



Omantel Group Performance – 9 Months 2020

Presentation to Investor Community

Conference Call

17th Nov 2020 at 2 P.M. (Oman Time)

COVID19 Impact & management response



NEGATIVE

POSITIVE

- ✓ **Travel Restrictions**
- ✓ Lower Roaming revenue
- ✓ Residents Stuck Abroad
- ✓ Drop in New Customer Acquisitions
- ✓ Decline in ARPU and mobile data revenue

- ✓ Shop Closures
- ✓ **Expats Unemployment**
- ✓ Lower Purchasing Power
- ✓ Decreased Gross Adds

- ✓ **Layoffs and salary cuts**
- ✓ **Increase in expat leaving Oman**
- ✓ Increase in bad debts and payment delays




- ✓ Supply chain disturbed
- ✓ Capex deploy delays
- ✓ Movement of citizens from Muscat to the regions, unexpectedly redistributing demand.

- ✓ More need to communicate in crisis situation
- ✓ As the lockdown lifting, mobile data usage starts to grow.
- ✓ Increase need of Home broadband services
- ✓ Increased use of digital channels for sales / customer care

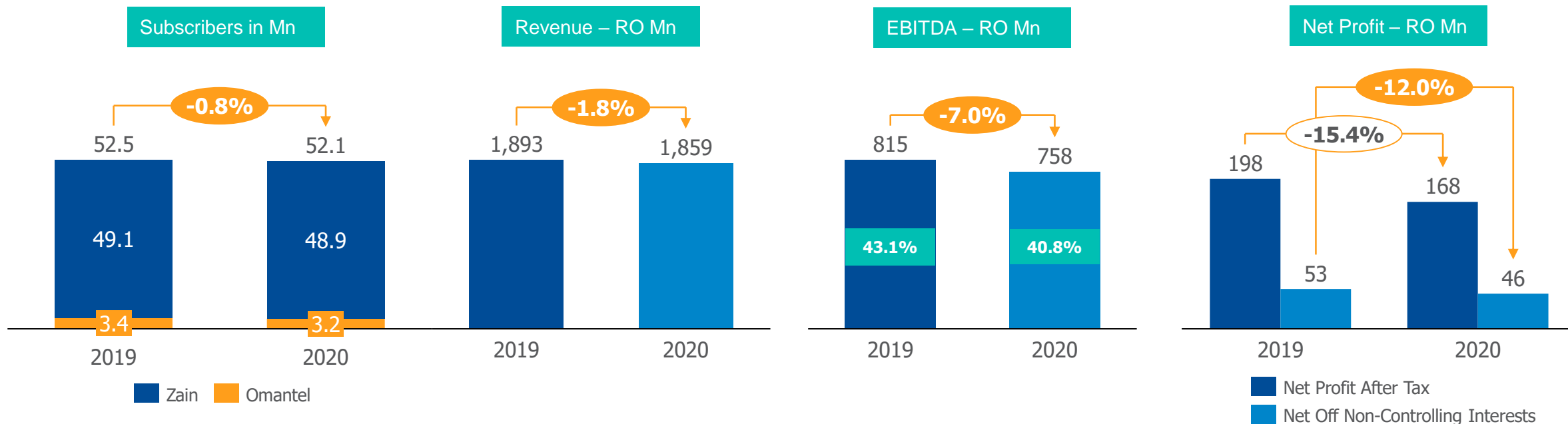
- ✓ **Home Data Consumption increase during lockdown** (entertainment, education, video conferencing)

- ✓ Increase demand of **Data Centre Services and more Bandwidth**
- ✓ **New demand for collaboration and communication tools**
- ✓ Exponential increase in **e-shop and digital services**

Covid-19: Omantel continue to extend its support as part of its Corporate Social Responsibility and Actions to Aid the Community

