

Omantel Group Performance – Year 2016

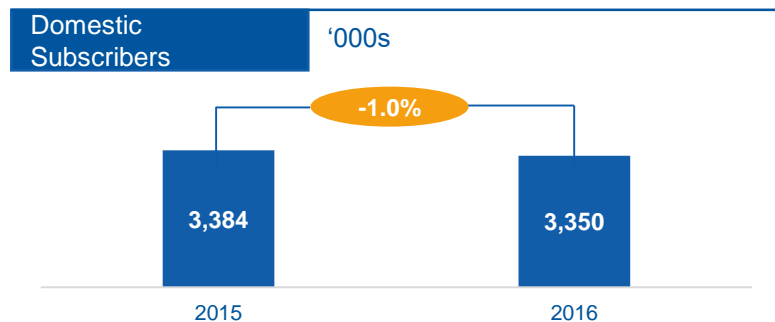
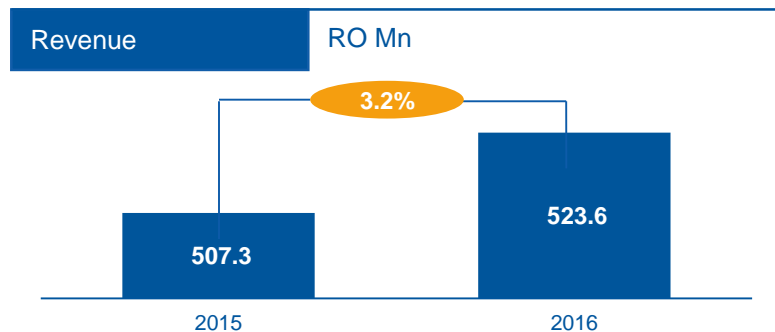
Presentation to Investor Community

Conference call
27th February 2017 at 2 PM (Oman Time)

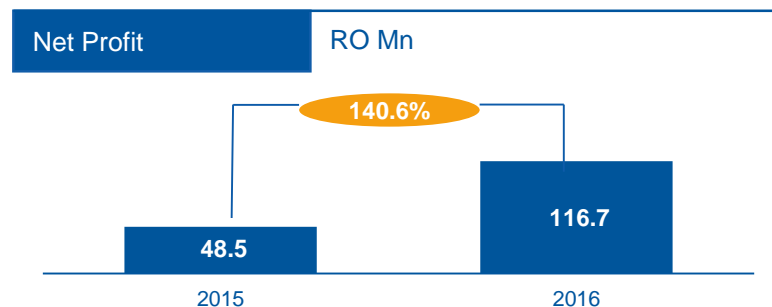
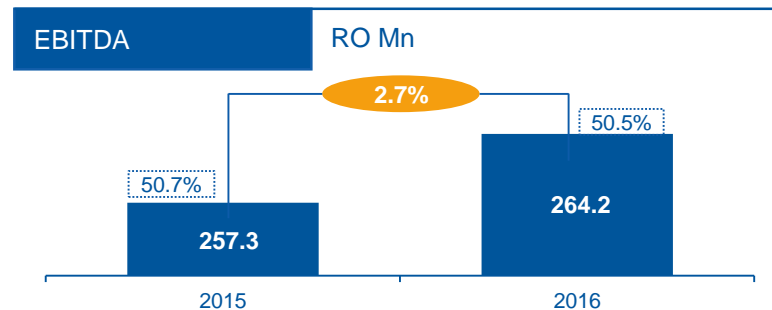
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Omantel

Group Revenue recorded a growth of 3.2% mainly driven by parent company's (domestic operations) revenue growth of 3.1%. EBITDA increased by 2.7%

Revenues & Subscribers growth



EBITDA (Excl Royalty) & Net Margin



- Group Revenue at RO 523.6 Mn compared to RO 507.3 Mn of the corresponding period, mainly contributed by 3.1% growth in Parent company revenues.
- WTL accounts are not consolidated in Yr 2016 and is classified as "Held for Sale"
- Domestic customer base including Mobile Resellers achieved the growth of 2.5%
- Continued growth in Mobile Subscriber acquisition. Overall Mobile subscribers achieved growth of 2.0%.
- Group Net Profit after tax is RO 116.7 million compared to RO 48.5 million of the corresponding period, an increase of 140.6%.
- The group net profit for Year 2015 includes one off charges of impairment with respect to its investment in subsidiary and Voluntary end of services. If this is excluded, the net profit for year 2015 would have been RO 115 Mn.
- Group Net profit margin is 22.3% compared to 9.6% of the corresponding period.

