



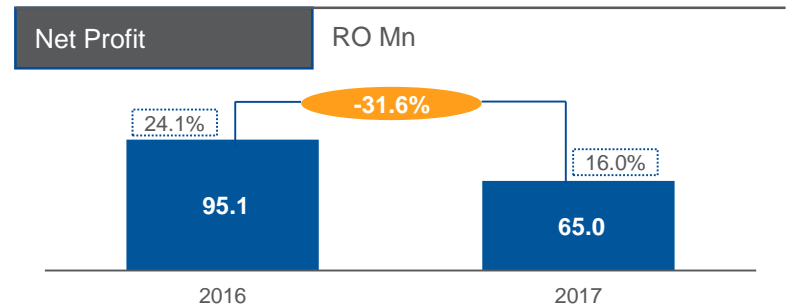
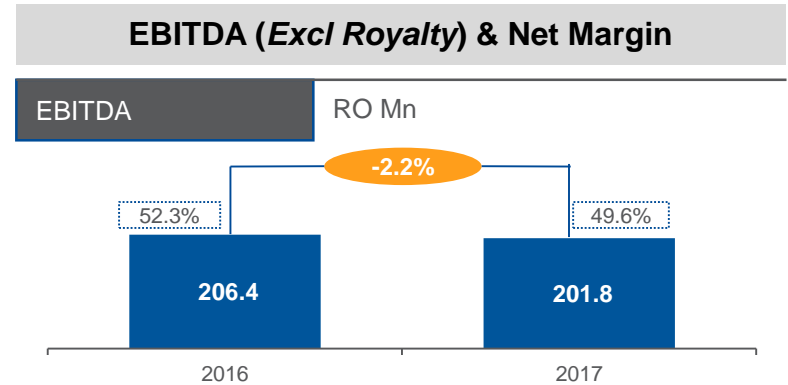
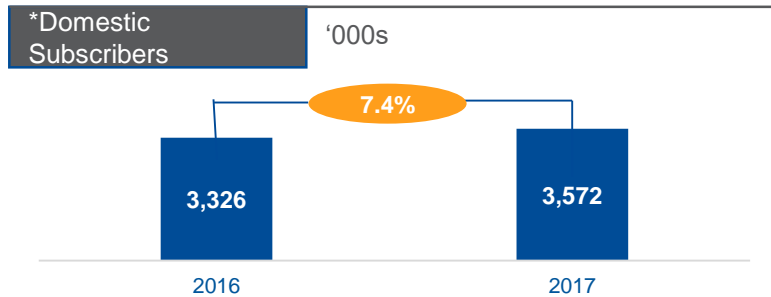
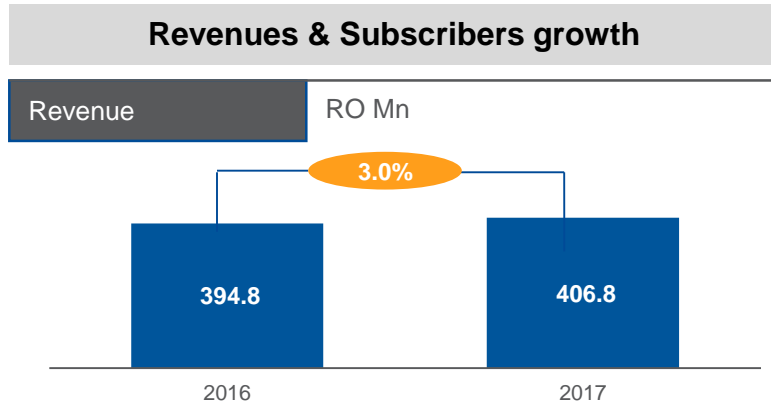
Omantel Group Performance – Q3 2017

Presentation to Investor Community

Conference call

8th November 2017 at 2 PM (Oman Time)

Group Revenue for Q3 2017 reached RO 406.8 Mn. Net Profit margin is impacted mainly due to increase in Royalty from 7% to 12% and depreciation charges



- Group Revenue at RO 406.8 Mn compared to RO 394.8 Mn of the corresponding period, mainly contributed by 3.1% increase in Parent company revenues.
- Domestic customer base including Mobile Resellers is 4,740 K, a growth of 6.4%.
- Continued growth in Subscriber acquisition. Overall Mobile and Fixed Line subscribers grown by 2.8% and 9.2% respectively.
- Group Net Profit after tax is declined by 31.6%.
- Group net profit include Share of Profits from Zain Group amounting to RO 2.3 Mn.
- Net Profit include Gain on deconsolidation of WTL subsidiary amounting to RO 2.676 Mn and Loss of discontinued operation of RO 2.3 Mn. Net gain of RO 346 K. As the share transfer is already completed, WTL accounts will not be consolidated henceforth.

Income Statement for Year 2017 (High Level Summary)

Omantel Group				
In RO Mn	For the Period Jan-Sep 2017			
	2017	2016	In Fig	In %
Revenue	406.8	394.8	11.9	3.0%
Cost of Sales	(92.6)	(77.2)	(15.4)	(19.9%)
Gross Margin	314.2	317.7	(3.4)	-1.1%
<i>Gross Margin % of Revenue</i>	<i>77.2%</i>	<i>80.5%</i>		
Operating Expenses	(112.5)	(111.3)	(1.2)	(1.1%)
EBITDA	201.7	206.4	(4.6)	-2.2%
<i>EBITDA %</i>	<i>49.6%</i>	<i>52.3%</i>		
Depreciation & Amortization	(87.0)	(74.8)	(12.2)	(16.4%)
EBIT	114.7	131.6	(16.9)	(12.8%)
Finance & Other Income/ Expense	2.2	3.2	(0.9)	(29.5%)
Profit Before Royalty & Taxation	116.9	134.8	(17.8)	(13.2%)
Royalty & Taxation	(52.4)	(38.8)	(13.6)	(35.1%)
Profit After Tax (Before Minority Interest)	64.6	96.0	(31.4)	(32.7%)
Loss of Discontinued operations <i>(Including Gain on deconsolidation)</i>	(0.3)	(2.0)	1.7	(82.7%)
Minority Interest	0.8	1.1	(0.3)	(23.9%)
Net Profit	65.0	95.1	(30.0)	(31.6%)
Net Profit %	16.0%	24.1%		

