



Zain Group Financial Results

Q3 2020



Disclaimer

- ❖ Mobile Telecommunications Company KSCP “Zain Group” has prepared this presentation to the best of its abilities, however, no warranty or representation, express or implied is made as to the adequacy, correctness, completeness or accuracy of any numbers, statements, opinions, estimates, or other information contained in this presentation.
- ❖ Certain portions of this document contain “forward-looking statements”, which are based on current expectations and reasonable assumptions, we can however give no assurance they will be achieved.
- ❖ The information contained in this presentation is subject to change and we disclaim any obligation to update you of any such changes, particularly those pertaining to the forward-looking statements.
- ❖ Furthermore, it should be noted that there are a myriad potential risks, uncertainties and unforeseen factors that could cause the actual results to differ materially from the forward-looking statements made herein.
- ❖ Accordingly, this presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for, or otherwise acquire or dispose of, securities in any company within Zain Group.

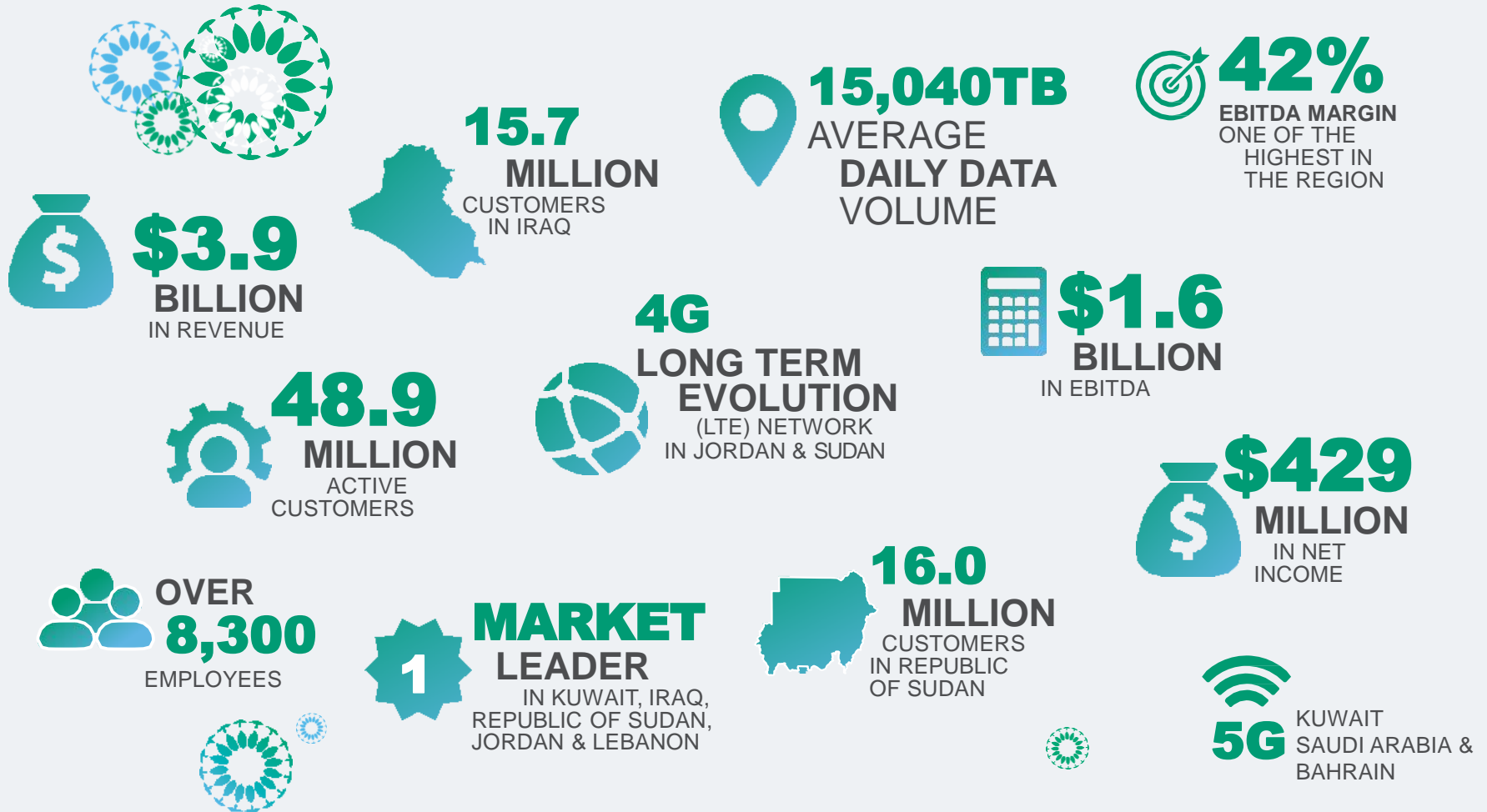
For further information about Zain Group, or the materials contained within this presentation, please direct your enquiries to our Investor Relations team via email at IR@zain.com or visit www.zain.com/en/investor-relations/