Income Statement for Year 2016 (High Level Summary)

Omantel Group				
In RO Mn	Year ended 31 st December			
	2016	2015	In Fig	In %
Revenue	523.6	507.3	16.3	3.2%
Cost of Sales	(103.6)	(94.5)	(9.1)	(9.6%)
Gross Margin	420.0	412.7	7.2	1.8%
<i>Gross Margin % of Revenue</i>	<i>80.2%</i>	<i>81.4%</i>		
Operating Expenses	(155.8)	(155.5)	(0.3)	(0.2%)
EBITDA	264.2	257.3	6.9	2.7%
<i>EBITDA %</i>	<i>50.5%</i>	<i>50.7%</i>		
Depreciation & Amortization	(102.8)	(88.4)	(14.4)	(16.3%)
EBIT	161.4	168.9	(7.5)	(4.4%)
Finance & Other Income/ Expense	6.2	(4.1)	10.3	(253.1%)
Profit Before Royalty & Taxation	167.6	164.8	2.8	1.7%
Royalty & Taxation	(50.1)	(49.8)	(0.3)	(0.6%)
Profit After Tax (Before Minority Interest)	117.5	115.0	2.5	2.2%
Loss of Discontinued operations	(1.7)	(101.7)	100.0	98.3%
Minority Interest	0.9	35.2	(34.3)	(97.5%)
Net Profit	116.7	48.5	68.2	140.6%
Net Profit %	22.3%	9.6%		

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

Strong balance sheet with impressive market fundamentals. Dividend Yield at 7.3% and Dividend payout ratio is at 71%

Strong Balance Sheet

- Debt Ratio is 26.6%
- Gearing 1.5%
- Group total assets at RO 826 Mn.
- Net worth of RO 547 Mn.
- Net Asset per share is RO 0.776

Impressive Market Fundamentals

- Dividend Yield 7.3% (Dividend at 110 Bz / share based on 31 Dec 2016 Closing Price of RO 1.515).
- Dividend Payout ratio is 70.7%
- Market Capitalization at RO 1.14 Bn (Dec'16)
- Price Earning Ratio {P/E 9.74}
- EV / EBITDA 4.93
- Price to Book Value 1.95

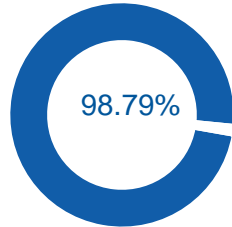
Achievements

- Omantel was awarded His Majesty Sultan Qaboos Excellence in e-Government Services Award, for best mobile application (mobile app) in the private sector.
- Omantel got the prestigious award in the field of brand within the prize of "World Branding Awards" in a ceremony held in London on September 20, 2016, where Omantel got "Brand of the Year".
- The best company in the field of "Investor Relations" and "Best Investor Relations Professional" in the Sultanate of Oman for the year 2016 by the Middle East Investor relations Society, Dubai.
- Omantel is the first GCC operator to land undersea cable system in Europe (AAE-1). Also, landing of first of a kind subsea cable to link Africa to Asia via Pakistan.
- Formation of a dedicated division for integrated ICT solutions focused on delivering ICT services to public and private sector clients across the Sultanate

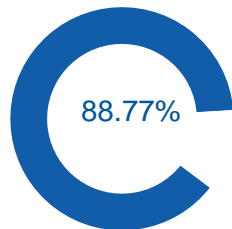
Continuous improvement in network coverage and initiatives to improve customer experience

Coverage

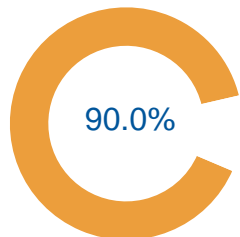
3G (Population)



4G (Population)



Fixed Broadband
(Household)



*Key Focus Area

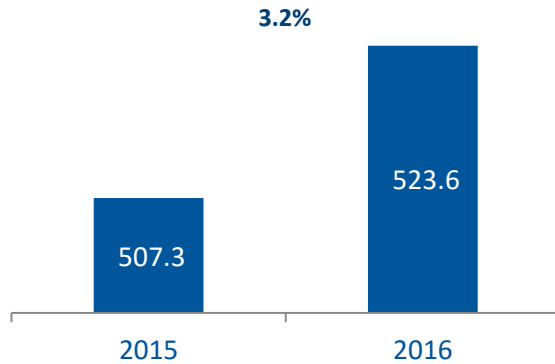
- Continue focus on Mobile and Fixed Broadband (MBB & FBB) market segment – revamping product propositions to meet the dynamic market environment.
- Enhancement in direct and indirect channels to sustain the growth.
- Series of initiatives for improvement of customer experience and complaints handling to improve customer satisfaction.
- Benchmarking contact center operations and performance and improving customer experience

*Launches / Achievements

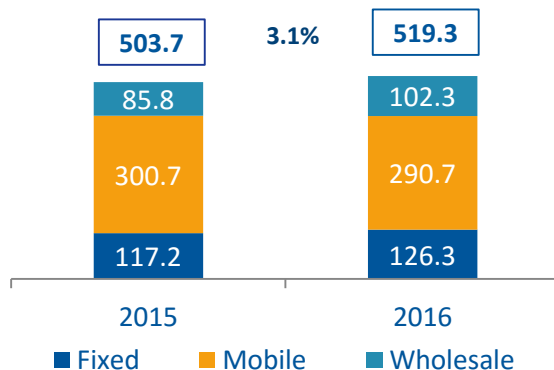
- Launched Hayyak Your Way Proposition (360 degree Launch).
- Continue focus on Upselling new FTTH plans to improve FBB uptake.
- Launched series of Value add Promotions - Baqati Double Data, Whatsapp Promotion (Wave 2), Iphone 7, Top Up Promotion, Extra Data Promotion, IPTV New Packages.
- Opened 2 digital outlets (Avenues Mall and Nizwa Grand), and revamped Omantel E-Shop).
- Prioritized services for AI-UFUQ customers segment through IVR.

