

Omantel Group Performance

HSBC CEEMEA & LATAM Conference, London – 6 September 2016
EFG Hermes 12th Annual One –on –One Conference, London – 7-8 Sep 2016
3rd Annual Arqaam Capital MENA conference, Dubai – 20 Sep 2016

عمانتل
Omantel

Oman with total area of 309,500 Sq Kms is the 3rd largest country in the Arabian Peninsula.



Strategic geo-political position

- Hormuz Strait

Deep relationships

- West (US, UK, France..)
- GCC (Saudi, UAE, Qatar..)
- Iran

Statistics

- Size: 309 500 km²
- Population: 4.16 Mn, 37% below 25 yrs
- GDP: \$70.2 billion (Yr 2015)
- GDP /Capita \$16,887

Transformation

- Modernization since 1970
- Supported by Oil proceeds
- Telecom liberalized 2004

Oman telecom market

Class I

Fixed + Mobile

عمانتل
Omantel



Fixed

AMSR

Maritime

Madakhil
Investment

International Gateway

تيوڤت
telecom oman
تيلكوم عمان

Connect Arabia
International

Class II

Mobile Reseller

FRIENDI
mobile

renna
mobile

تيوڤت
telecom oman
تيلكوم عمان

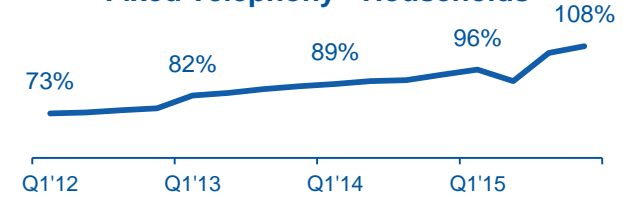
Infrastructure

National Broadband

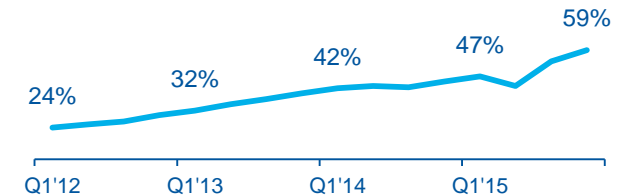
obc

Market Penetration

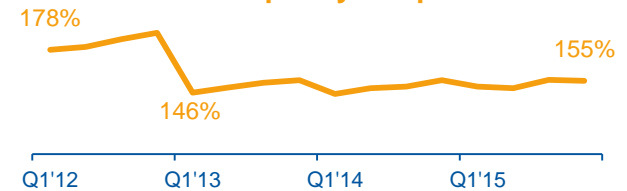
Fixed Telephony - Households



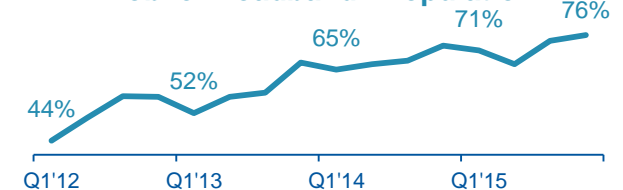
Fixed Broadband - Households



Mobile Telephony - Population



Mobile Broadband - Population



Omantel structure, an overview

3 core markets



Consumer
Oman



Enterprise & Government
Oman



Wholesale
Global

5 subsidiaries / associate companies

57 %



An Omantel Company

60 %



OMAN
DATAPARK

100 %

عمانتل
Omantel
France

45 %

infoline

41 %

عمانية للألياف البصرية
Oman Fiber Optic

60 %

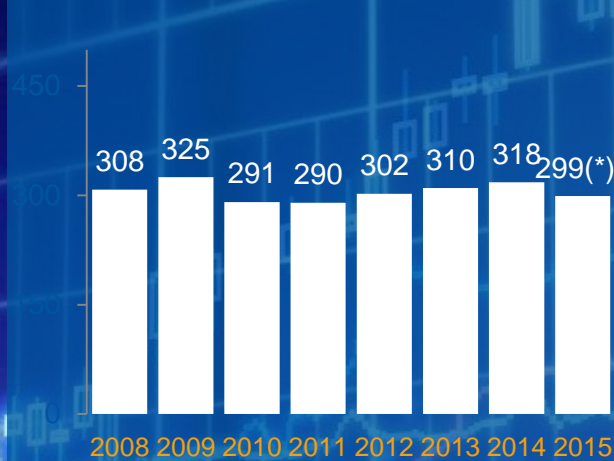
ممکن
mOmkin
فن الذكاء Art of Smart

Consistent strong financial performance

Group Revenue – mn \$



Group Net Profit – mn \$



Dividend Yield



\$1.4bn
net worth

36.3%
debt ratio

\$3bn
market cap

\$2bn
assets

(*) Excluding exceptional adjustments

Omantel Customer experience: coverage

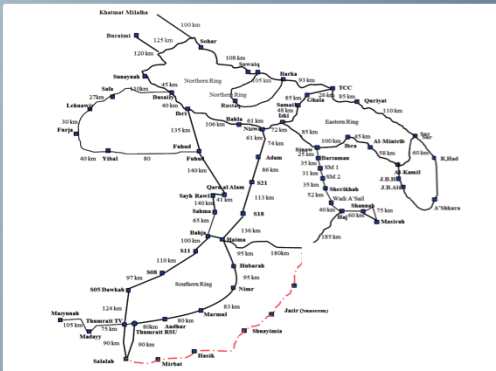


Broadband coverage exceeding

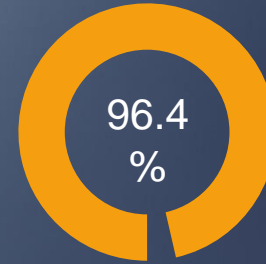
92 %

on technology neutral basis

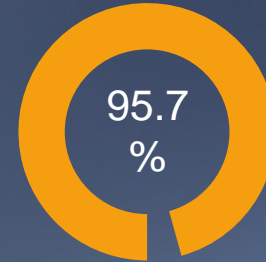
Resilient Backbone with **> 7500km** of fibre nationwide



2G (*)



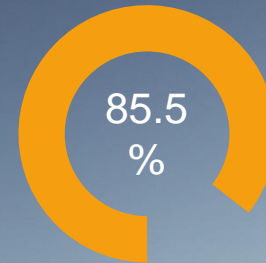
3G (*)



ADSL (**)



