



Oman Telecommunications Co (Omantel)

Arqaam Capital Annual GCC and Africa Investors
Conference 2015, Abu Dhabi
15th September 2015



عمانتل
Omantel

Oman with total area of 309,500 Sq Kms is the 3rd largest country in the Arabian Peninsula.



Strategic geo-political position

- Hormuz Strait

Deep relationships

- West (US, UK, France..)
- GCC (Saudi, UAE, Qatar..)
- Iran

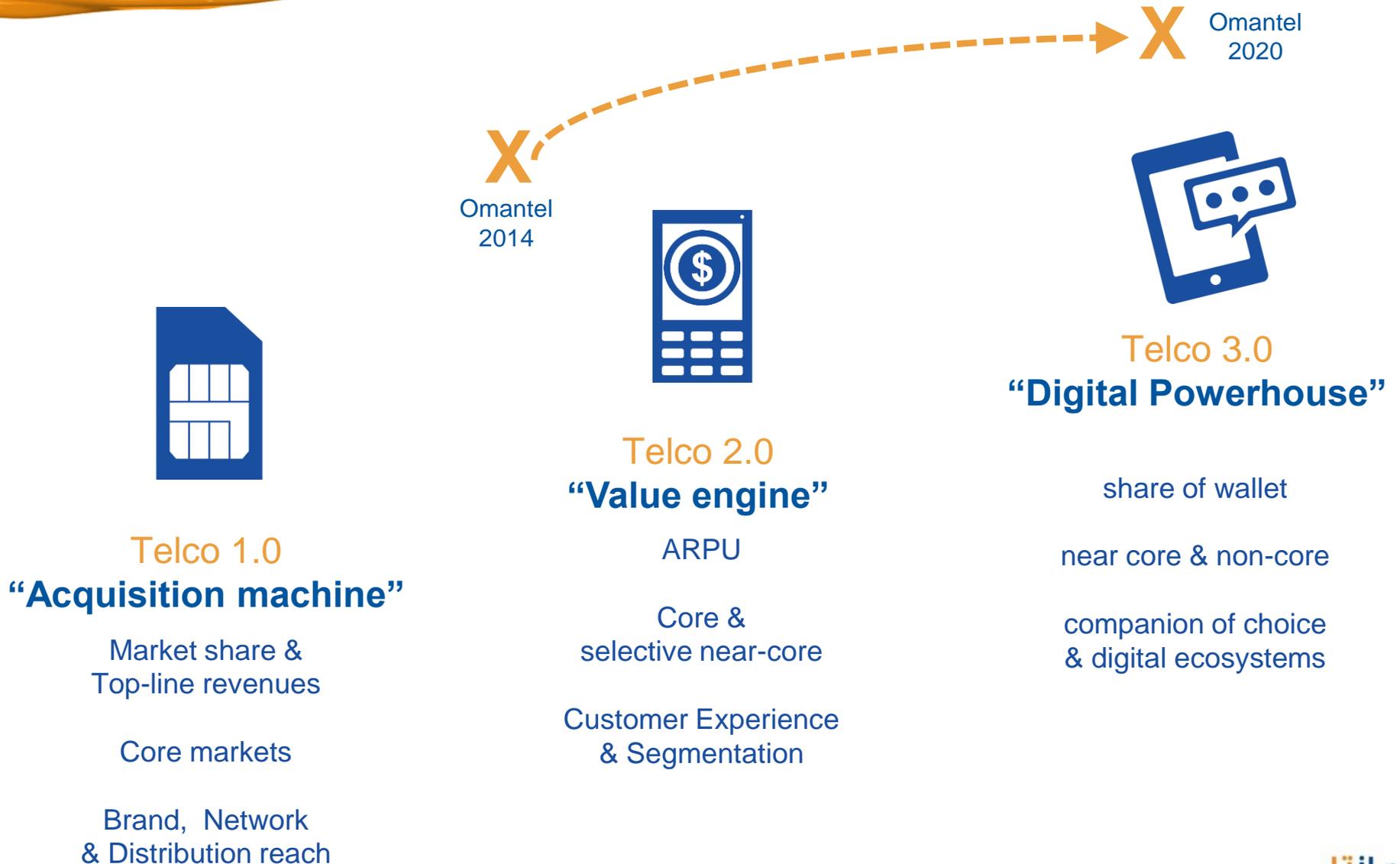
Statistics

- Size: 309 500 km²
- Population: 4.1 Mn, 40% below 25 yrs
- GDP: \$81.1 billion (Yr 2014)
- GDP /Capita \$20,300

Transformation

- Modernization since 1970
- Supported by Oil proceeds
- Telecom liberalized 2004

Leapfrog to lead: Omantel 3.0



Omantel 3.0 – leapfrog to lead: 4 strategic thrusts



Exceed

customer expectations



Lead

Omani digitalization



Innovate

offering



Transform

to agile Omantel

Omantel – Organization structure & Group companies

3 business units and 4 supporting units to provide integrated and customer centric solutions

Consumer BU

Fixed & Mobile services to residential market

Corporate BU

Fixed, Mobile & ICT services to professional market

Wholesale BU

National and international carrier activities

Integrated Network & Technology

Network and IT services

Finance

Finance, Procurement, Performance Mgmt and M&A activities

Corporate Strategy

Supports organization with regulatory, marketing strategy

HR

Groups all employee related function

Subsidiaries

Worldcall Telecom 57 %

- Telecom operator (Pakistan)

