

# Omantel Group performance Year 2014

**EFG Hermes One – on – One Conference  
Dubai  
1 – 4 March 2015**

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

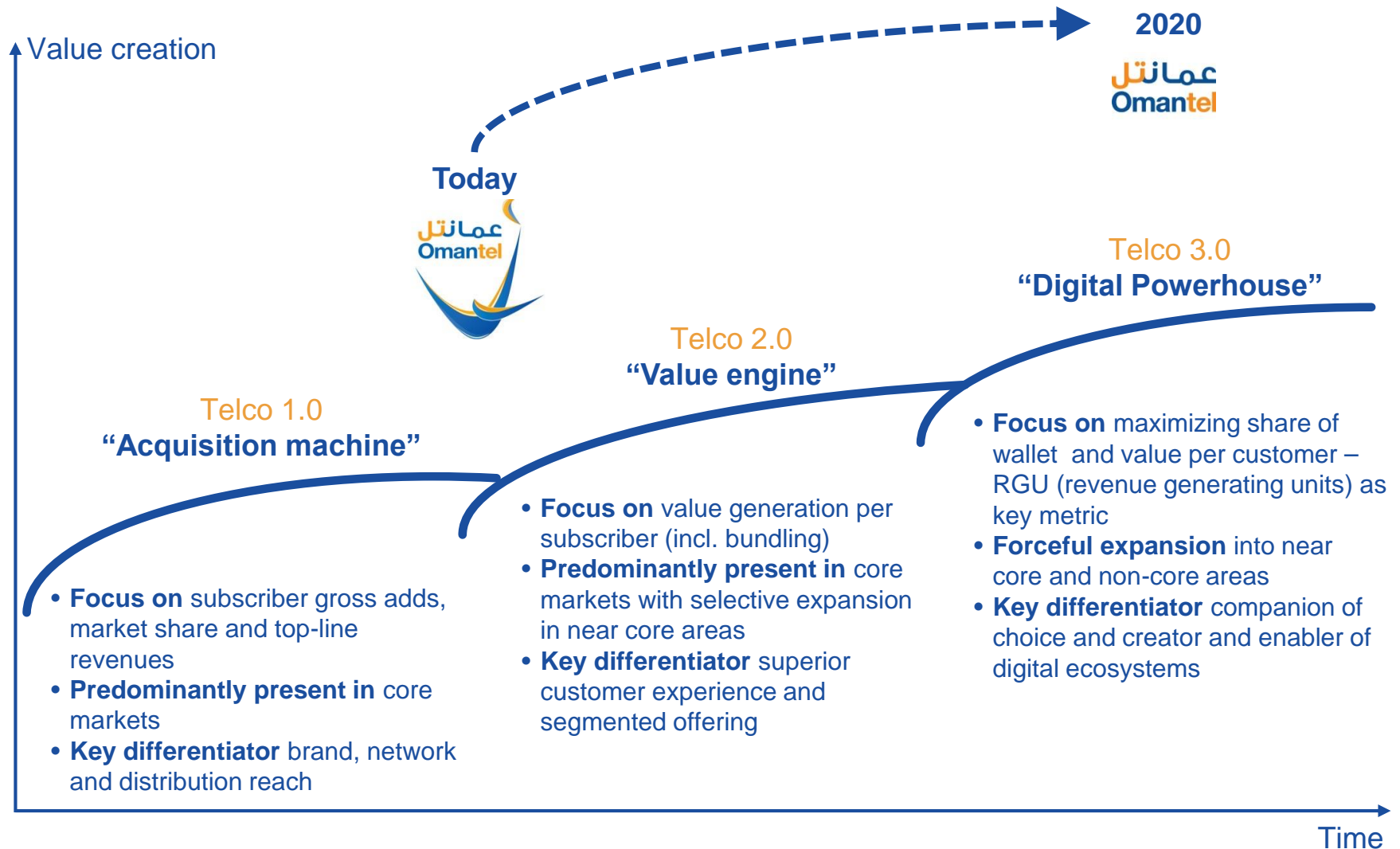
#### Statistics

- Size: 309 500 km<sup>2</sup>
- Population: 4.1 Mn, 40% below 25 yrs
- GDP: \$78.94 billion (Yr 2013)
- GDP /Capita \$20,130

#### Transformation

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

# Omantel - Transformation Journey – key phases



# Key achievements / awards

Omantel received  
**A3**  
rating by Moody's and  
**BBB/A-2**  
rating by S&P

**Excellence**  
award from  
**Emir of Kuwait**  
in recognition of  
contributions to  
**Youth fields**

**No. 1 listed** company  
by market cap and  
**Best**  
performing company (by OER)  
in Muscat Securities Market  
(9 consecutive years)

**Golden Gear**  
**Award**  
By Ministry of Sports  
3 Consecutive Year  
in support of  
**Sports in Oman**



**Best Investor Relations**  
Award in Oman  
**3 times in 6 Years**

**CSR**  
Activities /  
**Sustainability**  
**Reporting**  
(support for Housing, student  
scholarships, special telecom  
offers, underprivileged families)

# 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

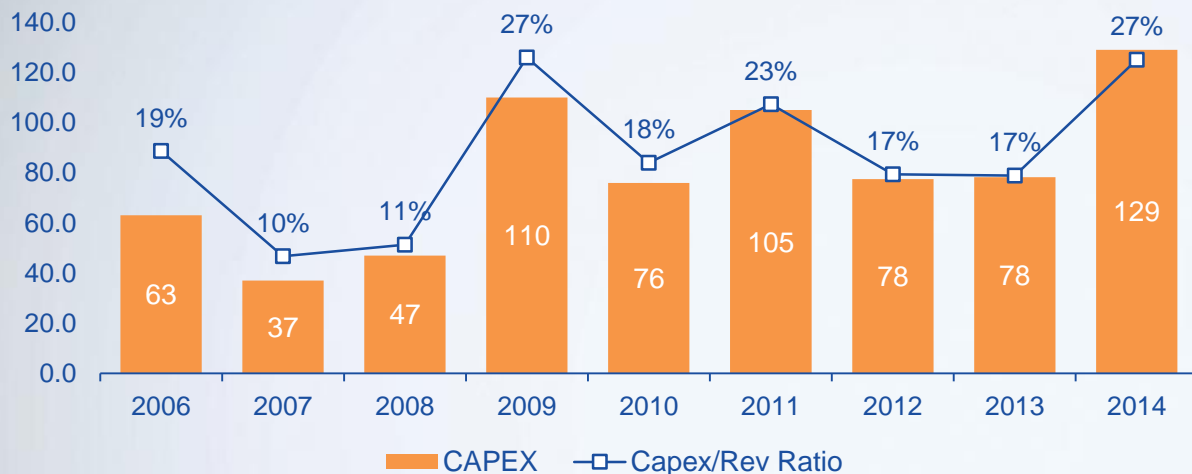
Infoline LLC

45 %

- 3rd party call center services and BPO

# Customer experience: continuous investments in network quality and coverage

Annual CAPEX – Million OMR



**135  
GBPS**  
International  
connectivity

**1<sup>st</sup>**  
Operator to launch  
4G/LTE in Oman

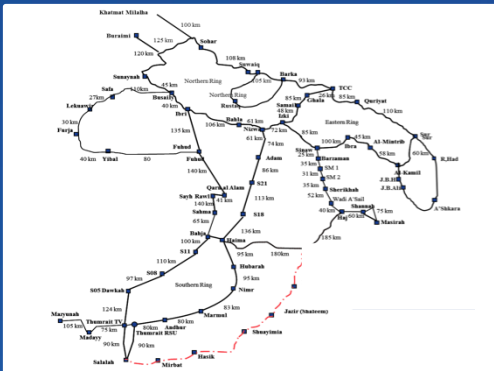
**+55%**  
of internet traffic  
now served from within  
Oman

