



# Zain Group Financial Results

Q4 2019



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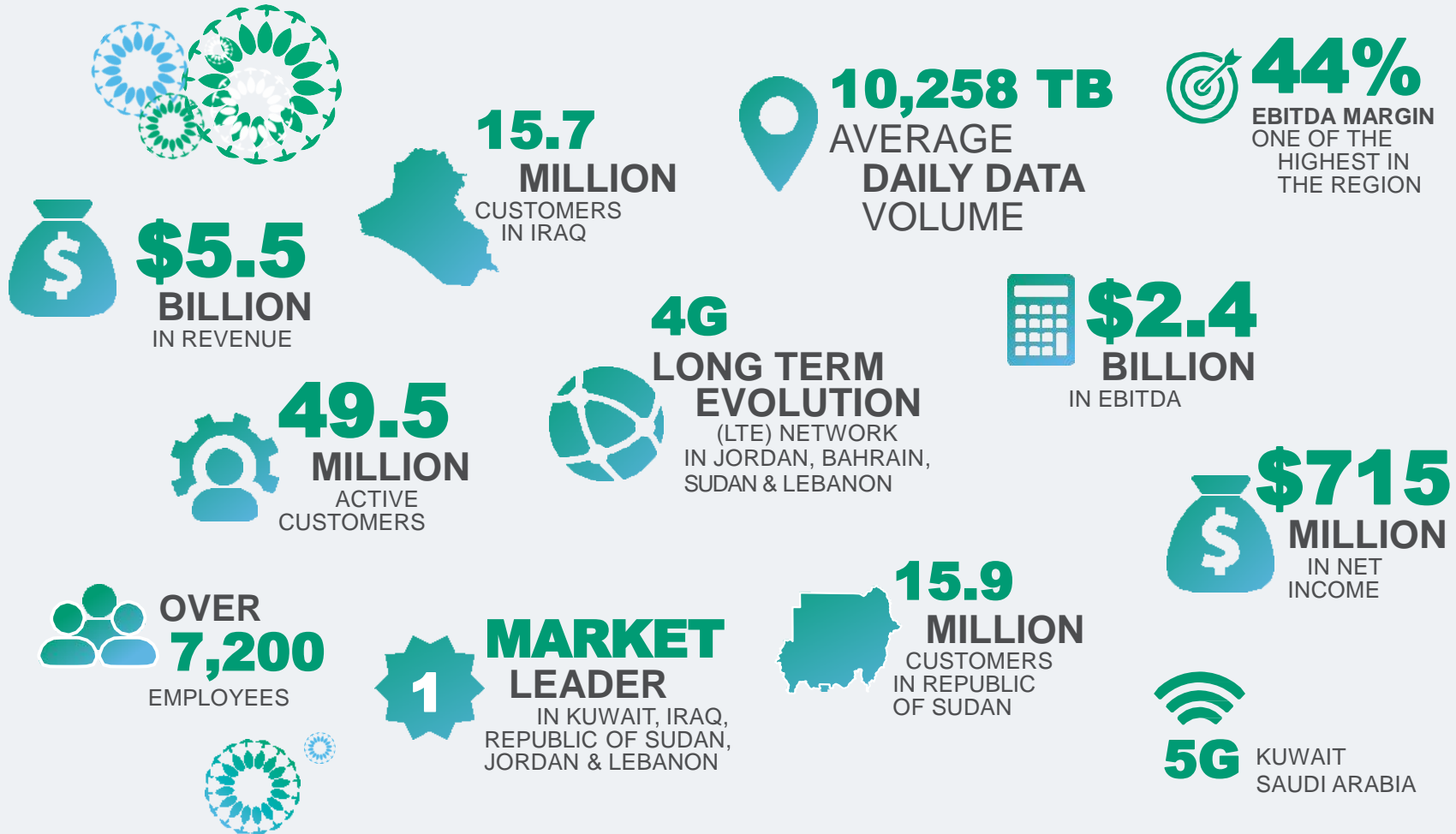
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# Content

