

# Omantel Group Performance – Q1 2017

Presentation to Investor Community

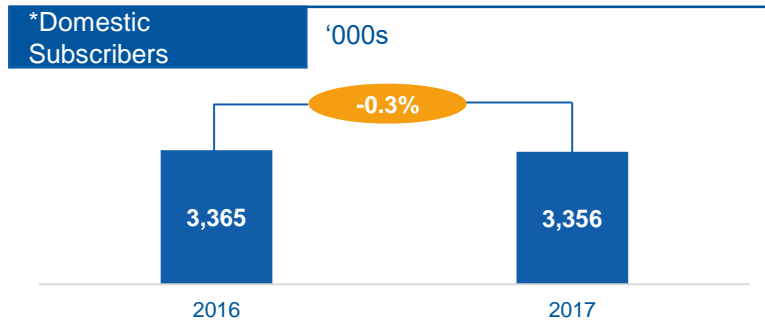
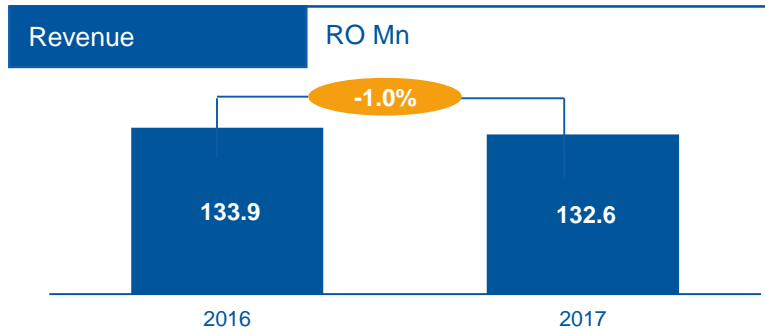
Conference call

15<sup>th</sup> May 2017 at 2 PM (Oman Time)

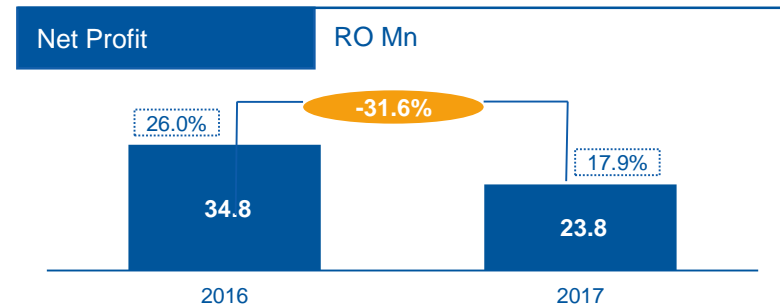
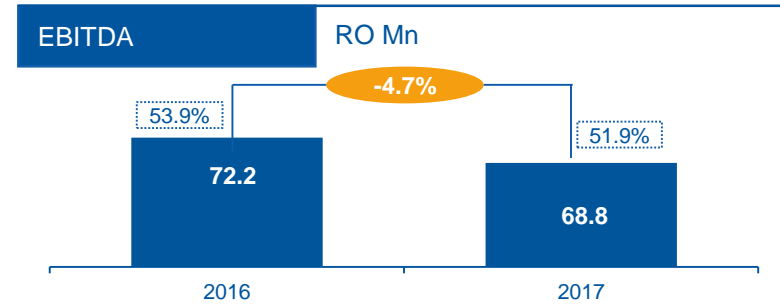
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# Group Revenue for Q1 2017 reached RO 132.6 Mn. Net Profit margin is impacted mainly due to increase in Royalty from 7% to 12%

## Revenues & Subscribers growth



## EBITDA (Excl Royalty) & Net Margin



- Group Revenue at RO 132.6 Mn compared to RO 133.9 Mn of the corresponding period, mainly contributed by 1.2% decline in Parent company revenues.
- Domestic customer base including Mobile Resellers is 4,538 K, a growth of 3%.
- Continued growth in Subscriber acquisition. Overall Mobile and Fixed Line subscribers grown by 1.5% and 2.2% respectively.
- Group Net Profit after tax is RO 23.8 million compared to RO 34.8 million of the corresponding period, a decrease of 31.6%.
- Group Net profit margin is 17.9% compared to 26.0% of the corresponding period.
- WTL accounts are not consolidated since Dec'2016 and is classified as "Held for Sale".

## Income Statement for Year 2017 (High Level Summary)

Omantel Group				
In RO Mn	For the Period Jan-Mar 2017			
	2017	2016	In Fig	In %
<b>Revenue</b>	<b>132.6</b>	<b>133.9</b>	<b>(1.3)</b>	<b>-1.0%</b>
Cost of Sales	(24.3)	(26.4)	2.2	8.2%
<b>Gross Margin</b>	<b>108.3</b>	<b>107.5</b>	<b>0.8</b>	<b>0.8%</b>
<i>Gross Margin % of Revenue</i>	<i>81.7%</i>	<i>80.3%</i>		
Operating Expenses	(39.5)	(35.3)	(4.2)	(11.8%)
<b>EBITDA</b>	<b>68.8</b>	<b>72.2</b>	<b>(3.4)</b>	<b>-4.7%</b>
<i>EBITDA %</i>	<i>51.9%</i>	<i>53.9%</i>		
Depreciation & Amortization	(28.5)	(23.6)	(5.0)	(21.1%)
<b>EBIT</b>	<b>40.3</b>	<b>48.6</b>	<b>(8.3)</b>	<b>(17.1%)</b>
Finance & Other Income/ Expense	1.1	0.5	0.6	132.3%
<b>Profit Before Royalty &amp; Taxation</b>	<b>41.3</b>	<b>49.1</b>	<b>(7.7)</b>	<b>(15.7%)</b>
Royalty & Taxation	(16.4)	(13.3)	(3.1)	(23.5%)
<b>Profit After Tax (Before Minority Interest)</b>	<b>24.9</b>	<b>35.8</b>	<b>(10.9)</b>	<b>(30.3%)</b>
Loss of Discontinued operations	(1.2)	(2.0)	0.8	(42.0%)
Minority Interest	0.1	1.0	(1.0)	(94.9%)
<b>Net Profit</b>	<b>23.8</b>	<b>34.8</b>	<b>(11.0)</b>	<b>(31.6%)</b>
Net Profit %	<b>17.9%</b>	<b>26.0%</b>		

