

Nawras Investor Presentation

Q2 – 2013 Performance



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Q2 2013 Financial Results

	Three months ended 30 June			Six months ended 30 June		
	2013	2012	Change%	2013	2012	Change%
Revenues (OMR m)	50.2	48.4	3.7 %	98.4	95.3	3.3%
EBITDA (OMR m)	23.7	23.7	-	46.9	47.9	-2.1%
Net Profit (OMR m)	7.5	9.7	-22.7 %	15.2	19.5	-22.0%
Mobile and fixed customers ('000)				2,295	2,028	13.1%

- The growth in revenues is driven by increases in both fixed and mobile data revenues offset by decreases in SMS and national voice revenue.
- Net profit for the year was affected by lower EBITDA and higher depreciation cost due to network modernisation.
- Total number of customers grew by 13.1%, to 2,294,563 compared to 2,028,102.
 - The fixed service customer base grew by nearly 54% to 56,598 customers from 36,787.
 - The mobile pre-paid customer base increased by 13.0 % to 2,052,260 customers compared to 1,815,846
 - The mobile post-paid customer base also grew by 5.8% to 185,705 customers compared with 175,469.

Customer Experience

- Continue implementing Customer Experience at Nawras with specific focus on Revenue Generation and Cost Reduction
- Service Level achieved in Contact Center and preparation for Summer Peak

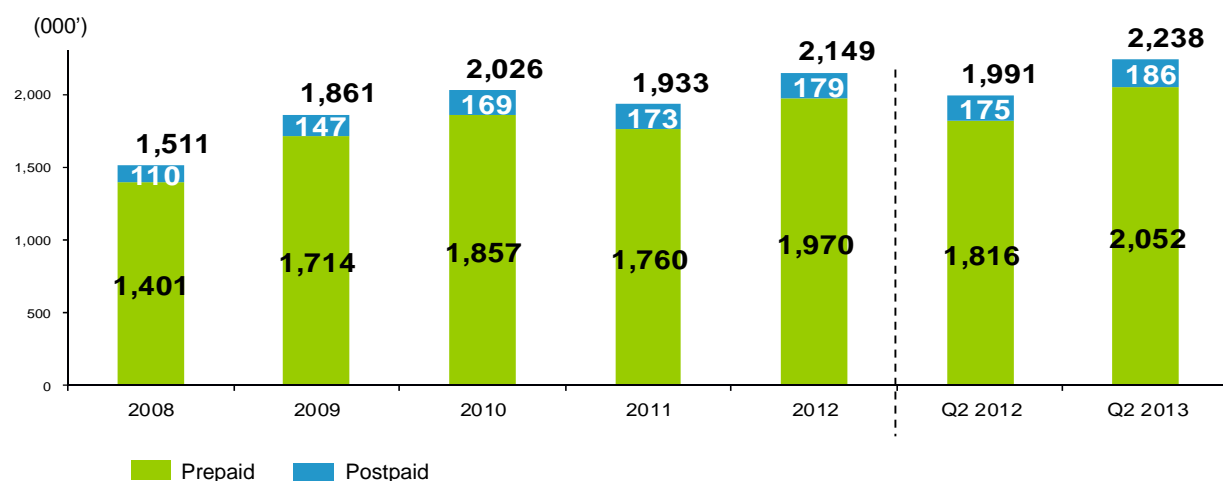
Cost Optimisation Program

- The objective of program is to continue achieving savings during 2013 through different initiatives.

