

# Ooredoo Investor Presentation



FY 2014 Performance

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## Q4 2014 Financial Results

	Three months ended 31 December			Full year performance		
	2014	2013	Change%	2014	2013	Change%
<b>Revenues (OMR m)</b>	60.3	52.8	14.2%	226.4	202.0	12.1%
<b>EBITDA (OMR m)</b>	29.0	27.2	6.6%	116.9	98.3	18.9%
<b>Net Profit (OMR m)</b>	8.3	10.0	-17.0%	37.9	33.1	14.5%
<b>Mobile and fixed customers ('000)</b>				2,602	2,397	8.6%

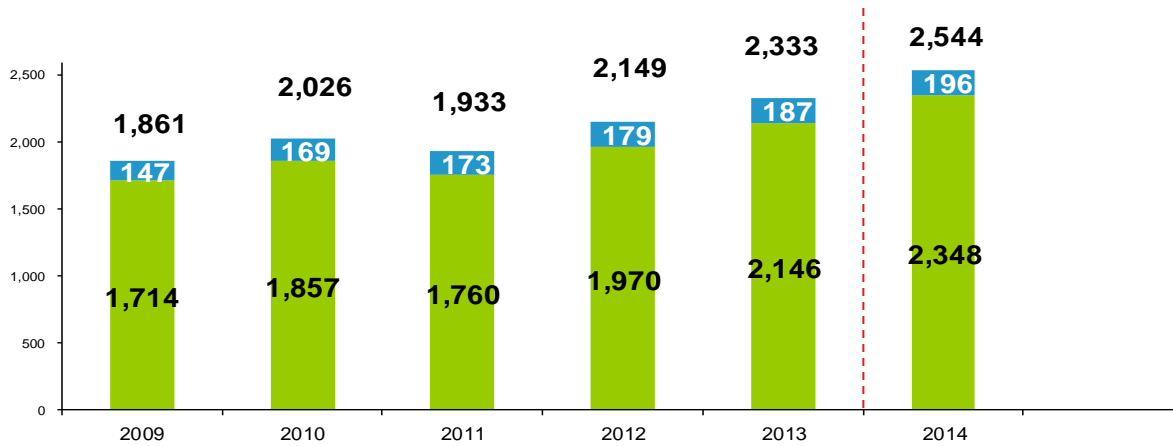
### Key Messages

- Total revenues for the year 2014 grew by 12.1% to OMR 226.4 million compared with OMR 202.0 million in 2013. The growth is driven by increases in both mobile and fixed data revenue as well as international voice revenue.
- EBITDA for the year 2014 was OMR 116.9 million compared with OMR 98.3 million in 2013 driven by higher revenue.
- Net profit for the year was OMR 37.9 million compared to OMR 33.1 million in 2013. Net profit for the year increased by 14.5% due to improvement in EBITDA partially offset by higher depreciation due to the investment in network modernisation and expansion and rebranding cost in Q4
- Total number of customers grew by 8.6% in 2014 from 2,396,826 to 2,601,704.
- The fixed service customer base decreased by 10.3% to 57,654 customers in 2014 compared to 64,287 in 2013. This is due to the transition period where a new Home Broadband technology that will bring improved services to our customers being rolled out. The mobile post-paid customer base grew by 4.9% to 196,142 customers compared with 186,917 customers in 2013. The mobile pre-paid customer base for 2014 increased by 9.4% to 2,347,908 compared to 2,145,622 for the same period last year.

# Mobile customer base and ARPU

## End of period (EoP) mobile customers breakdown

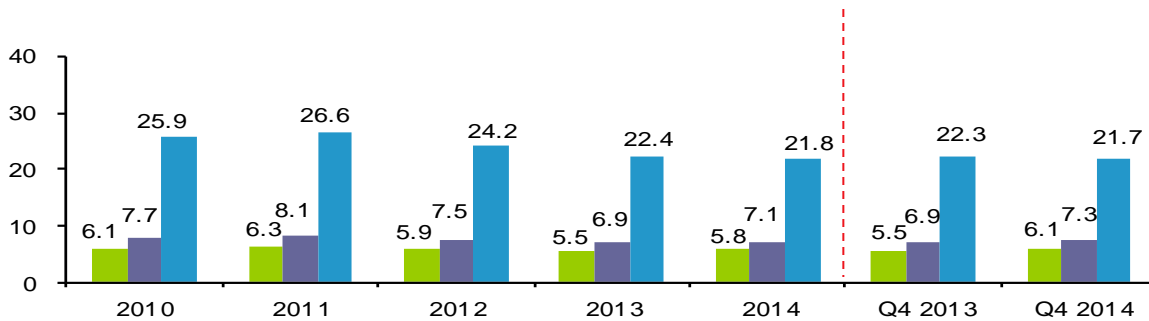
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- The mobile pre-paid customer base by end of 2014 increased by 9.4% to 2,347,908 compared to 2,145,622 at the end of 2013.
- The mobile post-paid customer base grew by 4.9% to 196,142 customers compared with 186,917 customers by end 2013.

