



# Omantel Group Performance – Q2 2017

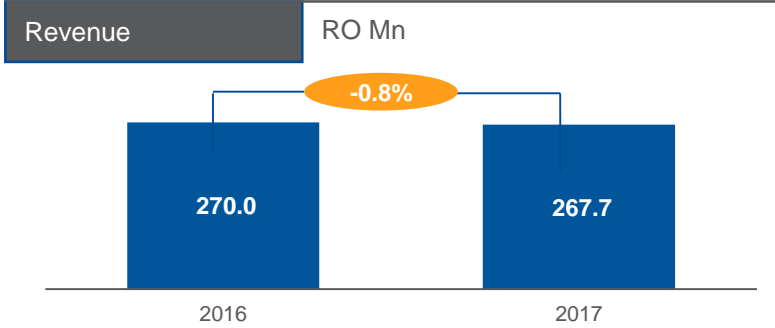
Presentation to Investor Community

Conference call

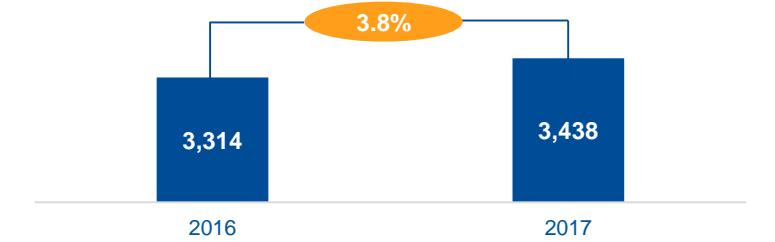
14<sup>th</sup> August 2017 at 2 PM (Oman Time)

# Group Revenue for Q2 2017 reached RO 267.7 Mn. Net Profit margin is impacted mainly due to increase in Royalty from 7% to 12% and depreciation charges

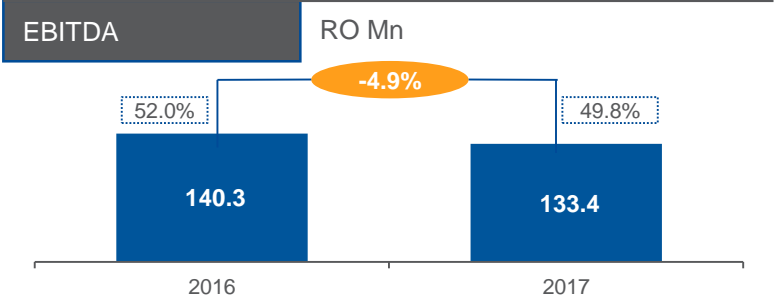
## Revenues & Subscribers growth



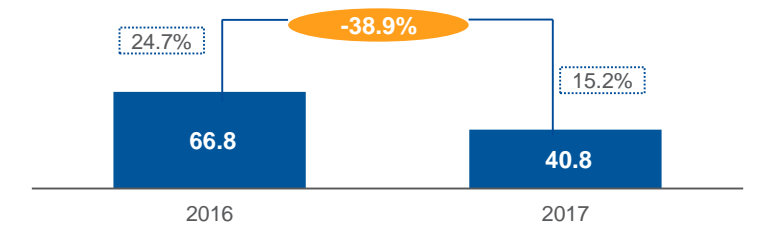
## \*Domestic Subscribers '000s



## EBITDA (Excl Royalty) & Net Margin



## Net Profit RO Mn



- Group Revenue at RO 267.7 Mn compared to RO 270.0 Mn of the corresponding period, mainly contributed by 0.6% decline in Parent company revenues.
- Domestic customer base including Mobile Resellers is 4,659 K, a growth of 6.2%.
- Continued growth in Subscriber acquisition. Overall Mobile and Fixed Line subscribers grown by 2.8% and 9.2% respectively.
- Group Net Profit after tax is RO 40.8 million compared to RO 66.8 million of the corresponding period, a decrease of 38.9%.
- Group Net profit margin is 15.2% compared to 24.7% 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-Jun 2017			
	2017	2016	In Fig	In %
<b>Revenue</b>	<b>267.7</b>	<b>270.0</b>	<b>(2.3)</b>	<b>-0.8%</b>
Cost of Sales	(58.5)	(53.9)	(4.6)	(8.6%)
<b>Gross Margin</b>	<b>209.2</b>	<b>216.1</b>	<b>(6.9)</b>	<b>-3.2%</b>
<i>Gross Margin % of Revenue</i>	<b>78.1%</b>	<b>80.0%</b>		
Operating Expenses	(75.8)	(75.8)	(0.0)	(0.0%)
<b>EBITDA</b>	<b>133.4</b>	<b>140.3</b>	<b>(6.9)</b>	<b>-4.9%</b>
<i>EBITDA %</i>	<b>49.8%</b>	<b>52.0%</b>		
Depreciation & Amortization	(57.5)	(49.3)	(8.3)	(16.7%)
<b>EBIT</b>	<b>75.9</b>	<b>91.0</b>	<b>(15.2)</b>	<b>(16.7%)</b>
Finance & Other Income/ Expense	1.2	2.9	(1.7)	(58.2%)
<b>Profit Before Royalty &amp; Taxation</b>	<b>77.1</b>	<b>93.9</b>	<b>(16.8)</b>	<b>(17.9%)</b>
Royalty & Taxation	(34.1)	(26.2)	(7.8)	(29.9%)
<b>Profit After Tax (Before Minority Interest)</b>	<b>43.0</b>	<b>67.7</b>	<b>(24.7)</b>	<b>(36.5%)</b>
Loss of Discontinued operations	(2.3)	(2.0)	(0.3)	15.0%
Minority Interest	0.1	1.1	(1.0)	(91.5%)
<b>Net Profit</b>	<b>40.8</b>	<b>66.8</b>	<b>(26.0)</b>	<b>(38.9%)</b>
Net Profit %	<b>15.2%</b>	<b>24.7%</b>		

