

Omantel Group Performance Q1 2014

January – March 2014

Presentation to Investor Community

Conference Call

14th May 2014 at 2 PM (Oman Time)

عمانتل
Omantel

Group Performance Highlights

Group Performance Highlights

Revenue



- Group Revenue RO 120.2 Mn, a growth of 5.0%.
- **Domestic** Revenues increased by **6.1%**, mainly contributed by growth in;
 - **12.9%** and **28.5%** from *Fixed Revenues & Wholesale Revenues respectively.*
 - **28.0%** from *Mobile Broadband revenue.*
 - **35.6%** from Fixed Broadband
 - **6.2%** Corporate revenues.

Healthy margin



- Group Net Profit of **RO 34.4** Mn. Domestic Net Profit of **RO 34.1** Mn
- Maintained **Healthy EBITDA** of **47%** (54% excluding Royalty)
- Domestic EBITDA **48%**. (Excluding Royalty 55%)
- Group Net profit margin (after *MI*) is **29%**, increase of 18.1% over last year.

Strong subscriber base



- Group customer base grown by **4.1%**. (*from 4.042 Mn compared to 3.883 Mn - incl WTL*).
- Continued robust Mobile Subscriber acquisition – Total Market Growth 8.3%, Omantel Mobile achieved growth of 8.5%. (Q1'2014 Vs Q1'2013).
- Growth in both post & pre paid Omantel mobile subscriber base (5.6% and 4.7% respectively) and mobile broadband by 35.0%.

Group Performance Highlights

Market Leadership



- Oman Mobile network subscriber base YoY grown to 3.305 Mn (58.6%* Market share) from 3.094 Mn
- Mobile Revenue Share 61.6%.
- Fixed line subscriber market share is 85.5%*
- Fixed Line Revenue share 84.2%

Strong balance sheet



- Debt Ratio is 31.5%
- Group total assets at RO 761 Mn.
- Net worth of RO 521 Mn.
- Net Asset per share is RO 0.686

Impressive market fundamentals



- Dividend Yield **7.6%** (*Dividend at 115 Bz / share - based on 31 Dec 2013 Closing Price of RO 1.505*)
- Market Capitalization at RO 1.125 Bn (Mar'14)
- Price Earning Ratio {P/E 8.19}
- EV / EBITDA 4.94
- Price to Book Value 2.19

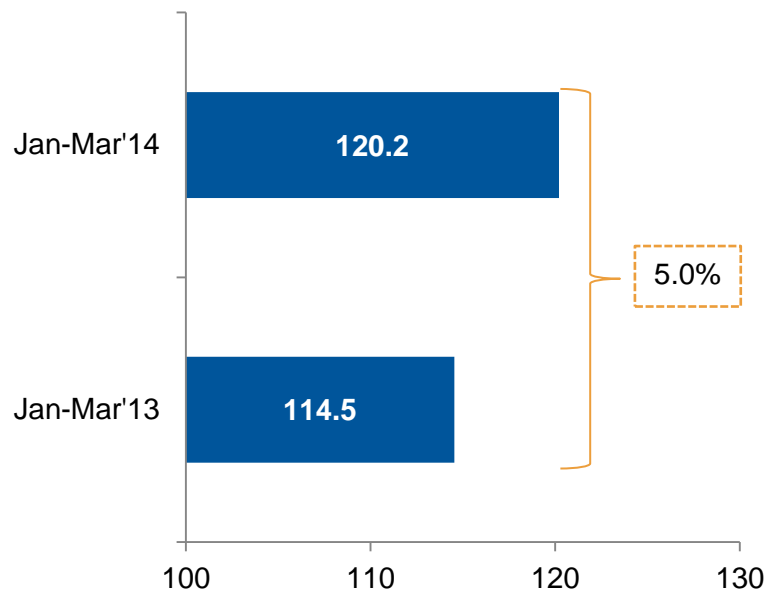
* Market / Revenue Share is an estimate

Group Performance Analysis

Revenue

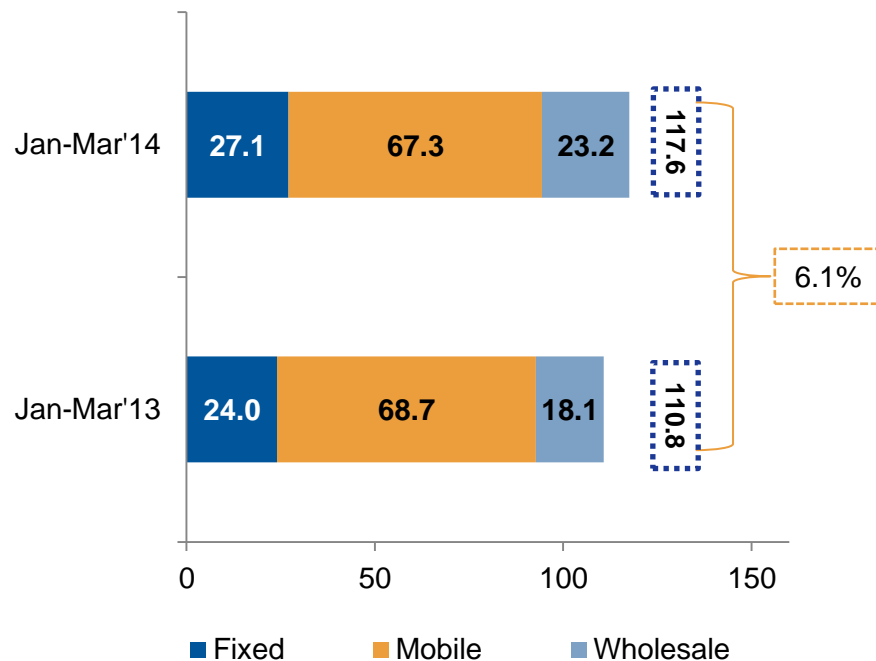
Both Group and Domestic operation Revenue have grown by 5.0% and 6.1% respectively

