



Nawras Investor Presentation

H1-Q2 2012 Performance



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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

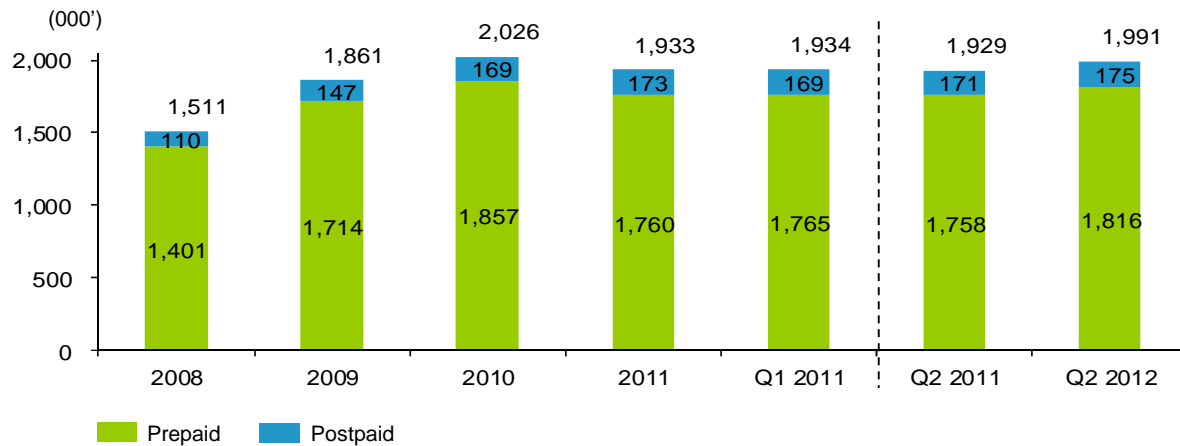
- Exploit synergies between mobile and fixed business through shared systems and services
- Reduce costs for international traffic by exploiting international gateway and sea cable
- Optimise network rollout with focus on high value customers
- Leverage Qtel Group to maximise benefits in planning, purchasing,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

Performance

Highest Customer net adds since Q3 2010

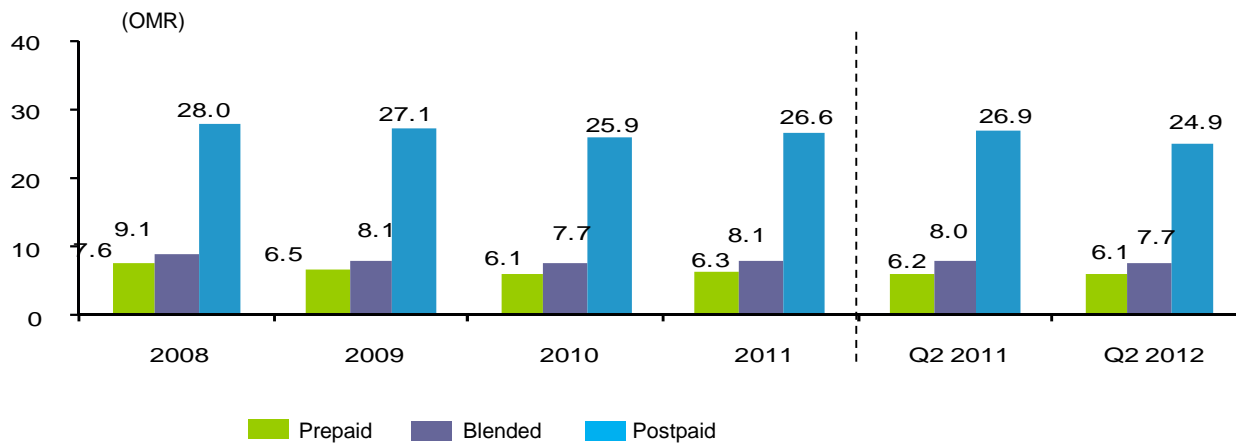


End of period (EoP) mobile customers breakdown



- The mobile post-paid customer base developed by 2.3% to 175,469 customers compared with 170,958 customers in Q2 2011.
- The mobile pre-paid customer base for Q2 2012 increased by 2% to 1,815,846 customers compared to 1,757,717 customers in Q2 2011.
- Active mobile customers grew by 0.4% from Q1 to Q2 2012 and by 4% from Q2 2011 to Q2 2012.

