

Ooredoo Oman Investor Presentation



Q2 2016 Performance

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Q2 2016 – Financial Results

	Three months ended 30 June			Six months ended 30 June		
	2016	2015	Change%	2016	2015	Change%
Revenues (OMR m)	66.7	62.6	6.5%	132.8	121.9	8.9%
EBITDA (OMR m)	36.1	34.7	4.0%	73.4	68.4	7.3%
Net Profit (OMR m)*	12.3	11.5	7.0%	24.9	22.2	12.2%
Mobile and fixed customers ('000)				2,841	2,753	3.2%

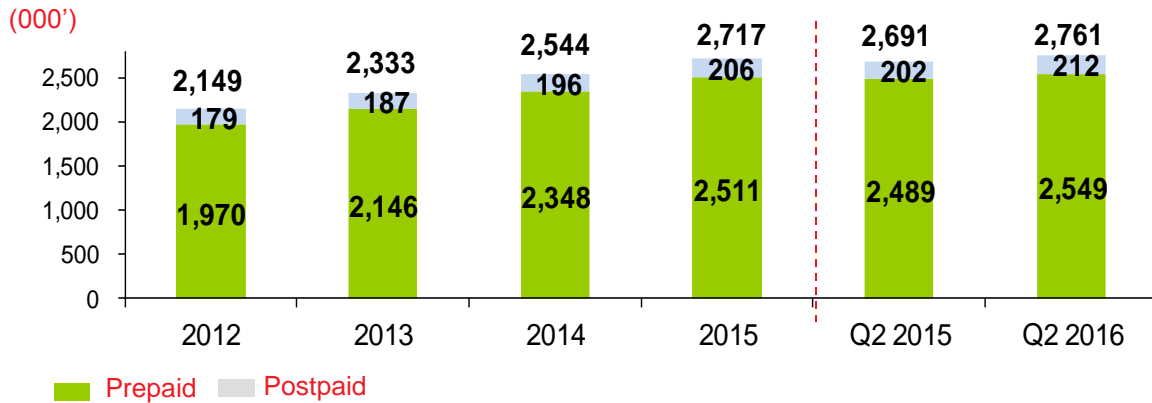
- Revenues for the first half of 2016 grew by 8.9% to OMR 132.8 million compared with OMR 121.9 million in 2015. The growth is driven by increases in both mobile and fixed data revenue.
- EBITDA for the first half of the year stood at OMR 73.4 million compared to OMR 68.4 million for the first six months of 2015. EBITDA growth for the year is driven by higher revenue.
- Net profit for the first half of 2016 was OMR 24.9 million compared with OMR 22.2 million in the same period of 2015. Increase in net profit for the year is driven by higher EBITDA partially offset by higher depreciation cost due to investment in network modernisation.
- Net Profit includes following adjustment relating to income tax:
- Income Tax for the second quarter ending June 2016 includes a reversal of tax amounting to OMR 0.6m (YTD 2016 – Nil) on account of revising the tax provision for the year to be at 12% instead of the 15% provided for in first quarter of 2016. Further, Income tax for the second quarter of last year includes an additional charge of OMR 0.9m (YTD 2015 – 0.9m) on account of the tax years 2008 to 2013.
- Total number of customers grew by 3.2%, to be 2,841,472 at the end of the first half of 2016 compared to 2,753,140 for the same period of 2015.
- The fixed service customer base increased by 28.7% to 80,292 customers in Q2 2016 compared to 62,410 in same period 2015. The mobile post-paid customer base grew by 5.1% to 212,352 customers compared with 202,026 customers in Q2 2015. The mobile pre-paid customer base for Q2 2016 increased by 2.4% to 2,548,828 compared to 2,488,704 for the same period last year.



Mobile customer base and ARPU

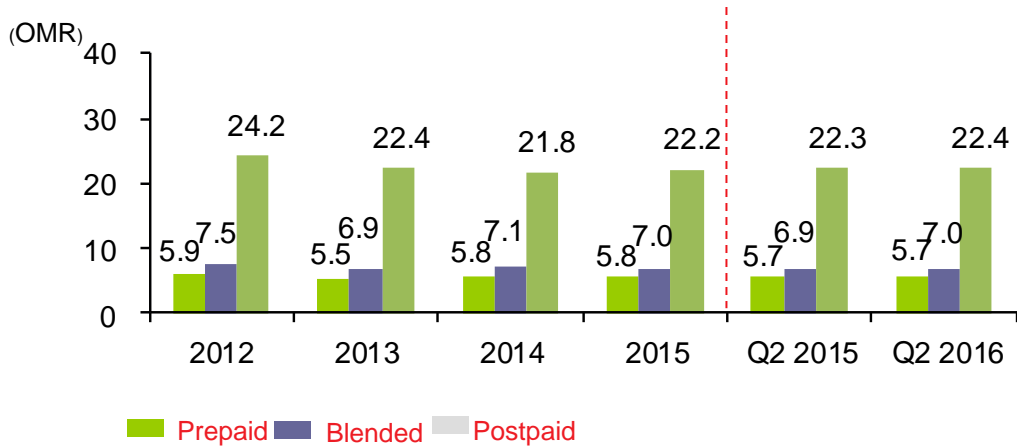


End of period (EoP) mobile customers breakdown



- The mobile pre-paid customer base by end of Q2 2016 increased by 2.4 % to 2,548,828 compared to 2,488,704 at the end of Q2 2015.
- The mobile post-paid customer base by end of Q2 2016 grew by 5.1 % to 212,352 customers compared with 202,026 customers by end of Q2 2015

