



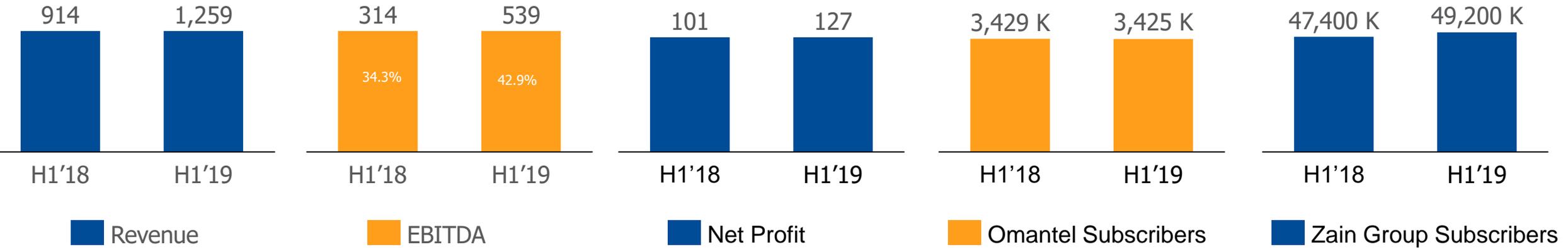
Omantel Group Performance – H1 2019 (Jan-June)

Presentation to Investor Community

Conference Call

20th August 2019 at 2PM (Oman Time)

Group Revenue for the period is RO 1258.9 Mn with EBITDA of RO 539.5 Mn and Net Profit of RO 126.5 Mn (*net off non-controlling interest is RO 33.2 Mn*)



Key Business Updates



- Group Revenue for the H1'19 has grown to RO 1,259 Mn compared to RO 914 million for the corresponding period 2018, a growth of 37.7%. The Group revenue include acquired business of Zain Group, which contributed revenues of RO 1,002.9 Mn.
- Group Net Profit after tax is RO 126.5 Mn. After adjusting for the non-controlling interest, the net profit is RO 33.2 Mn.



- Group results for H1-2019 includes the effect of consolidation of results of Zain KSA whereas in H1-2018 the Zain KSA was an associate and as such only share of profits/losses were considered in the results.
- Interest costs incurred by Omantel Group relating to Zain acquisition is RO 26.6 Million in H1-2019 (H1-2018: RO 29.4 Million) and is accounted at Omantel Group consolidated level.

