



Zain Group Financial Results

Q2 2019



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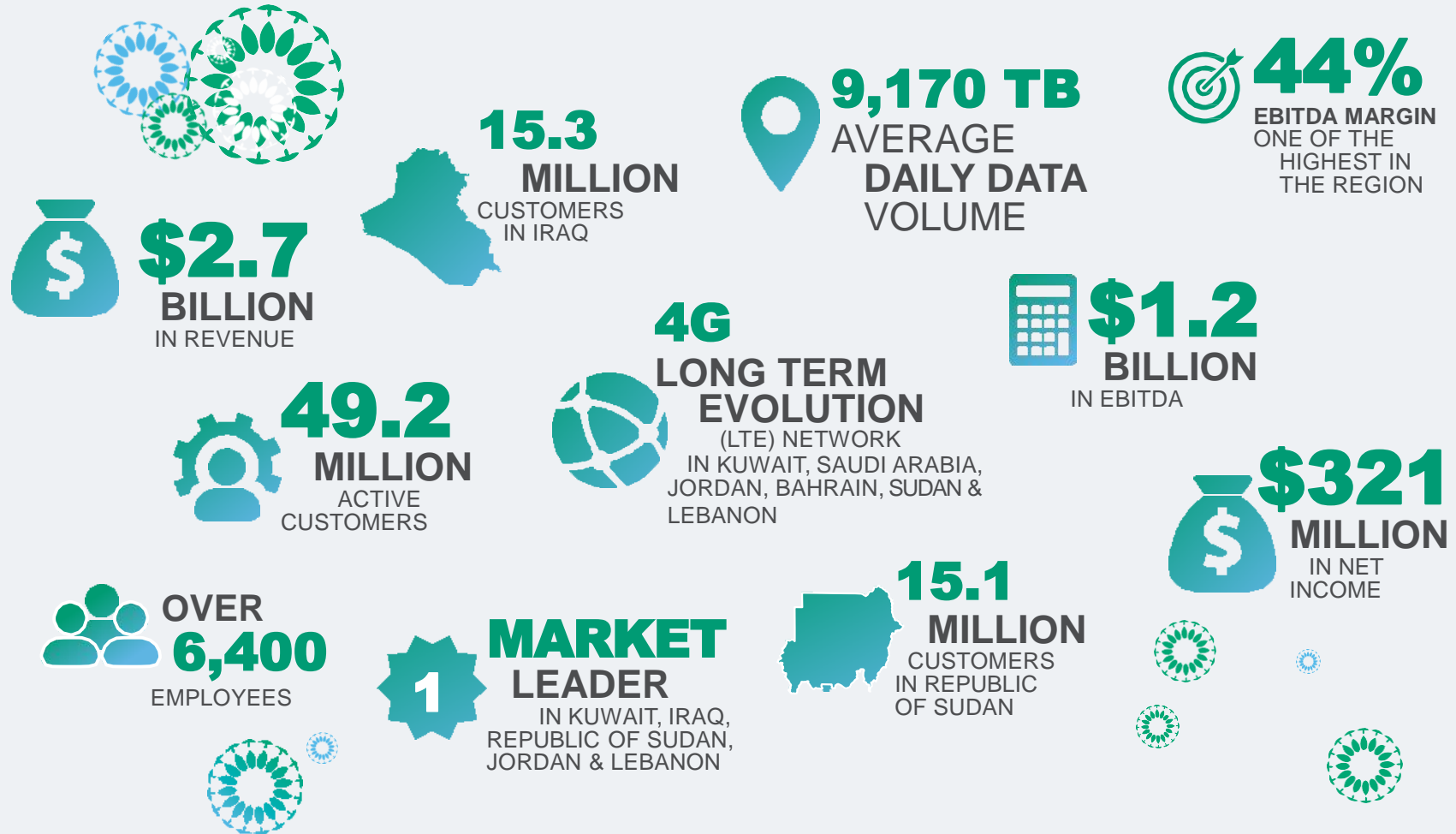
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1. Results Review
2. Operations review
3. Financial Statements

