

The logo for Omantel, featuring the word "Omantel" in a bold, white, sans-serif font. The letter 'i' in "antel" has a small white diamond shape above it. The background is a solid blue color with a large orange triangle pointing downwards from the top right corner.

Omantel

Performance – Q2 2024

Disclaimer

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Domestic Economic Outlook

Oman's resilient economic performance, guided by Vision 2040, reflects its steady recovery from challenges and commitment to long-term growth. Omantel is positioning itself as a strategic partner with the Government to deliver its key digital targets.

Oman's Key development

 Ba1 <small>(Stable outlook) Outlook upgrade on Dec 2023</small>	 BB+ <small>(Positive outlook) Rating upgrade on Mar 2024</small>	 BB+ <small>(Stable outlook) Rating upgrade on Sep 2023</small>
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Oman's Debt to GDP ratio has decreased significantly from 68.0% in 2020 to 33.0% projected in 2025.

The Oman Future Fund launched with a capital of RO 2 billion in January 2024.

Key target sectors for the FFO Joint Fund

 Artificial Intelligence	 Internet of things	 Fintech
 Big Data	 5G	 Cyber Security

Sources:

NCSI statistics, IMF world economic outlook, Worldbank, TRA Oman

Key Economic Indicators

 CPI Inflation ↑ 0.7% <small>H1 2023 vs H1 2024</small>	 Mobile Telecom Market ↓ -1% (78.9k) <small>H1 2023 vs H1 2024</small>	 Population Growth ↑ 2.4% 124k <small>H1 2023 vs H1 2024</small>
 Number of SMEs 13.6% ↑ <small>Dec 2023</small>	 Overall Fiscal Balance 6.2% ↑ <small>Dec 2023</small>	 Broad Money Supply 5% ↑ <small>Dec 2023</small>

\$ 1 USD = 0.3851OMR

Oman 2040 vision Journey

- Oman is advancing reforms for sustainable, private sector-led growth by diversifying its economy, stabilizing prices, enhancing infrastructure.
- Strategic focus on creating job opportunities and enhancing living standards.
- Oman's capital market regulator Financial Services Authority (FSA) announced a package of incentives to develop the investment and business environment in the sultanate, support economic development .

Omantel's journey of growth and innovation



Disrupting the telco

- Voice
- SMS
- Internet

Our strategic partnerships with global partners to build an infrastructure that supports the goals of Vision 2040 for digital transformation.

Expand into Techo

- Artificial intelligence
- Marketplace
- Cloud
- Space Tech

Driving Growth Through Strategic Diversification and Operational Resilience Across Zain Group

Omantel Continues Its Position as a Leading Shareholder with a 21.9% Controlling Stake in Zain. For the 4th consecutive year, Zain Group declares interim dividend of 10 fils per share for H1-2024.

Diversified growth

TASC Largest Tower Company

Valued at
USD 2.2 Billion*

Annual Revenue **500M USD**

Annual EBITDA **200M USD**

Zain Omantel International

Connecting 8
Markets

Blue Raman and KSA TN work in progress. Expected RFS in 2025

Zain Fintech

Introducing digital financial solutions

Customer **+17% YoY**

Transaction Value **+59% YoY**

Revenue **+24% YoY**

ZainTech

Total sales H1'24 were \$41m
up by 52%

Signed an agreement to acquire AWS
Partner Citrus Consulting

Acquired STS Tech Company

Resilient Performance across key Markets



Kuwait

- Zain Kuwait leads the market with strong network infrastructure and innovative services.
- Noticeable achievement in B2B by winning major deals



Saudi Arabia

- 5G revenue continues to grow +28% YoY
- Tamam revenue increased 22% YoY.



Iraq

- Data revenues continues strong growth, achieving new high levels.
- B2B revenues grew 24% YoY.

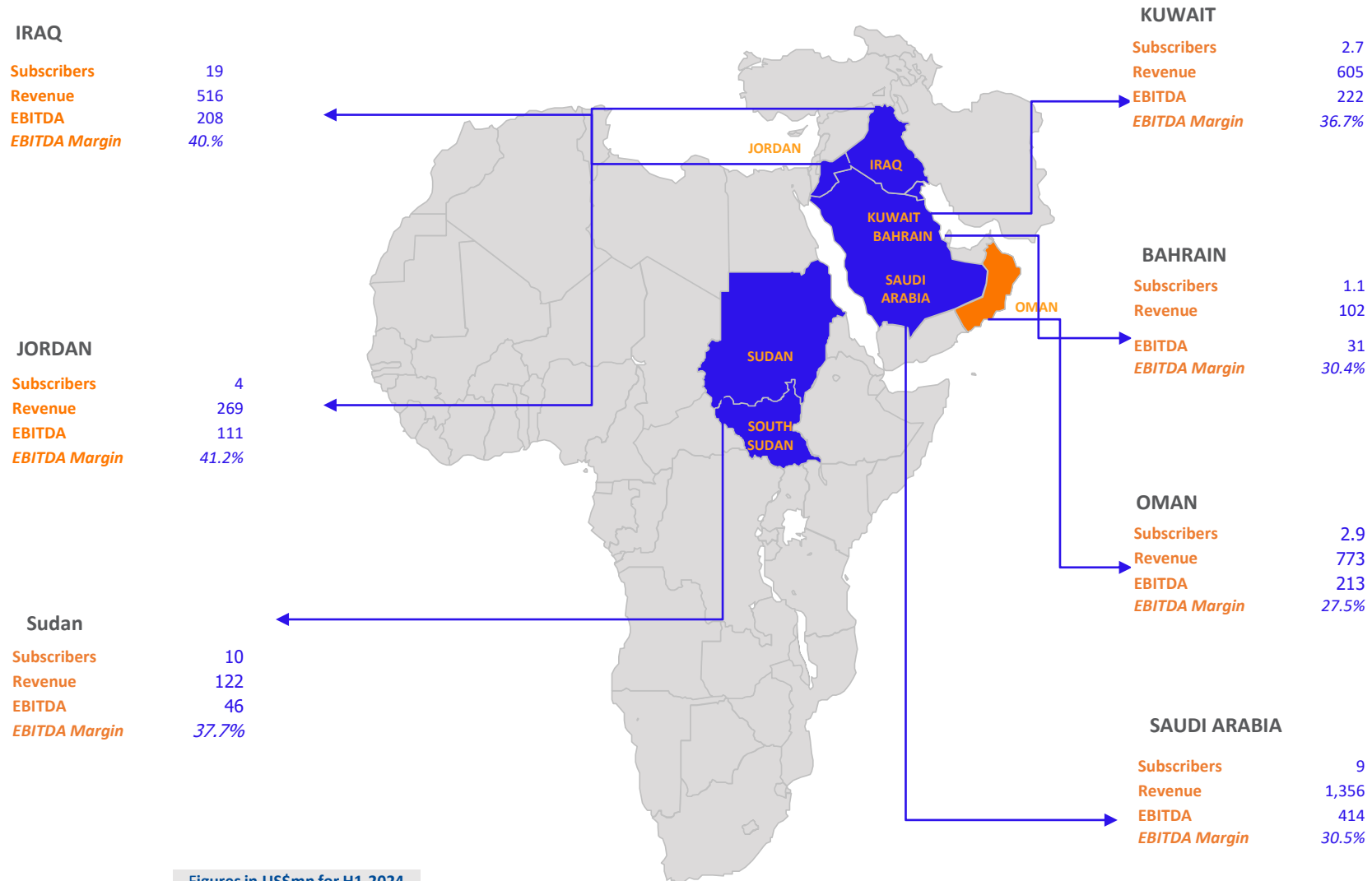


Sudan

- 40% of Zain Sudan sites are active, and gradually improving.
- 5 Mn Subscribers are back to the network.