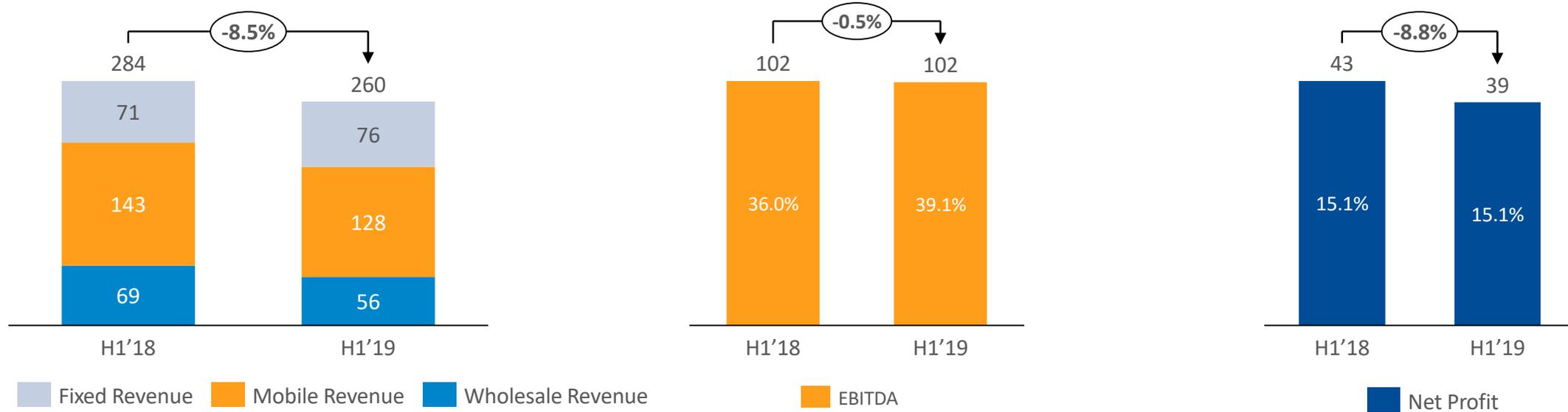


- Impact of IFRS 16:** Adoption of the new standard resulted in an increase in EBITDA by RO 50.4 million and an increase in Group net profit by RO 4.4 million
- Zain Group customer base recorded a growth of 3.8%, while Omantel customer base declined marginally by 0.1%, mainly due to decline in mobile subscriber base.
- Omantel Fixed Line subscribers grown by 4.4%, while Mobile subscribers declined by 1.9% (*excluding Mobile Resellers*).

Omantel (Domestic performance)

Omantel + International SPVs + Domestic subsidiaries & associates

Omantel (Domestic performance) revenue compared to last year is lower by 8.5% mainly due to decline in mobile device & cable capacity IRU revenues. EBITDA and Net Profit are impacted negatively due to change in revenue mix plus the IFRS 16 impact.



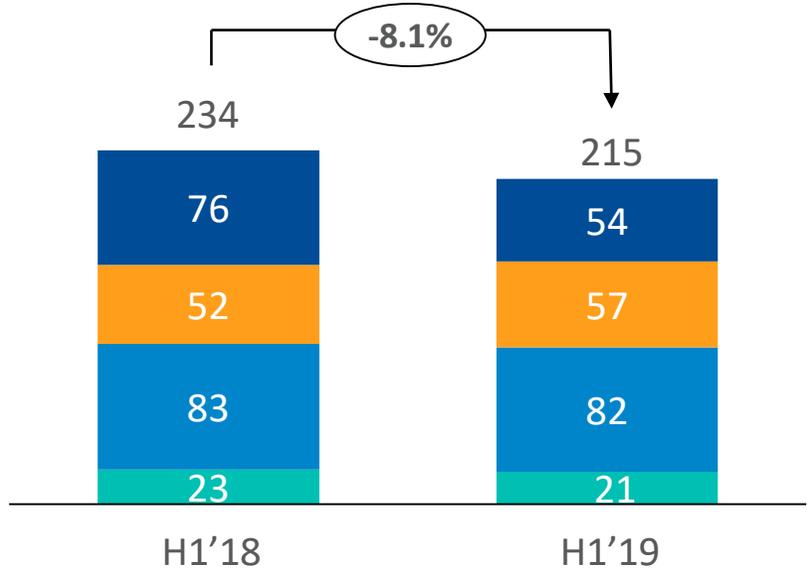
- Revenue recorded a decline of 8.5% compared to last year mainly due to decline in IRU and Device sale, which contributed approx. 41% of the decline. If Device & IRU revenues are excluded, then the decline is 5.3%
- EBITDA & Net Profit is 39.1% and 15.1% respectively.
- **Impact of IFRS 16:** Adoption of the new standard resulted in an increase in EBITDA by RO 4.5 million and a decrease in net profit by RO 1 million
- 6.5% 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 10.9% and 9.7% respectively.
- Mobile Retail revenues decreased by 10.3% 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 19.1% mainly due to lower IRU Sale compared to H1'18.
- Smartphone penetration reached 82% in Omantel Mobile Network

