

Omantel Group Performance – Q1 2023 Presentation to Investor Community

Conference Call

17th May 2023 at 2 P.M. (Oman Time)



عمانتل
Omantel

Omantel Structure – an overview



OPERATING MODEL

3 Core market segments

Consumer Market

Enterprise & Government

Wholesale Global

4 Supporting Units

People

Finance

Technology

Operations

SUBSIDIARIES / ASSOCIATE COMPANIES

21.9 % Leading MENA Telecom Operator with presence in 9 countries of which Leadership position in 4 markets

100 % BPO, Contact Center, IT services

51 % IOT & Smart Cities Solutions with partnership with National Energy Centre

50 % JV with Equinix
Carrier neutral data center

40 % Majan Telecom
Class II Mobile Reseller operating Renna and Red Bull MOBILE brands

100 % hosting Services, Cloud service, Security Services

55 % Global Financial Technology
Payment Gateway solution

51 % Fintech, Blockchain, Software development

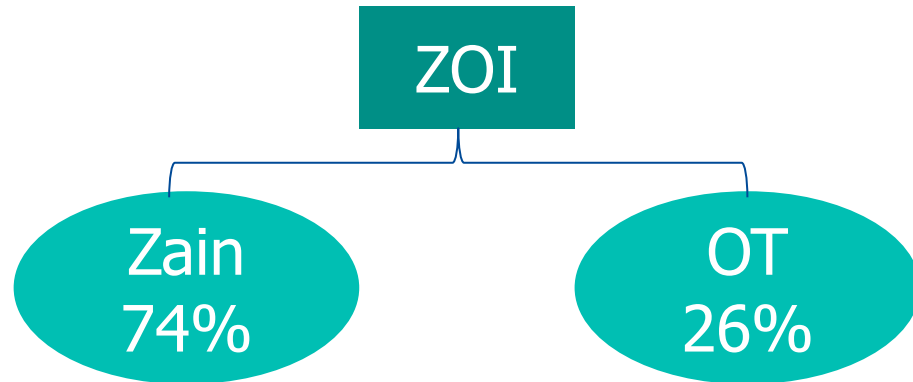
41 % Fiber Optic Cables manufacturing, Outside Plant services, Telecom services

100 %

- Oztel Holdings SPC
- Omantel International
- Omantel France

Zain Omantel International (ZOI)

In May 2023, Zain and Omantel have incorporated a JV called "Zain Omantel International, (ZOI)"



A Zain & Omantel Company

- The purpose of the JV is to manage Omantel and Zain's international wholesale requirements across eight markets, serving over 55 million customers which will create a better economy of scale value to the JV partners.
- This arrangement will not impact the ownership over the existing assets serving the international wholesale requirements of both Zain Group and Omantel.
- Services to each of the served markets will be subject to the prevailing laws and regulations of such markets.

We are among the leading telecom operators in the MENA region

Iraq

Subscribers	18.2mn
Revenue	223mn
EBITDA	76mn
Margin	34%

Kuwait

Subscribers	2.6mn
Revenue	285mn
EBITDA	105mn
Margin	37%

Morocco*

Jordan

Subscribers	3.8mn
Revenue	129mn
EBITDA	52mn
Margin	40%

Bahrain

Subscriber	1.1mn
Revenue	48mn
EBITDA	15mn
Margin	31%

Sudan

Subscribers	16.8mn
Revenue	167mn
EBITDA	86mn
Margin	51%

Saudi Arabia

Subscribers	8.7mn
Revenue	644mn
EBITDA	189mn
Margin	29%

Oman

Subscribers	3.4mn
Revenue	424mn
EBITDA	116mn
Margin	27%



Operating in **9 countries**, **#1** position in **5 markets**

Cover a population base of **~194 million** people, with **~57 million** active subscribers

