



Zain Group Financial Results

Q1 2019



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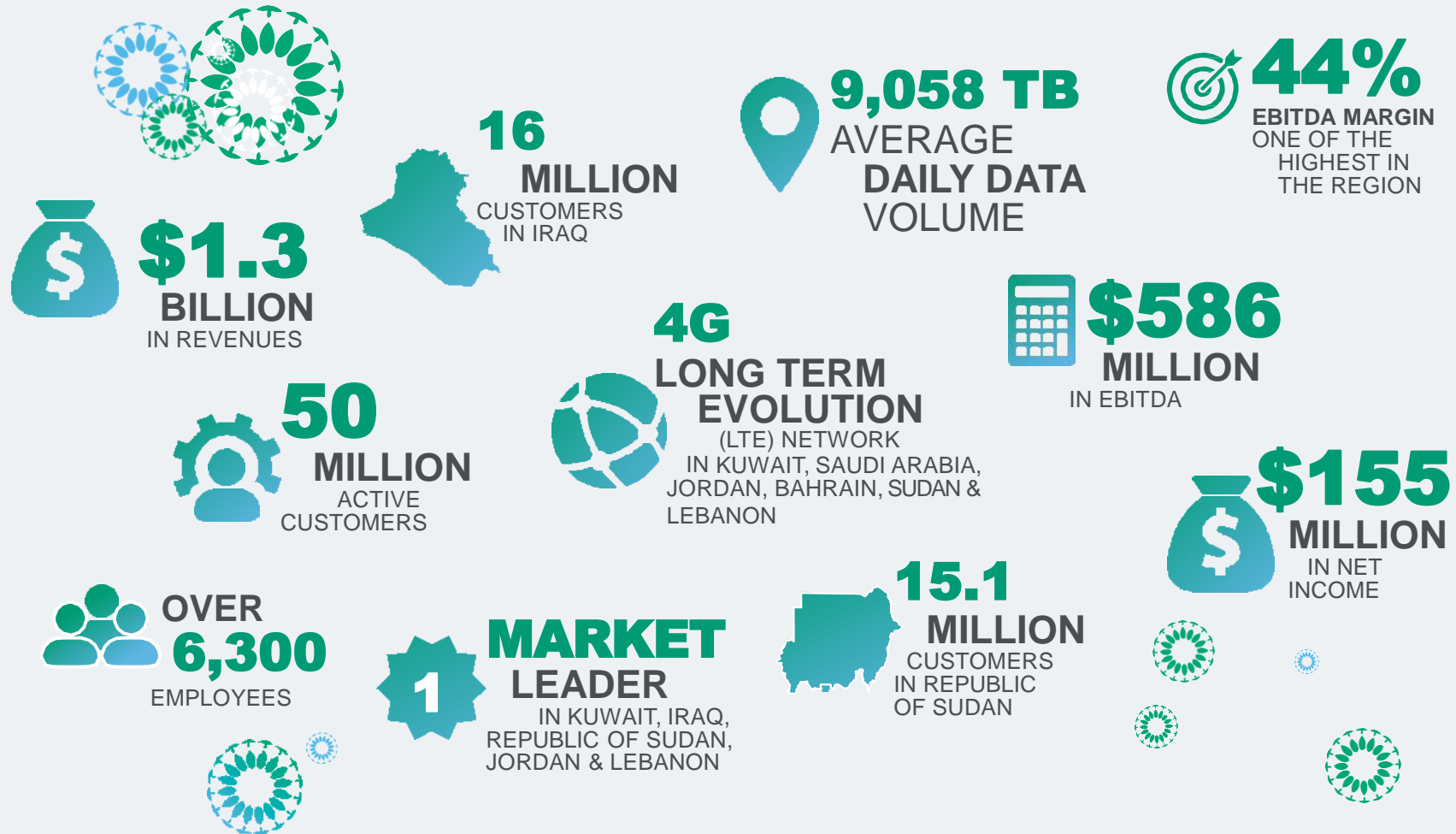
For further information about Zain Group, or the materials contained within this presentation, please direct your enquiries to our Investor Relations team via email at IR@zain.com or visit www.zain.com/en/investor-relations/

