



Global VAS Services across mobile channels



# OnMobile Global Limited

(BSE: 532944, NSE: ONMOBILE)

## Q2 FY2013 Earnings Presentation

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November 7, 2012

## 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.*

## Business Highlights

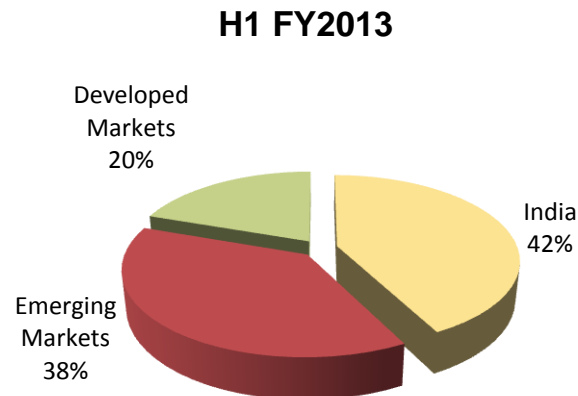
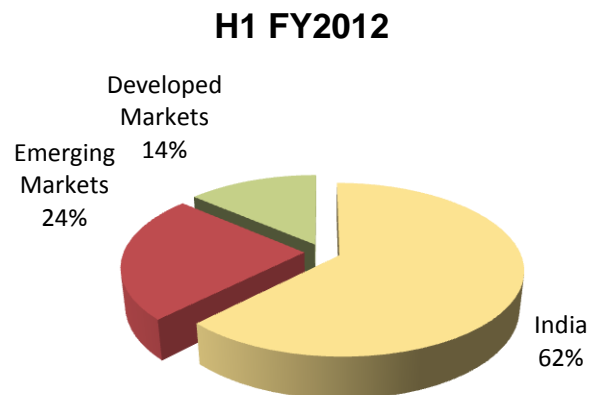
- In line with the Company's strategy, International businesses continue to make increasing contribution to the overall revenues
  - Latin America business is progressing well in line with expectations. The Company established presence in 14 countries and 100% of the addressable subscriber base in that market
  - In Africa, Company has presence in 11 countries
  - Signed a sizable outsourcing contract in Europe; Launched OnCloud in operators in North America and Europe and M Radio in operators in South Asia
- India revenues continue to decline due to the overall telecom business environment compounded by regulatory changes
- Regulatory Challenges in India

## Corporate Developments

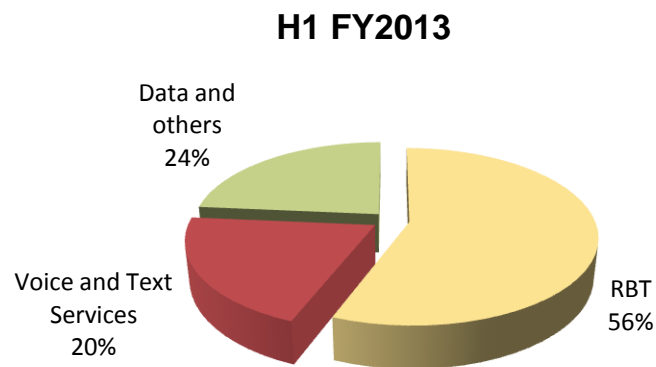
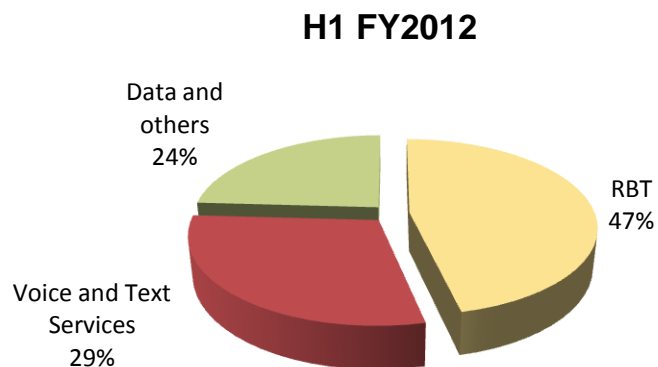
- Search of a new CEO is underway and the appointment is expected to happen in Q4 FY2013
- Expansion of board members: Appointment of two independent board members is expected by Q4 FY2013
- In response to the notice issued by the Registrar of Companies (Bangalore), all the necessary information has been furnished and feedback is awaited
- The Company is in the process of rolling out the Transfer Pricing policy in consultation with advisors
  - The policy will be implemented from Q3 FY2013 with retrospective effect from the beginning of this fiscal year
  - To result in significant tax savings from the International business

