

Omantel Group Performance – Q1 2024



MSX Session

Tuesday, May 21, 2024
2:00 Pm Oman Time

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Geared to Lead Sultanate's Technological Evolution

Disrupt

The conventional incumbent telco logic

Voice

SMS

Internet



Expand

Artificial Intelligence

Space Technologies

Data Centers

Fintech

Smart Cities

Marketplace



Pushing Boundaries, Empowering Customers:
Partnering with Hyperscalers for Technological
edge

Financial highlights for Q1-2024

Domestic Business Performance

Mobile
Market share

35.8%

Fixed Broadband
Market share

55.2%

Mobile Revenue

-1.3%

Fixed Revenue

2.3%

YOY

ICT
Revenue

7.2 Mn

Revenue

[Excl Device and Transit voice]

110.9 Mn

Strategic Partnerships.



Domestic Key Financial Indicators

In Million RO

Revenue

-6.4% YOY

152.7

Net Profit

-8.6% YOY

36.2

Stable EBITDA and Gross margin at Retail level.
Decrease in Wholesale Capacity margin led to decrease in EBITDA

Capex

18

EBITDA

-3.1% YOY

43.1

Net Debt

722.8

6.6% YOY

Subscribers

-3.6% YOY

2.986

FCF

-37% YOY

(24.5)

Performance of Zain Group

In USD



shareholding **21.9%**

Group Revenue

-1% YOY

\$1.5 Bn

Group EBITDA

-11.1% YOY

\$480 Mn

Group Net Profit

-59% YOY

\$95 Mn

Market value of Zain
Shares held by
Omantel

1.5bn

Net profit YOY decrease is attributed to:

- Restatement of Q1-2023 for KSA Tower sale
- On going conflict and network challenges in Sudan

Dividend from Zain
Year 2023

76 Mn

Strategic Developments at Zain Group



- Completion of STS Acquisition



- ZOI Operational from Q1-2024
- Blue raman, KSA Terr to be operational by 2024 Year end



- Partial resumption of network services in Sudan on 7 March 2024

Omantel Key developments in Q1'2024

Successful Issuance of \$500 Mn

- Coupon rate at 5.375% p.a.
- 130.8 bps over 7-year US Treasury rates
- 7 year maturity. Structure based on airtime data



- The joint venture commenced operations in the first quarter of 2024.

Cloud Edge Collaboration

Artificial Intelligence & Machine Learning



Google Cloud

- API Monetization & Enhanced Services Offerings;
- Google Distributed Cloud Edge;
- Integration of advanced Artificial Intelligence and Machine Learning capabilities based on Omantel's prediction models;

Sovereign Cloud Capability & Market Place



- Collaboration with AWS to build Cloud Center of Excellence, Digital Market place, SuperApp.
- Development of Generative AI Used Cases;
- Implementation of sovereign cloud capabilities i.e. access controls, storage, guardrails and encryption;



Launch of National Cloud with Huawei

- Secure data storage and management within Oman.
- Support for digital transformation efforts.
- Enhanced data sovereignty.
- Scalable and reliable cloud infrastructure..

Omantel Innovation Lab



Oman Investment Authority Joint Future Fund

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

12 Mn



Sustainability Report

2022-2023

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

Omantel Acquires



25% Stake in Etlaq

to Develop Space Launch Infrastructure in Oman

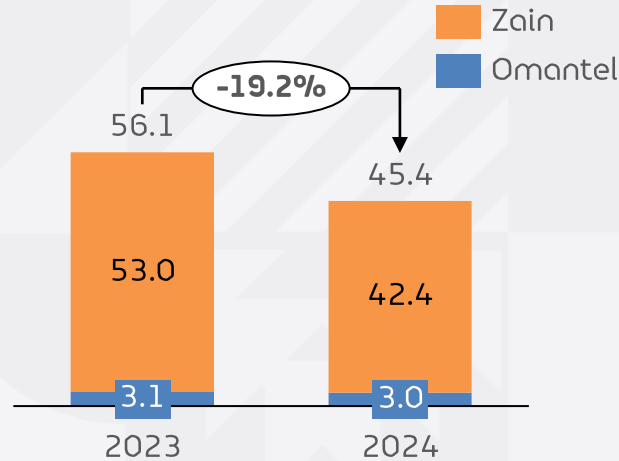
Omantel Group Performance (Including Zain)

Omantel Group (Incl Zain Group) – Q1 2024

Group Revenue stands at RO 728.1 Mn decrease by 0.8%, EBITDA at 226.8 Mn decrease by 8.7% and Net Profit is at RO 40.6 Mn , decrease of 21.1% YoY (Compared to Normalised profit for 2023)

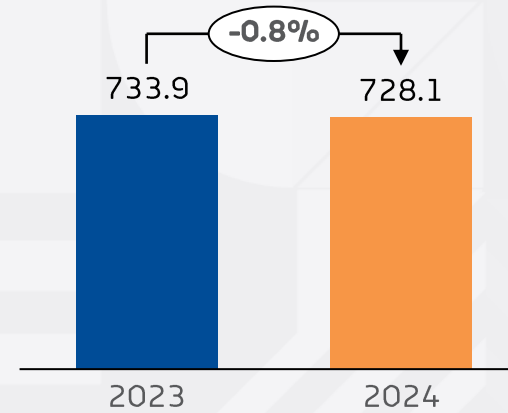
Subscribers in Mn

Zain's total subscriber base decreased by 10.7 Mn compared to 2023 coming mainly from Sudan on account of network shutdown and mass migration crisis. Domestic subscriber base reduced by 114K on account of reduction in Mobile Prepaid base by 263k which was offset by increase in Postpaid Mobile base by 146k and FBB base by 6K