Consolidated with Worldcall
Group Revenue in RO Mn



2.2% of the total revenue contributed by International operation (WTL)

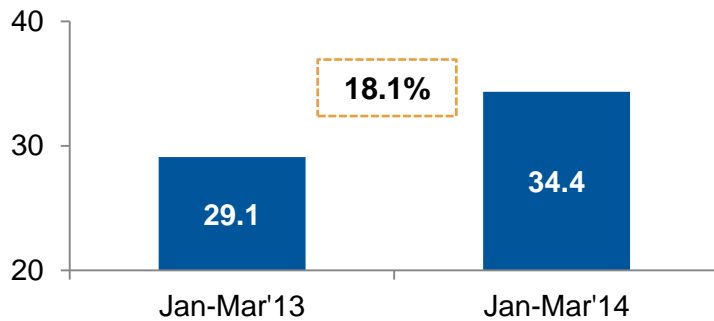
Domestic Operation
Domestic Revenue in RO Mn



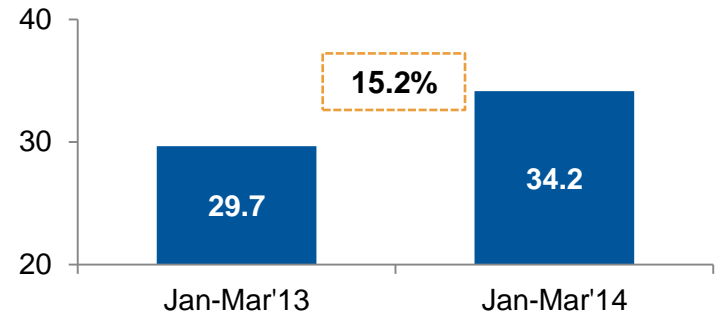
Net Profit and EBITDA

Group Net Profit and EBITDA continue to be healthy

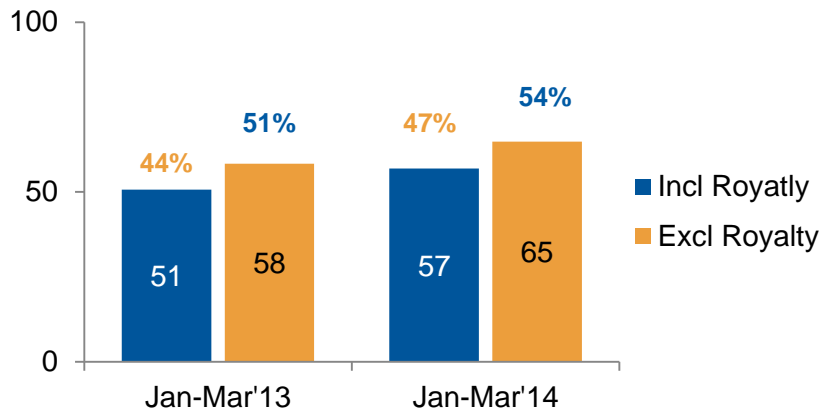
Consolidated with Worldcall
Group Net Profit in RO Mn



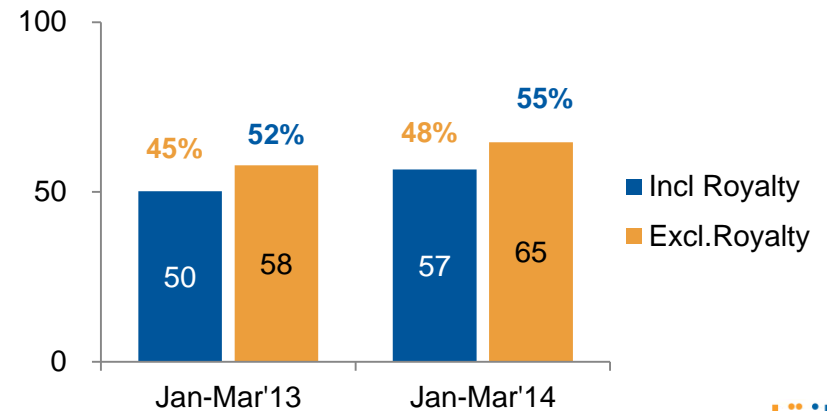
Domestic Operation
Domestic Net Profit in RO Mn