Figures in US \$

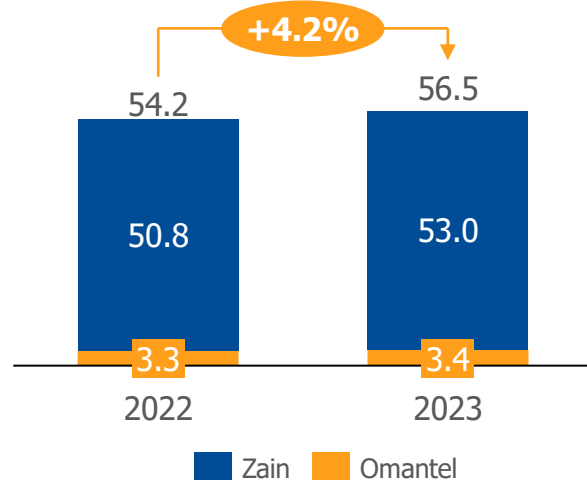
Omantel Group (Incl Zain Group) – Q1 2023 Performance

Group Revenue stands at RO 733.9 Mn increase of 15.6% and Net Profit is at RO 278.9 Mn, an increase of 36.3% YoY.

Subscribers in Mn

Zain Group customer base recorded a growth of 4%.
Omantel customer base grown by 3%.

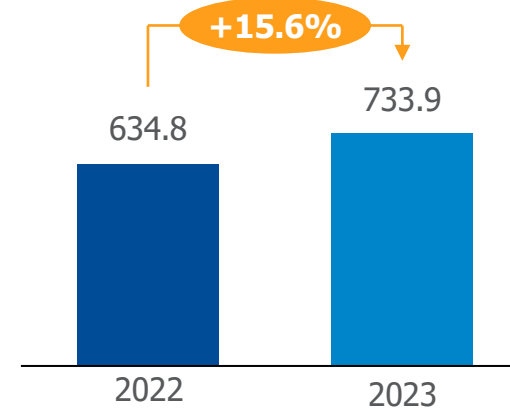
Increase in Omantel customer base is coming from Mobile Postpaid & Fixed Broadband subscriber base while prepaid base decreased



Revenue in RO Mn

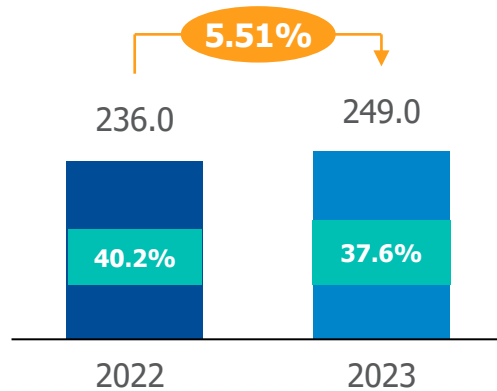
Group Revenue for the period is RO 733.9 Mn compared to RO 634.8 Mn for the corresponding period 2022, a growth of 15.6%.

Revenue include acquired business of Zain Group, which contributed revenues of RO 579.9 Bn.