Omantel Group - Segment Report

Omantel Group - Segment Report									
In RO Mn	Year to Date								
	Oman	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	Total
Revenue	259.8	204.3	89.8	51.8	195.8	30.4	416.0	11.0	1,258.9
Net Profit Before Interest & Tax	46.9	38.6	19.4	9.7	22.2	1.3	73.3	6.1	217.6
- Interest Income	0.7	0.1	0.3	0.7	0.7	0.1	1.4	0.2	4.2
- Finance Costs	(1.4)	(0.3)	(4.6)	(0.1)	(11.5)	(0.5)	(52.4)	(0.1)	(70.9)
- Income Tax Expenses	(7.0)	0.0	(4.5)	(3.2)	(2.8)	0.0	0.0	(0.3)	(17.8)
Sub Total	39.2	38.5	10.6	7.0	8.6	0.9	22.4	6.0	133.2
<i>Unallocated Items</i>									
- Investment Income									(0.1)
- Share of Results of Associates & JVs									2.0
- Others									(8.6)
Profit for the Period									126.5
Segment assets including goodwill	935.1	991.1	540.7	148.4	941.9	116.8	3,028.7	108.8	6,811.6
- ROU assets	21.5	9.6	17.3	1.4	40.2	9.5	144.0	0.7	244.1
Sub Total	956.6	1,000.7	558.0	149.9	982.1	126.3	3,172.7	109.5	7,055.7
- Unallocated items:									
- Investment securities at fair value through profit or loss									49.7
- Investment securities at amortised cost									3.0
- Investment securities at FVOCI									8.8
- Investment in associates and joint ventures									106.4
- Others (Refer note in Financials)									386.7
Consolidated Assets									7,610.4
Segment liabilities	273.2	141.9	172.2	63.1	184.4	28.7	1,606.2	100.3	2,570.0
- Lease liabilities (Current and non-current)	22.2	8.4	17.4	1.6	43.3	10.2	149.4	0.8	253.2
- Accrued interest	(2.9)								(2.9)
- Due to banks	25.7	0.0	0.0	0.0	253.5	0.0	676.2	0.0	955.4
Sub Total	318.2	150.3	189.6	64.6	481.2	38.9	2,431.8	101.1	3,775.6
<i>Unallocated items:</i>									
- Due to banks									1,752.7
- Others									(440.4)
Consolidated liabilities									5,087.9
Net Consolidated assets									2,522.5
Capital expenditure incurred during the period	135.3	17.3	3.1	1.9	14.2	0.2	107.8	0.1	279.9
Unallocated									1.9
Total Capital expenditure									281.7
Depreciation and amortization	51.3	33.8	19.1	4.9	49.7	6.9	97.7	2.2	265.6
Amortisation of ROU assets	5.5	4.5	2.0	0.1	4.4	2.1	20.5	0.6	39.7
Unallocated									1.5
Total depreciation and amortization									306.8

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

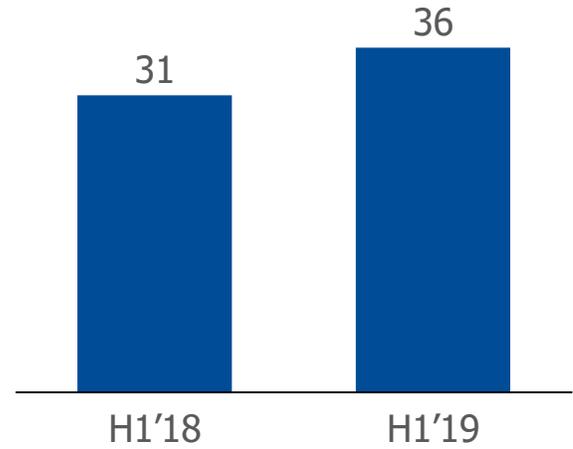
Total OPEX RO Mn (incl Depreciation)