Strong balance sheet with impressive market fundamentals

Strong Balance Sheet

- Debt Ratio is 49.3%
- Gearing 60.9%
- Group total assets at RO 1137 Mn.
- Net worth of RO 577 Mn.
- Net Asset per share is RO 0.770, increase of 3.1%

Impressive Market Fundamentals

- Year 2016 - Dividend Yield 7.3% & Dividend Payout ratio is 70.7%.
- Market Capitalization at RO 0.956 Bn (Sep'2017)
- Price Earning Ratio {P/E 11.03}
- EV / EBITDA 4.53
- Price to Book Value 1.66

Achievements

- **Omantel Wins Duet of Awards at 9th Middle East Investor Relations Society (MEIR) – “Leading Corporate for Investor Relations” and “Best Investor Relations Professional” in Oman.**
- Omantel was awarded the ‘**Best Performing Companies 2016**’ and award for contribution to “**CSR & Community Support**” by ‘Alam al Iqtisad Wa al Aamal’, a leading Arabic business magazine in Oman.

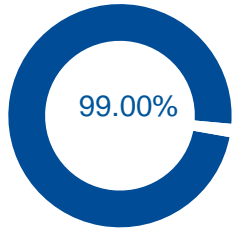
Note: Company acquired a bridge loan facility of RO 333 million from a consortium of banks for the purpose of financing the acquisition of shares in Mobile Telecommunication Company (Zain Group) resulting in higher debt & gearing ratios.



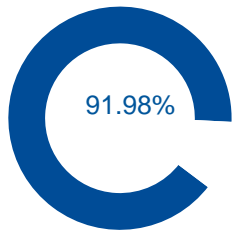
Continuous improvement in network coverage and initiatives to improve customer experience

Coverage

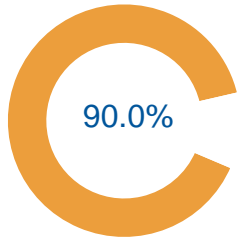
3G (Population)



4G (Population)



Fixed Broadband (Household)



Key Focus Area

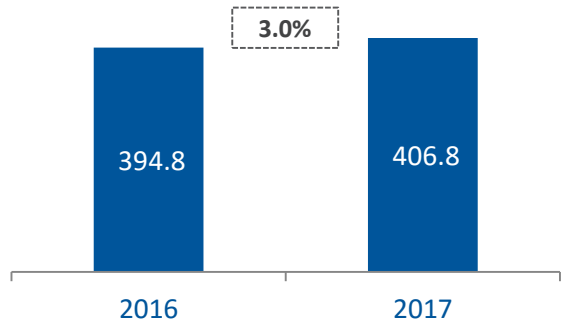
- Continued focus to enhance Customer Experience, which include;**
- **Keep growing consumer market share** through new welcome pack offer.
 - **Enhance Engagement in Makasib (Loyalty Program)** though New Partnerships & Lucky Draws.
 - **Enhance customer life time value** through introducing churn prediction model and on spot retention process.
 - **Usage and revenue stimulation** through launching new products and enhancements to exiting products.
 - **Enhanced Complaint Handling, Digitalization/Go Green for Bill & Enhance Billing Accuracy .**

Launches / Achievements

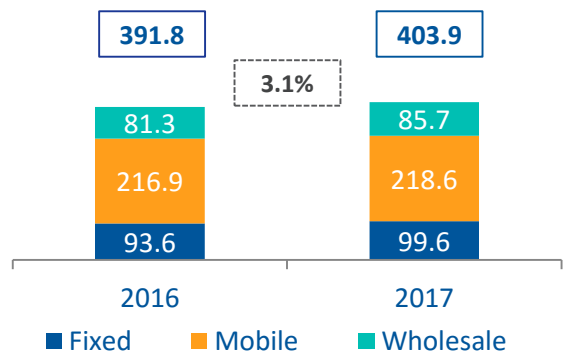
- **Innovative starter kit** offer to drive acquisition resulted in higher subscriber market share.
- **Outlets refurbishment** to enhance customer experience
- Initiated action to launch fully branded franchise **outlets in 2018.**
- To **enhance the distribution channel** – initiated action for increasing Primary and Secondary Distributors.
- **Other area of improvement** include implementation of Unified Trouble Ticketing system, Next Generation Call Center, IVR segmentation of Post and Pre-paid, Interactive Bill, Auto Dialer etc., to enhance overall customer experience.

Parent company revenue compared to last year is higher by 3.1% mainly due to increase in Submarine capacity sales.

