

Omantel Group Performance – Q1 2016

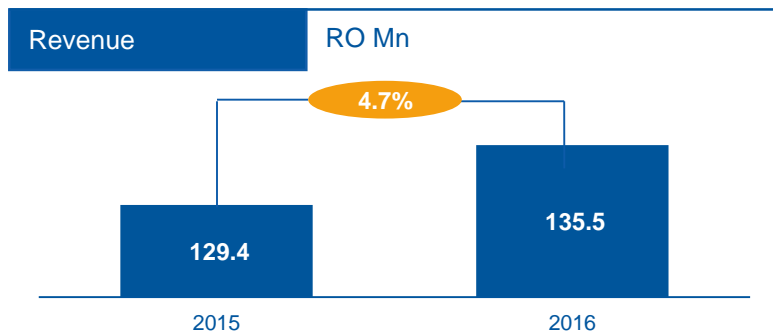
Presentation to Investor Community

Conference call
16th May at 2 PM (Oman Time)

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Omantel

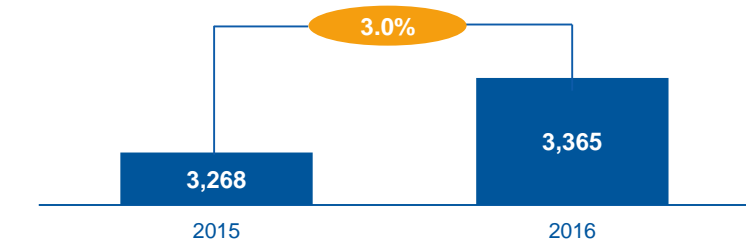
Group Revenue recorded a growth of 4.7% mainly driven by parent company's (domestic operations) revenue growth of 5.0%. EBITDA increase by 8.2%

Revenues & Subscribers growth

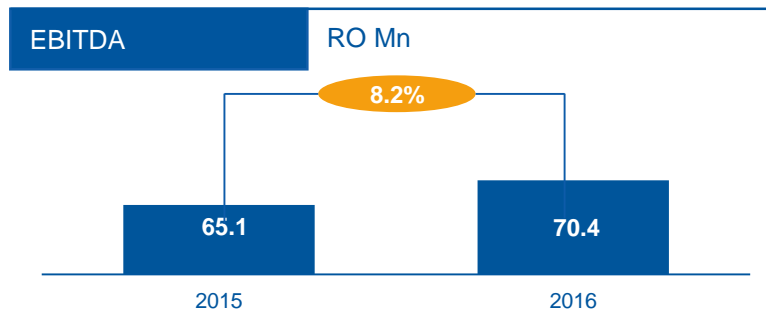


Domestic Subscribers

'000s

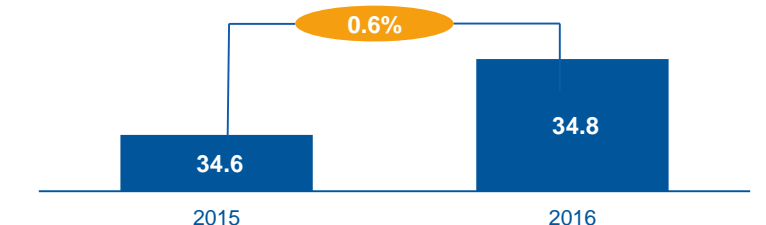


EBITDA (Excl Royalty) & Net Margin



Net Profit

RO Mn



- Group Revenue at RO 135.5 Mn compared to RO 129.4 Mn of the corresponding period, mainly contributed by 4.7% growth in Parent company revenues.
- WTL contribution (international operation) to the total revenue stands at 1.2%.
- Domestic customer base grown by 3%. Including Mobile Resellers, the growth is 9.9%
- Continued growth in Mobile Subscriber acquisition. Omantel Mobile achieved growth of 9.2%.
- Growth in EBITDA (Incl Royalty) by 8.2%.
- Group Net Profit after tax is RO 34.8 million compared to RO 34.6 million of the corresponding period, an increase of 0.6%.
- Group Net profit margin (after MI) is 25.7% compared to 26.7% of the corresponding period.

Income Statement for Q1 2016

Omantel Group				
In RO Mn	Three Months ended 31st March			
	2016	2015	In Fig	In %
Revenue	135.5	129.4	6.1	4.7%
Cost of Sales	(27.8)	(25.7)	(2.2)	(8.4%)
Gross Margin	107.7	103.7	4.0	3.8%
Gross Margin % of Revenue	79.5%	80.2%		
Operating Expenses	(37.3)	(38.6)	1.4	3.5%
EBITDA	70.4	65.1	5.3	8.2%
EBITDA %	52.0%	50.3%		
Depreciation & Amortization	(23.6)	(20.6)	(3.0)	(14.5%)
EBIT	46.9	44.6	2.3	5.2%
Finance & Other Income/ Expense	0.2	0.9	(0.7)	(78.4%)
Profit Before Royalty & Taxation	47.1	45.4	1.7	3.7%
Royalty & Taxation	(13.3)	(12.0)	(1.3)	(10.7%)
Profit After Tax (Before Minority Interest)	33.8	33.4	0.4	1.1%
Minority Interest	1.0	1.2	(0.2)	(13.4%)
Net Profit	34.8	34.6	0.2	0.6%
Net Profit %	25.7%	26.7%		

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

Strong balance sheet with impressive market fundamentals.

