



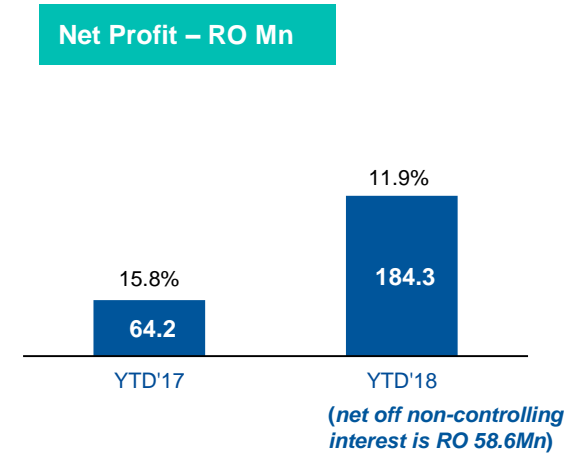
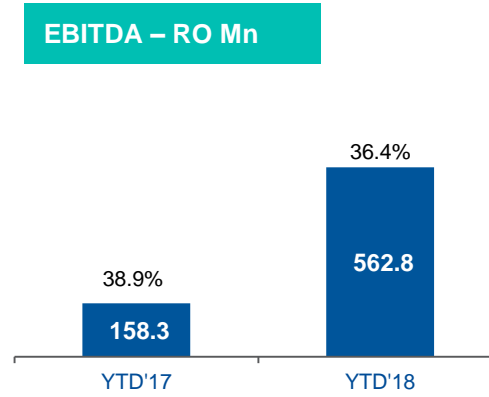
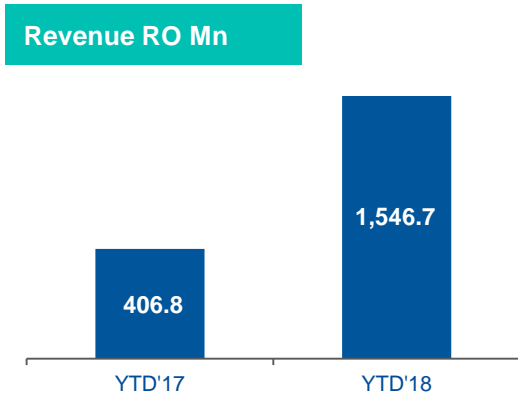
Omantel Group Performance – Q3 2018

Presentation to Investor Community

Conference call

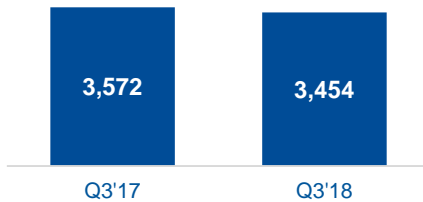
15 November 2018 at 2 PM (Oman Time)

Group Revenue for the period Sep'18 is RO 1,546.7 Mn with EBITDA of RO 562.8 Mn and Net Margin of RO 184.3 Mn

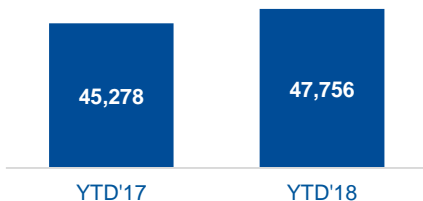


xx.x% indicate margins

Omantel Subscribers ' 000s



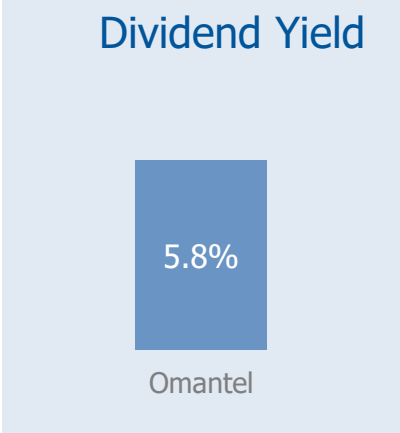
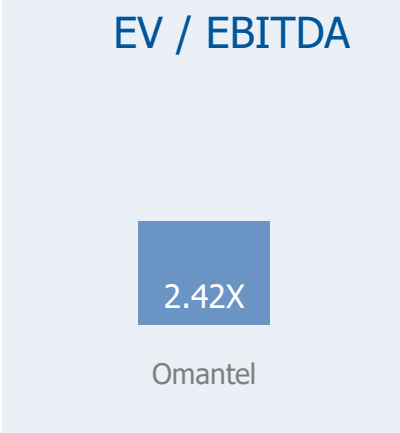
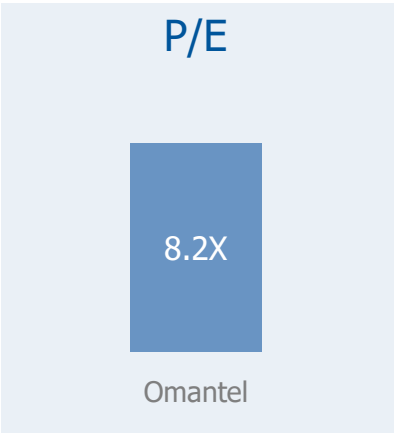
Zain Group Subscribers ' 000s



