

# Ooredoo Investor Presentation

ooredoo

Q3-9M 2014 Performance

# Disclaimer

This presentation (the "Presentation") has been prepared by Omani Qatari Telecommunications Company SAOG (the "Company" or "Ooredoo") solely for use with professional or institutional investors. This Presentation is strictly confidential and is furnished to you solely for your information. It should not be treated as giving investment advice and may not be copied, reproduced, distributed or otherwise made available (in whole or in part) to any other person (including any member of the press) and it may not be published, in whole or in part, by any medium for any purpose. No specific investment objectives, financial situation or particular needs of any recipient have been taken into consideration in connection with the preparation of this Presentation.

This Presentation does not constitute or form part of an offer or invitation to sell or issue securities of the Company ("Securities") or any other securities, or the solicitation of an offer to purchase or subscribe for Securities, or an offer to underwrite or otherwise acquire Securities or any other securities. Neither the Presentation nor any part of it may be relied on in connection with any contract, commitment or investment decision in relation to the Securities. The information included in this Presentation is given as of the date hereof and is subject to change without notice. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this Presentation. None of the Company, its advisors or any of their respective representatives or affiliates undertakes to update, complete, revise or amend the information contained in this Presentation subsequent to the date hereof. Furthermore, none of the Company, its advisors or any of their respective representatives or affiliates shall have any liability whatsoever (in negligence or otherwise) for any loss, whether direct or indirect, howsoever arising from any use of this Presentation or its contents or otherwise arising in connection with this Presentation.

This Presentation contains certain "forward-looking statements" that speak only as of the date of this Presentation. Forward-looking statements involve all matters that are not historical fact and generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "goal", "intend", "objective", "plan", "predict", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe Ooredoo' strategies, objectives, plans or goals are also forward-looking statements. Such statements are made on the basis of assumptions and expectations that the Company currently believes are reasonable, but could in the future prove to be wrong. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual outcomes to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from Ooredoo' assumptions and expectations include, among others: the inability to estimate future performance; technological changes; regulatory changes in the telecommunications sector; the monetary and interest policies of the Sultanate of Oman, local and international inflation and local and international interest rates; the ability to obtain adequate capital; general economic and business conditions in the Sultanate of Oman which have an impact on Ooredoo' business activities; and increasing competition. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could be materially different from those that have been estimated. Ooredoo, and each of its directors, officers, employees and advisors expressly disclaim any obligation to update, complete, amend or otherwise revise any forward-looking statements in this Presentation to reflect circumstances arising after the date of this Presentation, or to reflect the occurrence of underlying events, even if the underlying events do not come to fruition or differ from actuality, except as required by applicable law or regulation.

In member states of the European Economic Area ("EEA Member State"), this Presentation is directed at persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (2003/71/EC) (together with any applicable implementing measures in any EEA Member State, the "Prospectus Directive"). In addition, this Presentation is directed at (i) persons outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), (iii) high net-worth entities, and other persons falling within Article 49(2)(a) to (d) of the Order to whom they may lawfully be communicated (such persons together with qualified investors, "relevant persons"). Any investment discussed in this Presentation is only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such investments will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Presentation.

These materials must not be sent, transmitted or otherwise distributed in, into or from, the United States, Australia, Canada or Japan. This Presentation is not an offer of Securities for sale in the United States. Securities will not be registered under the US Securities Act of 1933 as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an exemption from registration. There will be no public offer of Securities in the United States. No Securities will be registered under the applicable securities laws of any state or jurisdiction of Australia, Canada or Japan.

In relation to the Sultanate of Oman the information contained in this Presentation does not constitute a prospectus, or an offer document, relative to the offering of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74 as amended) or the Capital Market Law of Oman (Royal Decree 80/98 as amended) or the Executive Regulations of the Capital Market Law (issued pursuant to Decision No.1/2009).

Neither the delivery of this Presentation nor any further discussions of the Company with any of the recipients of this Presentation shall, under any circumstances, create any implication that there has been no change in the affairs of the Company subsequent to the date hereof.

By attending this Presentation or by accepting any copy of the materials presented, you agree to be bound by the foregoing, including the confidentiality obligation set forth above. Failure to comply with such confidentiality obligation may result in civil, administrative or criminal liabilities.

