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Nawras Unaudited Financial Results For Third Quarter 2011

	Three months ended 30 Sep 2011			Nine months ended 30 Sep 2011		
	2011	2010	Growth	2011	2010	Growth
Revenues (OMR m)	49.2	47.7	3.1 %	146.1	139.0	5.1 %
EBITDA (OMR m)	27.5	25.4	8.3 %	76.7	76.6	---
Net Profit (OMR m)	13.5	12.5	8.0 %	35.6	38.0	- 6.3 %
Mobile & Fixed Customers (`000)	-	-	-	1,947	2,019	- 3.6 %

- **Revenues grew by 3.1% to OMR 49.2 million, for the third quarter, from OMR 47.7 million for the same period last year. Year-to-date revenues grew by 5.1% to OMR 146.1 million from OMR 139.0 million for the comparative period. Post and pre-paid customer revenues both increased by around 6% compared to Q3 2010**

- **EBITDA achieved 8.3 % growth to OMR 27.5 million in Q3 2011 compared to OMR 25.4 million in the same period last year. Year-to-date EBITDA remained at OMR 76 million as last year. EBITDA was favourably impacted by a reversal of provisions amounting to OMR 1.16 million**

- **Net profit for the quarter grew by 8.0% to OMR 13.5 million compared to OMR 12.5 million in 2010. The total net profit achieved for the nine months ended 30 September 2011 was OMR 35.6 million compared to OMR 38 million in 2010. Net profit was affected by higher depreciation and amortization charges relating to the build out of the fixed and mobile networks**

- **The fixed service customer base grew by nearly 250% to 17,090 compared to 4,900 in the third quarter 2010. The mobile post-paid customer base remained broadly static at 173,506 and the mobile pre-paid customer base declined from 1,840,367 to 1,756,357. The total number of Nawras customers was 1,946,953, compared to 2,019,779 in Q3 2010, primarily due to regulatory changes in the rules for counting the customer base**

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Strategy

Nawras focuses on three strategic goals to secure value creation

Grow mobile revenues faster than the market

- Maintain a high share of new customers through attractive promotions and innovative offers
- Attract customers in underpenetrated segments and regions
- Continue to provide an excellent customer experience to retain and acquire high value customers
- Stimulate usage through targeted value-based offers, with focus on data products and innovative bundling

Develop new revenue streams

- Capture significant share of growing mobile and fixed broadband market
- Increase share of business market with reliable and integrated products and services
- Capture share of growing international carrier services business
- Sell spare voice and data capacity to other Omani network operators and service providers

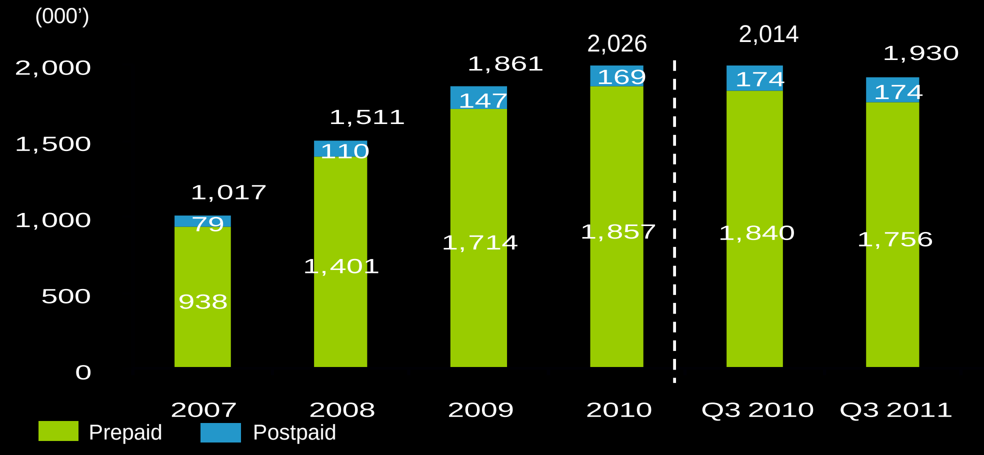
Remain a lean and efficient operator

- Exploit synergies between mobile and fixed business through shared systems and services
- Reduce costs for international traffic by exploiting international gateway and sea cable
- Optimise network rollout with focus on high value customers
- Leverage Qtel Group to maximise benefits in planning, purchasing, product development and time-to-market