# Strong balance sheet with impressive market fundamentals

## Strong Balance Sheet

- Debt Ratio is 29.5%
- Gearing 1.6%
- Group total assets at RO 816 Mn.
- Net worth of RO 518 Mn.
- Net Asset per share is RO 0.738, increase of 4.4%

## Impressive Market Fundamentals

- Year 2016 - Dividend Yield 7.3% & Dividend Payout ratio is 70.7%.
- Market Capitalization at RO 1.1 Bn (March'2017)
- Price Earning Ratio {P/E 11.19}
- EV / EBITDA 4.91
- Price to Book Value 1.92

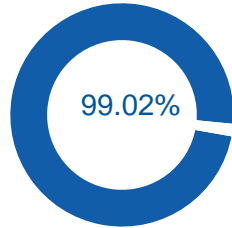
## Achievements

- Signing an agreement / MoU with;
  - Sandan Development Company to provide integrated telecommunication services and fiber optic network for the project.
  - ITA to renew Oman government network and interconnect the government institutions through (IPMPLS) technology.
  - MoE to launch national project safe road system “ Darb Al Salama “ for school buses.
  - Al Mouj Muscat to establish a strategic partnership as per which they will collaborate to explore the introduction of telecommunications services including fixed line, mobile and home broadband. Omantel will also provide the latest information and communications technology (ICT) services to Al Mouj Muscat.
- Announced the third edition of Entrepreneurship Award for SMEs In collaboration Between Riyadh and Omantel.

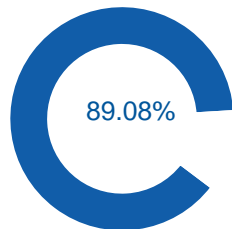
# Continuous improvement in network coverage and initiatives to improve customer experience

## Coverage

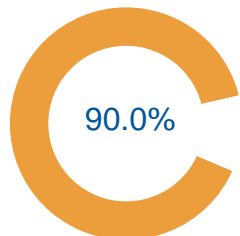
3G (Population)



4G (Population)



Fixed Broadband  
(Household)



## \*Key Focus Area

### Continued focus to enhance Customer Experience, which include;

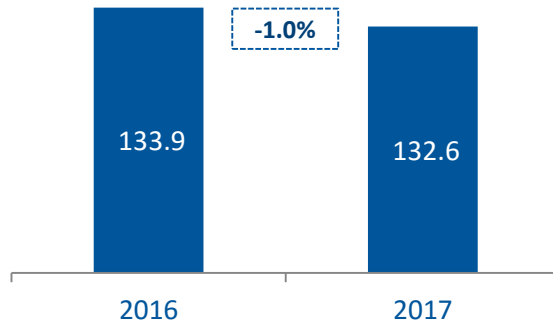
- Increased focused on digitization - Enhanced Self care capabilities and payment through digital channels.
- Hayyakom – a dealer engagement & Loyalty program
- More digital outlets in Amerat & Buraimi and Pilot store franchise model
- CRM roll out in outlets to improve customer service
- Lead over competition on the call center compliance through the Independent survey by TNS
- Focus on increasing eBill subscribers.
- Introduced Tests & Diagnostic solution enables effective monitoring & resolution of Fixed Broad Band Service provisioning / complaints.

## Launches / Achievements

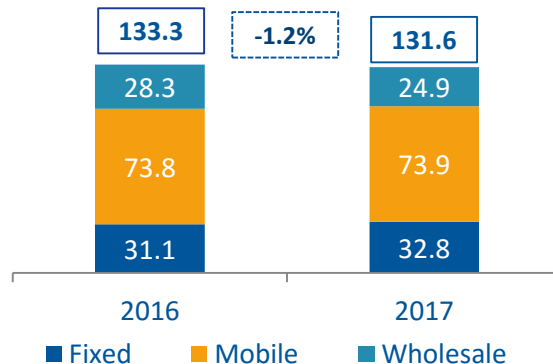
- Launched innovative Mobile pre-paid promotions Hayyak Your Way whatsapp unlimited, Talk offer promotion, Instagram & smartphone devices
- Launched series of Value add Promotions - Baqati (Mobile Postpaid) silver number promotion, smartphone promotion, IPTV application, smart home safety devices
- Launched Roaming GCC roaming double data, inflight roaming permanent offer

**Parent company revenue compared to last year is lower by 1.2% mainly due to decline in *Submarine capacity sales*. However, both *Fixed and Mobile Retail* revenues recorded a growth**

