



Zain Group Financial Results

Q2 2020



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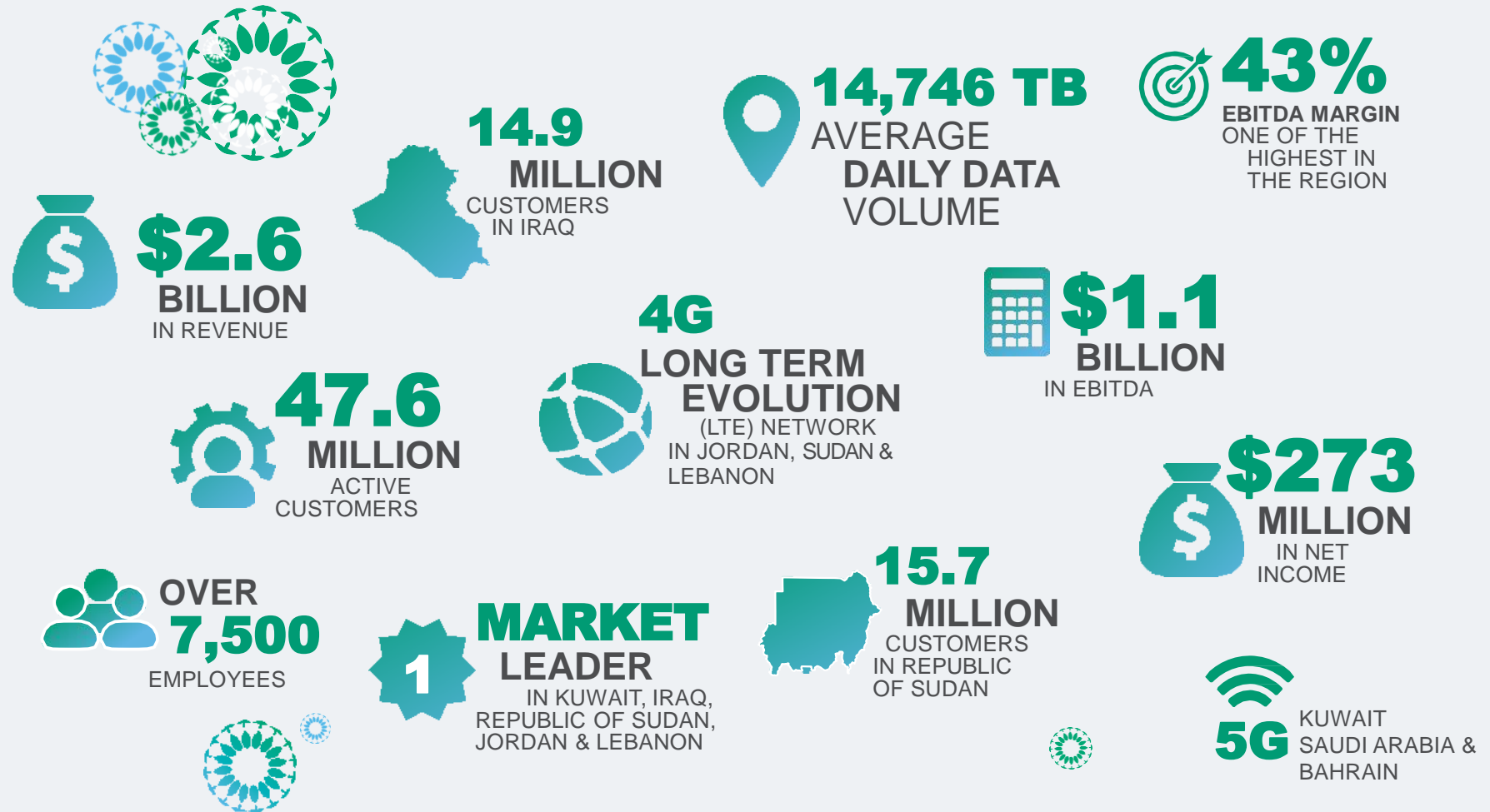
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Content

