



Omantel Group Performance – Year 2021

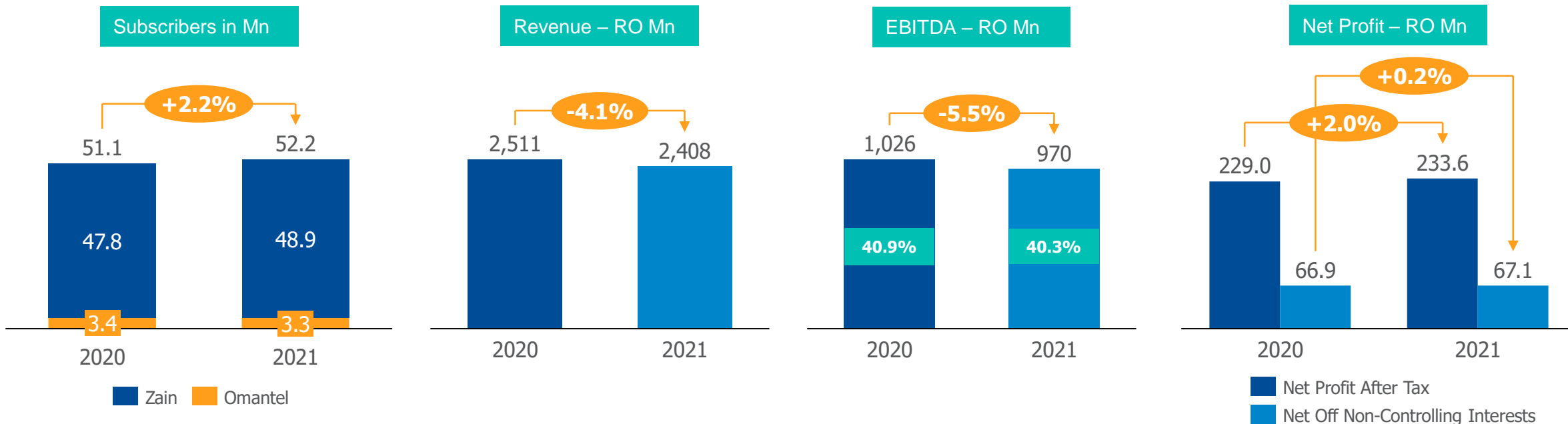
Presentation to Investor Community

Conference Call

8th March 2022 at 2 P.M. (Oman Time)

Omantel Group (Incl Zain Group) – Year End 2021 Performance

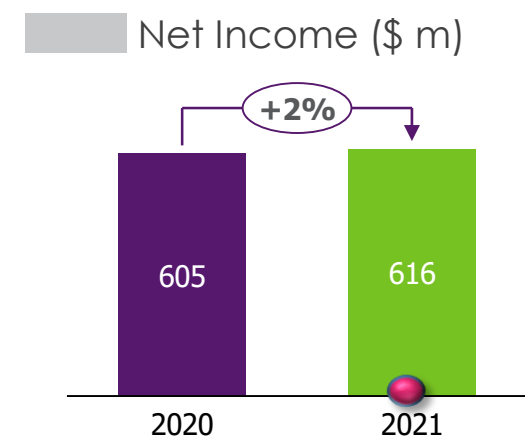
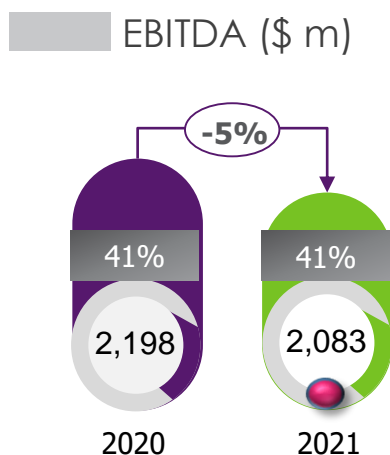
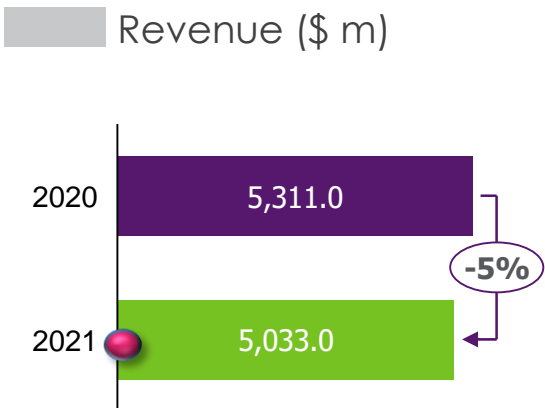
Group Revenue stands at RO 2.4 Bn and Net Profit is at RO 233.6 Mn, an increase of 2% YoY