■ CoS
 ■ Depreciation
 ■ Operating exps
 ■ Royalty

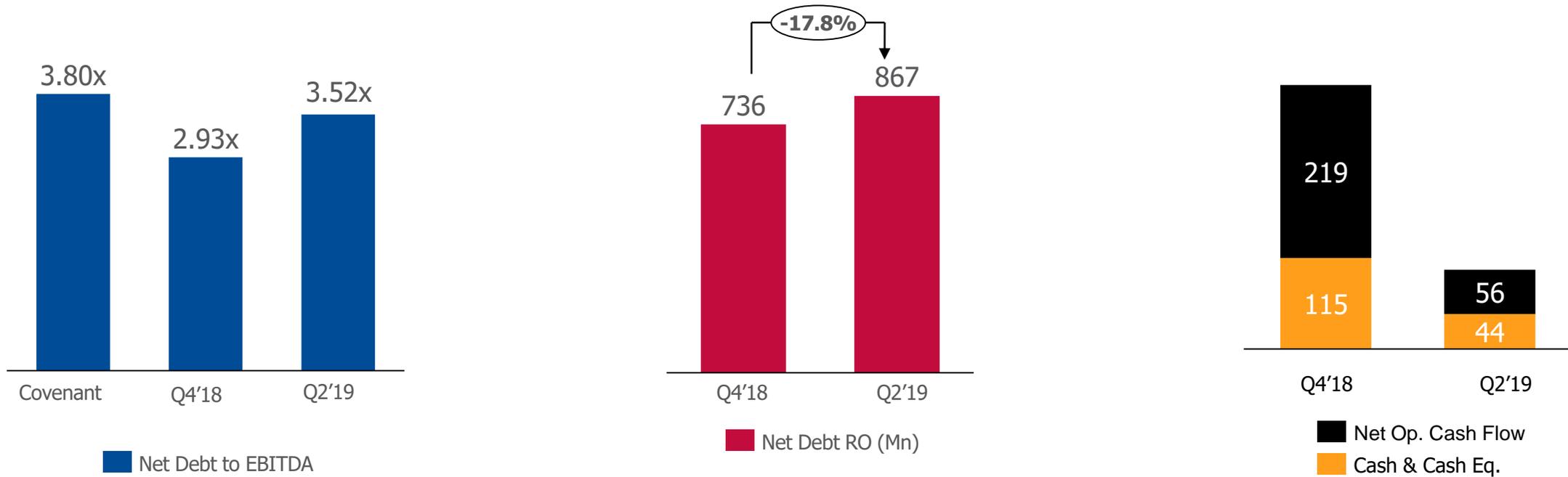
- Opex to Revenue ratio for 2019 is 82.7% and for Yr 2018 is 82.4%.
- Royalty for Fixed Business is 7% and for Mobile is 12%.
- The decrease is mainly due to decline in revenue related expenses, cost optimization measures and impact of IFRS 16.

CAPEX additions RO Mn



- Capex to Revenue ratio is at 14.2% (cumulative). Excludes Mobile License Renewal cost.