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

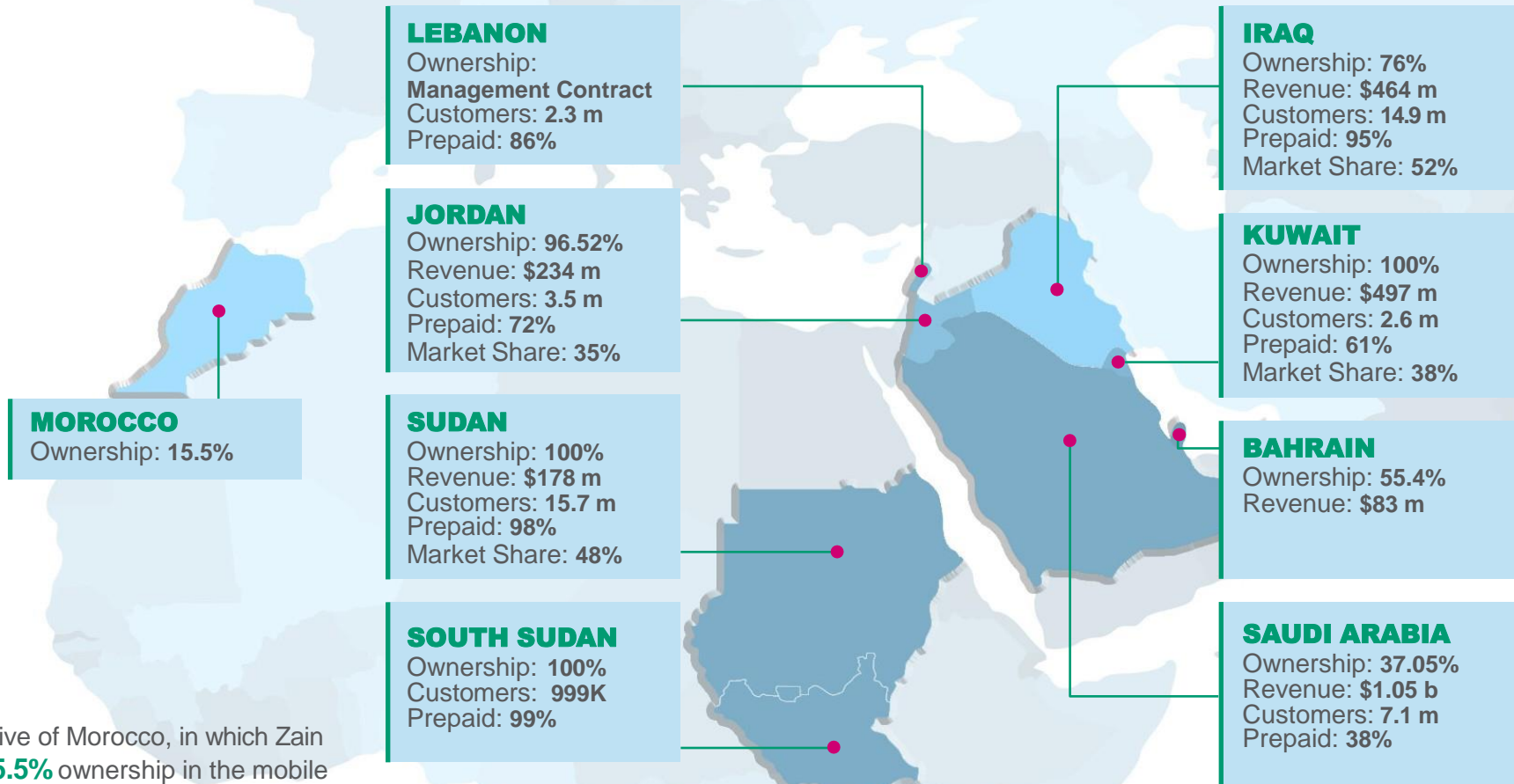


Zain At A Glance – H1 2020



The World of Zain – H1 2020

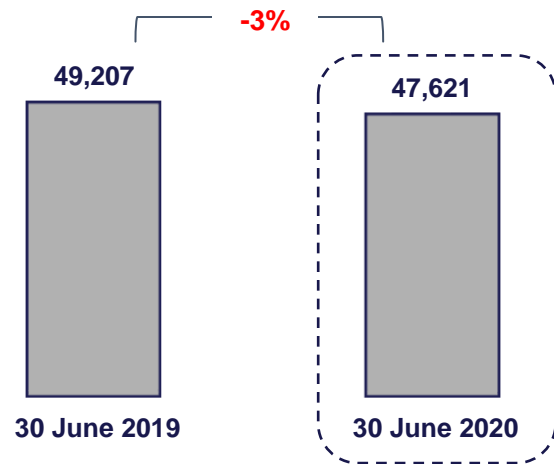
ZAIN'S WORLD CATERS TO **47.6** MILLION CUSTOMERS IN **8** COUNTRIES*



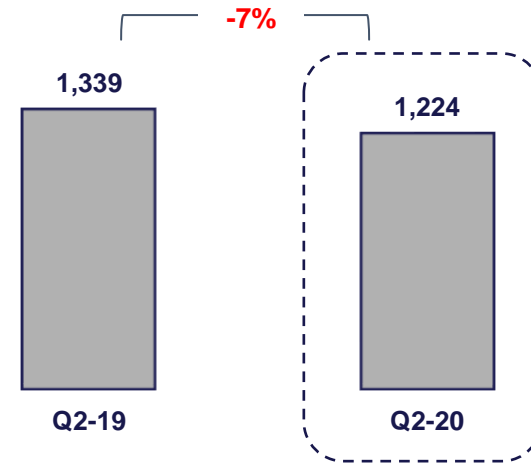
* exclusive of Morocco, in which Zain has a **15.5%** ownership in the mobile operator “**INWI**”

Group Financial Highlights – Q2 2020

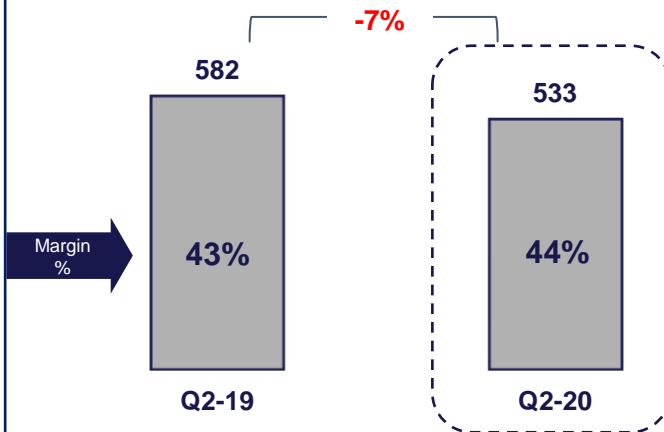
CUSTOMERS (000)



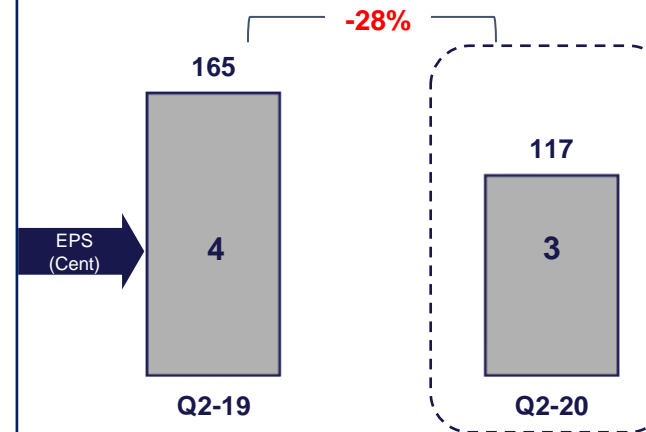
REVENUE (USDm)



EBITDA (USDm)

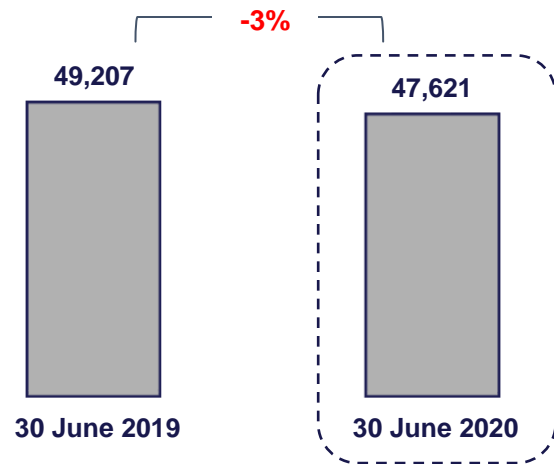


NET INCOME (USDm)

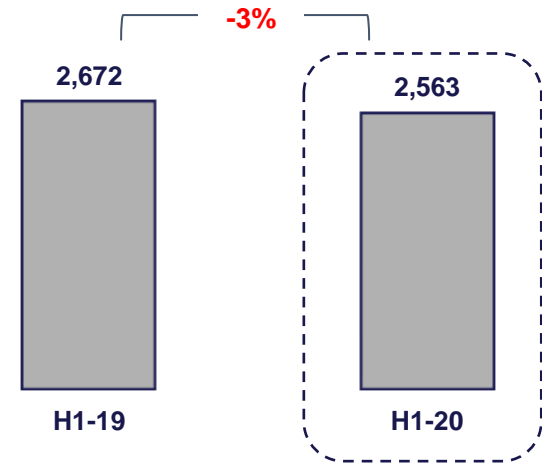


Group Financial Highlights – H1 2020

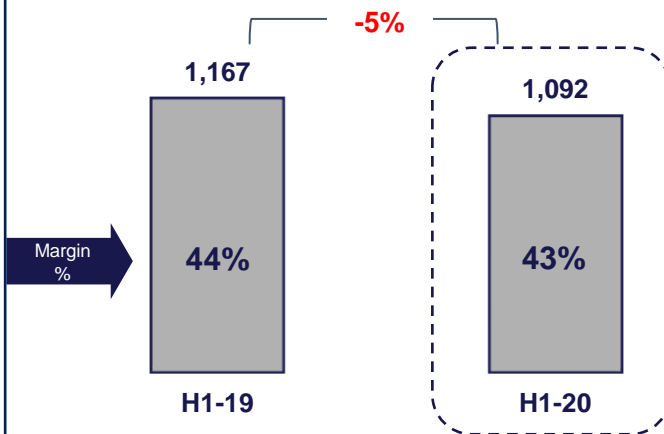
CUSTOMERS (000)



