

Nawras Investor Presentation

Q2-H1 2014 Performance



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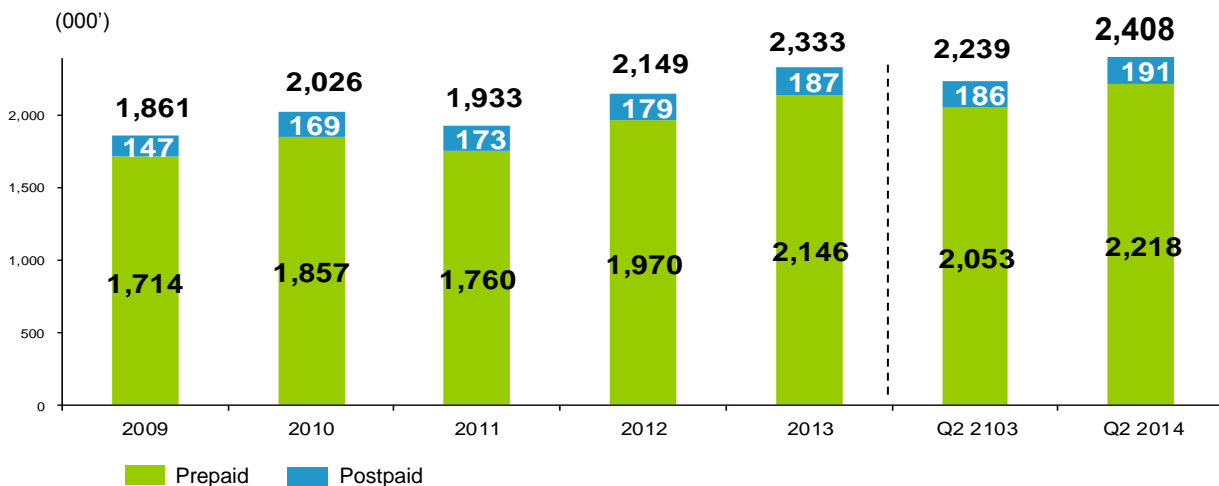
Q2 2014 Financial Results

	Three months ended 30 June			Six months ended 30 June		
	2014	2013	Change%	2014	2013	Change%
Revenues (OMR m)	55.5	50.2	10.6 %	108.2	98.4	10.0%
EBITDA (OMR m)	30.1	23.6	27.5%	56.7	46.6	21.7%
Net Profit (OMR m)	9.9	7.5	32.0 %	18.7	15.2	23.0%
Mobile and fixed customers ('000)				2,472	2,296	7.7%

- Total revenues for the first half of 2014 increased by 10.0%, amounted to OMR 108.2 million compared with OMR 98.4 million for the same period of 2013. The growth is driven by increases in both fixed and mobile data revenues as well as voice revenue offset by decrease in SMS revenue.
- EBITDA for the first half of the year stood at OMR 56.7 million compared to OMR 46.6 million for the first six months of 2013. EBITDA growth for the year is driven by higher revenue.
- Net profit for the first half of 2014 was OMR 18.7 million compared with OMR 15.2 million in the same period of 2013. Increase in net profit for the year is driven by higher EBITDA partially offset by higher depreciation cost due to network modernization.
- Total number of customers grew by 7.7%, to be 2,472,497 at the end of the first half of 2014 compared to 2,295,722 for the same period of 2013.
- The fixed service customer base grew by nearly 13.4% to 64,192 customers from 56,598 customers for the same period of 2013. Year-on-year, mobile post-paid customer base also grew by 2.6% to 190, 531 customers compared with 185,705. In addition, year to date, the mobile pre-paid customer base increased by 8.0 % to 2,217,774 customers compared to 2,053,419 customers.