Performance

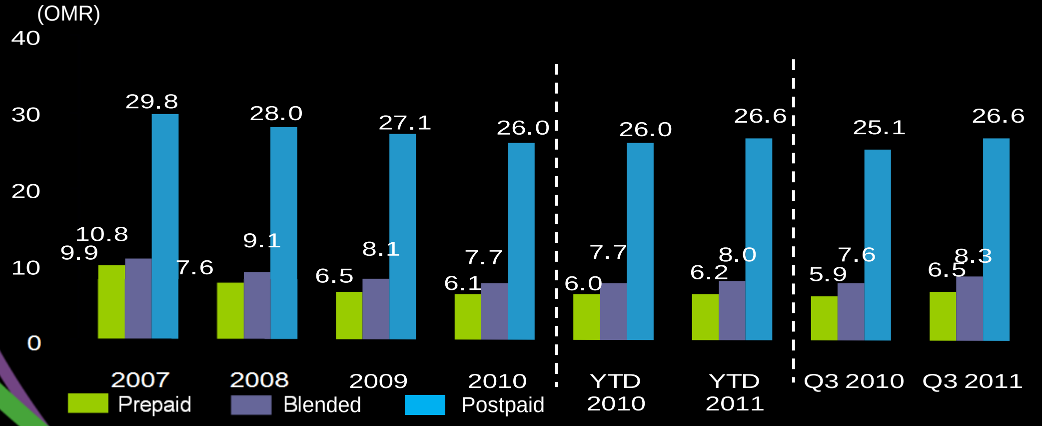
Stable customer base and ARPU development-

End of period (EoP) mobile customers breakdown



- Prepaid customer base was negatively affected by regulatory changes in 2011
  - TRA limited SIM card time expiry to 6 months
  - TRA limited SIM card ownership to 10 per ID
  - Termination of SIM cards of expatriates who left the country (visa expiry or cancellation)
- Total Terminated SIMs is 210k until end of Q3 2011

ARPU - Postpaid, prepaid and blended (gross revenue)



- ARPU for postpaid customers increased due to increase in interconnect revenues, data usage and outgoing calls.
- Prepaid ARPU increased as customer numbers affected by regulatory changes were reduced.
- Active customer base increased Q on Q and YTD.