Turbo Charging

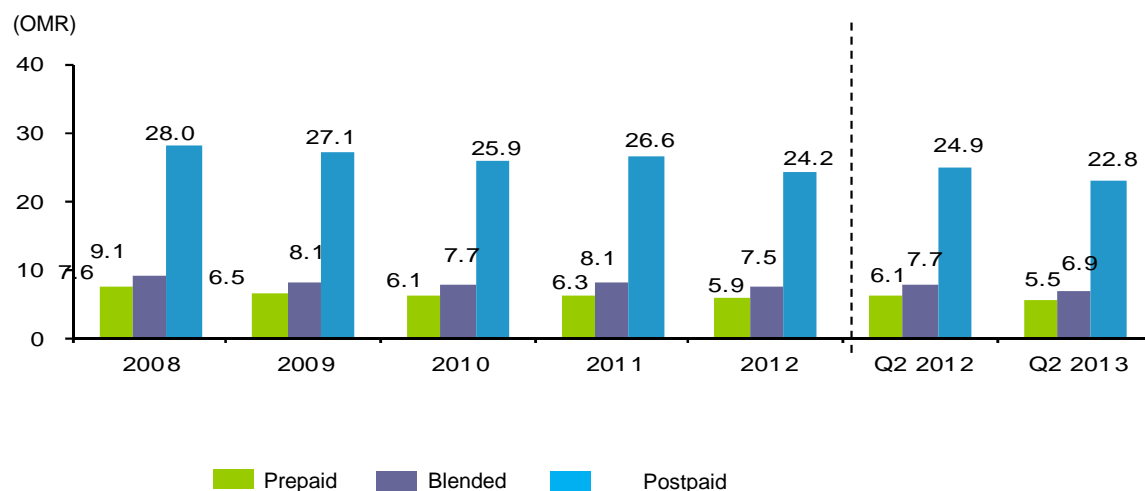
- Enhanced 3G+ indoor coverage in Muscat through successful launch of 3G on 900 MHz carrier
- Doubling the existing capacity of 3G network in Salalah through successful implementation of 2nd carrier on all existing sites
- Doubling the capacity of WIMAX network in Muscat and Sharqia
- over 95% of the population in Muscat Governorate with superfast 3G+
- The superfast 4G service is also expanding further according to customer requirements

End of period (EoP) mobile customers breakdown



- The mobile pre-paid customer base for Q2 2013 increased by 13% to 2,052,260 compared to 1,815,846 for the same period last year.
- The mobile post-paid customer base grew by 5.8% to 185,705 customers compared with 175,469 customers in Q2 2012.

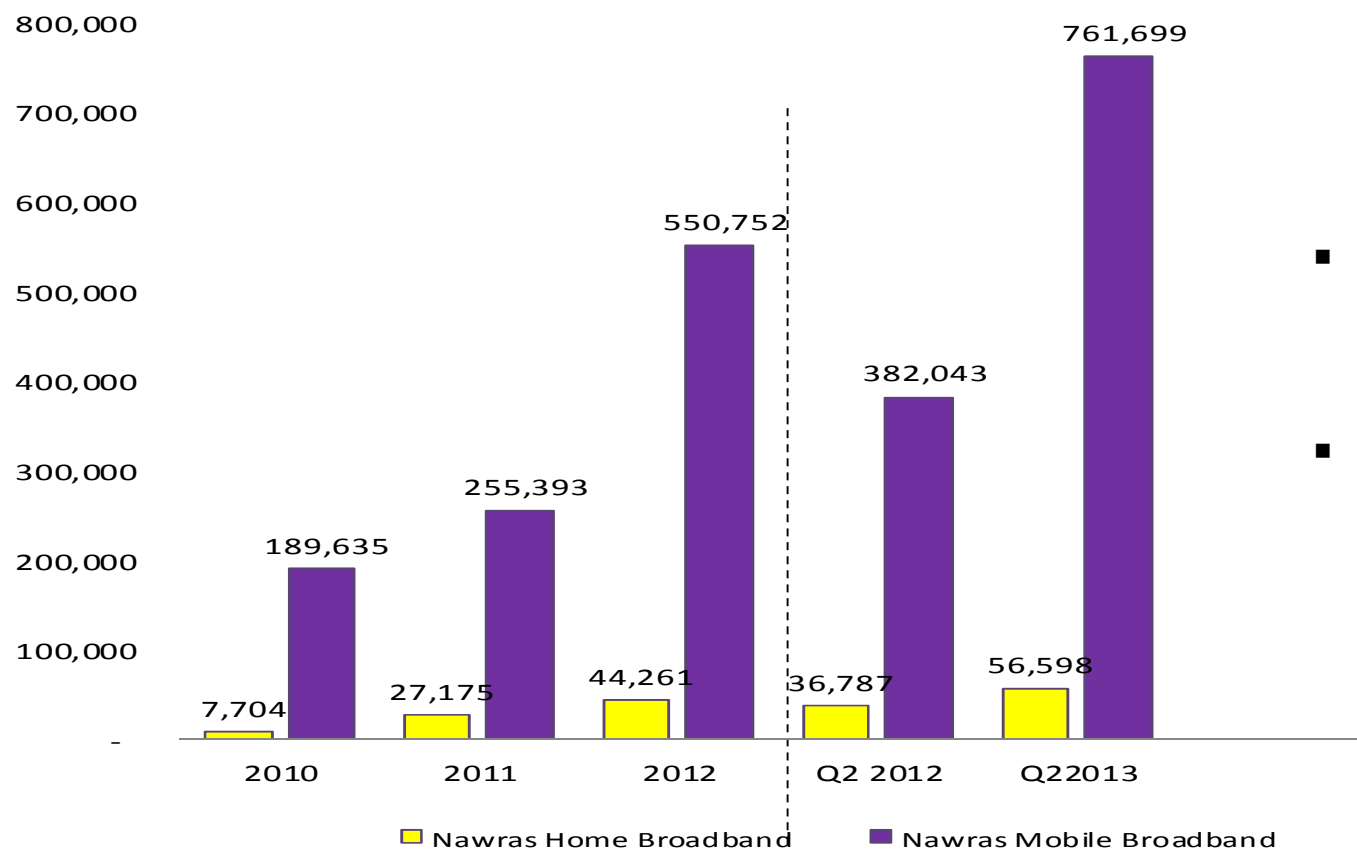
Monthly ARPU – Post-paid, prepaid and blended



