

Nawras Investor Presentation

Q4-FY 2013 Performance



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Q4 2013 Financial Results

	Quarterly Analysis			Full Year Analysis		
	Q4 2013	Q4 2012	% Change	2013	2012	% Change
Revenues (OMR m)	52.8	51.4	2.7%	202.0	193.5	4.4%
EBITDA (OMR m)	27.4	26.2	4.6%	98.9	94.9	4.2%
Net Profit (OMR m)	10.0	10.3	-2.9%	33.1	37.0	-10.5%
Mobile and Fixed Customers ('000)	-	-		2,397	2,193	9.3%

- The increase in revenue is driven by mobile and fixed data revenues, offset partially by decline in SMS.
- Net profit was affected by higher depreciation due to the investment in network modernisation.
- Total number of customers grew by 9.3% to 2,396,826 compared with 2,193,029
 - The fixed service customer base increased by 45% to 64,287 from 44,261.
 - the mobile pre-paid customer base increased by 8.9% to 2,145,622 compared to 1,969,586
 - The mobile post-paid customer base was up 4.3% to 186,917 customers compared with 179,182

Turbocharging

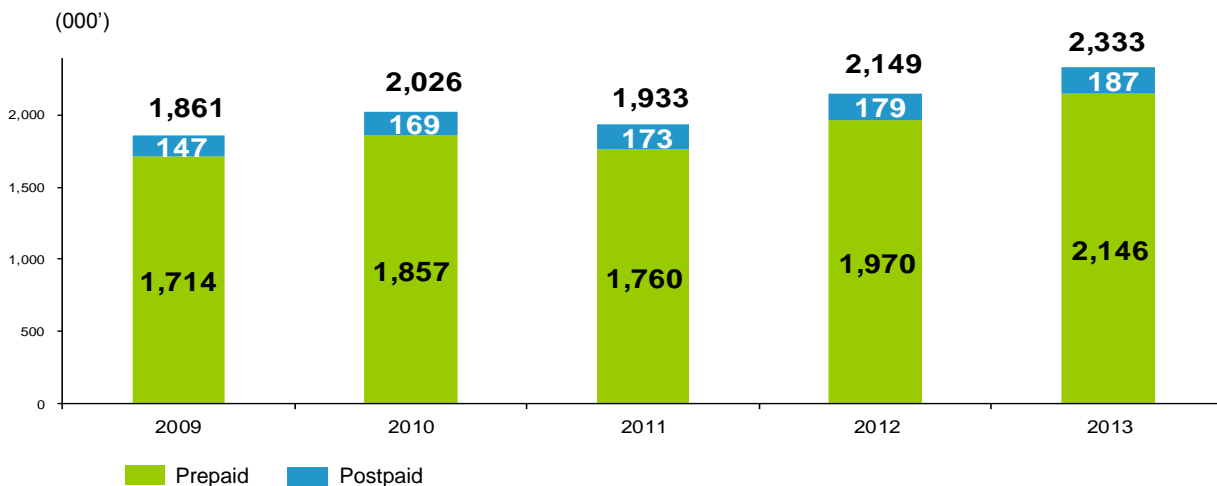
- Introduction of superfast 4G services to Sohar as the third Omani city.
- Tripling the existing capacity of 3G network in Batinah coastline region and Quriyat through successful implementation of 2nd and 3rd 3G+ carrier on existing sites
- Significant quality enhancement of 2G and 3G services from Musanaah to Shinas in addition to the city of Quriyat through swap and modernisation of existing sites and adding new base stations exceling the customer experience
- First leg of Southern ring to Salalah is fully operational. Our fiber roll out has helped us in achieving cost optimisation objectives

Customer Experience

- Increased the channels available for our customers to subscribe to our products and services (Stores, Contact Center and Shabik www.nawras.shabik.om)
- Introduced real time charging for roaming Data enhancing customers ability manage their roaming usage