Monthly ARPU – Post-paid, prepaid and blended

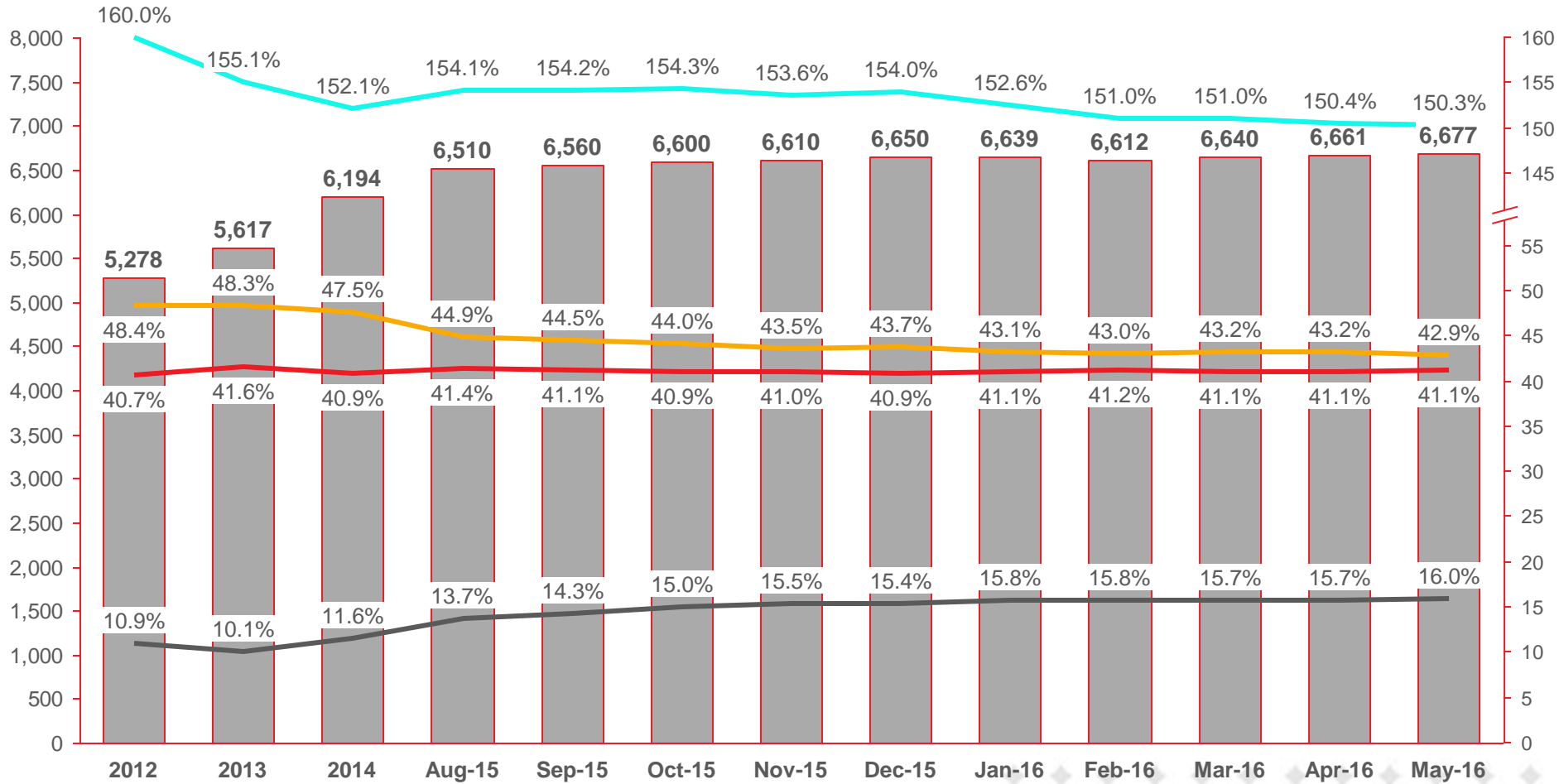
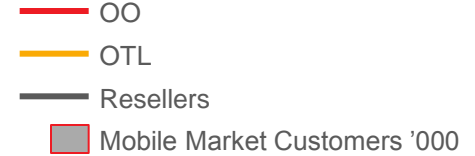


- Q2 2016 postpaid ARPU grew by 0.2% Vs Q2 2015 driven by higher subscription revenue.



