



Omantel Group Performance – Q3 2022

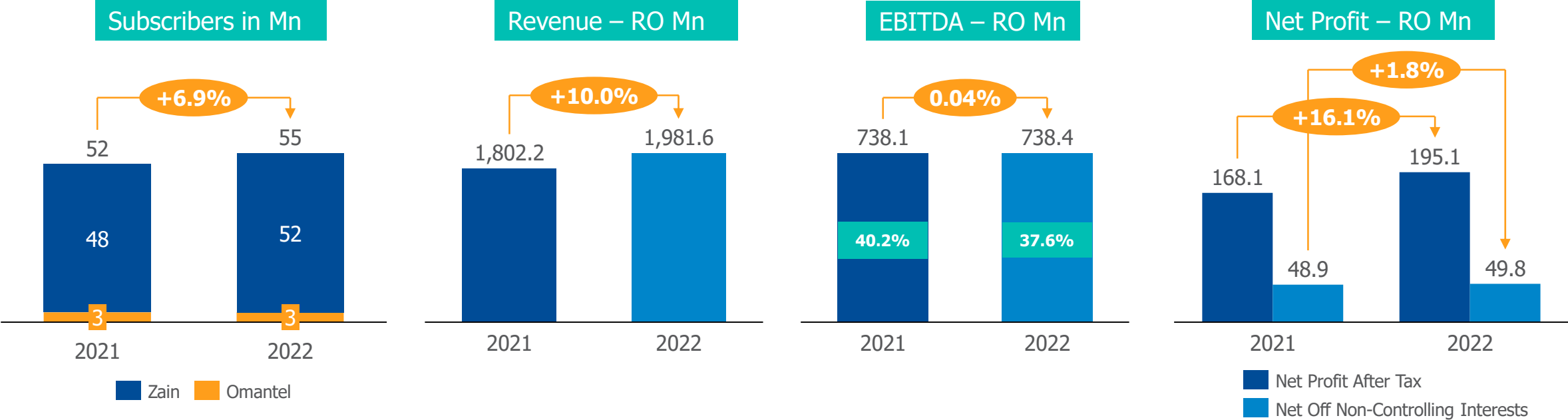
Presentation to Investor Community

Conference Call

16th November 2022 at 2 P.M. (Oman Time)

Omantel Group (Incl Zain Group) – YTD 2022 Performance

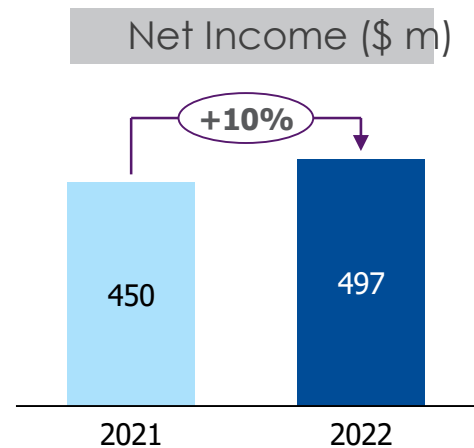
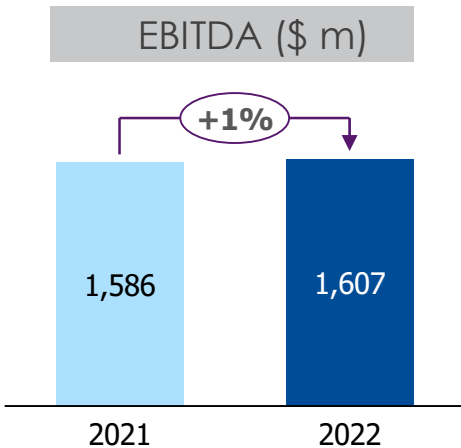
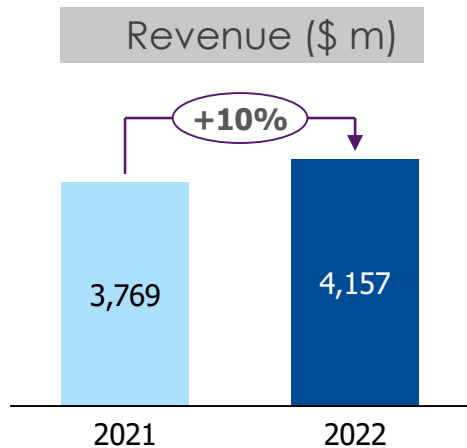
Group Revenue stands at RO 1,981.6 Mn and Net Profit is at RO 195.1 Mn, an increase of 16.1% YoY