* Based on the transaction deal between Zain Group and Ooreedo Group. Transaction is expected to be completed by 2024.

We are among the leading telecom operators in the MENA region



Figures in US\$m for H1-2024

Unlocking value in eight countries through Omantel's 26% Stake in Zain Omantel International

120,000 km

Submarine Network
spanning around the Globe

20+

Global Subsea Systems,
largest regional portfolio

Directly Connected to

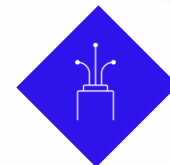
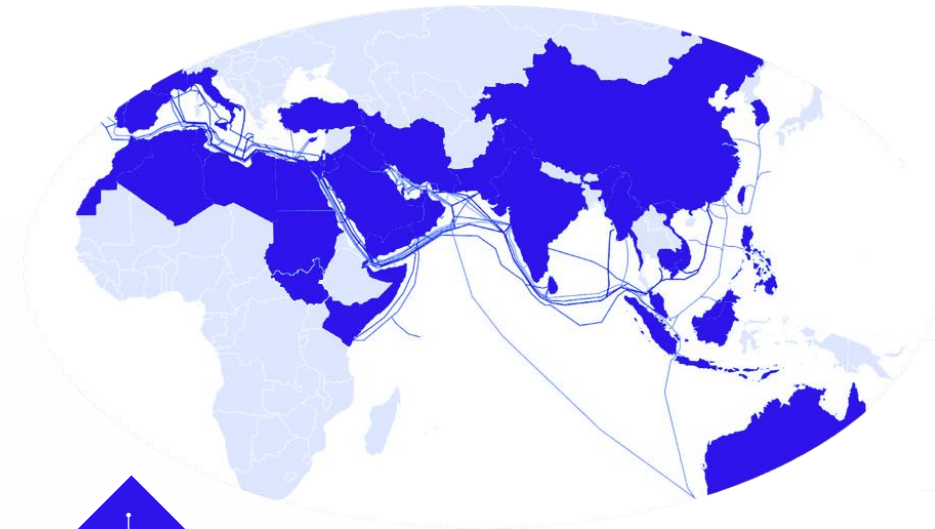
50+

Countries

Direct Access to

120+

Global Cities



Capacity & Connectivity



Data Centers & Content



International Roaming



Satellite Connectivity



International Voice/SMS



Domestic Key Developments – H1 2024

Strategic Alliances

- **Signed 12+ strategic agreements** at COMEX 2024 to boost cybersecurity, cloud services, and AI, reinforcing Oman’s digital infrastructure.
- **Google Cloud Partnership:** Enhanced edge data processing capabilities.
- **AWS Collaboration:** Developed a Digital Marketplace and SuperApp.
- **Sovereign Cloud with AWS:** Ensured compliance with national security standards.
- **Scalable National Cloud Infrastructure with Huawei:** Expanded cloud capacity for growth.
- **AI Monetization:** Partnered with AWS, Microsoft, and Google for advanced AI services.



AWARDS and Recognitions

Top 25 Brand in Middle East

Omantel is considered the 6th strongest brand in its sector in middle east



Excellence Award in AI



Oman Future Fund

Omantel Innovation Lab



- OIA Commitment 8Mn.
- Omantel 4Mn.
- Managed by Omantel Innovation Lab.



Acquisitions

Omantel Acquires 25% Stake in Etlag

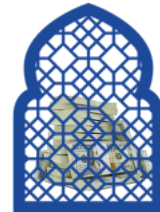
to Develop Space Launch Infrastructure in Oman



Sukuk Issuance

Successful Issuance of \$500 Mn

- Coupon Rate at 5.375.
- 130.8 bps Over 7 years U.S Treasury Rates.
- Based on Airtime data.



Zain Omantel International

- **The joint venture commenced operations in the first quarter of 2024.**
- **ZOI Wins “Best Subsea Cable Operator” and “Best Young Professional” at Carrier Community Awards 2024**



Sustainability Report

2022-2023

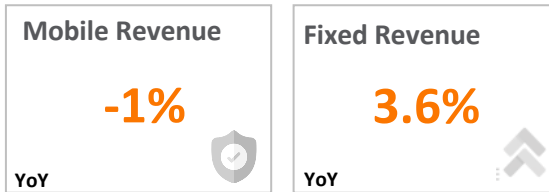
In line with 30 MSX Disclosures. Visit Omantel Sustainability page to download the report

Omantel's Financial Highlights – H1 2024

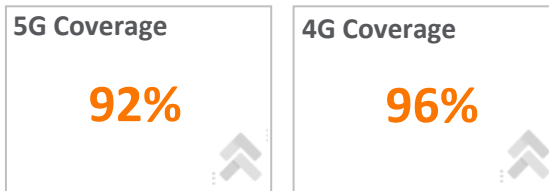
Domestic Financial and Performance Indicators

In Million OMR

Omantel Core Business Performance



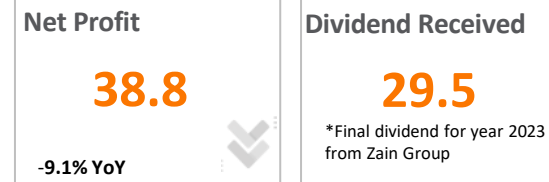
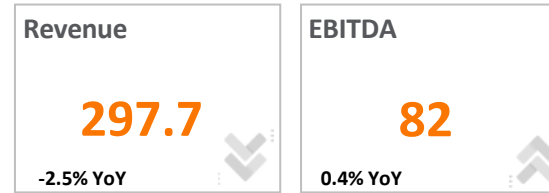
Operational Highlights



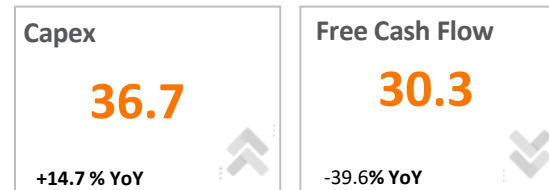
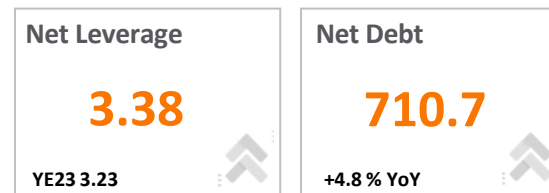
Non-Core