# Strong balance sheet with impressive market fundamentals

## Strong Balance Sheet

- Debt Ratio is 26.2%
- Gearing 3.7%
- Group total assets at RO 804 Mn.
- Net worth of RO 534 Mn.
- Net Asset per share is RO 0.761, increase of 1.5%

## Impressive Market Fundamentals

- Year 2016 - Dividend Yield 7.3% & Dividend Payout ratio is 70.7%.
- Market Capitalization at RO 0.851 Bn (June'2017)
- Price Earning Ratio {P/E 10.44}
- EV / EBITDA 4.07
- Price to Book Value 1.49

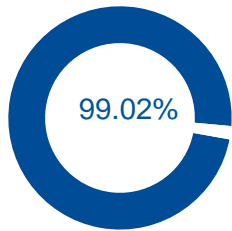
## Achievements

- Omantel become the only Omani company in the annual report for the strongest 50 brands in the Middle East with 5% growth in the brand value compared to last year.
- Talal bin Said Al Maamari CEO of Omantel received top CEO Award in the region in the top 100 CEO survey carried out by "Trends" magazine in cooperation with INSEAD University.
- Omantel launched a new platform through social media (@askOmantel) providing round the clock support to customers.
- Omantel received the Excellence Award in Employee Engagement in Middle East and Africa in a ceremony that was held in Dubai.

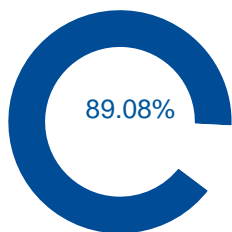
# Continuous improvement in network coverage and initiatives to improve customer experience

## Coverage

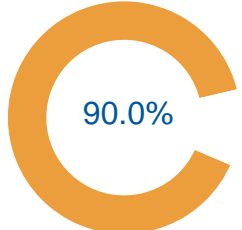
3G (Population)



4G (Population)



Fixed Broadband (Household)



## Key Focus Area

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

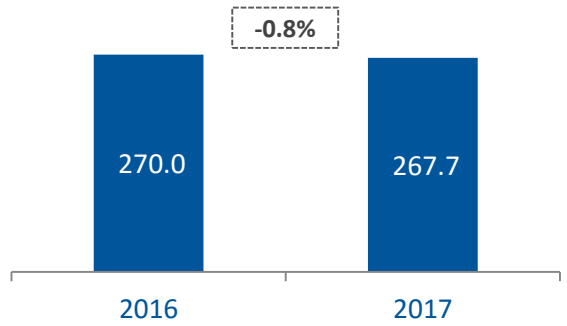
- **Next Generation IVR** is being planned which will expected to deliver the high standard customer experience and excel the operations.
- **Self-Care Kiosks** : Planned to introduce advanced kiosk's with the robust facilities to avail increased self-care capabilities to our customers such as SIM replacement or buying new SIM's etc.
- Continued focus on customer growth through attractive acquisition offering focusing on social media/digital platforms to enhance customer experience and offer more value.
- Usage and revenue stimulation through launching new products and enhancements to exiting products.
- Roll Out Unified Back Office process gradually to the rest of the regions to enhance the service provisioning of Fixed Broad Band (FBB) services – now extended to Batinah, after successful implementation in Muscat.
- Successful Launch of dealer branding project (part of Hayyakom) which is expected to enhance overall dealership Program.

## Launches / Achievements

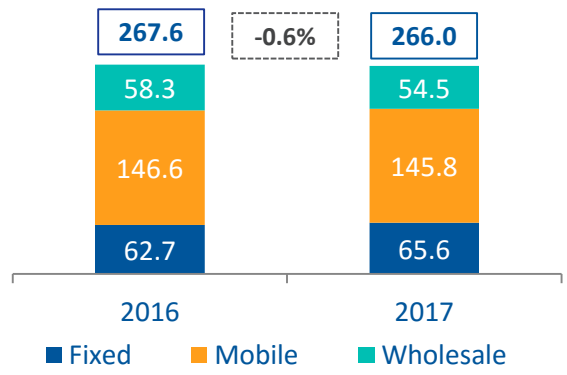
- Launched innovative Mobile promotions Hayyak Your Way whatsapp unlimited, Marhaba World International Call Voucher, Scratch and Win Promotion & New Welcome Pack Offer
- Launched of Home Broadband (HBB) One Month Free Promotion.
- To enhance the uptake of Loyalty Program (Makasib), various attractive promotional offers were launched which include special offers with seasoned Cinema Houses, Partnership with Sindbad (Omanair), booking.com etc., to earn more Makasib points.