Content

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

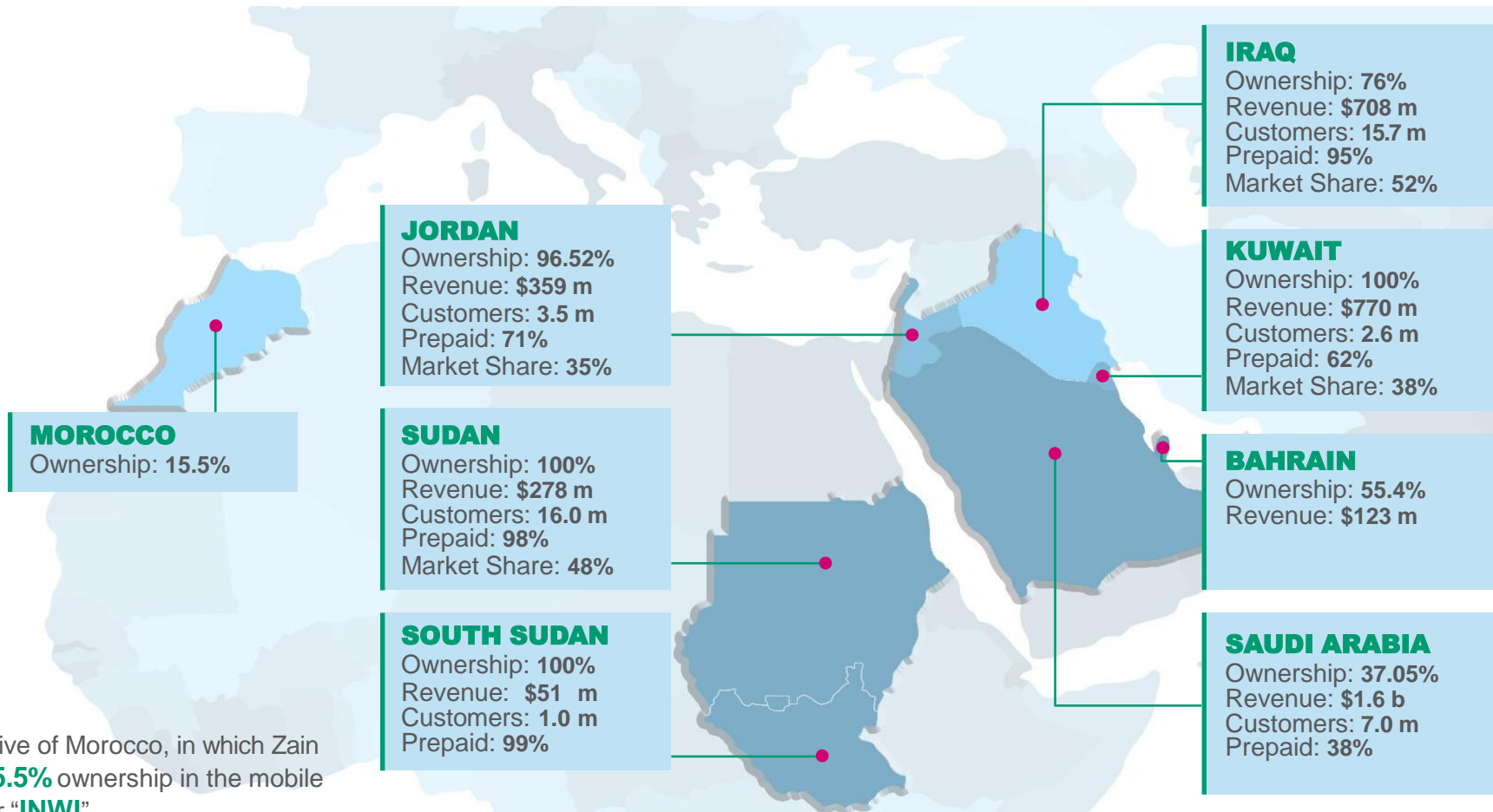


Zain At A Glance – 9M 2020



The World of Zain – 9M 2020

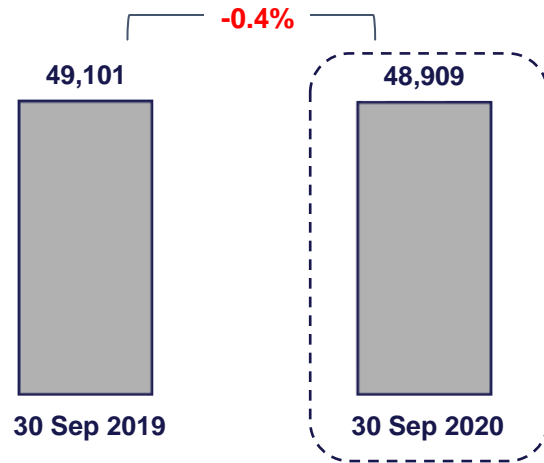
ZAIN'S WORLD CATERS TO **48.9** MILLION CUSTOMERS IN **8** COUNTRIES*



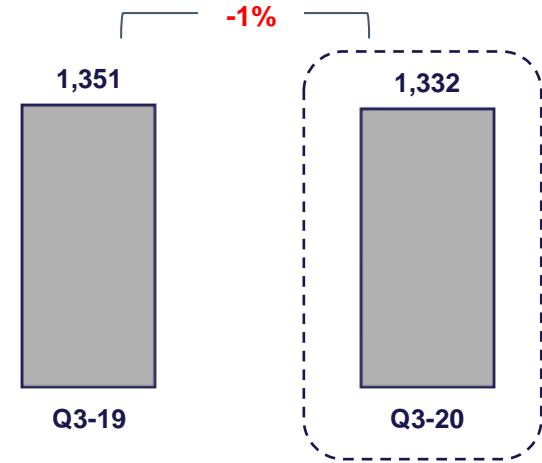
* exclusive of Morocco, in which Zain has a **15.5%** ownership in the mobile operator “**INWI**”

Group Financial Highlights – Q3 2020

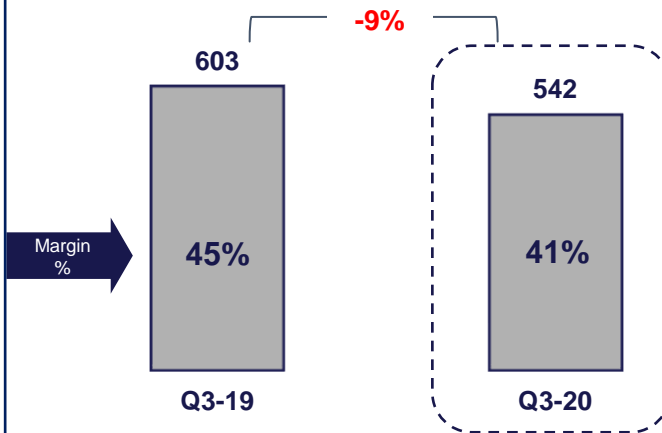
CUSTOMERS (000)



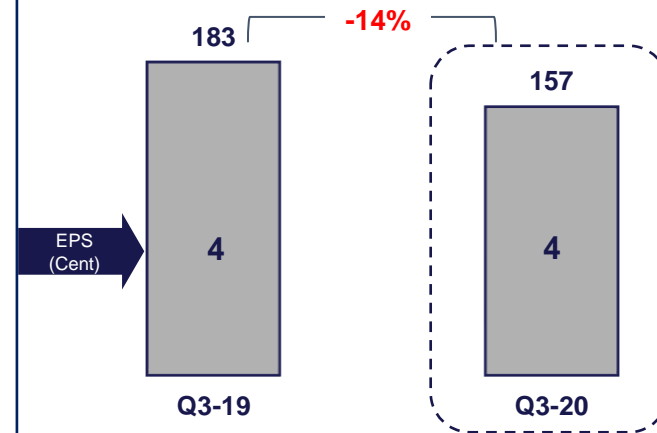
REVENUE (USDm)



EBITDA (USDm)

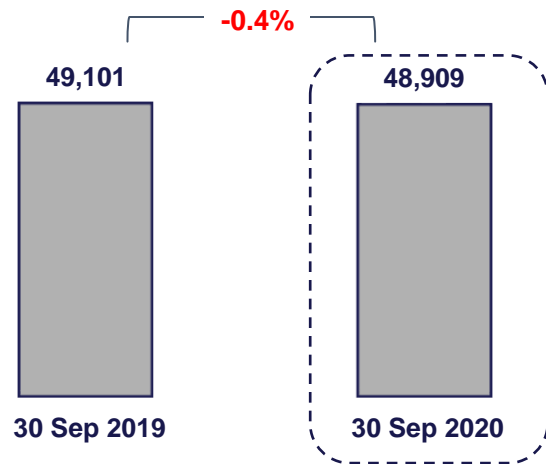


NET INCOME (USDm)

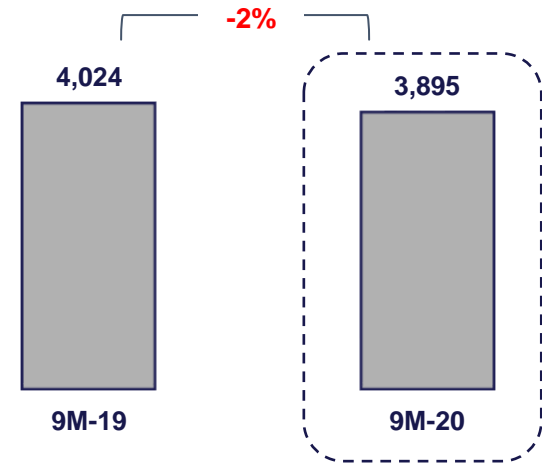


Group Financial Highlights – 9M 2020

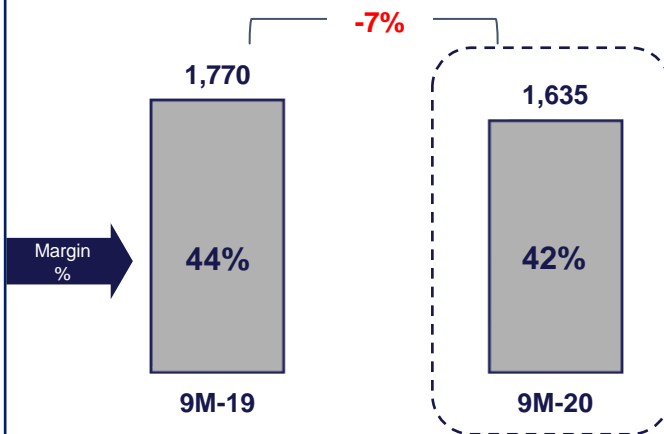
CUSTOMERS (000)