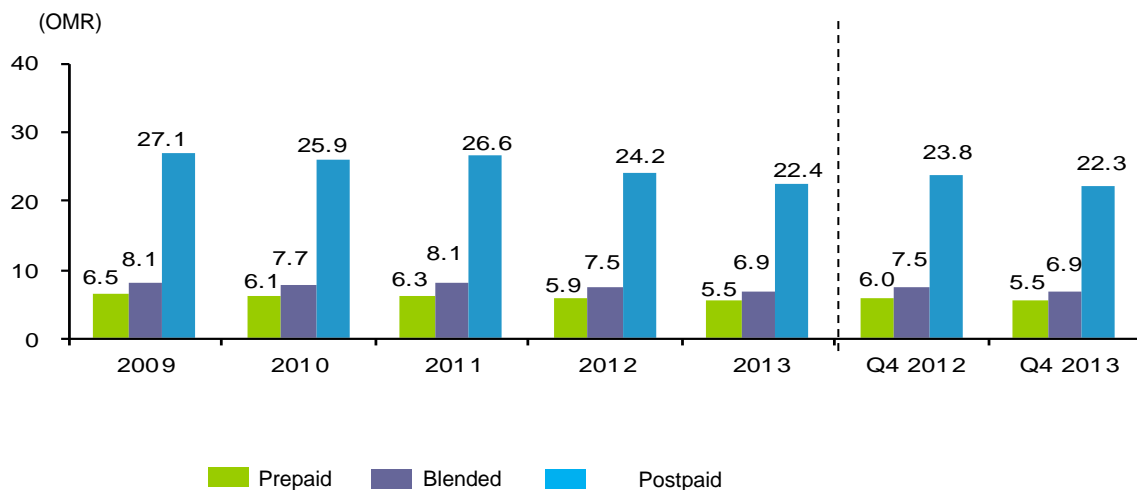
Performance

End of period (EoP) mobile customers breakdown



- The mobile pre-paid customer base by end of 2013 increased by 8.9% to 2,145,622 compared to 1,969,586 in 2012.
- The mobile post-paid customer base grew by 4.3% to 186,917 customers compared with 179,182 customers by end of 2012.

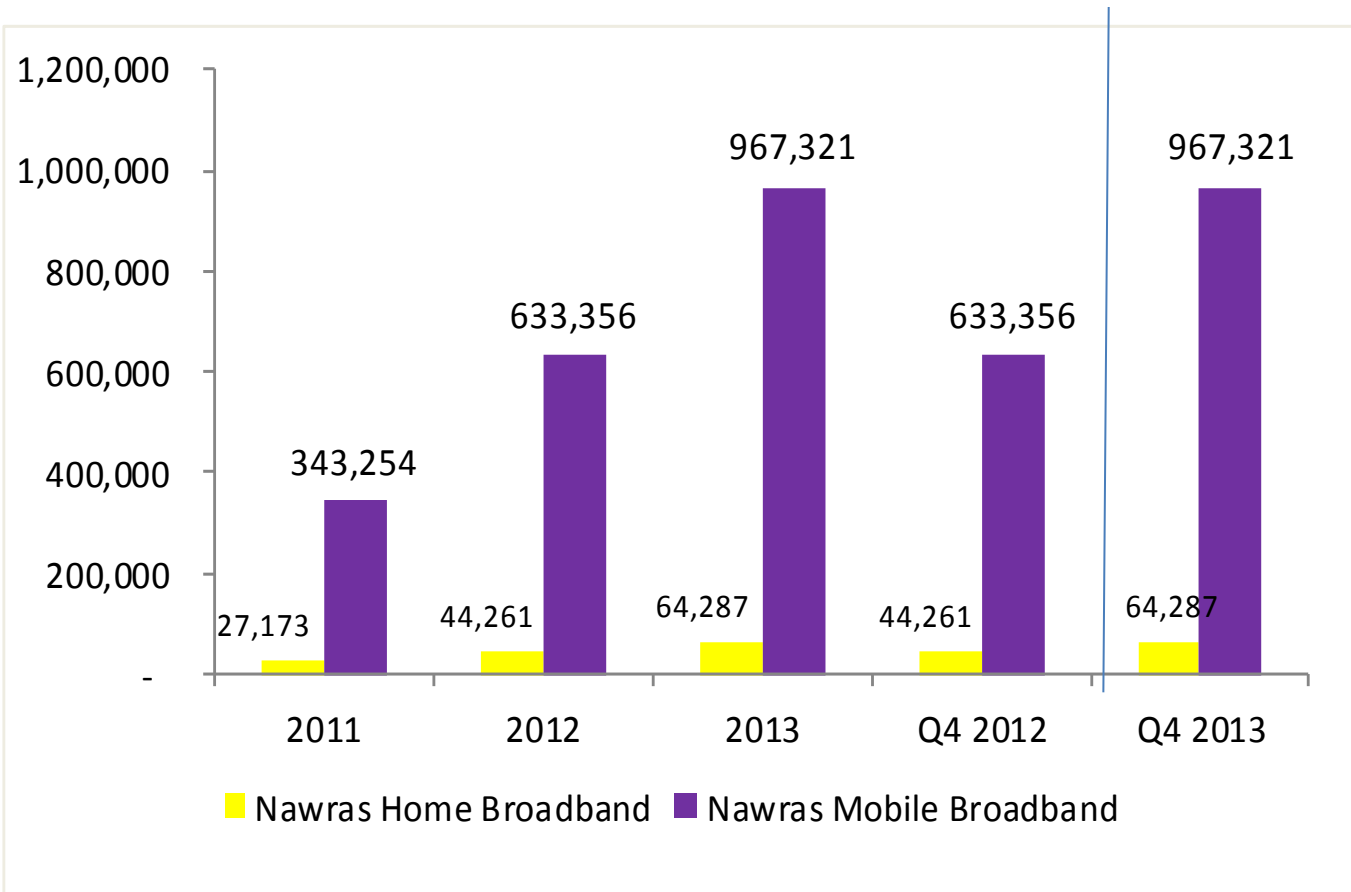
Monthly ARPU – Post-paid, prepaid and blended