**Group Revenue RO Mn**



**Parent Company Revenue RO Mn**



**Parent Company Revenue Highlights**

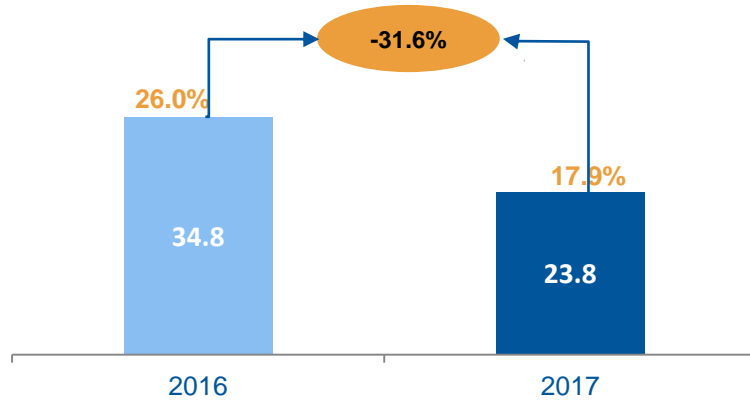
Parent company revenue has declined by 1.2% compared to last year. However, retail revenue recorded a growth;

- **5.4% & 0.1%** growth from Fixed Line and Mobile Retail revenues compared to last year.
- **16.7%** increase in Fixed Broadband revenue.
- **11.7%** increase in Mobile Broadband revenue.
- Growth in Fixed Broadband subscriber by 15.1%.
- Growth in mobile broadband subscribers by 2.3%.
- Wholesale revenue declined by 12% mainly due to lower submarine capacity sales (IRU revenues).
- 70.33% Smartphone penetration in Omantel Mobile Network.
- Continue decline in voice revenues (both national and international calls).

