



Omantel Group Performance – Q2 2018

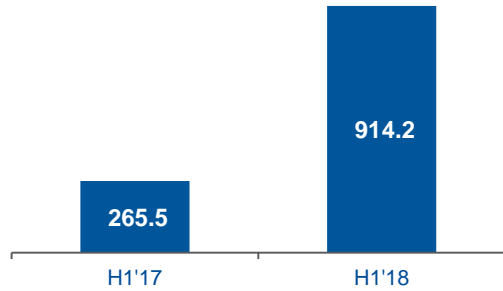
Presentation to Investor Community

Conference call

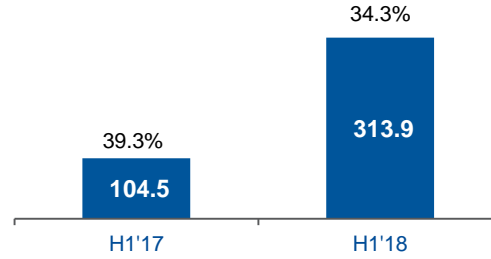
16 August 2018 at 2 PM (Oman Time)

Group Revenue for the period Jun'18 is RO 914.2 Mn with EBITDA of RO 313.9 Mn and Net Margin of RO 125.4 Mn (*net off non-controlling interest is RO 38 Mn*)

