

Ooredoo Oman Investor Presentation



Q3 2016 Performance

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Q3 2016 – Financial Results

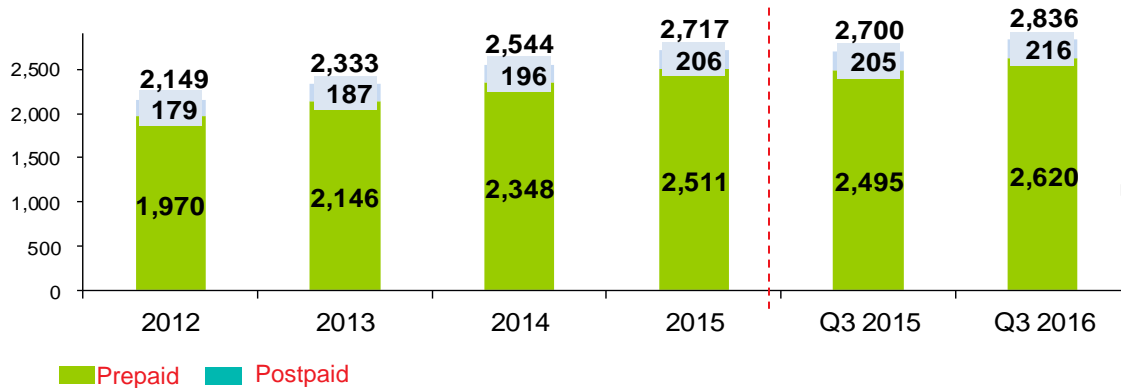
	Three months ended 30 Sep			Nine months ended 30 Sep		
	2016	2015	Change%	2016	2015	Change%
Revenues (OMR m)	69.1	65.0	6.3%	201.9	186.8	8.1%
EBITDA (OMR m)	39.5	35.8	10.3%	112.9	104.3	8.2%
Net Profit (OMR m)	12.7	10.2	24.5%	37.6	32.3	16.4%
Mobile and fixed customers ('000)				2,920	2,766	5.6%

- Revenues for the first nine months of 2016 grew by 8.1% to OMR 201.9 million compared with OMR 186.8 million in 2015. The growth is driven by increases in both mobile and fixed data revenue.
- EBITDA for the first nine months of the year stood at OMR 112.9 million compared to OMR 104.3 million for the first nine months of 2015. EBITDA growth for the year is driven by higher revenue partially offset by higher operating expenses.
- Net profit for the first nine months of 2016 was OMR 37.6 million compared with OMR 32.3 million in the same period of 2015. Increase in net profit for the year is driven by higher EBITDA, partially offset by higher depreciation costs due to the investment in network modernisation.
- The total number of customers grew by 5.6%, to be 2,920,135 at the end of the first nine months of 2016 compared to 2,766,395 for the same period of 2015.
- The fixed service customer base increased by 25.6% to 84,006 customers in Q3 2016 compared to 66,886 in same period 2015. The mobile post-paid customer base grew by 5.3% to 215,729 customers compared with 204,852 customers in Q3 2015. The mobile pre-paid customer base for Q3 2016 increased by 5.0% to 2,620,400 compared to 2,494,657 for the same period last year.

Mobile Customer base and ARPU

End of period (EoP) mobile customers breakdown

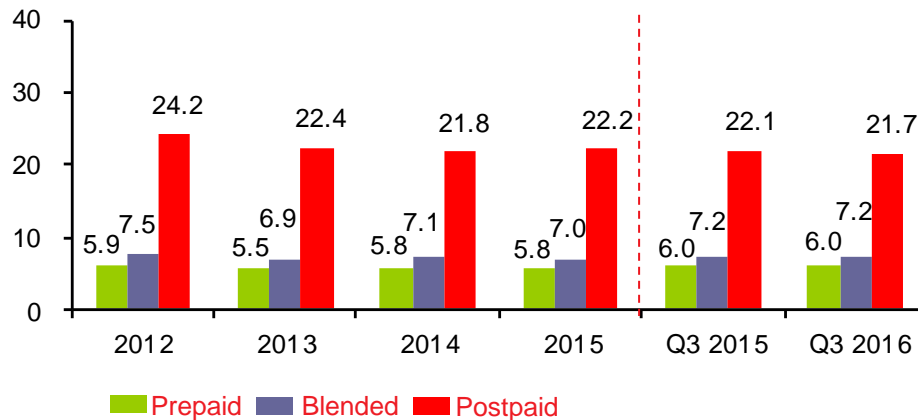
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- Mobile prepaid customer base increased by 5.0% to 2,620,400 by the end of Q3 2016 compared to 2,494,657 at the end of Q3 2015.
- Mobile postpaid customer base increased by 5.3% to 215,729 by the end of Q3 2016 compared to 204,852 at the end of Q3 2015

