



Investor Presentation

Q3 2021

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EXECUTIVE MANAGEMENT



Ossama Matta
Chief Financial Officer



Nawaf Al-Gharabally
Chief Technology Officer



Kamil Hilali
Chief Strategy Officer



Bader Nasser Al-Kharafi
Vice Chairman & Group CEO



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



Abdulaziz Jawad
CEO of Zain Drone & Head of Corporate Finance

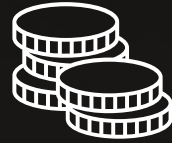
OUR GROUP AT A GLANCE **9M'21**



**48.4
MILLION**
ACTIVE CUSTOMERS



**\$3.8
BILLION**
IN REVENUE



**\$1.6
BILLION**
IN EBITDA
EBITDA MARGIN 42%



**\$450
MILLION**
IN NET INCOME



**10
CENTS**
IN EPS

OUR OPERATIONS




Over
7,500
EMPLOYEES



KUWAIT



KSA



IRAQ



SUDAN



JORDAN



BAHRAIN



SOUTH SUDAN

Contribution

REVENUE %
CUSTOMERS %

21%

5%

41%

15%

15%

34%

6%

34%

10%

8%

4%

2%

3%

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 THIS QUARTER

Interim Dividends

- On October 12th, 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.

4G & 5G Growth across key markets

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

Fintech... Excellent customer growth across the Opcos

- **Zain Jordan** secured Central Bank approval to process credit card solutions (expected Q4'21)
- **Zain Sudan** signed an agreement with VISA to become the exclusive card issuer directly or via a licensed partner bank, MoU being announced in Sudan.
- **Zain KSA's** "Tamam" and **Zain S. Sudan's** "M-Gurush" witnessed growth

Zain Ventures

Zain Ventures invests in Pipe.com (Trading platform) and swvl.com (ride sharing app) to accelerate their growth across Middle East

Iraq & Sudan Price Revamp

Counteracting currency devaluations, price uplift initiatives undertaken

TowerCo deal

Zaion KSA: Received \$807m non-binding offer from PIF

Zain Jordan: Transaction close to finalization with TASC, expected Q4 2021

Zain Iraq: Transaction in process with TASC, expected Q2 2022





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

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



BEST CORPORATE GOVERNANCE,
KUWAIT

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



Zain Kuwait wins Gulf breakthrough award from Dell Technologies during virtual MERAT Partner Summit 2021



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 HEALTH 04



Leading the development of the digital healthcare landscape in the region as well as widening and facilitating access to medical services.

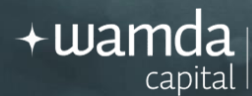
ZAIN VENTURES

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

EXPAND OUR NETWORK :

Investing in multiple venture capital funds focused on technology startups

COMMITMENT



USD 3 Million
April 2015



USD 5 Million
June 2016



USD 2 Million
August 2016



USD 8.5 Million
April 2020

Invested	Received	Outstanding Value	Value Generated
\$18.3m	\$14.4m	\$19.1m	1.82x



ZAIN FINTECH

ACHIEVED KEY MILESTONES IN REALIZING THE FINTECH STRATEGY GROUP-WIDE



KSA

11.2 K TOTAL REGISTERED USERS

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.



195 K TOTAL REGISTERED USERS
8.2 K TOTAL REGISTERED AGENTS

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.



370 K TOTAL REGISTERED USERS
3.0 K TOTAL REGISTERED AGENTS, ATMs

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.



325 K TOTAL REGISTERED USERS
4.8 K TOTAL AGENTS

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.

ZAIN DIGITAL HEALTH

LAUNCHED SHLONIK AND WASFA APP IN KUWAIT TO SUPPORT MOH



Another milestone for Zain in 2020 was with Kuwait's Ministry of Health, where Zain's team played a key role in supporting the authorities in the control of the spread of COVID-19, ensuring the safety of all citizens. Zain developed a state-of-the-art digital platform, Shlonik, in collaboration with the Ministry of Health and Central Agency for Information Technology, to manage the quarantine process for those arriving from overseas. The platform was developed in record time and was ready for operation during one of the largest repatriation campaigns ever undertaken in Kuwait in April and May 2020 to bring Kuwaiti citizens back to the country from abroad. The platform has become a vital tool for the Ministry of Health to manage the quarantine process with USD1.51 million total registrations.

SHLONIK



Wasfa is an end-to-end e-prescription digital platform. By connecting medical stores, pharmacies, and prescribing doctors, Wasfa allowed the Ministry of Health to control end-to-end prescription and dispensing of drugs in Kuwait.

Wasfa provides insights and analytics on the purchasing habits and behavior of patients, doctors and pharmacists in order to minimize waste and fraud, and generate significant savings for the Ministry of Health. The platform also introduces the concept of preventive care.

Operational in two sites since August 2019, Wasfa generated over **750,000** e-prescriptions.

DIGITAL TRANSFORMATION



LIVESTREAMING POWERED BY ZAIN



1. Gross Revenues **\$40M** and Net Revenues **\$13M** generated for Zain Opcos and Omantel for 9M'21
2. 49.6 Million Addressable customers over Group API (**1.1 Million** active Customer base)
3. **32** services are currently running and generating revenue for Zain Opcos, with over 120 million transactions since launch

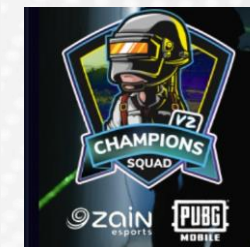
Zain live streaming is a web application that provides digital attendance for events to ensure viewing of the event as well as keeping social distancing regulations set forth by MoH.

Latest Live Stream Events



The Ministry of Commerce in Kuwait approved digital presence of Annual General Meetings "AGM" as part of the official quorum

Live Streaming Service was provided for Zain and Gulf Bank's AGM as well as Nawal's latest concert in JACC



Zain esports Champions Squad 2
Major PUBGM tournament conducted throughout the MENA region with participants from 14 countries.