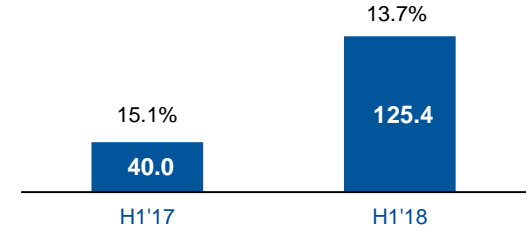
Revenue RO Mn



EBITDA – RO Mn

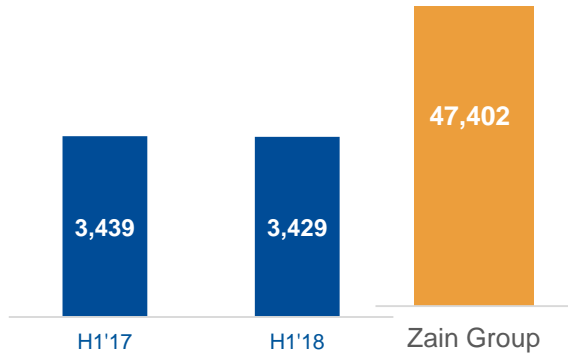


Net Profit – RO Mn



xx.x% indicate margins

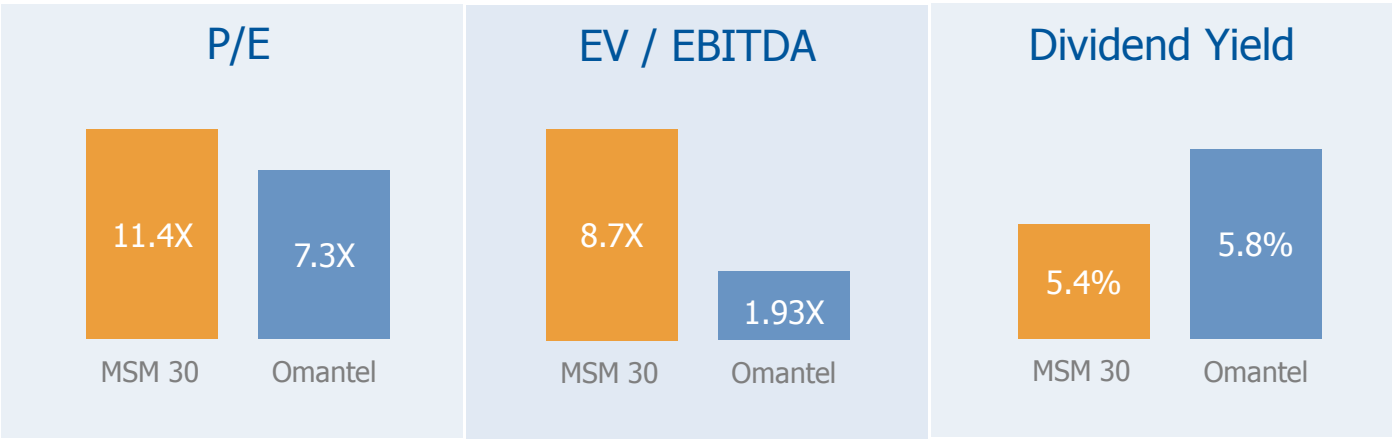
Subscribers ' 000s



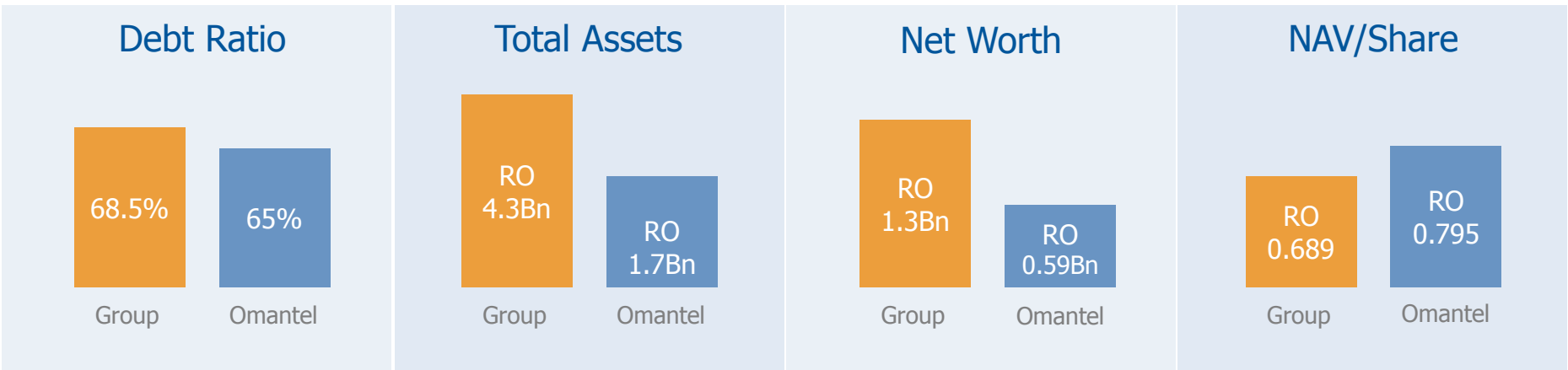
- The Group results for the period Jun'18 include fully consolidated Zain Group results, while Jun'17 does not include Zain Group results.
- Group Revenue is RO 914.2 Mn include revenues from Zain Group, which contributed RO 630.3 Mn.
- Group Net Profit after tax is RO 125.4 Mn of which Zain Group contributed RO 111.3 Mn. After adjusting for the non-controlling interest, the net profit is RO 38 Mn.
- Omantel domestic subscriber base as of June 2018 is 3.43 million (excluding Mobile Resellers) compared to 3.44 million of the corresponding period of the previous year, recording a decline of 0.3% over the last period. Domestic customer base including Mobile Resellers is 4,426 K compared to 4,660 K of the corresponding period.

Key Performance and Market Comparative Ratios benchmarked to Muscat Securities Market

Investment Performance – as of 30th June '18



Balance Sheet Ratios – as of 30th June 2018



Sources: Bloomberg, GBCM Research

Note:
 Balance sheet Ratios: Omantel Parent + Oztel SPV (100% owned by Omantel holding Zain Shares)
 EV/EBITDA MSM 30 as per Q1'18, Div Yield as per Dec'17 closing price

1 RO = US\$ 2.58

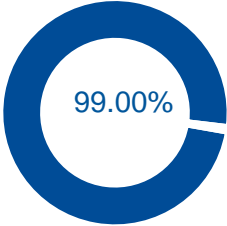
Omantel (Legal Entity) Company Performance

June 2018

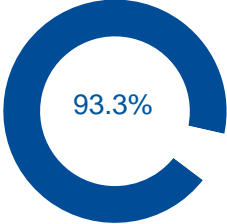
Continuous improvement in network coverage and initiatives to improve customer experience

Coverage

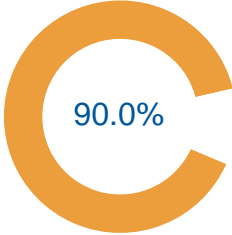
3G (Population)



4G (Population)



Fixed Broadband (Household)



Key Focus Area

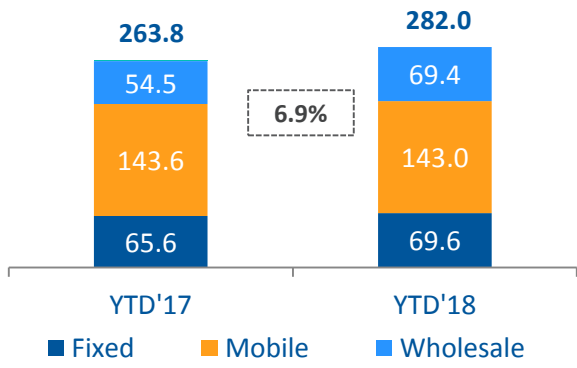
- Increased focus on Mobile Post-paid (Baqati) – Innovative offers to increase uptake on higher monthly plans .
- Continued segmented offers specifically focused on Expats engagement activities on ground with sponsorship.
- FIFA World Cup Recharge Campaign – to stimulate prepaid usage along with ground engagement activities among Youth
- Increase MBB penetration by targeting Non Data customers

Launches / Achievements

- Launch of a Tourist pack, attracting inbound roamers travelled to witnessed Khareef.
- Launched special Roaming packs - Jawazak Summer offer, giving up to 3 times Data for outbound customer travelling to 110+ countries.
- Special campaign on Makasib Loyalty program resulted in enrolling 67K high value customers.
- To enhance Data usage among non-data customers, launched special offers for NON Data customers, Hayyak Talk More for VOIP users, bonus on recharge based on preferred usage

Omantel (Legal Entity) revenue compared to last year is higher by 6.9% mainly contributed by Fixed Broadband, ICT & Wholesale Revenues. EBITDA and Net Profit are impacted due to change in revenue mix.

