

Omantel Group Performance 2014

January – December 2014

Presentation to Investor Community

Conference Call

17th February 2015 at 2 PM (Oman Time)

عمانتل
Omantel

Group Performance Highlights



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



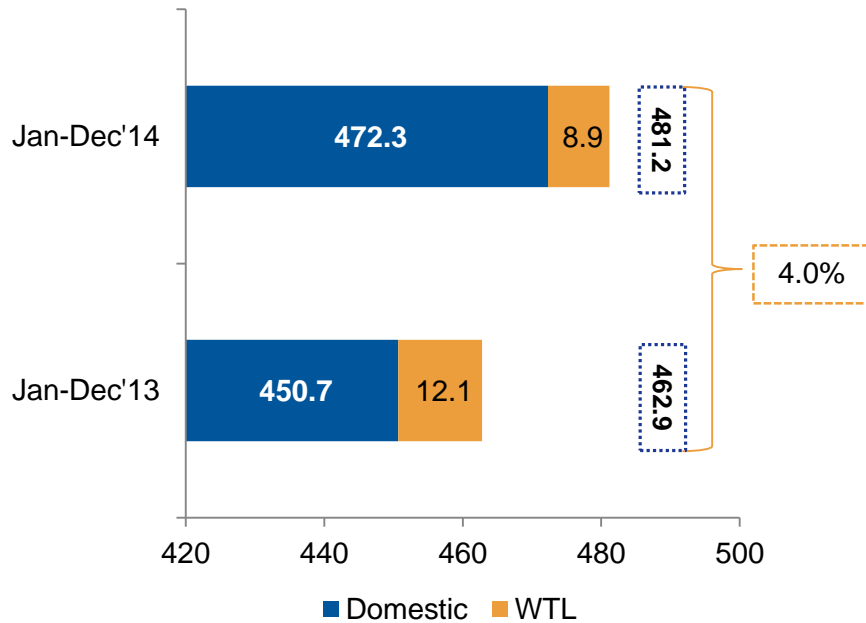
- Dividend Yield **6.8%** (*Dividend at 115 Bz / share based on 31 Dec 2014 Closing Price of RO 1.695*)
- Market Capitalization at RO 1.271 Bn (Dec'14)
- Price Earning Ratio {P/E 10.39}
- EV / EBITDA 6.01
- Price to Book Value 2.23

Group Performance Analysis

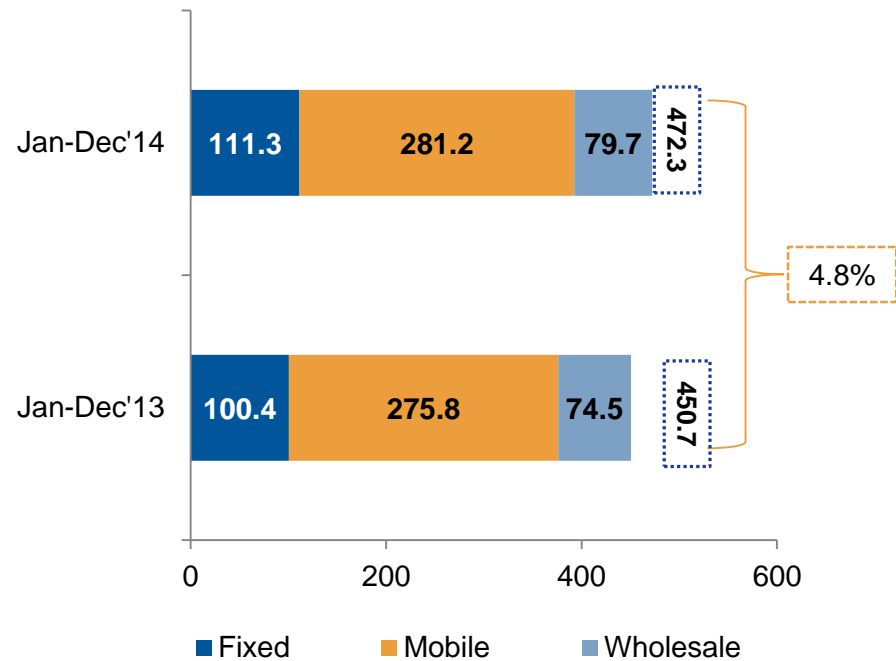


Revenues- Domestic operation Revenue grown by 4.8%, while Group Revenue has grown by 4.0%

