

Nawras Investor Presentation

Q3 – 2013 Performance



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Q3 2013 Financial Results

| | Quarterly Analysis | | | Nine Month Analysis | | |
|---------------------------------|--------------------|---------|----------|---------------------|---------|----------|
| | Q3 2013 | Q3 2012 | % change | 9M 2013 | 9M 2012 | % change |
| Revenues (OMR m) | 50.8 | 46.9 | 8.3% | 149.2 | 142.1 | 5.0% |
| EBITDA (OMR m) | 24.5 | 20.8 | 17.8% | 71.5 | 68.7 | 4.1% |
| Net Profit (OMR m) | 8.0 | 7.2 | 11.1% | 23.1 | 26.7 | -13.5 |
| Mobile & Fixed Customers (`000) | - | - | | 2,361 | 2,129 | 10.9% |

- The increase in revenue is driven by data and fixed revenues, offset partially by SMS.
- Net profit was affected by higher depreciation due to the investment in network modernisation.
- Total number of customers grew by 10.9% to 2,360,609 compared with 2,128,965
 - The fixed service customer base increased by nearly 61% to 61,090 from 38,018.
 - the mobile pre-paid customer base increased by 10.4% to 2,112,356 compared to 1,913,200
 - The mobile post-paid customer base was up 5.3% to 187,163 customers compared with 177,747

Turbocharging

- Introduction of superfast 4G services to Sohar as the third Omani city.
- Doubling the existing capacity of 3G network in 50% of Batinah region and Quriyat through successful implementation of 2nd carrier on existing sites.
- Significant quality enhancement of 2G and 3G services in city of Quriyat, Sohar, Musanaah and Swaiq areas through swap and modernisation of existing sites.
- All civil works and fiber optic installation works of southern ring has been completed .

Customer Experience

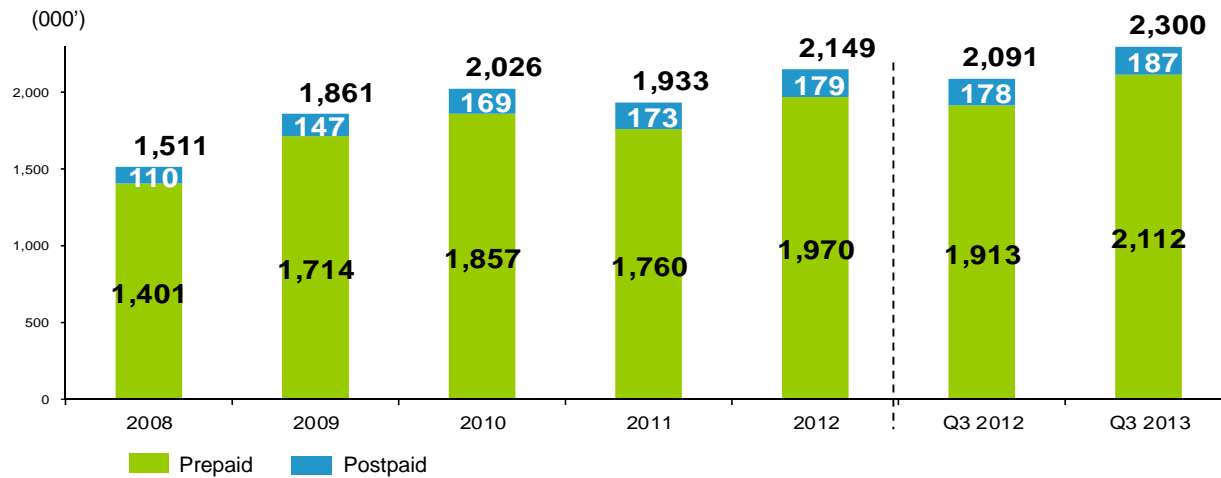
- Voice of the Customer program initiated in Contact Center and Stores.
- Delivery of an initiative making customer life easier to setup their device and reducing cost to serve.

