



 **zain**

Investor Presentation

Q4 2021

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EXECUTIVE MANAGEMENT



Bader Nasser Al-Kharafi
Vice Chairman & Group CEO



Ossama Matta
Chief Financial Officer



Nawaf Al-Gharabally
Chief Technology Officer



Kamil Hilali
Chief Strategy Officer



Mohammad Abdal
Chief Communications Officer



Malek Hammoud
Chief Investments and
Digital Transformation Officer



Jennifer Suleiman
Chief Sustainability Officer



Dr. Andrew Arowojolu
Chief Regulatory Officer



Nawal Bourisli
Chief Human Resources Officer



Maryam Saif
Chief Diversity and Inclusion Officer



Venkatesh Jandhyala
Chief Internal Auditor



Firas Oggar
Head of Legal



Abdul Ghaffar Setareh
Chief Risk Officer

OUR GROUP AT A GLANCE **FY 2021**



**48.9
MILLION**

ACTIVE CUSTOMERS



**\$5.03
BILLION**

IN REVENUE



**\$2.1
BILLION**

IN EBITDA
EBITDA MARGIN 41%



**\$616
MILLION**

IN NET INCOME



**14
CENTS**

IN EPS

OUR OPERATIONS



Over
7,200
EMPLOYEES



KUWAIT



KSA



IRAQ



SUDAN



JORDAN



BAHRAIN



SOUTH SUDAN

Contribution

REVENUE %
CUSTOMERS %

21%

5%

42%

16%

15%

34%

7%

33%

10%

8%

3%

2%

2%

2%

Zain has a 15.5% ownership in Moroccan mobile operator "INWI"

PRESENCE IN KEY ECONOMIES IN THE GULF REGION AND RESILIENT UPSIDE POTENTIAL IN SUDAN AND SOUTH SUDAN

KEY EVENTS Q4 2021

Interim Dividends

- On October 12th, Ordinary General Assembly approved the distribution of first interim dividends of 10 fils per share, totaling \$143m as part of the 33 fils per share annual minimum dividend policy

4G & 5G Growth across key markets

- Zain Kuwait, KSA and Bahrain witnessed impressive uptake of 5G services
- Iraq and S. Sudan launched 4G services
- Healthy growth in Jordan and Sudan 4G customers

Fintech... Excellent revenue & customer growth

Zain KSA fintech subsidiary, 'Tamam'; ZainCash in Iraq & Jordan; M-Gurush in South Sudan attract 1.5 million customers turning over 25 million transactions with value of \$2.3 billion in 2021

Zain Ventures

Zain Ventures invests in ZoodPay.com (BNPL platform), Pipe.com and swvl.com to accelerate their growth across Middle East

Iraq & Sudan Price Revamp

Mitigating currency devaluations, price revamp initiatives undertaken

TowerCo deal

- Zain Jordan sold 2,607 towers to TASC for \$88 million
- Zain KSA: Received \$807m non-binding offer from PIF for 8,000+ towers
- Zain Iraq: Transaction in process with TASC, expected 2022



ACCOMPLISHMENTS



Zain named Best Telecom Brand for 2021 by Telecom Review



Zain Group wins prestigious 'Best Corporate Governance Award 2021' for Kuwait



Zain receives three awards from SAMENA Council-MEA Business Technology Achievement Awards for:

1. New Technology Leadership for 5G launches in KW & KSA
2. Innovative Collaborations for Zain Esports
3. Ground-breaking services for fintech solution Tamam in KSA



Zain wins Gulf Breakthrough Award from Dell Technologies



Zain got upgraded to A- in the latest 'CDP Score Report–Climate Change 2021', ranking it first in the region



Zain recognized in three major categories at the Global Good Governance Awards 2021

1. Best in Diversity Award
2. Leadership & Sustainability Award
3. Women Empowerment Award

4SIGHT : Creating our sustainable & digital future

01 DIGITAL TRANSFORMATION

Transforming the telecom core to provide customers with the best experience, while simultaneously streamlining the back end and reaping the best of analytics for Zain to thrive and even lead in the digital era.

ICT 01

Establishing a regional center of excellence developing and providing the latest infrastructure, managed services and digital solutions.

02 ENTERPRISE AND GOVERNMENT

Working closely with organizations of all sizes to provide them with the necessary connectivity and the latest solutions required to achieve their business and operational objectives.

DIGITAL INFRASTRUCTURE 02

Building a leading independent digital infrastructure player in the region.

EVOLUTION OF TELCO

03 FIXED AND CONVERGENCE

Transforming from a mobile centric telecom into an integrated player offering fixed-mobile domestic and international convergence serving the needs of consumers and businesses.

GROWTH VERTICALS

FINTECH 03

Introducing a suite of digital financial and insurance services contributing to the evolution of the region's digital ecosystem.

04 PORTFOLIO OPTIMIZATION

Continuously seeking opportunities to realize synergies and unlock potential value through M&A activities.

DIGITAL SERVICES 04

Innovative digital services to create opportunities that bridge the digital divide, ensure business continuity, and advance socio-economic development.

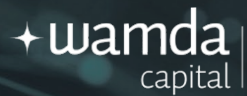
ZAIN VENTURES

ZAIN HAS EVOLVED AS AN ACTIVE PLAYER WITH A FOCUS ON STRATEGIC INVESTMENTS

Zain Ventures was established in 2021 as the Corporate Venture Capital arm of Zain looking for opportunities in the world of venture capital.



Investment in funds



Invested

\$18.7m

Received

\$14.56m

Existing Valuation

\$19.9m

Value Generated

1.84x



ZAIN FINTECH



Licensed by Saudi Central Bank (SAMA), **Tamam** is the first micro-financing license in region. The platform is Shari'a compliant and offers consumer micro-finance in less than five minutes via a seamless digital customer experience through a mobile app.



Zain Cash Iraq is a mobile wallet licensed by Central Bank of Iraq to offer innovative financial services such as money transfer, electronic bill payment, funds disbursement service, mobile recharge, ecommerce. **Zain Cash Iraq's** customer base and volumes grew along with a variety of initiatives to assist the government funding support to reach out to beneficiaries.



M-Gurush is Zain South Sudan Digital Financial Service based on partnership model with Trinity Technologies, licensed by Central Bank of South Sudan to run Mobile Money and Electronic Payment Services in South Sudan.

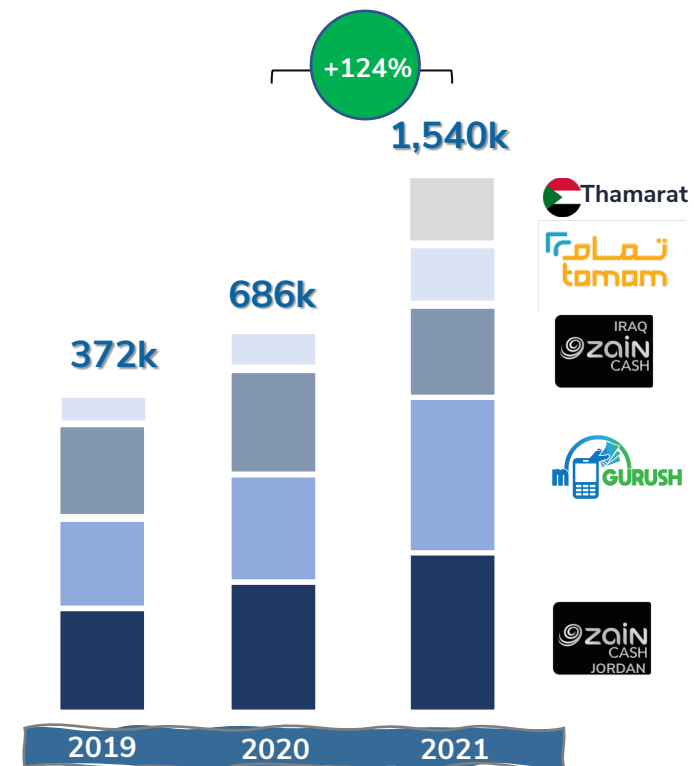


In addition to maintaining its position in the market as the largest mobile financial services provider in Jordan, **Zain Cash Jordan** has been rapidly expanding its portfolio to cover more services and verticals and managed to lead the processing of disbursements for the government's financial aid programs. Secured Central Bank of Jordan final approval to process credit card solutions.