Awareness 	Connectivity 	Aid 
Eid Video Featured as one of the most successful campaigns on Twitter MENA-Eid song, trending on Anghami for a whole week in the GCC.	6 Months Free Access Microsoft Teams , Webex & Ijtimati	Unlimited International Calls -3 Days free calls to Sudan & Lebanon & activated donation SMSs
Mass Awareness <ul style="list-style-type: none"> - 5G Positioning Campaign - ICT Covid-19 Solutions - Ideation Program-CSR - 2 Global Carrier Awards for Wholesale - Generation Z, أنت الغد 	Google Classroom Back to School offer in collaboration with MoE & Google	Free Virtual Clinic Solution The Royal Hospital
Inclusive awareness Content for hearing & visually impaired users	Door-Door Enablement of ordering through Omantel application, WhatsApp, & delivery door-door upon request	SMS Donation Campaign Supporting families whose livelihood was affected - Dar Al Atta – Cont.
HBB Campaign Relevant offers with 3 videos (البيت بيتي) achieved more than 1.5 million views	Onsor Laptop Awareness & sponsorship for the first Omani Laptop	Free Browsing For educational websites

Omantel Group – 9M, 2020 Performance continue to be comparatively resilient despite the pandemic impact and Revenue stands at RO 1,859 Mn and Net Profit is at RO 168 Mn (Net profit *net off non-controlling interest* is RO 46 Mn).



- Group performance has been resilient considering the serious business disruptions and operational challenges witnessed from the Covid'19 pandemic.
- Group Revenue for the period is RO 1,859 Mn compared to RO 1,893 million for the corresponding period 2019, a decline of 1.8%. Revenue include acquired business of Zain Group, which contributed revenues of RO 1,458 Mn.
- Decline in revenue impacted both EBITDA and Net Margins, despite the series of cost optimization measures across the group, which contributed to arrest the steep decline.

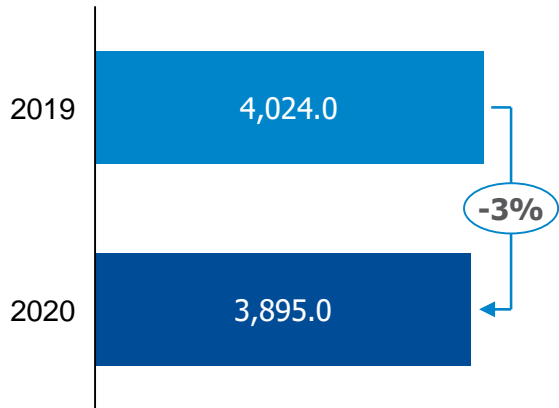
- Omantel Group (including Zain group) subscriber base declined by 0.8%.
- Zain Group customer base recorded a decline of 0.4%. Omantel customer base declined by 6.9%, mainly due to decline in mobile & resellers subscriber base as witnessed across the sector.
- The main reason for declining subscriber base is due to Lock down impact as well as current macro-economic situation (increasing job losses and exit of expatriate employees)

Omantel Group – 9 Months 2020 – Income statement summary

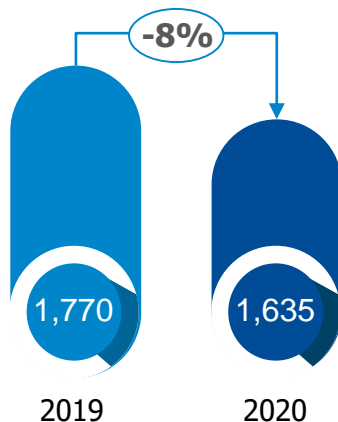
Group Consolidated Performance				
In RO Mn	Actual'20	Actual'19	Variance	% of Chg
Revenue	1,859.2	1,893.4	(34.2)	(1.8%)
Cost of Sales (CoS)	(527.3)	(519.7)	(7.5)	(1.5%)
Gross Margin	1,331.9	1,373.6	(41.7)	(3.0%)
Gross Margin %	71.6%	72.6%		
Operating Expenses				
Operating and administrative expense	(520.7)	(522.8)	2.1	0.4%
Provision for impairment of receivables	(52.9)	(35.5)	(17.5)	(49.2%)
Sub Total	(573.6)	(558.3)	(15.3)	(2.7%)
EBITDA	758.3	815.4	(57.1)	(7.0%)
EBITDA %	40.8%	43.1%		-
Depreciation & Amortisation	(412.9)	(421.1)	8.1	1.9%
Amortization (Purchase Price Allocation)	(34.9)	(39.1)	4.3	10.9%
Operating Profit	310.5	355.2	(44.7)	(12.6%)
Interest Income/Exps & Others	(115.9)	(129.1)	13.2	10.2%
Taxation	(27.0)	(27.9)	1.0	3.4%
Profit After Taxation	167.7	198.3	(30.6)	(15.4%)
Non-controlling interests	(121.3)	(145.6)	24.3	16.7%
Net Profit (attributable to shareholders of the company)	46.4	52.7	(6.33)	(12.0%)