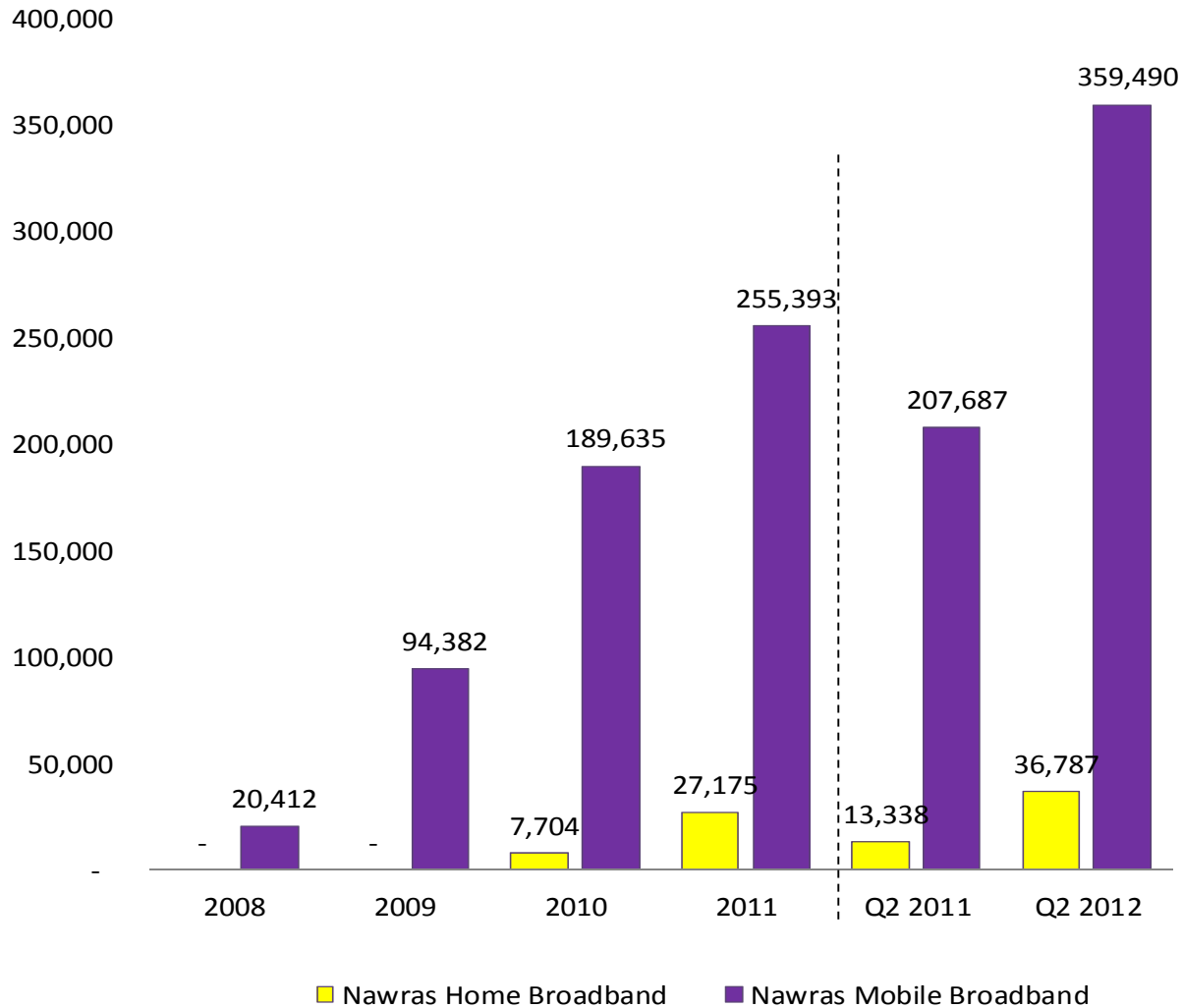
Monthly ARPU - Postpaid, prepaid and blended



- ARPUs were affected by the decline in sms revenue.