Mobile Market Share-Customers

- Stable OO market share

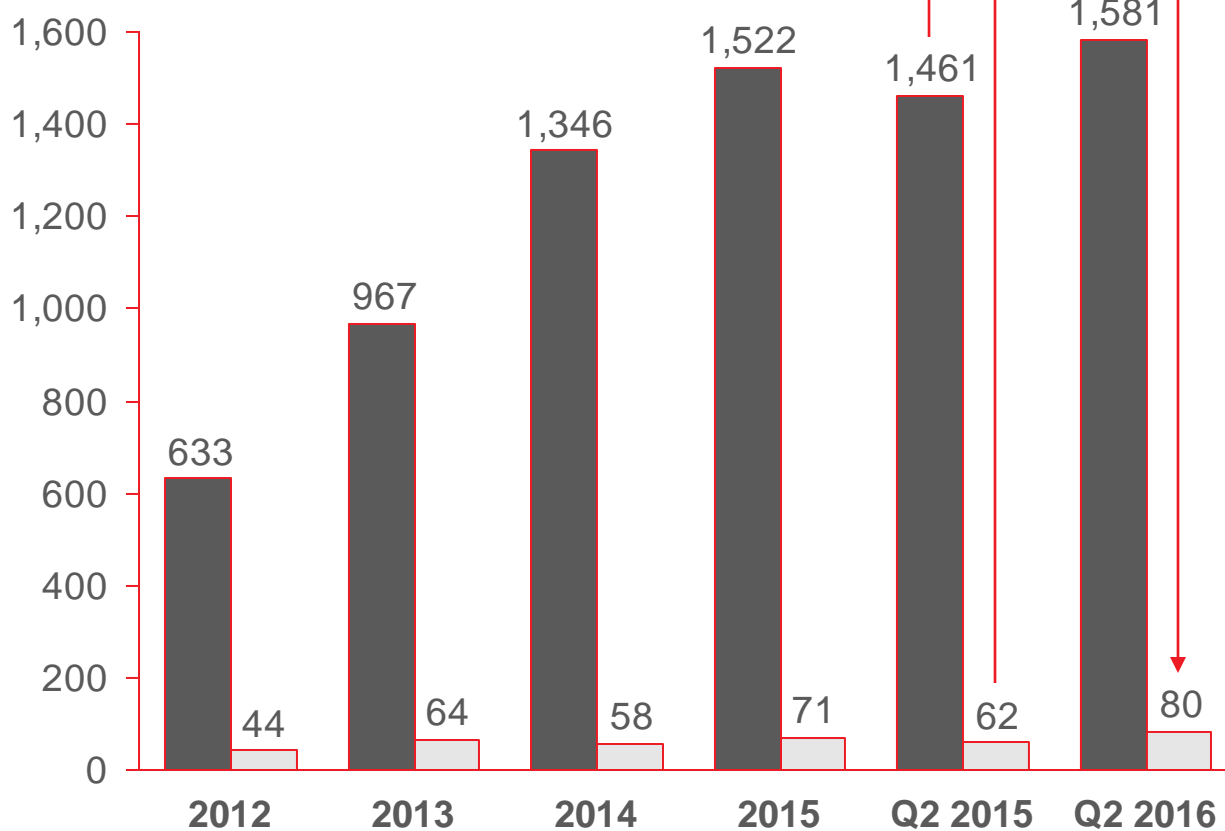


Source: TRA , Omantel and Ooredoo



Ooredoo MBB and HBB customers

(000')



■ MBB ■ HBB

- Fixed service customers increased by 29% Q2 2016 vs Q2 2015.
- Mobile broadband customers grew by 8% Q2 2016 vs Q2 2015, supported by growth in data products as well as modernization of network
- Smart device penetration across mobile base now at 80%.

Q2 2016 – Operational Focus

Technology/IT

- Superior network quality in terms of voice and data service confirmed by independent benchmark test (Global Wireless Solutions GWS)
- First wave of LTE800 launched
- New Network Coverage Map (Makani) deployed to sales, marketing, customer care and stores with faster and more accurate information and Arabic supporting search engine
- 2nd international POP in Frankfurt is launched & carrying traffic
- Muscat Festival is completed with excellent network coverage & quality
- 2 FTTH POPs launched Madinat Sultan Qaboos, Mabela & Al Khoudh
- Waiting Al Ghubra & Ruwi FTTH POPs to be launched this year
- IT modernization program in commercial negotiation
- Khareef Salalah Network Preparation on track
- Data traffic is growing for all technologies

Customer Experience

Customer Service :

- OO Customer service have won the **Best call center award for service assurance & The best VOC Program** among several robust competitors in the region .
- Moving towards the digital era OO CS launched Dimelo Social media which will support the following; Filtering, categorizing and routing messages /allow more customer insights /improve the reporting for the social media interactions, In addition OO CS launching email exchange Dimelo to improve the email touch point experience .
- Customer care is continuing the efforts of generating the revenue through the cross selling & upselling initiatives .

Customer Experience :

- Customer Experience Office in OO has grabbed the best VOC program for large companies in the insights middle east awards, and that was among several competitors in the middle east .
- Customer Experience Office is always insuring that all touch points are captured and that Ooredoo Oman can hear the voice of customer no matter how the customer interacts with us.

Billing & Collection :

- Postpaid E-Bill Penetration reached to 80.6% in Q2 2016 compared to 65.2% in Q2 2015
- New Bill Delivery Method was lunched in Q2 which allow customer to view their last 6 fully itemized bills directly form shabik.ooredoo.om

Q2 2016 - Consumer and B2B Focus

Achievements

Consumer:

- Continuous revenue growth, 8 % Y-Y
- Revenue grew in all segments:
 - Strong growth in postpaid of 6% driven by the new Shahry plans
 - Continuous revenue growth in prepaid with 7% Y-Y, main drivers are subscriptions and bundles
 - Home Broadband (HBB) revenues growing with customer base exceeding 80K
- To enhance customer experience, the queuing management system has been installed in 41 key Ooredoo stores

Revenue Evolution

- Data usage & revenues continue to grow, now represent 50% of total consumer revenues YTD
- Smart Devices penetration 80%

Launches

Consumer:

- **Mobile :**
 - New shahry offer (device benefits)
 - Welcome Pack free whatsapp
 - Mousbak International attractive prices to India , Bangladesh and Pakistan
 - Ooredoo surprise
 - Shahry night
 - Xiaomi devices offer
- **Fixed**
 - Super fast Fiber offer