Cost Optimisation Program

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

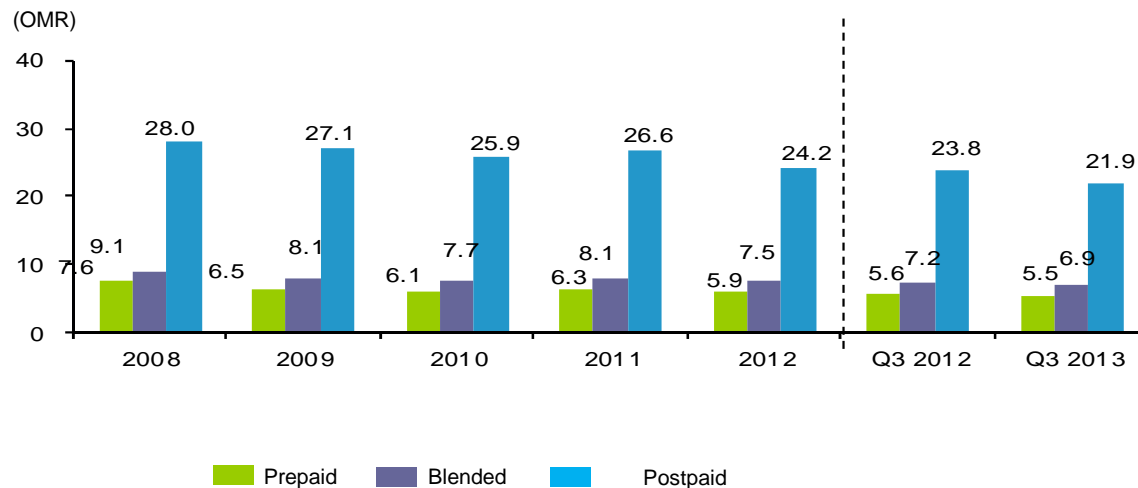
Performance

End of period (EoP) mobile customers breakdown



- The mobile pre-paid customer base for Q3 2013 increased by 10.4% to 2,112,356 compared to 1,913,200 for the same period last year.
- The mobile post-paid customer base grew by 5.3% to 187,163 customers compared with 177,747 customers in Q3 2012.

Monthly ARPU – Post-paid, prepaid and blended



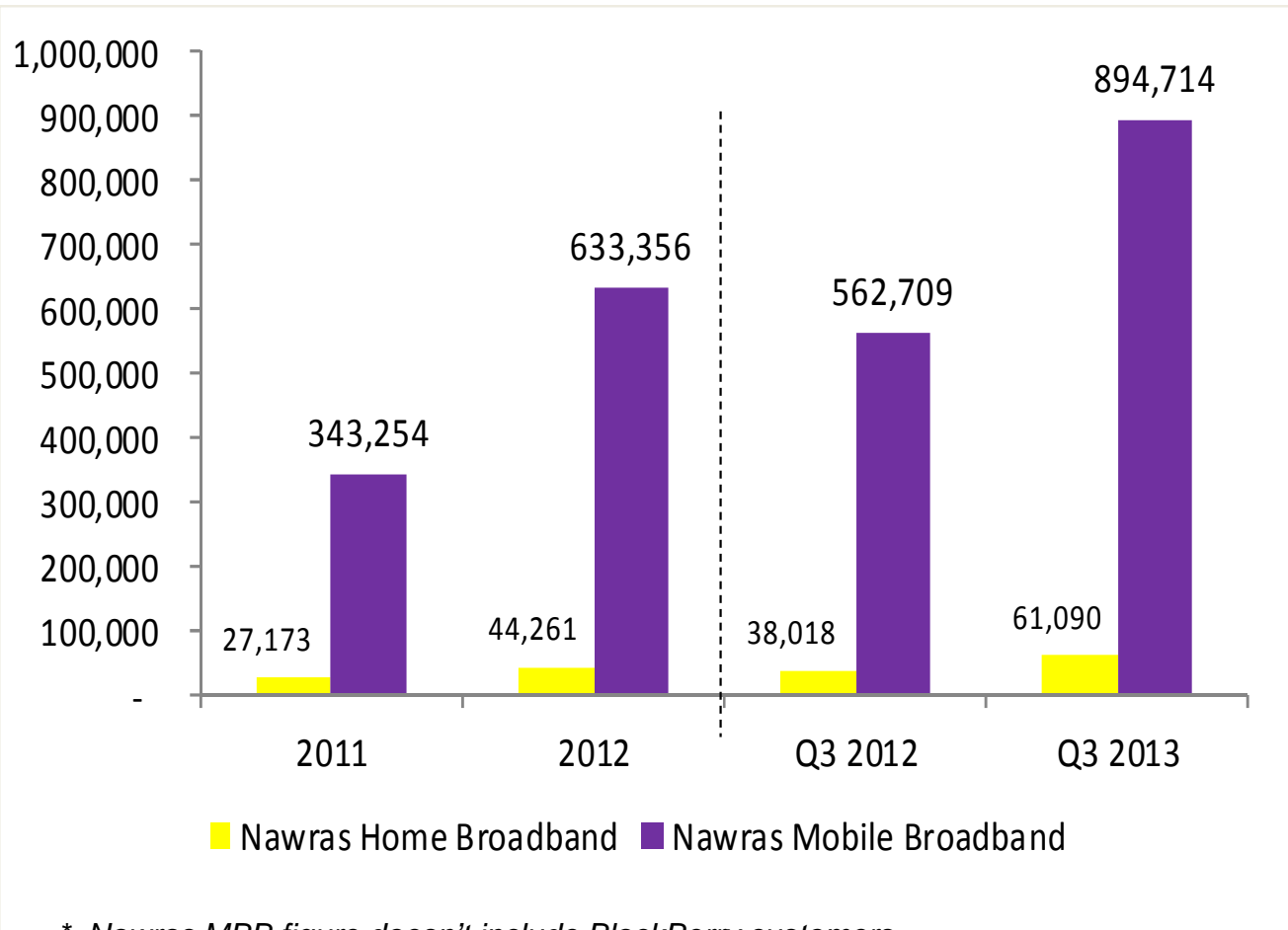
- Q3 ARPUs were affected by continuous decline in SMS revenue as well as lower usage during the month of Ramadan, however higher customer base compared to last year has helped achieving higher revenue