Zain Group Performance – 9M, 2020 Performance (In US Dollars)

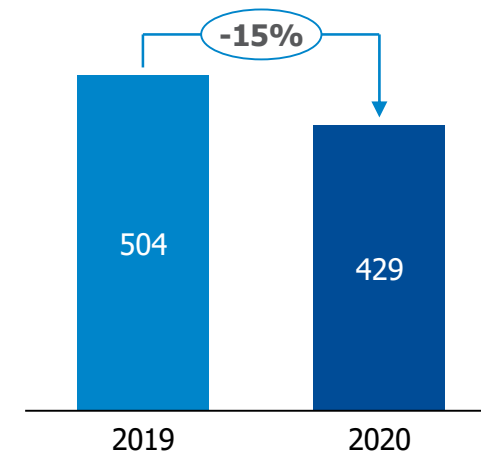
Revenue



EBITDA



Net Profit



- Price revamps in Sudan
- Data Revenue growth in Jordan
- Increase in Enterprise & equipment Sales in KSA



COVID-19 impact on Group Revenue was \$300m



Extension of Lockdown in Iraq



Cost Optimization Savings \$130m across all OpCos

EBITDA Margin (42%) for 2020 Vs. RO (44%) last year, a decrease of 8%.

EBITDA impacted by revenue decline. However, the impact was partially offset through Cost Optimization Program launched in the wake of Covid-19 crisis



Benefit on Extension of License in Iraq of \$13m
Benefit of \$15m from Tower Sale and \$60m from provision reversals



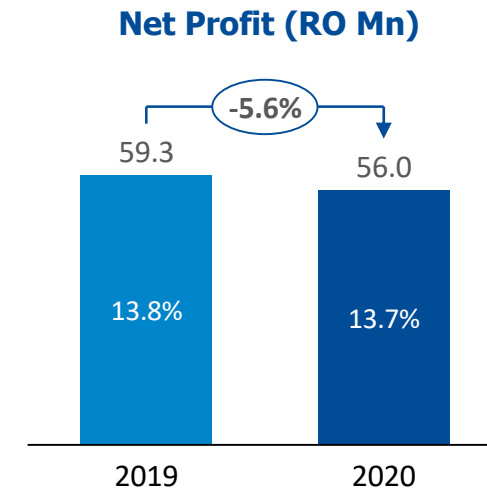
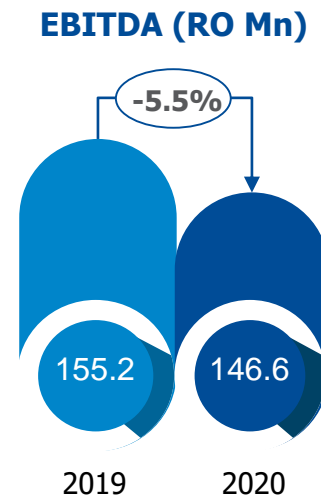
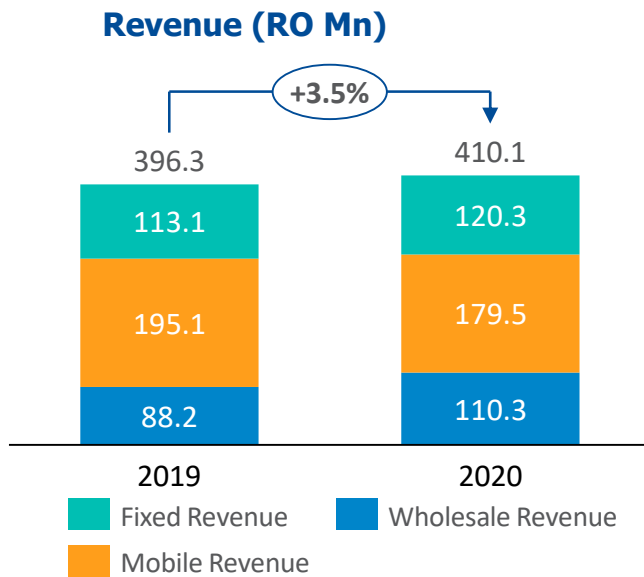
Increase in Depreciation of Sudan due to asset deployment.