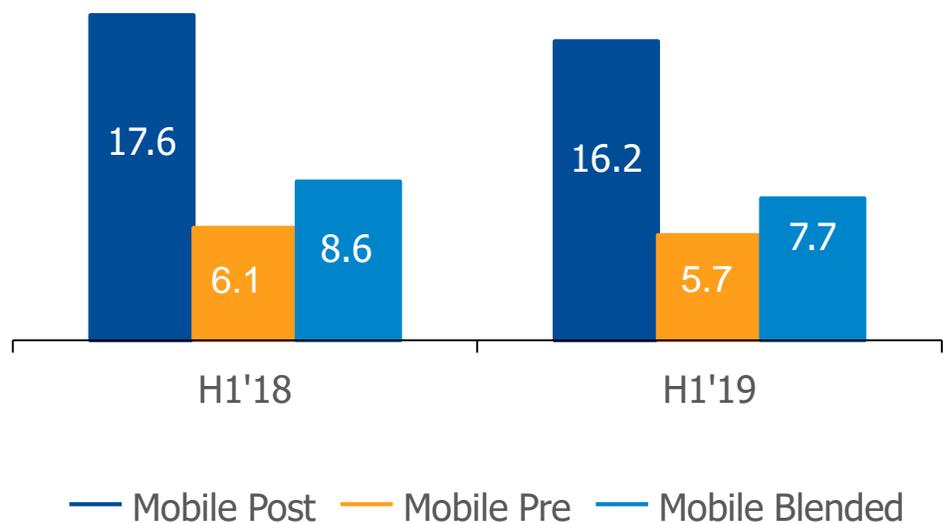
Leverage and Cash Flow position



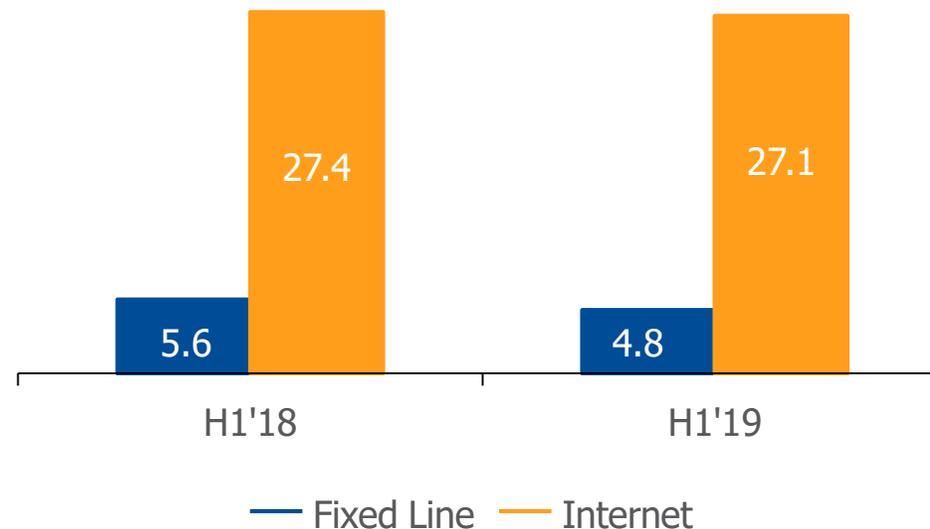
- The Net Debt to EBITDA is measured at the end of every half and full year. Net Debt to EBITDA (Leverage ratio) required as per the Covenant is 3.8. Based on adj EBITDA on LTM basis (EBITDA plus Dividend from Zain), the leverage as of H1'2019 is 3.52x and Interest cover is 4.47 against the target of 4
- The Net Debt as of June 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 – RO 37.5 Mn, royalty – RO 44.3 Mn, tax - RO 15.9 Mn, and dividend – RO 37.5 Mn) and on account of higher debts arising from implementation of IFRS 16 & Mobile license fee (Additional debt of RO 22.2 Mn on account of IFRS 16 & RO 36.8 Mn on 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