Oman Data Park 60 %

- Tier-3 Data Centre
- Acquired 100% shares in Omania E-commerce

Omantel France SAS 100 %

- Asia Africa Europe - 1 (AAE-1) cable in France

Associates

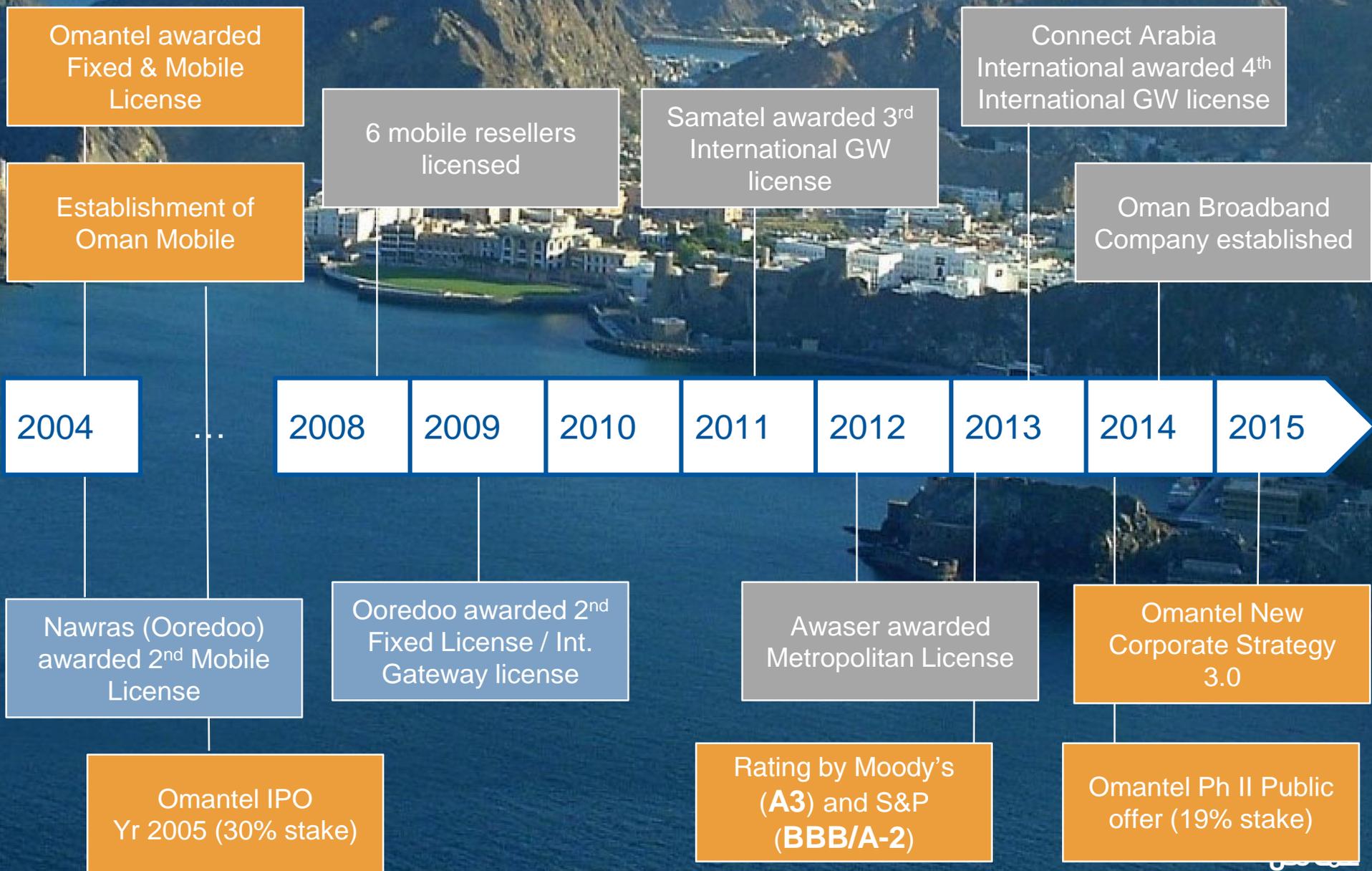
Oman Fiber Optic Co 41 %

- Manufacturing of optical fiber and cables

Infoline LLC 45 %

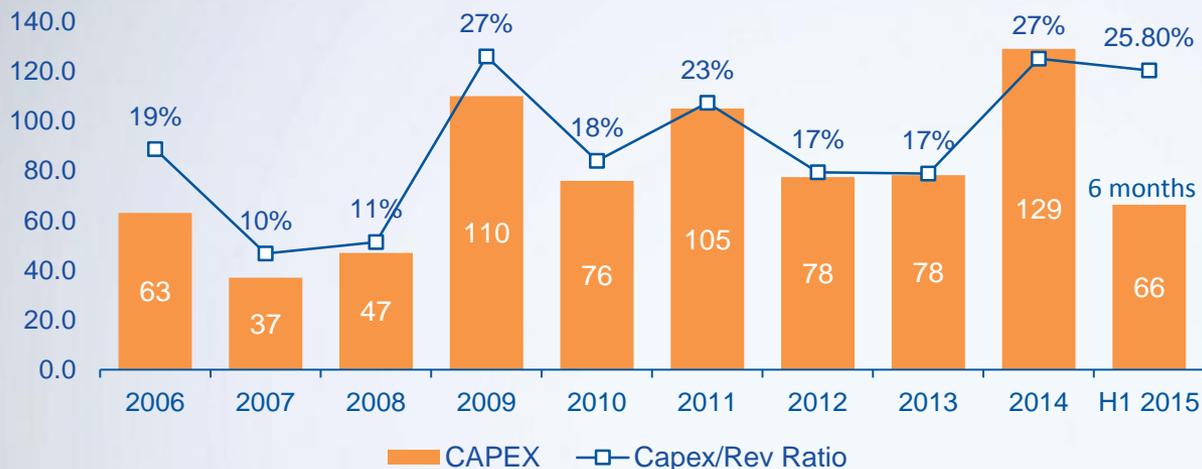
- 3rd party call center services and BPO

Oman: From Monopoly to Competition – the Journey year by year



Customer experience: continuous investments in network modernization – Fixed network fully migrated to IP

Annual CAPEX – Million OMR



157
GBPS
International
connectivity

1st
Operator to launch
4G/LTE in Oman

+55%
of internet traffic
now served from within
Oman

Omantel focus has been enhancing customer experience, which are quite evident in terms of network coverage and various customer focus initiatives

Coverage

3G (Population)



4G (Population)



Fixed Broadband (Household)



2015 Focus area

- **Innovative device bundled promotions:** Attractive mobile device offers and innovative product pushes (smart home, gaming, TV etc.,)
- **Extended multichannel customer support** by adding Online live chat in Omantel web portal, which provides easy, convenient and efficient interaction medium to the new era of digitalized Oman.
- **Rolled out new SIM card** which facilitates a 3 type of SIM in 1 SIM (Normal, Micro , Nano).
- **Hayyak (Pre-paid)** Mobile services made available at International airports.
- **Net Promoters Score (NPS)** Implemented all Omantel outlets, which gives clear parameters about customer satisfaction and the way forward to enhance customer experience.
- **Expanded the Customer Visit Management** system in the outlet to improve customer experience.
- **Expanded Bill payment Machine Network** to 132 machines across Oman with 42 of them giving 24/7 services and 5 at government public service locations.
- **Loyalty & Retention Program** – Effective enrollment of Loyalty program (Makasib enrollment) and focused retention campaigns.