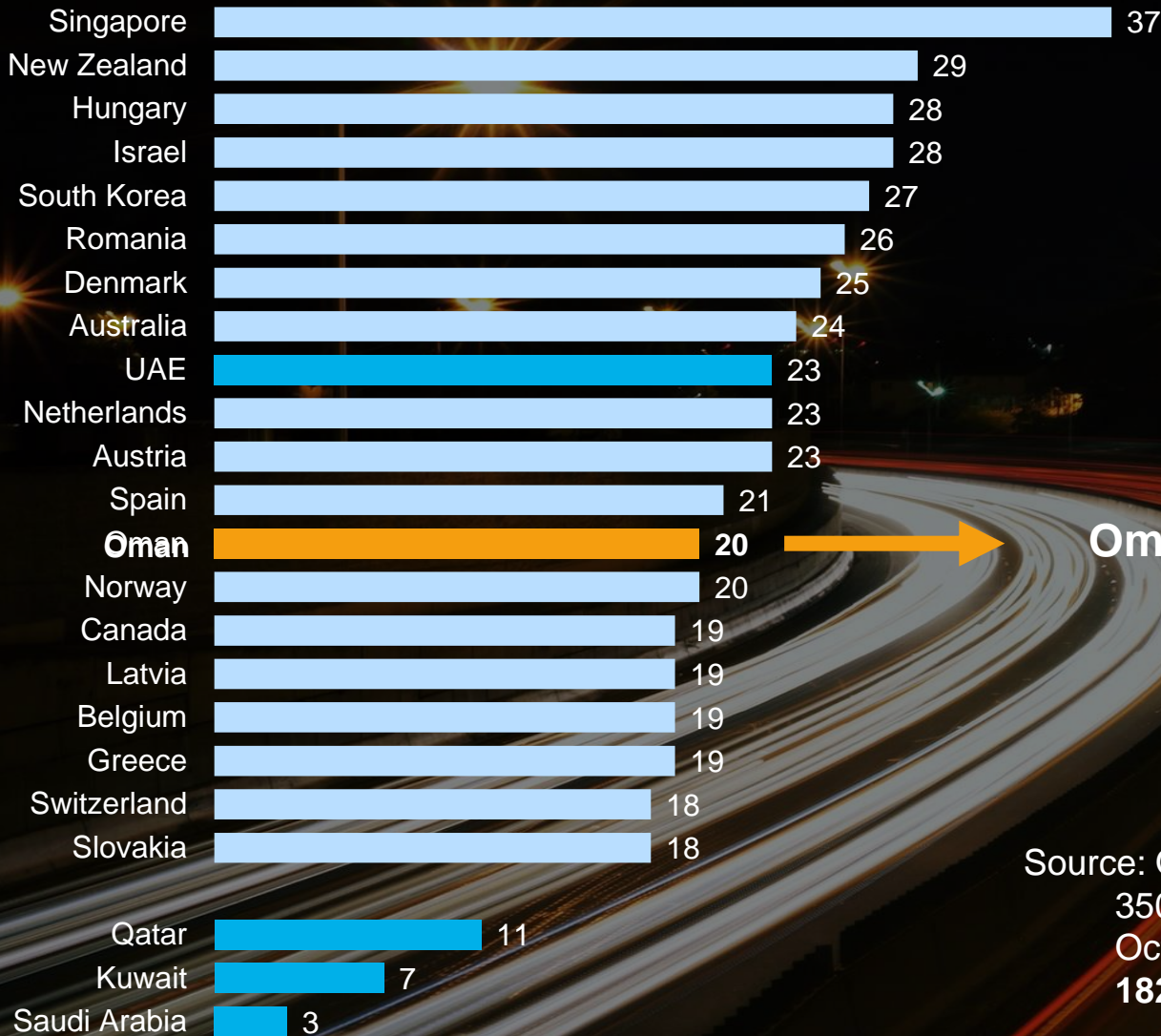
4G (*)



(*) Population
(**) Households

Oman & Omantel are amongst the fastest LTE networks in the world

LTE Download Speed (Mbps)



Omantel Mobile Network

Country Rank: # 13

Network Rank: # 48

Source: Open Signal. Smartphone App

350k+ users

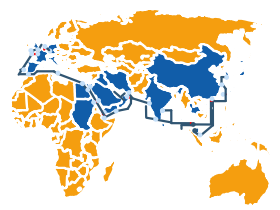
Oct 1-Dec 31, 2015

182 networks in 68 countries

Omantel International Submarine Cables

Investment ownership
Landing Partner

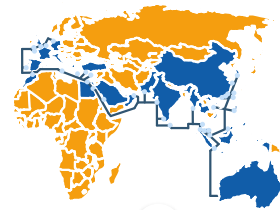
FALCON



TWA 1



SMW3



2010

Access to
52
countries

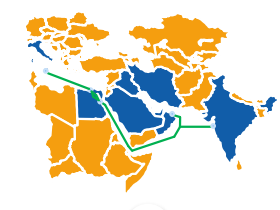
EPEG



POI



GBI



2011

119
landings/cities

Investment in

- APG
- ASE
- IMEWE
- JP-US
- SMW4
- PC1
- TGN
- SMW5

OMRAN



2013

5
terrestrial links

BBG



2015

16
cable systems
(3 more coming)

