



Investor Presentation

Q2 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 **H1'21**



**48.3
MILLION**

ACTIVE CUSTOMERS



**\$2.5
BILLION**

IN REVENUE



**\$1.03
BILLION**

IN EBITDA
EBITDA MARGIN 41%



**\$285
MILLION**

IN NET INCOME



**7
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%

33%

6%

35%

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

- In early June 2021, Zain held a successful EGM which witnessed the approval of BOD recommendation to distribute interim dividends, quarterly or semi annually.
- On 14th July 2021, Board recommended an interim dividend of 10 Fils per share for first six months of 2021, subject to Regulatory approvals.

5G Growth across key markets

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

For the 1st time ever, Zain KSA achieves positive Retained Earnings

After 12 consecutive quarters of profits, for the 1st time ever Zain KSA achieves positive Retained Earnings after extinguishing all accumulated losses

Iraq & Sudan Price Revamp

Counteracting currency devaluations, price uplift initiatives undertaken

Fintech... Excellent customer growth across the Opcos

- Zain Kuwait Fintech License is expected in Q3 2021
- Zain Cash Jordan agreement with Western Union on international remittances
- Zain KSA's "Tamam" and Zain S. Sudan's "M-Gurush" witnessed growth

Zain Jordan TowerCo deal

Transaction close to finalization, expected H2 2021





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 KSA ranked first in the Meqyas report issued by the Communications and Information Technology Commission (CITC) in the Kingdom



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.

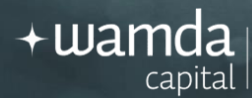
ZAIN VENTURES

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
\$18.2m	\$14.03m	\$16.5m	1.7x



ZAIN FINTECH

ACHIEVED KEY MILESTONES IN REALIZING THE FINTECH STRATEGY GROUP-WIDE



KSA

8 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.



157 K TOTAL REGISTERED USERS
7.6 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.



350 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 with a value exceeding JOD100 million.



243 K TOTAL REGISTERED USERS
4.3 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.

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 350,000 e-prescriptions.

DIGITAL TRANSFORMATION



LIVESTREAMING POWERED BY ZAIN



1. Gross Revenues **\$28M** and Net Revenues **\$8.5M** generated for Zain Opcos and Omantel in H1 2021
2. 49.6 Million Addressable customers over Group API (**1.1 Million** active Customer base)
3. **26** services are currently running and generating revenue for Zain Opcos, with over 108 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

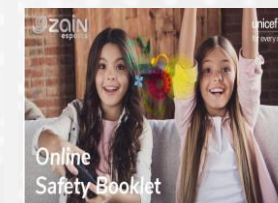
Live Streaming Service was provided for Zain and Gulf Bank's AGM as well as Nawal's latest concert in JACC



Zain esports Ramadan Challenges

11 tournaments and challenges across 3 weeks of Ramadan, encompassing 8 games

- Participation from over 5,000 entrants
- 6 Million social media impressions



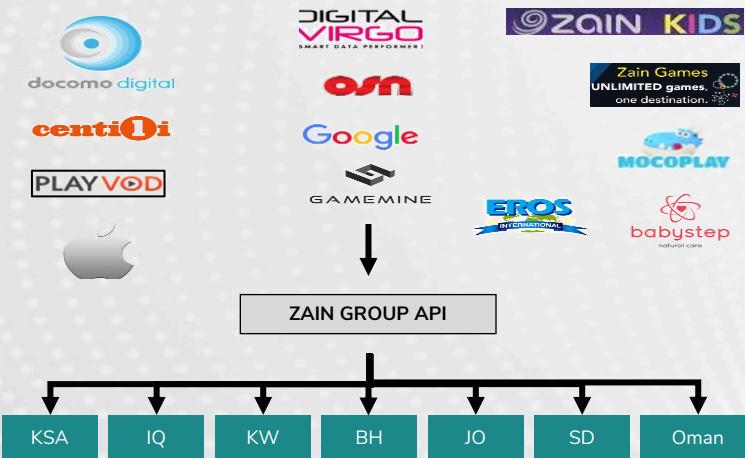
Partnership with UNICEF

- Child Online Safety Booklet, created with Group Sustainability and UNICEF, distributed among young gamers
- MoU with Al-Bayan Bilingual School