- Zain Group customer base recorded a growth of 2%. 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 2.4 Bn compared to RO 2.5 Bn for the corresponding period 2020, a decline of 4.1%. Revenue include acquired business of Zain Group, which contributed revenues of RO 1.9 Bn.
- Decline in revenue impacted the EBITDA. However, Net Profit observed a growth due to the reduction in receivable provisions, series cost optimization measures across the group and lower depreciation.

Zain Group Performance – Year End 2021 Performance (In US Dollars)



The impact of COVID-19 still affects the operations, coupled with the FX rate change impact mainly due to the currency devaluation in **Iraq, Sudan & South Sudan**

- Currency devaluation in Sudan from an average rate of 54 in 2020 to 389 (SDG / USD).
- 22% currency devaluation in Iraq from 1,199 to 1,470 (IQD / USD).
- Excluding the **FX impact of USD 962 million for FY'21**, Zain Group consolidated revenue growth would have been up by 13% to \$6 billion.

- Conclusion of the **3-year CITC agreement** with KSA
- Rate Change and FX Translation impact in **Iraq, Sudan and South Sudan**
- Excluding the FX translation impact of USD 479 Mn, EBITDA growth would have been +17% YoY

The increase in Net Income, mainly due to:

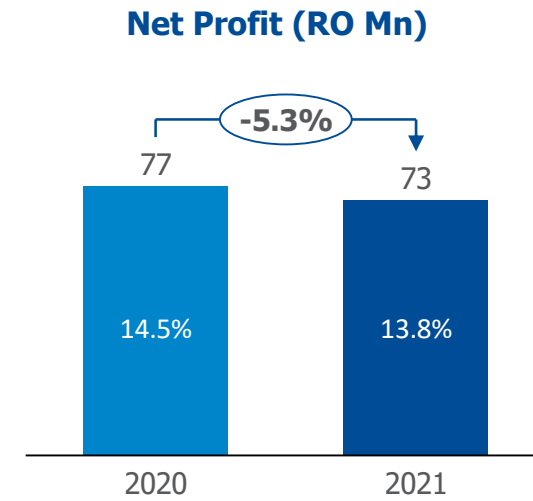
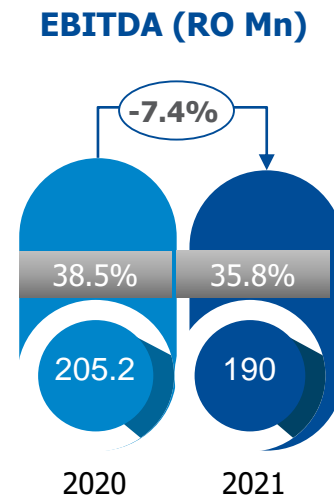
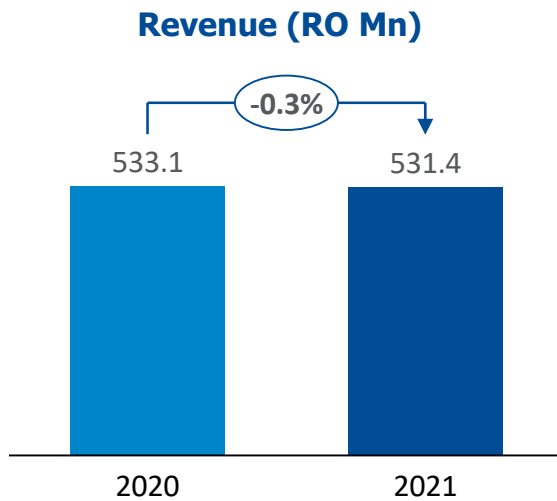
- Gain from Jordan Tower sale \$48m.
- Decrease in finance cost attributed to drop in interest rates along with the margin reduction through negotiations held with lenders
- Drop in Currency Variance Losses.
- Excluding the FX translation impact of USD 138 Mn, Net Profit growth would have been +25% YoY.