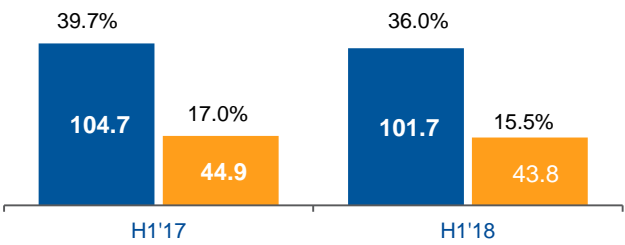
Revenue RO Mn



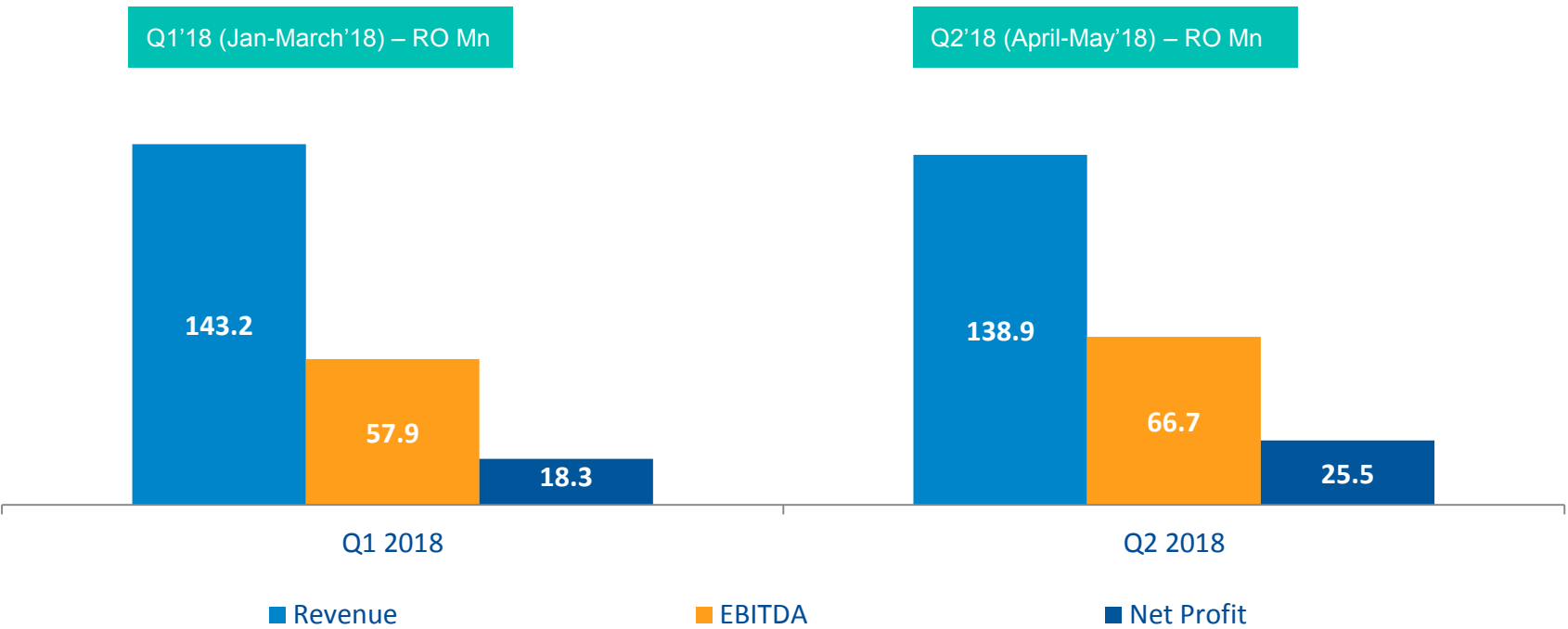
Performance Highlights

- **Omantel (Legal Entity) revenue has increased by 6.9% compared to last year.**
- EBITDA & Net Profit is 36% and 15.5% respectively, which is lower than last year.
- **6.1%** growth from Fixed Line Retail revenues compared to last year. **13.2%** increase in Fixed Broadband revenue.
- Growth in Fixed Broadband subscriber by **14.8%**.
- Mobile Retail revenues decreased by **0.2%** compared to last year mainly contributed by Device revenues.
- Wholesale revenue grown by **27.3%** mainly due to higher submarine capacity (IRU revenues) and hubbing revenues.
- **79.2%** Smartphone penetration in Omantel Mobile Network.
- Continue decline in voice revenues (both national and international calls).

