

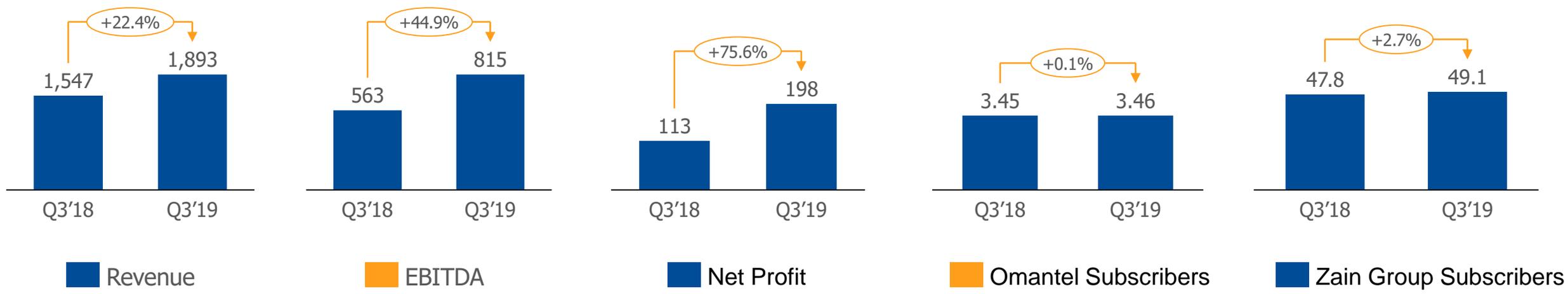


Omantel Group Performance – Q3 2019 (Jan-Sep) Presentation to Investor Community

Conference Call

18th November 2019 at 2PM (Oman Time)

Group Revenue for the period is RO 1,893 Mn with EBITDA of RO 815 Mn and Net Profit of RO 198 Mn (*net off non-controlling interest is RO 53Mn*)



Key Business Updates

- Group Revenue for the Q3'19 has grown to RO 1,893.4 Mn compared to RO 1,546.7 Mn for the corresponding period 2018, a growth of 22.4%. The Group revenue include acquired business of Zain Group, which contributed revenues of RO 1,501.5 Mn.
- Group Net Profit after tax is RO 198.3 Mn. After adjusting for the non-controlling interest, the net profit is RO 53 Mn.
- Nine Months ended 2019 includes the effect of consolidation of results of Zain KSA whereas in 2018 the Zain KSA was consolidated only with effect from Q3-2018.
- Interest costs incurred by Omantel Group relating to Zain acquisition is RO 39.3 Million in Q3-2019 (Q3-2018: RO 43.6 Million) and is accounted at Omantel Group consolidated level.
- Impact of IFRS 16:** Adoption of the new standard resulted in an increase in EBITDA by RO 76.5 million and an increase in Group net profit by RO 9.4 million
- Zain Group customer base recorded a growth of 2.7%, while Omantel customer base (*ex Mobile Resellers*) increased marginally by 0.1%.
- Omantel Fixed Line subscribers grown by 5.2%, while Mobile subscribers declined by 0.9% (*excluding Mobile Resellers*).



Group Consolidated Income Statement – For the Period Jan-Sep'19 (Summary)

Group Consolidated Performance				
In RO Mn	Year to Date (2019)		Year to Date (2018)	
	Actual'19	Actual'18	Variance	% of Chg
Revenue	1,893.4	1,546.7	346.7	22.4%
Cost of Sales (CoS)	(519.7)	(486.5)	(33.2)	(6.8%)
Gross Margin	1,373.6	1,060.2	313.5	29.6%
<i>Gross Margin %</i>	<i>72.6%</i>	<i>68.5%</i>		
Operating Expenses				
Operating and administrative expense	(522.8)	(477.6)	(45.2)	(9.5%)
Provision for impairment of receivables	(35.5)	(19.8)	(15.7)	(79.4%)
<i>Sub Total</i>	<i>(558.3)</i>	<i>(497.4)</i>	<i>(60.9)</i>	<i>(12.2%)</i>
EBITDA	815.4	562.8	252.6	44.9%
<i>EBITDA %</i>	<i>43.1%</i>	<i>36.4%</i>		-
Depreciation & Amortisation	(421.1)	(269.2)	(151.9)	(56.4%)
Amortization (Purchase Price Allocation)	(39.1)	(36.2)	(3.0)	(8.2%)
Operating Profit	355.2	257.5	97.8	38.0%
<i>Interest Income/Exps & Others</i>	<i>(129.0)</i>	<i>(113.4)</i>	<i>(15.6)</i>	<i>(13.8%)</i>
<i>Taxation</i>	<i>(27.9)</i>	<i>(31.1)</i>	<i>3.2</i>	<i>10.3%</i>
Profit After Taxation	198.3	112.9	85.3	75.6%
<i>Non-controlling interests</i>	<i>(145.6)</i>	<i>(69.3)</i>	<i>(76.2)</i>	<i>(110.0%)</i>
Net Profit (attributable to shareholders of the company)	52.7	43.6	9.09	20.9%
<i>Net Profit %</i>	<i>10.5%</i>	<i>7.3%</i>		