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

(OMR)

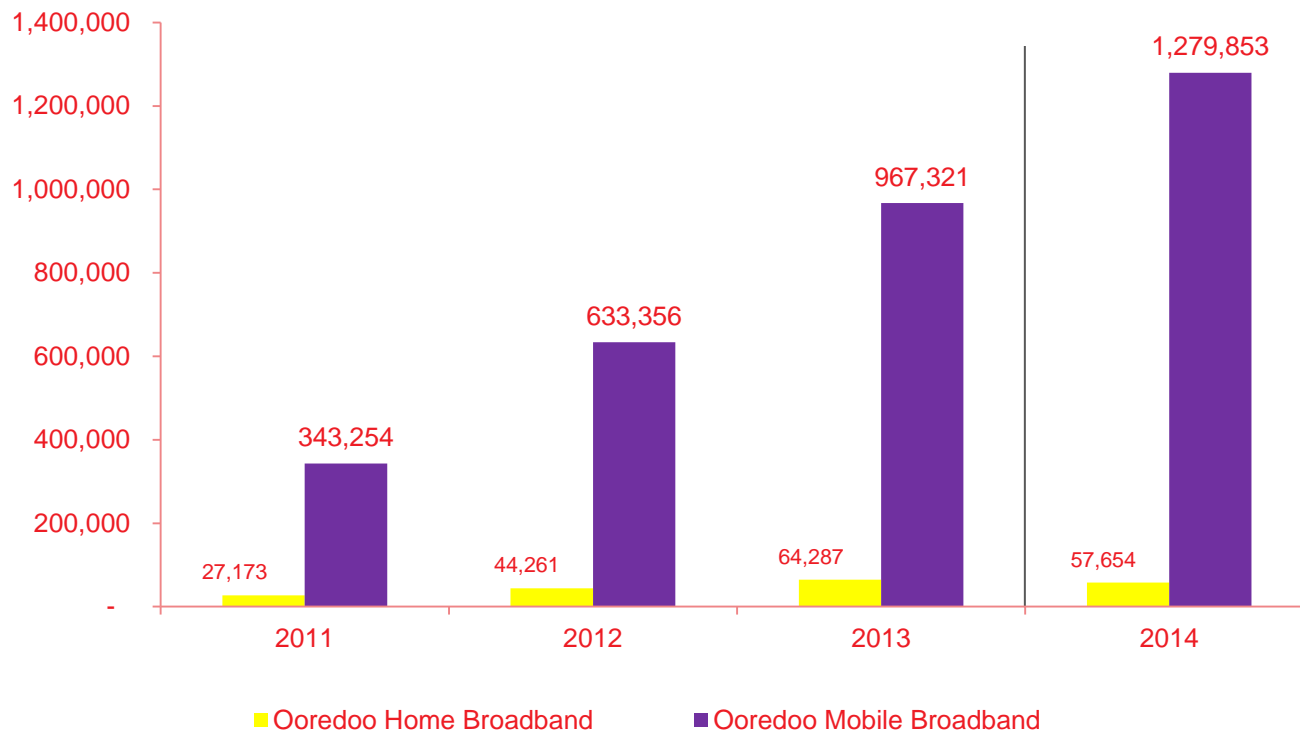


- Q4 ARPU for prepaid has improved by 10.9% due to growth in data revenue. Postpaid ARPU decreased slightly by 2.7% driven by lower voice revenue.

Prepaid Blended Postpaid

# Ooredoo broadband customers

## Broadband ( Mobile and Fixed)



- Fixed service customers decreased by 11.5% Y-Y Resulting from the constraints during the transition period and migration to a new fixed broadband technology (WiMAX to TDD LTE)
- Mobile broadband customers grew by 24.4% Y-Y, supported by growth in data products as well as modernization network
- Mobile data revenue is 32% of total mobile revenues Q4
- Smart phone penetration across mobile base now at 66%



# Q4 2014 Consumer Focus

## KPI's

- Very strong revenue generation
- Main drivers of the performance were:
  - Prepaid and data revenues
  - Number of mobile customers in our base consistently using data equal to 53%
  - Number of customers in our base now having a smartphone equal to 66%
  - High Value base
- 4G usage in areas where 4G is available has grown by 100% (v Q3)
- Shahry Plans (bundle of voice and data) customer base represents 20% of the total postpaid base
- Prepaid active base remained stable at 81% of total customers.

