



Q2 FY2014 Earnings Presentation

October 29, 2013

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.

Business highlights – excluding OLI

Robust growth through continued strengthening of the international businesses

- International business: Continued to record strong growth of 47.9% y-o-y and 24.8% q-o-q and constituted 76% of the revenues during the quarter
 - Latin America demonstrated consistent growth:
 - Revenue increased 36.0% y-o-y and 8.3% q-o-q
 - Steady growth in Other Emerging Markets:
 - Africa: Revenue grew by 51.1% y-o-y and 14.3% q-o-q
 - Launched RBT services with an operator in Qatar
 - Europe revenues increased strongly at 146.4% y-o-y and 80.9% q-o-q
 - Driven by revenues from the CVAS contract with Telefonica Spain
 - Successfully migrated RBT in another operator in Spain. With this, OnMobile will reach over 90% mobile subscriber base in Spain
 - North America recorded growth of 2.3% y-o-y and 7.5% q-o-q
- India: Revenue declined 31.8% y-o-y and 21.5% q-o-q
 - Impacted by the TRAI Consent Gateway guidelines released on July 11, 2013

Note: LiveWire is now OnMobile Live, Inc. (OLI)

Business highlights – OLI update

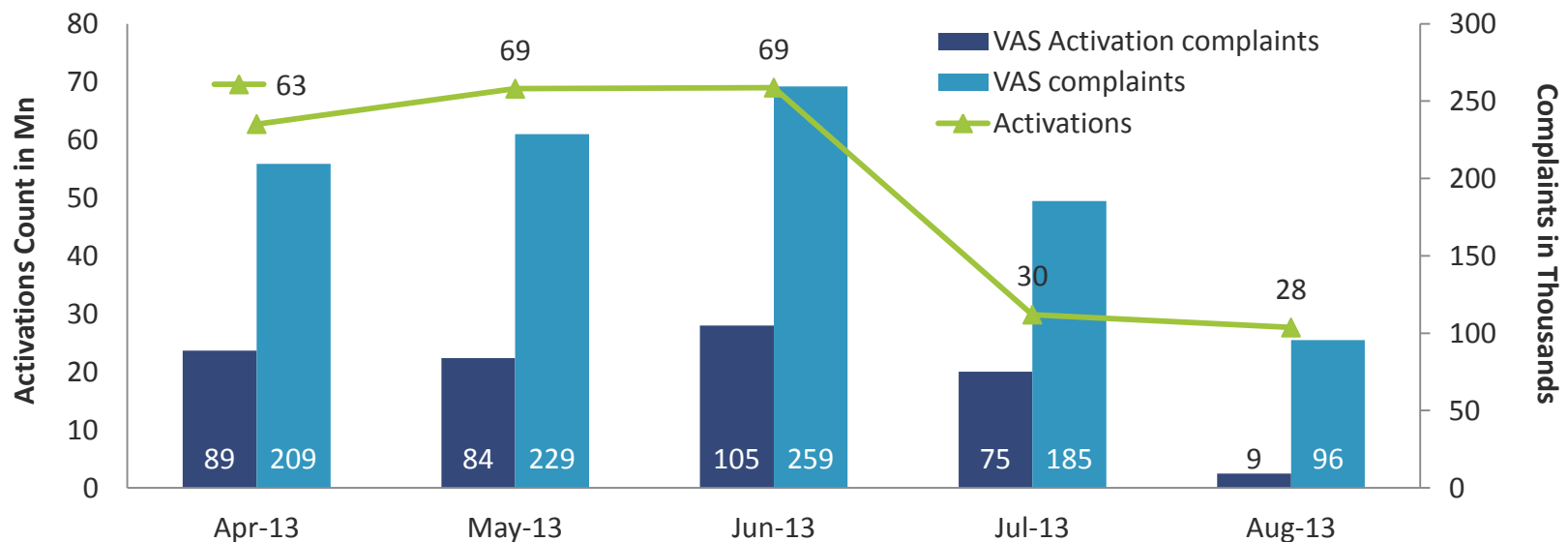
OLI integration in progress

- Interest among many existing operators reconfirmed
- High levels of interest among content providers to partner for OLI's services
- Positive reception for OLI's products with customers worldwide
- Integration of teams, products and systems in progress
- Cost efficiency measures initiated
- Migration delays and the ongoing integration has impacted the revenues; though margins have been broadly in line