Group Revenue RO Mn



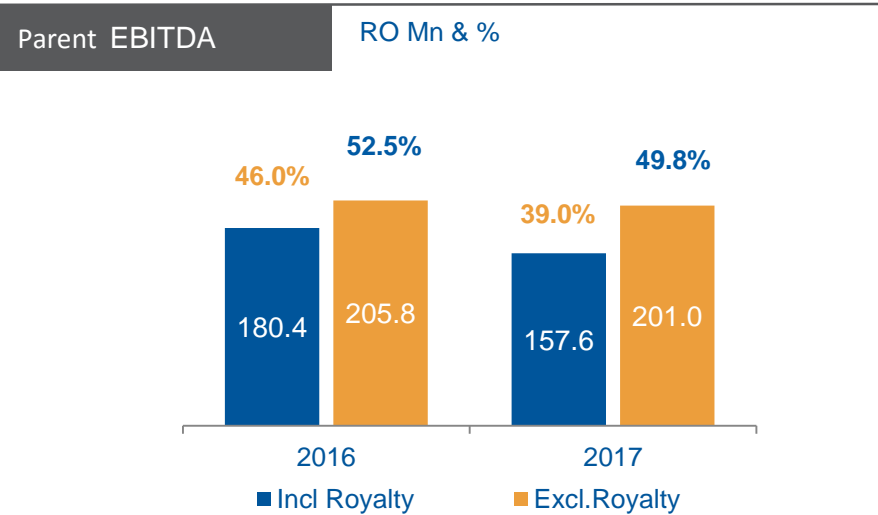
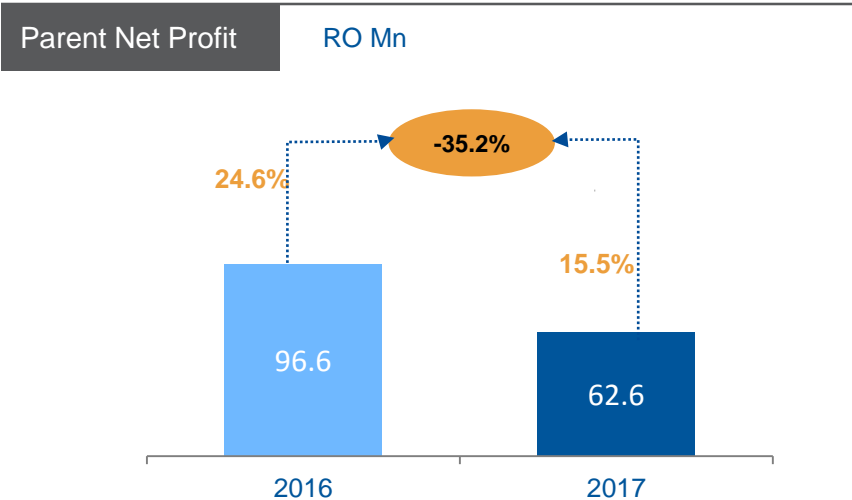
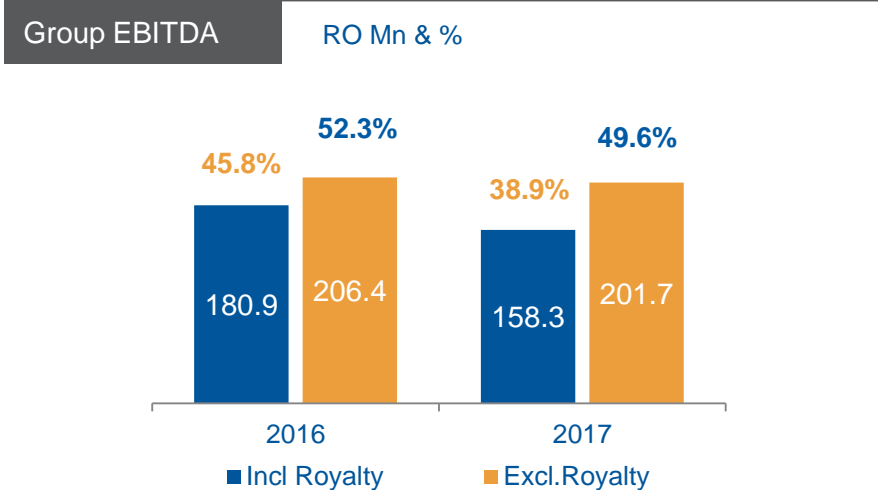
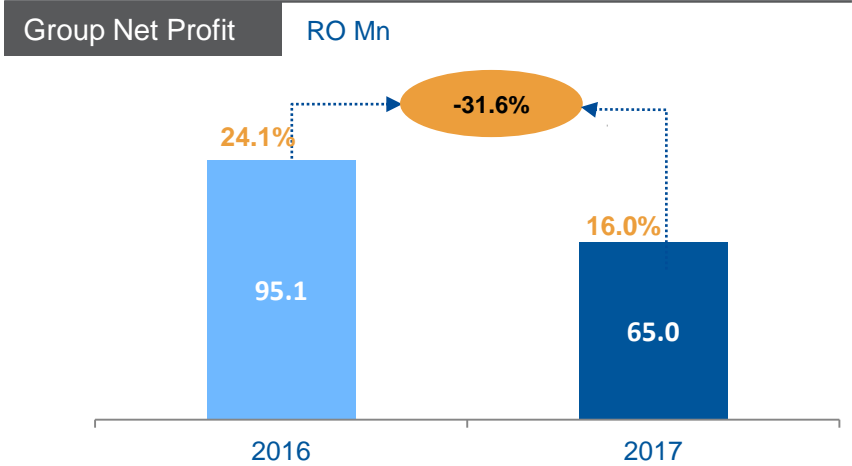
Parent Company Revenue RO Mn