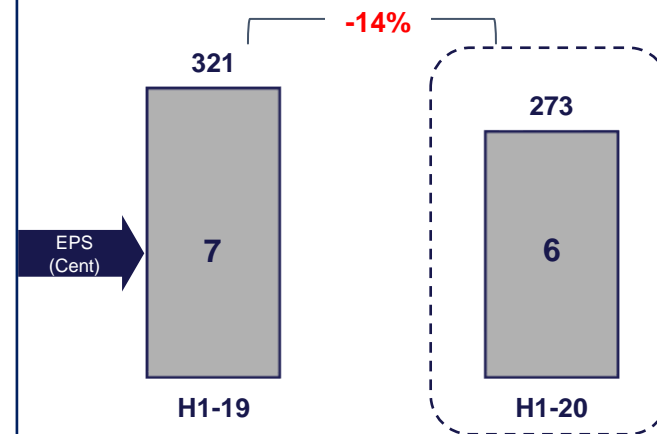
REVENUE (USDm)



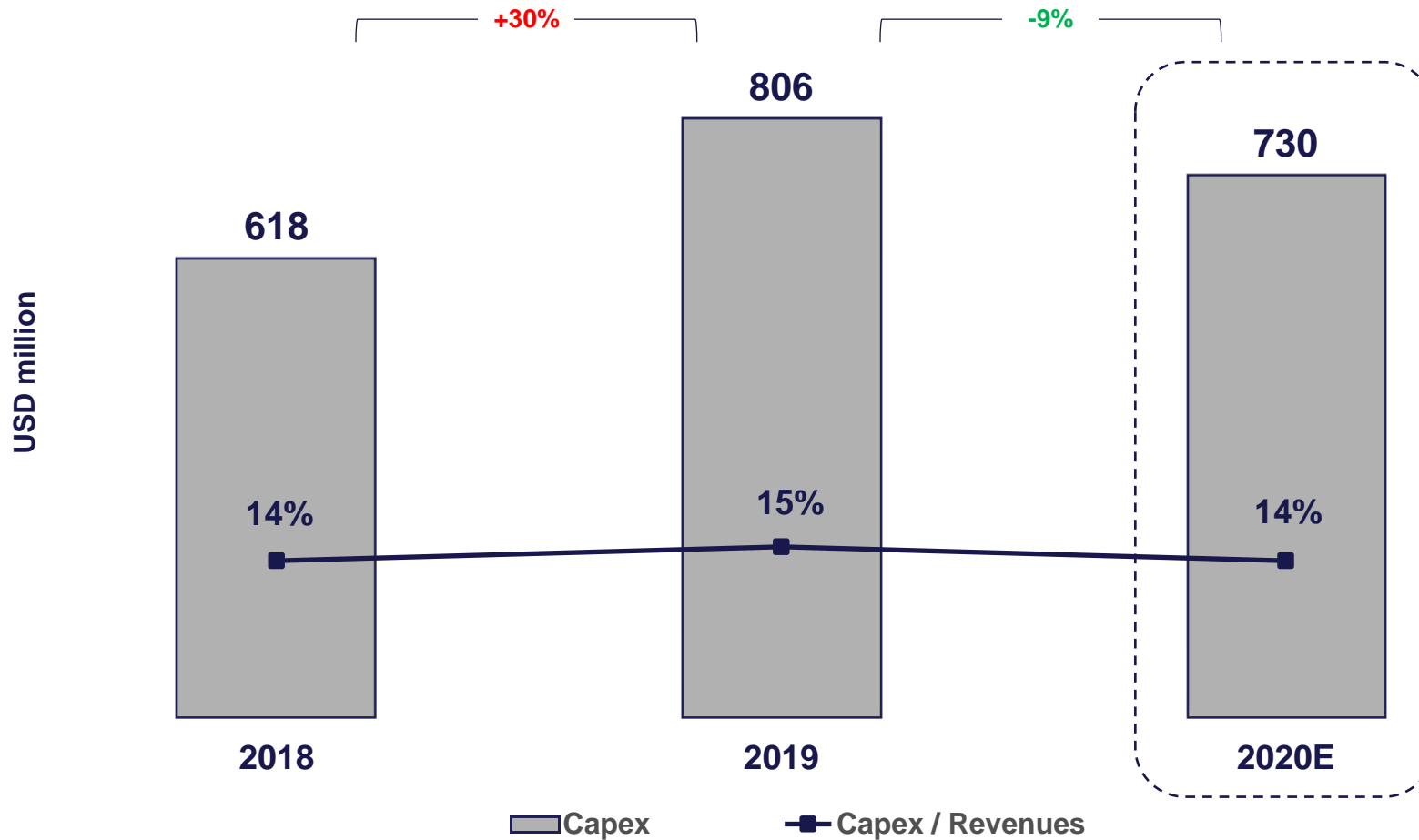
EBITDA (USDm)



NET INCOME (USDm)



CAPEX & CAPEX / REVENUE



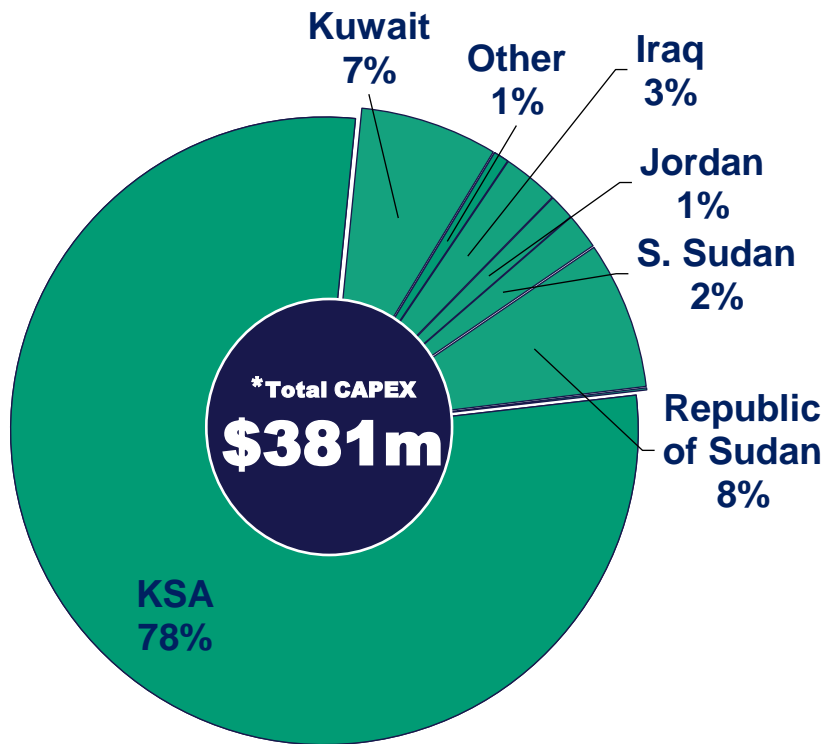
* 2018 Capex includes Zain KSA Capex from Q3 2018 onwards