Parent revenue performance compared Year 2015 – Growth is mainly driven by revenues from Fixed & Mobile broadband and Submarine capacity sales

Group Revenue RO Mn



Parent Company Revenue RO Mn



Domestic Operations Highlights

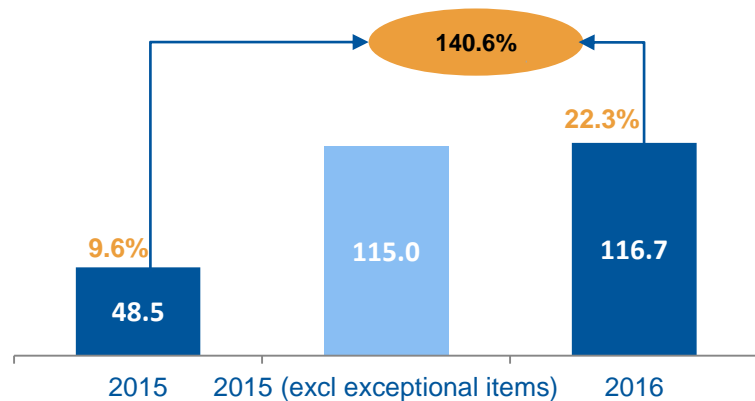
Parent has achieved 3.1% growth in a highly competitive market, mainly contributed by growth in;

- 7.8% from Fixed Line Business Retail Revenues (include internet & data)
- 20.7% increase in Fixed Broadband revenue.
- 7.5% increase in Mobile Broadband revenue.
- Total Fixed Broadband subscriber growth of 17.6%.
- Growth in mobile broadband subscribers by 7.2%.
- 69.95% Smartphone penetration in Omantel Mobile Network.
- Continue decline in voice and SMS revenues.

Group EBITDA achieved a growth of 2.7% (increase of RO 6.9 Mn)

