

Omantel Group Performance Q2 2014

January – June 2014

Presentation to Investor Community

Conference Call

14th August 2014 at 2 PM (Oman Time)

Group Performance Highlights

Group Performance Highlights

Revenue



- Group Revenue at RO 238.6 Mn compared to RO 239.3 Mn of the corresponding period.
- **Domestic** Revenues increased by **0.6%**, mainly contributed by growth in;
 - **10.5%** from *Fixed Revenues*.
 - **28.5%** from *Mobile Broadband revenue*.
 - **34.8%** from Fixed Broadband.
 - **15.9%** from Corporate Data services.
 - **6.6%** Corporate revenues.

Healthy margin



- Group Net Profit of **RO 65.9** Mn. Domestic Net Profit of **RO 68.6** Mn, *an increase of 10.8% over last year.*
- Maintained **Healthy EBITDA** of **45%** (*52% excluding Royalty*)
- Domestic EBITDA **47%**. (*Excluding Royalty 54%*)
- Group Net profit margin (after *MI*) is **28%**

Strong subscriber base



- Group customer base grown by **5.5%**. (*from 4.170 Mn compared to 3.953 Mn - incl WTL*).
- Continued robust Mobile Subscriber acquisition – Total Market Growth 8.7%, Omantel Mobile achieved growth of 9.7%. (Q2'2014 Vs Q2'2013).
- Growth in both post & pre paid Omantel mobile subscriber base (6.0% and 6.5% respectively) and mobile broadband by 26.8% (*subscription based*).

Group Performance Highlights

Market Leadership



- Oman Mobile network subscriber base YoY grown to 3.487 Mn (59.1% Market share) from 3.180 Mn
- Mobile Revenue Share 61.4%.
- Fixed line subscriber market share is 84.1%
- Fixed Line Revenue share 83.0%

Strong balance sheet



- Debt Ratio is 29.1%
- Group total assets at RO 776 Mn.
- Net worth of RO 550 Mn.
- Net Asset per share is RO 0.727

Impressive market fundamentals



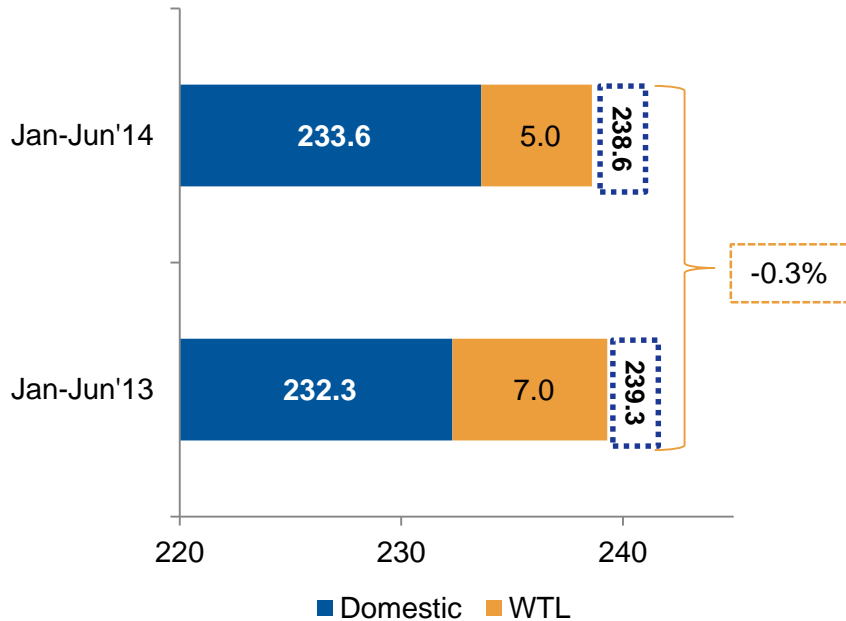
- Dividend Yield **7.6%** (*Dividend at 115 Bz / share - based on 31 Dec 2013 Closing Price of RO 1.505*)
- Market Capitalization at RO 1.223 Bn (Jun'14)
- Price Earning Ratio {P/E 9.27}
- EV / EBITDA 5.63
- Price to Book Value 2.24