"Thamarat" program supported the government to distribute **SDG 2.13 billion** to more than **250K** customers
Zain and other MNOs received from the Central Bank of Sudan the requirements and operating model for Payment service provider License, registration of Separate Fintech entity in Sudan as requested by CBOS.

GROUP FINTECH CUSTOMER BASE ('000)



1.5m

ACTIVE CUSTOMERS

14k

NUMBER OF AGENTS

25m

TRANSACTION VOLUME

\$2.3b

TRANSACTION VALUE

DIGITAL SERVICES



The Zain Group API platform grows, partnering **16 global OTT and solutions providers**, offering **36** different digital innovations and processing **130m** payment transactions since launch in 2018.

169m Successful API Calls During 2021

41% GROWTH IN API CALLS

50% GROWTH IN NUMBER OF LIVE SERVICES

130m Transactions Processed Since The Launch Of The Zain Group API Platform

38% GROWTH IN REVENUES

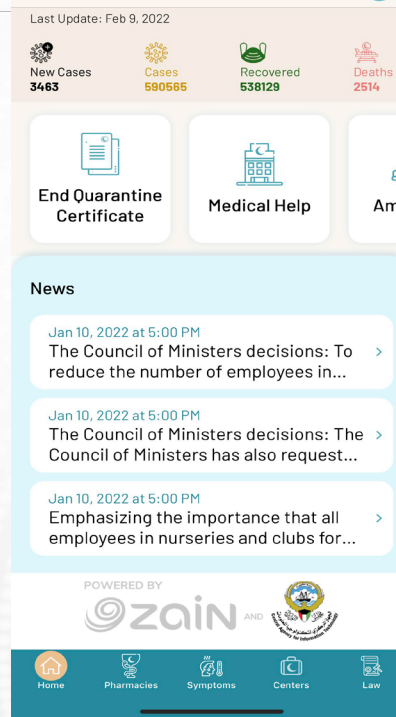
50m Customers Connected - One Of The Largest Reaches Offered By a Single Connection Across The Middle East

شلونك
SHLONIK



Another milestone for Zain in 2021 was the state-of-the-art digital platform, Shlonik, developed in collaboration with the Ministry of Health and Central Agency for Information Technology, to manage the quarantine process for those arriving from overseas. The Zain team has played a key role in supporting the authorities in the control of the spread of COVID-19, ensuring the safety of all citizens.

Shlonik is an excellent demonstration of Zain's capabilities as a trusted digital provider for public authorities and the app has gone on to win a series of awards highlighting the importance of private and public sector partnerships. As of end of 2021, the Shlonik app had 1.77 million people registrations.



Zain Esports was recently presented with an award at the prestigious SAMENA Council-endorsed MEA Business Technology Achievement Awards 2021, in the category of Innovation Collaborations and Partnerships, for its efforts in fostering the gaming ecosystem. The company also received a nomination for 'Best Marketing Campaign in Gaming' at the annual Effie MENA Awards.



Zain Esports co-published a Child Online Safety booklet with Zain Group Corporate Sustainability and UNICEF, which was distributed at the esports club in Al Bayan Bilingual School, a club established by Zain Esports to promote career options related to gaming and esports among high school students.