## Focus on Diversifying Revenue Streams

### Revenues by Geography



### Revenues by Service Lines



## Consolidated Financials

(₹ million)	Q2 FY2013	Q2 FY2012	% Y-o-Y Growth	Q1 FY2013	% Q-o-Q Growth	H1 FY2013	H1 FY2012	% Y-o-Y Growth
Net Sales	1,798	1,552	15.8%	1,852	(2.9)%	3,650	2,916	25.2%
India	741	894	(17.1)%	806	(8.0)%	1,547	1,820	(15.0)%
Emerging Markets	729	426	71.2%	654	11.5%	1,384	697	98.6%
Developed Markets	328	232	41.5%	392	(16.4)%	719	399	80.2%
EBITDA <sup>1</sup>	348	325	7.1%	359	(3.0)%	707	596	18.5%
% Margin	19.3%	20.9%		19.4%		19.4%	20.4%	
Net Profit	62	477	(87.0)%	95	(34.6)%	157	605	(74.0)%
% Margin	3.5%	30.7%		5.1%		4.3%	20.7%	
Adjusted Net Profit <sup>2</sup>	62	114	(45.5)%	95	(34.6)%	157	242	(35.0)%
% Margin	3.5%	7.4%		5.1%		4.3%	8.3%	
Adjusted Basic EPS (₹)	0.55	0.97	(43.6)%	0.82	(33.8)%	1.38	2.05	(33.0)%

### Notes:

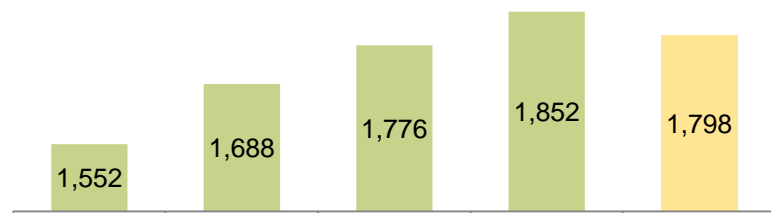
- 1 EBITDA: Profit from operations before Other income, Interest and Exceptional items and Depreciation
- 2 Net Income for Q2 FY2012 is adjusted for profit (post tax) on partial sale of long term investment in Ver se Innovation of ₹363 million

## Consolidated Financial Performance Highlights

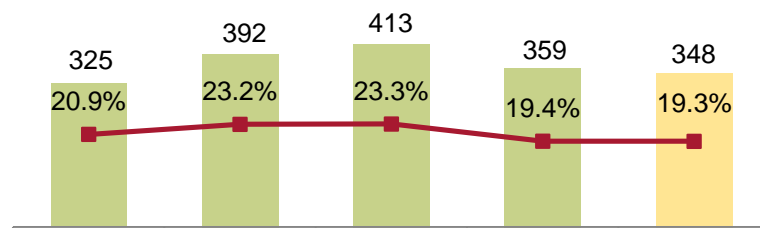
- Net Sales increased by 15.8% y-o-y to ₹ 1,798 million
  - International revenues increased by 60.7% y-o-y. International business contributed 59% of the Net Sales in Q2 FY2013 as compared to 42% in Q2 FY2012 and 56% in Q1 FY2013
  - India revenues declined by 17.1% y-o-y and by 8.0% q-o-q
- EBITDA increased by 7.1% y-o-y to ₹ 348 million; 19.3% margin
  - Operating expenses during the quarter were impacted by a ₹ 68 million foreign exchange translation loss as a result of restatement of subsidiary financials during consolidation
  - Net Profit decreased by 45.5% y-o-y to ₹ 62 million (adjusted for profit on sale of partial stake in Ver Se Innovation)
  - Net profit was impacted by higher effective tax rates (ETR), being 54% in Q2 FY2013 as compared to 36% in Q2 FY2012 mainly due to higher taxes in LatAm and Bangladesh
- Net Cash of ₹ 1,748 million as at September 30, 2012 compared to ₹ 1,621 million as of March 31, 2012
- Sequentially, the performance was largely attributable to a decline in domestic telecom industry and foreign exchange translation loss on account of consolidation of accounts
  - Revenues decreased 2.9%, EBITDA was down 3.0% and Net Profit declined 34.6%

