



# Q4 FY2014 Earnings Presentation

May 29, 2014

# 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.

# FY2014 Business highlights

## Year of challenges as well as opportunities

- **International business:** Recorded a strong growth of 43.8% and constituted 73% of the revenues during the year
  - Latin America: Continued growth with revenue increasing 23.6% to ₹2,054 million
  - Other Emerging Markets: Revenues grew 11.4% to ₹1,417 million
    - Africa & Middle East continued to grow and showed 12.6% growth in revenues
  - Developed Markets: Robust growth of 94.6% to ₹2,869 million
    - Europe: Recorded sustained growth with revenues increasing 82.5% to ₹1,871 million
    - OnMobile Live (OLI): Recorded revenue of ₹609 million; due to changes in market and business scenarios, the timelines for achieving profitability have been right-shifted
- **India:** Revenues declined 18.7% to ₹2,313 million

# FY2014 Business highlights

## Exceptional items and forex losses

- Profitability affected by significant exceptional items totaling ₹1,195 million
  - Completed the year end impairment review for the consolidated financial statements for FY2014, and as a result, the Company has written down the goodwill associated with the acquisition of Telisma from its balance sheet. This has resulted in a total non-cash impairment charge of ₹680 million. Telisma, a market leader in speech recognition, was acquired in 2008. This acquisition enabled the Company to win new customers in emerging markets. However, recently the market outlook for core products in its target markets has deteriorated and hence has resulted in impairment
  - In March, the Venezuelan Government introduced a new currency exchange process (SICAD II) which has resulted in a devaluation of their local currency against US Dollars at 49.81 Bolivars per USD as of 31st March 2014 as against the official exchange rate of 6.3 Bolivars per USD. Accordingly, the Company has used SICAD II exchange rate to re-measure the Venezuela operations and its net monetary assets. This has resulted in a forex loss of ₹161 million
  - Impacted by IP settlement with Synchronoss of ₹354 million, as part of Voxmobili divestment
- Additionally, incurred forex loss of ₹161 million mainly on account of depreciation of Argentinian Peso and Egyptian Pound

# Q4 FY2014 Business highlights

**International business:** Revenue increased 37.1% y-o-y, however declined 7.1% q-o-q and constituted 72% of the revenues during the quarter

- Latin America: Revenue grew 2.7% y-o-y, declined 1.8% q-o-q
- Other Emerging Markets: Revenues increased 7.2% y-o-y and declined 3.3% q-o-q
- Developed Markets: Revenues showed a growth of 105.2% y-o-y and decreased 11.6% sequentially
  - Europe: Revenues increased 72.6% y-o-y while decreasing 15.9% q-o-q
  - OnMobile Live (OLI): Revenue of ₹216 million, an increase of 2.3% q-o-q

**India:** Revenues showed stability and increased by 22.8% q-o-q to ₹641 million, partly on account of deferred revenues recognized during the quarter; declined 3.9% y-o-y

# Other highlights

**Appointment of CEO:** The Company has appointed Rajiv Pancholy as the Chief Executive Officer, effective June 2, 2014. Press Release attached

**Dividend:** The Board of Directors have recommended a Dividend of ₹1.50 per share payout, which represents 15% of the face value of ₹10 for each share