Parent Company Revenue Highlights

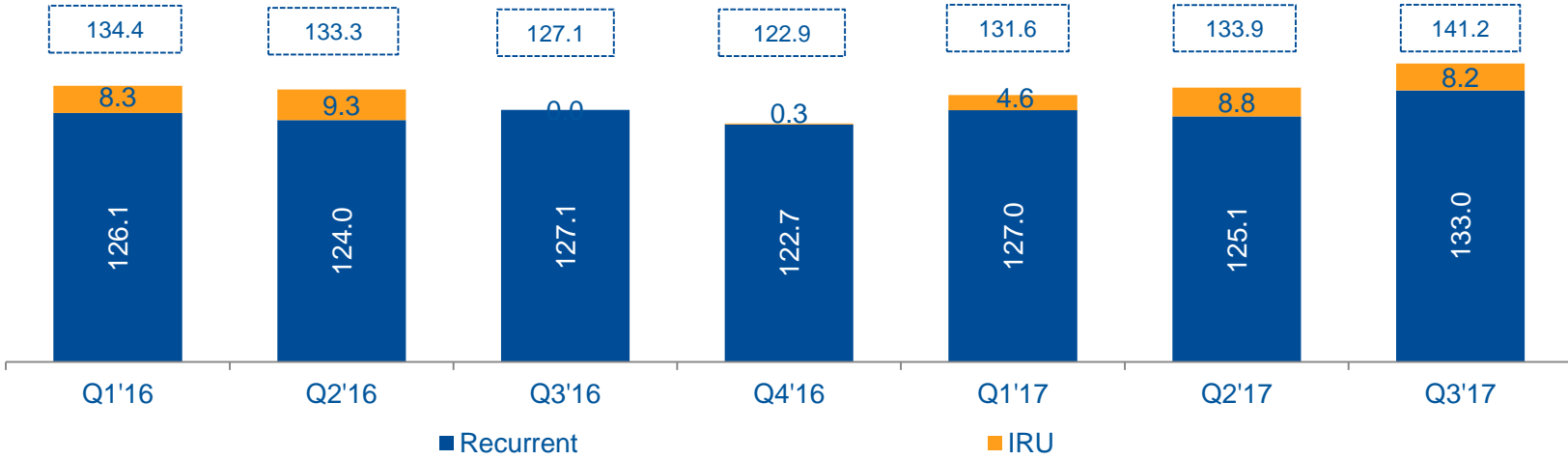
- Parent company revenue has increase by 3.1% compared to last year.
- 6.4% growth from Fixed Line e Retail revenues compared to last year.
- Mobile Retail revenues increased by 0.8% compared to last year.
- 15.9% increase in Fixed Broadband revenue.
- 12.1% increase in Mobile Broadband revenue.
- Growth in Fixed Broadband subscriber by 13.8%.
- Growth in mobile broadband subscribers by 23.8%
- Wholesale revenue grown by 5.5% mainly due to higher submarine capacity sales (IRU revenues).
- 76.2% Smartphone penetration in Omantel Mobile Network.
- Continue decline in voice revenues (both national and international calls).

Net Profit declined by 31.6% mainly due to higher Royalty charges of 12% compared to 7% last year.