* Capex includes only tangible assets

* 2020 Capex estimated

TOTAL CAPEX

CAPEX BREAKDOWN

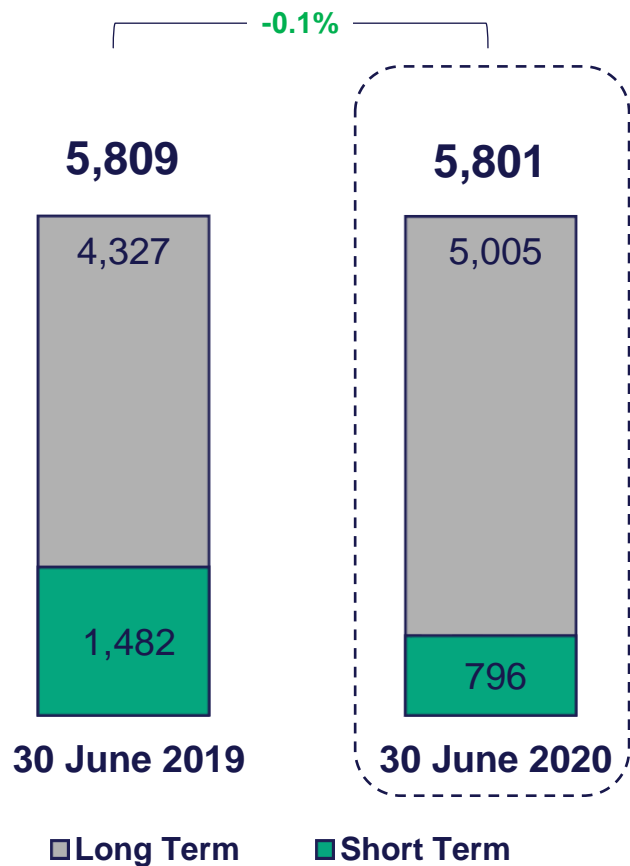


OPCO	H1 2020 (USDm)	% OF REVENUES
Kuwait	27	5%
Iraq	11	3%
Sudan	29	16%
KSA	299	29%
Jordan	5	2%
Bahrain	0.4	1%
S. Sudan	7	19%
Other	3	N/A

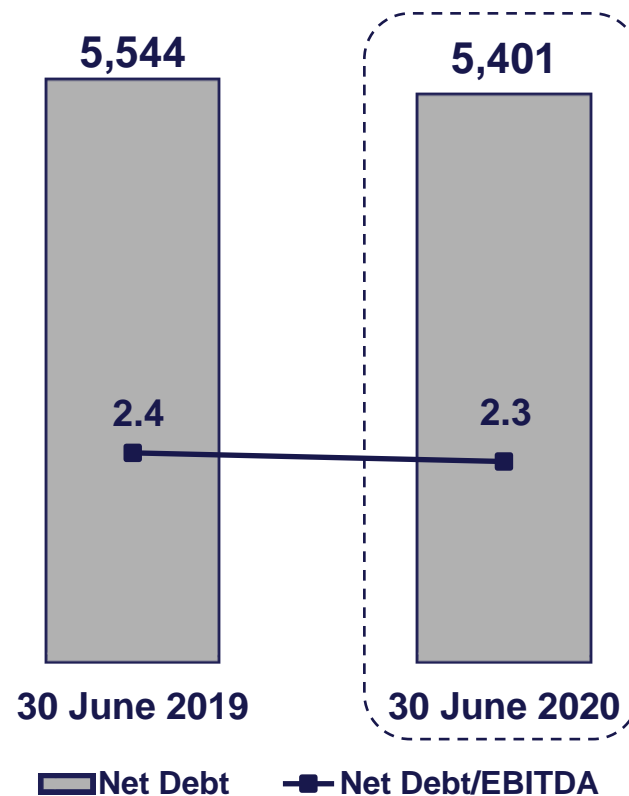
* Capex includes only tangible assets

Group Financial Highlights

TOTAL DEBT (USDm)



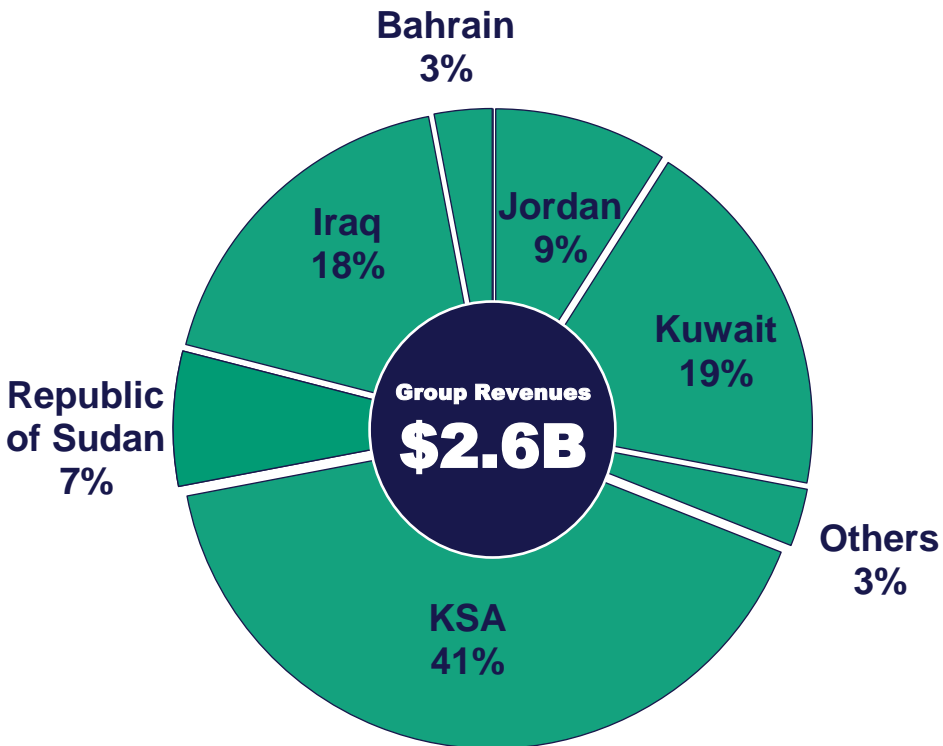
NET DEBT (USDm) & NET DEBT/EBITDA



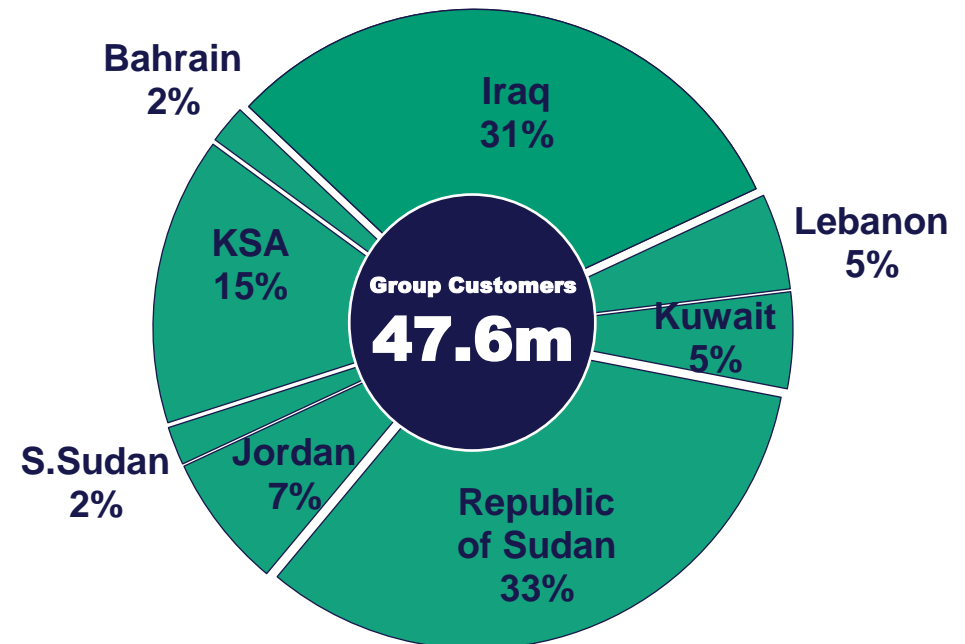
Net Debt = Total interest bearing debt (including letters of guarantee) after deducting cash and cash equivalents