Network Modernization

- **Network Modernization:** Continued emphasis on mobile network modernization as planned with 76% completed up to date and around 81% towards the end of this year (Dec-2015) covering both 3G / 4G deploying multiple carriers focusing both on coverage and capacity enhancement.
- **Fixed network modernization** is 100% completed wherein all of the fixed services can now travel on IP protocol ('all-IP').

From 3 to 11 cable systems in 5 years - transforming Oman as the most attractive regional hub

FALCON



TWA 1



SMW3



up to 2010

EPEG



MENA



EIG



2011

POI



GBI



2012



OMRAN



2013

BBG



2014/15

AAE1

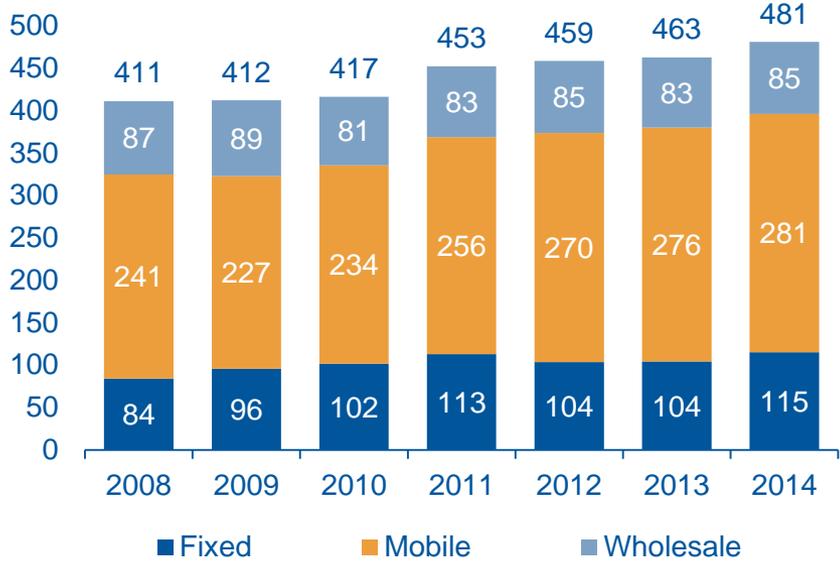


2015/16



Despite increasing market competition, Omantel has been able to achieve consistent good performance

Group Revenue Trend – RO Mn

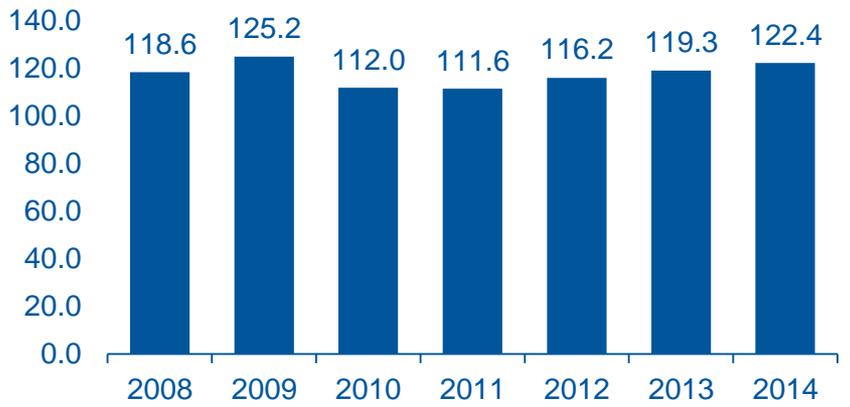


YoY Growth	2009	2010	2011	2012	2013	2014
YoY Growth	0.2%	1.0%	8.6%	1.4%	0.9%	4.0%

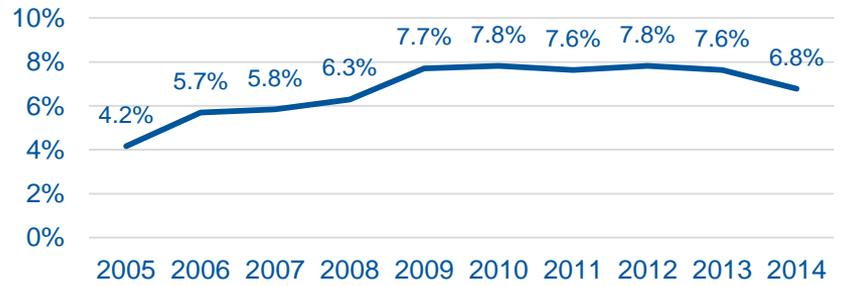
Omantel domestic revenue has been on the growth path since year 2009 despite increasing competition.

Group revenue growth has been marginally impacted by decline in subsidiary revenues (Worldcall)

Group Net Profit Trend – RO Mn



Dividend Yield



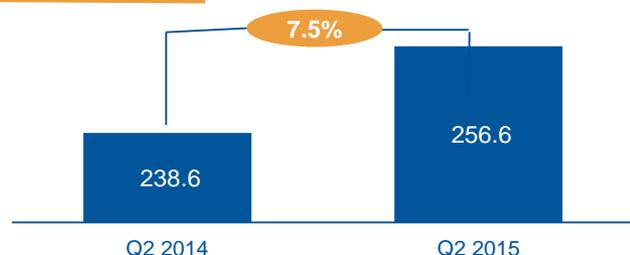
Omantel dividend yield has been around 7% since year 2009.

Year 2014 Net Profit is the highest net profit achieved since Year 2009.