## Rebranding

- Our rebrand to Ooredoo brings us in line with the global Group and emphasises our commitment to our customers as we work to take the company and communications to the next level in Oman.

## Launches

- Data Test Drive.
- “More International”
- HBB Introductory offer
- iPhone 6
- Freedom Pack
- Music streaming
- National day offer

## Revenue Evolution

- Blended mobile data revenues now represent 32% of total mobile revenue. This is as a result of a focus upon smartphone adoption and using our expertise in base management to get customers into data bundles

## Q4 2014 – Operational Focus

### Network Modernization /Turbocharging

- Ooredoo Oman 3G mobile population coverage achieved all targets for the year 2014 covering more than 89% of population .
- More than 74% of the entire WiMAX base stations upgraded to LTE
- Ooredoo Oman Mobile customers within the cities of Muscat, Sohar and Salalah experienced enhanced 4G.
- Fiber infrastructure phase 1 of 2<sup>nd</sup> leg connecting Muscat to Salalah has been completed reaching Haima

### Customer Experience

- Ooredoo becomes first Middle East operator to use ResponseTek ‘Voice of the Customer’ for real-time customer experience insight.
- Introduction of Self-care (Ooredoo Oman) application.

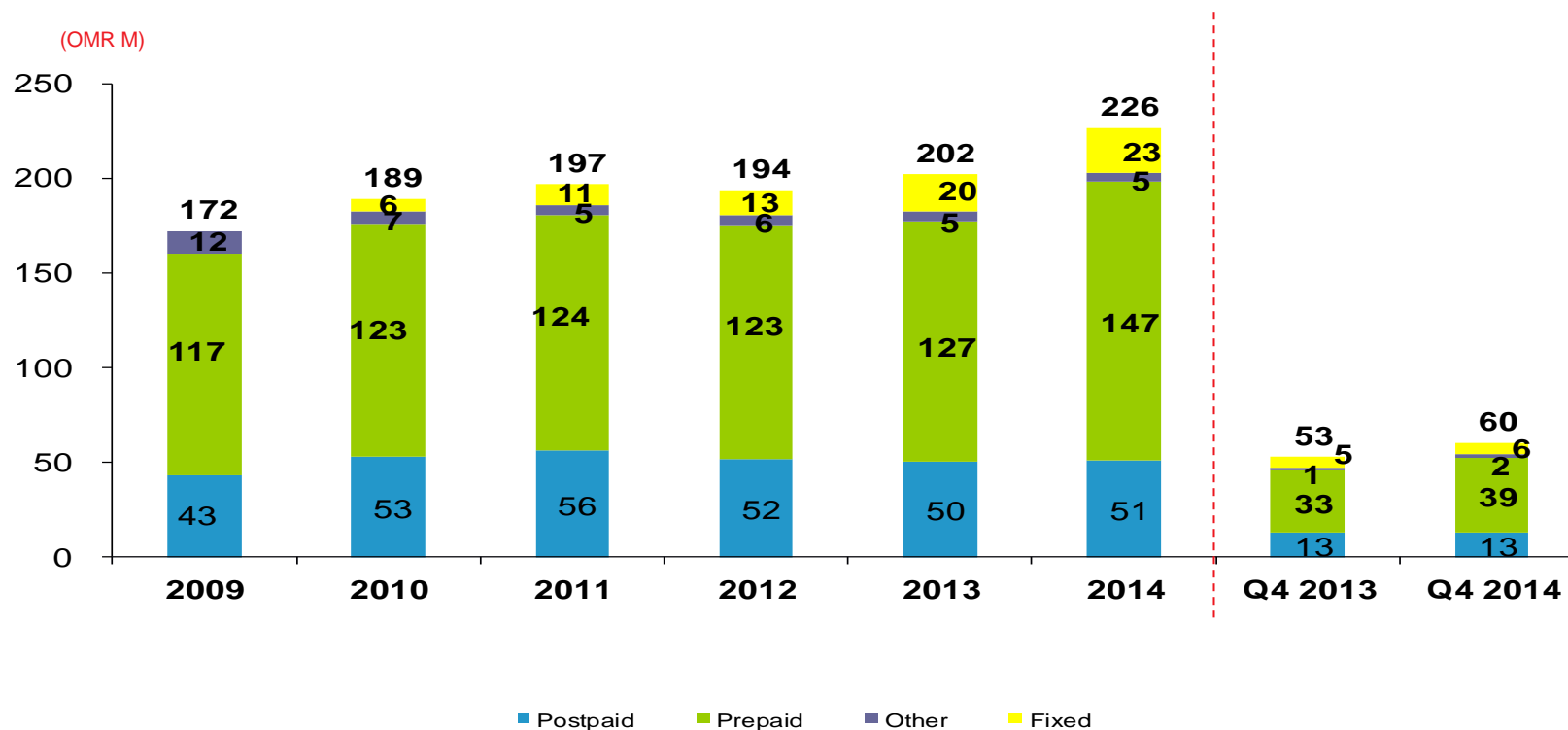
# Financial highlights





# Revenue

## Best performance since launch



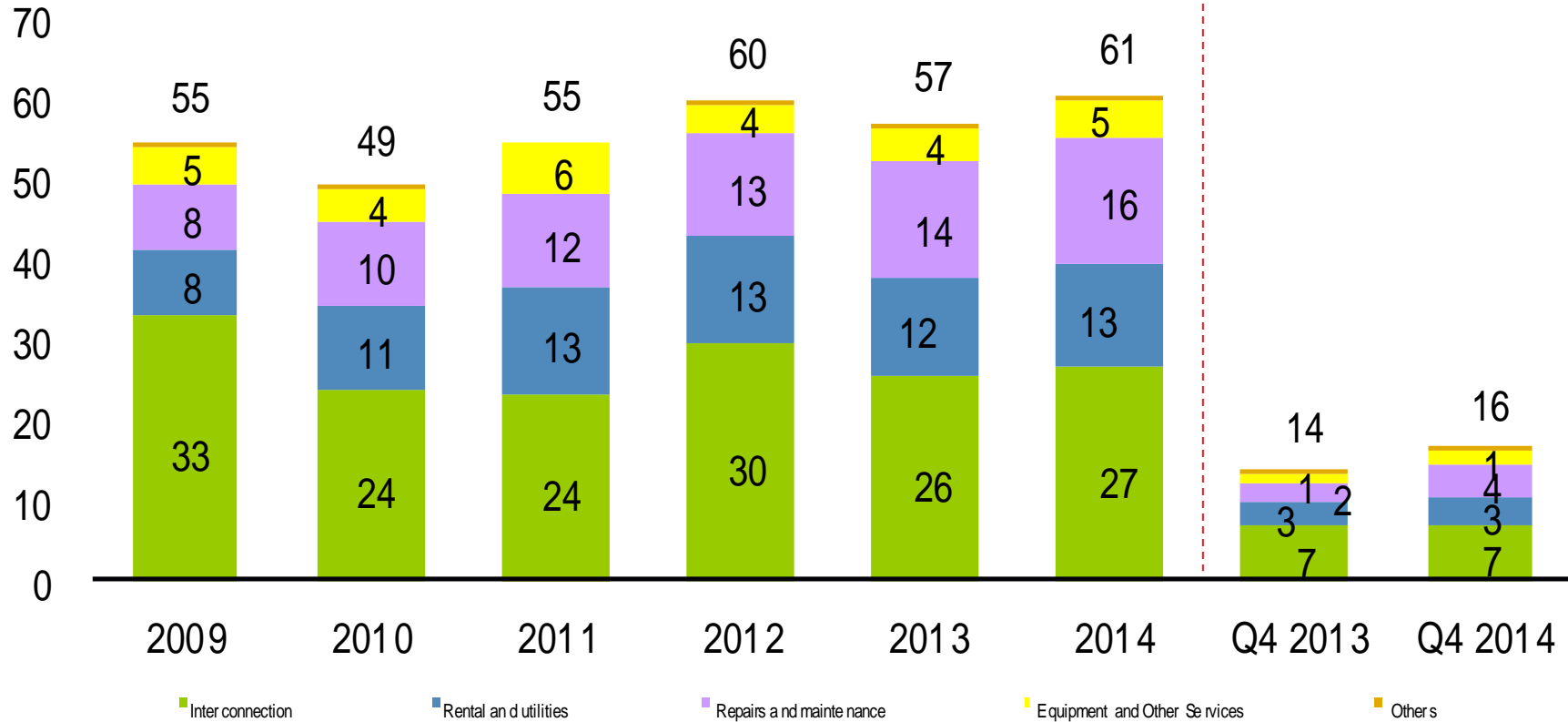
- The increase in revenue is driven by fixed and mobile data revenues as well as international voice.