Nawras broadband customers

Broadband (Mobile* and Fixed)



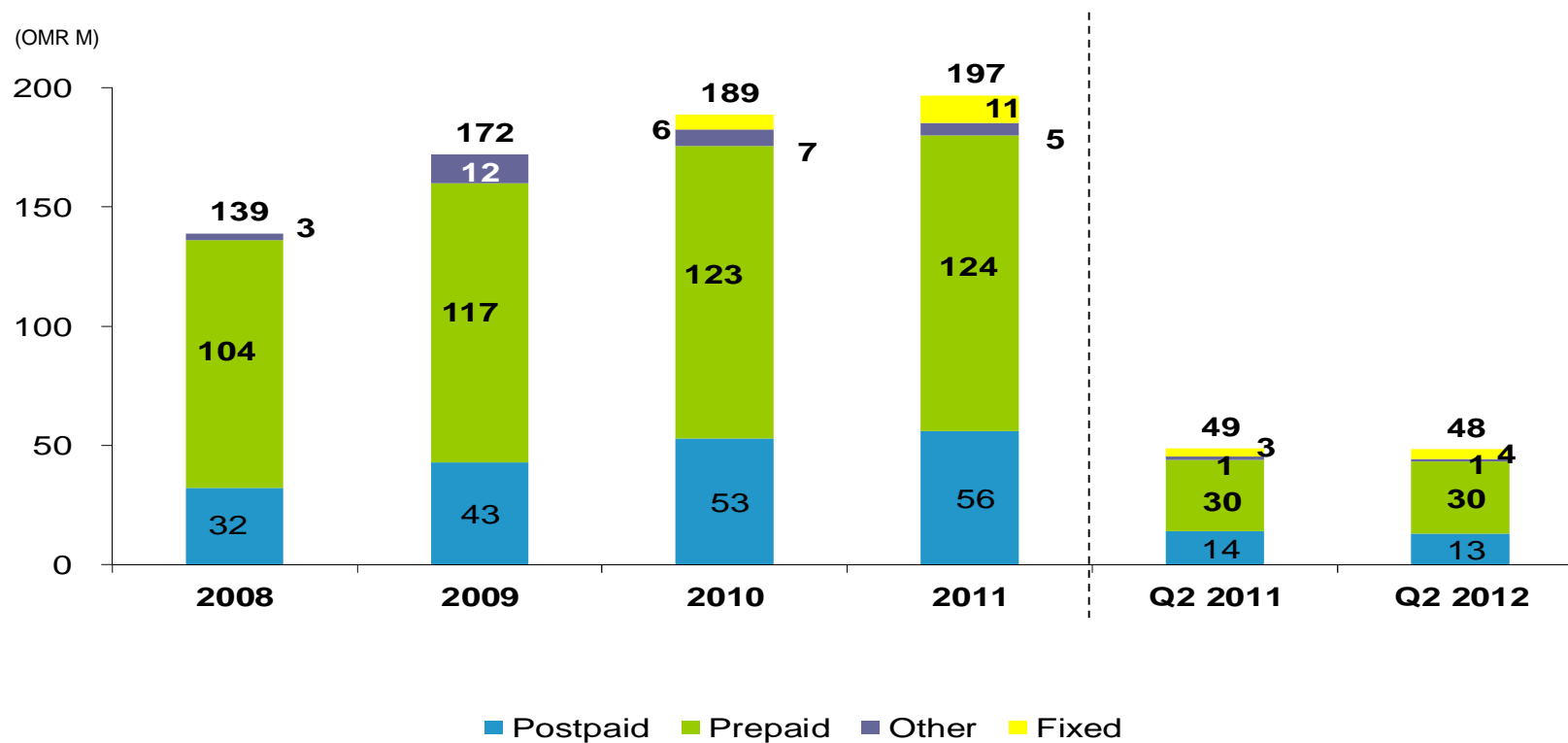
- Fixed service customers grew by 176%.
- Mobile broadband customers increased by 73%.
- Prepaid customers contributed approximately 82% of mobile broadband revenues.