Group Performance Analysis

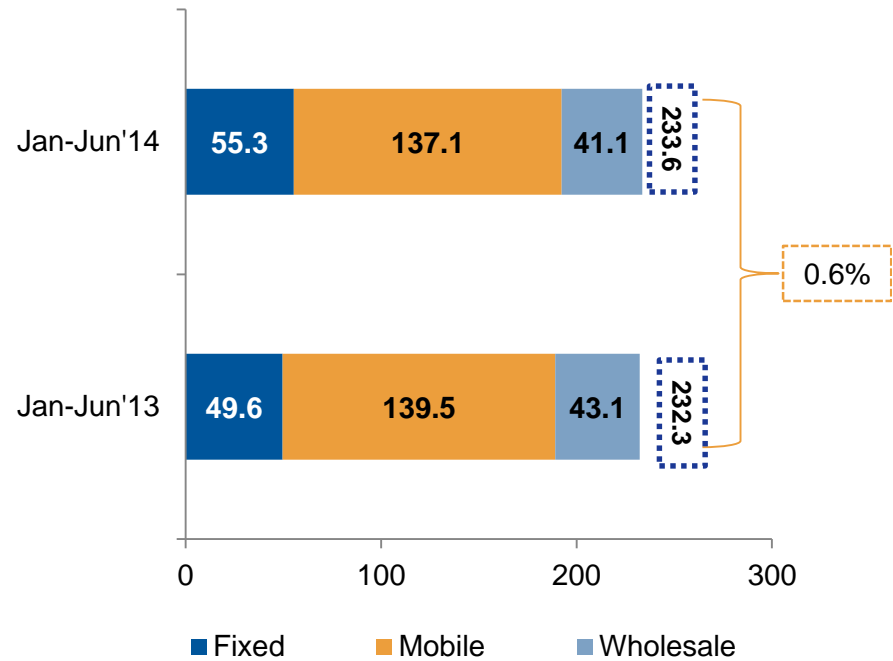
Revenue

Domestic operation Revenue grown by 0.6%, while Group Revenue has marginally declined by 0.3% mainly due to decline in WTL revenues.

Consolidated with Worldcall
Group Revenue in RO Mn



Domestic Operation
Domestic Revenue in RO Mn

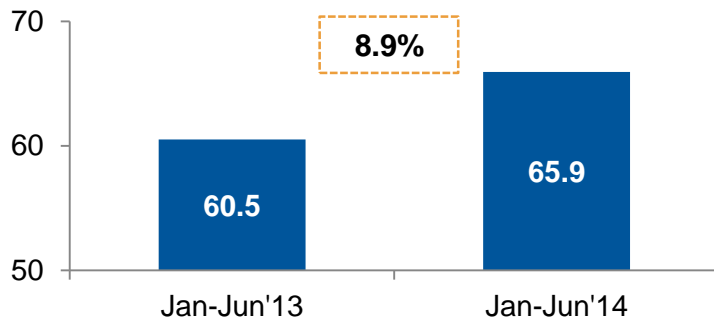


2.1% of the total revenue contributed by International operation (WTL)

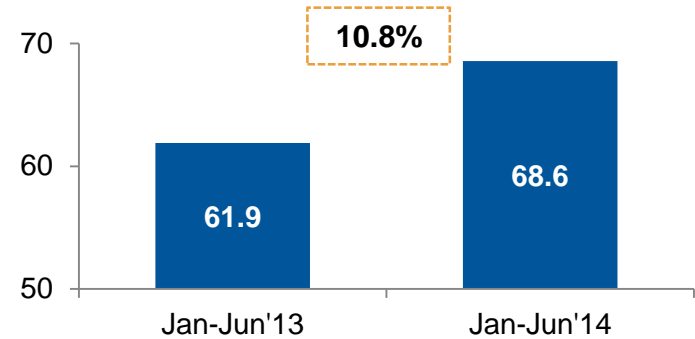
Net Profit and EBITDA

Group Net Profit and EBITDA continue to be healthy

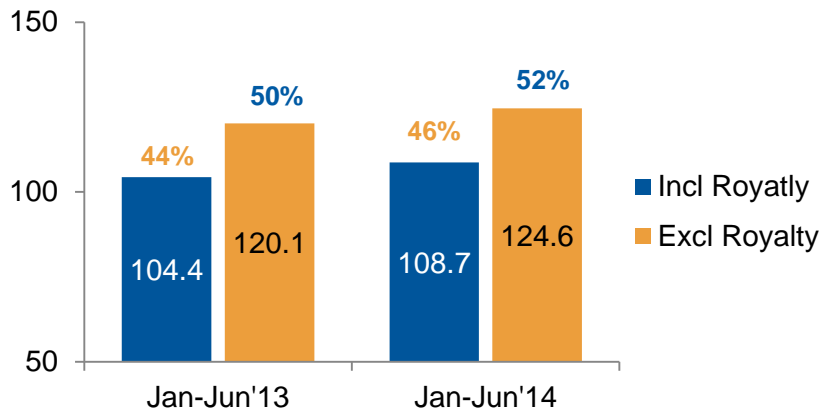
Consolidated with Worldcall
Group Net Profit in RO Mn



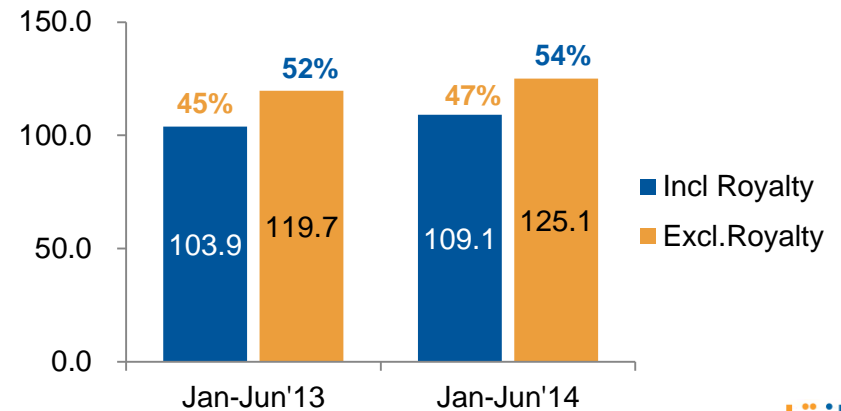
Domestic Operation
Domestic Net Profit in RO Mn



