Omantel Group Performance – Year 2022
Presentation to Investor Community

Conference Call
28th March 2023 at 2 P.M. (Oman Time)

Delivering on our **SHIFT GEAR** strategy

to achieve sustainable profitability growth

We focus on those **differentiating** activities where we can **create value**

We organize ourselves so that we can **excel** in these activities

We build an **open collaboration eco-system** around us to complement our core activities

We rigorously **re-assess** all other activities to see how they can be done more efficiently

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

Zain	21.9 %	Leading MENA Telecom Operator with presence in 9 countries of which Leadership position in 4 markets
Oman Datapark	100 %	hosting Services, Cloud service, Security Services
infoline	100 %	BPO, Contact Center, IT services
OM Pay	55 %	Global Financial Technology Payment Gateway solution
Future Cities مدن المستقبل	51 %	IOT & Smart Cities Solutions with partnership with National Energy Centre
Blockchain Solutions & Services	51 %	Fintech, Blockchain, Software development
Equinix Oman	50 %	JV with Equinix Carrier neutral data center
العمانية للألياف البصرية Oman Fiber Optic	41 %	Fiber Optic Cables manufacturing, Outside Plant services, Telecom services
renna mobile / Red Bull MOBILE	40 %	Majan Telecom Class II Mobile Reseller operating Renna and Red Bull MOBILE brands
Offshore entities	100 %	• Oztel Holdings SPC • Omantel International • Omantel France

We are a wholesale powerhouse - making Oman a Global ICT Hub

20+ Subsea Cables

7 Landing Stations

4 International Terrestrial Links

11 Global POPs

120+ Connected Cities

85% Locally Hosted Content

10 Billion Minutes Transit P.A.

100+ Direct Interconnects

700+ Roaming Partners

- Wholesale powerhouse continuously connecting to new regions and expanding capacity
- Serving some regional countries with exclusive access to content
- The first to introduce carrier neutral data centers in MENA through the partnership with Equinix
- Hosting major global Hyperscalers, content players and carriers
- Developing Salalah as the second global hub in Oman which will eventually become a regional subsea interconnection point

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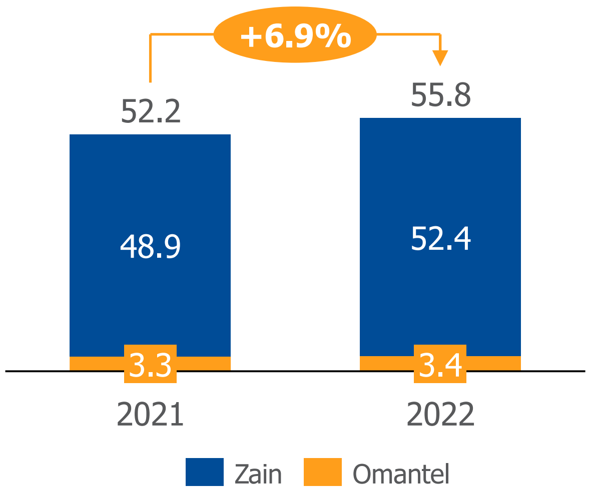
Omantel Group (Incl Zain Group) – 2022 Performance

Group Revenue stands at RO 2,682.8 Mn and Net Profit is at RO 278.9 Mn, an increase of 36.3% YoY

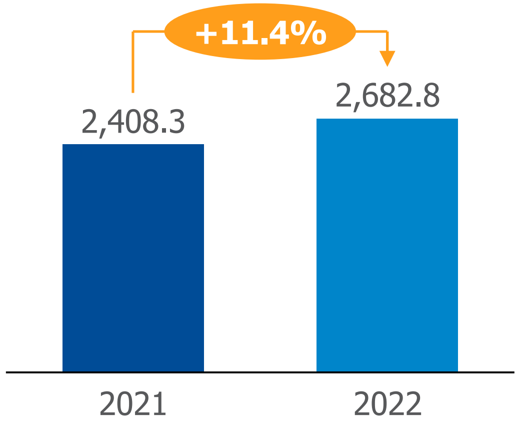
Subscribers in Mn

Zain Group customer base recorded a growth of 7%. **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

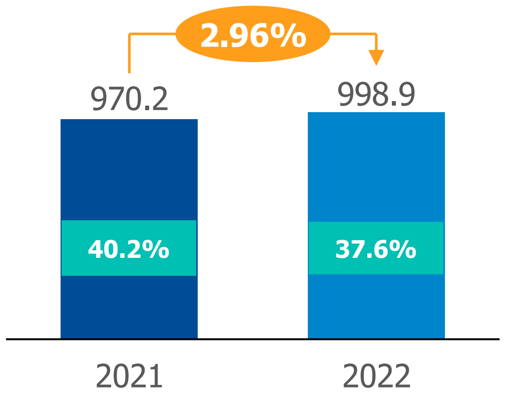


Group Revenue for the period is RO 2682.8 Mn compared to RO 2,408.3 Mn for the corresponding period 2021, a growth of 11.4%.