Monthly ARPU – Postpaid, prepaid and blended

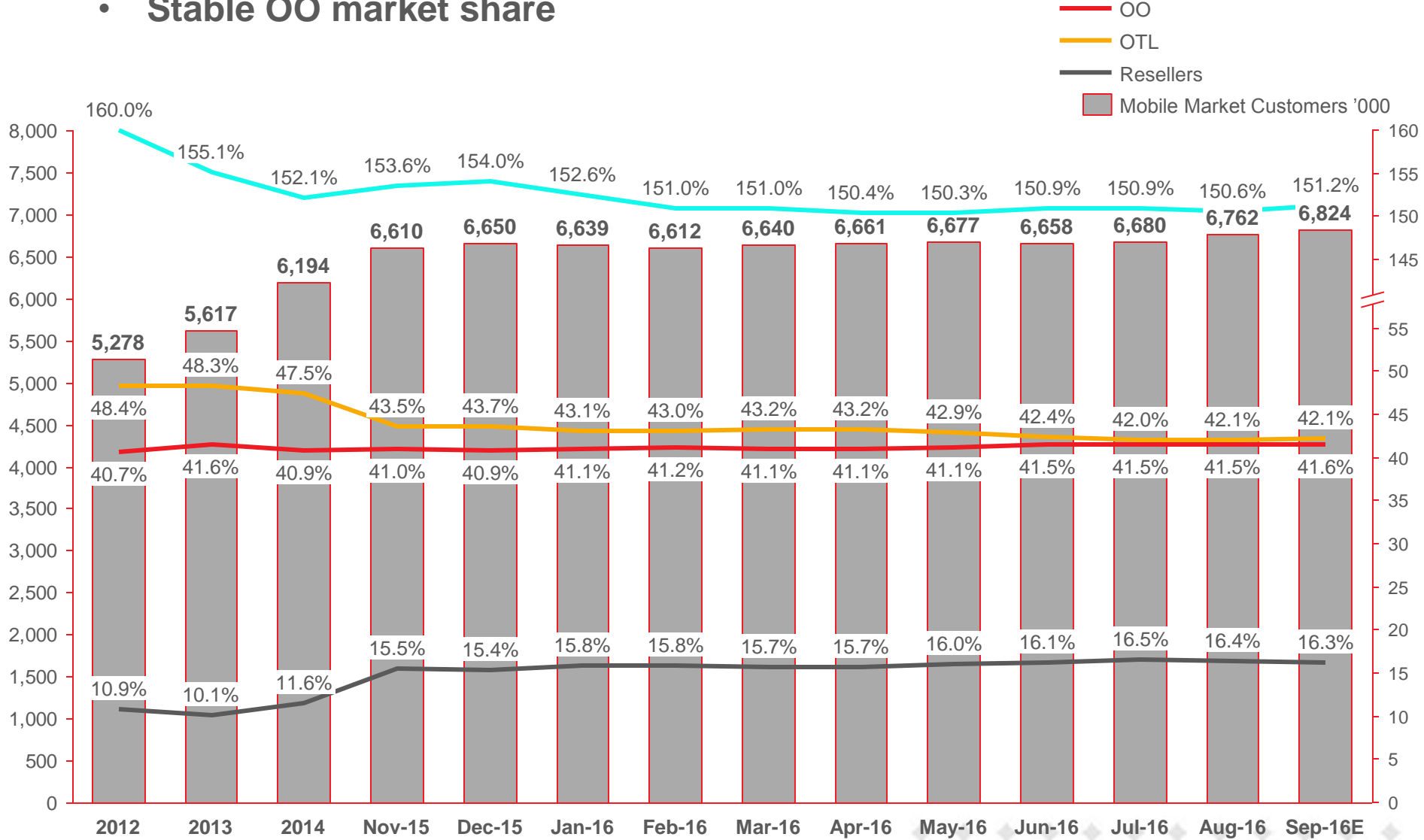
(OMR)



- Q3 2016 postpaid ARPU is lower by 1.8% compared to Q3 2015, driven by lower voice usage.

Mobile Market Share - customers

- Stable OO market share

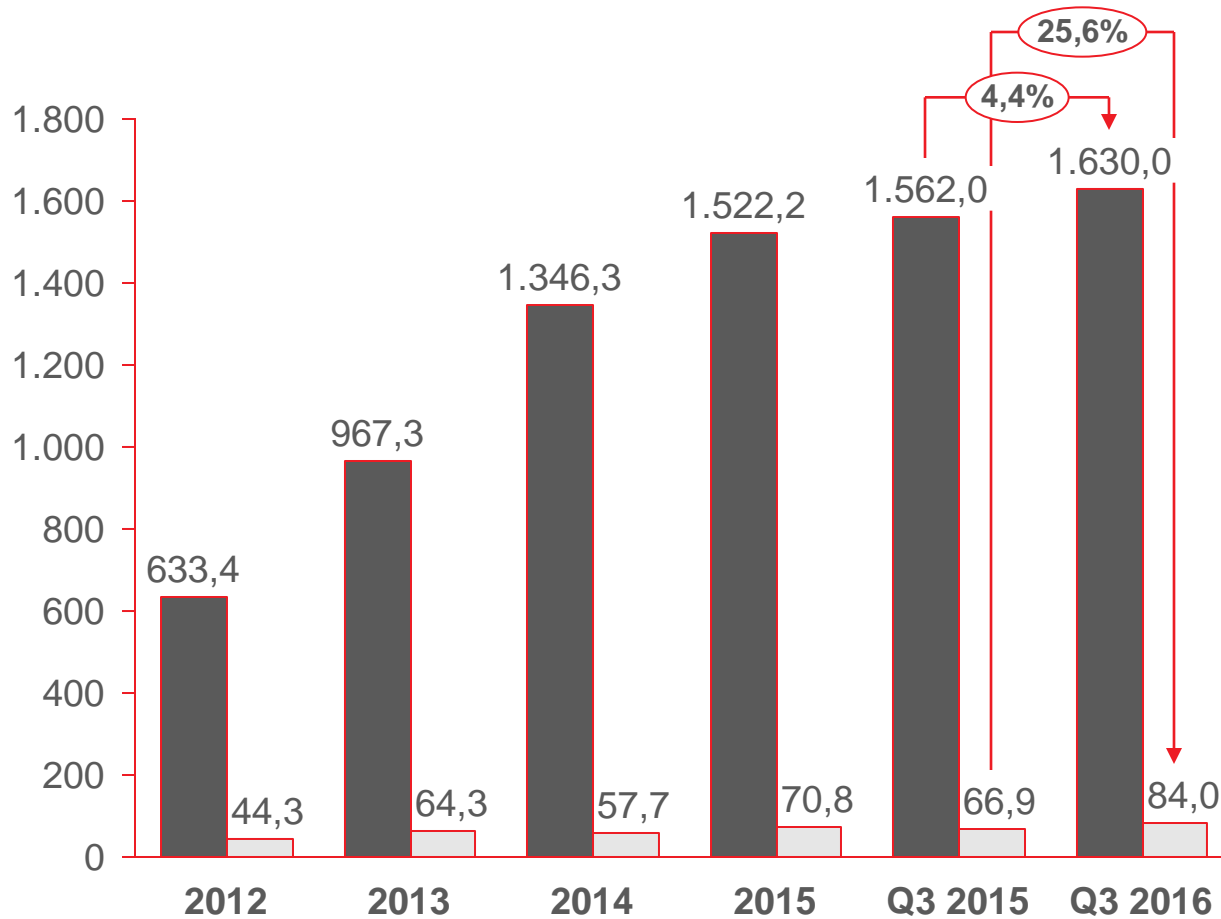


Source: TRA , Omantel and Ooredoo



Ooredoo MBB and HBB customers

(000')



■ MBB ■ HBB

- Fixed service customers increased by 25.6% in Q3 2016 vs Q3 2015, driven by an increase in both Home Broadband fast and Superfast.
- Mobile broadband customers grew by 4.4% Q3 2016 vs Q3 2015, supported by growth in data products as well as modernisation of the network
- Smart device penetration across the mobile base now at 88%.