Domestic Key Financial Indicators



Financial Strength



Performance of Zain Group

In Million USD

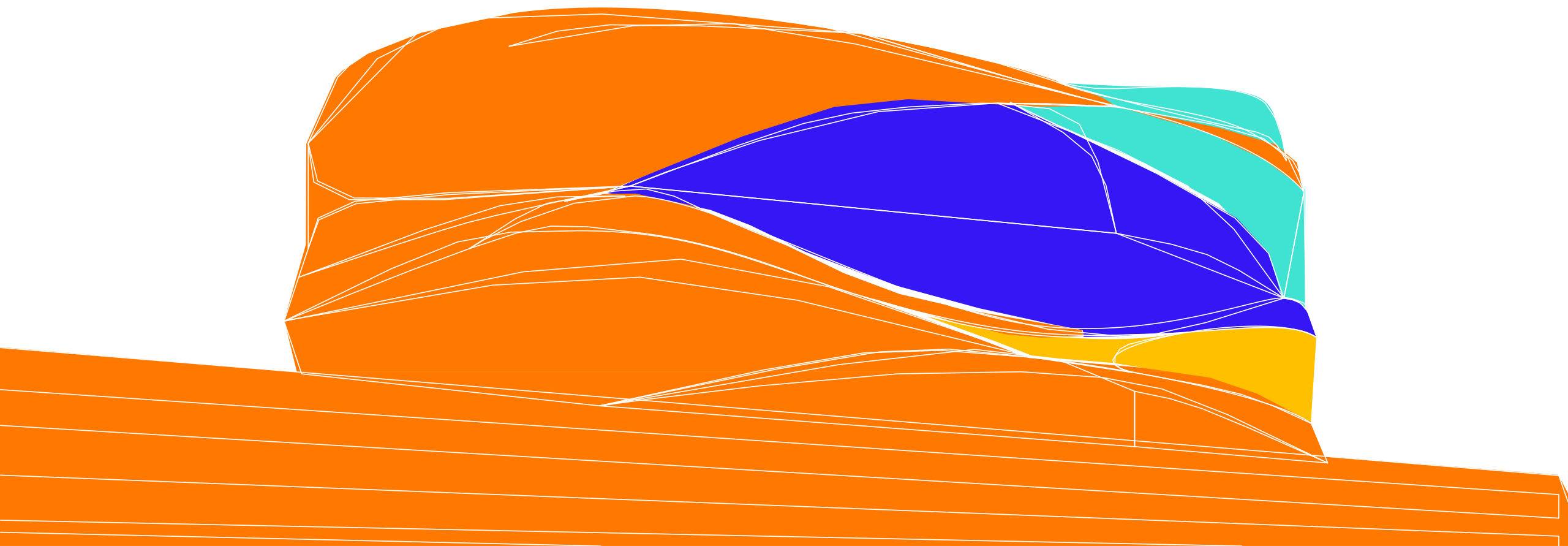
Performance of Zain Group



Omantel Zain key Synergies

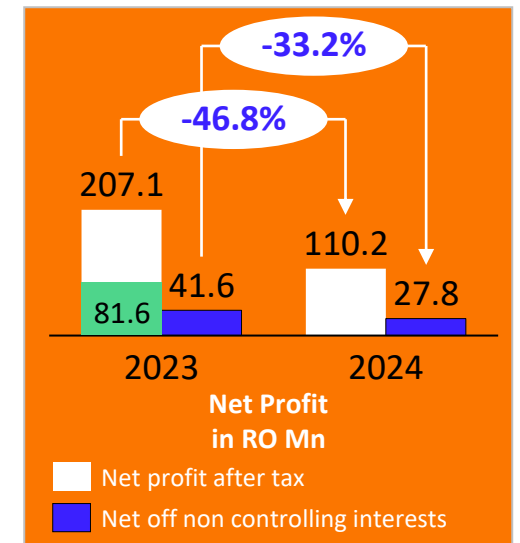
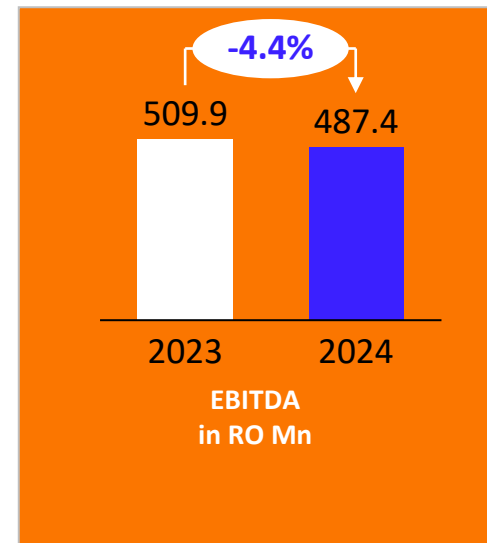
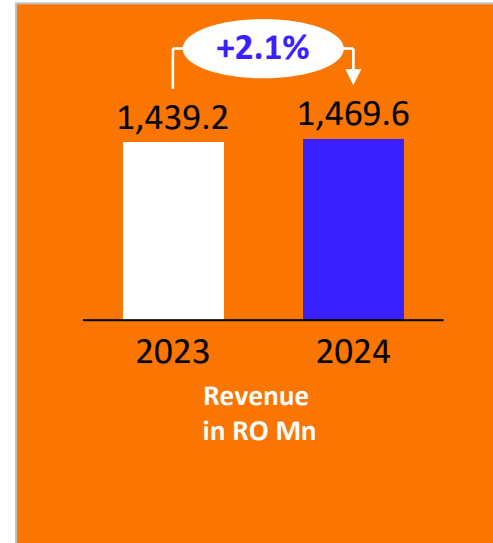
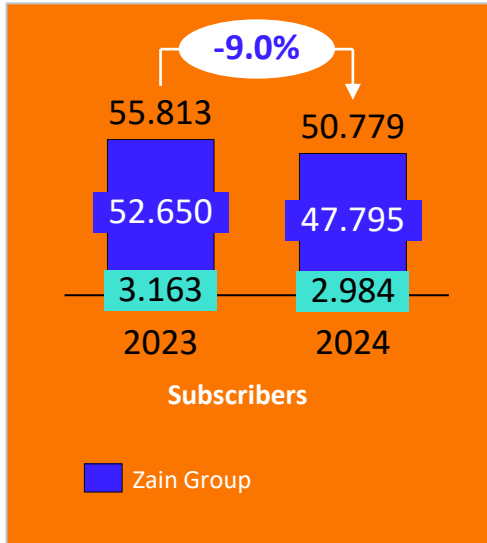
- **Zain Omantel Procurement Savings** USD +6.2 Mn Cumulative YTD Savings, in IT and Network equipment.
- **We Align:** Business Alignment and Knowledge Exchange
- **Sustainability Synergies:** combined efforts to reduce carbon footprints, boost energy efficiency, and promote green technologies.