Source *Nawras*

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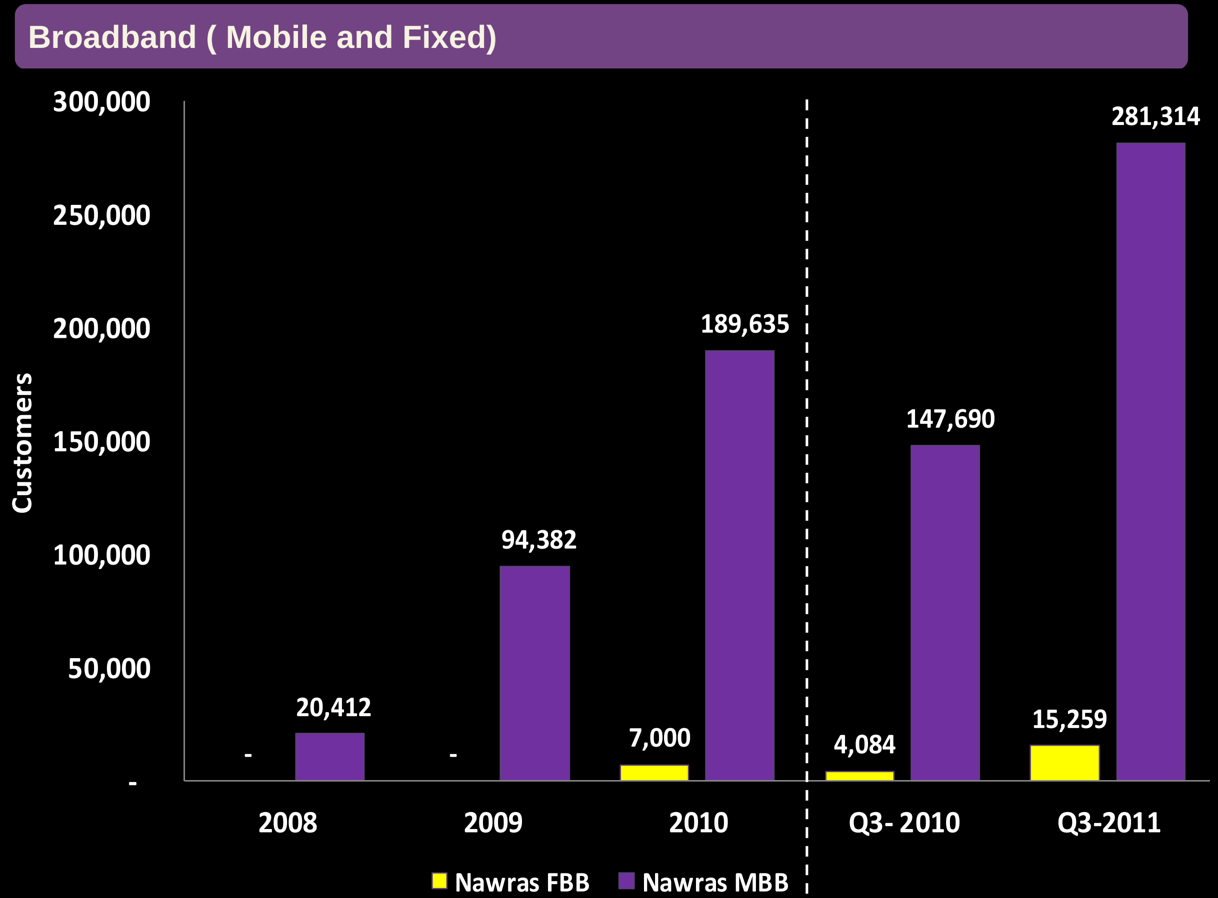
Nawras broadband customers



- Prepaid customers contributed approximately 95 % of mobile broadband revenues
- Nawras commenced fixed broadband and voice services in June 2010

Source *Nawras*

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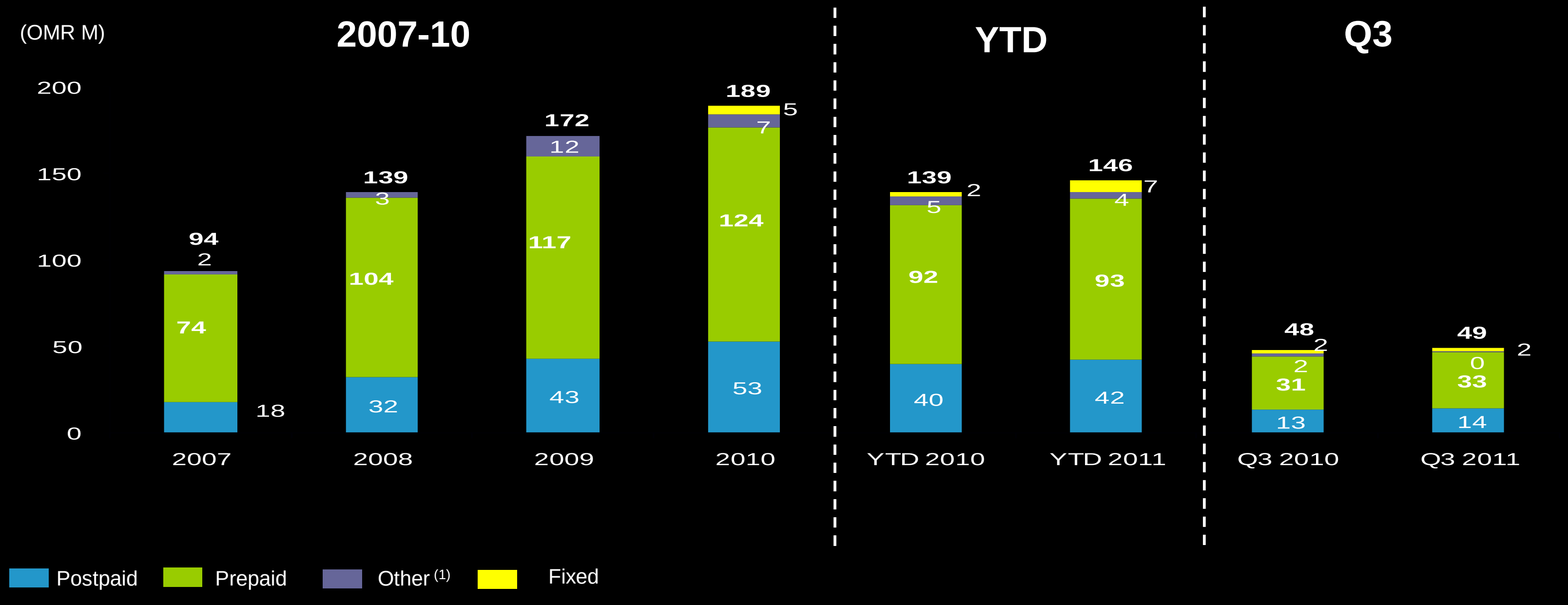
Financial highlights