Content

1. Results Review
2. Operations review
3. Financial Statements

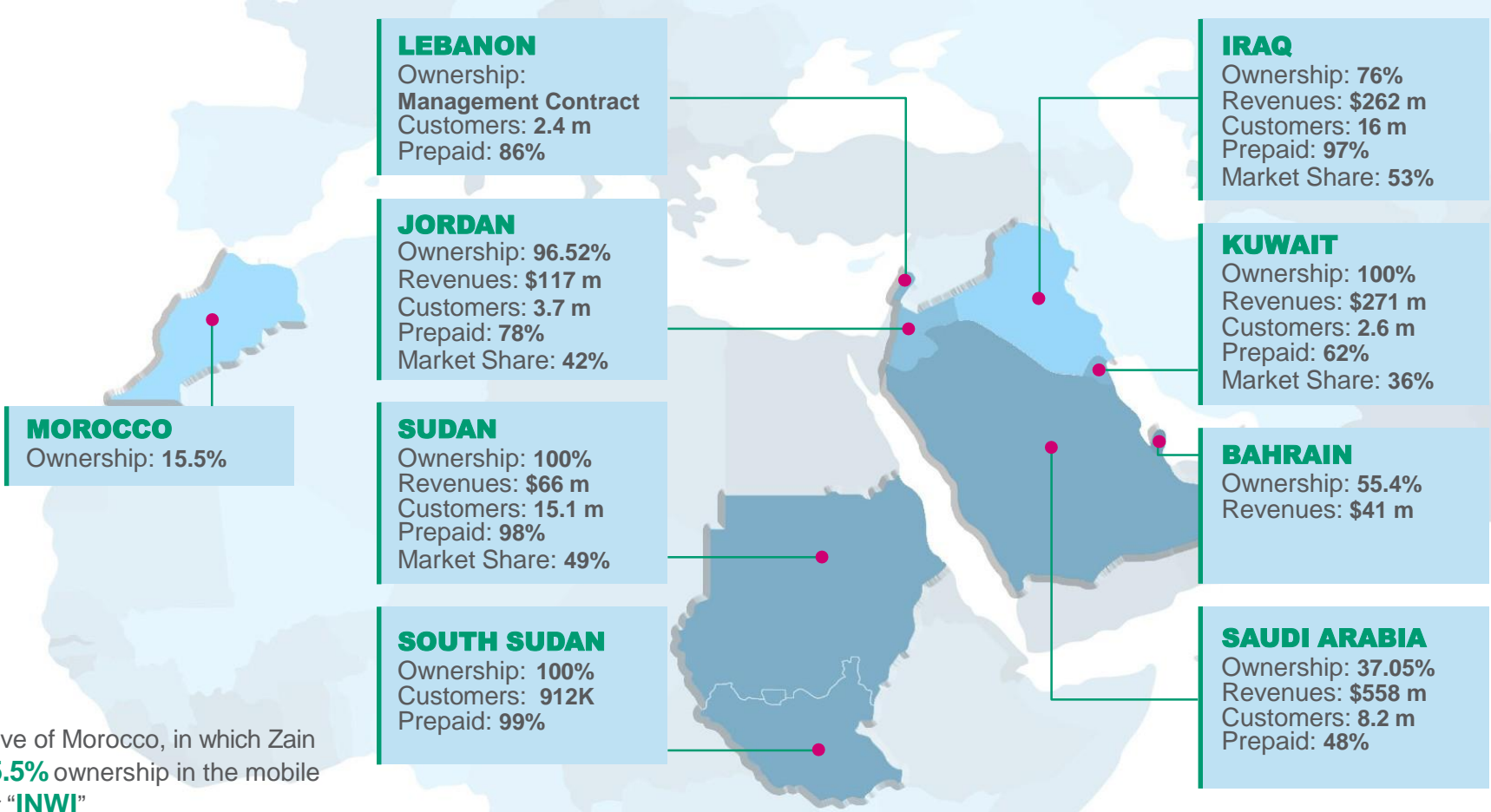


Zain At A Glance – Q1 2019



The World of Zain

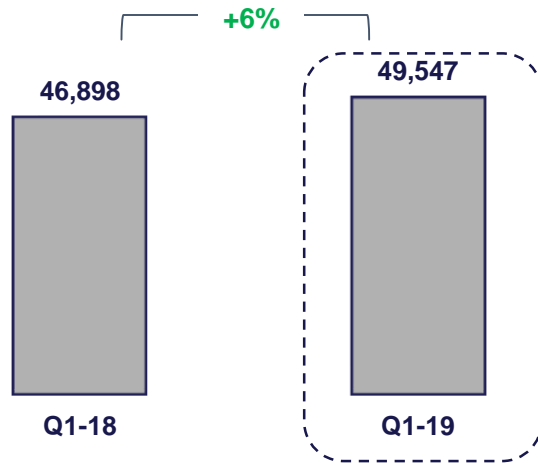
ZAIN'S WORLD CATERS TO **50** MILLION CUSTOMERS IN **8** COUNTRIES*



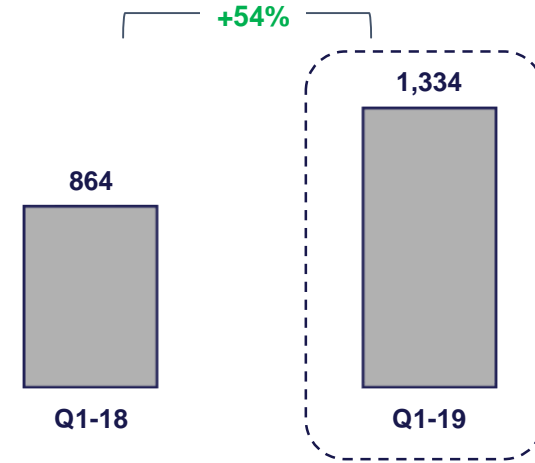
* exclusive of Morocco, in which Zain has a **15.5%** ownership in the mobile operator "INWI"

Group Financial Highlights – Q1 2019

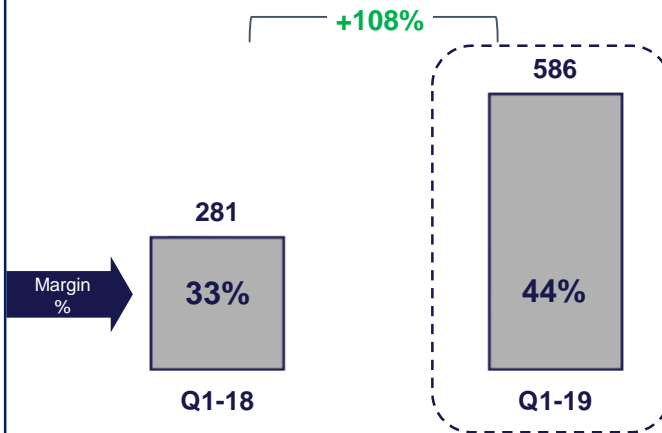
CUSTOMERS (000)



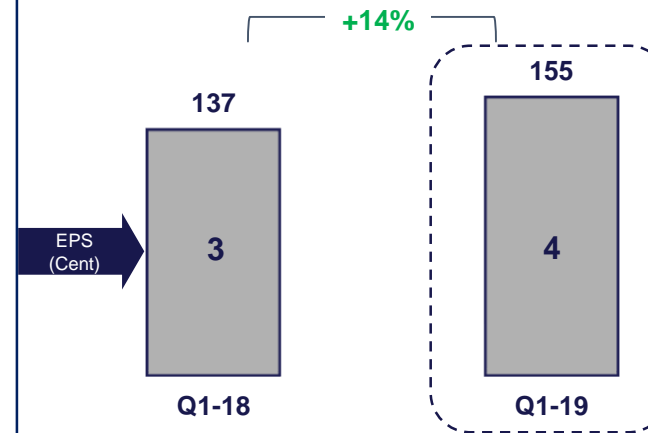
REVENUES (USDm)