## Key Financials Metrics

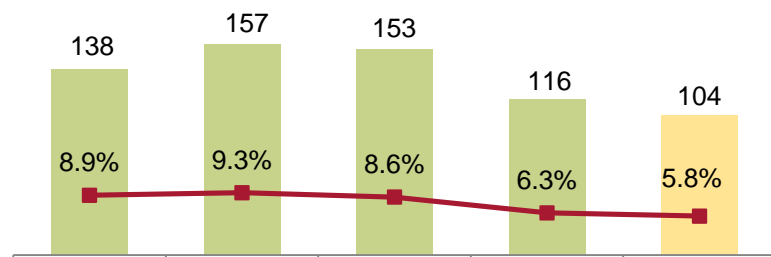
Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13
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Net Sales (₹ million)

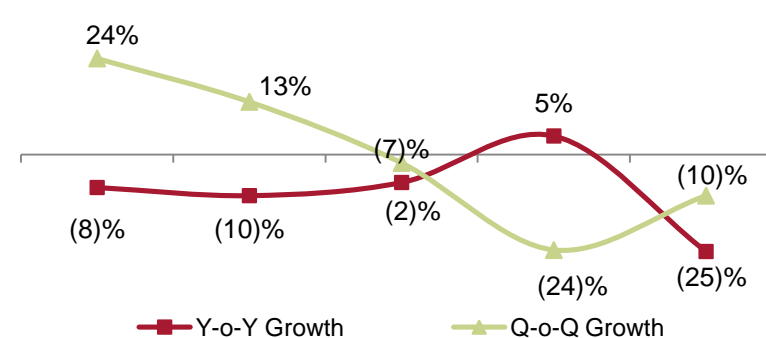
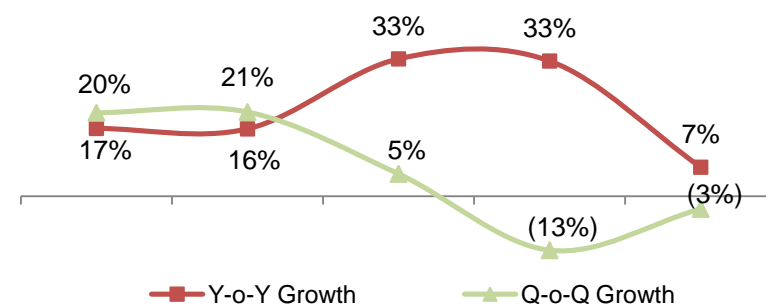
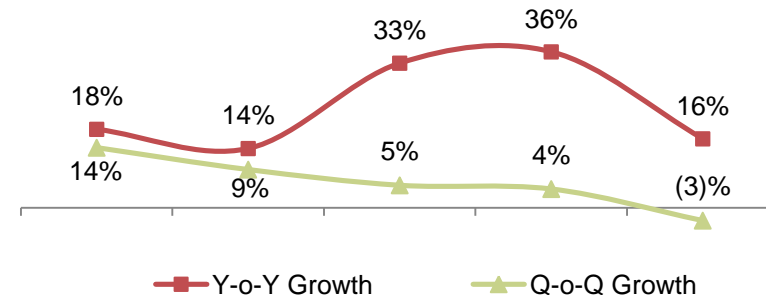


EBITDA (₹ million) and Margins (%)



Operating Profit (₹ million) and Margin (%)