- Zain Group customer base recorded a growth of 7.3%. Omantel customer base grown by 0.6%.
- 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 1,981.6 Mn compared to RO 1,802.2 Mn for the corresponding period 2021, a growth of 10%. Revenue include acquired business of Zain Group, which contributed revenues of RO 1.6 Bn.
- Net Profit observed a growth due to the growth in revenues, cost optimization measures across the group, depreciation and currency gains.

Zain Group Performance – YTD 2022 Performance (In US Dollars)



All operations reported healthy top line performance for the 9 months 2022

YTD- 22 Revenue grew by \$388m compared to prior period, mainly from:

KSA (+\$226m), Sudan (+\$98m), Kuwait (+\$65m) and Iraq (+\$27m). This is partially offset by decrease in South Sudan (-\$57m) mainly due to currency devaluation.

YTD EBITDA increased by (+\$20m) compared to prior period mainly from

Sudan (+\$61m), Kuwait (+\$20m) and Iraq (+\$15m)

This is partially offset by decrease in KSA (\$19m) due growth in low margin segments, and South Sudan (\$25m) due to currency devaluation.

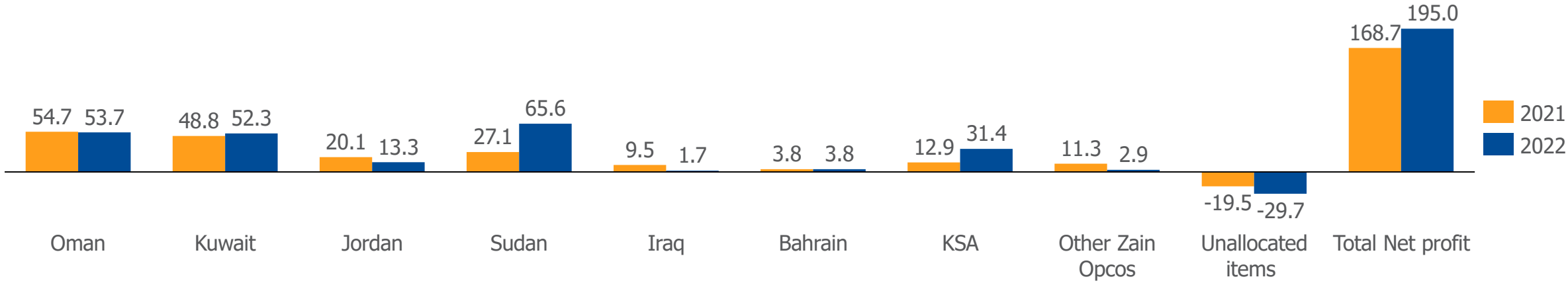
Net Income increased by \$47m compared to last year mainly from:

Savings in Depreciation & Amortization \$61m, mainly from KSA (stopping depreciation & amortization on tower assets held for sale).

