

**Oman Telecommunications Co (S.A.O.G)**  
**Board of Directors' Report First Quarter Results – Year 2021**

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**Respected Shareholders,**

We are pleased to present to you a summary of the results of the operations for the 3 months' period ended 31<sup>st</sup> March 2021.

**Operating performance:**

**REVENUE:** Group Revenue for the period ended March 2021 has reached RO 602.7 million compared to RO 651 million for the corresponding period 2020. The Group revenue include acquired business of Zain Group, which contributed revenues of RO 473.3 Mn.

Omantel (*Domestic performance*) Revenues reached RO 131.4 million compared to RO 153.3 million for the corresponding period 2020. Revenues growth achieved in Mobile Postpaid, Fixed Broadband, and Wholesale Capacity Sale have contributed in managing the Gross Margin for the 1<sup>st</sup> Quarter 2021, despite a fall in Wholesale Hubbing, Mobile Prepaid and Device revenues due to challenging market conditions.

**EXPENSES:** Group's total Operating expenses decreased to RO 505.4 Mn compared to RO 541.6 Mn for the corresponding period 2020, a decrease of 6.7%.

Omantel (*Domestic Operation*): Omantel has managed to reduce its Operating and administrative expenses by 7.5% YoY, which is mainly resulting from the Cost Optimization measures.

**NET PROFIT.** The Group achieved an after tax Net Profit of RO 56 Mn compared to RO 62.5 Mn in 2020.

Oman Domestic operation for the period ended March 2021 recorded an impressive performance considering the serious business disruptions resulting from Covid-19 pandemic. Net profit has recorded RO 19.1 Mn, which is a growth of 11.5% in comparison to Year 2020 performance. This is mainly due to realization of higher margin on Capacity sales and reduction in Operating and administrative expenses resulting from proactive cost optimization measures.

Group Earning per Share (EPS) for the period ended March 2021 is RO 0.022 compared to RO 0.021 for the corresponding period of year 2020.

**SUBSCRIBER BASE**

The total domestic subscriber base as of March 2021 (including mobile and fixed businesses) was 3.2 Mn (excluding Mobile Resellers) compared to 3.3 Mn of the corresponding period of the previous year, recording a decline of 2.8% over the last period. Total subscriber base with mobile resellers reached 3.8 Mn.

**Subsidiary Companies:**

**1) Mobile Telecommunication Company (Zain):**

Zain Group revenues recorded a drop of 5.7% and reached *RO 473.3 Mn* as of March 2021 compared to the corresponding period revenues of *RO 501.9 Mn*. EBITDA stands at *RO 195.9 Mn*,

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recording a decline of 6.5%. Net profit stands at RO 59.5 Mn compared to RO 68.1 Mn of the previous period.

To counter the impact of the COVID-19 pandemic on Zain Group financials, management proactively took decisive cost optimization measures in areas such as contracts renegotiation, and management of cash flows that succeeded in reducing operational expenses by 15%.

Total customer base of Zain Group decreased by 2.9% to 48.5 Mn compared to 50 Mn of the previous period.

**Market Share:** Omantel's Mobile market share (*including Mobile Resellers*) is 52.4% with a revenue share of 58.4%. The Fixed Telephone (post & pre-paid) market share is 70.2% with a revenue market share of 79%.

### **Tower Sale**

On April 25, 2021, Board of Directors of the Company approved the sale and lease back of 2890 telecom towers in Oman. Under the agreement, Omantel will sell only its passive mobile infrastructure assets in the country and enter into a long-term master services agreement to continue to utilize the tower assets. Omantel will retain full ownership and control of its active network and spectrum as well as its software, technology and intellectual property with respect to managing its networks. The sales proceeds will be used for deleveraging, support strategic investments in next generation advanced technologies and capabilities enhancement. The sale is expected to be completed by end of the year 2021.

### **Thanks and appreciation**

We take this opportunity to express our heartfelt thanks to our shareholders and loyal customers for their continued support that enabled us to achieve these excellent results. Also, we wholeheartedly appreciate the sincere contribution of the Executive Management and Employees for the performance in the challenging situation. With your support, we are confident that Omantel will continue its good performance and will be able to reach new heights of excellence.

On behalf of the Board of Directors and the staff, we are honored to greet His Majesty Sultan Haitham bin Tariq on the occasion of Eid Al-Fiter. We pray to Almighty Allah to return this occasion to His Majesty with good health, happiness and long life, and to the Omani people with prosperity under the wise leadership of His Majesty.

### **CHAIRMAN**

## Appendix

### Group Financial Highlights:

Group Consolidated Performance				
In RO Mn	YTD		Variance	
	Actual'21	Actual'20	In Fig	%
Revenue	602.7	651.0	(48.3)	(7.4%)
EBITDA	244.1	244.6	(0.5)	(0.2%)
<b>EBITDA %</b>	<b>40.5%</b>	<b>37.6%</b>		
<b>Profit for the period</b>	56.0	62.5	(6.5)	(10.3%)
<b>Net Profit %</b>	9.3%	9.6%		
Attributable to Shareholders of the Company	16.9	16.0	0.9	5.7%
Non-controlling Interest	39.1	46.5	7.4	15.9%
<b>Profit for the period</b>	56.0	62.5	(6.5)	(10.3%)

### Domestic performance

Domestic Performance				
In RO Mn	YTD		Variance	
	Actual'21	Actual'20	In Fig	%
Revenue	131.4	153.3	(21.9)	(14.3%)
EBITDA	48.2	46.7	1.5	3.2%
<b>EBITDA %</b>	<b>36.7%</b>	<b>30.5%</b>		
<b>Profit for the period</b>	19.1	17.1	2.0	11.5%
<b>Net Profit %</b>	14.5%	11.2%		