EBITDA RO Mn & %

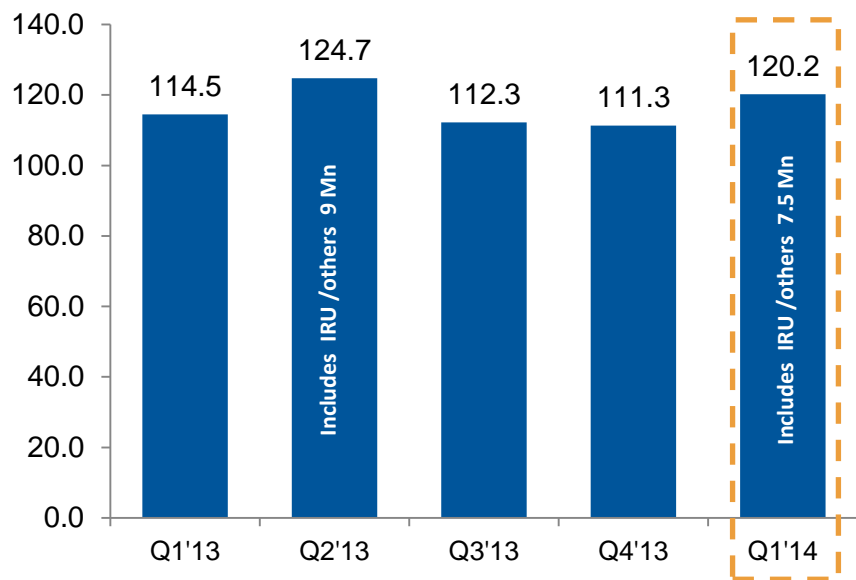


EBITDA RO Mn & %

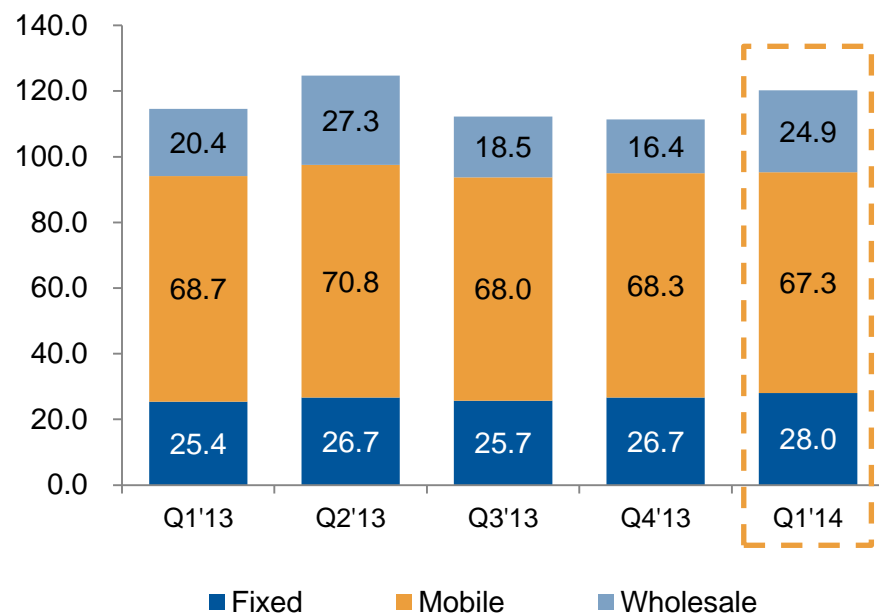


Group Revenue - Quarterly Analysis

Group Revenue in RO Mn

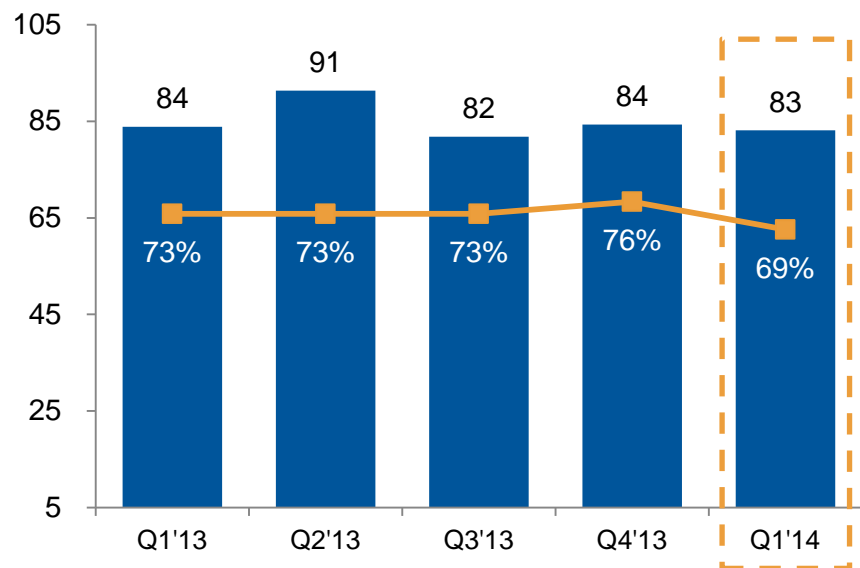


Group Revenue by Segment RO Mn



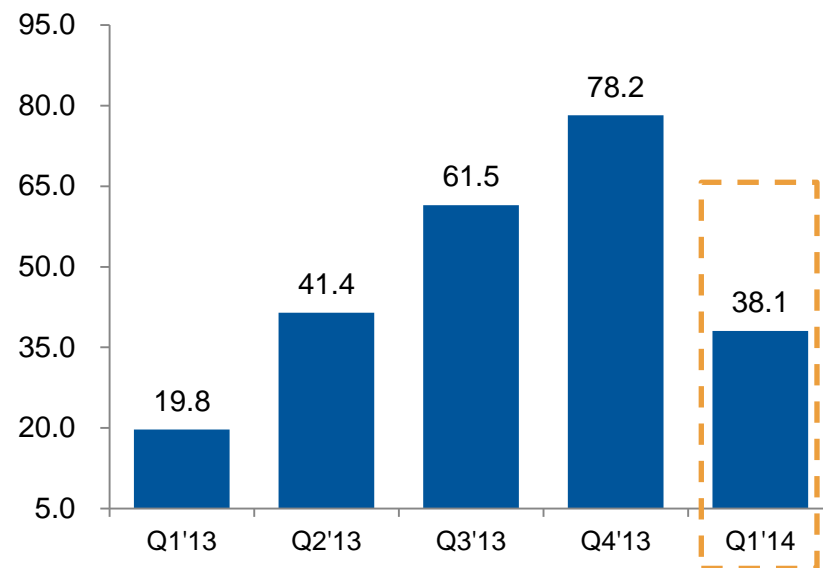
OPEX - CAPEX

Total Opex (incl Depreciation) by Qtr – RO Mn & Opex Ratio- % to Revenue