Group Financials



Omantel Group (Incl Zain Group) – H1 2024

Group Revenue stands at RO 1469.6 Mn increase by 2.1%, EBITDA at 487.4 Mn decrease by 4.4% and Net Profit is at RO 110.2 Mn , decrease of 46.8% YoY.



Zain Group's total subscriber base decreased by 4.9 Mn compared to 2023 coming mainly from Sudan on account of network shutdown and mass migration crisis.

Domestic subscriber base reduced by 180K on account of reduction in Mobile Prepaid base by 309k which was offset by increase in Postpaid Mobile base by 129k and FBB base by 8k.

Zain group revenue increased by RO 29.8 Mn on account of increase in revenue coming from KSA, Iraq and Kuwait which is offset by decrease in revenue from Sudan.

Domestic business revenue decreased by RO 7.7 Mn (2.5%) on account of decrease in Hubbing revenue by RO 2.8 Mn and Device revenue by RO 4.9 Mn.

Zain Group EBITDA decreased by RO 23.6 Mn mainly on account of ongoing crisis and currency devaluation in Sudan which was offset by increase in Iraq. Year 2023 EBITDA included positive effect of one off items (Number range settlement, Provision for Sudan)

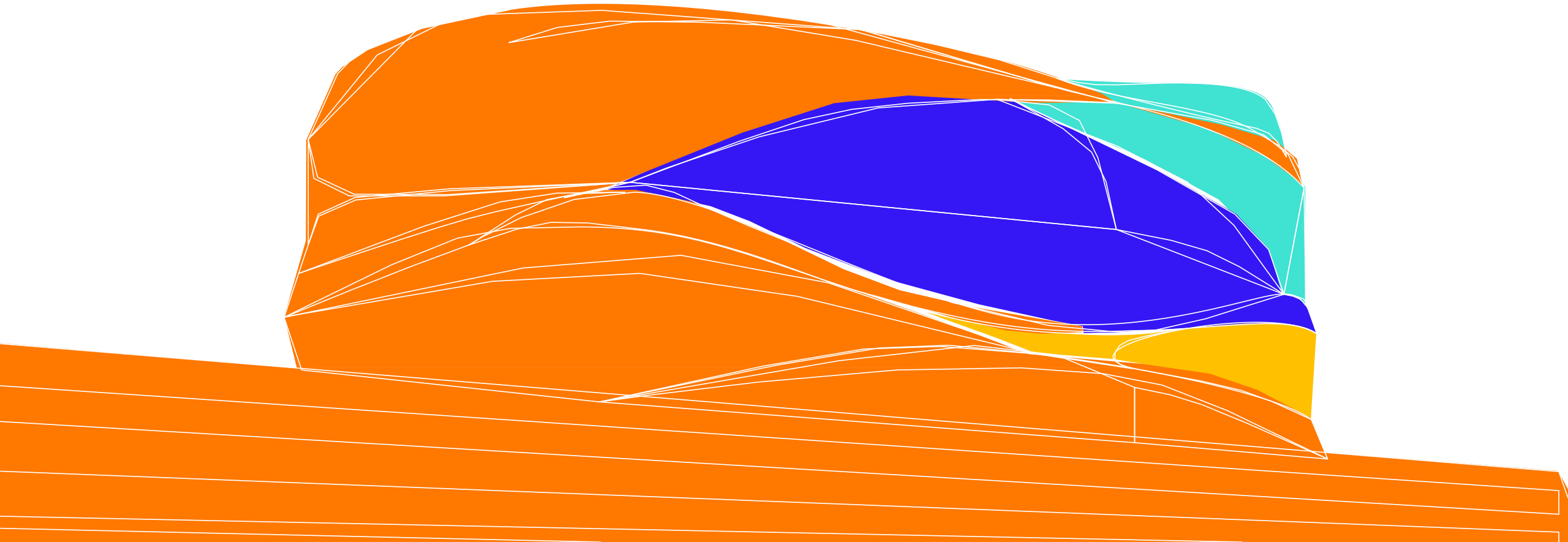
Domestic EBITDA of RO 82 Mn represents an increase of 0.4% on account of decrease in impairment provision.

Net profit before minority interest decreased by RO 96.9 Mn (46.8%) since H1-2023 includes the Capital gain on KSA tower sale of RO 81.7 Mn.

Excluding Capital gain on Towersale net profit for 2023 stands at RO 125.5 Mn which represents a YOY decrease of RO 15.3 Mn.