EBITDA RO Mn & %

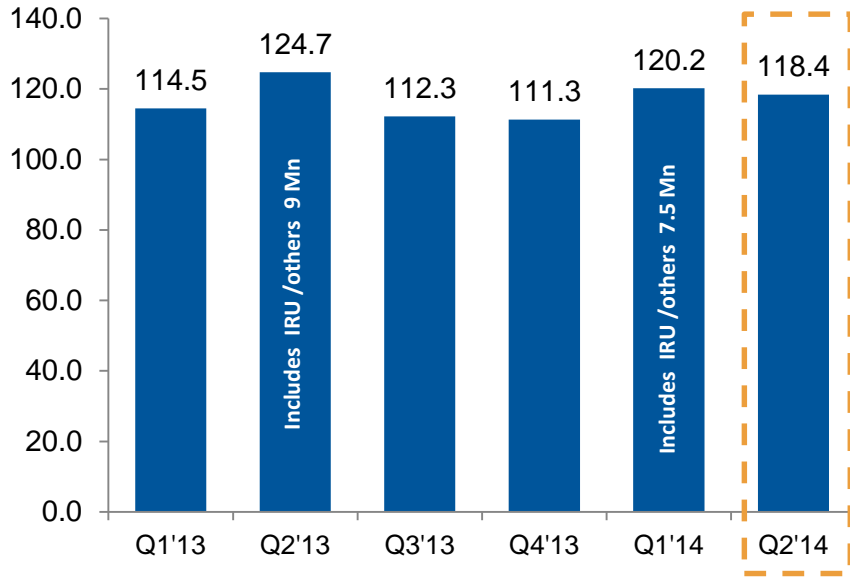


EBITDA RO Mn & %

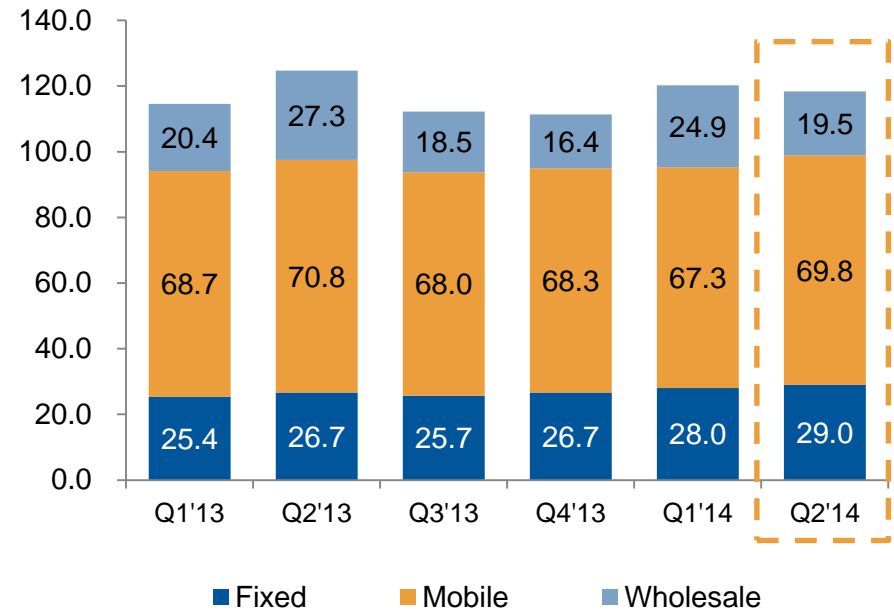


Group Revenue - Quarterly Analysis

Group Revenue in RO Mn

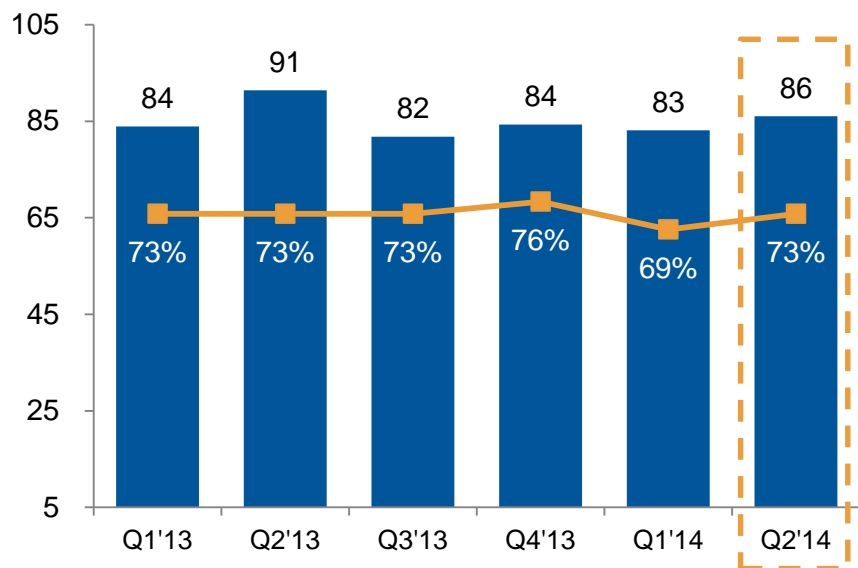


Group Revenue by Segment RO Mn



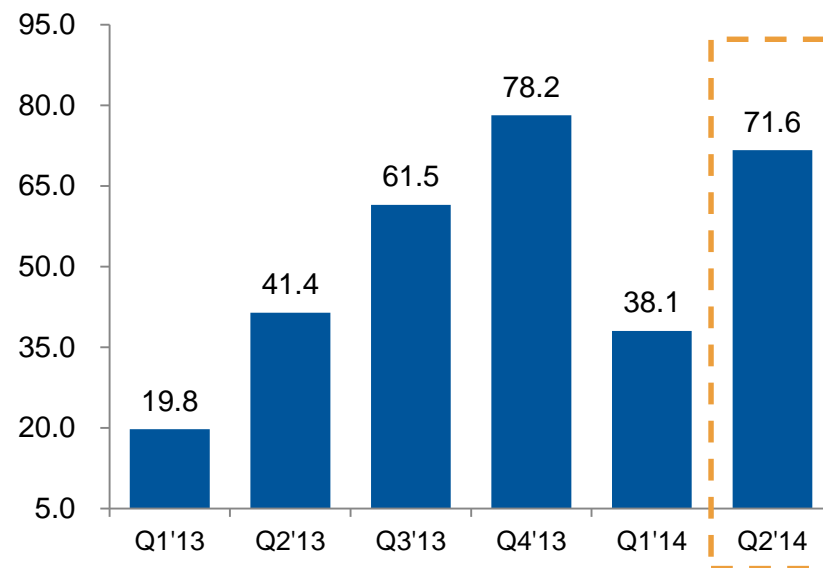