Strong Balance Sheet

- Debt Ratio is 37.2%
- Gearing 7.6%
- Group total assets at RO 786 Mn.
- Net worth of RO 494 Mn.
- Net Asset per share is RO 0.707

Impressive Market Fundamentals

- Dividend Yield 6.6% (Dividend at 115 Bz / share based on 31 Dec 2015 Closing Price of RO 1.565) & 7.5% Yield based on Mar'16 closing price of RO 1.525
- Market Capitalization at RO 1.14 Bn (Mar'16)
- Price Earning Ratio {P/E 8.22}
- EV / EBITDA 4.60
- Price to Book Value 2.16

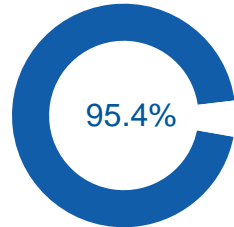
Achievements

Omantel is the First GCC Operator to Land Undersea Cable in Europe with AAE-1 in Marseille. the AAE-1 submarine cable is one of the first unique cable systems to connect Hong Kong to Singapore, Africa and Europe, all via Oman.

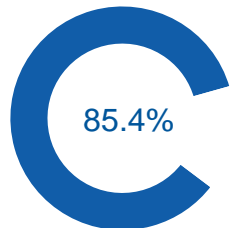
Continuous improvement in network coverage and initiatives to improve customer experience

Coverage

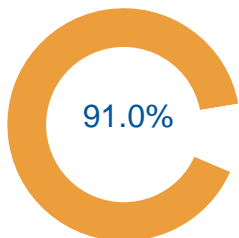
3G (Population)



4G (Population)



Fixed Broadband
(Household)



Q1'2016 Focus area

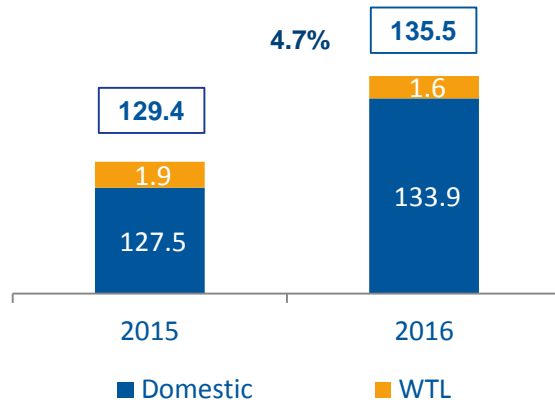
- New Acquisition for prepaid MBB customers and increasing penetration of MBB in existing base.
- Continue focus on Fixed Broadband acquisition
- Improve the first call resolution
- Implementing automated solution for populating Net Promoters Score (NPS) through Contact center with the objective enrich customer experience.

Launches / Achievements

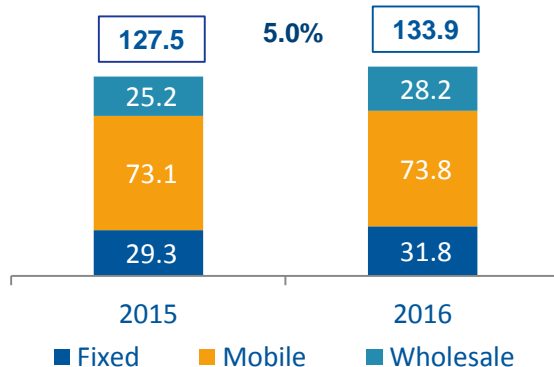
- Launched aggressive marketing propositions:
 - New MBB Plans for prepaid segment
 - Flat Rate for GCC and National Voice
 - Hybrid Bundles
- Launched integrated **segmented propositions** for Omantel customers
- Achieved One million members (lines) in Makasib – Loyalty Program
- Increased empowerment to Customer Service Representative to resolve customer complaints.
- Focus on increasing Digital transaction share as part of the enhancing customer experience and efficiency

Impressive Parent (domestic) revenue performance with all 3 key segments (Consumer, Corporate and Wholesale) achieved revenue growth

Group Revenue RO Mn



Parent (Domestic Revenue) RO Mn



Domestic Operations Highlights

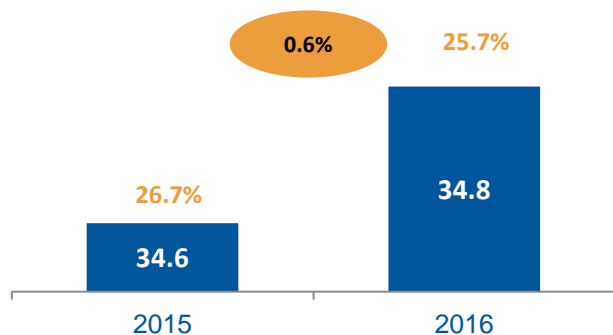
Parent has achieved 5.0% growth in a highly competitive market, mainly contributed by growth in;

- 8.6% from Fixed Line Business Retail Revenues (include internet & data).
- 21.8% increase in Fixed Broadband revenue.
- 16.1% increase in Mobile Broadband revenue.
- Increase in revenues from all 3 segments;
 - Consumer by 2.5%.
 - Corporate by 3.6%.
 - Wholesale by 12.6%.
- Total Fixed Broadband subscriber growth of 32.1%.
- 21.5% growth in international call revenue compared to 1st Quarter of Yr 2015.
- Growth in mobile broadband subscribers by 7.7%
- 65.1% Smartphone penetration in Omantel Mobile Network

Group EBITDA achieved a growth of 8.2% (increase of RO 5.3 Mn)