- ARPUs were affected by the decline in SMS revenue.
- ARPUs improved compared to Q1.

Nawras broadband customers

Broadband (Mobile* and Fixed)



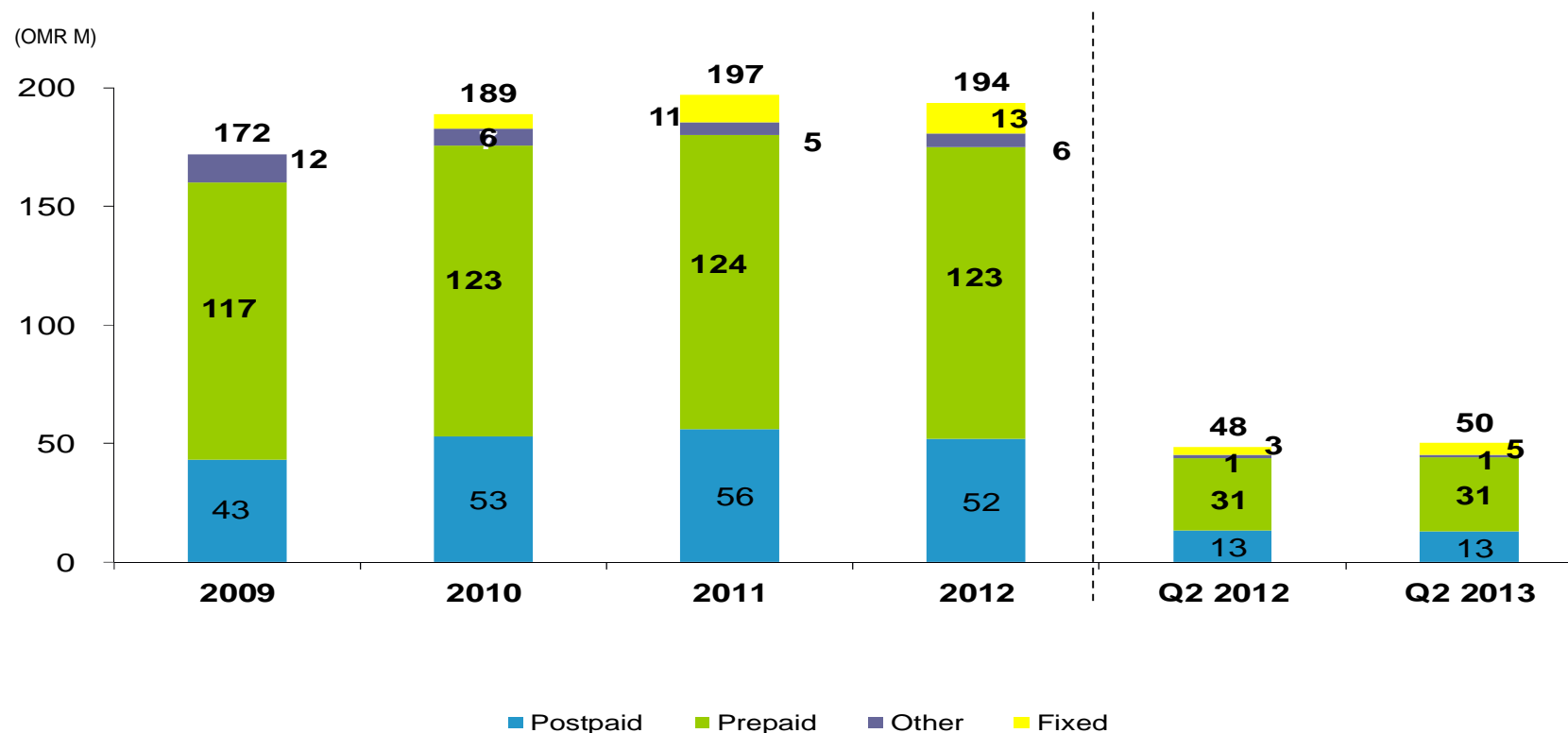
- Fixed service customers grew by 54% Y-Y
- Mobile broadband customers increased by 99% Y-Y.