Consolidated with Worldcall
Group Revenue in RO Mn



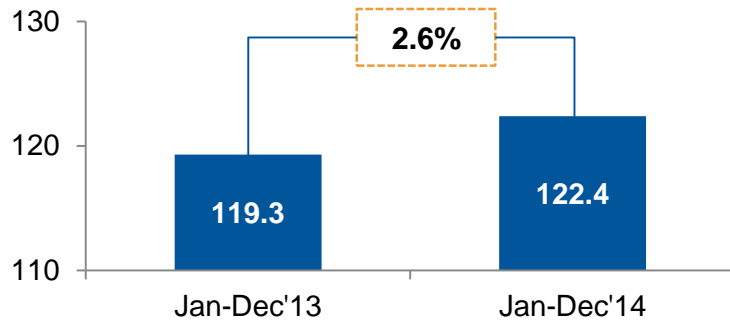
Domestic Operation
Domestic Revenue in RO Mn



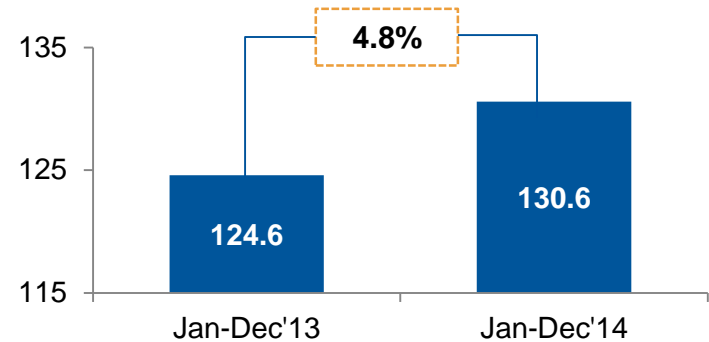
1.9% of the total revenue contributed by International operation (WTL)

Net Profit and EBITDA continue to be healthy

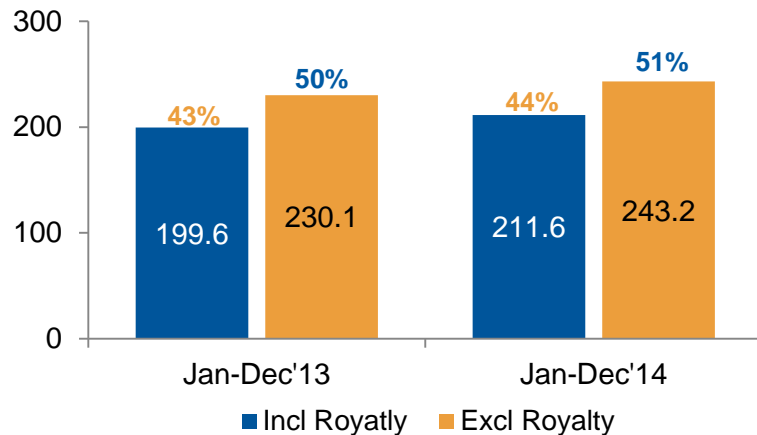
Consolidated with Worldcall
Group Net Profit in RO Mn



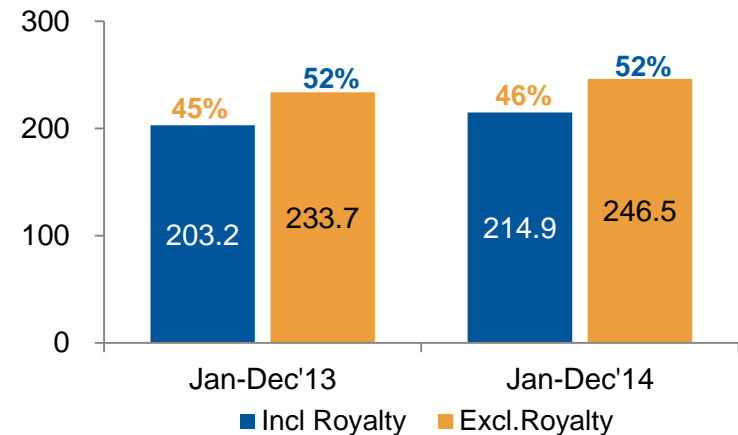
Domestic Operation
Domestic Net Profit in RO Mn



