



Nawras



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# Strategy

## Nawras focuses on three strategic goals to secure value creation

### Grow mobile revenues faster than the market

- **Maintain a high share of new customers through attractive promotions and innovative offers**
- **Attract customers in underpenetrated segments and regions**
- **Continue to provide an excellent customer experience to retain and acquire high value customers**
- **Stimulate usage through targeted value-based offers, with focus on data products and innovative bundling**

### Develop new revenue streams

- **Capture significant share of growing mobile and fixed broadband market**
- **Increase share of business market with reliable and integrated products and services**
- **Capture share of growing international carrier services business**
- **Sell spare voice and data capacity to other Omani network operators and service providers**

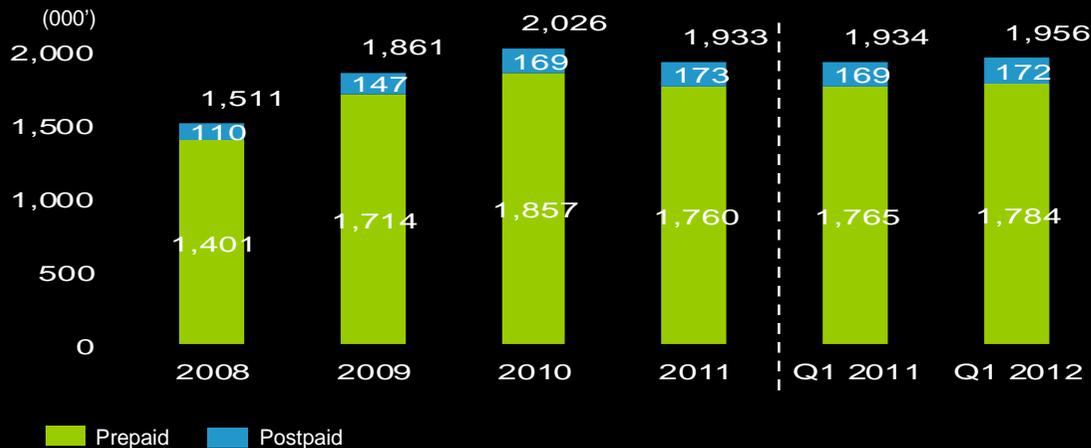
### Remain a lean and efficient operator

- **Exploit synergies between mobile and fixed business through shared systems and services**
- **Reduce costs for international traffic by exploiting international gateway and sea cable**
- **Optimise network rollout with focus on high value customers**
- **Leverage Qtel Group to maximise benefits in planning, purchasing, product development and time-to-market**

# Performance

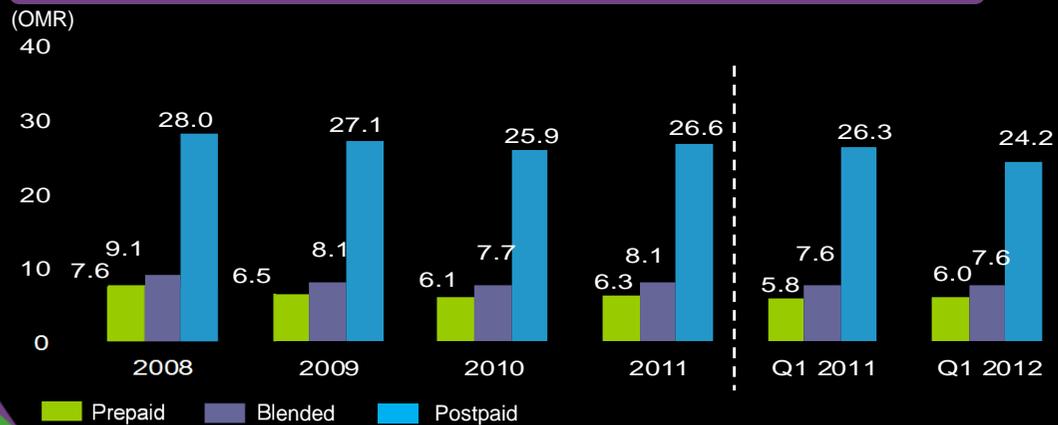
## Customer base developed , Stable Blended ARPU

### End of period (EoP) mobile customers breakdown



- The mobile post-paid customer base developed by 2.0% to 171,980 customers compared with 168,659 customers in Q1 2011.
- The mobile pre-paid customer base for Q1 2012 increased to 1,783,639 customers compared to 1,764,896 customers in Q1 2011 (+1.1%).
- Active mobile customers grew by 9%.