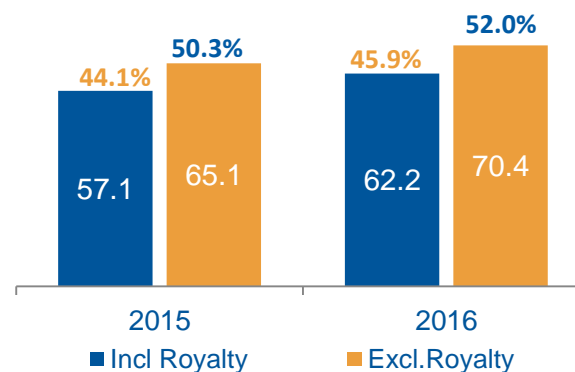
Group Net Profit

RO Mn



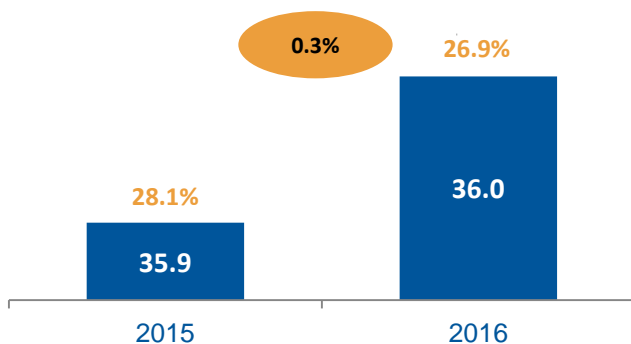
Group EBITDA

RO Mn & %



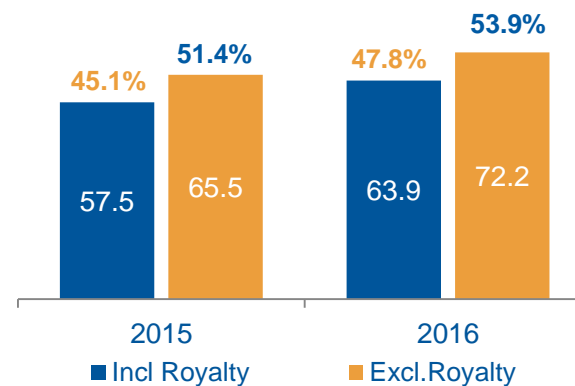
Parent (domestic) Net Profit

RO Mn

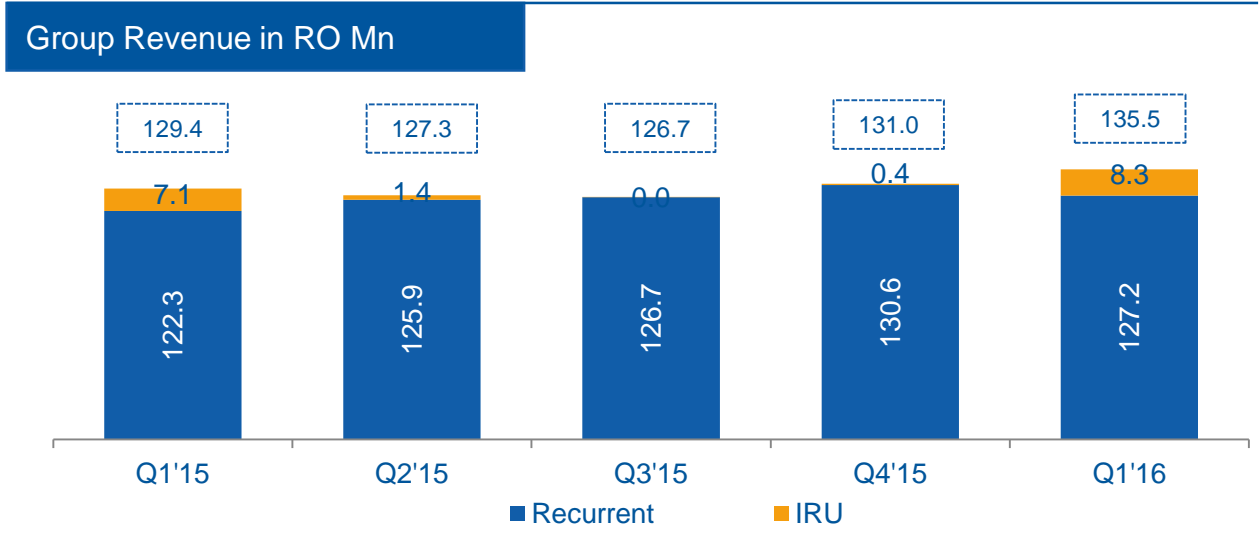