Despite the Covid impact, profitability is expected to be sufficient to cover policy dividend level of 33 fils per share.

Omantel (Domestic performance)

Omantel + International SPVs + Domestic subsidiaries & associates

Omantel (Domestic performance) revenue compared to last year is higher by 3.5% mainly due to growth in Fixed Broadband, Wholesale International business and Device revenues. EBITDA and Net Profit are impacted adversely due to change in revenue mix plus the challenges posed by COVID-19 pandemic.



- Revenue recorded a growth of 3.5% compared to last year mainly due to increase in Wholesale International business and device revenues. Core revenues (*excluding Hubbing & Device revenues*) declined by 4.6% YoY.
- 4.9% growth from Fixed Line Retail revenues compared to last year. This is mainly contributed by Fixed Broadband Segment, where the revenues and subscribers recorded a growth of 8.5% and 5.4% respectively.
- Mobile Retail revenues decreased by 6.0% compared to last year mainly due to decline in prepaid revenues, however, Postpaid recorded a growth of 8.1% YoY
- Voice revenues (both national and international calls) continues its declining trend mainly due to increase in OTT services
- Operating & Admin costs decreased by 5.6% mainly due to cost optimization measures.
- EBITDA & Net Profit is 35.8% and 13.7% respectively.

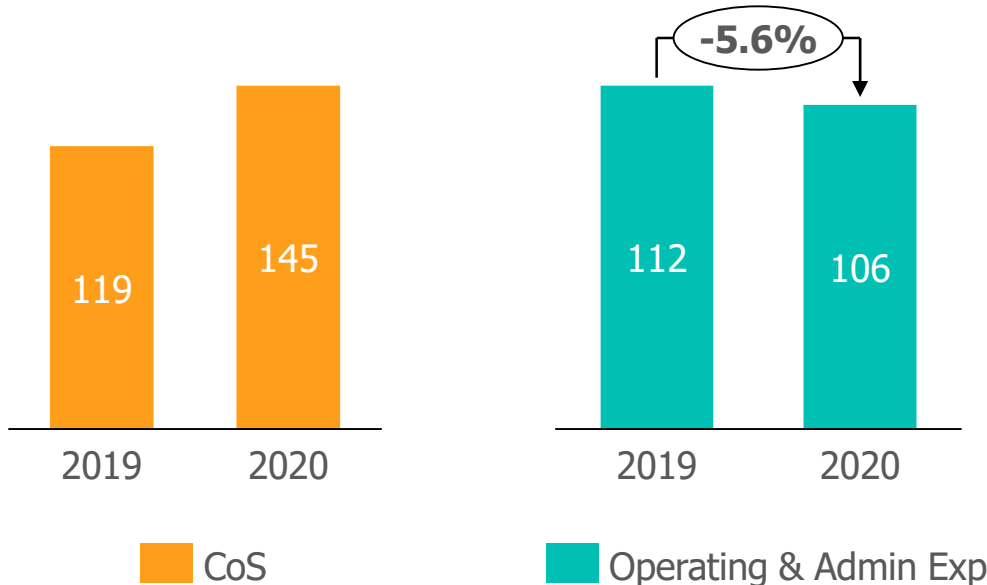
Segmental information – 9M, 2020 Performance

Omantel Group - Segment Report									
In RO Mn	Year to Date								
	Oman	Kuwait	Jordan	Sudan	Iraq	Bahrain	KSA	Others	Total
Revenue	410.1	288.1	134.5	103.9	265.2	45.9	585.0	26.5	1,859.2
Net Profit Before Interest & Tax	65.8	41.9	27.0	20.1	41.2	2.1	78.2	10.1	286.4
- Interest Income	1.1	1.2	0.4	0.2	0.7	0.2	1.1	0.1	5.1
- Gain on Sale & leaseback	-	5.8	-	-	-	-	-	-	5.8
- Gain on modification of liability	-	-	-	-	-	-	13.6	-	13.6
- Finance Costs	(1.5)	(0.5)	(5.3)	(0.9)	(13.0)	(0.9)	(72.0)	(0.1)	(94.2)
- Income Tax Expenses	(9.4)	-	(7.0)	(6.5)	(5.9)	-	-	(0.4)	(29.2)
Sub Total	56.0	48.4	15.1	13.0	23.0	1.3	20.9	9.7	187.4
<i>Unallocated Items</i>									
- Investment Income									0.7
- Share of Results of Associates & JVs									1.0
- Others									(21.4)
Profit for the Period									167.7