Nawras broadband customers



Broadband (Mobile* and Fixed)

Customers



- Fixed service customers grew by 61% Y-Y
- Mobile broadband customers increased by 59 % Y-Y.
- Data usage per customer continues to increase driven by modernisation and the growth in data products

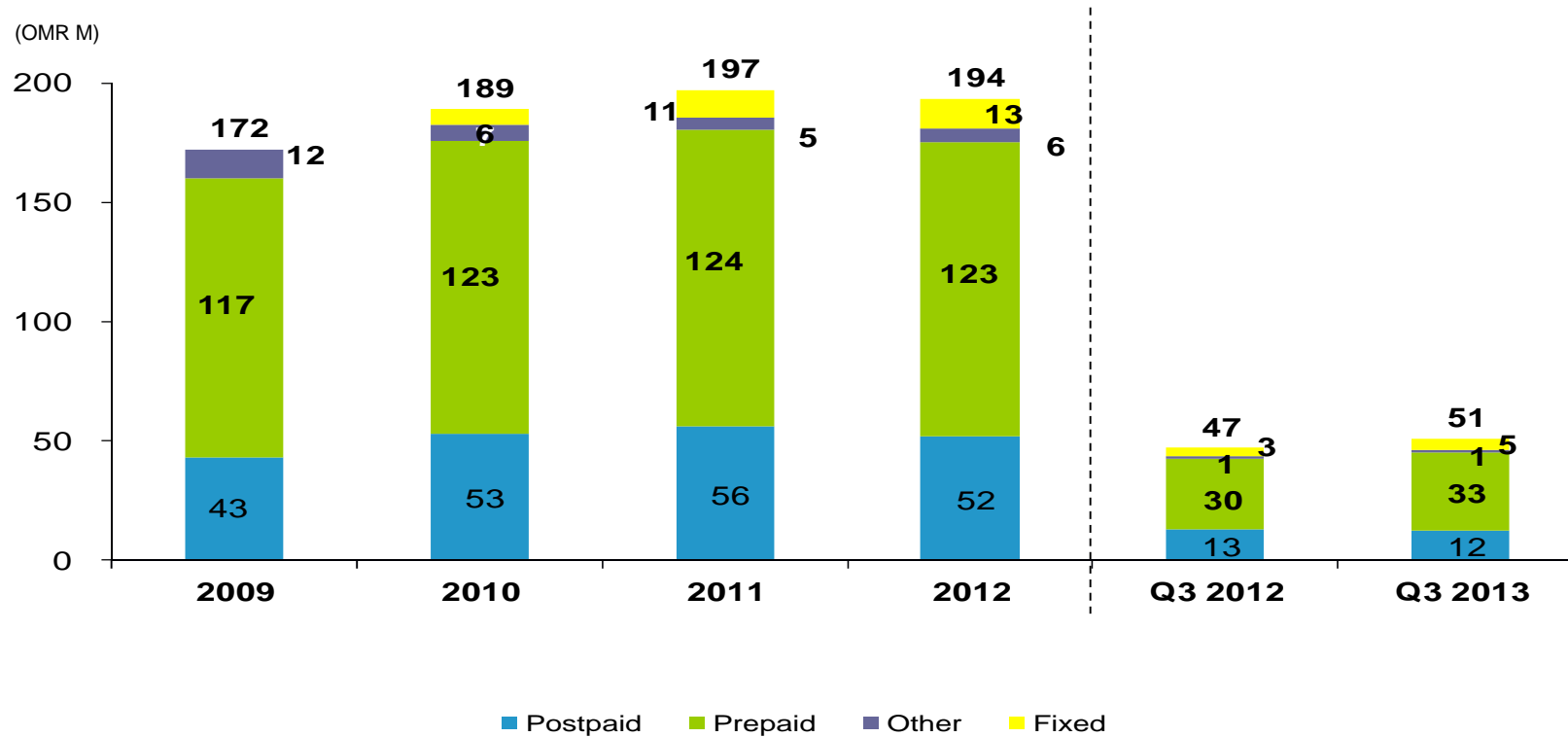