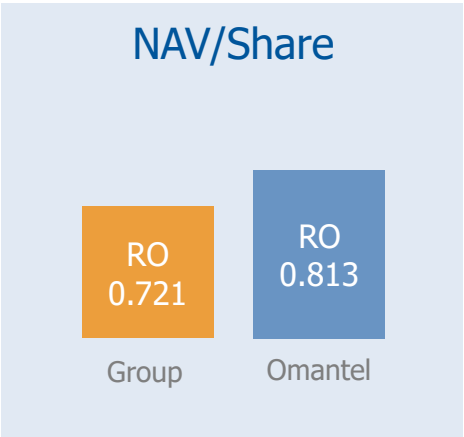
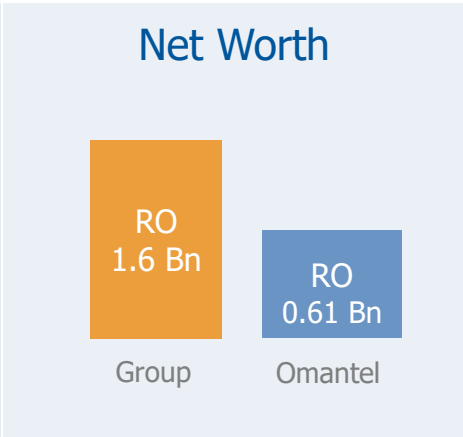
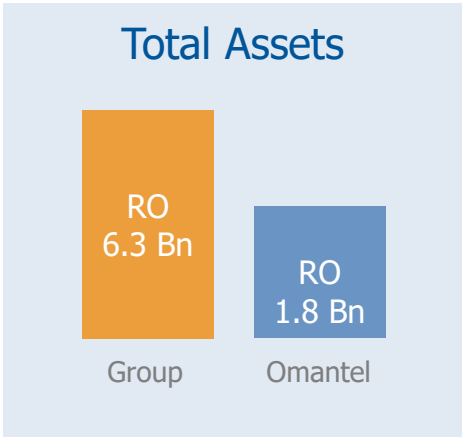
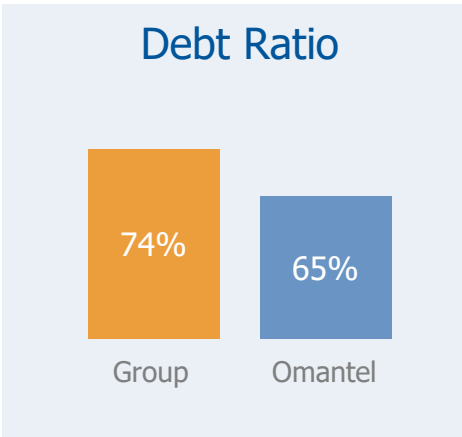
- The Group results for the period Sep'18 include fully consolidated Zain Group results, while Sep'17 does not include Zain Group results.
- Group Revenue is RO 1,546.7 Mn include revenues from Zain Group, which contributed RO 1131.8 Mn. Zain Saudi Arabia (KSA) became a subsidiary of Zain Group due to the step up acquisition during the quarter. The impact of the Zain KSA consolidation in Q3-2018 resulted in Group recording an additional RO 201 Mn in revenues and RO 75 Mn in EBITDA and RO 5 million in Net profit (pre-minority).
- Group Net Profit after tax is RO 184.3 Mn of which Zain Group contributed RO 158.9 Mn. After adjusting for the non-controlling interest, the net profit is RO 58.6 Mn.
- Omantel domestic subscriber base as of September 2018 is 3.45 million (excluding Mobile Resellers) compared to 3.57 million of the corresponding period of the previous year, recording a decline of 3.3% over the last period. Domestic customer base including Mobile Resellers is 4,448 K compared to 4,741 K of the corresponding period.

Key Performance Ratios

Investment Performance – as of 30th September '18



Balance Sheet Ratios – as of 30th September 2018



Note:

- Balance sheet Ratios: Omantel = Omantel Parent+ SPVs + Domestic Subsidiaries
- Div Yield as per Dec'17 closing price

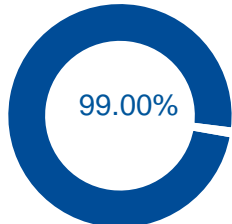
Omantel (excluding Zain Group) Performance

September 2018

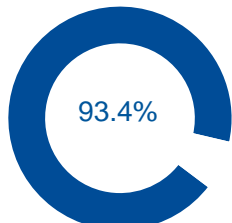
Continuous improvement in network coverage and initiatives to improve customer experience

Coverage

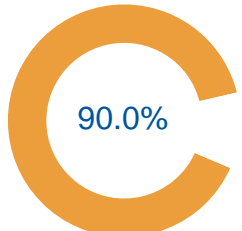
3G (Population)



4G (Population)



Fixed Broadband (Household)



Key Focus Area

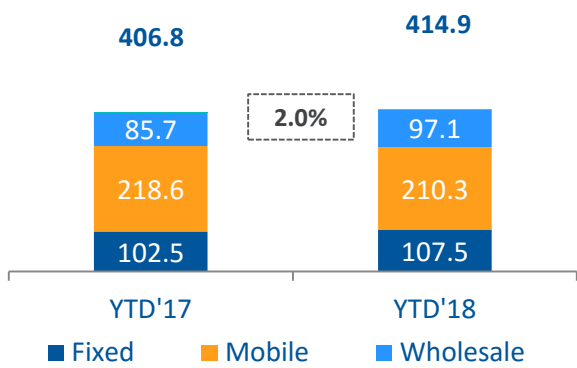
- Increased footprint in the Asian communities through targeted offers and increased engagement activities.
- Mass acquisition in Prepaid and Women segment .
- Co-branded card with Bank Dhofar
- Engage new customers with CVM offers especially in Batinah Region

Launches / Achievements

- Launched data sharing for Baqati postpaid customers to differentiate high end postpaid plans and Launched an education offers for schools and university students.
- Launched a weekly 2GB+50 mintues plan to enhance prepaid mass acquisition and Launched Namste India plan to increase the acquisition within the Indian community.
- Launched Roam Like Home offer for Postpaid customers.
- Balance utilization campaigns, Recharge and Win for inactive customers.
- Using Tasil (*innovative real time advertising*) for some real time campaigns (Education, iPhone launches, Namaste India, etc.).

Omantel (excluding Zain Group) revenue compared to last year is higher by 2.0% mainly contributed by Fixed Broadband, ICT & Wholesale Revenues. EBITDA and Net Profit are impacted due to change in revenue mix.