Parent (domestic) EBITDA

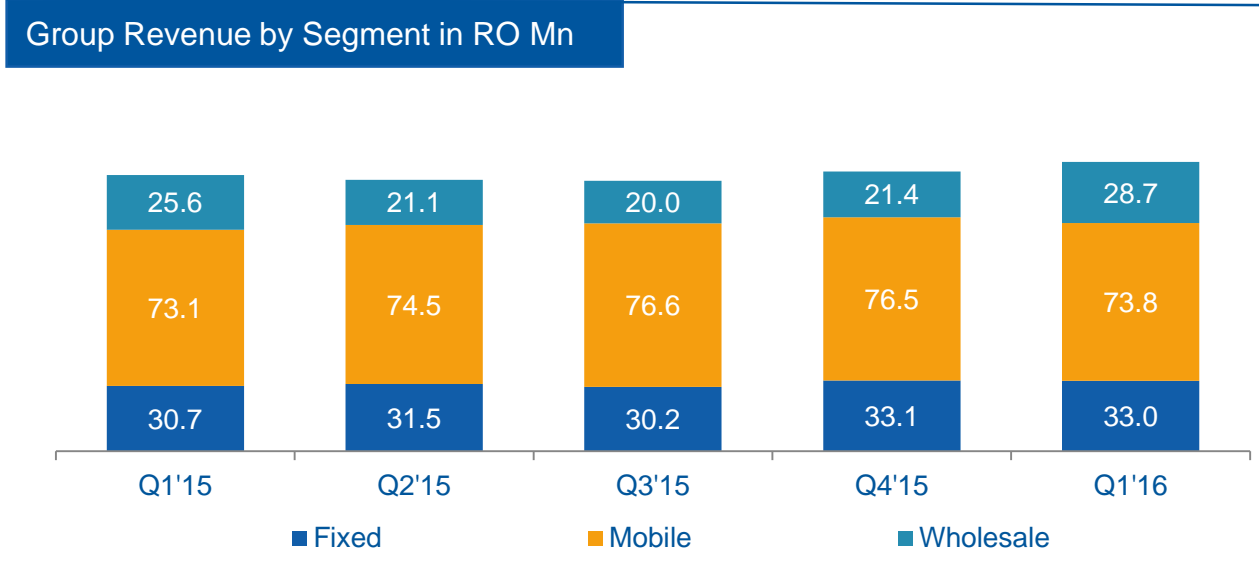
RO Mn & %



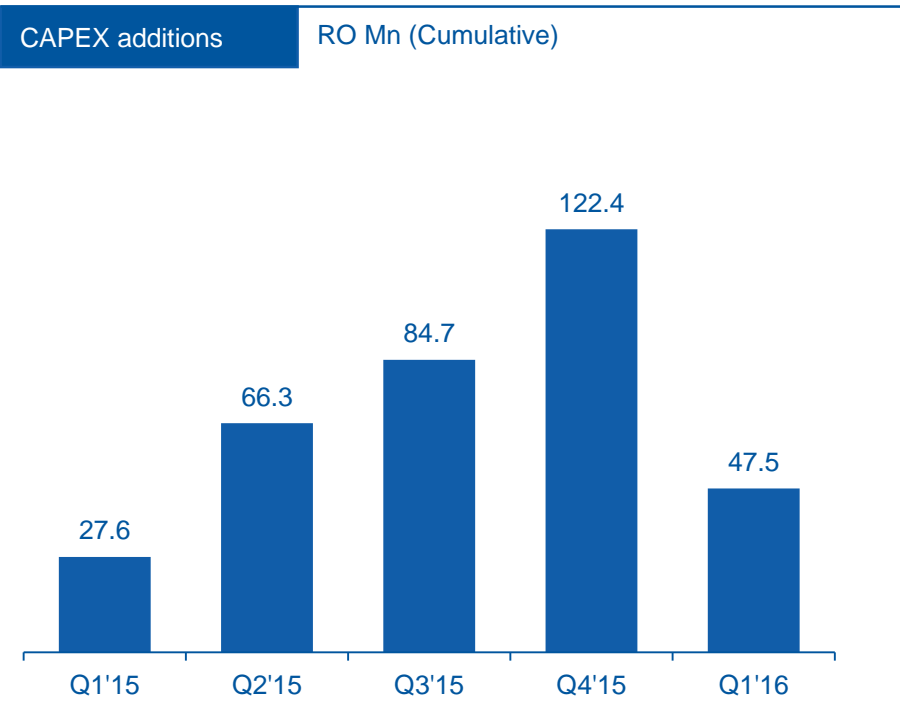
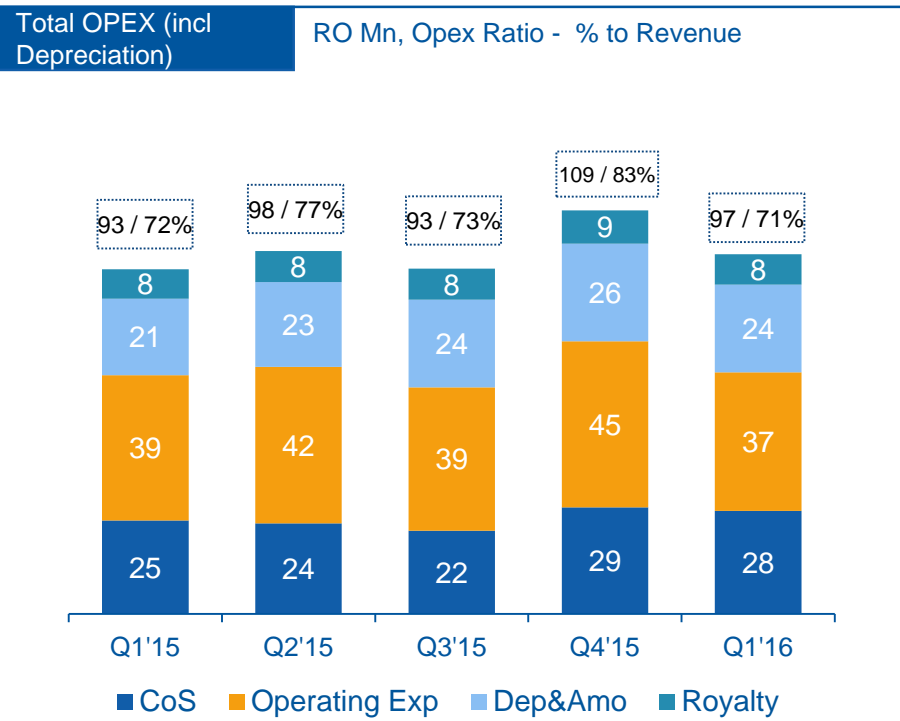
Group Revenue - Quarterly Analysis shows overall revenues is highest compared to last 5 quarters.