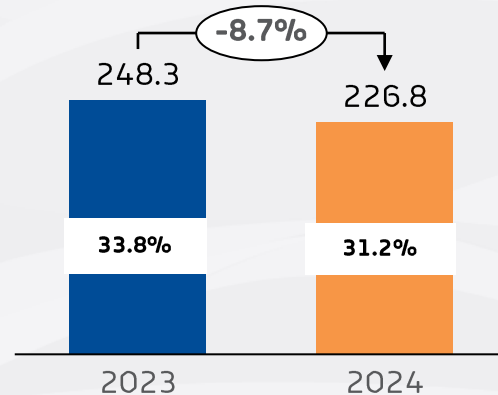
Revenue in RO Mn

Domestic business revenue decreased by RO 10.4 Mn (6.3%) on account of decrease in Hubbing revenue by RO 3.7 Mn and Device revenue by RO 6.7 Mn. Zain group revenue increased marginally by RO 1.9 Mn on account of growth in device revenue, Hubbing revenue, B2B revenue which was offset by fall in revenue in Sudan.



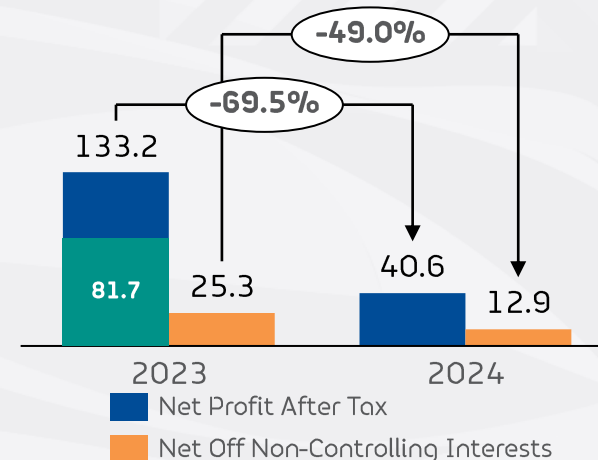
EBITDA in RO Mn

Domestic EBITDA decreased by RO 1.4 Mn (3.1%) on account of reduction in Gross profit by RO 3 Mn which was partially offset by decrease in Impairment of receivables by RO 1.5 Mn. Zain Group EBITDA decreased by RO 19.6 Mn with a significant impact coming from Sudan which contributed for RO 29 Mn which was partially offset by increase in KSA and Iraq