OPEX - CAPEX

Total Opex (incl Depreciation) by Qtr – RO Mn & Opex Ratio- % to Revenue



Domestic Opex to Revenue ratio for Jun'14 is 70%

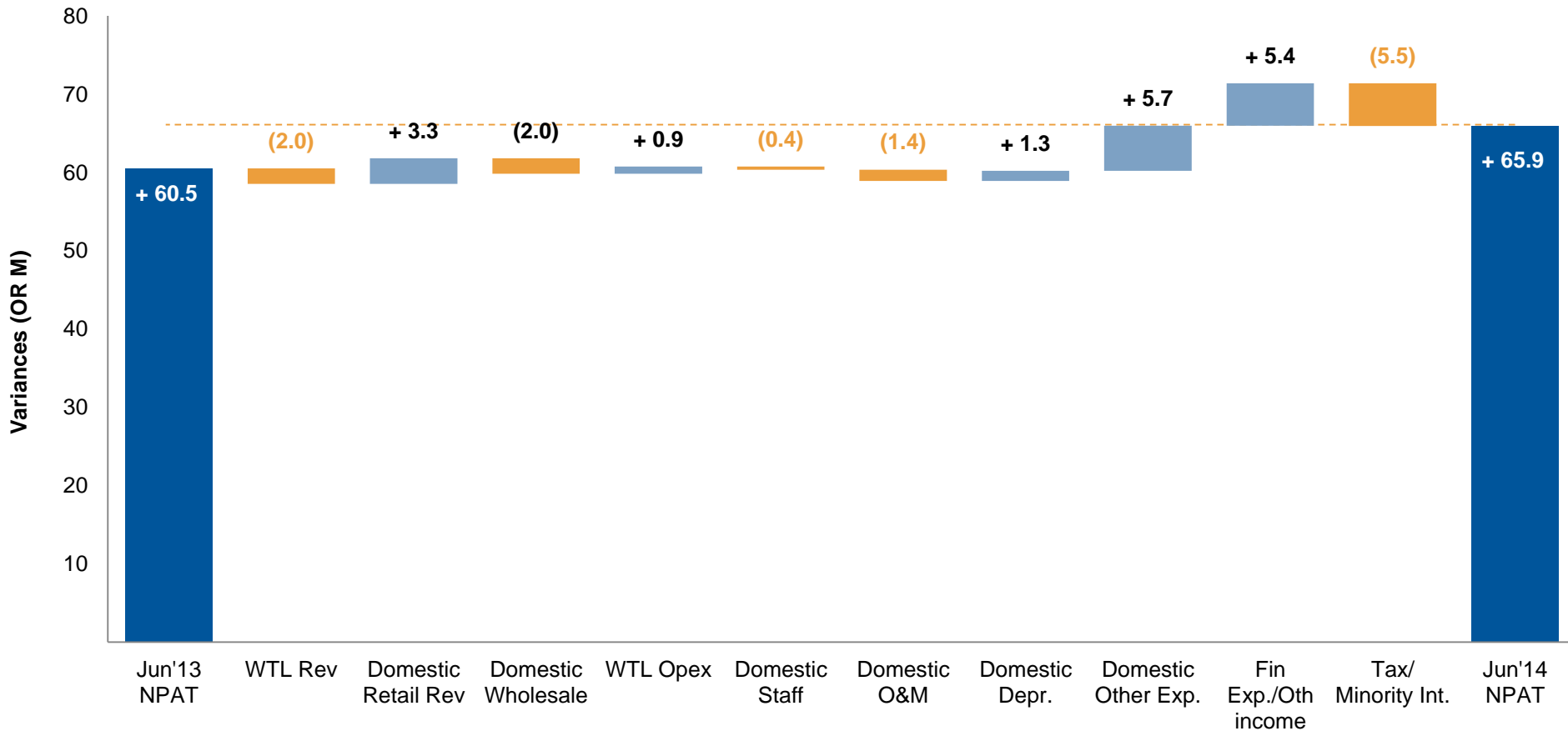
Capex Additions (Cumulative) RO Mn



Capex to Revenue ratio is at 30%

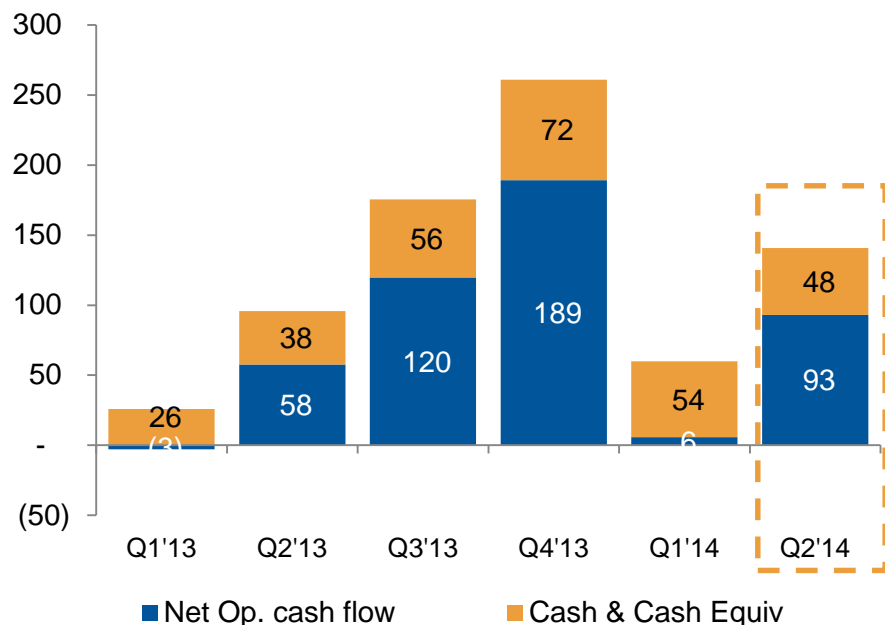