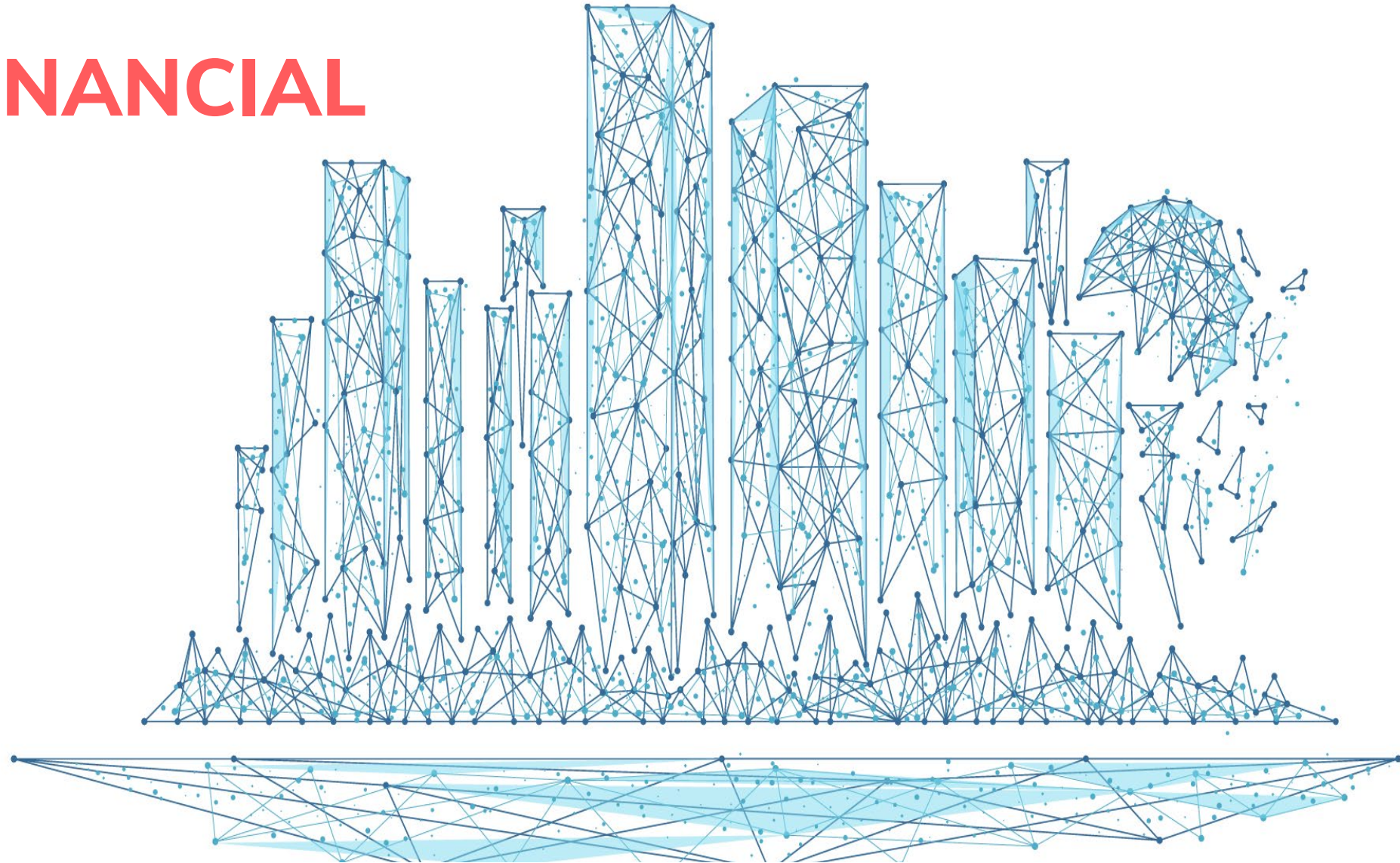
16 Tournaments

5.7m Engagement

+18k Gaming participants

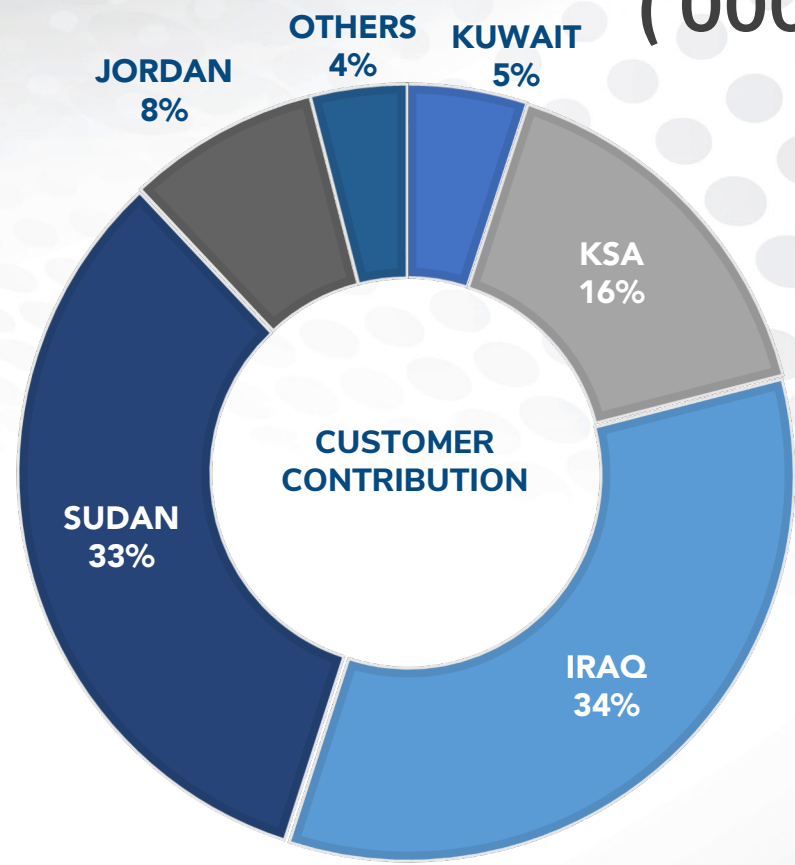
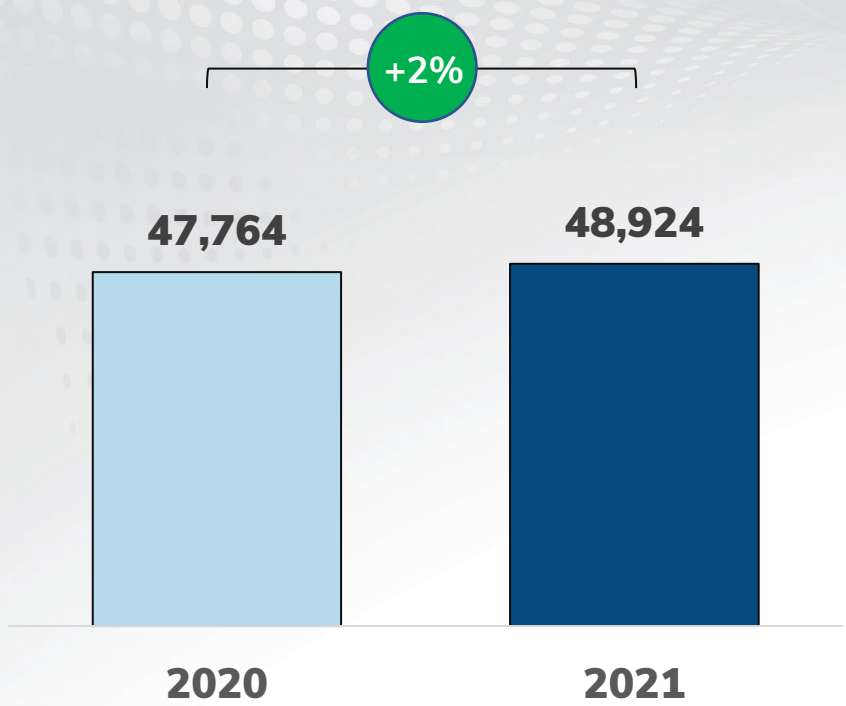
+43m Impressions

GROUP FINANCIAL REVIEW



GROUP CUSTOMER BASE

(‘000)

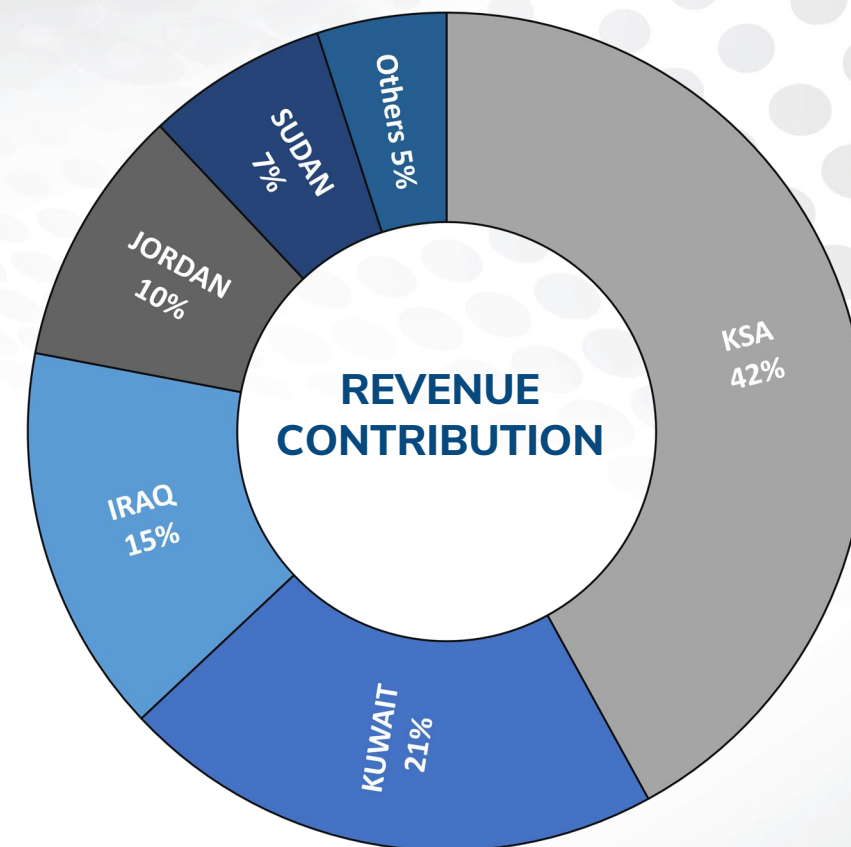
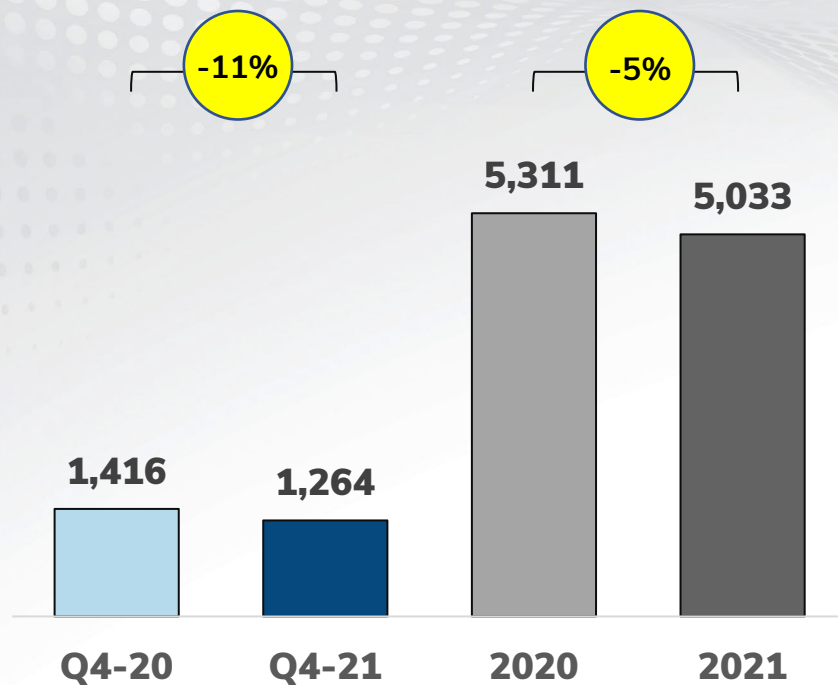