# Financial snapshot – excluding OLI

## Consolidated financials excluding OLI

(₹ million)	Q4 FY2014	Q4 FY2013	% Y-o-Y	Q3 FY2014	% Q-o-Q	FY2014	FY2013	% Y-o-Y
<b>Net Revenue</b>	<b>2,035</b>	<b>1,841</b>	<b>10.5%</b>	<b>2,043</b>	<b>(0.4)%</b>	<b>8,044</b>	<b>7,253</b>	<b>10.9%</b>
India	641	667	(3.9)%	522	22.8%	2,313	2,845	(18.7)%
Latam	488	476	2.7%	497	(1.8)%	2,054	1,661	23.6%
Other Emerging Markets	341	318	7.2%	353	(3.3)%	1,417	1,273	11.4%
Developed Markets	564	380	48.4%	672	(16.0)%	2,260	1,475	53.3%
<b>EBITDA</b>	<b>337</b>	<b>350</b>	<b>(3.6)%</b>	<b>338</b>	<b>(0.1)%</b>	<b>1,453</b>	<b>1,493</b>	<b>(2.7)%</b>
% Margin	16.6%	19.0%		16.5%		18.1%	20.6%	
<b>EBITDA (Excl. Forex) <sup>1</sup></b>	<b>367</b>	<b>432</b>	<b>(15.1)%</b>	<b>338</b>	<b>8.7%</b>	<b>1,483</b>	<b>1,609</b>	<b>(7.9)%</b>
% Margin	18.0%	23.5%		16.5%		18.4%	22.2%	
<b>Net Profit</b>	<b>(1,243)</b>	<b>108</b>	<b>nm</b>	<b>26</b>	<b>nm</b>	<b>(984)</b>	<b>472</b>	<b>nm</b>
% Margin	(61.1)%	5.9%		1.2%		(12.2)%	6.5%	
<b>Basic EPS (₹)</b>	<b>(10.89)</b>	<b>0.95</b>	<b>nm</b>	<b>0.22</b>	<b>nm</b>	<b>(8.62)</b>	<b>4.14</b>	<b>nm</b>
Exceptional Items <sup>2</sup>	1,034	0	nm	0	nm	1,034	0	nm
<b>Normalized Net Profit <sup>3</sup></b>	<b>113</b>	<b>171</b>	<b>(33.8)%</b>	<b>67</b>	<b>68.9%</b>	<b>241</b>	<b>513</b>	<b>(53.0)%</b>
% Margin	5.6%	9.3%		3.3%		3.0%	7.1%	

Notes:

1 EBITDA normalized for Forex loss of ₹30 million, ₹82 million, ₹30 million and ₹117 million in Q4 FY2014, Q4 FY2013, FY2014 and FY2013

2 Relate to IP settlement with Synchronoss regarding Voxmobili of ₹354 million and impairment for Telisma of ₹680 million

3 Net Profit normalized for post tax impact of Forex loss of ₹322 million, ₹82 million, ₹57 million, ₹191 million and ₹117 million in Q4 FY2014, Q4 FY2013, Q3 FY2014, FY2014 and FY2013 and other exceptional items

# FY2014 Financial performance – excluding OLI

## Growth in Topline; Net Margins affected by significant exceptional items

- Net Revenue increased 10.9% to ₹8,044 million
  - International revenues continued their robust growth trend and increased 30.0% to ₹5,731 million – majorly led by Europe and Latam regions
  - Domestic revenues declined 18.7% to ₹2,313 million
- EBITDA decreased 2.7% to ₹1,453 million at 18.1% margin
  - Affected by increased content costs in Europe of ₹490 million and higher manpower costs on account of increments and new hires of ₹270 million
  - Excluding the forex impact, EBITDA declined by 7.9%
- Net Profit for the year was ₹(984) million as compared to ₹472 million last year
  - Impacted by forex losses and one-time expenses pertaining to IP settlement with Synchronoss regarding Voxmobili and Telisma impairment
  - Normalized for forex and exceptional items, Net Profit was Rs. 241 million, a decrease of 53.0% over FY2013