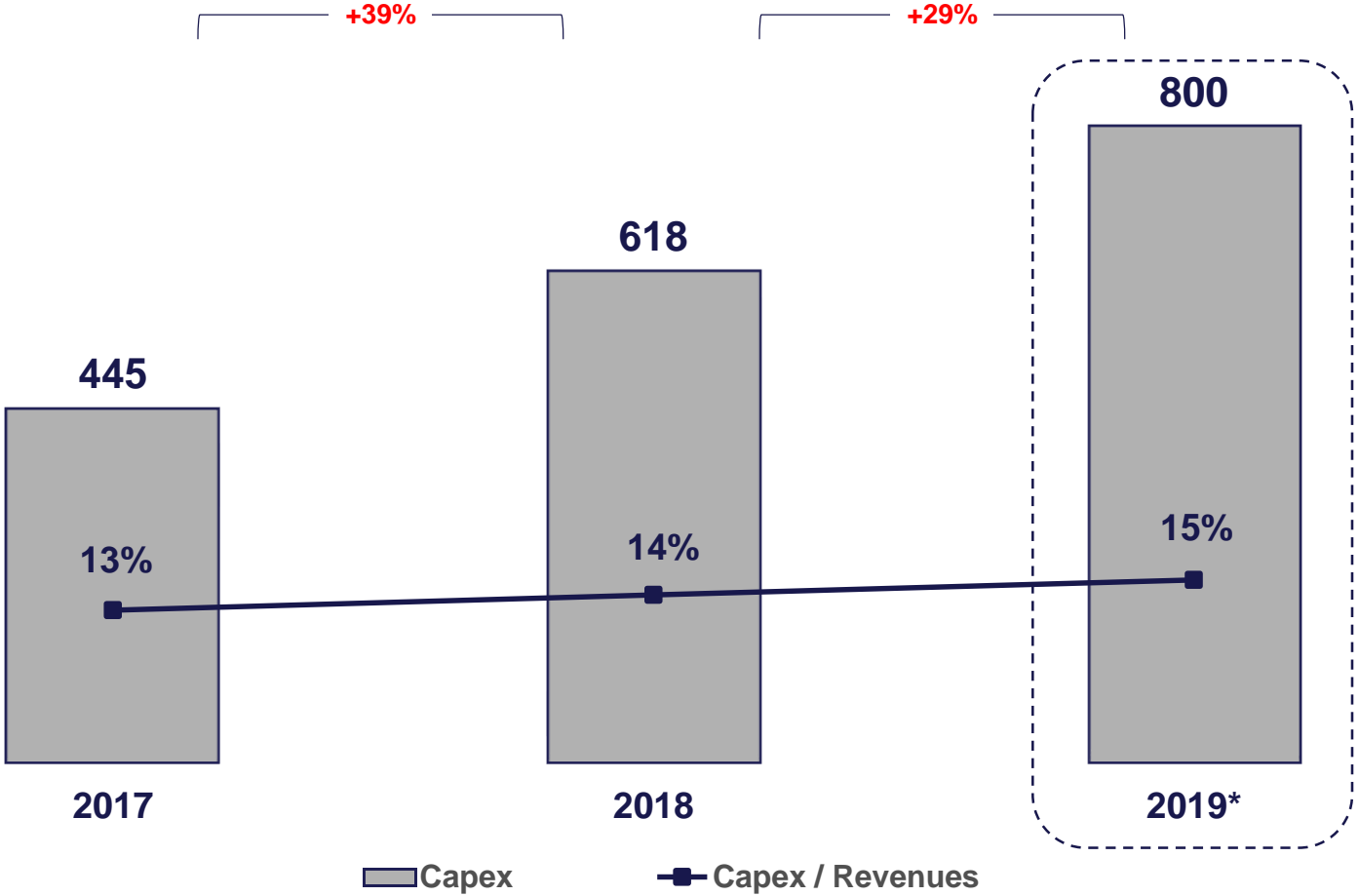
EBITDA (USDm)



NET INCOME (USDm)



CAPEX & CAPEX / REVENUES



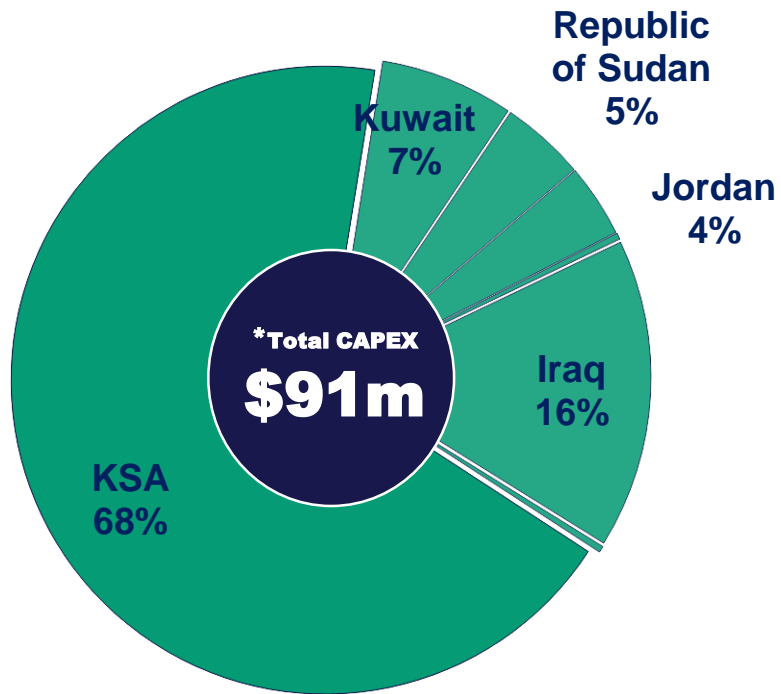
* 2017 Capex is excluding Zain KSA

* 2018 Capex includes Zain KSA Capex from Q3 2018 onwards

* Capex includes only tangible assets

TOTAL CAPEX

CAPEX BREAKDOWN



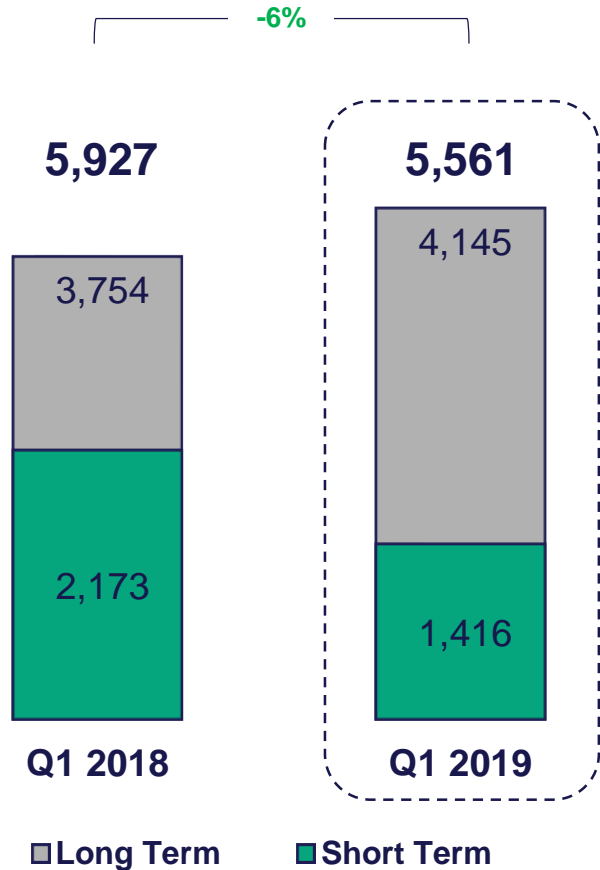
* Group Total Capex = **USD 91 million**

* Capex includes only tangible assets

OPCO	Q1 2019 (USDm)	% OF REVENUES
Kuwait	6.2	2%
Iraq	14.3	5%
Sudan	3.9	6%
KSA	61.3	11%
Jordan	3.4	3%
Bahrain	0.3	1%
S. Sudan	0.3	3%

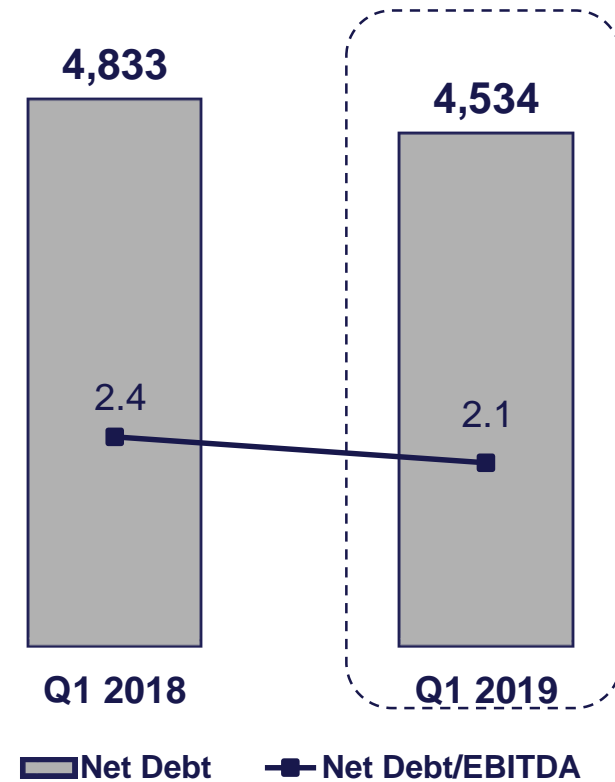
Group Financial Highlights

TOTAL DEBT (USDm)