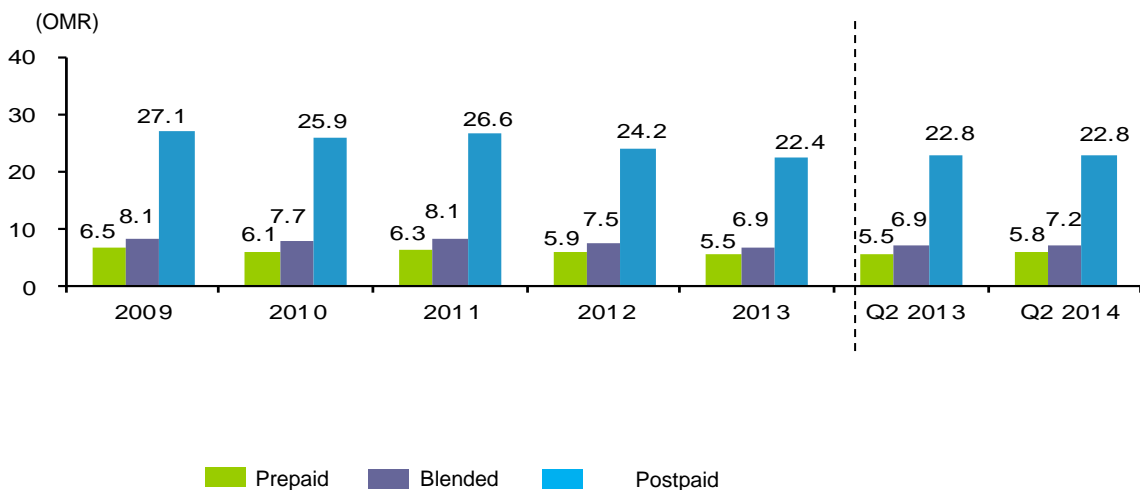
Performance

End of period (EoP) mobile customers breakdown



- The mobile pre-paid customer base by end of Q2 2014 increased by 8.0% to 2,217,774 compared to 2,053,419 in Q2 2013.
- The mobile post-paid customer base grew by 2.6% to 190,531 customers compared with 185,705 customers by end of Q2 2013.

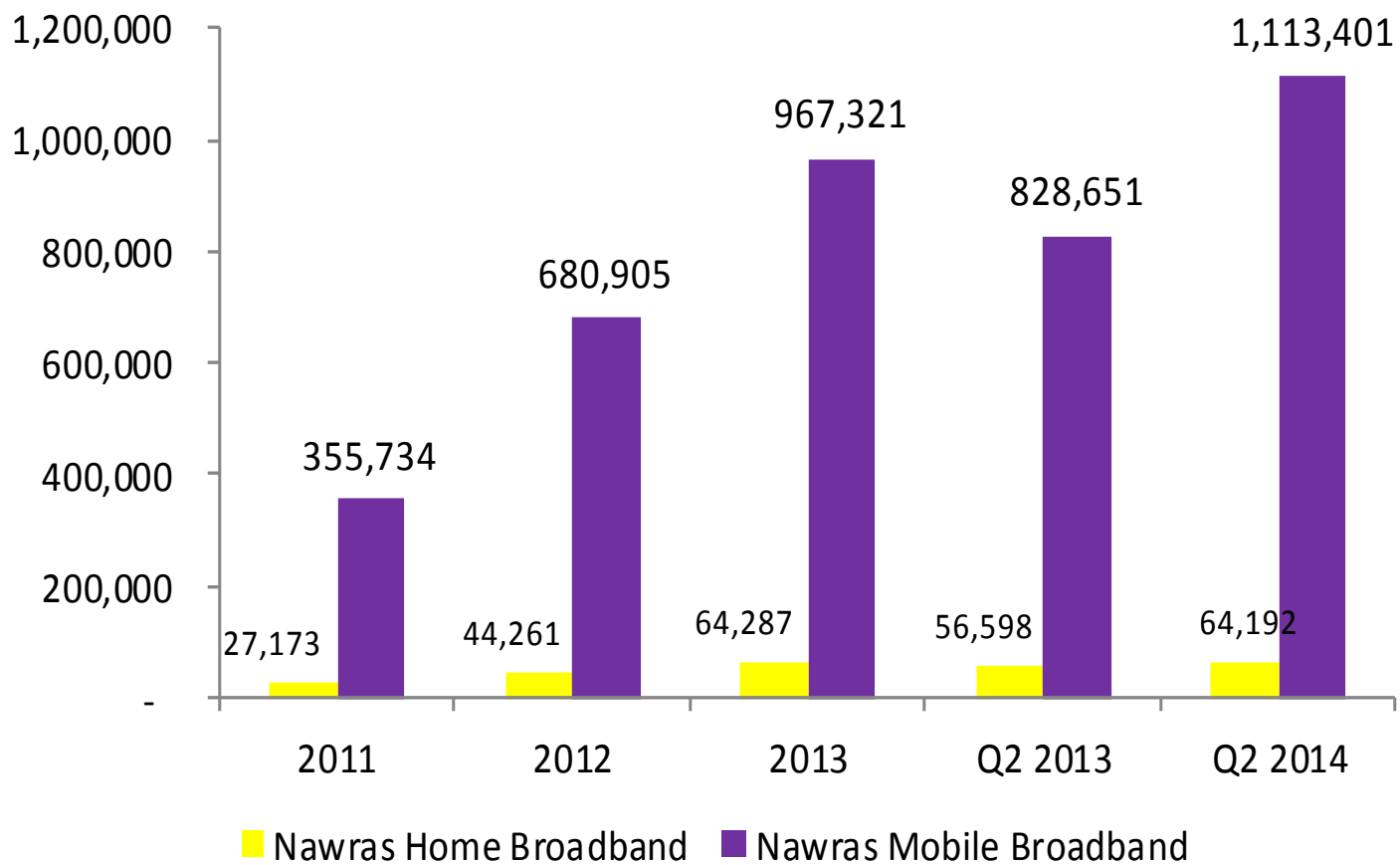
Monthly ARPU – Post-paid, prepaid and blended