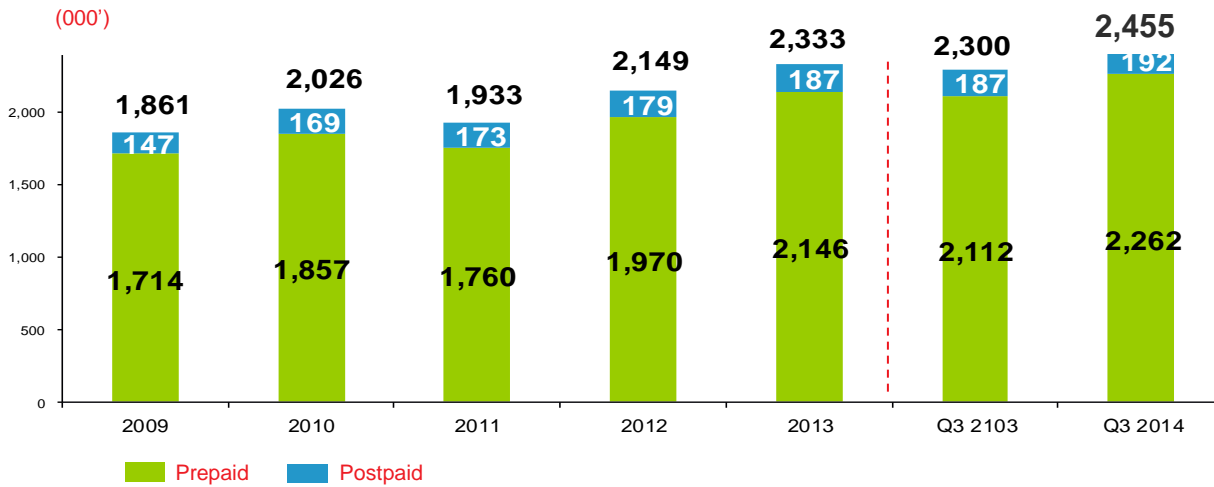
## Q3 2014 Financial Results

	Three months ended 30 September			Nine months ended 30 September		
	2014	2013	Change%	2014	2013	Change%
<b>Revenues (OMR m)</b>	57.8	50.8	13.9%	166.1	149.2	11.3%
<b>EBITDA (OMR m)</b>	31.2	24.5	27.3%	87.9	71.1	23.6%
<b>Net Profit (OMR m)</b>	10.8	8.0	35.0%	29.5	23.1	27.7%
<b>Mobile and fixed customers ('000)</b>				2,514	2,361	6.5%

- Total revenues for the first 9 months of 2014 grew by 11.3% to OMR 166.1 million compared with OMR 149.2 million for the same period in 2013. The growth is driven by increases in both mobile and fixed data revenue as well as international voice revenue.
- EBITDA for the nine month period was OMR 87.9 million compared with OMR 71.1 million for the first nine months of 2013 and this was driven by higher revenue.
- Net profit for the nine month period was OMR 29.5 million compared to OMR 23.1 million in the same period of 2013. Net profit increase by 27.7% due to an improvement in EBITDA.
- The total number of customers grew by 6.5% during the first nine months of 2014, up from 2,360,609 to 2,514,231.
- Our fixed service customer base decreased by 2.4% to 59,630 customers in the first nine months of 2014 compared to 61,090 for the same period of 2013. This is due to a transition period during which we upgraded our home broadband technology. This will bring improved services to our customers. Our mobile postpaid customer base grew by 2.8% to 192,427 customers compared with 187,163 customers for the first nine months of 2013. The mobile prepaid customer base for the first nine months of 2014 increased by 7.1% to 2,262,174 compared to 2,112,356 for the same period last year.

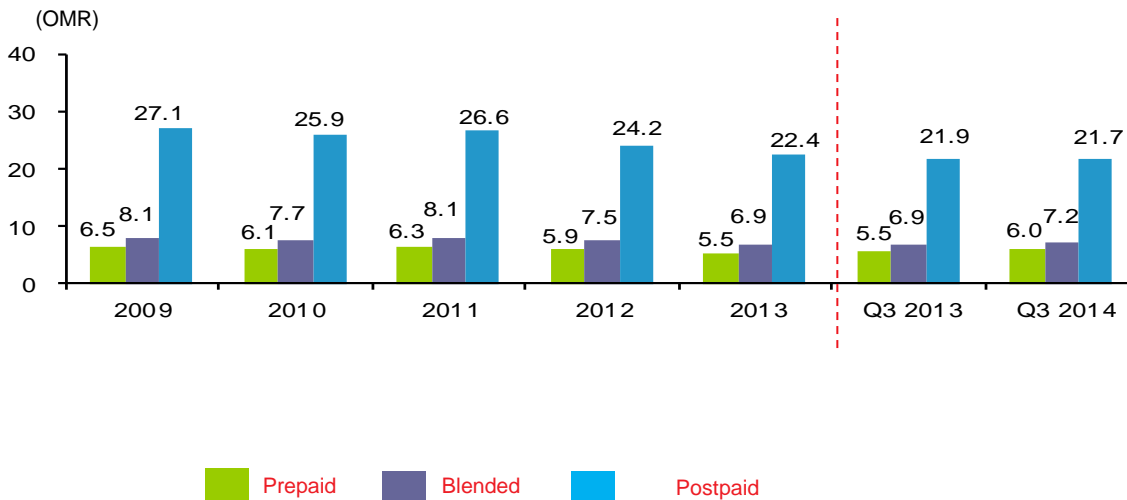
# Performance

## End of period (EoP) mobile customers breakdown



- The mobile pre-paid customer base by end of Q3 2014 increased by 7.1% to 2,262,174 compared to 2,112,356 in Q3 2013.
- The mobile post-paid customer base grew by 2.8% to 192,427 customers compared with 187,163 customers by end of Q3 2013.