EBITDA & Net Profit RO Mn



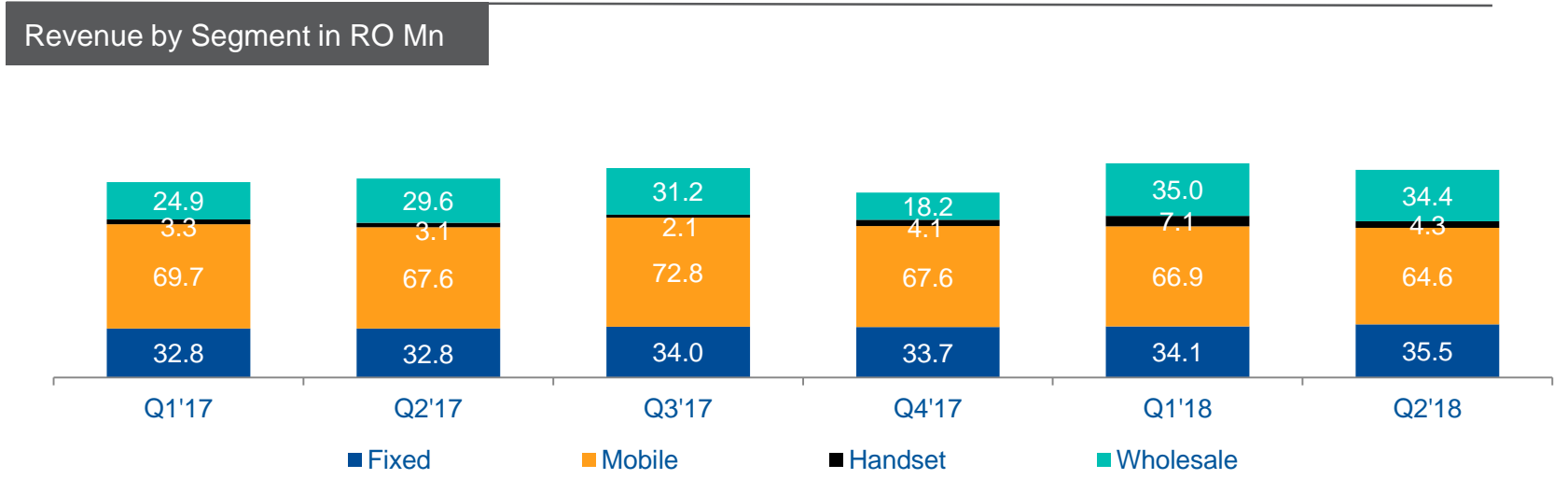
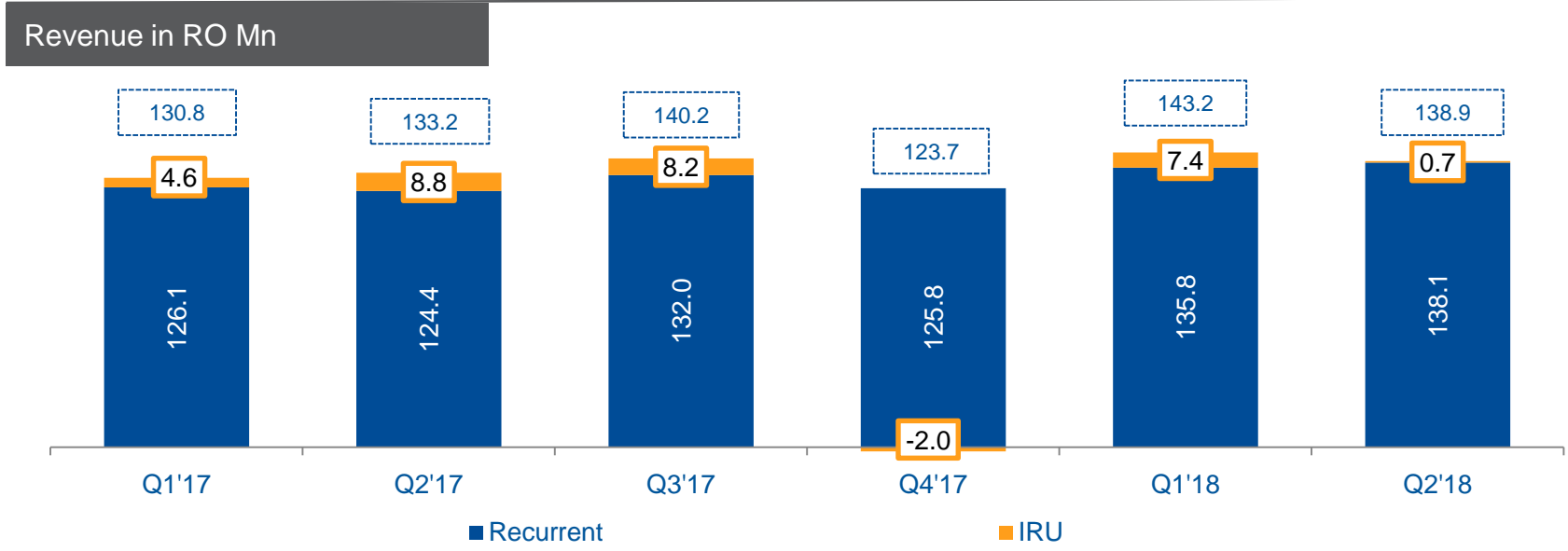
Omantel (Legal Entity) Q2'18 Financial Performance shown better EBITDA/ Net Profit margin resulting from increased gross margin compared to Q1'18.



Note:

- 1) Net Profit of the Omantel legal entity for the 6 months period ended 30 June 2018 excluding the finance costs related to Zain acquisition is RO 43.8 Mn. Total interest cost related to Zain Group acquisition for the period ended 30 June 2018 is RO 29.7Mn of which RO 19.9Mn is included in Omantel legal entity results and the remaining is accounted under group results.
- 2) Royalty for Mobile is at 12% and for Fixed Business is at 7%.