EBITDA RO Mn & %

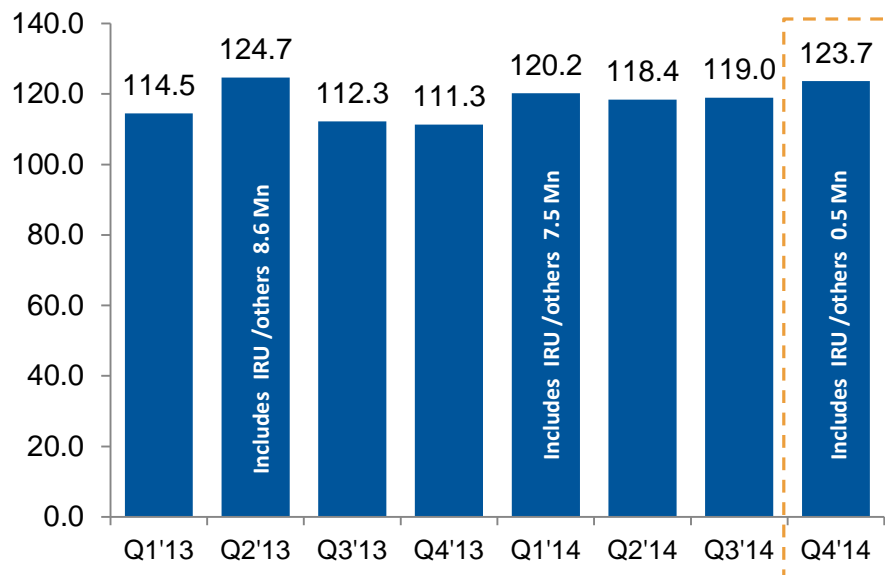


EBITDA RO Mn & %

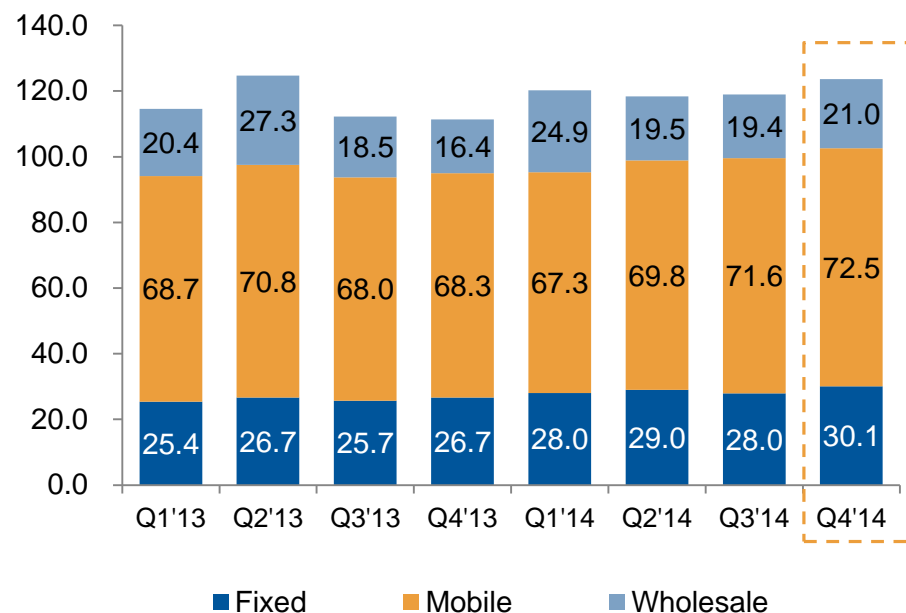


Group Revenue - Quarterly Analysis shows mobile revenue has achieved highest growth in this quarter.