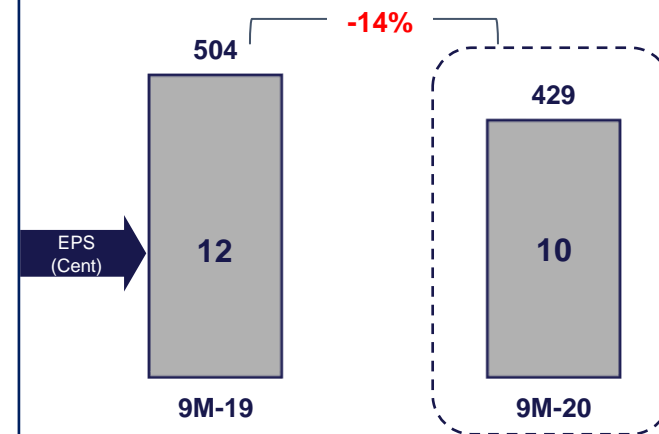
REVENUE (USDm)



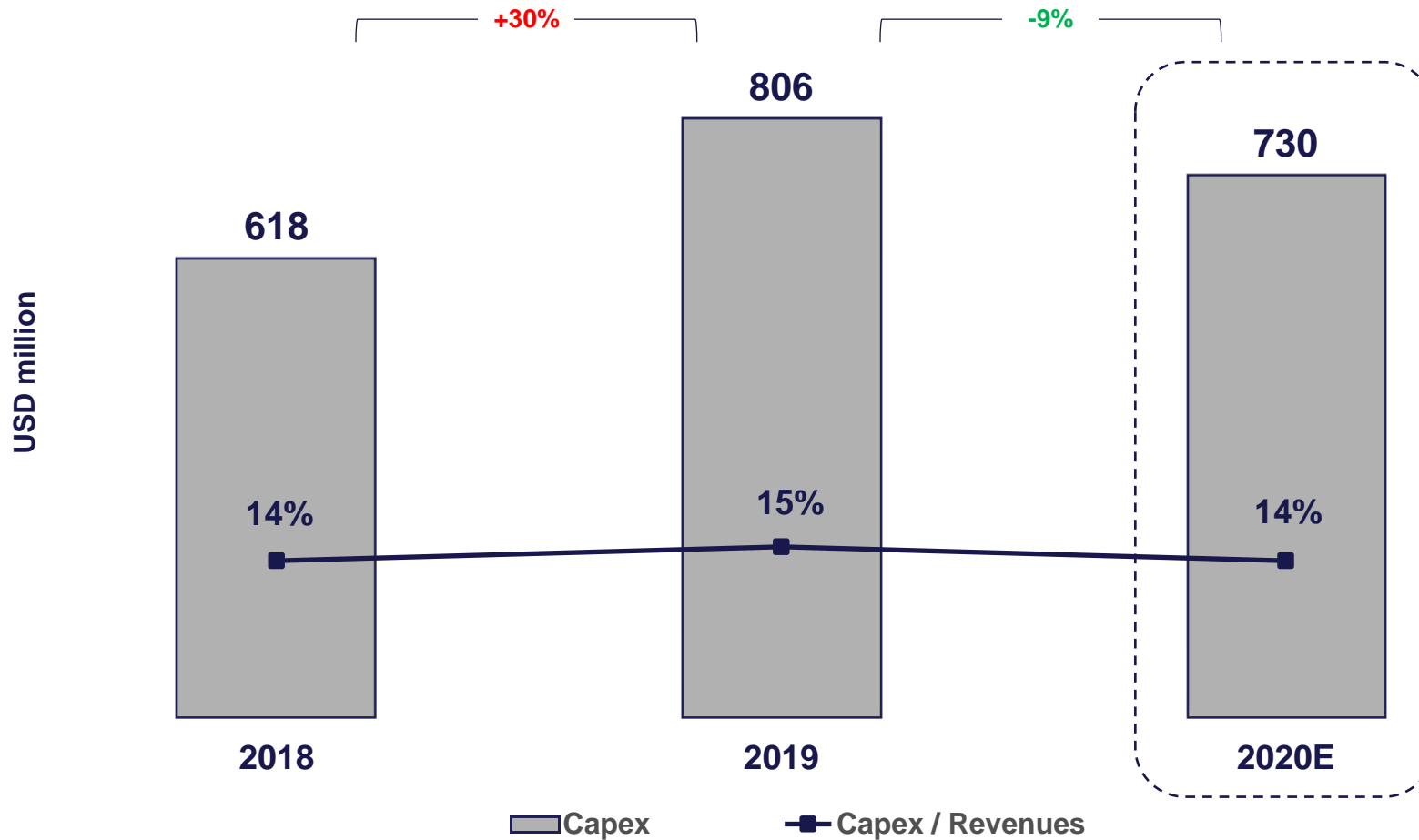
EBITDA (USDm)



NET INCOME (USDm)



CAPEX & CAPEX / REVENUE



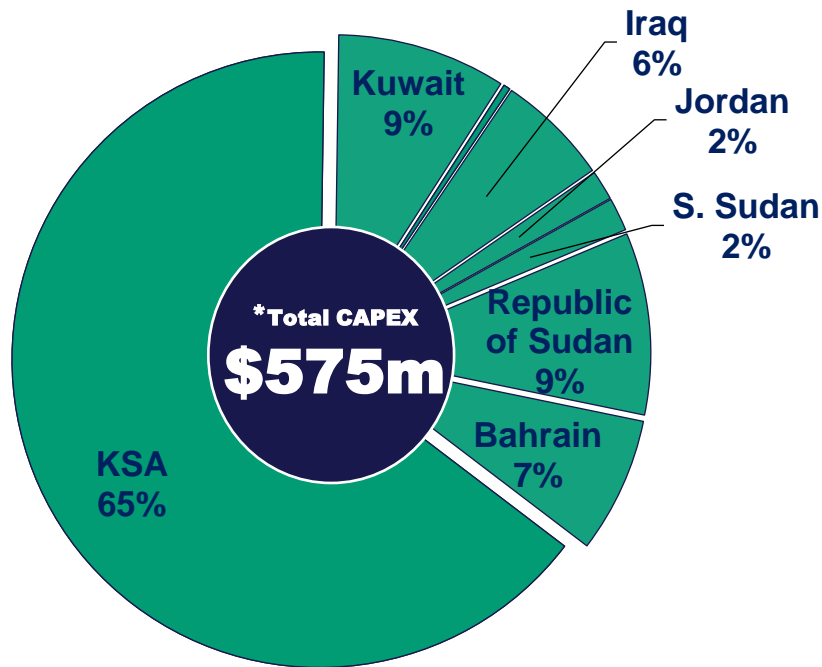
* 2018 Capex includes Zain KSA Capex from Q3 2018 onwards