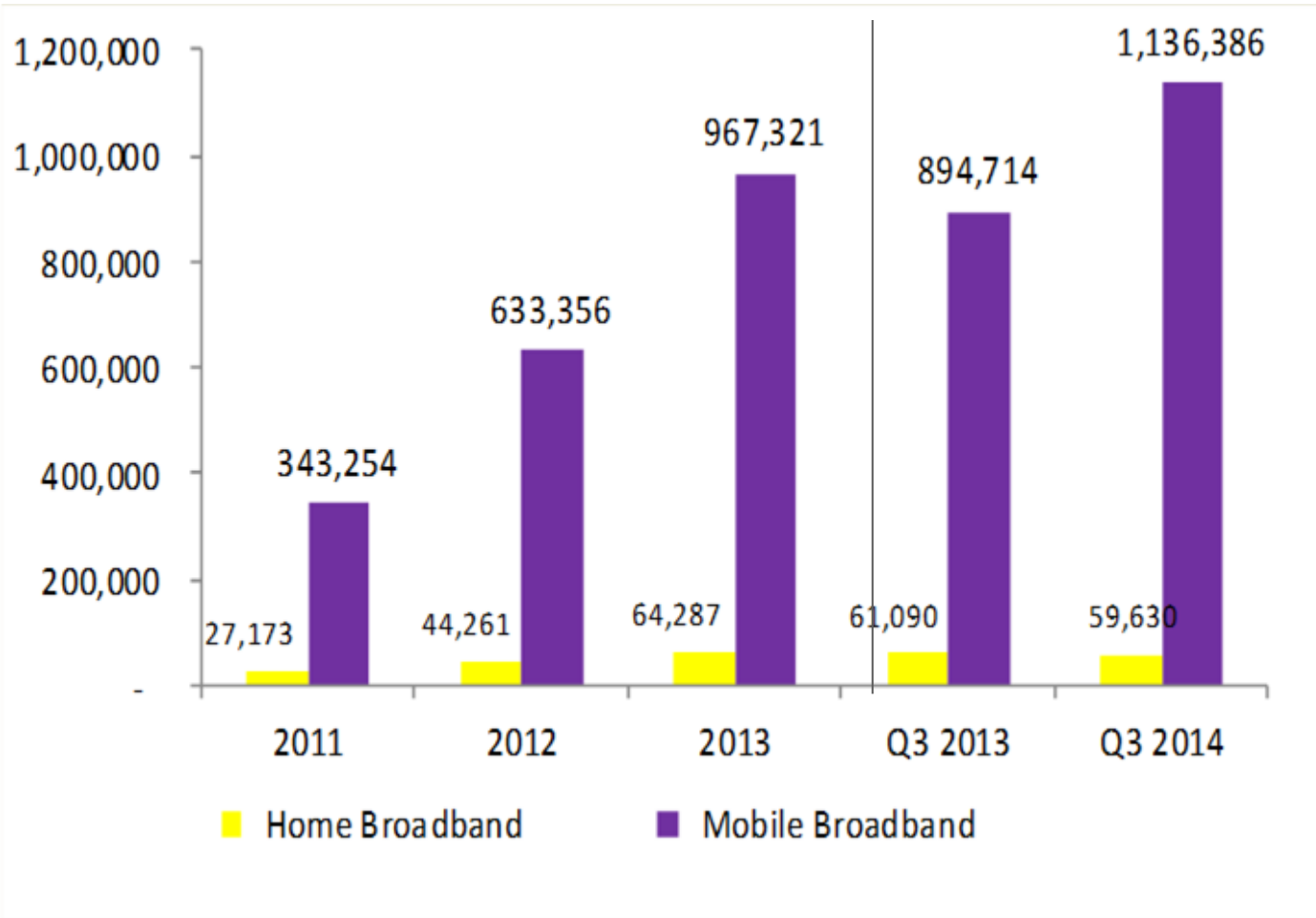
## Monthly ARPU – Post-paid, prepaid and blended



- Q3 ARPU for prepaid has improved by 9.1% due to growth in data revenue. Postpaid ARPU decreased slightly by 0.9% driven by lower voice revenue.