Q1 2018 Total Debt includes Zain KSA for comparative purposes

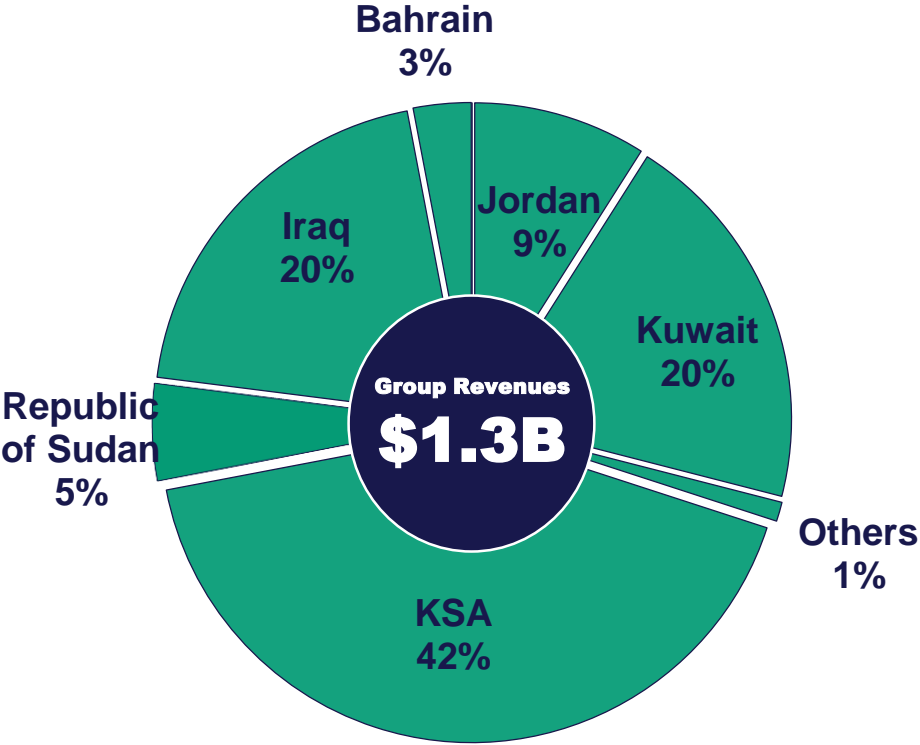
NET DEBT (USDm) & NET DEBT/EBITDA



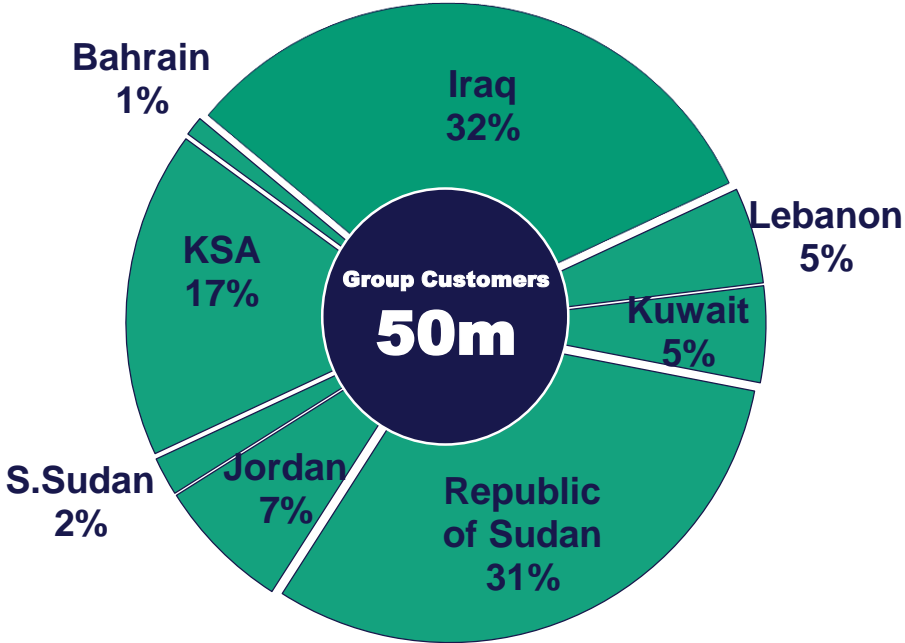
Net Debt = Total interest bearing debt (including letters of guarantee) after deducting cash and cash equivalents