Customer base **up by 2%** due to:

- Growth in customer base in **Zain KSA by 14%** and **Zain Iraq by 2%**, adding around 1.2 million additional customers to the base)
- Launch of 4G services in **Iraq** and **South Sudan**

GROUP REVENUE

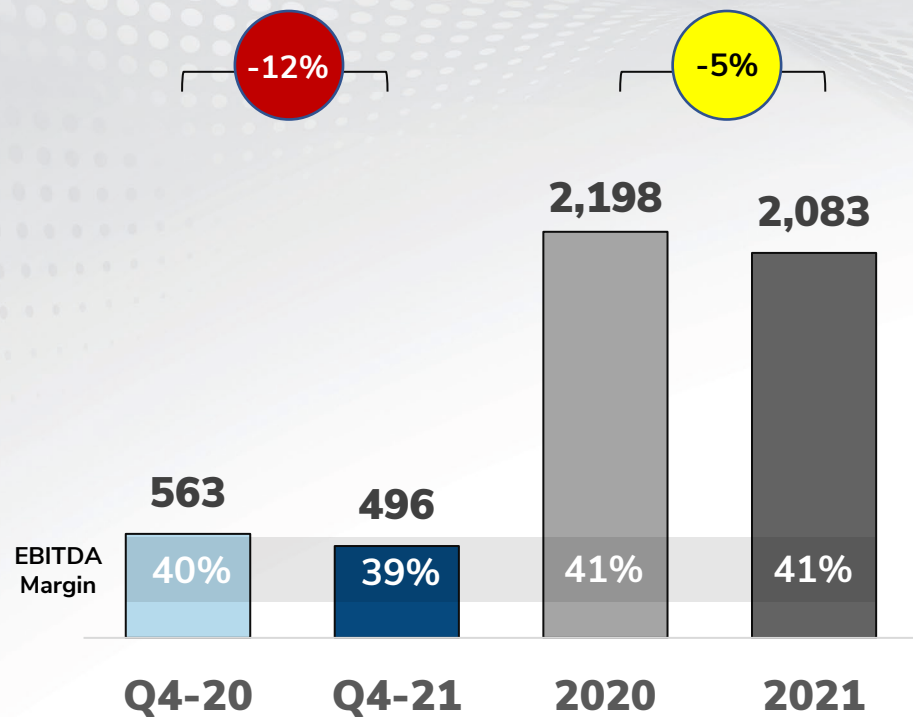
(USD m)



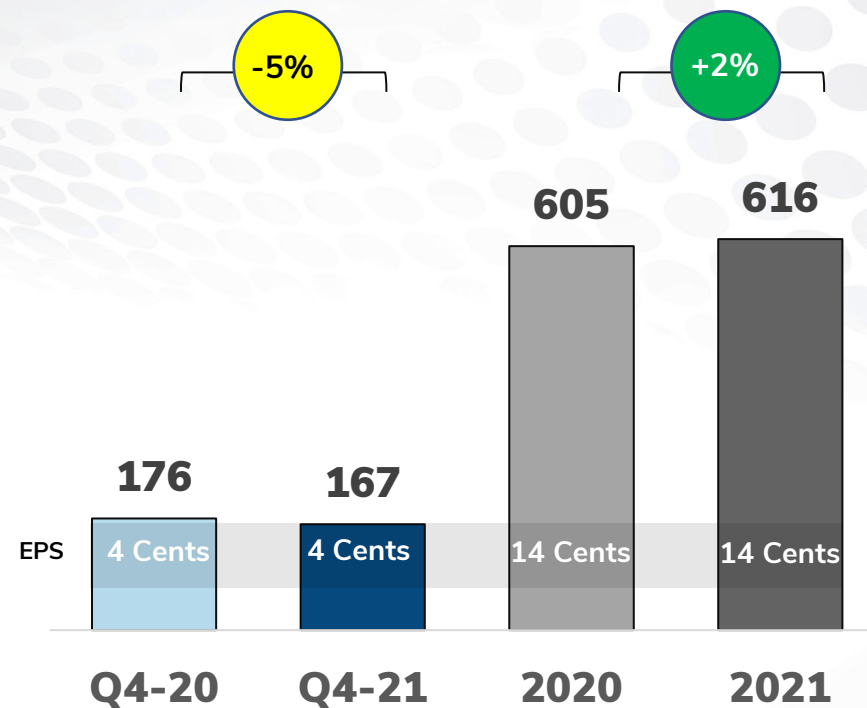
- The impact of **COVID-19** still affects the operations, coupled with the **FX rate** change impact mainly due to the currency devaluation in **Iraq, Sudan & South Sudan**
- Currency devaluation in **Sudan** from a rate of 55 in 2020 to 436 (SDG / USD) as December 2021
- **19%** currency devaluation in **Iraq** from 1,190 to 1,470 (IQD / USD)
- Excluding the **FX impact of USD 962 million for FY'21**, the Group consolidated revenue growth would have been up 13% to \$6 billion

GROUP EBITDA & NET INCOME

EBITDA (\$ m)