Technology/IT

- Rollout of mobile LTE on 800MHz continued with more than 300 locations integrated & activated to date.
- Mobile LTE Advanced has been launched widely within the capital area (Muscat)
- Highest number of new product developments since the start of the company
- Khareef Salah concluded with excellent network coverage & quality against plan
- Data traffic is showing steady growth for mobile broadband & home broadband
- East Backbone ring upgrade to 100G capability has been completed
- Upgrade of prepaid charging platforms (IN) completed successfully

Customer Experience

Customer Service

- Customer service team launched the call to transfer to IVR feature as part of the strategic digital transformation initiatives.
- Customer care is continuing the efforts of generating revenue through cross selling & upselling initiatives.
- Deployment of the product level IVR detection.

Customer Experience

Several initiatives launched to improve the customer experience with postpaid payment options:

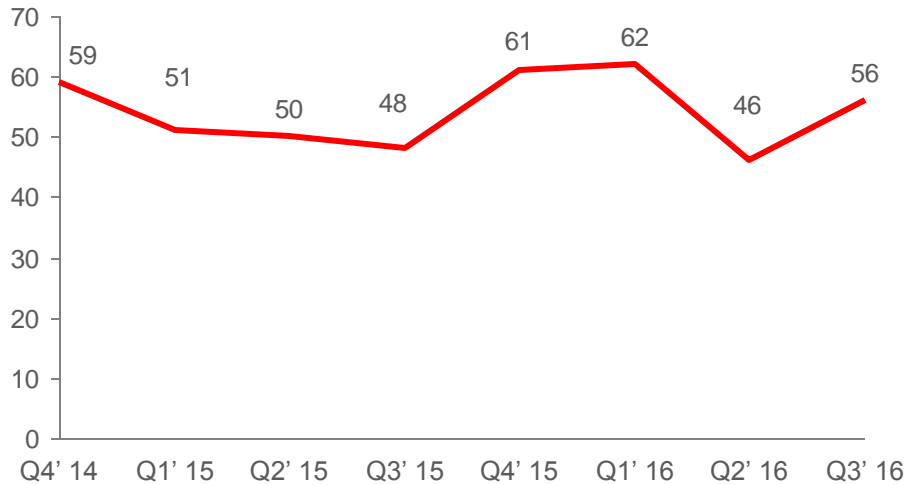
- Payment and self-barring options are now available online when the customer has breached their credit limit or is late to settle their bill.
- SMS send 24h before bill cycle to alert customer of risk of credit limit breach.
- Online payment options added in all outgoing communications.

Billing & Collection

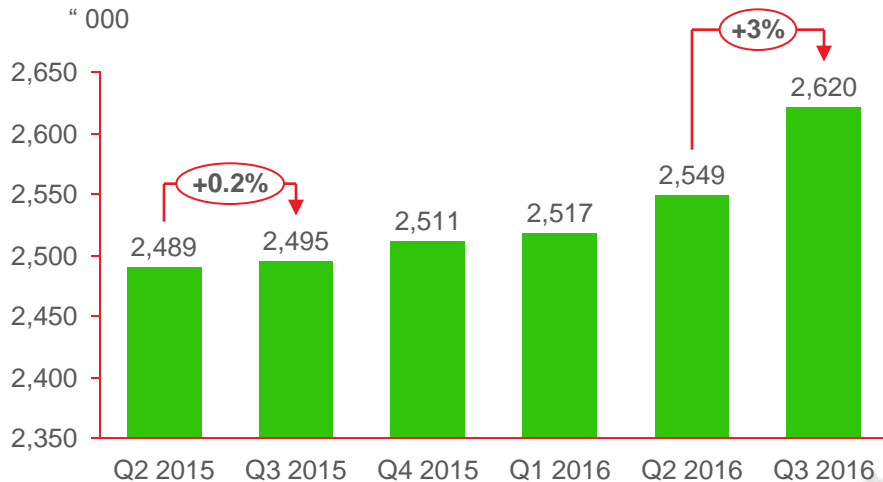
- Postpaid E-Bill Penetration reached to 83% in Q3 2016 compared to 78% in Q3 2015
- Automation

Leading the market in customer experience supported by a successful Shababiah launch