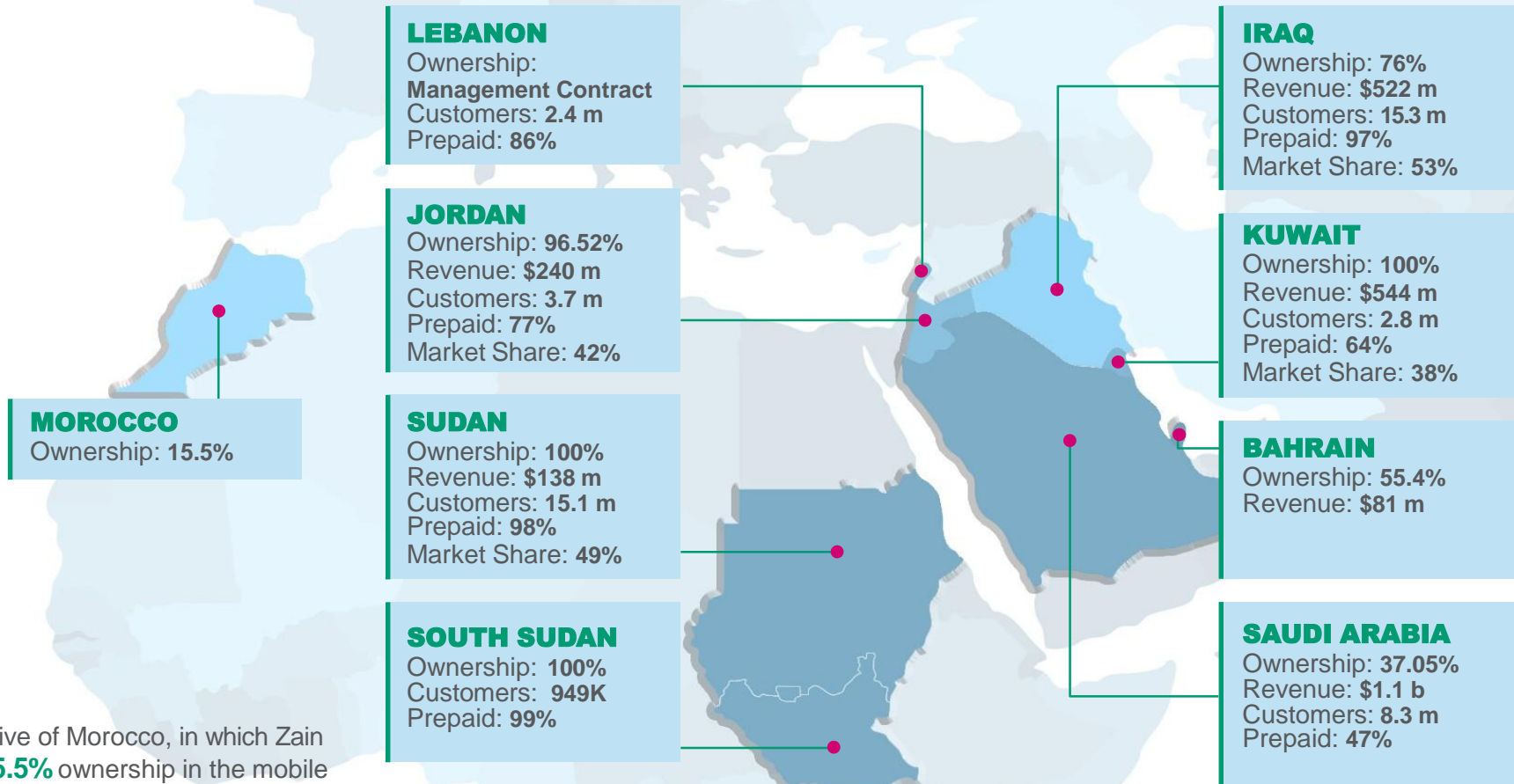


Zain At A Glance – H1 2019



The World of Zain – H1 2019

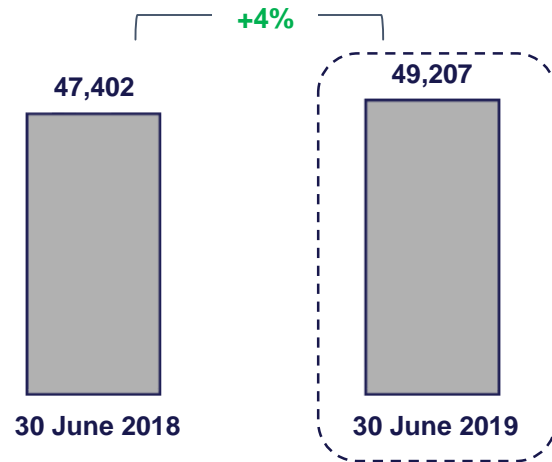
ZAIN'S WORLD CATERS TO **49.2** MILLION CUSTOMERS IN **8** COUNTRIES*



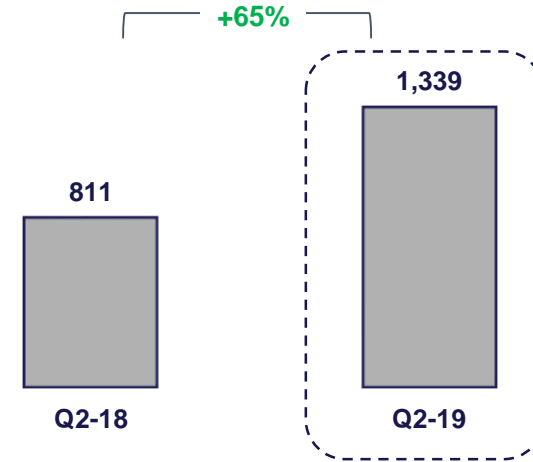
* exclusive of Morocco, in which Zain has a **15.5%** ownership in the mobile operator "INWI"

Group Financial Highlights – Q2 2019

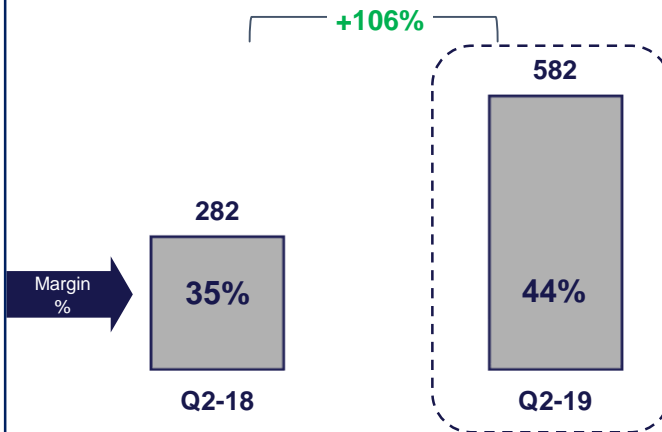
CUSTOMERS (000)



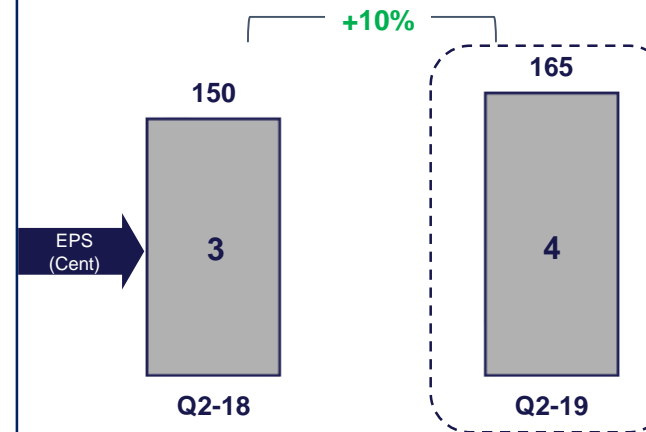
REVENUE (USDm)



EBITDA (USDm)

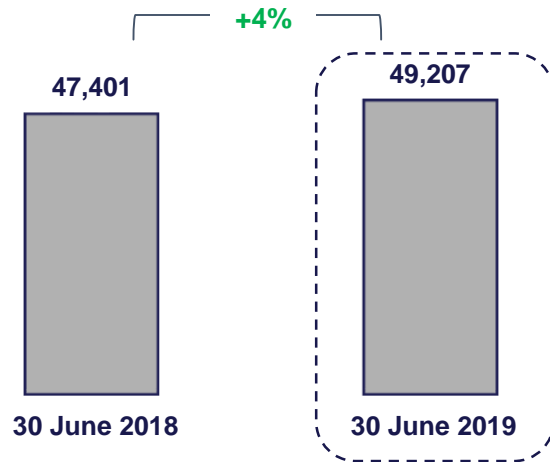


NET INCOME (USDm)

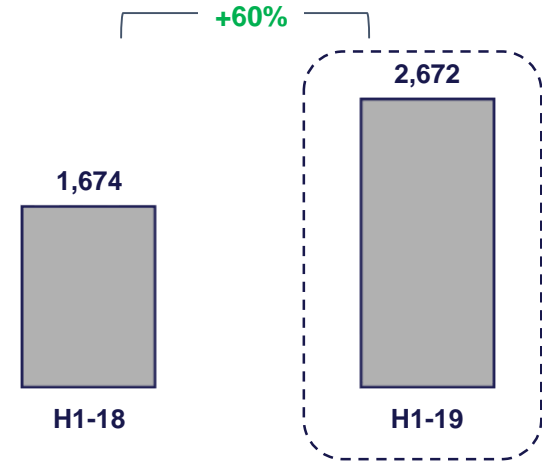


Group Financial Highlights – H1 2019

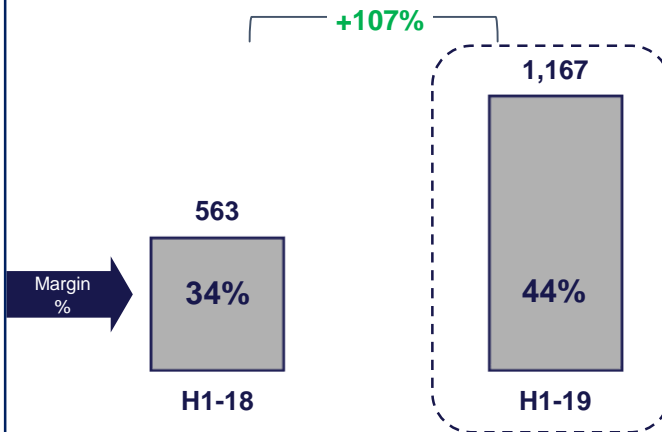
CUSTOMERS (000)



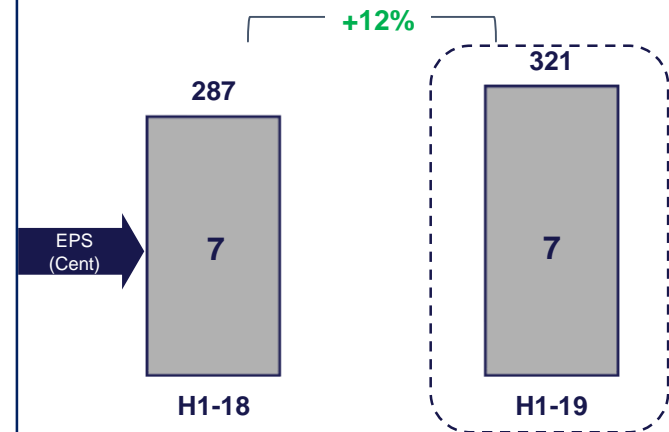
REVENUE (USDm)