# Ooredoo broadband customers

## Broadband ( Mobile and Fixed)



- Fixed service customers decreased by 2.4% Q-Q due to Home Broadband technology shift from WiMAX to LTE
- Mobile broadband customers grew by 27.0% Q-Q, supported by growth in data products as well as modernization of network

## Q3 2014 – Commercial Focus

- Very strong quarter in the commercial area
  - All segments performing well.
  - Strong growth in Data and International Voice.
  - Launched the 'More' suite of recharge offers which provide additional value through higher value recharges
  - Launched the multi operating system myNawras self care application which allows the customer to manage their accounts online and tackles more than 60% of all care type activities which would normally require a call to the call centre
- Overall fixed and mobile business revenues grew in Q3 by 25% YoY
  - Business mobile customer base grew in Q3 by 15% YoY
  - Launched device offer to increase smartphone penetration in the B2B segment
  - Mobile Data Penetration grew to 35% of the B2B base.

## Q3 2014 – Operational Focus

### Network Modernization /Turbocharging

- Ooredoo Mobile 3G capacity quintupled across the city of Salalah providing exceptional customer experience to welcome Khareef festival visitors
- 3G NW capacity doubled across the cities of Nizwa, Bahla, Samail, Bid Bid, Al Kamil, Jalan Bani Bu Hassan, Sur, Qalhat, Duqm, Mudhaybi, Sinaw and Samad Al Shan
- 3rd 3G carrier activated over the cities of Nizwa, Bahla, Samail, Bid Bid, Al Kamil, Jalan Bani Bu Hassan, Sur, Qalhat, Mudhaybi, Sinaw and Samad Al Shan boosting even further the indoor high quality 3G coverage
- All 2014 Turbocharging Programme main milestones completed ahead of time

### Customer Experience

- Ooredoo becomes first Middle East operator to use ResponseTek 'Voice of the Customer' for real-time customer experience insight.
- Ooredoo gives prepaid customers More International call time with each recharge