Revenue
Strong top line growth

Revenue

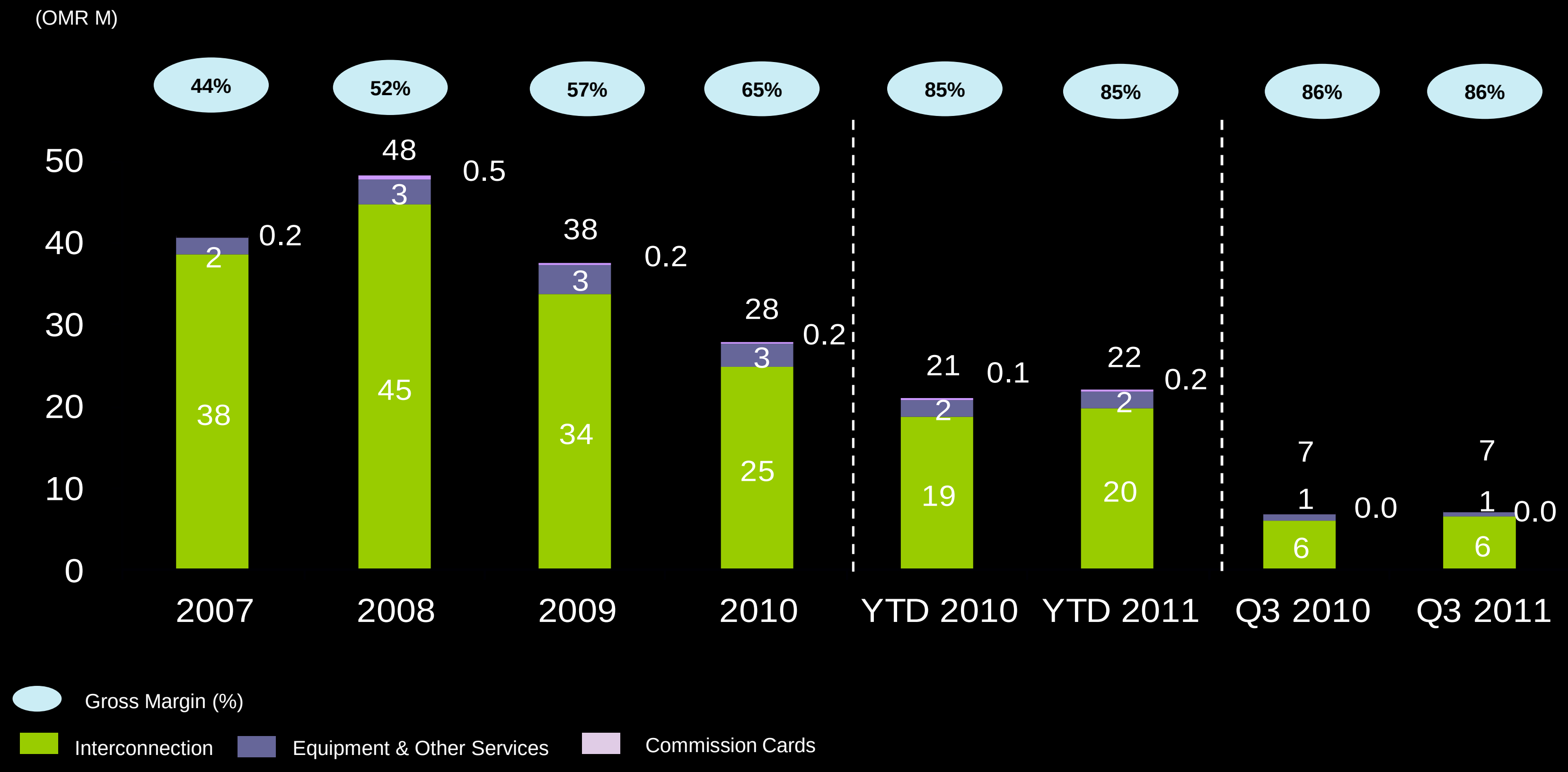


- **Revenues up over 5% year to date**
- **Efficient and widespread distribution network and customer focus underpinning robust trend**
- **Negative impact on revenues of OMR 853k in Q3 due to adjustment of roaming discounts**
  - **OMR 403k related to 2011**
  - **OMR 450k related to 2009 and 2010**