* Nawras MBB figure doesn't include BlackBerry customers



Financial highlights

Revenue



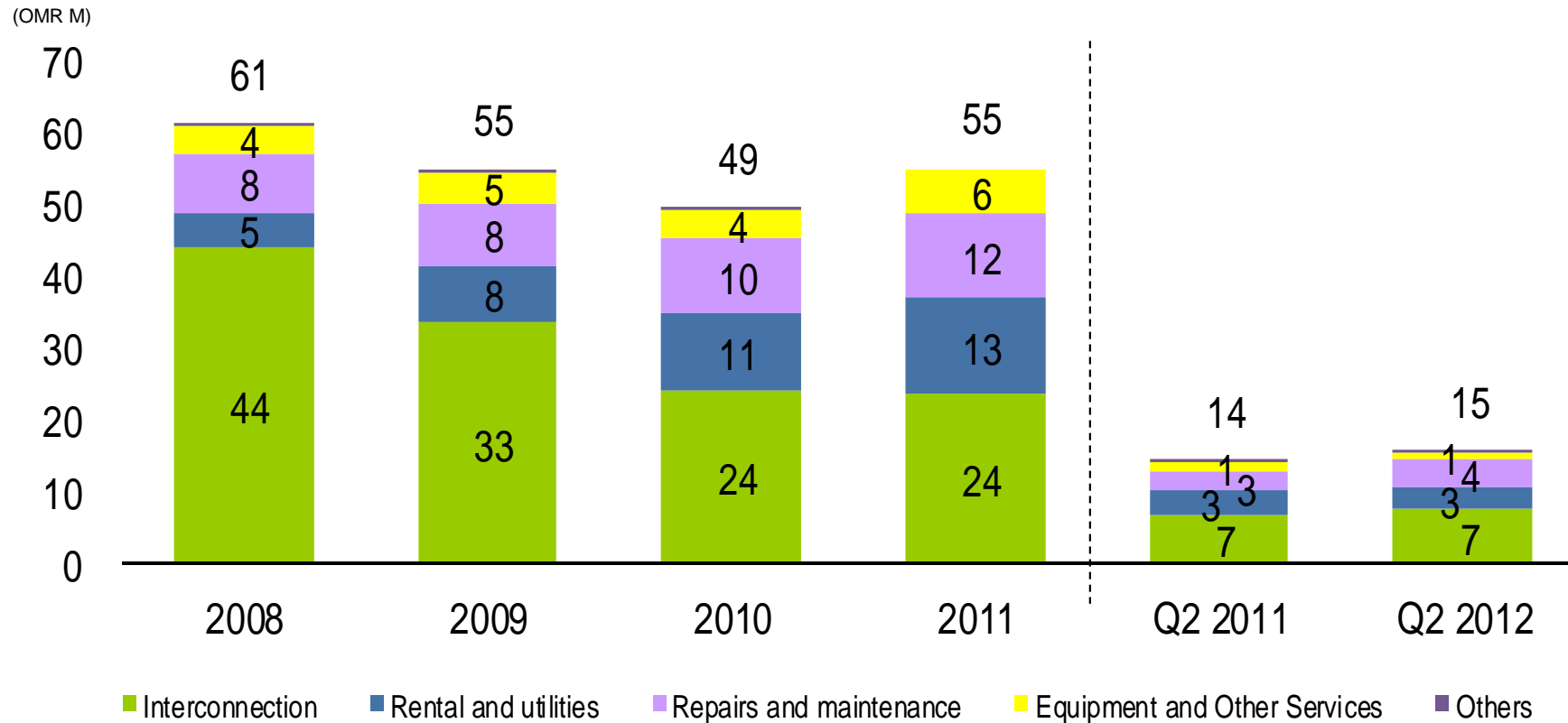
- A slight decline of 0.8% due to a reduction in SMS revenues which was not fully compensated by growth in data revenue.