### Monthly ARPU - Postpaid, prepaid and blended



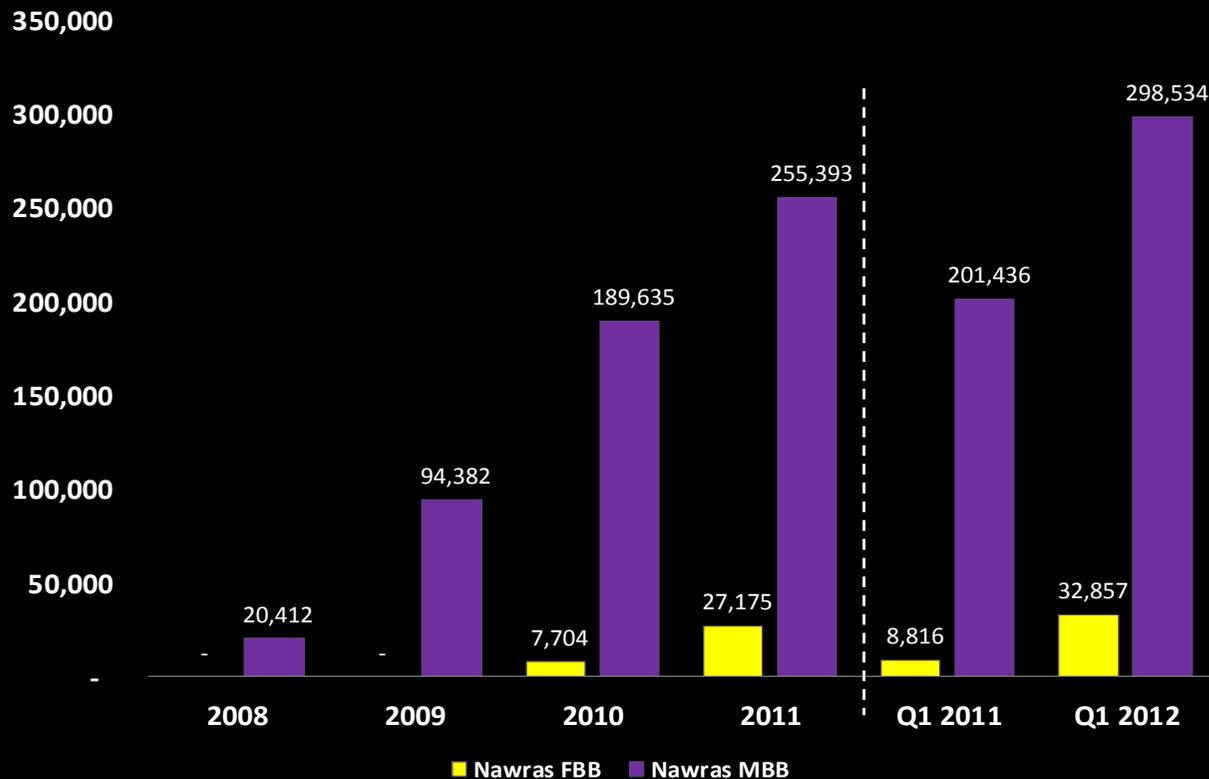
- Prepaid ARPU increased by 3.4% from growth in data and international revenue.
- ARPU for postpaid decreased by 8% mainly from decline in sms revenue.

Source

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# Nawras broadband customers

Broadband ( Mobile\* and Fixed)



- Prepaid customers contributed approximately 77% of mobile broadband revenues.
- Nawras commenced fixed broadband and voice services in June 2010.