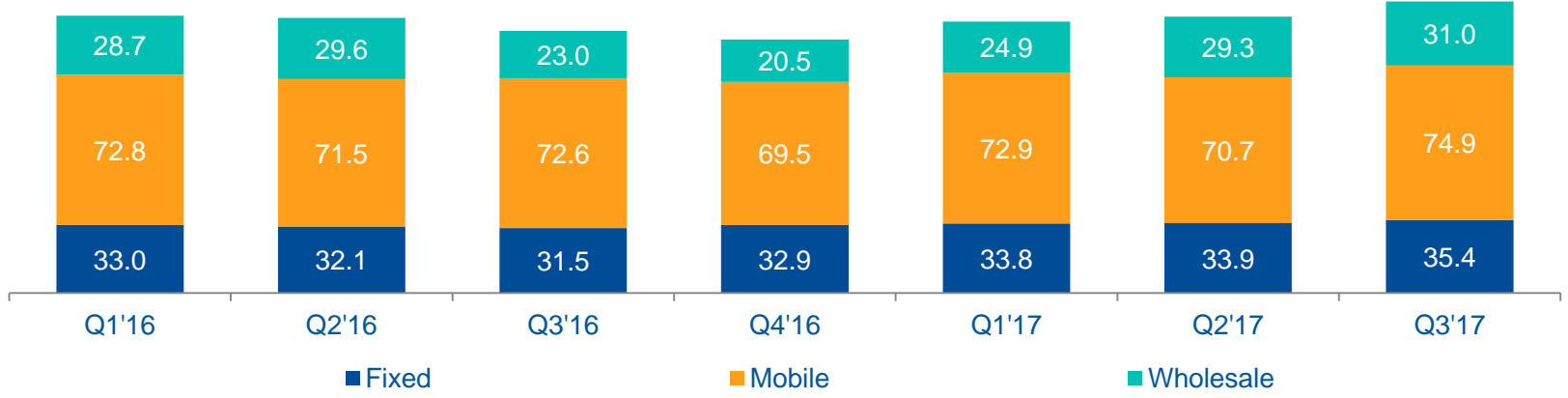


Group Revenue - Quarterly Revenue Trend

Group Revenue in RO Mn



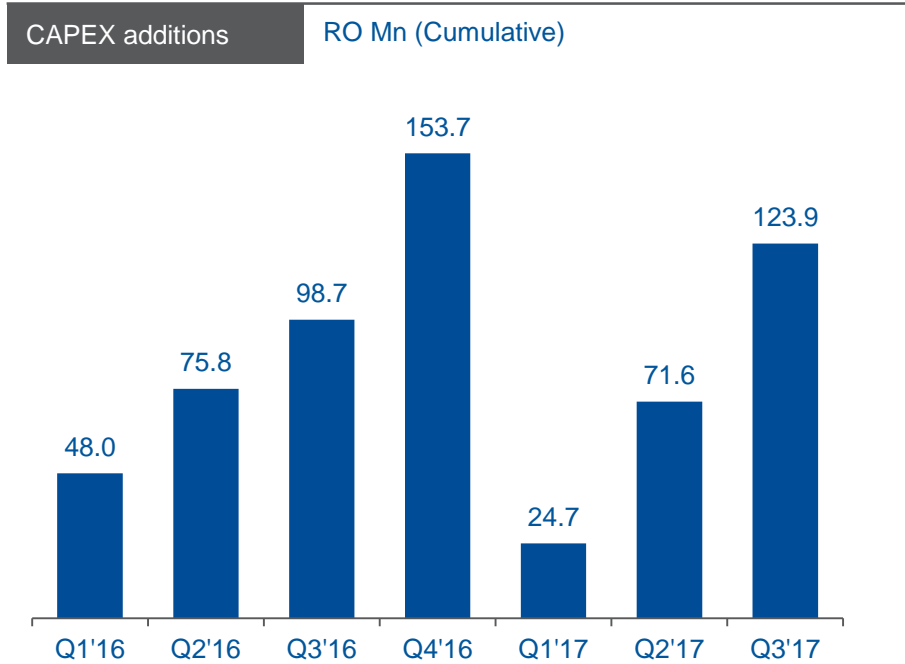
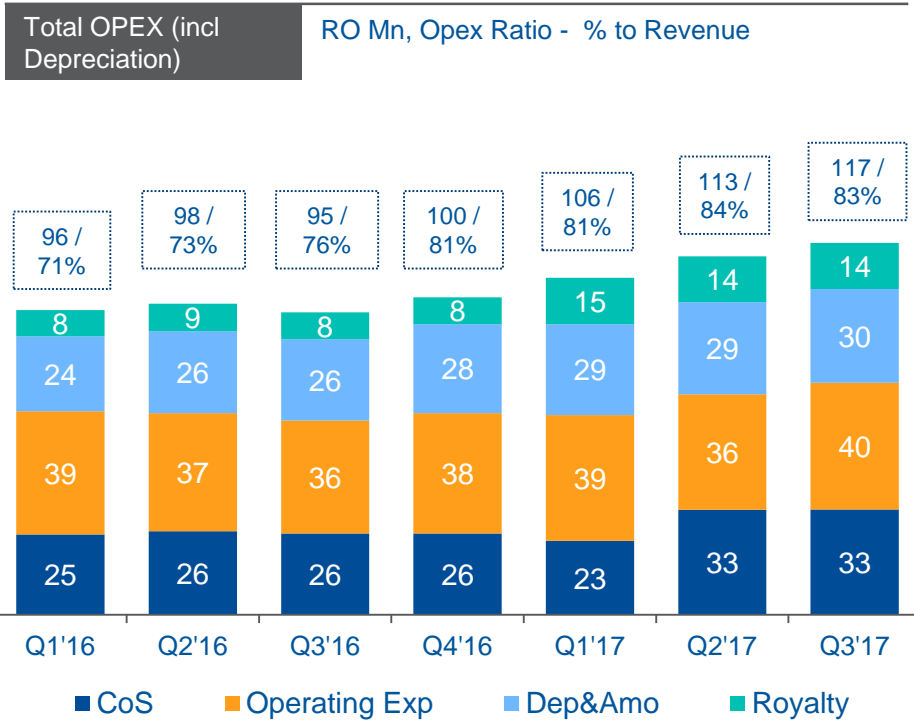
Group Revenue by Segment in RO Mn



Note: IRU – Revenues from Submarine cable system based on Indefeasible Right of use (IRU), which are non-recurrent nature



OPEX ratio for Q3'17 is 82.5% mainly on account of increase in Royalty charges and Depreciation. Capex to revenue ratio is at 30.5%



Capex to Revenue ratio is at 30.5% (cumulative)

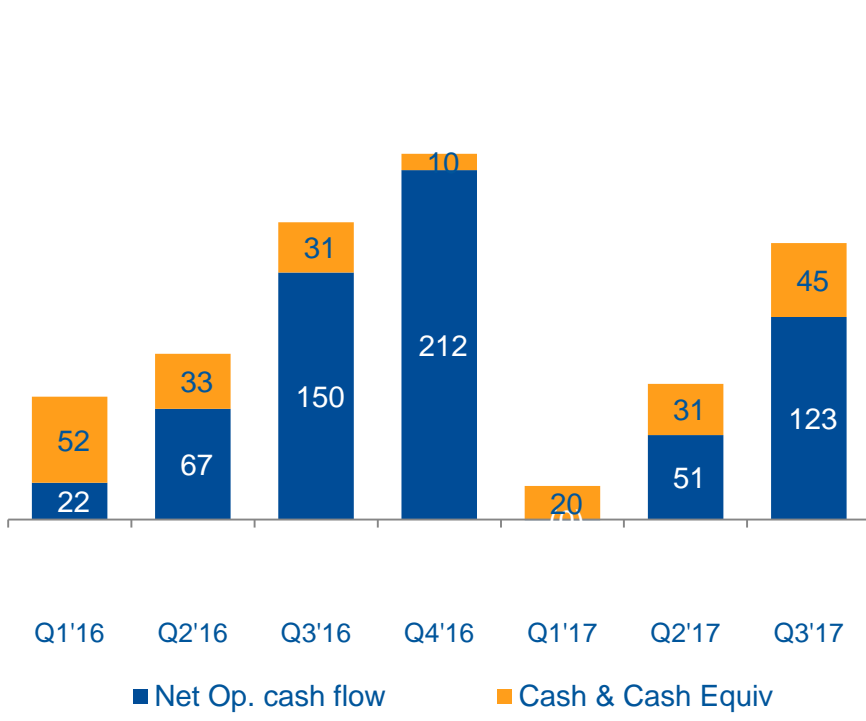
YTD Opex to Revenue ratio for Q3 2017 for Group is 82.5% and for Parent is 82.4%. Increase in depreciation amounting to RO 12.0 Mn over Q3 2016 is mainly from increased investment in network expansion both mobile and fixed networks. Employee Cost amounting to RO 3.5 Mn is capitalized

Note: Operating expenses includes costs related to Employee, O&M, admin, marketing and annual license fees