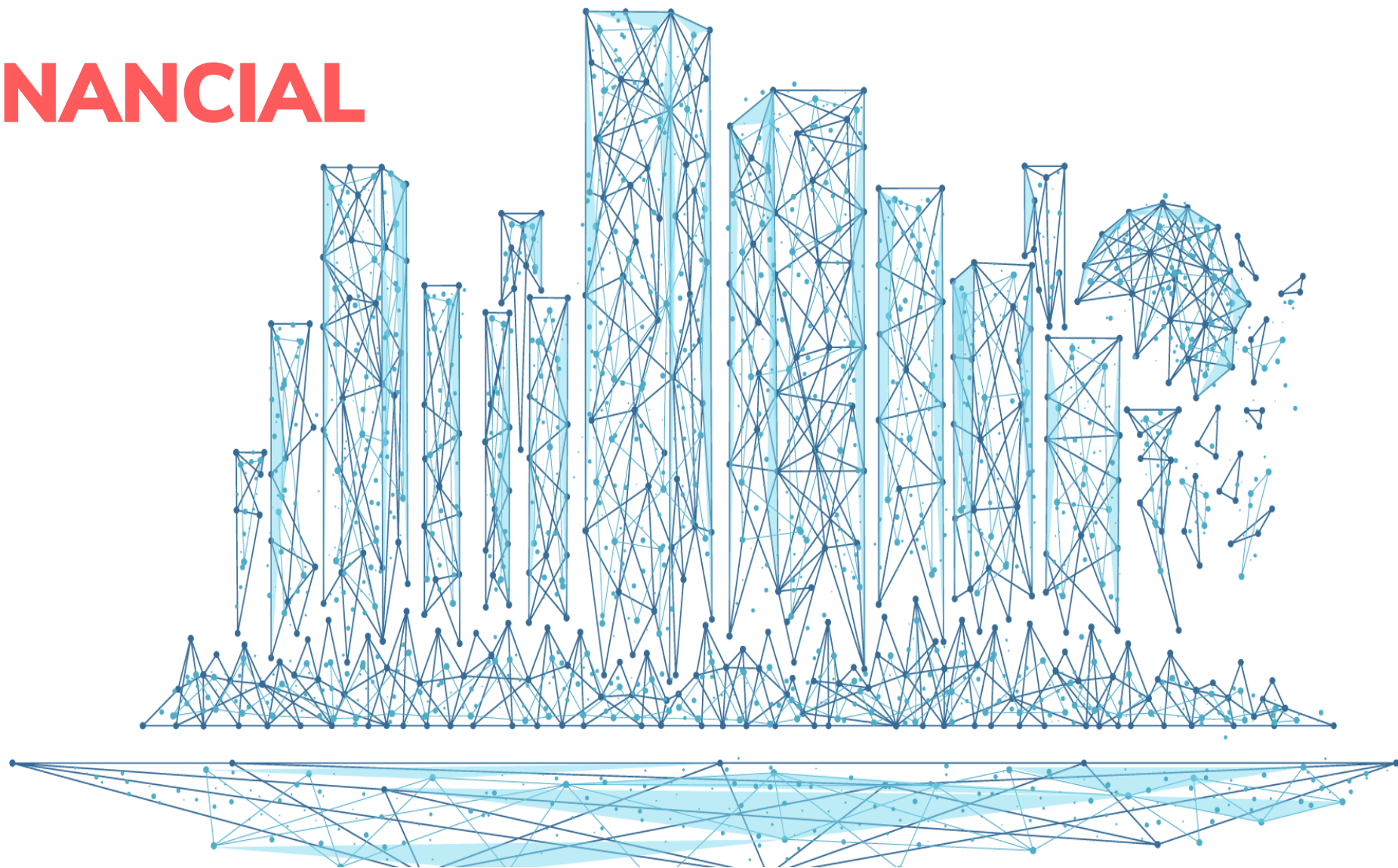


PubG summer series

- 450+ registered teams, 1250+ registered players from across the MENA region
- 2 Mn+ impressions on Youtube and Instagram combined

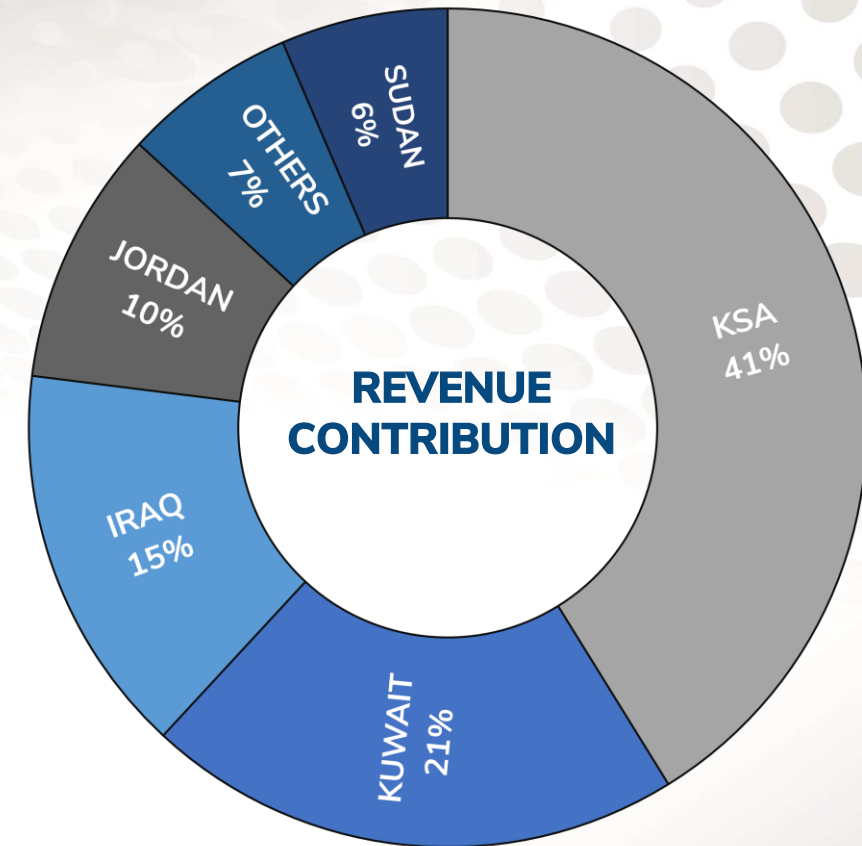
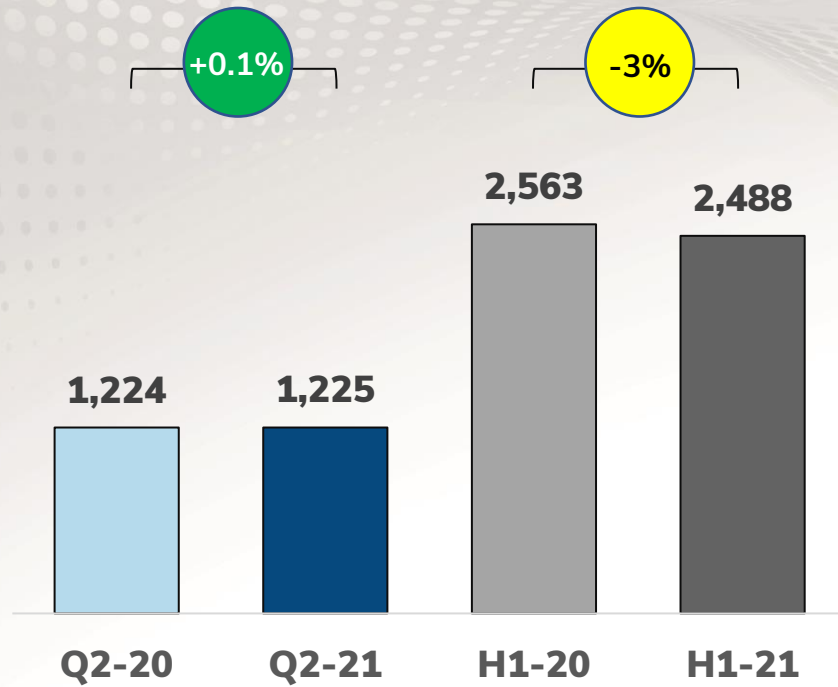