* Capex includes only tangible assets

* 2020 Capex estimated

TOTAL CAPEX

CAPEX BREAKDOWN

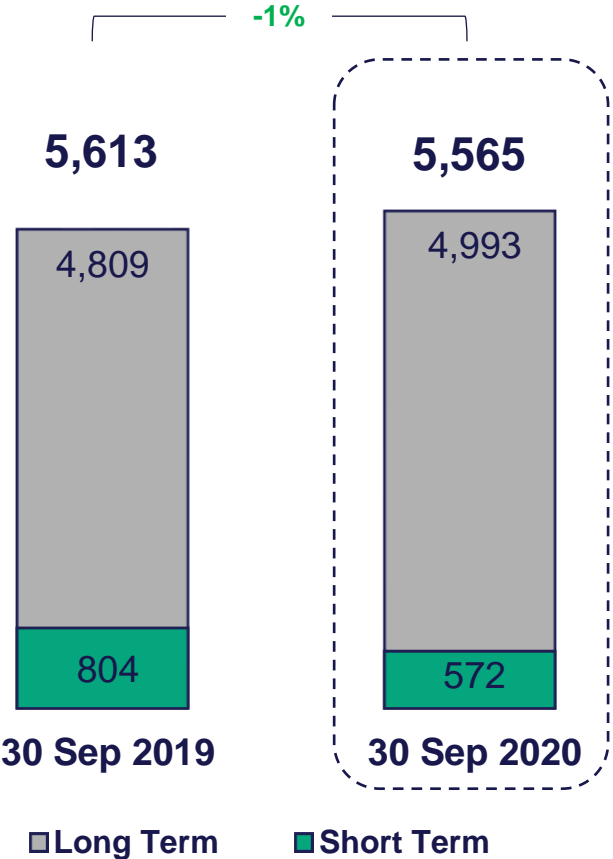


OPCO	9M 2020 (USDm)	% OF REVENUES
Kuwait	51	7%
Iraq	34	5%
Sudan	55	20%
KSA	373	24%
Jordan	9	3%
Bahrain	40	32%
S. Sudan	10	17%
Other	3	N/A

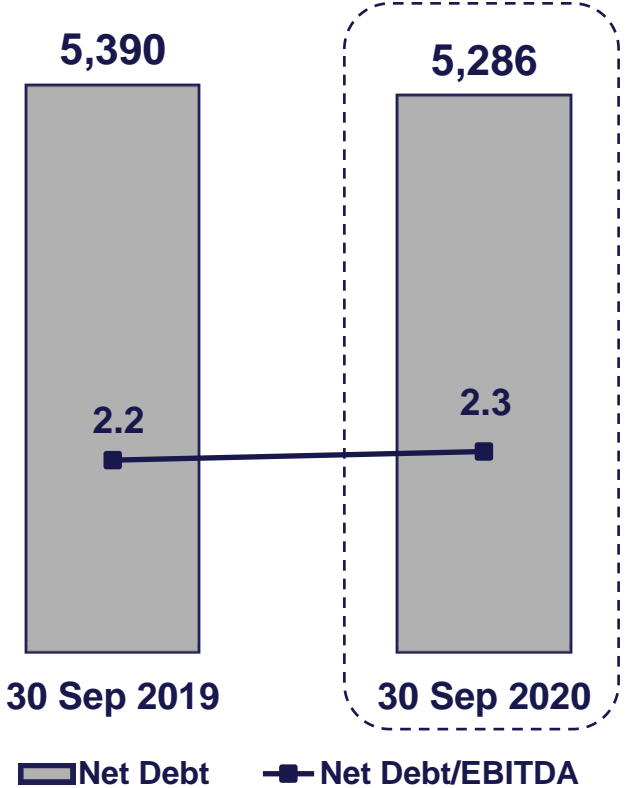
* Capex includes only tangible assets

Group Financial Highlights

TOTAL DEBT (USDm)



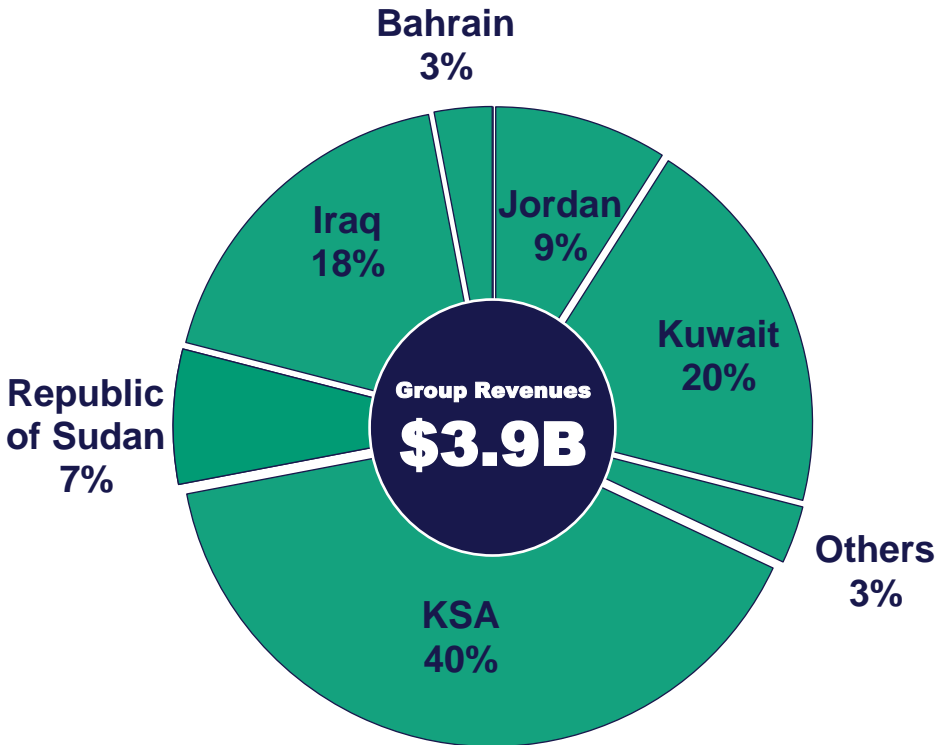
NET DEBT (USDm) & NET DEBT/EBITDA



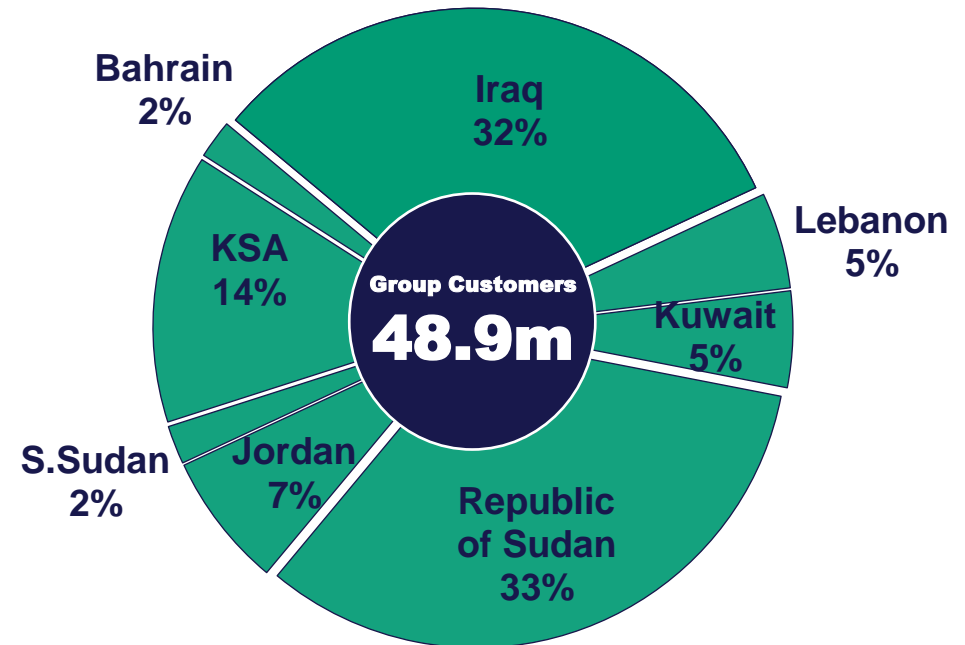
Net Debt = Total interest bearing debt (including letters of guarantee) after deducting cash and cash equivalents