G2A



SRG-1



AAE1

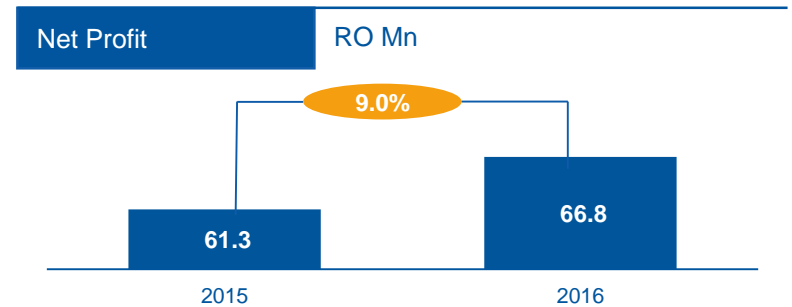
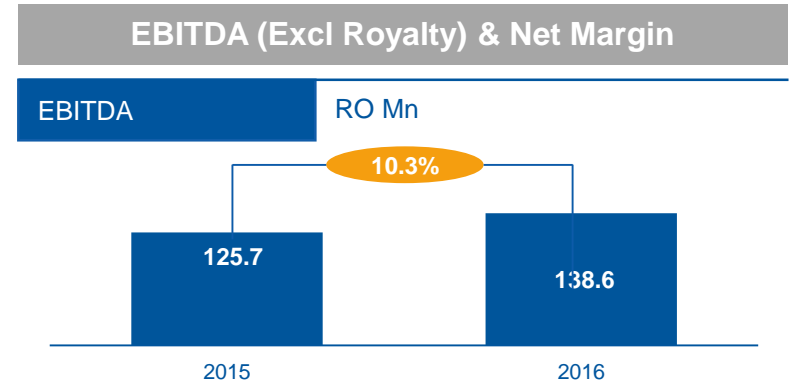
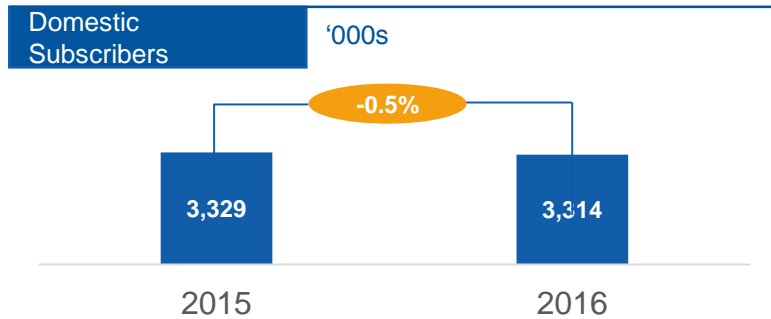
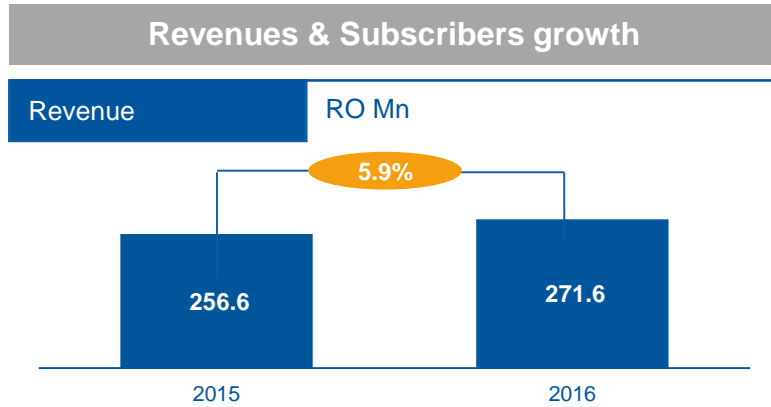


2016

Omantel Group Performance

Q2 2016

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	Six Months ended 30 th June 2016			
	2016	2015	In Fig	In %
Revenue	271.6	256.6	15.1	5.9%
Cost of Sales	(55.3)	(51.2)	(4.1)	(7.9%)
Gross Margin	216.3	205.3	11.0	5.4%
Gross Margin % of Revenue	<i>79.6%</i>	<i>80.0%</i>		
Operating Expenses	(77.7)	(79.6)	1.9	2.4%
EBITDA	138.6	125.7	12.9	10.3%
EBITDA %	<i>51.0%</i>	<i>49.0%</i>		
Depreciation & Amortization	(49.3)	(43.4)	(5.9)	(13.7%)
EBIT	89.3	82.4	7.0	8.4%
Finance & Other Income/ Expense	2.6	3.1	(0.5)	(15.1%)
Profit Before Royalty & Taxation	91.9	85.4	6.5	7.6%
Royalty & Taxation	(26.2)	(28.6)	2.4	8.2%
Profit After Tax (Before Minority Interest)	65.7	56.8	8.9	15.6%
Minority Interest	1.1	4.4	(3.4)	(75.9%)
Net Profit	66.8	61.3	5.5	9.0%
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.

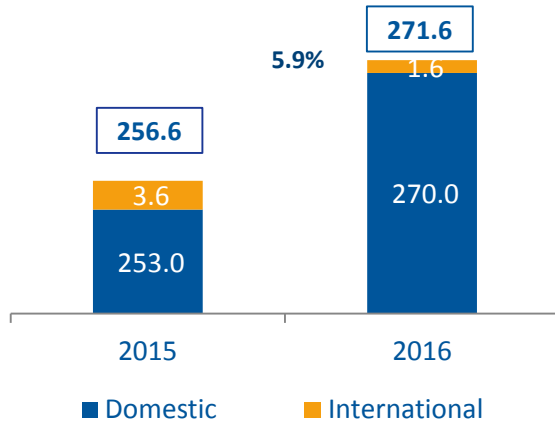
Omantel “**Makasib**” Royalty Program successfully achieved **1 Million** membership, which offers extensive range of rewards and benefits by using points earned with Omantel Mobile and Fixed Line services.

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.

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

Group Revenue RO Mn

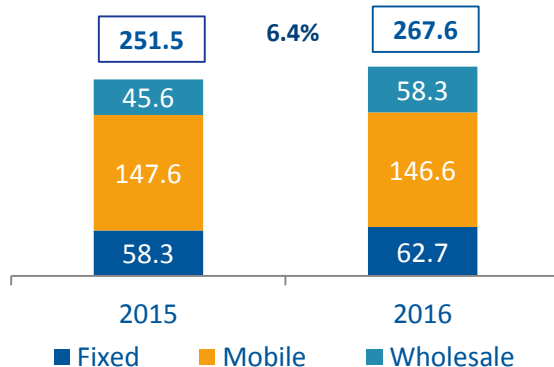


Domestic Operations Highlights

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

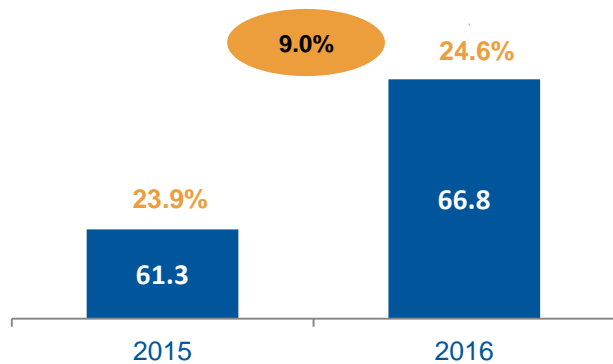


- Total Fixed Broadband subscriber growth of 29.3%.
- Growth in mobile broadband subscribers by 3.6%.
- 66.88% Smartphone penetration in Omantel Mobile Network.
- Continue decline in voice and SMS revenues.