Group Financial Highlights

REVENUE CONTRIBUTION

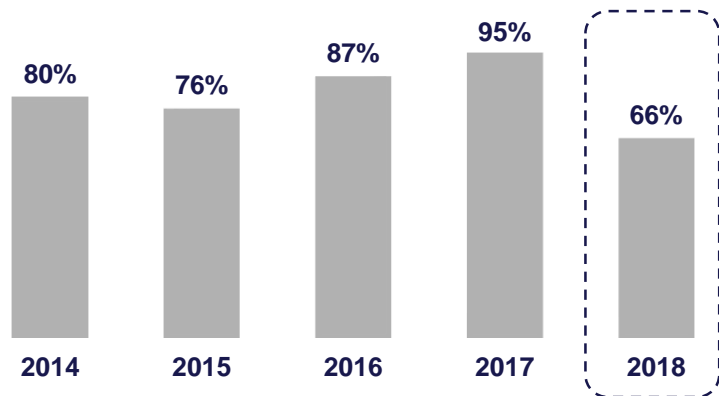


CUSTOMER CONTRIBUTION

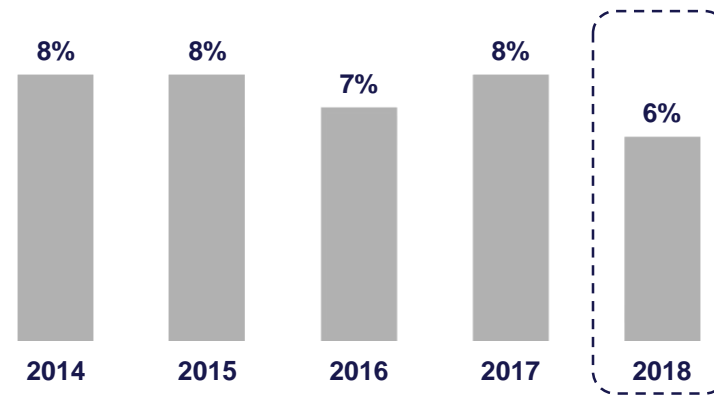


ZAIN DIVIDENDS

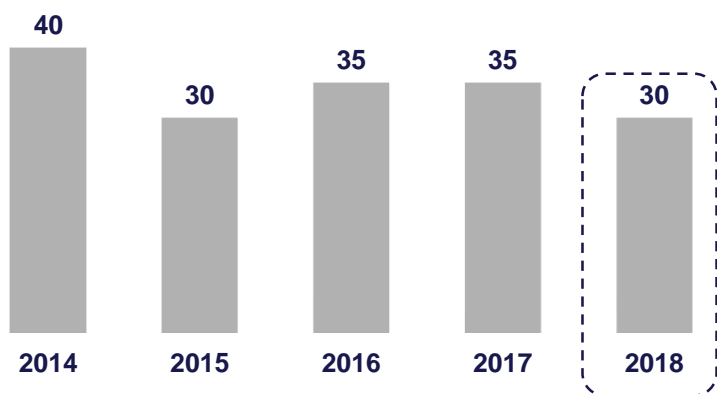
DIVIDEND PAYOUT RATIO



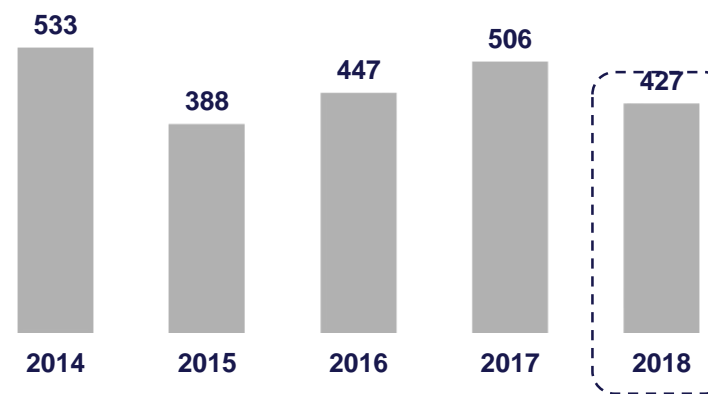
DIVIDEND YIELD (%)



DIVIDEND PER SHARE (Fils)



CASH DIVIDEND (USDm)

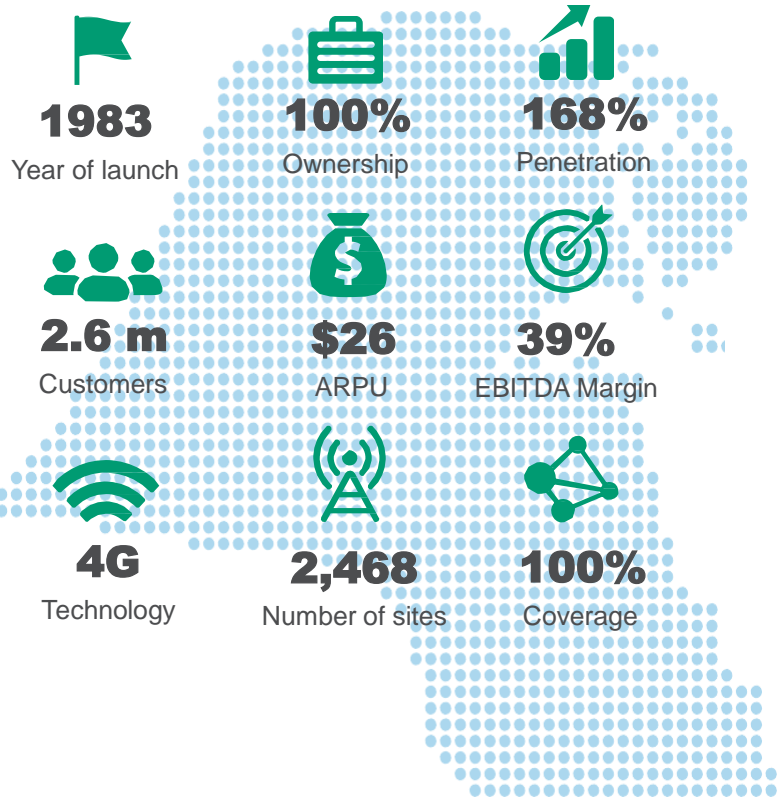


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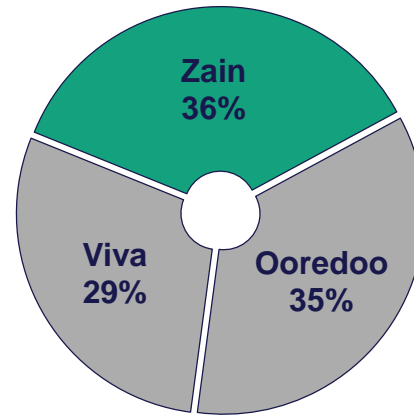
1. Results Review
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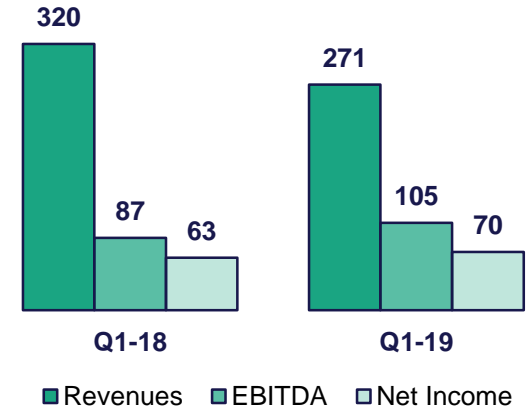
ZAIN KUWAIT



MARKET SHARE



FINANCIALS (USDm)



- Revenue down by 15% mainly due to additional enterprise revenue and bulk sale in Q1 2018
- Strong concentration on cost optimization initiatives
- Increase in EBITDA is due to improved gross margins and IFRS 16 benefits.
- Data revenues grew 9% YoY, and formed 38% of total revenues

ZAIN KSA



2008

Year of acquisition



37%

Ownership



129%

Penetration



8.2 m

Customers



\$20

ARPU



46%

EBITDA Margin



4G

Technology



9,348

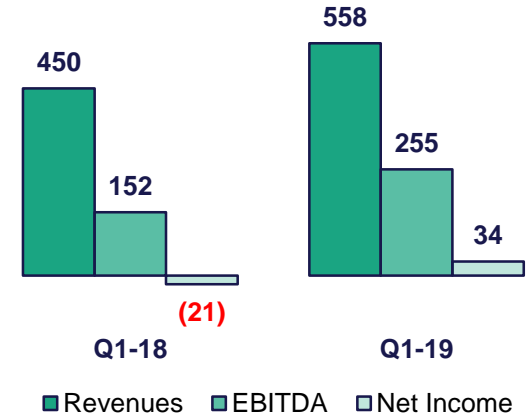
Number of sites



97%

Coverage

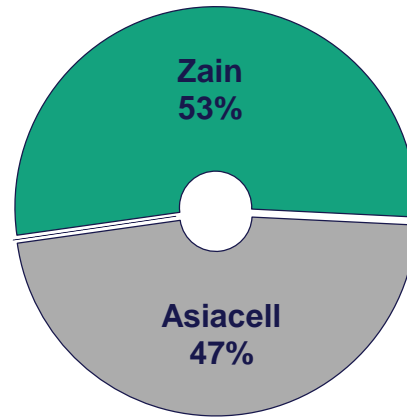
FINANCIALS (USDm)