- Q4 ARPUs were affected by continuous decline in SMS revenue as well as lower voice usage, however higher customer base and higher data usage compared to last year has helped achieving higher revenue

Nawras broadband customers

Broadband (Mobile and Fixed)



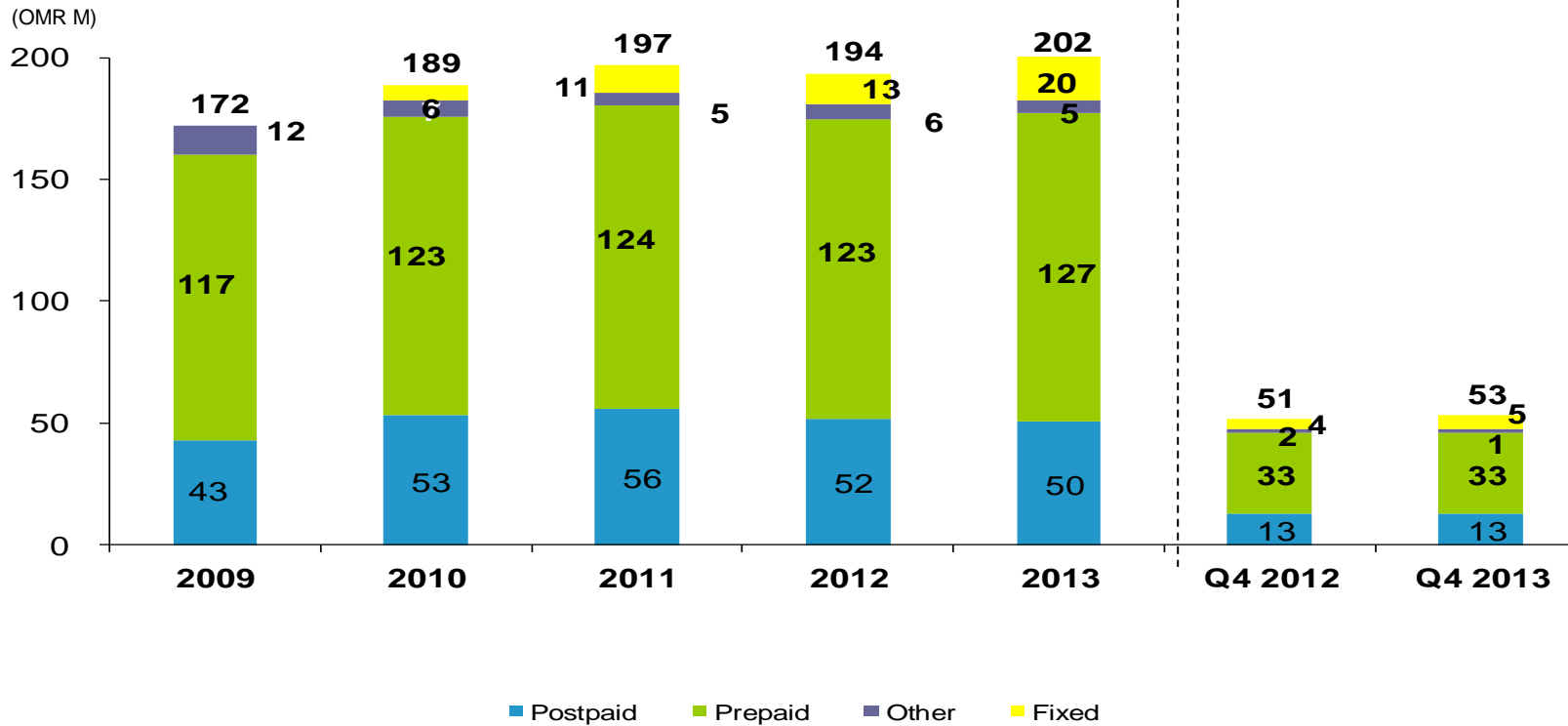
- Fixed service customers grew by 45% Y-Y driven by strong acquisition
- Mobile broadband customers grew by 53% Y-Y, supported by growth in data products as well as modernisation of network