* Nawras MBB figure doesn't include BlackBerry customers



Financial highlights

Revenue

Best performance since Q4 2012



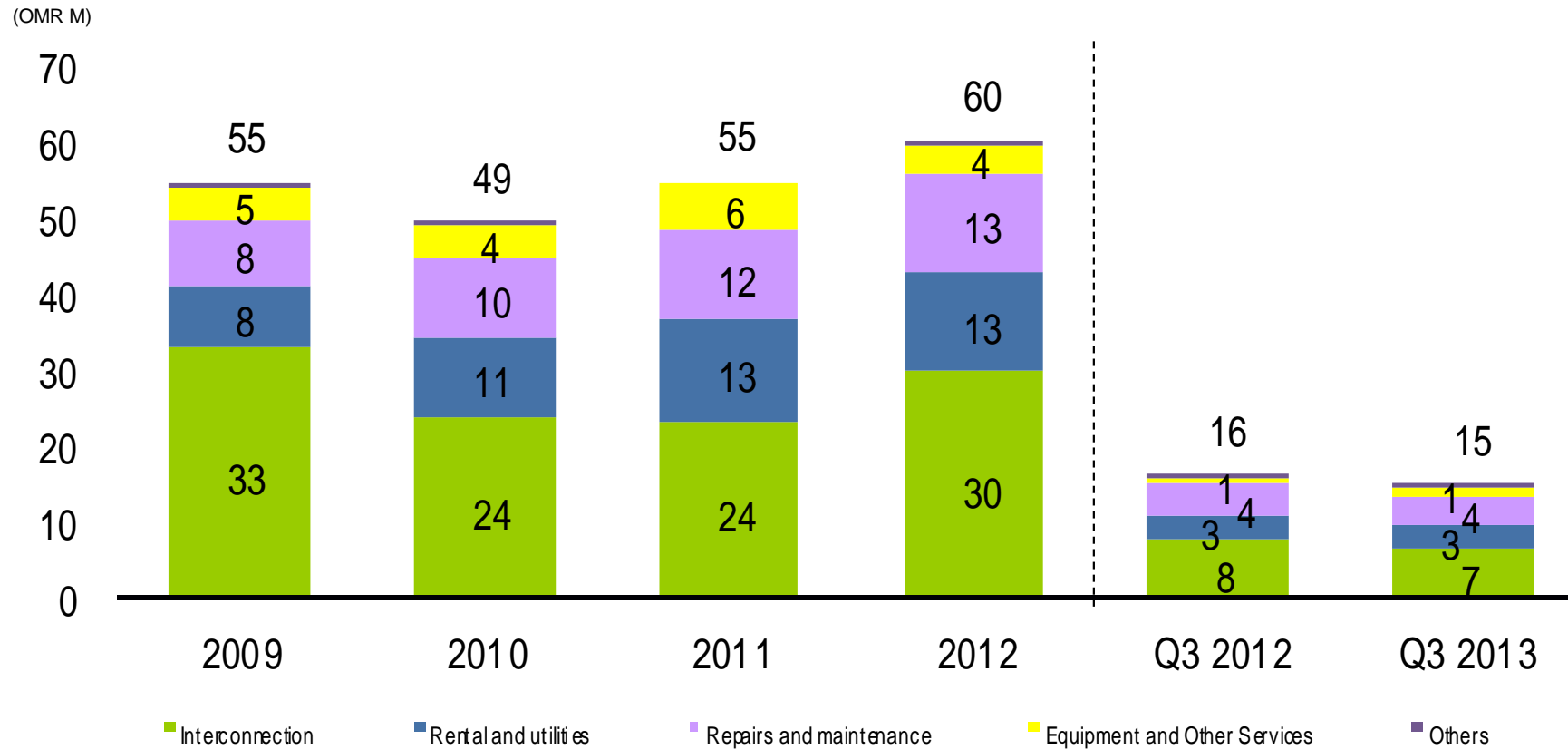
- The increase in revenue is driven by fixed and mobile data revenues as well as international voice revenue, offset partially by SMS.

