

# Q1 FY2017 Earnings Presentation

July 30, 2016

# Cautionary statement

## Forward Looking Statements

This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to OnMobile Global Limited’s (OnMobile Global or the Company) future business developments and economic performance.

While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

OnMobile Global undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

# Financial snapshot (IND AS)

## Consolidated financials

(Rs. Mn)	Q1 FY2017	Q4 FY2016	% Q-o-Q	Q1 FY2016	% Y-o-Y
Revenue	1,886	2,001	(5.8%)	2,018	(6.5%)
Gross Margin	1,133	1,191	(4.9%)	1,265	(10.5%)
Manpower cost	542	523	3.5%	597	(9.3%)
Other Opex	294	404	(27.3%)	337	(12.9%)
EBITDA	297	263	12.9%	331	(10.2%)
<i>% Margin</i>	15.8%	13.2%		16.4%	
Operating Profit	151	(113)	<i>Nm</i>	(42)	<i>Nm</i>
<i>% Margin</i>	8.0%	(5.6%)		(2.1%)	
Net Profit	93	(148)	<i>Nm</i>	(66)	<i>Nm</i>
<i>% Margin</i>	4.9%	(7.4%)		(3.3%)	
<b>EPS (Rs.)</b>	<b>0.84</b>	<b>(1.35)</b>	<b>Nm</b>	<b>(0.60)</b>	<b>Nm</b>

# Financial snapshot (Previous GAAP)

## Consolidated financials

(Rs. Mn)	Q1 FY2017	Q4 FY2016	% Q-o-Q	Q1 FY2016	% Y-o-Y
Revenue	1,886	2,001	(5.8%)	2,018	(6.5%)
Gross Margin	1,133	1,191	(4.9%)	1,265	(10.5%)
Manpower cost	537	515	4.3%	577	(6.9%)
Other Opex	294	295	(0.5%)	337	(12.8%)
EBITDA	302	381	(20.7%)	351	(14.1%)
<i>% Margin</i>	16.0%	19.0%		17.4%	
Operating Profit	155	4	3422.2%	(21)	Nm
<i>% Margin</i>	8.2%	0.2%		(1.1%)	
Net Profit	139	(61)	Nm	(2)	Nm
<i>% Margin</i>	7.4%	(3.1%)		(0.1%)	
<b>EPS (Rs.)</b>	<b>1.27</b>	<b>(0.60)</b>	<b>Nm</b>	<b>(0.01)</b>	<b>Nm</b>

# IND AS

## IndAS Vs Previous GAAP

Rs. Mn

Items Impacted	Impact of IndAS	Q1 FY2017	Q4 FY2016	Q1 FY2016
<b>Manpower Cost</b>	<p><b><i>Increase in Manpower cost:</i></b></p> <p>1. Incremental cost on account of Employee stock option scheme valued at fair value in IndAS as compared to intrinsic value method used in the previous GAAP.</p> <p>2. Reclassification of actuarial gain/(losses) pertaining to employee schemes to Other Comprehensive Income.</p>	(5)	(8)	(20)
<b>Other Income</b>	<p><b><i>Decrease in Forex Gain and increase in Other opex:</i></b></p> <p>Impact of translation of financials of overseas branches and subsidiaries from functional currency to presentation currency. (Consequent to the forex adjustments, in Q4 FY2016, other opex will increase by Rs. 109 Mn on account of Forex loss)</p>	(43)	(86)	(47)
<b>Tax adjustments</b>	Impact of taxes on the above items	1	7	3
<b>Total Impact on Net Profit</b>		<b>(46)</b>	<b>(87)</b>	<b>(64)</b>

# Q1 2017 performance

**Q1 FY'17 records positive PAT at 4.9% with a positive EPS of Rs. 0.84**

- Revenue in Q1 FY'17 is down by 5.8% and 6.5% as compared to Q4 FY'16 and Q1 FY'16 respectively. This is principally due to the final wind-down of businesses categorized as non-core in the earlier years, and partially due to the renewals of customer agreements with revised revenue share.
- Paid subscribers for the Ring Back Tone business surpassed 73 million globally.
- Operating expenses in Q4 FY'16 includes Fx loss of Rs. 109 Mn on account of IndAS re-statement. Without this the opex in Q1 FY'17 remains flat at Rs. 294 Mn. This is a 13% reduction y-o-y following the cost control measures undertaken over the year from time to time.
- Manpower cost reduced by 9.3% as compared to Q1 FY'16 and increased by 3.5% as compared to Q4 FY'16 on account of annual compensation increase.
- Dramatic improvement in Operating profit with a margin of 8% on account of a sharp reduction in amortization in Q4 FY'16.
- Sustained refocusing of the company resulting in a 4.9% Net Profit with a positive EPS of Rs. 0.84. This marks a major turnaround in the financial performance of the company.

# Q12017 Business highlights

## Domestic and International business

**Overall international business was stable at 76% of total revenue during the quarter and domestic business at 24%:**

### India

India revenue was Rs. 455 Mn in Q1 FY'17, grew by 1.4 % q-o-q and 2.5% y-o-y.