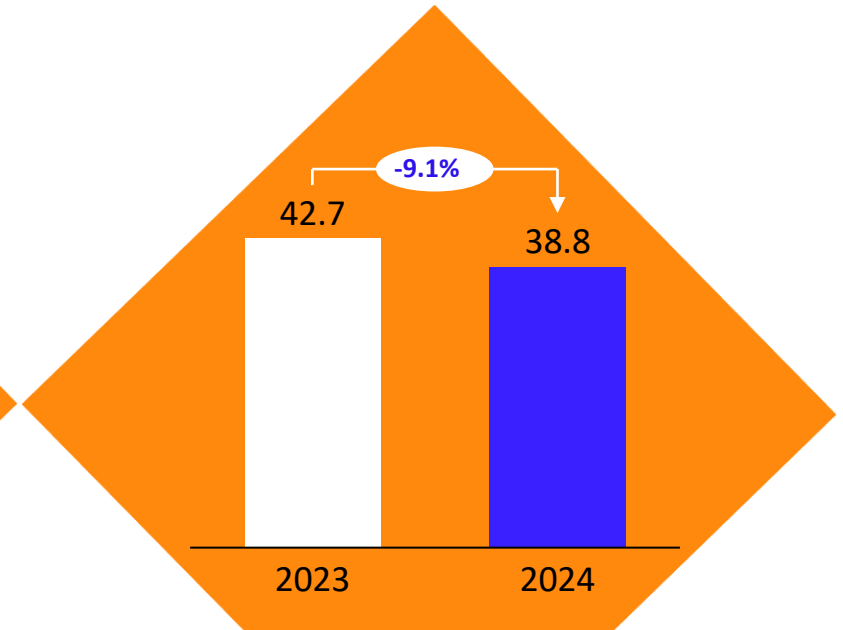
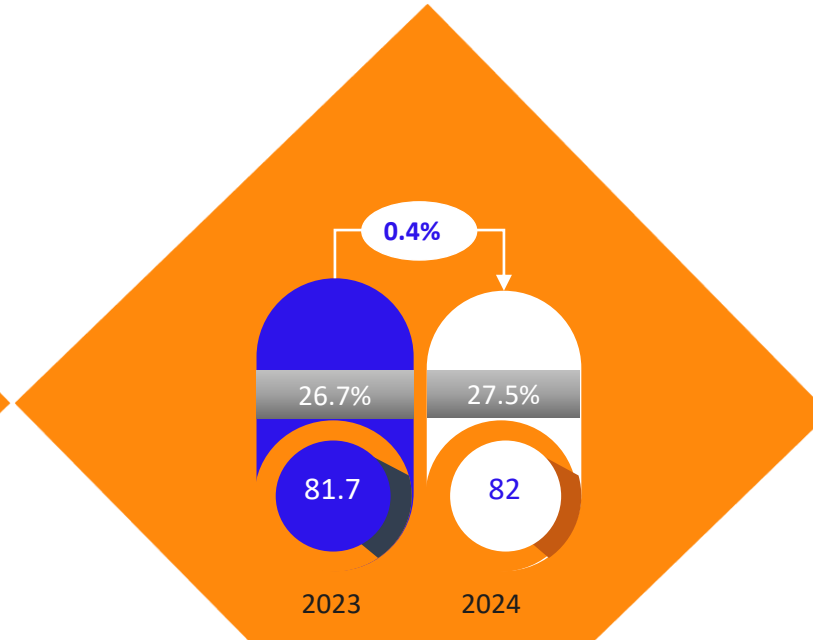
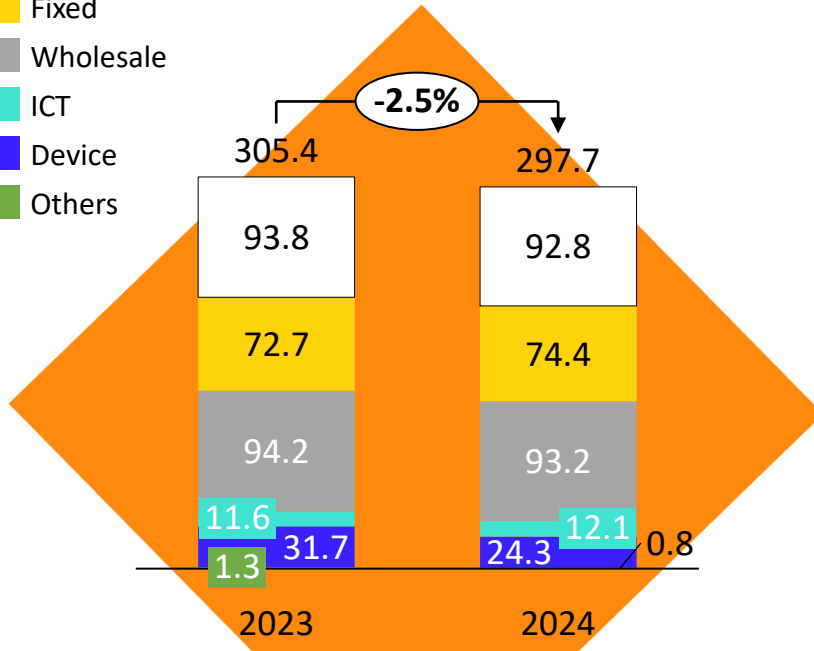
Domestic Financials

Including Subsidiaries



Domestic Performance – H1 2024

- Mobile
- Fixed
- Wholesale
- ICT
- Device
- Others



Revenue in RO Mn

Revenue decrease YoY of RO 7.7 Mn is mainly contributed by fall in device revenue (RO 4.9 Mn) and transit voice revenue (RO 2.8 Mn).

Mobile revenue (excl device revenue) decreased by RO 1 Mn (1%) in a fiercely competitive market (RO 92.8 Mn in 2024 vs RO 93.8 Mn in 2023).

Fixed revenue increased by RO 2.8 Mn (3.6%) supported by growth in Fixed Broad band revenue whereas Wholesale revenue decreased by RO 1 Mn (1%).

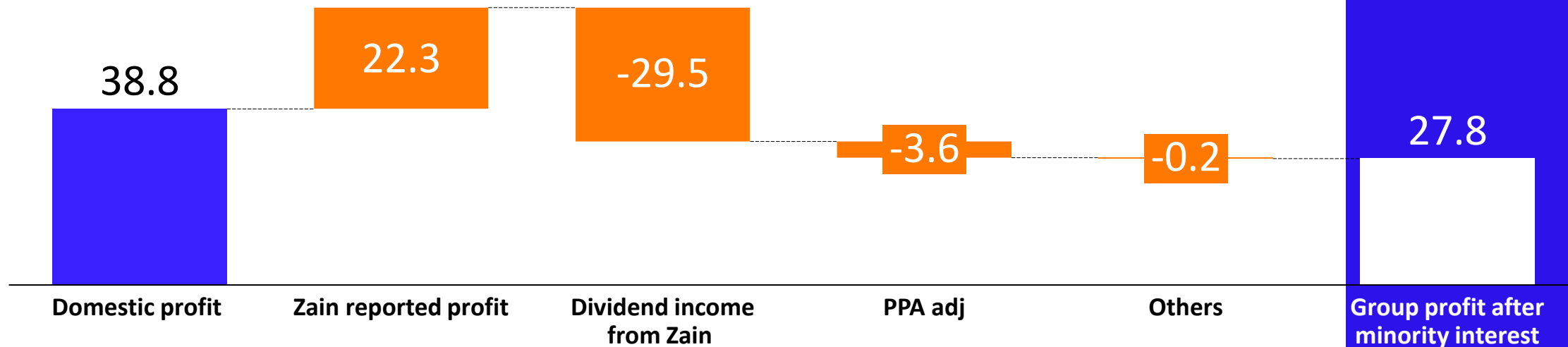
EBITDA in RO Mn

EBITDA increased by RO 0.3 Mn (0.4%) on account of reduction in impairment provisions (Business segment) for RO 3.6 Mn which was offset by reduction in Gross margin by RO 3.1 Mn.