\* Nawras MBB figure doesn't include BlackBerry customers

Source

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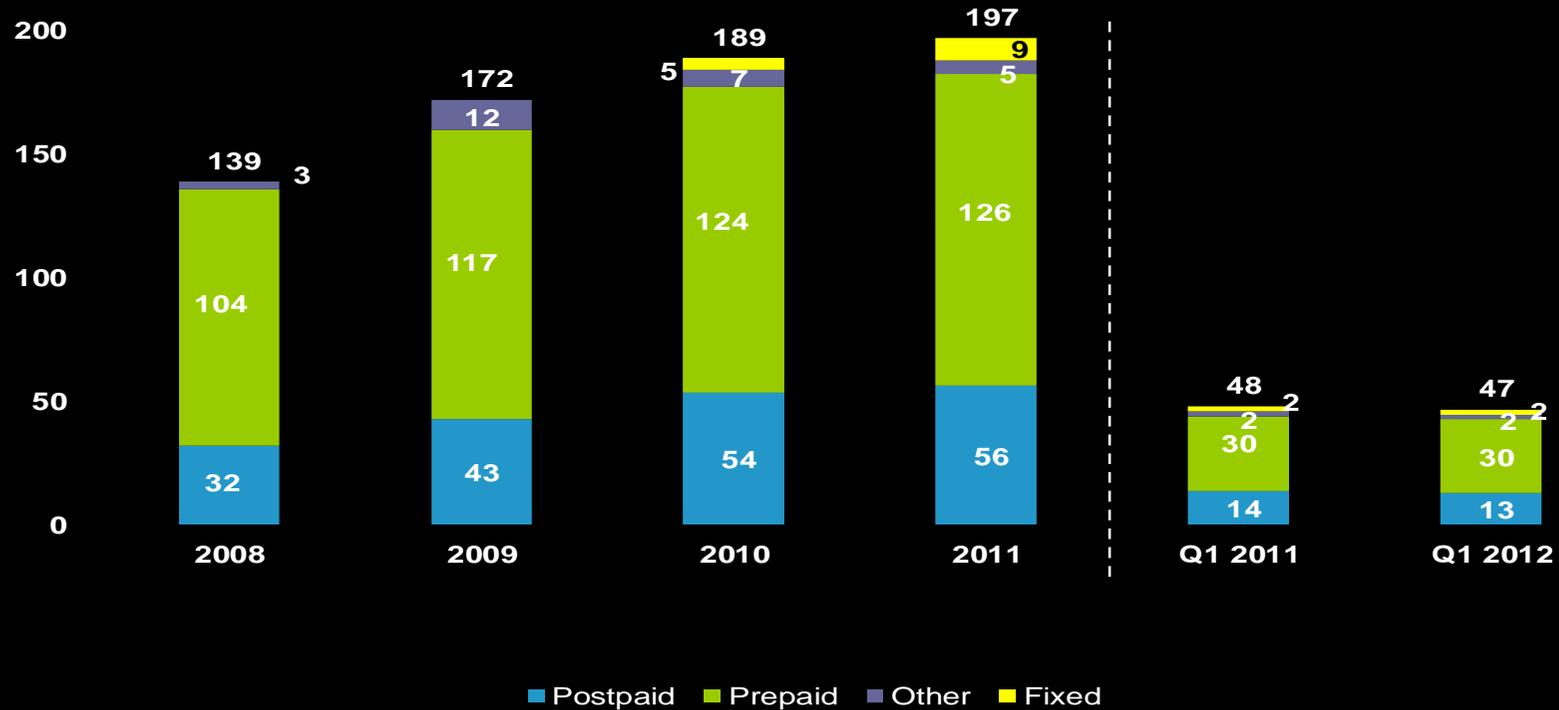
# Financial highlights



# Revenue

## Revenue

(OMR M)



- A slight decline of 2.7% due to a reduction in SMS revenues which was not fully compensated by growth in data revenue
- Revenue in Q1 2012 included a one-off accounting adjustment which reduced revenue by OMR 658,000