Group Revenue in RO Mn

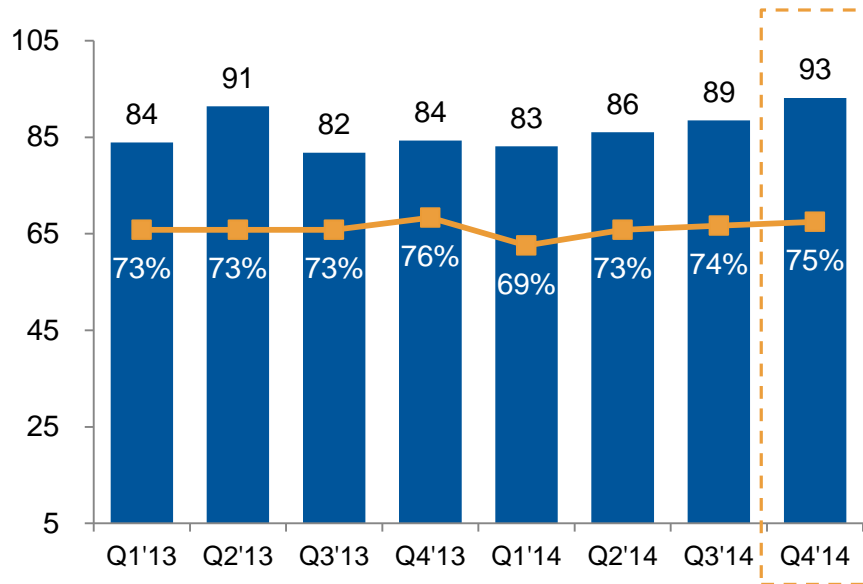


Group Revenue by Segment RO Mn



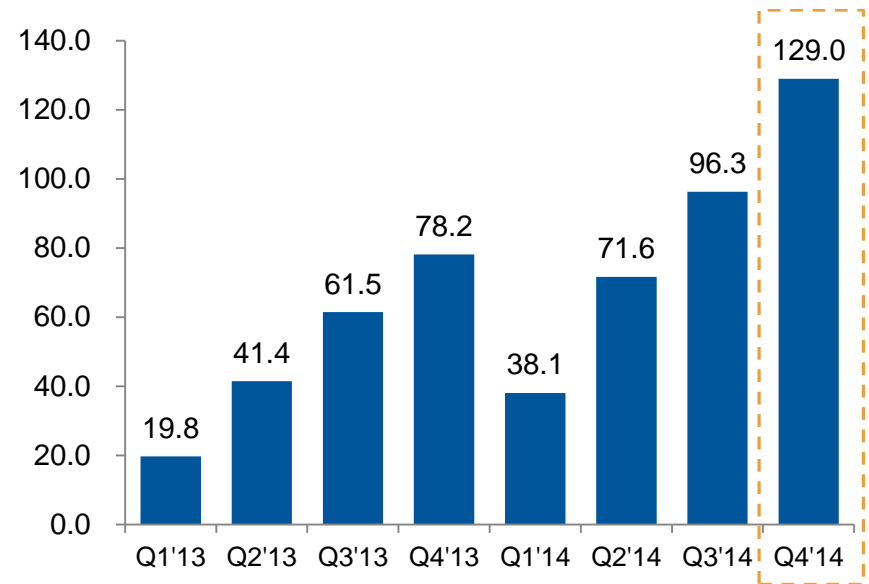
OPEX - CAPEX

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



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

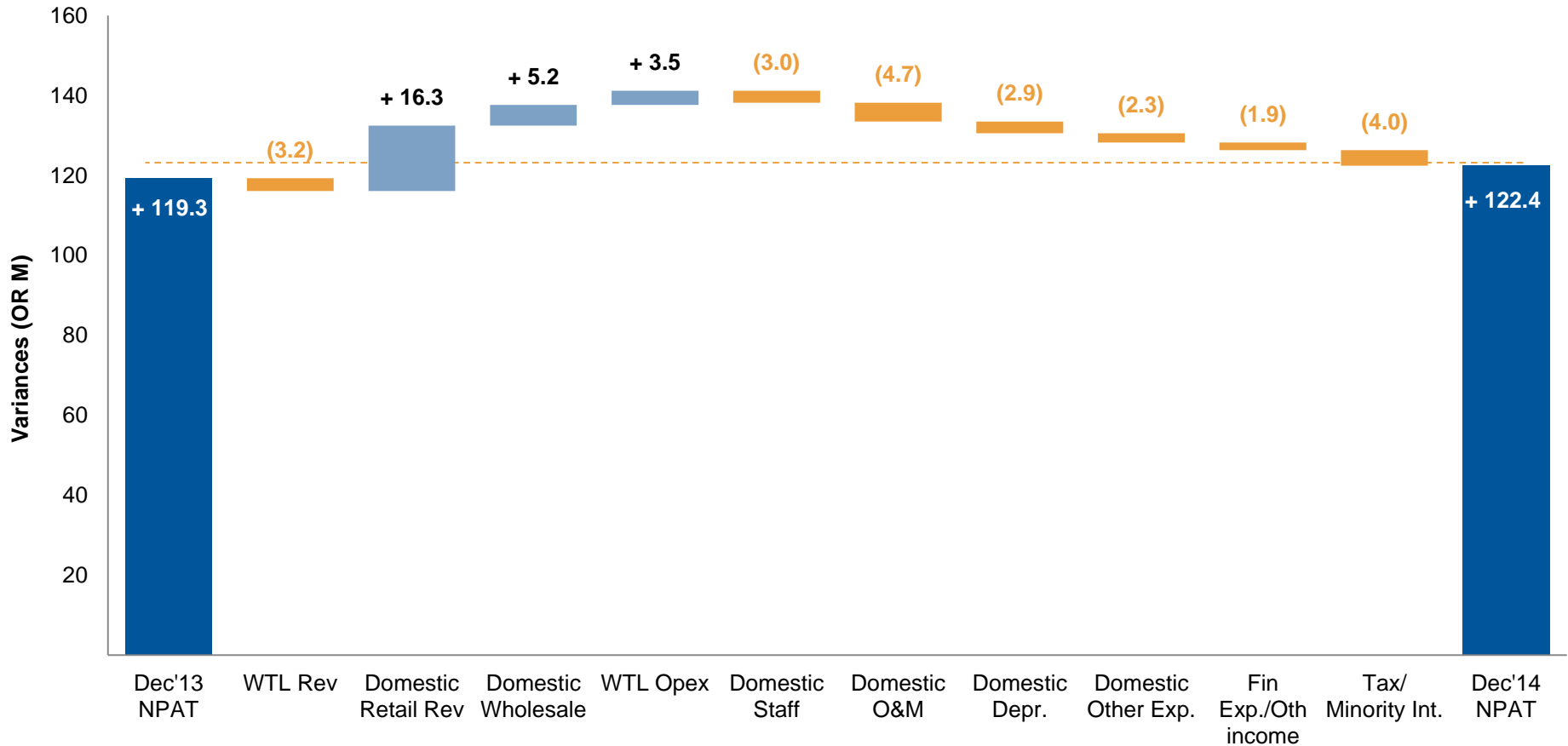
Capex Additions (Cumulative) RO Mn



Capex to Revenue ratio is at 27%

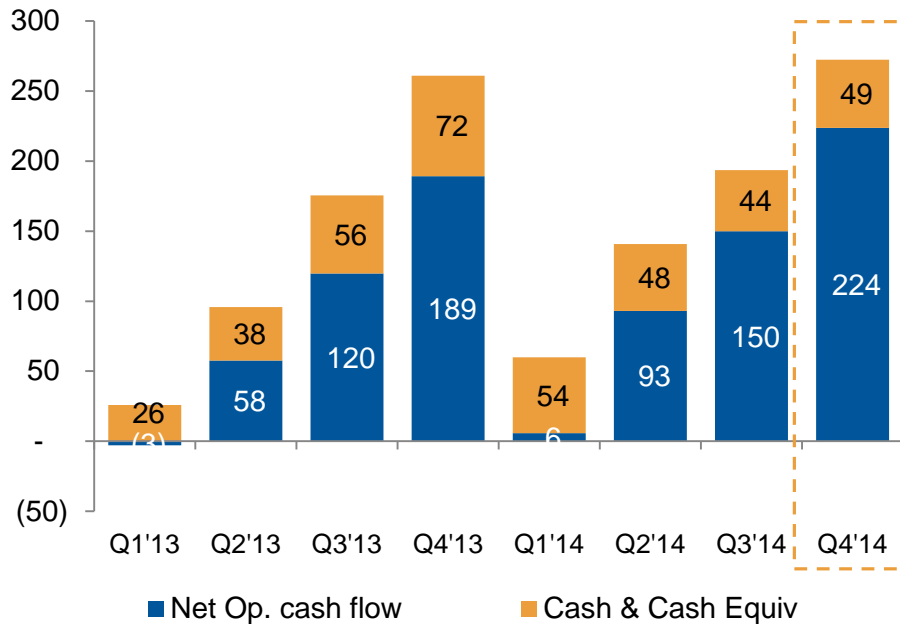
Net profit after Tax

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