- Q2 ARPU for prepaid has improved by 5.4% due to growth in data revenue. Postpaid ARPU remains flat at OMR 22.8

Nawras broadband customers

Broadband (Mobile and Fixed)



- Fixed service customers grew by 11.8% Q-Q driven by strong acquisition
- Mobile broadband customers grew by 25.5% Q-Q, supported by growth in data products as well as modernisation of network

Q2 2014 – Commercial Focus

- Revamped “Mousbak International” offering to key destinations (Bangladesh, India and Pakistan).
 - Launched “more credit” offer to prepaid customers (credit bonus stimulate usage).
 - Postpaid Shahry bundles gaining momentum (targeted at high value customers).
 - Data revenue passed 33% of total (consumer revenue)
 - Launched Anghami music application / service.
- Announced MOU with National Business Center (SME incubator).
 - B2B focus on fixed enterprise connectivity solutions yielding early results.
 - Shahry business (SME) offer upgraded.
 - Customer trial of Wimax to LTE-TDD “HBB” migration completed (Home Broadband)

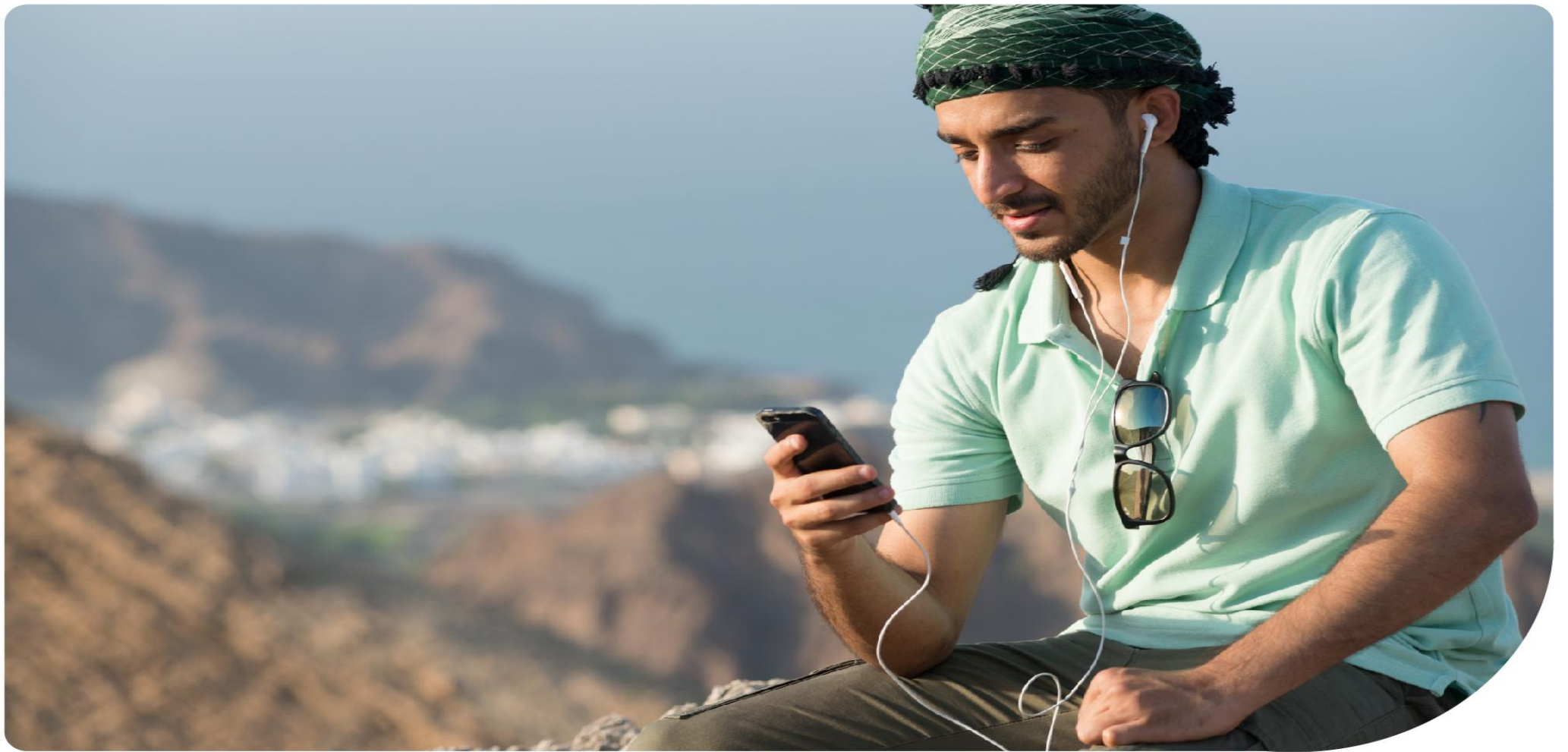
Q2 2014 – Operational Focus

Network Modernization /Turbocharging

- Introduction of superfast 4G services to Sohar (third Omani city).
- Doubling capacity of 3G network in 50% of Batinah region / Quriyat (implementation of 2nd carrier).
- Significant quality enhancement of 2G / 3G in Quriyat, Sohar, Musanaah and Swaiq areas (modernization of existing sites).
- Additional sections of Nawras southern back bone completed .
- Salalah network modernization/capacity expansion completed ahead of Khareef festival.

Customer Experience

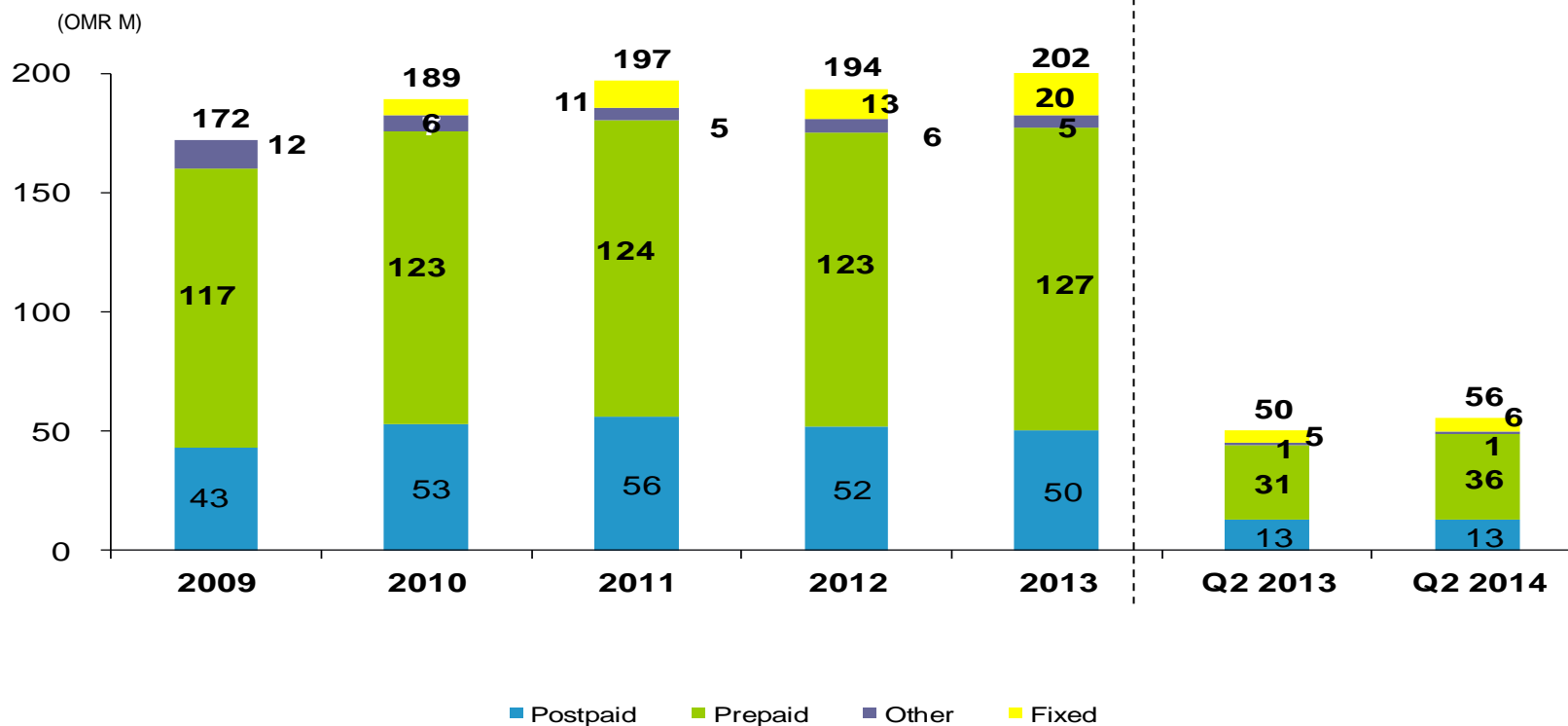
- Voice of the Customer program initiated in Contact Center and Stores.
 - Delivery of an initiative making customer life easier to setup their device and reducing cost to serve.
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Financial highlights

