

OnMobile Reports First Quarter Fiscal 2016 Results

EBITDA margin at 17.4% in Q1 FY16 with 124% growth YoY

Bangalore, India - 30 July, 2015: OnMobile Global Limited ("OnMobile") today announced the results for First Quarter FY2016 ended June 30, 2015. Revenue improved by 1.5% y-o-y from Rs.1,988 Mn in Q1 FY'15 to Rs.2,018 Mn in Q1 FY'16. Last year's revenue included revenue from Voxmobili amounting to Rs.151 Mn. Normalized for this the revenue in Q1 FY'16 grew by 9.9% y-o-y and declined by 5.7% q-o-q. EBITDA grew by 124% y-o-y from Rs.156 Mn in Q1 FY'15 to Rs.351 Mn in Q1 FY'16. OnMobile continues to generate healthy cash, quarter on quarter. In Q1 we increased our cash by Rs.228 Mn.

Mr. Rajiv Pancholy, CEO & MD, OnMobile Global said, "In the fourth quarter of last year, we had to contend with the adverse impact of foreign currency fluctuations, many of which remained in force during the first quarter of this year. I am pleased to report that we have significantly improved our quarter over quarter EBITDA performance despite these pressures. More significantly, our business continues to grow in key markets, with new customer wins, and an increase in the number of paying subscribers"

"We have started spending on the new initiatives but very judiciously. We will continue to keep a track on the margin structure despite the new investments. This balanced approach is necessary for both the short term and the long term financial performance of OnMobile." said Mr. Praveen Kumar, CFO, OnMobile Global.

Q1 FY2016 Business highlights:

International business (78% of total revenues):

- International revenue grew by 3.3% y-o-y and declined 2.9% q-o-q.

Developed markets:

- Europe recorded a revenue growth of 63.1% y-o-y and 3.2% q-o-q.
- We launched our High-Definition (HD) Identity RBT service for 4G Voice (Voice over LTE) customers of Vodafone Spain. OnMobile now has the new service in two major operators in Spain.

Other Emerging markets:

- Revenues grew by 7.3% y-o-y and down 1.6% q-o-q to Rs. 349Mn.
- Deployed our industry leading RBT service in Malaysia. This marks the entry of our RBT service in that country.
- Crossed a significant threshold of 3 Mn subscribers and a penetration of 11.5% for our Ring Back Tone services with one of the large operators in Bangladesh.
- RBT service launched in MTN Swaziland taking our number of MTN deployments to 8 Countries.

Latin America:

- OnMobile secured multi-year Ringback Tones partnership renewal with Movistar in Latin America where we will continue to power Movistar's flagship Ringback Tone (RBT) service to 132 million plus subscribers across 13 countries in Latin America for the next four years.
- Unlike in the past, this contract renewal was secured without any upfront fee. We firmly believe that not paying an upfront fee and accepting a lower revenue share is a better financial model for OnMobile. As a consequence of this approach, FY16 will conclude the amortization cost relating to the upfront fee and the Depreciation cost in FY17 will be lower by around Rs. 720 Mn.
- Revenue down by 9.7% q-o-q (8.6% in constant currency) and 21.7% (13% in constant currency) y-o-y respectively.

Domestic business (22 % of total revenue):

- India revenue was Rs. 444 Mn in Q1 FY'16, a reduction of 14.4 % q-o-q and 4.1% y-o-y. Q1 revenue was sequentially lower due to higher than expected revenues from certain verticals in Q4 and because of routine market fluctuations. The underlying business in India continues to be healthy as evidenced by growth in subscriber base.

Q1 FY2016 Financial performance:

1. Revenue improved by 1.5% y-o-y from Rs.1,988 Mn in Q1 FY'15 to Rs.2,018 Mn in Q1 FY'16. Last years revenue included revenue from Voxmobili amounting to Rs.151 Mn. Normalized for this the revenue in Q1 FY'16 grew by 9.9% y-o-y and declined by 5.7% q-o-q.
2. Headcount optimization during the last financial year and quarter resulted in a reduction of manpower cost by 32.0% y-o-y and 2.0% q-o-q despite annual increments in Q1 FY16. Our employee base at the end of June'15 was 1,075.
3. EBITDA grew by 124% y-o-y from Rs.156 Mn in Q1 FY'15 to Rs.351 Mn in Q1 FY'16. This growth is inclusive of new expenditure to support the development of new products and brand which is approximately 2% of EBITDA margin.
4. Other income includes foreign currency gain of Rs.53 Mn as some of the currencies which led to a loss in Q4, retreated from their Q4 lows in Q1.
5. Notwithstanding fluctuations in foreign currency and business climate, OnMobile continues to generate healthy cash, quarter on quarter. In Q1 we increased our cash by Rs.228 Mn.

Change in Board Composition:

Appointed **Mr. Nechal Sandhu** and **Mr. Pascal Tremblay** as Independent non-executive additional directors on the Board of the Company with effect from 1st August, 2015.

Nehchal Sandhu is a security professional with over 40 years of experience in a variety of roles. In his most recent role as Deputy National Security Adviser of India, he contributed towards briefings of the highest levels of Government, led efforts towards instituting a national cyber security framework and built international relationships towards ensuring a more robust response to international terrorism and curbing terror financing, cross border drug flows, and money laundering. He contributed in large measure to the formulation of India's approach to Internet governance. He holds Honors degree at the Bachelor's level in Chemistry from St Stephen's College, Delhi University.

Pascal Tremblay is currently President, Managing Partner of Novacap. He holds a Bachelor degree in Business Administration from the University of Sherbrooke and an MBA from McGill University. He has been involved in funding, managing and developing technology companies for over 18 years.

Mr. Harit Nagpal, Mr. Naresh Malhotra and Mr. Bruno Ducharme expressed their desire to be relieved from their directorships for personal reasons and the Board accepted the same effective 30th July, 2015.

About OnMobile

OnMobile [NSE India: ONMOBILE], headquartered in Bangalore, India, and with offices in all regions of the world, delivers millions of music plays daily to mobile customers worldwide. Based on current deployments, OnMobile has the potential to reach more than 1.1 billion mobile users across several geographies. For further information, please visit www.onmobile.com

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