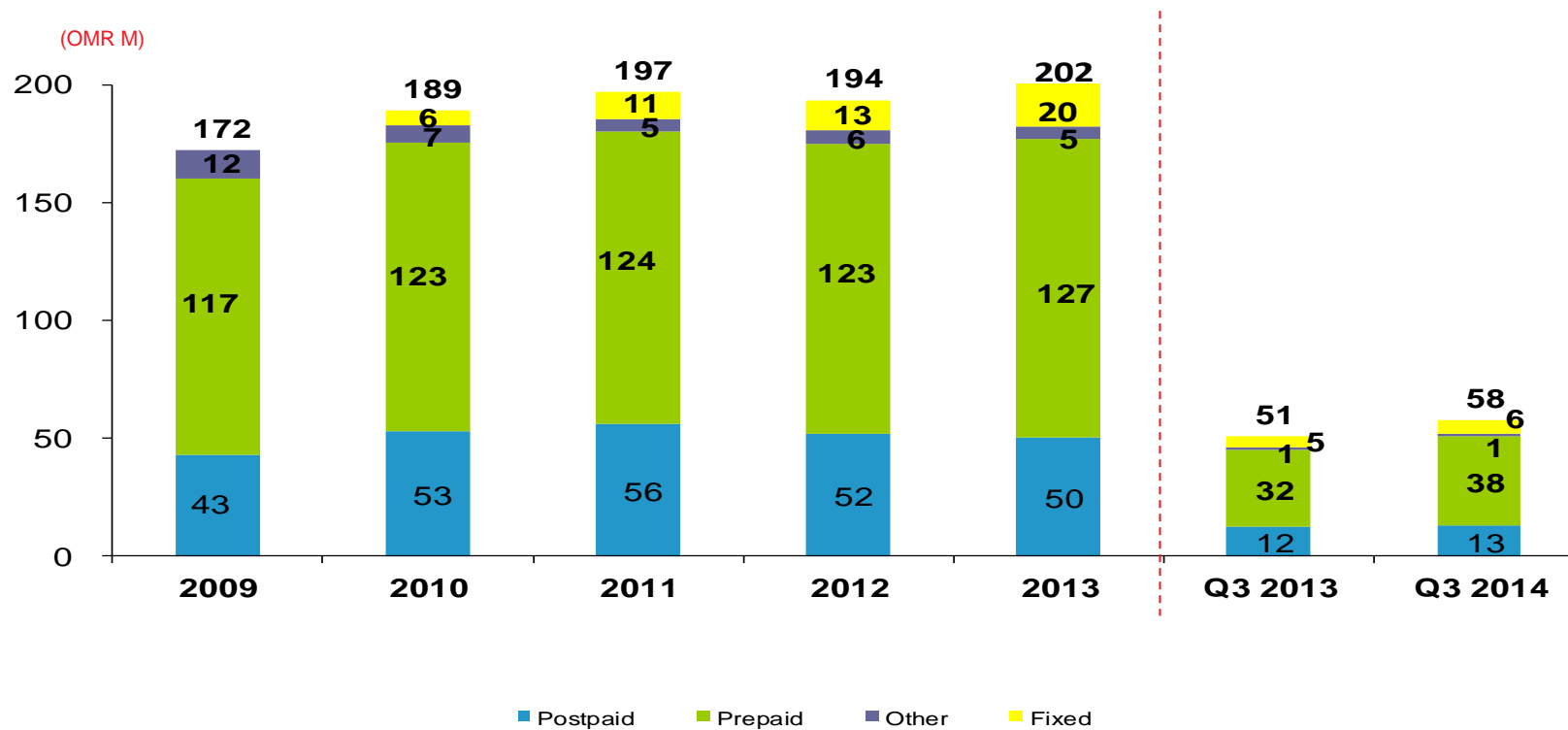
# Financial highlights





# Revenue

Best performance since launch



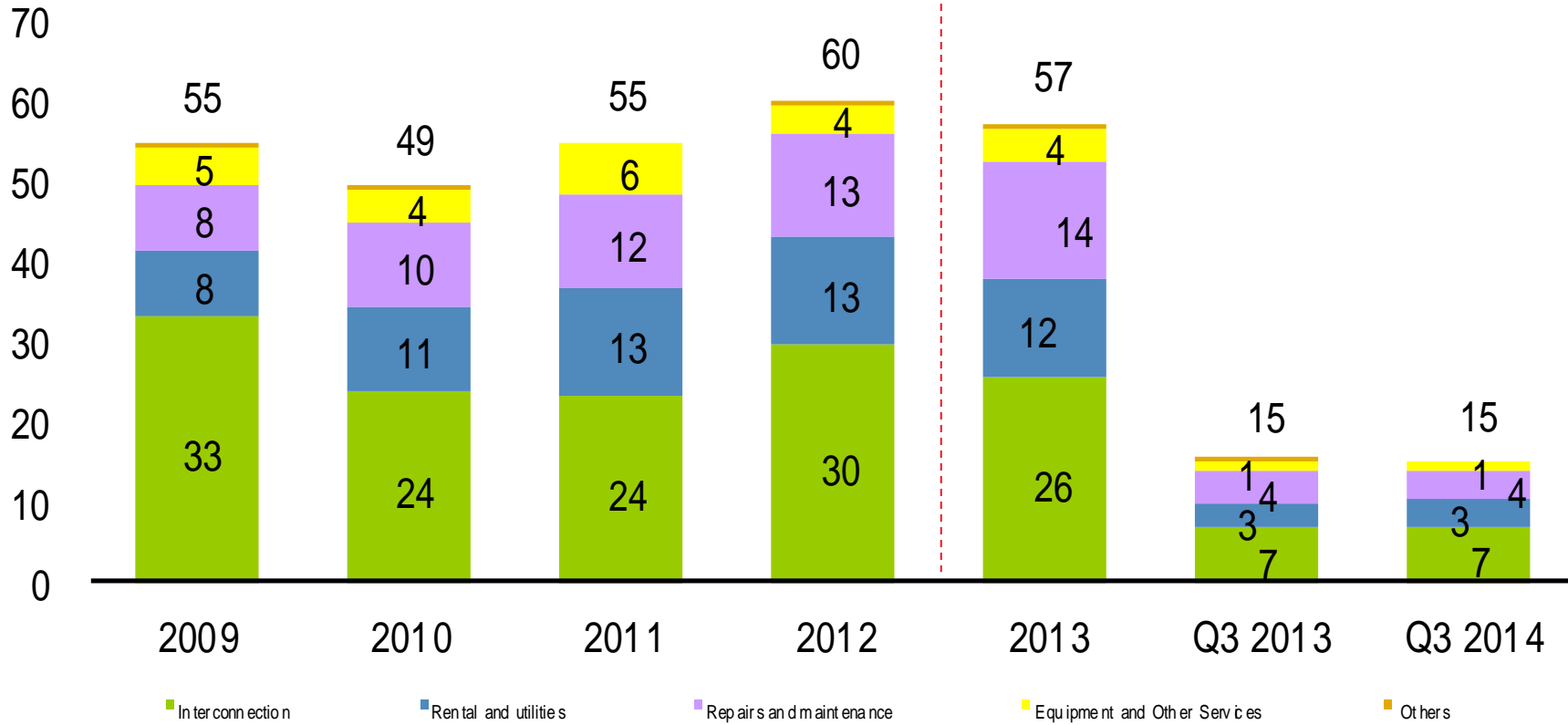
- The increase in revenue is driven by fixed and mobile data revenues as well as international voice.