Source
Notes

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

Key financial drivers

Operating expenses



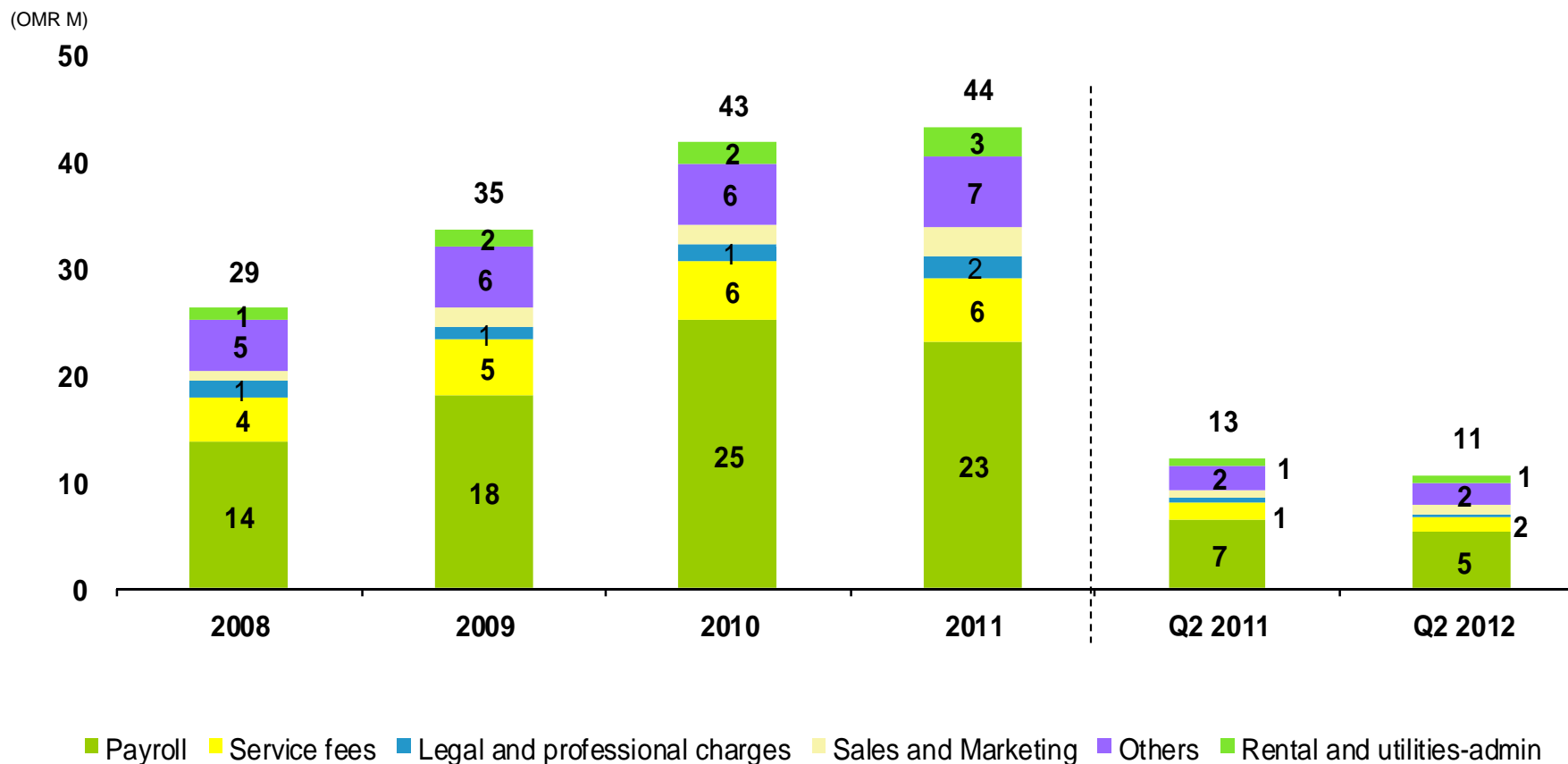
- Increase in leased lines cost and managed services.

Key financial drivers

Tight cost control



SG&A



- SG&A included a reversal in accruals relating to staff cost.