Net profit after Tax

NPAT Actual Variance Including WorldCall (Jun'14 Vs Jun'13) OR 5.4 Mn

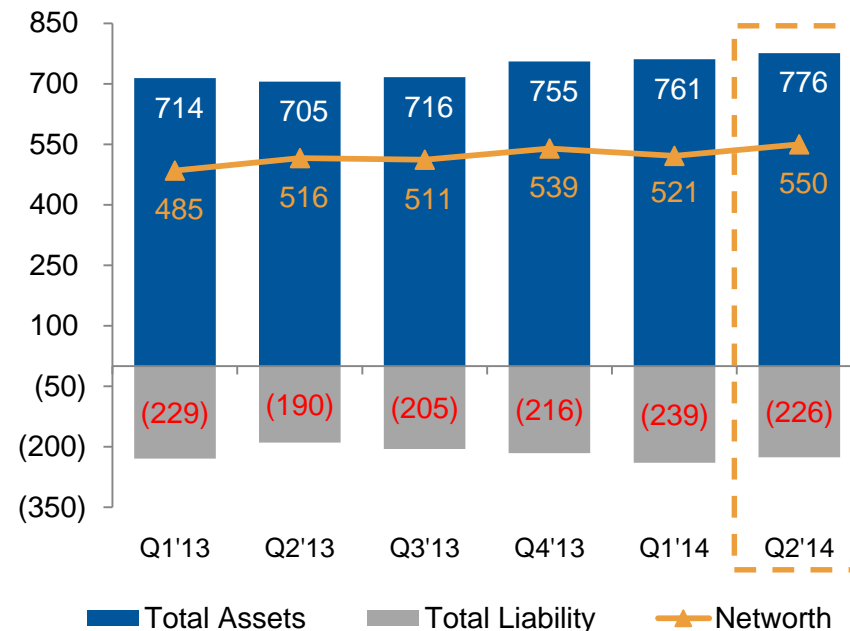


Healthy Cash flow and strong Balance sheet

Cash Flow (Cumulative) RO Mn



Assets, Liability & Net worth RO Mn



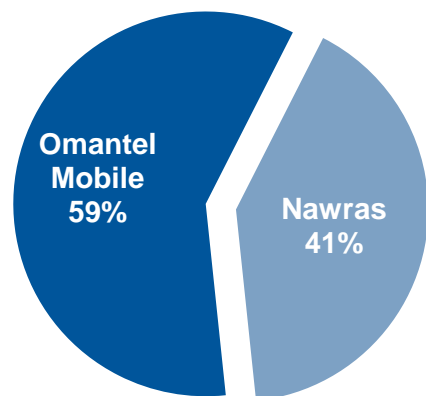
Note:

- 1) Operating cash flow before working capital changes is RO 110.6 Mn which is 46.4% of revenue.
- 2) Cash & Cash equivalent excludes Fixed deposit with banks amounting to RO 57.1 Mn

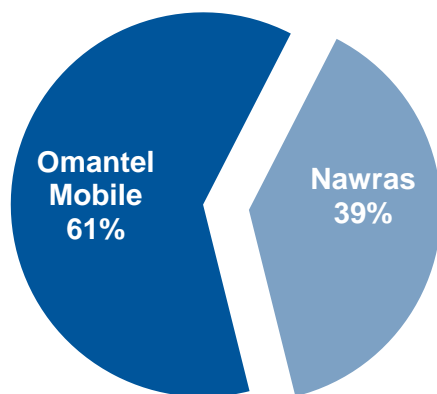
Growth & Market Share

Mobile Market Share

Mobile Subscriber (incl Mobile Resellers) Market Share – Jun'14



Mobile Revenue (incl Mobile Resellers) Revenue Share – Jun'14

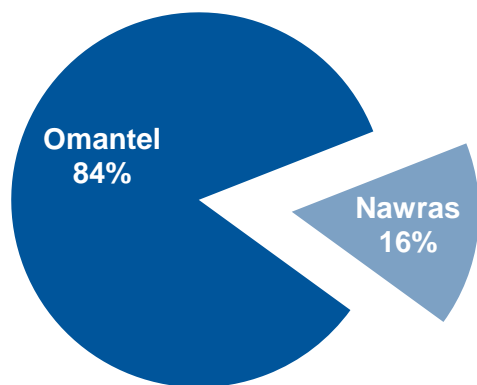


Highlights

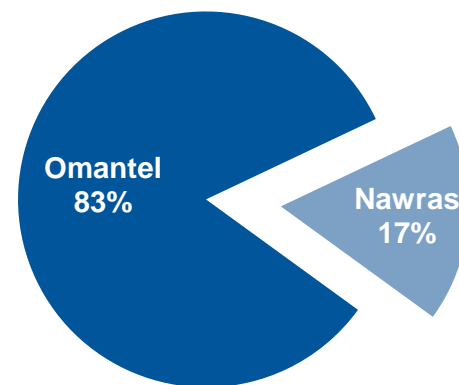
- 1) Omantel Mobile continue to be the leading mobile operator –Subscriber market share including mobile resellers (59.1%) and Revenue market share (61.4%)
- 2) Total Mobile market grew by 8.7% as compared to Q2'13. Omantel Mobile (incl Mobile Resellers) achieved a growth rate of 9.7%, net addition is around 307 K, which is around 65% of total net additions.
- 3) Compared to Q2 2013, Omantel Mobile subscriber market share increased by 0.5%, while revenue share declined by 2.3% (in absolute terms).