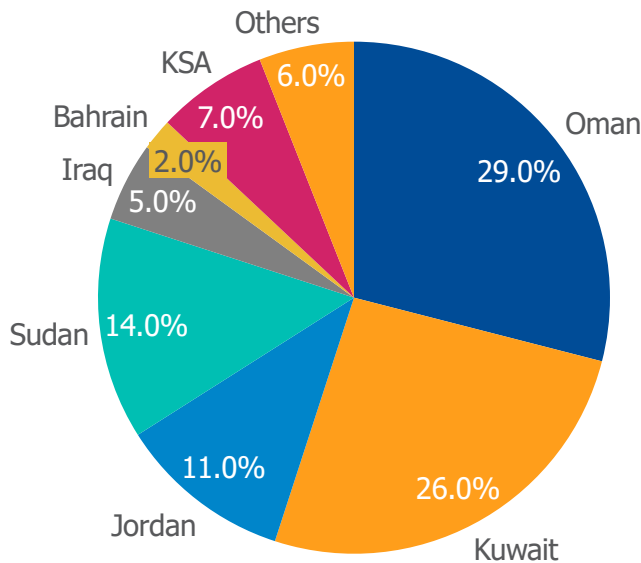
Tax related savings (\$30m) from Sudan on account of:

- a) 50% reduction in Corporate Income Tax Rate, resulted in \$17m benefit.
- b) \$15m; representing reversal of 3% tax provision relating to FY-21 (\$6m) and stopped accruing for the 3% tax provision for YTD Sep-22 amounting to \$9m.

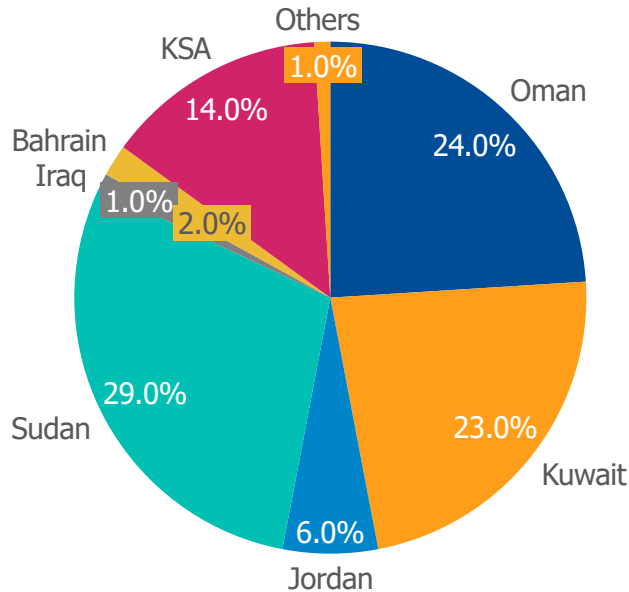
Segmental information – YTD 2022 Performance



Net Profit Contribution Year 2021



Net Profit Contribution Year 2022

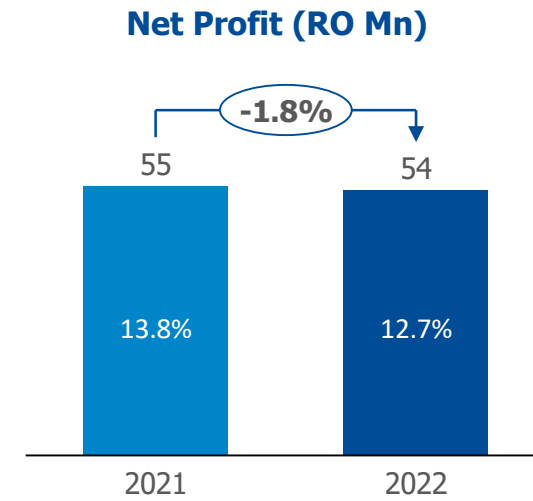
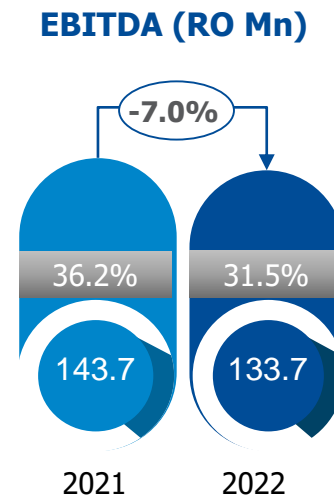
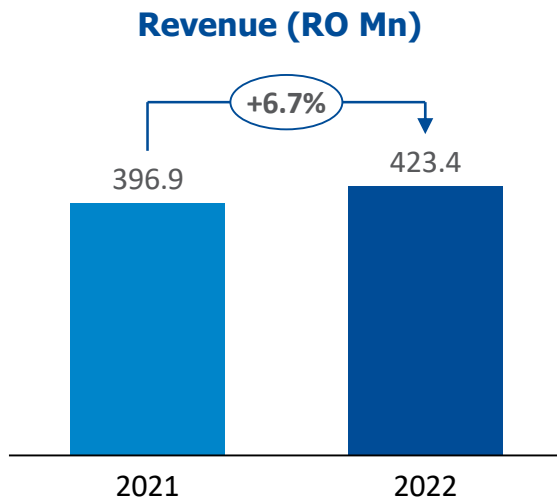