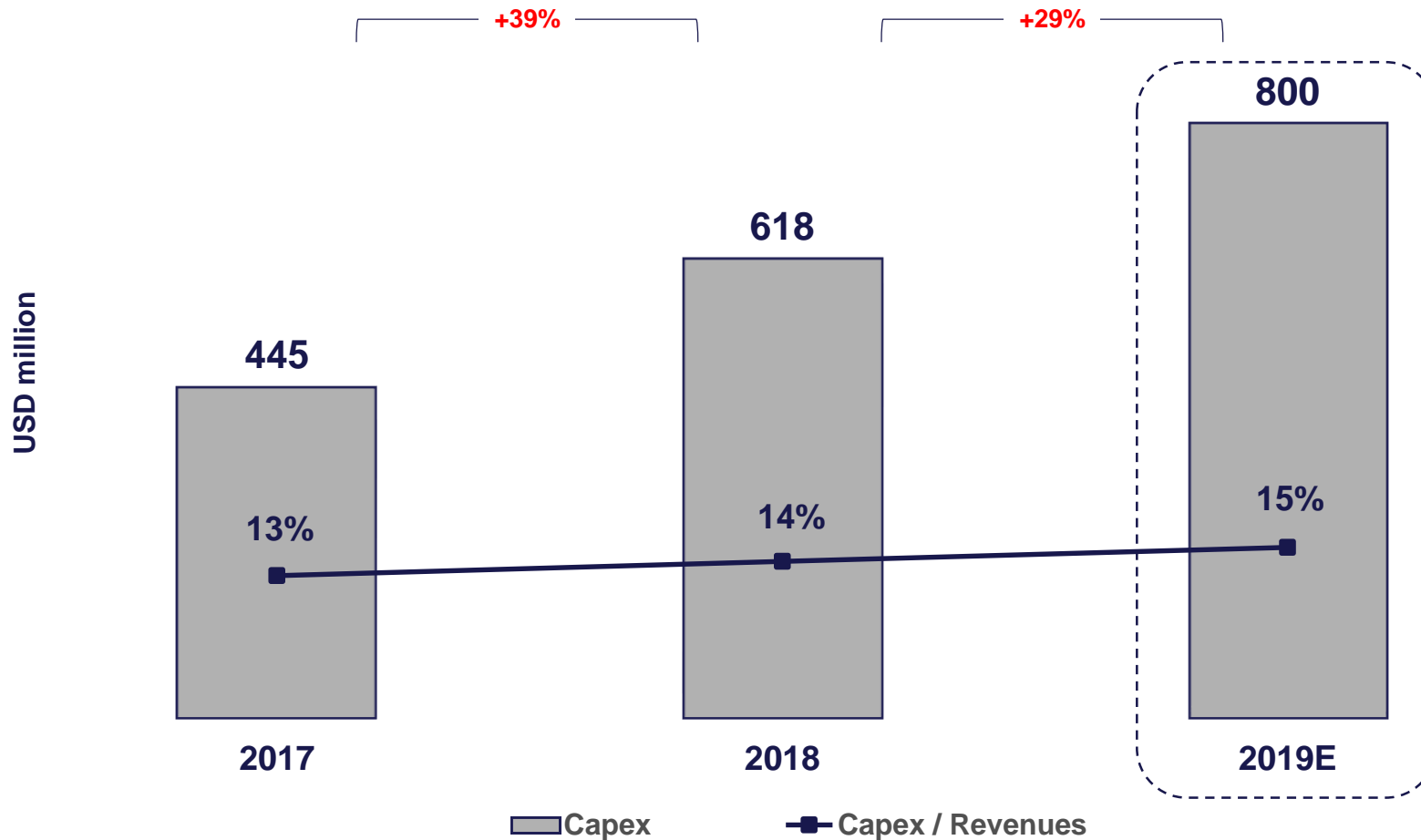
EBITDA (USDm)



NET INCOME (USDm)



CAPEX & CAPEX / REVENUE



* 2017 Capex is excluding Zain KSA

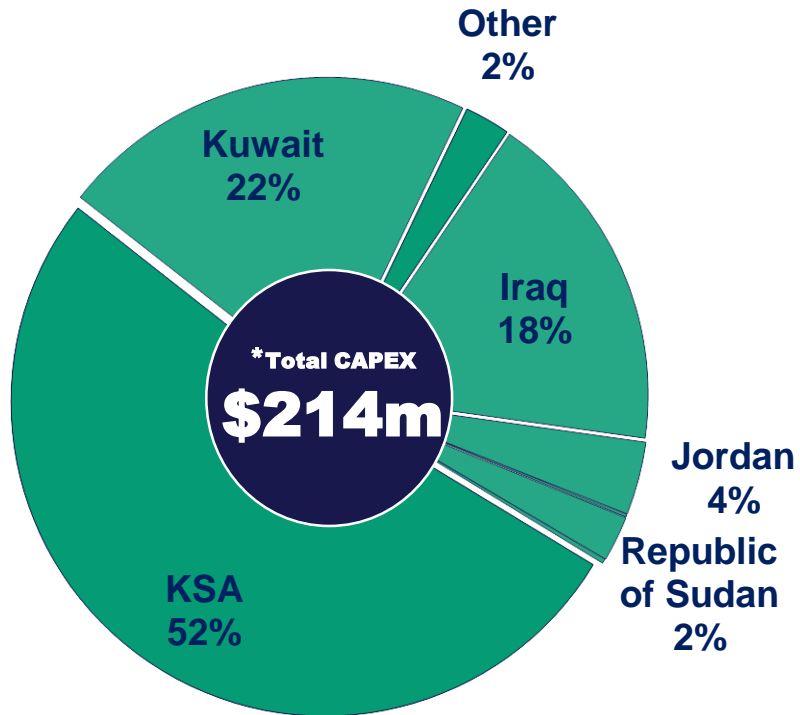
* 2018 Capex includes Zain KSA Capex from Q3 2018 onwards

* Capex includes only tangible assets

* 2019 Capex estimated

TOTAL CAPEX

CAPEX BREAKDOWN



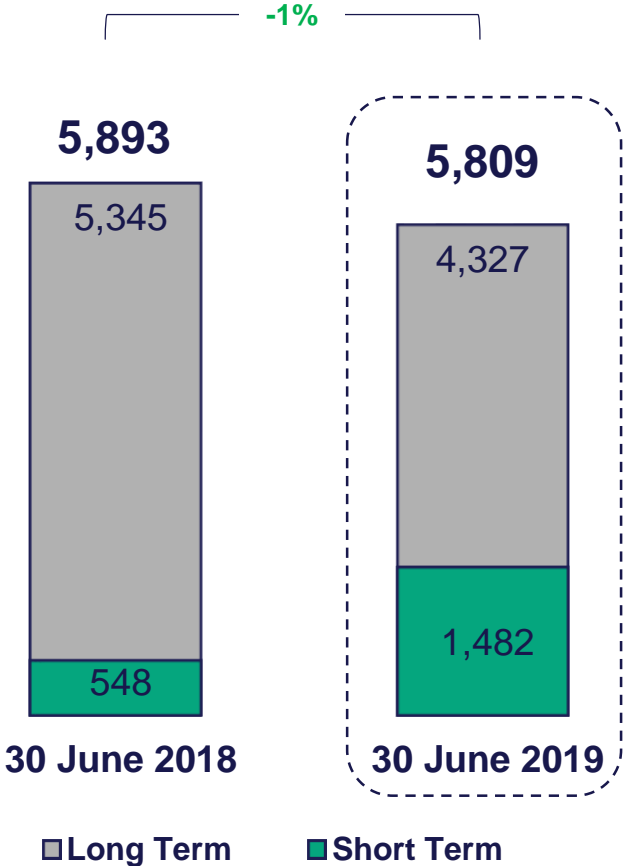
OPCO	H1 2019 (USDm)	% OF REVENUES
Kuwait	46	9%
Iraq	38	7%
Sudan	5	4%
KSA	111	10%
Jordan	8	3%
Bahrain	0.5	1%
S. Sudan	0.3	1%
Other	5	N/A