Net Promoter Score



Strong growth of prepaid base



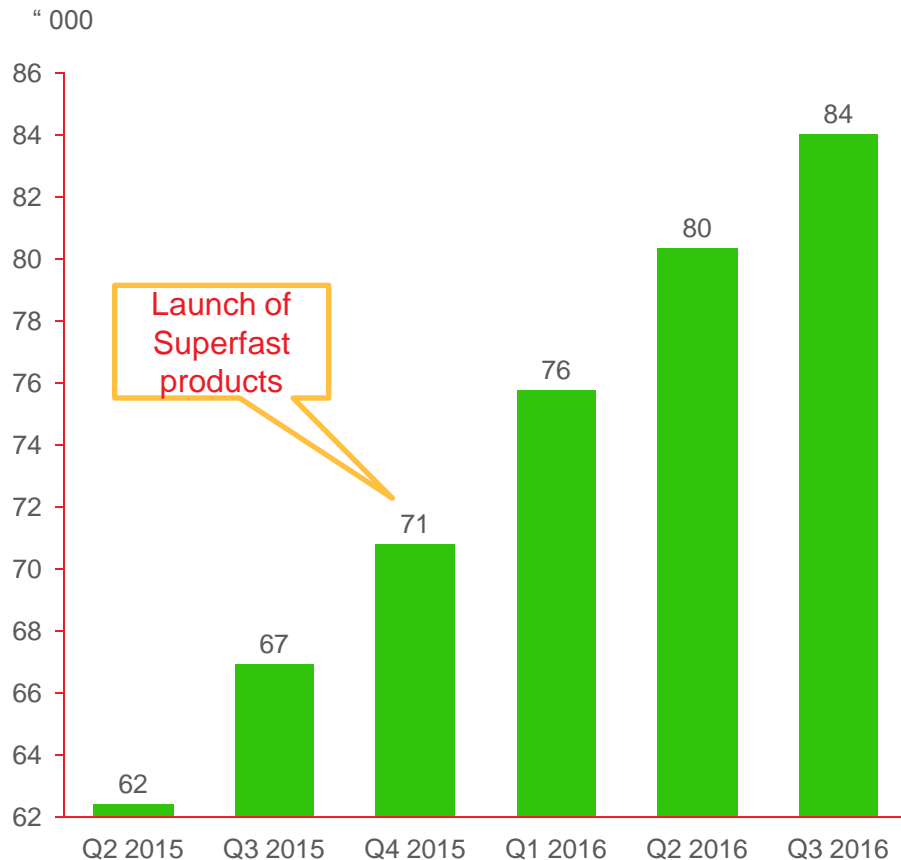
- Higher customer satisfaction of network coverage and data speed as a result of 4G coverage expansion
- Significant uplift of customer satisfaction in value for money and proposition as a result of improved Home Broadband, Shahry postpaid offers and the introduction of Shababiah



- Successful launch of Shababiah, our new prepaid product, driving over 40% of our new customer uptake in prepaid
- An unique proposition, tailored around the life of the “youth” segment offering “best all day data plans”, with brand and logo co-created by young Omani artists

Strong offers in the market acquired new home broadband customers

Home Broadband



- We continue to see a strong growth of our Home Broadband customer base with an annual growth of 25.6%
- Home Broadband Superfast (FTTH), launched in October 2015, continues to gain further momentum

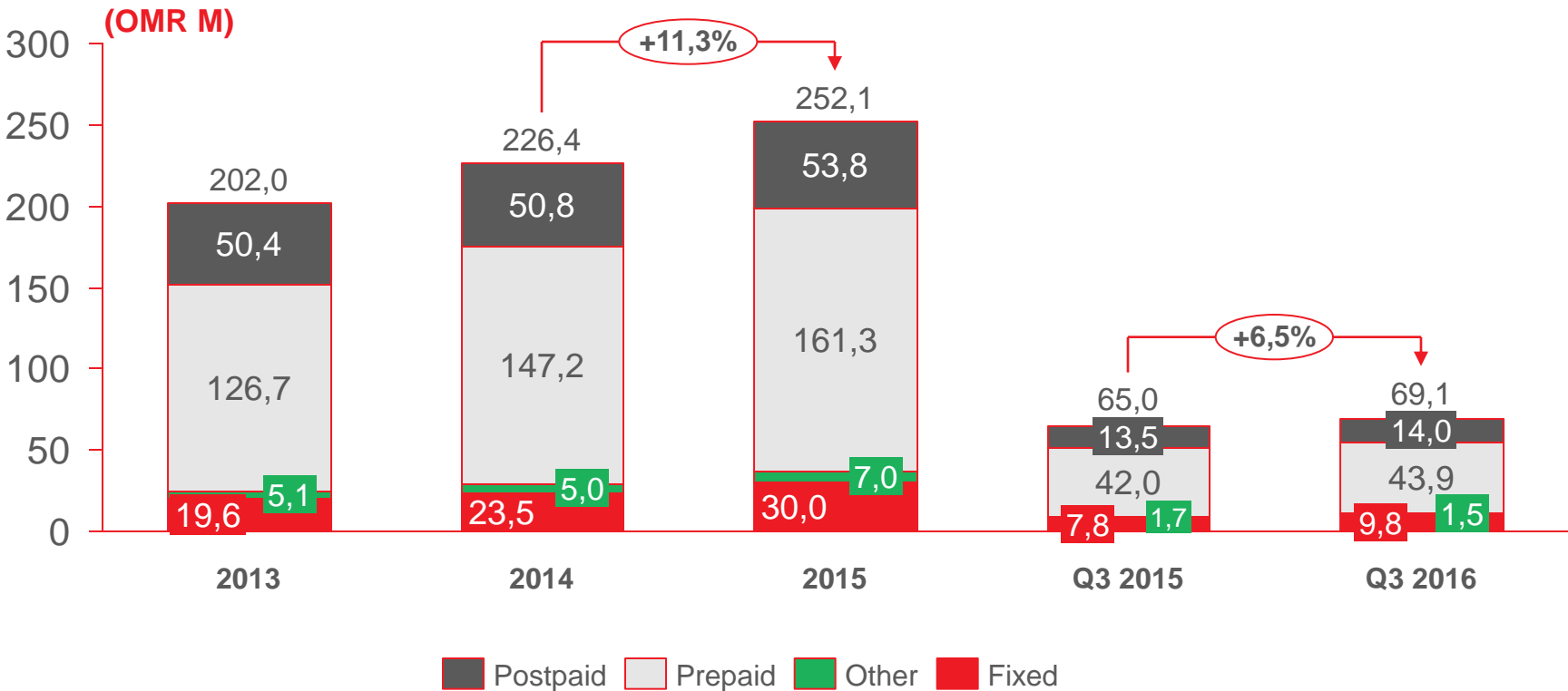
Financial highlights



Income Statement for the three months ended 30 Sept 2016

	Actual 2016	Actual 2015	% Diff
GROSS REVENUE	69.1	65.0	6.3%
Other ncome/(expenses)	(.4)	(2.7)	
	68.7	62.3	10.3%
Operating Expenses	18.0	17.9	0.5%
General and admin expenses	13.6	13.2	3.0%
EBITDA	39.5	35.8	10.3%
Margin %	57.2%	55.1%	
Depreciation and amortisation	17.1	13.7	24.8%
EBIT	22.4	22.1	1.4%
Margin %	32.4%	34.0%	
Royalty	4.8	5.1	-5.9%
NET PROFIT	12.7	10.2	24.5%
Margin %	18.4%	18.4%	
Capex	13.7	9.1	50.5%