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 and reduction in lease line cost

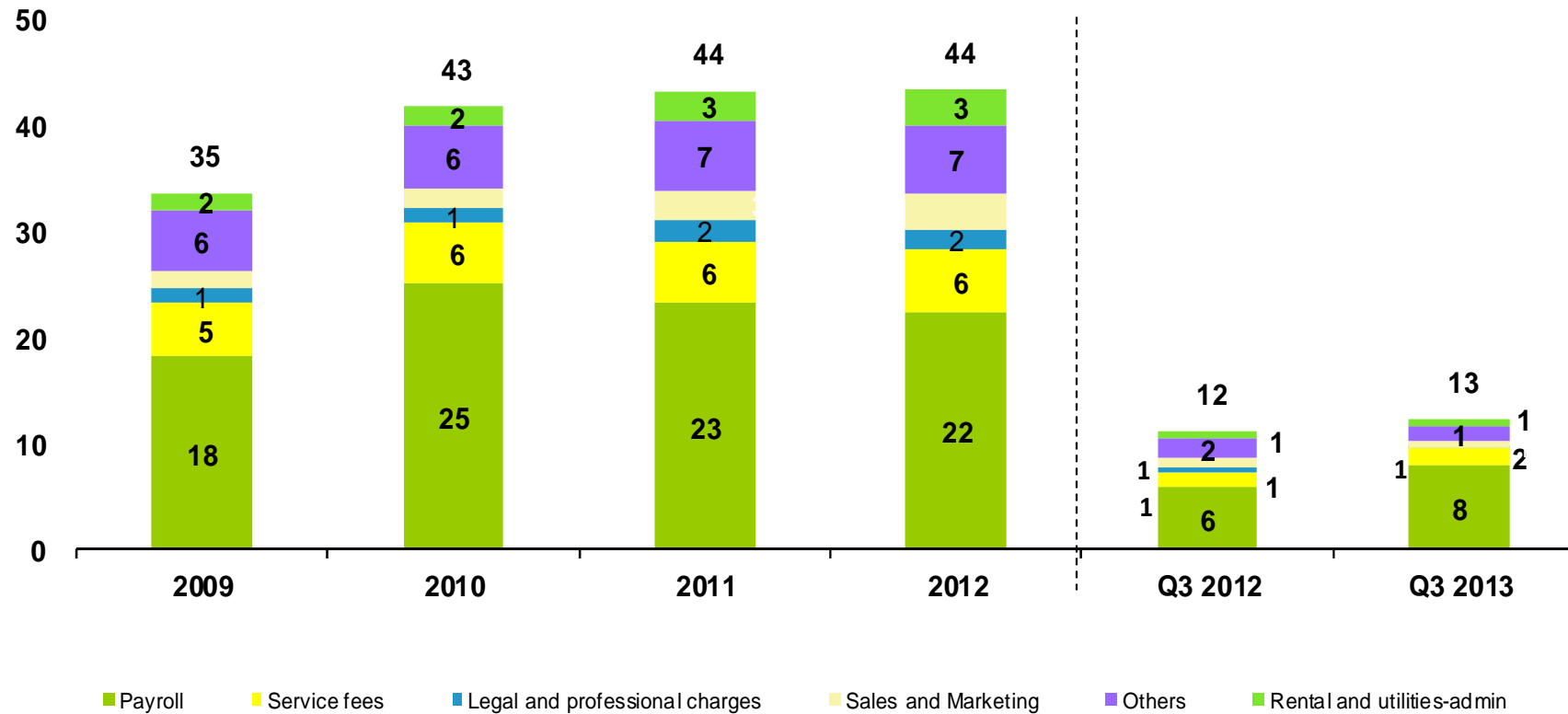
Source
Note

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