Business:

- Double data on SBP offer
- Musafir world
- Business Conferencing launch
- Business Reach launch
- Business Smart launch
- IVMS launch
- MyAccount product enhancement launch

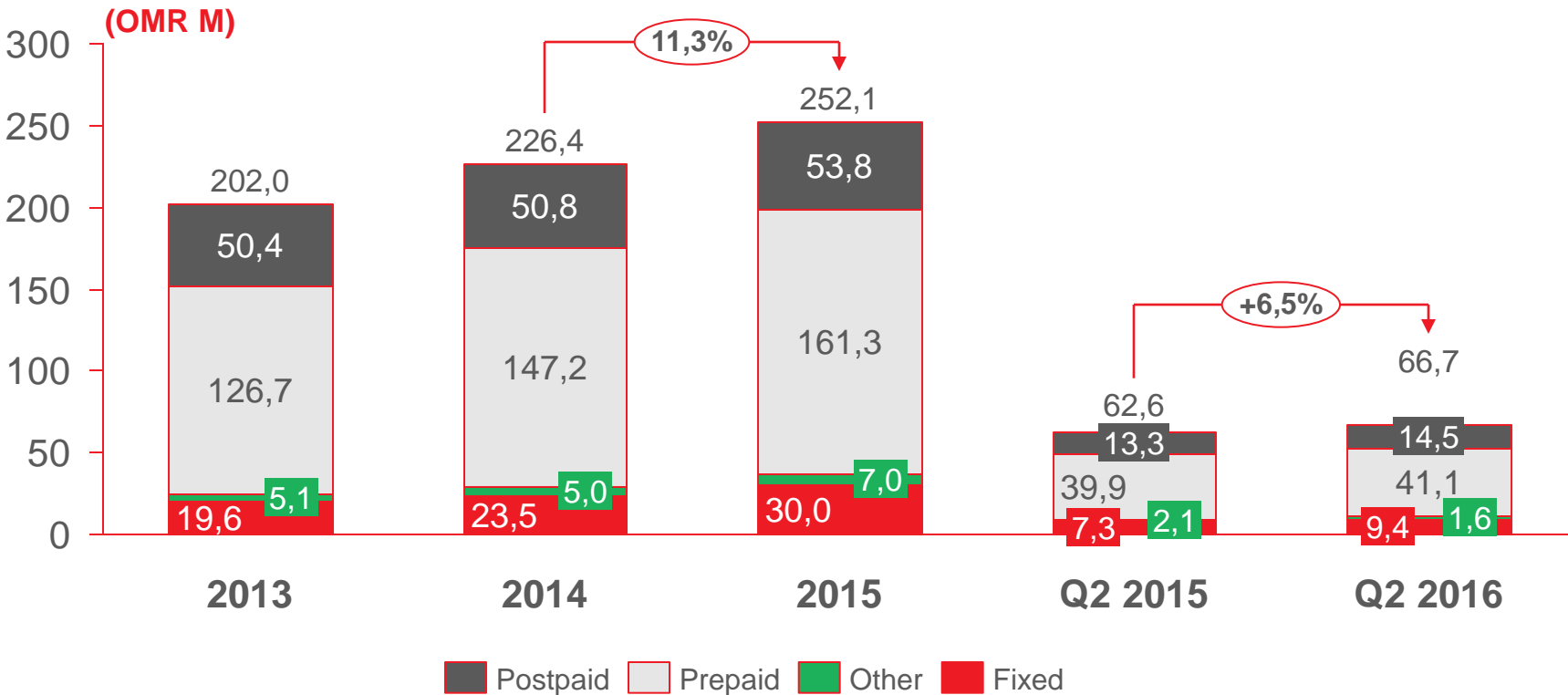
Financial highlights



Income Statement for the Three months ended 30 June 2016

	Actual 2016	Actual 2015	% Diff
GROSS REVENUE	66.7	62.6	6.5%
Other Income/(expenses)	(.1)	.2	
	66.6	62.8	6.0%
Operating Expenses	19.5	16.4	18.9%
General and admin expenses	13.1	13.3	- 1.5%
EBITDA	36.1	34.7	4.0%
Margin %	54.1%	55.4%	
Depreciation and amortization	15.3	14.4	6.2%
EBIT	20.7	20.3	2.0%
Margin %	31.1%	32.6%	
Royalty	4.6	4.2	9.5%
NET PROFIT	12.3	11.5	7.0%
Margin %	18.4%	18.4%	
Capex	16.2	19.3	- 16.1%

Revenue (Best performance since launch)



- The increase in revenue is driven by fixed data and mobile data revenues.