* Group Total Capex = USD 214 million

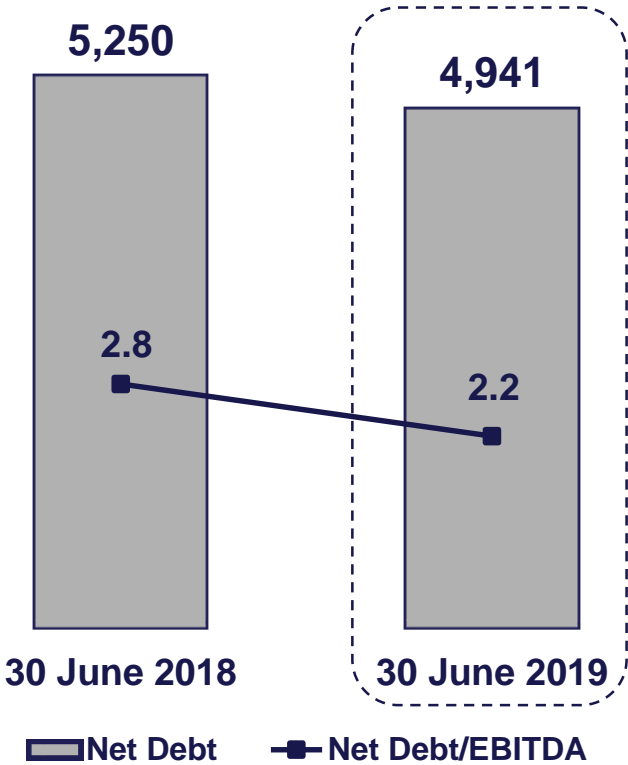
* Capex includes only tangible assets

Group Financial Highlights

TOTAL DEBT (USDm)



NET DEBT (USDm) & NET DEBT/EBITDA

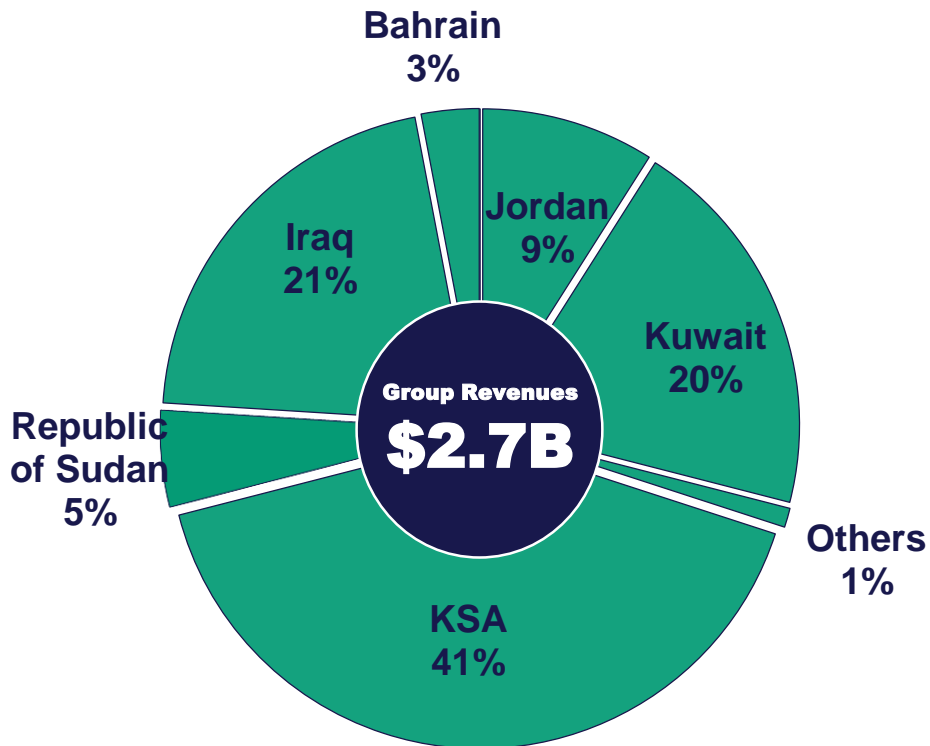


H1 2018 Total Debt includes Zain KSA for comparative purposes

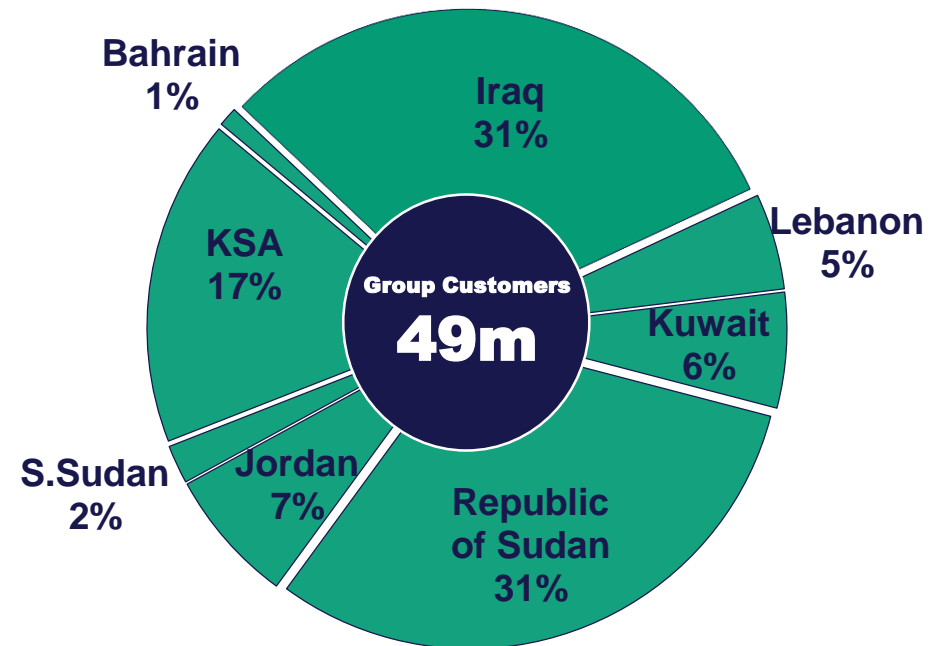
Net Debt = Total interest bearing debt (including letters of guarantee) after deducting cash and cash equivalents