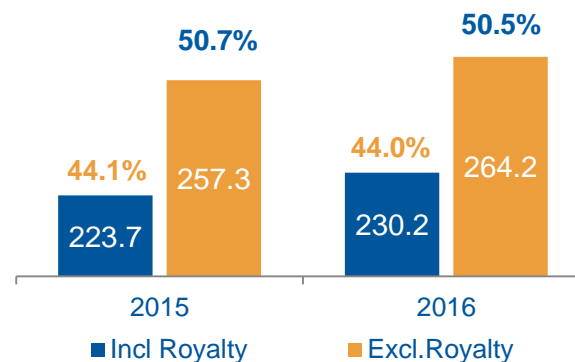
Group Net Profit

RO Mn



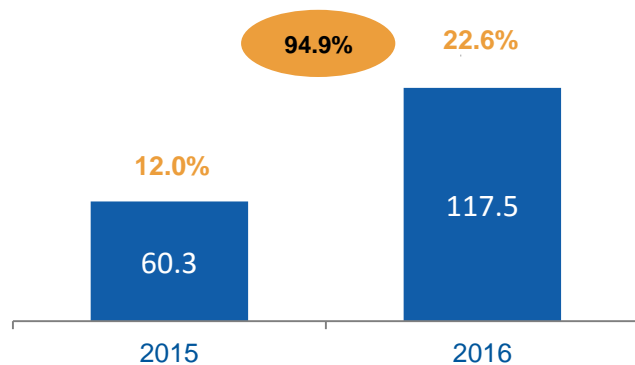
Group EBITDA

RO Mn & %



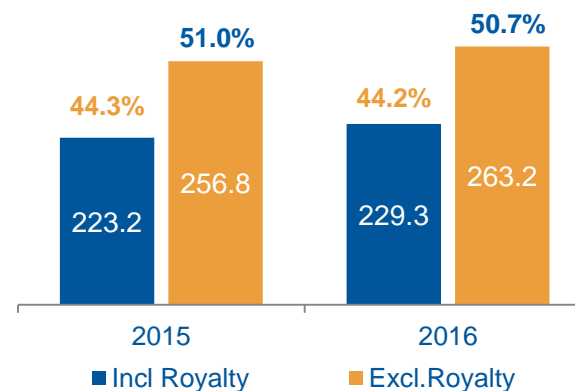
Parent Net Profit

RO Mn



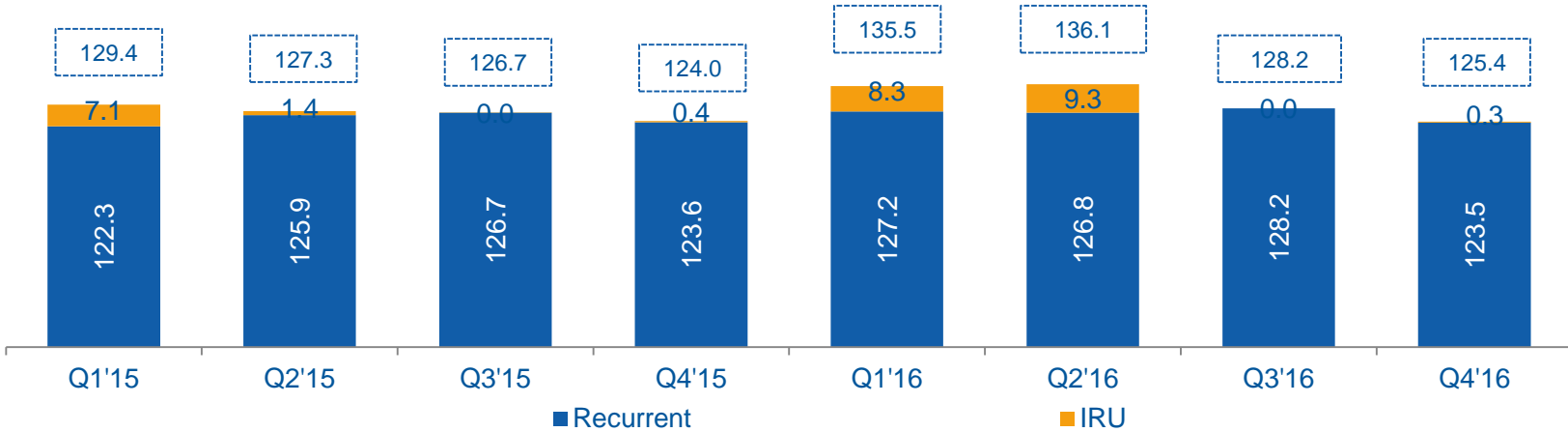
Parent EBITDA

RO Mn & %

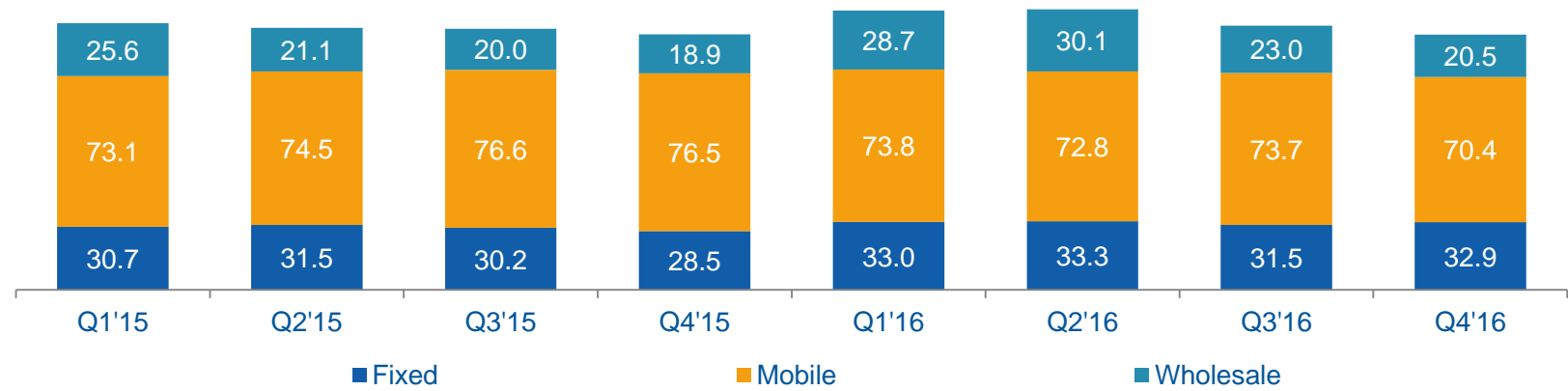


Group Revenue - Quarterly Analysis

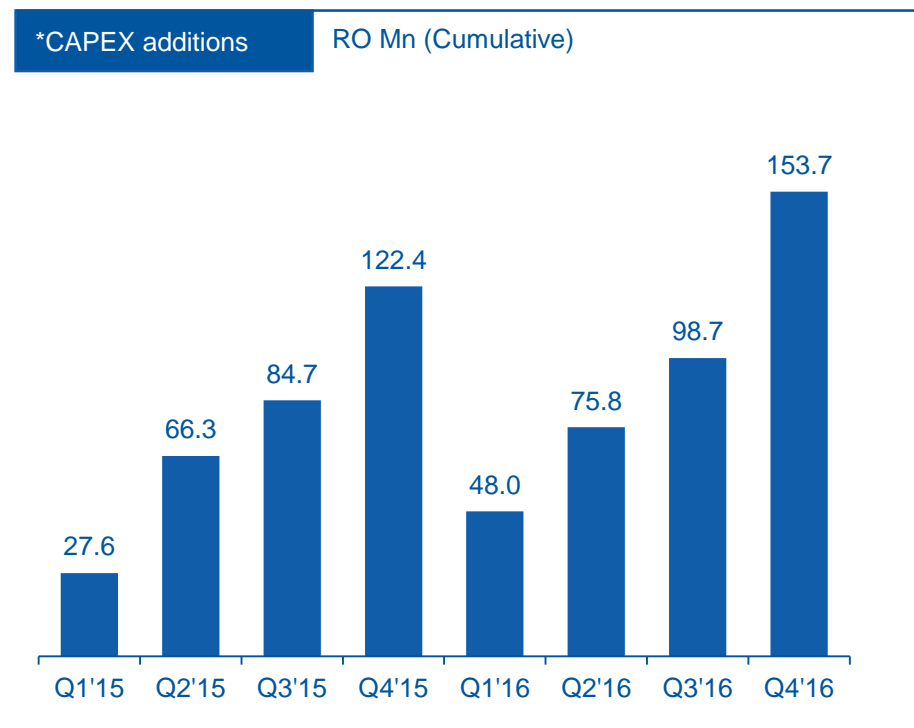
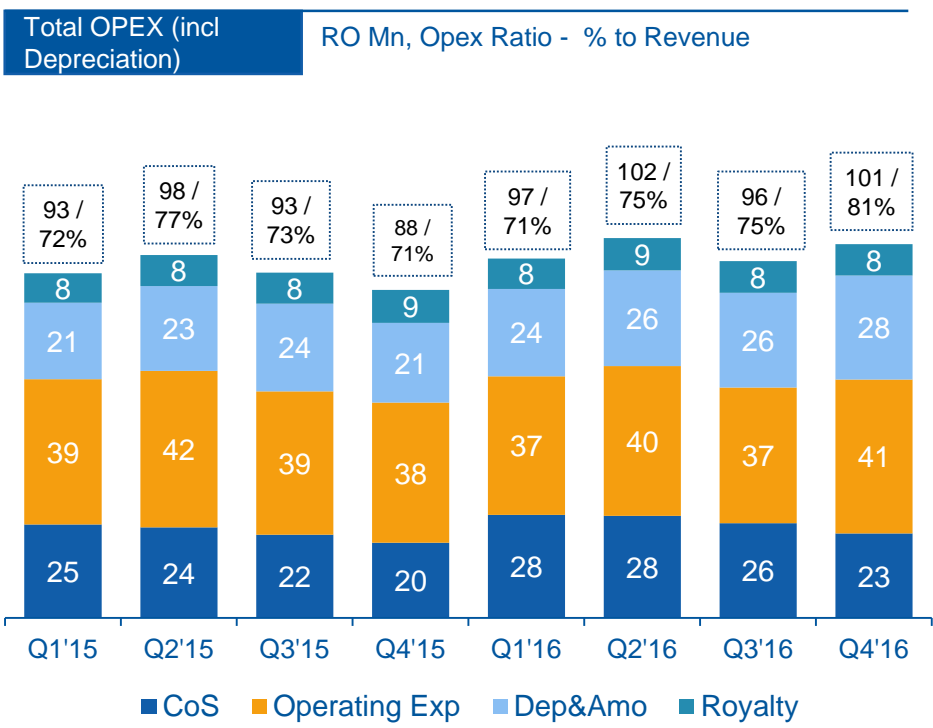
Group Revenue in RO Mn