Key financial drivers

SG&A

(OMR M)



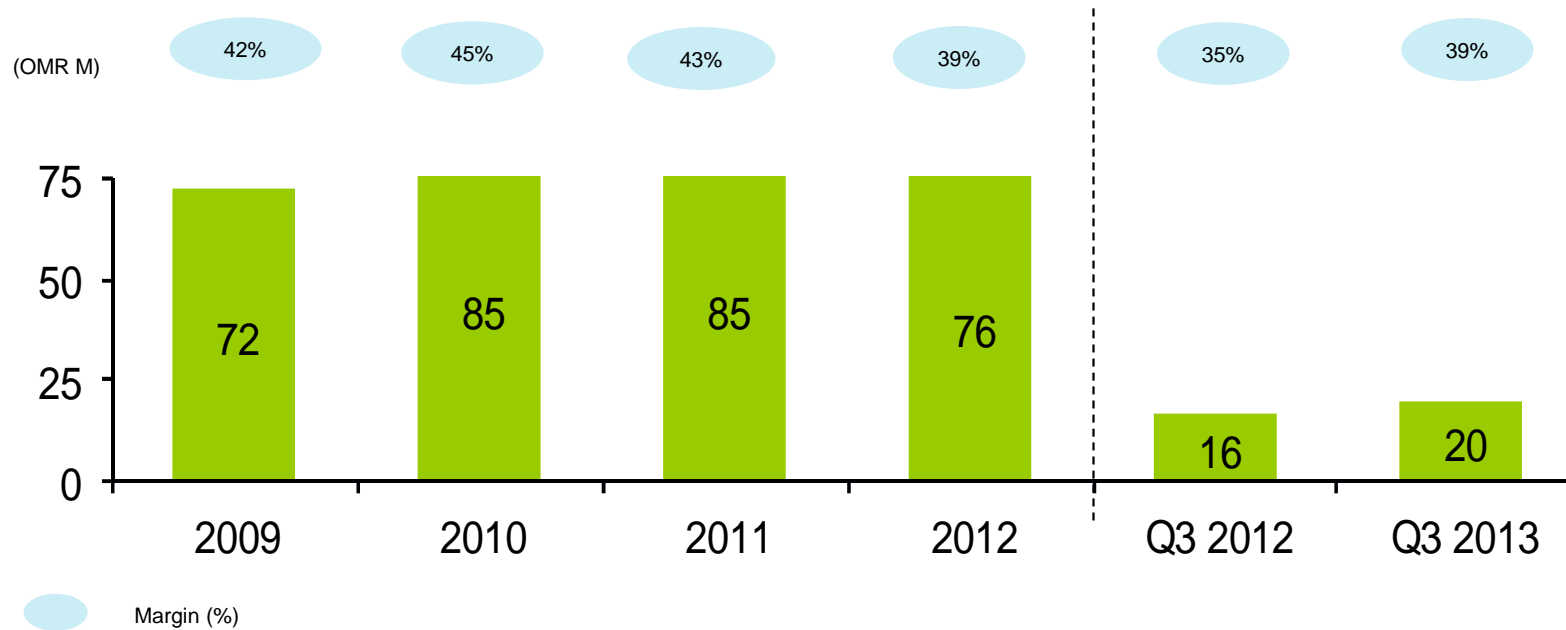
- SG&A increased driven by payroll and associated costs due to higher FTEs.