# Net Profit declined by 32% mainly due to higher Royalty charges of 12% compared to 7% last year.

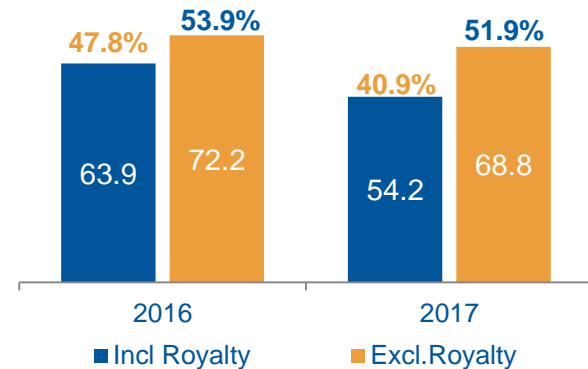
## Group Net Profit

RO Mn



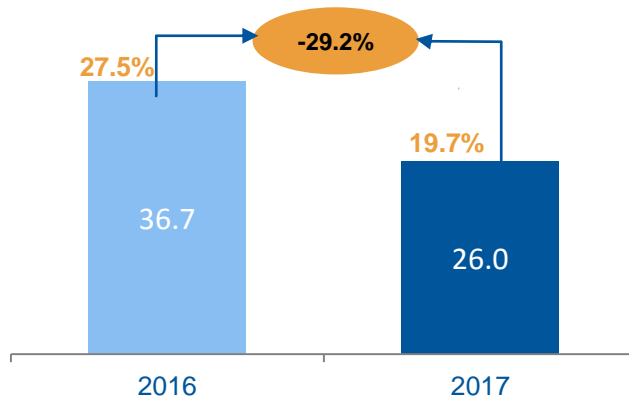
## Group EBITDA

RO Mn & %



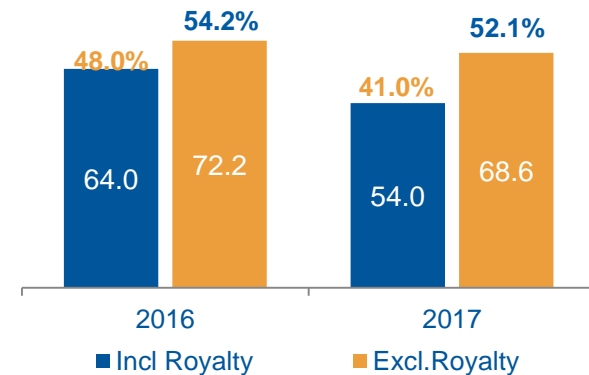
## Parent Net Profit

RO Mn



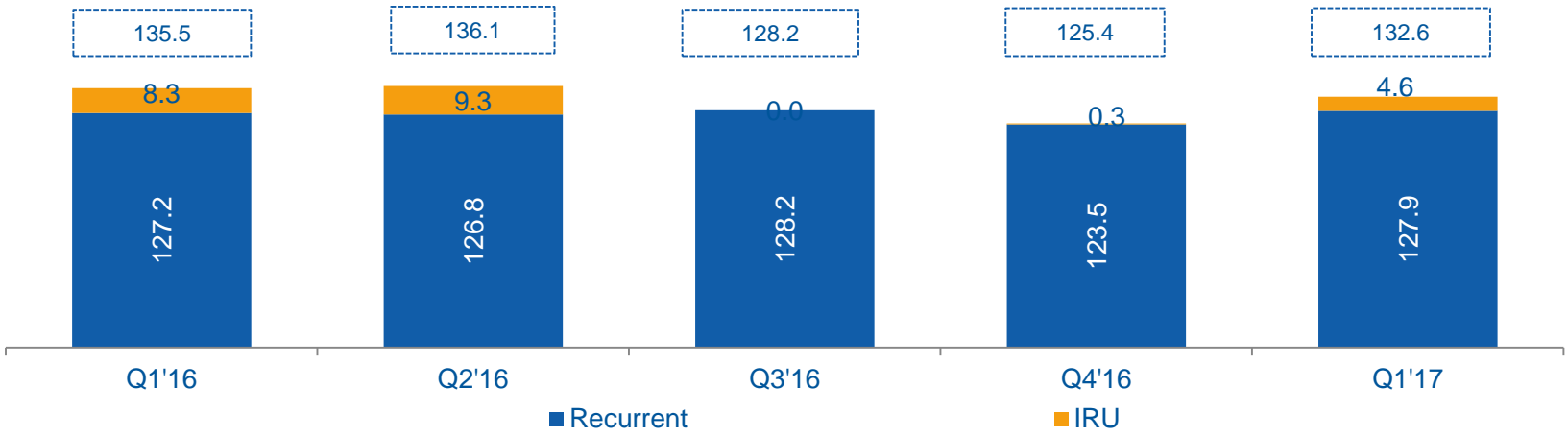
## Parent EBITDA

RO Mn & %

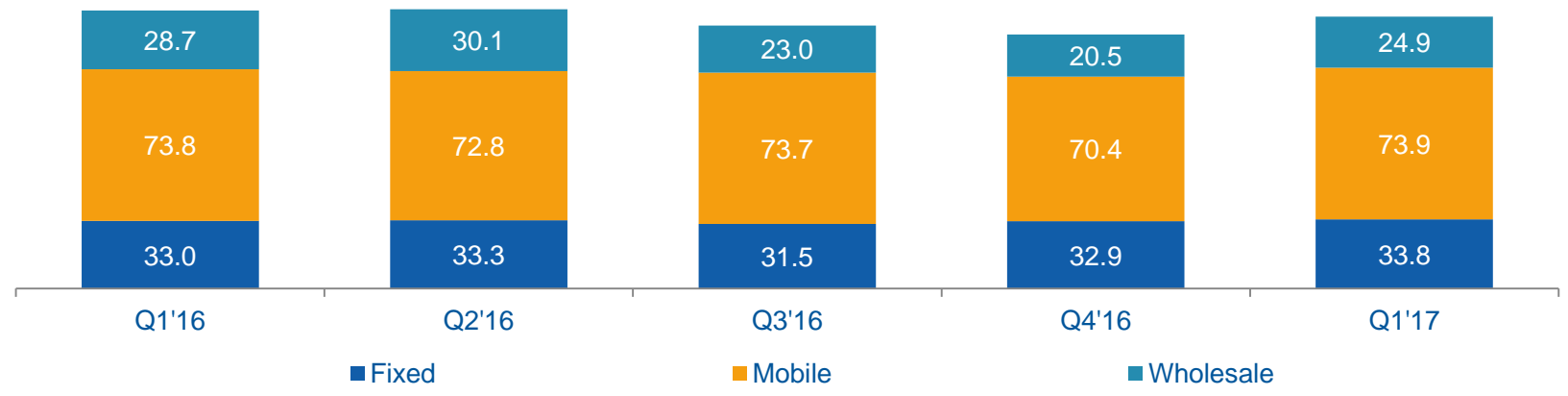


# Group Revenue - Quarterly Revenue Trend

Group Revenue in RO Mn

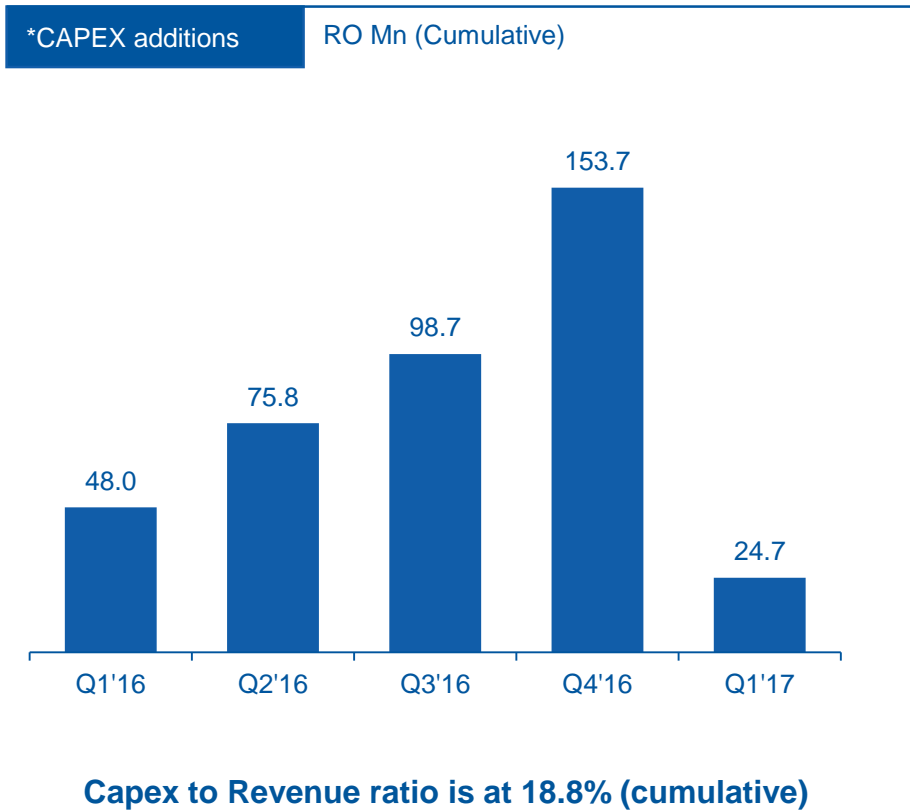