GROUP FINANCIAL REVIEW



GROUP REVENUE

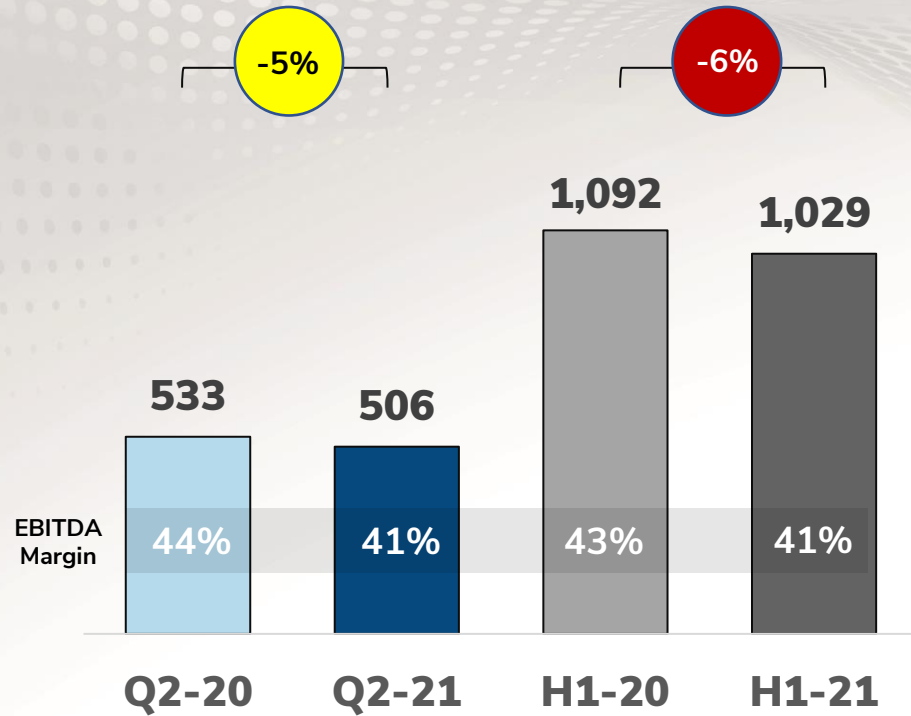
(USD m)



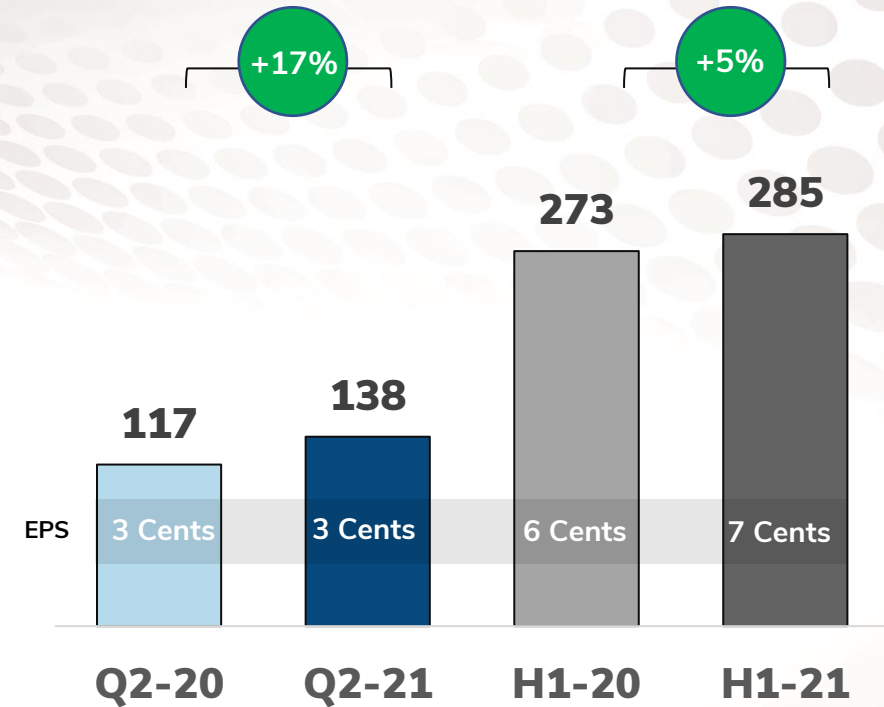
- The impact of **COVID-19** still affects the operations, coupled with the **FX rate** change impact mainly due to the currency devaluation in **Sudan** and **Iraq**
- Rate per USD moved from **SDG 55** in **H1-20** to **SDG 444** in **H1-21**.
- Excluding the **rate change** and **FX translation impact of USD 378 million**, the Group consolidated revenue growth would have been 12%.

GROUP EBITDA & NET INCOME

EBITDA (\$ m)



