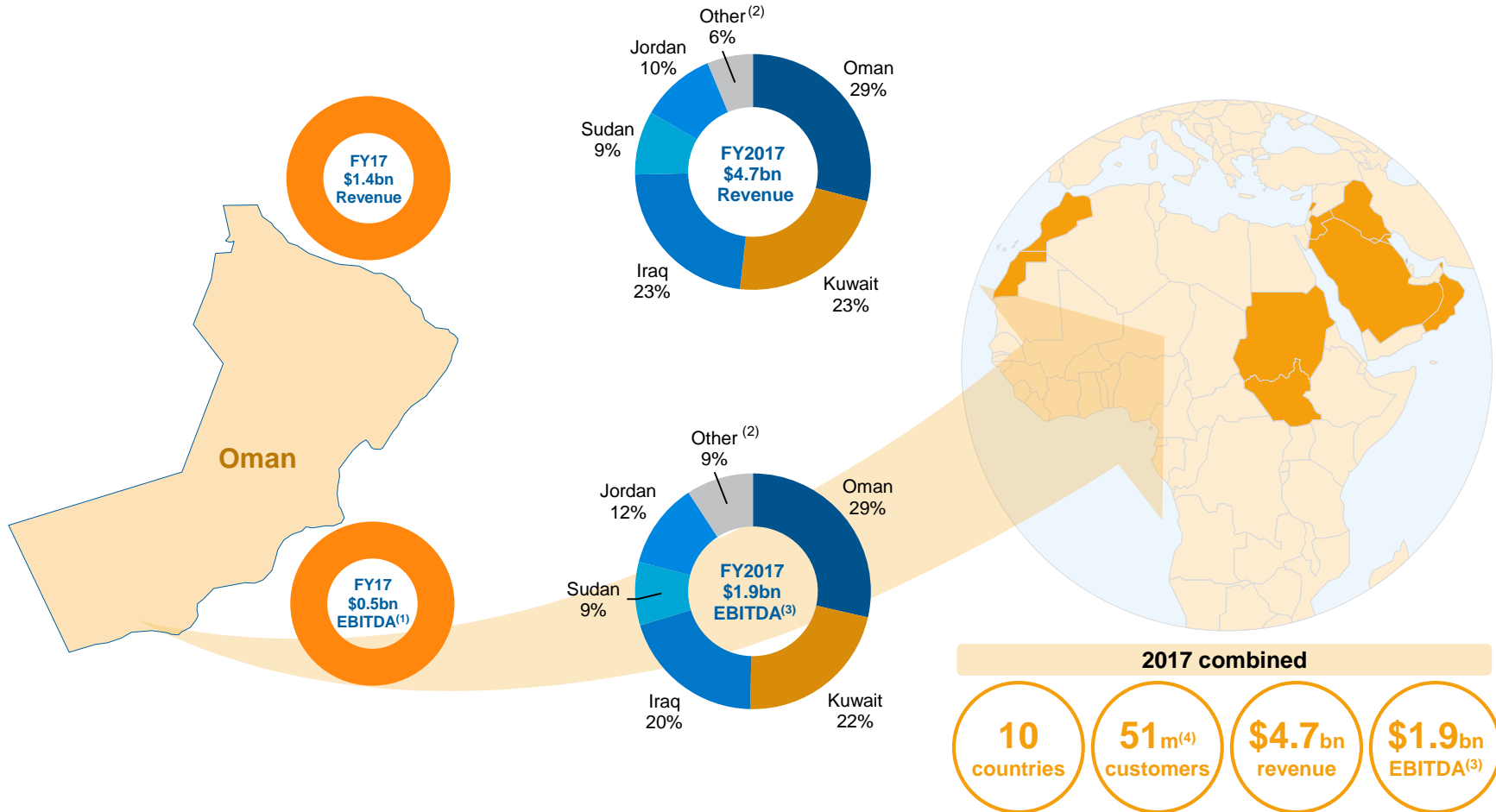
US\$849m
cash injected into Zain⁽¹⁾

Majority Board seats
with 5 Omantel appointees

Source: Company information.
(1) OMR 326.6m paid for the acquisition of a 9.8% stake in Zain, directly from Zain, in August 2017, converted at OMR/USD exchange rate of 2.6008.
(2) Full consolidation of Zain in Omantel accounts since 1st November 2017.