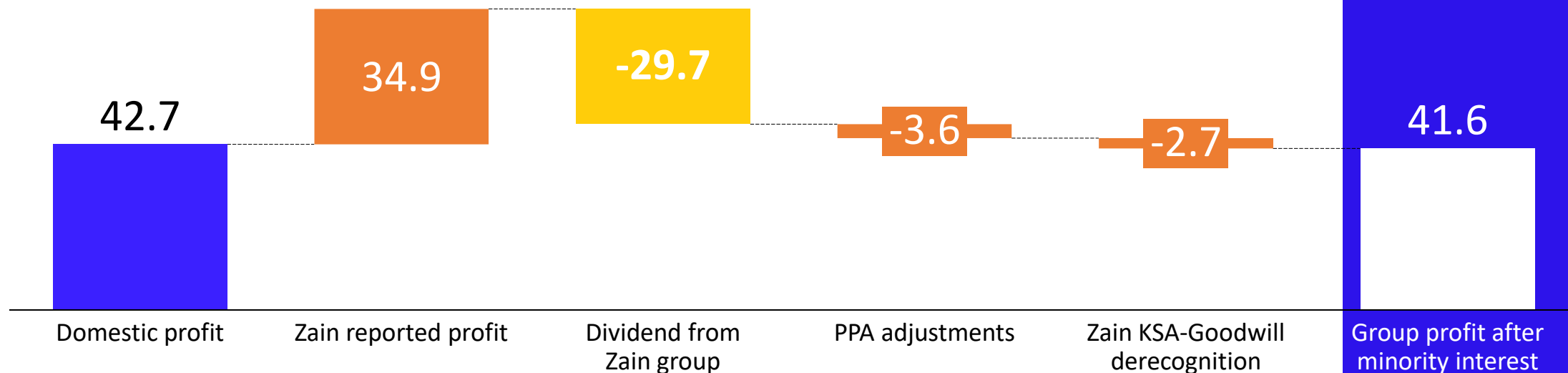
Net Profit in RO Mn

Net profit decreased by RO 3.9 Mn inspite of stable EBITDA performance on account of increase in Depreciation and amortization by RO 4.4 Mn and a reduction in Finance and other income by RO 2.2 Mn which was partially offset by increase in share of profit from associates by RO 1.6 Mn and a reduction in tax expense by RO 0.8 Mn.

Omantel Group Profit– Domestic to Group profit- H1 2024 vs H1-2023



H1-2024



H1-2023

Business Performance:

Effective base Management via retention and upselling in challenging market conditions.

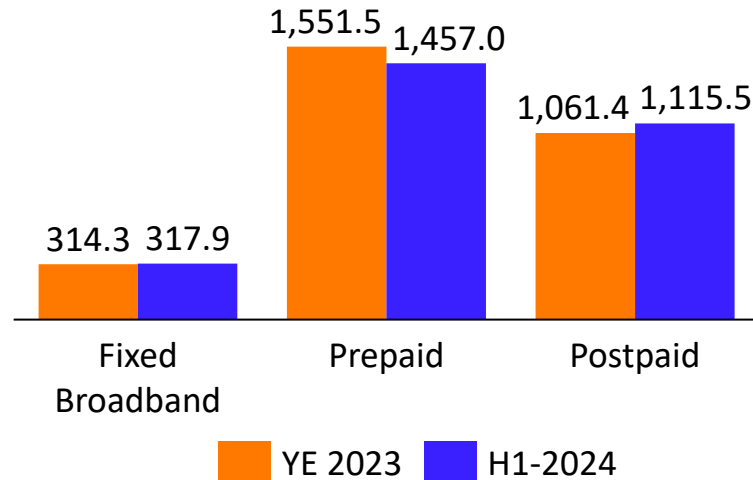
Fixed Value generation

continues to be driven by migration of customers from legacy copper technology to 4G/5G (wireless Fixed Broadband) and Fiber, Capturing competition base.

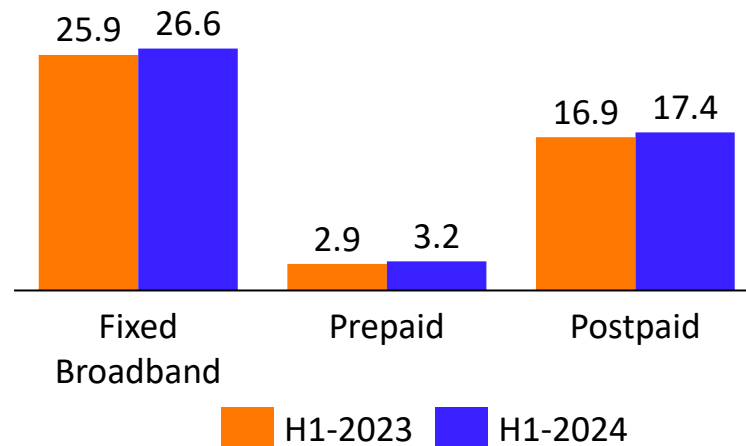
Mobile Value generation

We continuous focus on customer retention through strategic retention management.

Subscribers (Including M2M) ('000s)



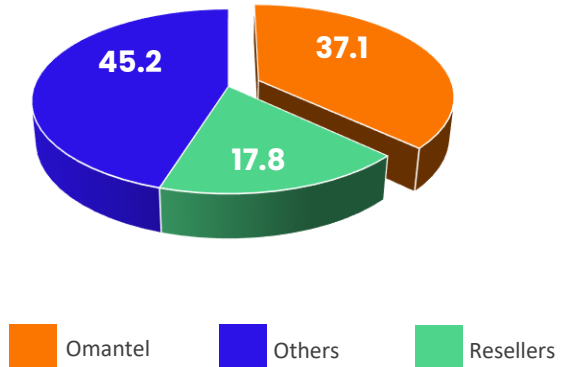
ARPU | RO / Month (Excluding M2M)



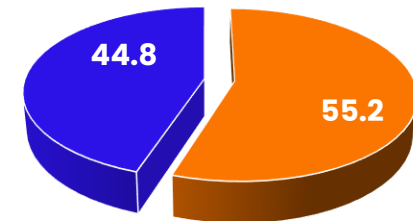
*Mobile ARPU for year 2023 is restated to exclude the effect of M2M SIMS. Fixed Broadband APRU for year 2023 is restated to exclude Fixed voice revenue

39K Prepaid to Postpaid Gross Migration in H1-2024

Mobile Market Share



Fixed Broadband Market Share



Cost Analysis Summary H1:

- Cost of sales decreased by 3.4% which is in line with decrease in revenues.
- Operating & Admin costs have decreased by 3.9% YoY.
- Capex to revenue ratio stands at 12.3%

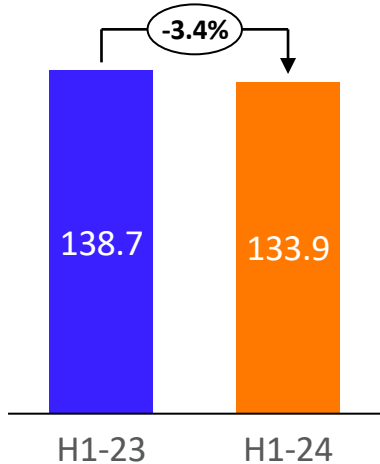
Cost of Sale

The decrease in CoS is mainly driven by lower Hubbing costs and Device costs which are in line with decrease in respective revenues.