Financial highlights

Revenue

Highest ever quarterly revenue achieved in Q4 2013



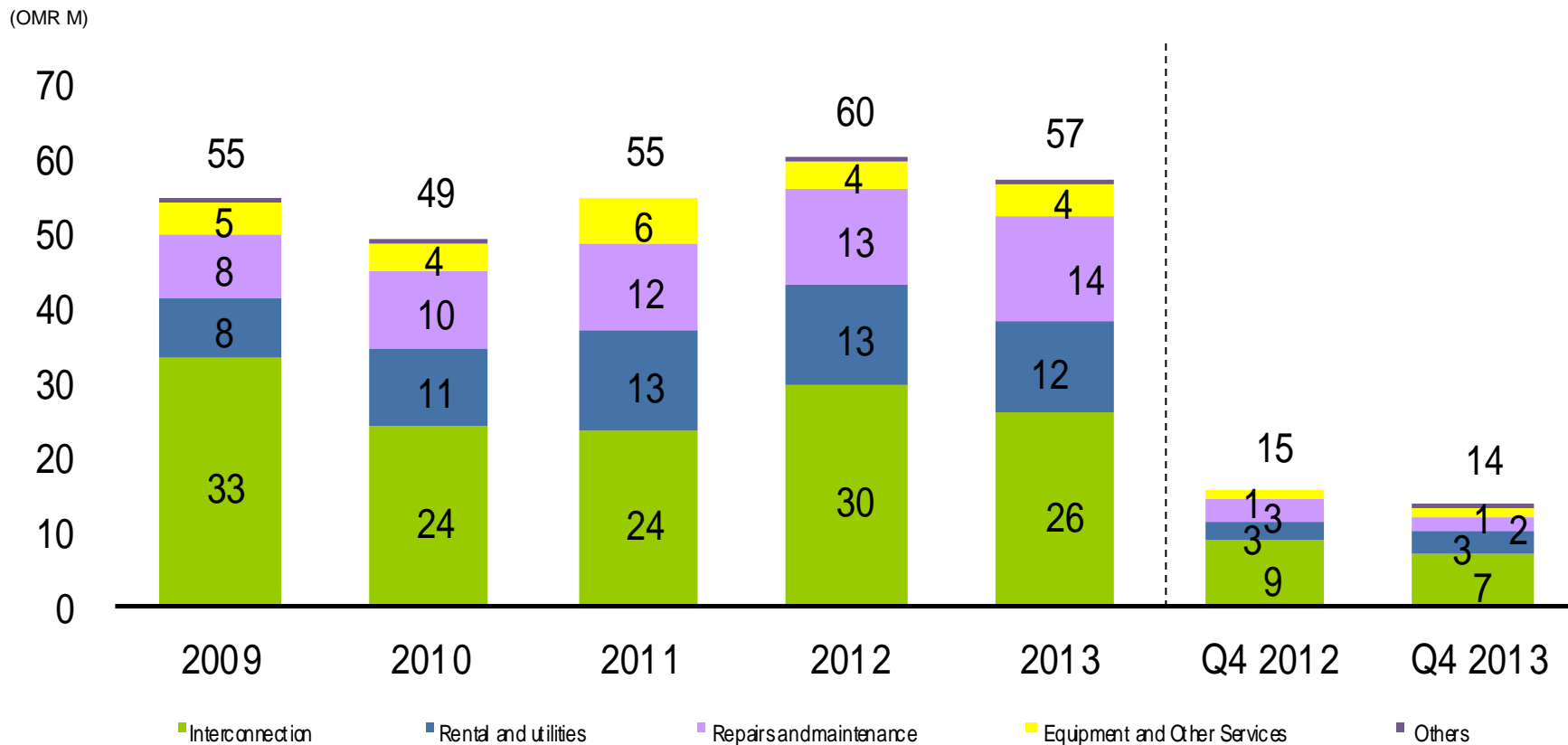
- The increase in revenue is driven by fixed and mobile data revenues, offset partially by continuous decline in SMS.