# Q4 FY2014 Financial performance – excluding OLI

## Stable Revenue; Net Margins Impacted by Significant Exceptional Charges

- Net Revenue remained flat q-o-q, while increasing 10.5% y-o-y to ₹2,035 million
  - Domestic revenues recorded a growth of 22.8% q-o-q to ₹641 million, partly on account of deferred revenues recognized during the quarter; however declined 3.9% y-o-y
  - International revenues recorded a decline of 8.4% q-o-q (mainly due to seasonality in our data products business and forex impact in Latam) and an increase of 18.7% y-o-y to ₹1,394 million (primarily driven by Europe and Asia businesses)
- EBITDA declined 0.1% q-o-q and 3.6% y-o-y to ₹337 million at 16.6% margin
  - Impacted by increased content costs y-o-y in Europe and forex loss during the quarter
  - Normalized for forex impact, EBITDA increased 8.7% q-o-q with 18.0% margin
- Net Profit was ₹(1,243) million, as compared to ₹26 million in Q3 FY2014 and ₹108 million in Q4 FY2013
  - Impacted by IP settlement with Synchronoss of ₹354 million and impairment for Telisma of ₹680 million
  - Normalized for forex and exceptional items, Net Profit increased 68.9% q-o-q to ₹113 million



# Financial snapshot – including OLI

## Consolidated financials including OLI

(₹ million)	Q4 FY2014	Q4 FY2013	% Y-o-Y	Q3 FY2014	% Q-o-Q	FY2014	FY2013	% Y-o-Y
<b>Net Revenue</b>	<b>2,251</b>	<b>1,841</b>	<b>22.3%</b>	<b>2,255</b>	<b>(0.2)%</b>	<b>8,653</b>	<b>7,253</b>	<b>19.3%</b>
India	641	667	(3.9)%	522	22.8%	2,313	2,845	(18.7)%
Latam	488	476	2.7%	497	(1.8)%	2,054	1,661	23.6%
Other Emerging Markets	341	318	7.2%	353	(3.3)%	1,417	1,273	11.4%
Developed Markets	781	380	105.2%	883	(11.6)%	2,869	1,475	94.6%
<b>EBITDA</b>	<b>256</b>	<b>350</b>	<b>(26.7)%</b>	<b>295</b>	<b>(13.1)%</b>	<b>1,305</b>	<b>1,493</b>	<b>(12.6)%</b>
% Margin	11.4%	19.0%		13.1%		15.1%	20.6%	
<b>EBITDA (Excl. Forex) <sup>1</sup></b>	<b>286</b>	<b>432</b>	<b>(33.7)%</b>	<b>295</b>	<b>(3.0)%</b>	<b>1,335</b>	<b>1,609</b>	<b>(17.1)%</b>
% Margin	12.7%	23.5%		13.1%		15.4%	22.2%	
<b>Net Profit</b>	<b>(1,392)</b>	<b>108</b>	<b>nm</b>	<b>(84)</b>	<b>nm</b>	<b>(1,320)</b>	<b>472</b>	<b>nm</b>
% Margin	(61.8)%	5.9%		(3.7)%		(15.3)%	6.5%	
<b>Basic EPS (₹)</b>	<b>(12.19)</b>	<b>0.95</b>	<b>nm</b>	<b>(0.73)</b>	<b>nm</b>	<b>(11.56)</b>	<b>4.14</b>	<b>nm</b>
Exceptional Items <sup>2</sup>	1,034	0		0		1,034	0	
<b>Normalized Net Profit <sup>3</sup></b>	<b>(36)</b>	<b>171</b>	<b>nm</b>	<b>(27)</b>	<b>nm</b>	<b>(96)</b>	<b>513</b>	<b>nm</b>
% Margin	(1.6)%	9.3%		(1.2)%		(1.1)%	7.1%	

### Notes:

1 EBITDA normalized for Forex loss of ₹30 million, ₹82 million, ₹30 million and ₹117 million in Q4 FY2014, Q4 FY2013, FY2014 and FY2013