Fixed Market Share

Fixed Market Share – Jun'2014



Fixed Revenue Share – Jun'2014

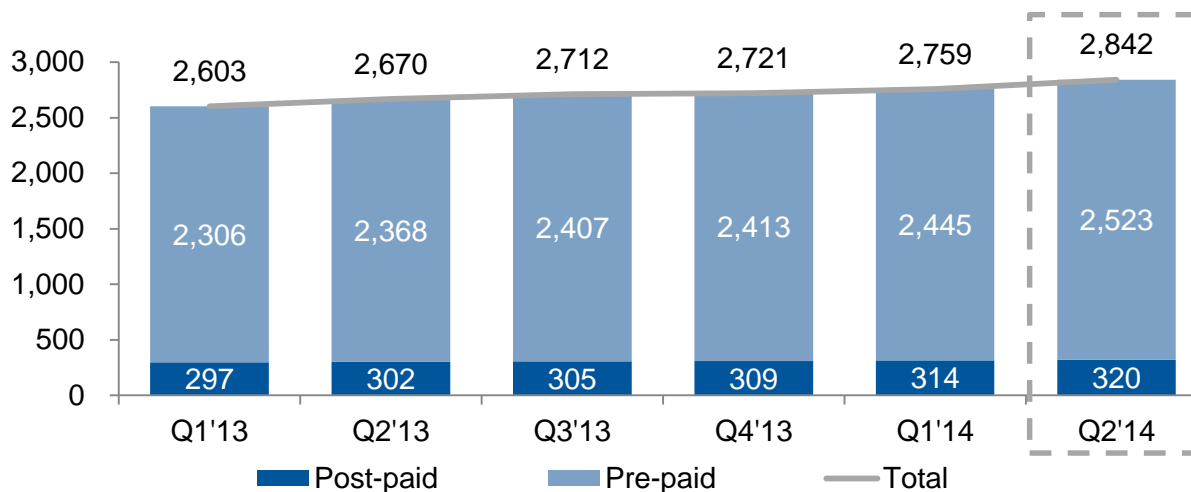


Highlights

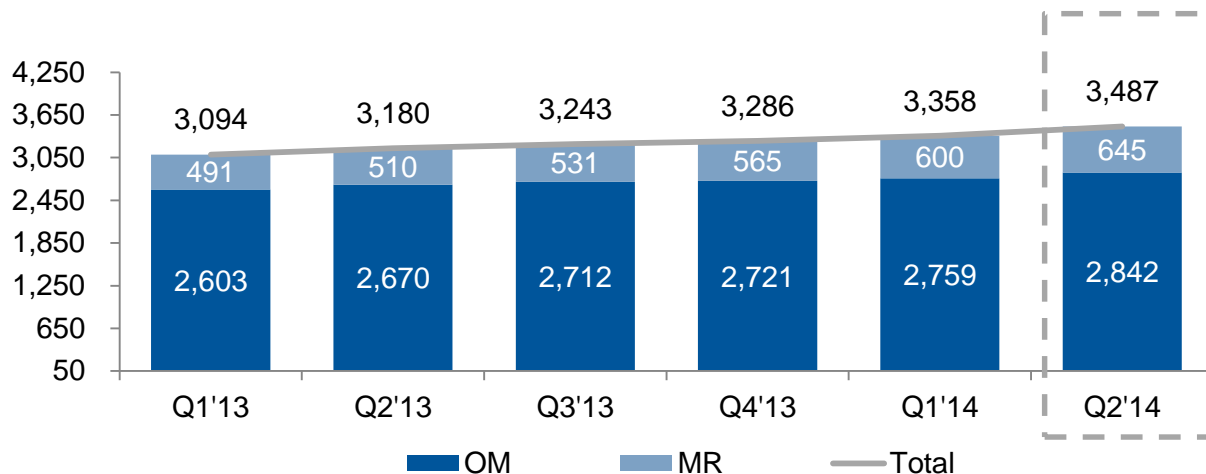
- 1) Omantel Fixed line market share - Subscriber market share 84.1% and Revenue market share 83.0%

Mobile subscriber base - Quarterly

Oman Mobile Subscribers – In '000s



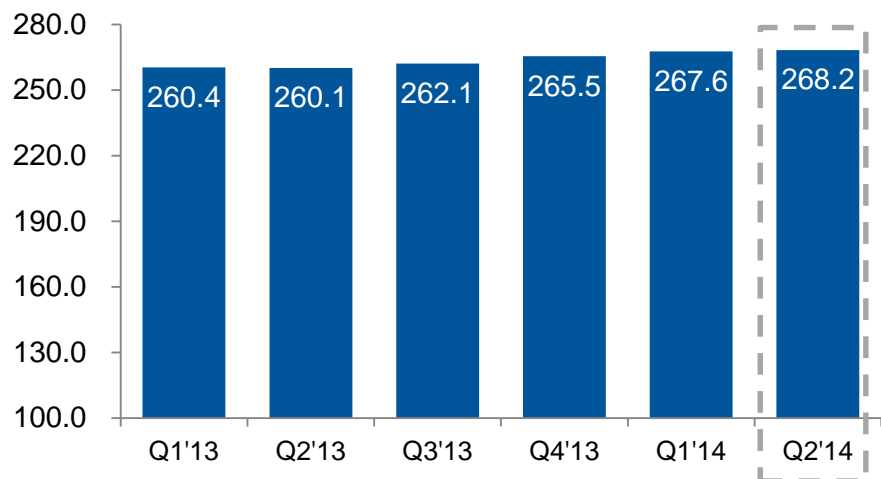
With Mobile Resellers – In '000s



Subscriber base

Fixed Line shows marginal increase in Q2 2014. Combined Broadband Subscribers recorded a growth of 27%

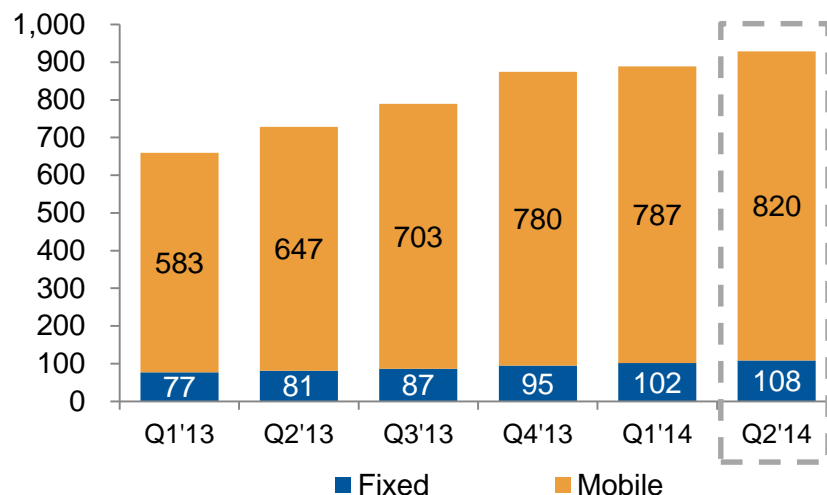
Fixed Line Subscribers – In '000s



Note:

- 1) Fixed line include pre-paid and payphone.