Source
Notes

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

Key financial drivers

Operating expenses



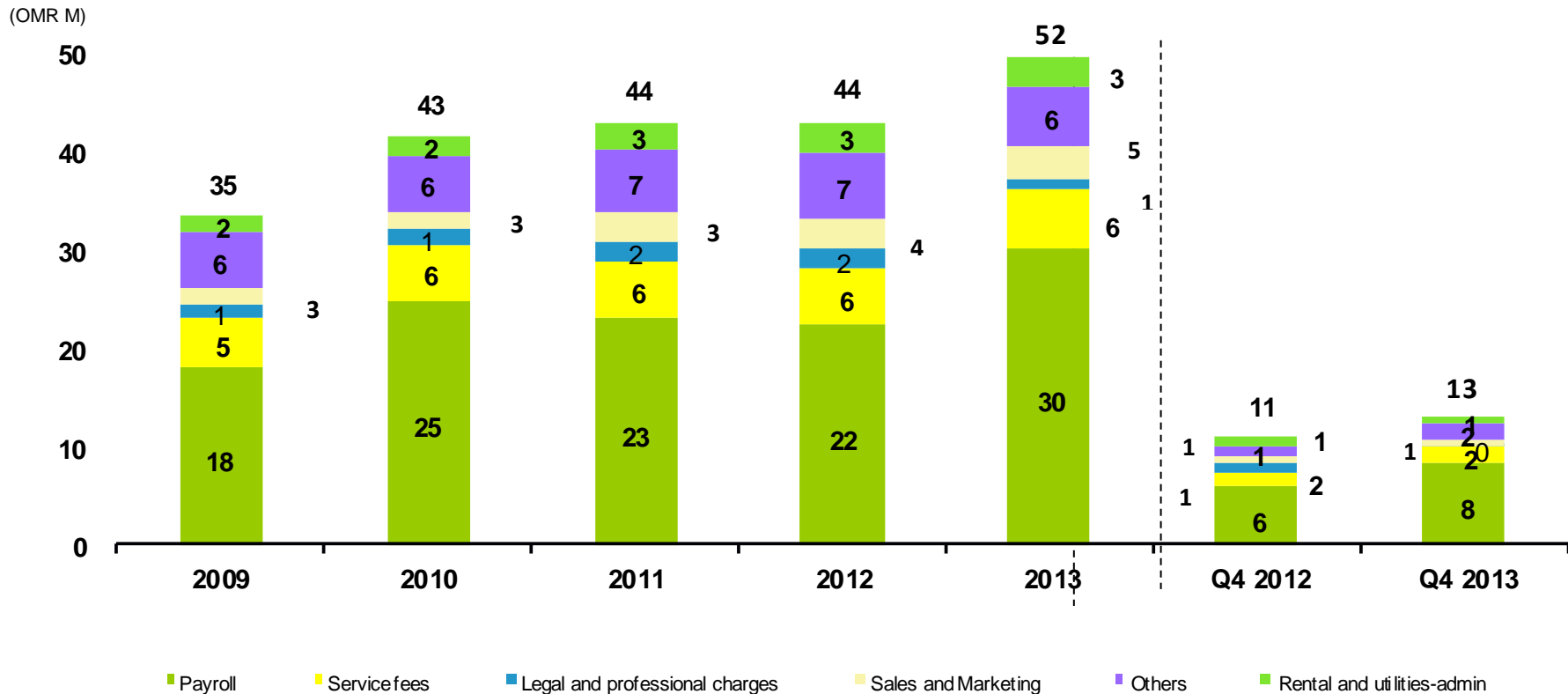
- Operating expenses reduced due to decrease in international interconnection charges. Q4 2012 cost was higher due to increased traffic to Pakistan which had a higher termination charge.