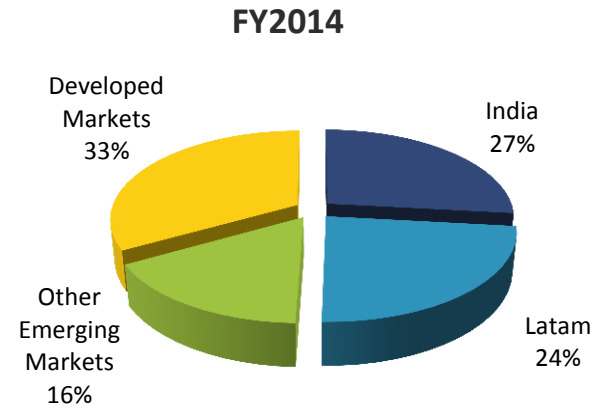
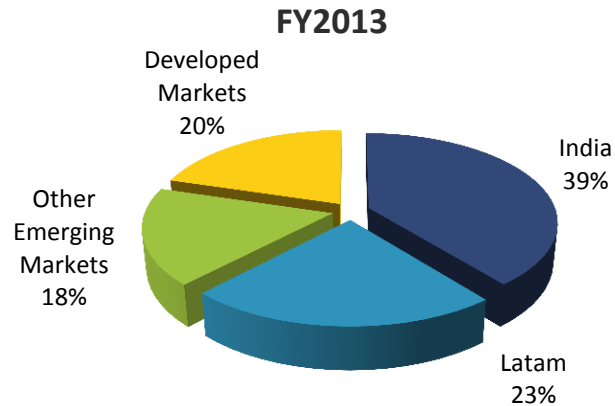
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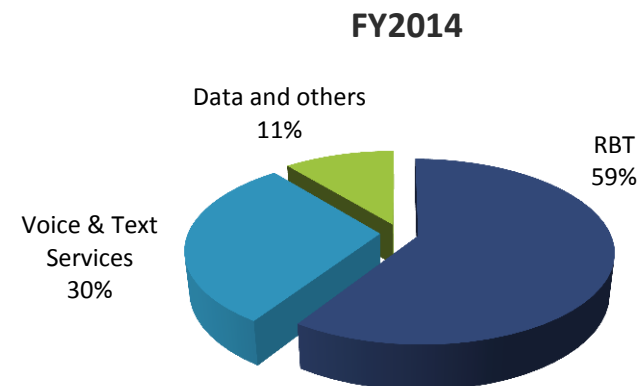
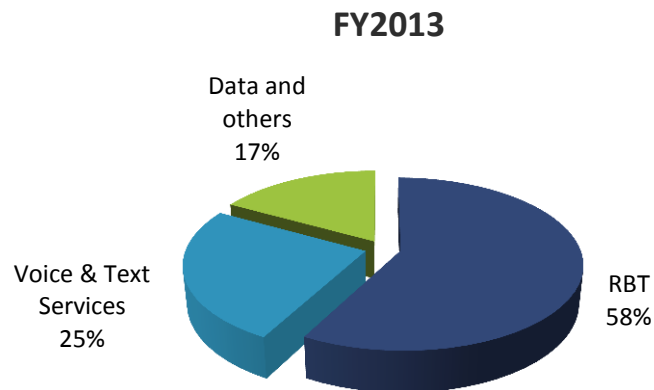
# Operational performance – including OLI