Revenue

Best performance since Q4 2012

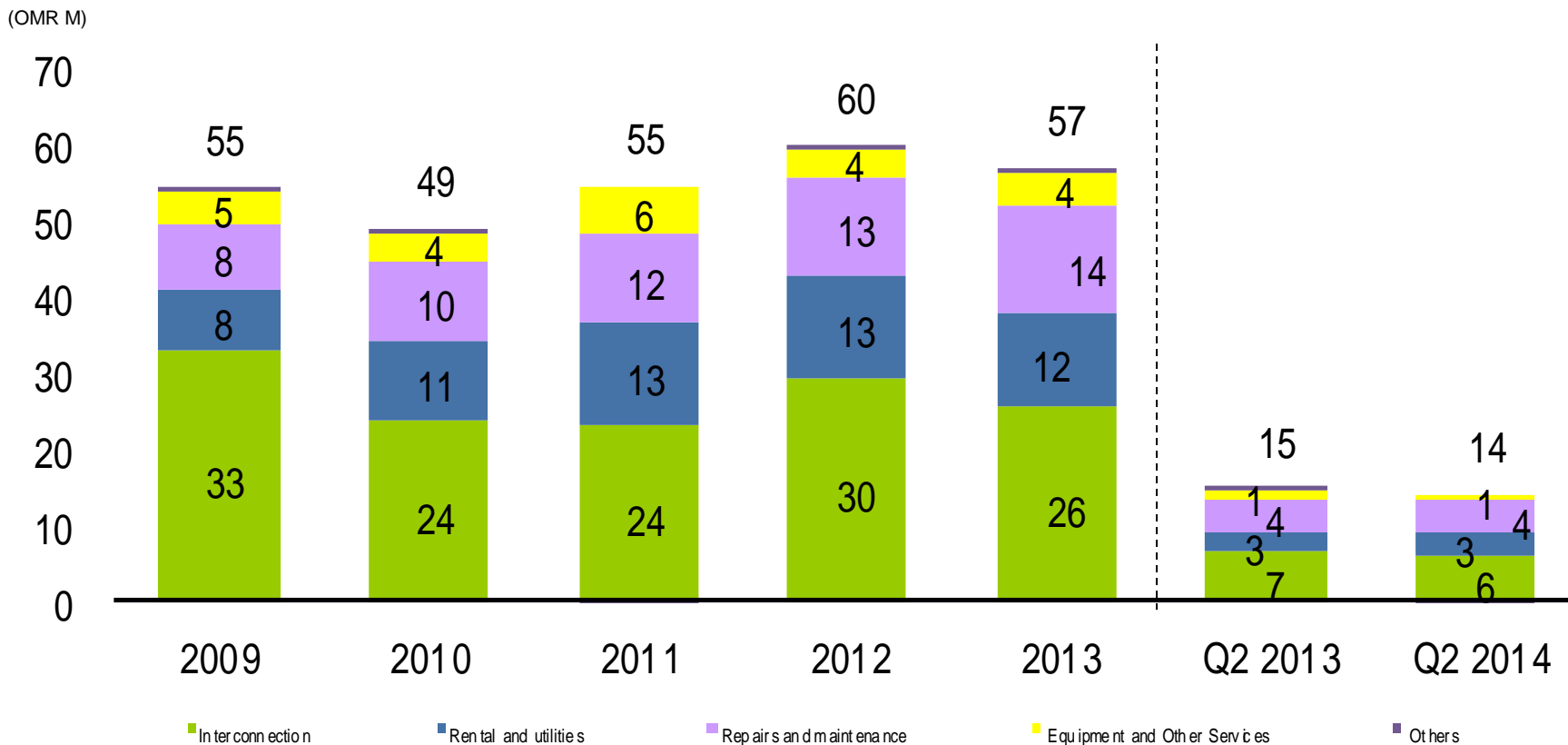


- The increase in revenue is driven by fixed and mobile data revenues, offset partially by SMS.

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