Transformation into a leading regional operator...

From a single country incumbent to a major MENA operator



Source: Company information.

Note: OMR/USD exchange rate of 2.6008; KD/USD exchange rate of 3.2490.

Omantel financials represent Parent financials.

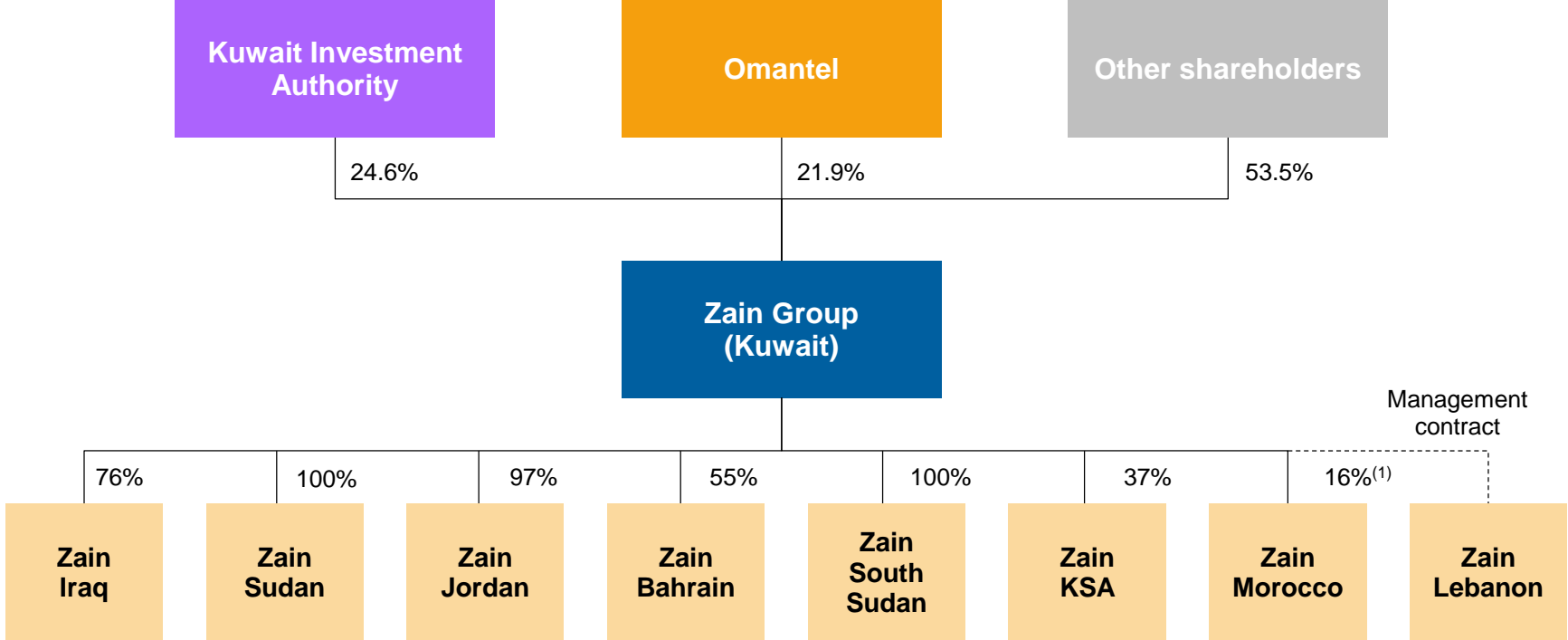
(1) Adjusted EBITDA.