* Nawras MBB figure doesn't include BlackBerry customers



Financial highlights

Revenue



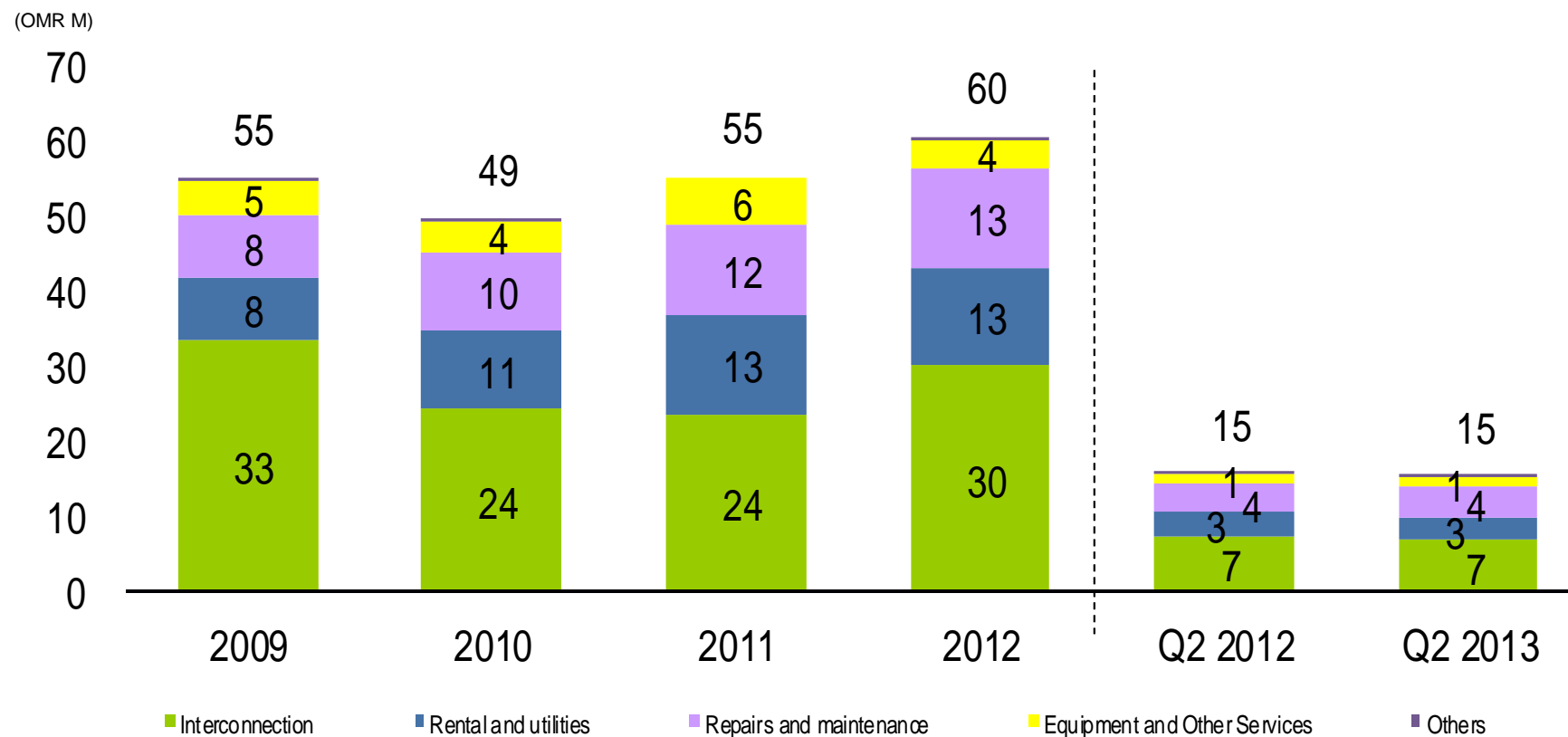
- QoQ - revenues increased by 4%, The growth is driven by increases in both fixed and mobile data revenues offset by decreases in SMS and national voice revenue.