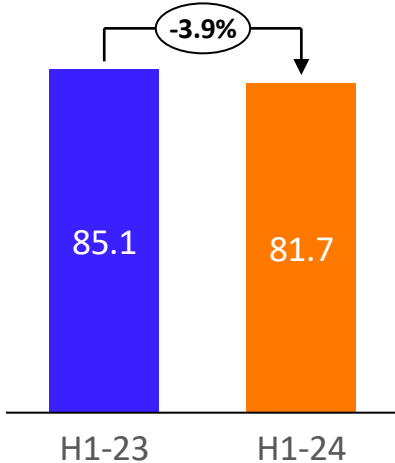
Operating & Administration Expenses

Reduction in Operating costs is mainly on account of reduction in impairment provision on receivables which reduced by RO 3.6 Mn YOY

Cost Of Sale

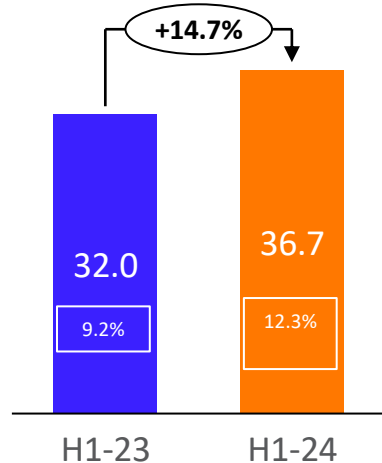


Operating & Administration Expenses



CAPEX additions RO Mn

For the full year Capex to revenue ratio is expected to be at 15%



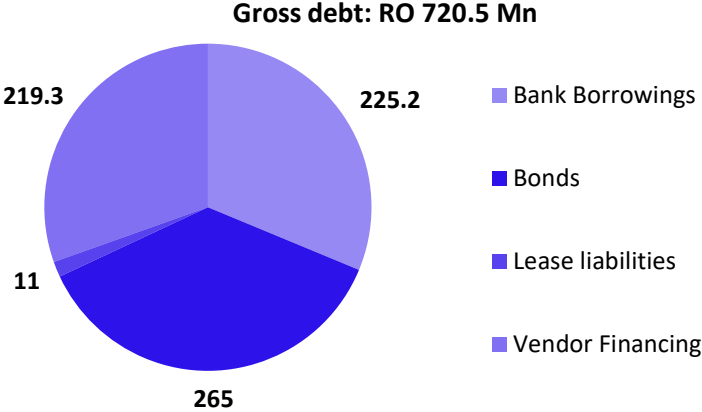
The future starts here Omantel 5G



Domestic Debt Profile

Net Debt Increases from RO 678.2 Mn in Dec 2023 to RO 710.7 Mn on account of increase in borrowings and lower cash and bank balances. Lower cash balances is on account of decrease in Free cash flow which in turn is on account of increase in Capex cash outflow.

Gross Debt-RO 720.5 Mn- December 2023



Credit Agency Ratings YE23

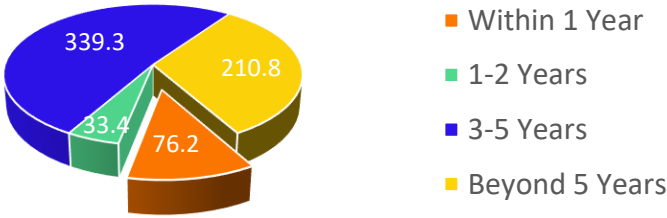


Net debt to Ebitda*

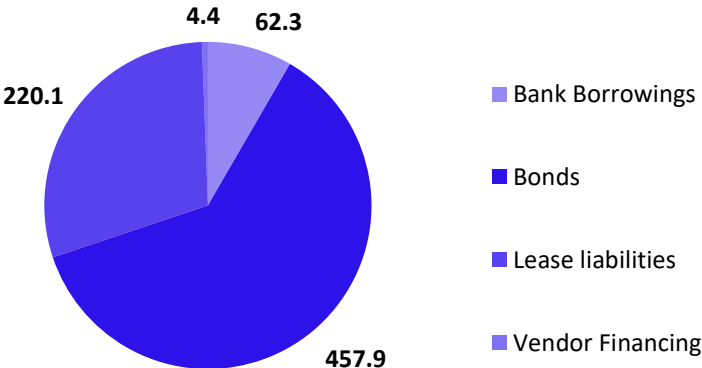
3.38X

Leverage and net debt excluding lease liabilities. Is 2.33x

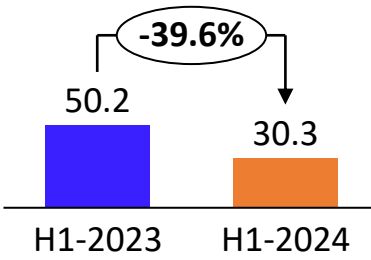
Repayment schedule (includes interest) (Bank borrowings and Bonds) RO (Mn)



