

# Q1 FY2016 Earnings Presentation

July 30, 2015

# 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

## Consolidated financials

(Rs.Mn)	Q1 FY2016	Q4 FY2015	% Q-o-Q	Q1 FY2015	% Y-o-Y
Revenue	2,018	2,140	(5.7%)	1,988	1.5%
Adjusted Revenue*	2,018	2,140	(5.7%)	1,837	9.9%
EBITDA	351	327	7.3%	156	124.4%
<i>% Margin</i>	17.4%	15.3%		7.9%	
Net Profit	(2)	(146)	nm	(239)	nm
<i>% Margin</i>	(0.1%)	(6.8%)		(12.0%)	
Basic EPS (Rs.)	(0.0)	(1.3)	nm	(2.1)	nm

\* Adjusted revenue = Revenue excluding Voxmobili revenue

# Q1 FY2016 Financial performance

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

- 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.
- 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 FY'16. Our employee base at the end of June'15 was 1,075.
- 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 percentage points of EBITDA margin.
- 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.
- 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.

# Q1 FY2016 Business highlights

## International business

### **International business (78% of total revenue):**

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.349 Mn.

### **Asia**

- Deployed our industry leading RBT service in Malaysia. This marks the entry of our RBT service in that country.

# Q1 FY2016 Business highlights

## International business

- Crossed a significant threshold of 3 Mn subscribers and a penetration of 11.5% for our RBT service with one of the large Operators in Bangladesh.

### Africa

- RBT service launched in MTN Swaziland taking our number of MTN deployments to 8 Countries.

### Latin America

- Revenue down by 9.7% q-o-q (8.6% in constant currency) and 21.7% (13% in constant currency) y-o-y respectively.
- **Telefonica Contract Renewal:**
  - 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.

# Q1 FY2016 Business highlights

## Domestic Business

### **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 Business highlights

## 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 1<sup>st</sup> 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 30<sup>th</sup> July, 2015.



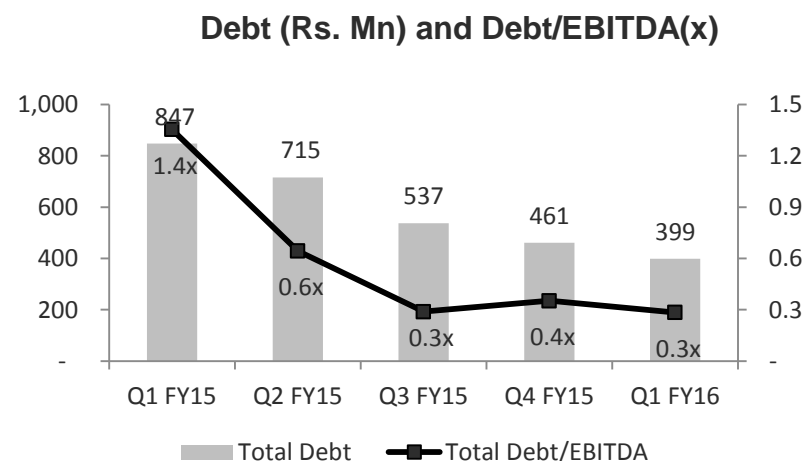
# Q1 FY2016 Financial performance

**Strong balance sheet, low leverage and improving cash position**

(Rs. million)	Jun 30, 2016	Mar 31, 2015	Dec 31, 2014
Long Term Borrowings	117	185	257
Short Term Borrowings**	282	277	280
<b>Total Debt</b>	<b>399</b>	<b>461</b>	<b>537</b>
Cash & Cash Equivalents	2,941*	2,713*	2,746*
<b>Net Cash</b>	<b>2,542</b>	<b>2,252</b>	<b>2,209</b>
<b>Net Worth (excluding Goodwill)</b>	<b>6,535</b>	<b>6,543</b>	<b>7,298</b>

\* Includes Escrow balance of Rs.159 Mn.

\*\* Short term borrowings of Rs.282 Mn is classified as current liabilities in the Balance sheet.



- Gross cash of Rs.228 Mn added during the quarter.
- Total loan repayment of Rs. 62 Mn

# Financial Statements – Balance Sheet

(Rs. Mn)	As at Jun 30, 2015	As at Mar 31, 2015
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>	<b>6,560</b>	<b>6,569</b>
Long-term borrowings	117	185
Deferred tax liabilities (net)	1	1
Long-term provisions	37	35
<b>Non-Current Liabilities</b>	<b>155</b>	<b>221</b>
Short-term borrowings	0	0
Trade payables	2,073	2,271
Other current liabilities*	978	911
Short-term provisions	435	426
<b>Current Liabilities</b>	<b>3,486</b>	<b>3,608</b>
<b>Total</b>	<b>10,202</b>	<b>10,398</b>

(Rs. Mn)	As at Jun 30, 2015	As at Mar 31, 2015
<b>ASSETS</b>		
Deferred tax assets	231	211
Goodwill on Consolidation	26	26
Fixed assets	2,152	2,492
Long-term loans & advances	1,442	1,354
<b>Non-Current Assets</b>	<b>3,850</b>	<b>4,083</b>
Current investments	698	718
Inventories	5	5
Trade receivables	1,833	2,147
Cash and cash equivalents	2,243	1,996
Short-term loans & advances	686	605
Other current assets	887	844
<b>Current Assets</b>	<b>6,352</b>	<b>6,315</b>
<b>Total</b>	<b>10,202</b>	<b>10,398</b>

\* Other current liabilities include short term borrowings of Rs. 282 Mn

# THANK YOU

## **OnMobile Global Limited**

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