Domestic Opex to Revenue ratio for Dec'13 is 71% and Group 73.8%

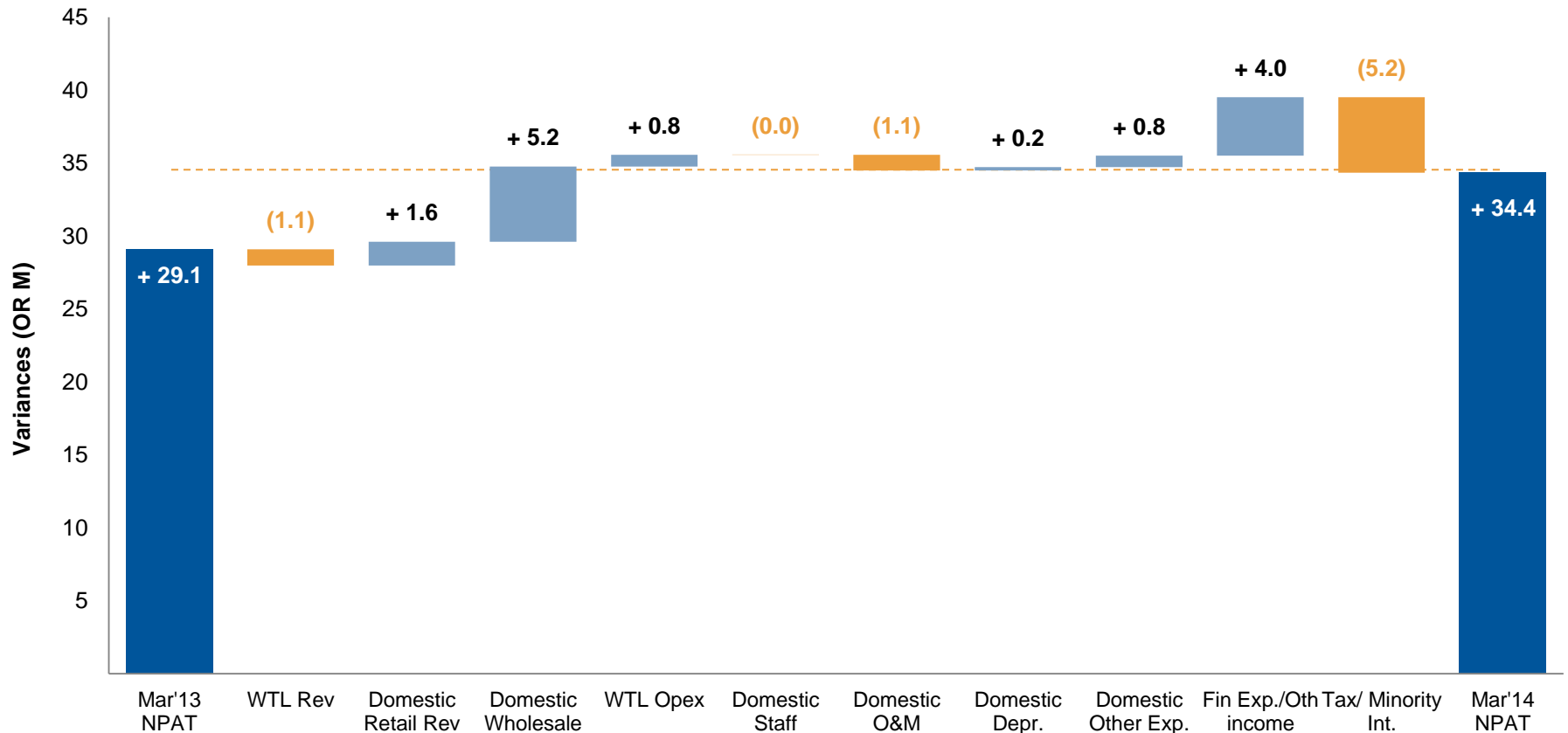
Capex Additions (Cumulative) RO Mn



Capex to Revenue ratio is at 31.7%

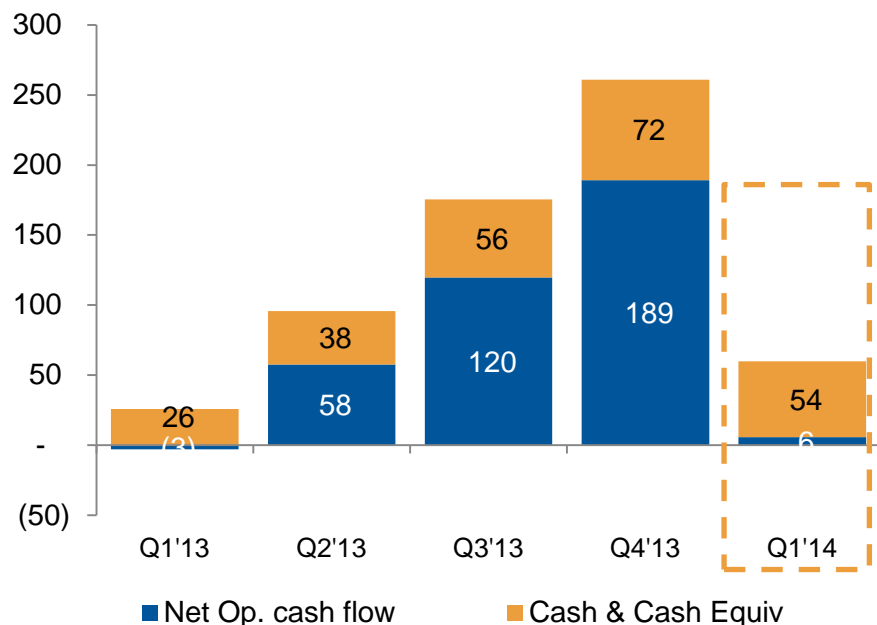
Net profit after Tax

NPAT Actual Variance Including WorldCall (Mar'14 Vs Mar'13) OR 5.3 Mn

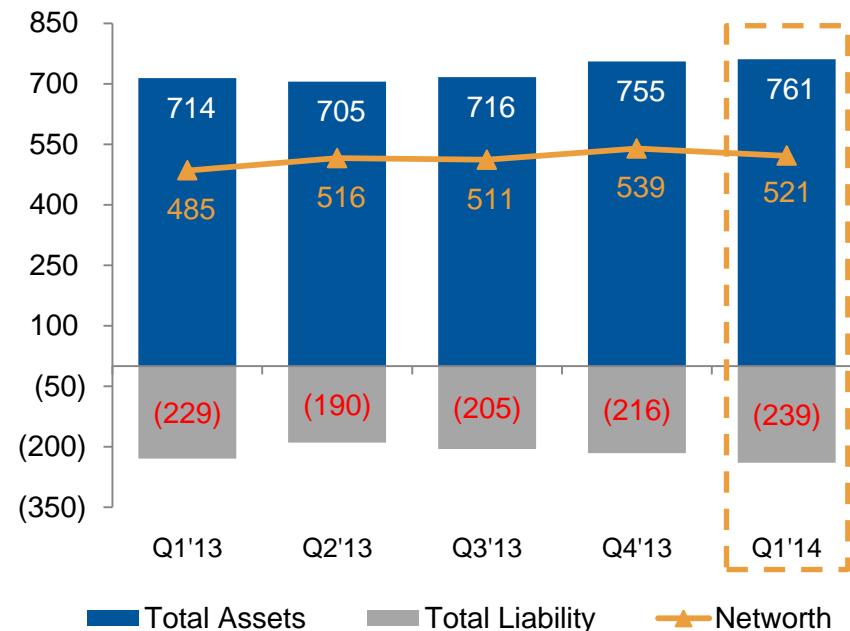


Healthy Cash flow and strong Balance sheet

Cash Flow (Cumulative) RO Mn