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

# Key financial drivers

## Operating expenses

(OMR M)



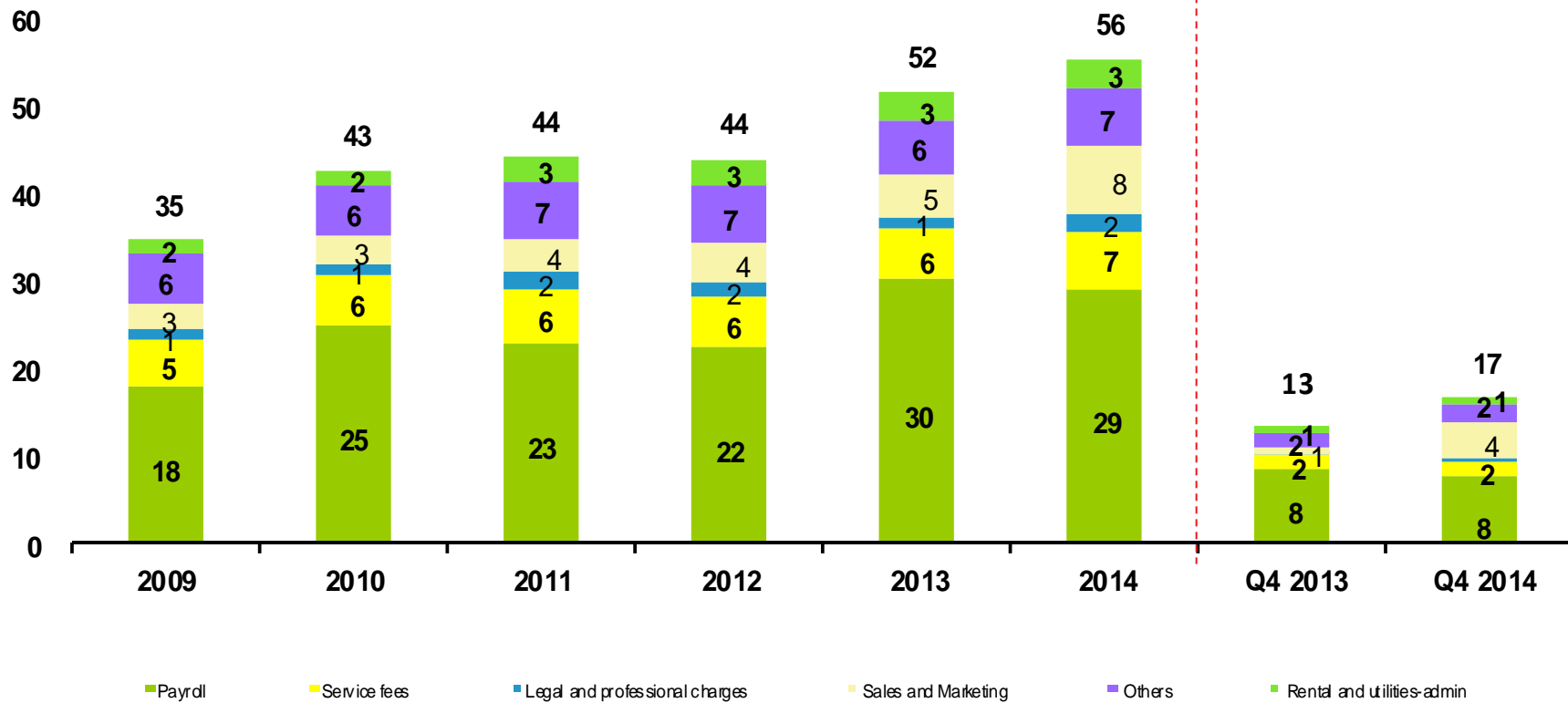
- Operating expenses have increased mainly due to repairs and maintenance driven by higher manage service cost. In Q4 2013 cost was lower due to service credits, discounts and adjustments relating to previous period

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)