Source
Notes

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

Key financial drivers

Operating expenses



- Stable Operating expenses.

Source
Note

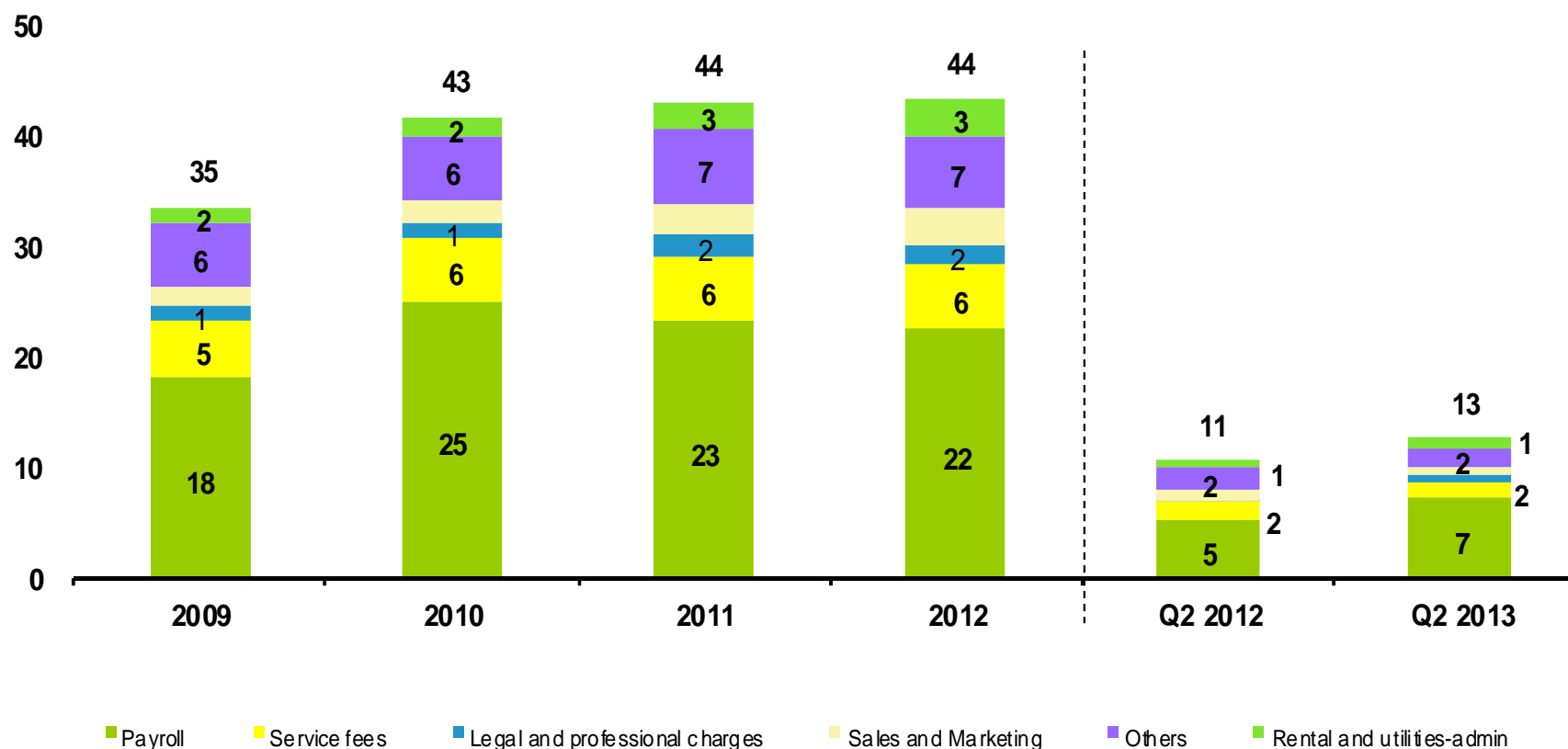
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Totals may not add up to sum of parts in some cases due to rounding

