

**OnMobile Global Ltd**29<sup>th</sup> January 2010, 10:00 Hrs ISTQuarter ending 31<sup>st</sup> December 2009

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**We are happy to present the performance of the Company for the Quarter ended 31<sup>st</sup> December 2009.**
**1. Background context – Indian Telecom Sector Trends:**

In the last quarter, we had discussed about the negative trends which impacted the Telecom sector in the first two quarters of the current fiscal. We continue to see the trend remaining negative in the third quarter as well. The subscriber additions have been robust but not contributing to the revenue growth and TRAI directive on VAS promotions has had some impact on acquisitions and usage.

The trend of Subscriber base, total revenue and VAS revenue of the major Telecom Operators are updated as below:

	Q2 08-09	Q3 08-09	Q4 08-09	Q1 09-10	Q2 09-10	Q3 09-10
<b><u>Bharti Airtel</u></b>						
EOQ Sub base (Mn)	77	86	94	102	111	119
Total Mobile Revenue (Rs. Mn)	72,843	79,392	82,216	82,285	80,994	79,718
VAS Revenue Excl P2P SMS(Rs. Mn)	4,152	4,287	4,604	4,114	3,969	3,986
<b><u>Idea Cellular</u></b>						
EOQ Sub base (Mn)	34	38	43	47	51	58
Total Mobile Revenue (Rs. Mn)	23,006	26,209	29,356	29,759	29,739	31,495
VAS Revenue Excl P2P SMS*(Rs. Mn)	1,287	1,475	1,679	1,616	1,576	1,603
<b><u>RCOM</u></b>						
EOQ Sub base (Mn)	56	61	73	80	84	92
Total Mobile Revenue (Rs. Mn)	43,356	44,119	45,015	47,931	40,100	
VAS Revenue Excl P2P SMS*(Rs. Mn)	2,645	2,691	2,746	2,923	2,445	
<b><u>Vodafone</u></b>						
EOQ Sub base (Mn)	55	61	69	76	83	91
Total Mobile Revenue (Rs. Mn)	45,375	53,280	62,529	59,683	56,348	
VAS Revenue Excl P2P SMS(Rs. Mn)	2,688	3,004	3,399	3,399	3,202	
<b>Total VAS Excl P2P SMS (Rs. Mn)</b>	<b>10,726</b>	<b>11,409</b>	<b>12,283</b>	<b>12,089</b>	<b>11,286</b>	
<b>Growth – Sequential</b>	<b>6.1%</b>	<b>6.4%</b>	<b>7.7%</b>	<b>-1.6%</b>	<b>-6.6%</b>	

OnMobile India Revenues (Rs. Mn)	794	888	944	879	834	896
<b>Growth – Sequential</b>	<b>22.9%</b>	<b>11.9%</b>	<b>6.3%</b>	<b>-6.9%</b>	<b>-5.1%</b>	<b>7.5%</b>

*Source: COAI and AUSPI / Quarterly published financials / \* internal estimates*

## **2. Material New Developments – Customers**

- We were the first to launch RBT with Social Networking at an Indian Operator. The early results show a sign up success rate of 4 times compared to promotions today.
- We went live with our RBT services in a leading Operator in the Indian Metro region by replacing a significant multinational competitor.
- In the APAC region, we won business for our Music Radio product in Malaysia, Indonesia and Sri Lanka and we launched the service in one of the leading Operators in Bangladesh, making us the #1 provider for Music Radio in that region.
- We extended our reach for the Phone Backup service launching the service in a leading operator in Bangladesh.
- Our Phonebook 2.0 product was the core of the innovative Orange ON Social Media service launched in a beta phase in France. Orange ON allows each user to connect with their social contacts across all channels. The service was previewed at <http://www.youtube.com/watch?v=FAfVHmkOowM>
- For the Telefonica LATAM project, deployment is on track and we are seeing strong support from all markets for the OnMobile products. First set of Opcos to go live by the end of April 2010.
- We closed contracts with a large handset OEM in India to help them set up and power their services in India through existing operator integration and to power applications on their services platforms.

## **3. Material New Developments – Products**

- We released the first version of OnMobile Social RBT with two ground-breaking features - RBT provisioning aided by intelligence on the social calling pattern of the user. And UGC RBT with the ability for the user to record their RBT from an established Social Network. This is the world's first launch of an integration of RBT with Social Networking.
- We launched the next version of the OnMobile Corporate RBT product, allowing enterprises greater control and flexibility on the provisioning of RBT for their employees.
- We extended the functionality of the OnMobile Phone Backup 2.0 by adding a mapping capability and extending the clients to include iphone, Android, web and WAP.
- We rolled out Atlantis – a new Content Management system in our drive towards building a digital content distribution platform that offers a high level of transparency and ease of use for all our content partners.
- On top of our Universal Messaging Platform which was launched last quarter, we added an Intelligent OBD application that was piloted successfully with a leading operator in India.
- We signed up three additional partners for the OnMobile Developer Network, one of whom Voicetap, made it to the top 20 finalists in the Mobile Premier Awards in Innovation for Barcelona 3GSM,
- On the Speech front, we launched the OnMobile Telephone product, to automate search of local information via voice recognition on Iphone.
- We extended the OnMobile Search and Discovery product by increasing conversion of services selected by the user using free-form input on the SMS channel.

#### 4. Material New Developments – Organizational

##### Offices

- New office registered in Dubai, UAE.
- New offices registered in Miami and Mexico to facilitate our Latin American Operations.