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

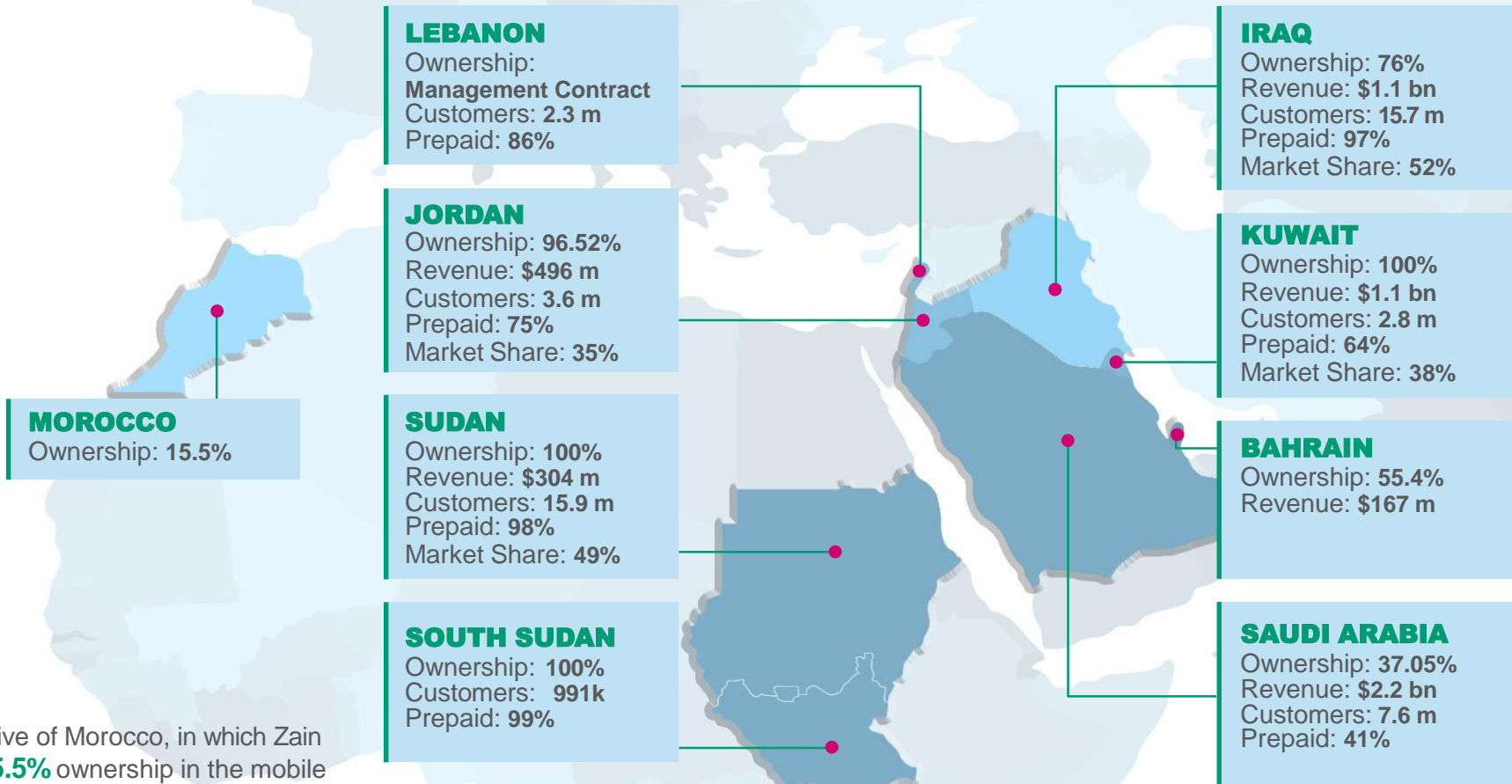


# Zain At A Glance – 2019



# The World of Zain – 2019

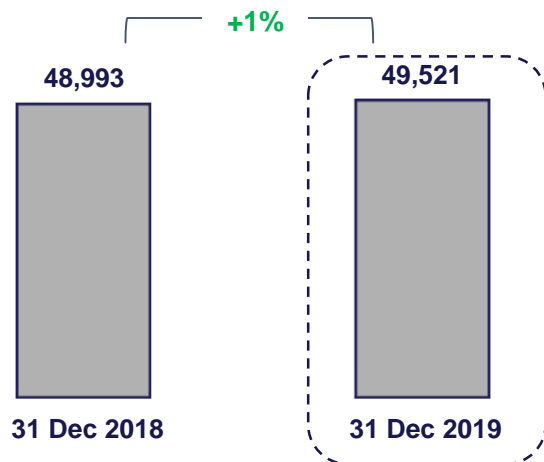
ZAIN'S WORLD CATERS TO **49.5** MILLION CUSTOMERS IN **8** COUNTRIES\*



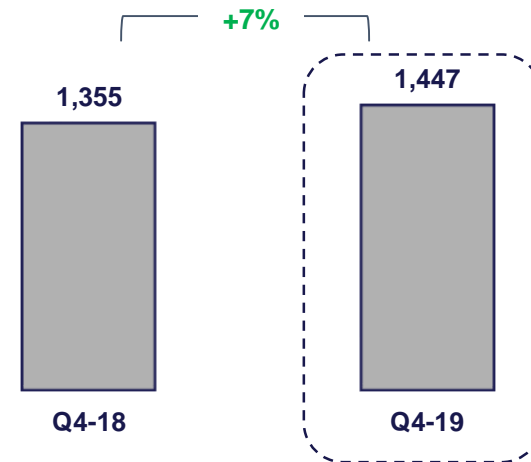
\* exclusive of Morocco, in which Zain has a **15.5%** ownership in the mobile operator “**INWI**”

# Group Financial Highlights – Q4 2019

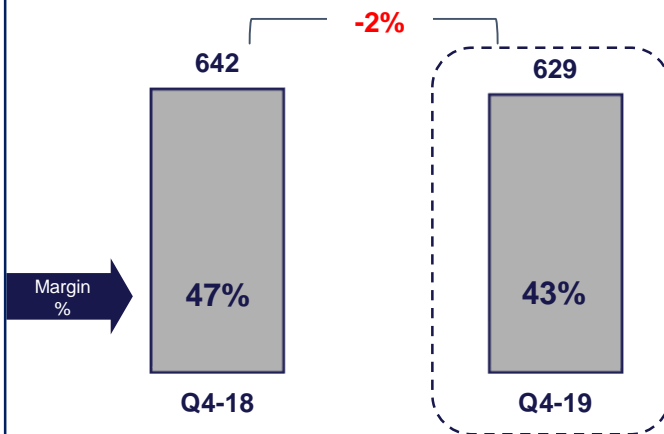
## CUSTOMERS (000)



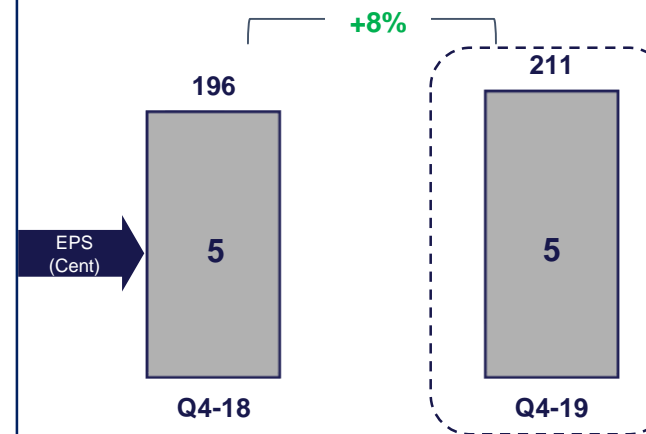
## REVENUE (USDm)



## EBITDA (USDm)

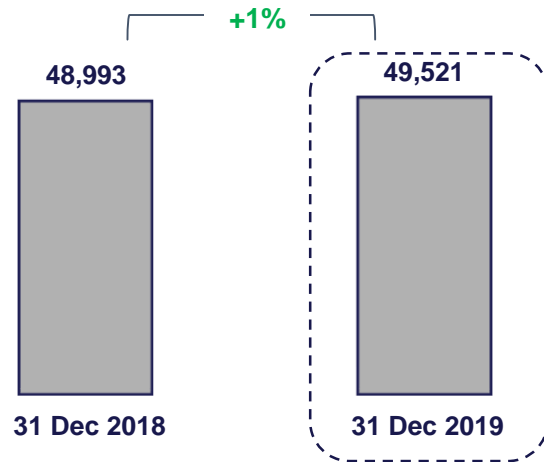


## NET INCOME (USDm)

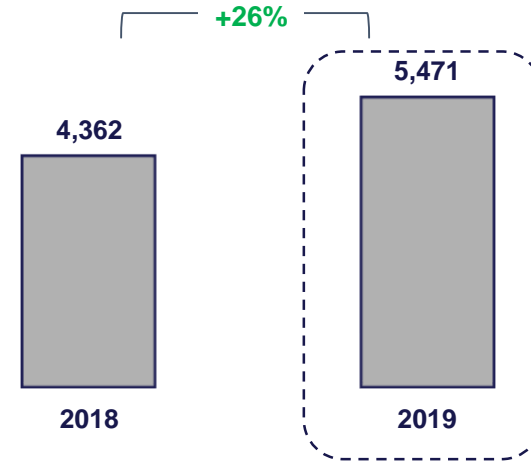


# Group Financial Highlights – 2019

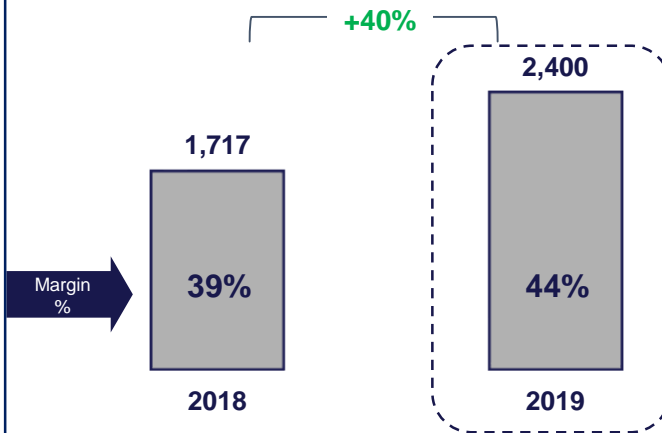
## CUSTOMERS (000)