## Diversified revenue sources

### Revenues by Geography



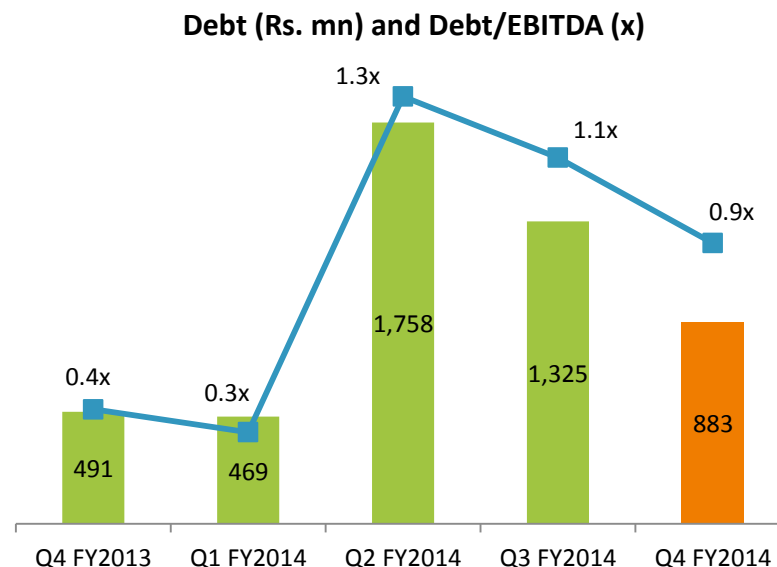
### Revenues by Products



# Financial performance

Strong balance sheet with low leverage provides operational flexibility

(₹ million)	Mar 31, 2014	Dec 31, 2013	Mar 31, 2013
Long Term Borrowings	443	593	3
Short Term Borrowings	440	732	488
<b>Total Debt</b>	<b>883</b>	<b>1,325</b>	<b>491</b>
Less: Cash & Cash Equivalents	1,240	2,126	2,009
<b>Net Cash / (Net Debt)</b>	<b>357</b>	<b>801</b>	<b>1,518</b>
<b>Net Worth (excluding Goodwill)</b>	<b>6,303</b>	<b>7,229</b>	<b>7,044</b>



- Cash balance affected by IP settlement payment, repayment of loans, forex loss in Venezuela and payment of minimum guarantee which was accounted and highlighted during the last quarter

# Financial Statements – Balance Sheet

(₹ million)	As at Mar 31, 2014	As at Dec 31, 2013
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>	<b>7,670</b>	<b>9,275</b>
Long-term borrowings	443	593
Deferred tax liabilities (net)	7	7
Long-term provisions	88	154
<b>Non-Current Liabilities</b>	<b>538</b>	<b>755</b>
Short-term borrowings	434	722
Trade payables	2,014	1,890
Other current liabilities	925	1,052
Short-term provisions	411	411
<b>Current Liabilities</b>	<b>3,783</b>	<b>4,074</b>
<b>Total</b>	<b>11,990</b>	<b>14,104</b>

(₹ million)	As at Mar 31, 2014	As at Dec 31, 2013
<b>ASSETS</b>		
Deferred tax assets	121	119
Goodwill on Consolidation	1,367	2,046
Fixed assets	3,786	4,038
Non-current investments	0	0
Long-term loans & advances	1,462	1,362
<b>Non-Current Assets</b>	<b>6,735</b>	<b>7,566</b>
Current investments	406	401
Inventories	5	5
Trade receivables	2,030	2,303
Cash and cash equivalents	834	1,725
Short-term loans & advances	903	1,017
Other current assets	1,077	1,086
<b>Current Assets</b>	<b>5,255</b>	<b>6,538</b>
<b>Total</b>	<b>11,990</b>	<b>14,104</b>

# Financial snapshot – OLI

(₹ million)	Q4 FY2014	Q3 FY2014	Q2 FY2014 <sup>1</sup>	YTD FY2014
<b>Net Revenue</b>	<b>216</b>	<b>211</b>	<b>181</b>	<b>609</b>
COGS	84	83	83	251
<b>Gross Margin</b>	<b>132</b>	<b>128</b>	<b>98</b>	<b>358</b>
<i>% Margin</i>	<i>61.0%</i>	<i>60.5%</i>	<i>54.2%</i>	<i>58.8%</i>
<b>EBITDA</b>	<b>(81)</b>	<b>(42)</b>	<b>(24)</b>	<b>(147)</b>
<b>Net Profit</b>	<b>(150)</b>	<b>(110)</b>	<b>(76)</b>	<b>(336)</b>

Notes:

1 Q2 FY2014 represents financials from the closing date of acquisition i.e. July 19, 2013, hence not comparable

- Due to changes in market and business scenarios, the timelines for achieving profitability have been right-shifted

# THANKS

for your attention

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