Group Financial Highlights – H1 2020

REVENUE CONTRIBUTION

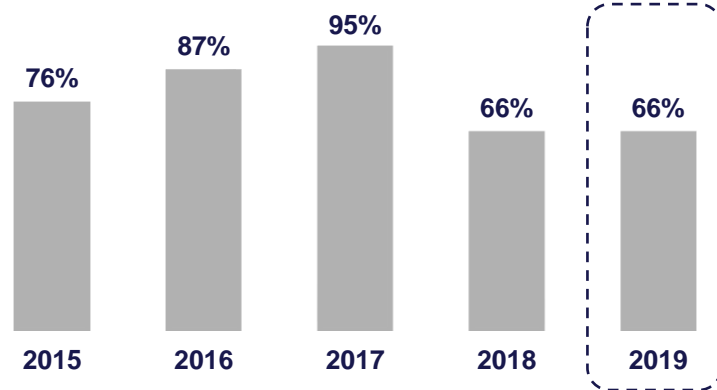


CUSTOMER CONTRIBUTION

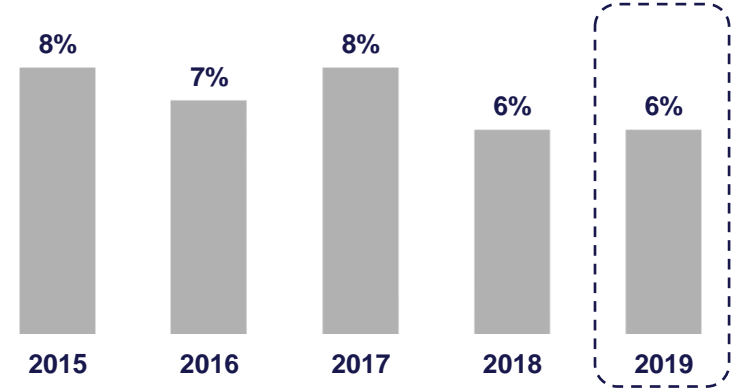


ZAIN DIVIDENDS

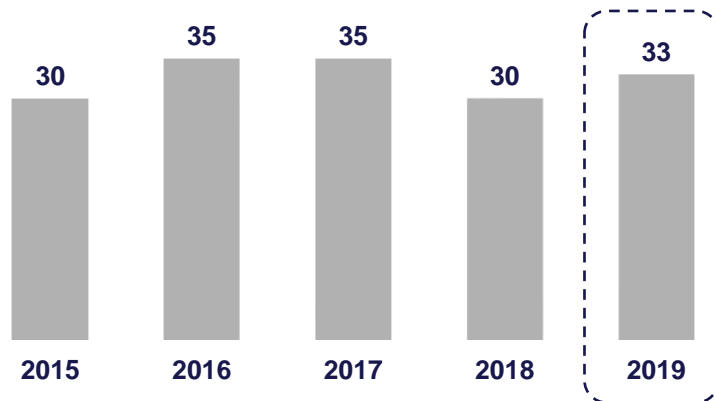
DIVIDEND PAYOUT RATIO



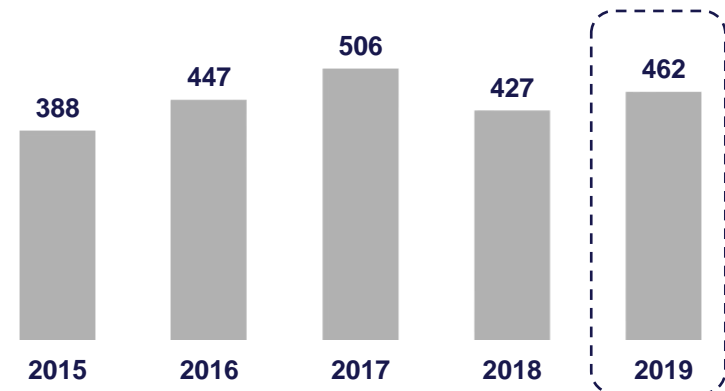
DIVIDEND YIELD (%)



DIVIDEND PER SHARE (Fils)



CASH DIVIDEND (USDm)

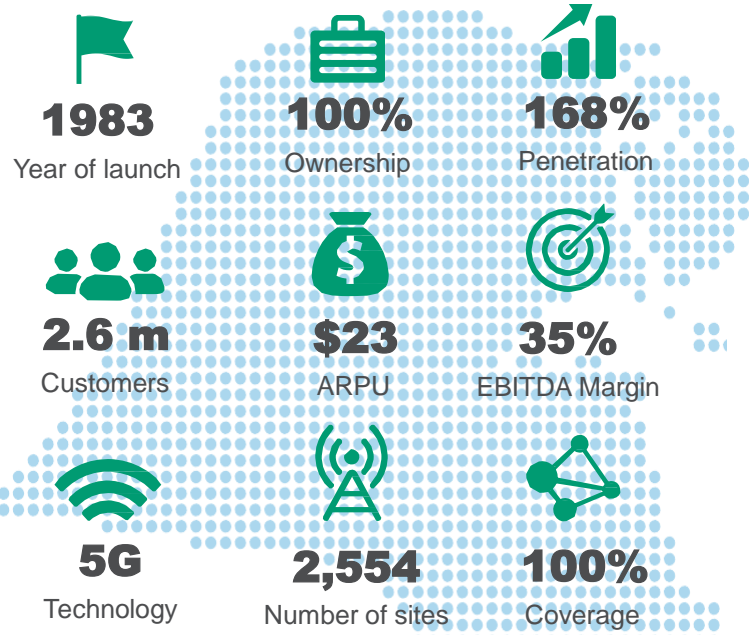


Content

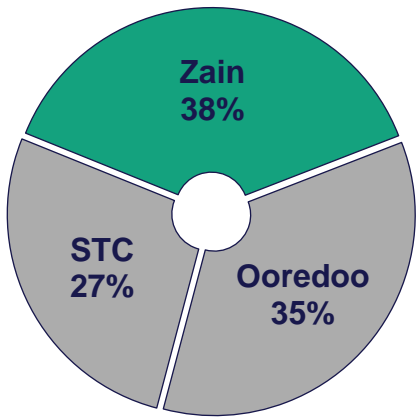
1. Results Review
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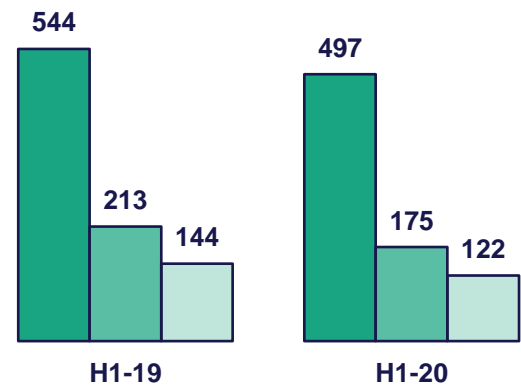
ZAIN KUWAIT



MARKET SHARE*



FINANCIALS (USDm)