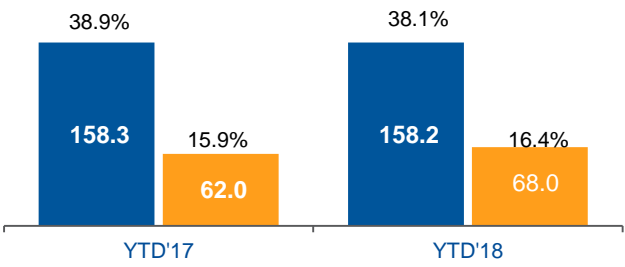
Revenue RO Mn



Performance Highlights

- Revenue has increased by 2% compared to last year.
- EBITDA & Net Profit is 38.1% and 16.4% respectively. Net Profit is higher by 9.8% compared to previous year.
- 4.9% growth from Fixed Line Retail revenues compared to last year. 13.8% increase in Fixed Broadband revenue.
- Growth in Fixed Broadband subscriber by 12.3%.
- Mobile Retail revenues decreased by 3.4% compared to last year mainly contributed by Device revenues.
- Wholesale revenue grown by 13.3% mainly due to higher submarine capacity (IRU revenues) and hubbing revenues.
- 79.7% Smartphone penetration in Omantel Mobile Network.
- Continue decline in voice revenues (both national and international calls).

EBITDA & Net Profit RO Mn

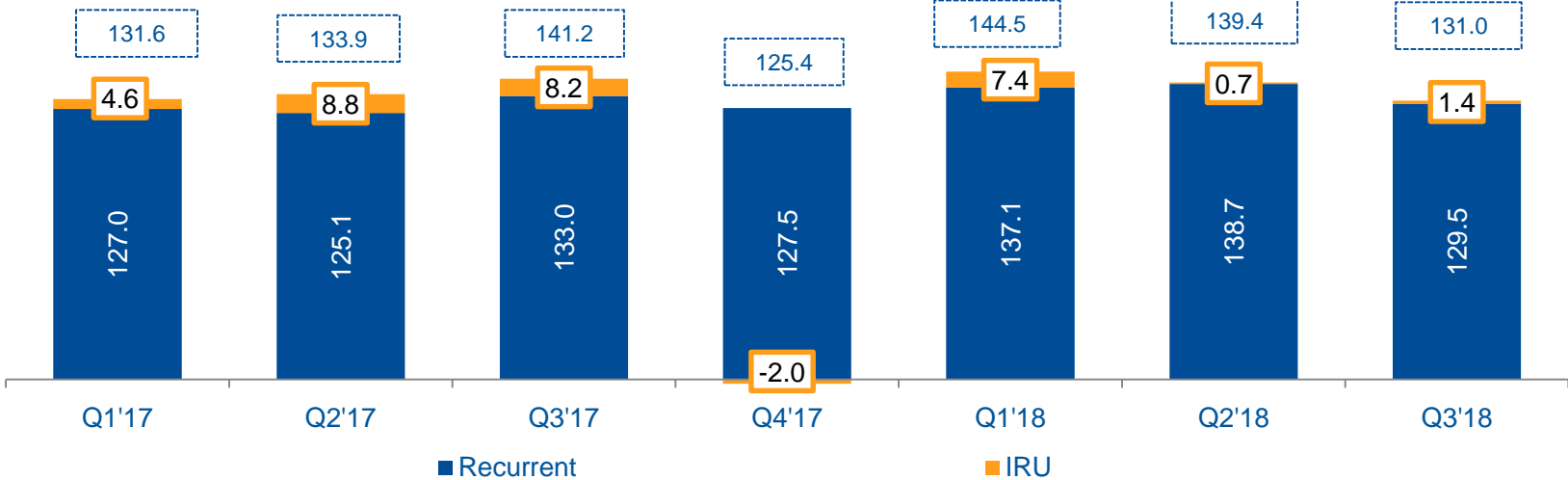


Note:
 1) interest cost related to Zain Group acquisition for the period ended 30 September 2018 is RO 43.7 Mn and the Dividend income from Zain Group amounting to RO 42.6 Mn. Excluding the finance costs & Dividend, net profit is RO 69 Mn
 2) Royalty for Mobile is at 12% and for Fixed Business is at 7%.