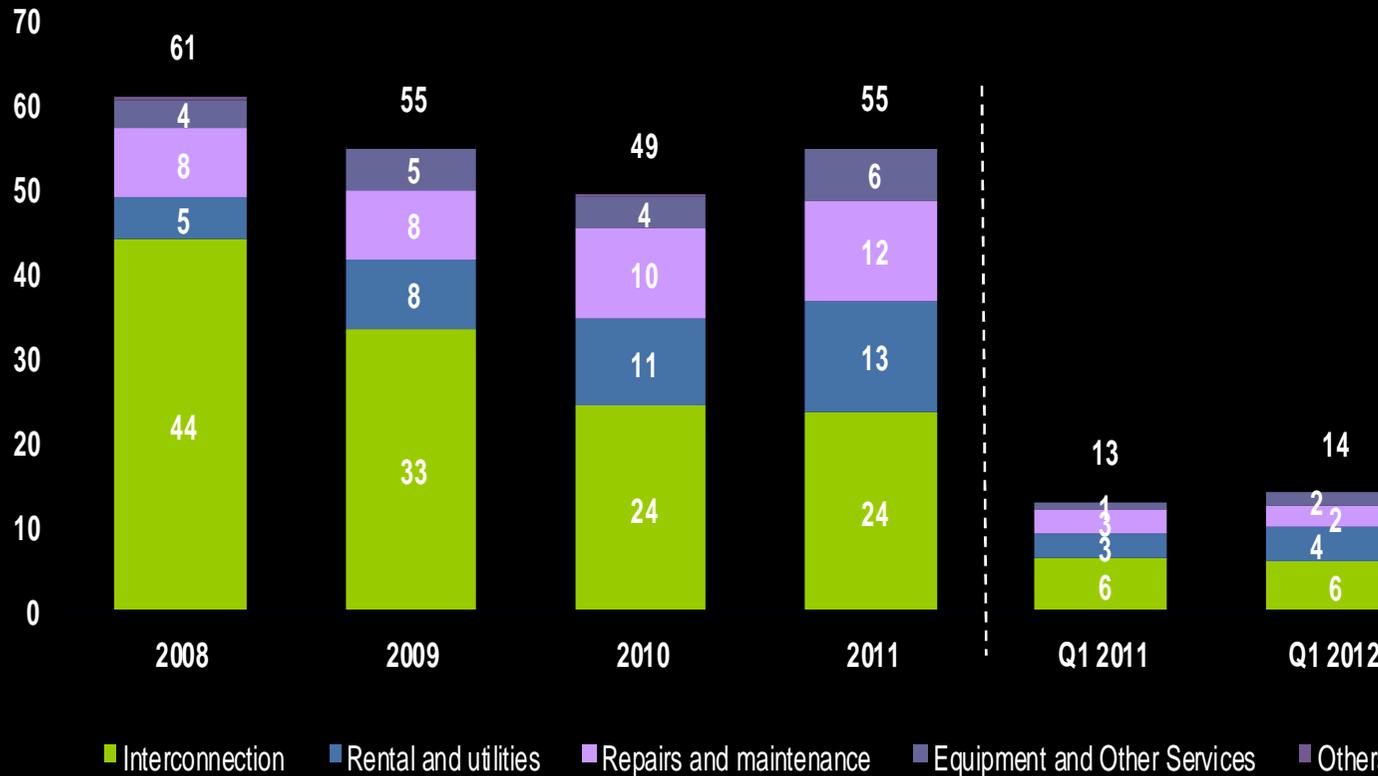
Source  
Notes

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(1) Other revenue mainly includes inbound roaming and wholesale revenue from resellers

# Key financial drivers

## Operating expenses

(OMR M)



- Increase in leased lines cost which is under rental and utilities
- Increase of CPEs cost which is under equipment and other services

Source  
Note

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Totals may not add up to sum of parts in some cases due to rounding