Group Financial Highlights – 9M 2020

REVENUE CONTRIBUTION

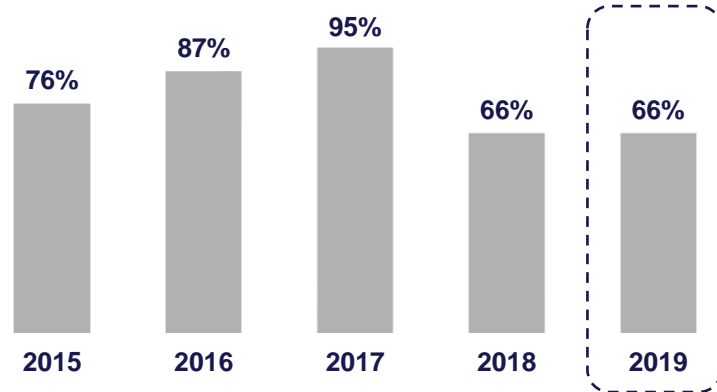


CUSTOMER CONTRIBUTION

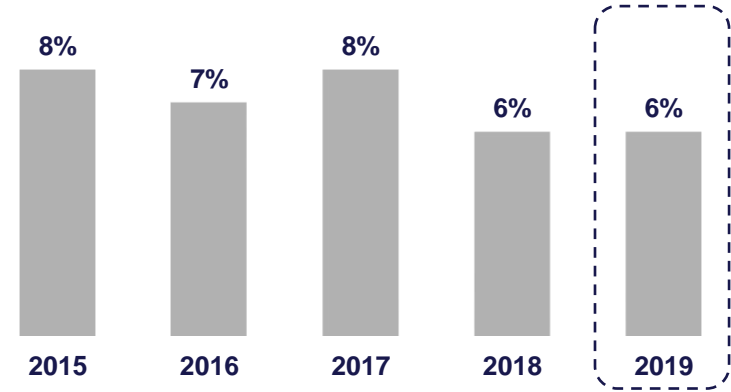


ZAIN DIVIDENDS

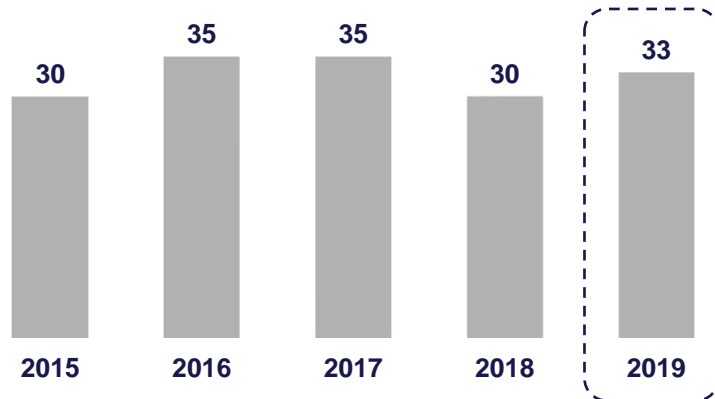
DIVIDEND PAYOUT RATIO



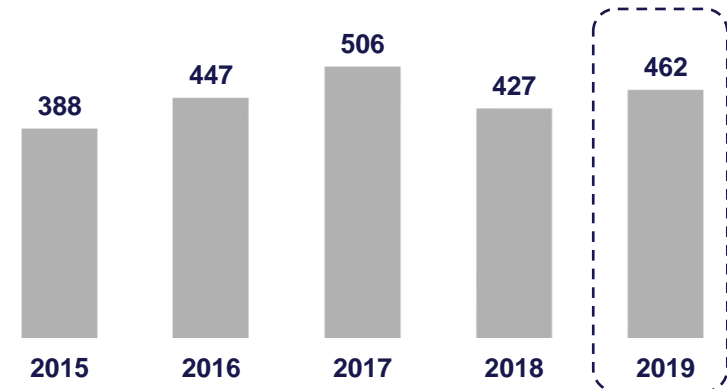
DIVIDEND YIELD (%)



DIVIDEND PER SHARE (Fils)



CASH DIVIDEND (USDm)

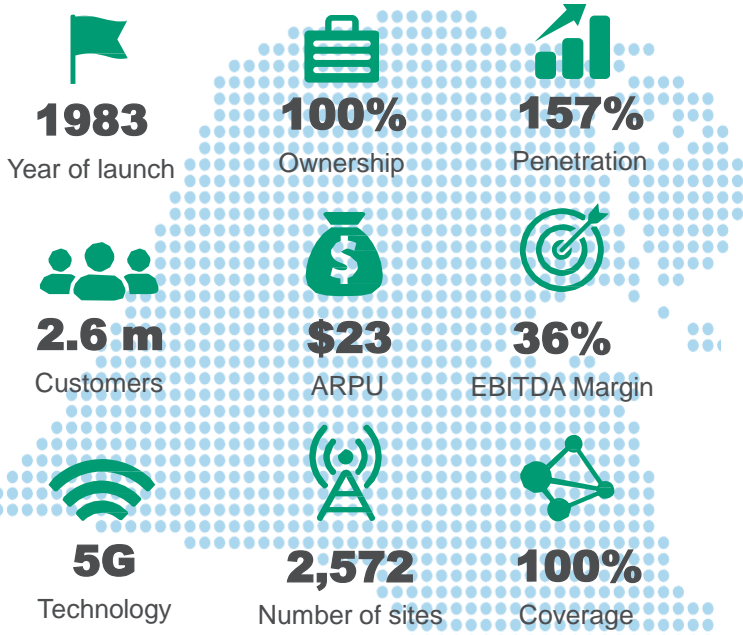


Content

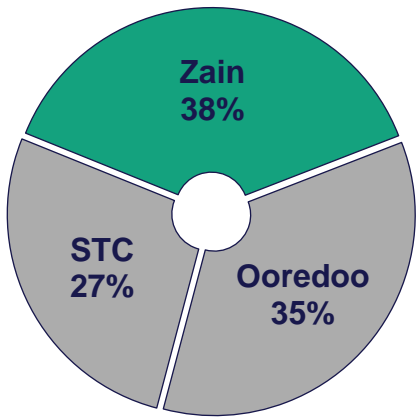
1. Results Review
2. Operations review
3. Financial Statements