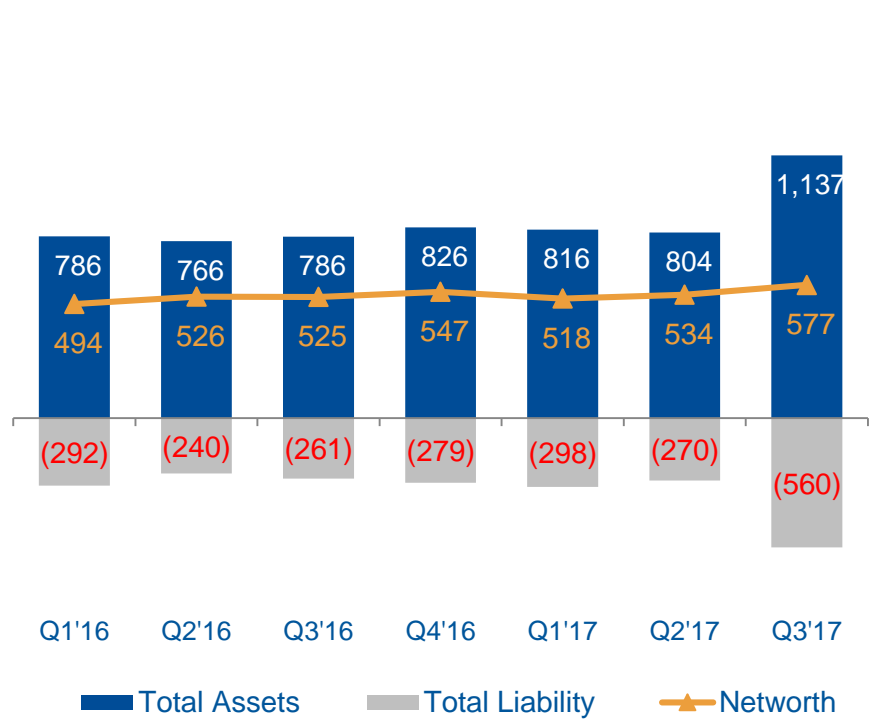


Cash flow and Financial Position as of 30th September 2017

Cash Flow (Cumulative) RO Mn

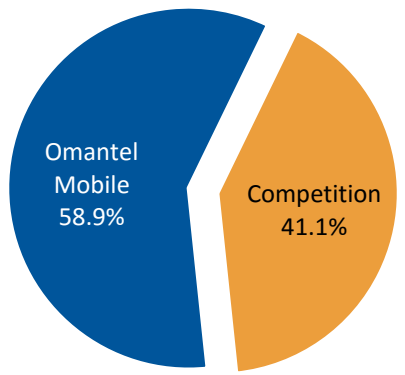


Assets, Liability & Net worth RO Mn



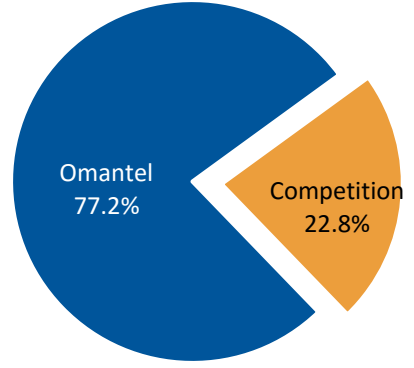
Both Mobile & Fixed Market Share have been mostly stable during the period

Mobile Subscriber Market share % - including Mobile Resellers



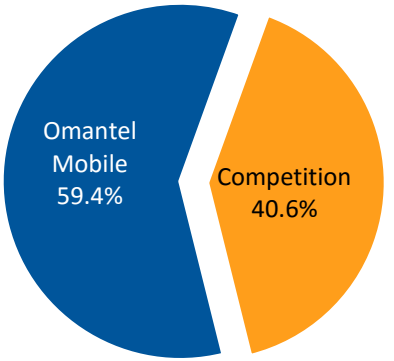
Omantel Mobile (incl Mobile Resellers) achieved a growth rate of 6.0%, net addition is around 237 K.

Fixed Line Subscriber Market share %

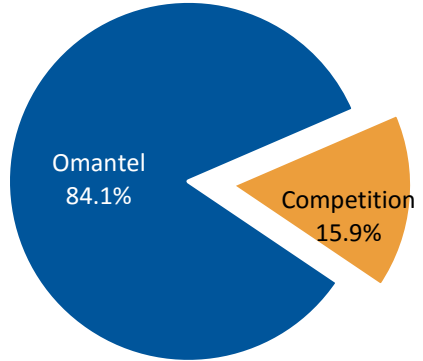


Omantel fixed line subscriber base achieved a growth rate of 10.9%, net addition is around 37 K.

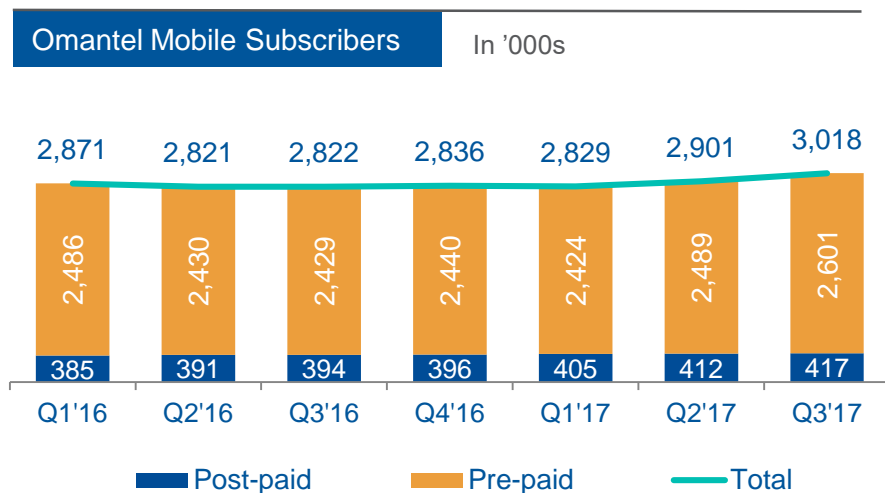
Mobile Revenue Market share % - including Mobile Resellers