Note:
 1) Net profit are adjusted for Purchase Price Allocation (PPA).
 2) Unallocated adjustments which are of non-operating nature (include interest cost for Zain acquisition and interest cost on Borrowings at Zain group).

Omantel (Domestic performance)

Omantel + International SPVs + Domestic subsidiaries & associates

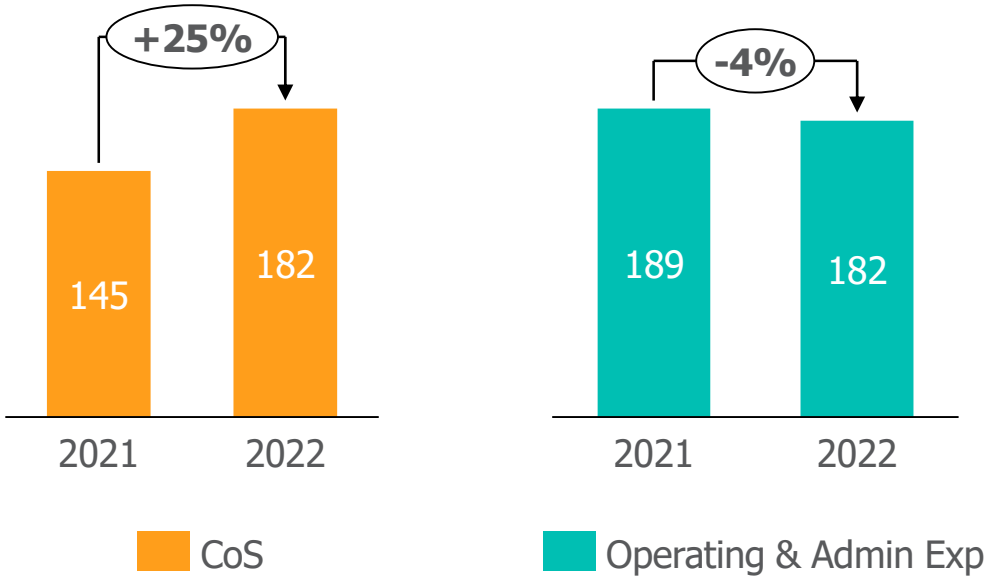
Domestic Performance – YTD 2022 (Including domestic subsidiaries)