Group Revenue by Segment in RO Mn



OPEX ratio for Q4'16 is 81%. Capex to revenue ratio is at 29%



Capex to Revenue ratio is at 29% (cumulative)

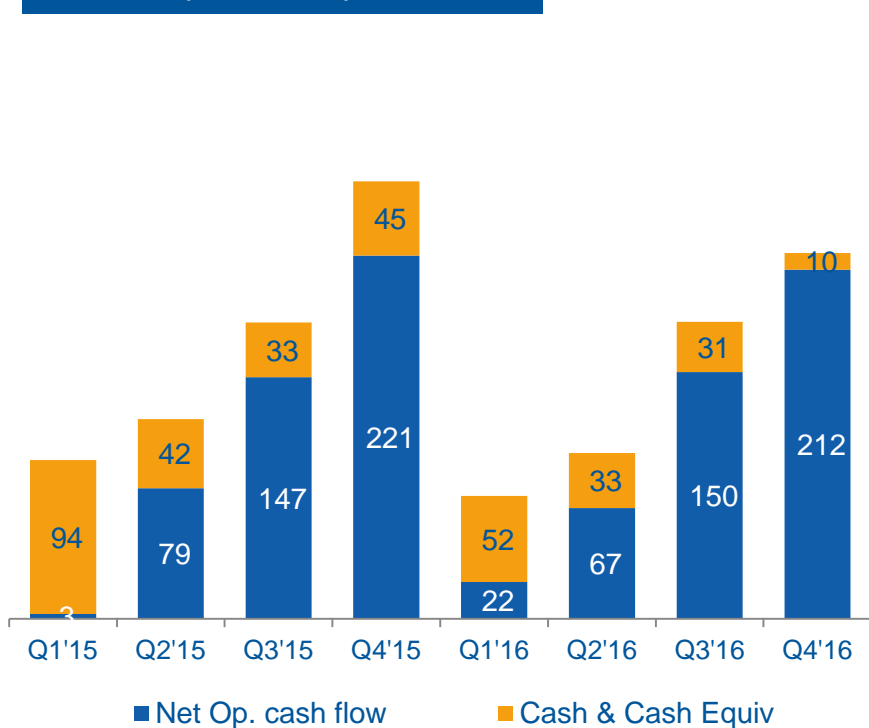
Opex to Revenue ratio for Q4 2016 for Group is 81% and for Parent is 83%. Increase in depreciation amounting to RO 12.5 Mn over Q4 2015 is mainly from increased investment in network expansion and modernization of both mobile and fixed networks. Employee Cost amounting to RO 5.5 Mn is capitalized