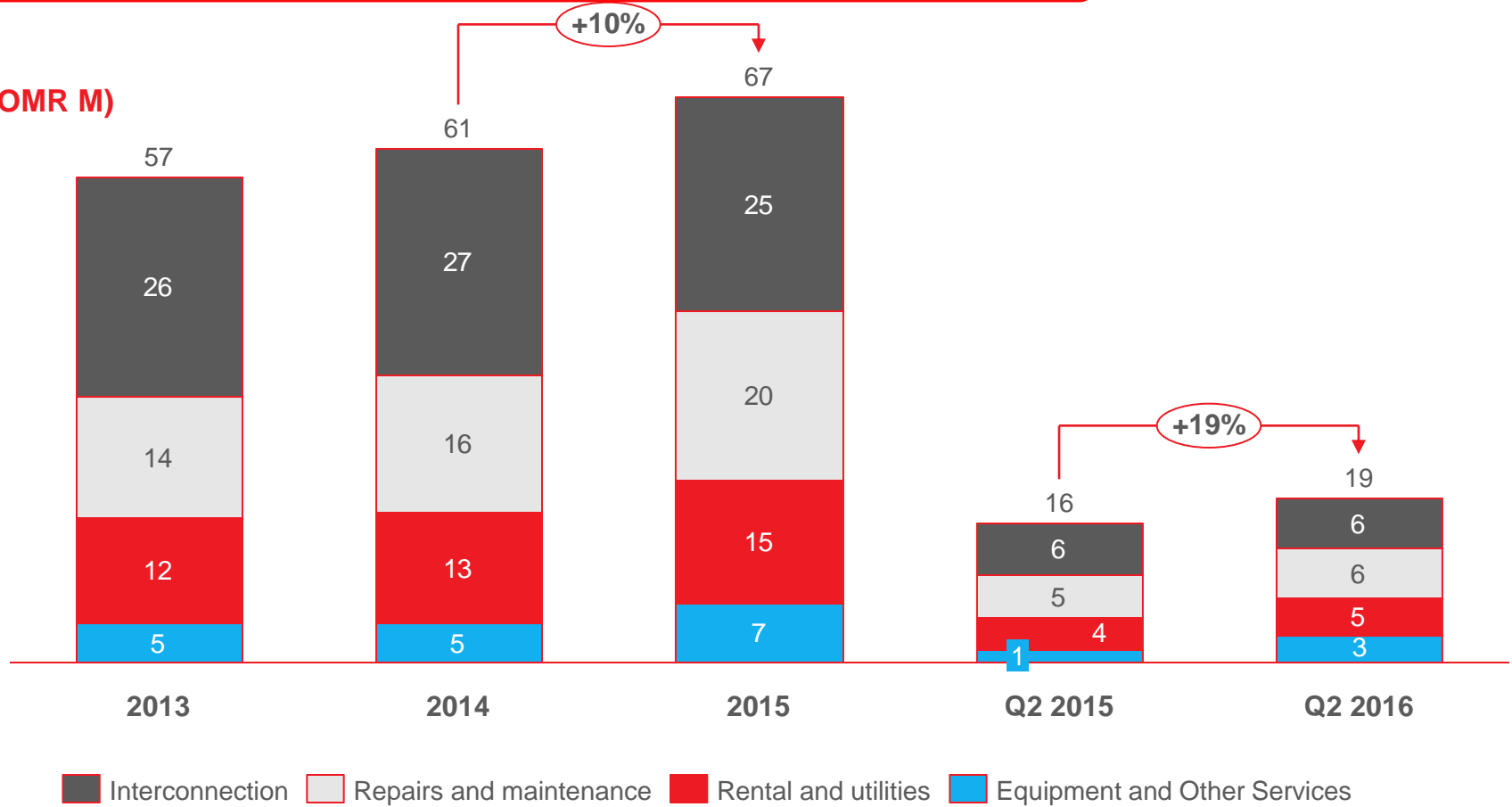
Notes

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

Key Financial Drivers

Operating expenses

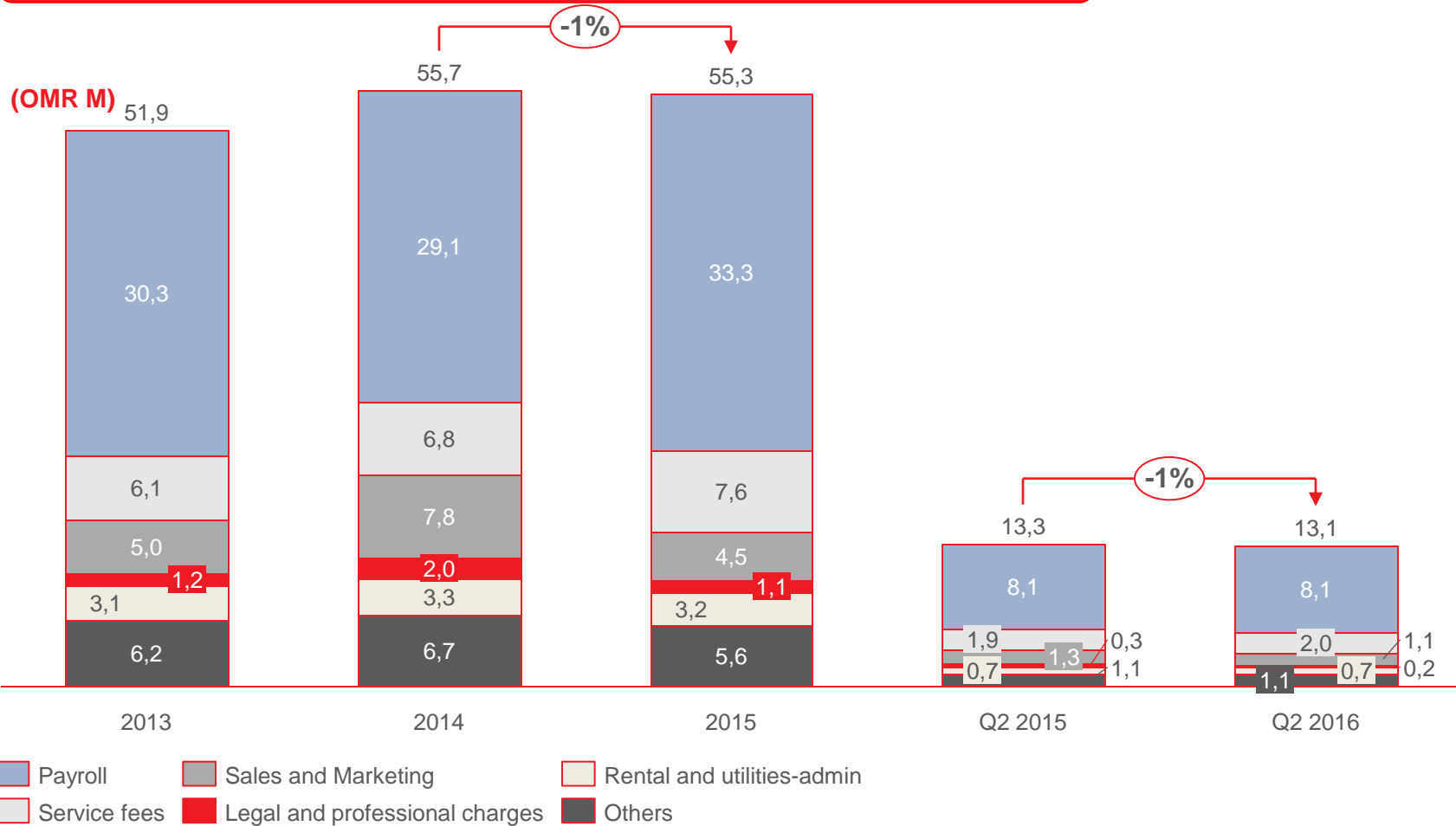
(OMR M)