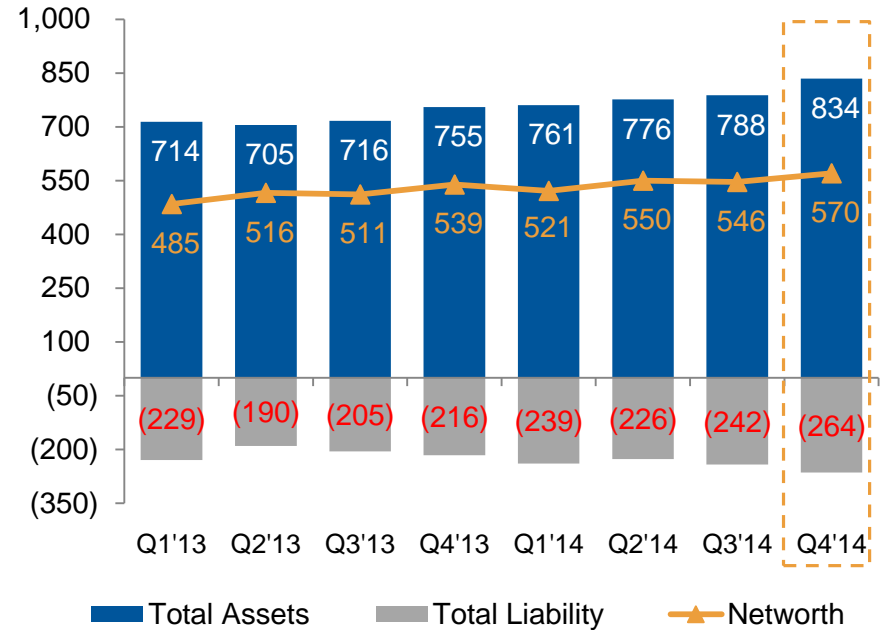


Healthy Cash flow and strong Balance sheet

Cash Flow (Cumulative) RO Mn



Assets, Liability & Net worth RO Mn



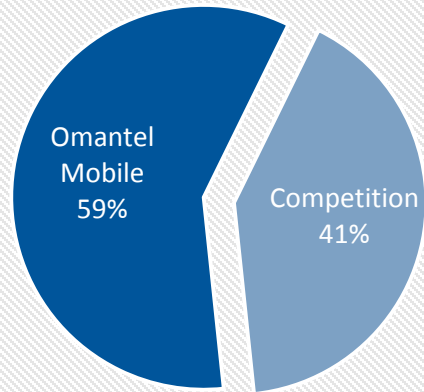
Note:

- 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

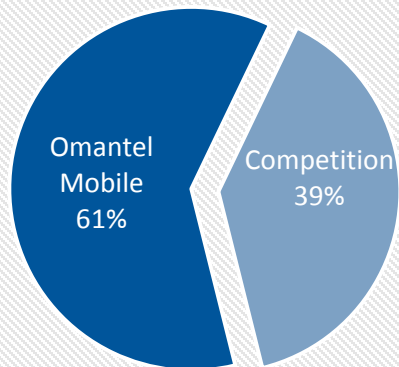
Growth & Market Share

Mobile Market Share

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



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