Overall Group Revenue in Q1'16 is **RO 135.5 Mn**
Highest in last 5 Qrts



OPEX ratio for Q1'16 is 71% which lower than other quarters. Capex to revenue ratio is at 35.4%, which is highest compared to last 5 Quarters



Parent (Domestic) Opex to Revenue ratio for Q1'16 is 69.8%

Capex to Revenue ratio is at 35.4%

Opex to Revenue ratio for Q1 2016 for Group is 71.5% and for Parent is 69.8%. Increase in depreciation amounting to RO 3.0 Mn over Q1 2015 is mainly from increased investment in network expansion and modernization of both mobile and fixed networks. Employee Cost amounting to RO 1.455 mn is capitalized

Increase in Capex Ratio is mainly due to capitalization of Bay of Bengal (BBG) cable system amounting RO 15.6 Mn

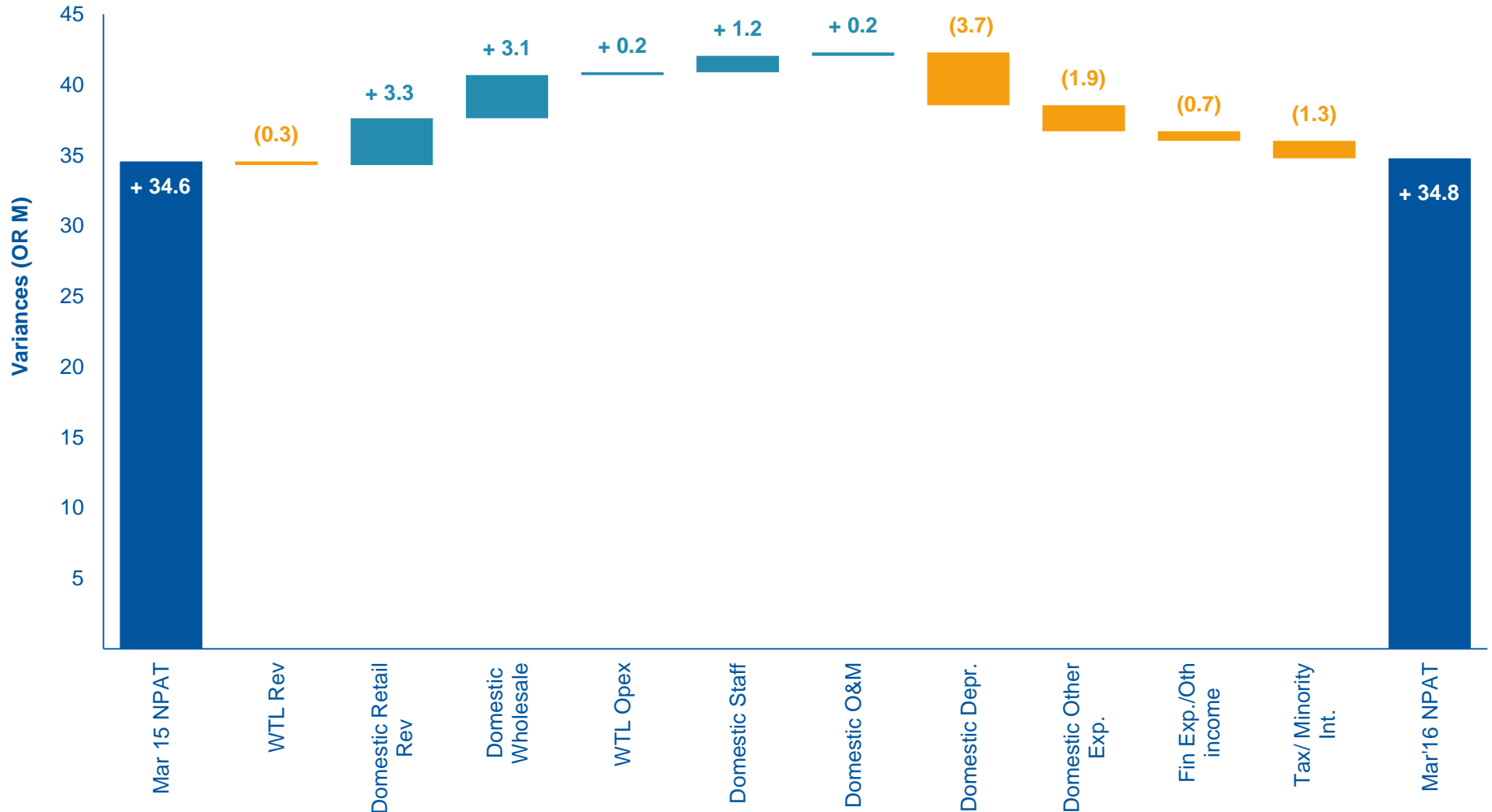
9 Note: Operating expenses includes costs related to Employee, O&M, admin, marketing and annual license fees



Net profit increased to RO 34.8 Mn, which is higher by 0.6% compared to last year