ZAIN KUWAIT



MARKET SHARE

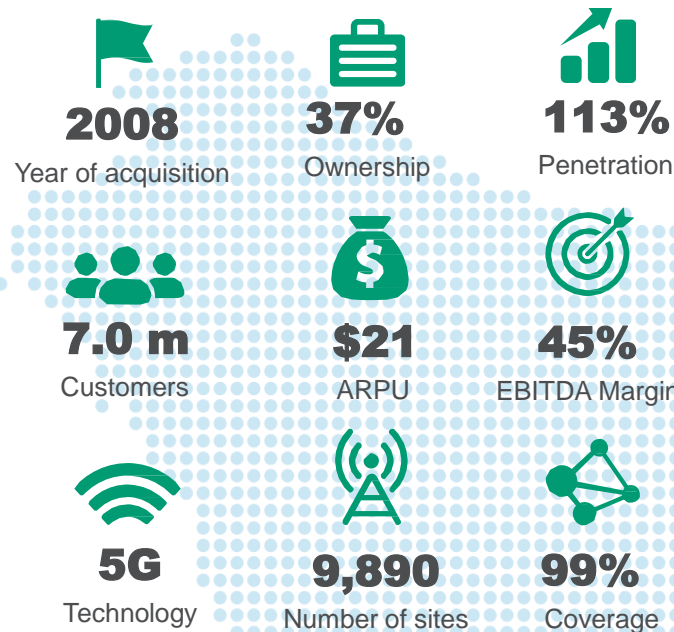


FINANCIALS (USDm)



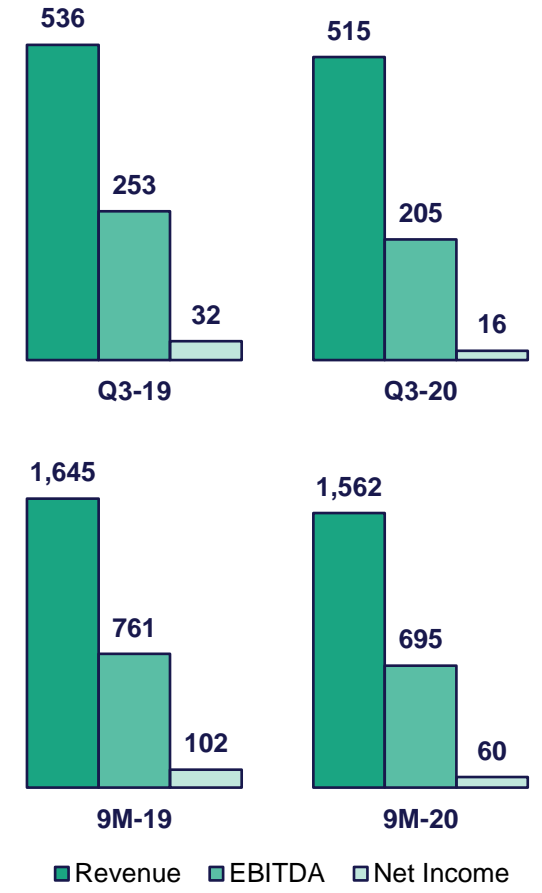
- Revenue drop is mainly due to decrease in airtime and roaming revenue air travel restrictions and the 1-month free airtime & 5GB free data usage
- The impact of COVID-19 on revenue is ~USD 56 million
- Strong concentration on cost optimization to reduce the overall pandemic impact to the bottom line
- Data revenue formed 39% of total revenue
- ~USD 15 million gain on sale and leaseback Towers
- Received \$4m support by the Government to support local employees

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 110 million
- Major focus on cost optimization initiatives to minimize the COVID-19 impact
- Higher D&A due to 5G rollout and two new licenses
- Lower benefits from regulatory agreements (CITC waiver)
- Data revenue formed 51% of total revenue, 10% YoY growth
- Successfully raised at preferential terms a Murabaha facility of SAR6b (\$1.6b) loan to refinance existing debt of SAR3.85b (\$1.03b) with access to additional liquidity of SAR1b (\$267m) with a consortium of eight banks

FINANCIALS (USDm)



ZAIN IRAQ



2003

Year of acquisition



76%

Ownership



93%

Penetration



15.7 m

Customers



\$5

ARPU



40%

EBITDA Margin



3G

Technology



4,859

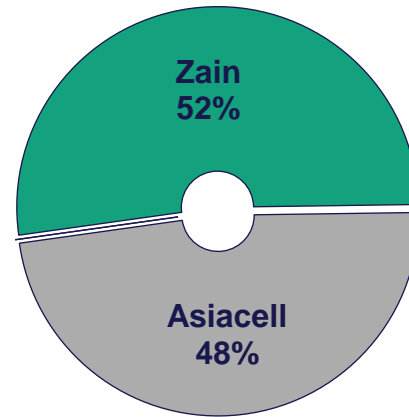
Number of sites



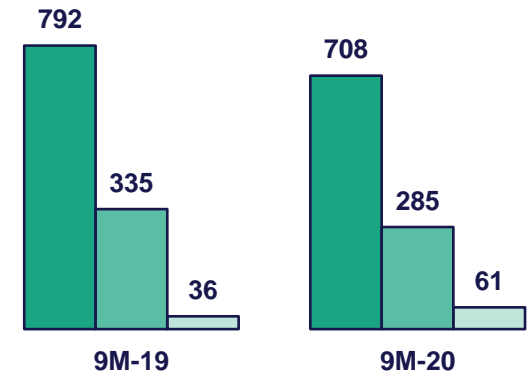
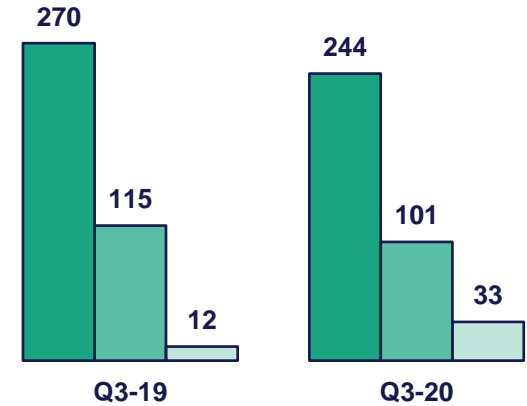
100%

Coverage

MARKET SHARE



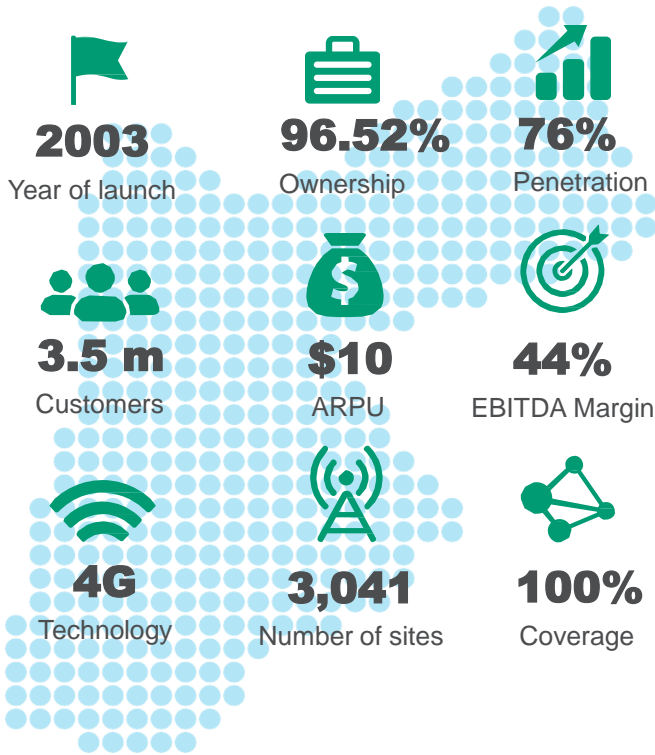
FINANCIALS (USDm)