- Participation from over 4,200 entrants
- +4 Million social media impressions



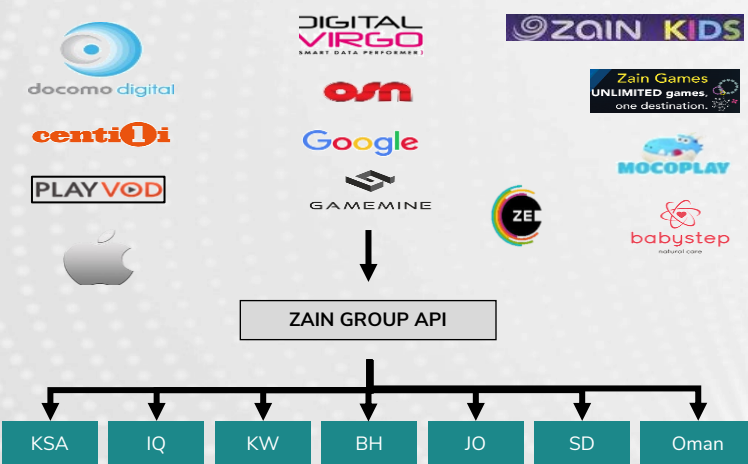
Partnership with Kuwait Olympic esports Committee

- Plan to run tournaments in Kuwait throughout 2021/2022
- Plan to build Kuwait esports team for future Olympic tournaments.

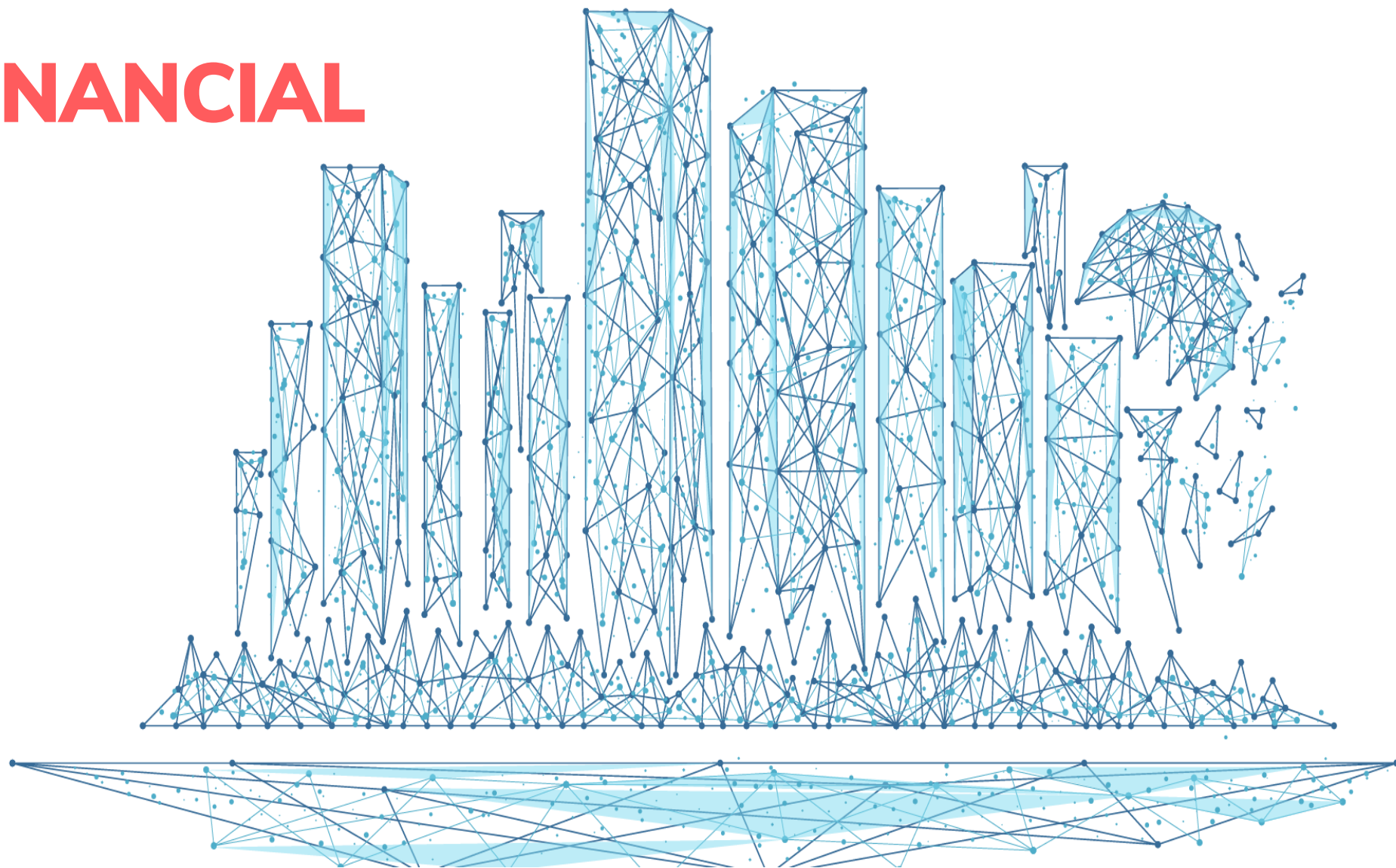


Ubisoft Partnership

- Sponsoring of Ubisoft's official MENA tournaments.
- Licensing to host and conduct future RS6 tournaments within the region.