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

Key financial drivers
Gross margin level stable

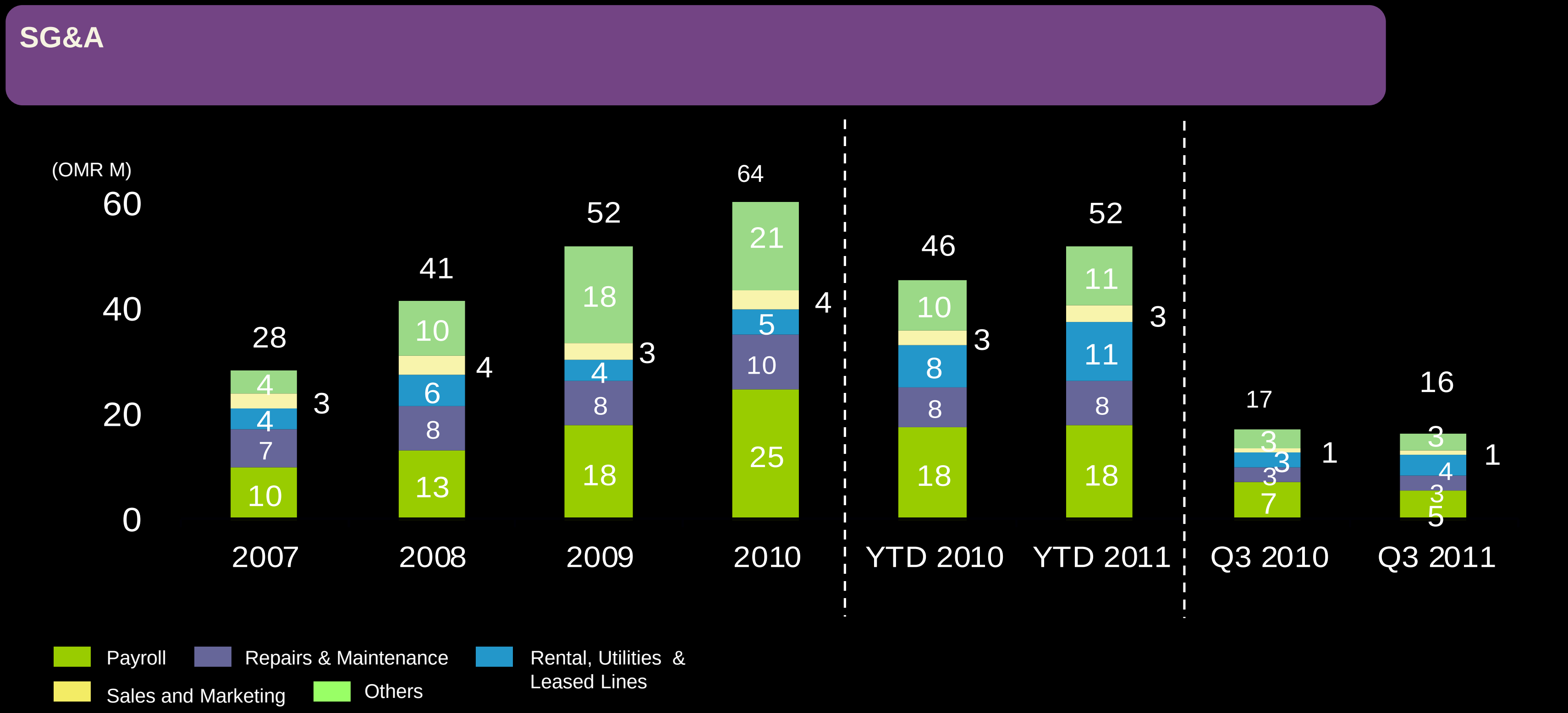
Operating expenses



- **Sea cable launch date due for announcement in November 2011**

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

Key financial drivers
Tight cost control



- **Stable payroll costs**
- **Leased line costs increased**
- **YTD contains full nine months of fixed operation maintenance cost compared to four months in 2010**