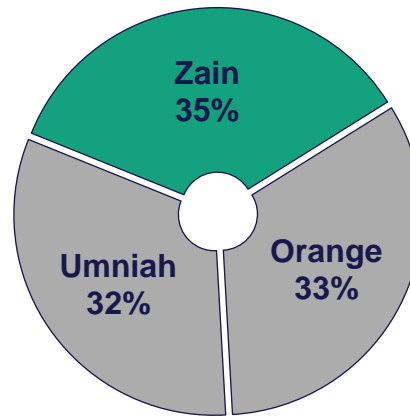
■ Revenue ■ EBITDA ■ Net Income

- Top line impacted due to the intense competition and extended nationwide lockdown due to the pandemic
- The impact of COVID-19 on revenue is ~USD 92 million
- Robust growth in enterprise (B2B) segment
- Net income increased by 68% 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

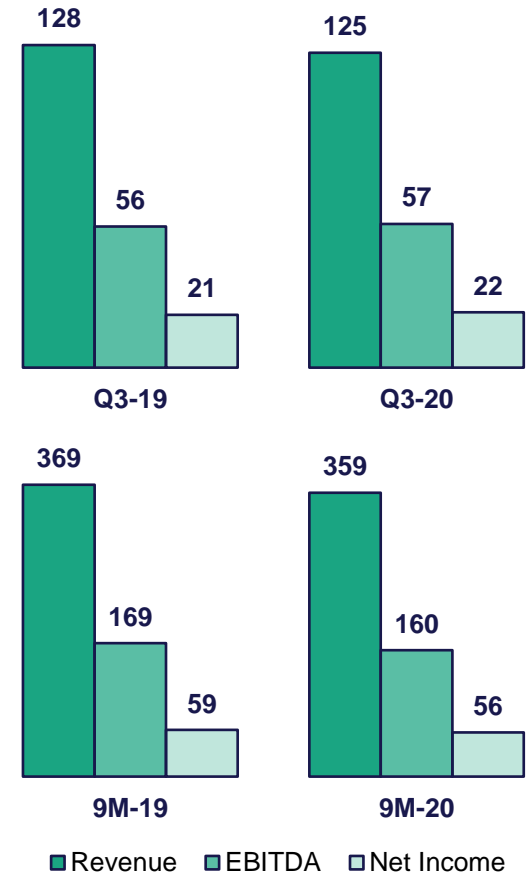
ZAIN JORDAN



MARKET SHARE



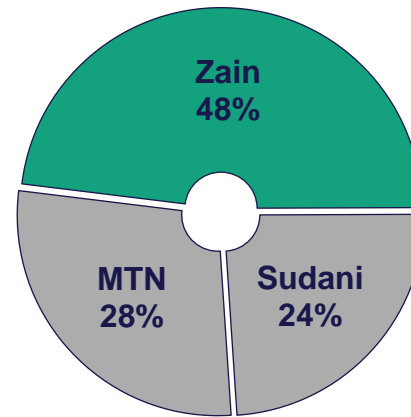
FINANCIALS (USDm)



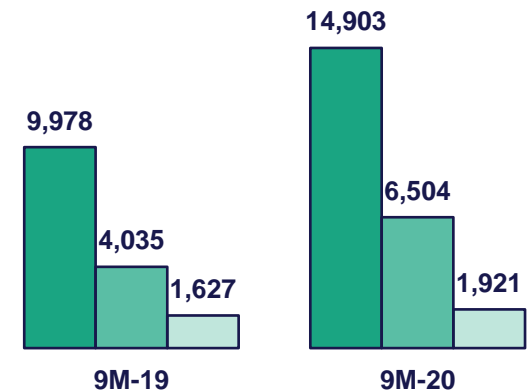
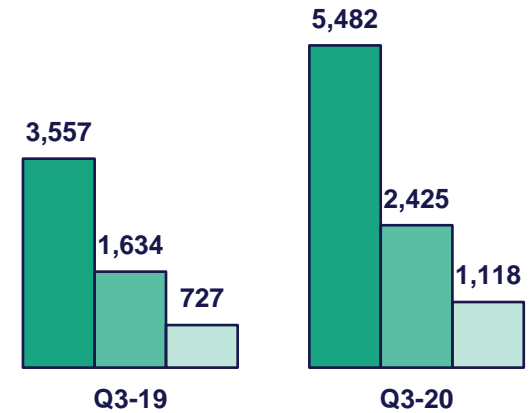
- YoY revenue impacted by 3% mainly due to decrease in airtime, roaming revenue
- The impact of COVID-19 on revenue is ~USD 18 million
- Further reduction in local interconnection rates (from 8.4 fils to 5.2 fils)
- Data revenue grew by 11% YoY, and formed 46% of total revenue

ZAIN SUDAN

MARKET SHARE



FINANCIALS (SDGm)



■ Revenue ■ EBITDA □ Net Income

2006
Year of acquisition

100%
Ownership

76%
Penetration

16.0 m
Customers

\$2
ARPU

44%
EBITDA Margin

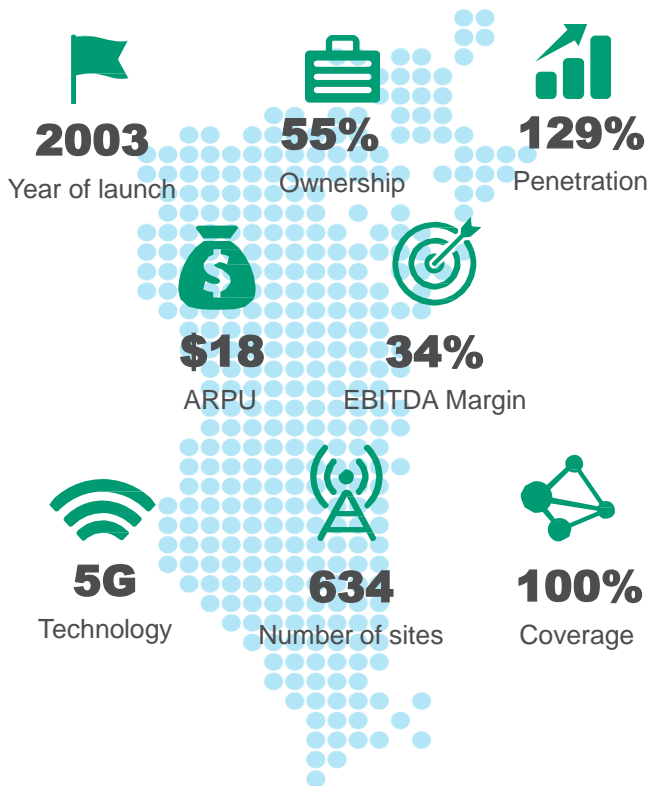
4G
Technology

2,786
Number of sites

90%
Coverage

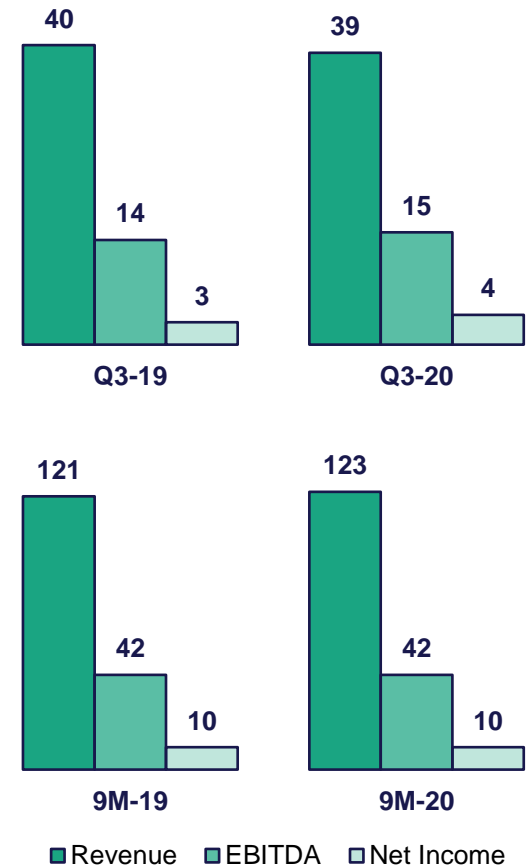
- Impressive YoY growth in USD & SDG terms on account of price revamp.
- COVID-19 impact on revenue ~SDG 601 mln (~\$11m)
- Customer base grew by 3%, to reach 16 million
- ~18% currency devaluation affected the financial results in USD terms (from 45 in December 2019 to 55 SDG/USD in September 2020)
- Significant cost optimization savings
- Data revenue grew 128% YoY, and formed 25% of total revenues