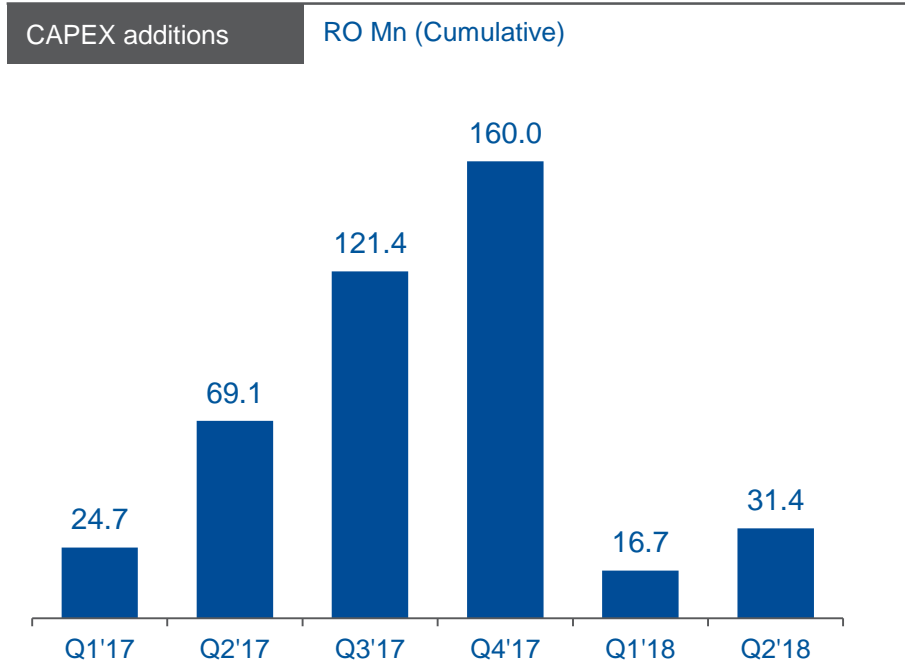
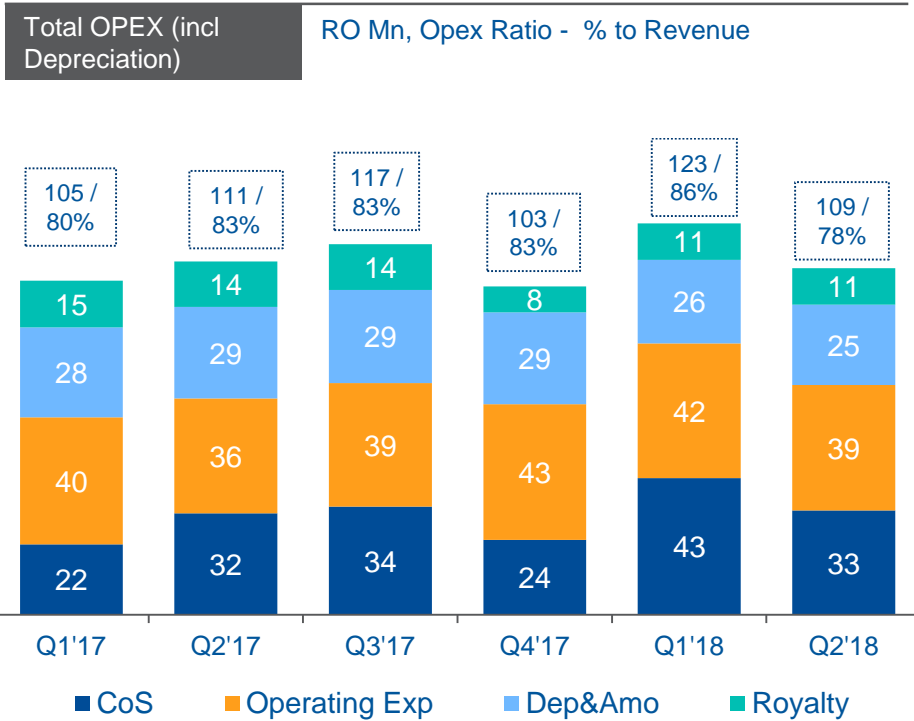
Omantel (Legal Entity) Revenue - Quarterly Trend



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



OPEX ratio for Q2'18 is 78%, which is lower than previous quarters due to improved gross margin and reduction in operating expenses. Capex to revenue ratio is at 11.1%



Capex to Revenue ratio is at 11.1% (cumulative)

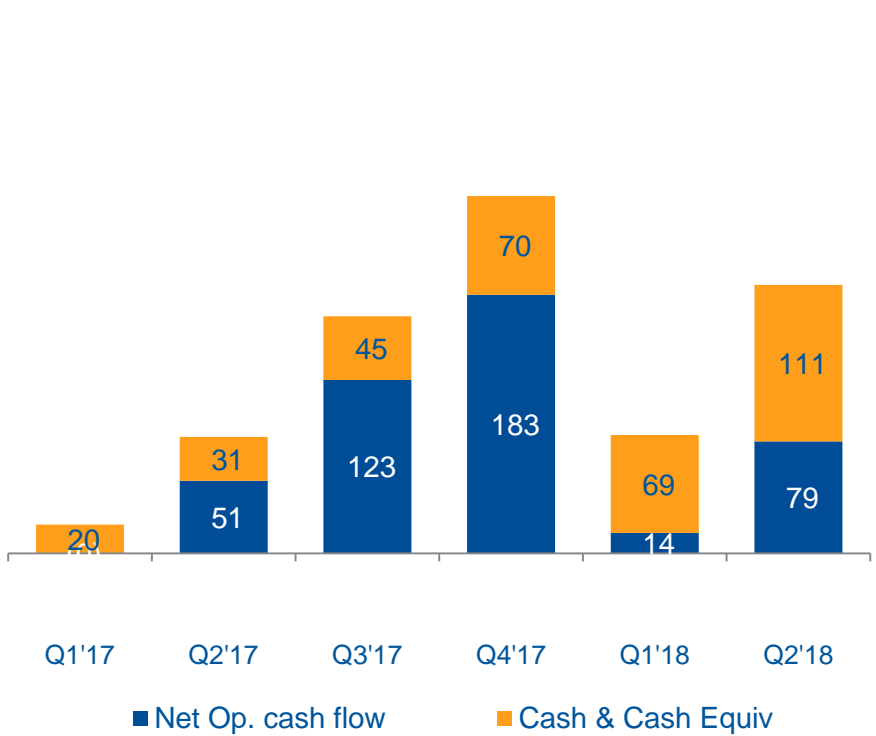
YTD Opex to Revenue ratio for 2018 is 82.4%. Employee Cost amounting to RO 3.7 Mn is capitalized