##### Awards and Recognition

- For third time in a row, we have won the Deloitte Technology Fast 50 India and the Deloitte Technology Fast 500 Asia Pacific award for 2009.
- We have won the Frost & Sullivan Market Share Leadership award for "Mobile Value Added Services" category for 2009.

#### 5. Non Financial KPIs – Last four quarters

KPI	Dec'08	Mar'09	Jun'09	Sep'09	Dec'09
Subscriber Reach (Mn)	550	600	630	687	673
Unique Users (Mn)	45	57	64	71	77
Active RBT Users (Mn)	30	33	37	40	42
Number of Employees	1,133	1,146	1,154	1,223	1,209
Countries Live in	22	22	23	23	24

#### 6. Financials – Sequential (Current quarter Vs. Last quarter)

Rs. Mn	Q2 2009-10	Q3 2009-10	% Gr
Revenue	1,086.3	1,154.7	6.3%
COGS	306.8	334.0	8.9%
Gross Profit	779.5	820.7	5.3%
Gross Margin	71.8%	71.1%	
Total Opex	644.4	590.0	-8.4%
EBITDA	135.1	230.7	70.7%
%	12.4%	20.0%	
Depreciation	82.2	113.1	37.6%
Operating Profit	52.9	117.6	122.1%
%	4.9%	10.2%	
Other Income / (Exp)	68.5	52.7	-23.0%
Profit before Tax	121.4	170.3	40.3%
Tax	14.4	44.1	205.8%
Profit After Tax	98.7	131.7	33.5%
%	8.6%	10.9%	

Refer Core vs. Investments section for quarter 3 summary.

## 7. Financials – Core vs. Investments

Rs. Mn	Core Business		Investments	
	Q2 09-10	Q3 09-10	Q2 09-10	Q3 09-10
<b>Revenues</b>	<b>1,067.6</b>	<b>1,129.4</b>	<b>18.7</b>	<b>25.3</b>
<i>Domestic</i>	793.2	820.3	-	-
<i>International</i>	274.4	309.0	18.7	25.3
COGS	301.2	329.3	5.6	4.7
<b>Gross Profit</b>	766.4	<b>800.0</b>	13.1	<b>20.7</b>
<b>Gross Margin</b>	<b>71.8%</b>	<b>70.8%</b>	<b>70.2%</b>	<b>81.5%</b>
Manpower cost	312.7	316.9	53.1	60.0
Other Opex	171.7	171.4	106.9	41.7
<b>EBITDA</b>	<b>282.0</b>	<b>311.7</b>	<b>(146.9)</b>	<b>(81.0)</b>
%	<b>26.4%</b>	<b>27.6%</b>		
Depreciation	70.6	100.3	11.6	12.8
<b>Operating Profit</b>	<b>211.4</b>	<b>211.3</b>	<b>(158.5)</b>	<b>(93.7)</b>
%	<b>19.8%</b>	<b>18.7%</b>		
Other Income/exp	68.5	52.7		
<b>Profit before Tax</b>	<b>279.9</b>	<b>264.0</b>		
%	26.2%	23.4%		
Tax	14.4	44.1		
<b>Profit After Tax</b>	<b>257.2</b>	<b>225.4</b>		
<b>PAT %</b>	<b>22.6%</b>	<b>19.2%</b>		

### **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.

### **Key Highlights and Observations:**

- The 'Other Opex' for investments is lower in Q3 mainly because of forex gain of Rs 32.6 Mn. There was a forex loss of Rs 35.4 Mn in quarter 2.
- Our core business continues to be strong. Depreciation was lower in Q2 because of change in depreciation policy on telephony cards and the other income was higher because of gain on sale of investment in Verse, as disclosed in the last quarter results.

**8. Financials - Rolling 4 Quarters (Current year vs. Last year)**

<b>Rs. Mn</b>	<b>4 Quarters ending Dec 08</b>	<b>4 Quarters ending Dec 09</b>	<b>% Gr</b>
<b>Revenue</b>	<b>3,598.4</b>	<b>4,466.6</b>	<b>24.1%</b>
COGS	670.1	1,184.4	76.8%
<b>Gross Profit</b>	<b>2,928.3</b>	<b>3,282.2</b>	<b>12.1%</b>
<b>Gross Margin</b>	<b>81.4%</b>	<b>73.5%</b>	
Total Opex	1,859.1	2,286.5	23.0%
<b>EBITDA</b>	<b>1,069.2</b>	<b>995.7</b>	<b>-6.9%</b>
<b>%</b>	<b>29.7%</b>	<b>22.3%</b>	
Depreciation	399.6	452.1	13.1%
<b>Operating Profit</b>	<b>669.7</b>	<b>543.5</b>	<b>-18.8%</b>
<b>%</b>	<b>18.6%</b>	<b>12.2%</b>	
Other Income / (Exp)	263.5	236.3	-10.3%
<b>Profit before Tax</b>	<b>933.1</b>	<b>779.8</b>	<b>-16.4%</b>
<b>%</b>	<b>25.9%</b>	<b>17.5%</b>	
Tax	273.7	219.5	
<b>Profit After Tax</b>	<b>659.4</b>	<b>557.4</b>	<b>-15.5%</b>
<b>%</b>	<b>17.1%</b>	<b>11.9%</b>	

- 4 Quarters ending Dec'09 financials include revenue and costs of Telisma for all the 4 quarters as against only for 2 quarters in Dec'08.  
Impact – EBITDA lower by 4.4% and PAT lower by 3.9%.