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

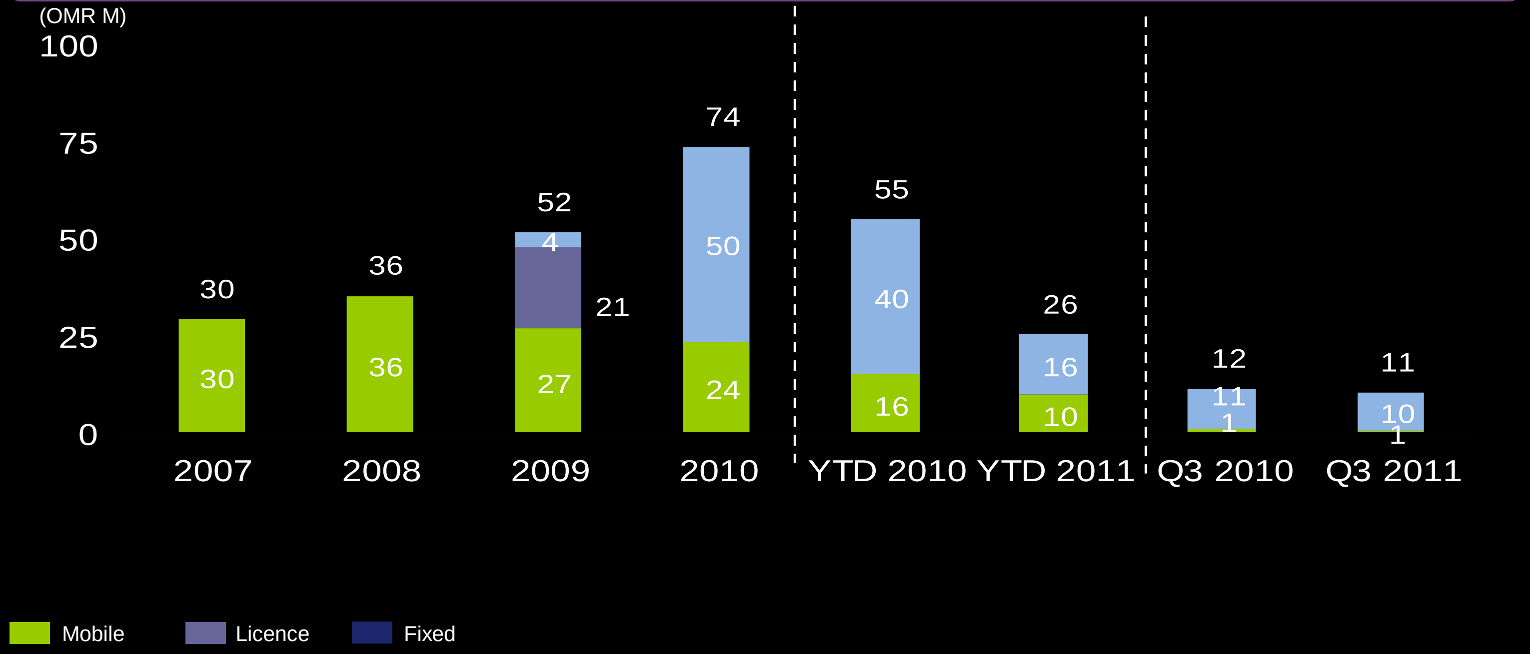
EBITDA

- **YOY improvement in EBITDA driven by**
  - **Increase in revenues**
  - **Active customer base growth**
- **YTD EBITDA margin affected by increased network maintenance costs including full nine months of fixed network**
- **Q3 margin positively impacted by reversal of provisions of OMR 1.16 million**