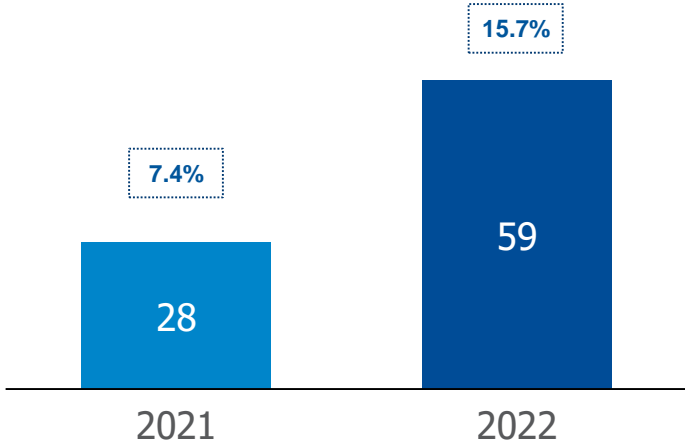
- Domestic operations covers Fixed Line business, Mobile business, Omantel International (OTI)-Wholesale arm of Omantel engaged in international voice aggregation business and Omantel subsidiaries (Oman Data Park, Infoline and Internet of Things- MOMKIN, Lamma, Future city).
- Revenue increase is mainly contributed by growth in Transit voice revenue which increased by RO 21.1 Mn YoY.
- In case of Core revenues growth achieved in Mobile Postpaid (11.1%), Fixed Broadband (1.7%), while Prepaid revenue declined due to challenging market conditions.
- EBITDA & Net Profit Margin is 31.5% and 12.7% respectively.
- EBITDA decrease of RO 10 Mn is coming predominantly YoY on account of reduction in Gross margin on the retail segment and increase in Royalty in the fixed business in 2022 from 7% to 10%.
- In spite of the significant increase in competition in Mobile and Fixed Broadband retail market, Net profit was marginally lower YOY predominantly on account of cost optimization measures, reduction in impairment provision against receivables (contributed by healthy collections) and decrease in depreciation.

Operating & Admin costs are reduced by 4% YoY mainly due to cost optimization measures. OPEX to Revenue ratio is higher than last year due to increase in revenue related costs. Capex to revenue ratio is at 15.7%