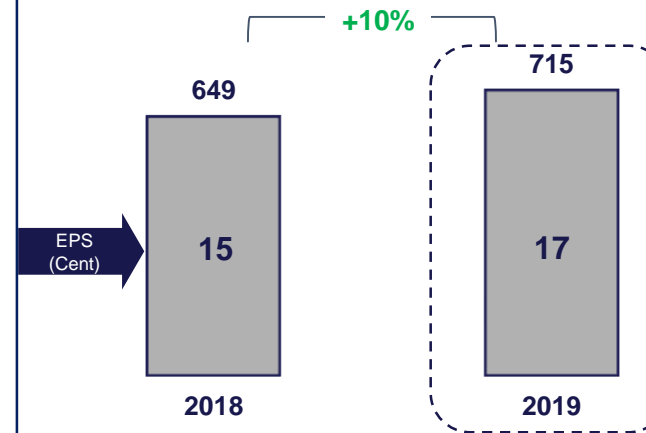
## REVENUE (USDm)



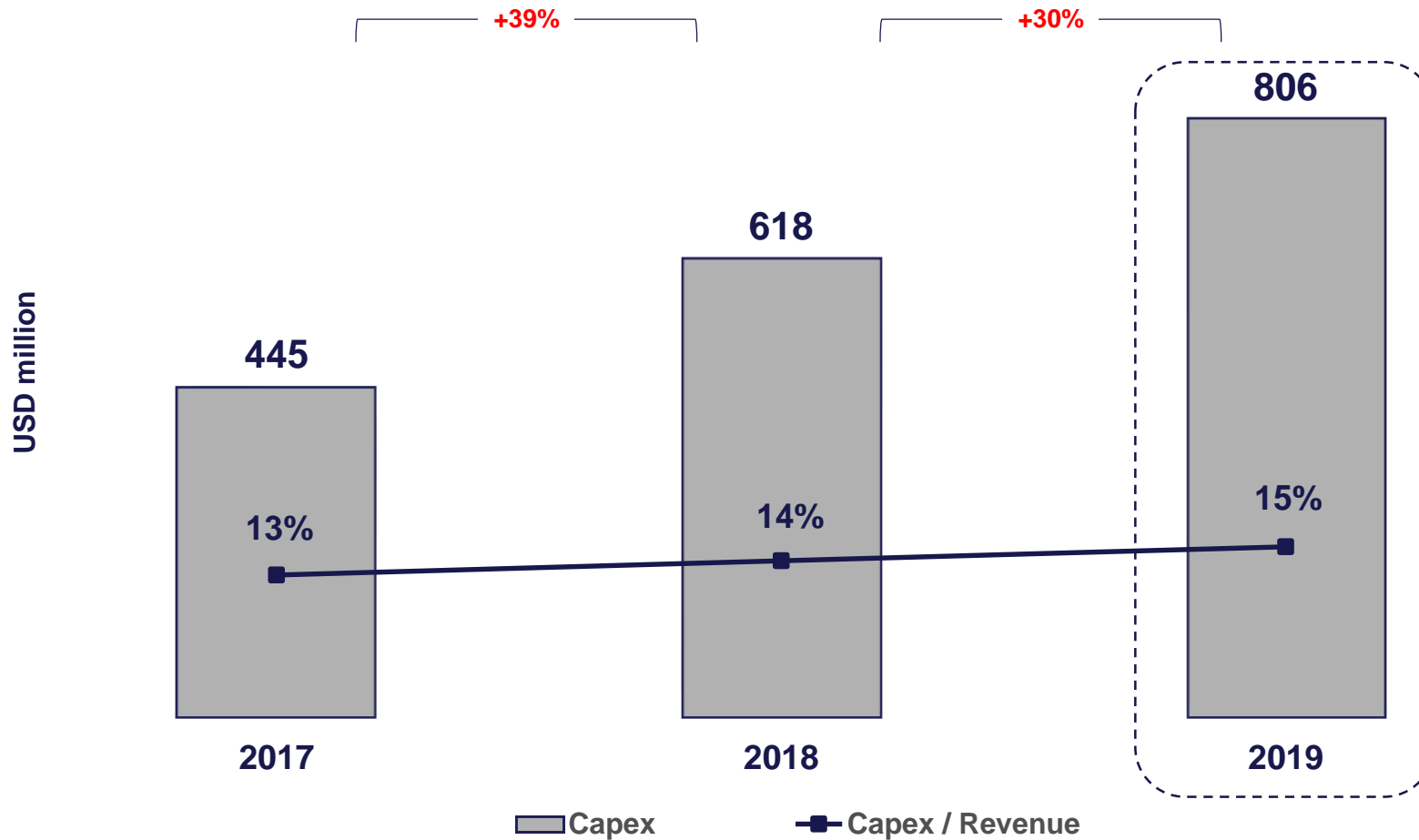
## EBITDA (USDm)