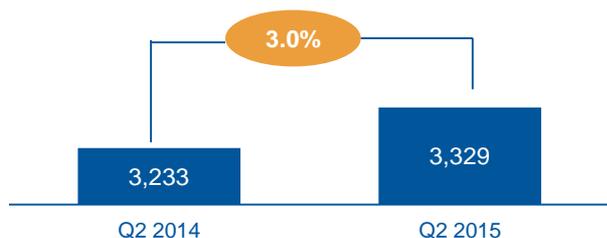
Group Performance Highlights – H1 2015

Revenues & Subscribers growth

Revenue – RO Mn

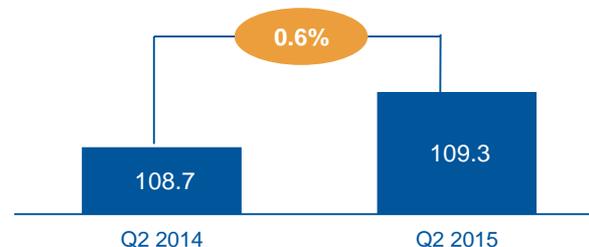


Domestic Subscribers'000s



EBITDA & Net Margin

EBITDA – RO Mn



Net Profit – RO Mn



- Group Revenue at RO 256.6 Mn compared to RO 238.6 Mn of the corresponding period, mainly contributed by 8.3% growth in Domestic Operation.
- WTL contribution (international operation) to the total revenue stands at 1.4%.
- Domestic customer base grown by 3.0%
- Continued robust Mobile Subscriber acquisition. Omantel Mobile achieved growth of 6.4%

- Growth in EBITDA by 0.6%. EBITDA as % is 43% compared to 46% of the corresponding period.
- Group Net Profit after tax is RO 61.3 million compared to RO 65.9 million of the corresponding period, a decrease of 7.1%
- Group Net profit margin (after MI) is 24% compared to 28% of the corresponding period.

Group Performance Highlights

Strong Balance Sheet

- Debt Ratio is 29.8%
- Group total assets at RO 813 Mn.
- Net worth of RO 571 Mn.
- Net Asset per share is RO 0.767

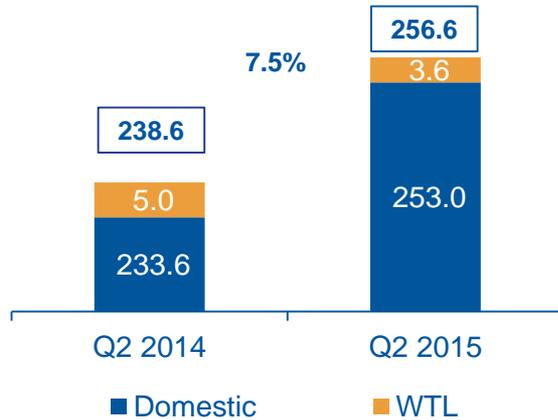
Board has approved an Interim dividend of 55% of the paid up capital (55 bz per share) for the financial year 2015.

Impressive Market Fundamentals

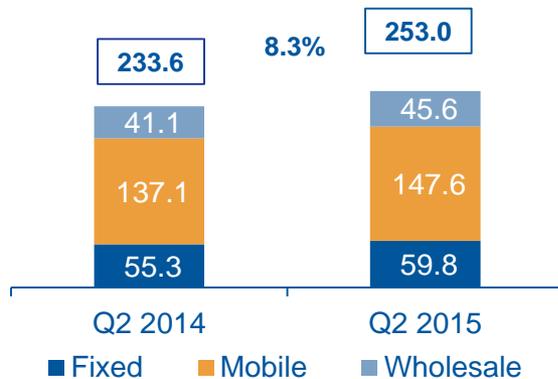
- Dividend Yield 6.8% (Dividend at 115 Bz / share based on 31 Dec 2014 Closing Price of RO 1.695)
- Market Capitalization at RO 1.301 Bn (Jun'15)
- Price Earning Ratio {P/E 10.62}
- EV / EBITDA 5.95
- Price to Book Value 2.26

Revenue Breakup

Group Revenue RO Mn



Domestic Revenue RO Mn



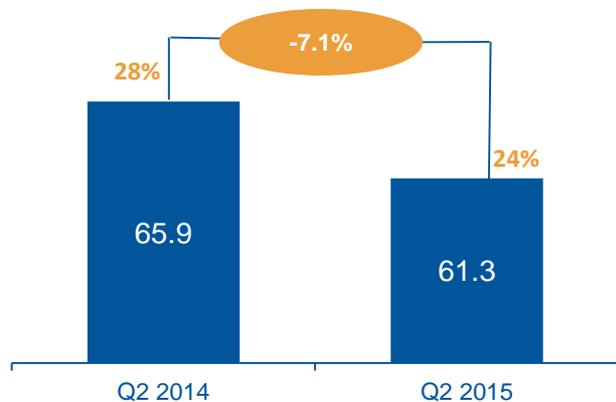
Domestic Highlights

Domestic Revenues increased by **8.3%**, mainly contributed by growth in;

- **8.2%** from Fixed Line Business Retail Revenues (include internet & data).
- **24.7%** increase in Fixed Broadband revenue.
- **28.5%** increase in Mobile Broadband revenue.
- Increase in revenues from all 3 segments;
 - **Consumer by 8.3%.**
 - **Corporate by 5.5%.**
 - **Wholesale by 12.1%.**
- Total Fixed Broadband subscriber growth of 30.4%.
- Growth in mobile broadband subscribers by 11.9%
- 60% Smartphone penetration in Omantel Mobile Network