Revenue (best performance since launch)



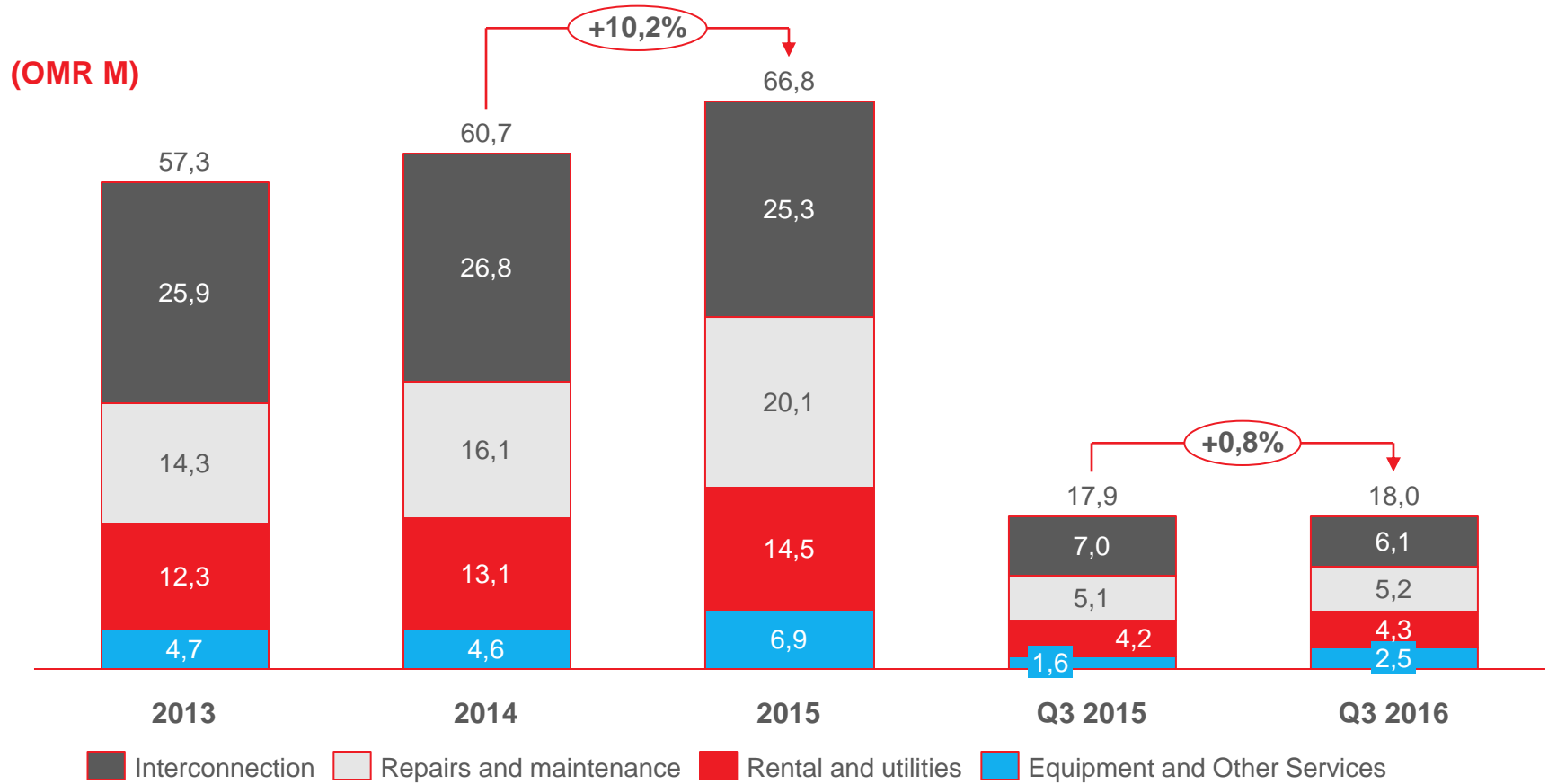
- The increase in revenue is driven by fixed data and mobile data revenues.