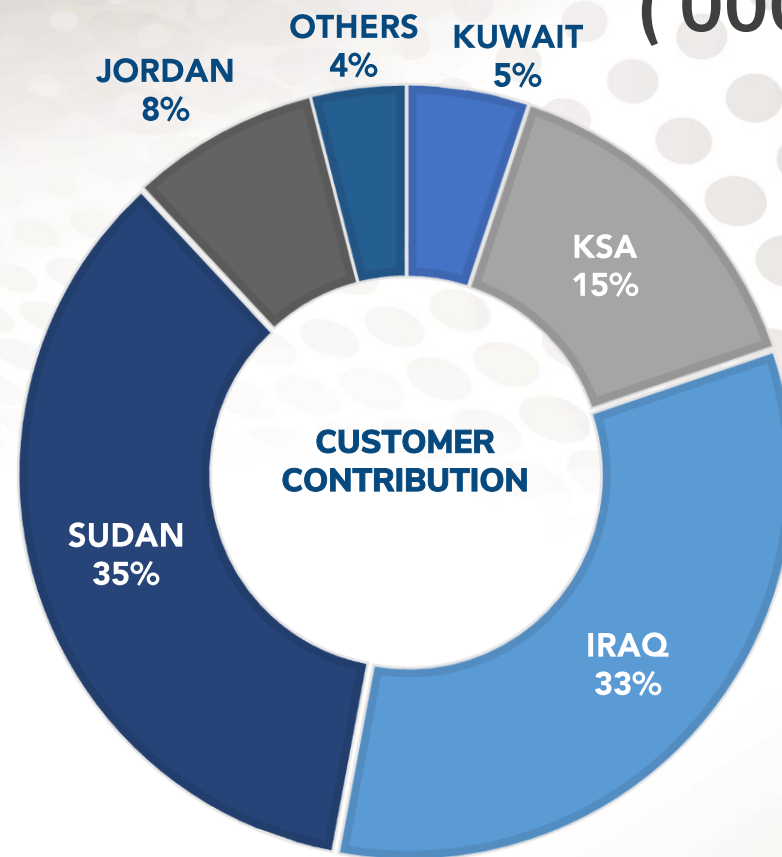
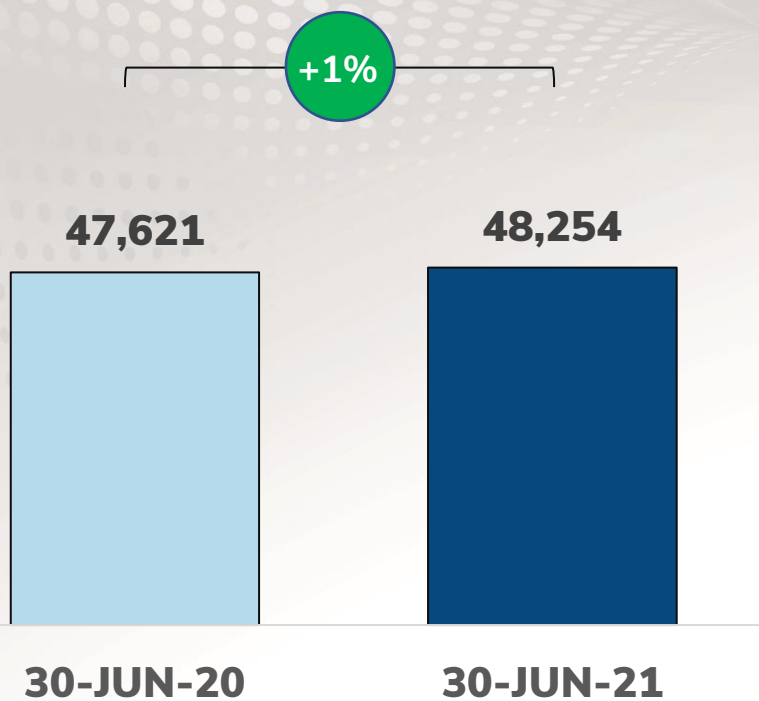
NET INCOME (\$ m)



- 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 **USD 233 million**, 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

GROUP CUSTOMER BASE

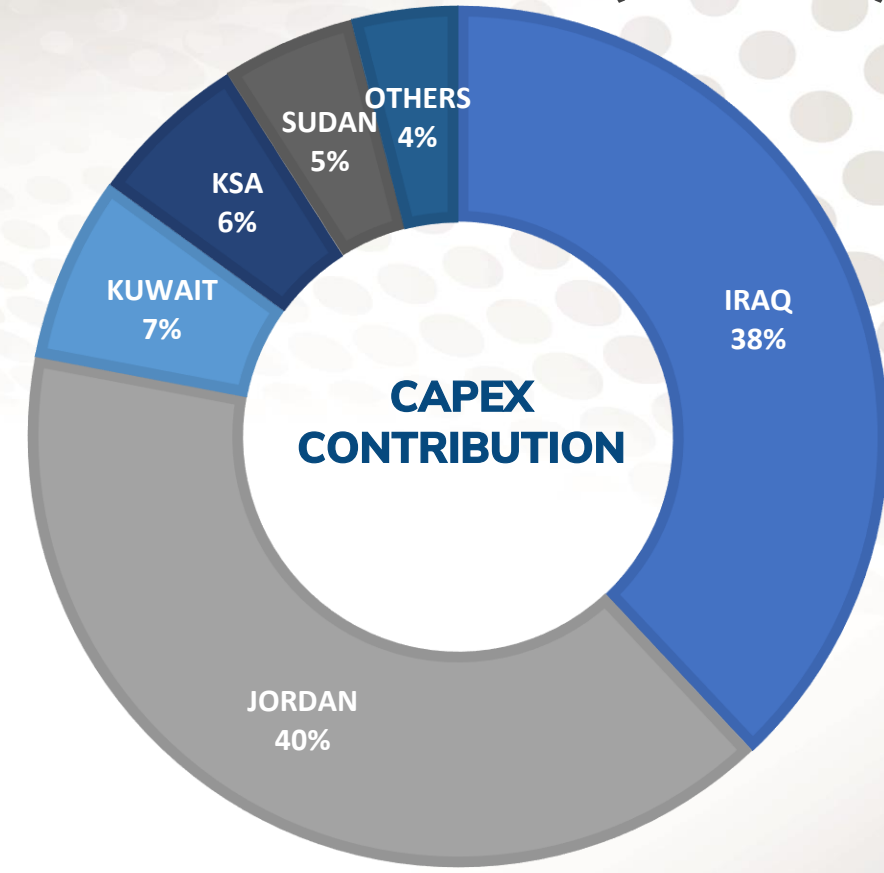
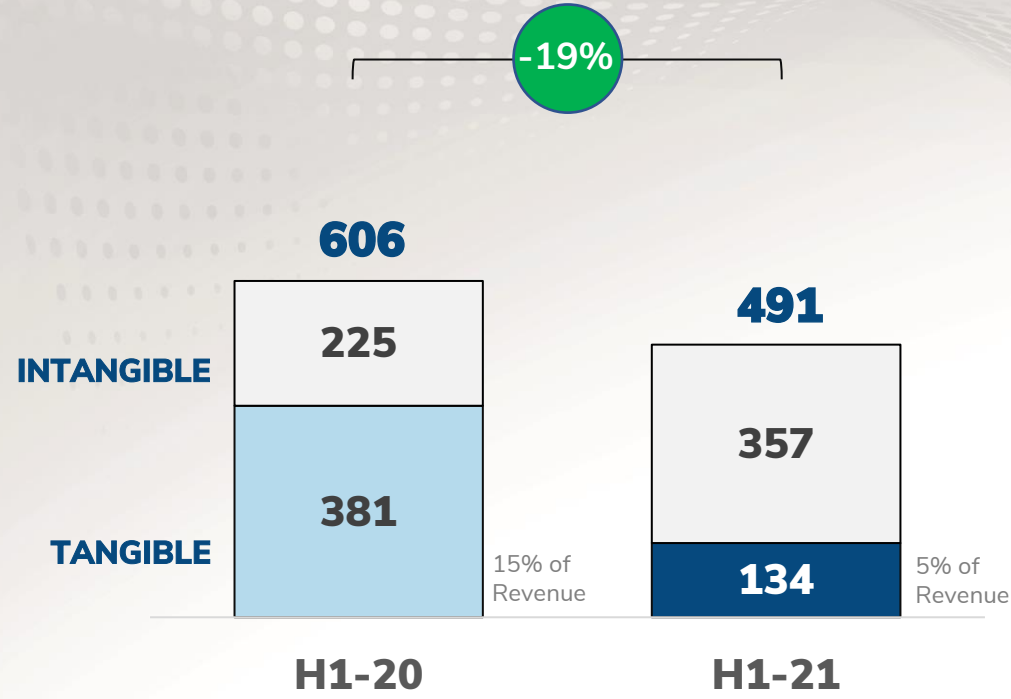
(‘000)