## NET INCOME (USDm)



# CAPEX & CAPEX / REVENUE



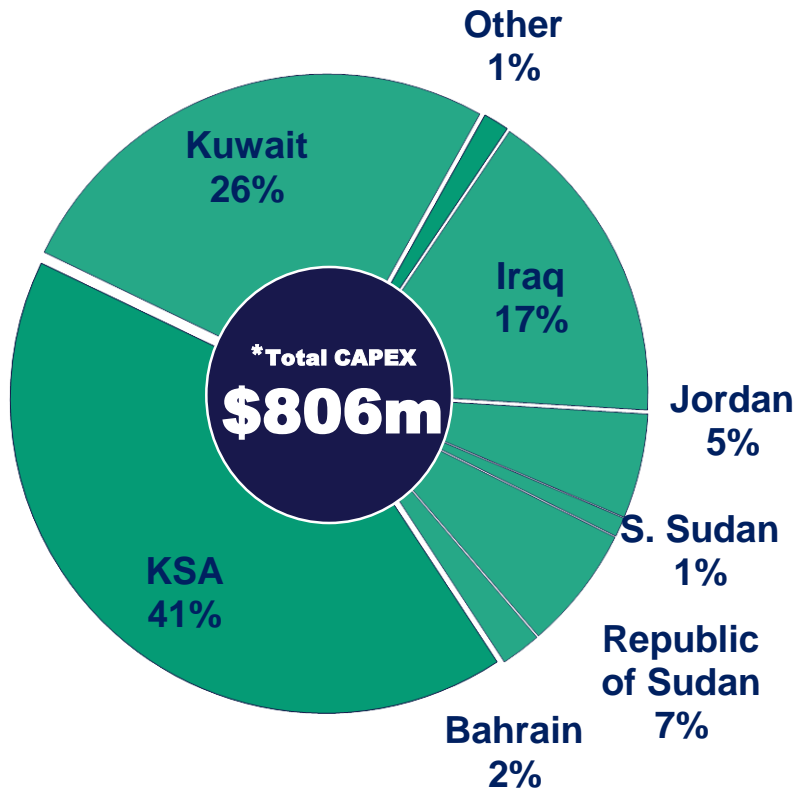
\* 2017 Capex is excluding Zain KSA

\* 2018 Capex includes Zain KSA Capex from Q3 2018 onwards

\* Capex includes only tangible assets

# TOTAL CAPEX

## CAPEX BREAKDOWN



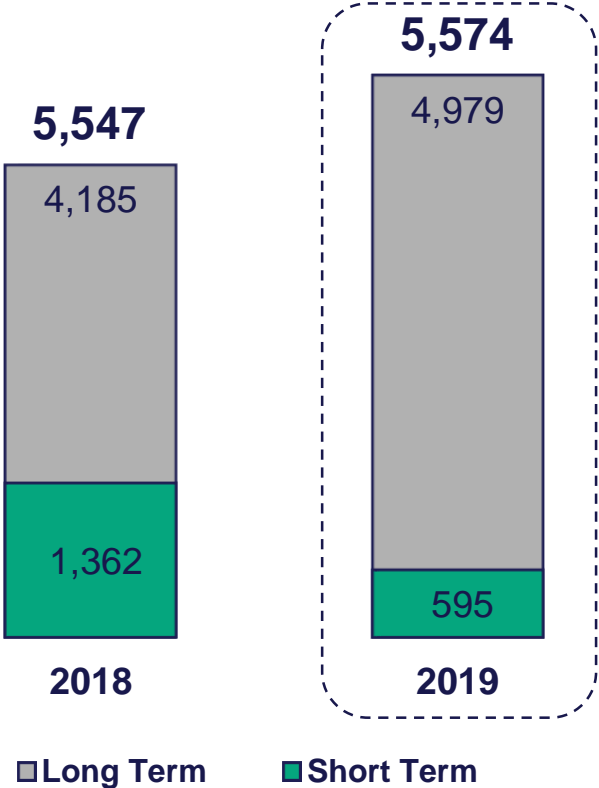
\* Group Total Capex = **USD 806 million**

\* Capex includes only tangible assets

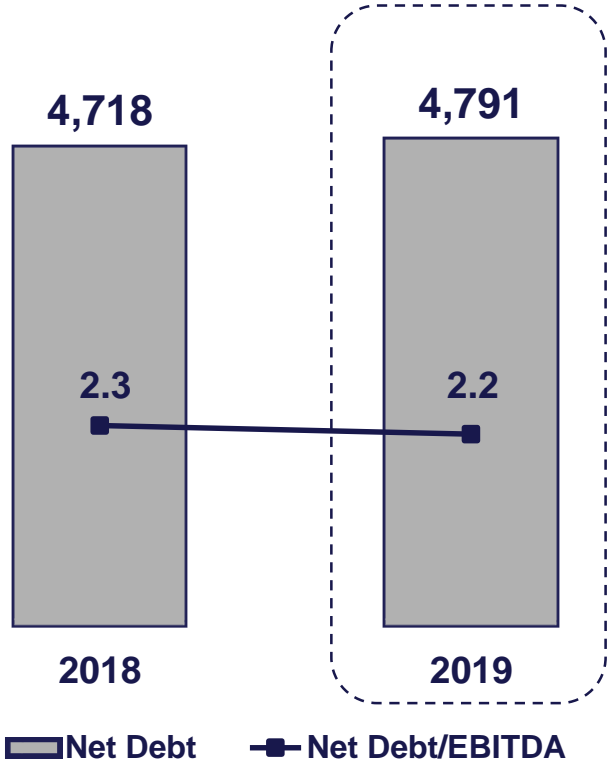
OPCO	2019 (USDm)	% OF REVENUE
Kuwait	209.4	19%
KSA	333.2	15%
Iraq	133.0	12%
Jordan	43.2	9%
Sudan	51.4	17%
Bahrain	16.7	10%
S. Sudan	8.1	15%
Other	11.4	N/A

# Group Financial Highlights

## TOTAL DEBT (USDm)



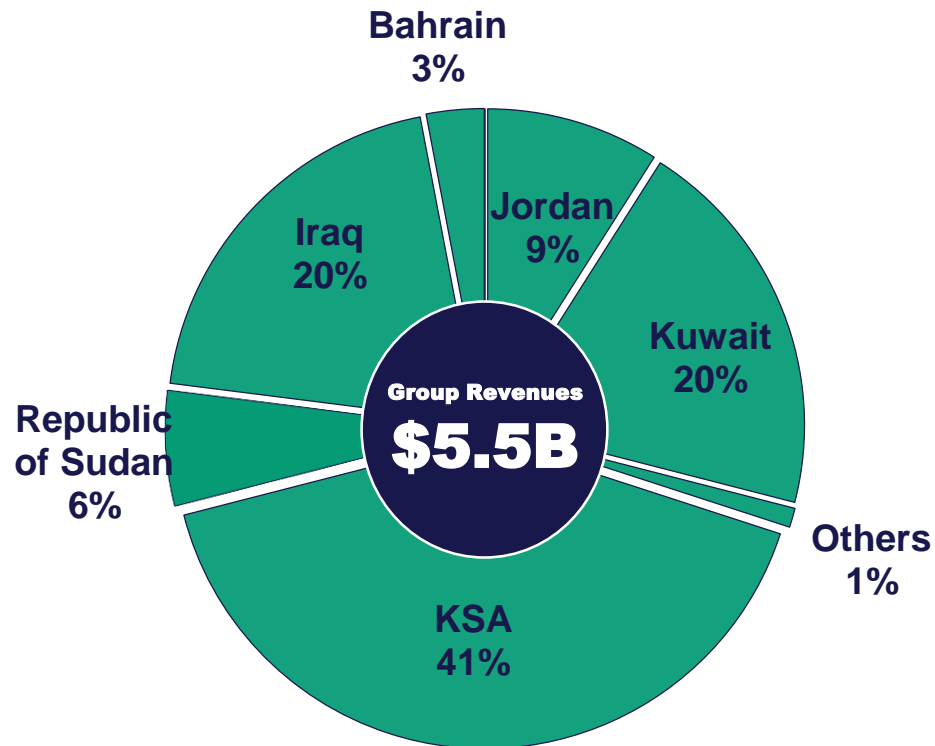
## NET DEBT (USDm) & NET DEBT/EBITDA



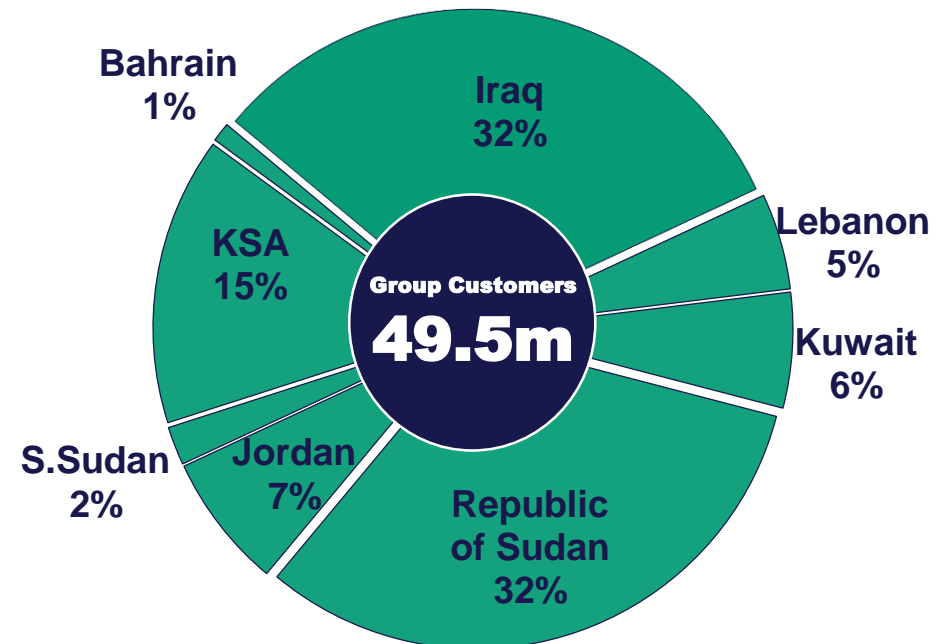
Net Debt = Total interest bearing debt (including letters of guarantee) after deducting cash and cash equivalents