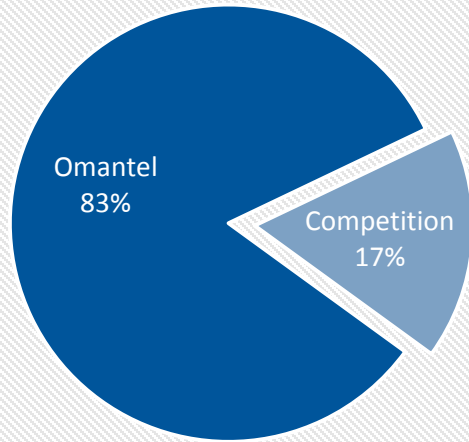


Highlights

- 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

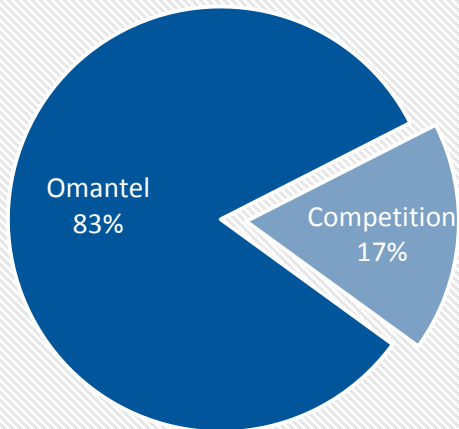
Fixed Market Share – Dec'2014



Highlights

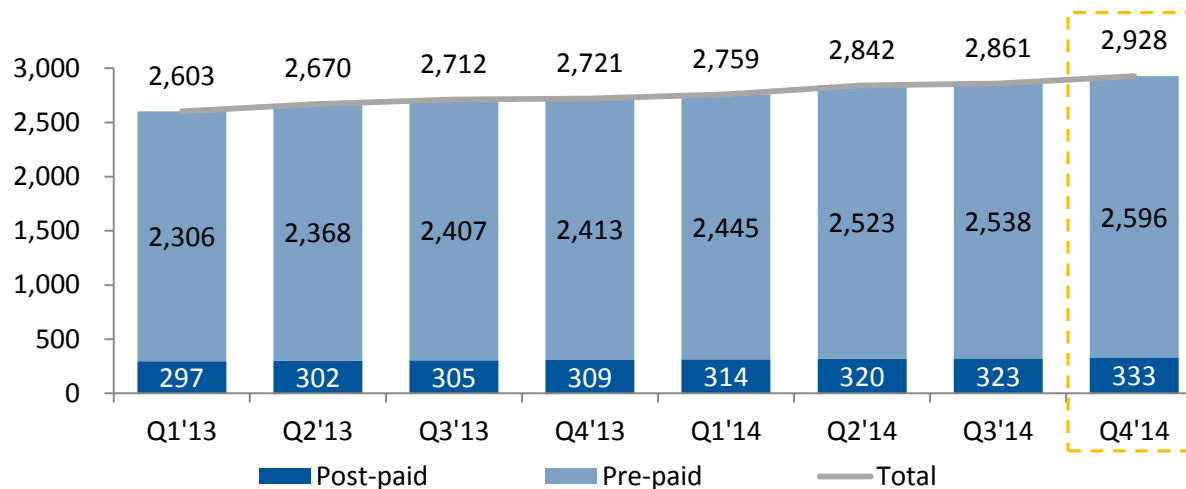
- 1) Omantel continues to be the leading fixed line operator –Subscriber market share is at 83% with Revenue market share of 83%
- 2) Total Fixed Line market grew by 6.8% as compared to Q4'13. Omantel Fixed line achieved a growth rate of 3.2%.