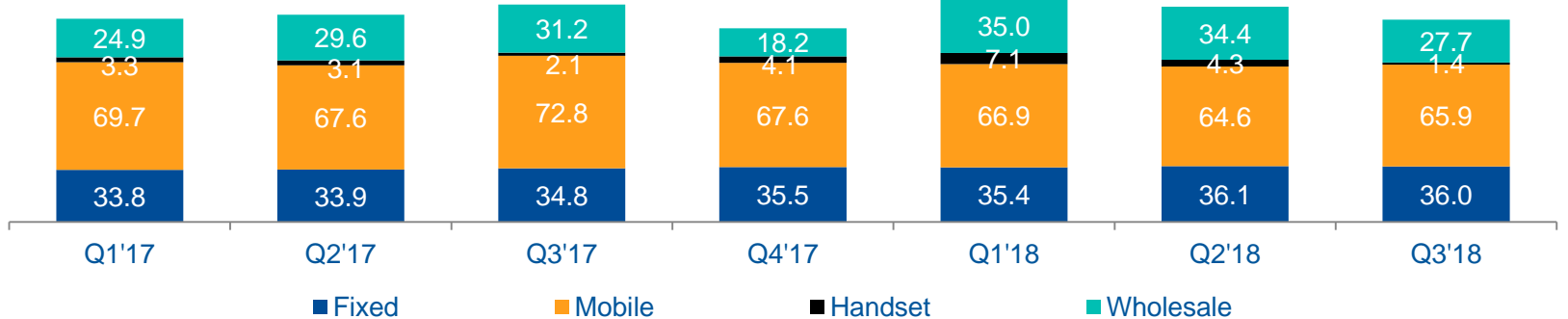


Omantel (excluding Zain Group) Revenue - Quarterly Trend

Revenue in RO Mn

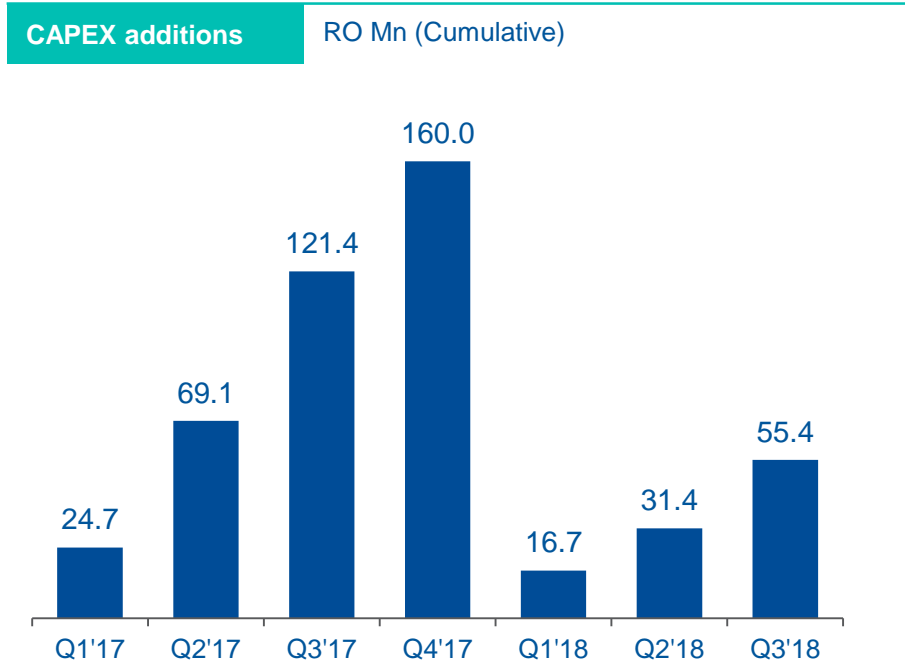
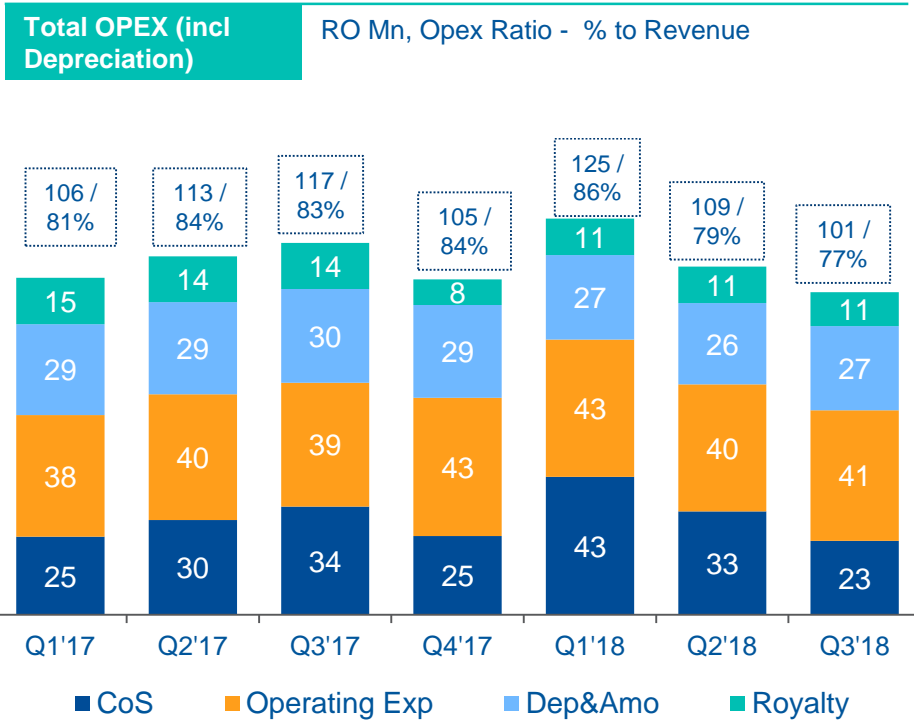


Revenue by Segment in RO Mn



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

OPEX ratio for Q3'18 is 77%, which is lower than previous quarters due to improved gross margin and reduction in operating expenses. Capex to revenue ratio is at 13.4%

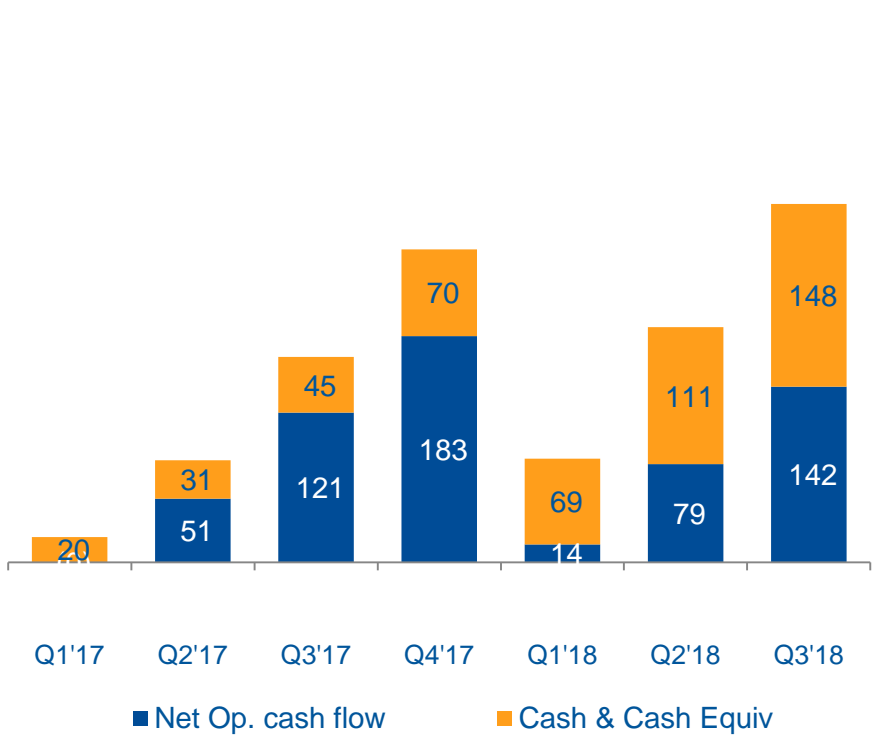


Capex to Revenue ratio is at 13.4% (cumulative)