Net Profit and EBITDA

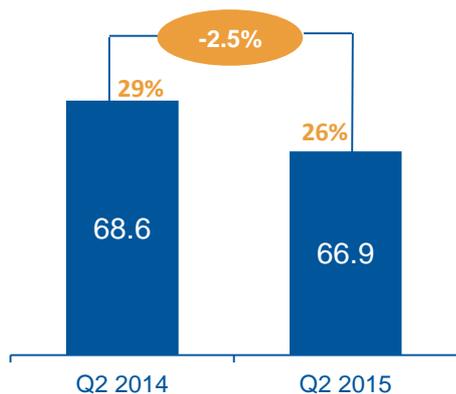
Group Net Profit RO Mn



Group EBITDA RO Mn & %



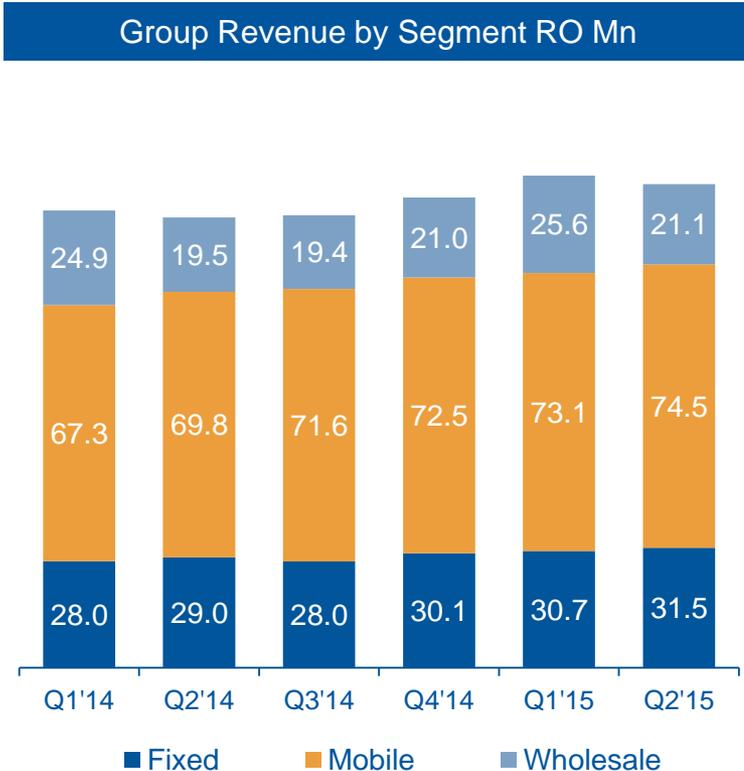
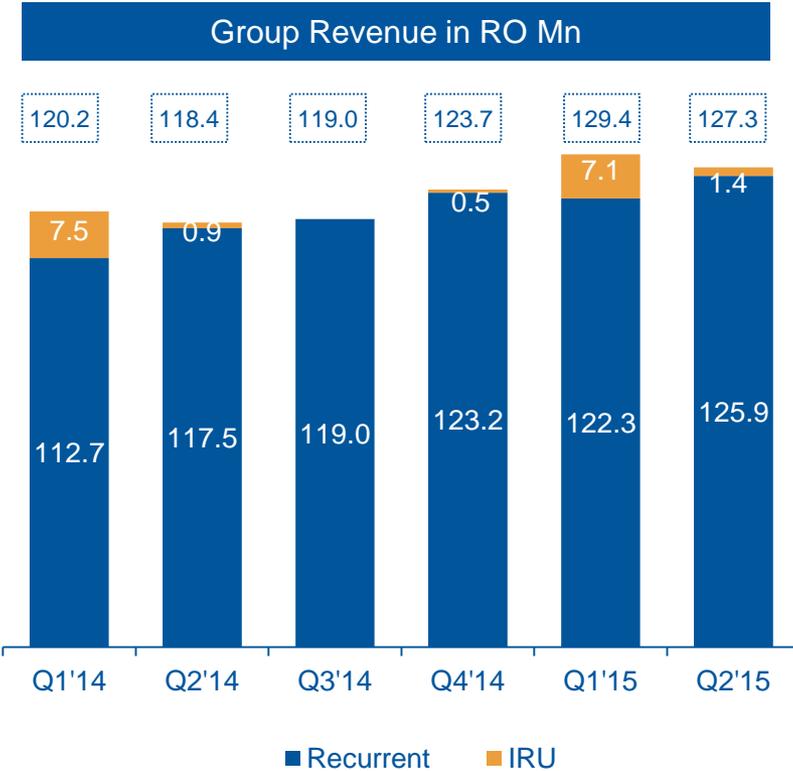
Domestic Net Profit RO Mn



Domestic EBITDA RO Mn & %

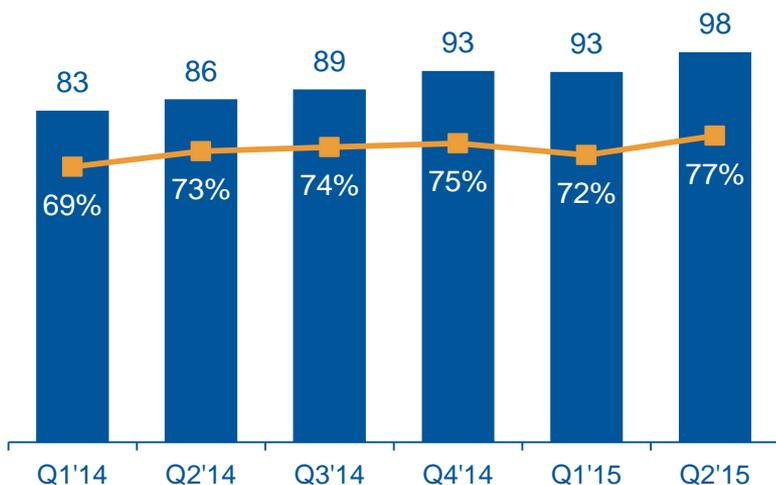


Group Revenue - Quarterly Analysis shows both mobile and fixed recorded highest revenues compared to last 6 quarters.