Key financial drivers

Operating expenses



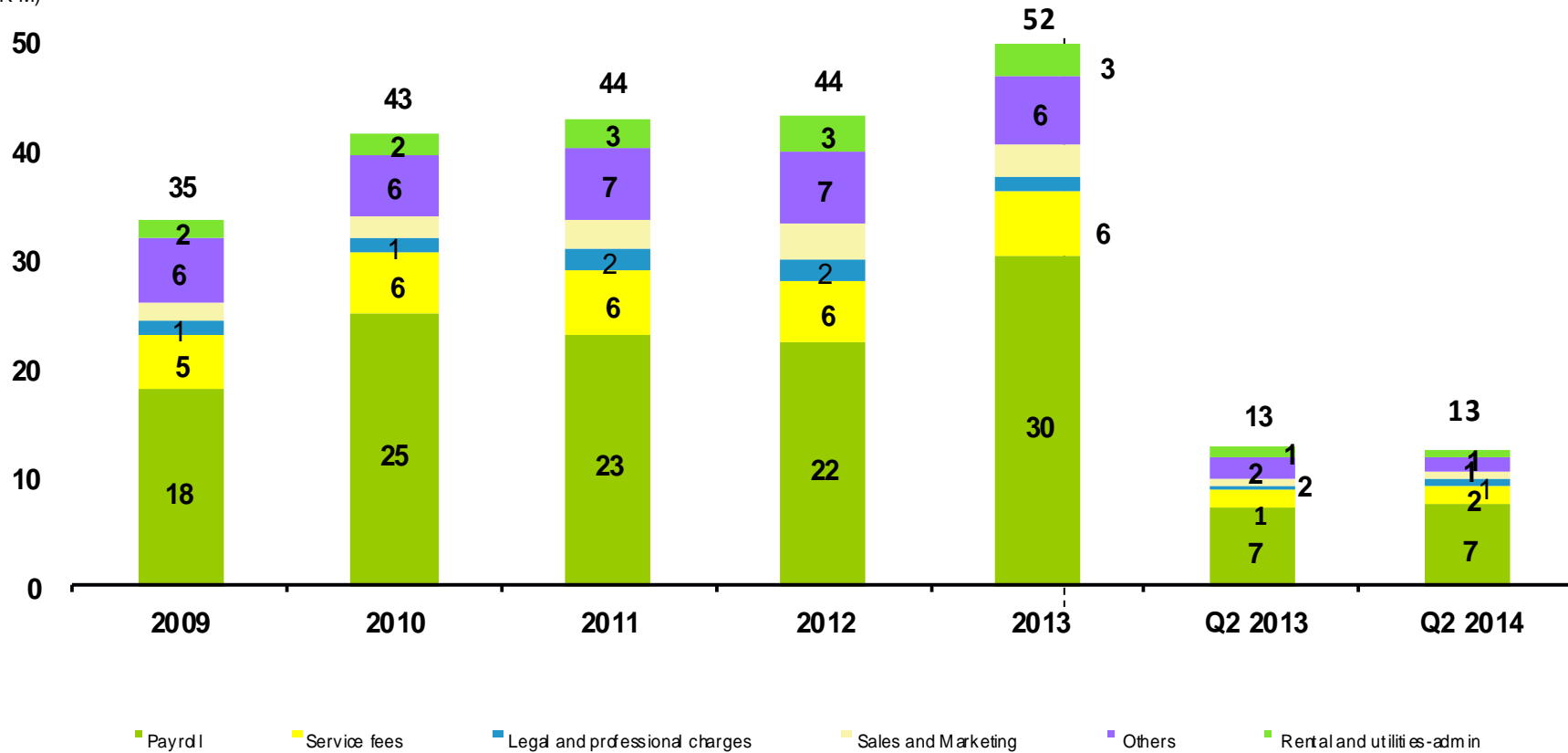
- Operating expenses in line with the last year showing a marginal decrease in interconnection charges.