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

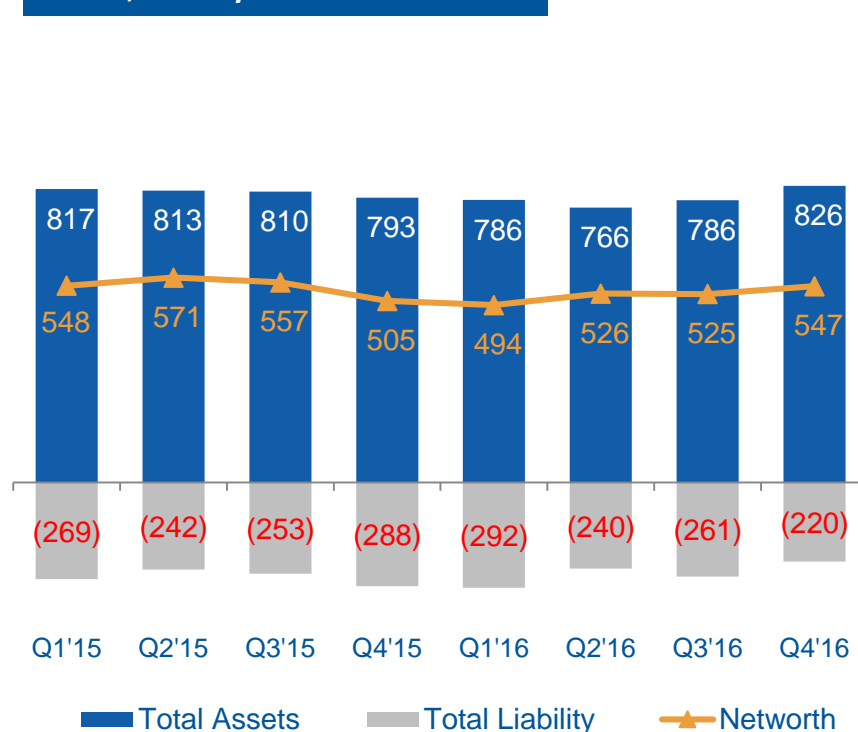


Healthy Cash flow and strong Balance sheet

Cash Flow (Cumulative) RO Mn



Assets, Liability & Net worth RO Mn

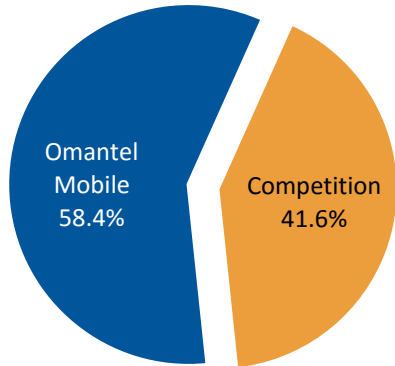


- 1) Net operating cash flow is RO 212 Mn which is 41% of revenue.
- 2) Cash & Cash equivalent excludes Fixed deposit with banks amounting to RO 62.5 Mn

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

Mobile Subscriber Market share

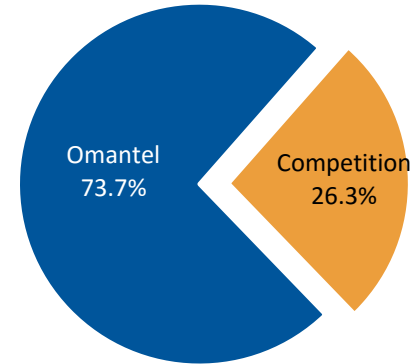
% - including Mobile Resellers



Omantel Mobile (incl Mobile Resellers) achieved a growth rate of 2.0%, net addition is around 78 K.

Fixed Line Subscriber Market share

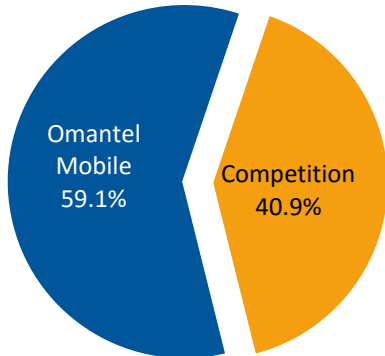
%



Omantel fixed line subscriber base achieved a growth rate of 2.0%, net addition is around 6 K.