- Conclusion of the Management Contract with **Touch** in October 2020 results in loss of 2.3 million customers
- Customer base increased **8%** and **7%** in Sudan and Iraq respectively, adding **2.4 million** customers
- Launch of 4G services in **Iraq** and **South Sudan**

GROUP TOTAL CAPEX

(USD m)



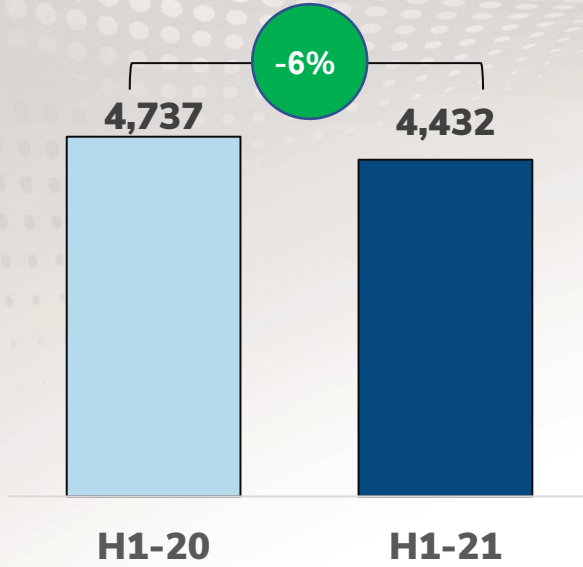
- Grant of 4G license in **Iraq** amounting to USD 148 million
- Renewal of the 900 MHz License in **Jordan** amounting to USD 183 million

• On track with our target capex spend in FY 2021

DEBT PROFILE

(USD m)

TOTAL DEBT (\$ m)



2.5x

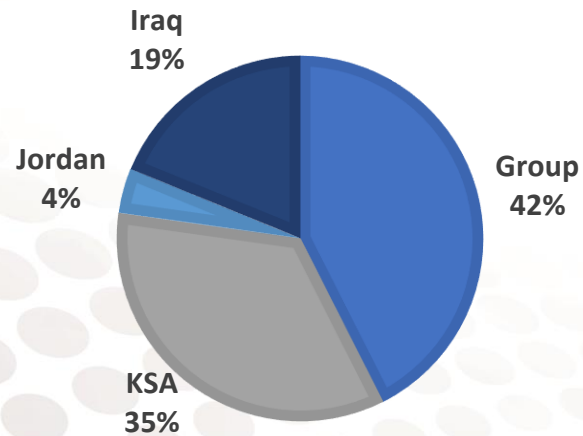
Total Net Debt / EBITDA
Among the lowest in the region

Effective Interest Rate

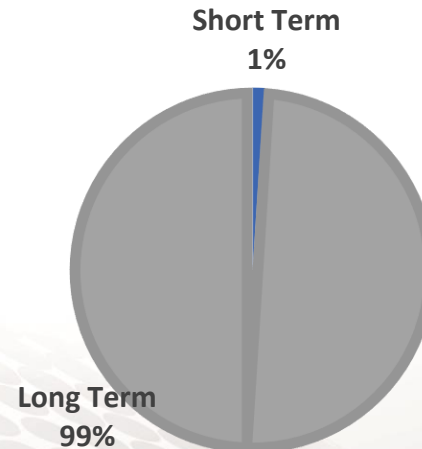
0.8% - 2.4%

As at 30th June 2021

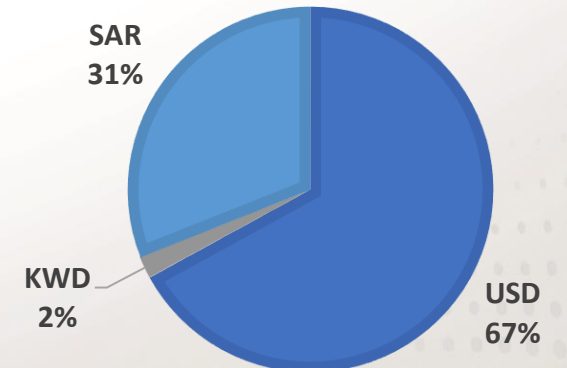
DEBT BY OPCO



DEBT BY MATURITY



DEBT BY CURRENCY



GROUP FINANCIAL KPIs

Income Statement (KWD m)	H1 2021	H1 2020
Revenue	750	787
EBITDA	310	336
Net Income	86	84

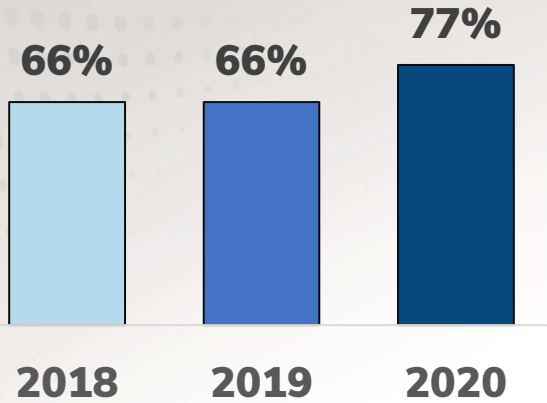
Balance Sheet (KWD m)	30 Jun 2021	30 Jun 2020
Cash and Cash Equivalents	281	375
Total Assets	4,732	4,900
Total Debt	1,334	1,456
Total Equity	1,770	1,619

Cash Flow (KWD m)	H1 2021	H1 2020
Operating	171	337
Investing	(172)	(101)
FCF	(0.7)	236
Financing	(57)	(155)
Effect of FX impact	(25)	0.4
Ending Cash Balance	281	363