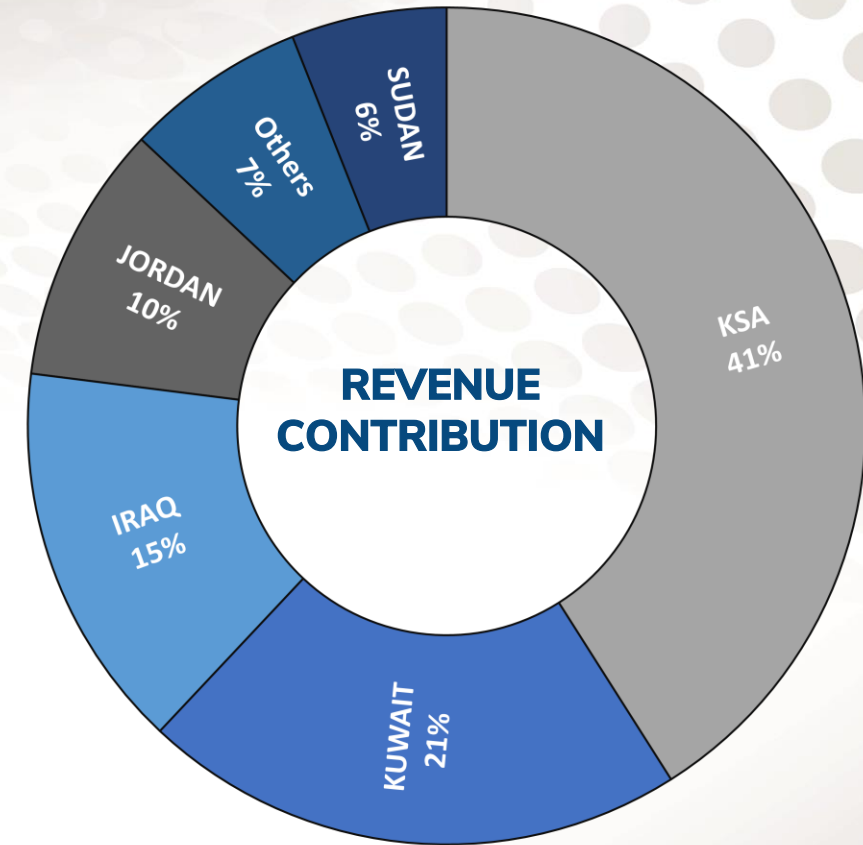
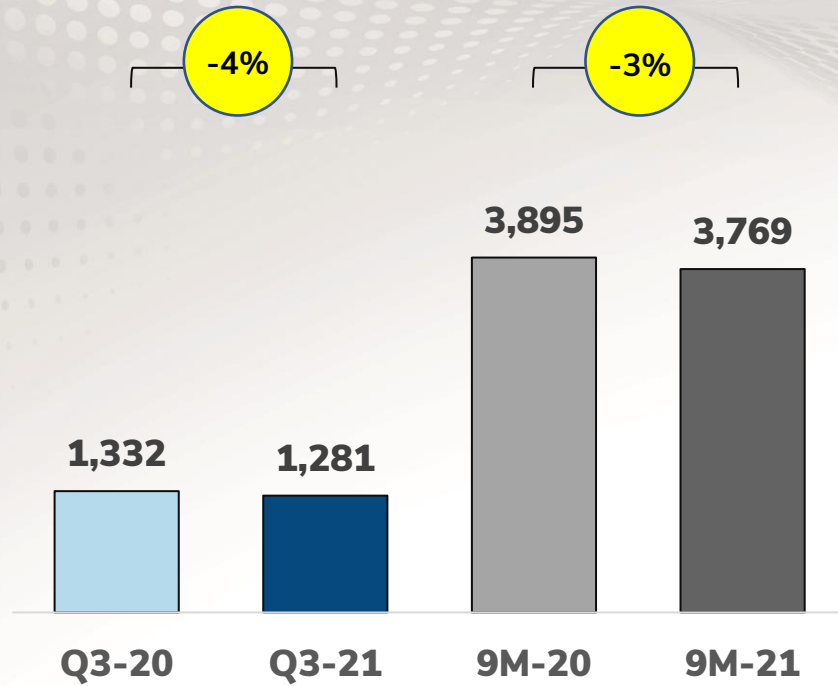


GROUP FINANCIAL REVIEW



GROUP REVENUE

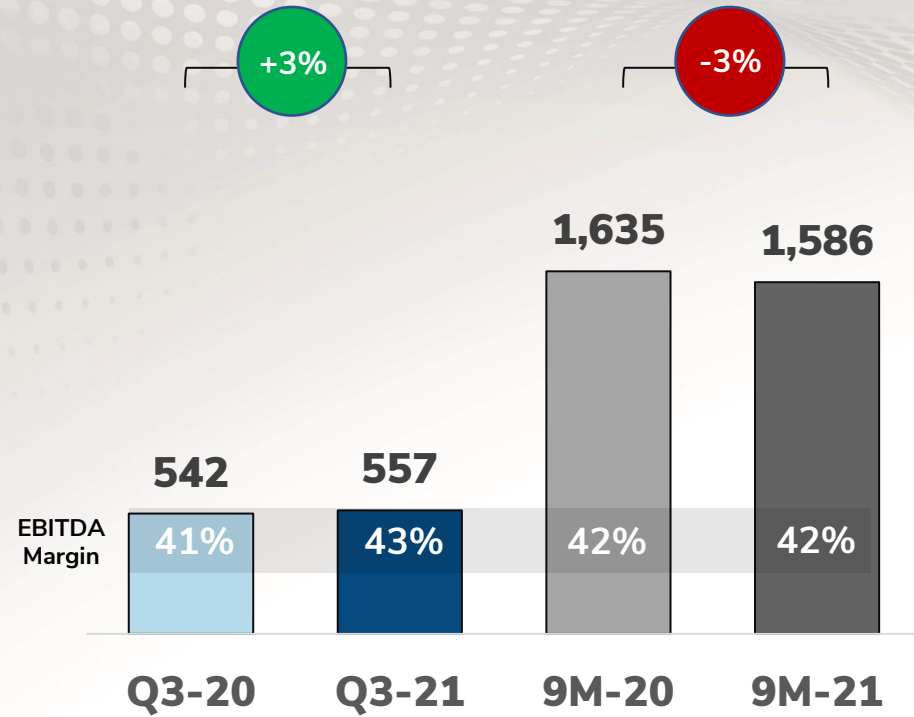
(USD m)