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

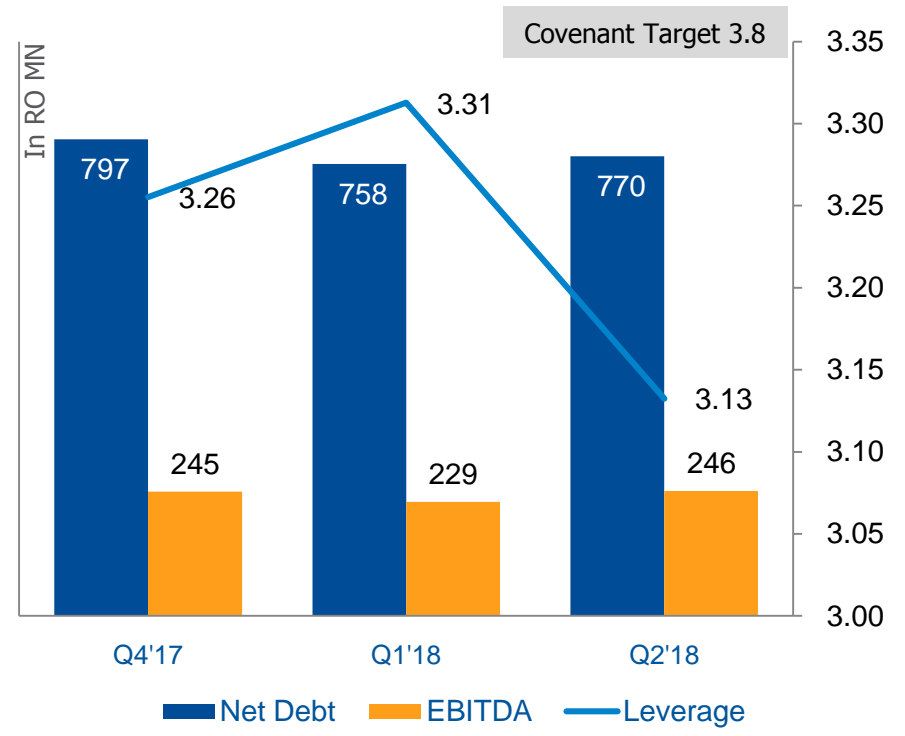


Cash flow and Net Debt & Leverage ratios

Cash Flow (Cumulative) RO Mn



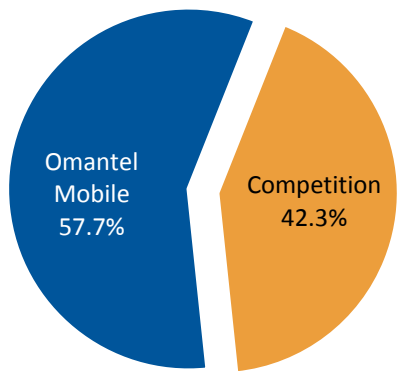
Net Debt to EBITDA (leverage ratio)



Debt Covenants: Net Debt to EBITDA (*Leverage ratio*) as per the Covenant is 3.8. Based on adj annualized EBITDA, the leverage as of June 2018 is 3.13

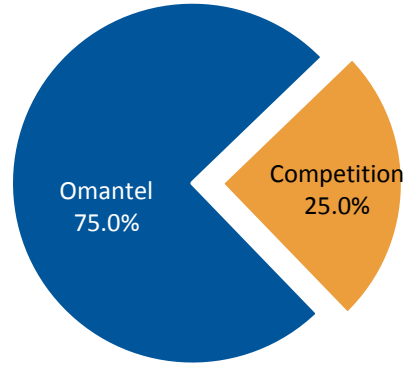
Both Mobile & Fixed Market Share have been mostly stable during the period

Mobile Subscriber Market share % - including Mobile Resellers



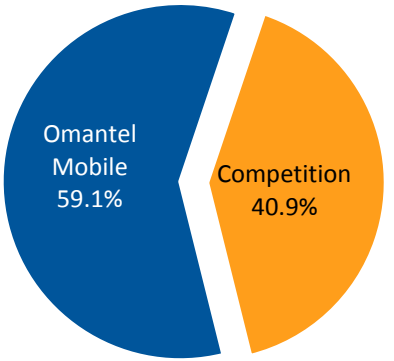
Omantel Mobile (incl Mobile Resellers) decline by 6.8%, net drop is around 279 K.

Fixed Line Subscriber Market share %

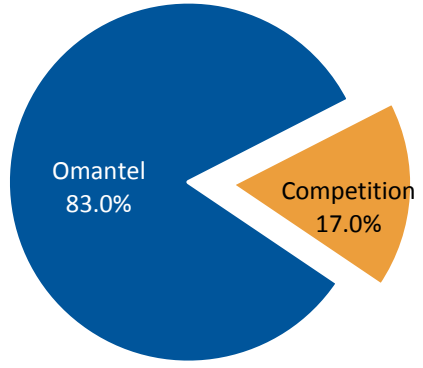


Omantel fixed line subscriber base achieved a growth rate of 10.6%, net addition is around 39 K.