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

Key financial drivers

Capital expenditure

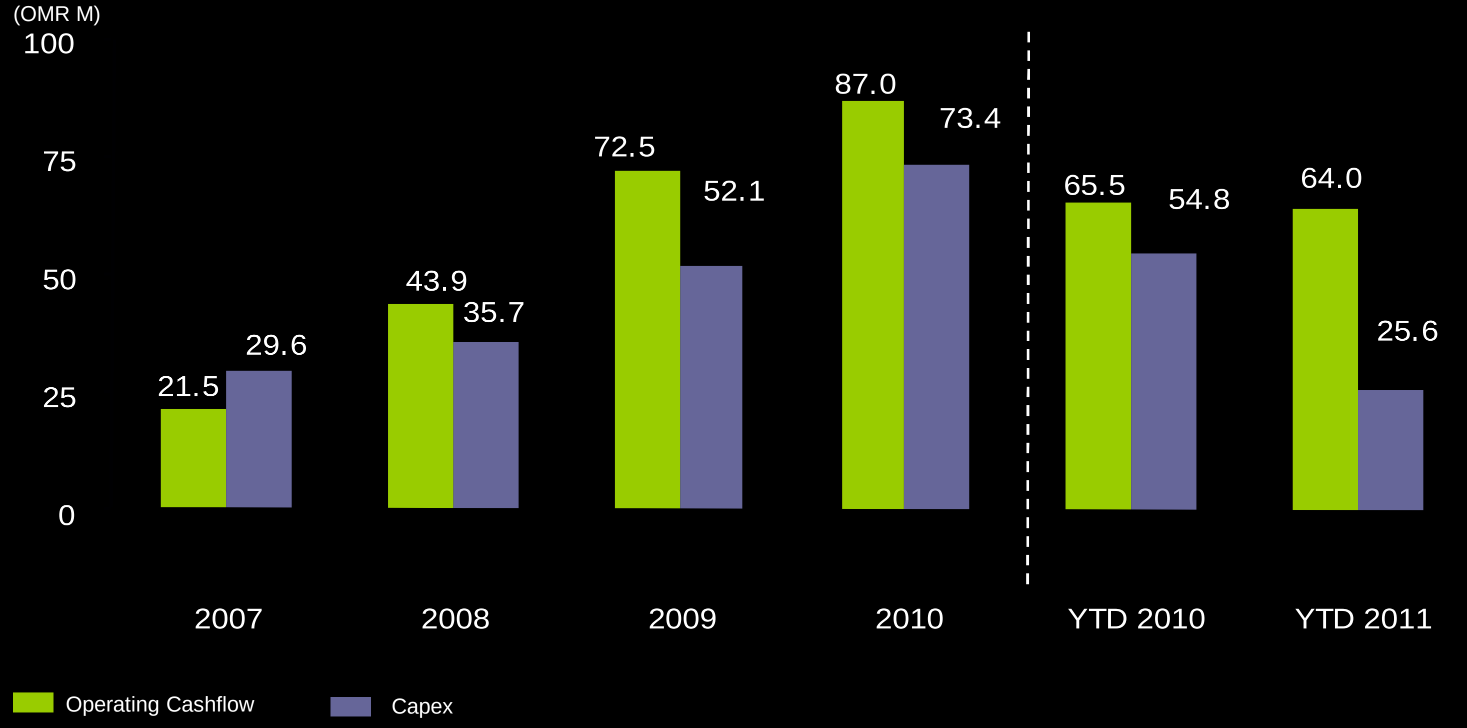


- **OMR140 million 2010/11 Capex programme not expected to be fully utilised due to delayed roll out caused by vendor issues**
- **Capex relating to new sites expected to be carried over into 2012**