Key financial drivers

Tight cost control

SG&A

(OMR M)



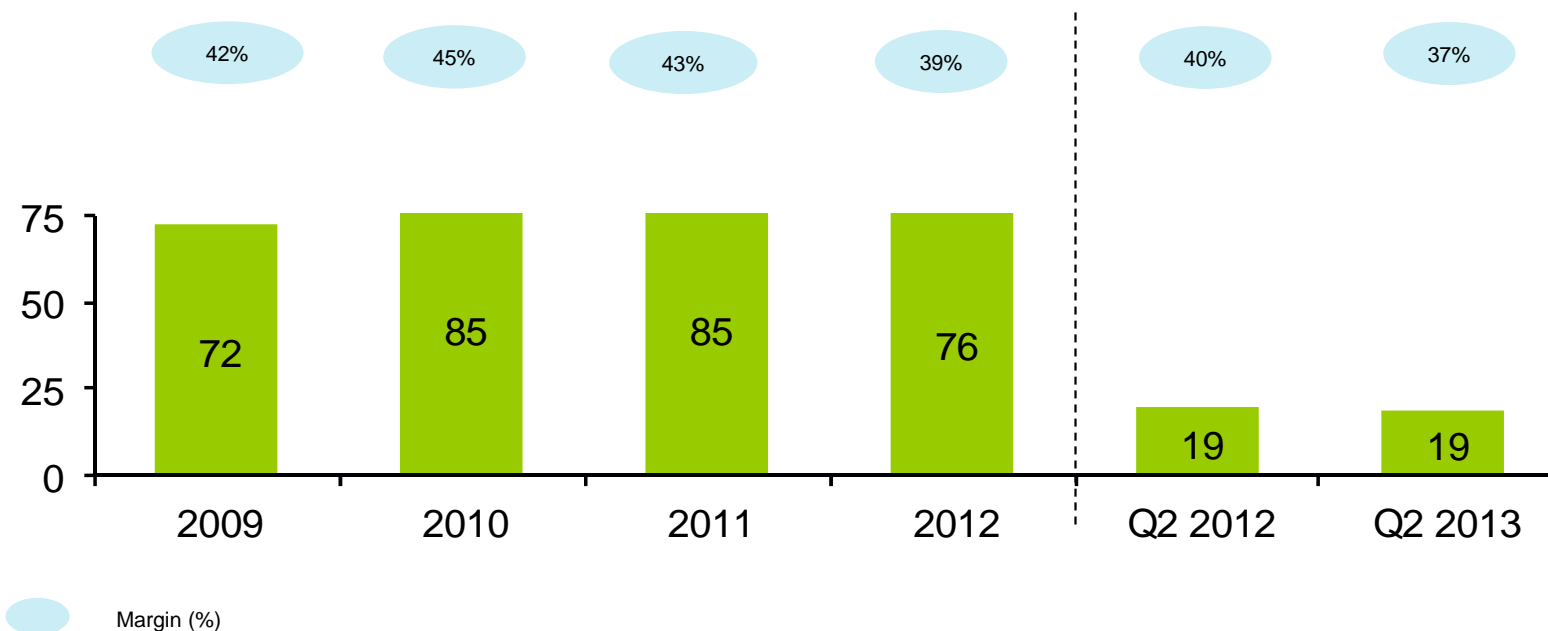
- Q2 2012 included a reversal in employee related cost of OMR 1.1 million relating to Q1 2012.