Parent company revenue compared to last year is lower by 0.6% mainly due to decline in Submarine capacity sales. However, Fixed Retail revenues recorded a growth

**Group Revenue RO Mn**



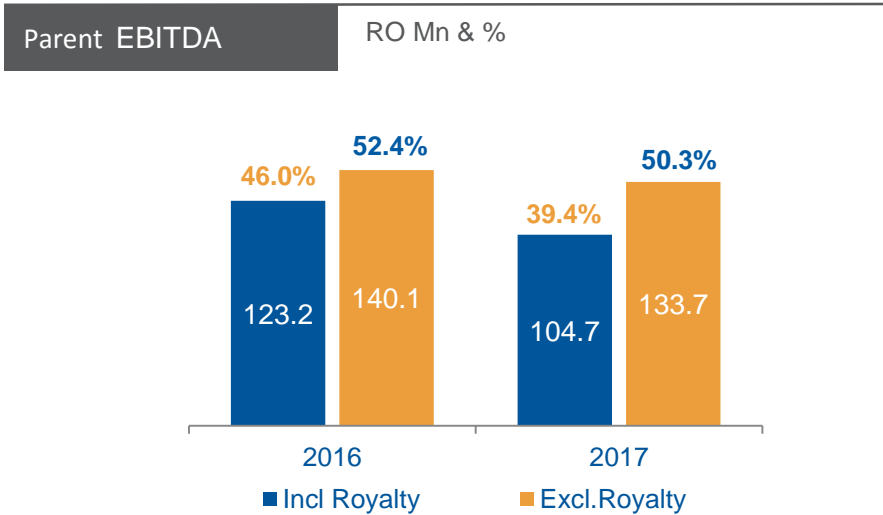
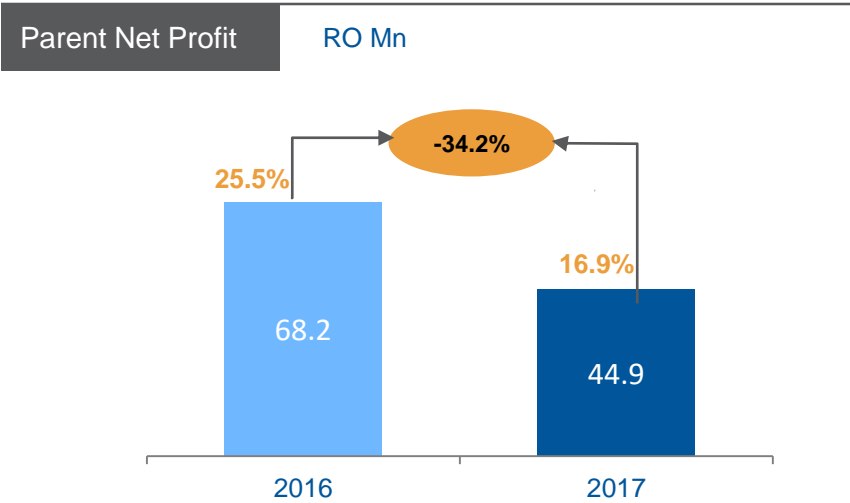
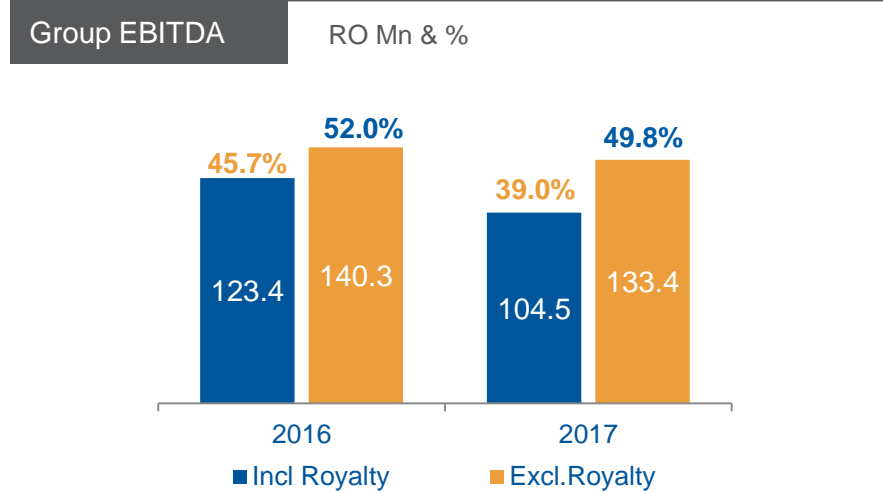
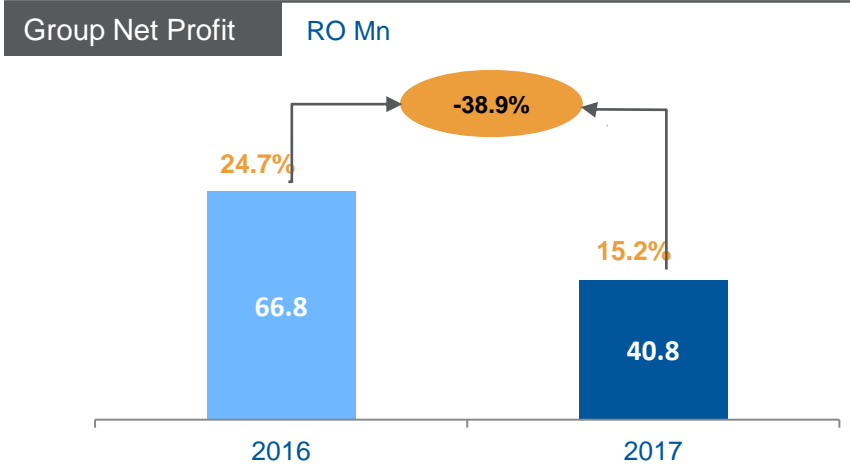
**Parent Company Revenue RO Mn**