Note: Interest costs incurred by Omantel Group relating to Zain acquisition is RO 39.3 Million as of Q3 2019 (Q3-2018: RO 43.6 Million) and is accounted at Group consolidated level.

Omantel (Domestic performance)

Omantel + International SPVs + Domestic subsidiaries & associates

Omantel (Domestic performance) revenue compared to last year is lower by 4.5% mainly due to decline in mobile device & cable capacity IRU revenues. EBITDA and Net Profit are impacted negatively due to change in revenue mix.



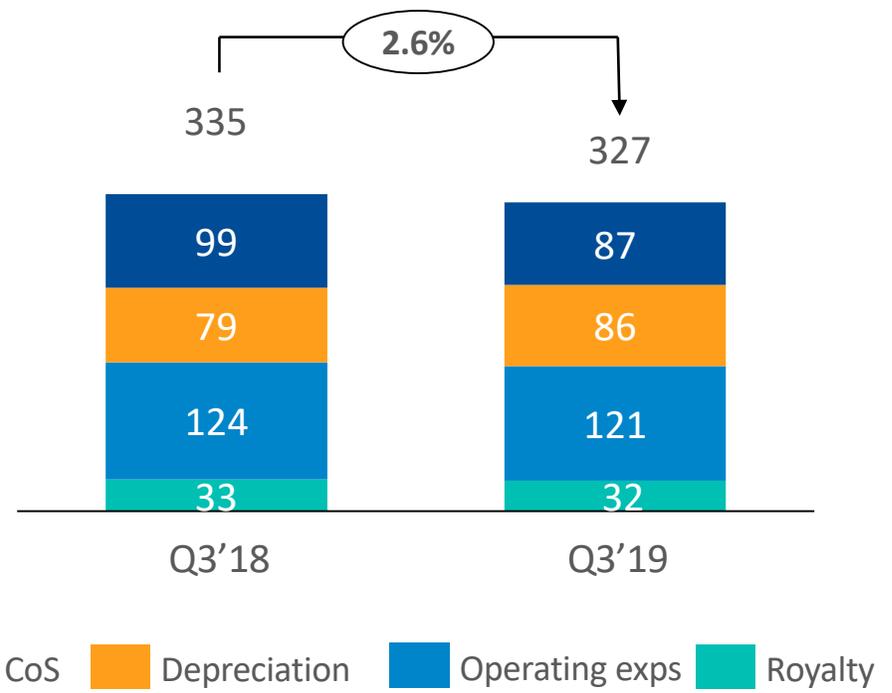
- Revenue recorded a decline of 4.5% compared to last year mainly due to decline in IRU and Device sale, which contributed for the major decline. If Device & IRU revenues are excluded, then the decline is 1.5%
- EBITDA & Net Profit is 39.2% and 15% respectively.
- **Impact of IFRS 16:** Adoption of the new standard resulted in an increase in EBITDA and Net Profit by RO 8.8 million and RO 0.8 million respectively.
- 5.2% growth from Fixed Line Retail revenues compared to last year. This is mainly contributed by Fixed Broadband Segment, where the revenues and subscribers recorded a growth of 8.7% and 9.9% respectively.
- Mobile Retail revenues decreased by 7% compared to last year mainly due to decline device sales and prepaid revenues.
- Voice revenues (both national and international calls) continues its declining trend mainly due to increase in OTT services
- Wholesale revenue declined by 9.1% mainly due to lower IRU Sale compared to Q3'18.
- Smartphone penetration reached 82% in Omantel Mobile Network