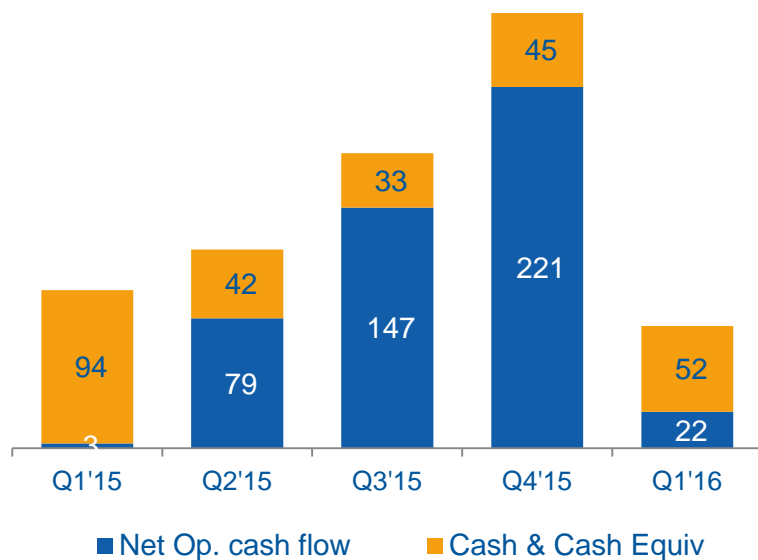
NPAT Actual Variance

March 2015 vs March 2016 – OR 34.6 Mn

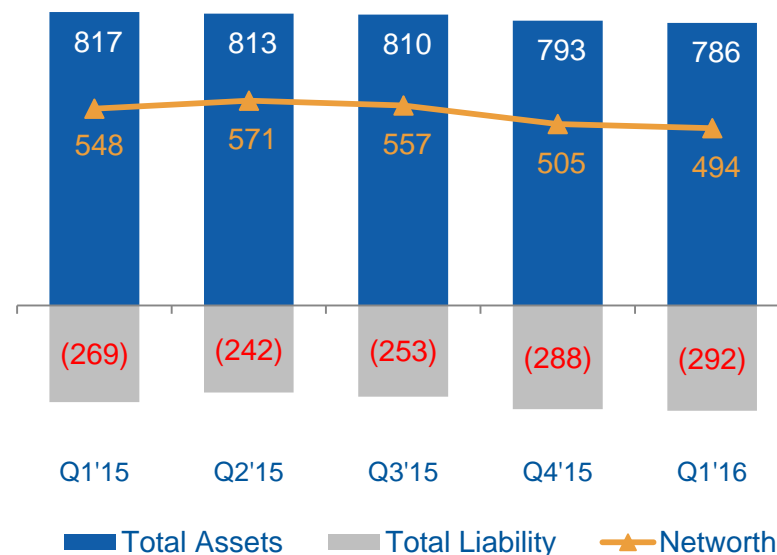


Continued healthy Cash flow and strong Balance sheet

Cash Flow (Cumulative) RO Mn



Assets, Liability & Net worth RO Mn

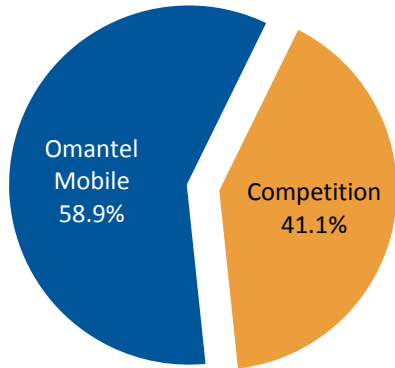


- 1) Cash generated from operations is RO 38.8 Mn which is 28.6% of revenue.
- 2) Cash & Cash equivalent excludes Fixed deposit with banks amounting to RO 24.4 Mn