Omantel (Domestic performance)

Omantel + International SPVs + Domestic subsidiaries & associates

Domestic Performance (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).
- Revenues growth achieved in Mobile Postpaid (19.2%), Fixed Broadband (9.1%), while prepaid revenue declined due to challenging market conditions.
- Operating & Admin costs decreased by 1.5% mainly due to cost optimization measures.
- EBITDA & Net Profit Margin is 35.8% and 13.8% respectively. In Year 2020, Net Profit include One Time cost savings (Staff Bonus). Adjusted for this, the net profit for the Year 2020 could have been RO 68.2 Mn compared to RO 73.2 Mn, representing an increase of 7.3% YoY.

Segmental information – Year End 2021 Performance

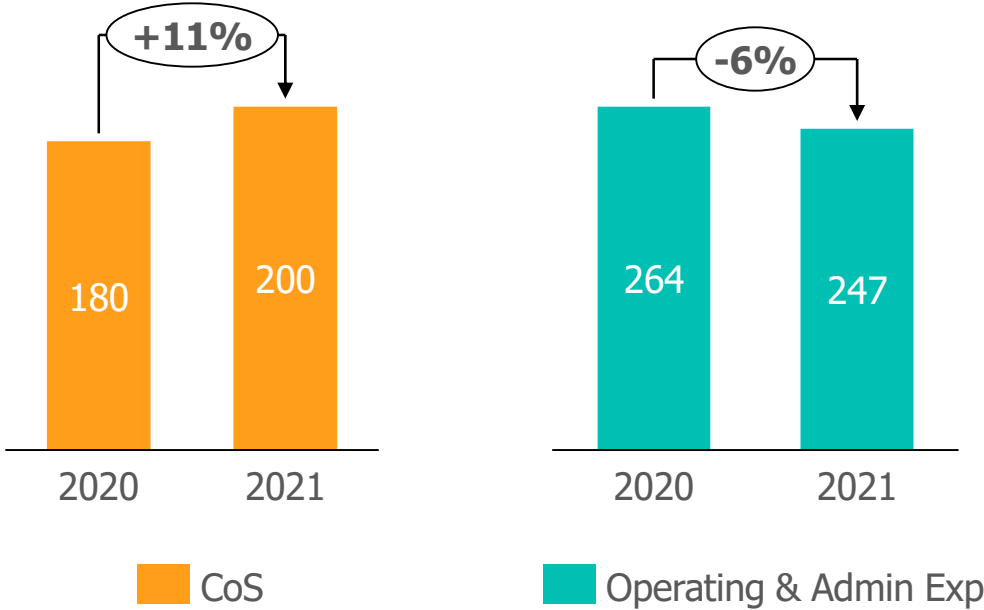
	Omantel Group – Segment Report								
In RO Mn	Oman	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	Total
Revenue	531.4	395.8	187.3	123.8	288.4	64.4	791.4	25.7	2,408.3
Net Profit	73.2	68.6	41.6	38.6	13.1	4.8	20.1	8.6	268.5
Others (Unallocated items)									(34.9)
Profit for the Period	73.2	68.6	41.6	38.6	13.1	4.8	20.1	8.6	233.6

Note:

- 1) Net profit are adjusted for Purchase Price Allocation (PPA).
- 2) Others include unallocated adjustments which are of non-operating nature (include interest cost, finance income, etc).

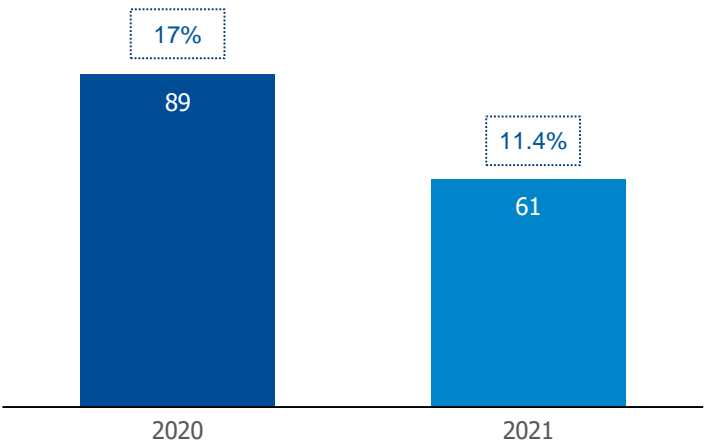
Operating & Admin costs are reduced by 6% YoY mainly due to cost optimization measures. OPEX to Revenue ratio is lower than last year due to decrease in revenue related costs. Capex to revenue ratio is at 11.4%