Net Profit in RO Mn

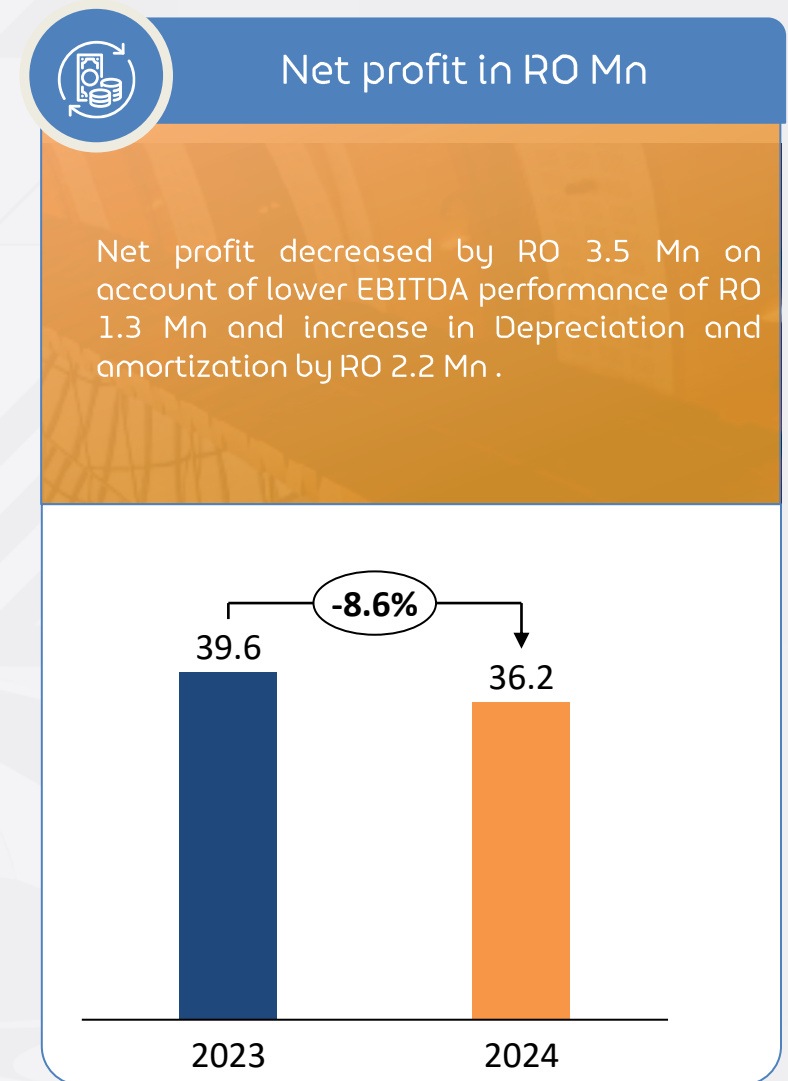
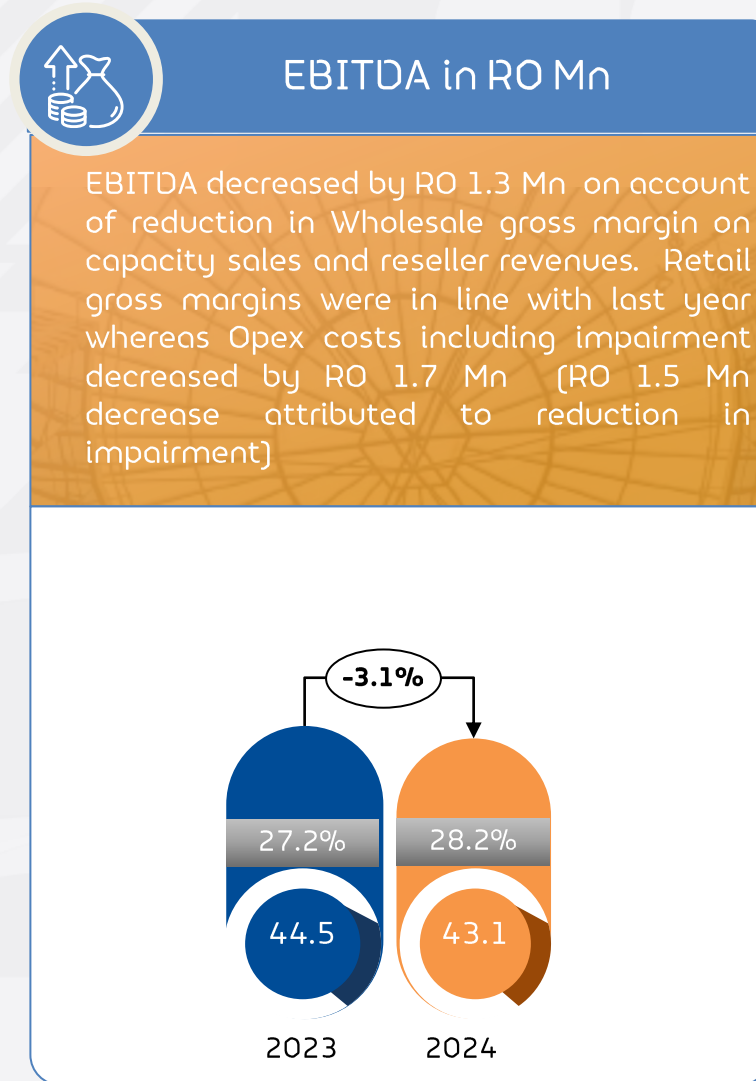
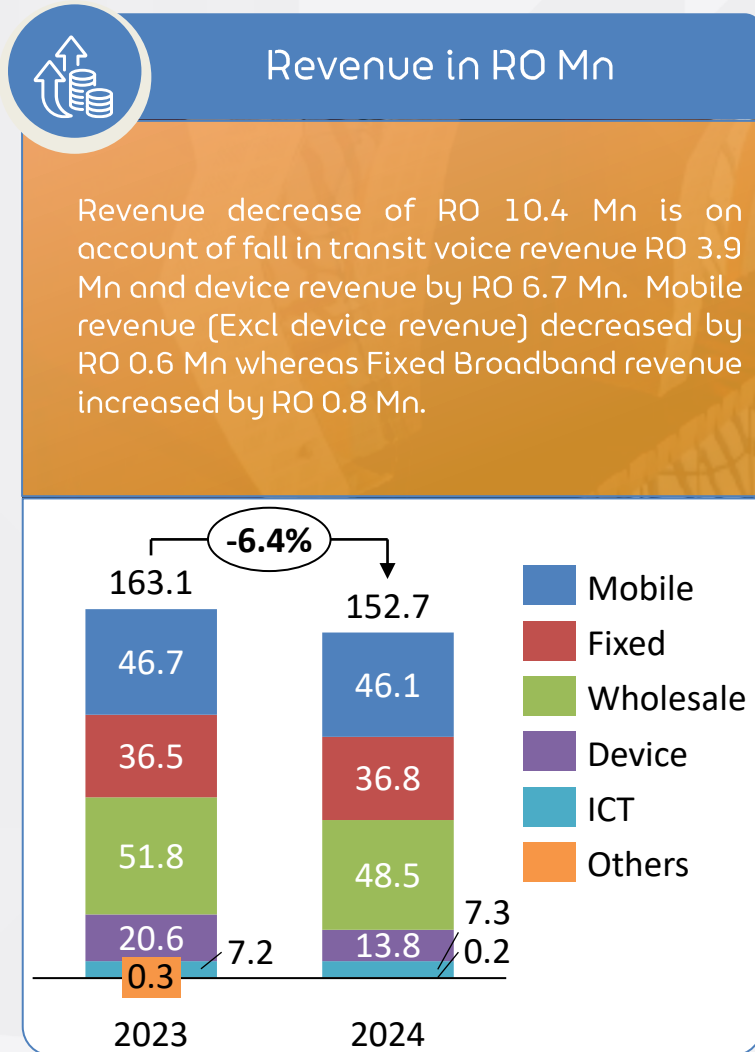
Net profit before minority interest decreased by RO 92.6 Mn (69.5%) since Q1-2022 includes the Capital gain on KSA tower sale of RO 81.7 Mn. Excluding Capital gain on Towersale (KSA) of RO 81.7 Mn, Net profit for 2023 stands at RO 51.5 Mn which represents a YOY decrease of RO 10.9 Mn. Decrease is on account of fall in EBITDA and increase in Finance costs and Amortisation in Zain group.