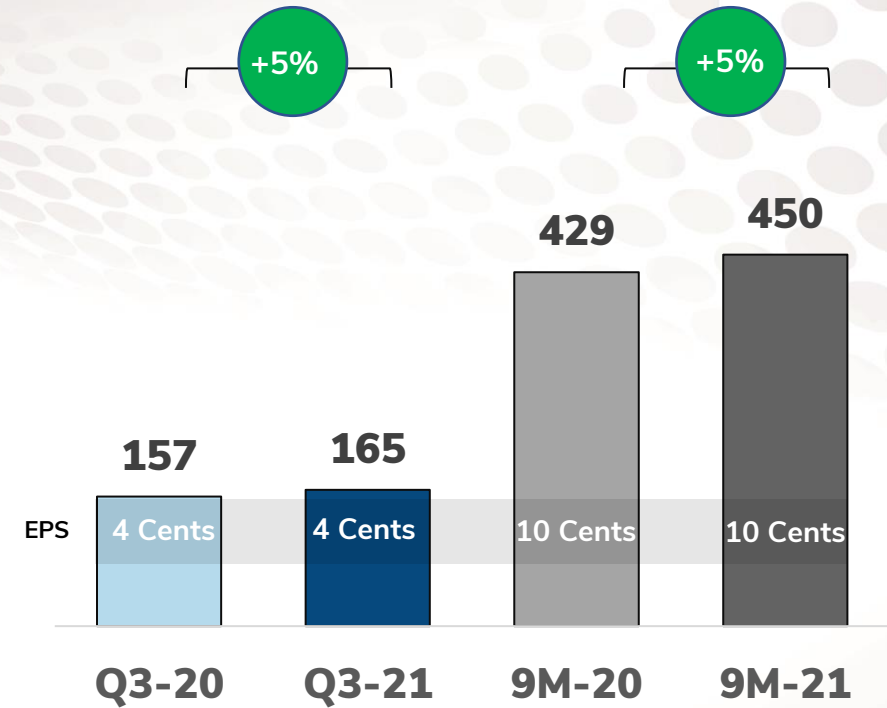
- The impact of **COVID-19** still affects the operations, coupled with the **FX rate** change impact mainly due to the currency devaluation in **Sudan** and **Iraq**
- Currency devaluation in **Sudan** from 55 in January 2021 to 439 (SDG / USD) end of September 2021,
- **19%** currency devaluation in **Iraq** from 1,190 to 1,470 (IQD / USD)
- Excluding the **above FX impact of USD 609 million for 9M'21**, the Group consolidated revenue growth would have been 12%.

GROUP EBITDA & NET INCOME

EBITDA (\$ m)



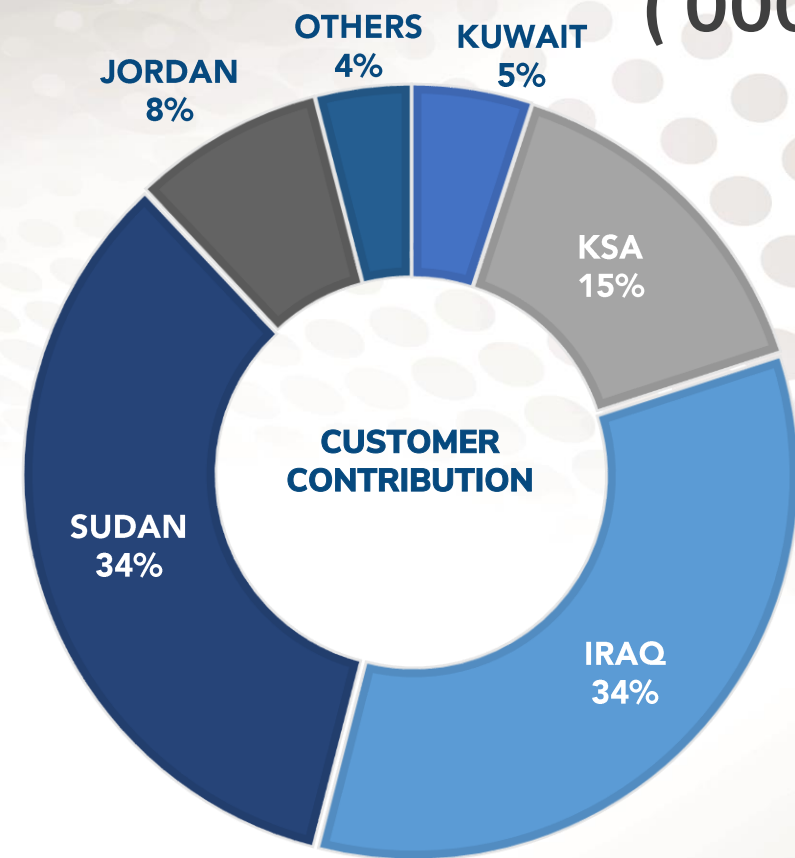
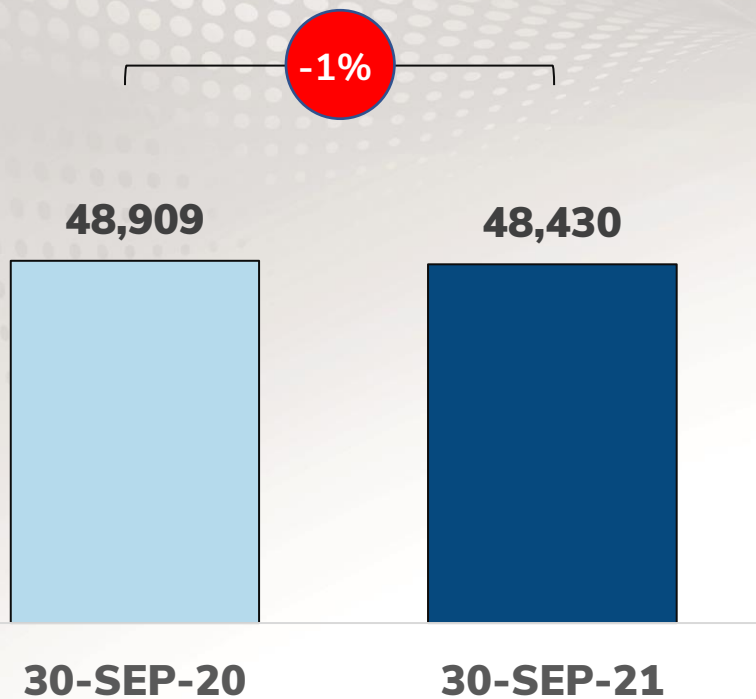
NET INCOME (\$ m)



- Conclusion of the **3-year CITC agreement** with KSA
- Rate Change and FX Translation impact in **Iraq** and **Sudan** affected EBITDA
- Excluding the FX translation impact, EBITDA would have been +16% YoY
- Decrease in Finance costs mainly from loan settlements, drop in LIBOR and margin reduction by negotiations held with lenders
- Savings in Finance Cost resulting from Loan repayments reflecting solid Liquidity
- Drop in Currency Variance Losses