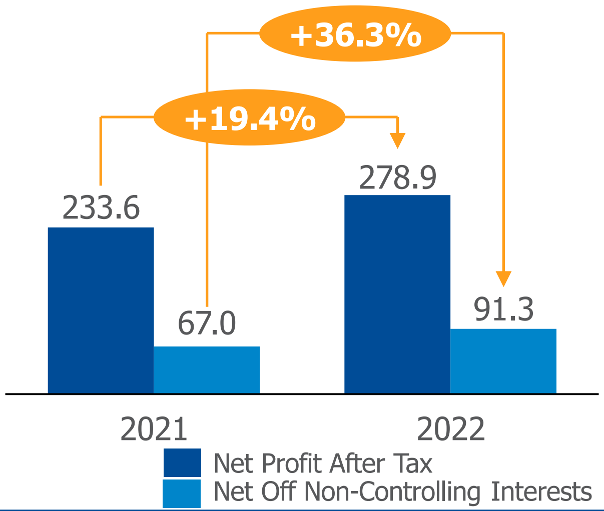
Revenue include acquired business of Zain Group, which contributed revenues of RO 2.1 Bn.

EBITDA in RO Mn

EBITDA grew by 3% YoY in absolute amounts, EBITDA margin decresed by 2.6%



Net Profit in RO Mn



Net Profit observed a growth due to the growth in revenues, cost optimization measures across the group, depreciation and currency gains.