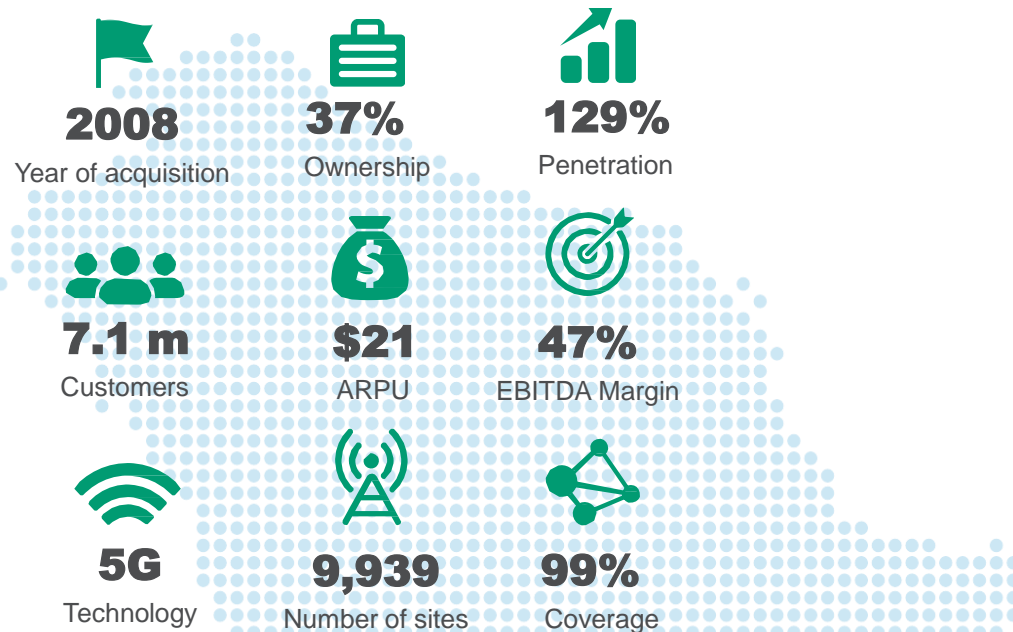


■ Revenue ■ EBITDA ■ Net Income

- Revenue drop is mainly due to decrease in handset and roaming revenue coupled with 1-month free airtime and 5GB free data usage
- The impact of COVID-19 on revenue is ~USD 45 million
- Strong concentration on cost optimization to reduce the overall pandemic impact to the bottom line
- Data revenue formed 40% of total revenue
- ~USD 15 million gain on sale and leaseback Towers

* Market share as of Q4 2019

ZAIN KSA



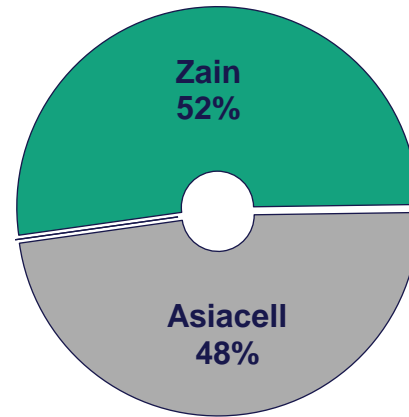
- YoY consolidated revenue impacted by 5% mainly due to decrease in airtime revenue and handset sales.
- The impact from COVID-19 on revenue ~USD 56 million
- Major focus on cost optimization initiatives to minimize the COVID-19 impact
- Higher D&A due to 5G rollout and two new licenses
- Benefits from Regulatory agreements (CITC waiver)
- Data revenue formed 51% of total revenue, 10% YoY growth
- Total early voluntary repayment towards the senior Murabaha amounted SAR 2.1 billion in the past 24 months

FINANCIALS (USDm)

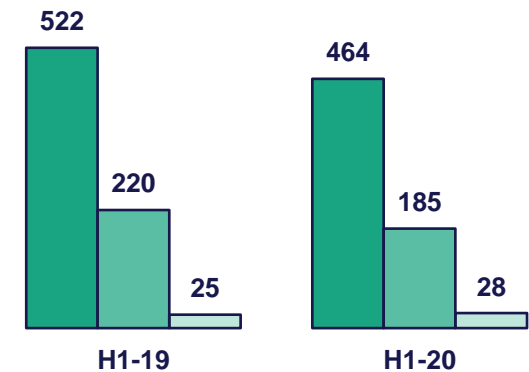


ZAIN IRAQ

MARKET SHARE*

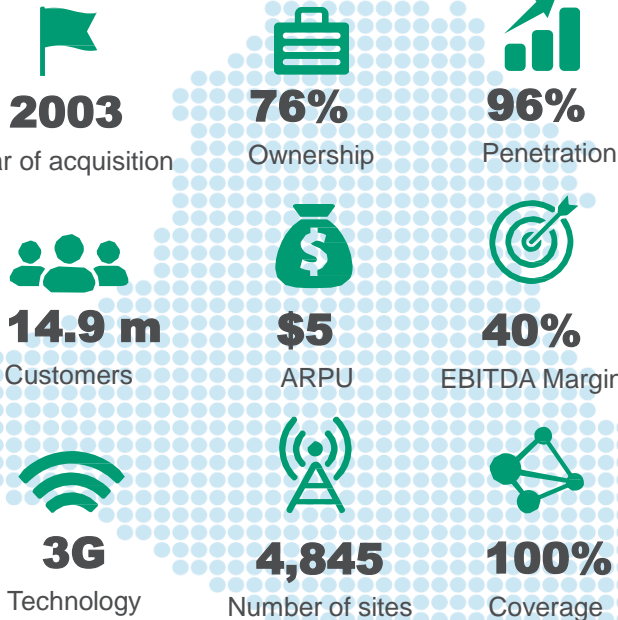


FINANCIALS (USDm)



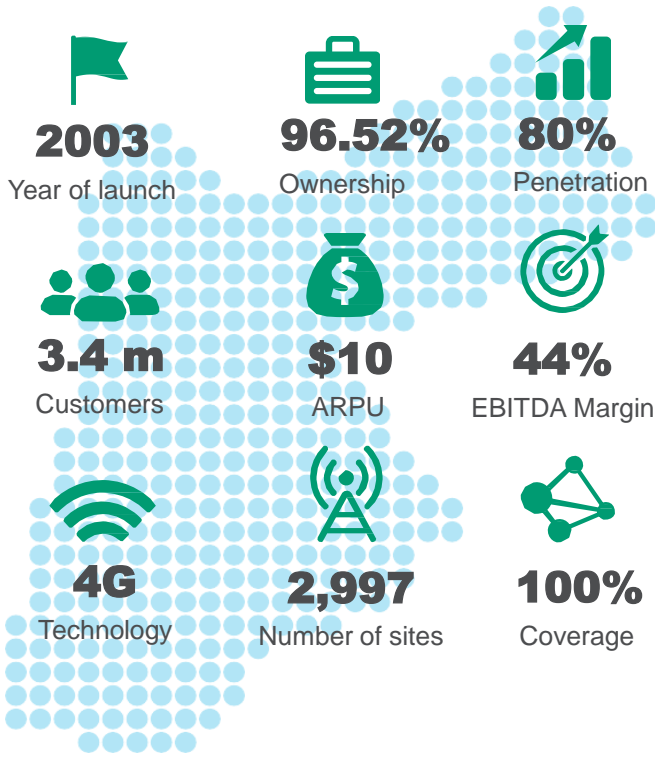
■ Revenue ■ EBITDA ■ Net Income

* Market share as of Q1 2020

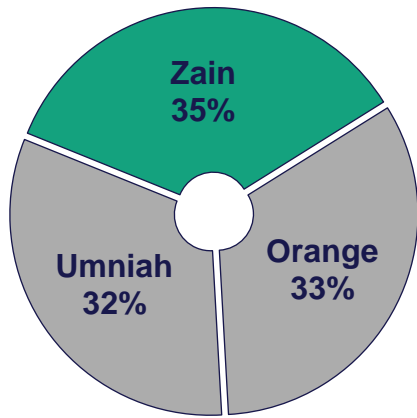


- Top line impacted due to the intense competition and country lockdown due to the pandemic
- The impact of COVID-19 on revenue is ~USD 61 million
- Robust growth in enterprise (B2B) segment
- Net income increased by 13% due to lower amortization following the license extension 2G + 3G for an additional 8 years to expire on August 2030
- 4G services planned in early 2021