**Parent Company Revenue Highlights**

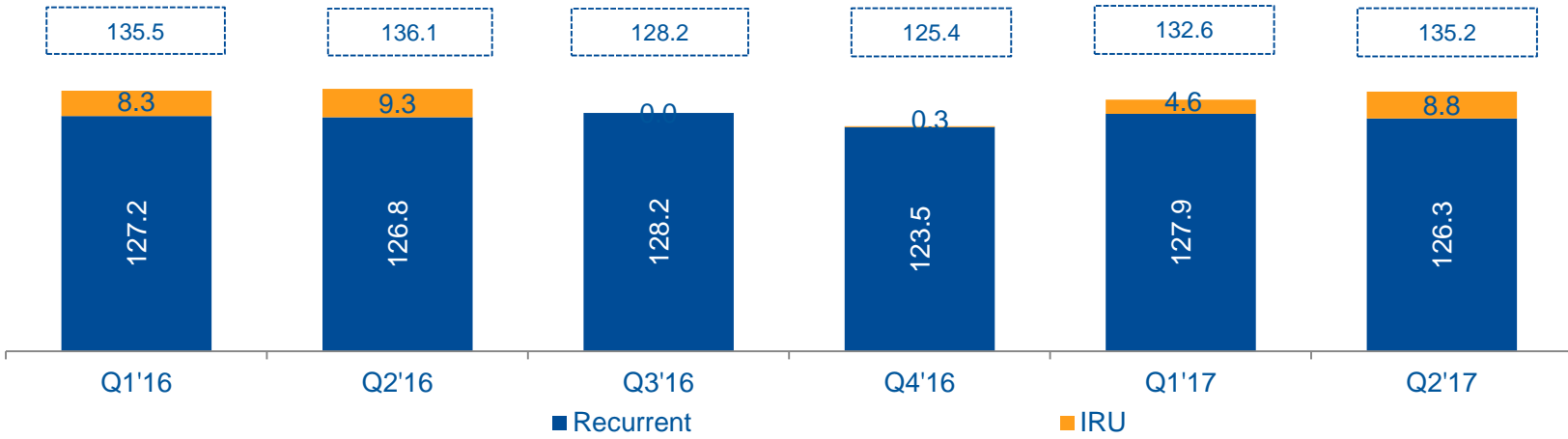
- **Parent company revenue has declined by 0.6% compared to last year.** However, retail revenue recorded a growth;
- **4.6%** growth from Fixed Line e Retail revenues compared to last year.
- Mobile Retail revenues declined by **0.5%** compared to last year.
- **16.2%** increase in Fixed Broadband revenue.
- **10.8%** increase in Mobile Broadband revenue.
- Growth in Fixed Broadband subscriber by 14.0%.
- Growth in mobile broadband subscribers by 19.1%.
- Wholesale revenue declined by 6.5% mainly due to lower submarine capacity sales (IRU revenues).
- 71.95% Smartphone penetration in Omantel Mobile Network.
- Continue decline in voice revenues (both national and international calls).

Net Profit declined by 38.9% mainly due to higher Royalty charges of 12% compared to 7% last year.