GROUP CUSTOMER BASE

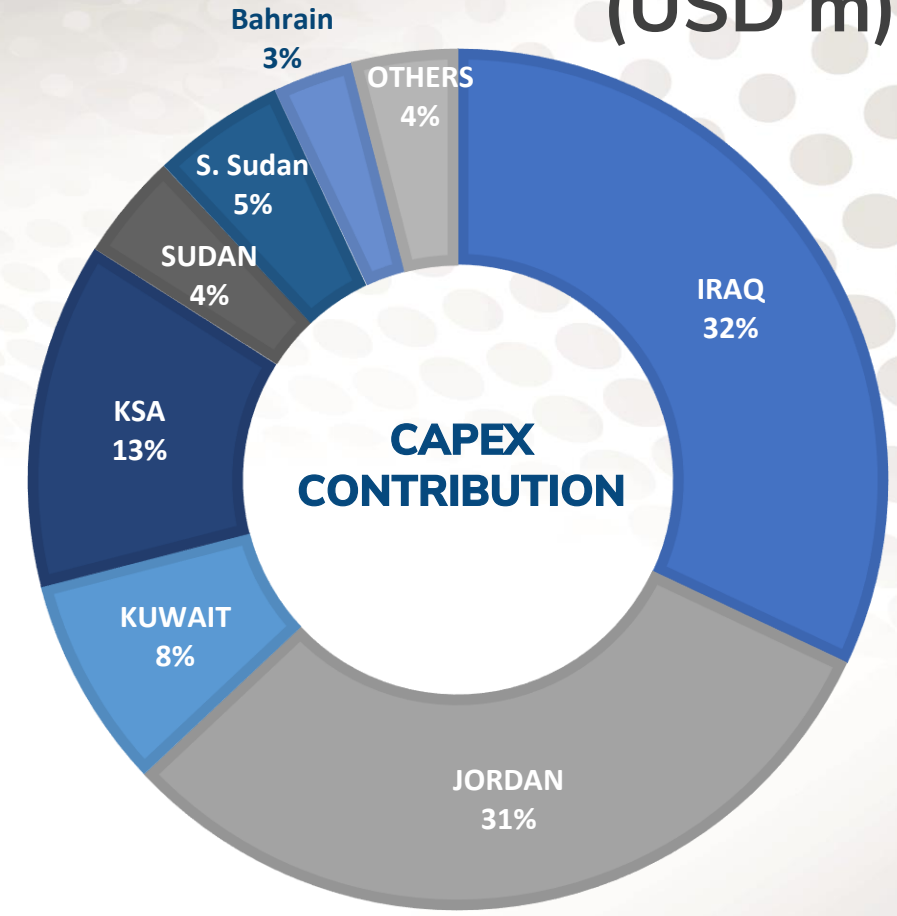
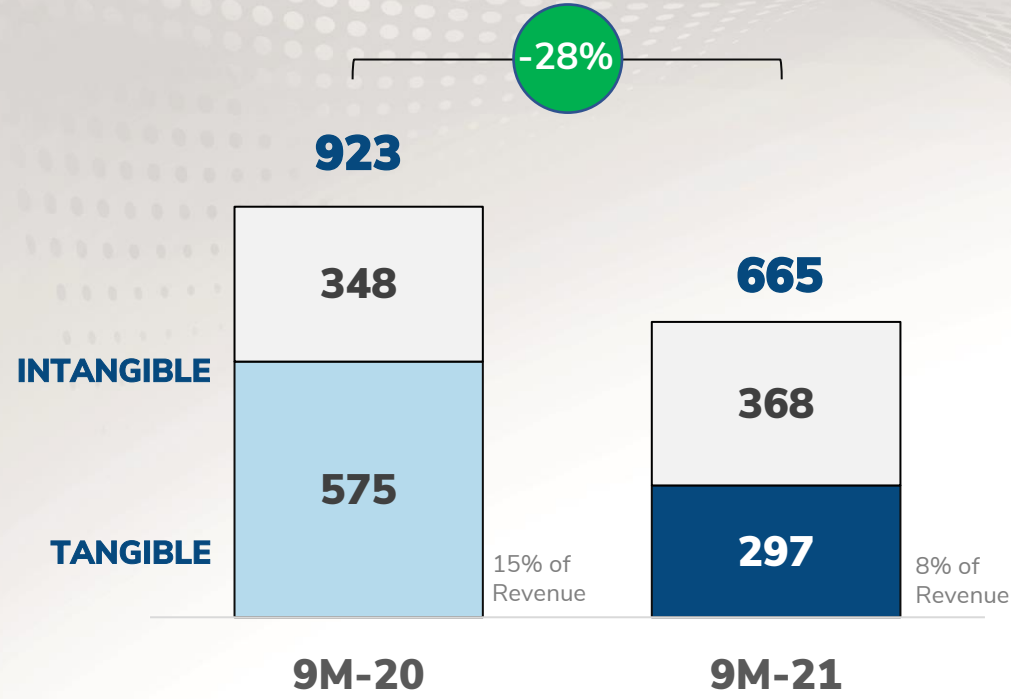
(‘000)



- Conclusion of the Management Contract with **Touch** in October 2020 results in loss of 2.3 million customers
- Customer base remains stable due to growth in **Iraq, KSA** and **Sudan**
- Launch of 4G services in **Iraq** and **South Sudan**

GROUP TOTAL CAPEX

(USD m)



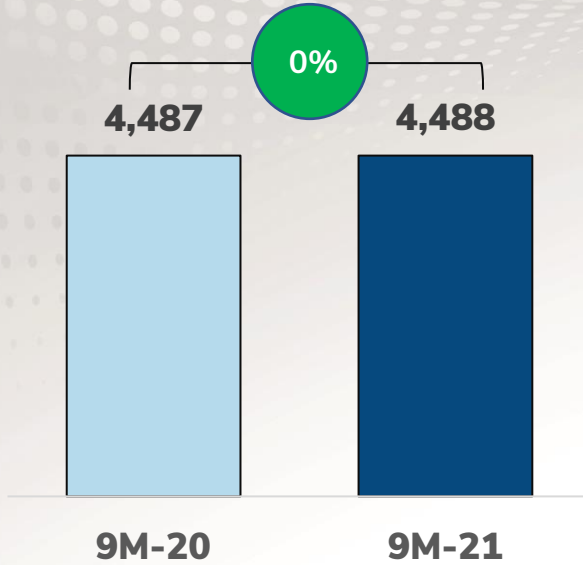
- Grant of 4G license in **Iraq** amounting to USD 148 million
- Renewal of the 900 MHz License in **Jordan** amounting to USD 183 million

• On track with our target capex spend in FY 2021

DEBT PROFILE

(USD m)

TOTAL DEBT (\$ m)