CoS & Operating /Admin Expenses RO Mn



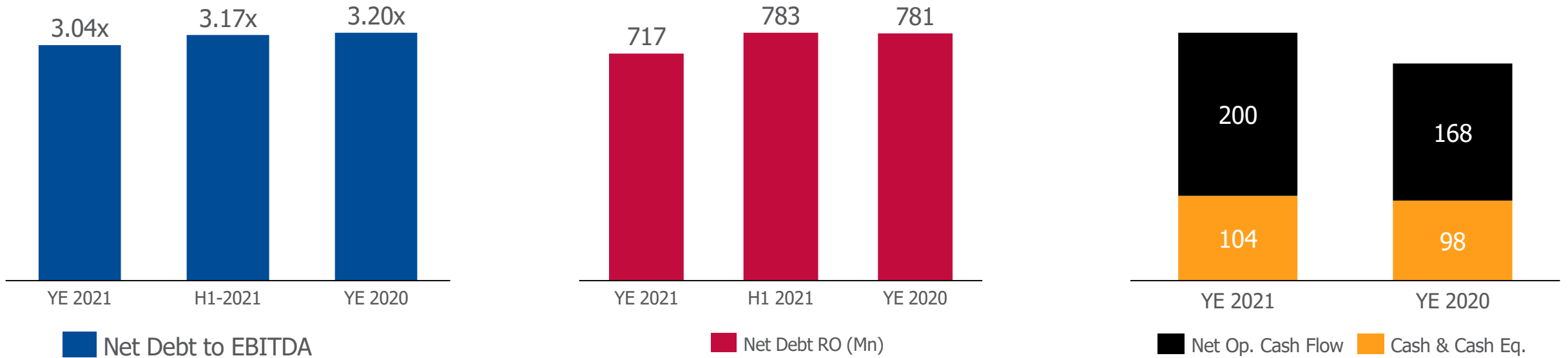
- YTD Opex to Revenue ratio for 2021 is 84.1% Vs 83.3% last year.
- Ratio decrease is mainly due to drop in both CoS & Operating/ Admin Expenses. The decline in CoS is mainly driven by decrease in revenues.

CAPEX additions RO Mn



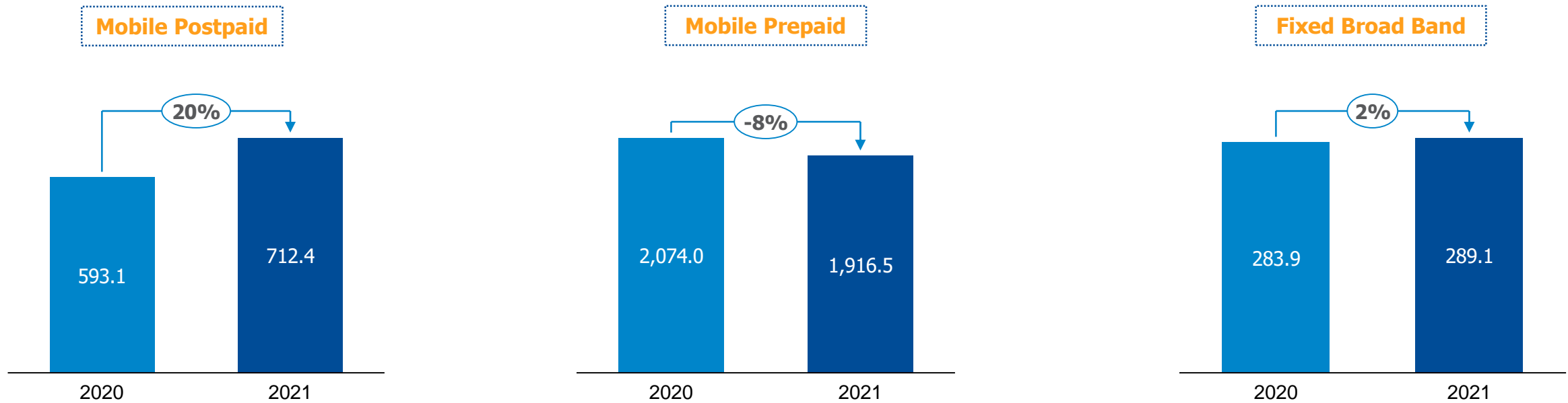
Decline in Capex to Revenue Ratio is predominantly resulting from the global supply chain disruption in addition to cost optimization measures