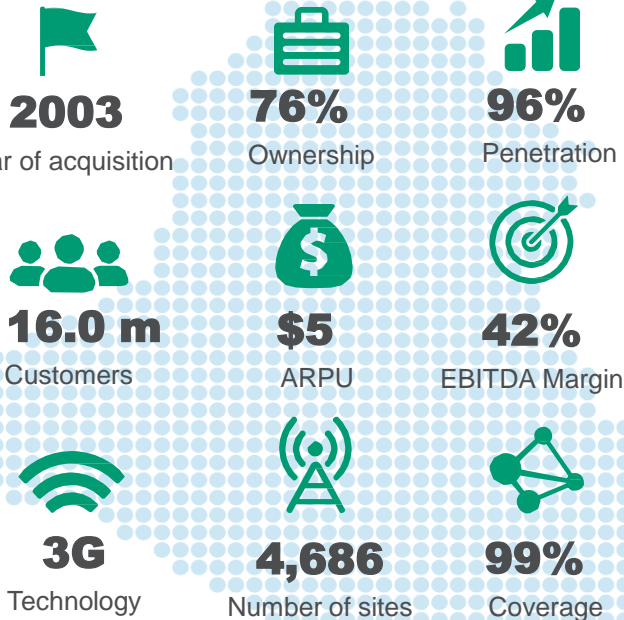
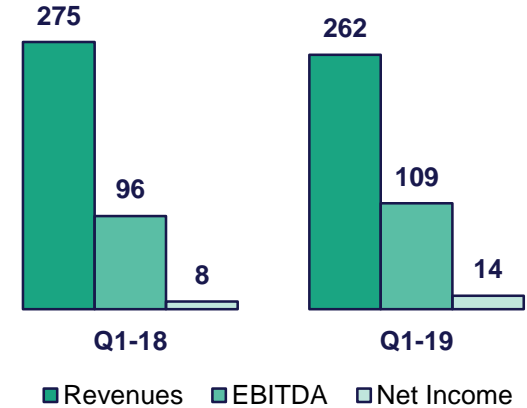
- All-time high quarterly revenue at \$558 m, an increase of 24% YoY
- Regulatory changes to reduce annual royalty fee for commercial service from 15% to 10% of net revenues, improved Zain KSA's financial position
- Release of certain provisions from the settlement signed with various ministries of the Kingdom (MOF, MCIT and CITC).
- Major focus on the enterprise B2B segment resulted in healthy growth
- Data revenues formed 44% of total revenues

ZAIN IRAQ

MARKET SHARE*



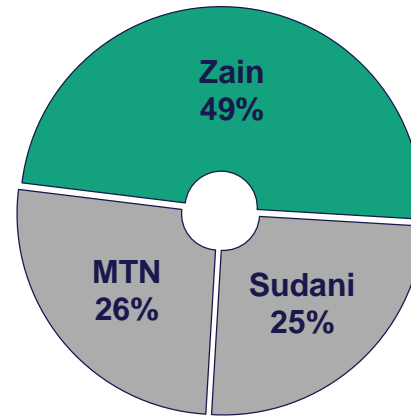
FINANCIALS (USDm)



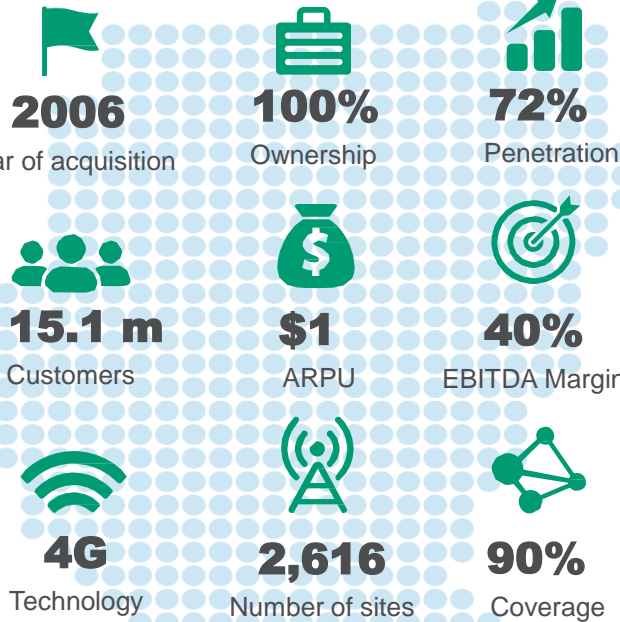
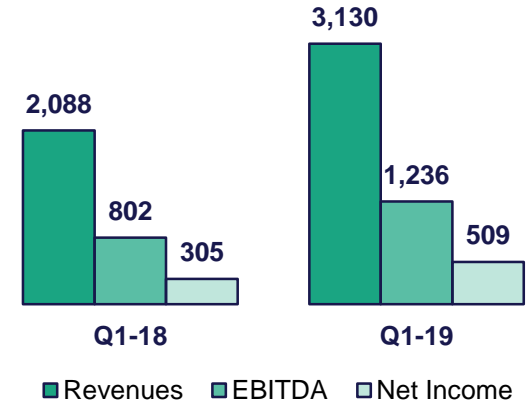
- The first quarter saw intense competition which impacted the revenue
- Robust growth in enterprise (B2B) segment
- EBITDA benefited by the IFRS-16 implementation
- Customer base grew by 10%, to reach 16 million
- Strong focus on cost optimization

ZAIN SUDAN

MARKET SHARE

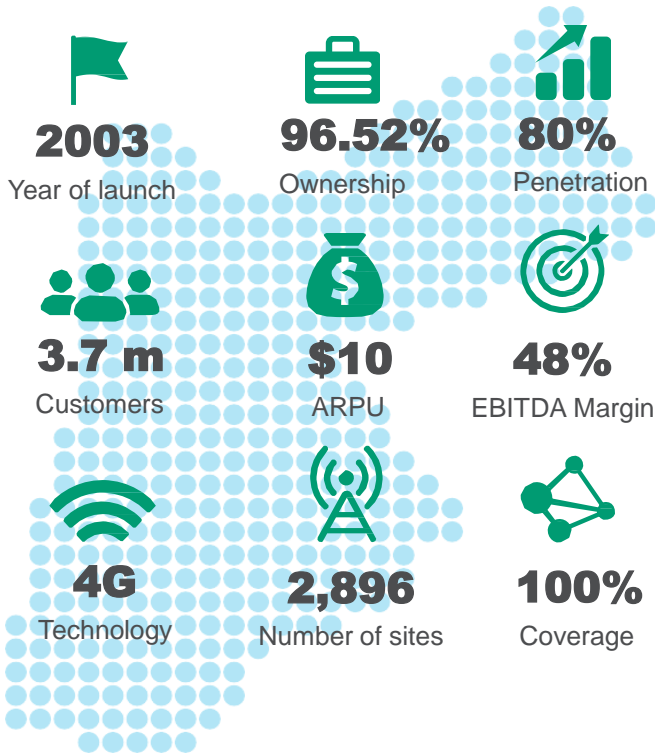


FINANCIALS (SDGm)