(2) Other includes Zain Bahrain, Zain Lebanon, Zain South Sudan and Zain HQ, as well as Omantel Data Park, Omantel France and IOT.

(3) Indicative combined Adjusted EBITDA calculated as the sum of 2017 Adjusted EBITDA of Omantel (US\$538 million) and Zain (US\$1,346 million).

(4) Mobile customers comprised of Omantel (incl. resellers) and Zain (excluding Morocco (INW1) but including Zain KSA).

Omantel Group structure Post Zain Acquisition



Source: Company information.
 (1) Held through a JV with Al Ajial Holdings – a subsidiary of Kuwait Investment Authority.

Rating Agencies endorsement on acquisition of 21.9% stake in Zain Group (Oct'17)

MOODY'S

Baa3⁽³⁾

Moody's sees limited execution risk in Omantel delivering synergies identified from the transaction with Zain. This is an important analytical consideration underpinning Omantel's ability to increase EBITDA and pay down debt.

S&P Global

BB+⁽²⁾

S&P believe the transaction will diversify the company's geographic footprint, with access to nine new operational markets, which will effectively transition Omantel from a single-country operator to a regional player, and strengthen profitability. We also believe the alliance with Zain Group, which has presence in three mobile player markets, could help Omantel to better strategically and commercially address the risks from the market entry of a third mobile operator in Oman.

Zain Group Financial Highlights – Q1 2018

Customers (000)



Achieved 2% growth mainly from Iraq, Sudan, Kuwait and Saudi Arabia

Revenue – RO Mn



Achieved 7% growth mainly from Kuwait & Iraq. However, FX translation impact from Sudan has impacted overall growth.

EBITDA - RO Mn



EBITDA declined by 20% on account of impact resulting from IFRS 15 on margins and FX translation impact (Sudan)