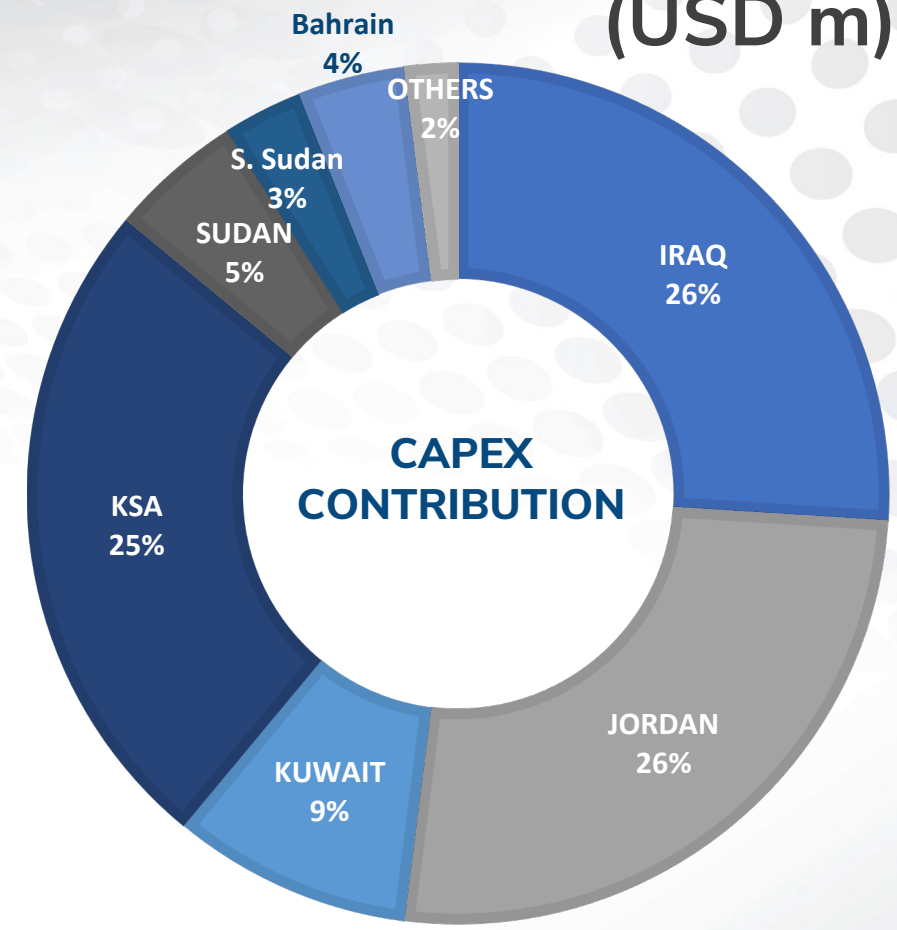
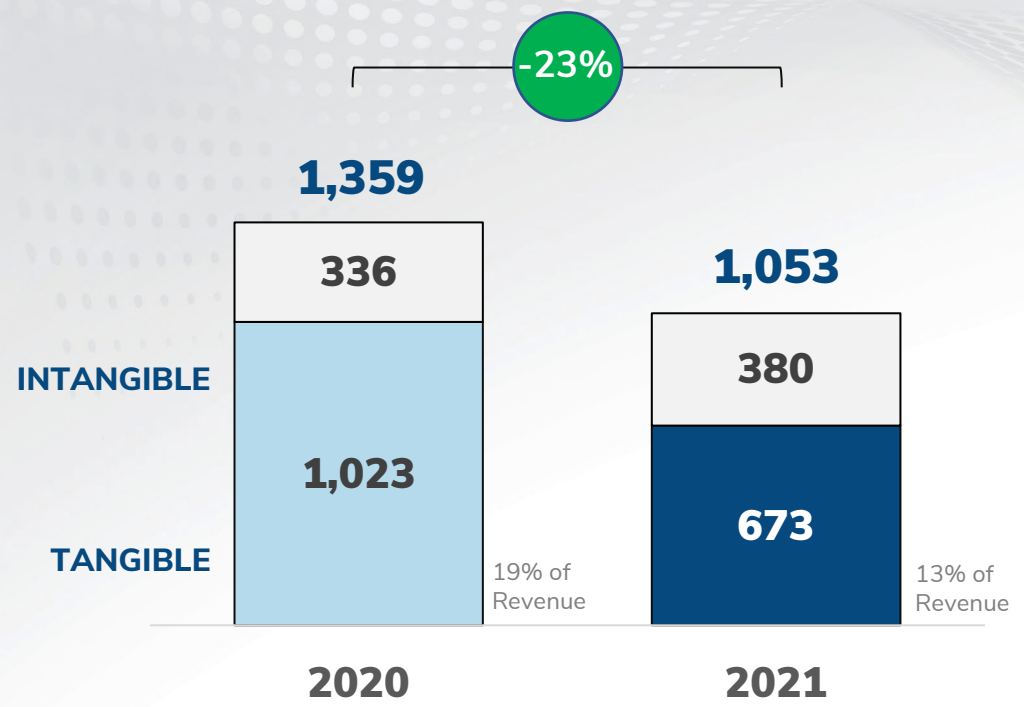
NET INCOME (\$ m)



- Conclusion of the **3-year CITC agreement** with KSA
- Rate Change and FX Translation impact in **Iraq, Sudan and South Sudan**
- Excluding the FX translation impact, EBITDA would have been +17% YoY
- Profit from Jordan tower sale \$48 million
- Drop in interest rates along with the margin reduction through negotiations held with lenders
- Drop in Currency Variance Losses

GROUP TOTAL CAPEX

(USD m)

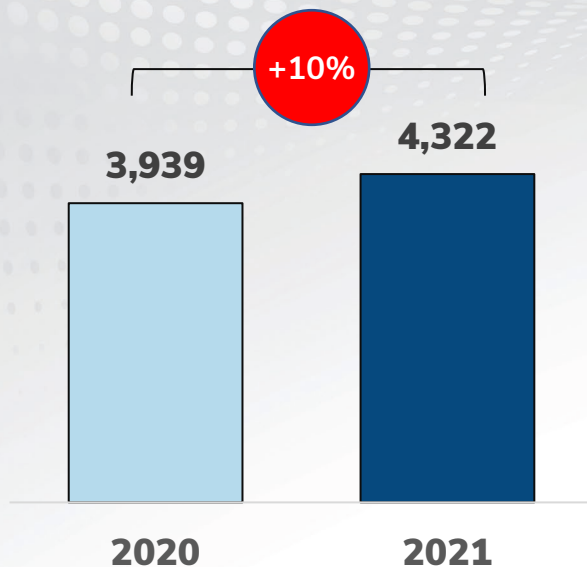


- Grant of 4G license amounting to \$148 million
- Renewal of the 900 MHz License in **Jordan** amounting to \$183 million
- **4G** launch in **South Sudan**
- Expansion of **5G & 4G** networks across the OpcOs

DEBT PROFILE

(USD m)

TOTAL DEBT (\$ m)



2.5x

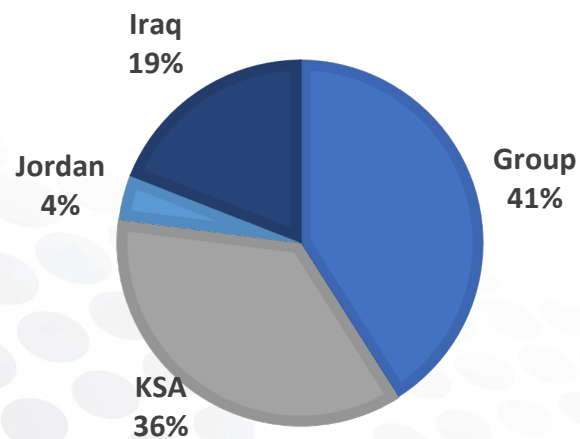
Total Net Debt / EBITDA
Among the lowest in the region