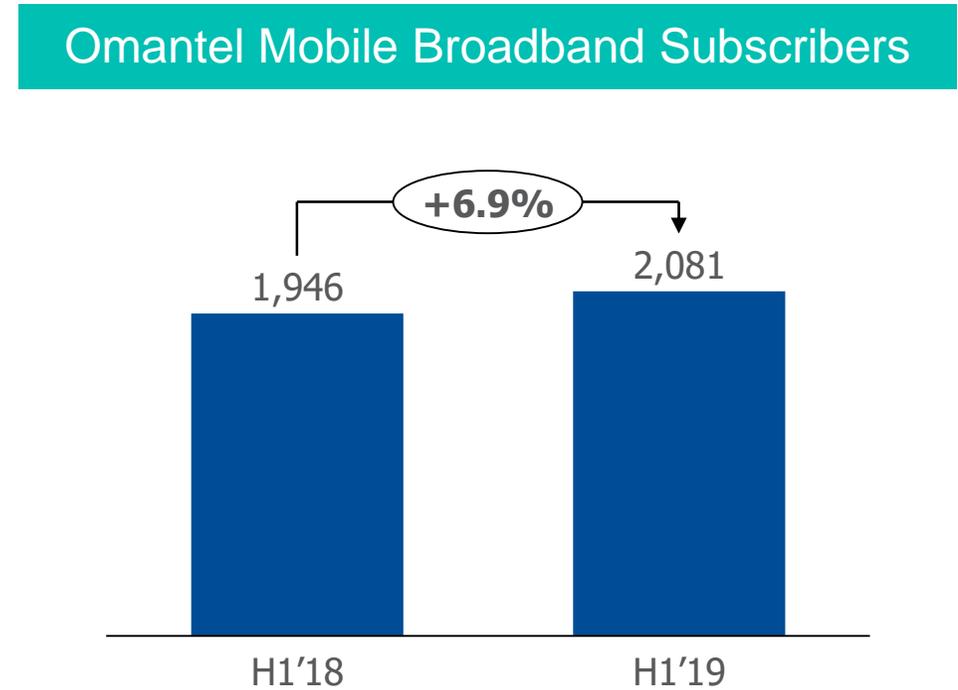
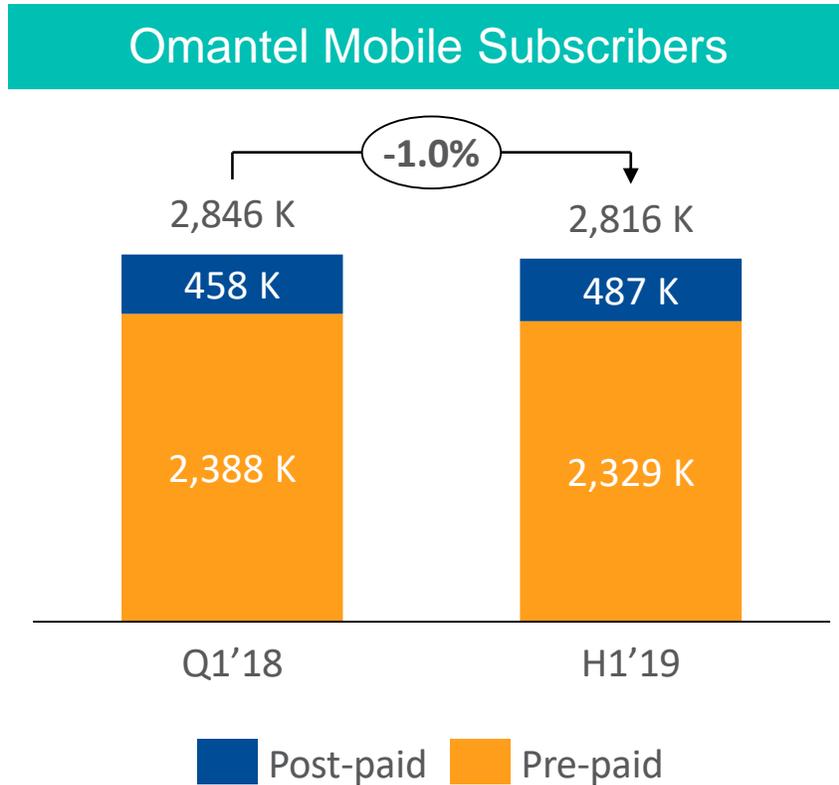