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

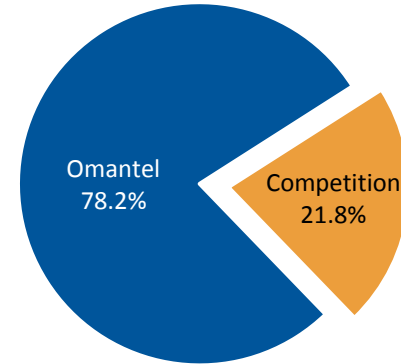
Mobile Subscriber Market share

% - including Mobile Resellers



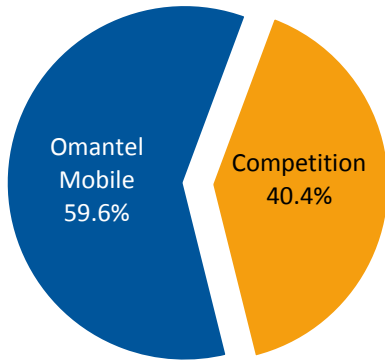
Fixed Line Subscriber Market share

%



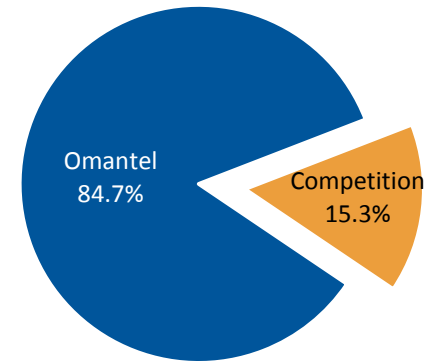
Mobile Revenue Market share

% - including Mobile Resellers



Fixed Line Revenue Market share

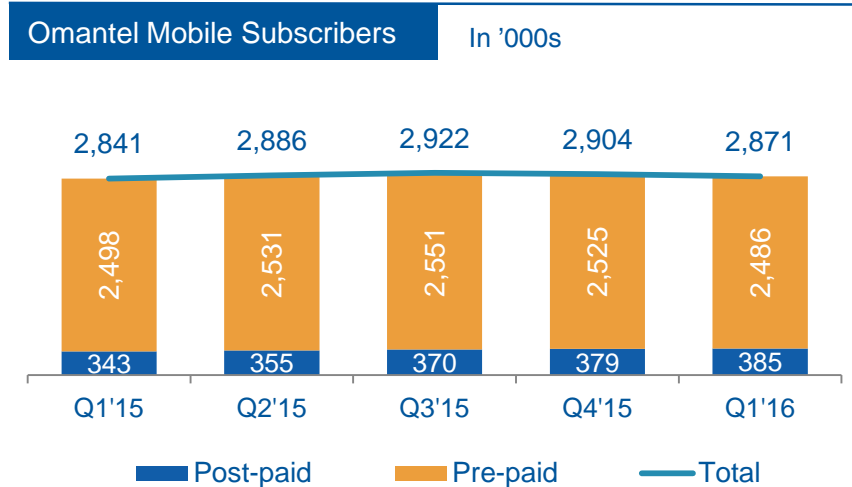
%



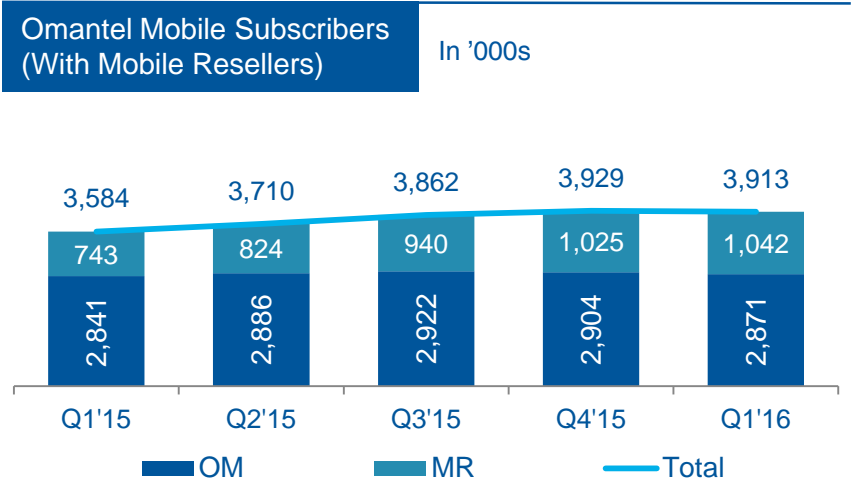
Omantel Mobile (incl Mobile Resellers) achieved a growth rate of 9.2%, net addition is around 329 K.

Omantel fixed line subscriber base achieved a growth rate of 10%, net addition is around 32 K.

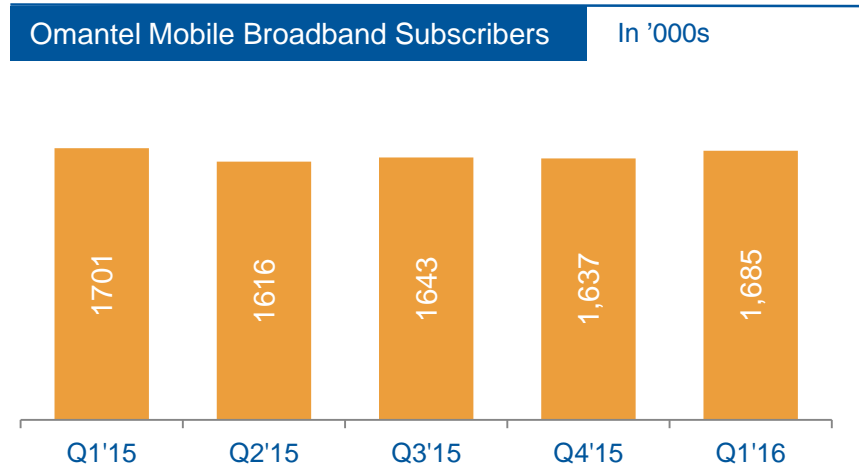
Mobile subscriber base – Overall subscriber base including mobile resellers grown by 9.2%. Post paid achieved 12.2% growth YoY.



Growth in postpaid Omantel mobile subscriber base by 12.2% compared to Q1'15.

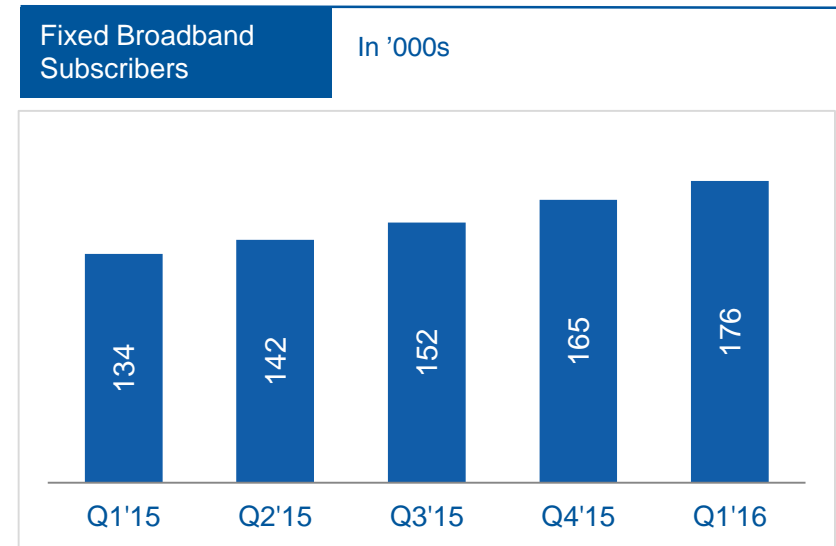
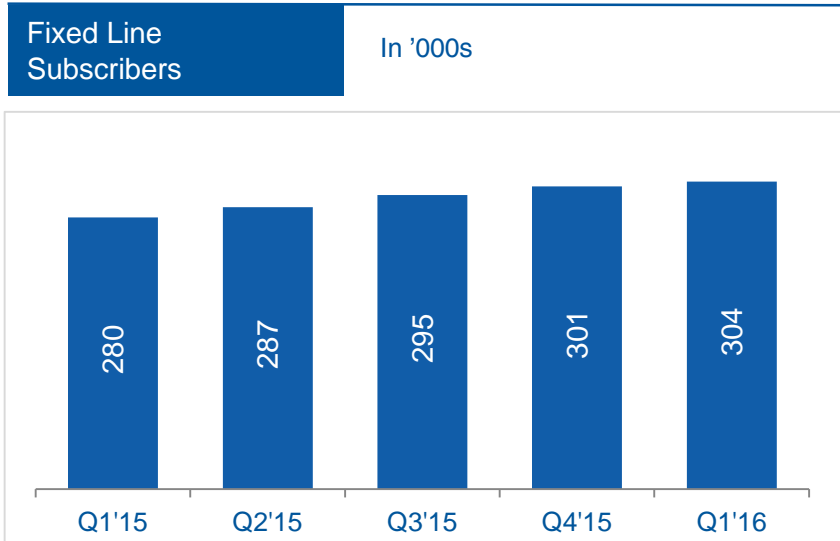