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

Key financial drivers

SG&A

(OMR M)

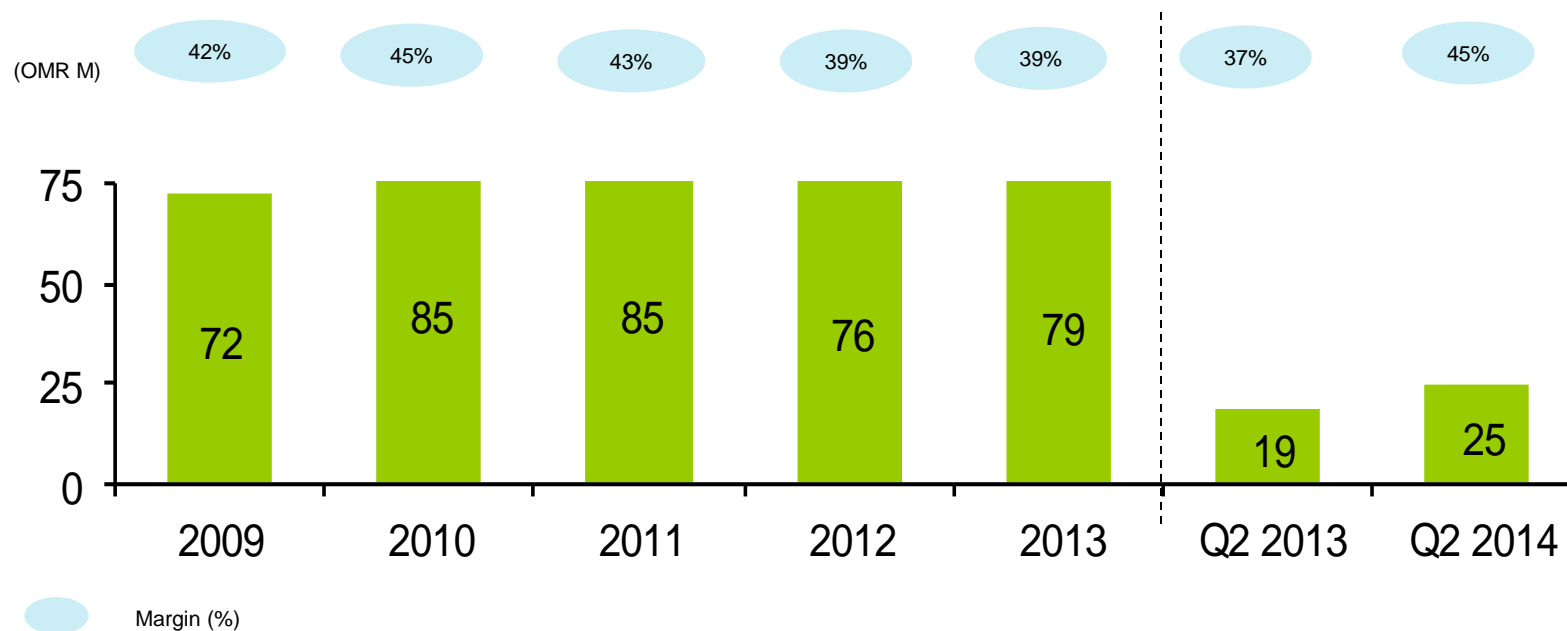


- SG&A is the same as in the last year.