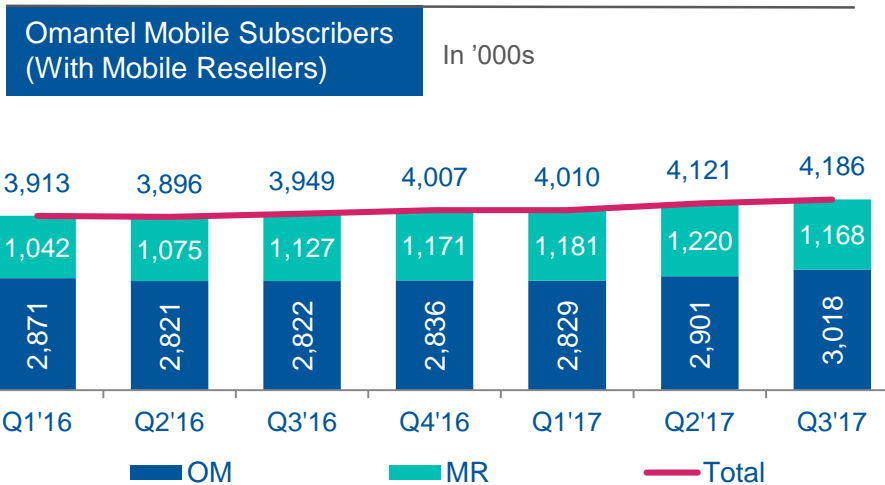
Fixed Line Revenue Market share %



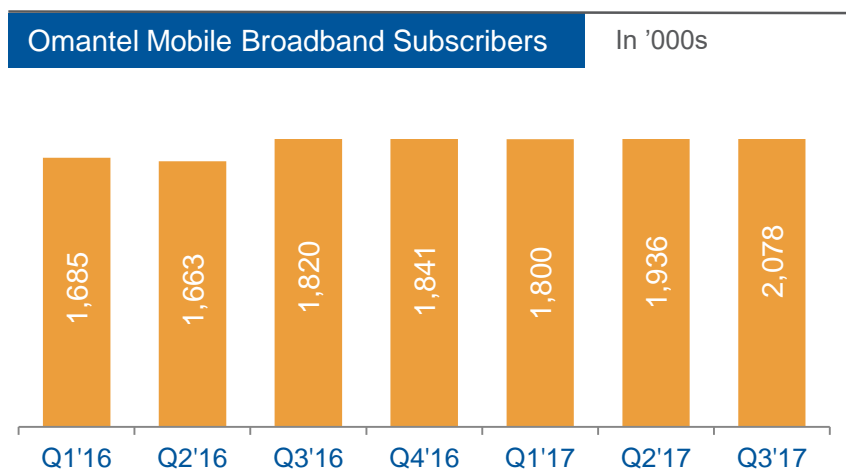
Mobile subscriber base – Overall subscriber base including mobile resellers grown by 6.0%. Post paid achieved 6.1% growth YoY.



Growth in postpaid Omantel mobile subscriber base by 6.9% compared to Q3'16.

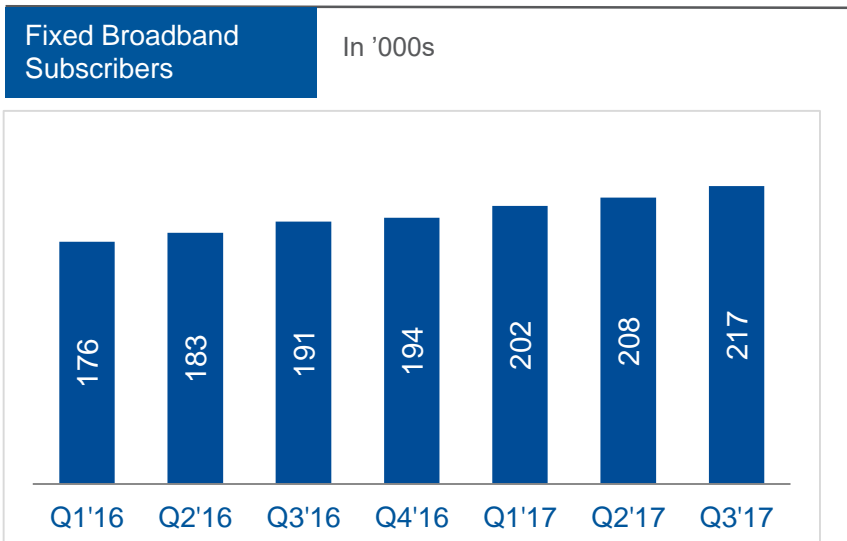
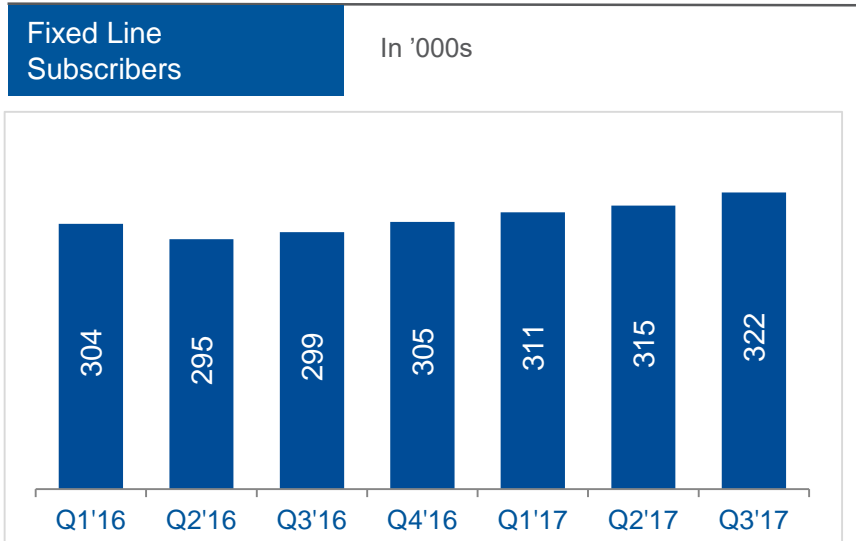


Overall Omantel mobile market grew by 6.0%.