CoS & Operating /Admin Expenses RO Mn

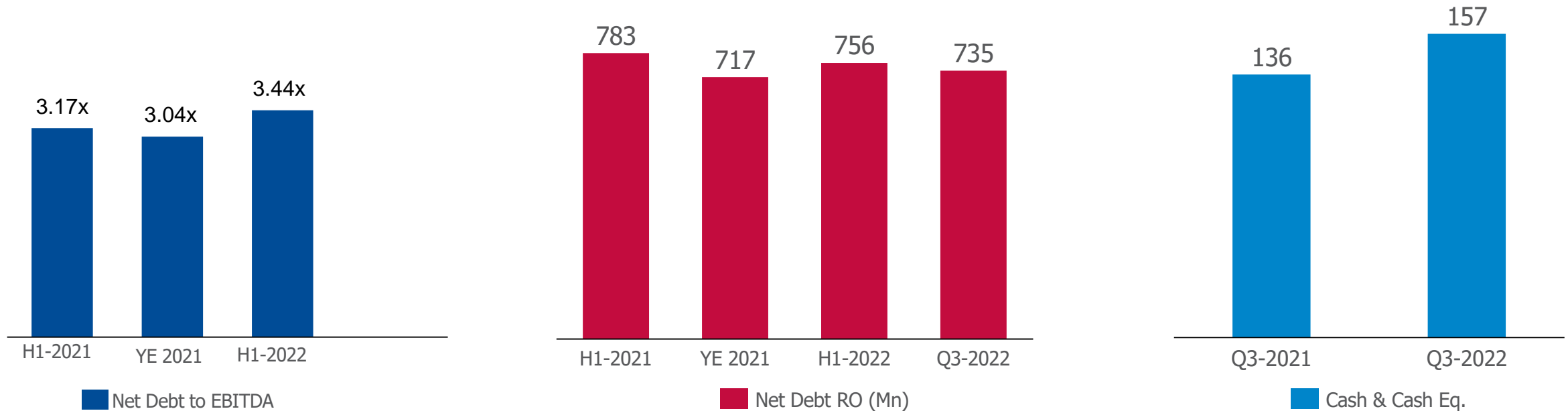


CAPEX additions RO Mn



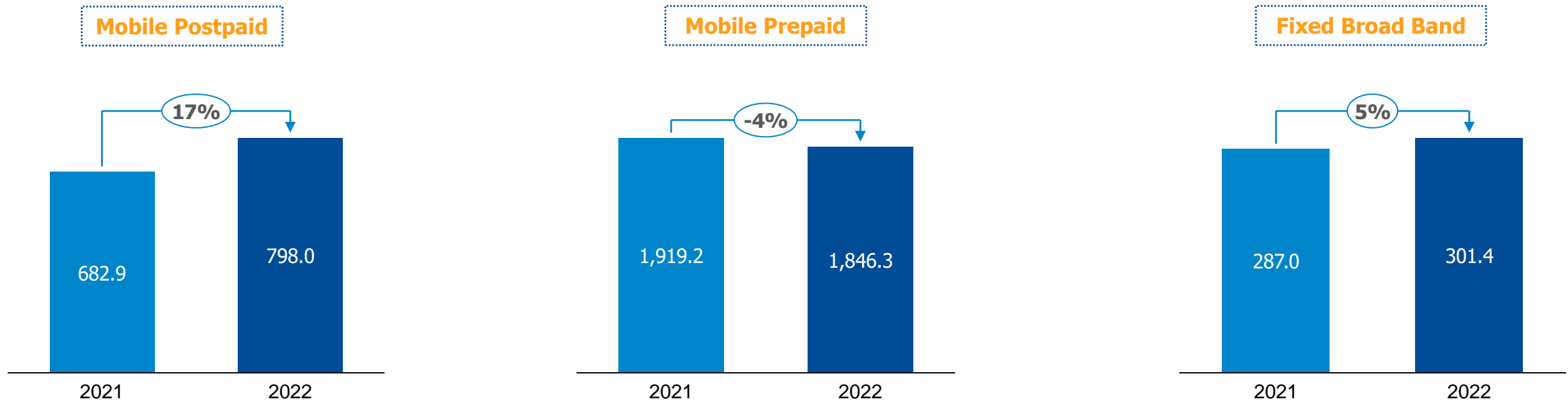
- YTD Opex to Revenue ratio for 2022 is 85.8% Vs 84% last year.
- Ratio increase is mainly due to increase in CoS which is driven by growth in revenues.

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 H1-'2022 is 3.44x and Interest cover is 4.4 against the target of 4. Leverage went up on account of capitalization of lease rentals arising from transfer of Headquarters to REIT. This is expected to come down upon completion of IPO of REIF.
- Omantel carries a Corporate Family Rating (CFR) assigned **by Moodys 'Ba3' (Outlook revised to positive from stable) and by Fitch 'BB'**

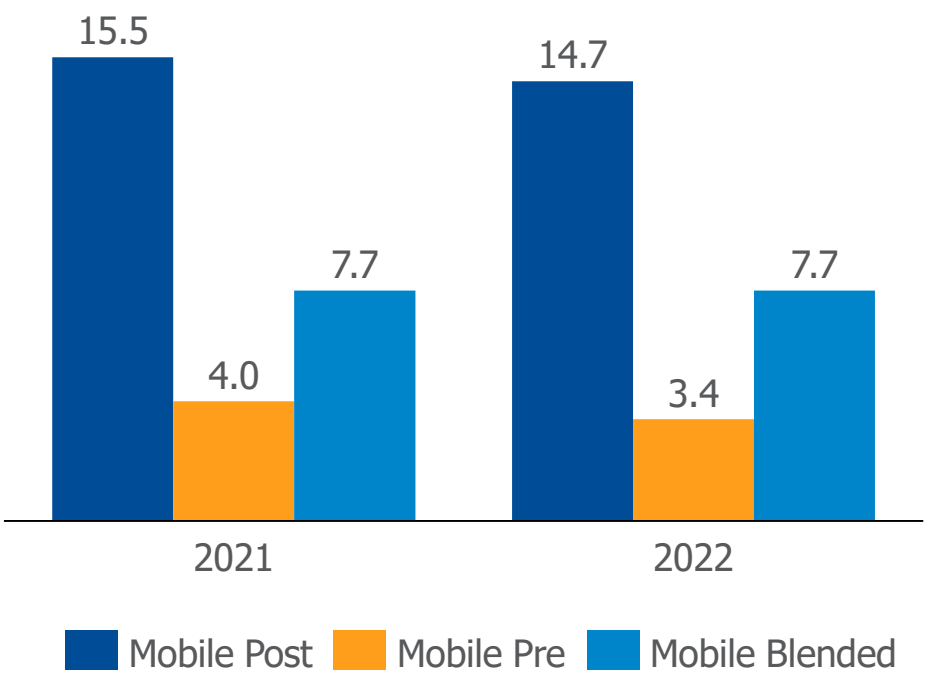
Omantel Subscriber base analysis shows FBB and Mobile postpaid continued its growth trajectory, while pre-paid declined YoY.