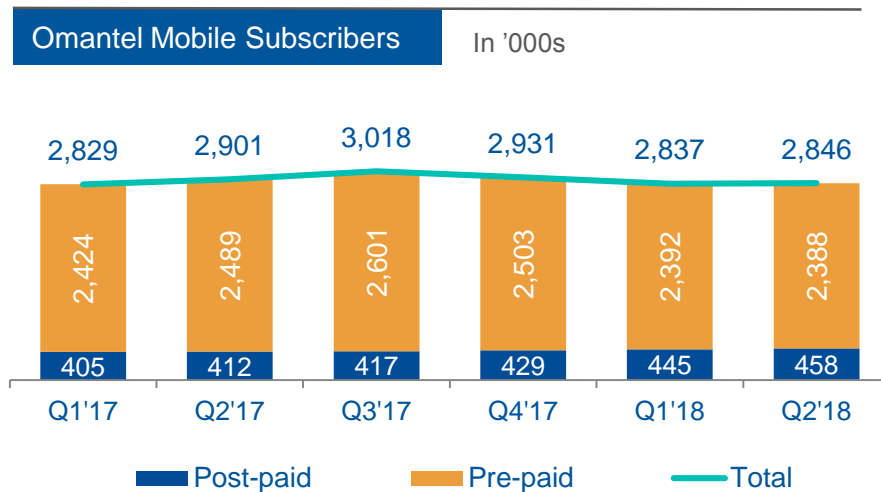
Mobile Revenue Market share % - including Mobile Resellers



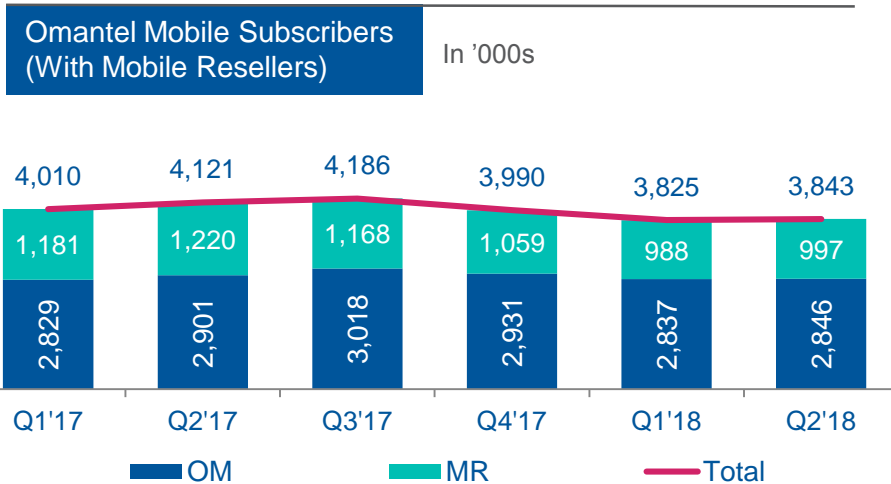
Fixed Line Revenue Market share %



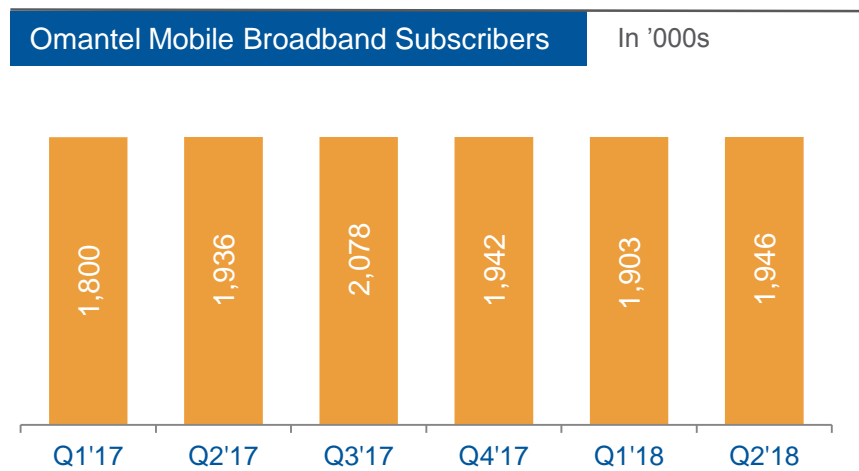
Mobile subscriber base – Post paid continue to grown and achieved 11.3% growth YoY. Total mobile subscriber base continuing the declining trend since Q3'17 due to stricter starter kit promotional measures and macro economic situation.



Growth in postpaid Omantel mobile subscriber base by 11.3% compared to Q2'17.