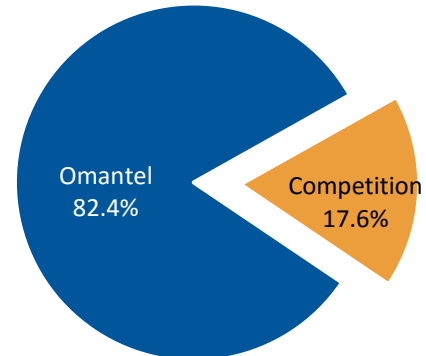
Mobile Revenue Market share

% - including Mobile Resellers

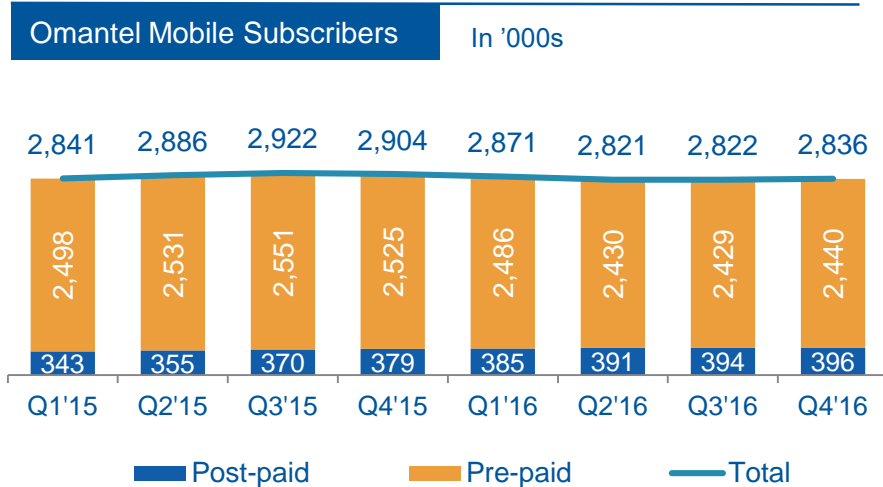


Fixed Line Revenue Market share

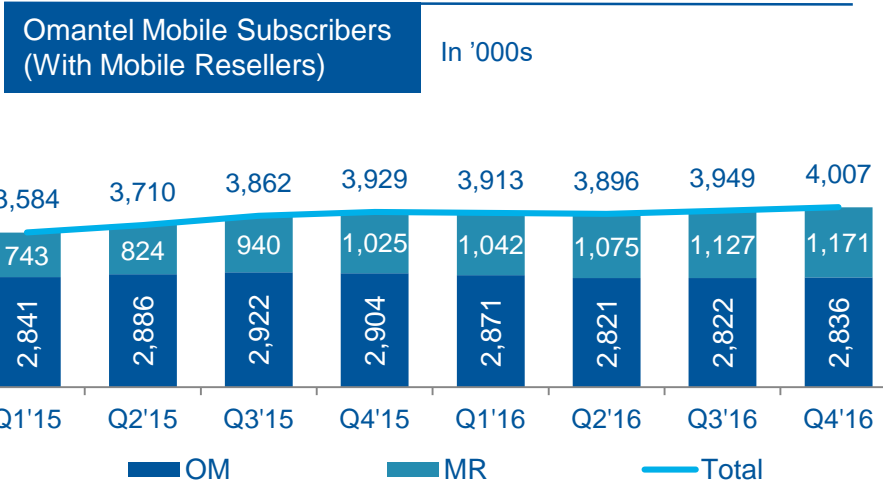
%



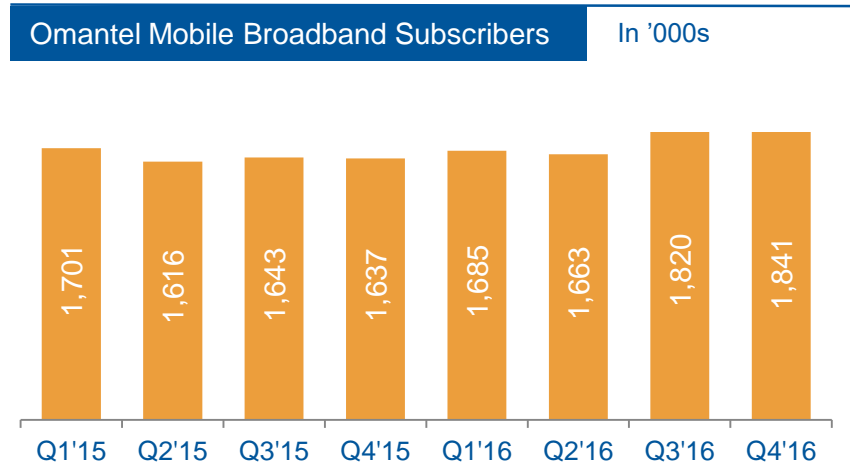
Mobile subscriber base – Overall subscriber base including mobile resellers grown by 2.0%. Post paid achieved 4.6% growth YoY.



Growth in postpaid Omantel mobile subscriber base by 4.6% compared to Q4'15.

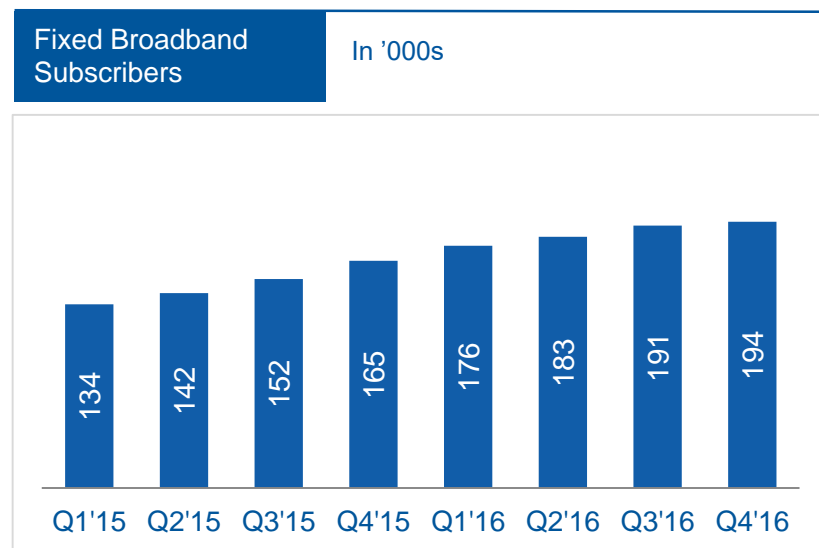
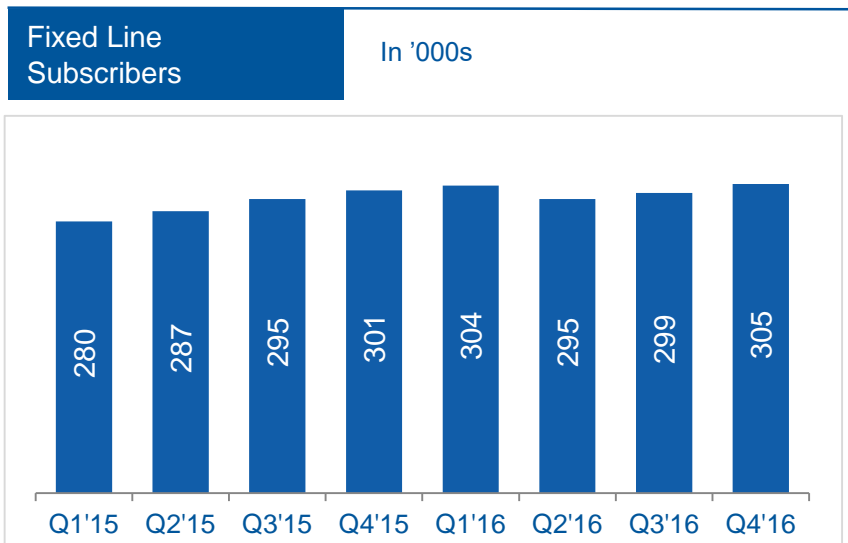