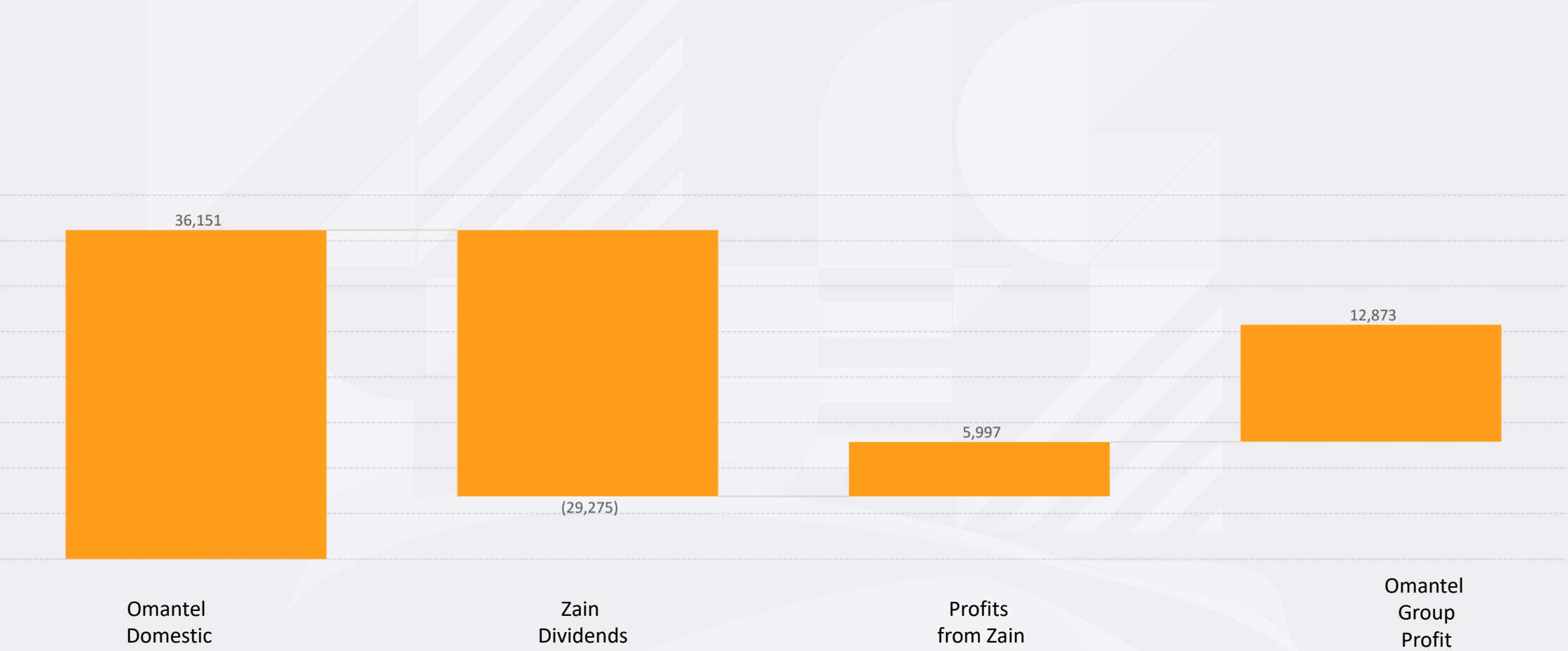
Omantel Domestic Performance (Excluding Zain)

Domestic Performance – Q1 2024

Domestic revenue (Excluding device and transit revenue) increased by 0.19% supported by growth in Fixed Broad band