Notes

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

Key Financial Drivers

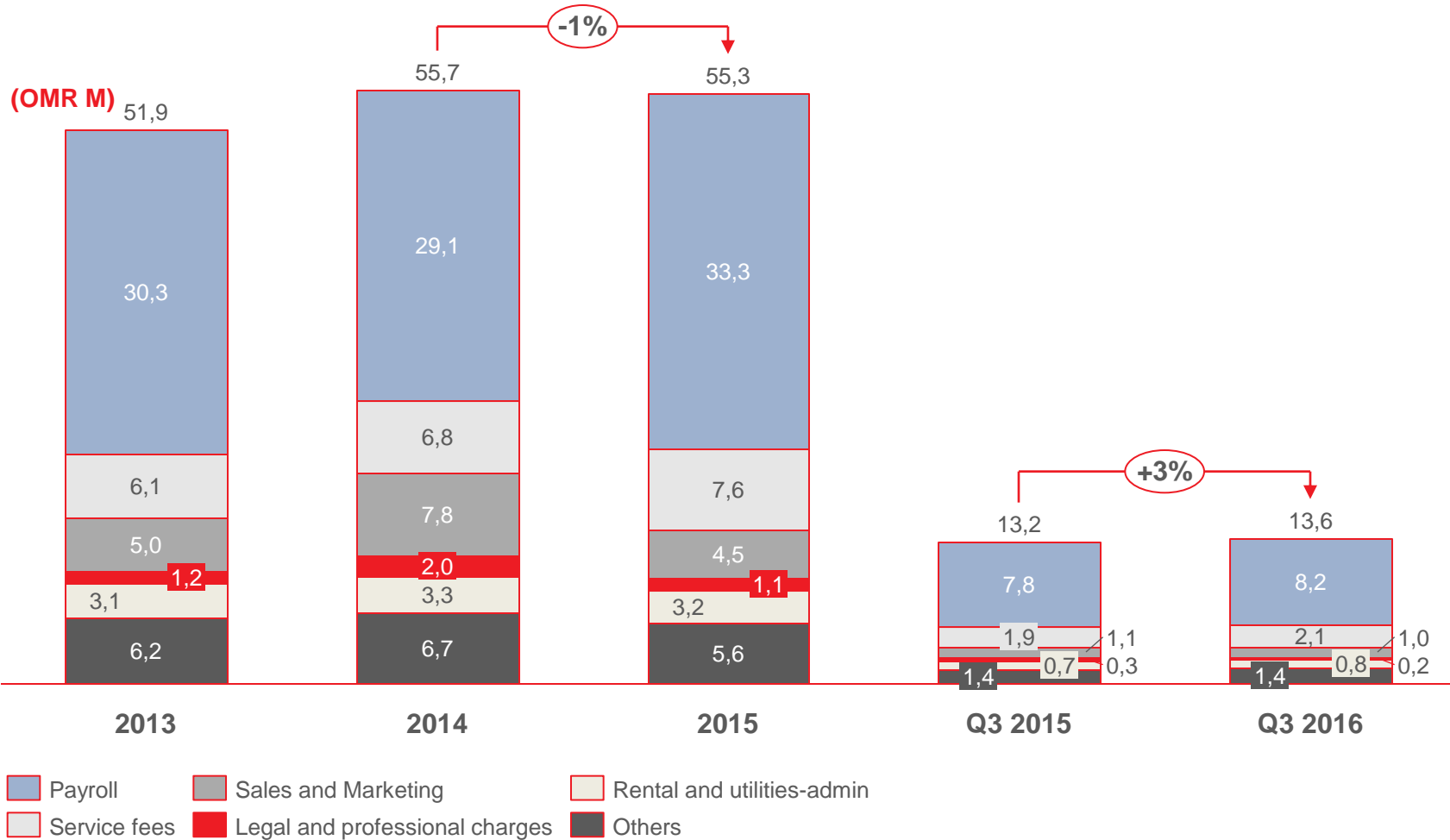
Operating expenses



- Operating expenses remained stable. Decrease in the interconnection cost driven by lower voice usage has been offset by the increase in equipment and other services, which are driven by an increase in both mobile and data customers

Key Financial Drivers

S,G&A Expenses



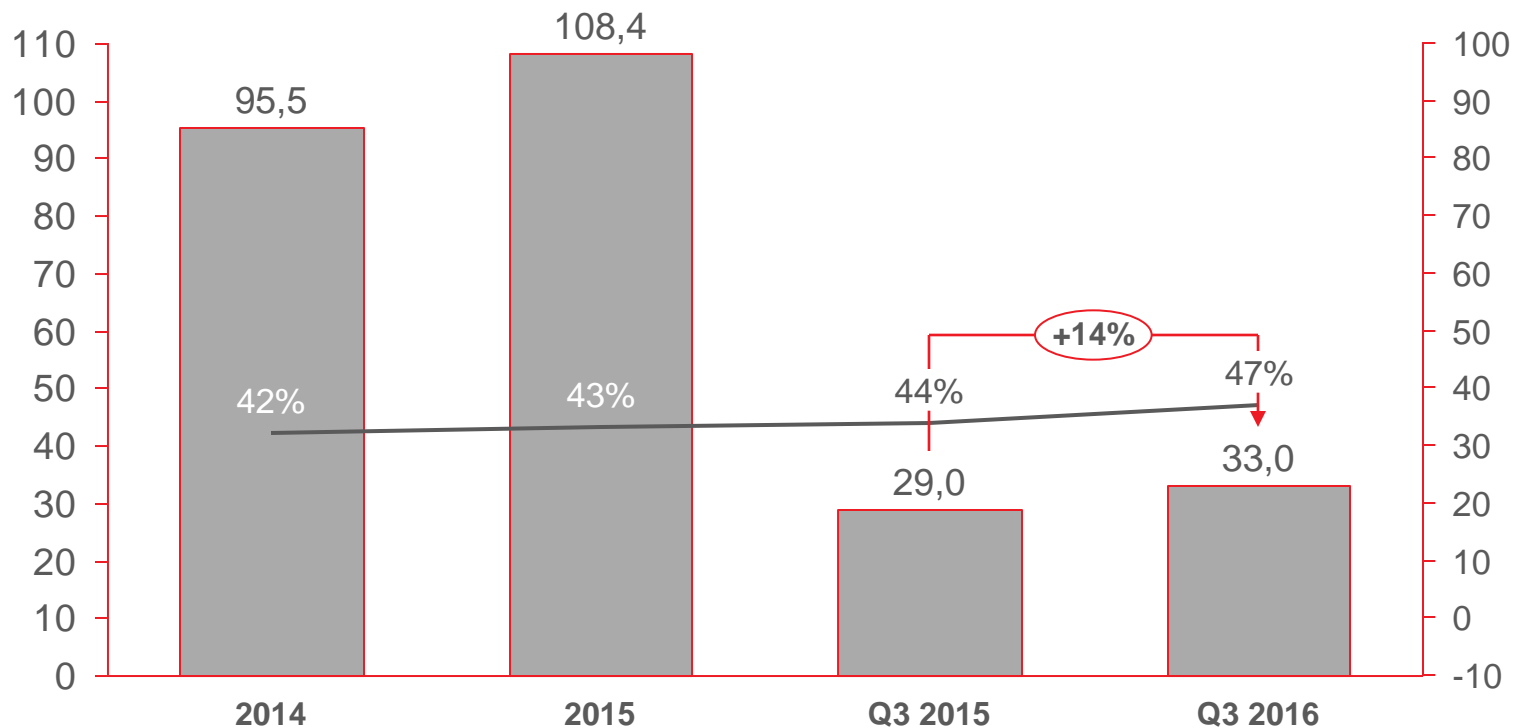
- Slight increase in SG&A expenses is driven by staff cost due to annual increments and the FTE numbers remained the same level as in 2015

EBITDA

Adj. EBITDA⁽¹⁾

(OMR M)

Margin (%)



- EBITDA improved by 14% in Q3 2016 compared to Q3 2015 due to revenue growth supported by data and stable expenses.