Fixed Revenue Share –Dec'2014

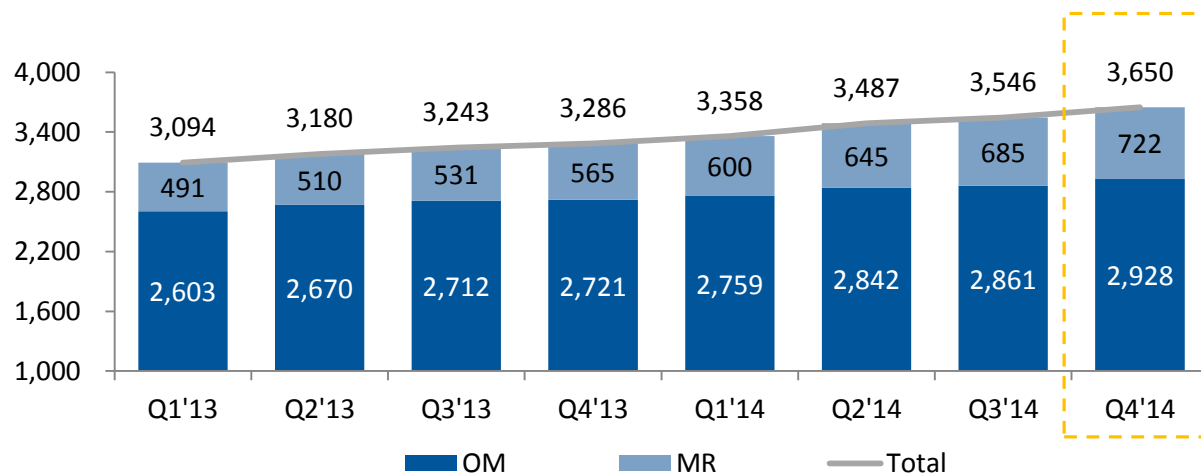


Mobile subscriber base - Quarterly

Oman Mobile Subscribers – In '000s



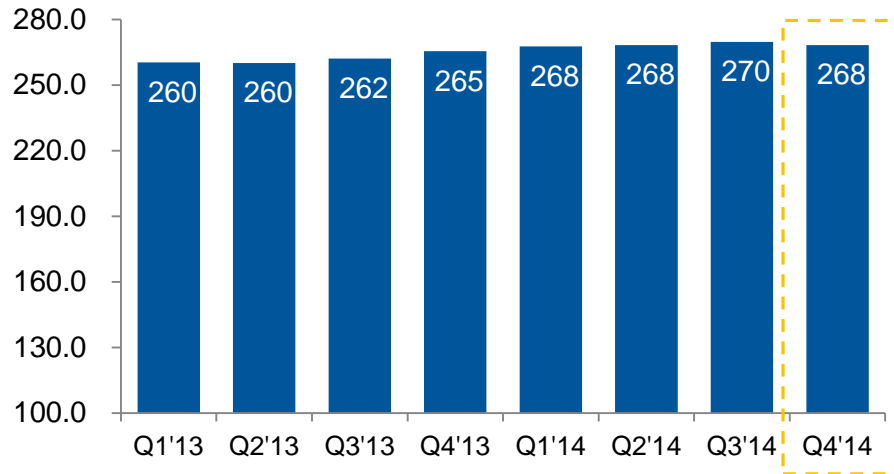
With Mobile Resellers – In '000s



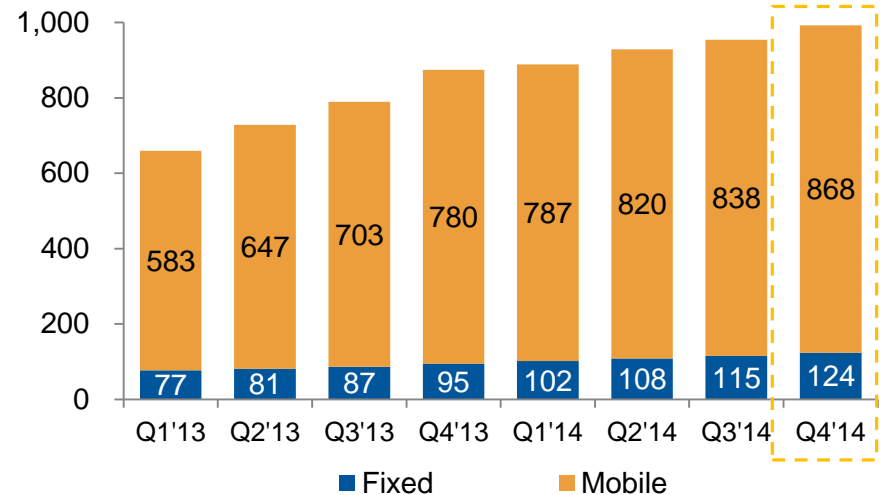
Fixed line and Broadband Subscriber base

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

Fixed Line Subscribers – In '000s



Fixed & Mobile Broadband – In '000s



Note:

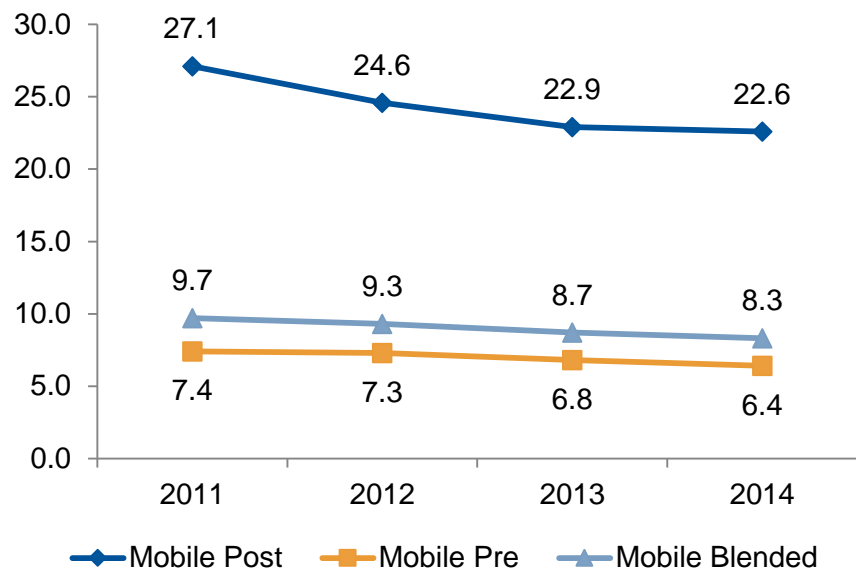
- 1) Fixed line include pre-paid and payphone.