Omantel Group Profit– Domestic to Group profit

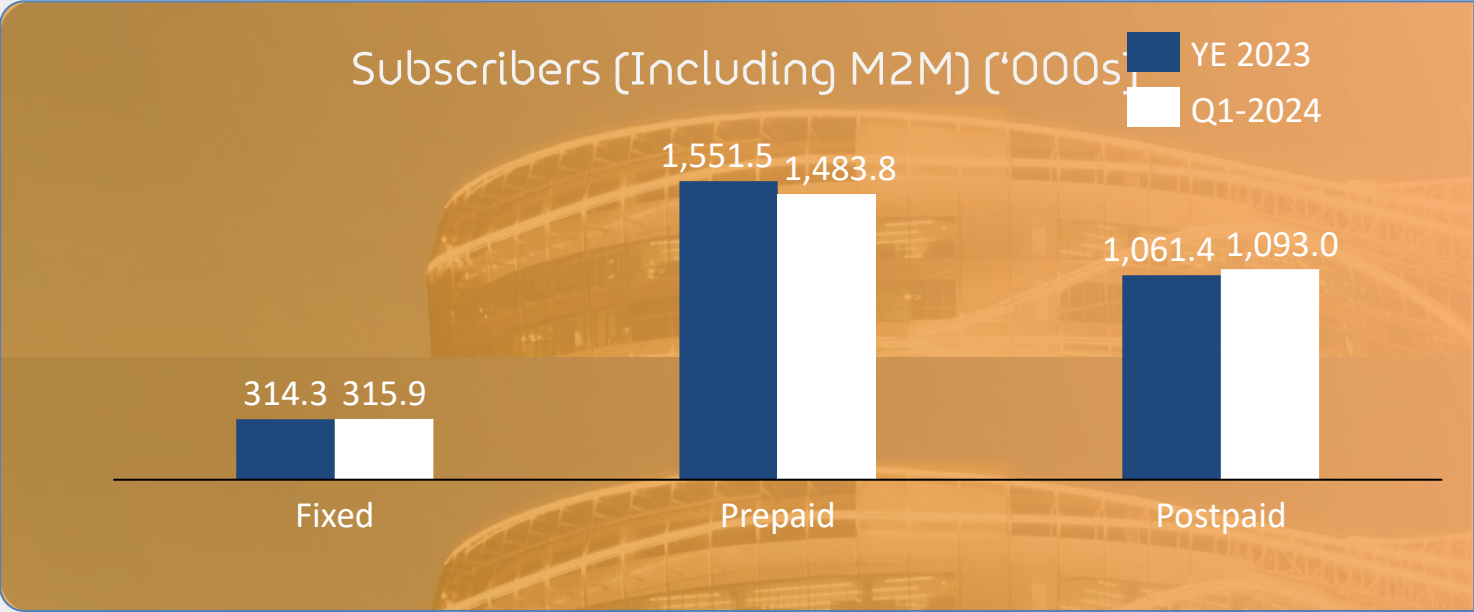
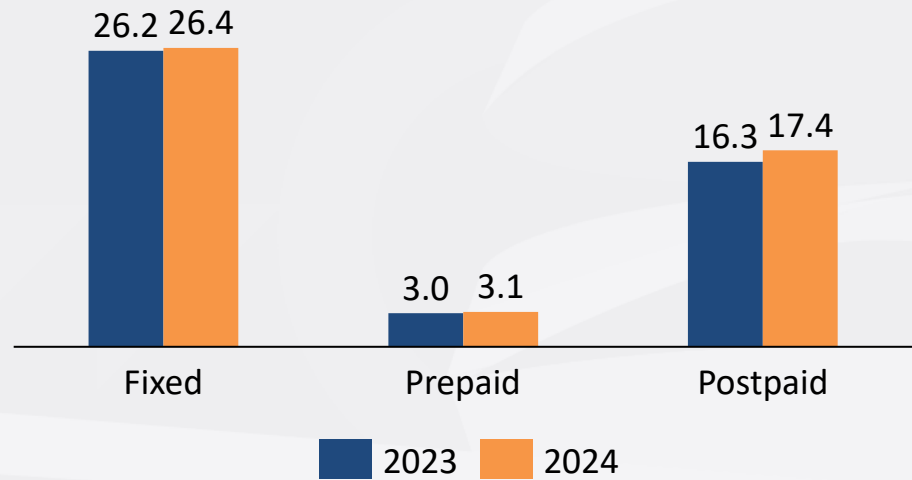


Value generation: Effective subscriber retention and upselling strategy despite challenging market conditions.

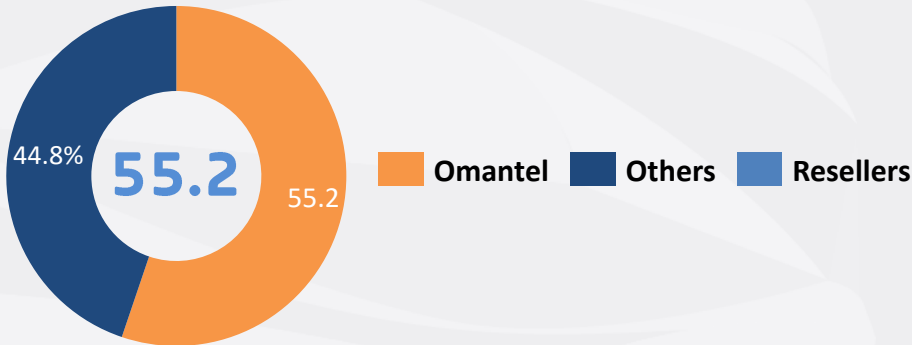
- Mobile Value generation: continuous focus on customer retention through strategic retention management.
- Fixed Value generation continues to be driven by by migration of customers from legacy copper technology to 4G/5G (wireless Fixed Broadband) and Fibre, Capturing competition base.