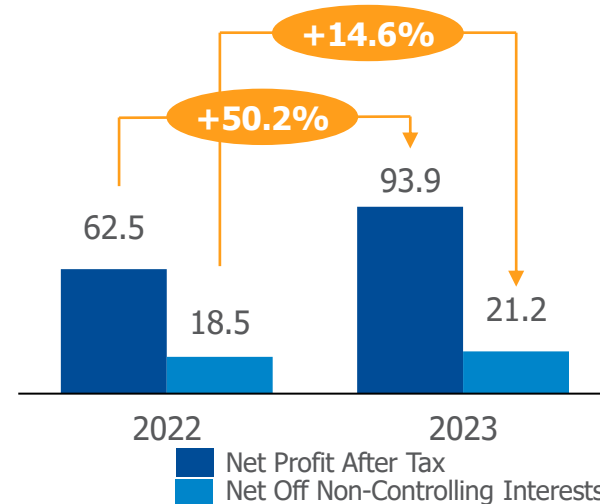
EBITDA in RO Mn

EBITDA grew by 5.5% YoY in absolute amounts, EBITDA margin decreased by 2.6%

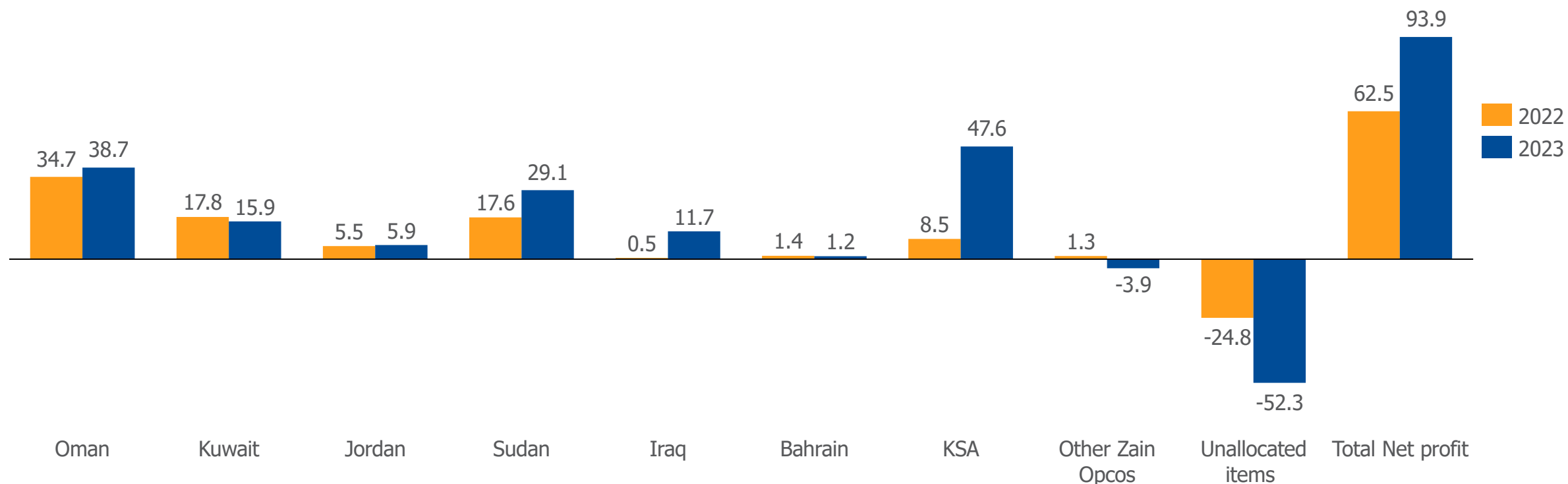


Net Profit in RO Mn

Net Profit observed a growth due to increase in EBITDA and gain from Towersale transaction in Zain KSA of RO 42.1 Mn



Segmental information – March 2023 vs March 2022 Performance



Note:

- 1) Net profit are adjusted for Purchase Price Allocation (PPA).
- 2) Post completion of Tower sale transaction in Oman, segment performance of Oman was revised in Q4-2022 to include dividend income and Finance costs relating to Investment in Zain. .
- 3) Segment performance of Oman includes dividend income from Zain group –RO 29.3 Mn (2022: RO 27.5 Mn)

Domestic Operation

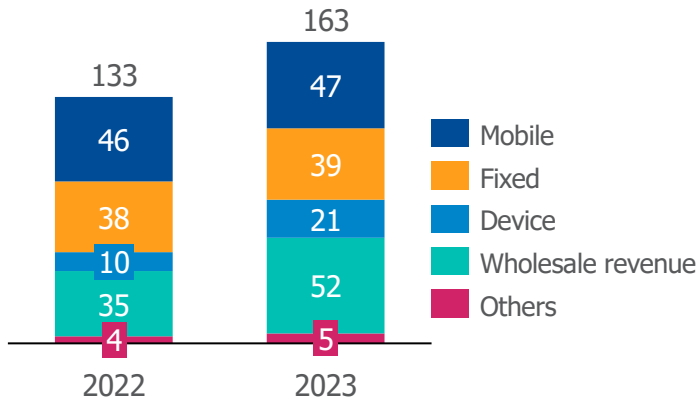
Domestic Performance – Q1 2023 (Including domestic subsidiaries)

Domestic operations covers Fixed Line business, Mobile business, Omantel International (OTI)-Wholesale arm of Omantel engaged in international voice aggregation business and Omantel subsidiaries (Oman Data Park, Infoline and Internet of Things- MOMKIN, Lamma, Future city).