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

# Key financial drivers

## Operating expenses

(OMR M)



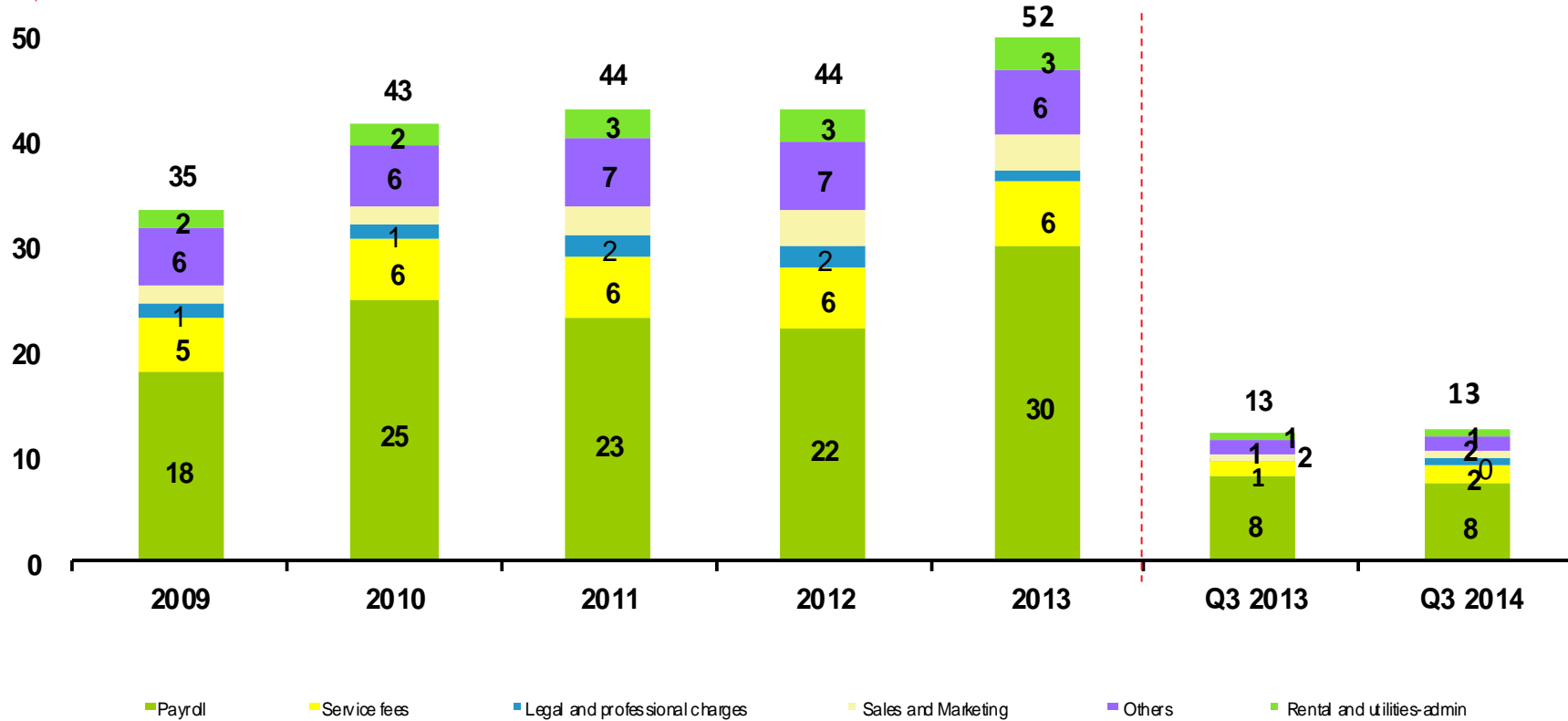
- Operating expenses has remained stable.

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

# Key financial drivers

## SG&A

(OMR M)



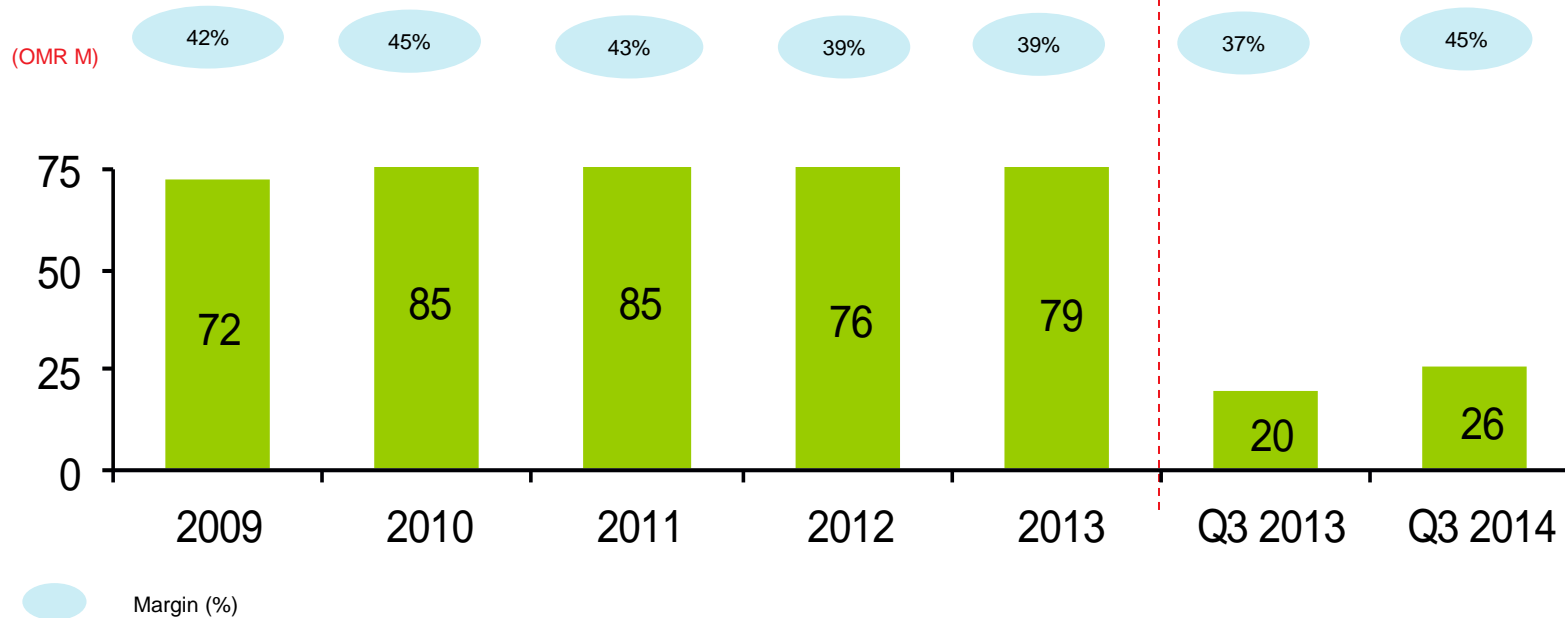
- SG&A has remained in line with last year.