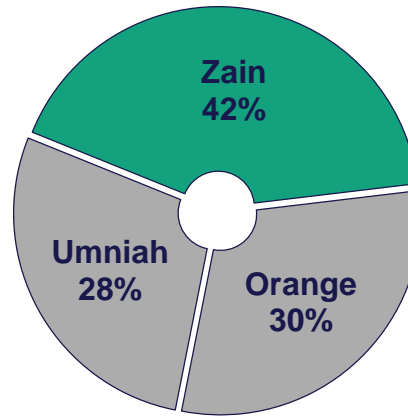


- Impressive YoY growth in local currency SDG terms
- Customer base grew by 9%, to reach 15 million
- ~48% currency devaluation affected the financial results in USD terms (from an average of 24.9 in Q1 2018 to 47.5 SDG/USD in Q1 2019)
- Significant cost optimization savings
- Data revenues grew 63% YoY, and formed 18% of total revenues

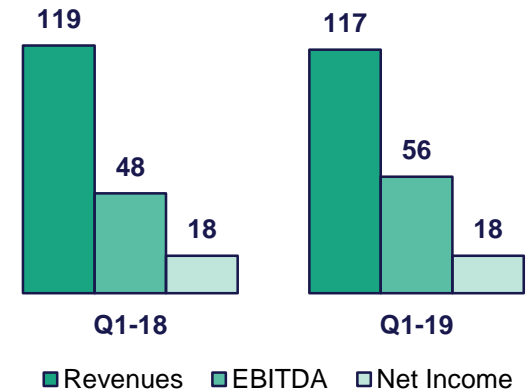
ZAIN JORDAN



MARKET SHARE

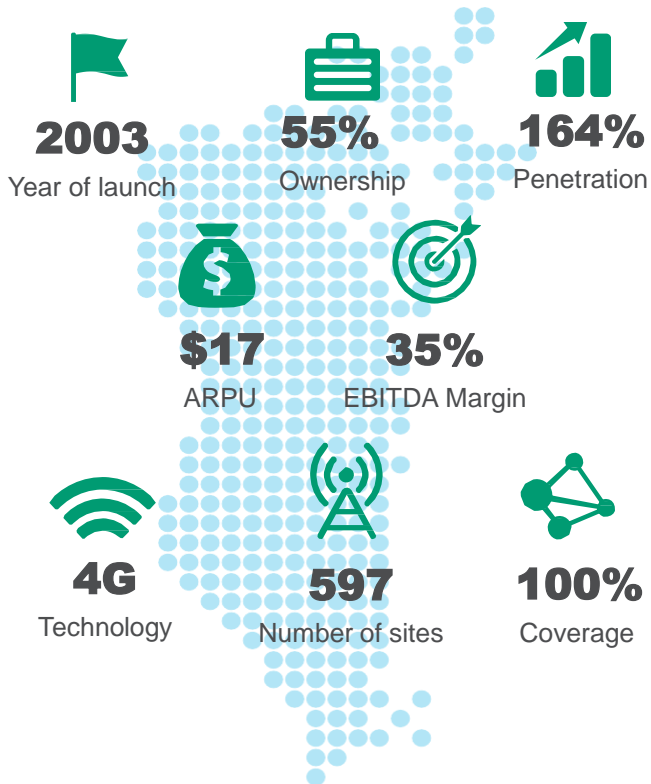


FINANCIALS (USDm)

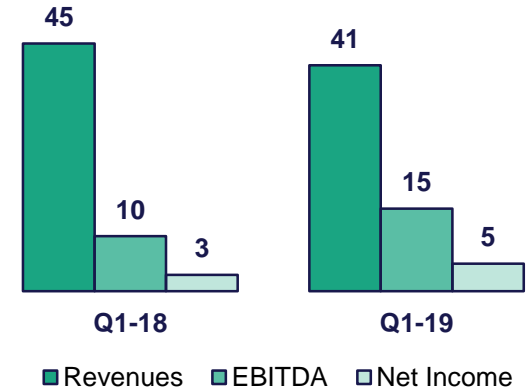


- Slightly lower Q1 revenue, mainly due to lower interconnection revenue resulting from the new regulated interconnection rates.
- EBITDA increased by 18%, due to higher gross margins, cost optimization and new IFRS 16 benefits.
- Data revenues grew by 2% YoY, and formed 40% of total revenue.

ZAIN BAHRAIN



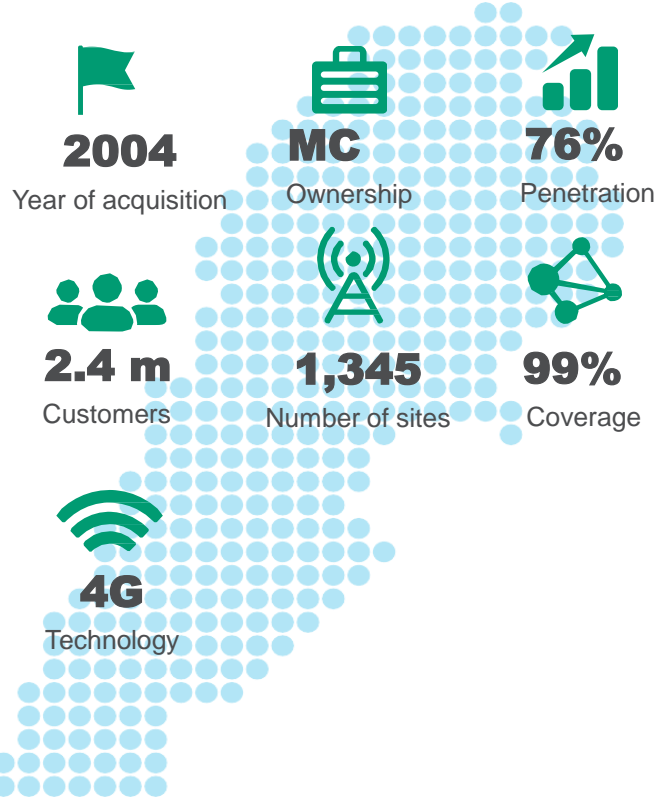
FINANCIALS (USDm)