- We have gone live with our RBT services in Airtel West zone and Reliance Communications, increasing OnMobile's market share in India to over 70%.

### US

- We have signed a contract with Sprint to take over complete customer lifecycle management of Ringback Tone subscribers under our new consumer brand. This is the first of such agreements that OnMobile will pursue for its growth in key markets.

### Europe

Recorded a revenue degrowth of 8.2% q-o-q and 1.9% y-o-y.

- Launched Billing Platform in Telefonica Spain. This platform converges more than 40 content providers on OnMobile platform for charging.

# Q12017 Business highlights

## Domestic and International business

### Asia

Revenue down by 6.6% q-o-q and grew by 39.1% y-o-y.

- Launched Reverse RBT in one of the major operators in Bangladesh and achieved an incremental penetration of 1.8% adding 500K subscribers to RBT base.

### Africa & Middle East

Revenue down by 4.4% q-o-q and 4.6% y-o-y.

- Went live with our RBT services in Airtel Nigeria during the quarter.
- Globacom Nigeria RBT penetration significantly scaled up to 15% this quarter from 11% in Q4 FY'16.

### Latin America

Revenue down by 10.7% q-o-q and 38.7% y-o-y respectively.

- This is primarily with cessation of non-core business such as Football in this region.
- Inability to reach a long term arrangement with Vivo, Brazil will result in withdrawal of our RBT service from this account.



# Other highlights

## Corporate Highlights

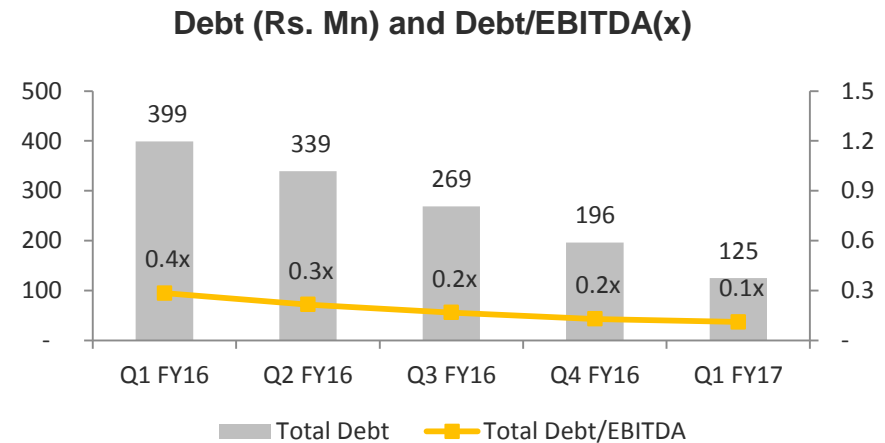
- **Buyback:** At the end of June 2016, OnMobile completed its buyback with a total purchase of 5.6 Mn shares. This quarter, 4.1 Mn shares were bought with a total outflow of Rs. 414 Mn.

# Q1 FY2017 Financial performance

## Strong balance sheet and cash position

(Rs. million)	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015
Short Term Borrowings	125	196	269
Long Term Borrowings	-	-	-
<b>Total Debt</b>	<b>125</b>	<b>196</b>	<b>269</b>
Cash & Cash Equivalents	2,652	3,209	2,783*
<b>Net Cash</b>	<b>2,528</b>	<b>3,013</b>	<b>2,514</b>
<b>Net Worth (excluding Goodwill)</b>	<b>5,915</b>	<b>6,259</b>	<b>6,433</b>

\* Includes Escrow balance of Rs.162 Mn.



- Total loan repayment of Rs. 71 Mn
- Buyback of Rs. 414 Mn (Total buyback Rs. 640 Mn)

# Financial Statements – Balance Sheet

(Rs. Mn)	As at Jun 30, 2016	As at Mar 31, 2016
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>	<b>5,915</b>	<b>6,259</b>
Deferred tax liabilities (net)	1	1
Long-term provisions	49	44
<b>Non-Current Liabilities</b>	<b>50</b>	<b>45</b>
Short-term borrowings	125	196
Trade payables	1,674	2,380
Other current liabilities	733	727
Short-term provisions	131	13
<b>Current Liabilities</b>	<b>2,663</b>	<b>3,316</b>
<b>Total</b>	<b>8,628</b>	<b>9,620</b>

(Rs. Mn)	As at Jun 30, 2016	As at Mar 31, 2016
<b>ASSETS</b>		
Deferred tax assets	239	229
Fixed assets	1,083	1,180
Long-term loans & advances	1,411	1,450
<b>Non-Current Assets</b>	<b>2,733</b>	<b>2,859</b>
Current investments	754	927
Trade receivables	1,698	1,983
Cash and cash equivalents	1,899	2,281
Short-term loans & advances	663	680
Other current assets	882	889
<b>Current Assets</b>	<b>5,896</b>	<b>6,761</b>
<b>Total</b>	<b>8,628</b>	<b>9,620</b>

# THANK YOU

## **OnMobile Global Limited**

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