Source *Nawras*

Key financial drivers
Steady cash flow

Operating cash flow before working capital

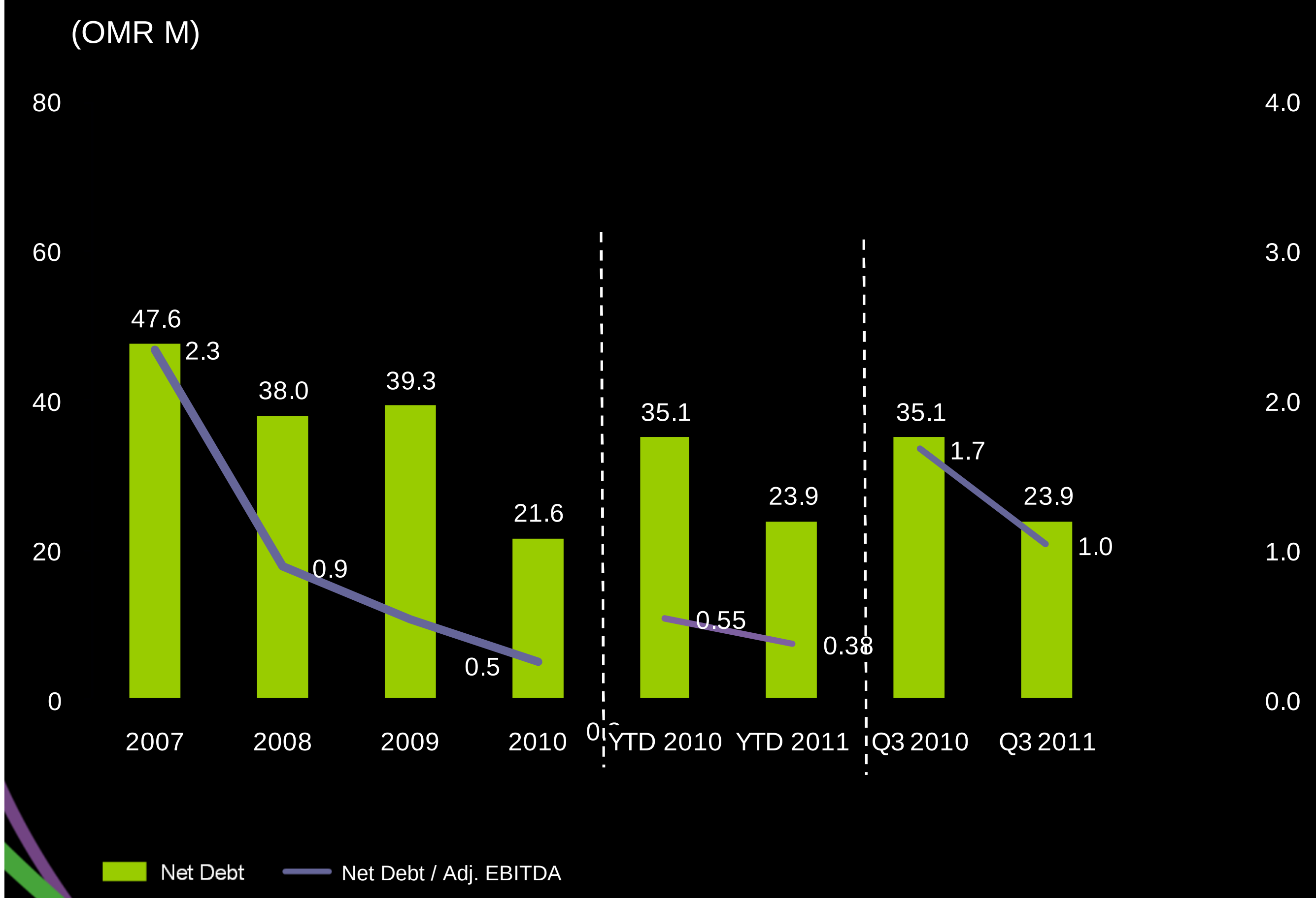


- **Steady operating cash flow generation**

Source *Nawras*

Net debt
Improvement in leverage

Net debt | **Net debt / Adj. EBITDA**[1]



- **Repayment of loans started in 2008**
- **Low net debt to EBITDA ratio**

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

Conclusions

- Market
  - Increased competition in the market
  - Stable political structure
- Track record underscores management capability
  - Extensive combined telecom experience with more than 30 operators in more than 20 countries
  - Consistent delivery of Nawras strategy over 7 years
- 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
  - Improved profitability
  - Planned reduction of Capex after 2011

Results in growth with substantial cash return to shareholders

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Thank you!

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