

May 17, 2009

OMANTEL (OTL.OM)

- Omantel reported total revenue of OMR 98.8 million at the end of 1Q2009, just 0.6% above 1Q2008 results and 4% below our forecast of OMR 102.7 million. According to management, the lower revenue growth is due to the decline in minutes of usage witnessed since 4Q2008.
- Total subscribers for Oman and Pakistan operations grew by 12.3% during 1Q2009 and reached 2.2 million.
- During 1Q2009, EBITDA declined by 2% YoY to OMR 53.9 million; this was 4% below our forecasted EBITDA of OMR 56 million. According to management, the reason behind this decline is an increase of 5.6% in operating expenses.
- Royalty paid by the company during 1Q2009 stood at OMR 7 million, an increase of 2% compared to 1Q2008. The royalty fee payment structure was amended. The company is now required to pay the TRA royalty fee at the rate of 12% on gross mobile revenue and 10% on gross fixed-line revenue, excluding the sale of terminal equipment.
- The company also realized an insurance claim settlement during 1Q2009 amounting to OMR 3.6 million; this is related to the insured properties that were damaged due to cyclone Gonu on 6th June 2007.
- Omantel's net profit edged down 1% during 1Q2009 compared to the same period last year. This was 5% above our forecast.
- We will be issuing an update on Omantel to incorporate the latest performance.

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