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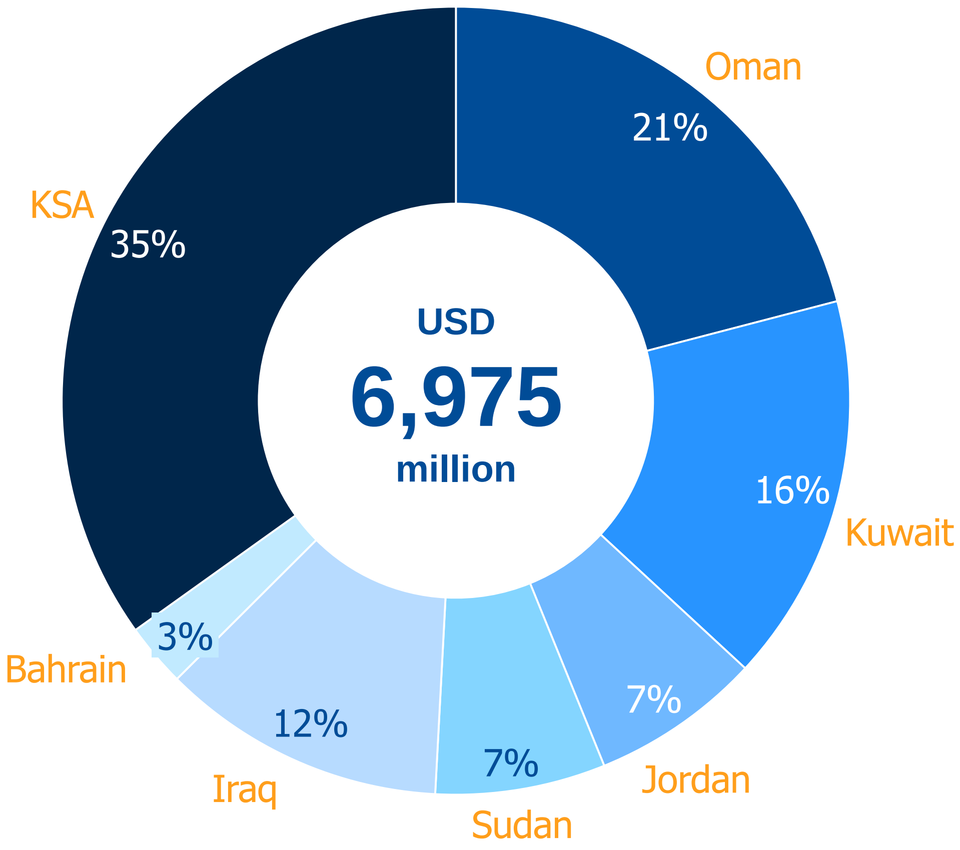
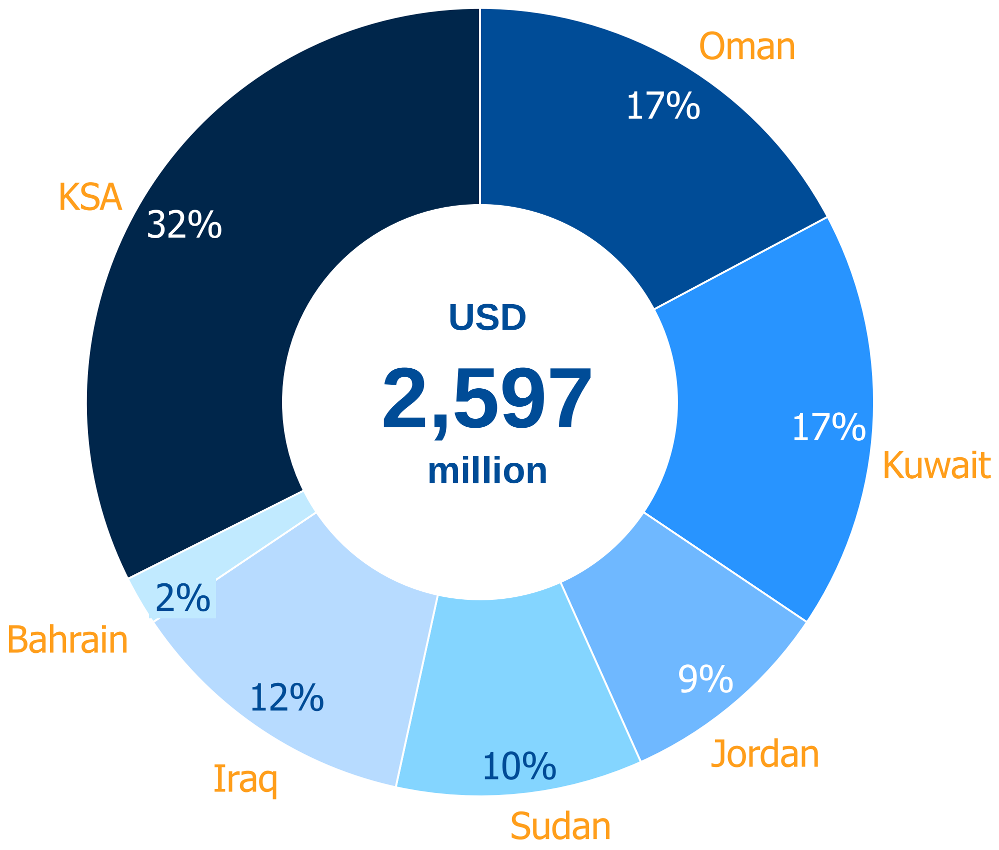
We have a diversified exposure to cash generating and growth markets

Group Revenue – FY22



Group EBITDA - FY22



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Delivering 11.4% growth across Omantel Group and 6.4% in domestic market

Key Strategic Developments

- Oman Tower Sale and REIT transactions completed
- Completion of deleveraging initiatives
- Closure of Zain KSA & Zain Iraq tower sale transaction in Jan 2023