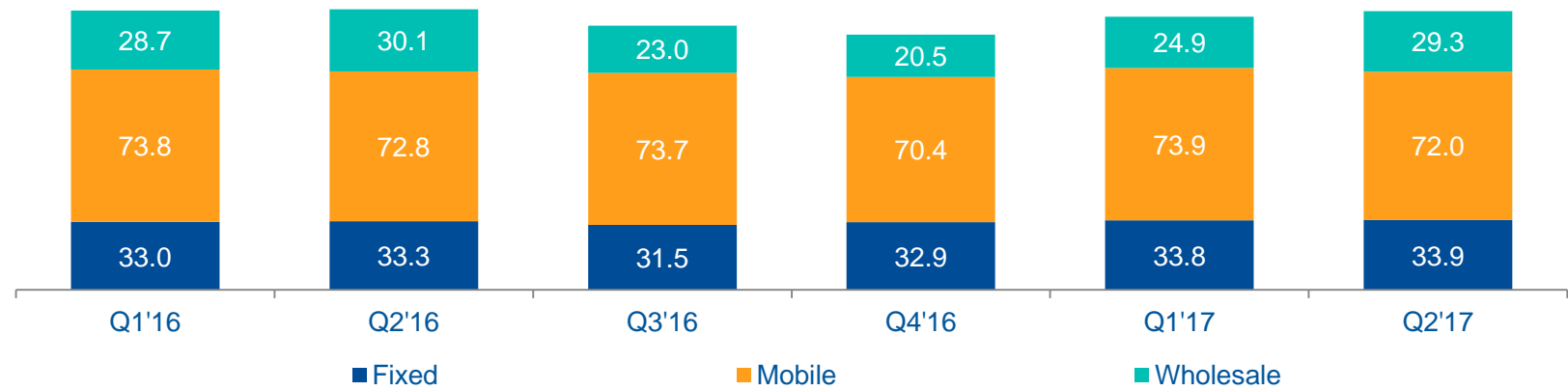


# Group Revenue - Quarterly Revenue Trend

Group Revenue in RO Mn



Group Revenue by Segment in RO Mn

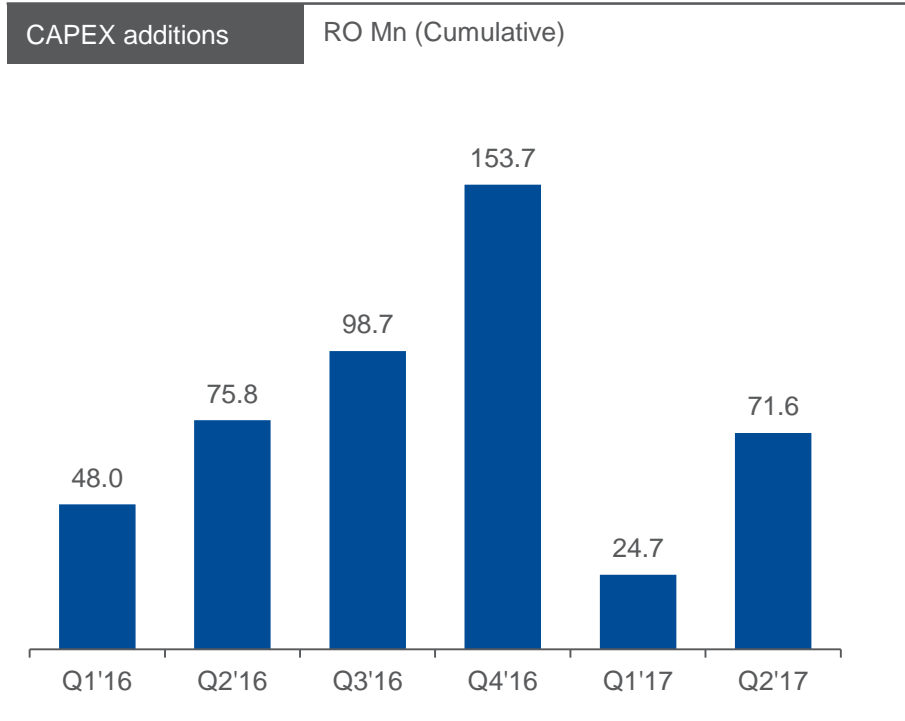
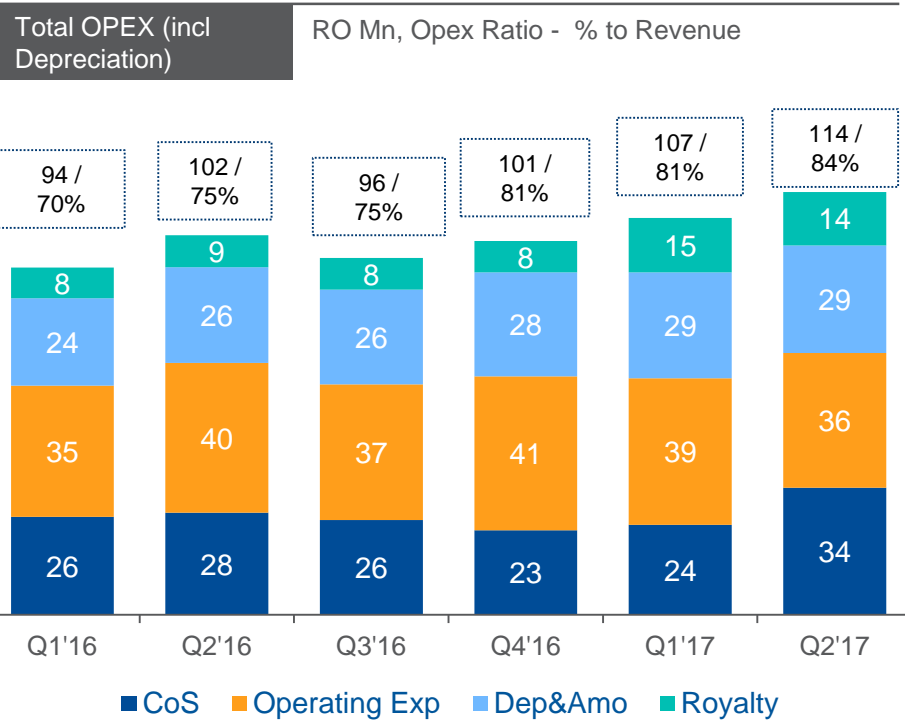


Note: IRU – Revenues from Submarine cable system based on Indefeasible Right of use (IRU), which are non-recurrent nature





OPEX ratio for Q2'17 is 82.5% mainly on account of increase in Royalty charges and Depreciation. Capex to revenue ratio is at 26.7%



Capex to Revenue ratio is at 26.7% (cumulative)