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

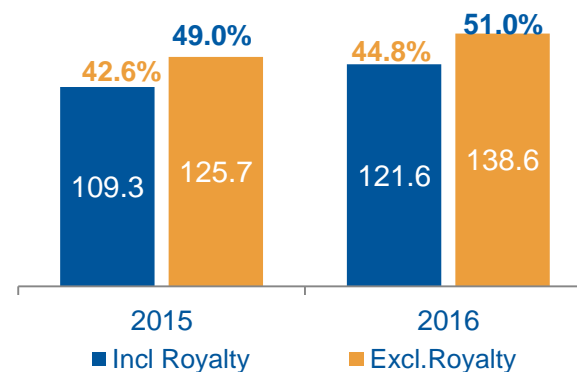
Group Net Profit

RO Mn



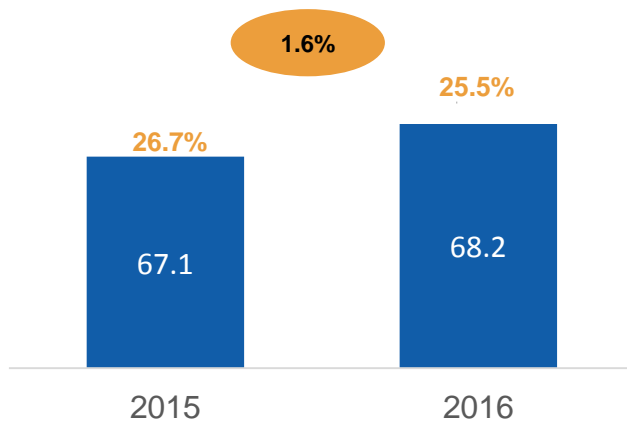
Group EBITDA

RO Mn & %



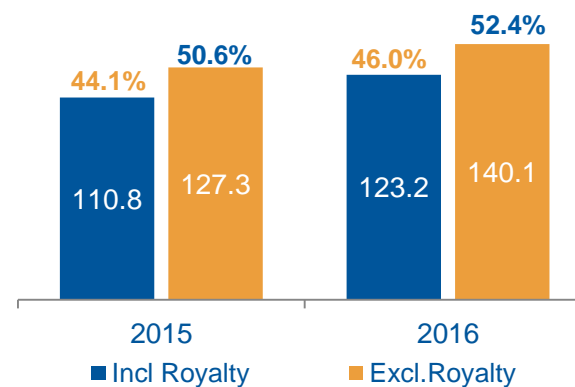
Parent Net Profit

RO Mn

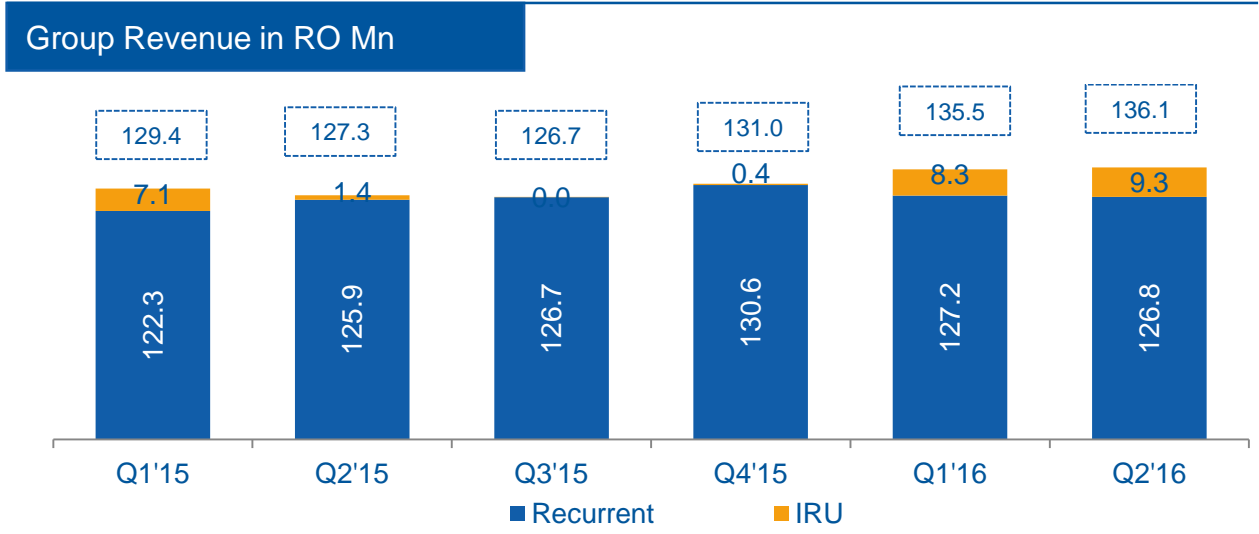


Parent EBITDA

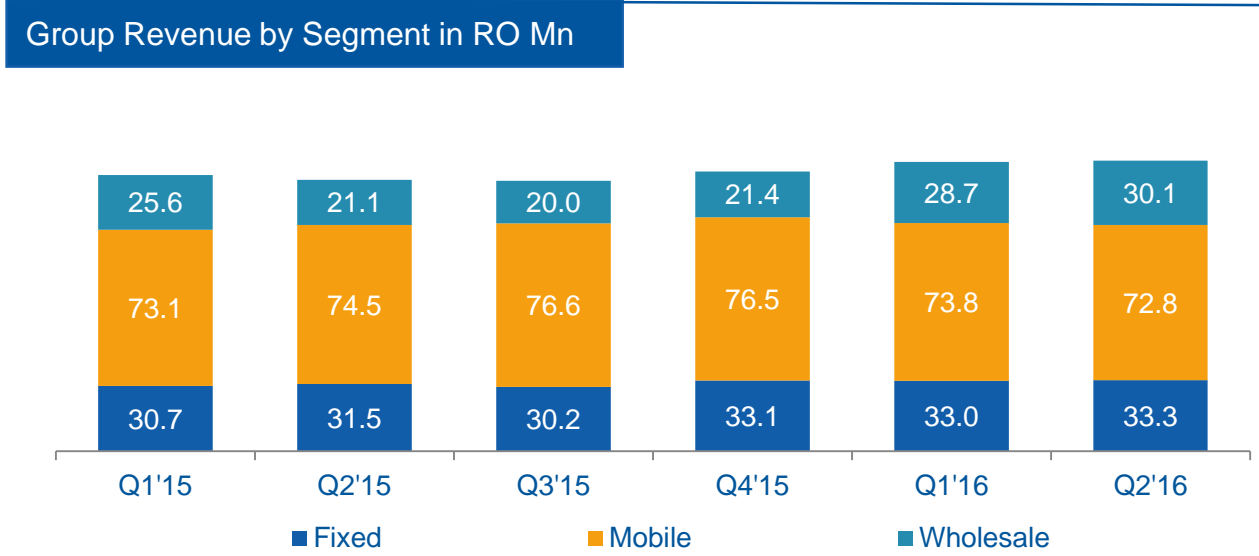
RO Mn & %



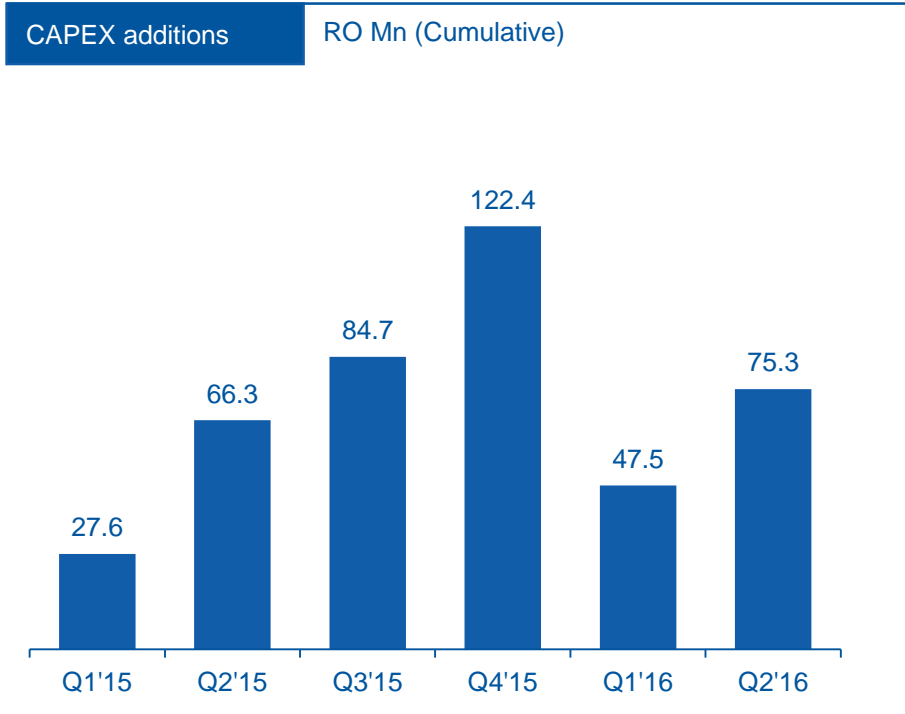
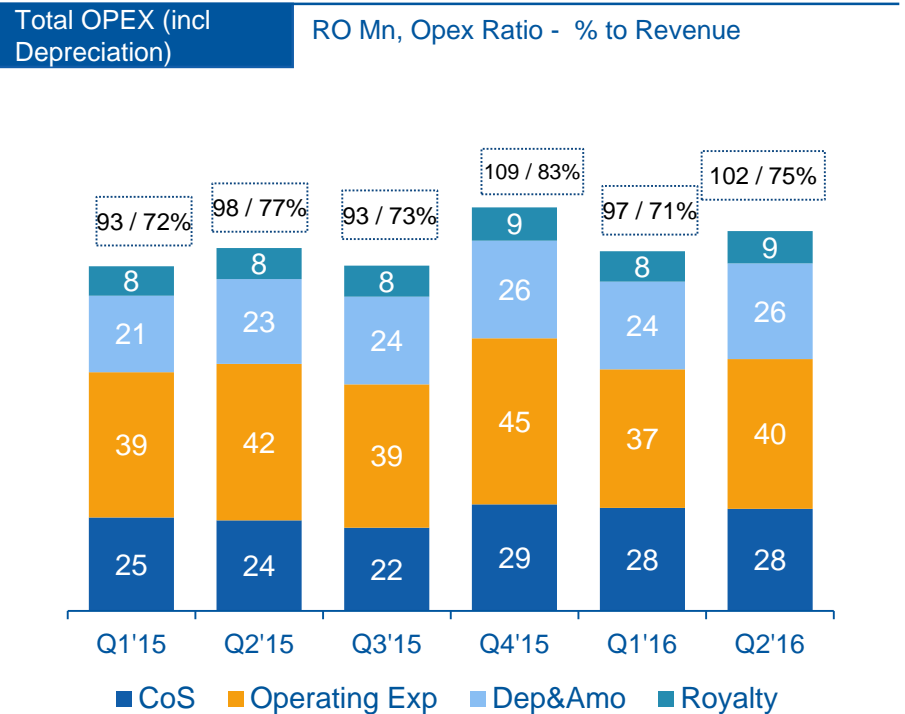
Group Revenue - Quarterly Analysis shows overall revenues is highest compared to last 5 quarters.