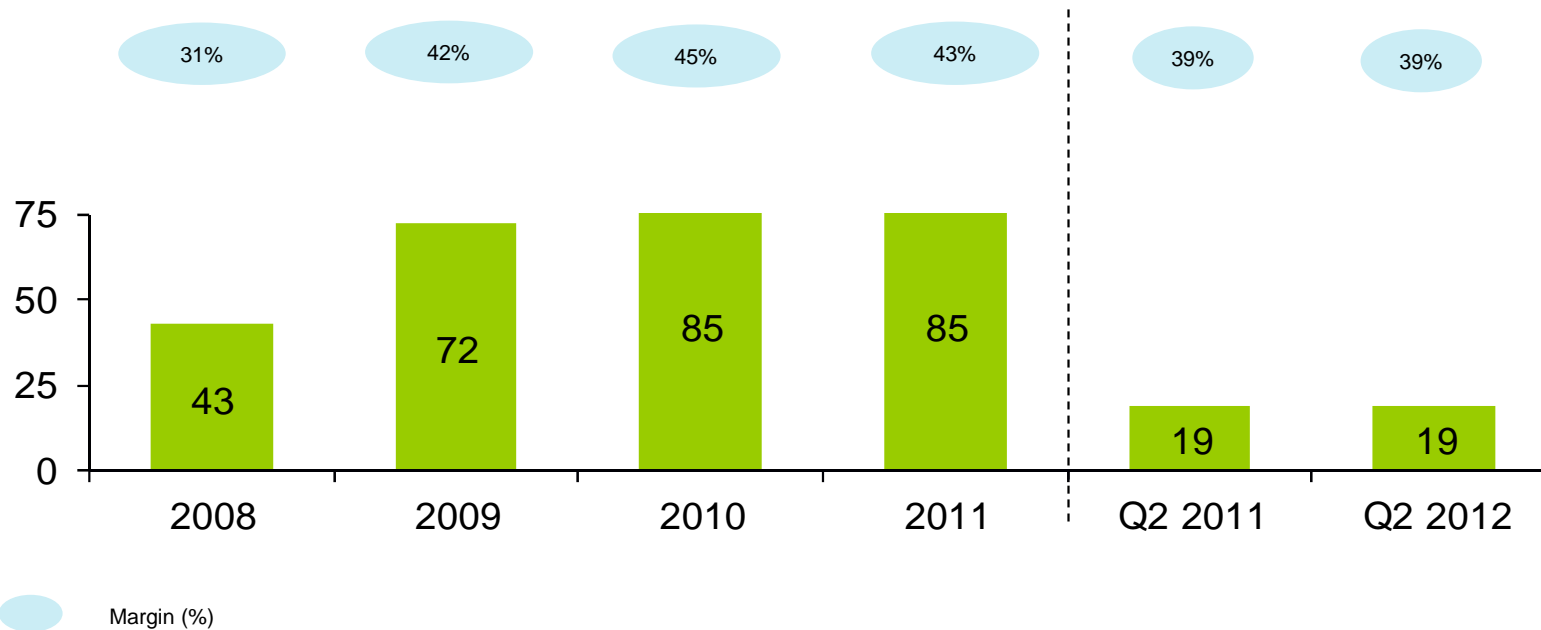
Source
Note

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

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EBITDA

Adj. EBITDA⁽¹⁾



- EBITDA affected by lower gross margin due to increase in international traffic, higher operating expenditure (lease line and managed services cost), offset by lower general and administration expenses.

Source

Nawras

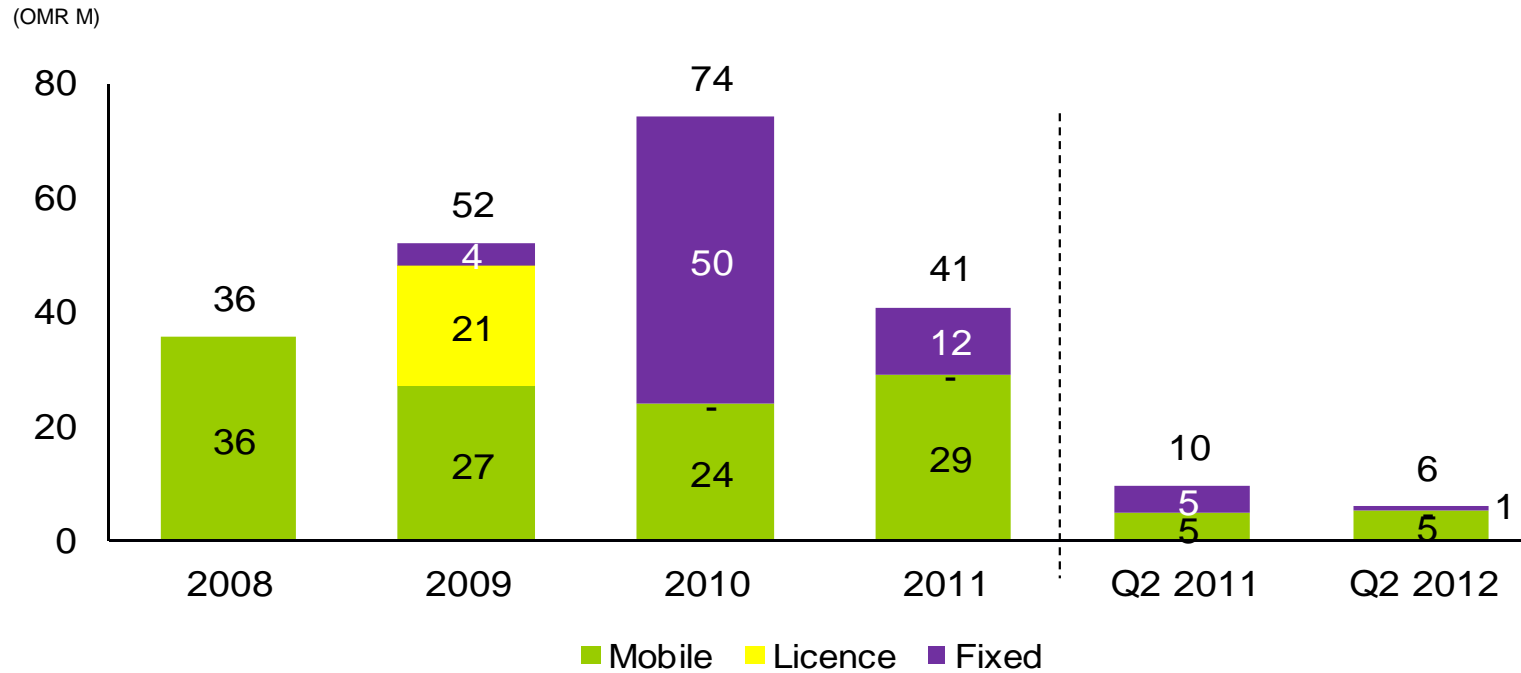
(1) Adj. EBITDA = Revenues – Operating Expenses – General and Administrative Expenses (including service fees) - royalty