Assets, Liability & Net worth RO Mn



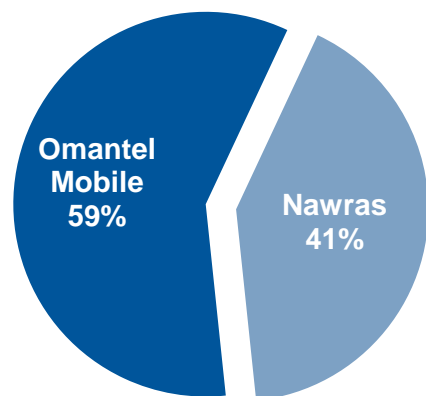
Note:

- 1) Operating cash flow before working capital changes is RO 58.4 Mn which is 48.6% of revenue.
- 2) Cash & Cash equivalent excludes Fixed deposit with banks amounting to RO 70.3 Mn

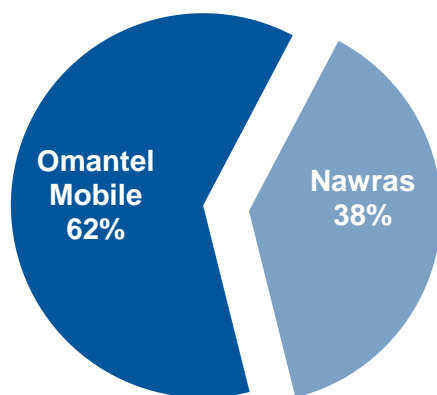
Growth & Market Share

Mobile Market Share

Mobile Subscriber (incl Mobile Resellers) Market Share – Mar'14 (est)