Effective Interest Rate

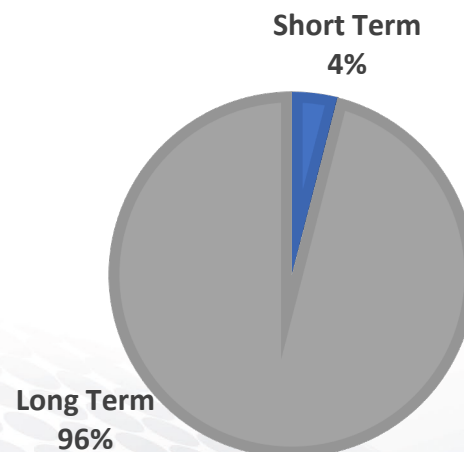
0.76% - 2.52%

As at 31 Dec'21

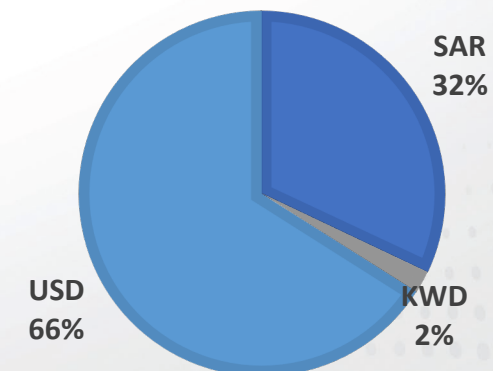
DEBT BY OPCO



DEBT BY MATURITY



DEBT BY CURRENCY



GROUP FINANCIAL KPIs

Income Statement (KWD m)	2021	2020
Revenue	1,517	1,625
EBITDA	628	673
Net Income	186	185

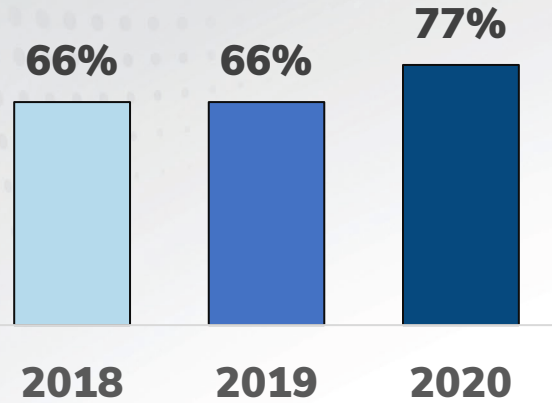
Balance Sheet (KWD m)	2021	2020
Cash and Cash Equivalents	232	393
Total Assets	4,799	4,912
Total Debt	1,306	1,196
Total Equity	1,812	1,935

Cash Flow (KWD m)	2021	2020
Operating	411	619
Investing	(341)	(276)
FCF	70	343
Financing	(179)	(236)
Effect of FX impact	(25)	(3)
Ending Cash Balance	230	364

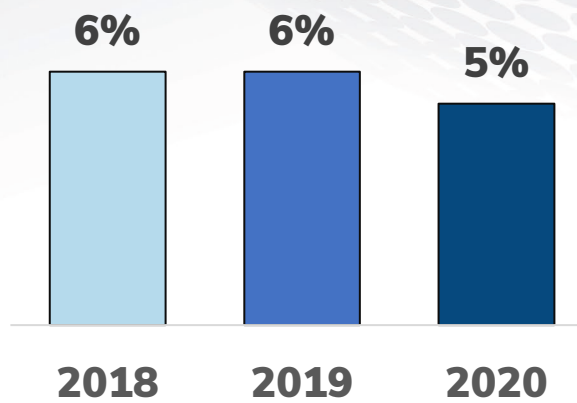
- Investing in Spectrum and network expansion for sustained growth momentum
- Impact from Currency Devaluation in Sudan, Iraq and South Sudan

DIVIDENDS

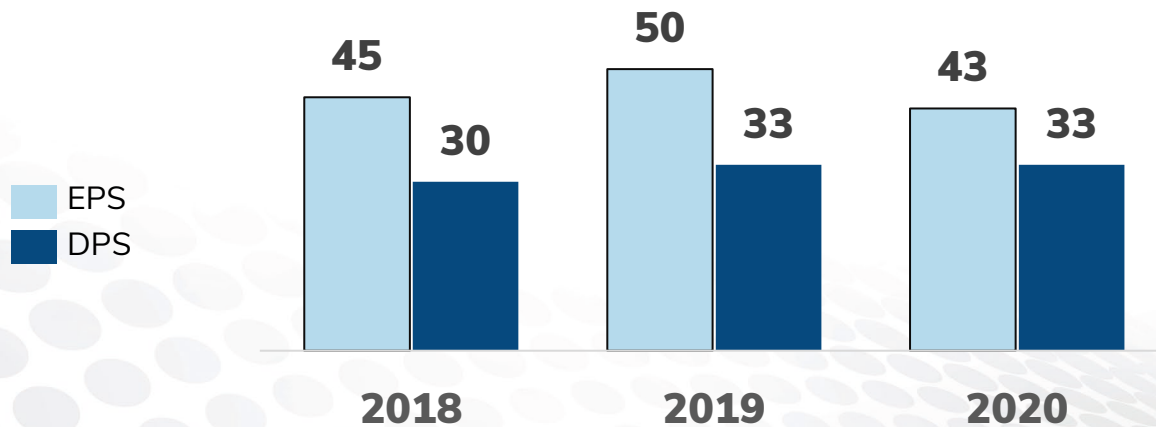
DIVIDEND PAY-OUT RATIO



DIVIDEND YIELD



EPS & DPS (Fils)



- Average dividend payout ratio in the high **70% range**
 - Dividend of \$470m (**33 fils**) for 2020 compared to \$471m (**33 fils**) for 2019
 - First company in Kuwait to implement a minimum cash dividend policy (**33 fils/year for 3 years starting 2019**)
- On October 12th, 2021, Ordinary General Assembly approved the distribution of **interim dividends of 10 fils per share**, totaling \$143m as part of 33 fils per share annual minimum dividend policy.