Segmental information for Nine Months ended 30th September 2019

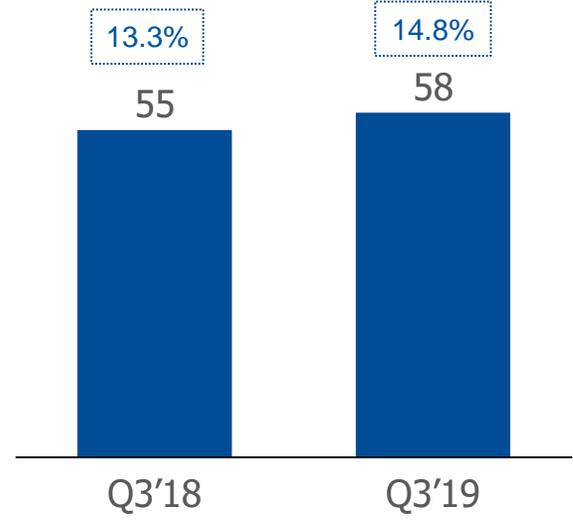
In RO Mn	Omantel Group - Segment Report								
		Year to Date							
	Oman	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	Total
Revenue	396.3	305.4	137.6	81.0	295.5	45.3	613.7	18.6	1,893.4
Net Profit Before Interest & Tax	70.9	58.2	29.7	17.2	33.3	2.1	108.7	10.1	330.1
- Interest Income	1.2	0.3	0.4	1.0	1.2	0.2	2.0	0.3	6.5
- Finance Costs	(2.2)	(0.4)	(6.7)	(0.2)	(17.5)	(0.8)	(78.2)	(0.1)	(106.2)
- Income Tax Expenses	(10.5)	0.0	(7.0)	(5.1)	(4.3)	0.0	0.0	(0.5)	(27.4)
Sub Total	59.4	58.1	16.3	12.9	12.7	1.4	32.4	9.9	203.0
<i>Unallocated Items</i>									
- Investment Income									(0.1)
- Share of Results of Associates & JVs									2.2
- Others									(6.9)
Profit for the Period									198.3
Segment assets including goodwill	970.8	1,005.5	551.4	149.2	948.8	130.1	3,150.1	97.4	7,003.3
ROU Assets	20.5	6.8	18.5	1.8	38.1	8.9	141.2	0.4	236.3
Sub Total	991.3	1,012.3	569.9	151.0	986.9	139.0	3,291.3	97.9	7,239.6
- Unallocated items:									
- Investment securities at fair value through profit or loss									49.4
- Investment securities at amortised cost									3.0
- Investment securities at FVOCI									6.3
- Investment in associates and joint ventures									106.2
- Others (Refer note in Financials)									167.5
Consolidated Assets									7,572.0
Segment liabilities	287.1	151.0	160.7	56.7	188.6	32.8	1,578.0	86.0	2,540.8
- Lease liabilities (Current and non-current)	21.1	6.5	18.9	1.9	42.2	9.4	152.9	0.5	253.4
- Accrued interest									0.0
- Due to banks	24.8	0.0	0.0	0.0	211.0	0.0	670.9	0.0	906.7
Sub Total	332.9	157.5	179.6	58.6	441.8	42.2	2,401.8	86.4	3,700.9
<i>Unallocated items:</i>									
- Due to banks									1,726.0
- Others									(430.5)
Consolidated liabilities									4,996.4
Net Consolidated assets									2,575.7
Capital expenditure incurred during the period	148.1	37.5	5.8	2.4	28.7	14.0	120.8	0.1	357.3
Unallocated									3.5
Total Capital expenditure									360.8
Depreciation and amortization	78.7	54.3	28.6	7.6	74.5	10.4	146.2	4.2	404.3
Amortisation of ROU assets	7.2	3.3	3.0	0.2	6.5	2.8	30.3	0.9	54.1
Unallocated									1.8
Total depreciation and amortization									460.2

Opex to revenue ratios are lower than last year mainly due to cost optimization drives and impact arising from IFRS 16

Total OPEX RO Mn (incl Depreciation)