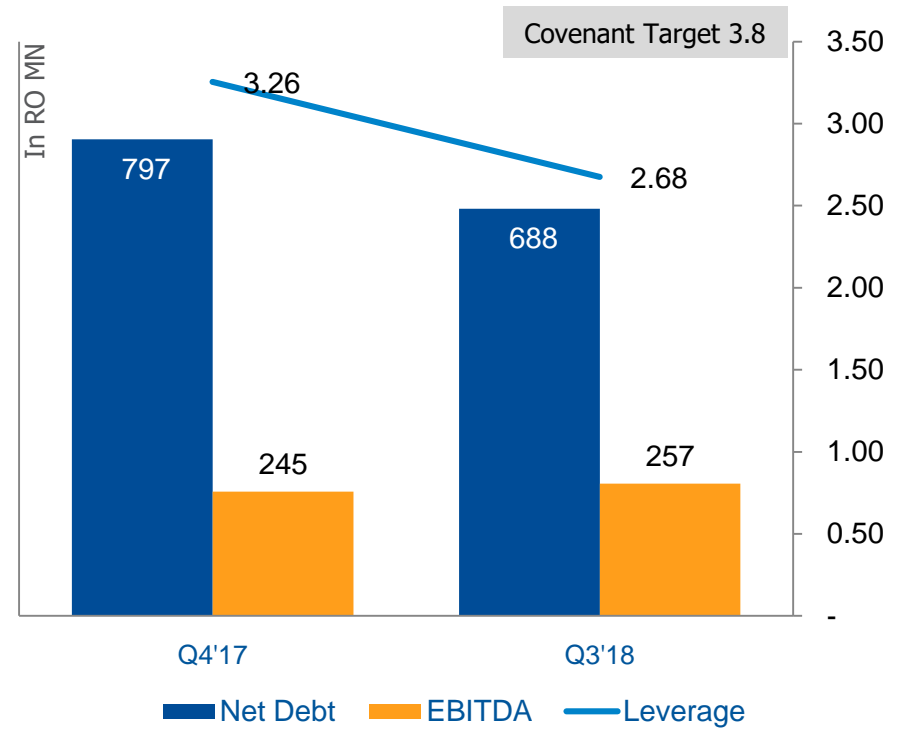
YTD Opex to Revenue ratio for 2018 is 80.8%. Employee Cost amounting to RO 5.5 Mn is capitalized

Cash flow and Net Debt & Leverage ratios

Cash Flow (Cumulative) RO Mn



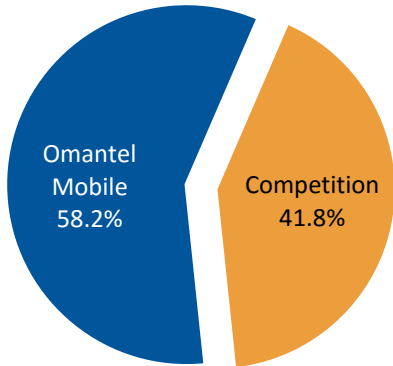
Net Debt to EBITDA (leverage ratio)



Debt Covenants: Net Debt to EBITDA (*Leverage ratio*) as per the Covenant is 3.8. Based on adj annualized EBITDA, the leverage as of Sep 2018 is 2.68

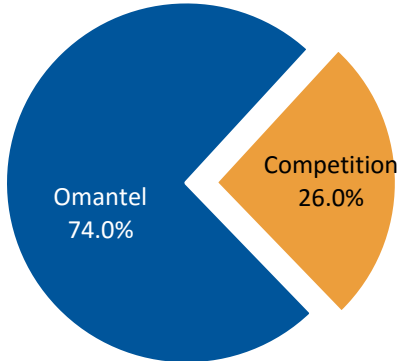
Both Mobile & Fixed Market Share have been mostly stable during the period

Mobile Subscriber Market share % - including Mobile Resellers



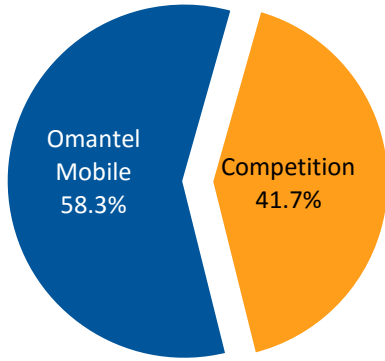
Omantel Mobile (incl Mobile Resellers) decline by 7.7%, net drop is around 323 K.

Fixed Line Subscriber Market share %

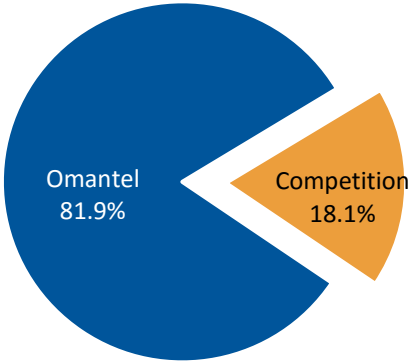


Omantel fixed line subscriber base achieved a growth rate of 7.7%, net addition is around 29 K.