# Group Financial Highlights – 2019

## REVENUE CONTRIBUTION

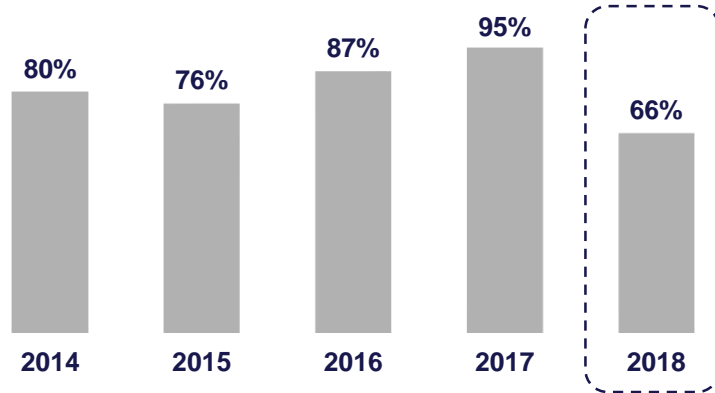


## CUSTOMER CONTRIBUTION

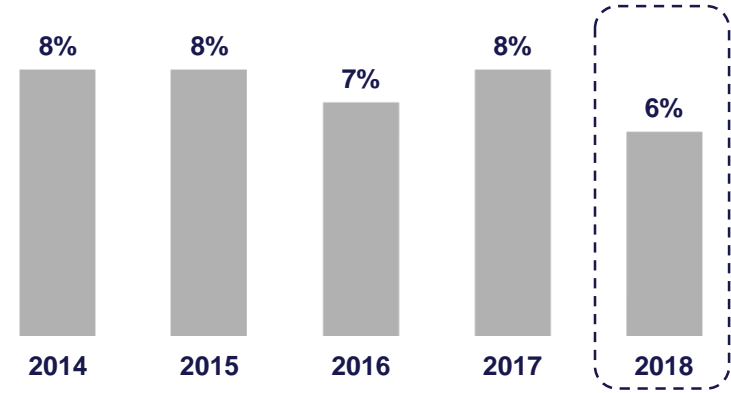


# ZAIN DIVIDENDS

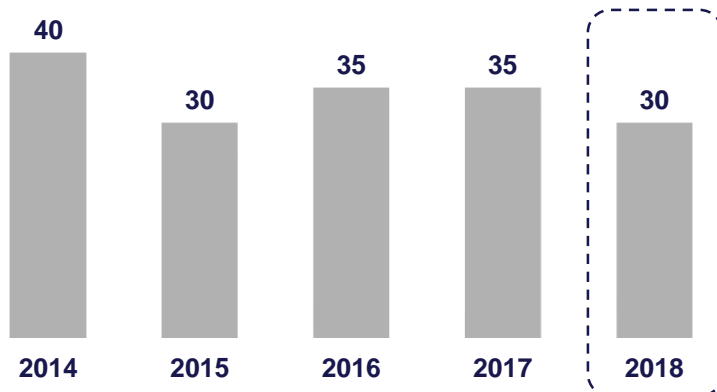
## DIVIDEND PAYOUT RATIO



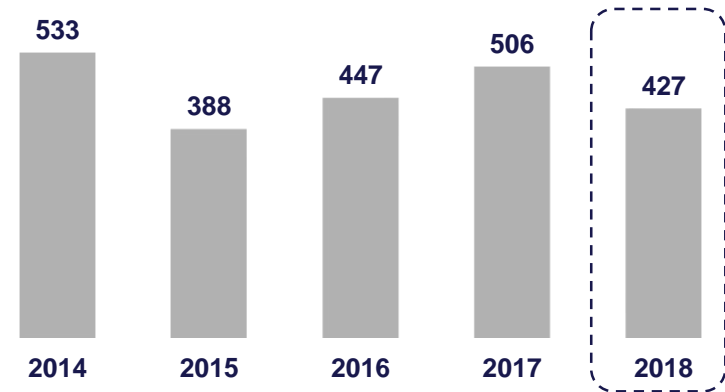
## DIVIDEND YIELD (%)



## DIVIDEND PER SHARE (Fils)



## CASH DIVIDEND (USDm)

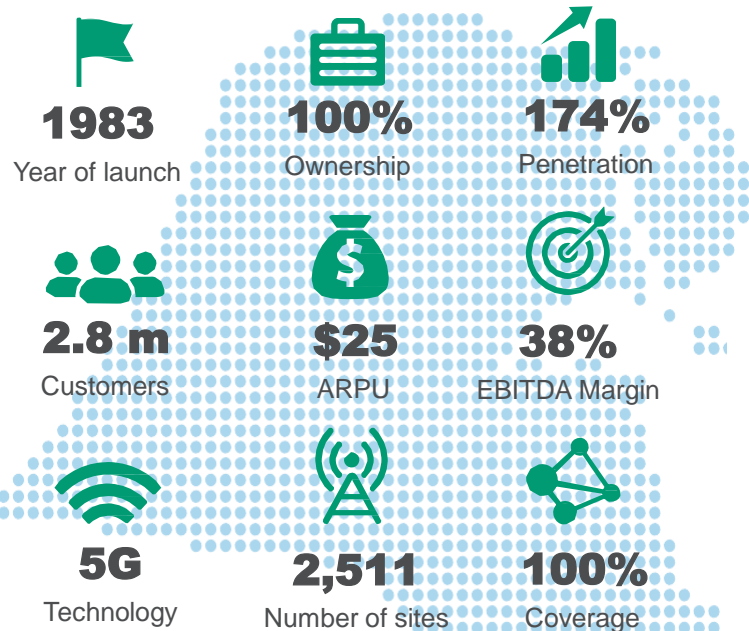


# Content

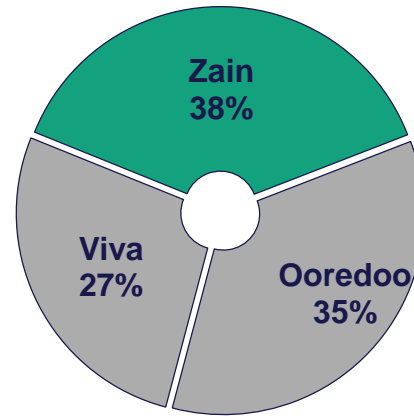
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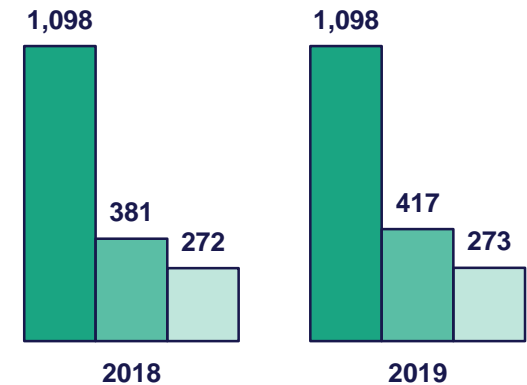
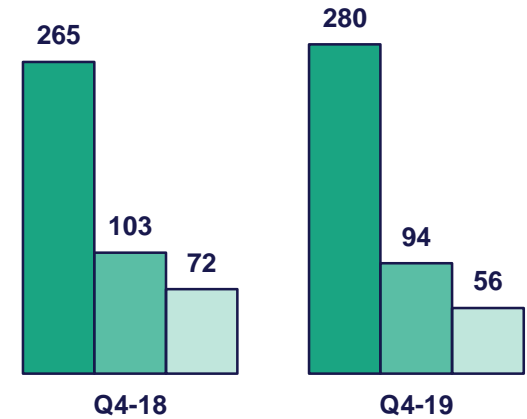
# ZAIN KUWAIT