Group Financial Highlights – H1 2019

REVENUE CONTRIBUTION

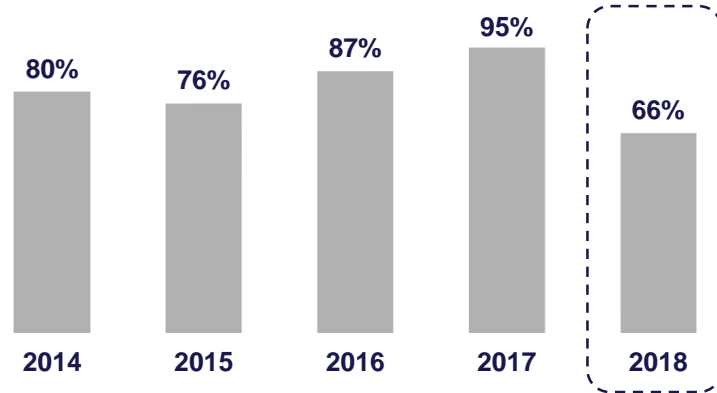


CUSTOMER CONTRIBUTION

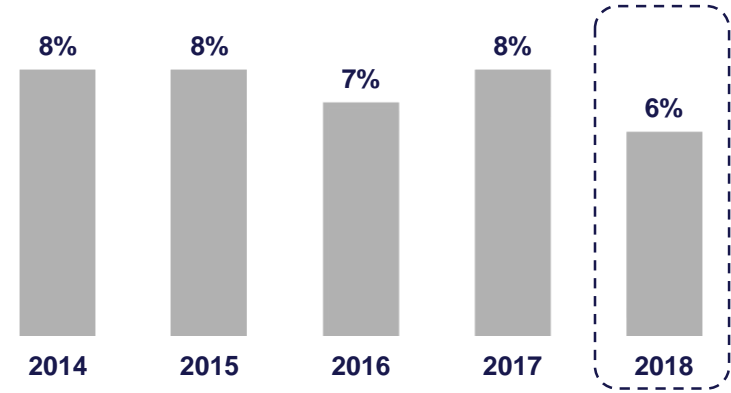


ZAIN DIVIDENDS

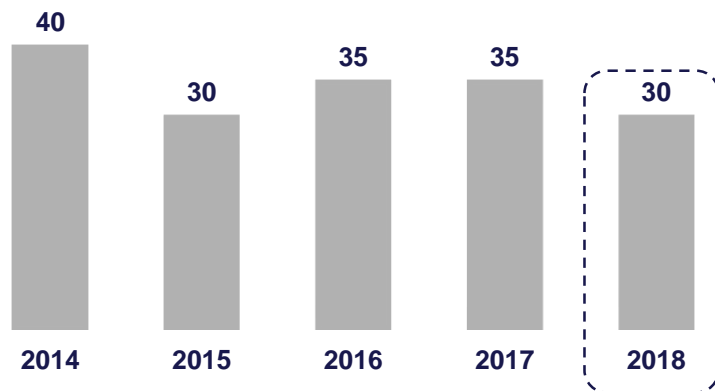
DIVIDEND PAYOUT RATIO



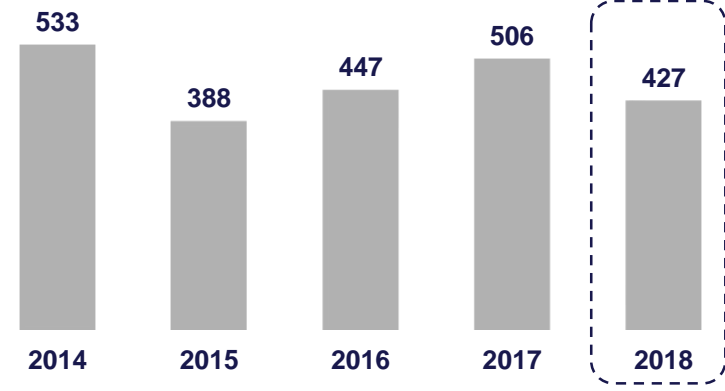
DIVIDEND YIELD (%)



DIVIDEND PER SHARE (Fils)



CASH DIVIDEND (USDm)

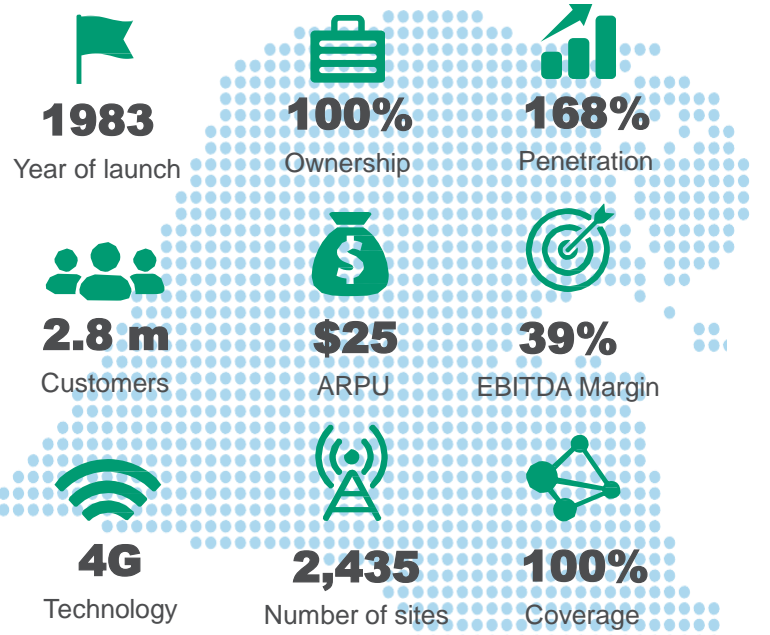


Content

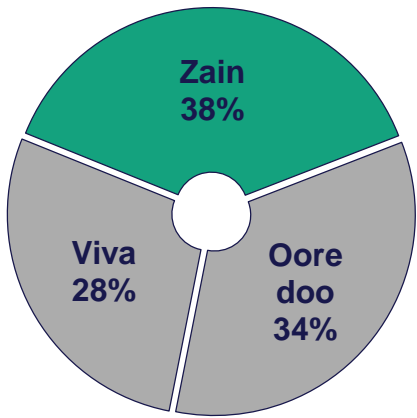
1. Results Review
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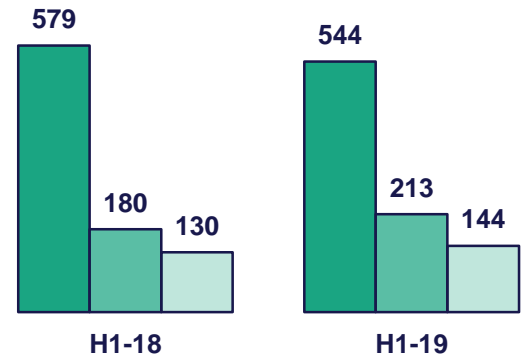
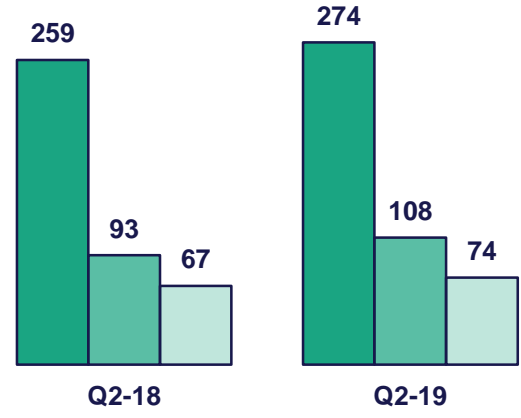
ZAIN KUWAIT



MARKET SHARE



FINANCIALS (USDm)



■ Revenue ■ EBITDA □ Net Income

- Excluding the MEW project and bulk sale in H1 2019, Revenue would have grown by 4%
- 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 37% of total revenue
- Launch of 5G commercial services in Kuwait

ZAIN KSA

2008
Year of acquisition

37%
Ownership

129%
Penetration

8.3 m
Customers

\$20
ARPU

46%
EBITDA Margin

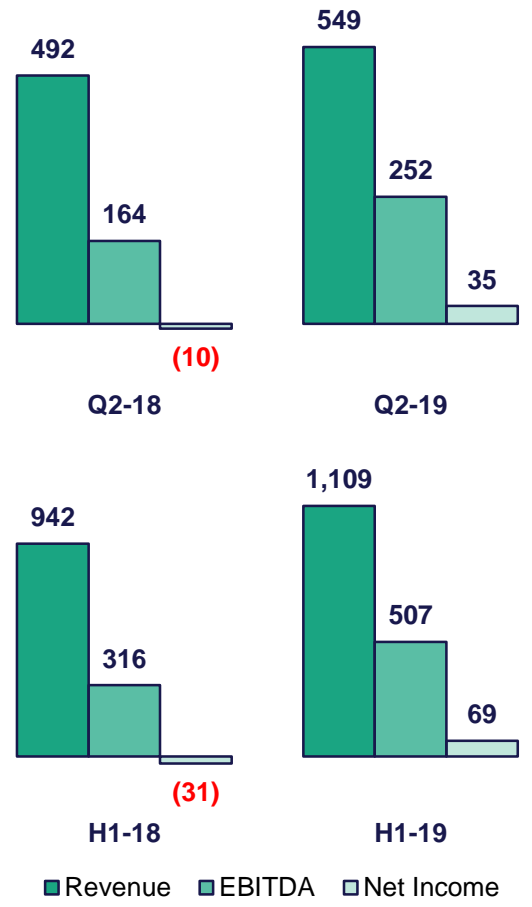
4G
Technology

9,404
Number of sites

99%
Coverage

- Revenue increased 17% YoY, driven by the revamped Postpaid consumer segment and other new revenue streams (FTTH, DIA and IBS)
- Regulatory changes to reduce annual royalty fee for commercial service from 15% to 10%, improved Zain KSA's financial position
- Major focus on the enterprise B2B segment resulted in healthy growth
- Data revenues formed 44% of total revenue
- Signed new SAR 2.25 b Murabaha junior credit facility agreement
- SAR 300 m early voluntary repayment towards senior Murabaha (paid SAR 1.425 b in the past 9 months)