ZAIN BAHRAIN



- Revenue increased by 1% YoY, due to increase in data, interconnect revenue.
- The impact from COVID-19 on revenue ~USD 12 million
- Data revenue formed 51% of total revenue, up 8% YoY
- 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)



Content

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



Statement of Financial Position

	Unaudited 30-Sep-20	Audited 31-Dec 2019	Unaudited (Restated) 30-Sep-19		Unaudited 30-Sep-20	Audited 31-Dec 2019	Unaudited (Restated) 30-Sep-19
					KD '000		
Assets							
Current assets				Liabilities and equity			
Cash and bank balances	327,758	296,985	329,379	Current liabilities			
Trade and other receivables	616,784	555,398	564,189	Trade and other payables	944,542	857,512	895,539
Contract assets	67,897	66,889	70,382	Deferred revenue	93,936	98,495	85,536
Inventories	44,359	48,513	42,371	Income tax payables	57,769	61,775	52,557
Investment securities at FVTPL	7,750	8,540	8,622	Due to banks	175,194	180,274	244,469
Assets of disposal group classified as held for sale	6,485	17,611	16,357	Lease liabilities	38,524	42,795	40,221
	1,071,033	993,936	1,031,300	Liabilities of disposal group classified as held for sale	1,013	5,397	5,035
					1,310,978	1,246,248	1,323,357
Non-current assets				Non-current liabilities			
Contract assets	21,387	28,134	20,627	Due to banks	1,199,095	1,218,450	1,189,135
Investment securities at FVOCI	7,400	6,360	5,148	Lease liabilities	153,921	144,278	148,131
Investments in associates and joint venture	74,149	72,612	72,219	Other non-current liabilities	501,360	448,518	436,446
Other non-current assets	51,582	64,669	10,766		1,854,376	1,811,246	1,773,712
Right of use of assets	174,662	181,052	174,991				
Property and equipment	1,230,333	1,229,291	1,223,339	Equity			
Intangible assets and goodwill	2,203,082	2,160,039	2,151,897	Attributable to the Company's shareholders			
	3,762,595	3,742,157	3,658,987	Share capital	432,706	432,706	432,706
Total assets	4,833,628	4,736,093	4,690,287	Share premium	1,707,164	1,707,164	1,707,164
				Legal reserve	216,354	216,354	216,353
				Foreign currency translation reserve	-1,384,952	-1,371,841	-1,364,682
				Investment fair valuation reserve	-751	-1,088	-1,119
				Other reserves	-5,625	-3,044	-3,929
				Retained earnings	307,310	318,509	254,739
					1,272,206	1,298,760	1,241,232
				Non-controlling interests	396,068	379,839	351,986
				Total equity	1,668,274	1,678,599	1,593,218
				Total liabilities and equity	4,833,628	4,736,093	4,690,287

Statement of Profit or Loss

	Nine months ended		Nine months ended	
	30-Sep		30 Sep	
	2020	2019	2020	2019
	KD'000			
Revenue	1,194,894	1,221,761		
Cost of sales	-320,659	-329,352		
Operating and administrative expenses	-339,469	-333,806		
Depreciation and amortization	-268,890	-272,754		
Expected credit loss on financial assets (ECL)	-33,192	-21,084		
Interest income	3,250	7,475		
Investment income	-281	919		
Share of results of associates and joint venture	714	2,367		
Other income	2,052	10,759		
Gain on sale and lease back transaction	4,758	-		
Gain on modification of financial liabilities	11,128	-		
Finance costs	-69,990	-84,476		
Loss from currency revaluation	-13,751	-7,874		
Net monetary (loss)/ gain	3,377	5,461		
Profit before contribution to KFAS, NLST, ZAKAT, income taxes and Board of Directors' remuneration	173,941	199,396		
Contribution to Kuwait foundation for Advancement of Sciences (KFAS)	-1,337	-1,552		
National Labour Support Tax (NLST) and Zakat	-6,088	-5,460		
Income tax expenses and other levies	-16,248	-14,145		
Board of Directors' remuneration	-383	-315		
Profit for the period	149,885	177,924		
Attributable to:				
Shareholders of the Company	131,594	152,969		
Non-controlling interests	18,291	24,955		
	149,885	177,924		

	Earnings per share	
	2020	2019
Basic and diluted – Fils	30	35

Statement of Cash Flows

	Nine months ended		Nine months ended	
	30-Sep		30-Sep	
	2020	2019	2020	2019
	KD'000		KD'000	
Cash flows from operating activities				
Profit for the period before income tax, KFAS, NLST and Zakat	173,558	199,081		
Adjustments for:				
Depreciation and amortization	268,890	272,754		
ECL on financial assets	33,192	21,084		
Interest income	-3,250	-7,475		
Investment income	281	-919		
Share of results of associates and joint venture	-714	-2,367		
Finance costs	69,990	84,476		
Gain on sale and lease back transaction	-4,758	-		
Gain on modification of financial liabilities	-11,128	-		
Loss from currency revaluation	13,751	7,874		
Net monetary gain	-3,377	-5,461		
Loss on sale of property and equipment	128	1,482		
Operating profit before working capital changes	536,563	570,529		
Increase in trade and other receivables	-89,617	-75,538		
Decrease in inventories	4,395	3,673		
Increase/ (Decrease) in trade and other payables	68,929	-17,808		
Cash generated from operations	520,270	480,856		
Paid to KFAS	-674	-771		
NLST and Zakat paid	-15,639	-2,068		
Income tax paid	-45,984	-11,054		
<i>Net cash from operating activities</i>	457,973	466,963		
			Cash flows from investing activities	
			Deposits maturing after three months and cash at bank under lien	3,354
			Investments in securities	-1,529
			Proceeds from sale of investments	1,423
			Investment in associate	-823
			Acquisition of property and equipment (net)	-164,293
			Acquisition of intangible assets (net)	-29,595
			Proceeds from sale of telecom assets (sale and lease back)	19,485
			Interest received	3,017
			Dividend received	67
			<i>Net cash used in investing activities</i>	-168,894
				-176,550
			Cash flows from financing activities	
			Proceeds from bank borrowings	153,774
			Repayment of bank borrowings	-183,853
			Repayment of lease liabilities	-43,315
			Dividends paid to Company's shareholders	-132,514
			Dividends paid to minority shareholders of subsidiaries	-1,512
			Finance costs paid – due to banks	-47,644
			<i>Net cash used in financing activities</i>	-255,064
				-274,297
			Net increase in cash and cash equivalents	34,015
			Effect of foreign currency translation	112
			Cash and cash equivalents at beginning of period	281,902
			Cash and cash equivalents at end of period	316,029
				321,671



THANK YOU

Website : zain.com

Email : IR@zain.com



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