Mobile Revenue (incl Mobile Resellers) Revenue Share – Mar'14

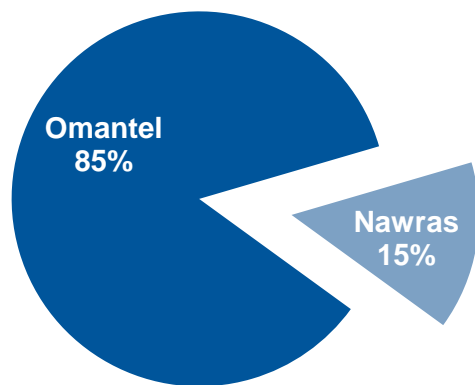


Highlights

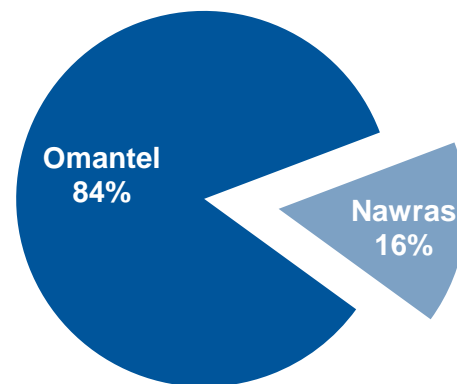
- 1) Omantel Mobile continue to be the leading mobile operator –Subscriber market share including mobile resellers (58.6%) and Revenue market share (61.6%)
- 2) Total Mobile market grew by 8.3% as compared to Q1'13. Omantel Mobile (incl Mobile Resellers) achieved a growth rate of 8.5%, net addition is around 262 K, which is around 59% of total net additions.
- 3) Compared to Q1 2013, Omantel Mobile subscriber market share maintained at the same level, while revenue share declined by 2.1% (in absolute terms).

Fixed Market Share

Fixed Market Share – Mar'2014 (est)