Market trends – India

Impact of the TRAI Consent Gateway guidelines

- Regulatory
 - New Regulatory implementation effective July 10th
 - Impact on the industry
 - ~60% drop in VAS activations
 - Consolidation in progress on services
- Impact on OnMobile
 - 21.5% q-o-q decline in revenue



Source: MediaNama

Corporate developments

Strengthened the Board with two more independent directors with vast industry experience

- With effect from October 8, 2013, OnMobile appointed Mr. Rentala Chandrashekhar as an independent non-executive additional director
 - Mr. Rentala Chandrashekhar was Secretary, Department of Telecommunications for Government of India. He brings with him vast experience in the telecom industry
- In its board meeting held on October 29, 2013, OnMobile appointed Mr. Barry B. White as an independent non-executive additional director
 - Ambassador (Ret.) Barry B. White is an eminent lawyer and thought leader. In October 2009, he was appointed as the US Ambassador to the Kingdom of Norway/ Chief of Mission of the Embassy in Oslo. He brings with him very strong corporate relationships and extensive experience in organizational management, structuring and entrepreneurship
- On July 15, 2013, OnMobile appointed Mr. Sanjay Bhambri as Chief Commercial Officer. In this role, Sanjay will head the global Client Facing Unit for the Company and will lead teams in Emerging markets, LATAM, Europe & North America. He has been associated with OnMobile for more than 6 years and has been playing a critical role in leading transformational initiatives globally

Financial snapshot – excluding OLI

Consolidated financials excluding OLI

(₹ million)	Q2 FY2014	Q2 FY2013	% Y-o-Y	Q1 FY2014	% Q-o-Q	YTD FY2014	YTD FY2013	% Y-o-Y
Net Revenue	2,069	1,798	15.1%	1,897	9.1%	3,966	3,650	8.6%
India	506	741	(31.8)%	644	(21.5)%	1,150	1,547	(25.7)%
Latam	556	409	36.0%	513	8.3%	1,069	752	42.1%
Other Emerging Markets	384	335	14.8%	354	8.4%	738	646	14.4%
Developed Markets	623	313	99.0%	385	61.8%	1,009	705	43.1%
EBITDA¹	359	348	3.3%	419	(14.3)%	778	707	10.1%
% Margin	17.4%	19.3%		22.1%		19.6%	19.4%	
EBITDA (Excl. Forex)²	359	416	(13.6)%	419	(14.3)%	778	783	(0.6)%
% Margin	17.4%	23.1%		22.1%		19.6%	21.4%	
Net Profit	100	62	60.9%	141	(28.8)%	241	157	52.9%
% Margin	4.8%	3.5%		7.4%		6.1%	4.3%	
Basic EPS (₹)	0.86	0.55	56.9%	1.23	(30.5)%	2.09	1.38	51.8%
Normalized Net Profit³	49	93	(47.6)%	83	(41.3)%	132	197	(33.0)%
% Margin	2.4%	5.2%		4.4%		3.3%	5.4%	
Normalized Basic EPS (₹)	0.42	0.76	(45.1)%	0.74	(43.2)%	1.15	1.76	(34.6)%

Notes:

1 EBITDA: Profit from operations before Other income, Interest and Exceptional items and Depreciation

2 EBITDA normalized for Forex loss of ₹68 million and ₹76 million in Q2 FY2013 and YTD FY2013

3 Net Profit normalized for post tax impact of Forex gain / (loss) of ₹89 million, ₹(68) million, ₹99 million, ₹188 million and ₹(76) million in Q2 FY2014, Q2 FY2013, Q1 FY2014, YTD FY2014 and YTD FY2013 respectively

Financial performance – excluding OLI

Q2 FY2014 consolidated financial highlights excluding OLI

- Net Revenue increased 15.1% y-o-y and 9.1% q-o-q to ₹2,069 million despite decline in domestic revenues due to the TRAI Consent Gateway guidelines
 - International revenues increased 47.9% y-o-y driven by continued strong growth in existing geographies. Europe, Latam and Africa reported growth rates of 146.4%, 36.0% and 51.1%, respectively; increased 24.8% q-o-q to ₹1,563 million
- EBITDA increased 3.3% y-o-y, however declined by 14.3% q-o-q to ₹359 million at 17.4% margin
 - On account of change in revenue mix and one-time content reversals in Q1 FY2014
 - Increase in manpower cost on account of annual increments (₹40 million) and forex impact due to the movement in Euro and USD (₹76 million)
 - Offset to some extent by manpower rationalization initiatives in Q4 FY2013
 - One time expenses of ₹32 million related to the acquisition of OLI
 - Q2 FY2013 had a forex loss of ₹68 million reported under Opex (Q2 FY2014 forex gain of ₹89 million reported under other income)