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



Capex to Revenue ratio is at 27.9% (cumulative)

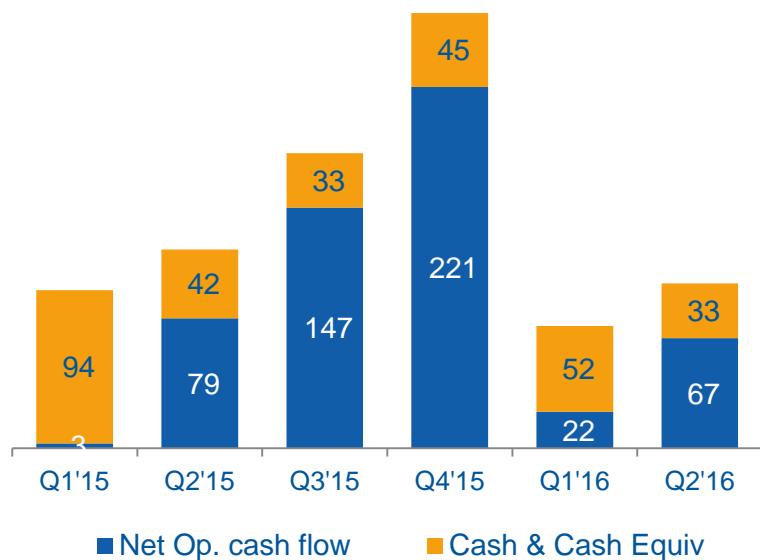
Opex to Revenue ratio for Q2 2016 for Group is 75.2% and for Parent also is 75%. Increase in depreciation amounting to RO 7.211 Mn over Q2 2015 is mainly from increased investment in network expansion and modernization of both mobile and fixed networks. Employee Cost amounting to RO 2.791 Mn is capitalized