Strong commercial traction in Oman in 2022

+156K
Postpaid Subscribers

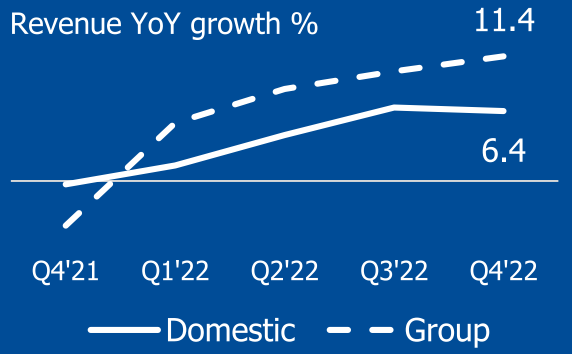
+17K
HBB Subscribers

+250K
Digital Customers

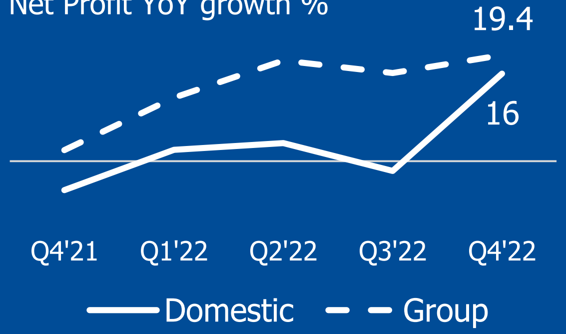
52.4%
Revenue Market Share

Key growth areas

Revenue YoY growth %



Net Profit YoY growth %



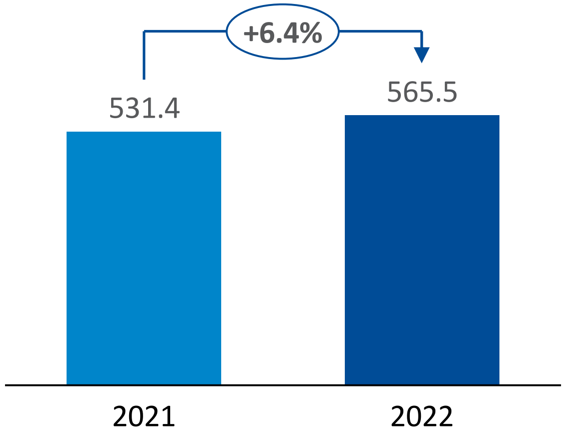
Domestic Performance – 2022 (Including domestic subsidiaries)

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

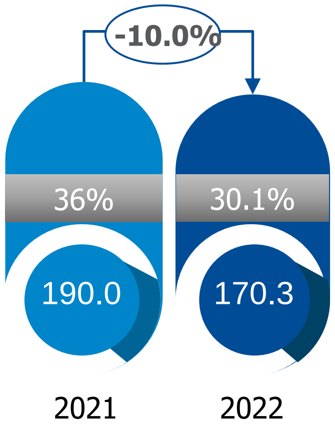
Revenue increase is mainly contributed to growth in Transit voice revenue (low margin segment) which increased by RO 25.5 Mn YoY.

For Core revenues, growth achieved in Mobile Postpaid (11.2%), Fixed Broadband (3.3%), while Prepaid revenue declined (-22.1%) due to challenging market conditions.



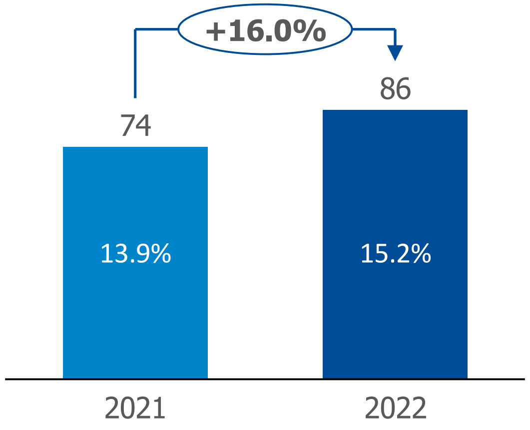
EBITDA in RO Mn

Decrease in EBITDA by 10% YOY is coming on account of decrease in overall Mobility revenue by RO 3.2 Mn and increased costs relating to Home Broad band business- RO 6.9 Mn and increase in Royalty costs in fixed business from 7% to 10% (RO 4.1 Mn)



Net Profit* in RO Mn

Net profit for the year includes Capital gain on disposal of Towers (RO 28 Mn-Net of taxes), Dividend income from Zain group of RO 39.5 Mn (2021: RO 52 Mn), Finance costs RO 46.9 Mn (2021: RO 51.4 Mn). Adjusted for these items net profit for 2022 stands at RO 65.1 Mn compared to RO 73.3 Mn in 2021.