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

# EBITDA



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



- EBITDA has improved due to an increase in revenues, while expenses remained stable.

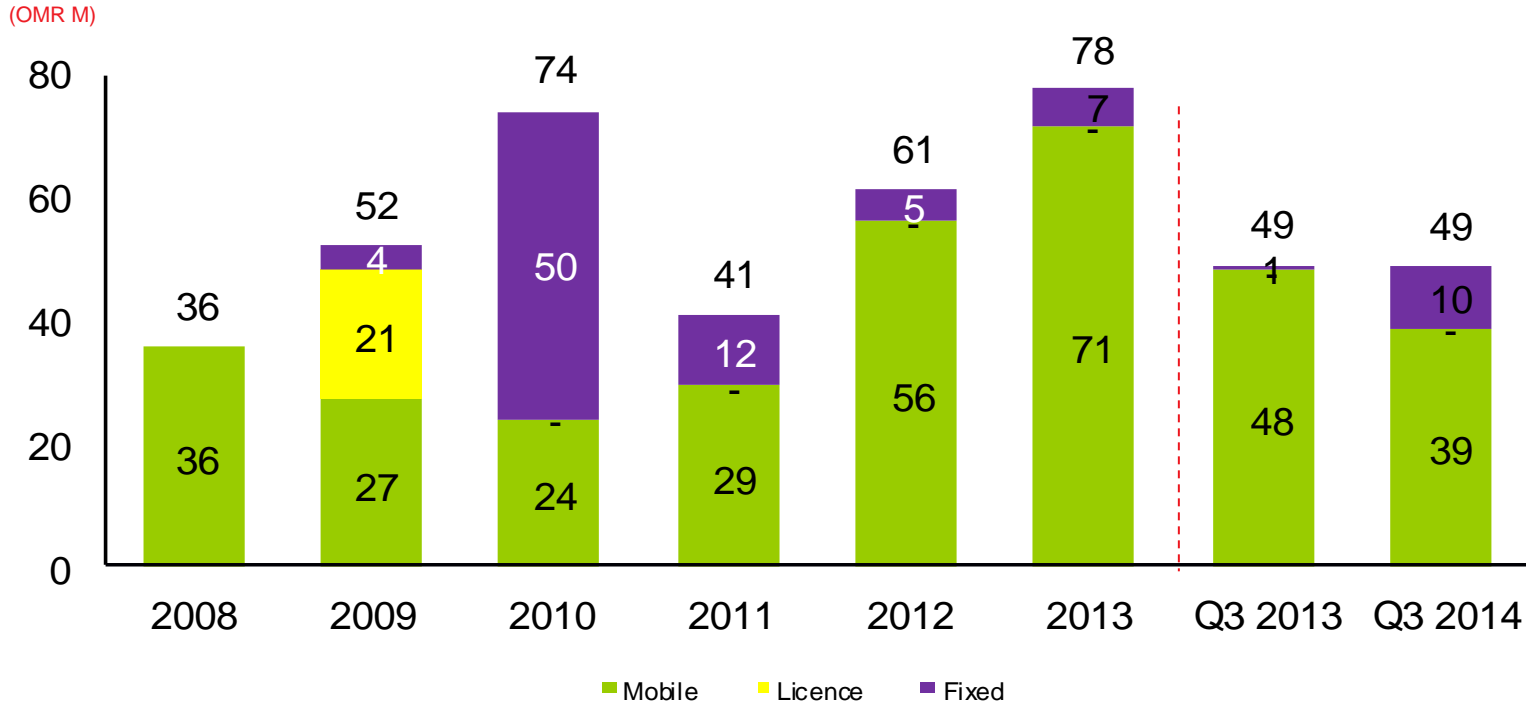
Source Ooredoo  
(1) Adj. EBITDA = Revenues – Operating Expenses – General and Administrative Expenses (including service fees) - royalty



# Key financial drivers



## Capital expenditure



- The increase in fixed line is driven by fibre roll out investment of the fiber backbone ring to Salah.