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 YE 2021 is 3.04x and Interest cover is 4.39 against the target of 4.
- Omantel carries a Corporate Family Rating (CFR) assigned **by Moodys 'Ba3'** and **by Fitch 'BB-'** with outlook revised from neutral to **positive**.

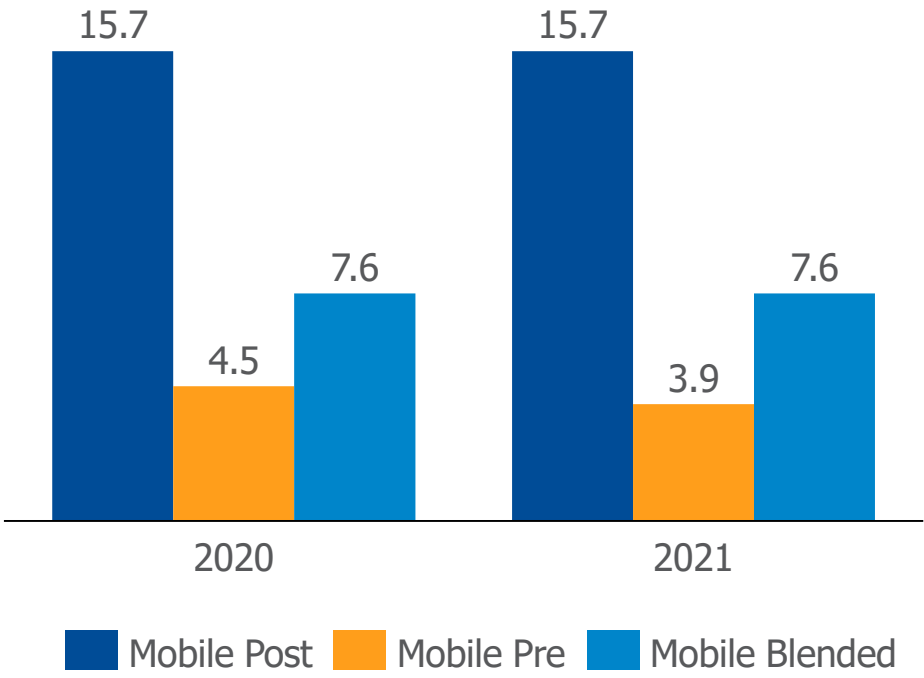
Omantel Subscriber base analysis shows FBB and Mobile postpaid continued its growth trajectory, while pre-paid declined YoY.



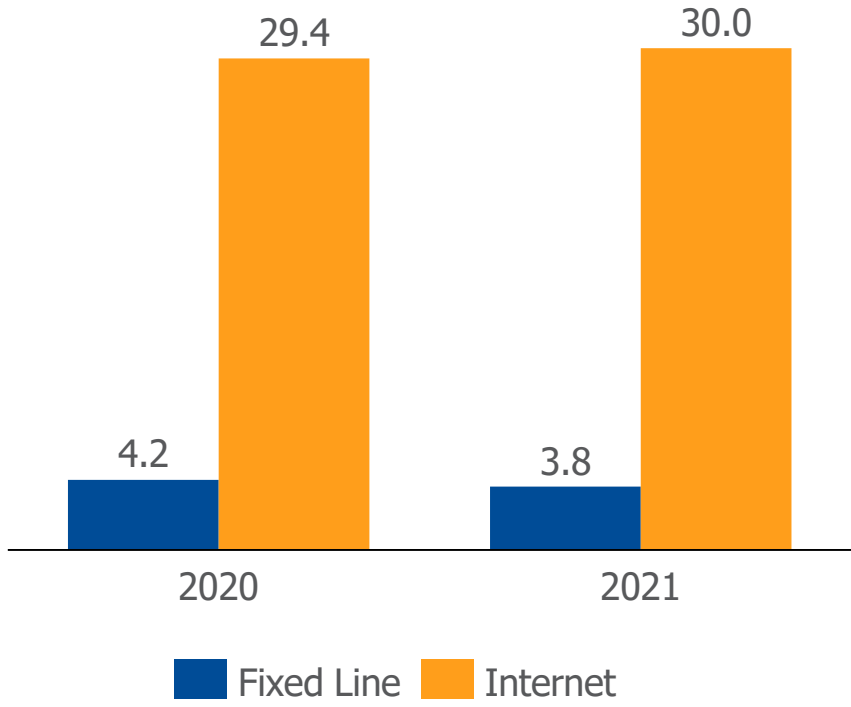
- Mobile postpaid customer base shows steady growth, mainly driven by pre to post migrations .
- Although prepaid market base is dropping in the country (YoY -8%), Omantel is maintaining the prepaid subscriber market share. The general drop on the Prepaid Customers base comes from migrations Postpaid plans, as well as, expats leaving.
- 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 remain same as previous year