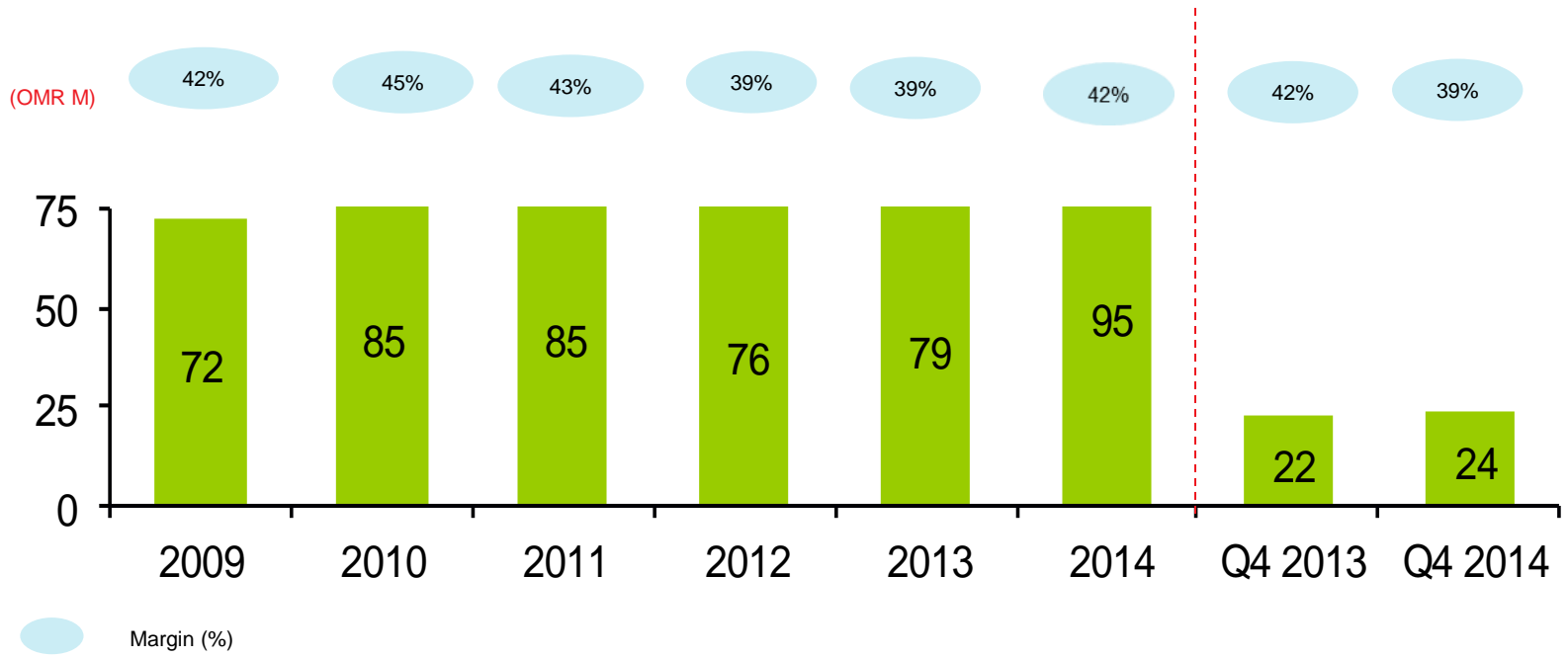
- Increase in SG&A is driven by Sales and Marketing cost due to acceleration of one off rebranding cost in Q4

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 increase in revenues. However EBITDA margin is impacted by one off expenses such as rebranding in Q4