Revenue in RO Mn

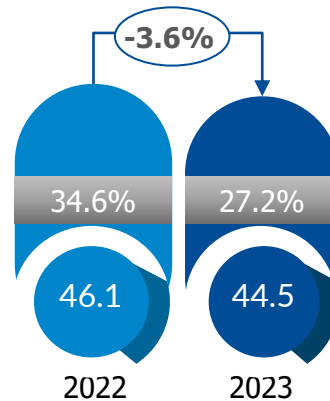
Revenue increase YoY is mainly contributed by growth in low margin transit voice revenue (RO 14.9 Mn) and device revenue (RO 10.4Mn)

Retail revenue (excluding device revenue) increased YOY by RO 1.4 Mn contributed mainly by growth in Postpaid Mobile revenue (10.8%), Fixed Broad band (5.2%) while Prepaid revenue decreased by 17.7%.



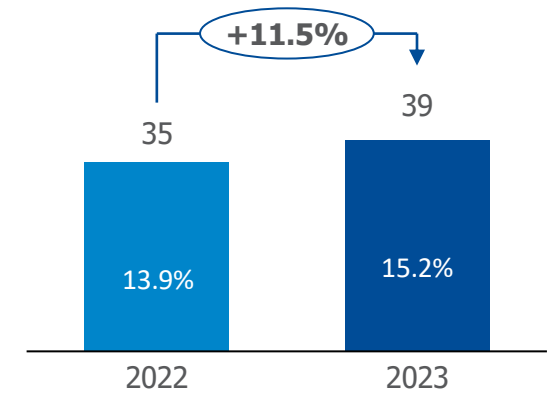
EBITDA in RO Mn

Inspite of a positive increase in both Retail gross margin and Wholesale gross margin, EBITDA decreased by RO 1.6 Mn on account of increase in Operating costs.



Net Profit* in RO Mn

Despite EBITDA decrease net profit increase is attributed to decrease in finance costs (RO 2.1 Mn), increase in dividend income from Zain group (RO 1.8 Mn) and reduction in tax expense by RO 1 Mn



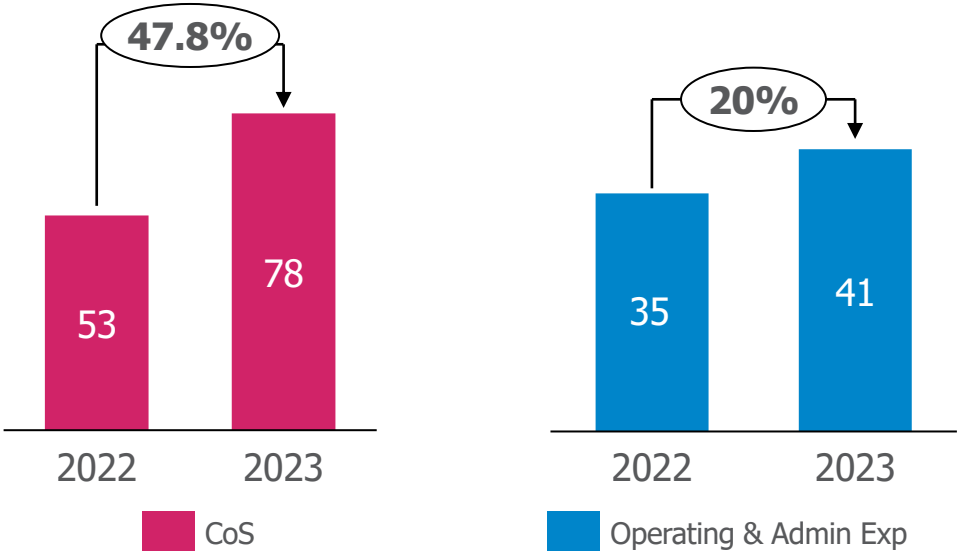
NOTE: Q1 and Q3 profits will include a one time impact of final dividend and interim dividend from Zain group. Final Dividend from Zain for year 2022 accounted in Q1-2023 is RO 29.3 Mn v 27.5 Mn in Q1-2022.