Key financial drivers

incremental capex spend for fixed line rollout



Capital expenditure



- Agreements with Huawei for network modernisation and managed services.

Source Nawras

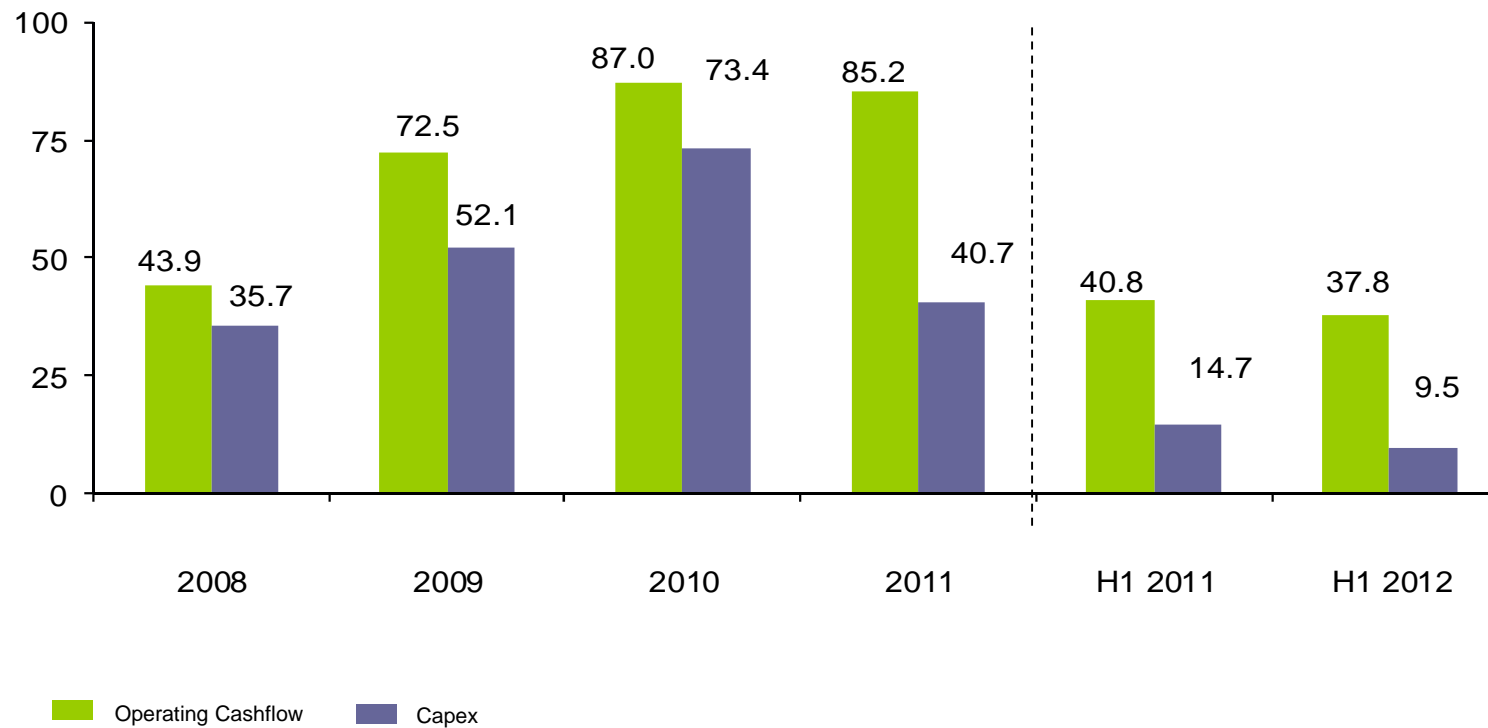
Key financial drivers

steady cash flow



Operating cashflow before working capital

(OMR M)