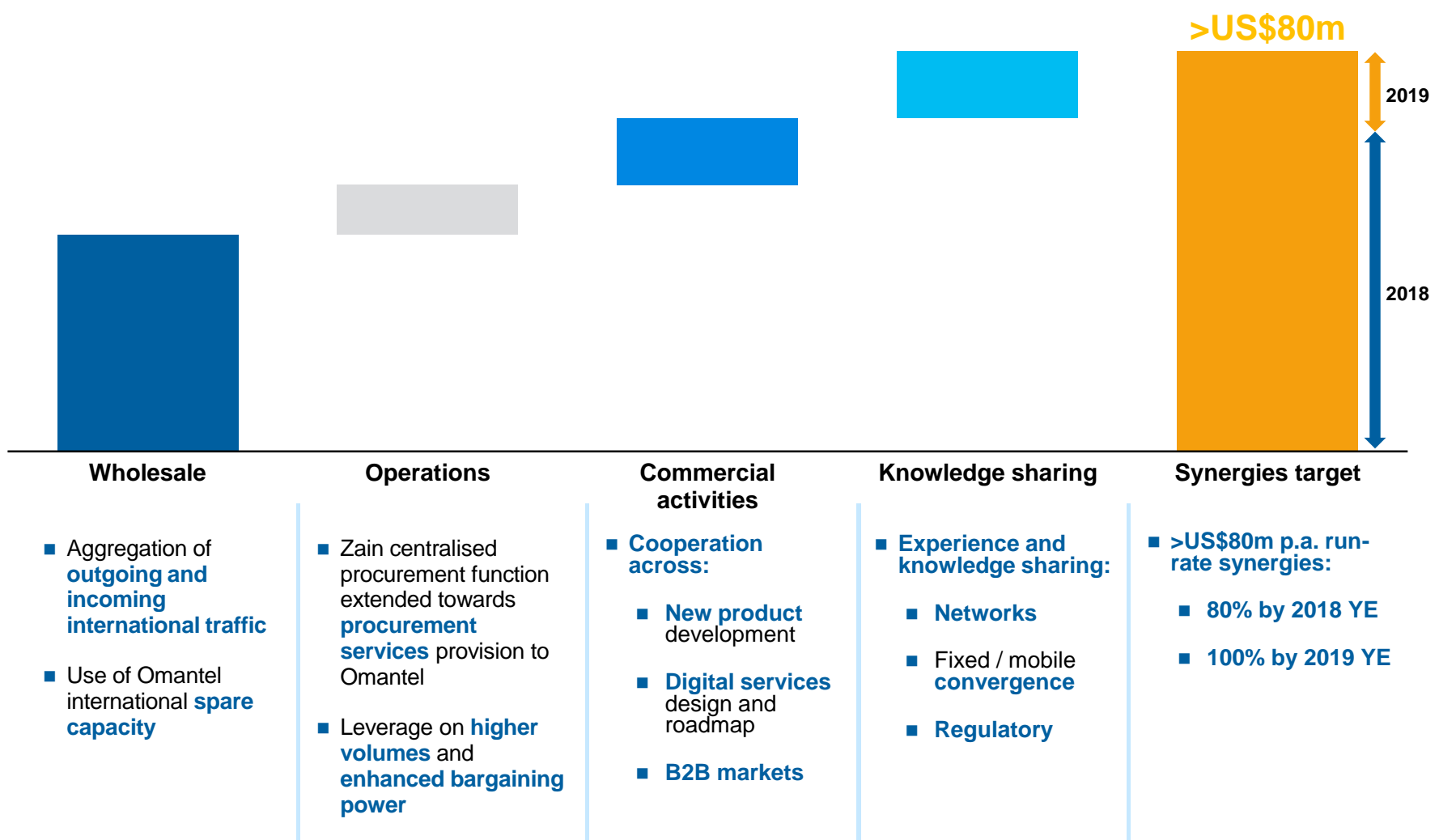
Net Profit- RO Mn



Net profit increased by 9% on account of overall growth and net monetary gain.

Zain Synergy potential update

Implementation started with the rollout from Zain Bahrain....



Wholesale

- Aggregation of **outgoing and incoming international traffic**
- Use of Omantel international **spare capacity**

Operations

- Zain centralised procurement function extended towards **procurement services** provision to Omantel
- Leverage on **higher volumes** and **enhanced bargaining power**

Commercial activities

- **Cooperation across:**
 - **New product** development
 - **Digital services** design and roadmap
 - **B2B markets**

Knowledge sharing

- **Experience and knowledge sharing:**
 - **Networks**
 - **Fixed / mobile convergence**
 - **Regulatory**

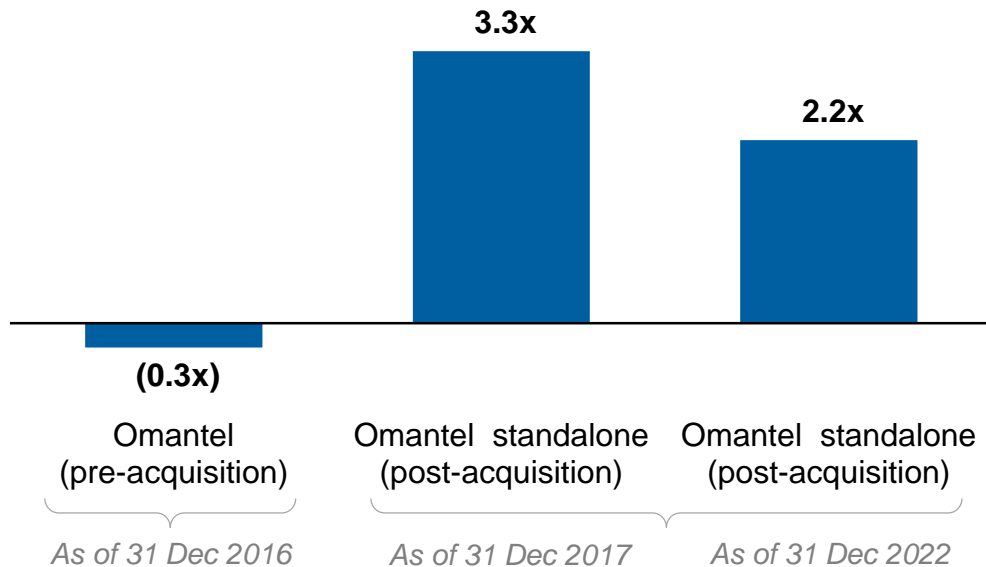
Synergies target

- **>US\$80m p.a. run-rate synergies:**
 - **80% by 2018 YE**
 - **100% by 2019 YE**