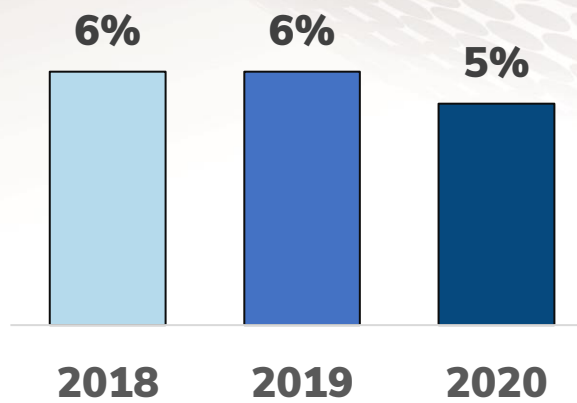
- Investing in Spectrum and network expansion for sustained growth momentum
- Debt reduction and deleveraging plan on track along with reduction in finance cost
- Impact from Currency Devaluation in Sudan and Iraq

DIVIDENDS

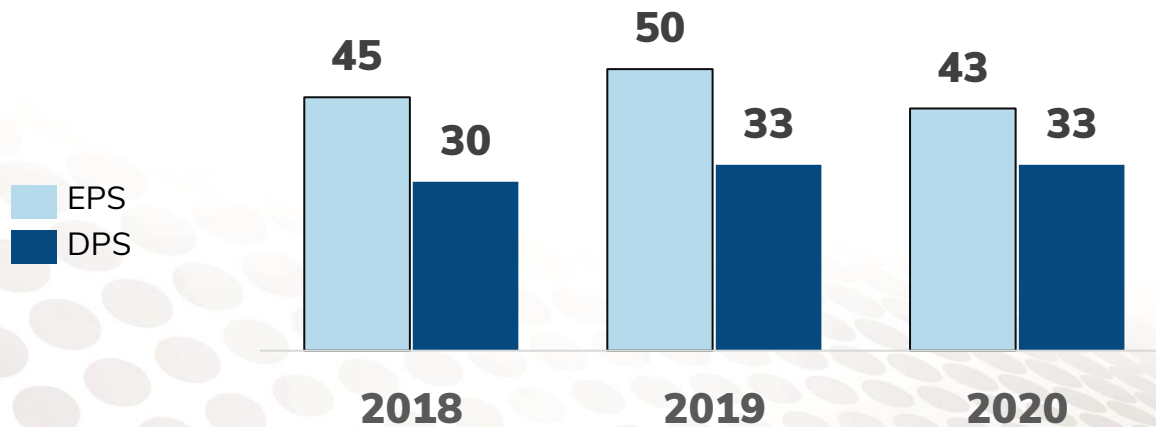
DIVIDEND PAY-OUT RATIO



DIVIDEND YIELD

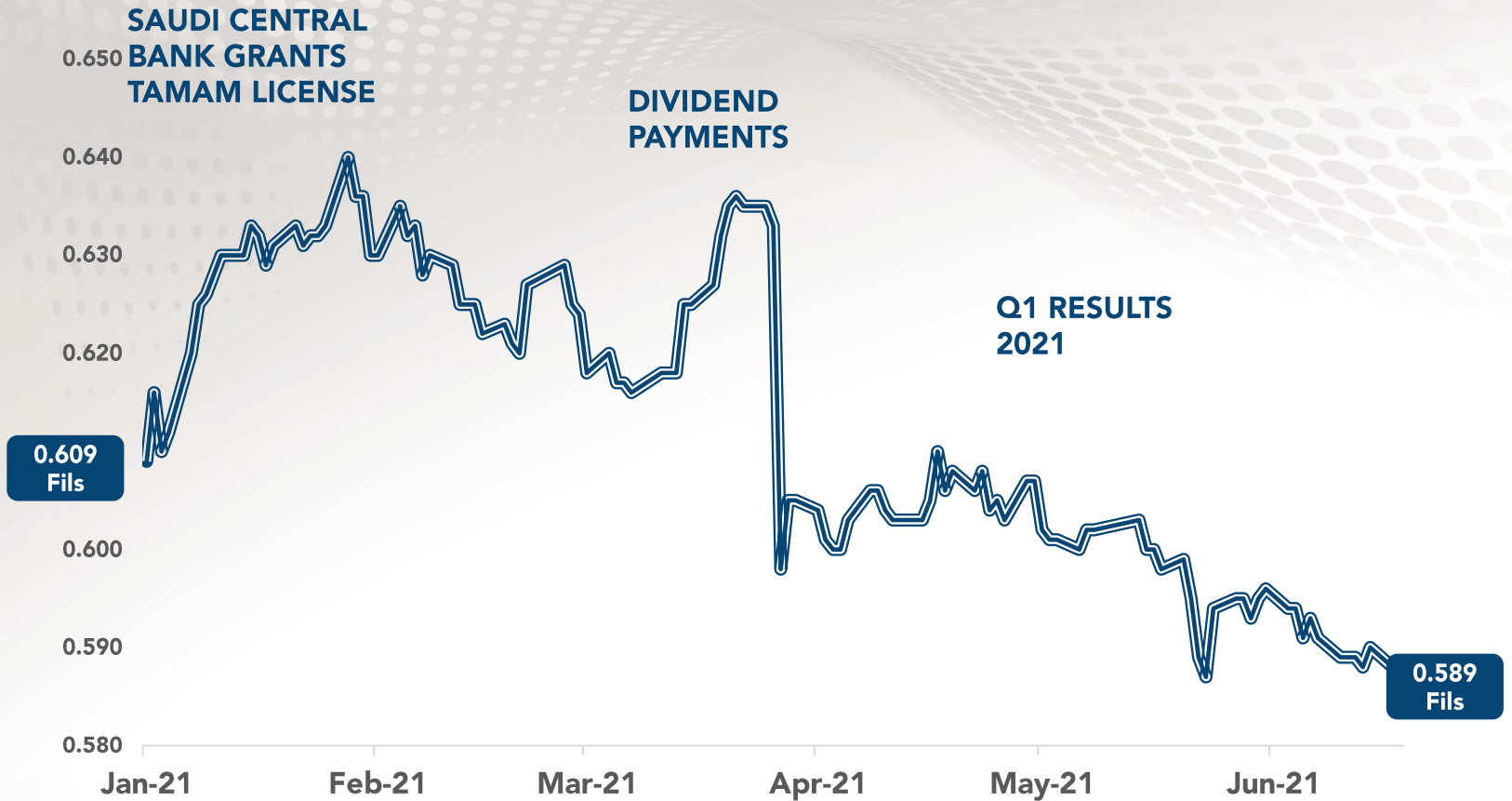


EPS & DPS (Fils)



- Average dividend payout ratio in the high **70% range**
- Dividend of USD 470m (**33 fils**) for 2020 compared to USD 471m (**33 fils**) for 2019
- First company in Kuwait to implement a minimum cash dividend policy (**33 fils/year for 3 years starting 2019**)
- Board meeting held on 14th July 2021, recommends an interim dividend of **10 Fils** per share **for first six months of 2021** as part of the minimum 33 Fils annual dividend policy, subject to Regulatory approvals.