Mobile Services RO / Month



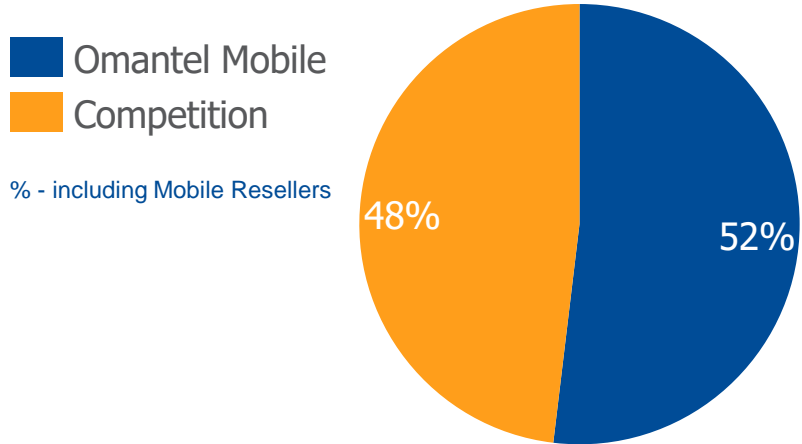
Fixed Line Services RO / Month



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

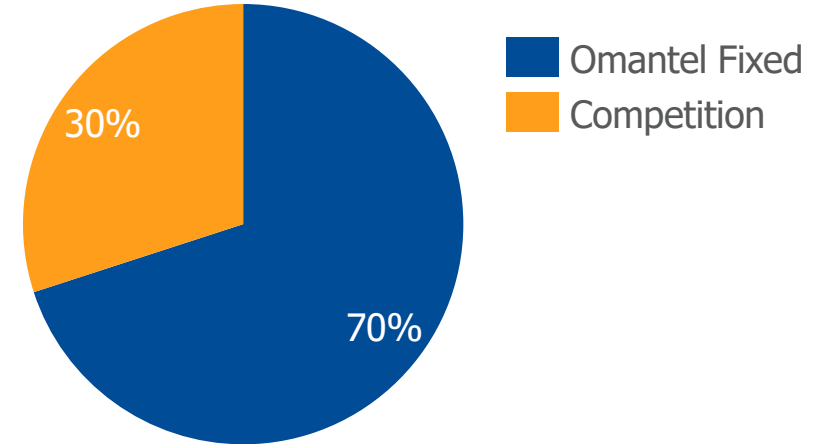
Mobile & Fixed Line Business Market share (Subscriber & Revenue share)