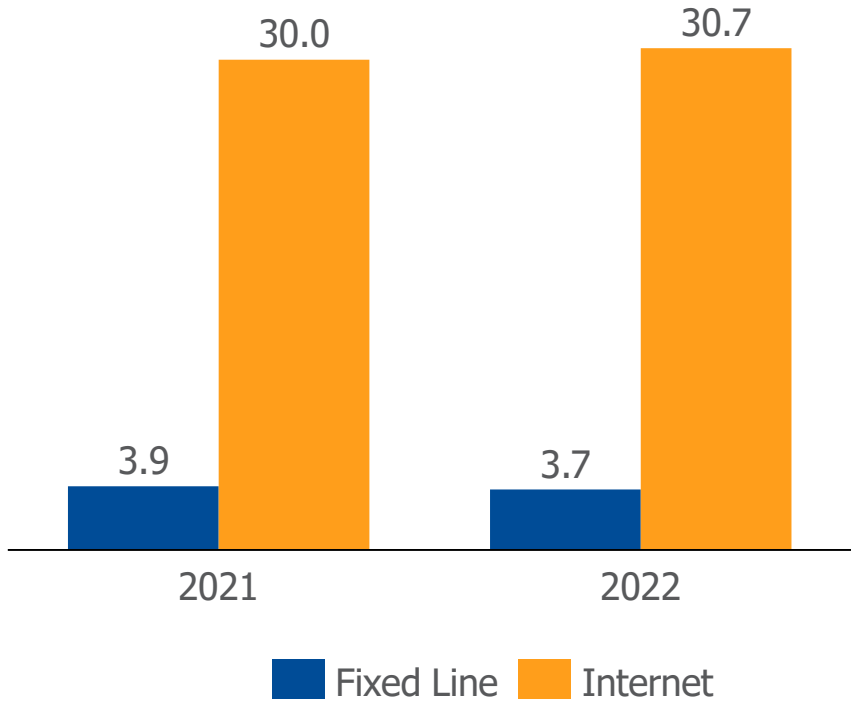
- Mobile postpaid customer base continues to grow mainly driven by pre to post migrations.
- Although prepaid market base is dropping in the country (YoY -4%), Omantel is maintaining the prepaid subscriber market share. The general drop on the Prepaid Customers base comes from migrations Postpaid plans, as well as, increased competition.
- 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 declined compared previous year