# Customer experience: coverage

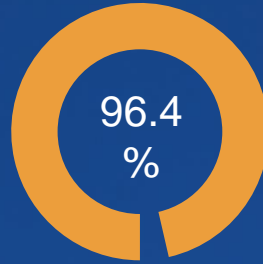


Broadband coverage  
exceeding  
**90%**  
on technology neutral  
basis

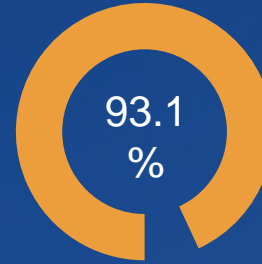
Resilient Backbone  
with **> 7500km** of  
fibre nationwide



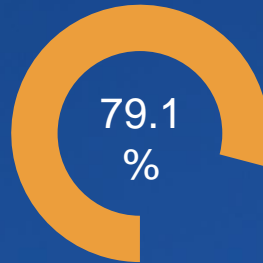
2G (\*)



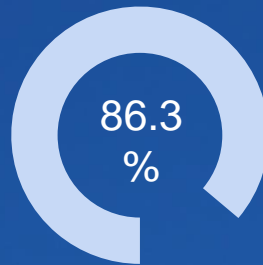
3G (\*)



4G (\*)



ADSL (\*\*)