Source
Note

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

EBITDA

Adj. EBITDA⁽¹⁾



- Flat EBITDA QoQ in the face of higher managed services costs and general and administration expenses, partially offset by higher revenue and savings in lease line cost.

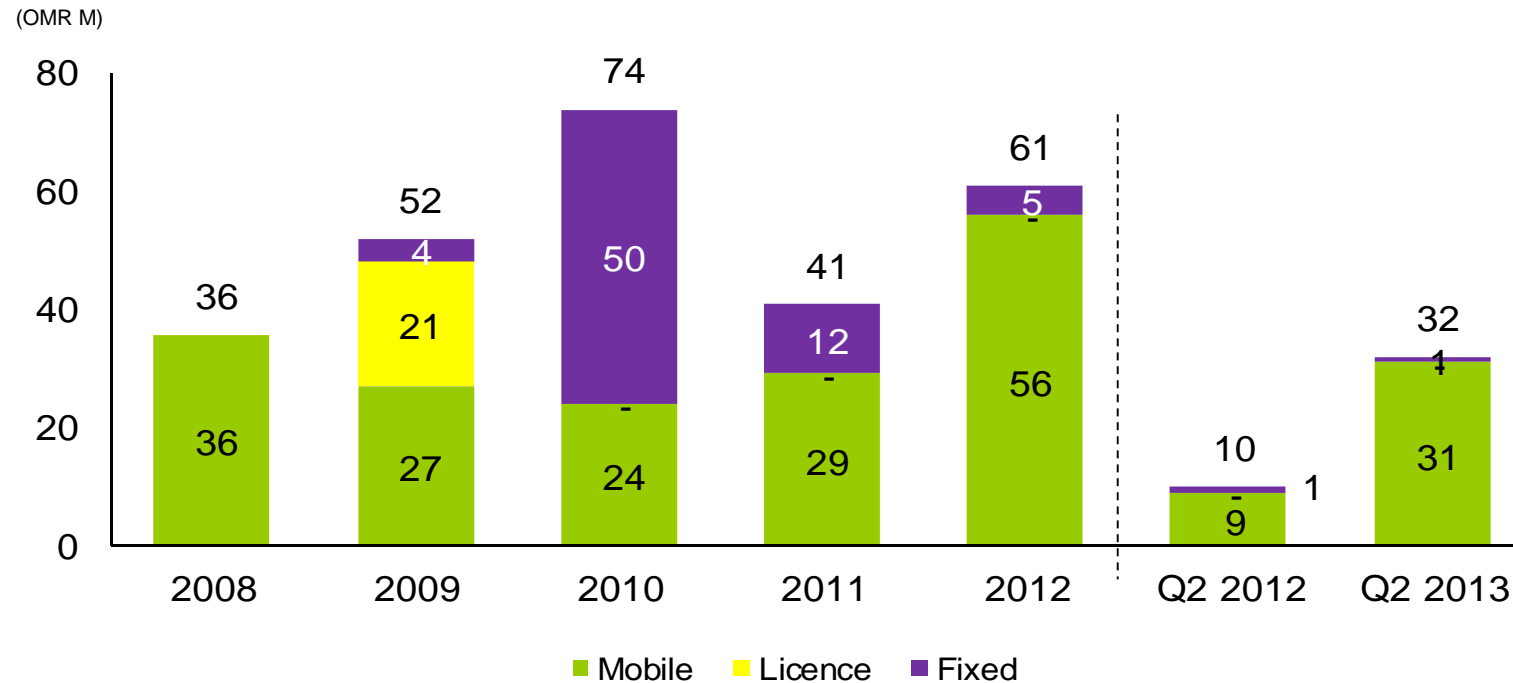
Source

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(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.