Transaction Financing

Use of proceeds and indebtedness & Deleveraging

Net Debt / EBITDA on standalone basis



Omantel's acquisition of the 21.9% stake in Zain was financed in aggregate by US\$2.3bn of acquisition facilities, comprising:

- US\$ 1,500 million Bond
- US\$ 800 million Term Loan

Measures undertaken to deleverage are:

- Capex rationalization
- Cash flow Management

Note: OMR/USD exchange rate of 2.6008. KD/USD exchange rate of 3.2490.

Omantel financials represent Parent financials.

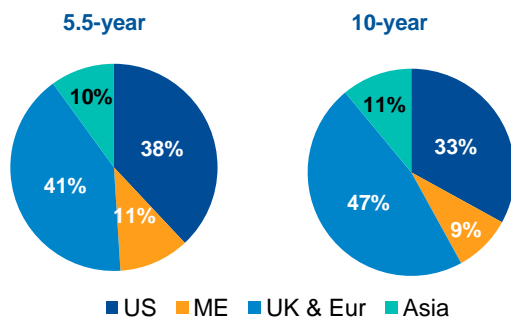
- (1) Adjusted EBITDA including illustrative adjustment for the share of Zain's 2016 dividends (KD 136,547 thousand) paid in 2017 that would have been attributable to Omantel for its 21.9% stake in Zain (KD 29,905 thousand), had the acquisition occurred on 1 January 2017.
- (2) Indicative combined Adjusted EBITDA calculated as the sum of 2017 Adjusted EBITDA of Omantel (US\$538 million) and Zain (US\$1,346 million).

On April 17, 2018, Omantel successfully completed the inaugural US\$1.5bn dual-tranche senior secured offering with 5.5-year and 10-year tenors.

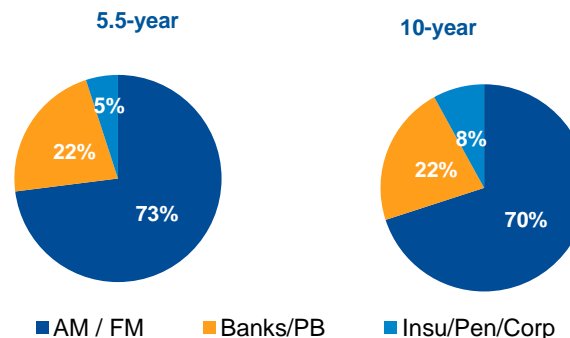
Transaction Highlights

- ✓ High quality orderbook peaking over **US\$8.0bn** (5.3 times order book) with a cross-section of high quality global institutional investors before settling at **US\$6.9bn** at pricing (4.6x oversubscribed)
- ✓ First ever two tranche transaction by an Omani corporate and **largest Corporate offering** from Oman ever.
- ✓ Notes priced **50-62.5bps** and **37.5bps tighter** from initial price thoughts ("IPTs") on the 5.5-year (\$600 Bn maturing in Yr 2023) and 10-year (\$900 Bn maturing in Yr 2028) tranche respectively on the back of tremendous investor appetite.
- ✓ 5.5 Yr Coupon rate 5.625% (Yield 5.875%) and 10 Yr Coupon rate 6.625% (Yield 6.875%)

Allocation by Geography



Allocation by Investor Type



Note: Bond was rated Baa3 (Moody's) / BBB- (Fitch) and rating did impact by Sovereign rating

Q & A