24k
Prepaid to Postpaid Gross Migration in Q1-2024

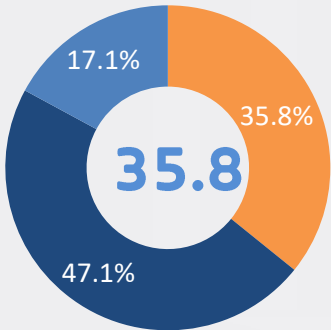
ARPU | RO / Month



Fixed Broadband Market Share



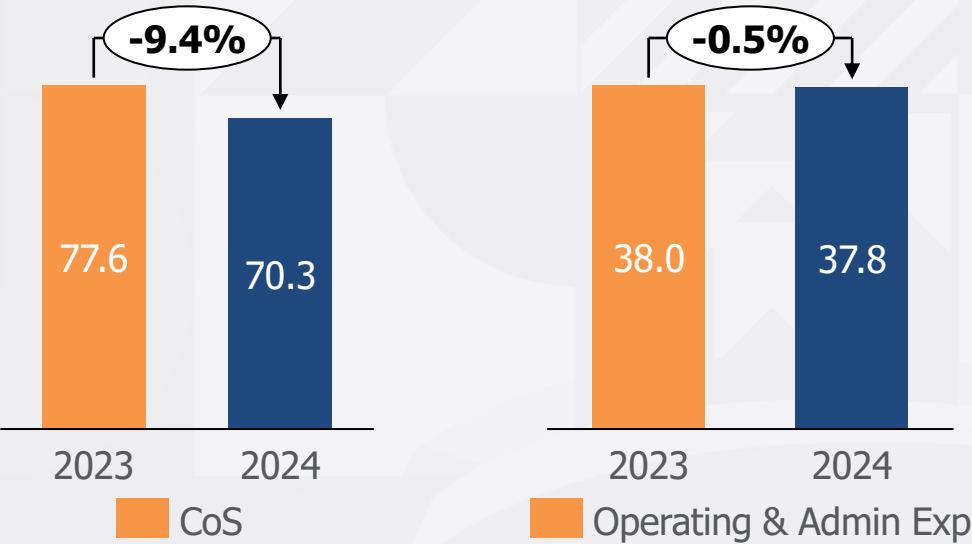
Mobile Market Share



Cost of sales for Q1-2024 decreased by 9.4% which is in line with decrease in revenues. Operating & Admin costs have decreased by 0.5% YoY. Capex to revenue ratio stands at 11.8%