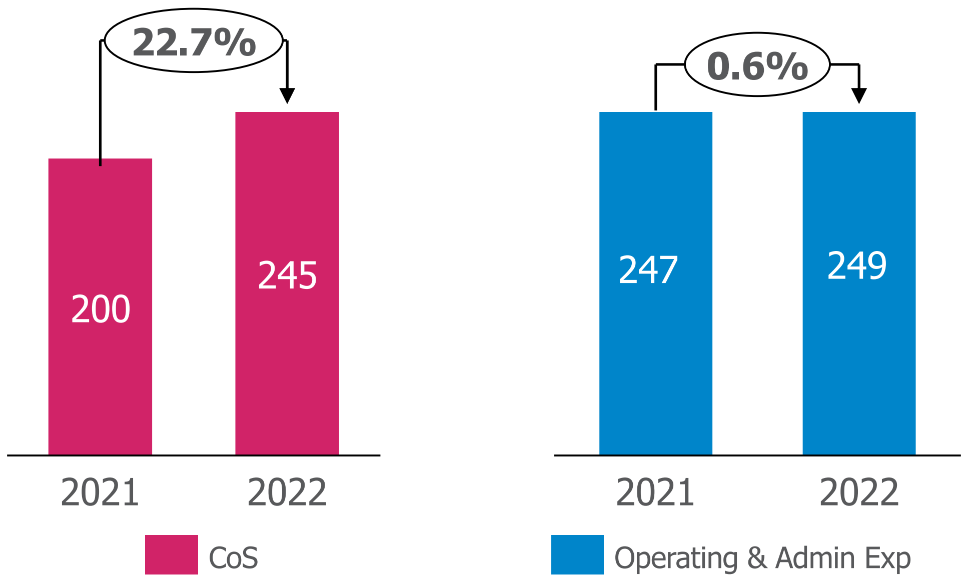
* During the year domestic performance reporting is revised to include Dividend income from Zain group, finance costs and other associated costs with respect to its investment in Zain group.

Operating & Admin costs have increased by 0.6% YoY. Capex to revenue ratio is at 15.4%

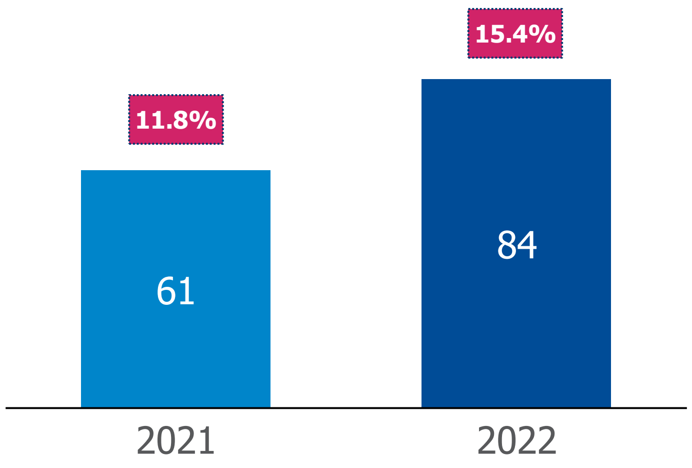
Cost of Sales increased in line with revenue increase.

- External Admin (Hubbing)
- Device and Modems costs
- Increase in **Royalty for Fixed business from 7% to 10%** contributed to further increase in cost