- Operating Expenses has increased mainly due to higher content, modem costs and increase in network related expenses due to higher increase network size

Key Financial Drivers

S,G&A Expenses



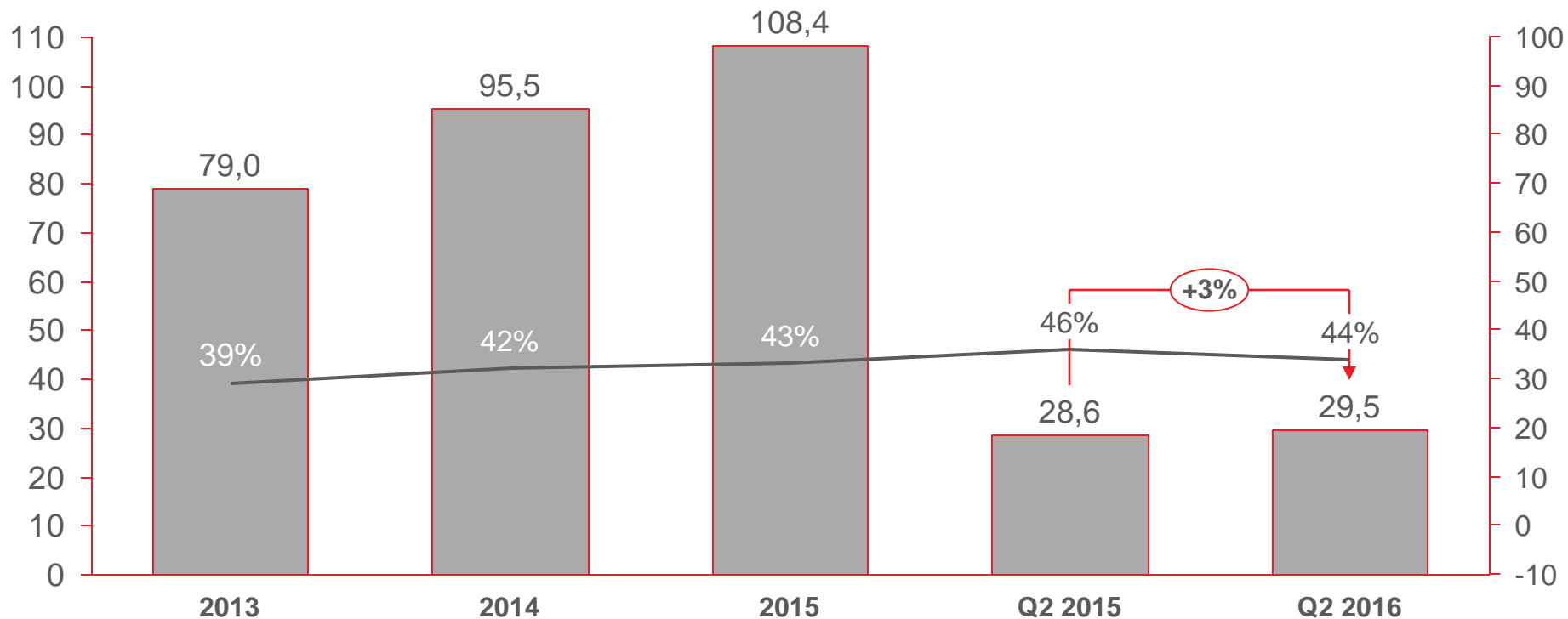
- SG&A expenses have decreased due to the decrease in Sales and Marketing expenses

EBITDA

Adj. EBITDA⁽¹⁾

(OMR M)

Margin (%)



- EBITDA had improved by 3% in Q2 2016 compared to Q2 2015 due to revenue growth as well as reduction in General and Administrative expense.