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⁾



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

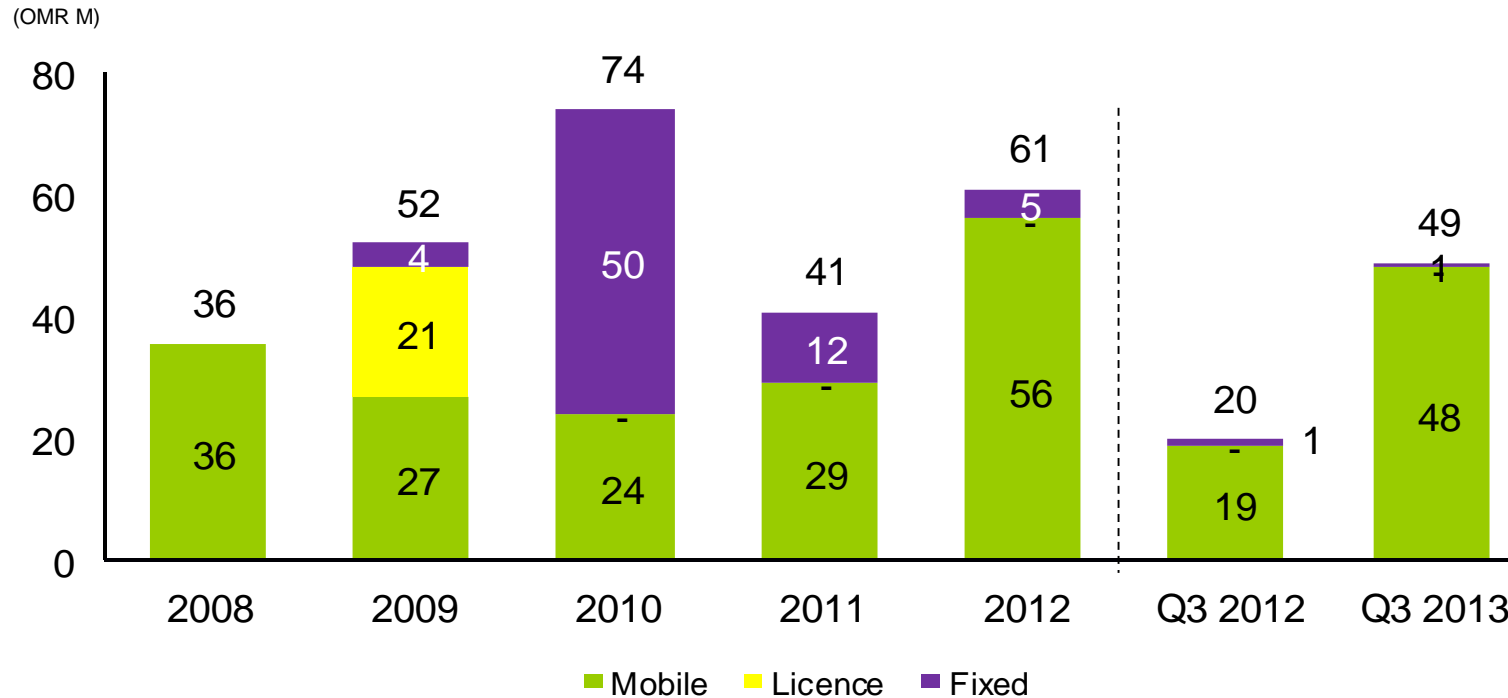
Source

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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.