Financial snapshot – including OLI

Consolidated financials including OLI

(₹ million)	Q2 FY2014	Q2 FY2013	% Y-o-Y	Q1 FY2014	% Q-o-Q	YTD FY2014	YTD FY2013	% Y-o-Y
Net Revenue	2,250	1,798	25.2%	1,897	18.6%	4,147	3,650	13.6%
India	506	741	(31.8)%	644	(21.5)%	1,150	1,547	(25.7)%
Latam	556	409	36.0%	513	8.3%	1,069	752	42.1%
Other Emerging Markets	384	335	14.8%	354	8.4%	738	646	14.4%
Developed Markets	805	313	156.8%	385	108.9%	1,190	705	68.8%
EBITDA¹	335	348	(3.6)%	419	(19.9)%	754	707	6.8%
% Margin	14.9%	19.3%		22.1%		18.2%	19.4%	
EBITDA (Excl. Forex)²	335	416	(19.3)%	419	(19.9)%	754	783	(3.6)%
% Margin	14.9%	23.1%		22.1%		18.2%	21.4%	
Net Profit	15	62	(75.4)%	141	(89.1)%	156	157	(1.0)%
% Margin	0.7%	3.5%		7.4%		3.8%	4.3%	
Basic EPS (₹)	0.13	0.55	(76.0)%	1.23	(89.4)%	1.36	1.38	(1.0)%
Normalized Net Profit²	(36)	93		83		47	197	(76.1)%
% Margin	(1.6)%	5.2%		4.4%		1.1%	5.4%	

Notes:

1 EBITDA: Profit from operations before Other income, Interest and Exceptional items and Depreciation

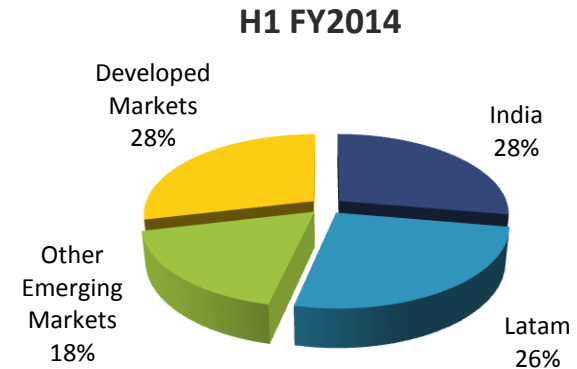
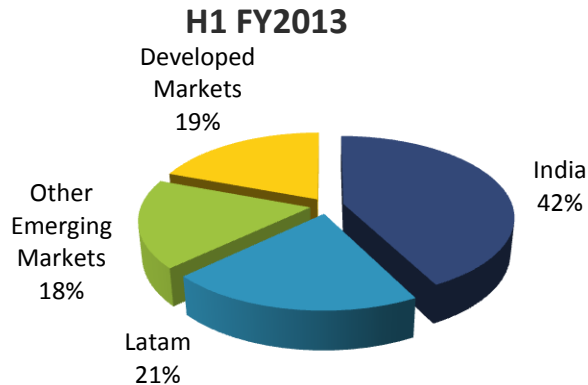
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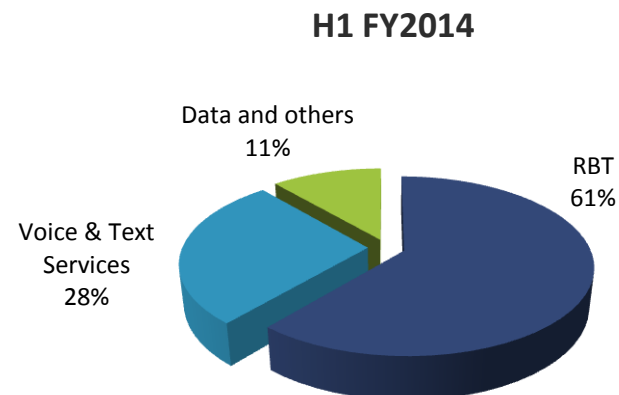
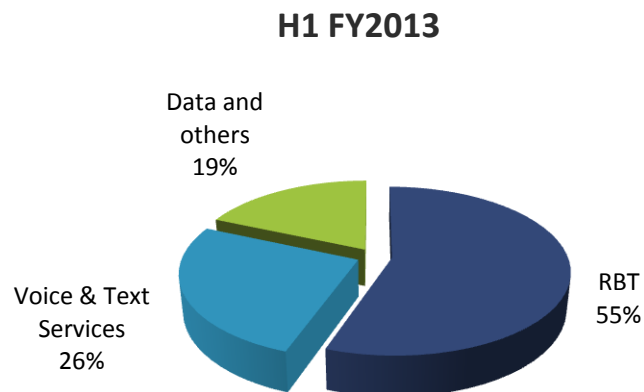
Operational performance – including OLI

