

OnMobile Global Ltd

31st July 2009, 17:30 Hrs IST

Quarter ending 30th Jun 2009

We are happy to present the performance of the Company for the Quarter ended 30th June 2009.

1. Material New Developments – Customers

- Business agreement signed with Telefonica, world's third largest Operator, for exclusive market rights to deploy over 20 different Value Added Services in the LATAM Region (130M subscribers, across 13 countries). Several of the core services included here will be exclusive to OnMobile
- First Vodafone Operator went live with RBT in Europe under the global Vodafone agreement we signed last quarter.
- Launched Voice Portal and RBT services in a new GSM Operator in India.
- One of our Operators is going through an internal re-structuring which has impacted our revenues in this quarter.
- One of our Operators experienced delays in rolling out their new network, and launching OnMobile services, which resulted in deferral of our revenues.
- We signed a large contract with a leading European Operator and had to incur third party expenses in this quarter ahead of plan.

2. Material New Developments – Products

- Two large handset manufacturers have selected our Phone Back-up solution for Android phones.
- Social Address Book surpasses the 250K download mark in the Google Android Market and is launched in all the subsidiaries of a leading Operator in Europe.
- MRadio crosses the 1M subscriber mark in the SAARC region.
- We partnered with Nokia to launch Life Tools, the first initiative to package Agriculture, Education and Entertainment services on the handset for the large rural market.

3. Material New Developments – Organizational

Offices

- New office registered in Romania, entry point for fast growing eastern European market.

Awards and Recognition

- For the third year in a row, we have been ranked as the No. 1 Company of the year in VAS segment for FY 2008-09, as per the V&D100 survey carried out by VOICE&DATA, India's No.1 communications magazine

- The contest run by OnMobile for BBC- Bill Gates foundation along with the campaign that followed on TV has won a Cannes Bronze in the mixed media category.

4. Material New Developments – Others: Update on TRAI Directive

The TRAI Directive issued earlier in the quarter has resulted in a revenue decline of up to 10% in some Operators, based on initial results. We are working with the Operators and the TRAI on a Revised Directive which is likely to lower the impact.

5. Non Financial KPIs – Last three quarters

KPI	Dec'08	Mar'09	Jun'09
Subscriber Reach (Mn)	550	600	630
Unique Users (Mn)	45	57	64
Active RBT Users (Mn)	30	33	37
Calls handled (Bn)	8	10	10
Number of Employees	1,133	1,146	1,154
Countries Live in	22	22	23

6. Financials – Q1 and Rolling 4 quarters

The company is in high-growth, high investment mode. We continue to see unprecedented customer demand for our products and services, and will invest to capture this market opportunity on a long term basis.

Many shareholders and potential investors have asked for some visibility into the breakdown of our investment and recurring activities in order to better model and understand our business. In response, we are initiating this quarter, a new format to help understand our business better. Given below is the break-up of our financials into core business and investment activities for the first quarter of this financial year as well as for the last 4 quarters rolling.

Q1 2009-10

Rs. Mn	Total Q1	Core Business	Investments
Net Revenue	1,072.4	1,041.4	31.0
<i>Domestic</i>	838.5	807.5	31.0
<i>International</i>	233.9	233.9	
COGS	298.2	293.9	4.3
Gross Profit	774.1	747.4	26.7
Gross Margin	72.2%	71.8%	
Manpower cost	345.3	269.0	76.3
Other opex	184.9	148.2	36.7
EBITDA	243.9	330.2	-86.3
%	22.7%	31.7%	
Depreciation	133.1	129.6	3.5
Operating Profit	110.9	200.6	-89.7
%	10.3%	19.3%	
Other Income/(Exp)	48.7		
Profit before Tax	159.6		
Tax	72.9		
Profit After Tax	86.4		
%	7.7%		

4 Quarters ending June 09

Rs. Mn	Total 4 Quarters ending June 09	Core Business	Investments
Revenue	4,357.4	4,146.4	210.9
EBITDA	1,308.8	1,584.7	-275.9
	30.0%	38.9%	
Operating Profit	828.0	1,137.6	-309.7
	19.0%	28.2%	

Definition of Investments:

New Customers: Investments (e.g., hardware, third party software, manpower costs, travel) in new customer deployments till 1 year following launch of services.

New Products: Large, measurable and discreet expenditures in new products development and deployment till 1 year following launch of this product in the first customer.

- The extent of the investments on our Operating Profit in the first quarter of this financial year is Rs. 90 Mn and for the last 4 rolling quarters is Rs. 310 Mn.

- Historically the first quarter of a fiscal year has seen us delivering 17 to 22% of full year revenues and profit after taxes. The first quarter is traditionally the lowest in terms of revenue and profitability.
- Over the last few quarters we have focused on controlling and reducing discretionary spend which is evident in the higher margins of the core business as well as the flat operating expenses as compared to prior year quarter one.

7. Financials – Rolling 4 Quarters (Current year vs. Last year)

<i>Rs. Mn</i>	4 Quarters ending June 08	4 Quarters ending June 09	% Gr
Revenue	2,920.2	4,357.4	49.2%
EBITDA	1,064.2 (36.4%)	1,308.8 (30.0%)	23.0%
Operating Profit	759.7 (26.0%)	828.0 (19.0%)	9.0%

- 4 Quarters ending June'09 financials include revenue and costs of Telisma, which was acquired on 1st July 2008. **Impact – EBITDA lower by 3.8% and PAT lower by 2.1%.**
- Direct costs for the 4 Quarters ending June'09 are higher mainly due to higher costs related to strategic content alliances and higher payouts to Media and initiatives in Mobile marketing business.