Note: Others include an amount of RO 39.2 Million (2019- RO 39.3 Million) representing interest costs on borrowings relating to acquisition of shares in Zain Group

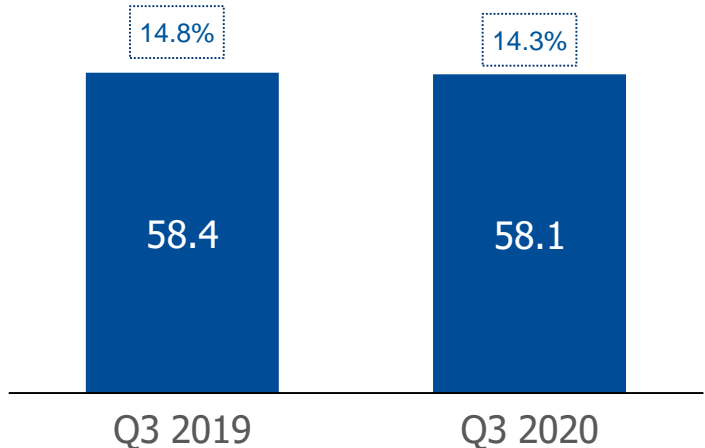
Operating & Admin costs are reduced by 6% YoY mainly due to cost optimization measures. OPEX to Revenue ratio is higher than previous quarters due to increase in revenue related costs. Capex to revenue ratio is at 14.3%

CoS & Operating /Admin Expenses RO Mn



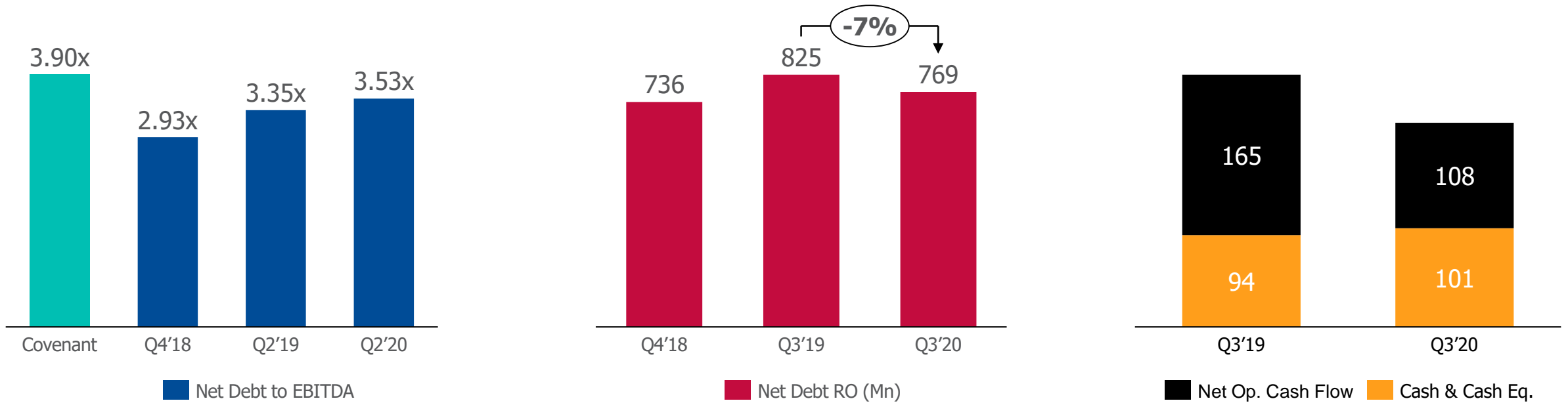
- YTD Opex to Revenue ratio for 2020 is 85% Vs 82% last year.
- Ratio increase is mainly due to increase in CoS mainly driven by increase in External Admin (Hubbing) and Device cost, which in line with increase in revenues of the related items.