(\*) Population  
(\*\*) Households



# From 3 to 11 cable systems in 5 years

FALCON



EPEG



TWA 1



MENA



POI



SMW3



EIG



GBI



OMRAN



BBG



AAE1



up to 2010

2011

2012

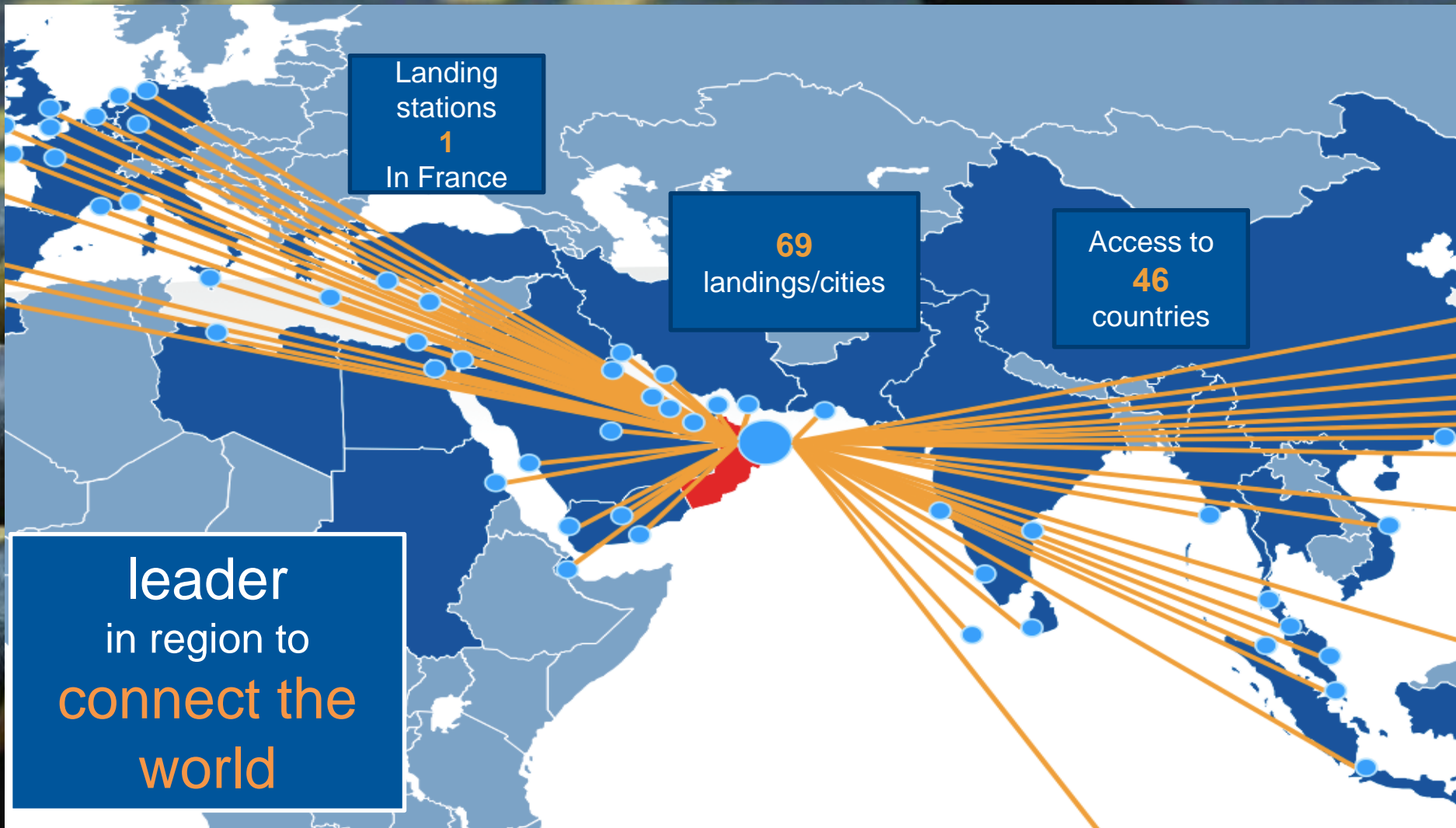
2013

2014

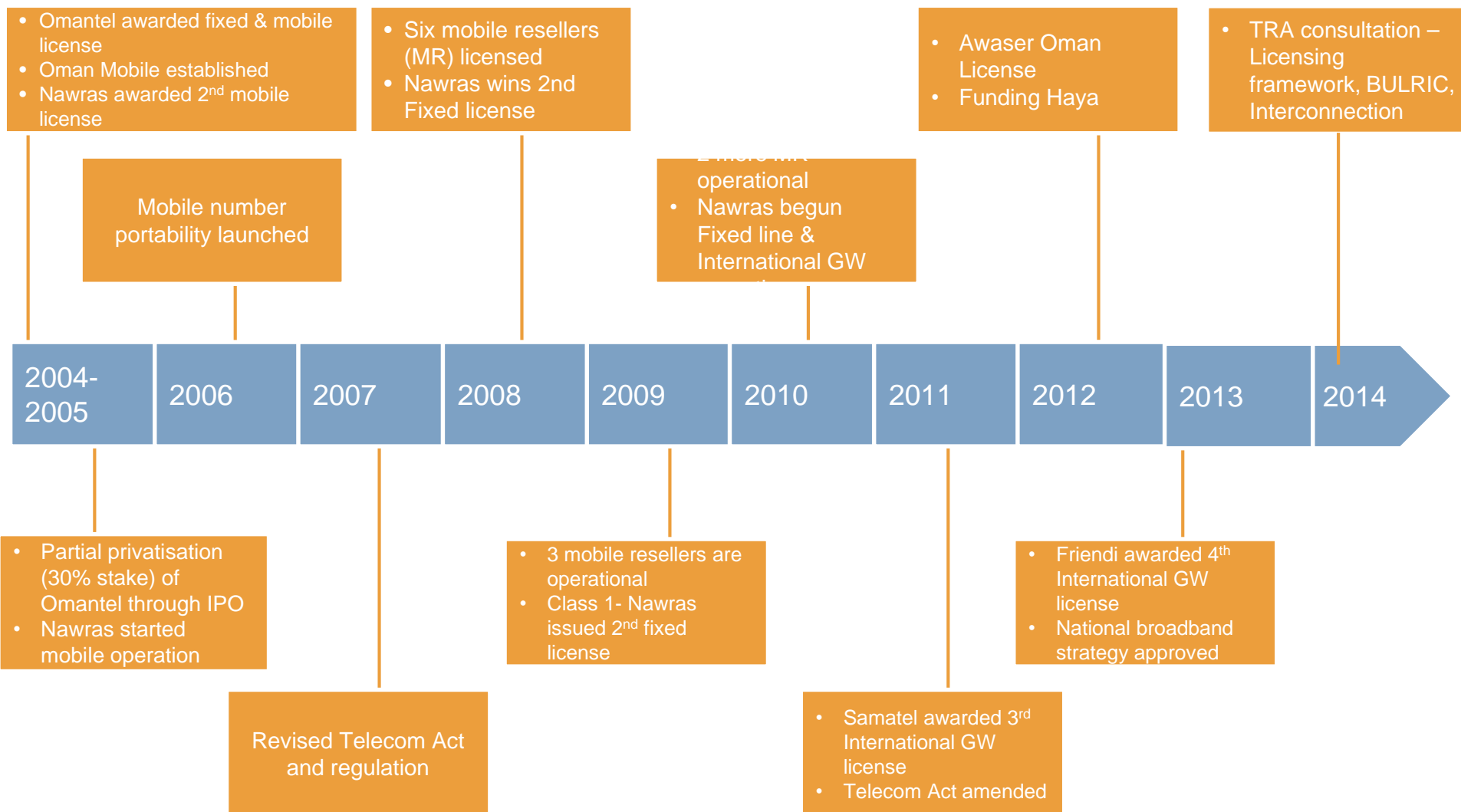
2015



# Omantel as the **central hub** connecting East and West

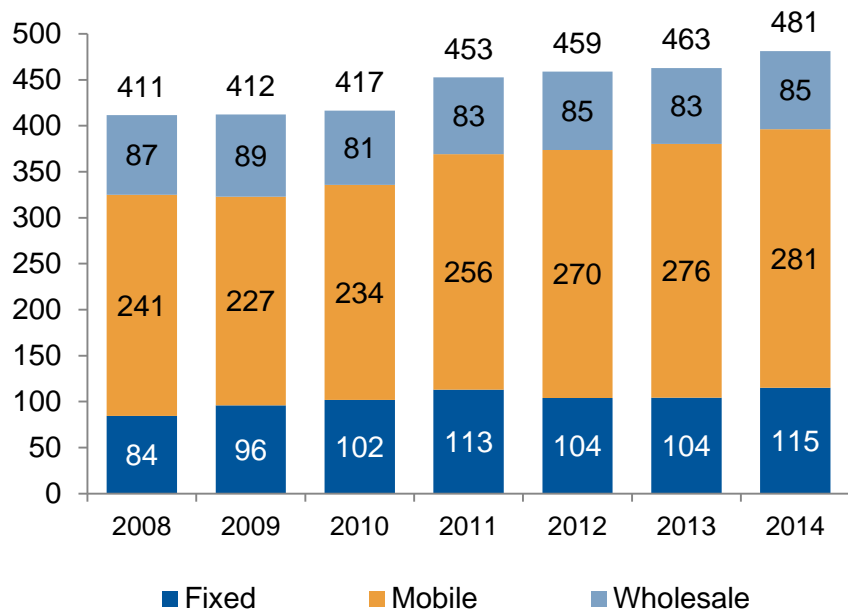


# Oman: From Monopoly to Competition – the Journey year by year



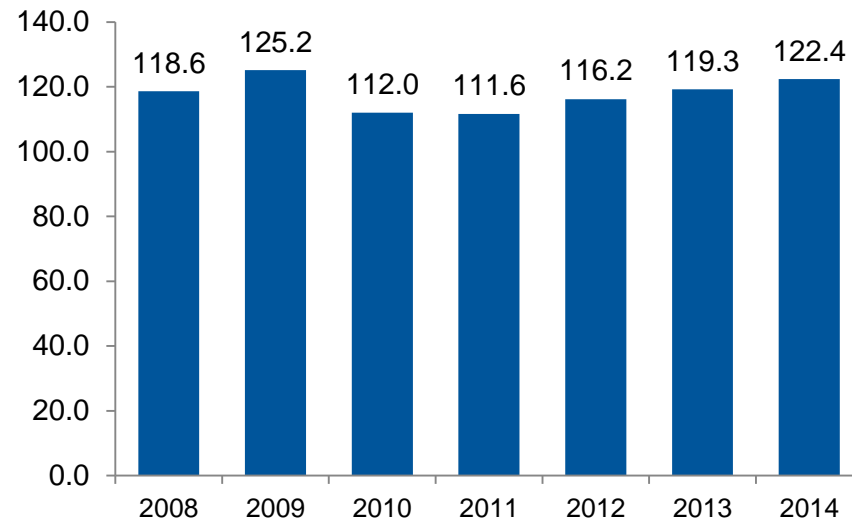
# Omantel financial performance trend since Year 2008

## Group Revenue Trend – RO Mn



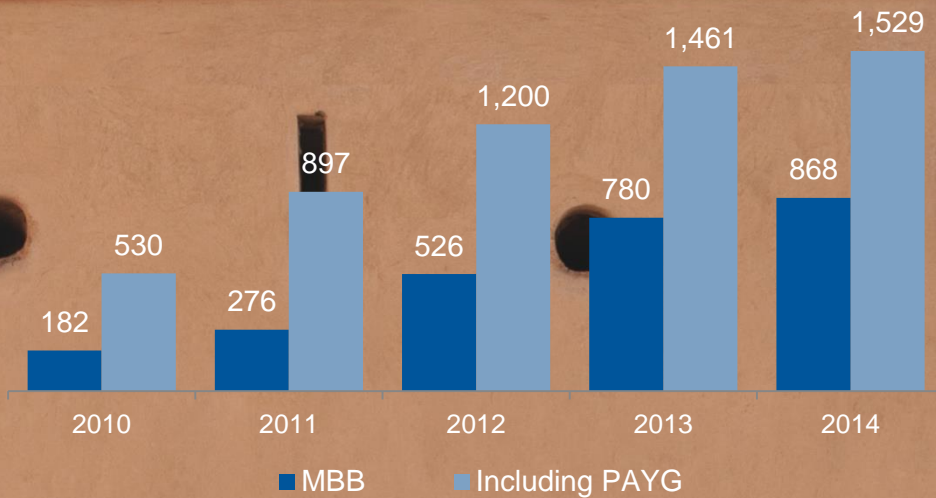
YoY Growth	2008	2009	2010	2011	2012	2013	2014
	0.2%	1.0%	8.6%	1.4%	0.9%	4.0%	

## Group Net Profit Trend – RO Mn



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

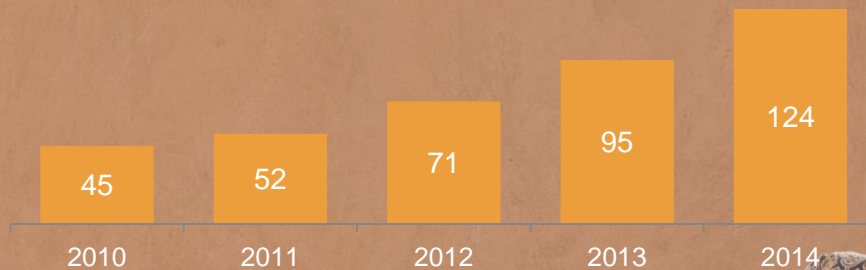
# Broadband focus major contributor to growth



## Mobile Broadband

868 k Unique subscribers

32% revenue growth



## Fixed Broadband

124 k subscribers

30% revenue growth



# 2014 Results Highlights (domestic operation)

RO 472.3 Mn  
revenue

+ 4.8 %

130.6 million  
net profit

+4.8 %

3.34 million  
mobile subscribers (\*)

+ 8.7 %

58.9%  
mobile network share(\*\*)

+ 0.4%

868 K mobile  
broad band subscribers

+ 11.4%

124 k  
fixed broadband subscribers

+ 31.2%

All figures related to domestic performance

(\*) Omantel Mobile

(\*\*) Including Mobile Resellers

# Group Performance Highlights

## Revenue



- Group Revenue at RO 481.2 Mn compared to RO 462.9 Mn of the corresponding period (increase of 4.0%).
- **Domestic** Revenues increased by **4.8%**, mainly contributed by growth in;
  - **10.2%** from *Fixed Line Business Retail Revenues*.
  - **32.1%** from *Mobile Broadband revenue*.
  - **30.4%** from *Fixed Broadband*.
  - **15.4%** from *Corporate Data services*.
  - **7.0%** *Corporate revenues*.