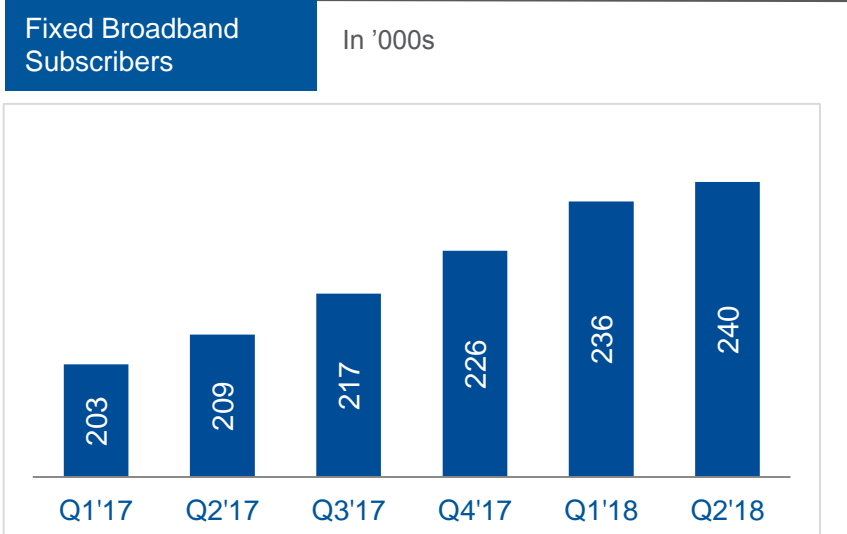
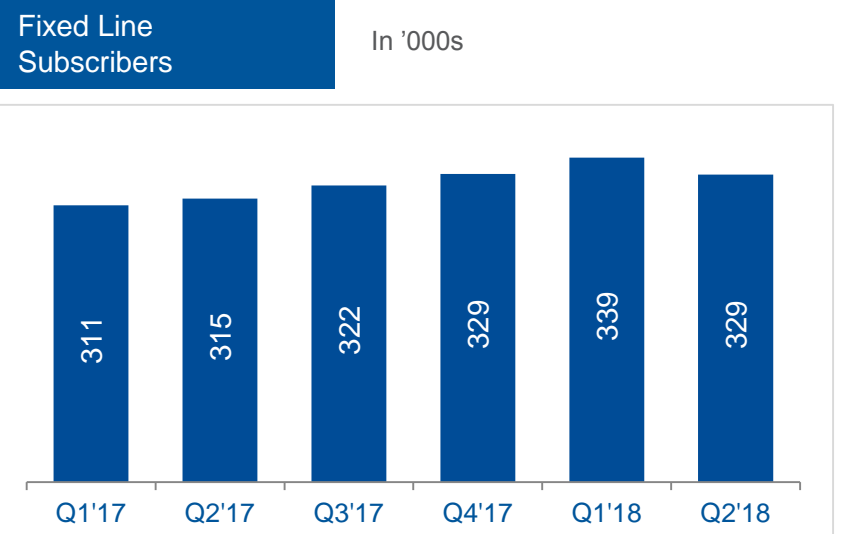


Overall Omantel mobile market declined by 6.8%.



- 1) Mobile Broadband grown by 0.5% compared to Q2'17.
- 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 1143 K as of Jun'18 compared to 1133 K, an increase of 0.9%.

Fixed line and Fixed Broadband Subscriber base continued its growth trend

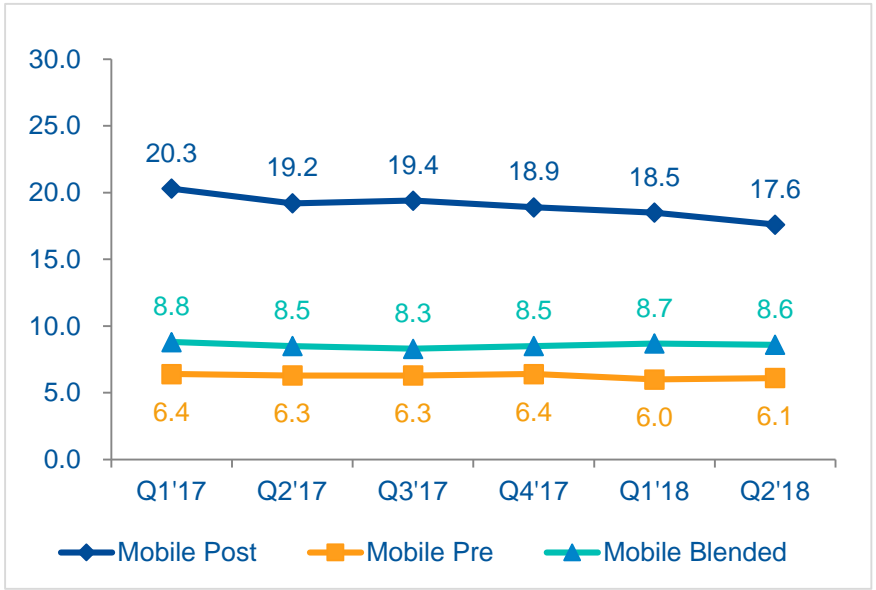


1) Fixed line subscribers include postpaid, pre-paid and payphone. Including ISDN primary, the total fixed line reported is 402,363.

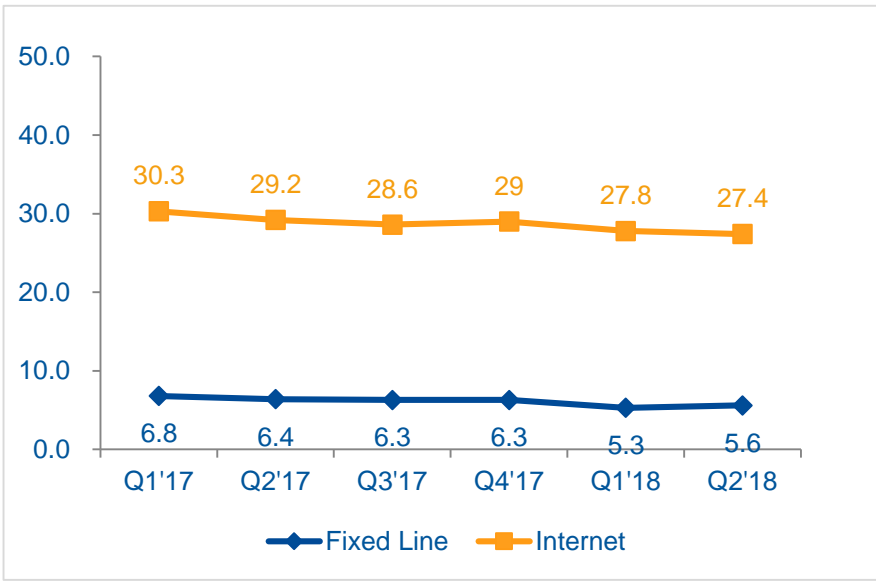
Fixed broadband increased by 14.8% compared to Q2'17.

ARPU / month for major products shows 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)

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