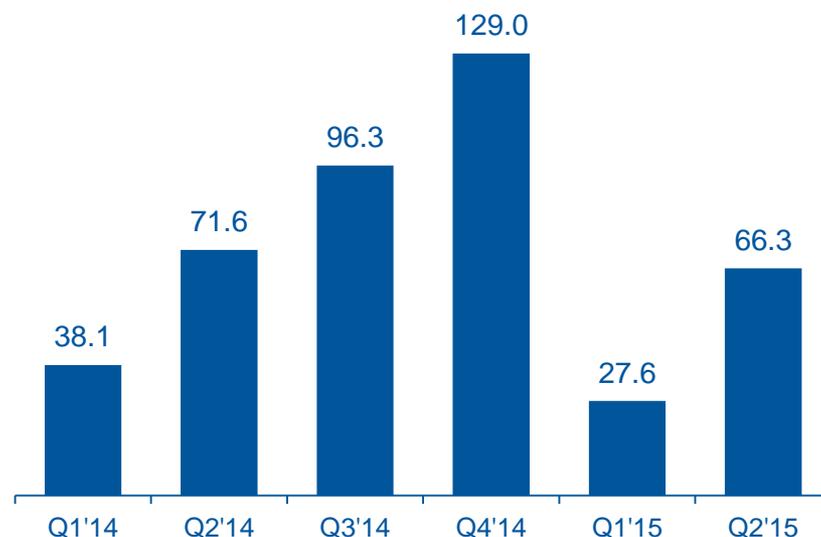
OPEX – CAPEX (Increased Opex in Q2 mainly due to TRA Penalty of RO 1 Mn, depreciation and consultancy costs, mostly of non-recurrent nature)

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



Domestic Opex to Revenue ratio for Q2'15 is 74.6%

Capex Additions (Cumulative) RO Mn



Capex to Revenue ratio is at 25.8%

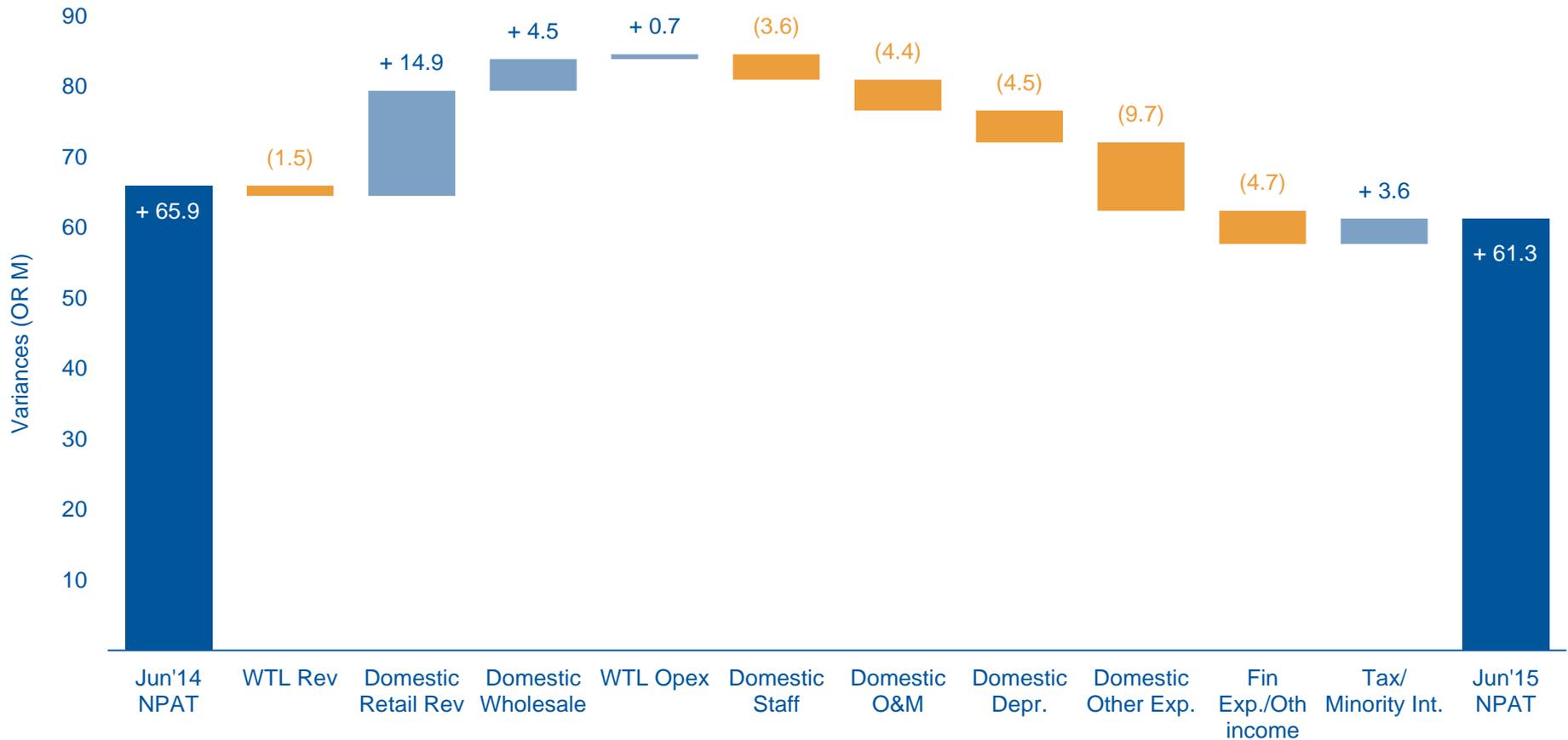
Increase in Q2 2015 opex compared to Q1 2015 mainly due to;

- Depreciation by RO 2.4 Mn due to network modernization
- Admin RO 1.4 mn (Initiatives related to Spend optimization / new Corporate Strategy 3.0 and RO 1 Mn Penalty imposed by TRA on network outage).

Acquired additional spectrum in 800 and 2600 Mhz to enhance its mobile Broadband service offerings for RO 7.7 Mn. This is expected to boost the deployment of LTE and enable to have wide coverage of LTE services and improved quality of broadband services.