ZAIN SHARE PRICE



TOTAL SHARES

4,327,058,909

P/E

~14 TIMES

MARKET CAP

USD 8.5 BILLION

DIVIDEND YIELD

5.5%

THE SUSTAINED TRUST AND CONFIDENCE OF OUR SHAREHOLDERS ENABLED US TO REMAIN FOCUSED ON ACHIEVING OUR STRATEGIC OBJECTIVES AND MAXIMIZING OUR RETURNS IN THESE CHALLENGING TIMES

OPERATIONAL REVIEW



*The Market share % and the Value share % are as of Q3 2021

MARKET PLAYERS



100%



OWNERSHIP

1983



OPERATIONS

- Zain Kuwait remains the **most profitable company** within the Group and maintains its market lead in terms of both value share and customer base
- Slightly **improved revenue** (up by 1%) due to growth in **data revenue** driven by the **5G segment**
- Lower ECL** provisions, healthier acquisitions and **collection improvements** combined with improvement of **macro economic** factors across the globe
- Data revenue** grew **6%** and formed **40%** of total revenue
- Excluding the **gain on sale & leaseback of towers** in 2020, net income would have grown by **+15%**
- Cost optimization** efforts continue to improve profitability
- MVNO** expected to launch services in Q1 2022



2.5M

CUSTOMER BASE



36%

MARKET SHARE



38%

VALUE SHARE



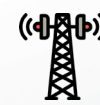
\$26

BLENDED ARPU



57%

PREPAID BASE



5G

LEADER IN CUSTOMER & REVENUE SHARE



100%

POPULATION COVERAGE %



149%

MARKET PENETRATION



MARKET PLAYERS



37%



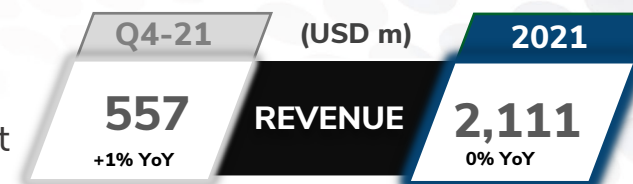
OWNERSHIP

2008



OPERATIONS

- Received **\$807m** non-binding offer from **PIF** to buy the passive infrastructure of 8,000+ towers
- Decrease in airtime revenue & **reduction in MTR** (SAR0.055 to SAR0.022) starting 10th June 2020
- Healthy **14% YoY customer growth**, adding 1m to the base, mainly from the prepaid mob. segment
- Excluding CITC waver and gain on modification of financial liabilities, net income would grow 135%
- Strong performance from **Tamam** Fintech – microfinance platform
- Healthy growth in the **FTTH** revenue
- Expanded **5G International roaming** footprint for Zain to reach **39** operators outbound worldwide
- Savings in finance cost due to **settlement of Shareholder loan** and **Murabaha refinancing**
- Data revenue** formed 48% of total revenue



8.0M

CUSTOMER BASE



\$19

BLENDED ARPU



66%

PREPAID BASE



5G

LARGEST NETWORK IN THE REGION



99%

POPULATION COVERAGE %



115%

MARKET PENETRATION

ZAIN IRAQ



MARKET PLAYERS



76%



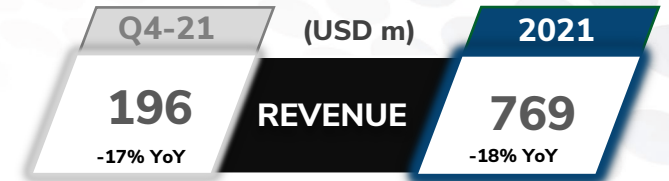
OWNERSHIP

2003



OPERATIONS

- Customer base grew by 2% to reach 16.4m customers driven by the launch of 4G
- YoY revenue impacted due to **currency devaluation**, lockdown restrictions continue
- Currency Devaluation** by 19% from IQD/USD 1,190 to 1,470
- First to launch **4G routers** in September
- Tower deal** with TASC is expected to complete by 2022
- Digital operator “oodi”** performing exceptionally, highest rated telco app in the market



16.4M

CUSTOMER BASE



52%

MARKET SHARE



40%

VALUE SHARE



\$4

BLENDED ARPU



93%

PREPAID BASE



4G

NETWORK TECHNOLOGY



99%

POPULATION COVERAGE %



102%

MARKET PENETRATION

MARKET PLAYERS



96.5%



OWNERSHIP

2003



OPERATIONS

- Top line grew by +3% YoY, mainly due to increase in data revenue
- Net income jumped by 66% due to the **gain on sale and lease back of towers**
- Data revenue grew by +11% YoY, and formed 50% of total revenue
- Healthy growth in the **FTTH** revenue and customer base
- Growth in **Zain Cash** revenue due to increase in service uptake
- Further reduction in local **interconnection rates** (from 5.2 fils to 2.0 fils)
- Successfully concluded the **tower deal** with a total of **2,607 sites** for **\$88 million**



3.6M

CUSTOMER BASE



35%

MARKET SHARE



49%

VALUE SHARE



\$11

BLENDED ARPU



66%

PREPAID BASE



4G

NETWORK TECHNOLOGY



99%

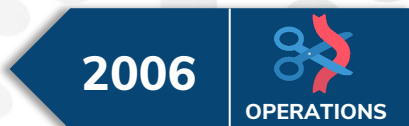
POPULATION COVERAGE %



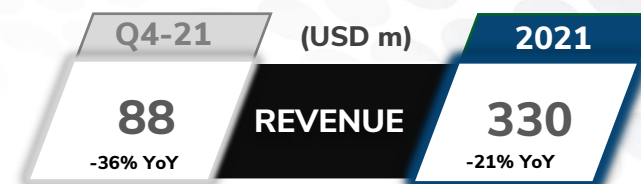
79%

MARKET PENETRATION

MARKET PLAYERS



- Healthy bottom-line performance, mainly due to lower depreciation & amortization and decrease in currency variance loss
- Currency devaluation in Feb 2021 from SDG 55 to SDG 436 vs. USD as at 31 Dec. 2021
- To mitigate the currency devaluation impact, major price revamp implemented during the year
- Tax on telecom services increased from 7% to 10%
- VAT reduced from 40% to 35%
- Data revenue formed 27% of total revenue



16.3M

CUSTOMER BASE



48%

MARKET SHARE



62%

VALUE SHARE



\$2

BLENDED ARPU



98%

PREPAID BASE



4G

NETWORK TECHNOLOGY



90%

POPULATION COVERAGE %



77%

MARKET PENETRATION

MARKET PLAYERS



65%



OWNERSHIP

2003



OPERATIONS

- YoY revenue growth mainly due to **increase in data** and **trading revenue**
- Data revenue** formed 46% of total revenue and grew 4% YoY
- Focused on the continued expansion of **4G** and **5G** infrastructure
- Enormous Zain Bahrain **became the first provider** to enhance services in more newly-developed housing areas
- Plan to launch **Financial Services** in the Kingdom soon



\$18

BLENDED
ARPU



5G

NETWORK
TECHNOLOGY



100%

POPULATION
COVERAGE %



106%

MARKET
PENETRATION

2021 GUIDANCE

DATA REVENUE

Monetize 5G & 4G Opportunities in our Key Markets with best in-class network

DIGITAL TRANSFORMATION

Focus on digital channels and online services such as digital marketing campaigns, app sales, online payments and social media care

CAPEX

Disciplined capital allocation for long term growth with focus on operational efficiencies

NETWORK RELIABILITY

Ensure preparedness for increase in traffic and improved network performances owing to curfew and lockdown in our markets with potential for further monetization

WINNING CULTURE, TALENT, ASSET AND CUSTOMER PERCEPTION

REGULATORY AFFAIRS



KUWAIT

CITRA: has recommended that MNOs should consider shutting down 2G technology by Q4 2022.

Virgin is expected to launch in Q1 2022.



SUDAN

VAT: Effective Oct 1st, Sudan operators will continue to collect only 35% instead of 40%



JORDAN

Temporary Spectrum: The Government has extended the use of temporary spectrum granted to operators until the end of 2021 at no extra charge.

Renewal of **900 MHz license** for 15 years from Feb 2021.