## Healthy margin



- Group Net Profit of **RO 122.4 Mn** (2.6% increase over last year). *Highest Profit recorded in last 5 years.*
- Maintained **Healthy EBITDA** of **44%** (*51% excluding Royalty*)
- Domestic EBITDA **46%**. (*Excluding Royalty 52%*)
- Group Net profit margin (after *MI*) is **25.4%**

## Strong subscriber base



- Group customer base grown by **6.8%**. (*4.296 Mn compared to 4.022 Mn of corresponding period*).
- Continued robust Mobile Subscriber acquisition – Total Market Growth 10.3%, Omantel Mobile achieved growth of 11.1%. (*Q4'2014 Vs Q4'2013*).
- Growth in both post & pre paid Omantel mobile subscriber base (7.7% and 7.6% respectively) and mobile broadband by 11.4% (*subscription based*).
- Highest Fixed Broadband subscriber net addition (29.6K subs, growth of 31%).

# Group Performance Highlights

## Market Leadership



- Oman Mobile network subscriber base YoY grown to 3.650 Mn (58.9% Market share) from 3.286 Mn
- Mobile Revenue Share 61.0%\*
- Fixed line subscriber market share is 82.9%
- Fixed Line Revenue share 82.5%\*

## Strong balance sheet



- Debt Ratio is 32.0%
- Group total assets at RO 834 Mn.
- Net worth of RO 570 Mn.
- Net Asset per share is RO 0.760

## 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 1.271 Bn (Dec'14)
- Price Earning Ratio {P/E 10.39}
- EV / EBITDA 6.01
- Price to Book Value 2.23

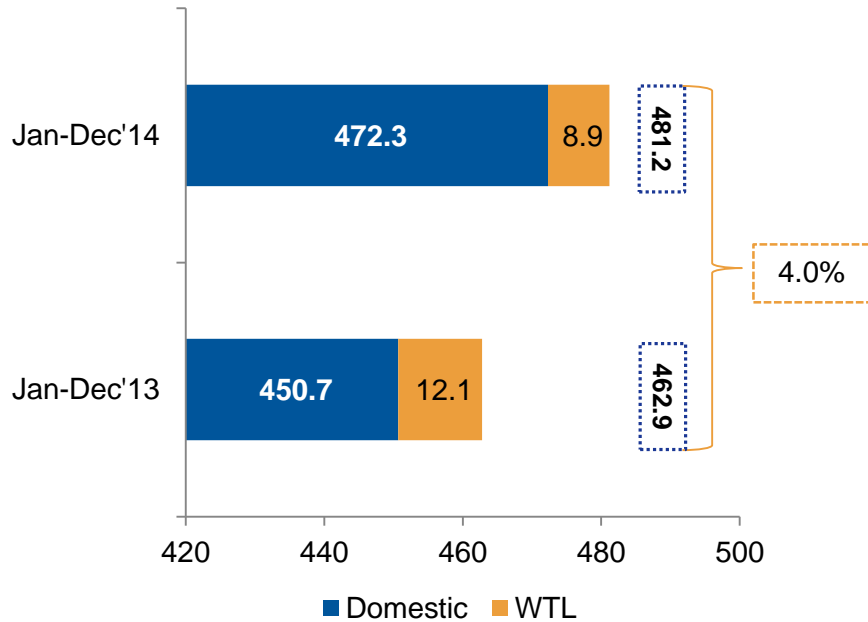
# Group Performance Analysis



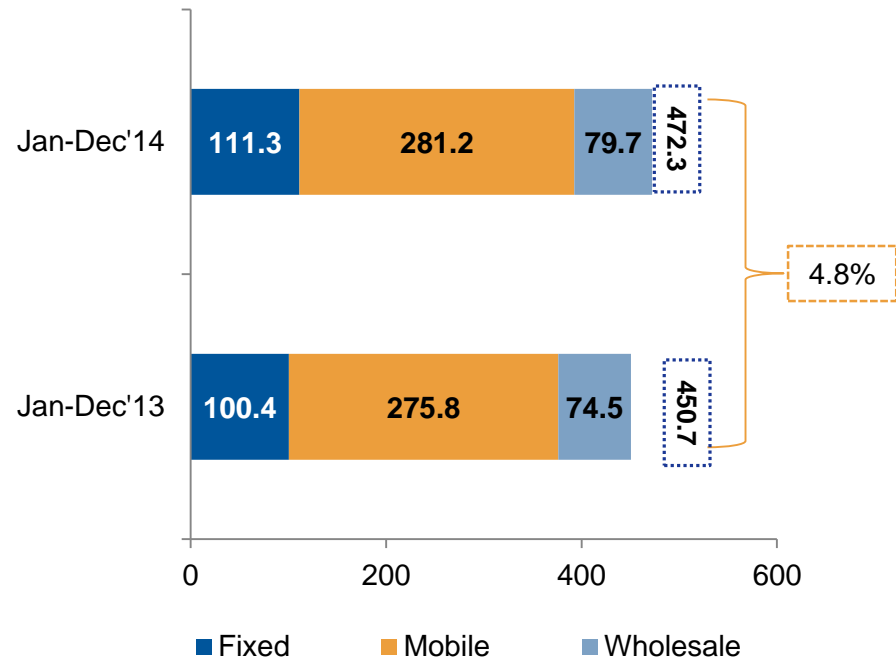


# Revenues- Domestic operation Revenue grown by 4.8%, while Group Revenue has grown by 4.0%

Consolidated with Worldcall  
Group Revenue in RO Mn



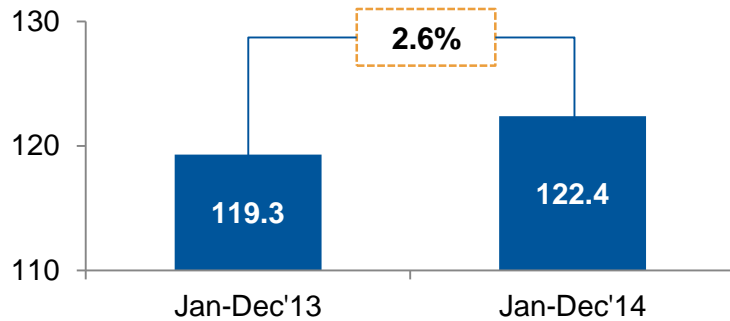
Domestic Operation  
Domestic Revenue in RO Mn



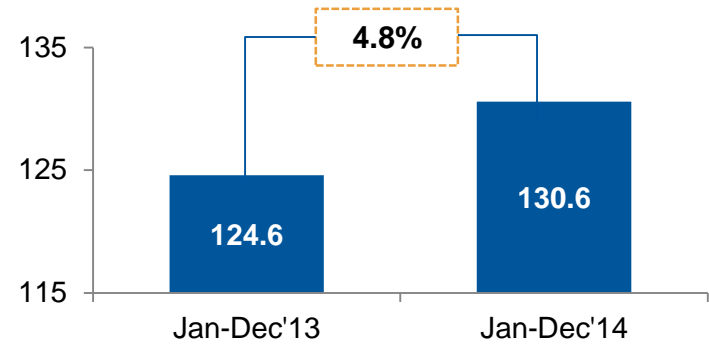
1.9% of the total revenue contributed by International operation (WTL)

# Net Profit and EBITDA continue to be healthy

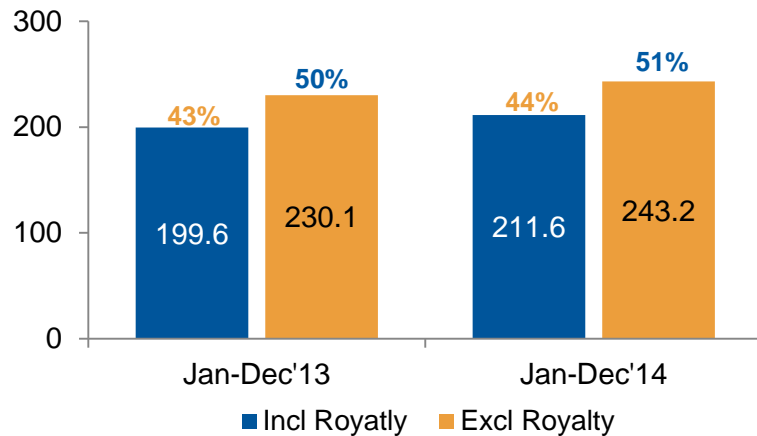
Consolidated with Worldcall  
Group Net Profit in RO Mn