Overall Omantel mobile market grew by 9.2%.



- 1) Mobile Broadband subscribers includes Pay As You Go (PAYG).
- 2) Mobile Broadband declined by 1.0% compared to Q1'15. Compared to Q4'15, it has grown by 3%.
- 3) Mobile Broadband unique subscribers subscribed to any one of the packages including Blackberry service is around 970 K as of Mar'16 compared to 901 K, an increase of 7.7%.

Fixed line and Fixed Broadband Subscriber base continued its impressive growth



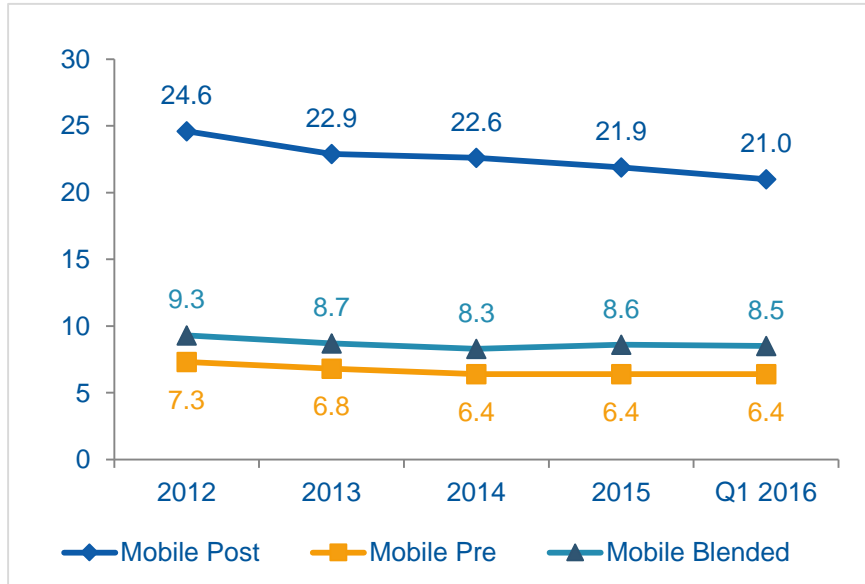
- 1) Fixed line subscribers include postpaid, pre-paid and payphone. Including ISDN primary, the total fixed line reported is 349,422
- 2) Fixed Line subscribers recorded a growth of 8.4% compared to Q1'15.

Fixed broadband increased by 31.9% compared to Q1'15.

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

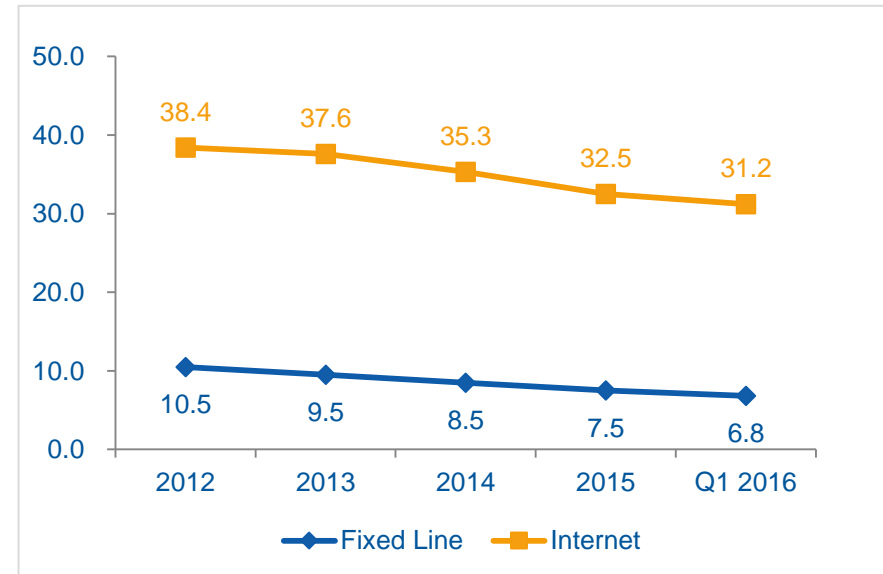
Mobile Services

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)

Presented by

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