Source
Note

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

Key financial drivers

SG&A



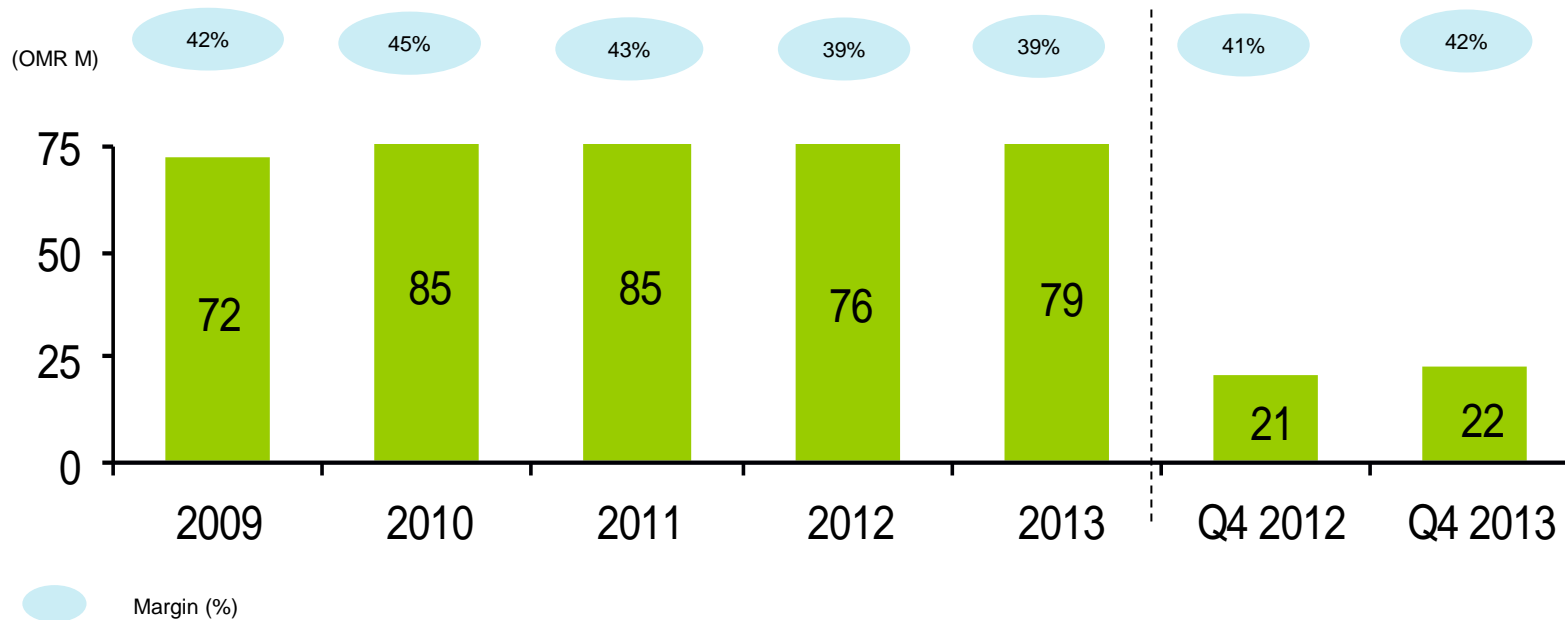
- SG&A increased driven by payroll and associated costs due to higher FTEs as well as accruals relating to previous quarters.