CoS & Operating /Admin Expenses RO Mn



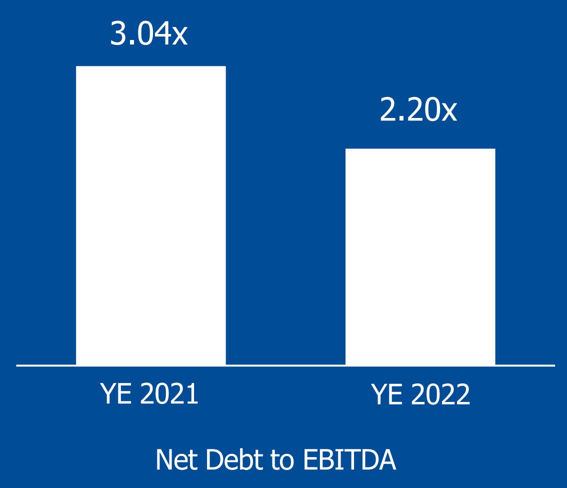
CAPEX additions RO Mn

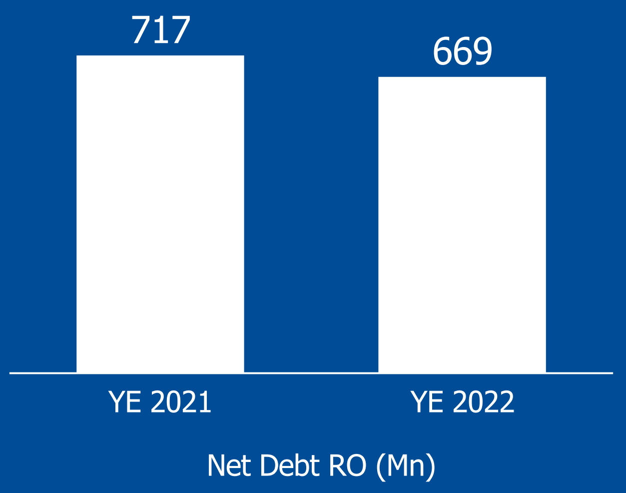


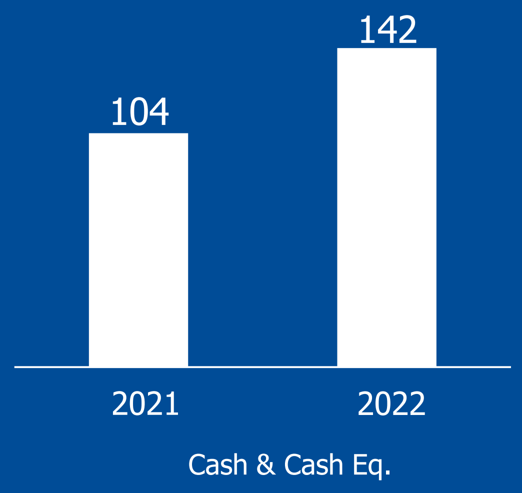
Continuous investment in enhancing our leading technology position in Oman

- 5G (RO 17 Mn)
- 4G expansion (RO 6.2 Mn)

Leverage and Cash Flow position-Leverage comes down to 2.2 post completion of tower sale and REIT transactions







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

- Based on adj EBITDA (EBITDA plus Dividend from Zain), the leverage as of December 2022 is 2.2x* and Interest cover is 4.4x
- Leverage came down on account of bond buyback and increase in Cash balance at the end of year on completion of REIT and Towersale transaction.

Corporate Family Rating (CFR)

Ba3	BB
Moodys	Fitch

Outlook revised from stable to **positive**

*excluding lease and financial liabilities

Value generation: Mobile

Mobile Value generation continues driven by pre-paid to post-paid migration and portfolio revitilization, compensating for ARPU decline (due to intensified competition) across services