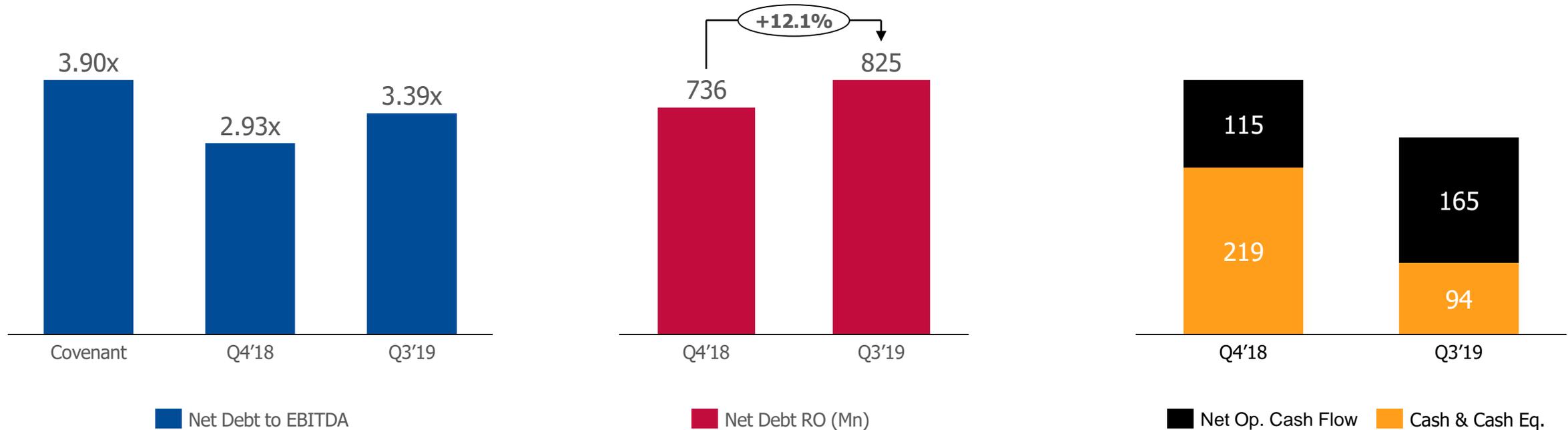
CAPEX additions RO Mn



• Capex to Revenue ratio is at 14.8% (cumulative). Excludes Mobile License Renewal cost.

- Opex to Revenue ratio for 2019 is 82.4% and for Yr 2018 is 80.8%.
- Royalty for Fixed Business is 7% and for Mobile is 12%.
- The decrease is mainly due to decline in revenue related expenses, cost optimization measures and impact of IFRS 16.