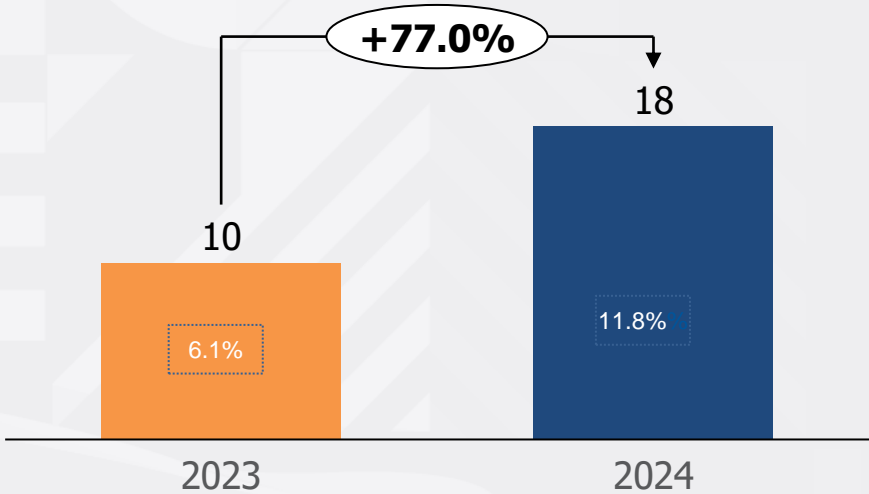
CoS & Operating /Admin Expenses RO Mn



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

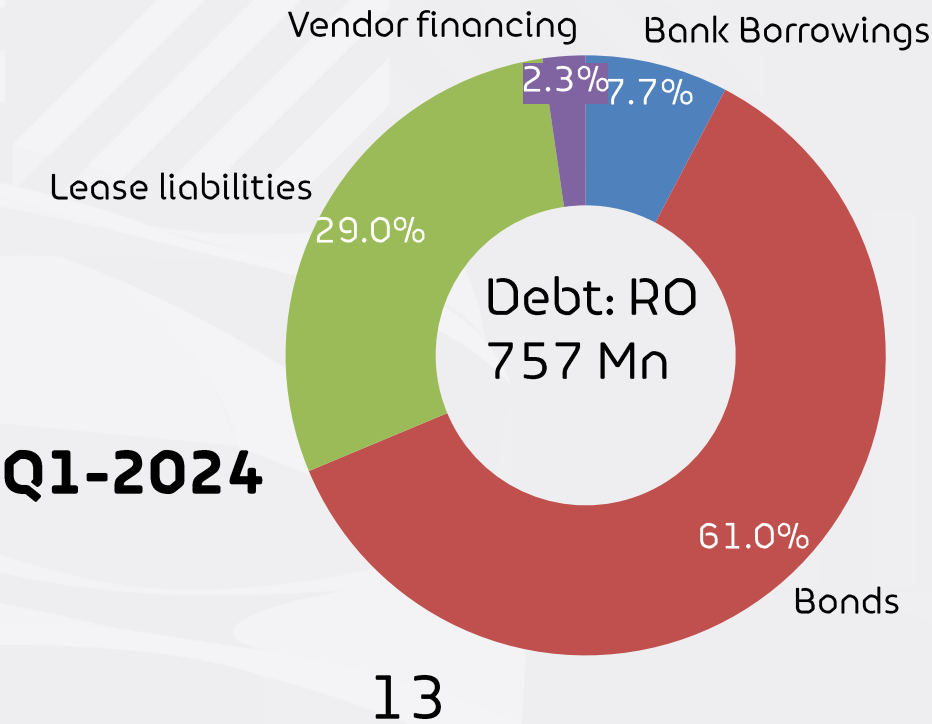
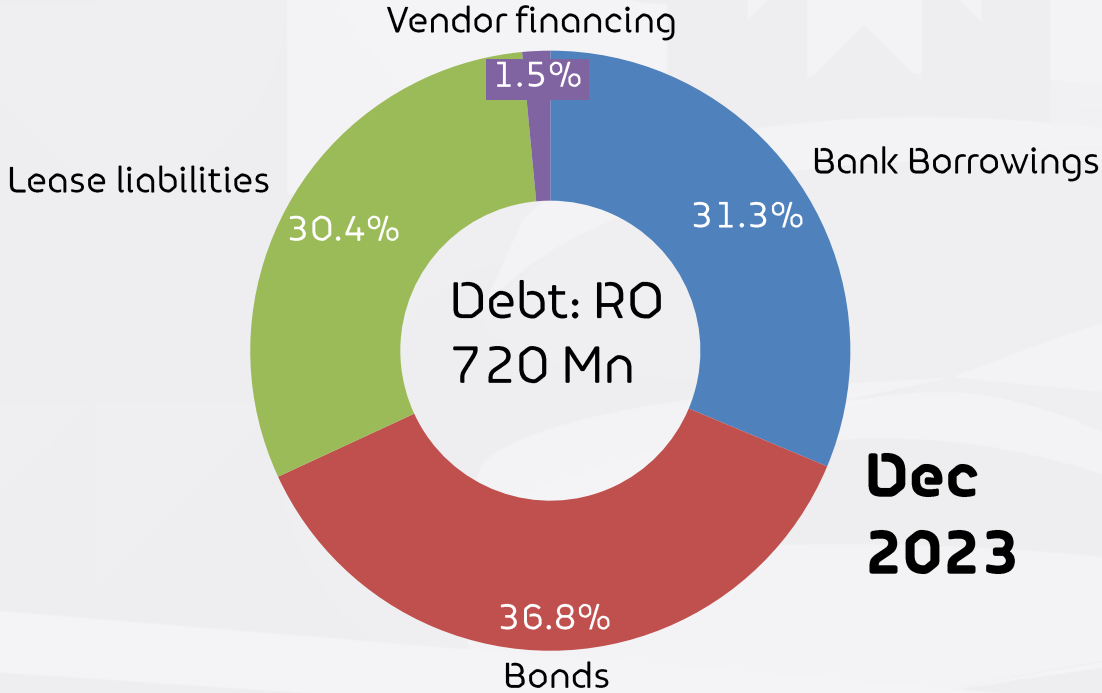
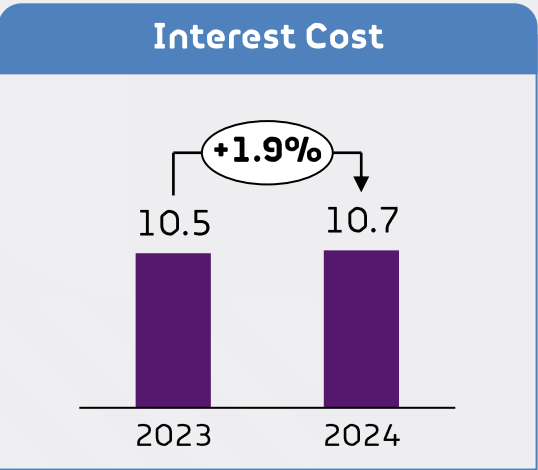
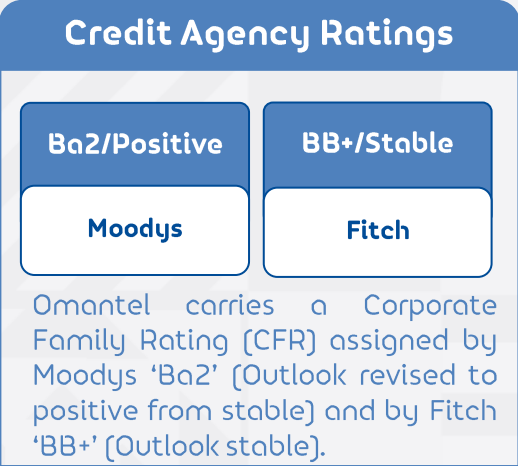
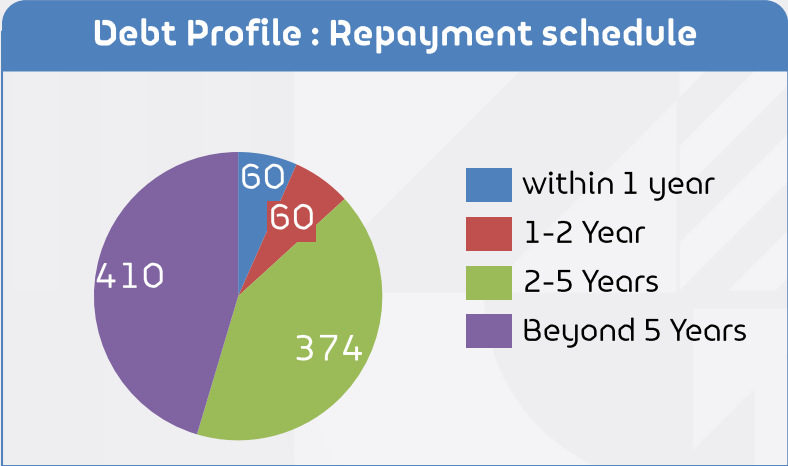