Operating & Admin costs have increased by 20% YoY. Capex to revenue ratio is at 6.3%

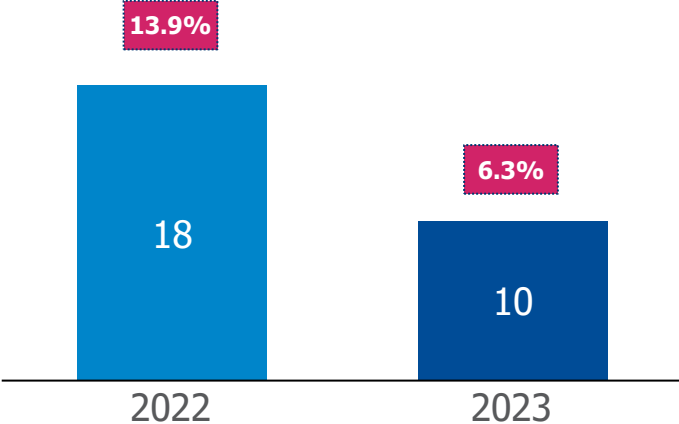
Cost of Sales increased in line with revenue increase.

- External Admin (Hubbing)
- Device and Modems costs

CoS & Operating /Admin Expenses RO Mn

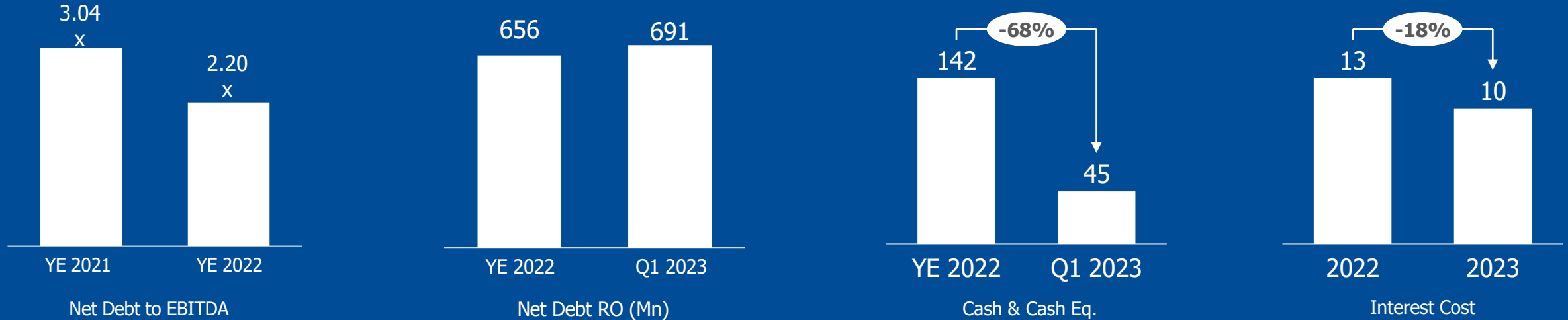


CAPEX additions RO Mn



Continuous investment in enhancing our leading technology position in Oman

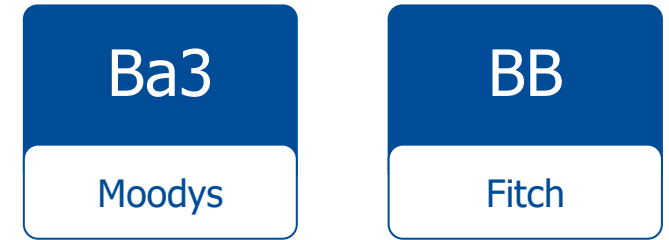
Leverage and Cash Flow position - Interest cost savings of 18.3% YOY on account of completion of deleveraging initiatives in 2022



The Net Debt to EBITDA is measured at the end of every half and full year

- Net debt as of Q1-2023 increased compared to Year end 2022 on account of a drop in cash and cash equivalents. Drop is usually the case in Q1 which sees significant cash flows on account of Royalty.
- On account of deleveraging initiatives completed last year, interest cost savings of RO 2.3 Mn was realized in Q1-2023.