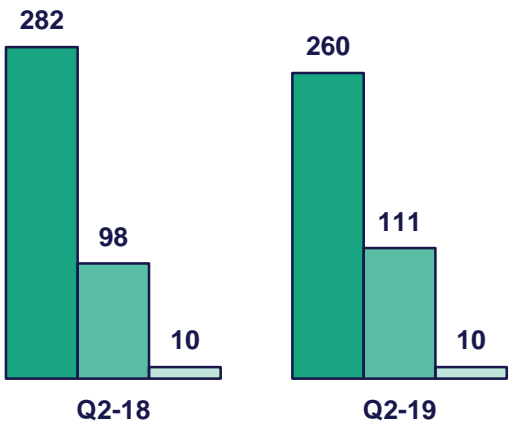
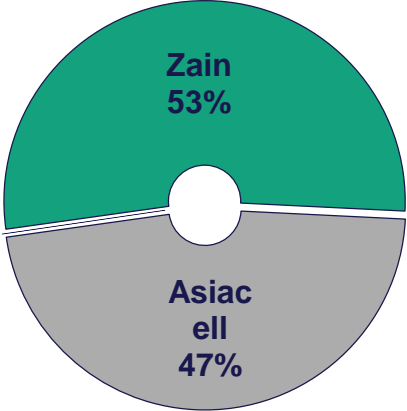
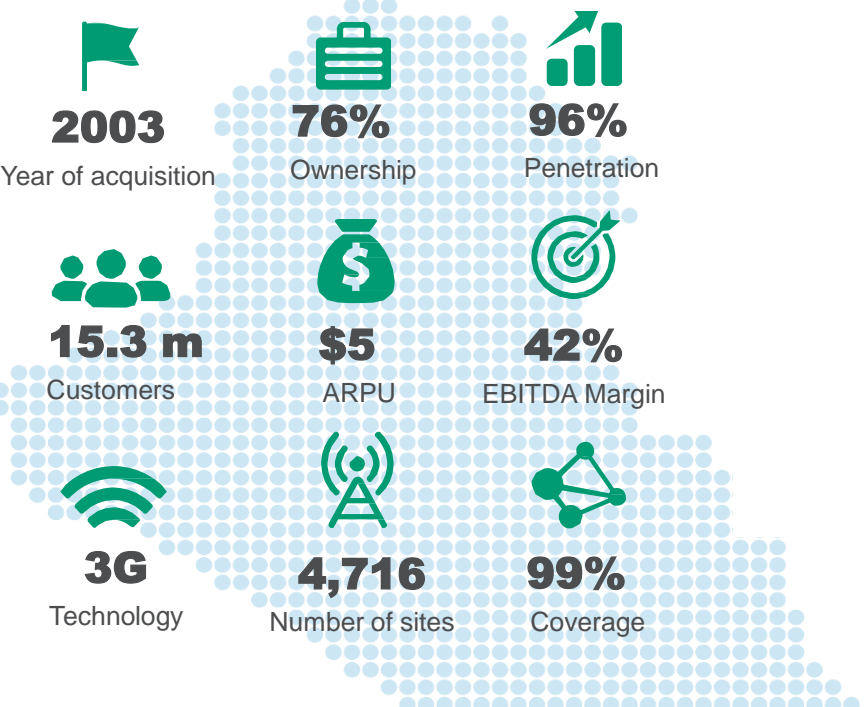
FINANCIALS (USDm)



ZAIN IRAQ

MARKET SHARE

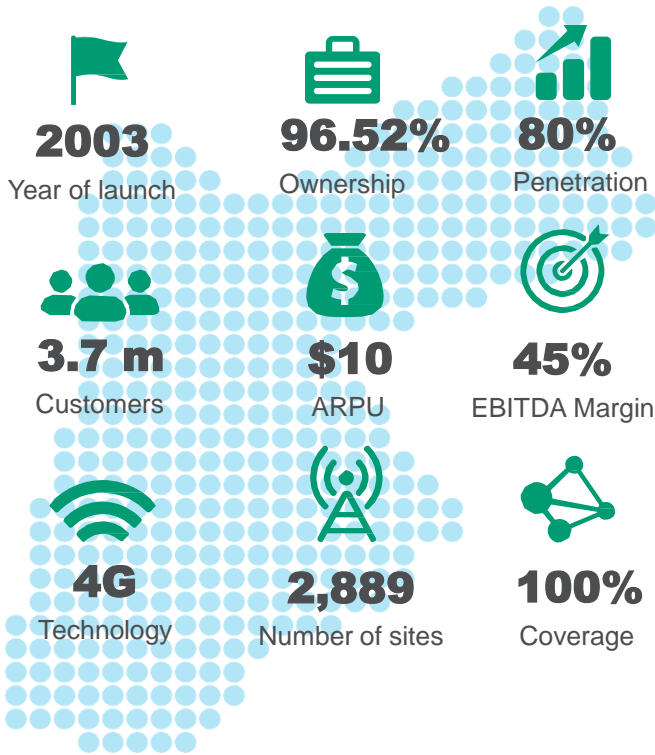
FINANCIALS (USDm)



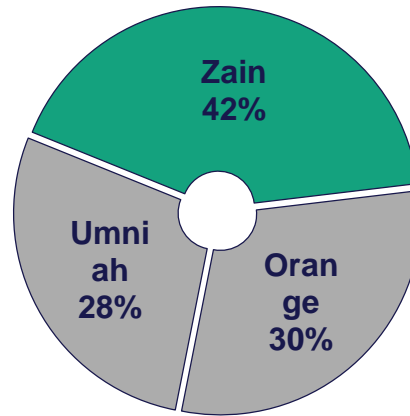
■ Revenue ■ EBITDA ■ Net Income

- The period saw intense competition which impacted the top line
- IFRS 16 adoption and strong focus on cost optimization benefited EBITDA
- Robust growth in enterprise (B2B) segment
- Customer base grew by 4%, to reach 15.3 million

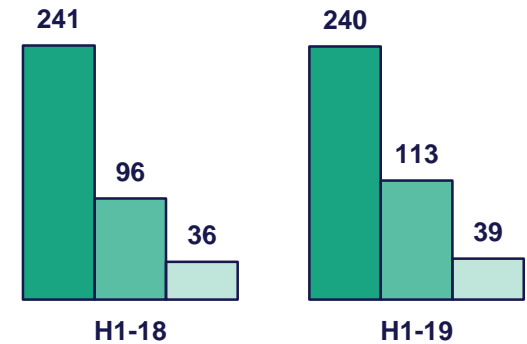
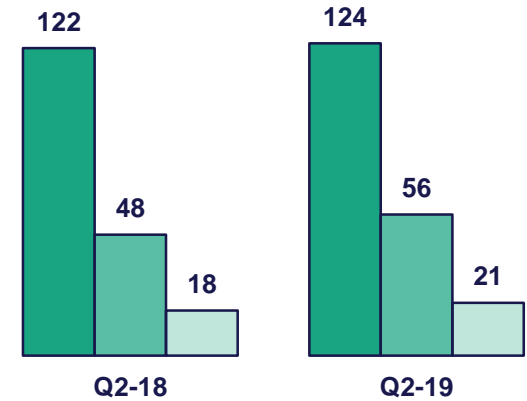
ZAIN JORDAN