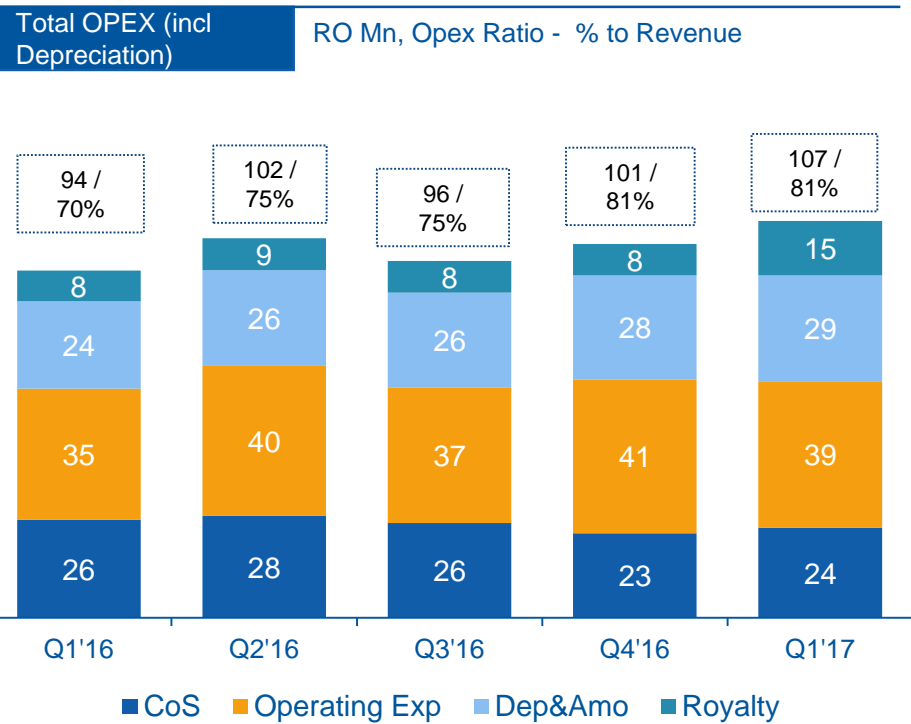


Group Revenue by Segment in RO Mn





# OPEX ratio for Q1'17 is 81% mainly on account of increase in Royalty charges and Depreciation. Capex to revenue ratio is at 18.8%

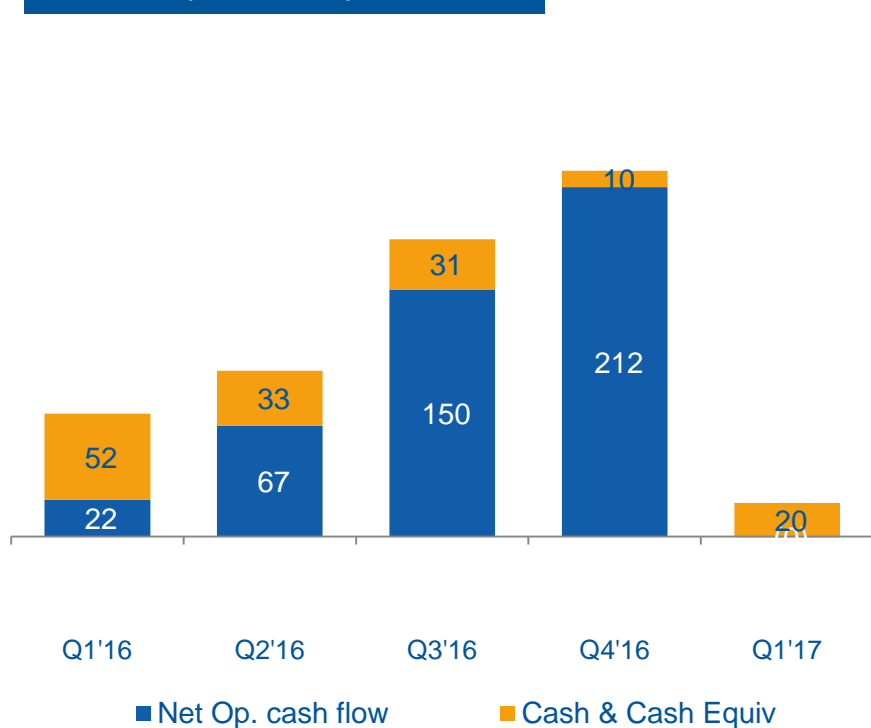


Opex to Revenue ratio for Q1 2017 for Group is 80.7% and for Parent is 80.5%. Increase in depreciation amounting to RO 5.0 Mn over Q1 2016 is mainly from increased investment in network expansion both mobile and fixed networks. Employee Cost amounting to RO 1.4 Mn is capitalized