Diversified revenue sources

Revenues by Geography



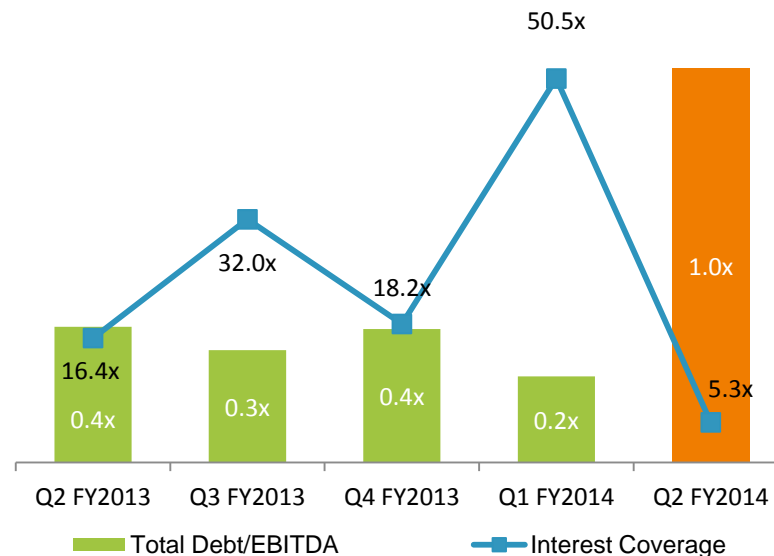
Revenues by Products



Financial performance

Strong balance sheet with low leverage provides operational flexibility

(₹ million)	Consolidated Sep 30, 2013	Consolidated Mar 31, 2013
Long Term Borrowings	602	3
Short Term Borrowings	1,155	488
Total Debt	1,758	491
Less: Cash & Cash Equivalents	2,011	2,009
Net Cash / (Net Debt)	254	1,518
Net Worth (excluding Goodwill)	7,304	7,044



- Lower Net Cash this quarter due to loan taken for OLI acquisition: Rs. 819 million

Note:

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

Effective Tax Rate (ETR)

(₹ million)	H1 FY2014	Adjusted for forex fluctuation	Adjusted for losses of OnMobile Live	Adjusted for foreign taxes written off in Telisma
Profit before Tax	331	388	473	473
Tax	175	175	175	169
Profit after Tax	156	213	298	304
ETR	53.0%	45.0%	37.0%	35.7%

- Unrealized forex fluctuation in few major countries amounting to Rs. 57 million disallowed under the respective tax laws
- The net loss of OLI has reduced the PBT of OnMobile. This loss can be set-off against the future profits of OLI
- Telisma, being a loss-making entity, hence foreign taxes paid are not recoverable

Notes:

1. Losses of OLI amount to Rs. 85 million
2. Foreign taxes written off in Telisma amount to Rs. 5 million

Financial Statements – Balance Sheet

(₹ million)	As at Sep 30, 2013	As at Mar 31, 2013
EQUITY AND LIABILITIES		
Shareholders' Funds	9,350	9,090
Long-term borrowings	602	3
Deferred tax liabilities (net)	10	32
Long-term provisions	170	147
Non-Current Liabilities	782	182
Short-term borrowings	1,140	478
Trade payables	1,952	1,719
Other current liabilities	1,234	1,008
Short-term provisions	447	541
Current Liabilities	4,773	3,746
Total	14,905	13,018

(₹ million)	As at Sep 30, 2013	As at Mar 31, 2013
ASSETS		
Deferred tax assets	91	31
Goodwill on Consolidation	2,046	2,046
Fixed assets	4,309	3,530
Non-current investments	0	0
Long-term loans and advances	1,272	1,072
Non-Current Assets	7,719	6,679
Current investments	284	337
Inventories	5	0
Trade receivables	2,778	1,787
Cash and cash equivalents	1,727	1,671
Short-term loans and advances	1,055	875
Other current assets	1,337	1,668
Current Assets	7,186	6,339
Total	14,905	13,018

THANKS

for your attention

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