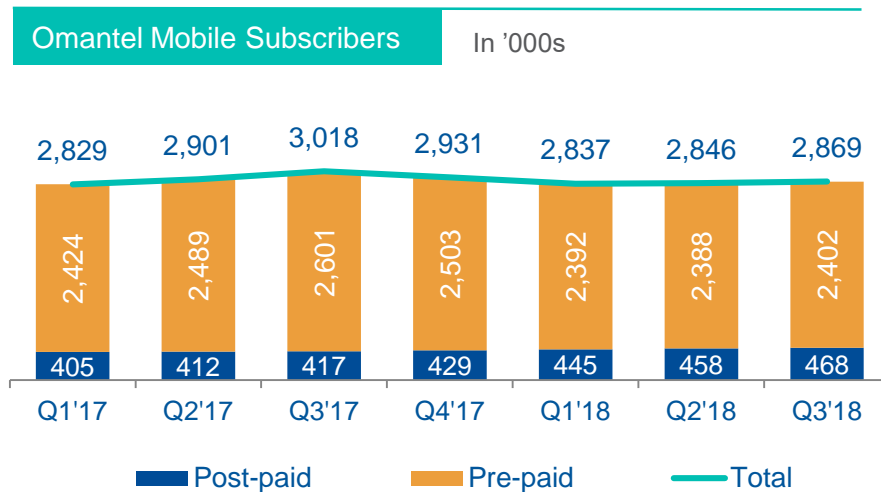
Mobile Revenue Market share % - including Mobile Resellers



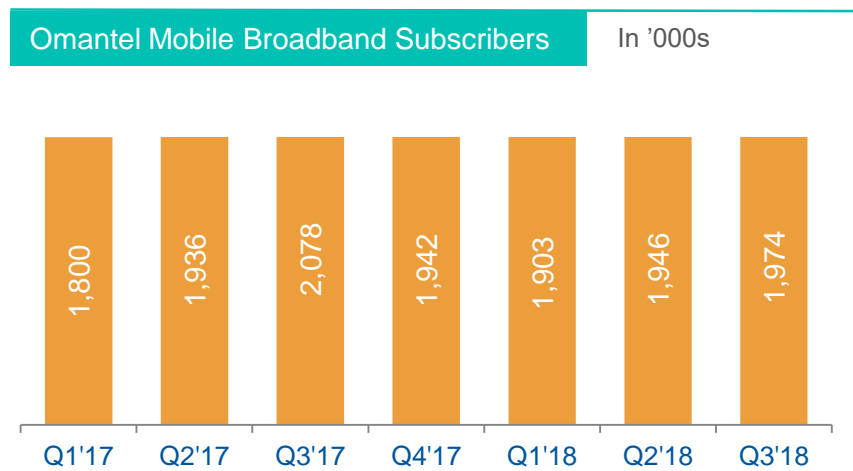
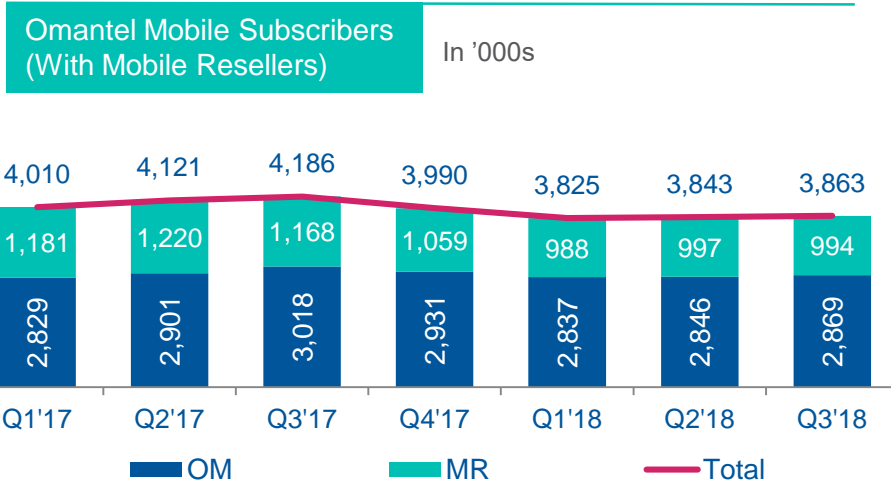
Fixed Line Revenue Market share %



Mobile subscriber base – Post paid continue to grown and achieved 12.1% growth YoY. Total mobile subscriber base continuing the declining trend since Q3'17 due to stricter starter kit promotional measures and macro economic situation.

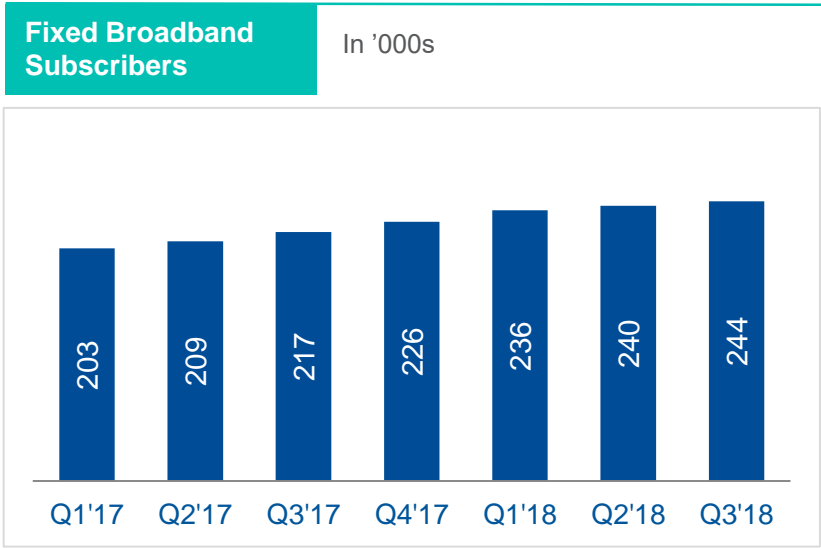
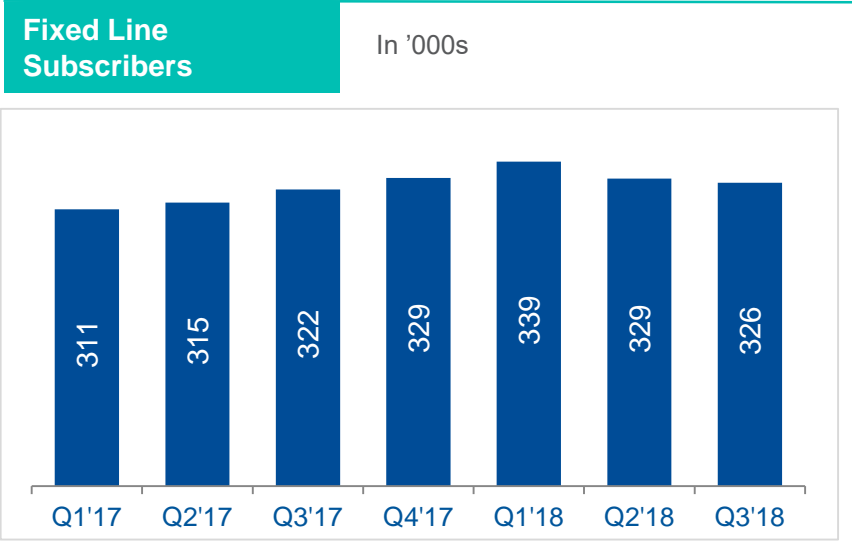


