

Q2 FY2017 Earnings Presentation

NOVEMBER 11, 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)	Q2 FY2017	Q1 FY2017	% Q-o-Q	Q2 FY2016	% Y-o-Y
Revenue	1,871	1,886	(0.8%)	2,070	(9.6%)
Gross Margin	1,105	1,133	(2.4%)	1,297	(14.8%)
Manpower cost	528	542	(2.5%)	566	(6.8%)
Other Opex	323*	294	9.8%	349	(7.5%)
EBITDA	255	297	(14.4%)	382	(33.3%)
<i>% Margin</i>	14%	16%		18%	
Operating Profit	113	151	(25.2%)	11	933.1%
<i>% Margin</i>	6%	8%		1%	
Net Profit	41	93	(56.0%)	62	(33.6%)
<i>% Margin</i>	2%	5%		3%	
EPS (Rs.)	0.38	0.84	(54.5%)	0.55	(30.4%)

* Other opex includes a forex loss of Rs. 13 Mn in Q2 FY'17.

Financial snapshot (Previous GAAP)

Consolidated financials

(Rs. Mn)	Q2 FY2017	Q1 FY2017	% Q-o-Q	Q2 FY2016	% Y-o-Y
Revenue	1,871	1,886	(0.8%)	2,070	(9.6%)
Gross Margin	1,105	1,133	(2.4%)	1,297	(14.8%)
Manpower cost	523	537	(2.6%)	555	(5.7%)
Other Opex	310	294	5.4%	349	(11.3%)
EBITDA	272	302	(9.8%)	393	(30.8%)
<i>% Margin</i>	15%	16%		19%	
Operating Profit	130	155	(16.0%)	22	485.0%
<i>% Margin</i>	7%	8%		1%	
Net Profit	35	139	(75.0%)	13	178.3%
<i>% Margin</i>	2%	7%		1%	
EPS (Rs.)	0.33	1.27	(73.7%)	0.12	178.2%

IND AS

IndAS Vs Previous GAAP

Rs. Mn

Items Impacted	Impact of IndAS on Net Profit	Q2 FY2017	Q1 FY2017	Q2 FY2016
Manpower Cost	<p><i>Increase in Manpower cost:</i></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)	(5)	(11)
Other Opex	On account of Forex loss under IndAS as against forex gain without IndAs	(13)		
Other Income	Increase in Forex Gain/(loss) or reduction in forex loss under IndAs	30	(43)	58
Tax adjustments	Impact of tax on the above items	(7)	1	3
Total Impact on Net Profit		6	(46)	49

Business highlights

OnMobile unveiled its new product portfolio and consumer brand

- ONMO the new consumer brand from OnMobile Global Ltd, was launched by company's CEO Rajiv Pancholy in Bangalore. The company also showcased some of its new products which it plans to launch in global markets. Company will build upon its competency and introduce a new generation of Apps that will position OnMobile as a powerhouse in sound based communication.
- This complements the earlier announcement on our contract with Sprint to take over complete customer lifecycle management of Ringback Tone subscribers under our new consumer brand.

Q2 FY2017 performance

Key Financial Highlights

- Revenue remains flat q-o-q.
- Revenue is down by 9.6% y-o-y principally on account of LatAm and termination of RBT services in Vivo, Brazil during the quarter.
- Manpower cost reduced by 2.5% and 6.8% as compared to Q1 FY'17 and Q2 FY'16 respectively.
- Operating expenses in the current quarter includes a forex loss of Rs.13 Mn; excluding the same, opex declined by 14.9% y-o-y and increased by 5.4% q-o-q.
- Operating profit grew multifold y-o-y from 1% to 6% and remained essentially stable q-o-q.

Q2 FY2017 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. 450 Mn in Q2 FY'17 and remained stable q-o-q.

Europe

Recorded a revenue growth of 8.6% q-o-q.

- Identity RBT App crossed 250K active users in a major operator in Spain thereby witnessing a growth of 51% since April.

Q2 FY2017 Business highlights

Domestic and International business

Asia

Revenue down by 4.3% q-o-q.

- CVAS off-deck portal launched in operators in Srilanka and Thailand.
- Won RBT deal with a major operator in Vietnam.

Africa & Middle East

Revenue grew by 4.9% q-o-q.

- Devaluation of Nigerian currency negatively impacted the revenue. Excluding this, Africa q-o-q growth is 11%.
- CRBT launched in Airtel Nigeria in Q1 has achieved a penetration of 13.5% by September 2016.

Latin America

Revenue down by 30.5% q-o-q.

- As anticipated and mentioned in our last earnings call, termination of RBT services in Vivo, Brazil during the quarter has negatively impacted the revenue in the region.

Q2 FY2017 Financial performance

Strong balance sheet and cash position

(Rs. Mn)	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
Short Term Borrowings	-	125	196
Total Debt	-	125	196
Cash & Cash Equivalents	2,520	2,652	3,209
Net Cash	2,520	2,528	3,013
Net Worth (excluding Goodwill)	5,714	5,842	6,186

- Total loan repayment of Rs. 125 Mn
- Dividend Payment of Rs. 156 Mn

Financial Statements – Balance Sheet

(Rs. Mn)	As at Sep 30, 2016	As at Jun 30, 2016
EQUITY AND LIABILITIES		
Shareholders' Funds	5,714	5,842
Deferred tax liabilities (net)	1	1
Long-term provisions	52	49
Non-Current Liabilities	53	50
Short-term borrowings	-	125
Trade payables	1,882	1,714
Other financial liabilities	23	47
Other current liabilities	430	561
Short-term provisions	266	256
Current Liabilities	2,601	2,703
Total	8,368	8,596

(Rs. Mn)	As at Sep 30, 2016	As at Jun 30, 2016
ASSETS		
Fixed assets	884	1,010
Deferred tax assets	248	239
Financial assets	54	50
Others non current assets	1394	1,400
Non-Current Assets	2,580	2,700
Current investments	832	754
Trade receivables	1,931	1,698
Cash and cash equivalents	1,688	1,899
Loans	41	33
Others financial assets	71	65
Other current assets	1,225	1,447
Current Assets	5,788	5,896
Total	8,368	8,596

THANK YOU

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