Fixed Revenue Share –Mar'2014

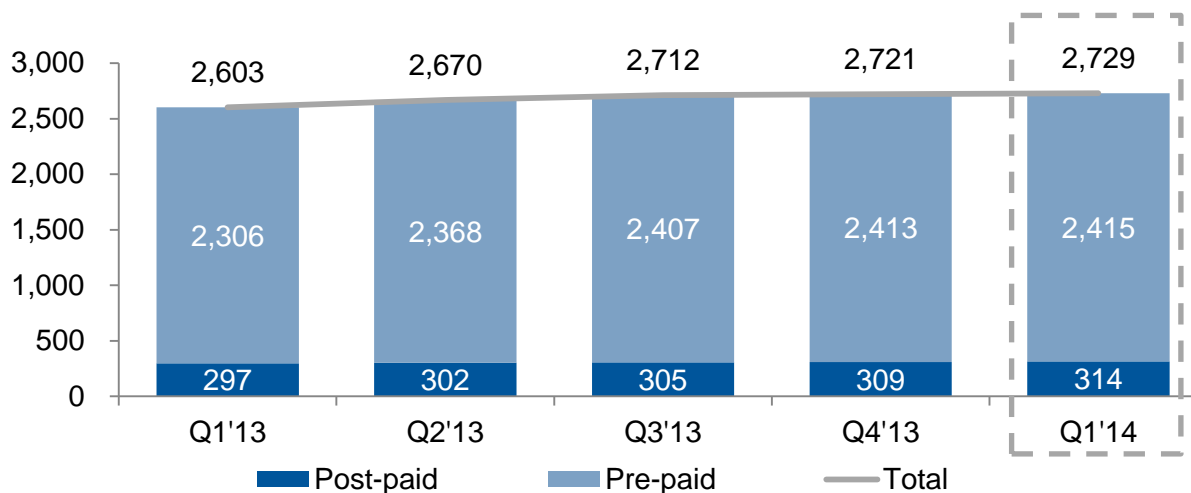


Highlights

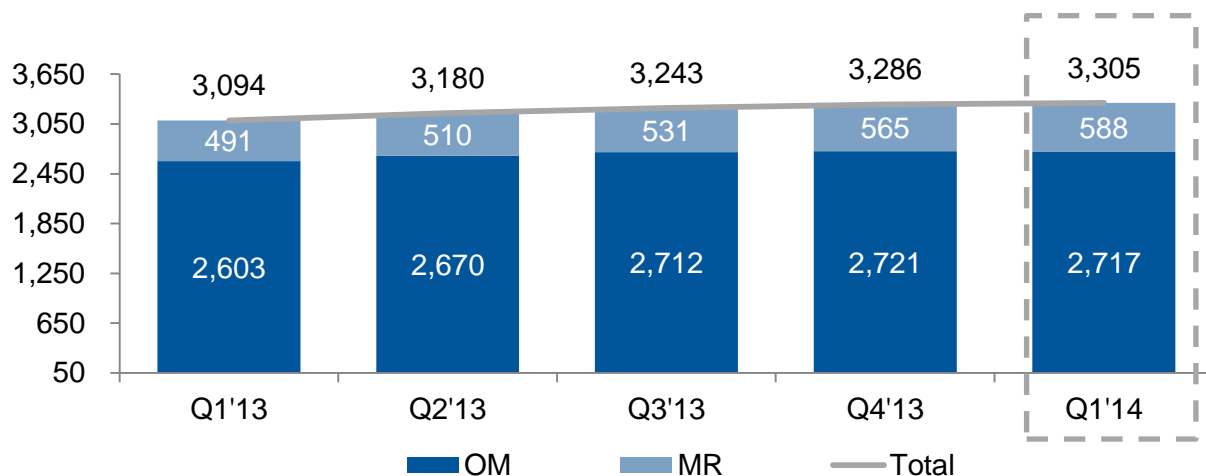
- 1) Omantel Fixed line market share - Subscriber market share 85.5% and Revenue market share 84.2%

Mobile subscriber base - Quarterly

Oman Mobile Subscribers – In '000s



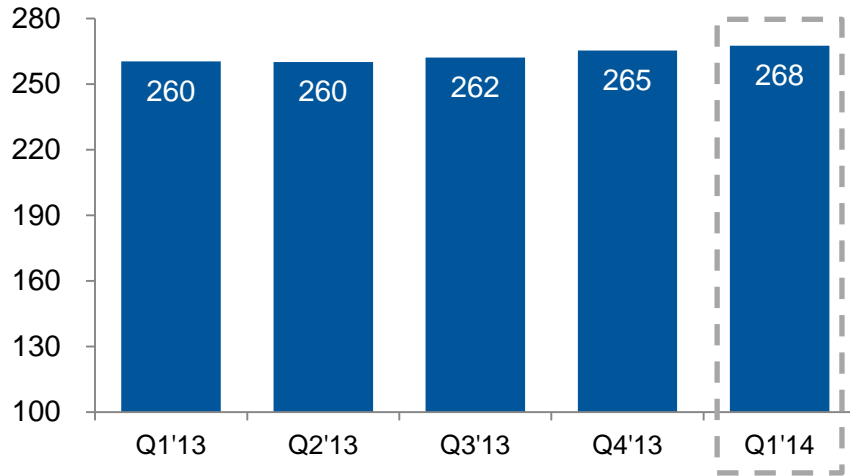
With Mobile Resellers – In '000s



Subscriber base

Fixed Line shows marginal increase in Q1 2014. Combined Broadband Subscribers recorded a growth of 35%

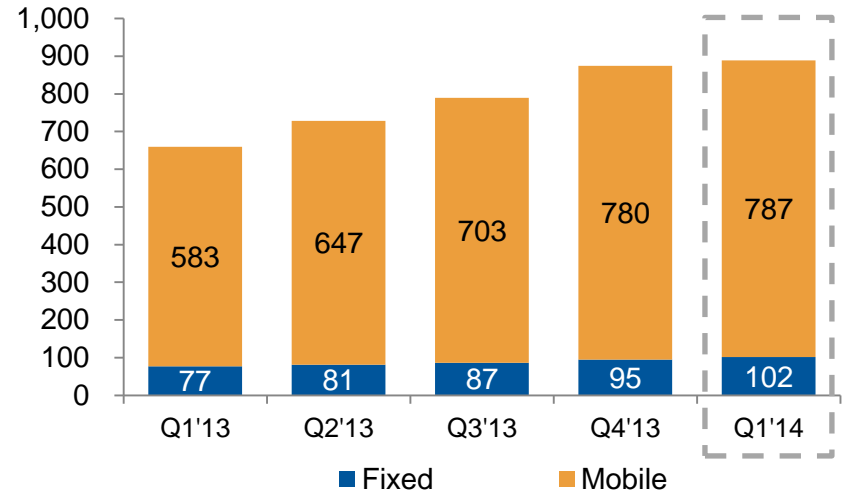
Fixed Line Subscribers – In '000s



Note:

- 1) Fixed line include pre-paid and payphone.

Fixed & Mobile Broadband – In '000s



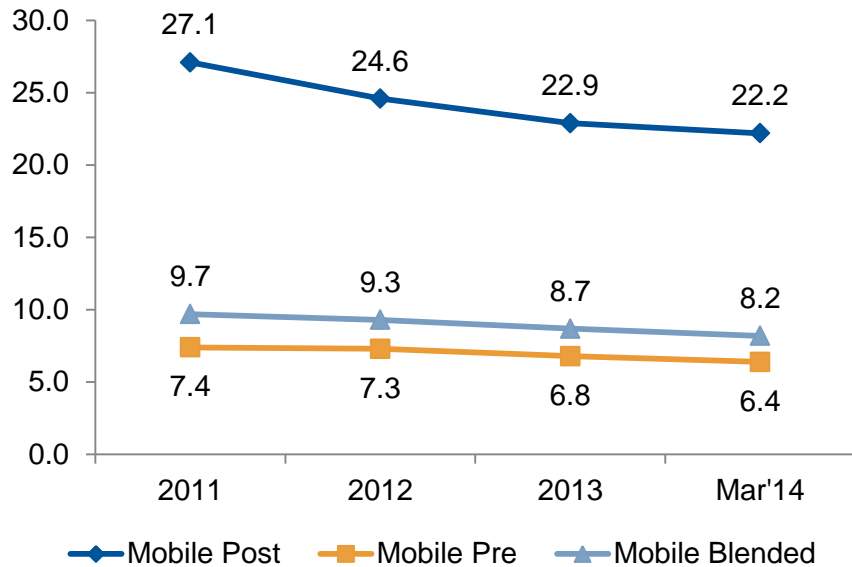
Note:

- 1) Mobile Broadband subscribers are unique subscribers subscribed to any one of the packages including Blackberry service.
- 2) Mobile Broadband subscribers including Pay As You Go (PAYG) is estimated at 1.32 Mn as of Mar'14.