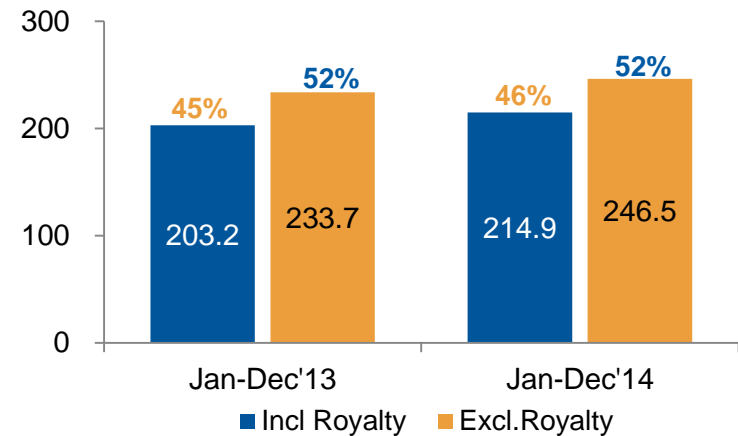
Domestic Operation  
Domestic Net Profit in RO Mn



EBITDA RO Mn & %

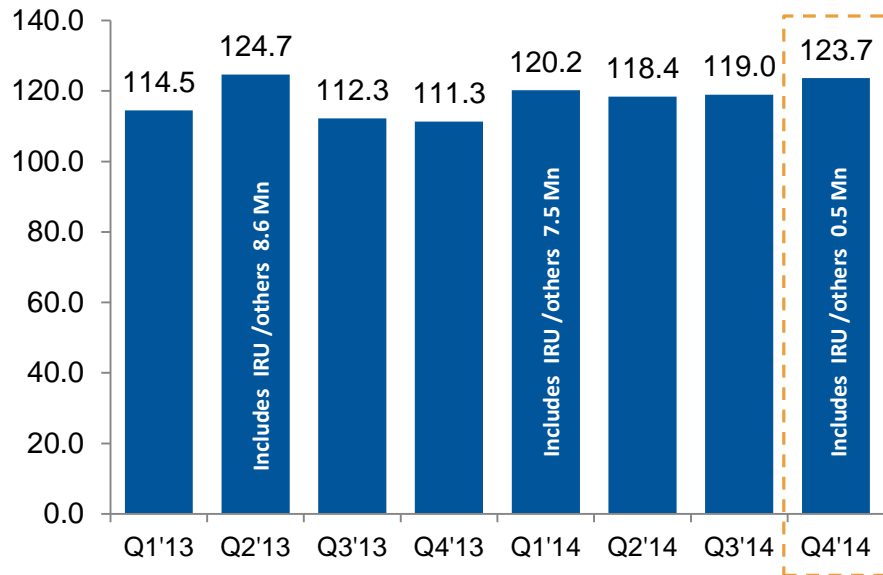


EBITDA RO Mn & %

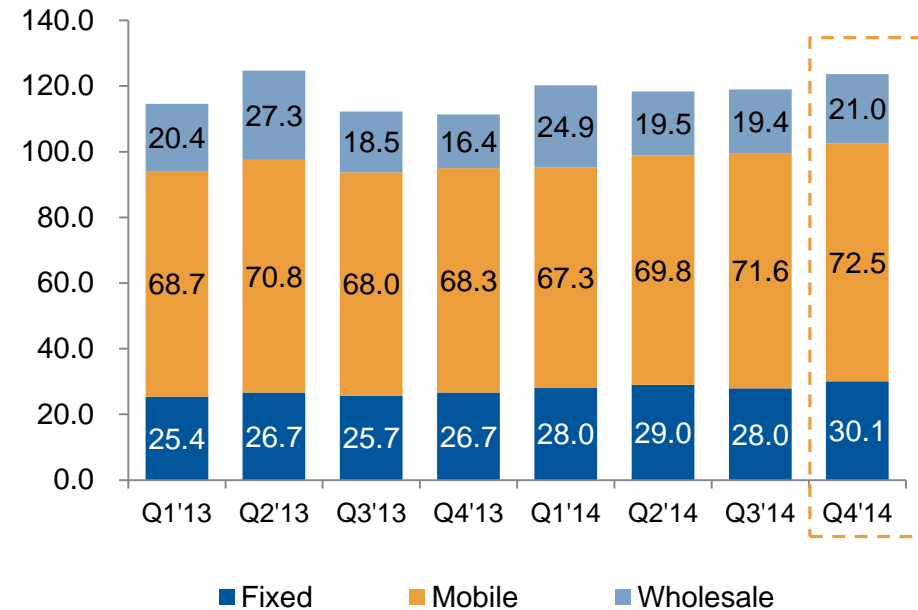


# Group Revenue - Quarterly Analysis shows mobile revenue has achieved highest growth in this quarter.

Group Revenue in RO Mn

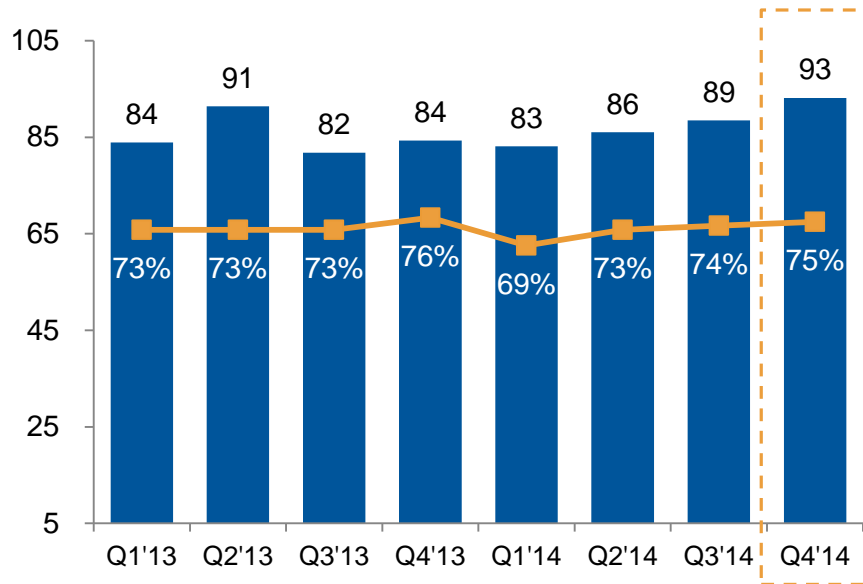


Group Revenue by Segment RO Mn



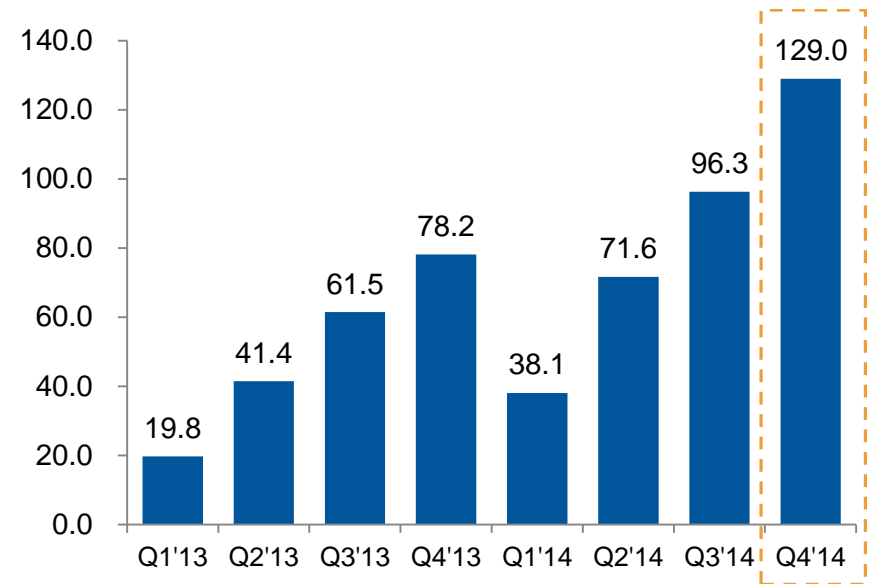
# OPEX - CAPEX

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