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

EBITDA

Adj. EBITDA⁽¹⁾

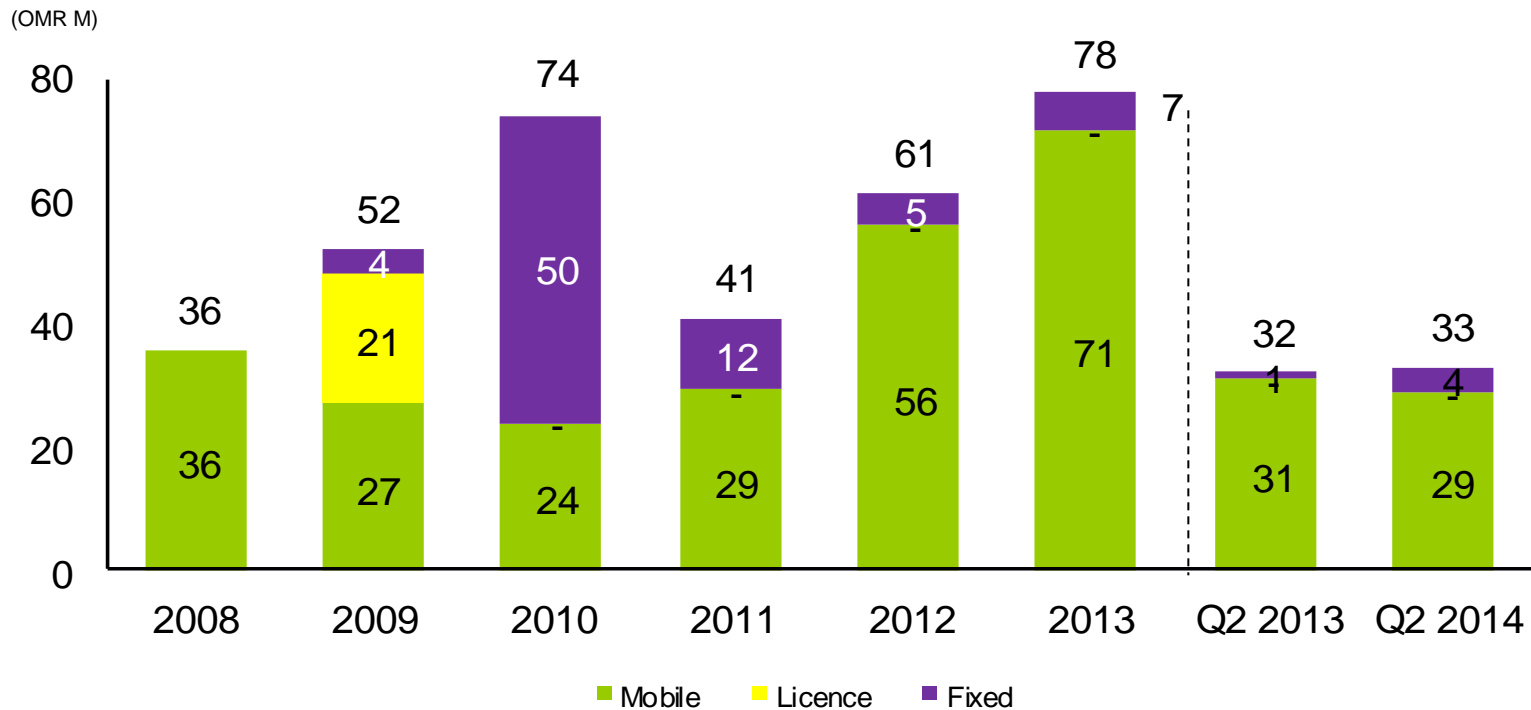


- EBITDA has improved due to an increase in revenues

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

Key financial drivers

Capital expenditure



- CAPEX is at the same level as the previous quarter

Source

Nawras

Key financial drivers

steady cash flow

Operating cashflow before working capital

(OMR M)



- Steady operating cash flow generation

Source

Nawras

Net debt

Improvement in leverage

Net debt⁽¹⁾

Net debt / Adj. EBITDA

(OMR M)



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

Net Debt Net Debt / Adj. EBITDA

Note

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

Summary

- **Market**
 - In terms of revenue, Q2 was one of the best quarters in the history of Nawras.
 - Half year revenue and EBITDA growth of 10 % and 21.7 % respectively,
 - Revenue increase is driven by data and fixed revenues, offset partially by SMS.
 - 7.7% growth in total number of customers and fixed continues to grow.
- **Commercial and operational**
 - Continued focus on segmented commercial offers yielding positive results on customers growth , revenue , ARPU and change management
 - Network investment has demonstrated improvement in all performance measures , customer satisfaction and underpins customer and revenue growth
- **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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