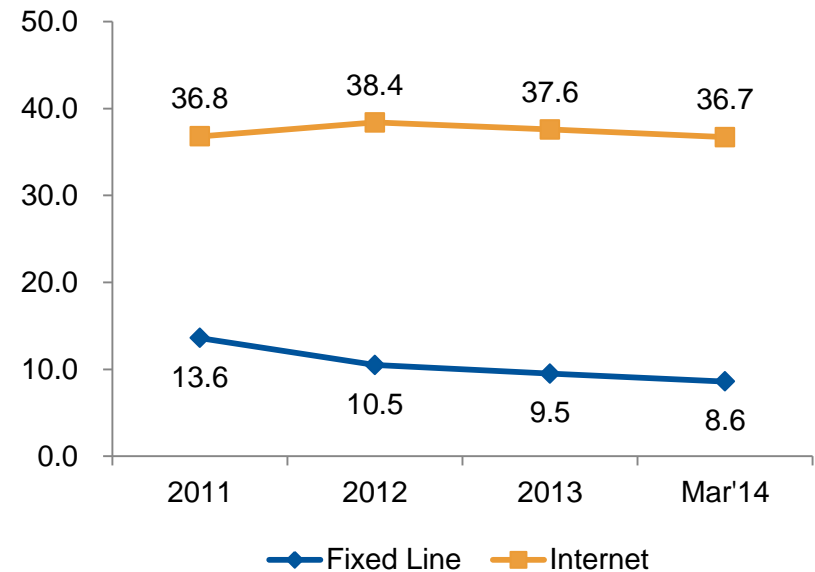
ARPU

ARPU – RO per Month for major products / services

Mobile services



Fixed line services



Note:

- 1) Fixed line include post & pre-paid including payphone.
- 2) Internet include Broadband and all internet services (dialup post & prepaid, dedicated)

Worldcall Performance – Year to date comparison (2014 vs. 2013)

Income Statement

Amounts in RO mln	3 Months ended March		
	2014	2013	Variance
Revenue	2.63	3.76	-29.8%
Operating Expenses	3.82	4.63	17.5%
EBITDA	0.23	0.46	-49.6%
Depreciation and amortization	1.41	1.33	-6.1%
Operating Profits/(Loss)	(1.18)	(0.87)	-35.7%
Finance Cost	2.31	(0.93)	348%
Other income/(loss)	0.03	0.02	57.8%
Profit/(Loss) Before Taxation	1.16	(1.78)	165%
Taxation	0.27	(0.78)	134%
Net Profit/(Loss) After Tax	0.89	(1.0)	189%

Key Ratios

	2014	2013
Net margin	33.7%	-26.5%
EBITDA margin	8.8%	12.3%

The WTL profit for the current period includes an exchange gain of RO 2.965 mn which is on account of conversion of their foreign currency denominated liabilities to the closing exchange rates. During 1st Quarter 2014 PKR appreciated by 9.3% against Omani Rial, which resulted in the gain. Excluding the foreign currency gains, Worldcall loss for the current period is RO 2.732 Mn with Omantel share being RO 1.5 Mn

Highlights

- YTD revenues for 2014 posted RO 2.6 Mn (-29.8%) {-28.5% in PKR} lower than YTD revenues for 2013.
- EBITDA 2014 has declined to RO 0.23 Mn compared to the corresponding period of year 2013. EBITDA margin decreased from 12.3% in 2013 to 8.8% in 2014.
- The YTD bottom line posted a net profit of RO 0.89 Mn as against a loss of RO 1.0 Mn in 2013.

Divestment of Government 's 19% holding in Omantel – status update

MoF has announced its intention to divest Government's holding - 19% of the share capital of the company on 17th Sep 2013.

- On 17 September 2013, the Government announced to sell 19% of the shares through a public offering. As of 31 March 2014, 9.5% (71.25 million shares) of the shareholdings was sold and allocated to qualified institutions and high net worth investors at a cut off price of RO 1.511 per share. The share was oversubscribed by 1.99 times.
- The allotment of the remaining 9.5% (71.25 million shares) was completed in April 2014 at an offer price of RO 1.350 per share
- The Extraordinary General Assembly of Omantel held on 24th March 2014 approved the amendment of the Company's Articles of Association to increase number of Board members to 9, reduce the government representation to 5 and increase the seats allocated for private shareholders to 4.

Presented by

- Dr. Amer Al Rawas, CEO
- Mr. Talal Said Al Mamari, 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, Email: investor@omantel.om

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