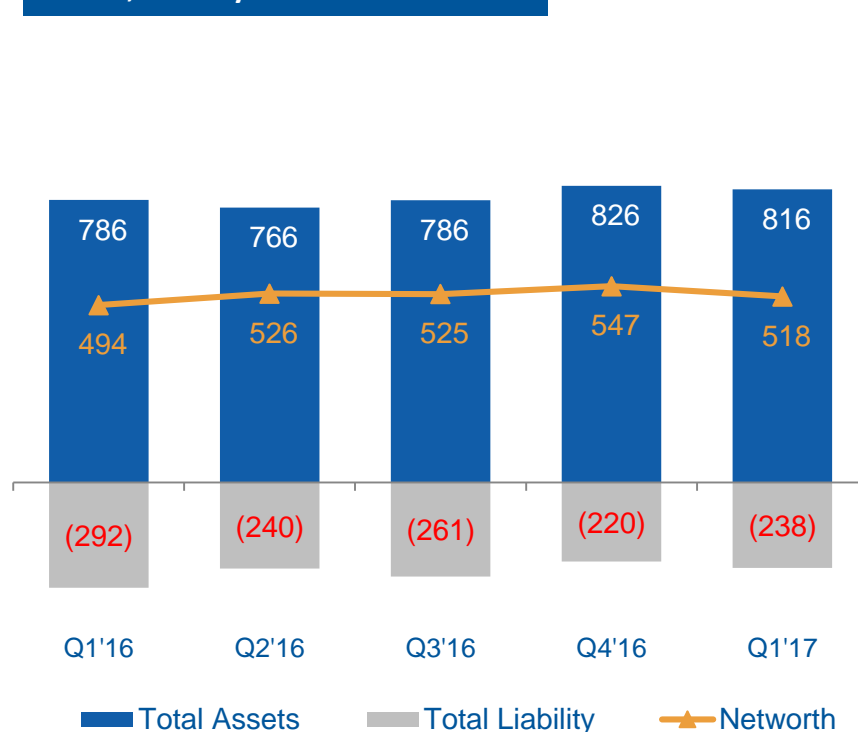
9 Note: Operating expenses includes costs related to Employee, O&M, admin, marketing and annual license fees

# Healthy Cash flow and strong Balance sheet

Cash Flow (Cumulative) RO Mn



Assets, Liability & Net worth RO Mn

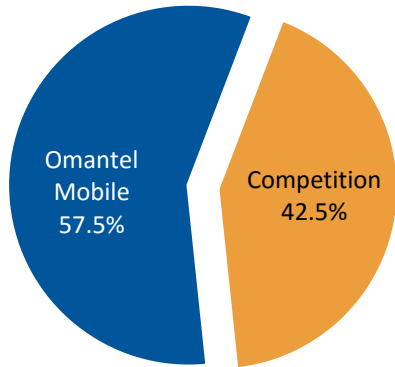


1) Cash & Cash equivalent excludes Fixed deposit with banks amounting to RO 17.5 Mn

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

## Mobile Subscriber Market share

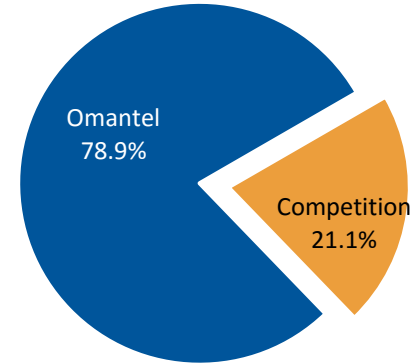
% - including Mobile Resellers



Omantel Mobile (incl Mobile Resellers) achieved a growth rate of 2.5%, net addition is around 97 K.

## Fixed Line Subscriber Market share

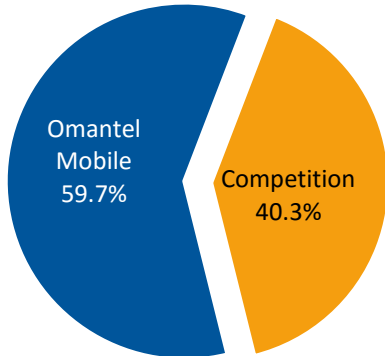
%



Omantel fixed line subscriber base achieved a growth rate of 2.0%, net addition is around 6 K.