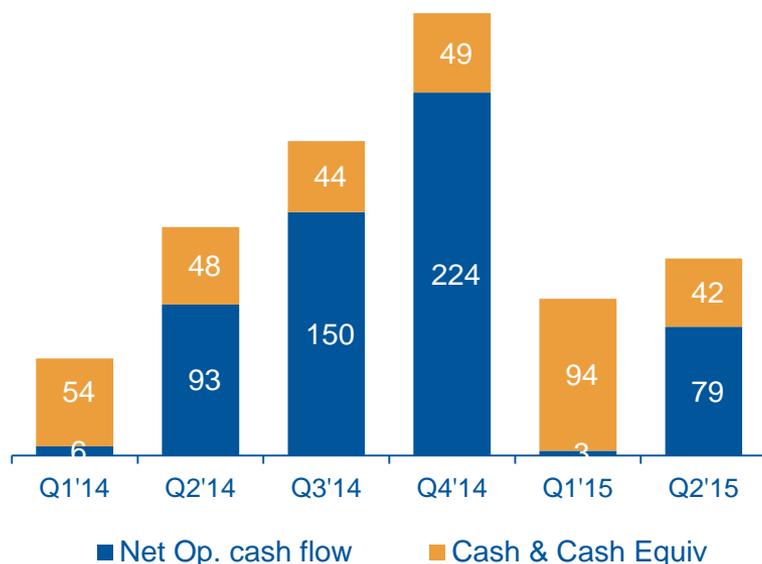
Net profit after Tax

NPAT Actual Variance Including WorldCall (Jun'15 Vs Jun'14) OR -4.7 Mn



Healthy Cash flow and strong Balance sheet

Cash Flow (Cumulative) RO Mn



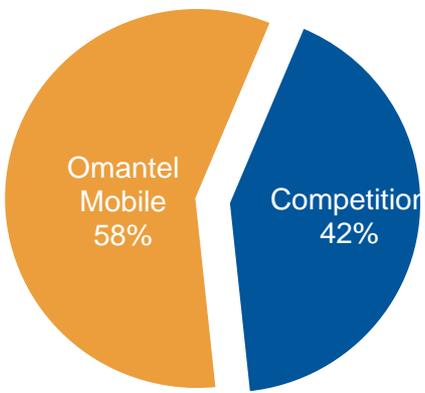
Assets, Liability & Net worth RO Mn



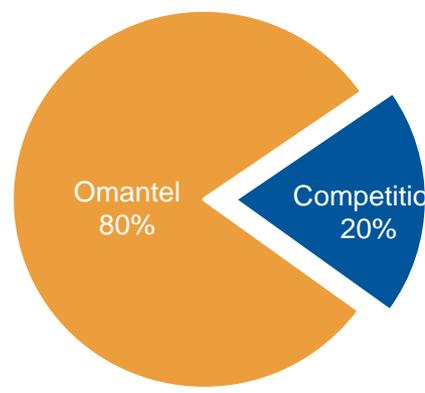
- 1) Operating cash flow before working capital changes is RO 112 Mn which is 43.6% of revenue.
- 2) Cash & Cash equivalent excludes Fixed deposit with banks amounting to RO 38.3 Mn

Omantel Mobile & Fixed businesses continue to be the leading revenue share with 61% and 83% revenue market share respectively

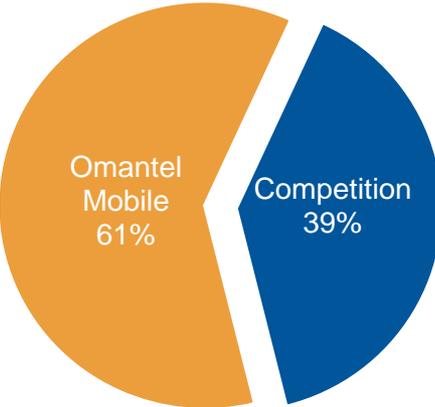
Mobile Subscriber Market Share (Incl Mobile Resellers)



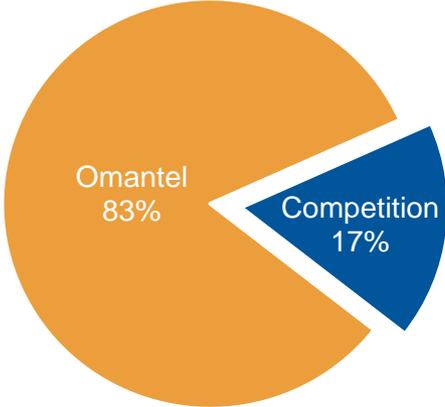
Fixed Subscriber Market Share



Mobile Revenue Market Share (Incl Mobile Resellers)

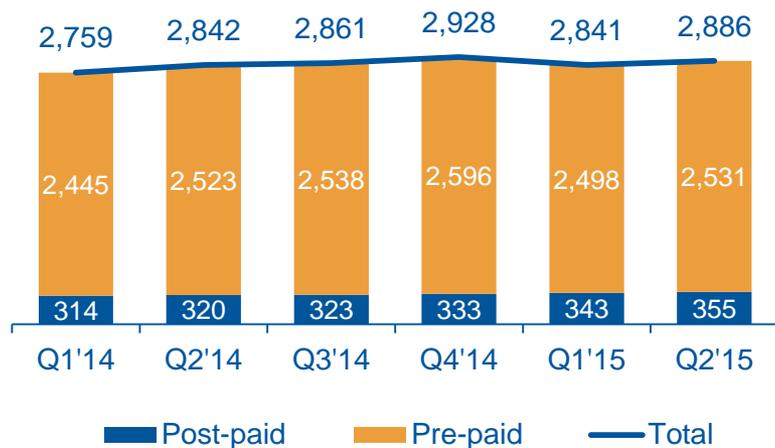


Fixed Revenue Market Share



Mobile subscriber base - Quarterly

Oman Mobile Subscribers – In '000s



With Mobile Resellers – In '000s

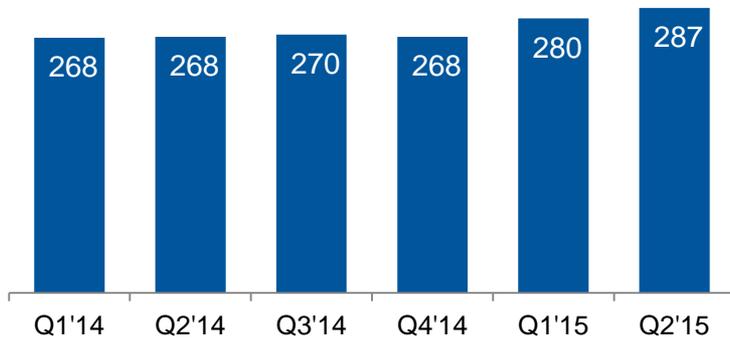


Growth in both post & pre paid Omantel mobile subscriber base by 11% and 0.3% respectively compared to Q2'14.