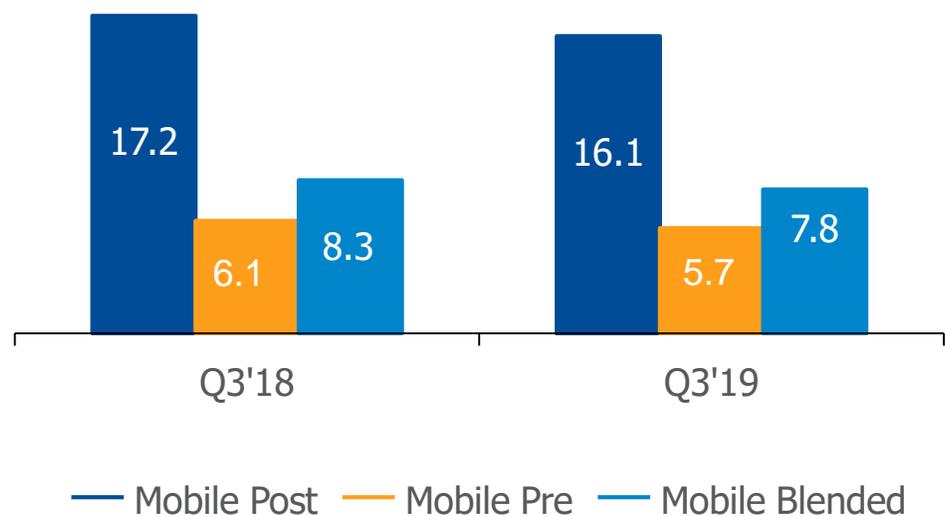
Leverage and Cash Flow position



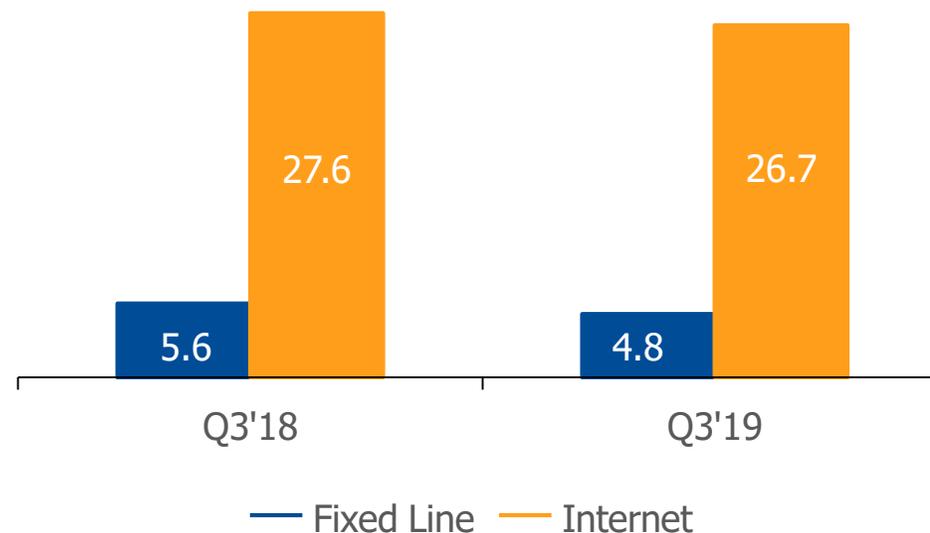
- The Net Debt to EBITDA is measured at the end of every half and full year. Net Debt to EBITDA (Leverage ratio) required as per the Covenant is 3.9. Based on adj EBITDA (EBITDA plus Dividend from Zain), the leverage as of Q3'2019 is 3.39x and Interest cover is 4.47 against the target of 4
- The Net Debt as of Sep 30, 2019 is higher is mainly due to lower cash balance compared to Q4'18, impact as a result of large payments made during the period (mobile license fee, royalty, tax and dividend) and on account of higher debts arising from implementation of IFRS 16 (Additional debt of RO 21.1 mn on account of IFRS 16 and mobile license fee)
- Omantel carries a Corporate Family Rating (CFR) of **Ba1** assigned by Moodys and a rating of **BB+** assigned by Fitch