## MARKET SHARE



## FINANCIALS (USDm)



■ Revenue ■ EBITDA □ Net Income

- Solid FY results (Revenue up 1%, EBITDA up 10% and Net Income up 1.2%)
- Excluding the MEW and bulk sale in 2018, revenue would have grown by 7%
- Increase in EBITDA is due to improved gross margins and IFRS-16 benefits
- Strong concentration on cost optimization initiatives
- Data revenue grew 7% YoY, and formed 37% of total revenue
- 5G network expansion continues, with total planned sites to reach 2K by Q1 2020
- Sale of 1,620 towers completed in Feb 2020 for \$130m (~\$43m net accounting gain)

# ZAIN KSA

**2008**  
Year of acquisition

**37%**  
Ownership

**127%**  
Penetration

**7.6 m**  
Customers

**\$20**  
ARPU

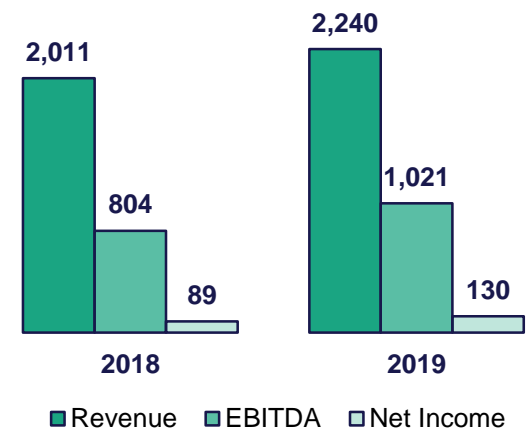
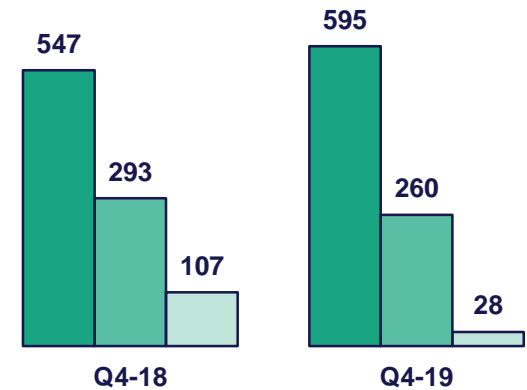
**46%**  
EBITDA Margin

**5G**  
Technology

**9,726**  
Number of sites

**99%**  
Coverage

## FINANCIALS (USDm)

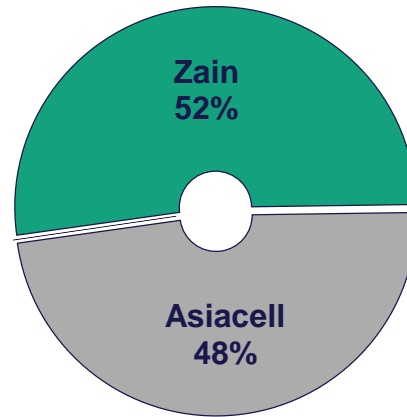


■ Revenue ■ EBITDA ■ Net Income

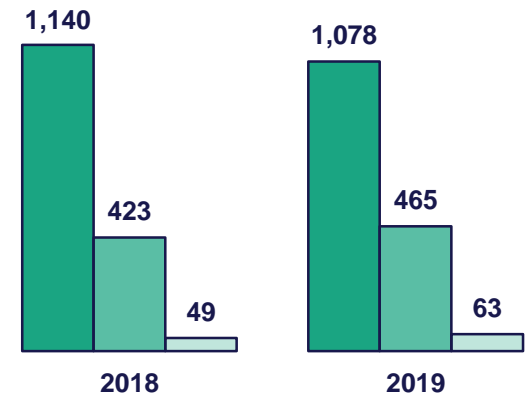
- Another record year, recording highest financial results since inception
- Revenue increased 12% YoY, driven by the revamped postpaid consumer products and major focus remains on the enterprise B2B segment
- New revenue streams (FTTH, DIA and IBS)
- Benefits from Regulatory agreements (CITC waiver)
- Data revenue formed 43% of total revenue
- Total early voluntary repayment towards the senior Murabaha amounted SAR 1.425 billion in the past 18 months
- Settled the ICBC facility in full from the proceeds of the SAR 2.25 billion Murabaha Junior Credit facility