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

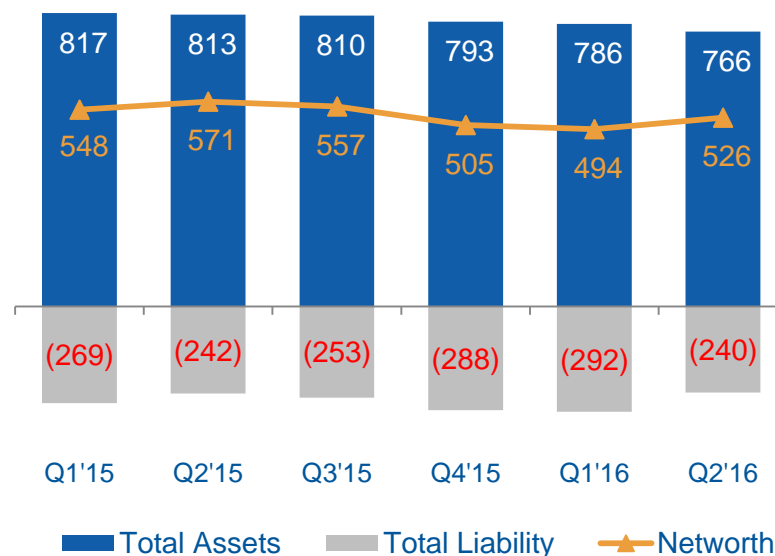


Continued healthy Cash flow and strong Balance sheet

Cash Flow (Cumulative) RO Mn



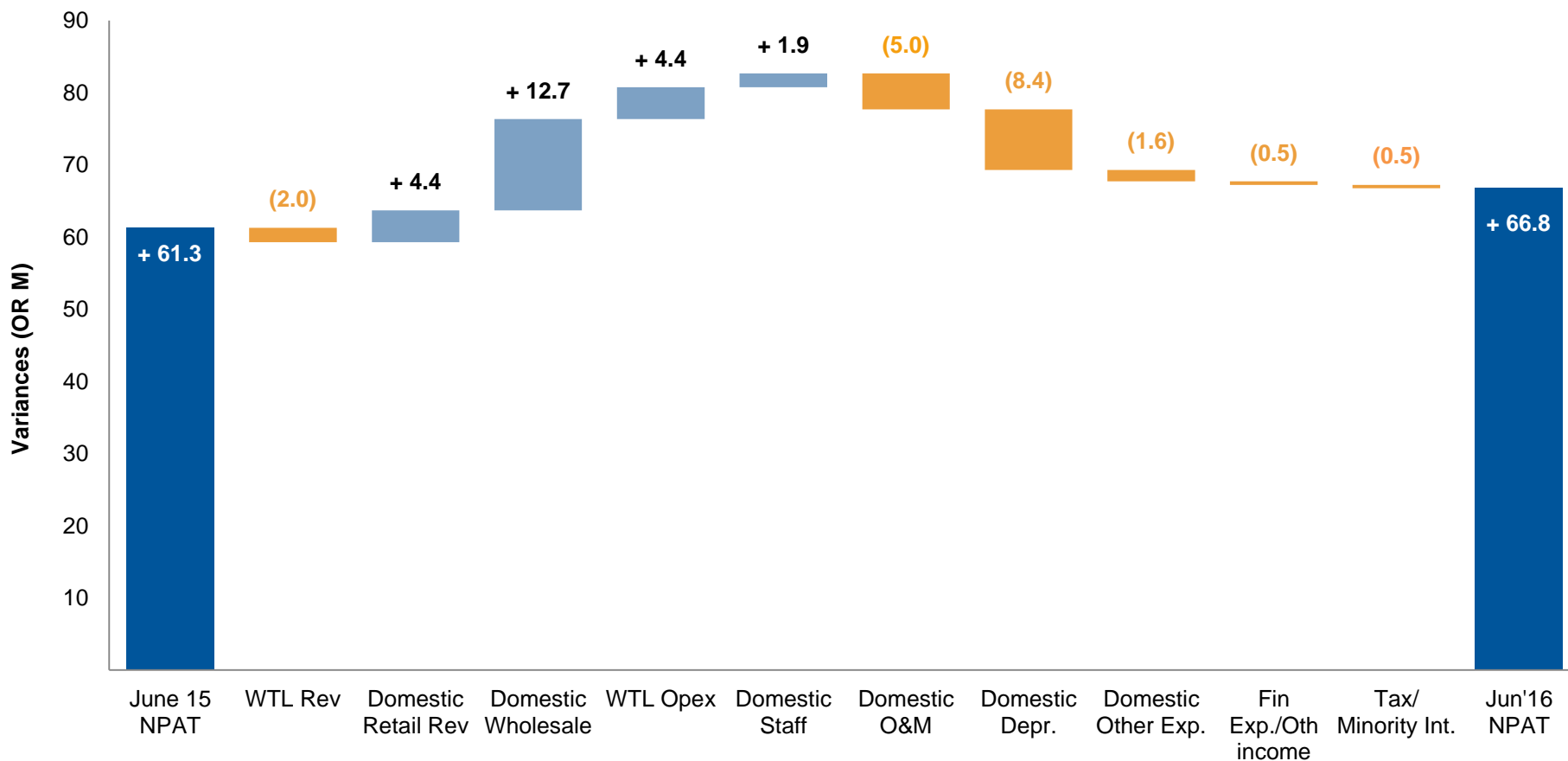
Assets, Liability & Net worth RO Mn



- 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

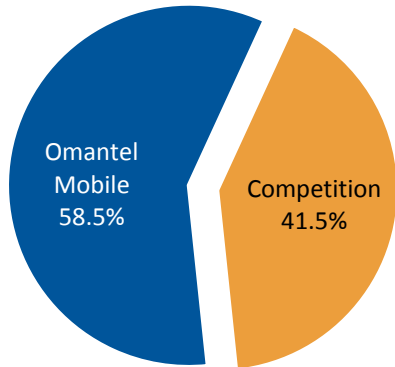


Group has not accrued for any additional losses for WTL for Q2-2016 considering the fact that the investment was fully impaired in year 2015. This of course has resulted in lower loss of approx. RO 4.5 mn in Yr 2016 in comparison to year 2015.