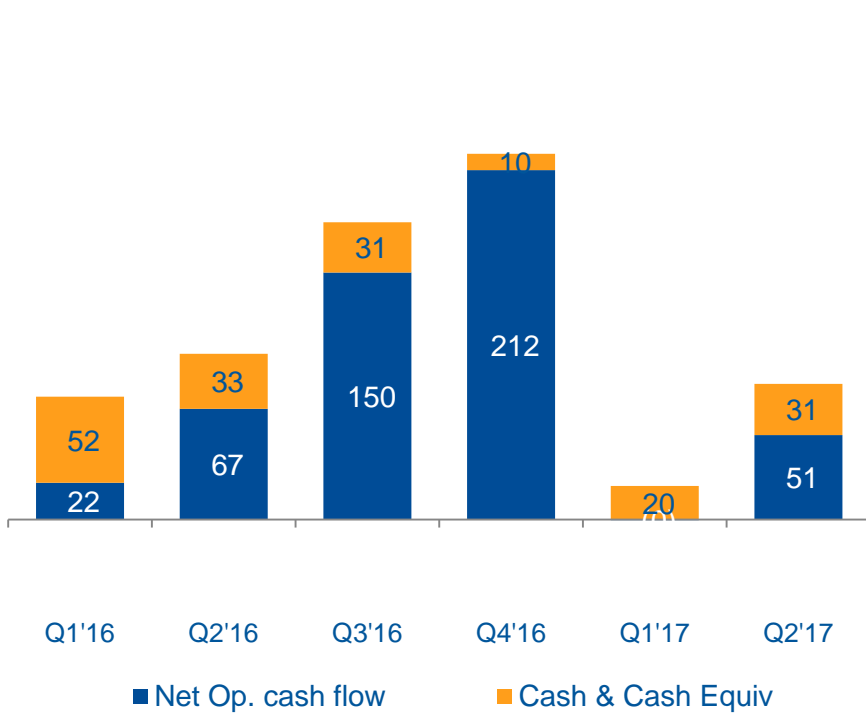
YTD Opex to Revenue ratio for Q2 2017 for Group is 82.5% and for Parent is 82.1%. Increase in depreciation amounting to RO 8.0 Mn over Q2 2016 is mainly from increased investment in network expansion both mobile and fixed networks. Employee Cost amounting to RO 2.5 Mn is capitalized

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

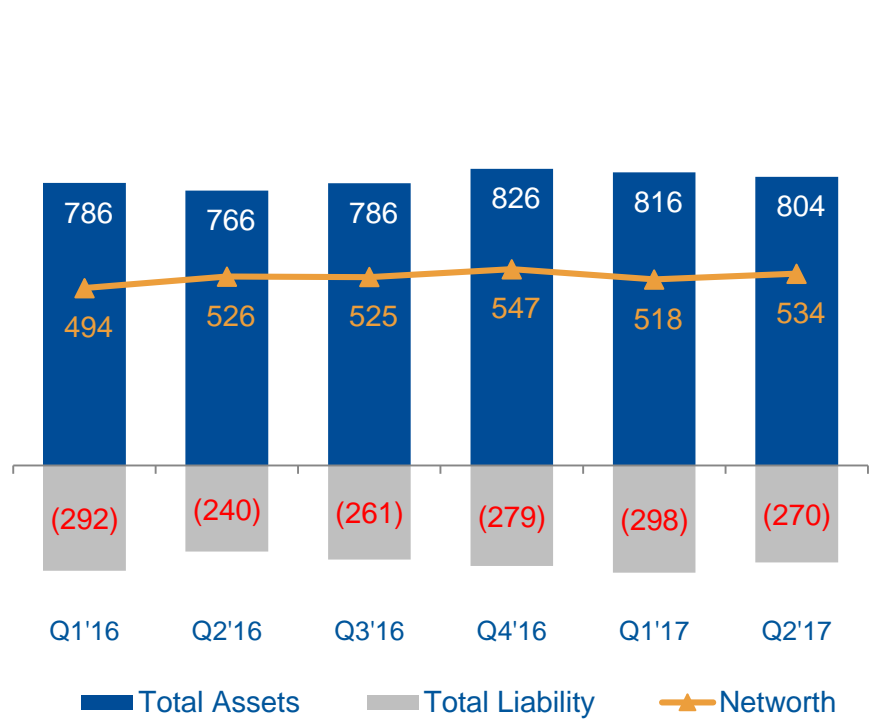


# Healthy Cash flow and strong Balance sheet

Cash Flow (Cumulative) RO Mn

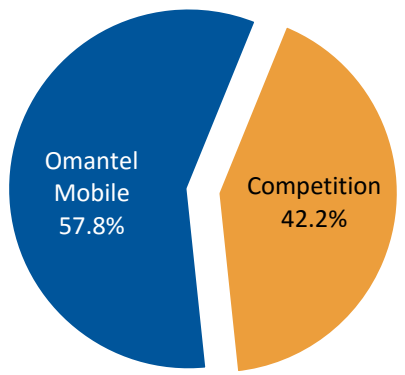


Assets, Liability & Net worth RO Mn



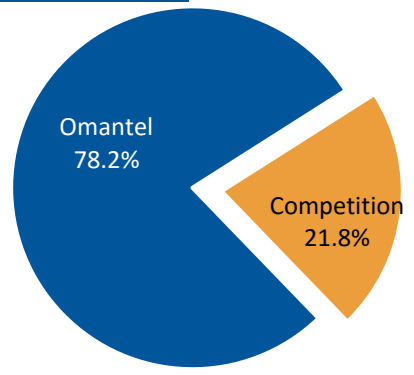
# Both Mobile & Fixed Market Share have been mostly stable during the period

**Mobile Subscriber Market share** % - including Mobile Resellers



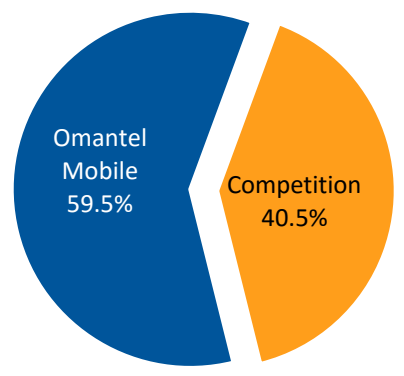
Omantel Mobile (incl Mobile Resellers) achieved a growth rate of 5.8%, net addition is around 225 K.