Mobile Subscriber Market share

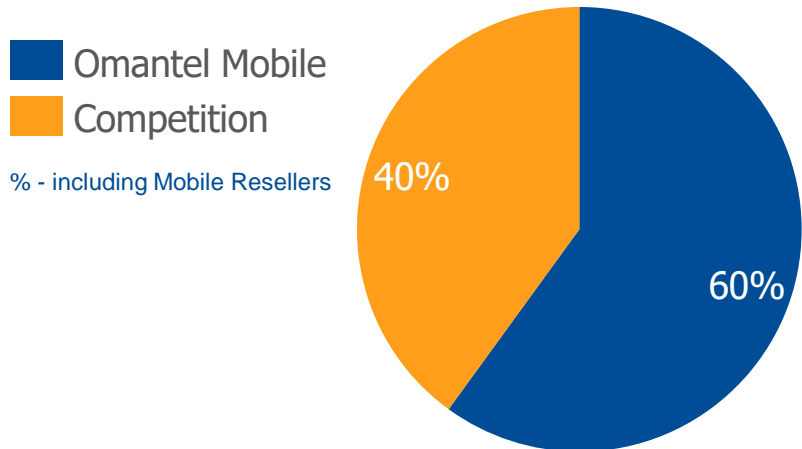


Note: Omantel Mobile (incl Mobile Resellers) subscribers declined by 2.3%, net drop is around 74 K mainly due to drop in Mobile Prepaid

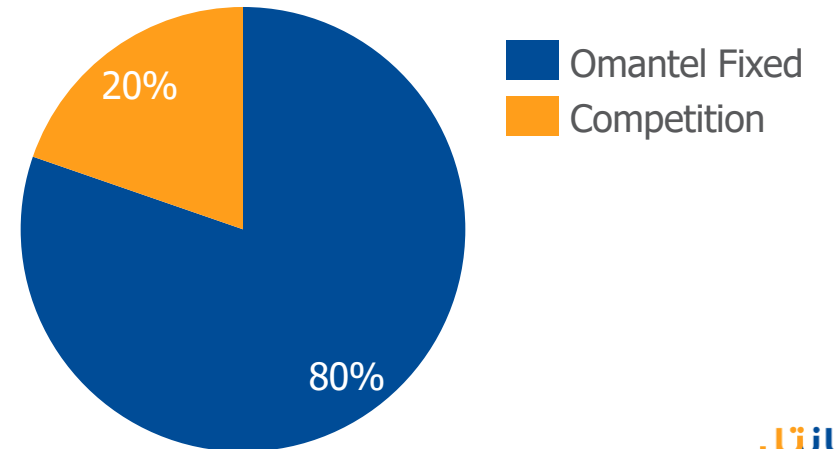
Fixed Subscriber Market share



Mobile Revenue Market share



Fixed Revenue Market share



Tower Sale & REIF Update

- **Tower Sale:** Omantel is actively pursuing an asset-lite strategy. This is also part of the deleveraging and debt management initiatives that will enable us achieve an optimal balance sheet profile and liquidity. As disclosed in May 2021, Omantel entered into an agreement with an international mobile tower infrastructure company Helios Towers plc, UK wherein Omantel will sell its passive infrastructure for a cash consideration of US\$ 575 mn.
- The agreement contemplates the sale of 2,890 mobile towers with a lease and service contract for a period of 15 years with renewal options. The financial closure is in the final stages and is expected to complete by Q2 2022.
- **Real Estate Investment Fund (REIF):** Omantel is also planning to monetize its investment in its Head quarter building located in Madinat Al Irfan area of Muscat. The plan includes a sale and lease back of the HQ building through a REIF structure, which in turn will allow Omantel to monetize this asset and generate considerable liquidity, yet retaining a degree of control over the REIF. It is in the final stages of CMA approval and expect to complete the entire process Q2 2022.

Awards

Omantel named the 'Middle East Regional Operator of the Year' on the sidelines of Carrier Community Global Awards in Berlin.



Omantel winning
"Leading Corporate for Investor Relations"
And
"Best Investor Relations Professional"
in Oman for the year 2020 by the Middle East Investor Relations Society, Dubai.



Omantel wins the "National Builder of the year" Award at Alam Al-Iktissad Wal-Aamal (AIWA) Awards, and Talal Al-Maamari receives the Best CEO Award in the Telecommunications Sector



Omantel bagged 'Voice of Customer' and 'Best Change Management Awards' at Customer Experience Live Show Middle East in Dubai 2021.



Omantel bags
"Outstanding Leadership and Growth" Award
at SAMENA endorsed MEA Business Achievement



Presented by

- Sheikh. Talal Al Mamari, CEO
- Mr. P.G. Menon, Acting CFO
- Mr. Ghassan Al Hashar, VP Finance
- Ms. Amal Al Ojaily, GM Strategic Finance
- Ms. Bushra Al Balushi, IR Officer/ Sr. Manager Planning & Economics

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Q&A