Note:

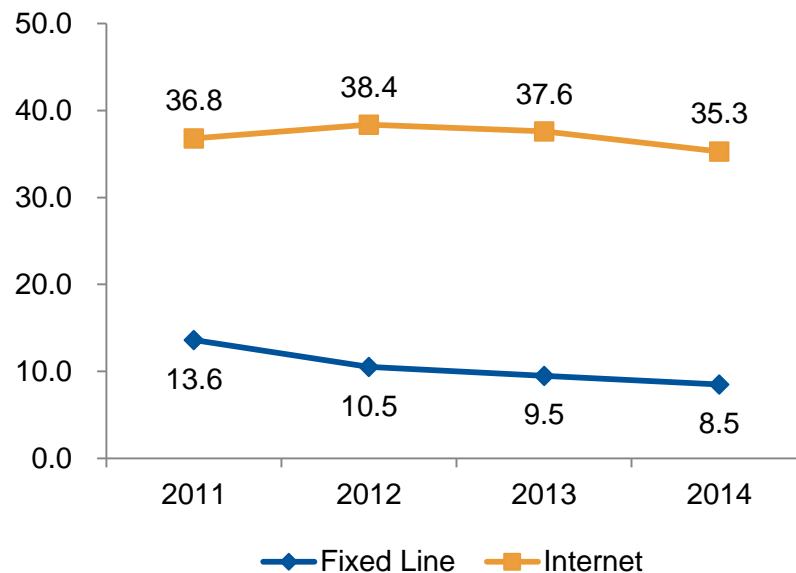
- 1) Mobile Broadband subscribers are unique subscribers subscribed to any one of the packages including Blackberry service.
- 2) Mobile Broadband subscribers including Pay As You Go (PAYG) is estimated at 1.529 Mn as of Dec'14.

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

- Mr. Talal Said Al Mamari, CEO
- Mr. Abdullah Saif Al Hosni, Acting CFO
- 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

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