Corporate Family Rating (CFR)



Outlook revised from stable to **positive**

Value generation: Mobile & Fixed

- Mobile Value generation continues driven by pre-paid to post-paid migration and portfolio revitalization.
- Fixed Value generation continues driven by migration of customers from legacy copper technology to 4G/5G (wireless Fixed Broadband) and Fibre.

26k Subscribers migrated from pre to post in Q1 2023

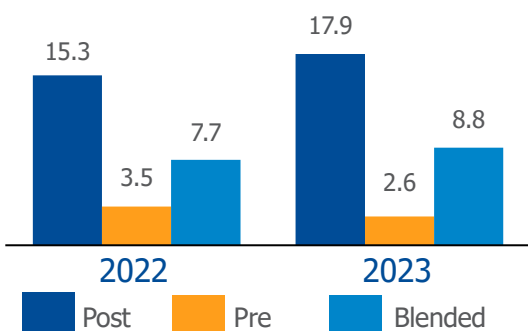
30% of base is now on Postpaid

3.4k FBB Customers
Like to like migration from copper to fibre in Q1'23

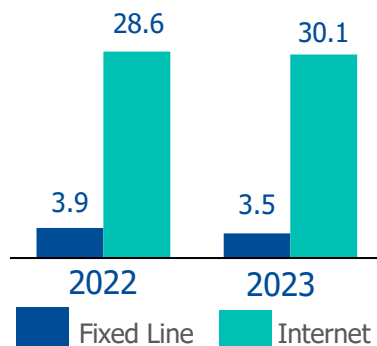
FBB Fiber Market share leadership
46% in Q1'23

ARPU | RO / Month

Mobile Services



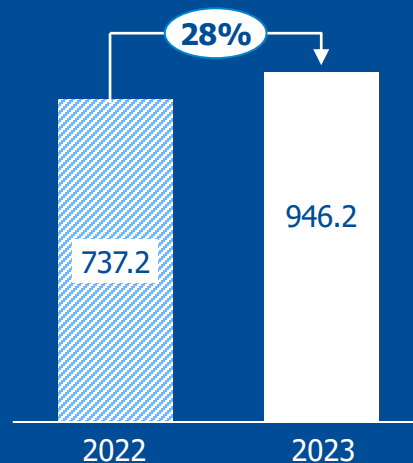
Fixed Services



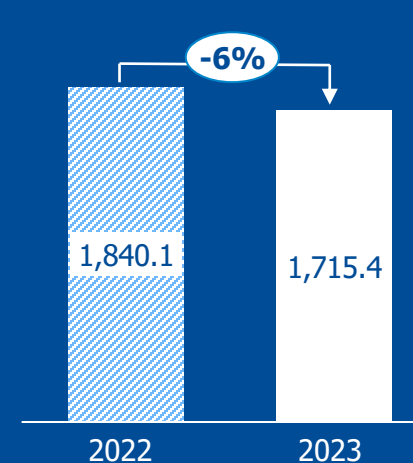
- Fixed line include post & pre-paid voice services.
- Internet include Fixed Broadband and all internet services (dialup post & prepaid, enterprise data services)