2.4x

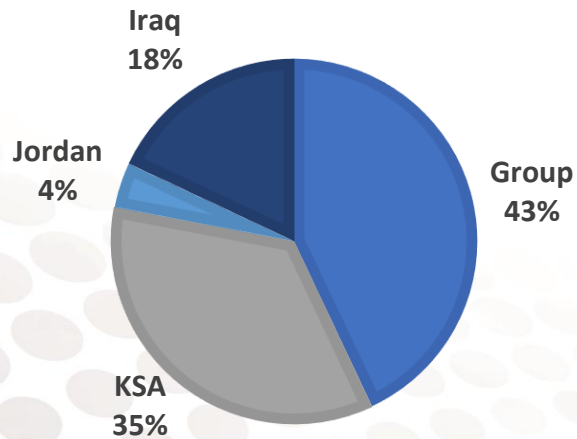
Total Net Debt / EBITDA
Among the lowest in the region

Effective Interest Rate

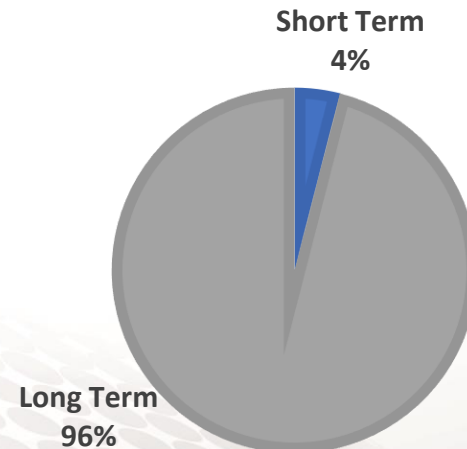
0.81% - 2.52%

As at 30th Sep'21

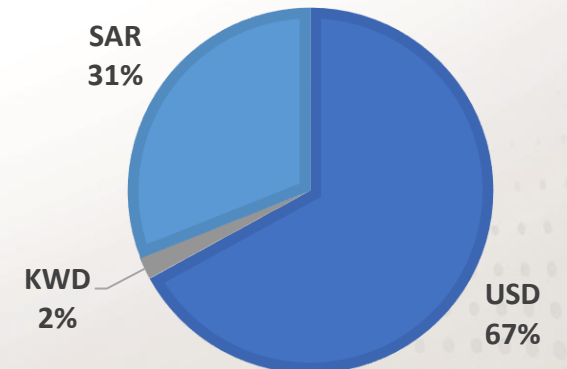
DEBT BY OPCO



DEBT BY MATURITY



DEBT BY CURRENCY



GROUP FINANCIAL KPIs

Income Statement (KWD m)	9M 2021	9M 2020
Revenue	1,136	1,195
EBITDA	478	502
Net Income	135	132

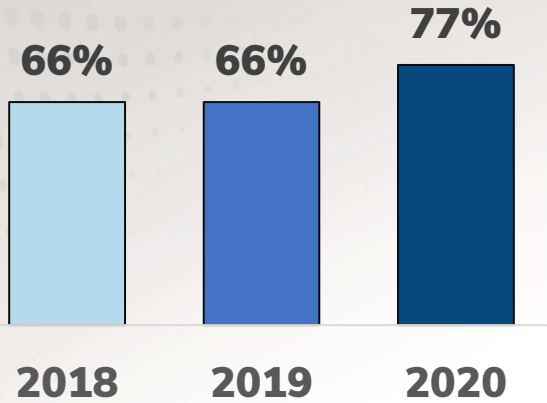
Balance Sheet (KWD m)	30 Sep 2021	30 Sep 2020
Cash and Cash Equivalents	304	328
Total Assets	4,788	4,834
Total Debt	1,352	1,374
Total Equity	1,802	1,668

Cash Flow (KWD m)	9M 2021	9M 2020
Operating	270	458
Investing	(253)	(169)
FCF	18	289
Financing	(55)	(255)
Effect of FX impact	(24)	0.1
Ending Cash Balance	302	316

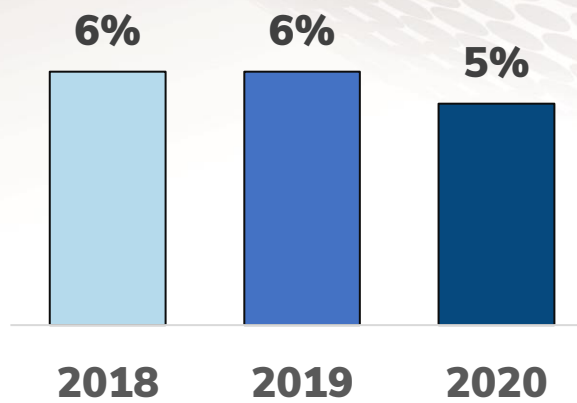
- Investing in Spectrum and network expansion for sustained growth momentum
- Debt reduction and deleveraging plan on track along with reduction in finance cost
- Impact from Currency Devaluation in Sudan and Iraq

DIVIDENDS

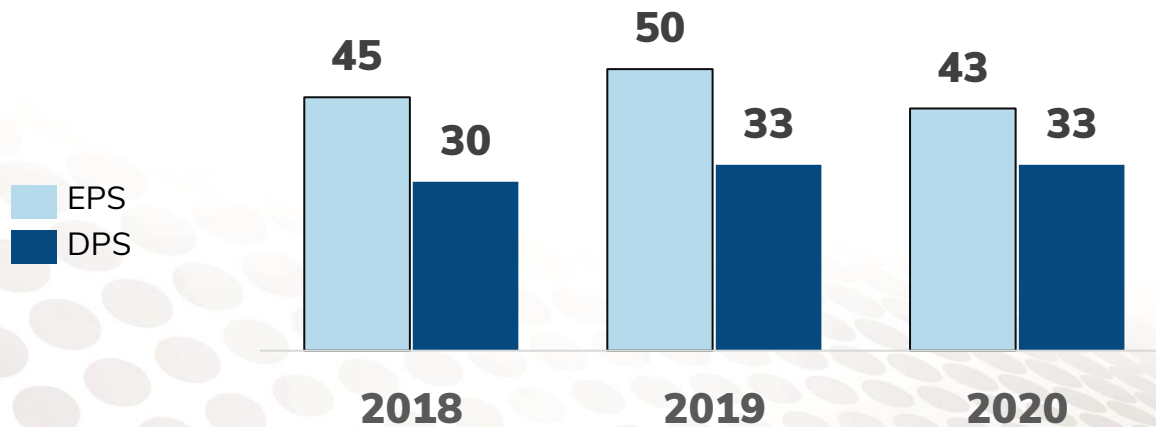
DIVIDEND PAY-OUT RATIO



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

5.47 %

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**
- Data revenue** grew **6%** and formed **41%** of total revenue
- Excluding the **\$15m gain on sale and leaseback of towers**, net income would have grown by **+10%**
- Cost optimization** efforts continue to improve profitability
- MVNO** expected to launch in Q4 2021