Fixed Line Services RO / Month



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

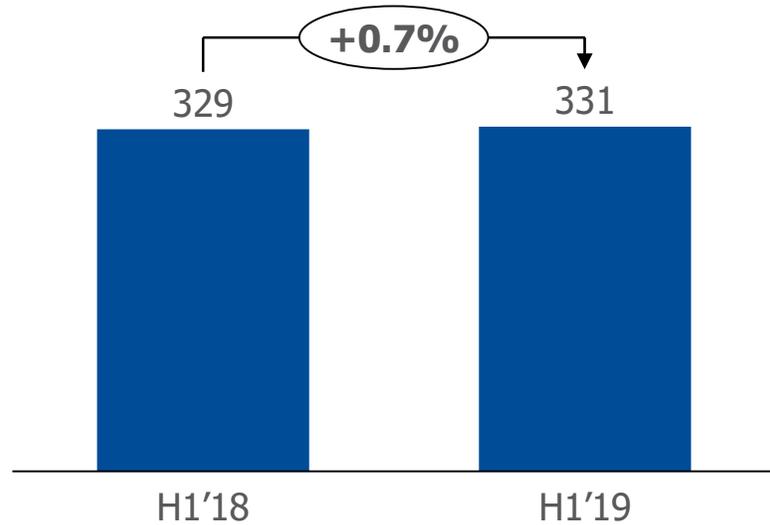
Omantel Mobile Subscribers Declined by 1% mainly due to decline in Prepaid Subscribers



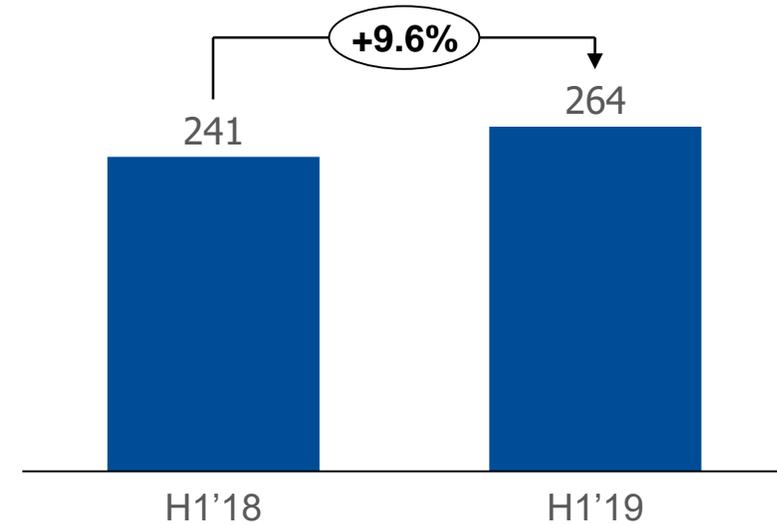
- Mobile subscriber base (excluding mobile resellers) – Post paid continue to grow and achieved 6.2% growth YoY, while prepaid decline by 2.4% due to stricter starter kit promotional measures and macro economic situation.
- Mobile Broadband subscribers increased by 6.9% compared to Q2'18, which includes Pay As You Go (PAYG) subscribers.
- With Mobile Resellers, the total subscriber base is 3,382 K compared to last year base of 3,843 K, a decline of 12%

Omantel Fixed Broad Band Subscribers continued the growth trend and achieved a growth of 10% YoY