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

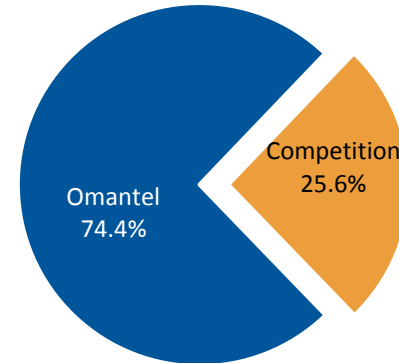
Mobile Subscriber Market share

% - including Mobile Resellers



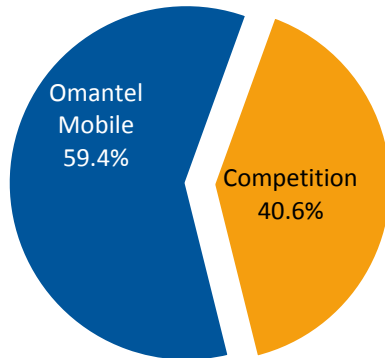
Fixed Line Subscriber Market share

%



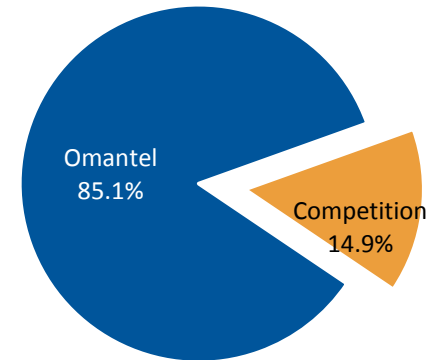
Mobile Revenue Market share

% - including Mobile Resellers



Fixed Line Revenue Market share

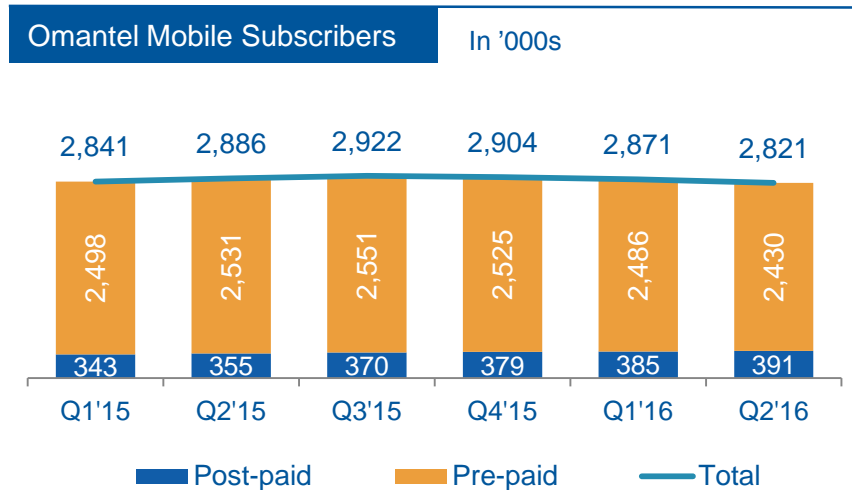
%



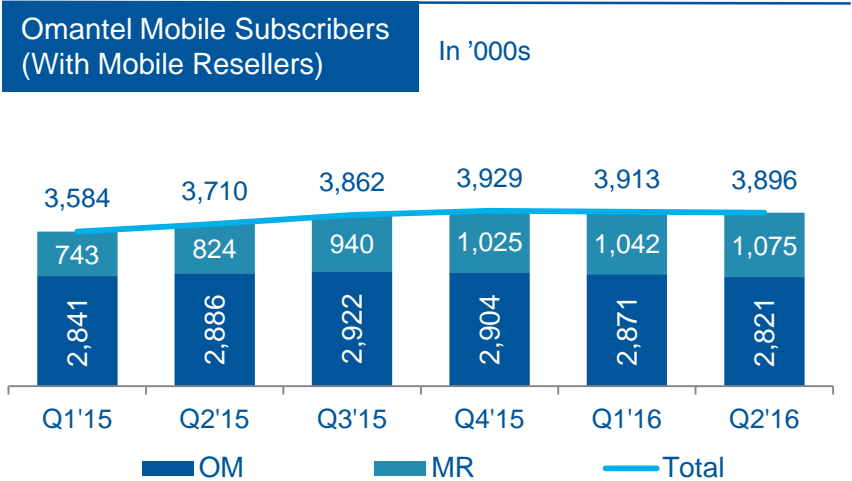
Omantel Mobile (incl Mobile Resellers) achieved a growth rate of 5.0%, net addition is around 186 K.

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

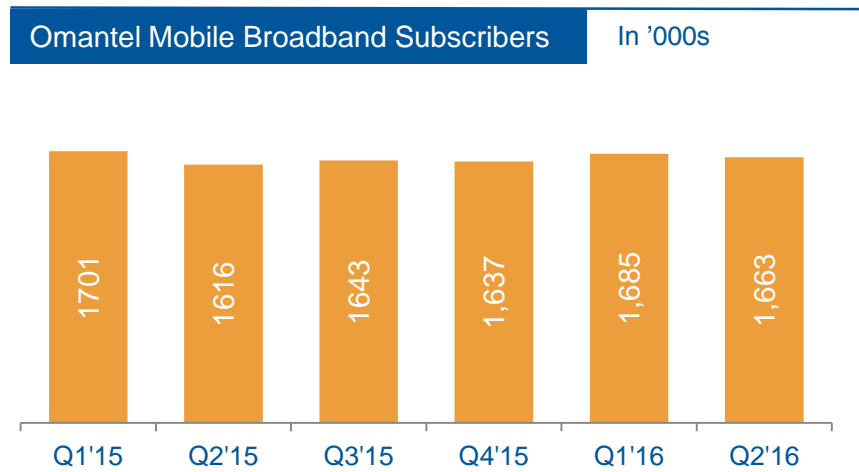
Mobile subscriber base – Overall subscriber base including mobile resellers grown by 5.0%. Post paid achieved 10.5% growth YoY.