108k

Subcribers migrated from pre to post in 2022

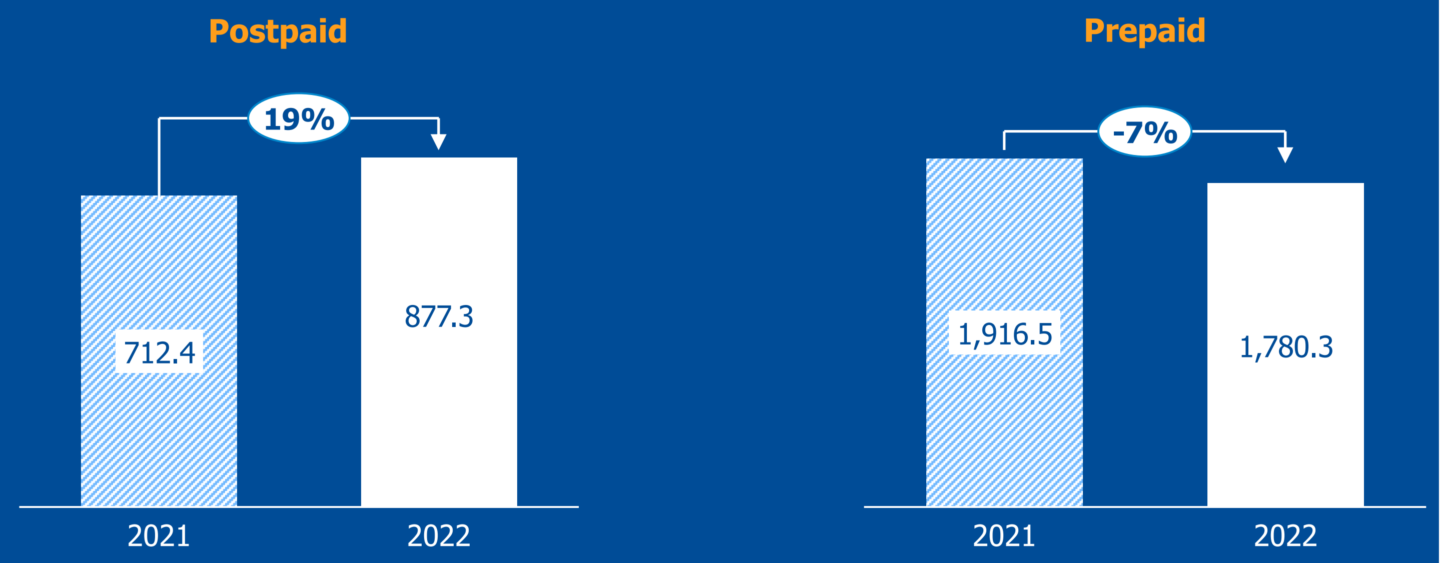
30%

of base is now on Postpaid

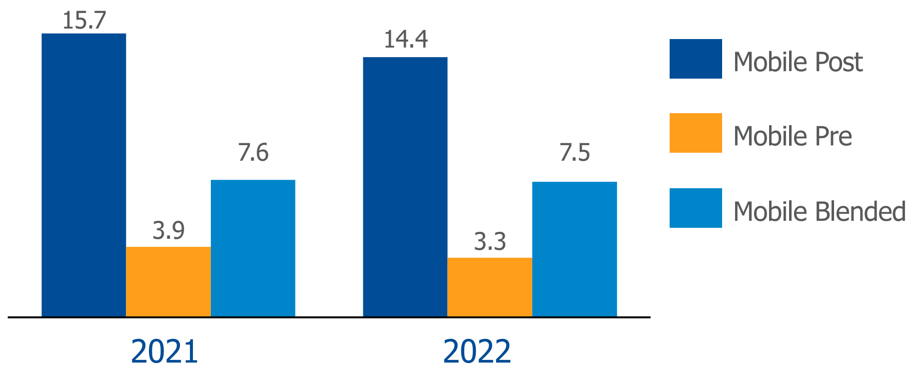
New Launches

- DCB Services for Netflix, Entertainer
- Vehicle Insurance through App
- Apple Watch cellular service

Mobile Subscribers



Mobile Services ARPU | RO / Month



Mobile Subscriber Market Share

Mobile Revenue Market Share

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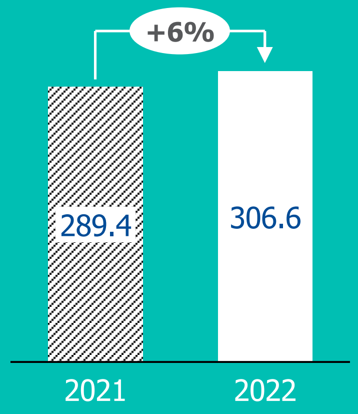
Value generation: Fixed

Fixed Value generation continues driven by migration of customers from legacy copper technology to 4G/5G (wireless Fixed Broadband) and Fibre, as well as adding new services to the portfolio

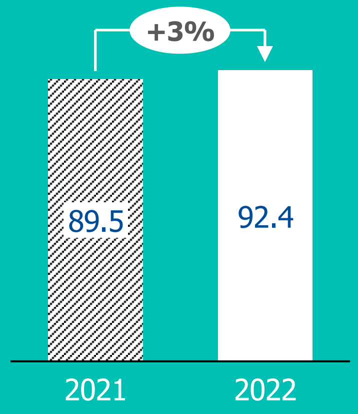
Simplified Value Proposition starting at **100Mbps**