# Key financial drivers

## Tight cost control

### SG&A

(OMR M)

50

40

30

20

10

0



■ Payroll 
 ■ Service fees 
 ■ Legal and professional charges 
 ■ Sales and Marketing 
 ■ Others 
 ■ Rental and utilities-admin

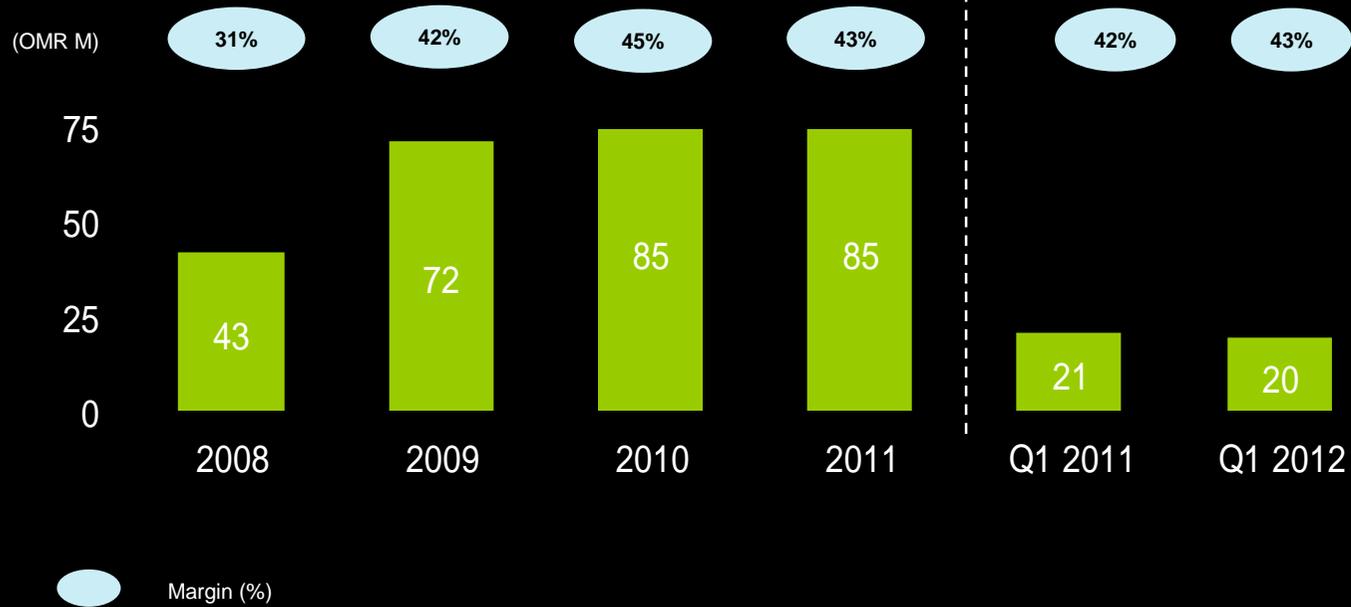
- SG&A included a reversal amount of OMR one million, which has been netted off against the period of Q1 2012**

Source  
Note

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Totals may not add up to sum of parts in some cases due to rounding