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

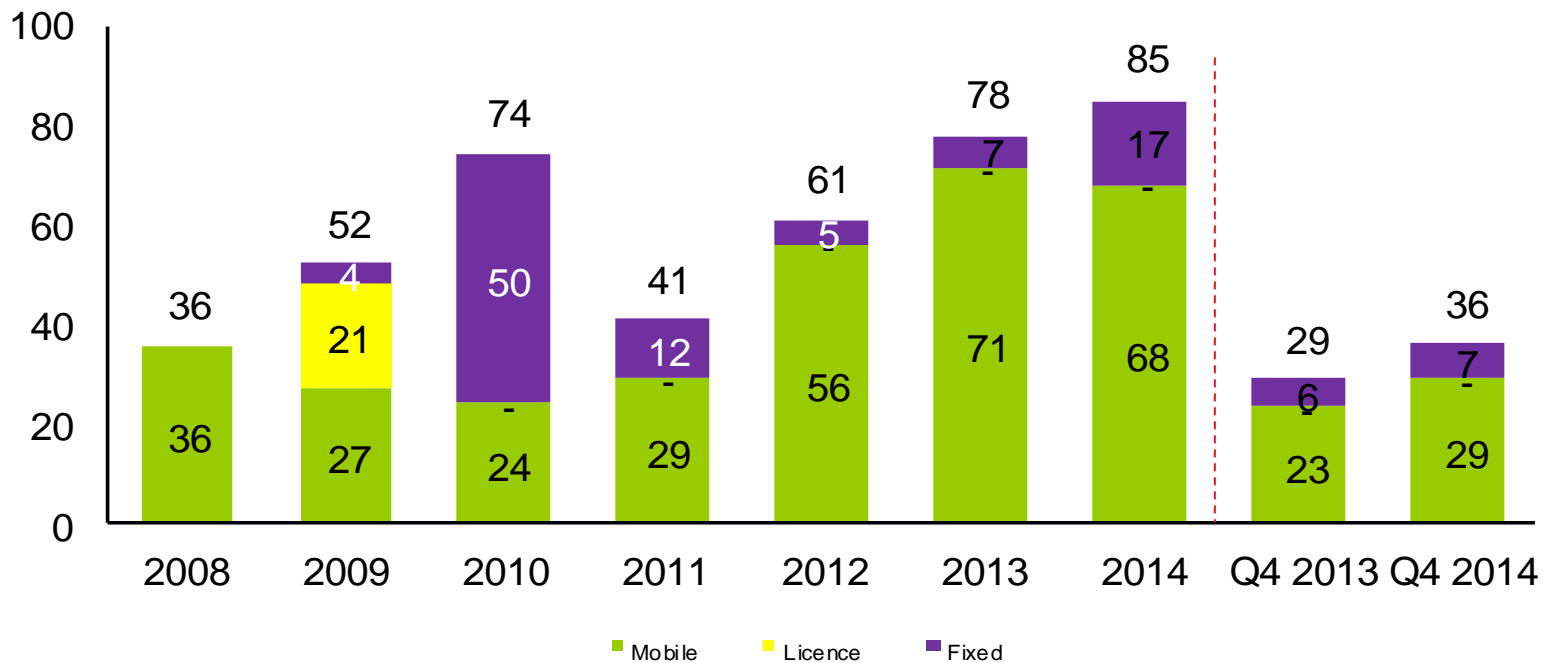


# Key financial drivers



## Capital expenditure

(OMR M)



- The increase in CAPEX is driven by Modernization.

Source Ooredoo

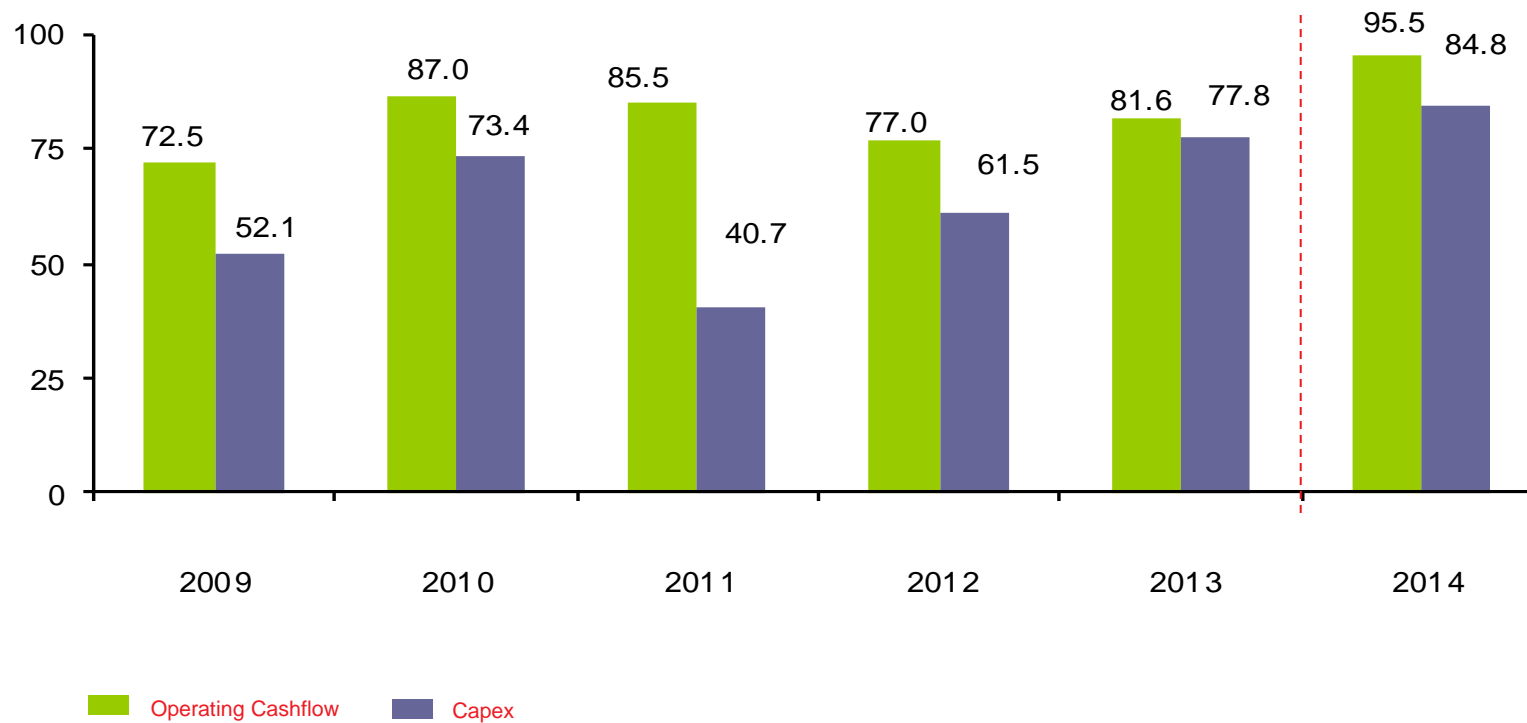


# Key financial drivers

## steady cash flow

### Operating cashflow before working capital

(OMR M)



- Improved operating cash flow generation mainly due to revenue increase.