20k Customers
Like to like migration from copper to fibre

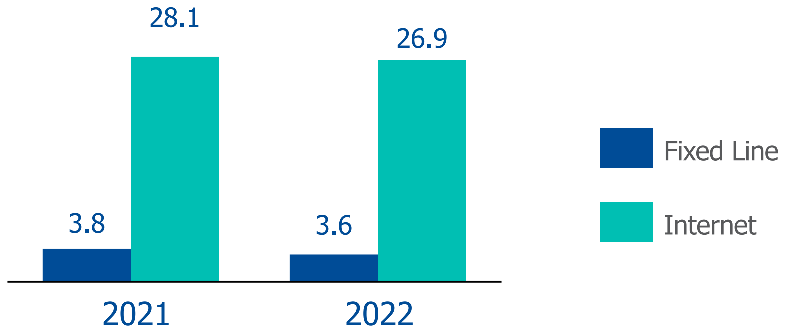
Fixed Broadband Subscribers '000



Fixed Broadband Revenue RO Mn

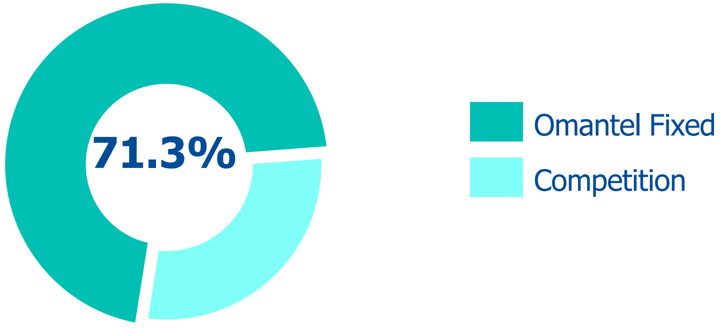


Fixed Services ARPU | RO / Month

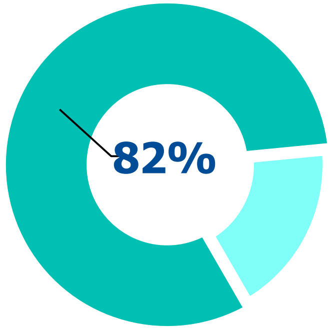


- Fixed line include post & pre-paid voice services.
- Internet include Fixed Broadband and all internet services (dialup post & prepaid, enterprise data services)

Fixed Subscriber Market Share



Fixed Revenue Market Share



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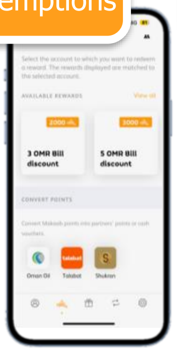
Digital transformation at the forefront of customer experience

Digital Active Base	Registered Base	Transactions	Engagement Rate	App Store Rating	Independent Recognition	
+37%	**1.4m**	**+25%**	**+4%**	**#1** in Oman Ranked **#3** in GCC	GOLD 2022 STEVIE WINNER INNOVATIVE USE OF TECHNOLOGY IN CS **Innovative use of technology in CS**	GOLD 2022 STEVIE WINNER INNOVATION IN UTILITY APPS FOR BUSINESS **Innovation in utility apps for business**

We enhanced customer experience

More Redemptions

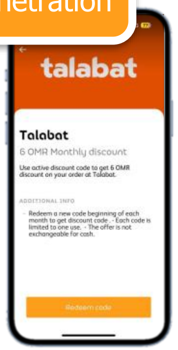


Makasib Experience Revamp

More Top-Ups

Top up Experience Enhancement

Higher Penetration



Gift Box for Baqati

We engaged with our customers

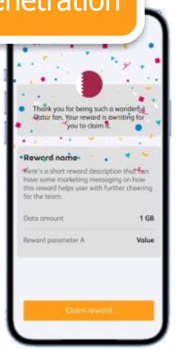
More Interactions

Banner Notifications in the App

More Engagement

Spin the Wheel

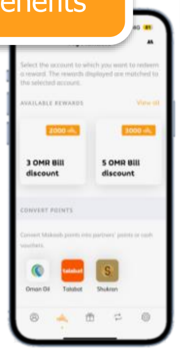
Higher Penetration



Qatar 2022 Offer

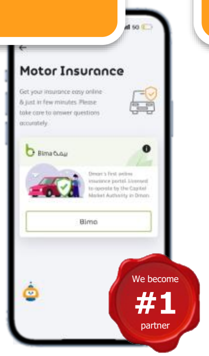
Expanded portfolio via non-telco services

Beyond Telco Benefits



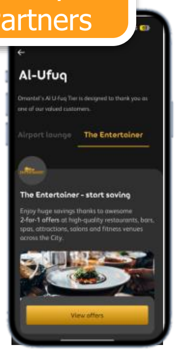
Makasib Partner Redemptions

InsurTech



BIMA Car Insurance

100+ Lifestyle Partners



Entertainer for Al Ufuq

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Tehnology Leadership: continuous progress in 5G roll Out

Mobile
Population Coverage

2G	3G	4G	5G
96%	**99%**	**95%**	**88%**

Home Broadband
Household Coverage

HBB
90%

5G roll-out delivering fibre-like speeds combined with attractive market offerings and professional deployment of outdoor CPEs leads to 5G representing >90% of all FWA connections

FWA 5G Revenue

+143%
YoY

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