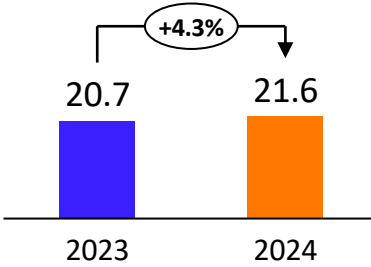
Gross Debt-RO 744 Mn- June 2024



Free cash flow

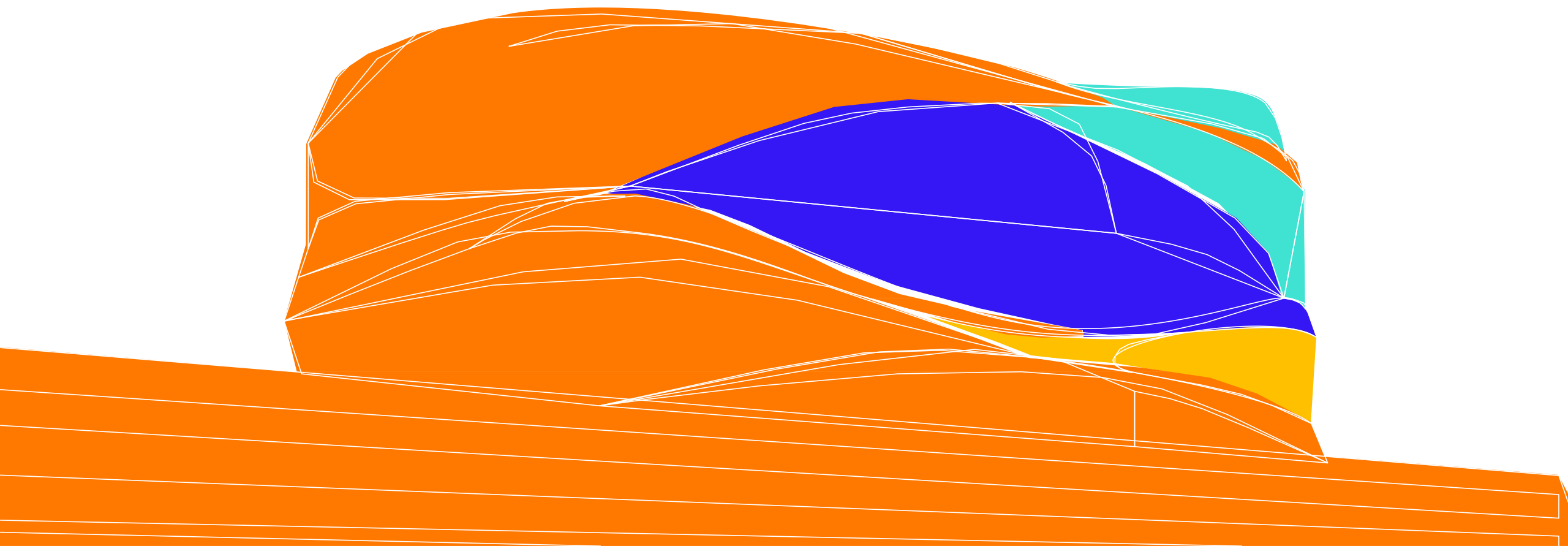


Interest Cost



Omantel Sustainability

Journey



Placing Sustainability at the Heart of Our Corporate Strategy



National Priorities



Education, scientific research
and national capabilities



Well being and social
Protection



Labour Market and
Employment



Environment and Natural
Resources



Developing
Prosperous
Communities

Operating
Responsibly

Employer of choice

Creating a Greener
world



Driving Sustainability: The Importance of ESG and Omantel's Contribution to Oman's Digital Advancement



Paperless Billing



e-Bill


Electrical Fleet



47
Charging Station

Omanization

92%



Transition to Net Zero



31
Sites Greening the Grid

Beah Battery


Recycle



870.30
Tones 2021-2023

SME

Awarded contacts Value




14.51 Mn
2021-2023

Corporate Social Responsibility

1.2 Mn
Worth of Investment 2022-2023



Leed Platinum Certified HQ



IT and Coding Curriculum

240k
Students

Omantel

Investor Relations

For More information, please visit the [website](#) or download the App from [Apple](#)/[Google App store](#).

Or directly contact the Investor Relations Team:

Investor@omantel.om
Aisha.al-balushi1@omantel.om

Omantel Group (Excluding Zain group)-Statement of Income for the period ended June 2024

Statement of Income	RO '000	
	H1-2024	H1-2023
Revenue	297,671	305,409
Cost of Sales	(133,989)	(138,655)
Gross margin	163,682	166,754
Expenses		
Operating and administrative expense	(78,574)	(78,403)
Depreciation & Amortisation	(53,725)	(49,329)
Provision for impairment of receivables	(3,105)	(6,656)
Operating profit	28,278	32,366
Interest income	801	1,256
Investment income/(loss)	30,260	31,637
Other income -net	1,704	936
Loss from currency revaluation	(105)	106
Finance cost	(21,623)	(20,677)
Share of results of associated companies	2,594	948
Profit before taxation	41,909	46,572
Taxation	(3,124)	(3,905)
Profit for the year	38,785	42,667
Attributable to:		
Equity holders of the parent	38,859	42,744
Non-controlling interests	(74)	(77)
Net profit for the period	38,785	42,667

Omantel Group (Excluding Zain group)-Statement of financial position as at 30 June 2024

	Jun-24	Dec-23
Statement of Financial position (RO '000)		
ASSETS		
Current assets		
Cash and bank balances	33,909	42,345
Trade and other receivables	181,434	179,729
Inventories	10,467	13,314
Investment securities at FVTPL	6,050	5,760
Contract asset	31,443	32,006
Non current assets held for sale	1,296	1,296
	264,599	274,450
Non-current assets		
Contract assets	2,756	3,488
Investment securities at FVTPL	24,841	25,357
Investment securities at FVOCI	-	-
Investment securities at amortised cost	1,000	1,000
Other assets	3,530	3,500
Deferred Tax	27,575	26,850
Investments in associates and joint ventures	33,900	32,335
Investments in subsidiaries	850,336	850,336
Property and equipment	468,346	462,023
Right of use assets	96,336	99,856
Intangible assets and goodwill	68,007	71,907
Total	1,576,627	1,576,652
Total assets	1,841,226	1,851,102

Omantel Group (Excluding Zain group)-Statement of financial position as at 30 June 2024

EQUITY AND LIABILITIES	Jun-24	Dec-23
Current liabilities		
Trade and other payable	263,891	299,654
Contract liability	55,887	42,147
Income tax payable	6,807	8,628
Borrowings	50,593	211,564
Lease liability	10,074	10,095
	387,252	572,089
Non-current liabilities		
Borrowings	469,524	278,611
Lease liability	124,363	128,422
Other liability	99,517	108,952
	693,404	515,985
Total liabilities	1,080,656	1,088,074
Capital and reserves		
Share capital	75,000	75,000
Legal reserve	25,000	25,000
Voluntary reserve	49,875	49,875
Capital contribution	7,288	7,288
Capital reserve	36,893	36,893
Foreign currency translation	(39)	(30)
Retained earnings	564,963	567,338
Hedge reserve	-	-
Equity attributable to equity holders of parent	758,980	761,364
Non-controlling interest	1,590	1,664
Total equity	760,570	763,028
Total equity and liabilities	1,841,226	1,851,102

Omantel Group (Excluding Zain group)-Statement of cash flows for the period ended 30 June 2024

RO'000	H1-2024	H1-2023
Profit before taxation	41,909	46,572
Adjustments for:		
Depreciation and amortisation	53,725	49,328
Impairment of receivables	3,105	6,656
Currency loss	105	(106)
Interest expense	21,623	20,676
Investment income	(30,260)	(31,637)
Interest Income	(801)	(1,256)
Share of Profit from associated companies - net	(2,594)	(948)
(Profit) / loss on sale of property, plant and equipment	(10)	-
	86,802	89,285
Working capital changes:		
Inventories	2,847	1,006
Trade and other receivables	(2,549)	(11,327)
Trade and other payables	(13,782)	(9,747)
Cash generated from operations	73,318	69,217
Tax paid	(5,802)	(12,962)
Net Cash generated from operating activities	67,516	56,255
Investing activities		
Fixed deposit	(500)	11,553
Purchase of intangibles	(2,480)	(419)
Purchase of property plant and equipment	(66,380)	(49,423)
Proceeds from sale of fixed assets	10	-
Interest received	649	1,256
Acquisition of investment	-	(898)
Proceeds from investments	412	-
Investment in associate	(1,071)	(1,290)
Dividend received	32,196	33,122
Net cash used in investing activities	(37,164)	(6,099)
Financing Activities		
Proceeds from borrowings	270,022	80,954
Repayment of borrowings	(240,767)	(151,091)
Repayment of lease liabilities	(13,945)	(13,042)
Interest paid	(13,349)	(15,043)
Dividend paid to Company's shareholders	(41,250)	(41,250)
Cash used in financing activities	(39,289)	(139,472)
Net change in cash and cash equivalents	(8,937)	(89,316)
Cash and cash equivalents at the beginning of the Period	42,346	142,071
Cash and cash equivalents at the end of the Period	33,409	52,755