Mobile Services RO / Month



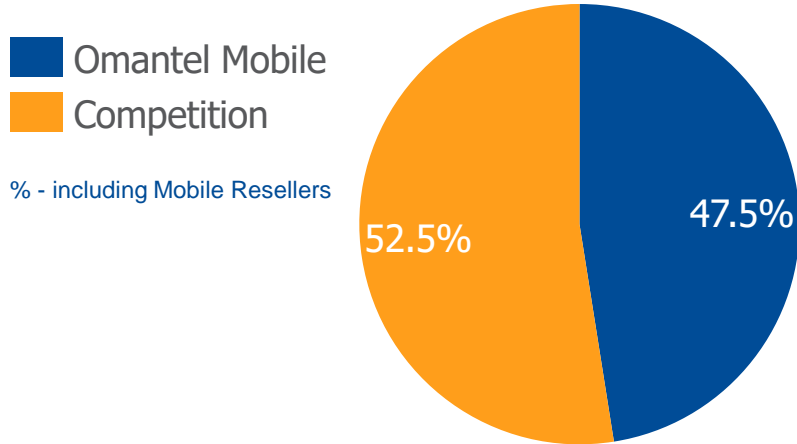
Fixed Line Services RO / Month



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

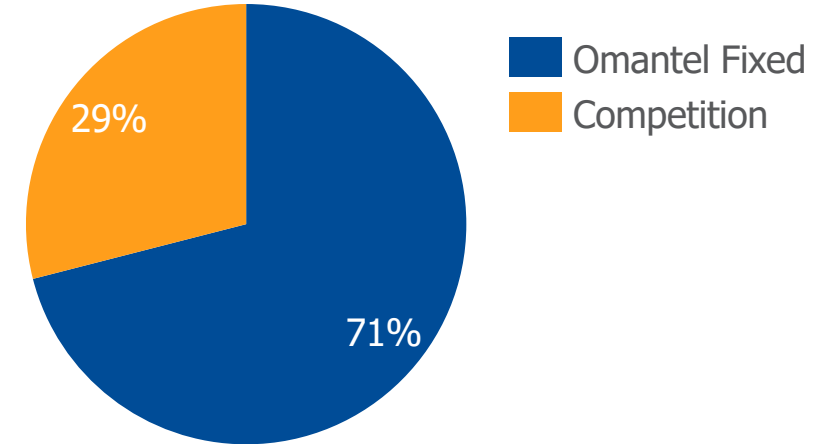
Mobile & Fixed Line Business Market share (Subscriber & Revenue share)

Mobile Subscriber Market share

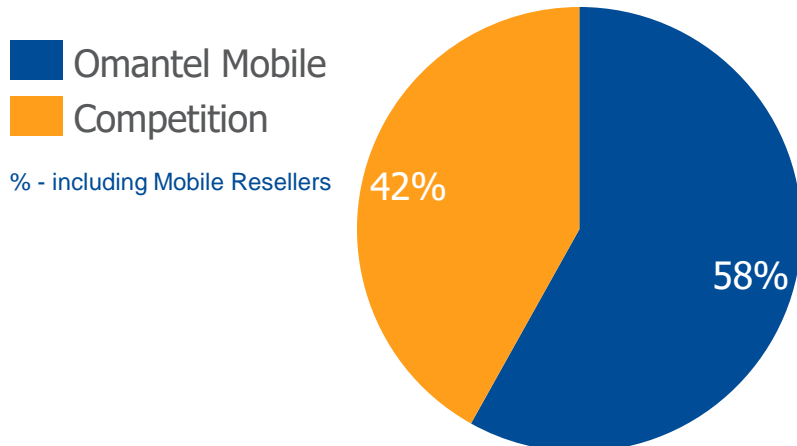


Note: Omantel Mobile (incl Mobile Resellers) subscribers increased by 0.5%, net growth is around 16 K mainly due to growth in Mobile Postpaid

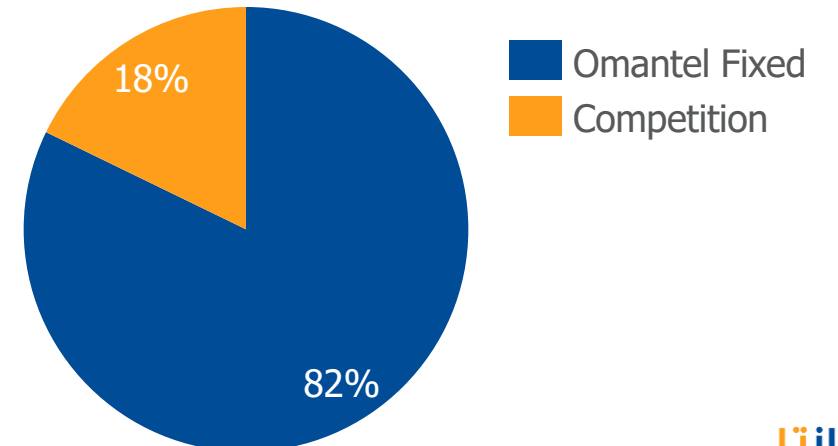
Fixed Subscriber Market share



Mobile Revenue Market share



Fixed Revenue Market share



Presented by

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Q&A