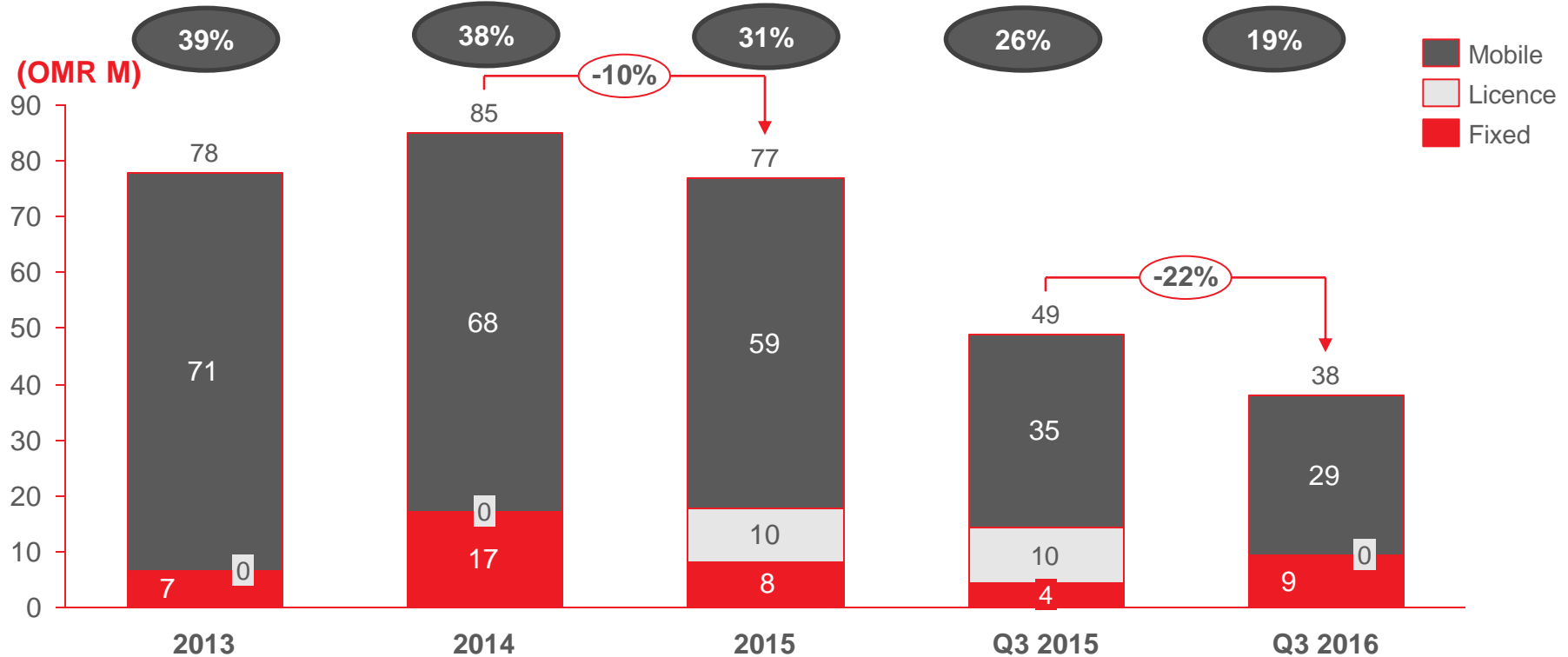
Source Ooredoo

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

Key Financial Drivers

Capital expenditure

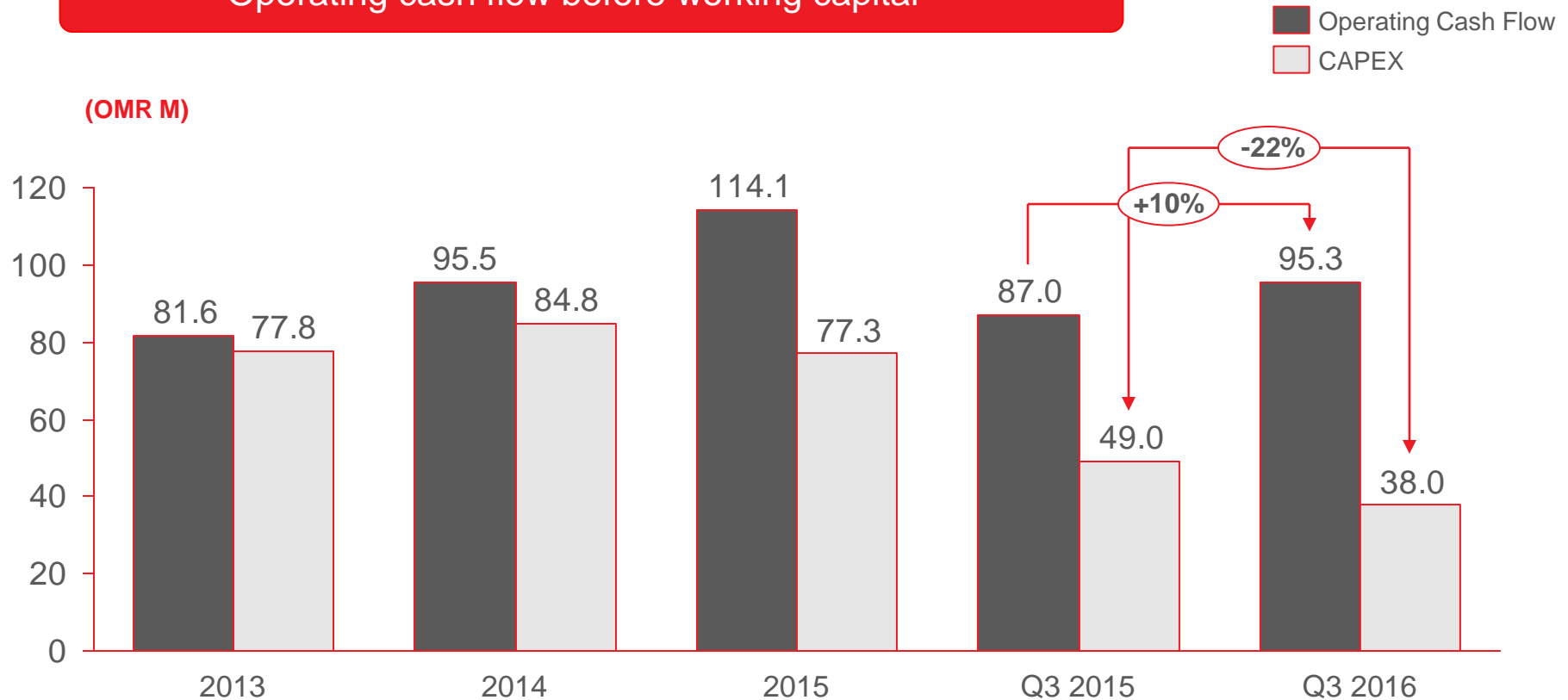
Capex/Revenue



- CAPEX spend in Q3 2015 has been higher due to the purchase of spectrum licence costing OMR 9.8m.
- Mobile investment in Q3 2016 is lower as we have almost come to the end of our modernisation programme and higher fixed investment is driven by LTE and FTTX rollout

Key Financial Drivers (Steady Cash Flow)

Operating cash flow before working capital



- Improved operating cash flow generation mainly driven by higher revenue

Source Ooredoo

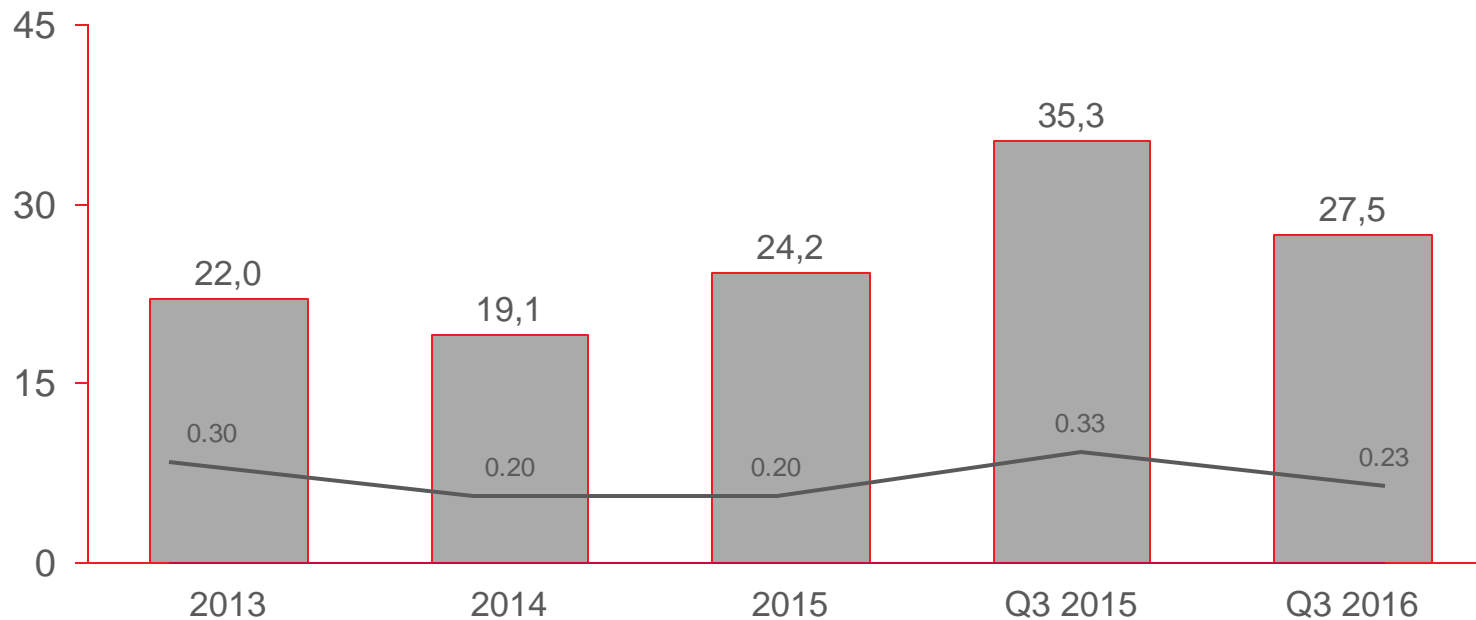
Net Debt (Improvement in leverage)

Net debt

Net debt / Adj. EBITDA⁽¹⁾

(OMR M)

— Net Debt / Adj. EBITDA(1)



- As of September 2016 we have unutilised funds of OMR 64m

Note

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

Source

Ooredoo

Summary

▪ **Market**

- Double digit net profit growth for the nine months of 16.4%.
- Nine month revenue and EBITDA growth of 8.1 % and 8.2 % respectively.
- Strong revenue growth is driven by increases in both mobile and fixed data revenue.
- 5.6% growth in total number of customers.

▪ **Commercial and operational**

- Mobile data represents 52% of overall mobile revenues
- The ongoing investment in modernising and expanding our network is also a factor in customer growth and we will continue to provide coverage and speed.
- We are pleased with our revenue growth this quarter continue to strive to meet our customers' needs.

▪ **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.
- Overall cost reduction and quality improvement.

▪ **Strong cash flow generation**



Thank you