Source
Note

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

EBITDA

Adj. EBITDA⁽¹⁾



- EBITDA has improved due to the increase in revenues and decrease in operating costs.

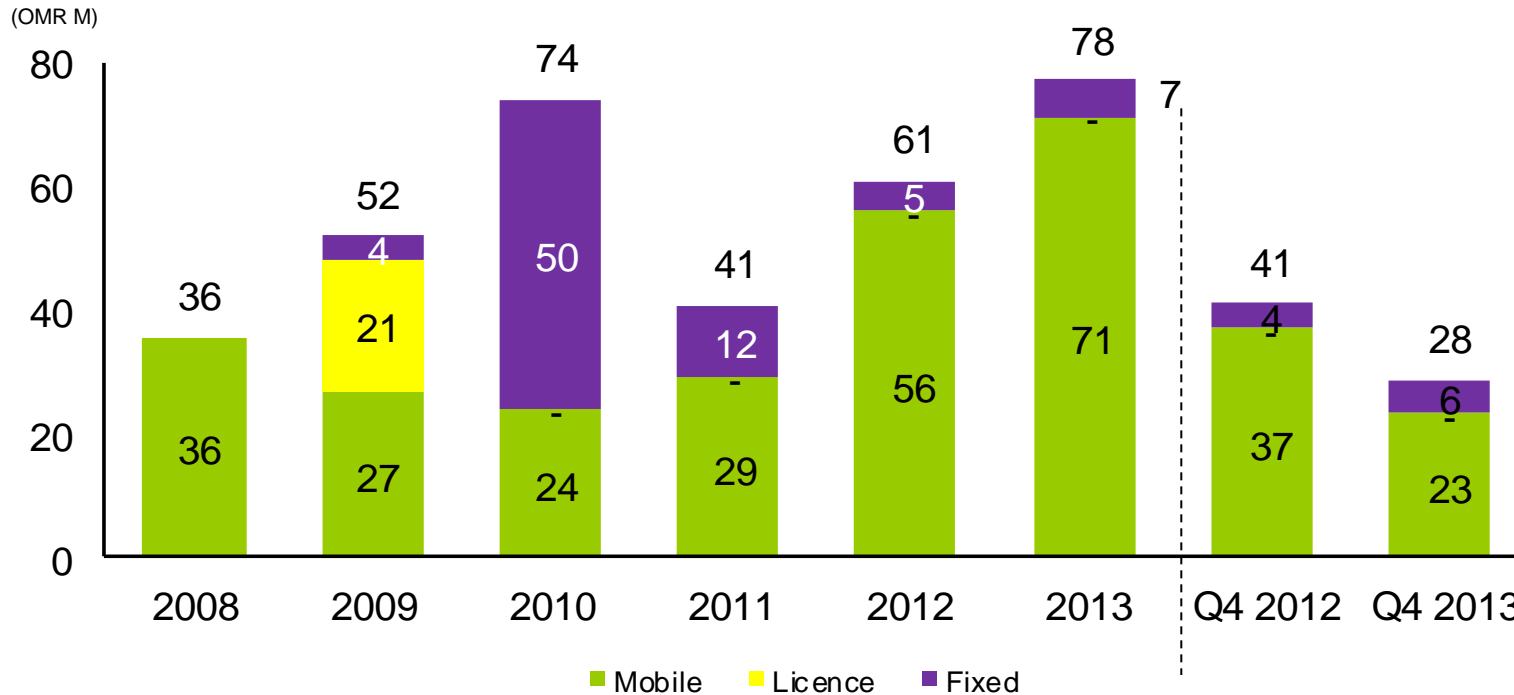
Source

Nawras

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

Key financial drivers

Capital expenditure



- Increase in Capex is driven by our investment in the network modernisation project which is future-proofing the network with the latest technology.