CAPEX additions RO Mn



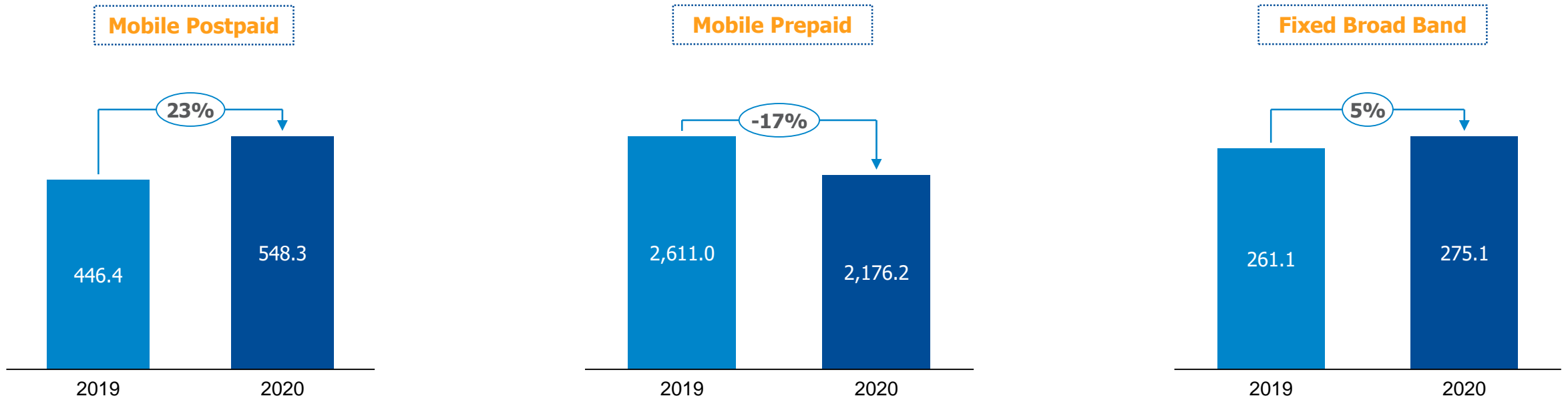
- Capitalization ratio is 14.3%, marginally lower than l/y mainly due control of new capex spending.
- 36% of the New non-critical capex projects planned for the Year 2020 & 14% of the existing projects (Projects of Yr 2019 & before) are postponed/ cancelled.

Leverage and Cash Flow position



- The Net Debt to EBITDA is measured at the end of every half and full year. Net Debt to EBITDA (Leverage ratio) required as per the Covenant is 3.9. Based on adj EBITDA (EBITDA plus Dividend from Zain), the leverage as of Q2'2020 is 3.53x and Interest cover is 4.82 against the target of 4.
- Omantel carries a Corporate Family Rating (CFR) assigned **by Moodys 'Ba3'** and **by Fitch 'BB-'**

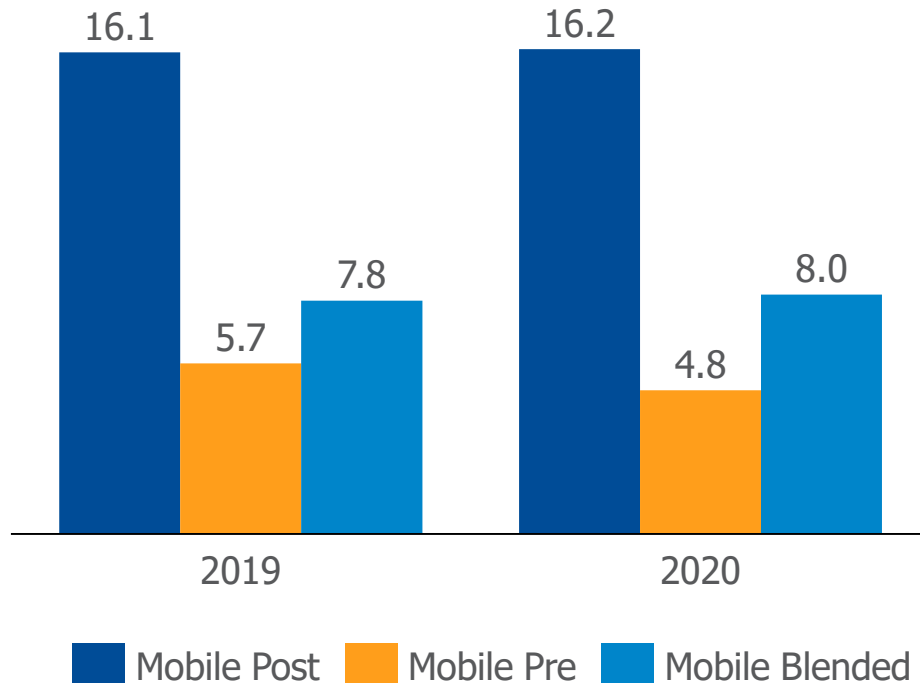
Omantel Subscriber base analysis - 9M, 2020 Performance