Overall Omantel mobile market grew by 2.0%.



- 1) Mobile Broadband subscribers includes Pay As You Go (PAYG).
- 2) Mobile Broadband grown by 12.5% compared to Q4'15.
- 3) Mobile Broadband unique subscribers subscribed to any one of the packages including Blackberry service is around 1023 K as of Dec'16 compared to 954 K, an increase of 7.2%.

Fixed line and Fixed Broadband Subscriber base continued its growth trend



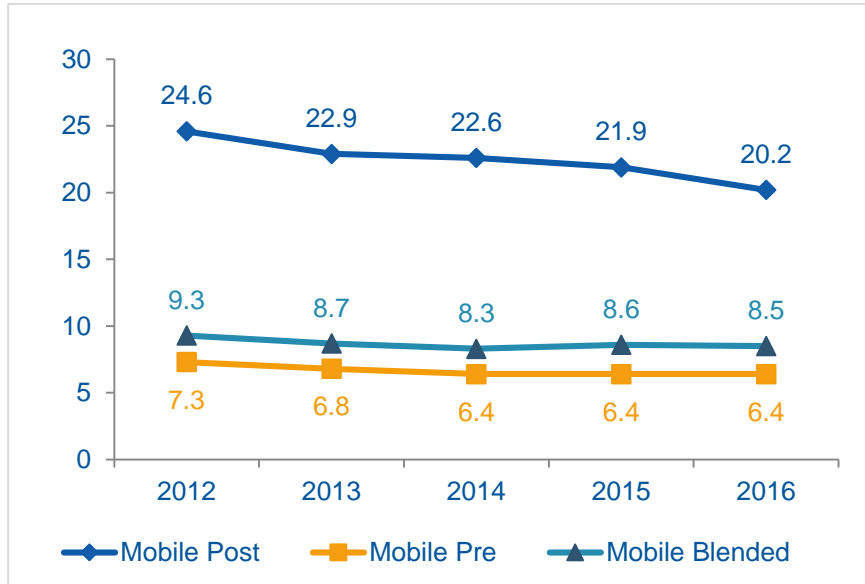
- 1) Fixed line subscribers include postpaid, pre-paid and payphone. Including ISDN primary, the total fixed line reported is 343,292
- 2) Fixed Line subscribers restated in May 2016 after in line with TRA recommendations, which impacted around 16,916 lines including normal and ISDN Lines. The impact on the normal Fixed Line was 9,022 lines.

Fixed broadband increased by 17.6% compared to Q4'15.

ARPU / month for major products shown marginal variation compared to previous year

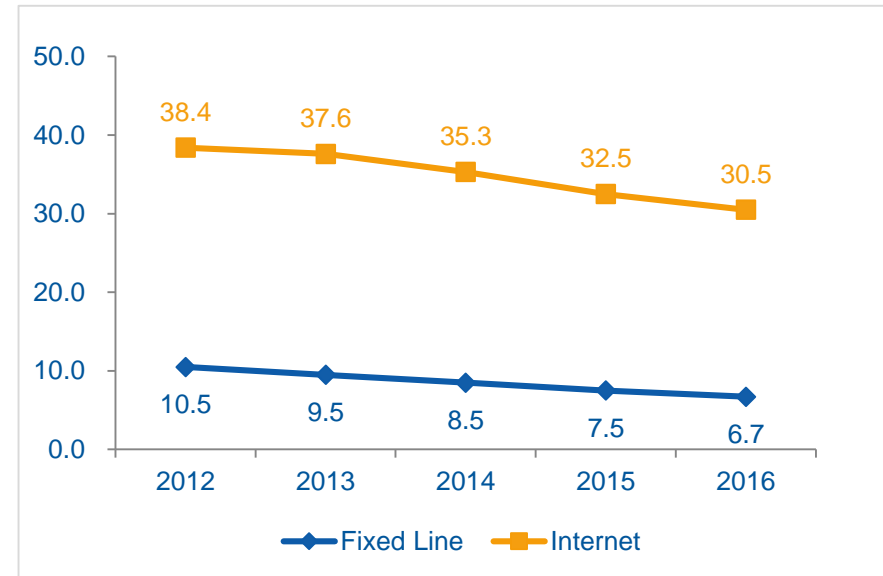
Mobile Services

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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