Source Nawras

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

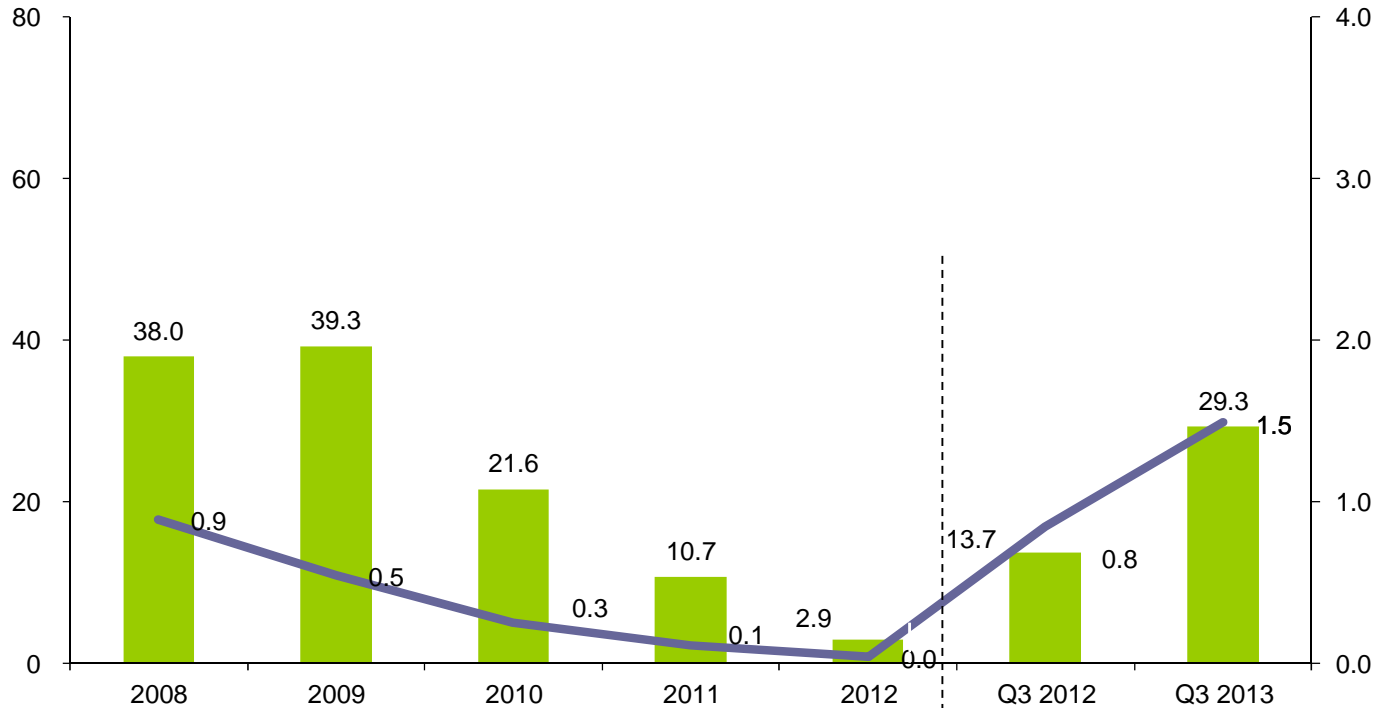
Improvement in leverage



Net debt⁽¹⁾

Net debt / Adj. EBITDA

(OMR M)



- New loan facility of OMR 90mil was signed in early 2013. As of Sep we had utilised OMR 17.3m

Net Debt Net Debt / Adj. EBITDA

Source
Note

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

- **Market**
 - Q3 was one of our best quarters for more than 2 years.
 - Revenue and EBITDA growth of 5% and 4.1% respectively, and QoQ is even better.
 - Revenue increase is driven by data and fixed revenues, offset partially by SMS.
 - 11% growth in total number of customers and the fixed continued to grow.
- **Network**
 - Started phase II of the modernisation programme outside Muscat.
 - Introduction of superfast 4G services to Sohar as of third Omani city.
 - Doubling the existing capacity of 3G network of Al Batinah & Quraiat regions.
- **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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