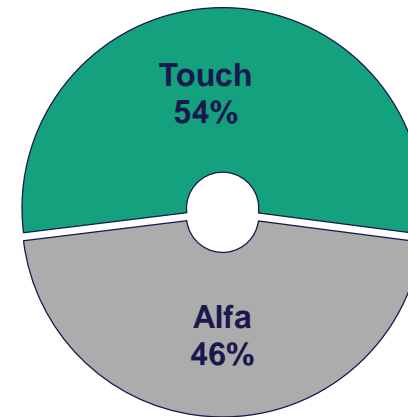
- EBITDA jumped by 47% mainly due to the reduction in regulatory charges and the IFRS 16 benefits
- Net Income increased by 55% YoY
- Data revenues formed 47% of total revenues

TOUCH - LEBANON

Management Contract



MARKET SHARE



- Zain operates in Lebanon under a management contract since June 2004, when it was rebranded to mtc-touch, and subsequently to “touch”

Content

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Statement of Financial Position

	Unaudited	Audited	Unaudited		Unaudited	Audited	Unaudited
	31-Mar-19	31-Dec-18	31-Mar-18		31-Mar-19	31-Dec-18	31-Mar-18
	KD '000				KD '000		
Assets				Liabilities and Equity			
Current assets				Current liabilities			
Cash and bank balances	377,122	311,916	284,010	Trade and other payables	1,064,506	956,272	625,571
Trade and other receivables	551,959	572,783	404,937	Deferred revenue	100,856	105,308	47,121
Contract assets	69,453	66,062	42,785	Due to banks	430,834	412,971	158,809
Inventories	42,249	45,957	19,921	Lease liabilities	46,935	-	-
Investment securities at FVTPL	10,754	15,519	11,685	Liabilities of disposal group classified as held for sale	4,975	-	-
Assets of disposal group classified as held for sale	13,451	7,656	7,656		1,648,106	1,474,551	831,501
	1,064,988	1,019,893	770,994	Non-current liabilities			
Non-current assets				Due to banks	1,011,663	1,033,565	742,547
Contract assets	20,552	16,940	12,995	Lease liabilities	144,456	-	-
Investment securities at FVOCI	7,320	7,040	6,333	Other non-current liabilities	399,330	336,325	38,668
Investments in associates and joint venture	71,429	69,851	189,054		1,555,449	1,369,890	781,215
Due from associates	-	-	421,939	Equity			
Other assets	11,444	11,953	15,038	Attributable to the Company's shareholders			
Property and equipment	1,178,864	1,198,775	688,321	Share capital	432,706	432,706	432,706
Right of use of assets	184,304	-	-	Share premium	1,707,164	1,707,164	1,707,164
Intangible assets and goodwill	2,189,979	2,163,267	864,938	Legal reserve	216,353	216,353	216,353
	3,663,892	3,467,826	2,198,618	Foreign currency translation reserve	(1,367,350)	(1,367,018)	(1,286,552)
Total Assets	4,728,880	4,487,719	2,969,612	Investment fair valuation reserve	914	864	987
				Other reserves	(2,019)	(4)	(240)
				Retained earnings	183,135	287,143	132,228
					1,170,903	1,277,208	1,202,646
				Non-controlling interests	354,422	366,070	154,250
				Total equity	1,525,325	1,643,278	1,356,896
				Total Liabilities and Equity	4,728,880	4,487,719	2,969,612

Statement of Profit or Loss

	31-Mar	
	2019	2018
	KD'000	
Revenue	404,491	258,903
Cost of sales	(119,010)	(91,195)
Operating and administrative expenses	(102,225)	(79,757)
Depreciation and amortization	(90,248)	(38,539)
Expected credit loss on financial assets (ECL)	(5,609)	(3,697)
Interest income	2,754	7,224
Investment income	(190)	217
Share of results of associates and joint venture	1,578	(2,364)
Other expense	(2,616)	(16,516)
Finance costs	(28,230)	(9,260)
Provision for impairment loss on property and equipment	-	(9,648)
Loss from currency revaluation	(1,769)	(2,624)
Net monetary gain	3,240	34,206
Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration	62,166	46,950
Contribution to Kuwait foundation for Advancement of Sciences (KFAS)	(459)	(174)
National Labour Support Tax (NLST) and Zakat	(1,630)	(747)
Income tax expenses	(4,214)	(3,992)
Board of Directors' remuneration	(105)	(69)
Profit for the period	55,758	41,968
Attributable to:		
Shareholders of the Company	47,086	40,897
Non-controlling interests	8,672	1,071
	55,758	41,968

	Three months ended	
	31-Mar	
	2019	2018
Earnings per share		
Basic and diluted – Fils	11	9

Statement of Cash Flows

	Three months ended		Three months ended	
	31-Mar		31-Mar	
	2019	2018	2019	2018
	KD'000		KD'000	
Cash flows from operating activities				
Profit for the period before income tax	59,972	45,960		
Adjustments for:				
Depreciation and amortization	90,248	38,539		
ECL on financial assets	5,609	3,697		
Interest income	(2,754)	(7,224)		
Investment income	190	(217)		
Share of results of associates and joint venture	(1,578)	2,364		
Provision for impairment loss on property and equipment	-	9,648		
Finance costs	28,230	9,260		
Loss from currency revaluation	1,769	2,624		
Net monetary gain	(3,240)	(34,206)		
Loss/(gain) on sale of property and equipment	1,411	(24)		
Operating profit before working capital changes	179,857	70,421		
Increase in trade and other receivables and contract assets	(1,424)	(64,684)		
Decrease in inventories	3,778	14,133		
Increase in trade and other payables	4,145	30,382		
Cash generated from operations	186,356	50,252		
Paid to KFAS	(771)	(319)		
Income tax paid	(1,788)	(2,066)		
<i>Net cash from operating activities</i>	183,797	47,867		
Cash flows from investing activities				
Deposits maturing after three months and cash at bank under lien	(28)	384		
Investments in securities	(203)	(1,260)		
Proceeds from sale of investments	4,396	173		
Increase in due from associates	-	(5,348)		
Acquisition of property and equipment (net)	(39,105)	(19,172)		
Acquisition of intangible assets (net)	(11,522)	(275)		
Interest received	1,712	1,666		
Dividend received	173	-		
<i>Net cash used in investing activities</i>	(44,577)	(23,832)		
Cash flows from financing activities				
Proceeds from bank borrowings			6,050	110,316
Repayment of bank borrowings			(15,698)	(72,122)
Repayment of lease liabilities			(12,319)	-
Dividends paid to Company's shareholders			(264)	(318)
Dividends paid to minority shareholders of subsidiaries			(307)	-
Finance costs paid – due to banks			(52,212)	(8,846)
<i>Net cash (used in)/from financing activities</i>			(74,750)	29,030
Net increase in cash and cash equivalents			64,470	53,065
Effect of foreign currency translation			708	(6,572)
Transition adjustment on adoption of IFRS 9			-	(6,497)
Cash and cash equivalents at beginning of period			304,236	206,432
Cash and cash equivalents at end of period			369,414	246,428



THANK YOU

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Email : IR@zain.com

Note: Mobile Penetration rates are sourced from *GSMA Intelligence*