Source Ooredoo



# Key financial drivers

## steady cash flow

### Operating cashflow before working capital

(OMR M)



- Improved operating cash flow generation, revenue increases and expenses remain stable.

Source

Ooredoo

# Net debt

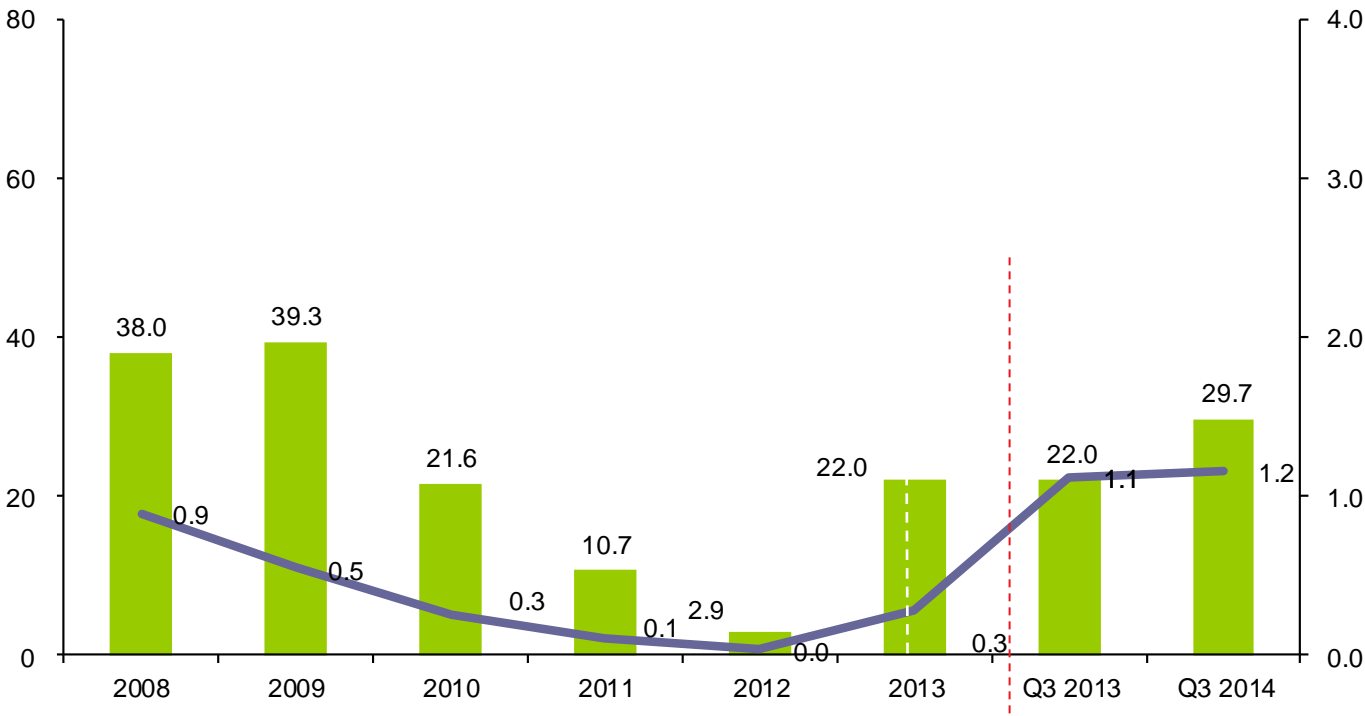
## Improvement in leverage



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

Net debt / Adj. EBITDA

(OMR M)



Net Debt Net Debt / Adj. EBITDA

- As on September 2014 we have unutilized funds of OMR 74.35m

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



# Summary

- Market
  - In terms of revenue, Q3 was the best quarters in the history of Ooredoo.
  - Nine months revenue and EBITDA growth of 13.9 % and 27.3 % respectively,
  - Strong revenue growth is driven by increases in mobile data revenue, international voice revenue.
  - 6.5% growth in total number of customers.
- Commercial and operational
  - Our strong result validates the heavy investment programme in our network, which continues to deliver the coverage and data speeds that customers want, with ongoing performance improvements experienced by our customers across the Sultanate.
  - Our revenue growth in quarter three, which was driven primarily by an increase in both mobile and fixed data and international voice revenues
- 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 transmission cost.
  - Overall cost reduction and quality improvement.
- Strong cash flow generation





Thank you