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

Mobile Services RO / Month



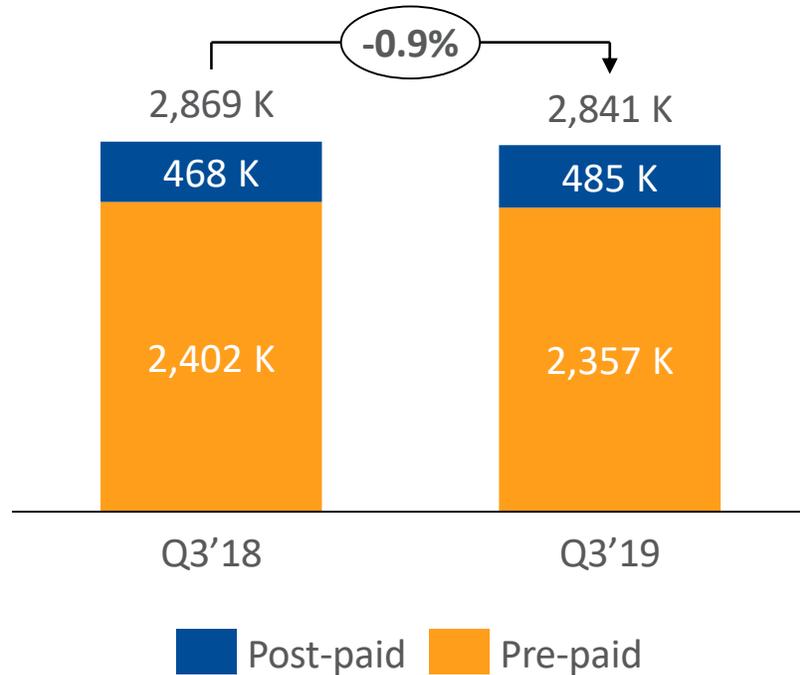
Fixed Line Services RO / Month



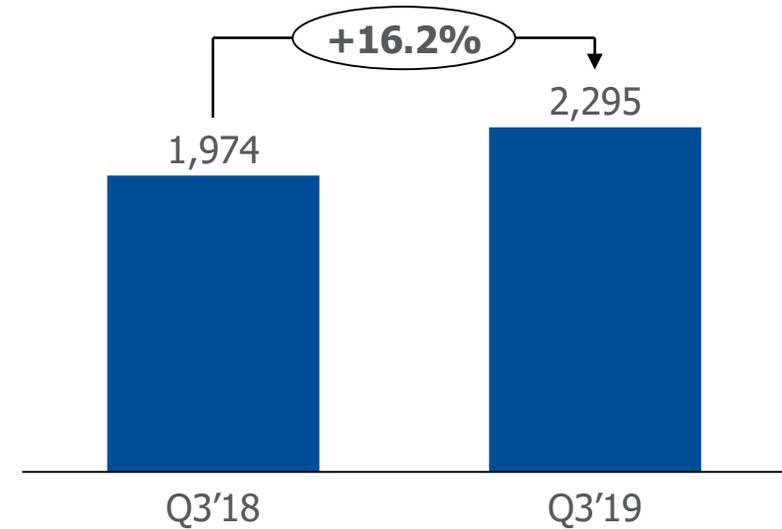
- Fixed line include post & pre-paid and payphone.
- Internet include Broadband and all internet services (dialup post & prepaid, dedicated)

Omantel Mobile Subscribers Declined by 0.9% mainly due to decline in Prepaid Subscribers

Omantel Mobile Subscribers



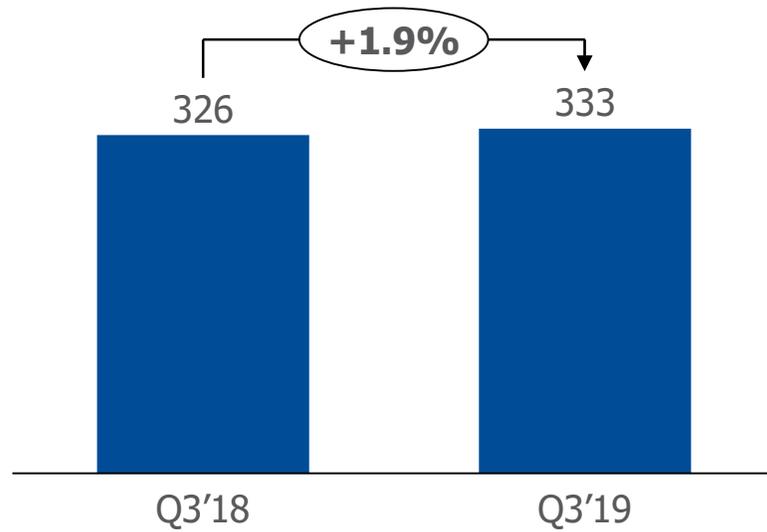
Omantel Mobile Broadband Subscribers



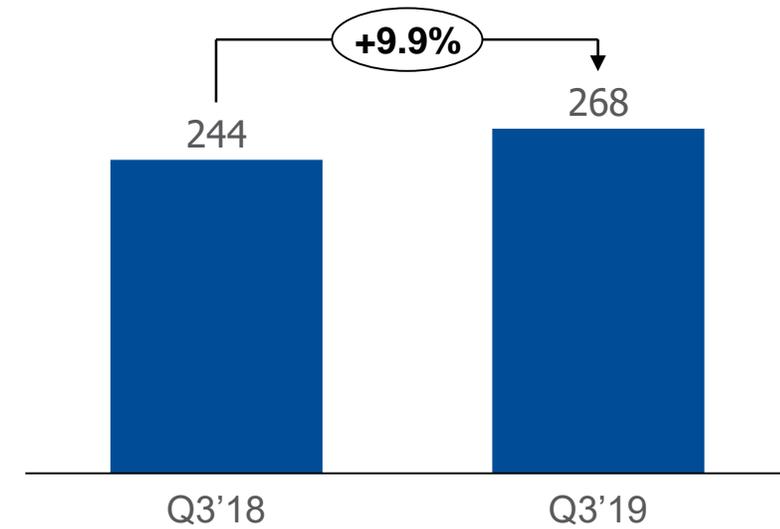
- Mobile subscriber base (excluding mobile resellers) – Post paid continue to grow and achieved 3.8% growth YoY, while prepaid decline by 1.9% due to stricter starter kit promotional measures and macro economic situation.
- Mobile Broadband subscribers increased by 16.2% compared to Q3'18, which includes Pay As You Go (PAYG) subscribers.
- With Mobile Resellers, the total subscriber base is 3,435 K compared to last year base of 3,863 K, a decline of 11.1%