**Fixed Line Subscriber Market share** %

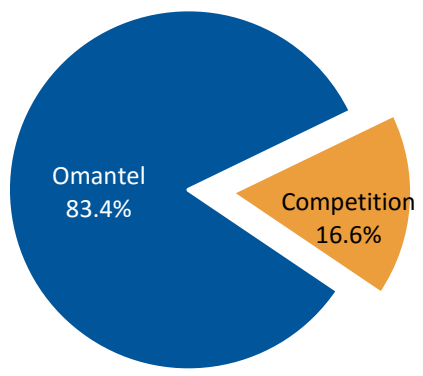


Omantel fixed line subscriber base achieved a growth rate of 8.6%, net addition is around 29 K.

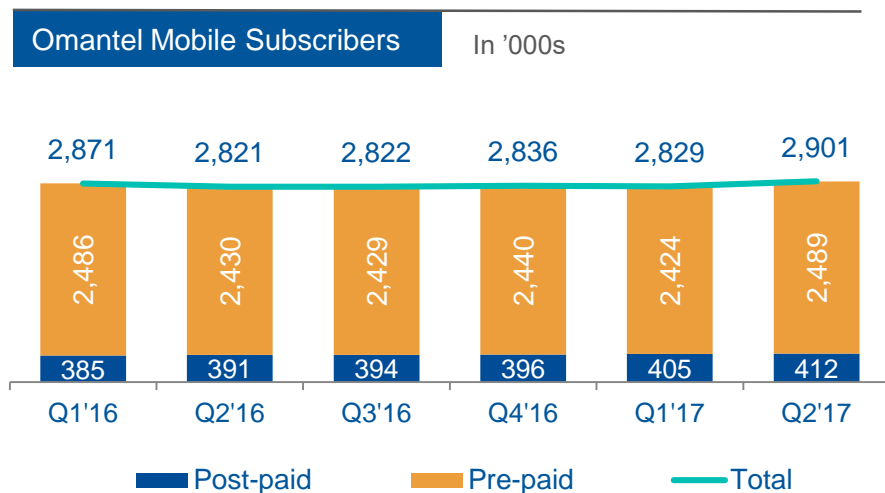
**Mobile Revenue Market share** % - including Mobile Resellers



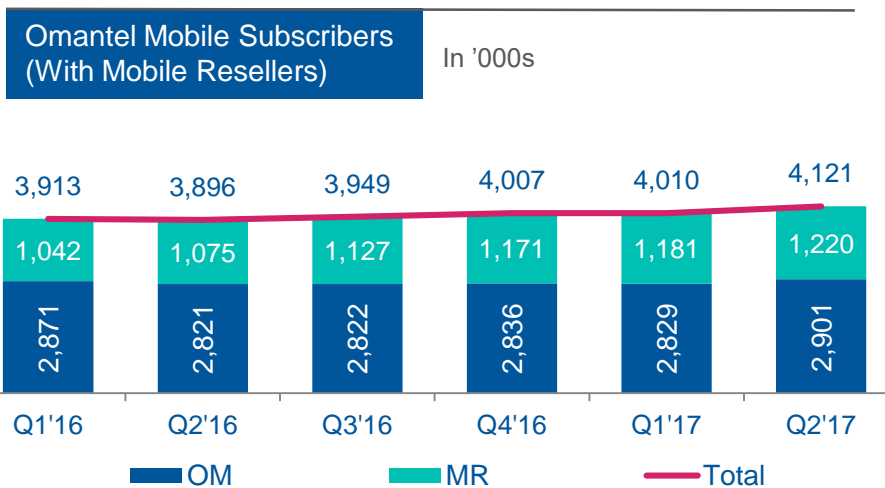
**Fixed Line Revenue Market share** %



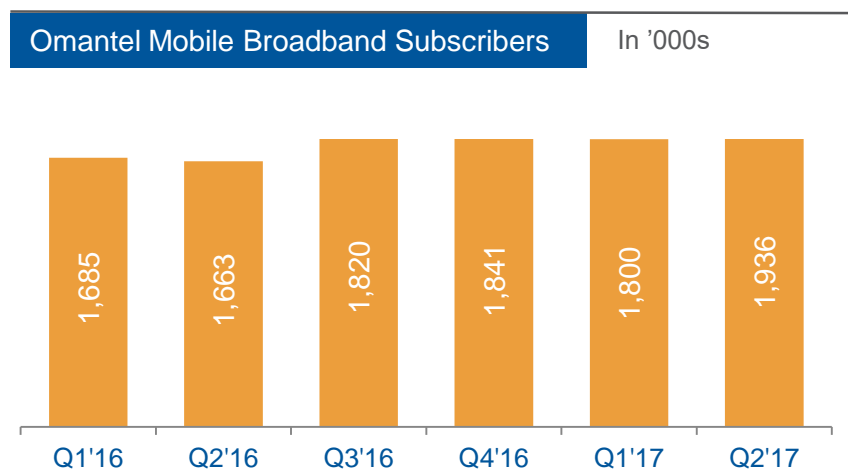
# Mobile subscriber base – Overall subscriber base including mobile resellers grown by 2.5%. Post paid achieved 5.2% growth YoY.



Growth in postpaid Omantel mobile subscriber base by 5.3% compared to Q2'16.