Domestic Opex to Revenue ratio for Q4'14 is 72%

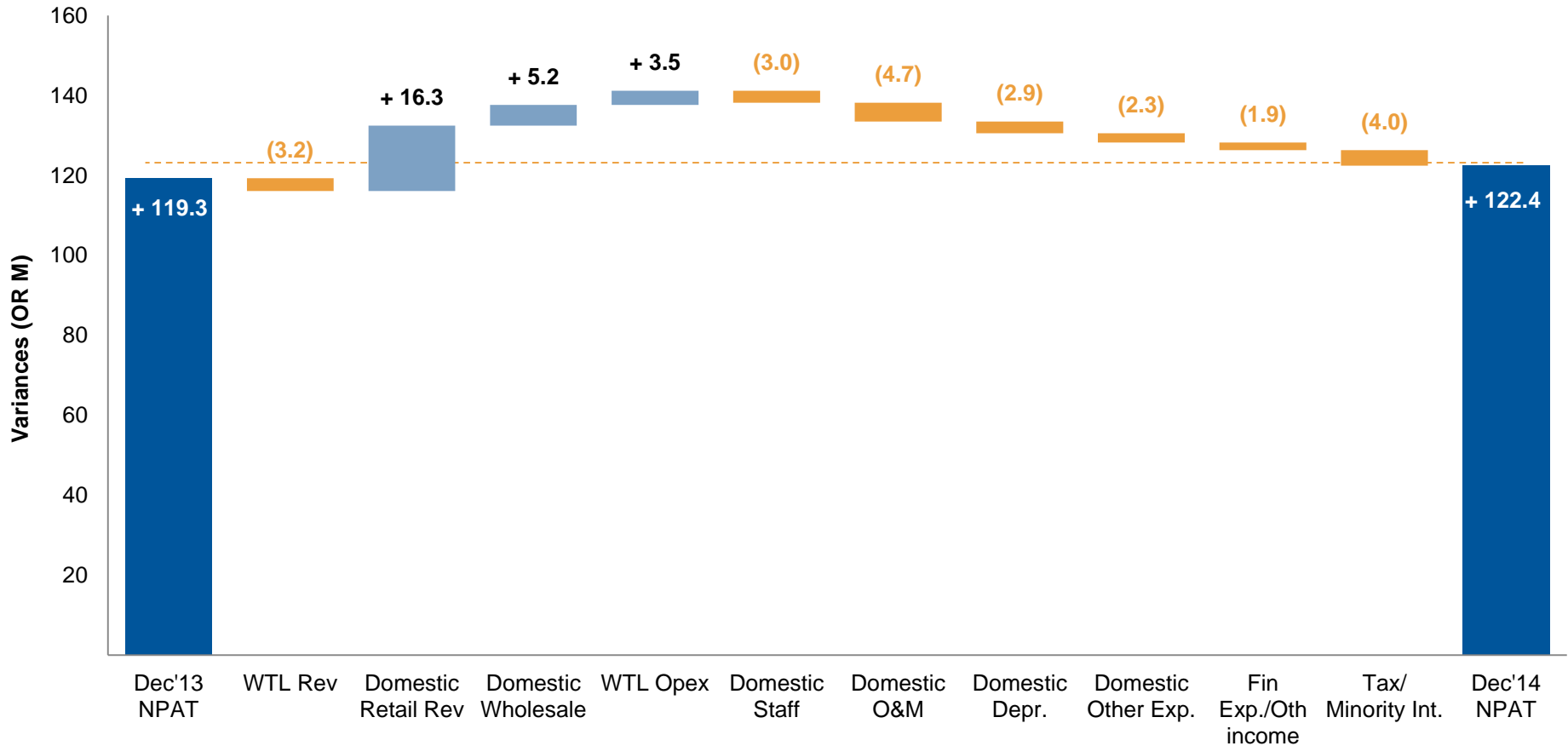
Capex Additions (Cumulative) RO Mn



Capex to Revenue ratio is at 27%

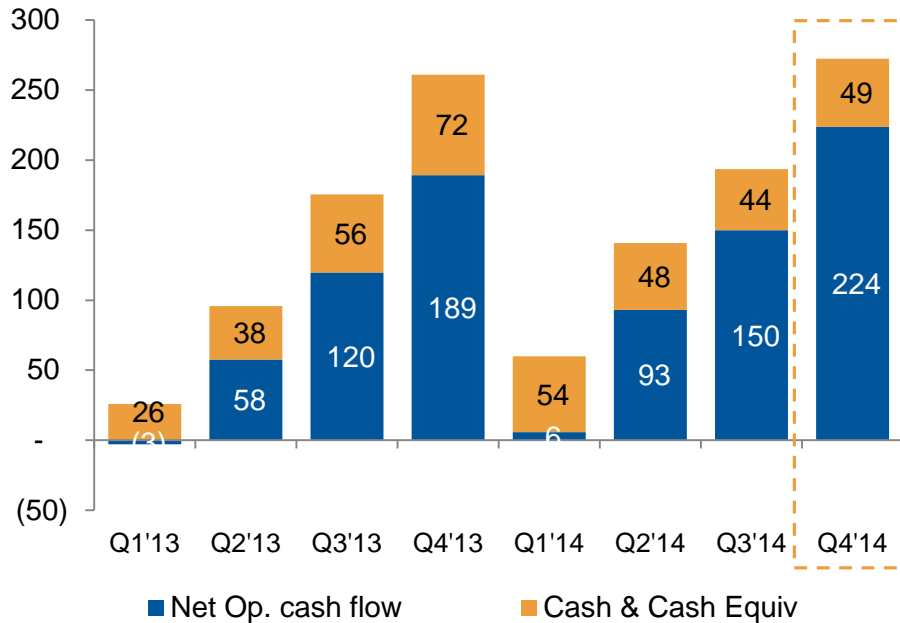
# Net profit after Tax

## NPAT Actual Variance Including WorldCall (Dec'14 Vs Dec'13) OR 3.1 Mn

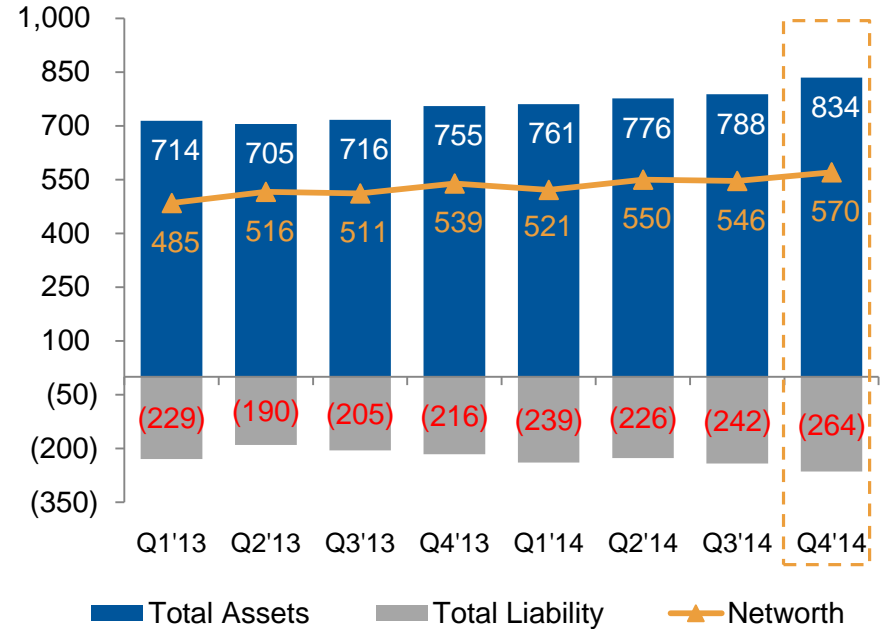


# Healthy Cash flow and strong Balance sheet

## Cash Flow (Cumulative) RO Mn



## Assets, Liability & Net worth RO Mn



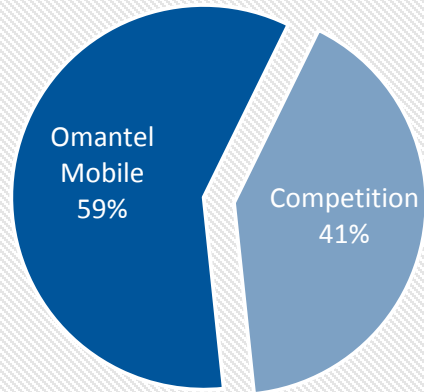
### Note:

- 1) Operating cash flow before working capital changes is RO 202.9 Mn which is 42.2% of revenue.
- 2) Cash & Cash equivalent excludes Fixed deposit with banks amounting to RO 71 Mn

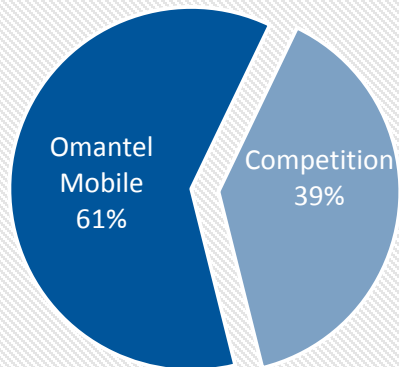
# Growth & Market Share

# Mobile Market Share

## Mobile Subscriber (incl Mobile Resellers) Market Share – Dec'14



## Mobile Revenue (incl Mobile Resellers) Revenue Share – Dec'14



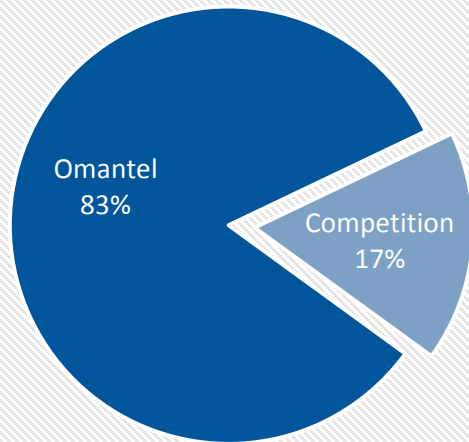
## Highlights

- 1) Omantel Mobile continue to be the leading mobile operator –Subscriber market share including mobile resellers is at 58.9% with Revenue market share of 61.0%
- 2) Total Mobile market grew by 10.3% as compared to Q4'13. Omantel Mobile (incl Mobile Resellers) achieved a growth rate of 11.1%, net addition is around 364 K, which is around 63% of total net additions.



# Fixed Line Business Market Share

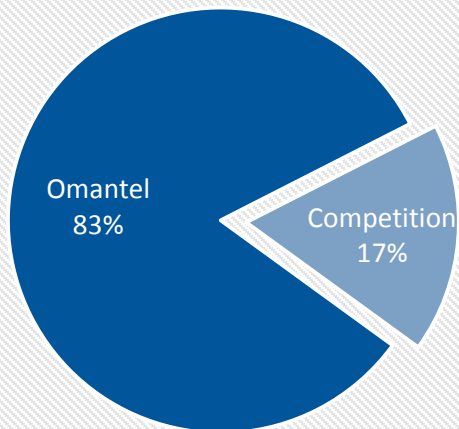
## Fixed Market Share – Dec'2014



## Highlights

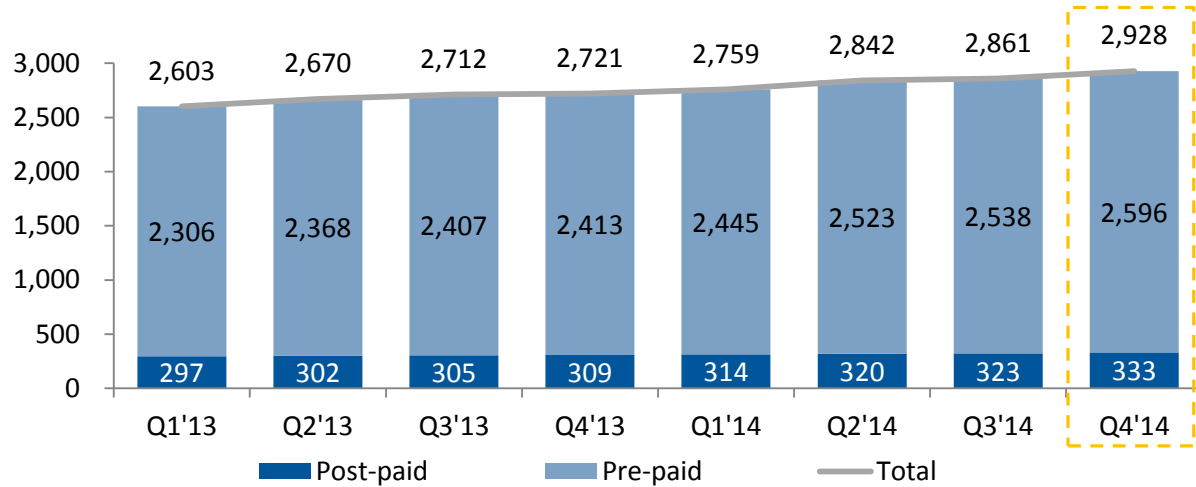
- 1) Omantel continues to be the leading fixed line operator –Subscriber market share is at 83% with Revenue market share of 83%
- 2) Total Fixed Line market grew by 6.8% as compared to Q4'13. Omantel Fixed line achieved a growth rate of 3.2%.

## Fixed Revenue Share –Dec'2014

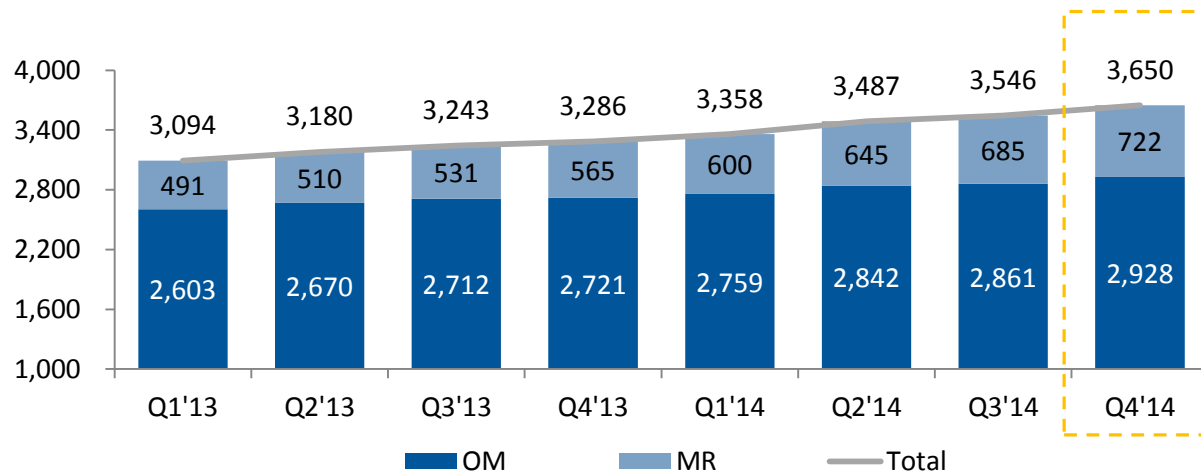


# Mobile subscriber base - Quarterly

Oman Mobile Subscribers – In '000s



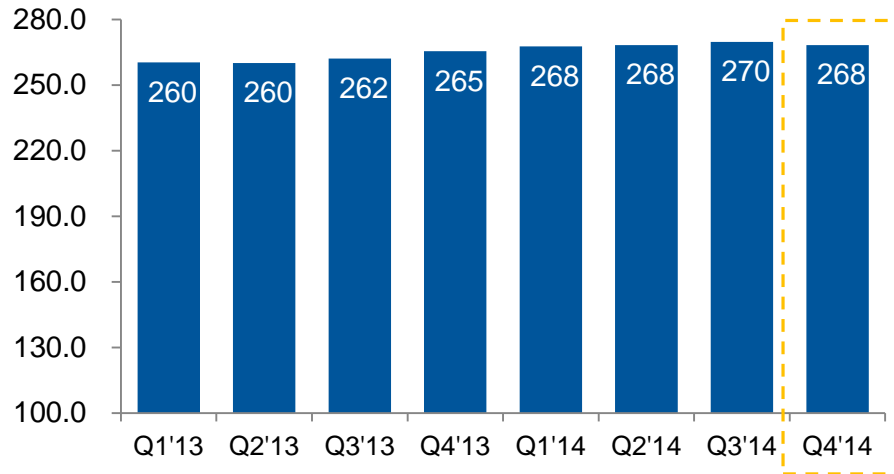
With Mobile Resellers – In '000s



# Fixed line and Broadband Subscriber base

Fixed Line shows marginal decrease in Q4 2014. Combined Broadband Subscribers recorded a growth of 14%