Fixed & Mobile Broadband – In '000s



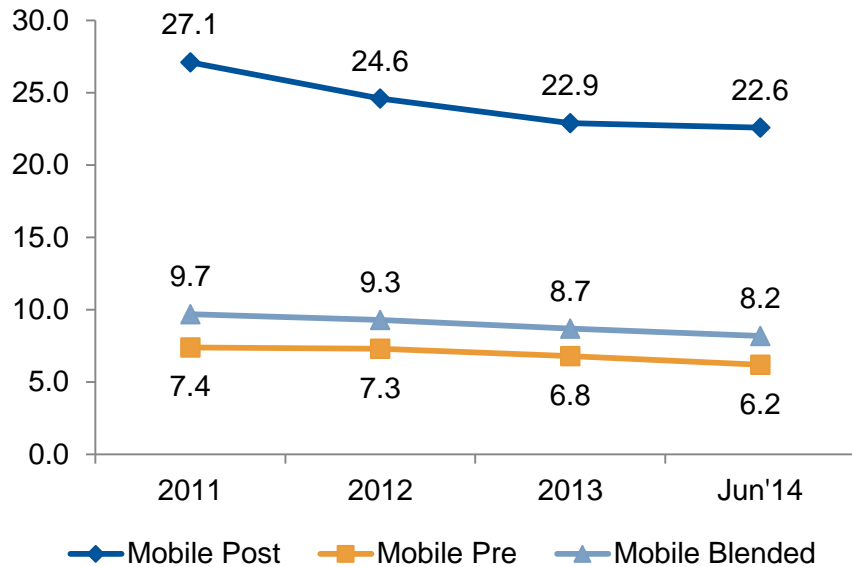
Note:

- 1) Mobile Broadband subscribers are unique subscribers subscribed to any one of the packages including Blackberry service.
- 2) Mobile Broadband subscribers including Pay As You Go (PAYG) is estimated at 1.498 Mn as of Jun'14.

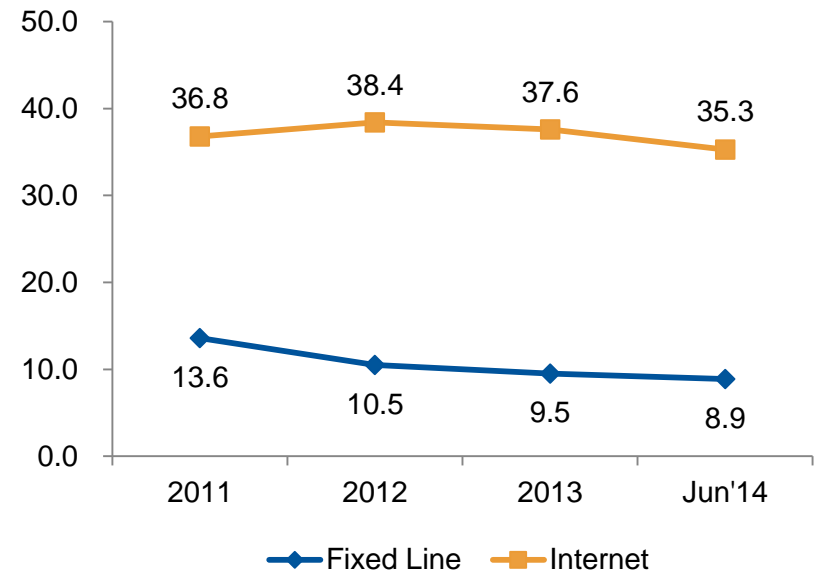
ARPU

ARPU – RO per Month for major products / services

Mobile services



Fixed line services



Note:

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

Worldcall Performance – Year to date comparison (2014 vs. 2013)

Income Statement

Amounts in RO mln	6 Months ended June		
	2014	2013	Variance
Revenue	5.03	7.01	-28.3%
Operating Expenses	8.41	9.31	9.7%
EBITDA	(0.48)	0.46	-204%
Depreciation and amortization	2.90	2.76	5.0%
Operating Profits/(Loss)	(3.38)	(2.30)	-47.0%
Finance Cost	(0.29)	(1.66)	-82.5%
Other income/(loss)	0.02	0.03	-28.3%
Profit/(Loss) Before Taxation	(3.65)	(3.93)	-7.1%
Taxation	0.50	(1.54)	132%
Net Profit/(Loss) After Tax	(4.14)	(2.38)	73.9%

Key Ratios

	2014	2013
Net margin	-82.4%	-34.0%
EBITDA margin	-9.6%	6.6%

Management has initiated the business restructuring program with the objective to improve the operation. Some of these initiatives are mostly concluded and expect to have positive results in the coming years.

Highlights

- YTD revenues for 2014 posted RO 5.03 Mn (-28.3%) {-29.0% in PKR} lower than YTD revenues for 2013.
- EBITDA 2014 has declined to RO -0.48 Mn compared to the corresponding period of year 2013. EBITDA margin decreased from 6.6% in 2013 to -9.6% in 2014.
- The YTD bottom line posted a net loss of RO 4.14 Mn as against a loss of RO 2.38 Mn in 2013.

Presented by

- Mr. Talal Said Al Mamari, CEO
- Mr. Abdullah Saif Al Hosni, Acting CFO
- Mr. P.G. Menon, GM Strategic Finance
- Ms. Bushra Al Balushi, 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

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