MARKET SHARE



FINANCIALS (USDm)

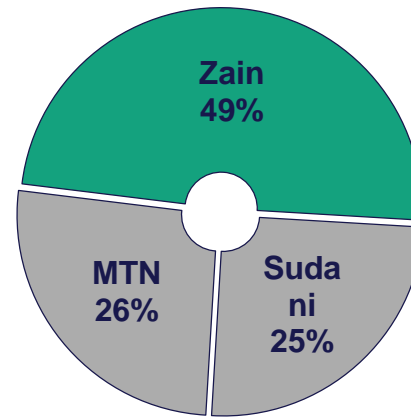


■ Revenue ■ EBITDA ■ Net Income

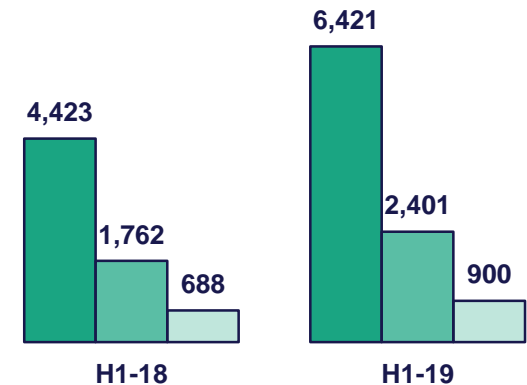
- Stable Revenue for the first six months
- EBITDA increased by 16%, due to lower Opex (lower utilities cost) and new IFRS 16 benefits.
- Data revenues grew by 4% YoY, and formed 40% of total revenue.

ZAIN SUDAN

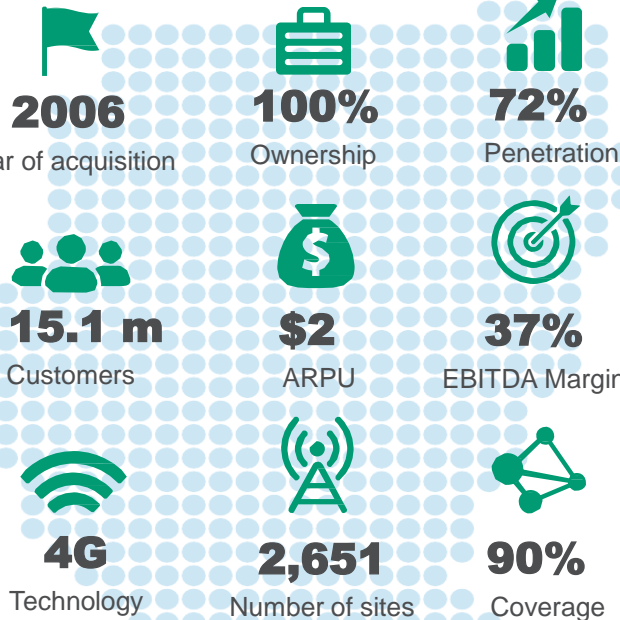
MARKET SHARE



FINANCIALS (SDGm)

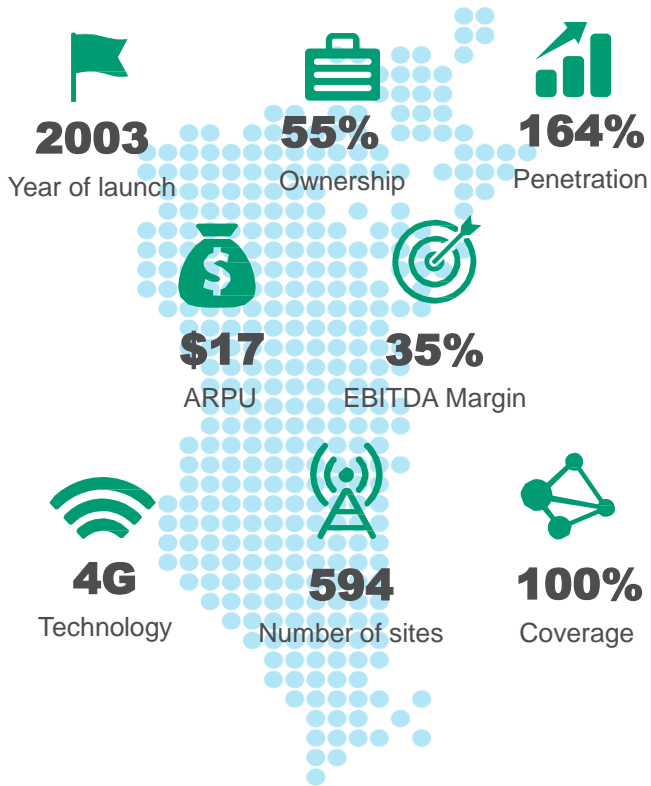


■ Revenue ■ EBITDA □ Net Income



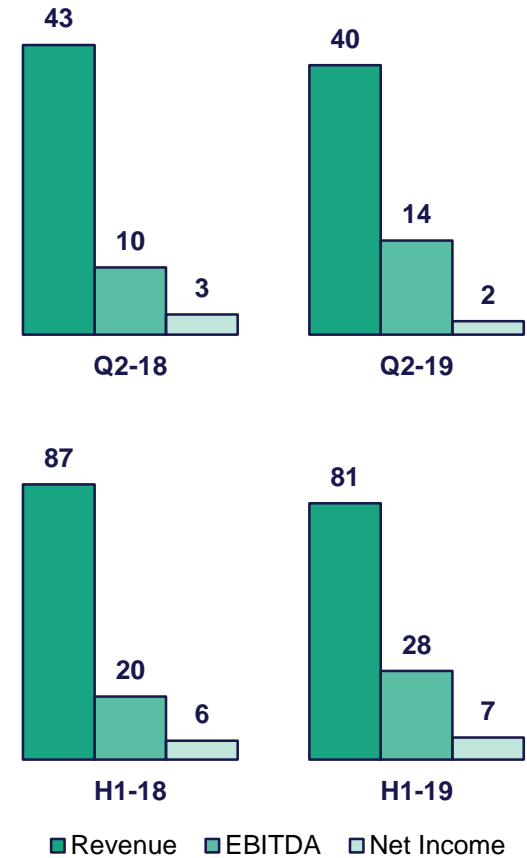
- Impressive YoY growth in local currency SDG terms
- Customer base grew by 9%, to reach 15.1 million
- ~43% currency devaluation affected the financial results in USD terms (from an average of 26.5 in H1 2018 to 46.5 SDG/USD in H1 2019)
- Significant cost optimization savings
- Data revenues grew 31% YoY, and formed 16% of total revenues