Source

Nawras

Key financial drivers

steady cash flow

Operating cash flow before working capital

(OMR M)



- Steady operating cash flow generation

Source

Nawras

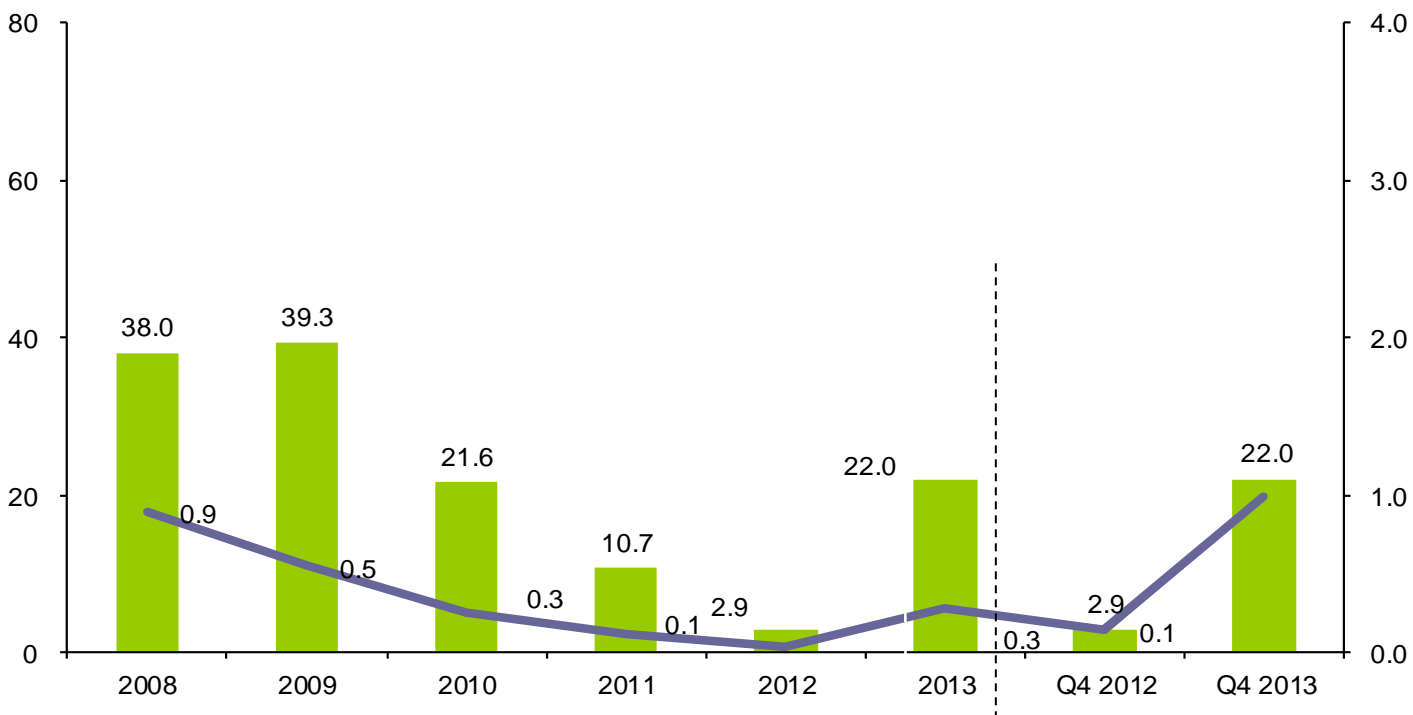
Net debt

Increase in borrowings driven by Capex

Net debt⁽¹⁾

Net debt / Adj. EBITDA

(OMR M)



- New loan facility of OMR 90mil was signed in early 2013. As of Dec we had utilised OMR 17m

Net Debt (Green Bar) Net Debt / Adj. EBITDA (Blue Line)

Source
Note

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

▪ **Market**

- Q4 was the best quarter in terms of revenue in Nawras' history.
- Quarterly revenue and EBITDA growth of 2.7% and 4.6% respectively,
- Revenue increase is driven by data and fixed revenues, offset partially by SMS.
- 9.3% growth in total number of customers and the fixed continued to grow.

▪ **Network**

- Completed phase II of the modernisation programme in Batinah.
- Introduction of superfast 4G services to Sohar, third Omani city.
- Tripling the existing capacity of 3G network of Batinah & Quriyat regions.
- Enhancing 3G indoor coverage by introducing 3rd carrier on U 900.

▪ **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.
- Reduction in national and international transmission cost.
- Overall cost reduction and quality improvement.

▪ **Strong cash flow generation**



Thank you



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