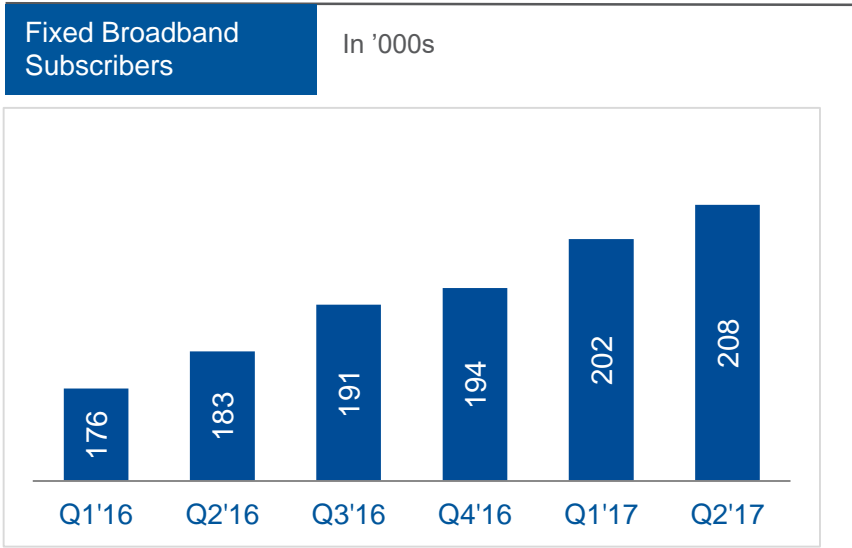


Overall Omantel mobile market grew by 5.8%.



- 1) Mobile Broadband grown by 16.4% compared to Q2'16.
- 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 1132 K as of Jun'17 compared to 950 K, an increase of 19.1%.

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

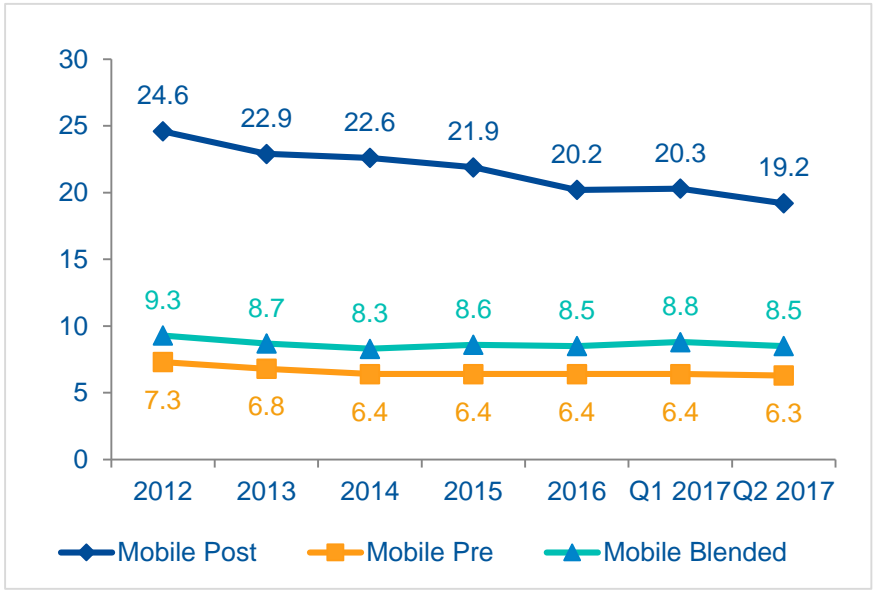


1) Fixed line subscribers include postpaid, pre-paid and payphone. Including ISDN primary, the total fixed line reported is 363,699.

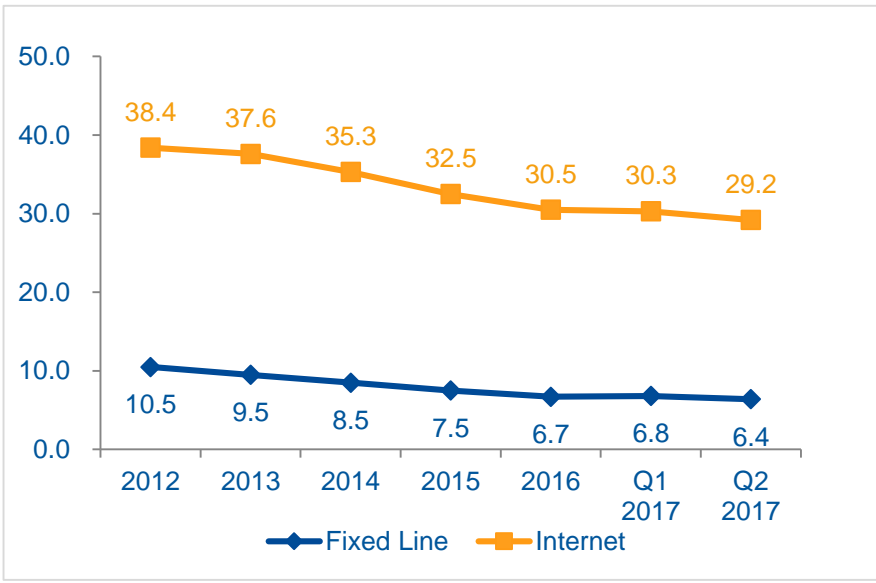
Fixed broadband increased by 14.0% compared to Q2'16.

# 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

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