Subscribers

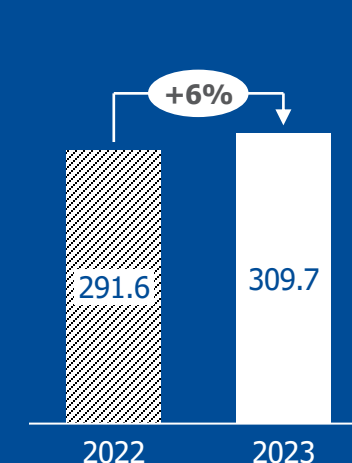
Mobile Postpaid



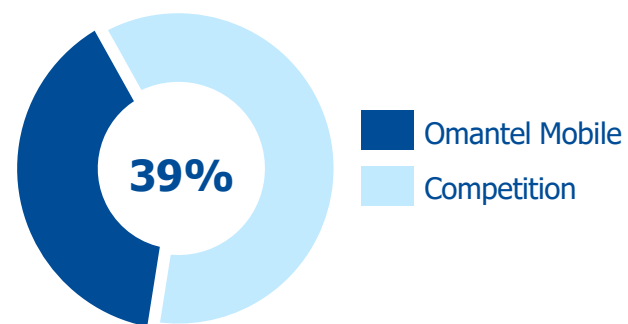
Mobile Prepaid



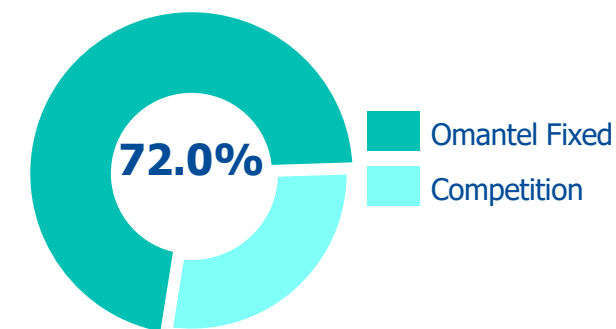
FBB



Mobile Subscriber Market Share




Fixed Subscriber Market Share



Value generation continues across key services in Consumer Market


 **Postpaid**
(**57%** of all mobile revenue) **+19%** YoY **27 M** OMR

 **Home Broadband (Revenue)** **+6.1%** YoY **20.1 M** OMR


 **FWA 5G (Revenue)** **+103%** YoY **7.3 M** OMR

 **Fiber Market Leadership**
As per TRA disclosure for Dec'22 **50%**

 **FWA Market Leadership**
As per TRA Disclosure Dec'22 **52%**


 OBB Fiber Market share leadership **46%** in Q1'23

61% Market share for 5G FWA
* As of Dec'22 TRA report


 **1st** in Oman

3 Apple Carrier Shops


IPad 5G Cellular Launch

 Postpaid Base Crossed **500K**

26k Prepaid to Postpaid Migration in Q1'23

 **15.3K** Telesales Sales Activity
7.6K Inbound Sales Activity

7 Franchise Outlets opened in Q1'23

 **84%** VOC Score
54% Non-Voice CC calls

Omantel Live Chat with **2 minute** speed of answering



Enterprise Marketing – Integrated Product Portfolio and Communication





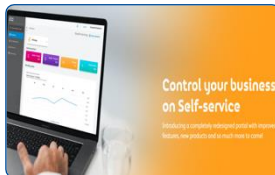
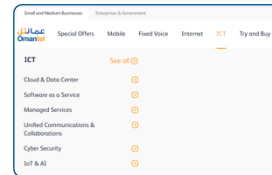


ICT, Fixed and Mobile Portfolio

Launched & revamped products and services to address emerging customer needs across verticals – to grow core & near-core portfolio

Communication and Digital Presence

Expanded the reach across different MarCom channels with communications on products and enhanced digital customer experience

	GoBiz Revamp		MCPTT Soft Launch
	Mobile Recommendation Engine		A'amali 5G
	Agile 2nd Team onboarded		+50 Customized Products & Solutions Support

	MSFT ESD Automation	
	Teamway Campaign	
	Self Care Portal (FBB Upgrade)	
	Mobile App Campaign	

Generating value in Technology



1,644

total 5G sites on air - Dec'22

+ 497

Additional 5G for 2023 (30% increase in 5G sites)

1,811 On Air

Total 5G on air by Q1-2023

2.6 GHz

New capacity layer and coverage in 5G network

163

5G carrier upgrade with 2.6GHz in 2023

DSS

(Dynamic Spectrum Sharing) simultaneously use 2,100 MHz for both 4G and 5G

700MHz, 6GHz

New spectrum under discussion with TRA

4 Agile teams

by end 2022
(GTM + 2 CBU + 1 EBU)

+7

additional Agile teams in 2023

2nd EBU – launched Mar'23
1st Digital – launched Mar'23
Finance – launched Apr'23
Digital 2nd, 3rd and 4th – Q2 2023
COE – Q2/Q3 2023

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