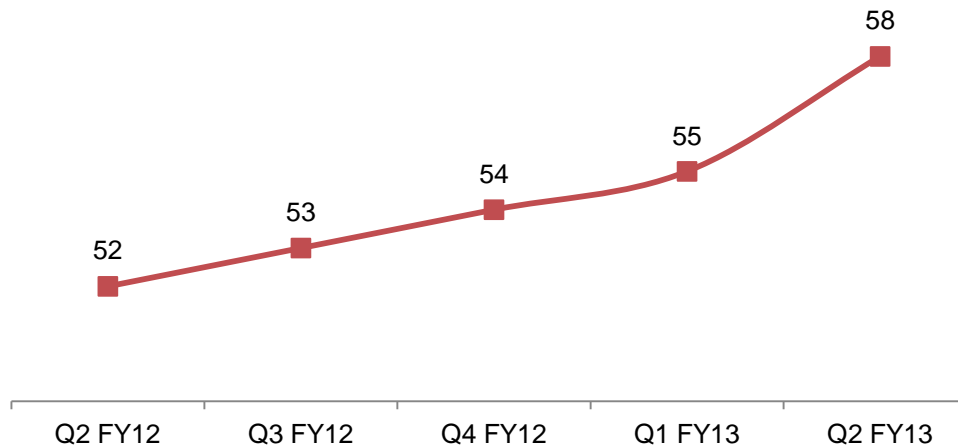
Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13
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## Increase In Countries of Operations and Total Headcount

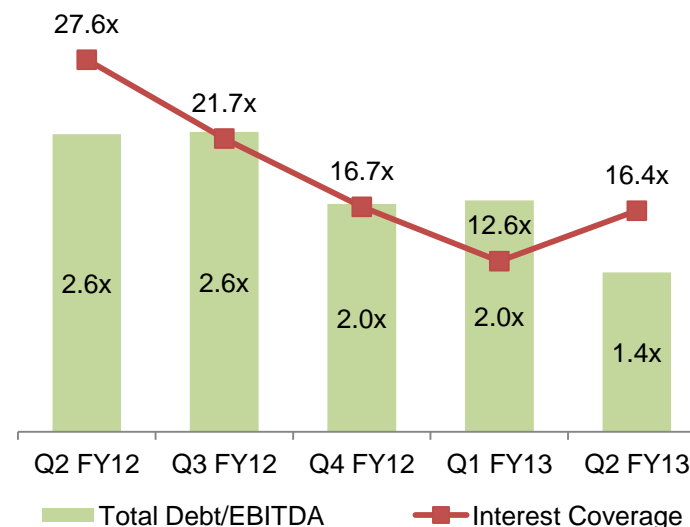
International Presence (no. of countries)



	Q2 FY2013	FY 2012
Number of R&D Sites	6	6
Number of Offices Worldwide	45	36
Total Employees	1,744	1,634
% of Employees Out of India	18%	17%

## Low Leverage and Steady Cash Balance Provides Operational Flexibility

(₹ million)	Consolidated Sept 30, 2012	Consolidated Mar 31, 2012
Long Term Borrowings	7	5
Short Term Borrowings	472	808
<b>Total Debt</b>	<b>479</b>	<b>813</b>
Less: Cash & Cash Equivalents	2,227	2,435
<b>Net Debt / (Net Cash)</b>	<b>(1,748)</b>	<b>(1,621)</b>
<b>Net Worth (excluding Goodwill)</b>	<b>6,920</b>	<b>6,808</b>



- Working capital position has been improved by paying off the packing credit loan
- Post evaluation of cash position at the end of Q3 FY2013, plan for utilization of surplus cash shall be finalized after setting aside funds for growth capex

Note:

1 Interest Coverage defined as Operating Profit divided by the Net Interest Expense

**Contact Details:**

**OnMobile Global Limited**

#26, Bannerghatta Road, J. P. Nagar, Phase III  
Bengaluru - 560 076

Girdhar Patel <i>OnMobile Global</i>	<i><a href="mailto:girdhar.patel@onmobile.com">girdhar.patel@onmobile.com</a></i> +91 80 4009 6707
Anirudh Bhardwaj <i>Churchgate Partners</i>	<i><a href="mailto:anirudh@churchgatepartnersindia.com">anirudh@churchgatepartnersindia.com</a></i> +91 22 3953 7444