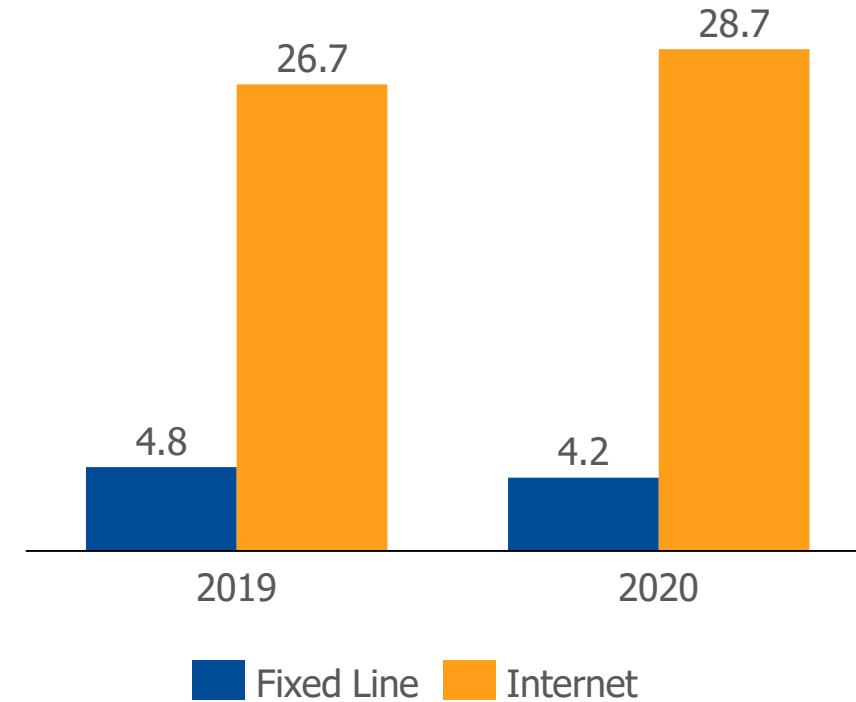
- Mobile postpaid customer base shows steady growth, mainly driven by pre to post migrations .
- Prepaid subscriber market share has been impacted mainly due to pre to post migrations, as well as, expats leaving.
- Fixed Broadband customer base keeps on growing, fundamentally on WFBB (4G/5G) with increased uptake in line with 5G network rollout and Fiber customers.

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

Mobile Services RO / Month



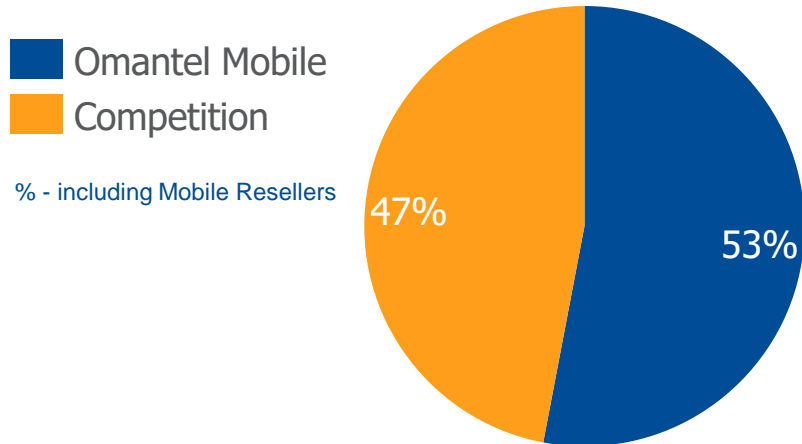
Fixed Line Services RO / Month



- Fixed line include post & pre-paid voice services.
- Internet include Fixed Broadband and all internet services (dialup post & prepaid, enterprise data services)