- Steady operating cash flow generation

Source

Nawras

Net debt

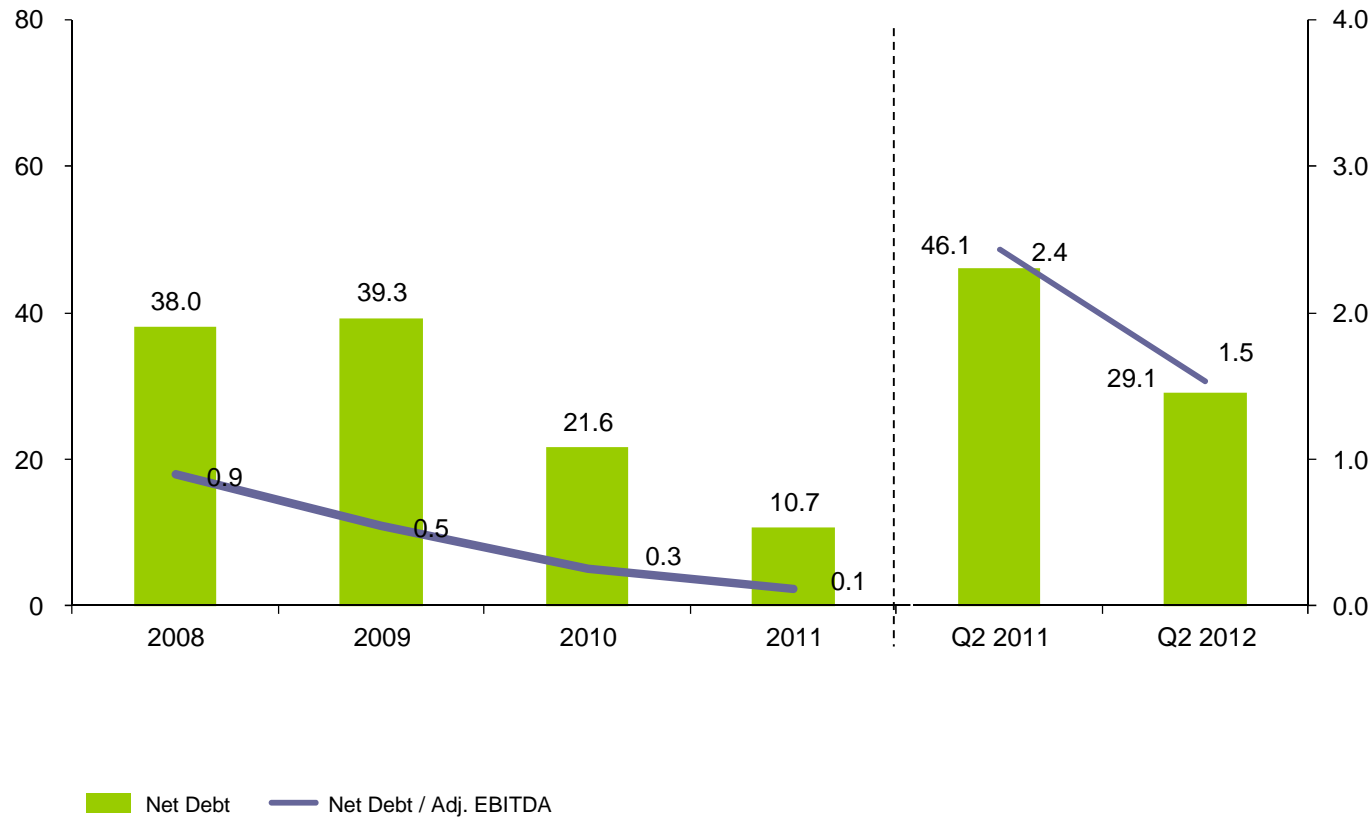
Improvement in leverage



Net debt⁽¹⁾

Net debt / Adj. EBITDA

(OMR M)



- Dividend: 40-60 % of Net Income.

Source
Note

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

Conclusions

- **Market**
 - Highest Customer net adds since Q3 2010
 - Total customer number increased by more than 4%
 - Increased competition in the market
 - Stable political structure
- **Network**
 - Huawei was selected for Network modernization project.
 - Introducing 4G LTE and upgrading all existing sites to enhanced 3G+.
- **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**



Thank you