Growth in postpaid Omantel mobile subscriber base by 12.1% compared to Q3'17.



- 1) Mobile Broadband declined by 5.0% compared to Q3'17.
- 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 1174 K as of Sep'18 compared to 1192 K, a decrease of 1.5%.

Fixed line and Fixed Broadband Subscriber base continued its growth trend

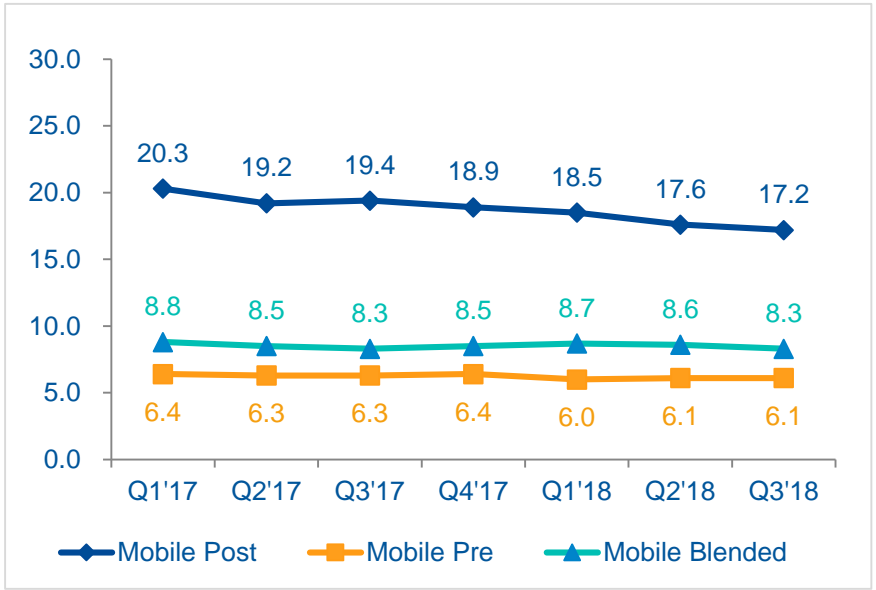


1) Fixed line subscribers include postpaid, pre-paid and payphone. Including ISDN primary, the total fixed line reported is 402,363.

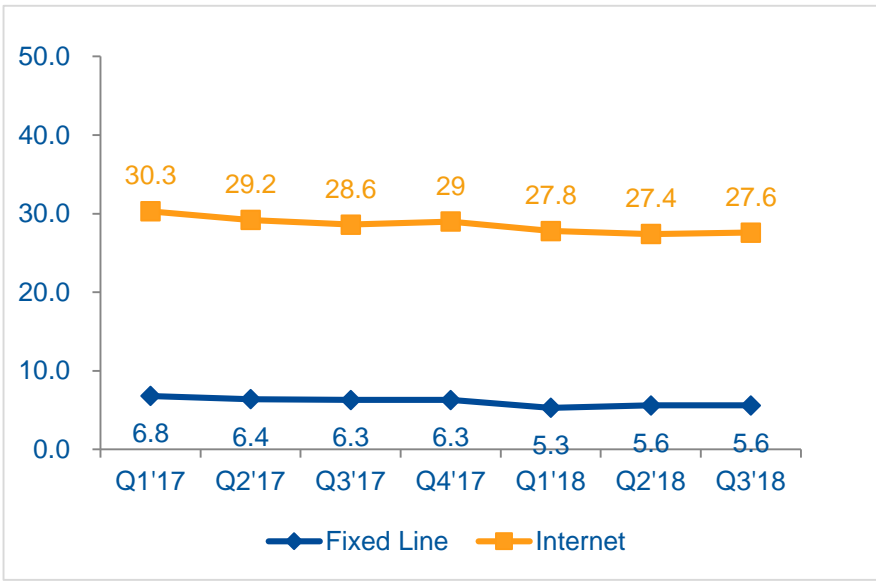
Fixed broadband increased by 14.8% compared to Q2'17.