ZAIN BAHRAIN



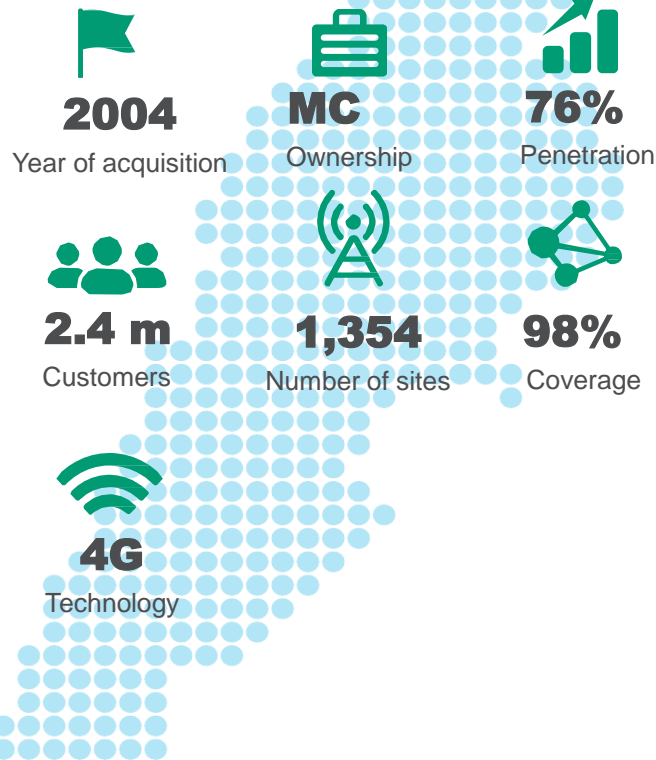
- EBITDA jumped by 41% mainly due to the IFRS 16 benefits
- Net Income increased by 9% YoY
- Data revenues formed 48% of total revenues

FINANCIALS (USDm)

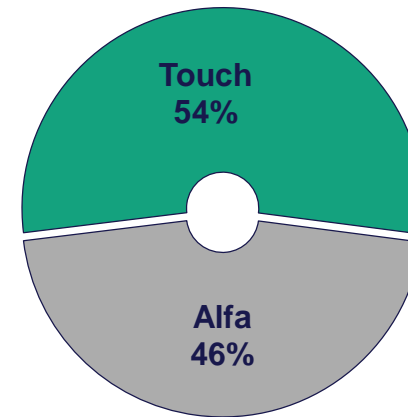


TOUCH - LEBANON

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

1. Results Review
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Statement of Financial Position

	Unaudited	Audited	Unaudited		Unaudited	Audited	Unaudited
	30-Jun-19	31-Dec-18	30-Jun-18		30-Jun-19	31-Dec-18	30-Jun-18
	KD '000				KD '000		
Assets				Liabilities and equity			
Current assets				Current liabilities			
Cash and bank balances	336,297	311,916	153,555	Trade and other payables	922,229	956,272	469,245
Trade and other receivables	602,629	572,783	419,570	Deferred revenue	94,405	105,308	49,864
Contract assets	72,680	66,062	43,355	Due to banks	449,068	412,971	148,198
Inventories	43,330	45,957	19,261	Lease liabilities	44,690	-	-
Investment securities at FVTPL	8,655	15,519	11,622	Liabilities of disposal group classified as held for sale	4,214	-	-
Assets of disposal group classified as held for sale	13,557	7,656	7,656				
	1,077,148	1,019,893	655,019	Non-current liabilities			
Non-current assets				Due to banks	1,043,485	1,033,565	746,372
Contract assets	20,432	16,940	13,469	Lease liabilities	141,461	-	-
Investment securities at FVOCI	4,956	7,040	8,312	Other non-current liabilities	427,661	336,325	40,543
Investments in associates and joint venture	71,823	69,851	188,886				
Due from associates	-	-	434,271	Equity			
Other assets	11,325	11,953	15,232	Attributable to the Company's shareholders			
Property and equipment	1,166,911	1,198,775	676,975	Share capital	432,706	432,706	432,706
Right of use of assets	179,430	-	-	Share premium	1,707,164	1,707,164	1,707,164
Intangible assets and goodwill	2,169,009	2,163,267	858,931	Legal reserve	216,353	216,353	216,353
	3,623,886	3,467,826	2,196,076	Foreign currency translation reserve	(1,365,687)	(1,367,018)	(1,293,692)
Total assets	4,701,034	4,487,719	2,851,095	Investment fair valuation reserve	(1,279)	864	875
				Other reserves	(3,359)	(4)	(747)
				Retained earnings	233,340	287,143	177,782
					1,219,238	1,277,208	1,240,441
				Non-controlling interests	354,583	366,070	156,432
				Total equity	1,573,821	1,643,278	1,396,873
				Total liabilities and equity	4,701,034	4,487,719	2,851,095

Statement of Profit or Loss

	Six months ended	
	30-Jun	
	2019	2018
	KD'000	
Revenue	811,127	503,162
Cost of sales	(222,950)	(162,025)
Operating and administrative expenses	(220,360)	(166,147)
Depreciation and amortization	(181,009)	(76,901)
Expected credit loss on financial assets (ECL)	(13,461)	(5,801)
Interest income	5,157	14,450
Investment income	772	298
Share of results of associates and joint venture	1,972	(3,553)
Other income/(expenses)	4,888	(17,029)
Finance costs	(56,602)	(19,817)
Provision for impairment loss on property and equipment	-	(9,648)
Loss from currency revaluation	(5,852)	(7,805)
Net monetary gain	4,075	50,269
Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration	127,757	99,453
Contribution to Kuwait foundation for Advancement of Sciences (KFAS)	(979)	(480)
National Labour Support Tax (NLST) and Zakat	(3,457)	(1,905)
Income tax expenses	(9,031)	(8,104)
Board of Directors' remuneration	(210)	(138)
Profit for the period	114,080	88,826
Attributable to:		
Shareholders of the Company	97,291	86,451
Non-controlling interests	16,789	2,375
	114,080	88,826

	Six months ended	
	30-Jun	
	2019	2018
Earnings per share		
Basic and diluted – Fils	22	20

Statement of Cash Flows

	Six months ended		Six months ended	
	30-Jun		30-Jun	
	2019	2018	2019	2018
	KD'000		KD'000	
Cash flows from operating activities				
Profit for the period before income tax	123,111	96,930		
Adjustments for:				
Depreciation and amortization	181,009	76,901		
ECL on financial assets	13,461	5,801		
Interest income	(5,157)	(14,450)		
Investment income	(772)	(298)		
Share of results of associates and joint venture	(1,972)	3,553		
Provision for impairment loss on property and equipment	-	9,648		
Finance costs	56,602	19,817		
Loss from currency revaluation	5,852	7,805		
Net monetary gain	(4,075)	(50,269)		
Gain on sale of property and equipment	1,561	(54)		
Operating profit before working capital changes	369,620	155,384		
Increase in trade and other receivables	(73,065)	(73,681)		
Decrease in inventories	2,641	14,821		
Increase in trade and other payables	24,985	21,176		
Cash generated from operations	324,181	117,700		
Paid to KFAS	(771)	(319)		
NLST and Zakat paid	(2,068)	(5,492)		
Income tax paid	(9,022)	(8,476)		
<i>Net cash from operating activities</i>	312,320	103,413		
Cash flows from investing activities				
Deposits maturing after three months and cash at bank under lien			(6)	(5)
Investments in securities			(274)	(3,738)
Proceeds from sale of investments			7,425	316
Increase in due from associates			-	(7,039)
Acquisition of property and equipment (net)			(106,609)	(30,559)
Acquisition of intangible assets (net)			(15,377)	(308)
Interest received			4,417	2,668
Dividend received			381	253
<i>Net cash used in investing activities</i>			(110,043)	(38,412)
Cash flows from financing activities				
Proceeds from bank borrowings			134,258	142,901
Repayment of bank borrowings			(89,217)	(120,587)
Repayment of lease liabilities			(30,394)	-
Dividends paid to Company's shareholders			(127,535)	(148,760)
Dividends paid to minority shareholders of subsidiaries			(4,268)	(470)
Finance costs paid – due to banks			(61,271)	(16,692)
<i>Net cash used in financing activities</i>			(178,427)	(143,608)
Net increase/(decrease) in cash and cash equivalents			23,850	(78,607)
Effect of foreign currency translation			525	(5,744)
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			328,611	115,584



THANK YOU

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