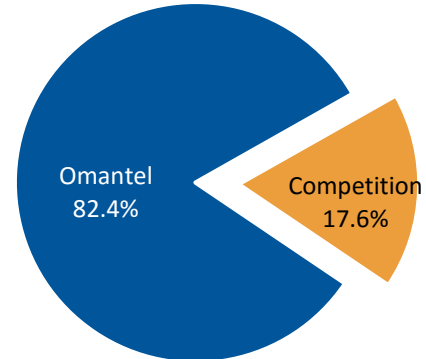
## Mobile Revenue Market share

% - including Mobile Resellers

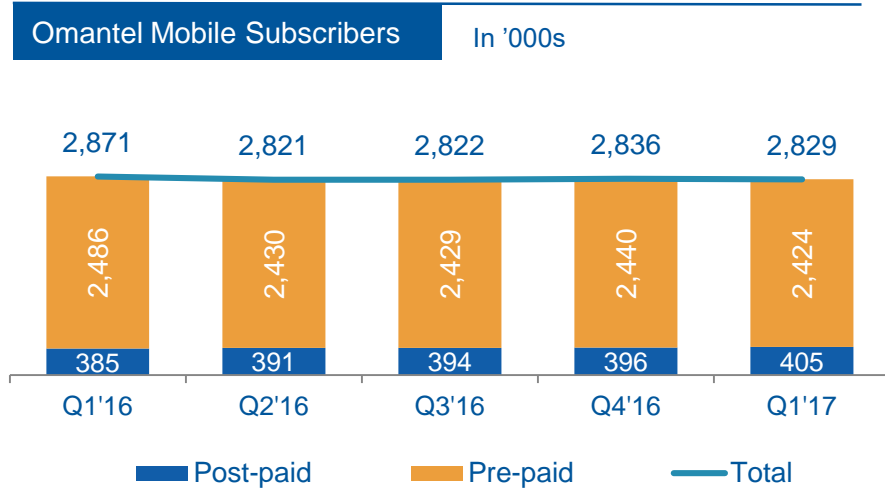


## Fixed Line Revenue Market share

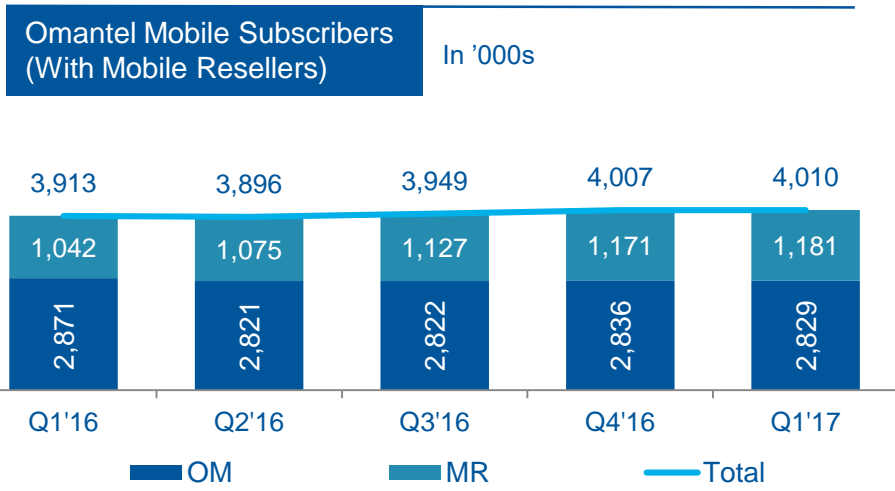
%



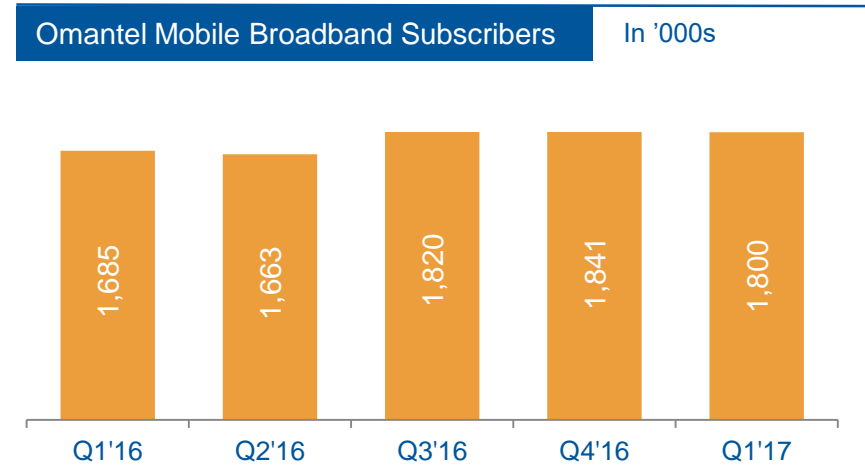
# Mobile subscriber base – Overall subscriber base including mobile resellers grown by 2.5%. Post paid achieved 5.2% growth YoY.



Growth in postpaid Omantel mobile subscriber base by 5.2% compared to Q1'16.

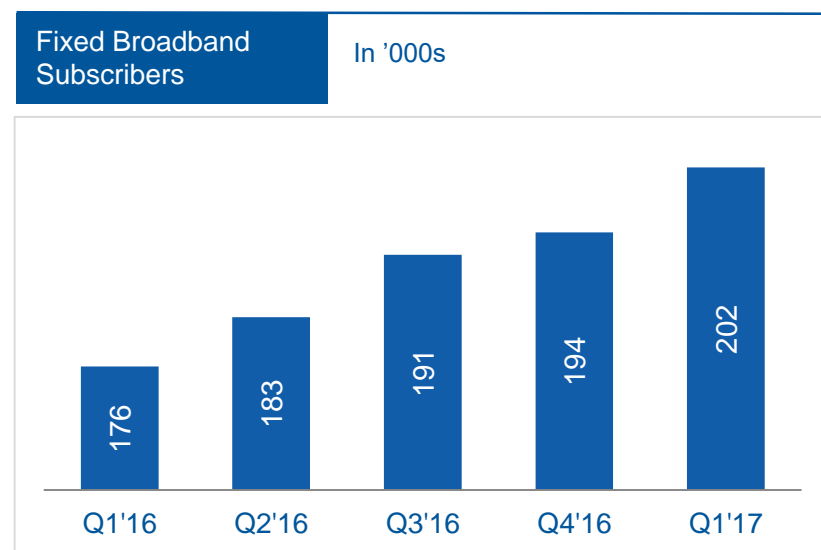
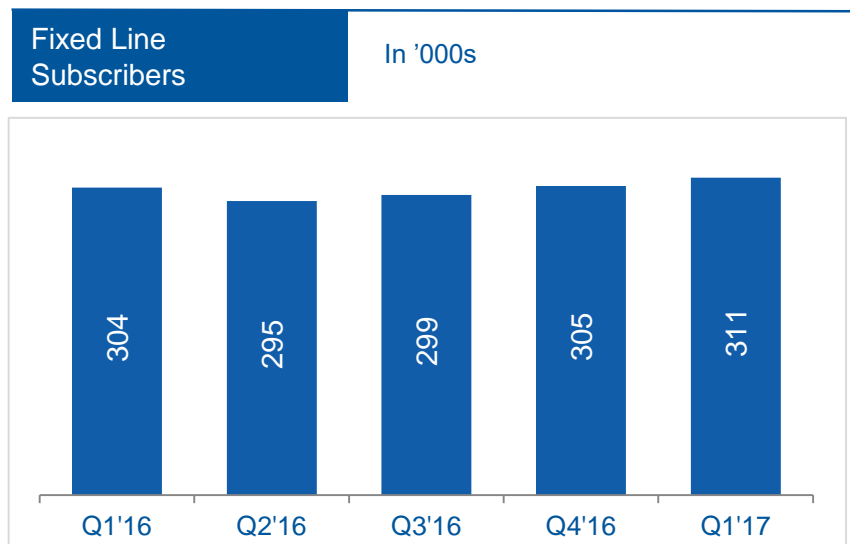