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 Q1 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
- Revenue increased 4% due to growth in **5G segment** partially offset by decrease in roaming revenue due to extended **air travel restrictions**
- Zain and Boubyan Bank engagement with Central Bank of Kuwait to seek approval to jointly offer **digital banking services**.
- Lower doubtful debt provision due to improvement in **collection** rates
- Data revenue** grew **5%** and formed **40%** of total revenue
- Excluding the **\$15m gain on sale and leaseback of towers**, net income would have grown by **+13%**



2.4M

CUSTOMER BASE



37%

MARKET SHARE



40%

VALUE SHARE



\$26

BLENDED ARPU



57%

PREPAID BASE



5G

NETWORK TECHNOLOGY



100%

POPULATION COVERAGE %



159%

MARKET PENETRATION

MARKET PLAYERS



37%



OWNERSHIP

2008



OPERATIONS

- For the first time ever, Zain KSA **achieves retained earnings** after extinguishing all accumulated losses
- H1'21 revenue impacted by 2% YoY, mainly due to challenging market environment
- Decrease in airtime revenue & **reduction in MTR** (SAR0.055 to SAR0.022) starting 10th June 2020
- Lack of Visitors and Pilgrims due to **Omra closure** and flights restrictions
- CITC disconnections continue to impact the customer base in addition to the new governmental requirement (**Tawakalna** application required for customers mobility)
- Strong growth in **Yaqoot** and **Tamam** during Q2'21
- Healthy growth in the **FTTH** revenue and customer base
- Savings in finance cost due to **settlement of Shareholder loan** and **Murabaha refinancing**
- Data revenue** formed 50% of total revenue



7.4M

CUSTOMER BASE



\$20

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 7% to reach 16.1m customers driven by the launch of 4G
- YoY revenue impacted due to **currency devaluation** impact and continues lockdown restrictions
- Digital operator “oodi” was successfully launched on May 27th
- Currency Devaluation by 19% from IQD/USD 1,190 to 1,470
- Drop in **Network Opex** on account of cost optimization Initiatives



16.1M

CUSTOMER BASE



53%

MARKET SHARE



44%

VALUE SHARE



\$4

BLENDED ARPU



94%

PREPAID BASE



4G

NETWORK TECHNOLOGY



99%

POPULATION COVERAGE %



100%

MARKET PENETRATION

MARKET PLAYERS



96.5%



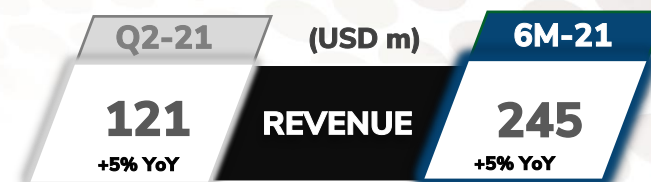
OWNERSHIP

2003



OPERATIONS

- Top line grew by +5% YoY, mainly due to increase in data revenue
- Data revenue grew by +13% YoY, and formed 49% of total revenue
- Healthy growth in the FTTH revenue and customer base
- Growth in Zain Cash revenue due to increase in service uptake
- New reduced electricity rates **not implemented yet** by the Govt as planned for the year 2021
- Further reduction in local **interconnection rates** (from 5.2 fils to 2.0 fils)
- Zain Cash Jordan agreement with Western Union on international remittances
- Zain Jordan TowerCo transaction close to finalization, expected H2 2021



3.5M

CUSTOMER BASE



35%

MARKET SHARE



49%

VALUE SHARE



\$10

BLENDED ARPU



68%

PREPAID BASE



4G

NETWORK TECHNOLOGY



99%

POPULATION COVERAGE %



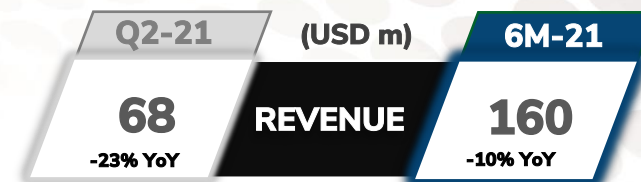
79%

MARKET PENETRATION

MARKET PLAYERS



- Customer base grew by 8%, to reach 17 million with a leading customer market share of 49%
- Currency Devaluation in Feb 2021 from SDG 55 to SDG 444 vs. USD
- Fuel expenses has increased due to frequent power cuts leading to higher consumption coupled with shortage of supply in market leading to increase in prices
- Increase of VAT from 35% to 40%
- Tax on telecom services increased from 7% to 10%
- Data revenue grew 4% YoY, and formed 28% of total revenue
- Plan to launch Financial Services in 2021



17.0M

CUSTOMER BASE



49%

MARKET SHARE



60%

VALUE SHARE



\$2

BLENDED ARPU



98%

PREPAID BASE



4G

NETWORK TECHNOLOGY



90%

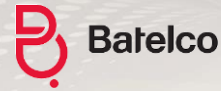
POPULATION COVERAGE %



80%

MARKET PENETRATION

MARKET PLAYERS



65%



OWNERSHIP

2003



OPERATIONS

- YoY revenue growth mainly **due to increase in data and trading revenue**
- Data revenue** formed 45% 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
- Upgraded broadband connectivity speeds **by up to 6 times**



\$19

BLENDED
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

MVNO : CITRA to issue MVNO license to **Connect Arabia** which the STC network will host



SUDAN

Taxes: VAT on telecom services has now increased from 35% to 40% as a percentage of gross revenue effective from 1 Jan 2021