2.3M

CUSTOMER BASE



36%

MARKET SHARE



38%

VALUE SHARE



\$26

BLENDED ARPU



55%

PREPAID BASE



5G

NETWORK TECHNOLOGY



100%

POPULATION COVERAGE %



159%

MARKET PENETRATION



MARKET PLAYERS



37%



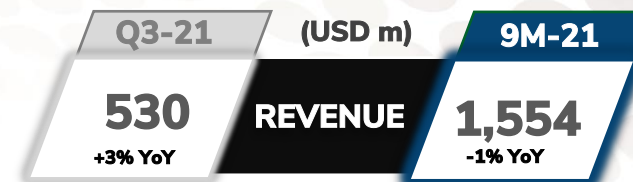
OWNERSHIP

2008



OPERATIONS

- Decrease in airtime revenue & **reduction in MTR** (SAR0.055 to SAR0.022) starting 10th June 2020
- CITC disconnections continue to impact the customer base in addition to the new governmental requirement (**Tawakalna** application required for customers mobility)
- Strong performance from **Yaqoot** and **Tamam**
- Healthy growth in the **FTTH** revenue and customer base
- Received **\$807m** non-binding offer from **PIF** to buy the passive infrastructure
- 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 49% of total revenue



7.5M

CUSTOMER
BASE



\$19

BLENDED
ARPU



65%

PREPAID
BASE



5G

NETWORK
TECHNOLOGY



99%

POPULATION
COVERAGE %



114%

MARKET
PENETRATION

ZAIN IRAQ



MARKET PLAYERS



76%



OWNERSHIP

2003



OPERATIONS

- Customer base grew by 5% to reach all time high 16.5m customers driven by the launch of 4G
- YoY revenue impacted due to **currency devaluation** impact and continues lockdown restrictions
- Currency Devaluation** by 19% from IQD/USD 1,190 to 1,470
- First to launch **4G routers** in September
- Digital operator "oodi"** performing excellent, and is the highest rated telco app in the market



16.5M

CUSTOMER BASE



52%

MARKET SHARE



40%

VALUE SHARE



\$4

BLENDED ARPU



93%

PREPAID BASE



4G

NETWORK TECHNOLOGY



99%

POPULATION COVERAGE %



100%

MARKET PENETRATION

MARKET PLAYERS



96.5%



OWNERSHIP

2003



OPERATIONS

- Top line grew by +4% YoY, mainly due to increase in data revenue
- Data revenue grew by +13% 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)
- Zain Jordan TowerCo transaction close to finalization



3.7M

CUSTOMER BASE



35%

MARKET SHARE



49%

VALUE SHARE



\$10

BLENDED ARPU



68%

PREPAID BASE



4G

NETWORK TECHNOLOGY



99%

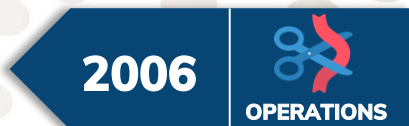
POPULATION COVERAGE %



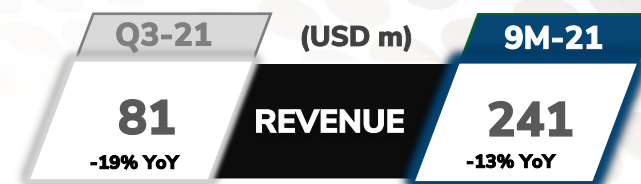
79%

MARKET PENETRATION

MARKET PLAYERS



- Healthy bottom-line performance, mainly due to lower depreciation and amortization and decrease in currency variance loss
- Customer base grew by 3%, to reach 16.4 million with a leading customer market share of 49%
- Currency devaluation in Feb 2021 from SDG 55 to SDG 439 vs. USD
- To mitigate the currency devaluation impact, major price revamp implemented during the year
- Tax on telecom services increased from 7% to 10%
- Data revenue formed 28% of total revenue
- Zain Passport, a mobile banking app is ready to launch



16.4M

CUSTOMER BASE



48%

MARKET SHARE



62%

VALUE SHARE



\$2

BLENDED ARPU



98%

PREPAID BASE



4G

NETWORK TECHNOLOGY



90%

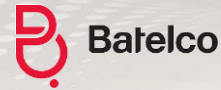
POPULATION COVERAGE %



80%

MARKET PENETRATION

MARKET PLAYERS



65%



OWNERSHIP

2003



OPERATIONS

- YoY revenue growth mainly due to **increase in data** and **trading revenue**
- Data revenue** formed 47% of total revenue and grew 5% YoY
- Focused on the continued expansion of **4G** and **5G** infrastructure
- Zain Bahrain **became the first provider** to enhance services in more newly-developed housing areas
- Tower deal** with TASC reached final stages
- Expected **VAT increase** from 5% to 10%, starting from 1st January 2022
- Plan to launch **Financial Services** in the Kingdom soon



\$18

BLENDDED
ARPU



5G

NETWORK
TECHNOLOGY



100%

POPULATION
COVERAGE %



101%

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.



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.



**SOUTH
SUDAN**

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



Bahrain

VAT: Significant likelihood an increase in Value Added Tax in the Kingdom from 5% to 10%, effective as of 1st January 2022



CORPORATE SUSTAINABILITY

CLIMATE CHANGE



- Assessed baseline of all waste management mechanisms in each operation and installed inventory management systems in six of our operations
- Activated Climate Change and E-waste campaigns across all operations reaching 2.8 million people.
- Launched Carbon Offsetting programs such as planting trees (done in Bahrain and Iraq), invest in carbon sinks and clean energy projects.