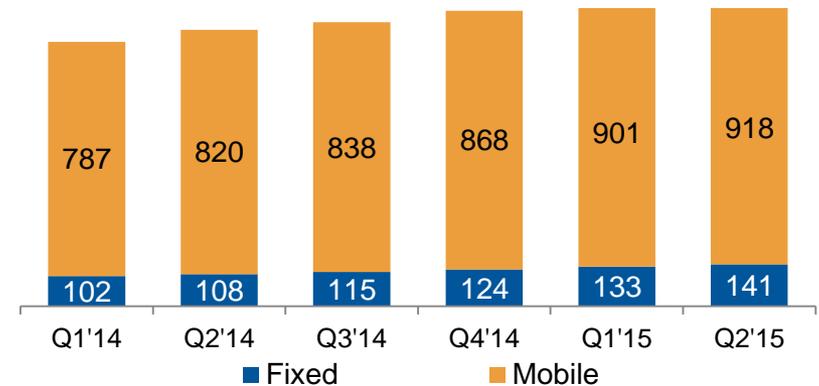
Overall Omantel mobile market grew by 6.4%.

Fixed line and Broadband Subscriber base

Fixed Line Subscribers – In '000s



Fixed & Mobile Broadband – In '000s

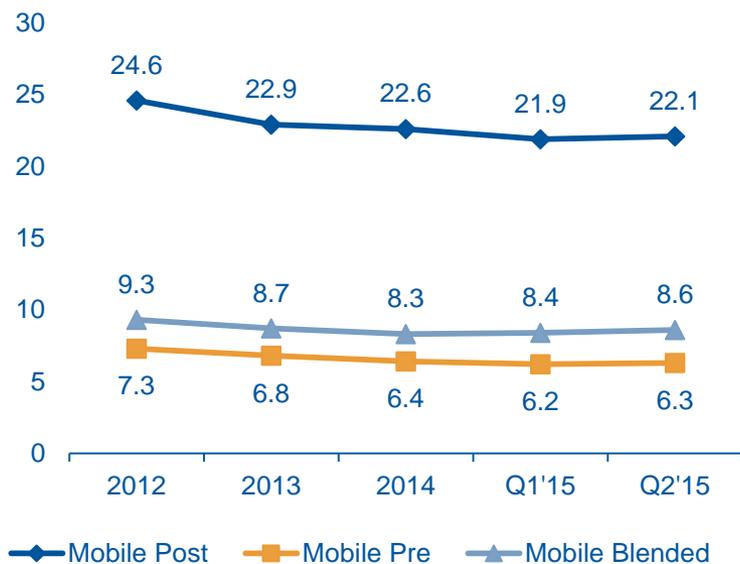


- 1) Fixed line include pre-paid and payphone.
- 2) Fixed Line subscribers recorded a growth of 7.1% compared to Q2'14.

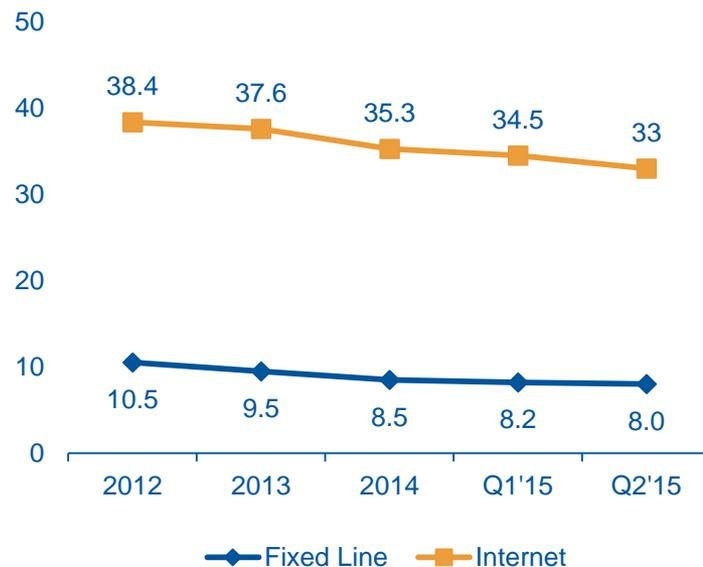
- 1) Mobile Broadband subscribers are unique subscribers subscribed to any one of the packages including Blackberry service.
- 2) Mobile Broadband grown by 11.9% while Fixed broadband increased by 30.4% compared to Q2'14. Combined Broadband Subscribers recorded a growth of 14%.
- 3) Mobile Broadband subscribers including Pay As You Go (PAYG) is estimated at 1.616 Mn as of Jun'15.

ARPU / month for major products

Mobile Services



Fixed Line Services



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

Worldcall Performance

Revenue In Mn RO



EBITDA In Mn RO



Net Profit In Mn RO



Highlights

- YTD revenues for 2015 posted RO 3.579 Mn (-28.8%) {-24.5% in PKR} lower than YTD revenues for 2014.
- EBITDA 2015 has declined to RO -1.7 Mn compared to the corresponding period of year 2014. EBITDA margin decreased from -9.6% in 2014 to -46.7% in 2015.
- The YTD bottom line posted a net loss of RO 9.9 Mn as against a loss of RO 4.1 Mn in 2014. Increase in loss mainly on account of unrealized currency losses amounting to Ro 0.5 mn compared to a gain of RO 2.7 mn in the previous period. This was on account of PKR depreciation by 6.2% against US Dollar. Further the tax charge increased by RO 2.5mn mainly on account of reversal of deferred tax assets.
- As announced last year, most of the turnaround strategies are in place and the management are closely monitoring the performance.

Presented by



- 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

Disclaimer



Oman Telecommunications Company (S.A.O.G) has prepared this presentation in good faith for the purpose of Conference call for the Investor community.

These presentations may contain forward-looking statements based on current assumptions made by Omantel Group management. Such statements were only applicable as of the date of the presentation and the Company assumes no obligation to update them.

Users of these presentations should use caution in assessing the current applicability of any such statements and these presentations should not be distributed without the permission of Omantel's concerned authorities.