Fixed Line Subscribers



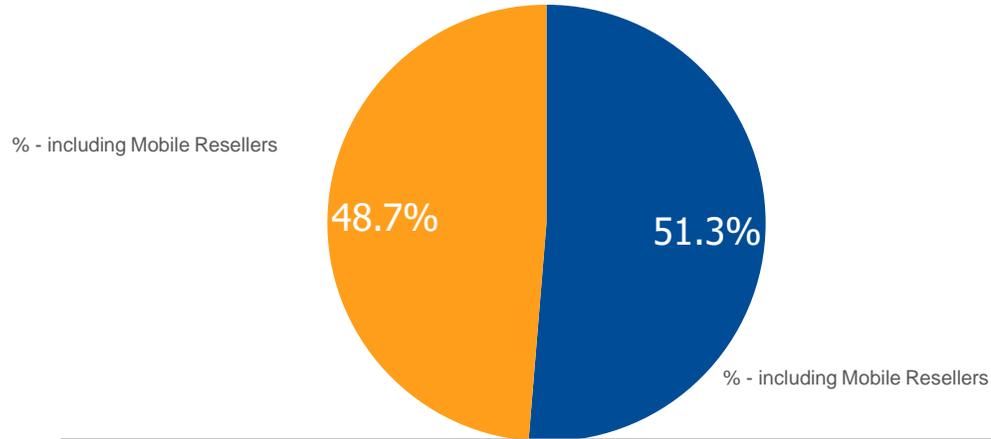
Fixed Broadband Subscribers



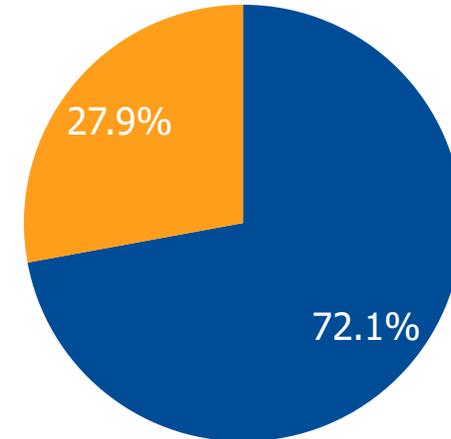
- Fixed line subscribers include postpaid, pre-paid and payphone Including ISDN primary, the total fixed line reported is 415,985.

Despite stiff competition, Omantel able to manage both Mobile & Fixed Market Share

Mobile Subscriber Market share

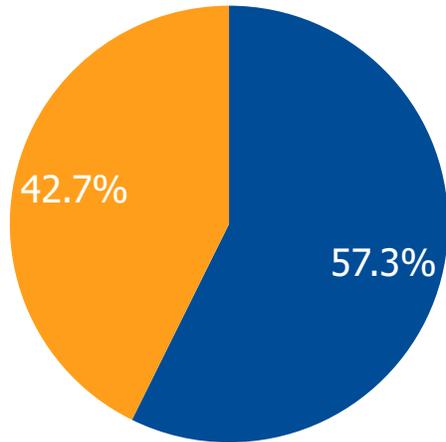


Fixed Line Subscriber Market share

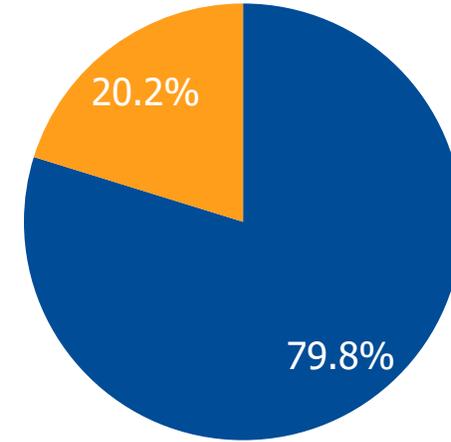


Omantel Mobile (incl Mobile Resellers) subscribers declined by 12%, net drop is around 460K mainly due to exit of one of the Mobile Resellers

Mobile Revenue Market share



Fixed Line Revenue Market share



Note: Source as announced by the Operators/ TRA

Presented by

- Mr. Martial Caratti, CFO
- Mr. P.G. Menon, GM Strategic Finance
- Ms. Bushra Al Balushi, Senior 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

Disclaimer

Oman Telecommunications Company (S.A.O.G) has prepared this presentation in good faith for the purpose of Conference call for the Investor community.

These presentations may contain forward-looking statements based on current assumptions made by Omantel Group management. Such statements were only applicable as of the date of the presentation and the Company assumes no obligation to update them.

Users of these presentations should use caution in assessing the current applicability of any such statements and these presentations should not be distributed without the permission of Omantel's concerned authorities.

Q&A