WOMEN IN TECH MENTORSHIP PROGRAM



- Launched the first cycle of the Women in Tech hub, focuses on mentorship to address challenges that women in STEM fields face in the region
- The pilot phase of the program included 72 participants (36 Mentors/Zain Employees and 36 Mentees/University Students)
- A comprehensive stakeholder engagement process was conducted where gathering insights/appetite of STEM students was considered low despite the need to close the gender gap as women in STEM are unfamiliar with being part of the design process of the program
- Zain continued to engage with various stakeholders including universities, UN Women, and international organizations that address the gender gap in STEM

CHILD ONLINE SAFETY



- To assess Zain's gaps in addressing children's rights, Zain conducted UNICEF's Mobile Operator Child's Rights Impact Assessment Tool (MO-CRIA)
- Gaps identified through the risk assessment conducting on Zain's business practices, services and stakeholder engagement with children
- Implemented additional blocking mechanisms in Kuwait (increasing the safety) working with project arachnid a web crawler to block Child Sexual Abuse Material (CSAM) and is assessing its implementation across the Group
- Zain is coordinating with the regulator in each market to assess the existing blocking mechanisms, rules and regulations.
- Continued to communicate resource tools for parents across Zain markets, Zain KSA published a Parental Resource on how to keep children safe online



PEOPLE WITH DISABILITIES



Aiming to bridge the digital gap in access to connectivity and usage, Zain continued to launch activities across its operations that included:

- Zain Bahrain created the "Enablement Line" which acts as a helpline for People with Disabilities
- Zain Iraq developed a digital solution for the Autism Center in Baghdad to systematically archive patients' data and follow up with their classroom progress
- Zain KSA trained 30 sales representatives to learn sign language

INDICES &
REPORTING



S&P Global
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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

SAUDI TURNAROUND

Continued profitability, achievement of positive retained earnings and extinguishing accumulated losses, enhanced the Group's financial performance.

Debt leveraging strategy for KSA to further improve Group's balance sheet

5G LEADERSHIP

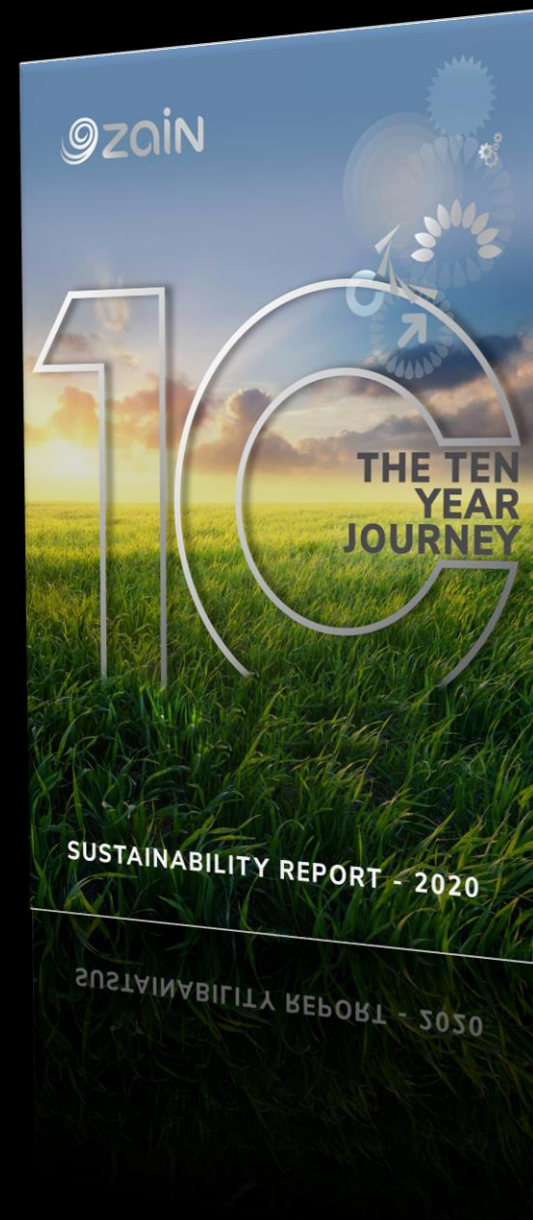
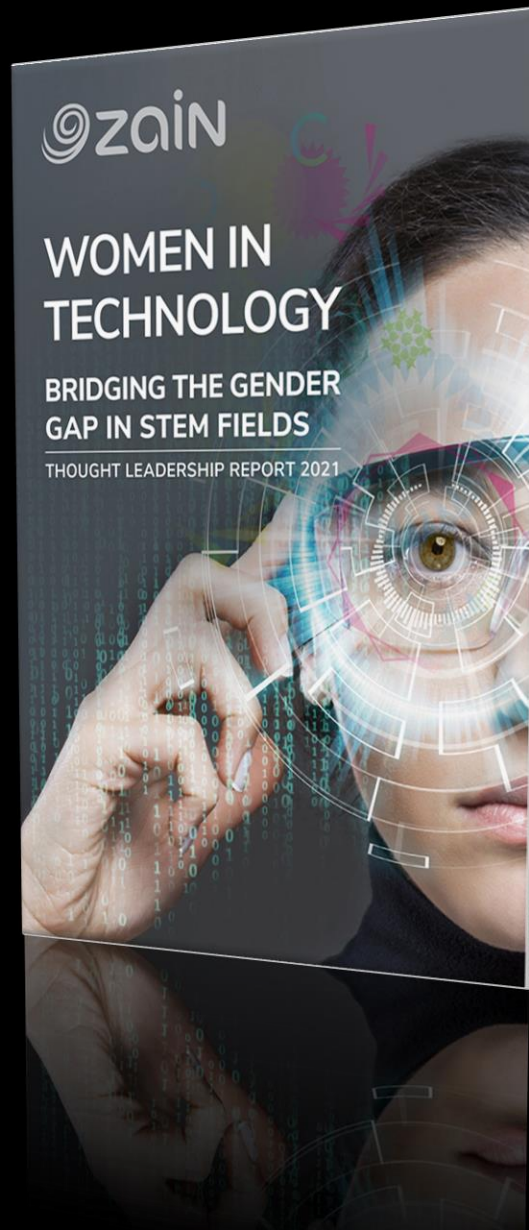
Strategic investments in technology and innovation to maintain leadership position in 5G and IoT

THREE YEARS DIVIDENDS POLICY

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



ZAIN REPORTS



<https://zain.com/reports/>



 zain

THANK YOU

ZAIN GROUP INVESTOR RELATIONS

 : IR@zain.com

www.zain.com/en/investor-relations/