Source

Ooredoo

# Net debt

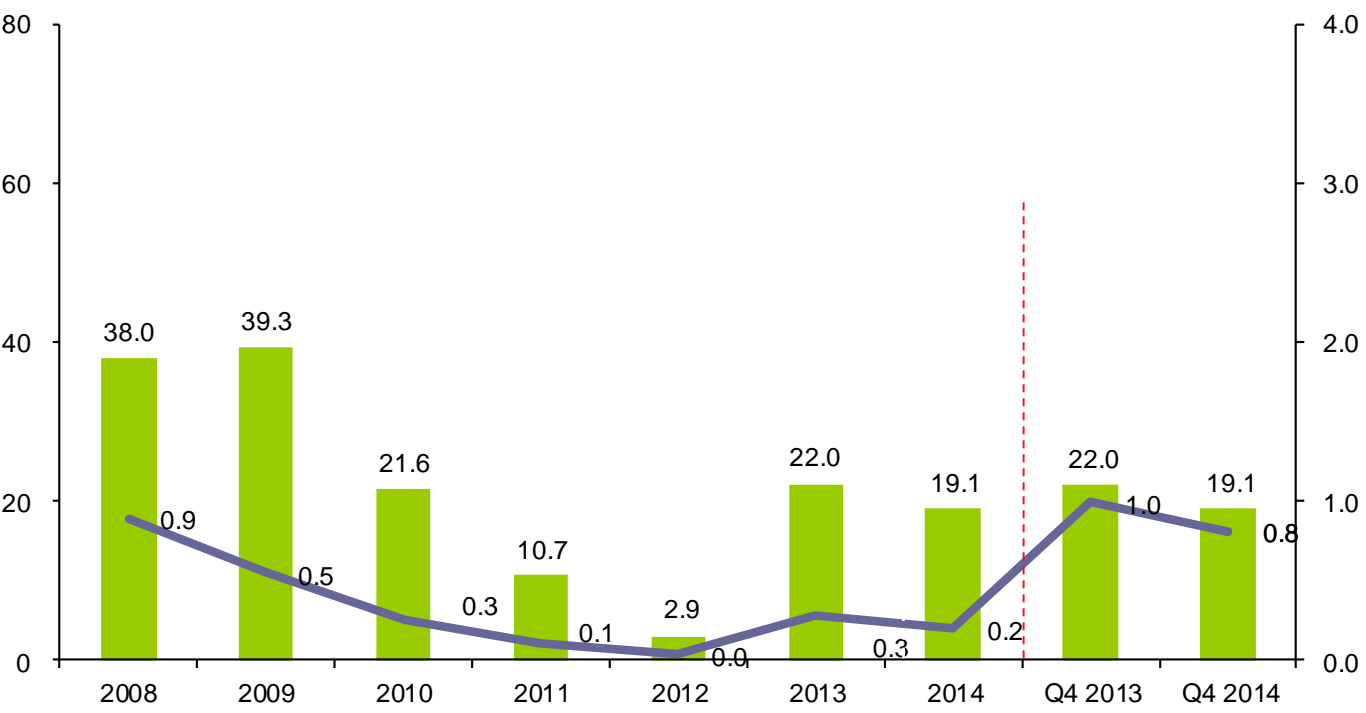
## Improvement in leverage



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

Net debt / Adj. EBITDA

(OMR M)



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

Net Debt Net Debt / Adj. EBITDA

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



# Summary

- Market
  - Full year revenue and EBITDA growth of 12.1 % and 18.9 % respectively,
  - Strong revenue growth is driven by increases in mobile data revenue, international voice revenue.
  - 8.6% growth in total number of customers.
- Commercial and operational
  - Our rebranding to Ooredoo in Q4 2014 was a huge success and there has been a very positive response from the market
  - Our revenue growth in 2015, has been driven by an increase in both mobile and fixed data as well as international voice revenue
  - Our investment in 2015 will continue to improve the performance and experience of customers across the Sultanate.
- 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