JORDAN

Regulatory Negotiation : Settlement Agreement with Govt expected to be signed in H2 2021



SOUTH SUDAN

LTE authorization and spectrum enabling the operation to launch LTE services in Q2 2021

International Termination Rate : Effective from 1 March 2021, the Inbound International termination rate reduced from 12 cents to 10 cents



CORPORATE SUSTAINABILITY



CLIMATE CHANGE

- Assessment of water security and consumption across all operations
- Assessing energy measurement solutions and embedded it in OpCo roadmaps
- Investing in Carbon Offsetting programs such as planting trees (done in Jordan, Iraq and Sudan) and invest in carbon sinks and clean energy projects



SIGNED GLOBAL MOU WITH UNICEF TO ACHIEVE THE RIGHTS OF CHILDREN

- Zain Jordan leveraged on all communication channels and provided safety tips and precautions of COVID-19 including promoting the vaccine.
- Zain Iraq provided 500 MBs free of charge on a daily base to support students in Kurdistan study online through the e-Education platform eParwarda.
- Developed the Poverty Report with UNICEF Iraq that assesses the status of marginalized communities in Iraq through data collected by Zain.



CHILD ONLINE SAFETY

- Launched Child Online Safety Booklet in partnership with UNICEF for children to educate them on internet risks
- Launched Internet Monsters Campaign –focused on raising further awareness on child online safety
- Zain assessed the current blocking mechanisms in each operation for Child Sexual Abuse Material (CSAM)



PEOPLE WITH DISABILITIES

- 43 persons with disabilities in Kuwait were trained with professional career development by the Human Construction Institute.
- Zain Iraq provided priority cards for people with disabilities and the elderly community to be promptly served in all Zain retail stores.
- Zain Bahrain is in process of creating a dedicated hotline for People with Disabilities and identified inclusive-friendly branches by installing signages.

INDICES &
REPORTING



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

12 consecutive quarters of profitability and achievement of 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

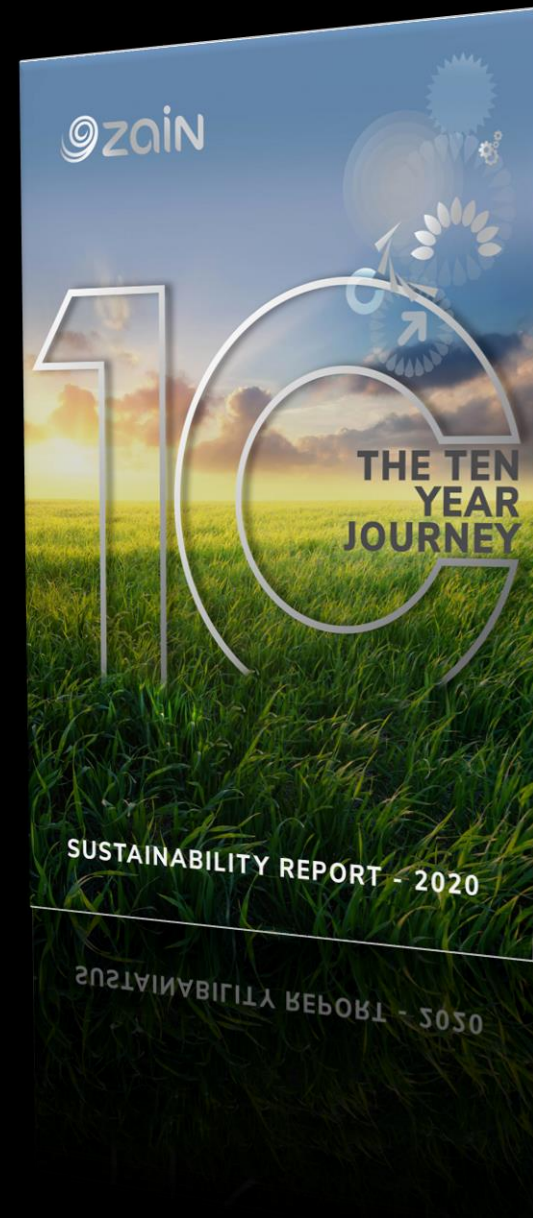
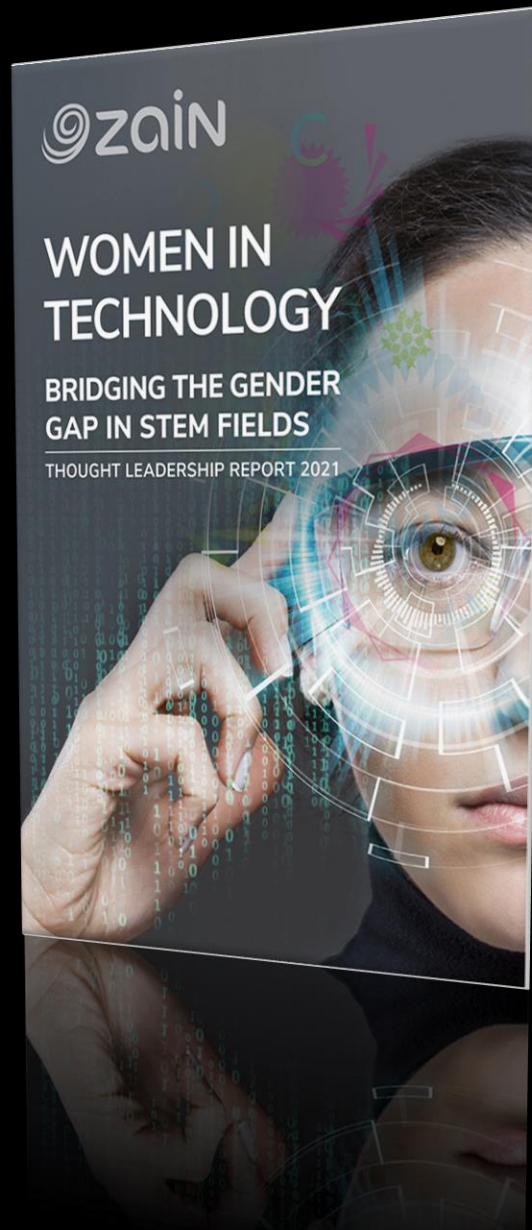
Strategic investments in technology and innovation to maintain leadership position in 5G and IoT

THREE YEARS DIVIDENDS POLICY

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



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