Overall Omantel mobile market grew by 2.5%.



- 1) Mobile Broadband grown by 6.9% compared to Q1'16.
- 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 993 K as of Mar'17 compared to 970 K, an increase of 2.3%.

# Fixed line and Fixed Broadband Subscriber base continued its growth trend



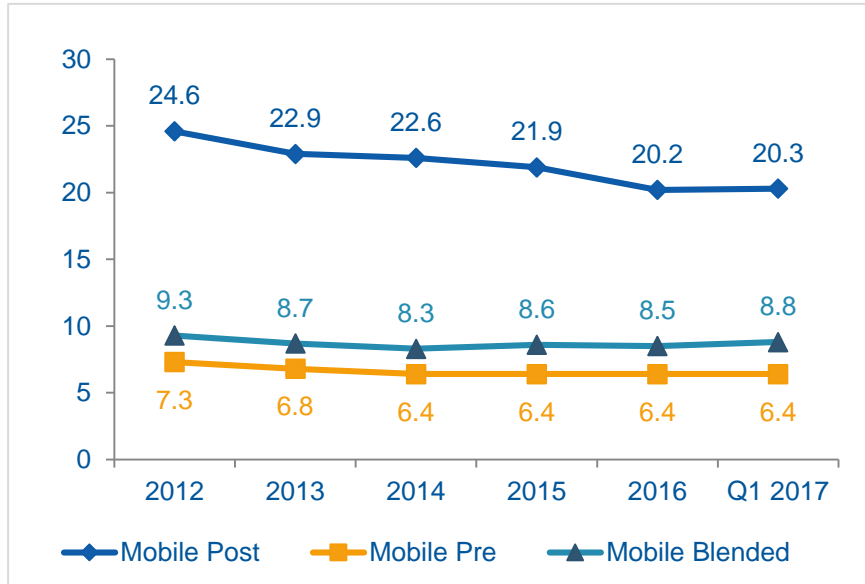
- 1) Fixed line subscribers include postpaid, pre-paid and payphone. Including ISDN primary, the total fixed line reported is 357,493
- 2) Fixed Line subscribers restated in May 2016 after in line with TRA recommendations, which impacted around 16,916 lines including normal and ISDN Lines. The impact on the normal Fixed Line was 9,022 lines.

Fixed broadband increased by 15.1% compared to Q1'16.

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

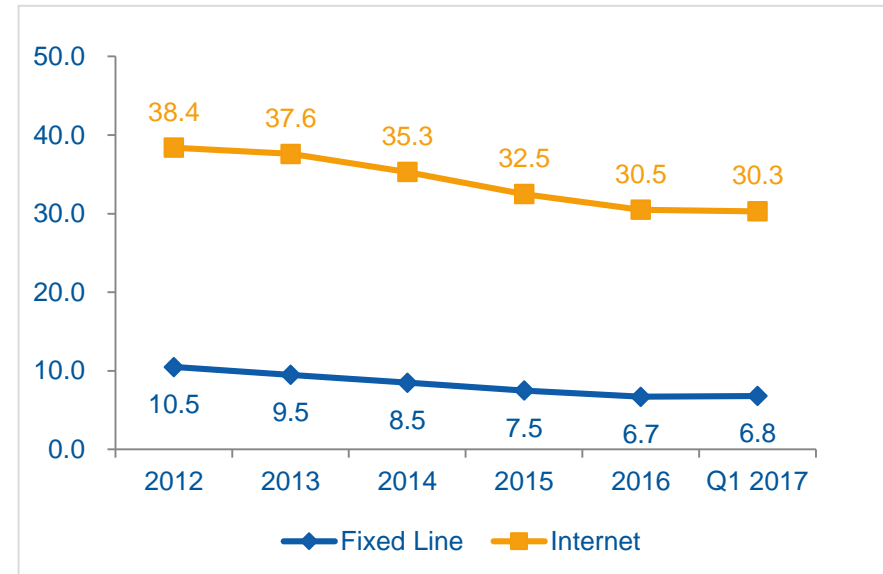
## Mobile Services

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

Mr. Talal Said Al Mamari, CEO

Mr. Martial Caratti, CFO

Mr. P.G. Menon, GM Strategic Finance

Omantel

Finance Division (Investor Relations)

P.O Box 789, Ruwi, Postal Code 112, Sultanate of Oman

Website: [www.omantel.om](http://www.omantel.om), Email: [investor@omantel.om](mailto:investor@omantel.om)

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