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

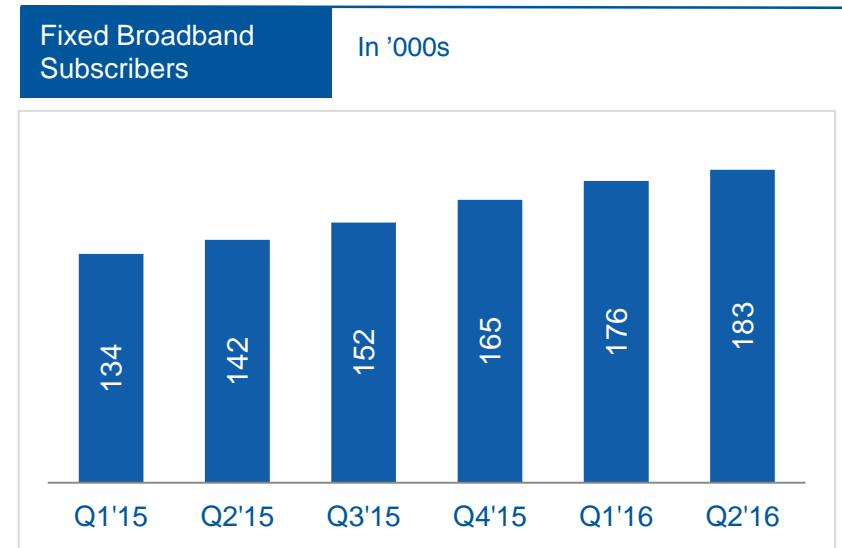
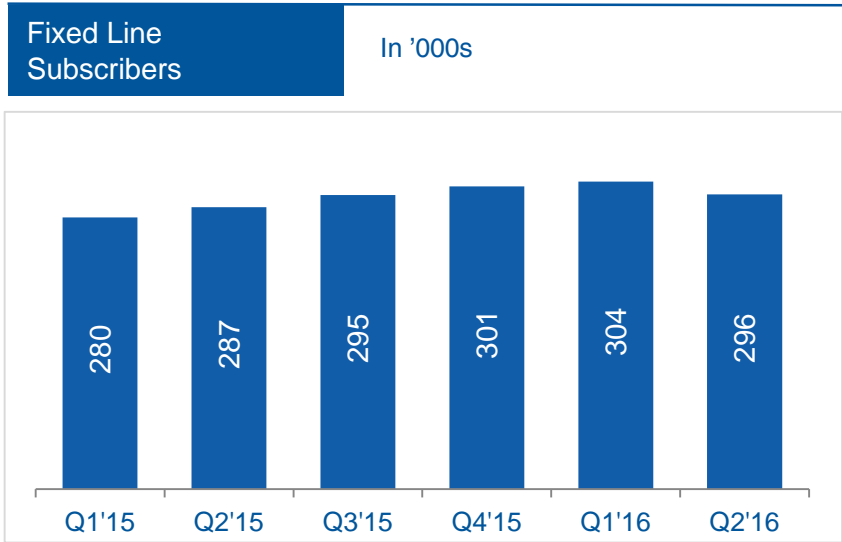


Overall Omantel mobile market grew by 5.0%.



- 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



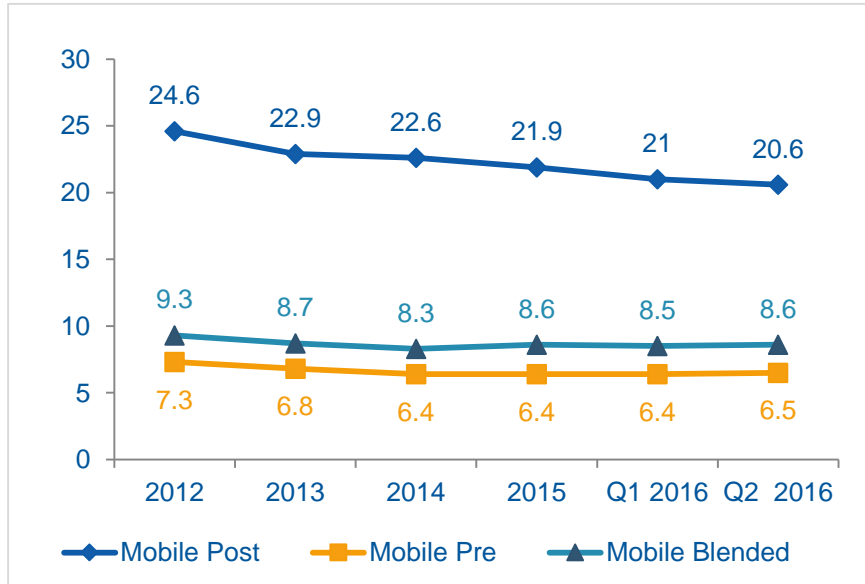
- 1) Fixed line subscribers include postpaid, pre-paid and payphone. Including ISDN primary, the total fixed line reported is 334,993
- 2) Fixed Line subscribers recorded a growth of 2.8% compared to Q2'15.

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

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

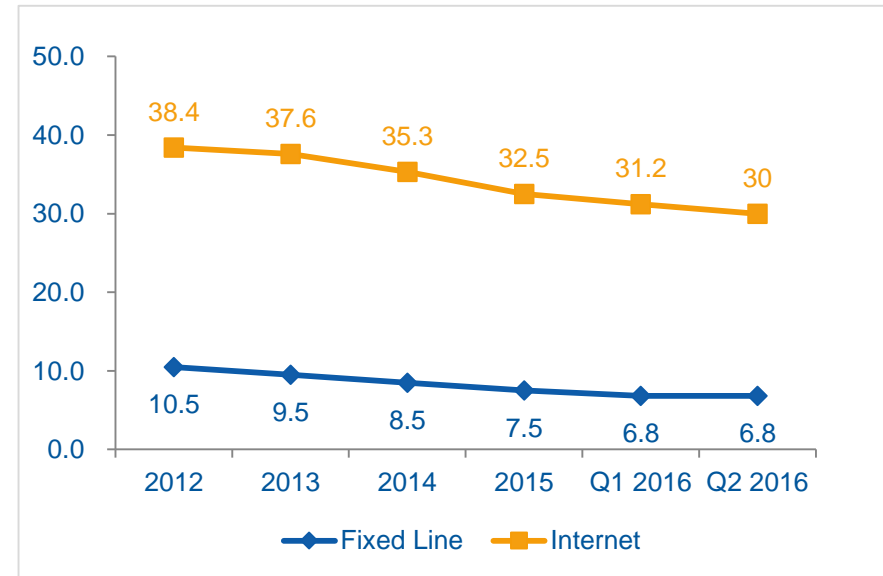
Mobile Services

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

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عمانتل
Omantel

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