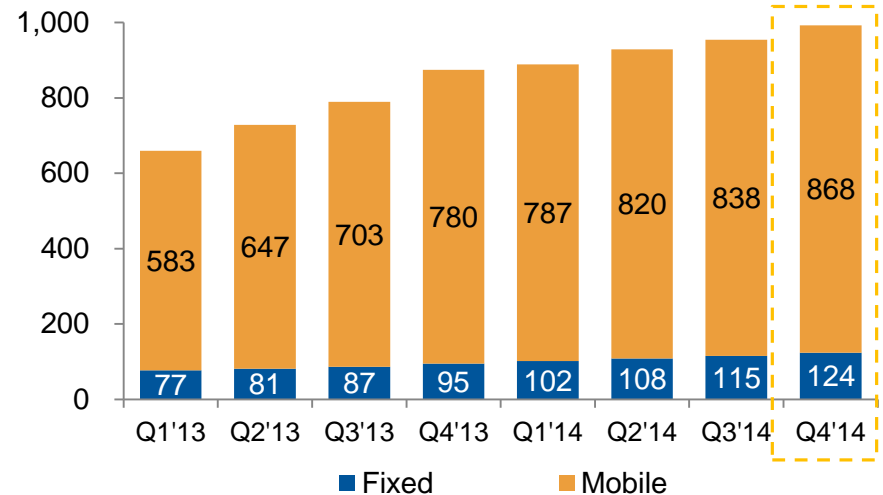
Fixed Line Subscribers – In '000s



Note:

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

Fixed & Mobile Broadband – In '000s

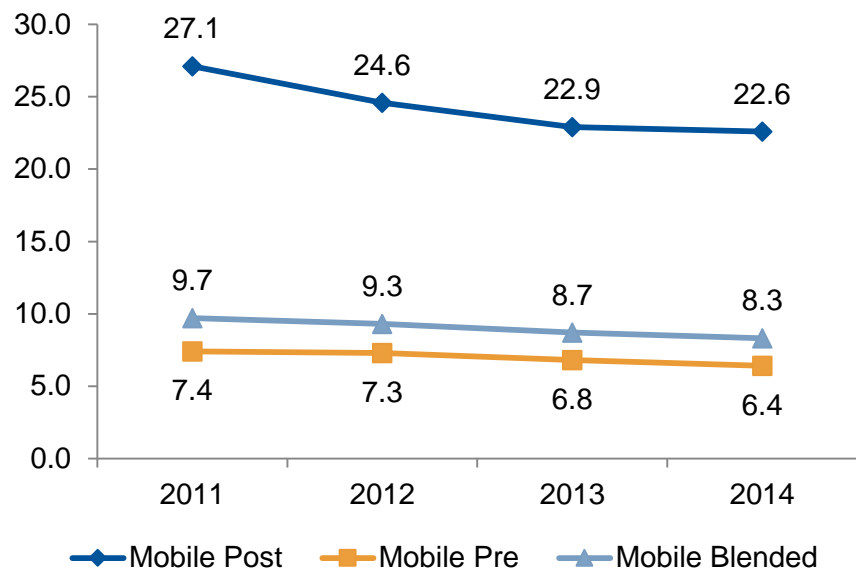


Note:

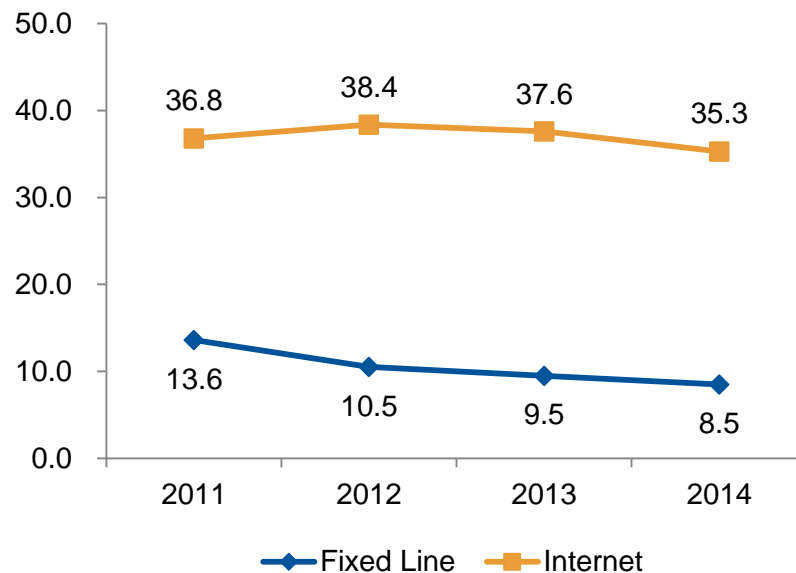
- 1) Mobile Broadband subscribers are unique subscribers subscribed to any one of the packages including Blackberry service.
- 2) Mobile Broadband subscribers including Pay As You Go (PAYG) is estimated at 1.529 Mn as of Dec'14.

# ARPU / month for major products

## 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	Year ended December		
	2014	2013	Variance
Revenue	8.94	12.12	-26.2%
Operating Expenses	17.8	21.3	16.5%
EBITDA	(3.27)	(3.67)	-10.8%
Depreciation and amortization	5.60	5.55	1.0%
Operating Profits/(Loss)	(8.88)	(9.22)	-3.7%
Finance Cost	(6.26)	(5.10)	-22.7%
Other income/(loss)	(1.45)	0.02	-6987%
Profit/(Loss) Before Taxation	(16.58)	(14.30)	-16.0%
Taxation	(2.53)	(4.62)	45.2%
Net Profit/(Loss) After Tax	(14.05)	(9.68)	-45.2%

## Key Ratios

	2014	2013
Net margin	-157.1%	-79.9%
EBITDA margin	-36.6%	-30.3%

## Highlights

- YTD revenues for 2014 posted RO 8.94 Mn (-26.2%) {-27.4% in PKR} lower than YTD revenues for 2013.
- EBITDA 2014 has declined to RO -3.37 Mn compared to the corresponding period of year 2013. EBITDA margin decreased from -30.3% in 2013 to -36.6% in 2014.
- The YTD bottom line posted a net loss of RO 14.05 Mn as against a loss of RO 9.68 Mn in 2013.

As part of the business turnaround strategies, the company has concluded network sharing deals, which is expected to result in better performance in the coming months.

# Omantel 3.0 Leapfrog to Lead

Omantel's is rolling out its new strategy 'Omantel 3.0' which will cover a period of 2015-2020. This strategy will focus on revenue generating units as key metrics, by expanding into near core and non-core areas and by becoming the key differentiator companion of choice and creator and enabler of digital ecosystems.

This strategy will be driven across 4 strategic thrusts:

1. Exceed customer expectations, consistently across all touch point and make our customers our brand ambassadors.
2. Lead Omani digitalization, and become a true partner of the government to drive Oman towards eGovernment and leverage "e" as the key means to interact with our customers.
3. Innovate our offering to strengthen the core while minimizing risk exposure and increasing share of wallet.
4. Transform to an agile Omantel, fostering innovation and leadership in collaboration and fast decision making

# Presented by

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