- 1) Mobile Broadband grown by 14.2% compared to Q3'16.
- 2) Mobile Broadband subscribers includes Pay As You Go (PAYG).
- 3) Mobile Broadband unique subscribers subscribed to any one of the packages including Blackberry service is around 1192 K as of Sep'17 compared to 963 K, an increase of 23.8%.

Fixed line and Fixed Broadband Subscriber base continued its growth trend

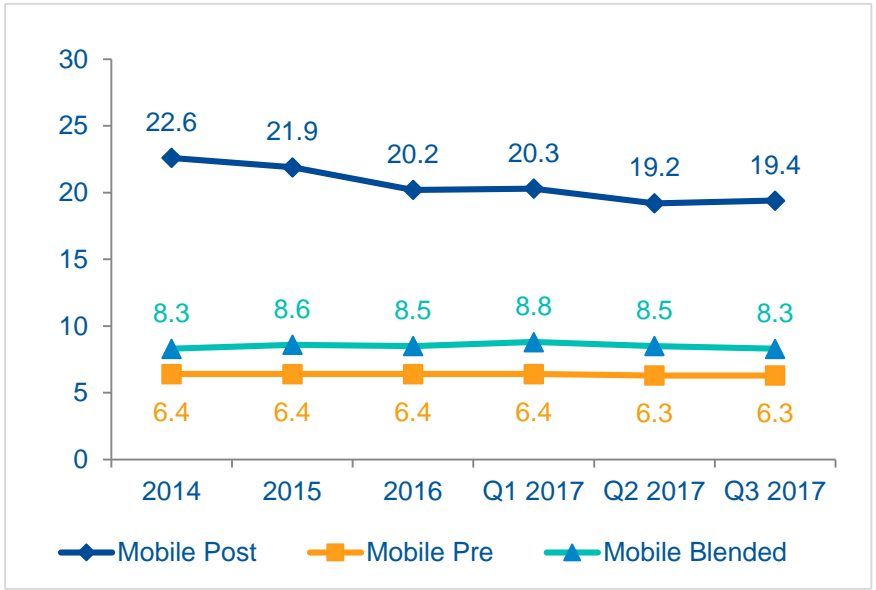


1) Fixed line subscribers include postpaid, pre-paid and payphone. Including ISDN primary, the total fixed line reported is 373,624.

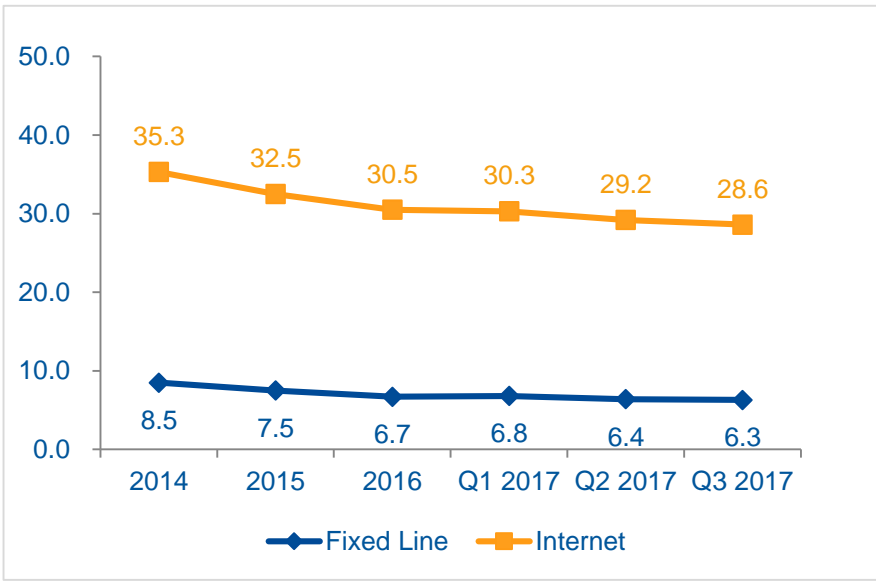
Fixed broadband increased by 14.2% compared to Q3'16.

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

Mobile Services RO / Month



Fixed Line Services RO / Month



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

Omantel completes acquisition of 9.84% stake in Zain Group and submitted a non-binding letter of intent with Al Kahir to purchase 12% of the total share capital of the company



The acquisition is in line with Omantel's long term strategy "Omantel 3.0". Omantel has strong fixed, mobile and capacities in its wholesale business. The acquisition would look at complimentary business expansions in Digital, Data acquisition and remain Competitive and presence in International markets.

Zain Group has exposure to nine markets with a total population of 175 million and is the **market leader in five of the nine markets it operates in across MENA**. Zain Group is partnered with a number of the world's top technology players to support its digitisation agenda. Zain Group is a high-performing and innovative telecoms business with a complementary geographical footprint.

Omantel see series of opportunities to cooperate in a number of key areas specifically **Wholesale Telecom Business** which we expect a considerable synergies across the Zain group and value addition for Omantel by leveraging its expertise and investment in submarine cable systems. In addition to this, Omantel could be in a position to use **Zain's digital expertise to enhance its service positioning**.

Phase II transaction which currently undergoing auction in Kuwait Bourse will be closed on 12th Nov 2017. Further update on this transaction will be disclosed once it is successfully closed.

Presented by

- Mr. Martial Caratti, CFO
- Mr. P.G. Menon, GM Strategic Finance
- Ms. Bushra Al Balushi, Manager Planning & Economics

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