# EBITDA

## Adj. EBITDA<sup>(1)</sup>



- Decline in EBITDA was driven by the decline in revenue

Source

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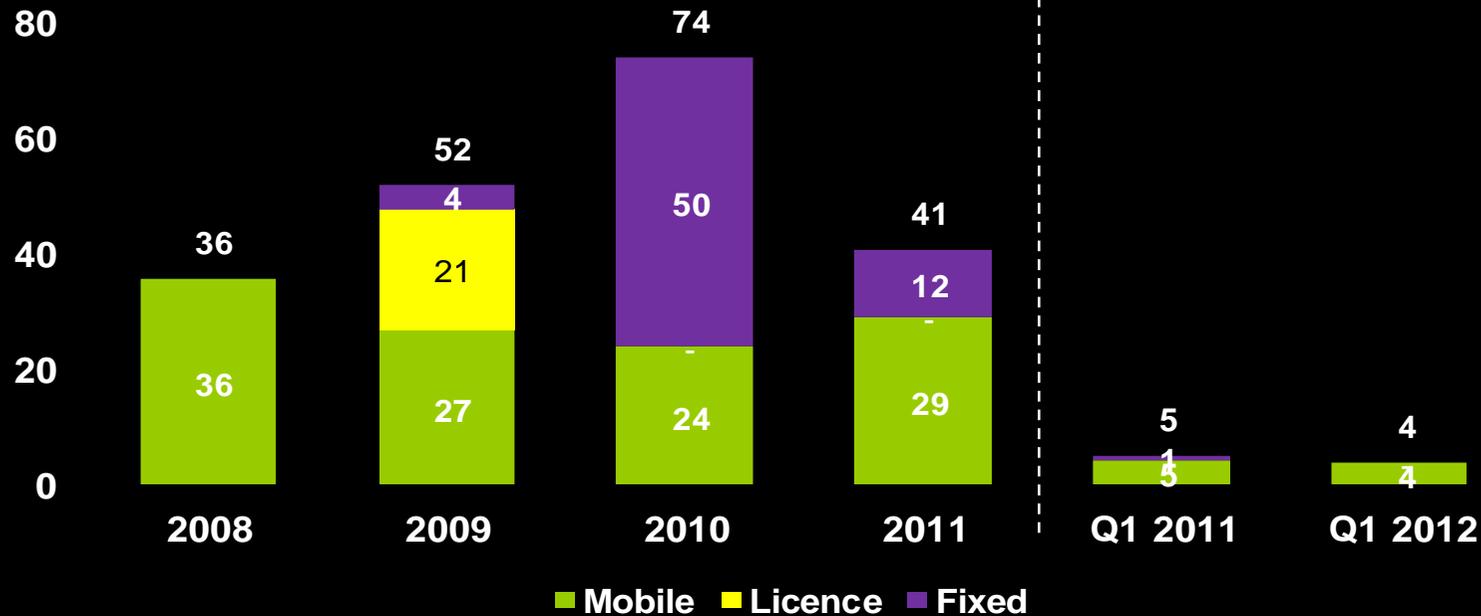
(1) Adj. EBITDA = Revenues – Operating Expenses – General and Administrative Expenses (including service fees) - royalty

# Key financial drivers

## Incremental capex spend for fixed line rollout

### Capital expenditure

(OMR M)



- Huawei has been selected as the preferred bidder for network modernisation and managed services, a Letter of Intent had been signed
- Capital expenditure on the upgraded radio network and related transmission equipment is anticipated to amount to a total investment of high double-digit million Omani Rials over the next three years

Source

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# Key financial drivers

## Steady cash flow

### Operating cashflow before working capital

(OMR M)



Operating Cashflow Capex

- Steady operating cash flow generation

Source

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# Net debt

## Improvement in leverage

Net debt<sup>(1)</sup>

Net debt / Adj. EBITDA

(OMR M)



- We successfully refinanced our existing loan facilities which enhanced our financial flexibility and lowered our funding costs
- Dividend of OMR 24.7 million was paid in April 2012 Net Debt after considering the dividend pay out will be 41.1 million and Net Debt/Adj. EBITDA of 2.1

Source  
Note

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(1) Adj. EBITDA = Revenues – Operating Expenses – General and Administrative Expenses (including service fees) – royalty

# Conclusions

- **Market**
  - Increased competition in the market
  - Stable political structure
- **Network**
  - Huawei was selected for Network modernization project
  - Letter of Intent had been signed with concerned parties
- **Future top line growth opportunities**
  - Mobile, Home and Business broadband
  - Full service provider for corporate services
  - Wholesale services
- **Future bottom line growth**
  - Strong operating leverage of fixed line business
  - Reduction in national and international transmission cost
  - Overall cost reduction and quality improvement
- **Strong cash flow generation**

Results in growth with substantial cash return to shareholders



**Thank you!**