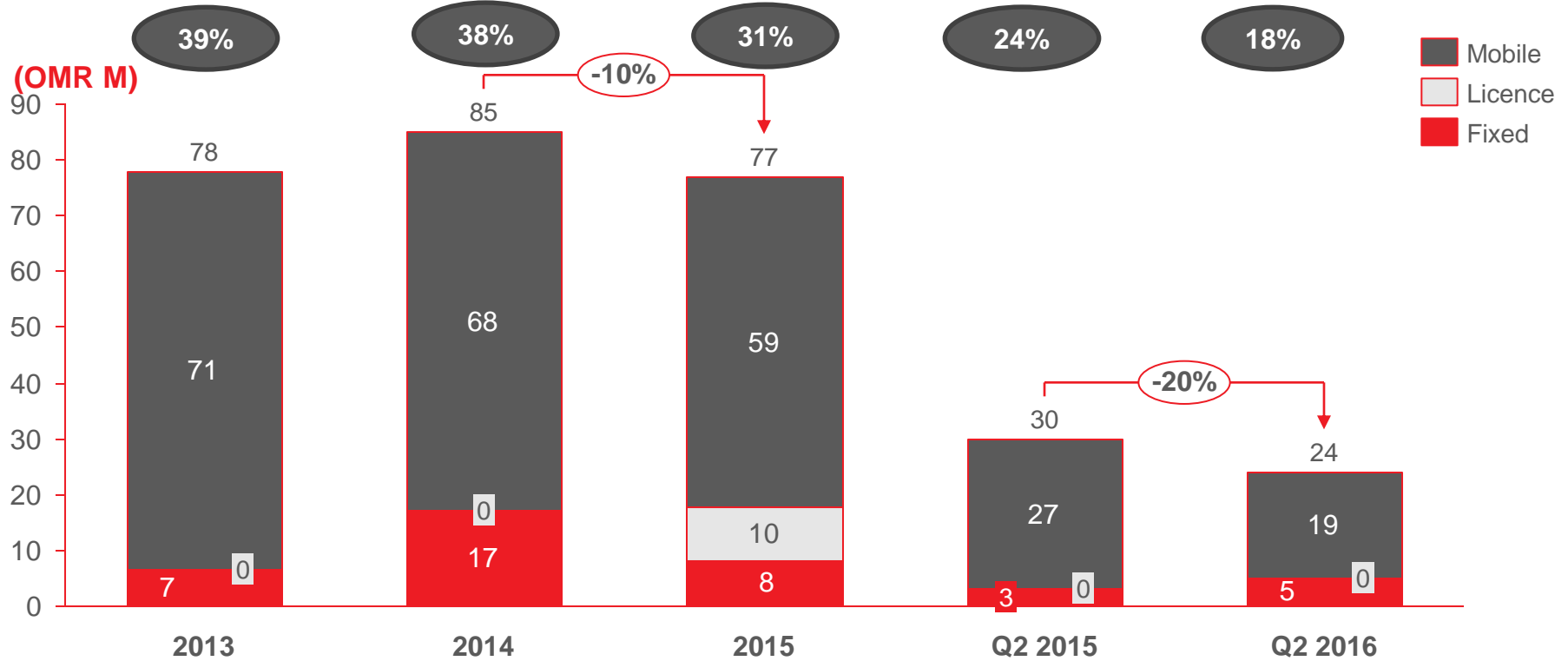
Source Ooredoo

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

Key Financial Drivers

Capital expenditure

Capex/Revenue

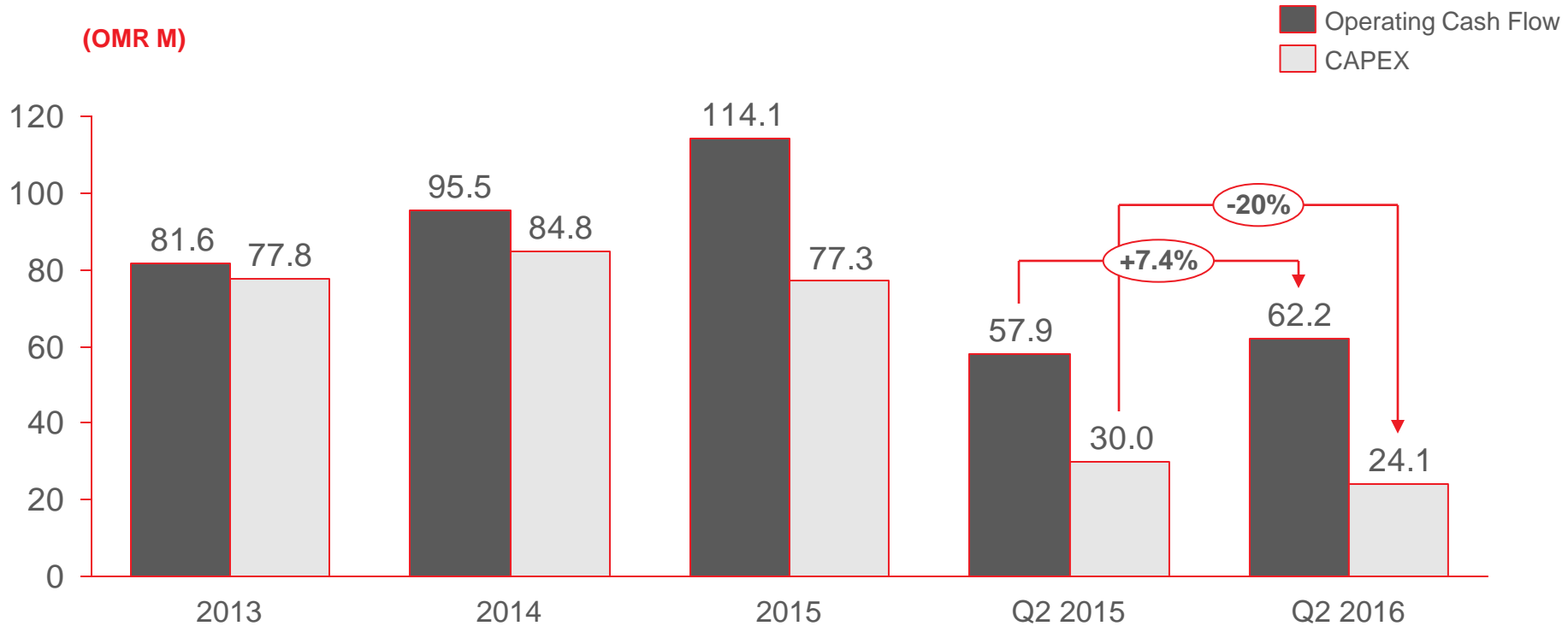


- CAPEX spend has been lower in Q2 2016 than in Q2 2015

Source Ooredoo

Key Financial Drivers (Steady Cash Flow)

Operating cash flow before working capital



- Improved operating cash flow generation mainly due to growth in revenue

Source

Ooredoo

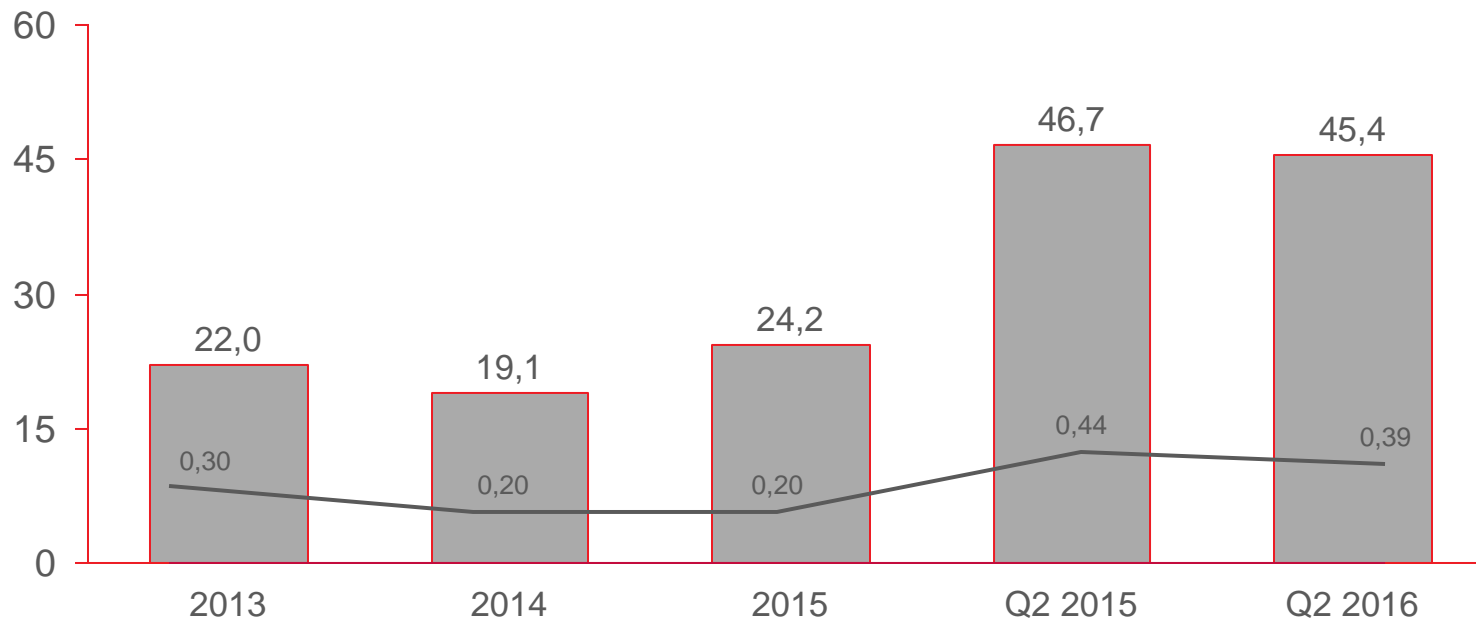
Net Debt (Improvement in leverage)

Net debt

Net debt / Adj. EBITDA⁽¹⁾

(OMR M)

— Net Debt / Adj. EBITDA(1)



- As on Jun 2016 we have unutilized funds of OMR 77m

Note

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

Source

Ooredoo

Summary

▪ **Market**

- Double digits net profit growth for the six months of 12.2%
- Six months revenue and EBITDA growth of 8.9 % and 7.3 % respectively,
- Strong revenue growth is driven by increases in both mobile and fixed data revenue.
- 3.2% growth in total number of customers.

▪ **Commercial and operational**

- Data represents 50% of overall revenues & mobile data represents 46% of mobile revenues
- We aim to inspire with unique products and services; to meet the changing needs of customers and businesses in all sectors across the Sultanate
- Our increase in customer base also reflects our award-winning customer experience, which we continue to innovate and build upon, across all of our touch-points

▪ **Future top line growth opportunities**

- Mobile, Home and Business broadband.
- Full service provider for corporate services.

▪ **Future bottom line growth**

- Strong operating leverage of fixed line business.
- Overall cost reduction and quality improvement.

▪ **Strong cash flow generation**



Thank you