Key financial drivers

steady cash flow

Operating cashflow before working capital

(OMR M)



- Steady operating cash flow generation

Source

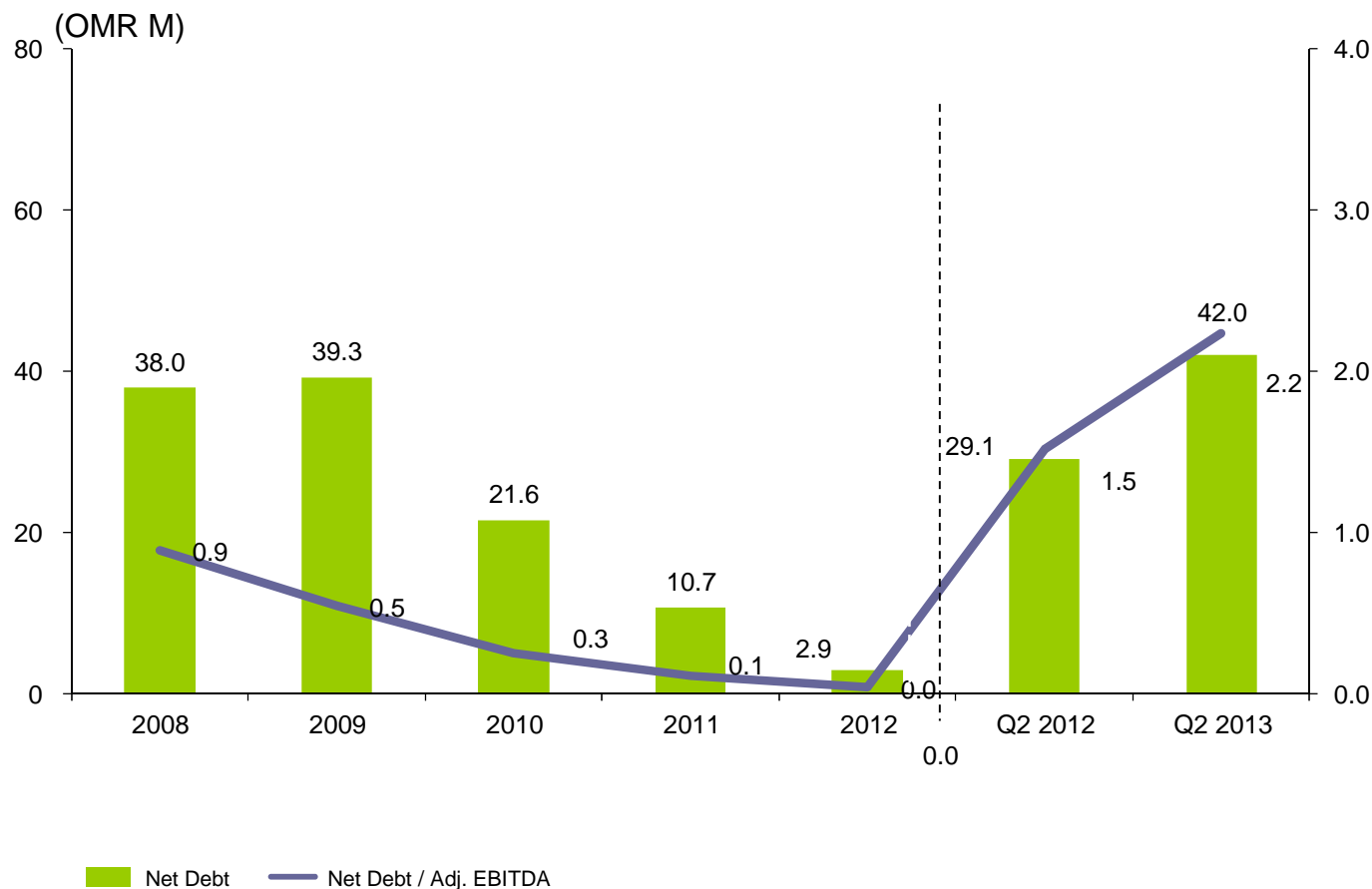
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Net debt

Improvement in leverage

Net debt⁽¹⁾

Net debt / Adj. EBITDA



- New loan facility of OMR 90m was signed in early 2013. As of June we had utilised OMR 33m

Source
Note

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

Conclusions

- **Market**
 - Total customer number increased by 13%.
 - Increased competition in the market.
- **Network**
 - Over 95% of customers are covered with 3G+ in Muscat.
 - 4G LTE is provided to the most densely population areas in Muscat.
 - Started phase 2 of the modernisation programme outside Muscat.
- **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

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