CAPEX additions RO Mn



Capex is expected to pick up in the remaining quarters. For the full year Capex to revenue ratio is expected to be at 15%

Debt Profile-Q1-2024



Contact US



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Appendix

Omantel Group (Excluding Zain) Balance Sheet

Omantel Group excluding Zain		
Balance sheet		
	31 March 2024	31 December 2023
ASSETS		
Current assets		
Cash and bank balances	34,328	42,345
Trade and other receivables	186,994	179,734
Inventories	12,887	13,314
Investment securities at FVTPL	6,171	5,760
Receivable from subsidiaries	(1,940)	(5)
Contract asset	32,409	32,006
	270,849	273,154
Non current assets held for sale	1,296	1,296
	272,145	274,450
Non-current assets		
Contract assets	3,123	3,488
Investment securities at FVTPL	25,641	25,357
Investment securities at amortised cost	1,000	1,000
Other assets	3,832	3,500
Deferred Tax	27,906	26,850
Investments in associates	31,827	32,335
Investments in subsidiaries	848,353	850,336
Property and equipment	462,007	462,023
Right of use assets	98,597	99,856
Intangible assets and goodwill	69,924	71,907
Total	1,572,210	1,576,652
Total assets	1,844,355	1,851,102

EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payable	292,587	299,654
Contract liability	53,743	42,147
Income tax payable	11,698	8,628
Borrowings	47,758	211,564
Lease liability	10,059	10,095
	415,846	572,089
Non-current liabilities		
Borrowings	472,095	278,611
Lease liability	128,860	128,422
Other liability	102,396	108,952
	703,351	515,985
Total liabilities	1,119,197	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 reserve	(30)	(30)
Retained earnings	529,490	567,338
Equity attributable to equity holders of parent	723,516	761,364
Attributable to minority interest	1,643	1,664
Total equity	725,159	763,028
Total equity and liabilities	1,844,356	1,851,102

Omantel Group (Excluding Zain) Income statement

Omantel Group excluding Zain		
Income Statement		
	31 March 2024	31 March 2023
Revenue	152,710	163,132
Cost of sales	(70,279)	(77,581)
Operating and administrative expenses	(37,790)	(38,017)
Depreciation and amortization	(26,177)	(23,870)
Expected credit loss on financial assets (ECL)	(1,553)	(3,075)
Interest income	408	819
Investment income	29,640	29,897
Share of results of associates and joint venture	1,107	283
Other (expense)/ income	804	752
Finance cost	(10,705)	(10,475)
(Loss)/Gain from currency revaluation	(55)	(31)
Profit before taxation	38,110	41,834
Taxation	(1,959)	(2,242)
Profit for the period	36,151	39,592
Attributable to:		
Equity holders of the parent	36,172	39,679
Non-controlling interests	(21)	(88)
Profit for the period	36,151	39,592

Omantel Group (Excluding Zain) Cashflow Statement

Omantel Group excluding Zain Cash Flow statement		
	31 March 2024	31 March 2023
OPERATING ACTIVITIES		
Profit for the period before tax	38,110	41,834
Adjustments for:		
Depreciation and amortization	26,177	23,870
ECL on financial assets	1,553	3,075
Interest income	(408)	(819)
Investment income	(29,640)	(29,897)
Share of results of associates	(1,107)	(283)
Finance costs	10,705	10,475
Profit on sale of property, plant and equipment	(8)	(2)
Currency loss	55	31
Operating profit before working capital changes	45,437	48,284
Increase in trade and other receivables and contract assets	(5,692)	(26,095)
(Increase)/ decrease in inventories	427	1,898
Decrease in trade and other payables	(24,594)	(18,397)
Net cash flows from operating activities	15,578	5,690
INVESTING ACTIVITIES		
Fixed deposit	(500)	-
Investment in securities (net)	(339)	511
Investment in associate	-	(1,290)
Acquisition of property and equipment (net)	(39,543)	(23,813)
Acquisition of intangible assets (net)	(97)	(242)
Dividend received	-	571
Interest received	410	819
Net cash flows from/ (used in) investing activities	(40,069)	(23,444)
FINANCING ACTIVITIES		
Proceeds from borrowings	203,286	40,513
Repayment of borrowings	(178,491)	(131,743)
Repayment of lease liabilities	(5,148)	(1,886)
Finance costs paid	(3,673)	1,811
Net cash flows used in financing activities	15,974	(91,305)
DECREASE IN CASH AND CASH EQUIVALENTS	(8,517)	(109,059)
Cash and cash equivalents at 1 January	42,345	142,071
Cash and cash equivalents at end of period	33,828	33,012