Mobile & Fixed Line Business Market share (Subscriber & Revenue share)

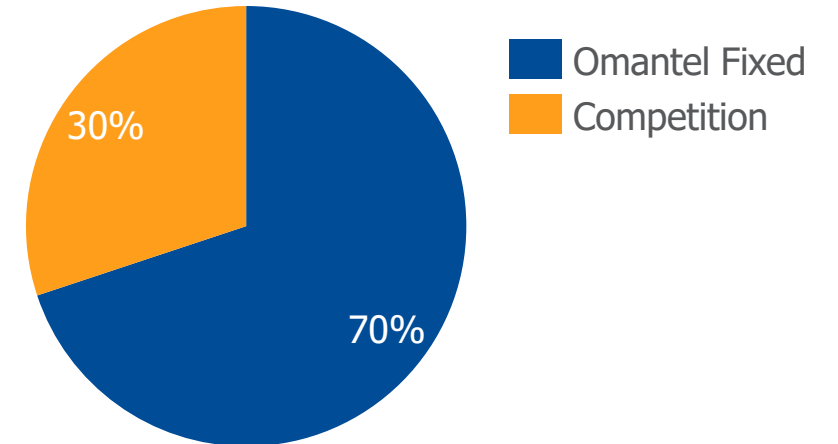
Mobile Subscriber Market share



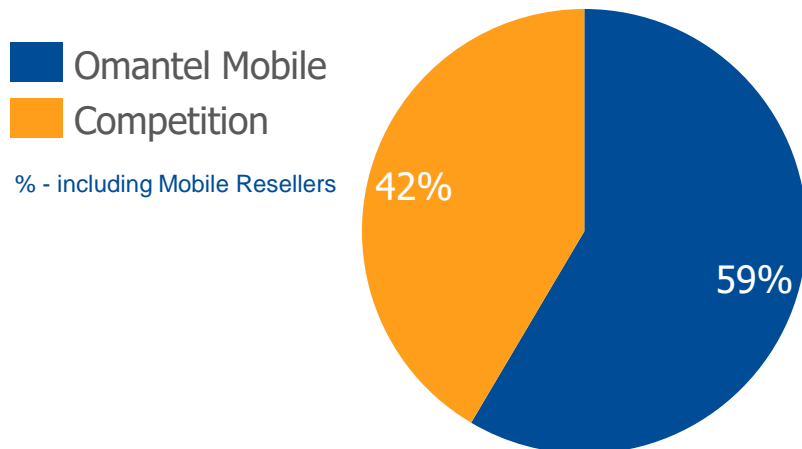
% - including Mobile Resellers

Note: Omantel Mobile (incl Mobile Resellers) subscribers declined by 6.2%, net drop is around 211 K mainly due to drop in Mobile Prepaid

Fixed Subscriber Market share

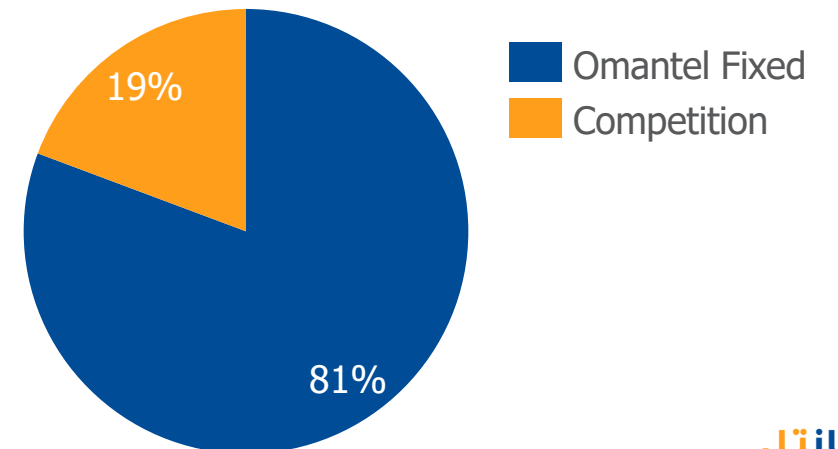


Mobile Revenue Market share



% - including Mobile Resellers

Fixed Revenue Market share



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Q&A