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)

Omantel (Excluding Zain) – Balance Sheets as at 30 Sep 2018 (Pro forma)

	Consolidated	
	30 September 2018	31 December 2017
	RO'000	RO'000
Assets		
Current assets		
Cash and bank balances	147,889	74,472
Trade and other receivables	125,164	121,954
Contract assets	13,918	-
Inventories	12,185	9,254
Investment securities at FVTPL	15,143	17,168
Investment securities at amortised cost	6,000	6,000
Investment securities available for sale	-	-
Dues from subsidiaries	-	-
	<u>320,299</u>	<u>228,848</u>
Non-current assets held for sale	-	-
	<u>320,299</u>	<u>228,848</u>
Total current assets		
Non-current assets		
Contract assets	-	-
Investment securities at FVTPL	35,777	34,655
Investment securities at FVOCI	-	-
Investment securities available for sale	-	-
Investment securities at amortised cost	3,000	3,000
Investments in associates and joint ventures	9,550	9,021
Due from associates	-	-
Other assets	4,581	94
Investment in subsidiaries	850,336	850,336
Property and equipment	521,971	535,625
Intangible assets and goodwill	15,090	18,860
	<u>1,440,305</u>	<u>1,451,591</u>
Total non-current assets		
Total assets	<u>1,760,604</u>	<u>1,680,439</u>
Liabilities and equity		
Current liabilities		
Trade and other payables	194,164	181,888
Deferred revenue	42,633	26,479
Borrowings	65,985	604,641
	<u>302,782</u>	<u>813,008</u>
Total current liabilities		
Non-current liabilities		
Borrowings	835,629	270,308
Other non-current liabilities	12,424	10,633
	<u>848,053</u>	<u>280,941</u>
Total non-current liabilities		
Total liabilities	<u>1,150,835</u>	<u>1,093,949</u>
Equity		
Capital and reserves		
Share capital	75,000	75,000
Legal reserve	25,000	25,000
Voluntary reserve	49,875	49,875
Capital contribution	44,181	44,181
Foreign currency translation reserve	-	-
Investment fair valuation reserve	-	35
Hedging reserve	5,164	(122)
Share of reserves of associates	-	-
Retained earnings	410,225	392,522
	<u>609,445</u>	<u>586,491</u>
Attributable to the Company's shareholders		
Non-controlling interests	325	(1)
	<u>609,770</u>	<u>586,490</u>
Total equity		
Total liabilities and equity	<u>1,760,605</u>	<u>1,680,439</u>

Omantel (Excluding Zain) – Income Statement for the nine months ended 30 Sep 2018 (Pro forma)

	Consolidated	
	2018	2017
	RO'000	RO'000
Revenue	414,874	406,722
Cost of sales	(132,648)	(132,500)
Gross profit	282,226	274,272
Operating and administrative expenses	(116,287)	(111,538)
Depreciation and amortization	(78,750)	(87,035)
Expected credit loss on financial assets	(7,715)	(4,404)
Operating profit	79,474	71,295
Interest income	1,590	1,277
Investment income	42,516	1,007
Share of results of associates and joint ventures	529	(5)
Other (expense) / income	502	832
Finance costs	(44,501)	(3,018)
Impairment of investment in subsidiary	-	-
Loss from currency revaluation	(36)	(109)
Net monetary gain/(loss)	-	-
Profit before taxation	80,074	71,279
Taxation	(12,111)	(8,980)
Profit for the period from continuing operations	67,963	62,299
Discontinued operations:		
Net gain/(loss) from discontinued operations	-	(346)
Profit for the period	67,963	61,953
Attributable to:		
Shareholders of the Parent Company	68,158	62,774
Non-controlling interests	(195)	(821)
	67,963	61,953
Earnings per share		
Basic and diluted – RO	0.090	0.082

Omantel (Excluding Zain) – Statement of Cash Flows for the nine months ended 30 Sep 2018 (Pro forma)

	Consolidated	
	2018	2017
	RO'000	RO'000
Cash flows from operating activities		
Profit for the period before income tax	80,074	70,934
Adjustments for:		
Depreciation and amortization	78,751	87,035
ECL/Provision for impairment	7,715	4,403
Interest income	(1,614)	(1,277)
Investment income	(42,573)	(1,007)
Share of results of associates and joint ventures	(529)	5
Fair value gain on the previously held equity interest in a subsidiary	-	-
Impairment of investment in subsidiary	-	-
Gain on deconsolidation of a subsidiary	-	(2,676)
Provision for impairment loss on property and equipment	-	-
Finance costs	44,572	3,018
Loss on currency revaluation	-	-
Net monetary gain	-	-
Gain on sale of property and equipment	(28)	(35)
Operating profit before working capital changes	166,368	160,400
Due from subsidiaries		
Increase in trade and other receivables	(38,506)	(34,375)
Decrease / (increase) in inventories	(2,837)	(926)
Increase / (decrease) in trade and other payables	17,200	10,814
Cash generated from operations	142,225	135,913
Income tax paid	-	(14,703)
Net cash from operating activities	142,225	121,210
Cash flows from investing activities		
Deposits maturing after three months	-	59,500
Investments in securities (net)	6,617	11,420
Increase in due from associates	-	-
Acquisition of property and equipment (net)	(58,583)	(95,160)
Acquisition of intangible assets (net)	(1,742)	-
Investment in subsidiary	(1,650)	-
Investment in associate	-	(327,986)
Loan to subsidiary	-	-
Interest received	1,341	1,749
Dividend received	43,426	2,103
Net cash used in investing activities	(10,591)	(348,374)
Cash flows from financing activities		
Proceeds from bank borrowings (net)	565,501	329,946
Repayment of bank borrowings	(561,263)	(822)
Dividends paid to Parent shareholders	(37,500)	(67,500)
Share capital from minority shareholder	400	-
Finance costs paid	(25,357)	(877)
Net cash (used in) / from financing activities	(58,219)	260,747
Net increase in cash and cash equivalents	73,415	33,583
Derecognition of a subsidiary	-	(315)
Effect of foreign currency translation	-	-
Transition adjustment on adoption of IFRS 9 (Note 3.3)	-	-
Cash and cash equivalents at beginning of period	74,474	11,769
Cash and cash equivalents at end of period	147,889	45,037

Presented by

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- Mr. P.G. Menon, GM Strategic Finance
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