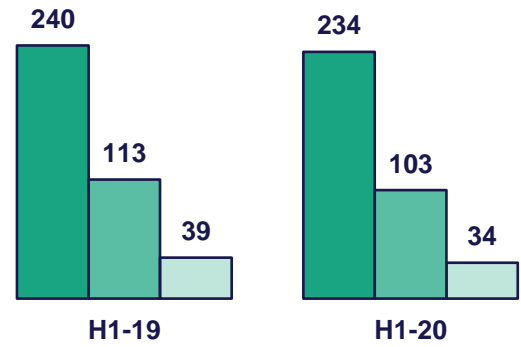
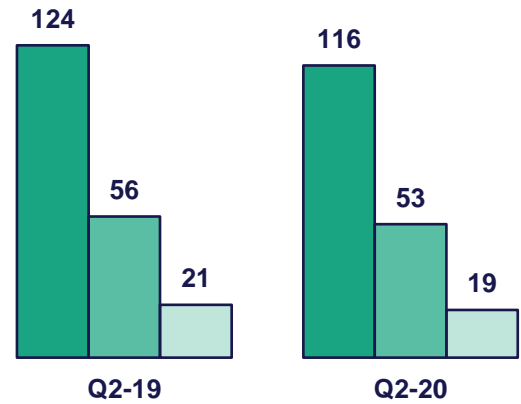
ZAIN JORDAN



MARKET SHARE



FINANCIALS (USDm)



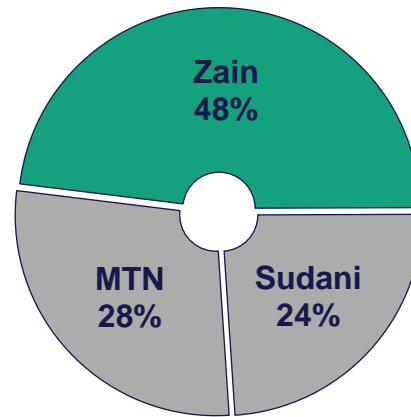
■ Revenue ■ EBITDA □ Net Income

- YoY revenue impacted by 3% mainly due to decrease in airtime, roaming revenue and handset sales
- The impact of COVID-19 on revenue is ~USD 11 million
- Further reduction in local interconnection rates (from 8.4 fils to 5.2 fils)
- Data revenue grew by 12% YoY, and formed 46% of total revenue

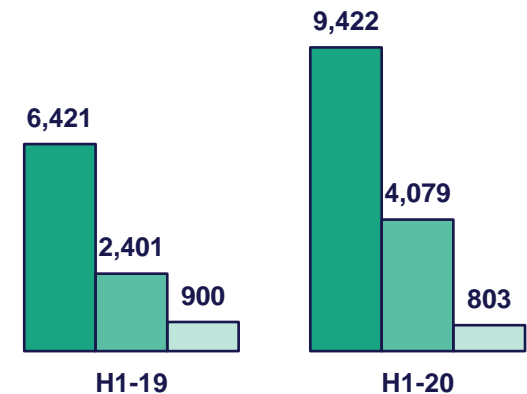
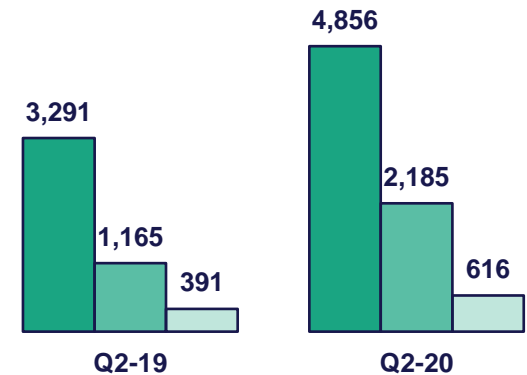
* Market share as of Q4 2019

ZAIN SUDAN

MARKET SHARE



FINANCIALS (SDGm)



■ Revenue ■ EBITDA ■ Net Income

2006
Year of acquisition

100%
Ownership

72%
Penetration

15.7 m
Customers

\$2
ARPU

43%
EBITDA Margin

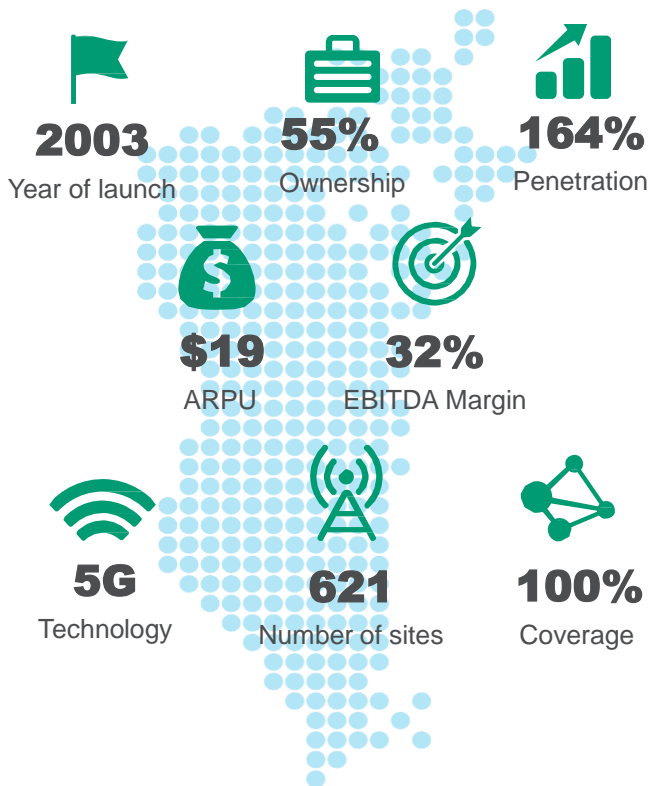
4G
Technology

2,712
Number of sites

90%
Coverage

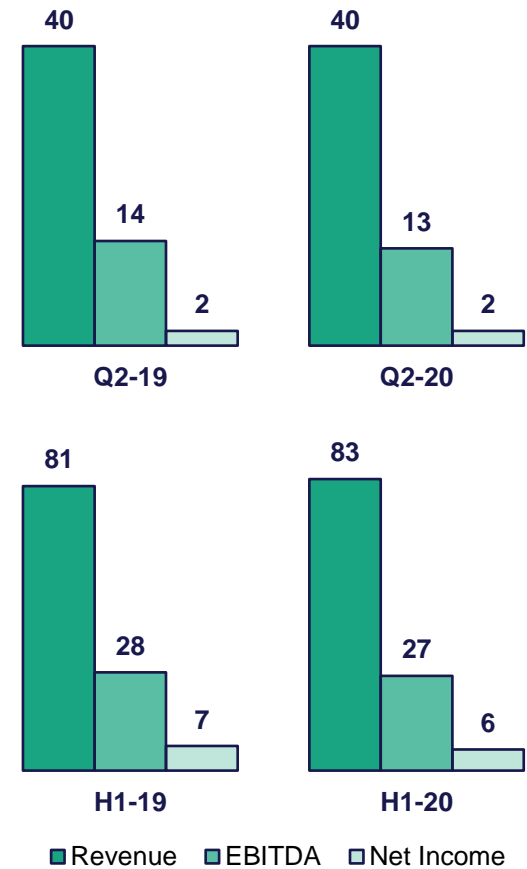
- Impressive YoY growth in SDG terms in Revenue & EBITDA despite the impact of COVID-19 on revenue ~SDG 292 mln (\$5 mln)
- Net income dropped by 11% due to higher D&A and currency variance loss (due to vendor payments)
- Customer base grew by 4%, to reach 15.7 million
- ~18% currency devaluation affected the financial results in USD terms (from 45 in December 2019 to 55 SDG/USD in H1 2020)
- Significant cost optimization savings
- Data revenue grew 128% YoY, and formed 24% of total revenues