# ZAIN IRAQ

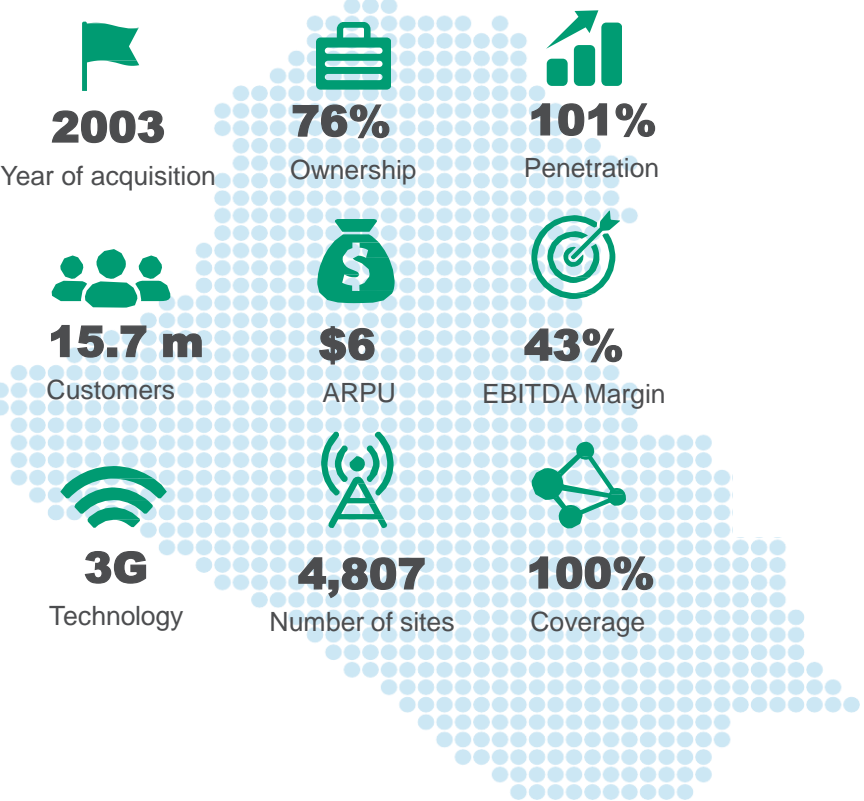
## MARKET SHARE



## FINANCIALS (USDm)

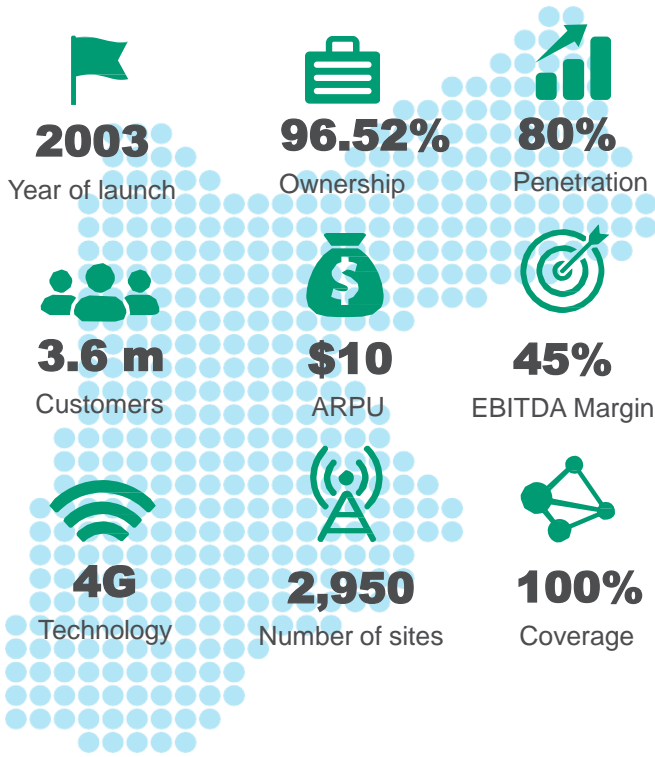


■ Revenue ■ EBITDA □ Net Income

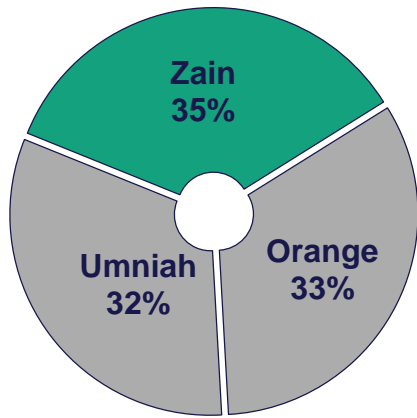


- The period saw intense competition which impacted the top line
- IFRS 16 adoption and strong focus on cost transformation initiatives benefited EBITDA
- Robust growth in enterprise (B2B) segment
- Ongoing lobbying for the 4G license
- Benefit of 5 year extension of 2G and 3G license, effective August 2022

# ZAIN JORDAN



## MARKET SHARE



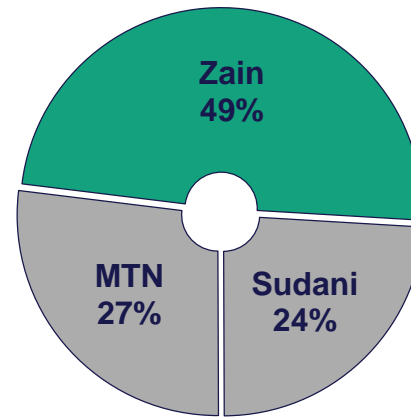
## FINANCIALS (USDm)



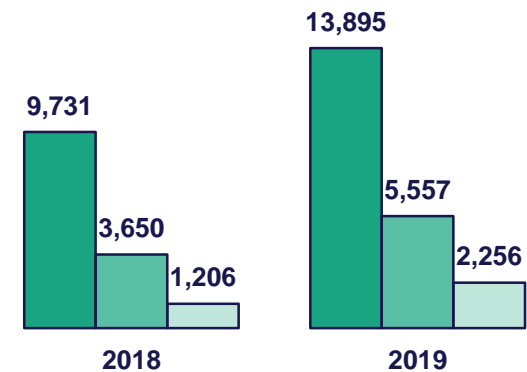
- Solid FY results (Revenue up 0.4%, EBITDA up 14% and Net Income up 5%)
- reduction in interconnection rates (from 11.6 fils to 8.4 fils)
- Lower Opex (lower utilities cost) and new IFRS 16 benefits.
- Data revenues grew by 8% YoY, and formed 41% of total revenue.
- Fiber rollout continues in 2019 resulting an increase in FTTH revenue
- Opening of Nuclear grade data center (The Bunker) offering co-location, Cloud, virtual private data center and Business continuity services.