SOUTH SUDAN

3rd Operator: **Digitel** launched commercially in July 2021 in Juba.



CORPORATE SUSTAINABILITY

CLIMATE CHANGE



A- Score in CDP – global index
On climate change management becoming first and only company in Kuwait to achieve this score.



Waste Management
Managed to reduce waste include including **e-waste** in Jordan and Sudan, 740 tons auctioned off and 729.6 tons of site batteries to be recycled.



Tree Plantation
454,550 trees planted across Jordan, Sudan, and Kuwait since 2016, offsetting 9 million KG of Carbon emissions



GENERATION YOUTH



Child Online Safety:
Launched 'Internet Monsters' campaign raising awareness on online safety for children reaching 66.3 million impressions across Zain's footprint



Digital Literacy
Finalized agreement with Sesame Street to embed content on topics such as mental health and emotional well-being on the Zain Kids Platform



E Learning
Through UNICEF partnership, Zain achieved to launched e-learning passport in Jordan and Sudan offering 15,500 students access to educational platforms.



INCLUSION



Gender Divide:
Launched and completed pilot phase of the Women in Tech Mentorship Program where 5 students from each opco mentored in STEM



Low-income communities:
4,012 unique users across 10 refugee centers in Jordan totaling 728,000 users, have access to free connectivity since 2020.



People with Disabilities:
In Zain Bahrain, Iraq and KSA, the company trained 75 sale agents in sign language to better serve the hearing impaired.

INDICES & REPORTING



Published **10th annual Sustainability Report** titled 'The Ten-Year Journey' externally assured by Ernest and Young,



Launched '**Women in Technology – Bridging the Gender Gap in STEM Fields**' Thought Leadership Report on International Women's Day.



Developed and published **Zain's Human Rights Policy Statement** available on the company website and shared with relevant stakeholders in addition to availability in the Procurement's i-supplier portal and all opcos.



Launched the **Zain Group Climate Change Policy Statement** that looks into Governance, Metrics and Reporting of Climate change management shared with all opcos and Group business units.



WHY ZAIN?

GROWTH PROFILE

Investing for sustainable growth momentum and creating the basis for future growth

4SIGHT ... CLEAR STRATEGY

Clearly defined strategy with a strong focus on digital and enterprise moving away from traditional telco approach

PROFITABILITY ACROSS OPERATIONS

Highly profitable operations across our footprint with a strong focus on unlocking potential for further growth and increase our shareholders value

UNLIMITED POTENTIAL OF KEY GCC MARKETS

Youth bulge driving data consumption, Enterprise & Government ICT needs, High GDP in several markets, huge government projects driving economies, oil price improvements

5G LEADERSHIP

Largest 5G network in region, strategic investments in technology and innovation driving new revenue streams

TOWERCO BUSINESS MODEL

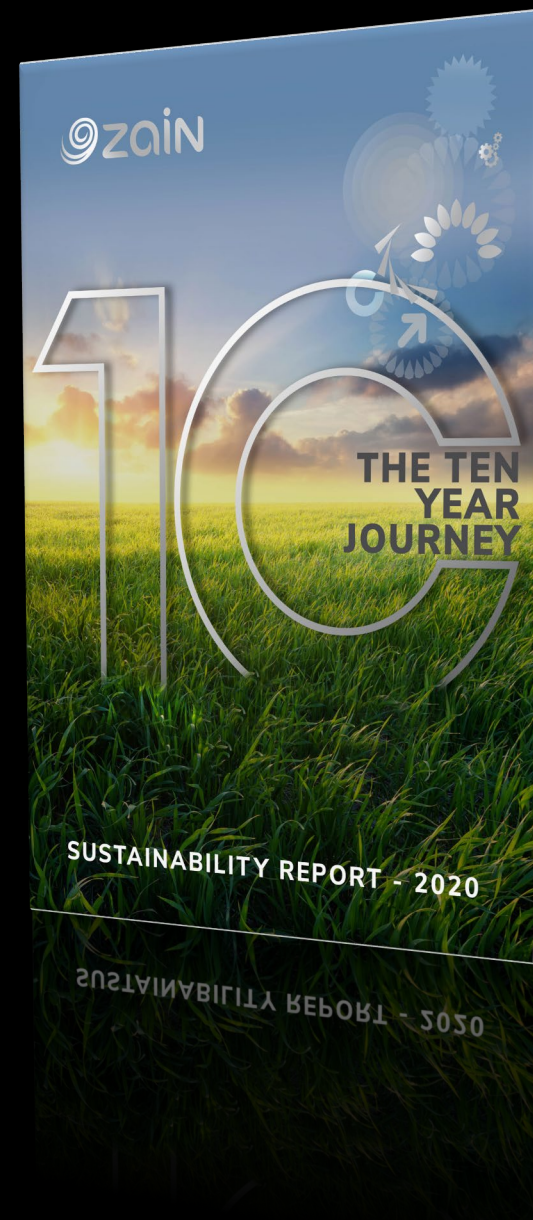
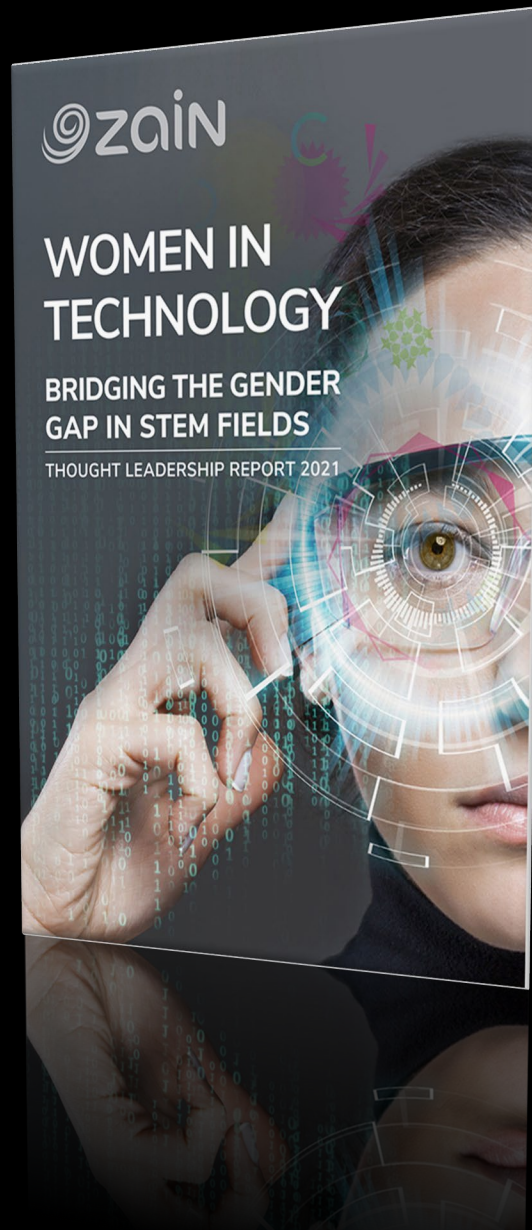
Unlocking capital from passive infrastructure to drive efficiencies and focus on core business

THREE YEARS DIVIDENDS POLICY

First telecom in the region to commit a dividend of 33 fils, for three years starting from 2019



ZAIN REPORTS



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THANK YOU

ZAIN GROUP INVESTOR RELATIONS

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