ZAIN BAHRAIN



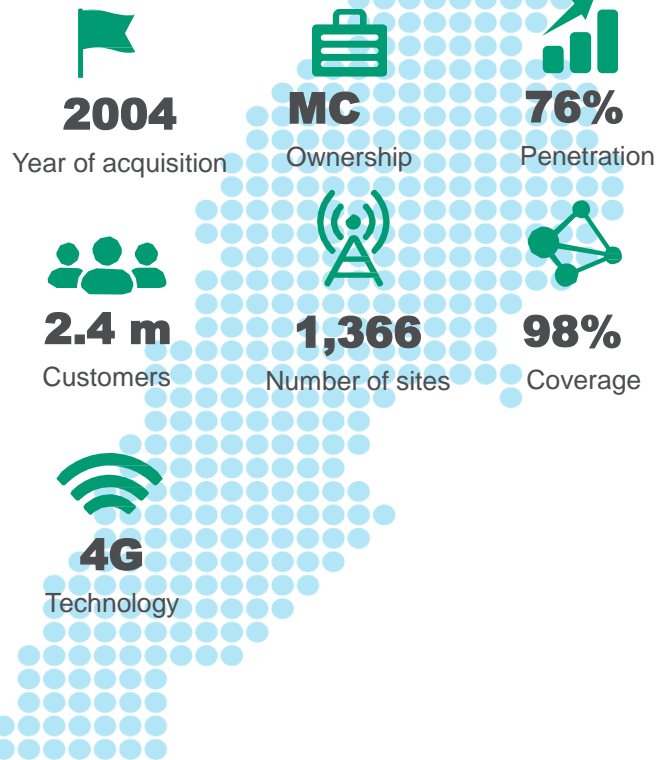
- Revenue increased by 3% YoY, due to increase in data, interconnect revenues and handset sales.
- Data revenues formed 50% of total revenues
- In late June, Zain Bahrain Launched 5G commercial services, becoming the 3rd 5G network in the Group following Zain Kuwait and Zain KSA

FINANCIALS (USDm)

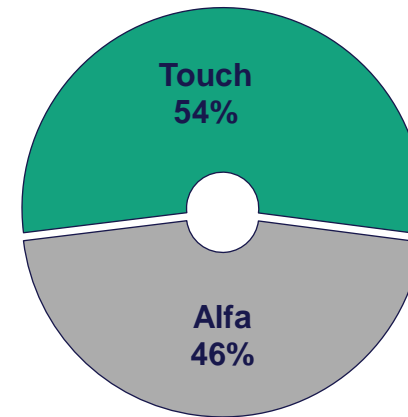


TOUCH - LEBANON

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”
- On May 5, 2020, the government decreed the handover of the mobile sector to the Republic of Lebanon within three months until further notice.

Content

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Statement of Profit or Loss

	Six months ended	
	30-Jun	
	2020	2019
	KD'000	
Revenue	787,371	811,127
Cost of sales	(202,284)	(222,950)
Operating and administrative expenses	(227,903)	(220,360)
Depreciation and amortization	(179,804)	(181,009)
Expected credit loss on financial assets (ECL)	(21,499)	(13,461)
Interest income	2,522	5,157
Investment income	9	772
Share of results of associates and joint venture	439	1,972
Other income	1,298	4,888
Gain on sale and lease back transaction	4,758	-
Finance costs	(49,298)	(56,602)
Loss from currency revaluation	(9,209)	(5,852)
Net monetary gain	3,475	4,075
Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration	109,875	127,757
Contribution to Kuwait foundation for Advancement of Sciences (KFAS)	(836)	(979)
National Labour Support Tax (NLST) and Zakat	(3,578)	(3,457)
Income tax expenses and other levies	(9,673)	(9,031)
Board of Directors' remuneration	(255)	(210)
Profit for the period	95,533	114,080
Attributable to:		
Shareholders of the Company	83,720	97,291
Non-controlling interests	11,813	16,789
	95,533	114,080

	Six months ended	
	30-Jun	
	2020	2019
Earnings per share		
Basic and diluted – Fils	19	22

Statement of Cash Flows

	Six months ended		Six months ended	
	30-Jun		30-Jun	
	2020	2019	2020	2019
	KD'000		KD'000	
Cash flows from operating activities				
Profit for the period before income tax, KFAS, NLST and Zakat	109,620	127,547		
Adjustments for:				
Depreciation and amortization	179,804	181,009		
ECL on financial assets	21,499	13,461		
Interest income	(2,522)	(5,157)		
Investment income	(9)	(772)		
Share of results of associates and joint venture	(439)	(1,972)		
Finance costs	49,298	56,602		
Gain on sale and lease back transaction	(4,758)	-		
Loss from currency revaluation	9,209	5,852		
Net monetary gain	(3,475)	(4,075)		
(Gain)/ loss on sale of property and equipment	(49)	1,561		
Operating profit before working capital changes	358,178	374,056		
Increase in trade and other receivables and contract assets	(84,332)	(73,065)		
(Increase)/ Decrease in inventories	(4,029)	2,641		
Increase in trade and other payables	95,196	20,549		
Cash generated from operations	365,013	324,181		
Income tax paid	(17,125)	(9,022)		
Paid to KFAS	(674)	(771)		
National Labour Support Tax and Zakat paid	(10,374)	(2,068)		
<i>Net cash from operating activities</i>	336,840	312,320		
Cash flows from investing activities				
Deposits maturing after three months and cash at bank under lien			3,312	(6)
Investments in securities			(961)	(274)
Proceeds from sale of investments			1,213	7,425
Investment in associate			(553)	-
Acquisition of property and equipment (net)			(105,763)	(106,609)
Acquisition of intangible assets (net)			(20,563)	(15,377)
Proceeds from sale of telecom assets (sale and lease back)			19,485	-
Interest received			3,088	4,417
Dividend received			-	381
<i>Net cash used in investing activities</i>			(100,742)	(110,043)
Cash flows from financing activities				
Proceeds from bank borrowings			123,204	134,258
Repayment of bank borrowings			(86,614)	(89,217)
Repayment of lease liabilities			(23,786)	(30,394)
Dividends paid to Company's shareholders			(132,157)	(127,535)
Dividends paid to minority shareholders of subsidiaries			(629)	(4,268)
Finance costs paid – due to banks			(35,025)	(61,271)
<i>Net cash used in financing activities</i>			(155,007)	(178,427)
Net increase in cash and cash equivalents			81,091	23,850
Effect of foreign currency translation			393	525
Cash and cash equivalents at beginning of period			281,902	304,236
Cash and cash equivalents at end of period			363,386	328,611



THANK YOU

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