Omantel Fixed Broad Band Subscribers continued the growth trend and achieved a growth of 9.9% YoY

Fixed Line Subscribers



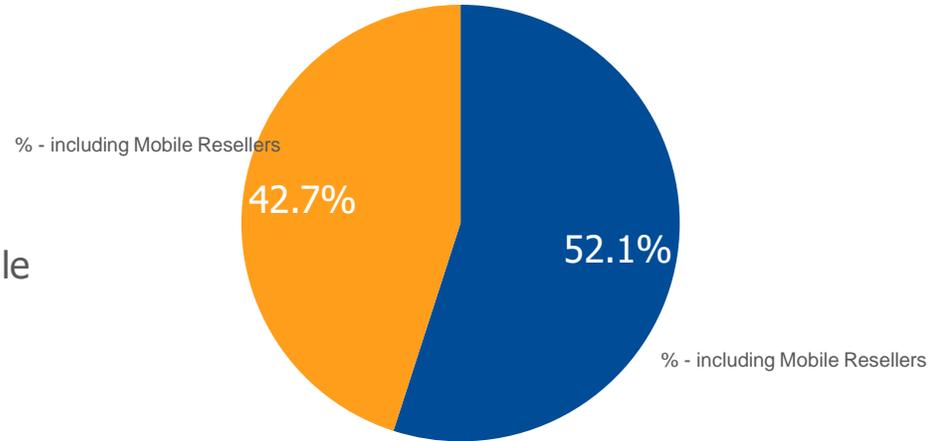
Fixed Broadband Subscribers



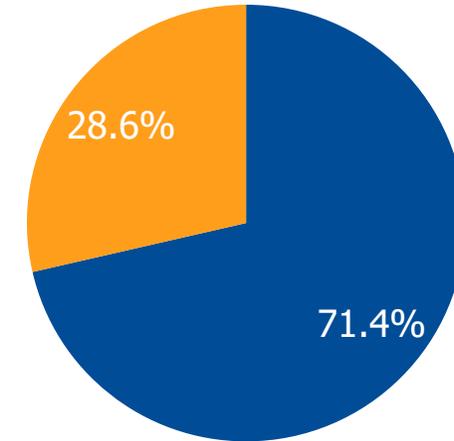
- Fixed line subscribers include postpaid, pre-paid and payphone Including ISDN primary, the total fixed line reported is 421,114.

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

Mobile Subscriber Market share

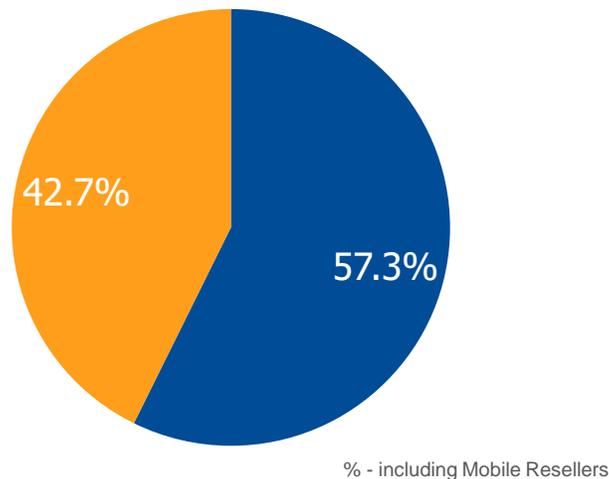


Fixed Line Subscriber Market share

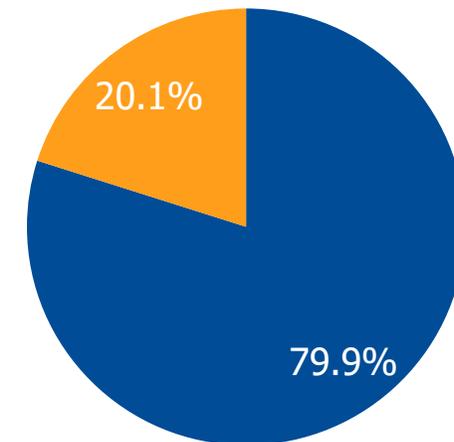


Note: Omantel Mobile (incl Mobile Resellers) subscribers declined by 11.1%, net drop is around 428K mainly due to exit of one of the Mobile Resellers

Mobile Revenue Market share



Fixed Line Revenue Market share



Note: Source as announced by the Operators/ TRA

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Q&A