# ZAIN SUDAN

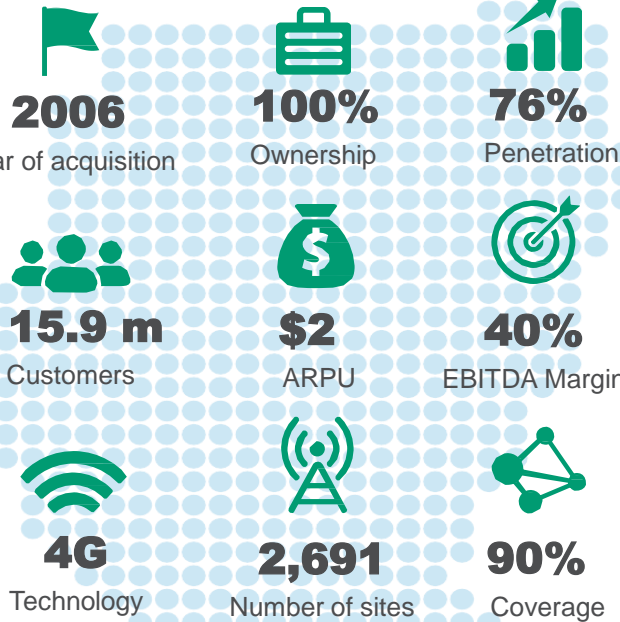
## MARKET SHARE



## FINANCIALS (SDGm)

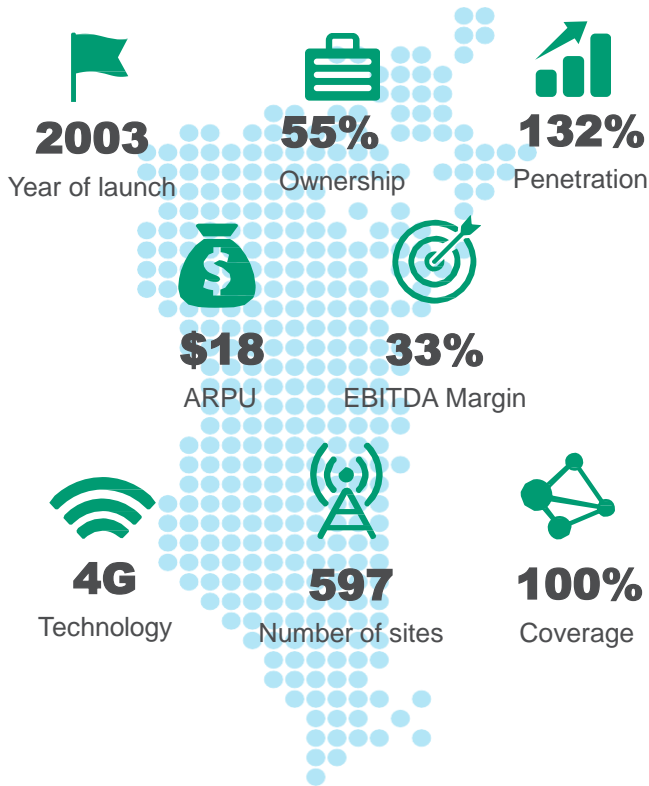


■ Revenue ■ EBITDA □ Net Income



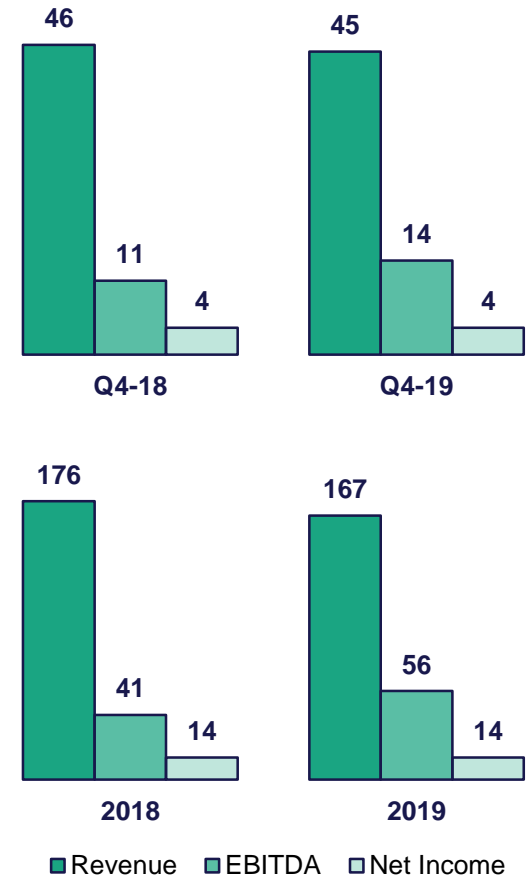
- Impressive FY results in local currency SDG terms
- The political situation witnessed some signs of stability after forming a civilian-led government for a transitional period of three years
- Customer base grew by 9%, to reach 15.9 million
- ~30% currency devaluation affected the financial results in USD terms (from an average of 31.9 in 2018 to 45.8 SDG/USD in 2019)
- Significant cost optimization savings
- Data revenues grew 41% YoY, and formed 18% of total revenue

# ZAIN BAHRAIN



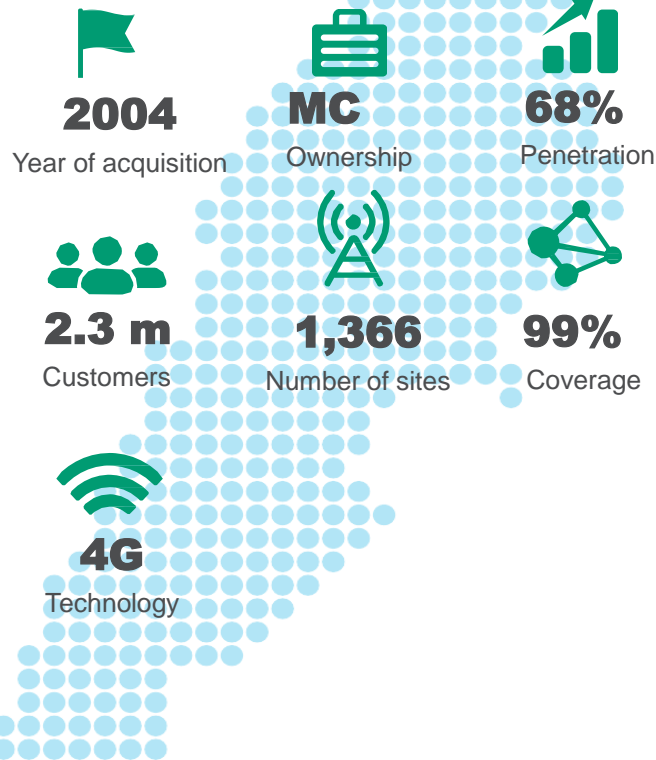
- EBITDA jumped by 35% mainly due to the IFRS 16 benefits
- Net Income increased by 2% YoY, supported by the decrease in regulatory charges
- Data revenue formed 47% of total revenue
- New CEO appointed in Feb 2020
- 5G to be commercially launched in H1 2020

## FINANCIALS (USDm)

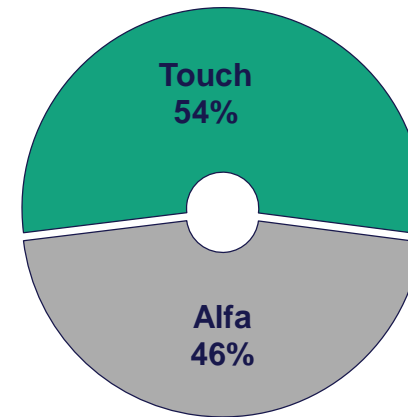


# TOUCH - LEBANON

## 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

	2019	2018		2019	2018
		Restated			Restated
	KD '000			KD '000	
<b>ASSETS</b>			<b>LIABILITIES AND EQUITY</b>		
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and bank balances	296,985	311,916	Trade and other payables	857,512	952,638
Trade and other receivables	555,398	521,534	Deferred revenue	98,495	105,308
Contract assets	66,889	66,062	Liabilities of disposal group classified as held for sale	5,397	-
Inventories	48,513	45,957	Income tax payables	61,775	11,863
Investment securities at fair value through profit or loss	8,540	15,519	Due to banks	180,274	412,971
Assets of disposal group classified as held for sale	17,611	7,656	Lease liabilities	42,795	-
	<b>993,936</b>	<b>968,644</b>		<b>1,246,248</b>	<b>1,482,780</b>
<b>Non-current assets</b>			<b>Non-current liabilities</b>		
Contract assets	28,134	16,940	Due to banks	1,218,450	1,033,565
Investment securities at FVOCI	6,360	7,040	Lease liabilities	144,278	-
Investments in associates and joint venture	72,612	69,851	Other non-current liabilities	448,518	336,325
Other non-current assets	64,669	68,755		<b>1,811,246</b>	<b>1,369,890</b>
Right of use of assets	181,052	-	<b>Equity</b>		
Property and equipment	1,229,291	1,193,222	<b>Attributable to the Company's shareholders</b>		
Intangible assets and goodwill	2,160,039	2,192,218	Share capital	432,706	432,706
	<b>3,742,157</b>	<b>3,548,026</b>	Share premium	1,707,164	1,707,164
<b>Total Assets</b>	<b>4,736,093</b>	<b>4,516,670</b>	Legal reserve	216,354	216,353
			Foreign currency translation reserve	(1,371,841)	(1,367,018)
			Investment fair valuation reserve	(1,088)	864
			Other reserves	(3,044)	(4)
			Retained earnings	318,509	287,143
				<b>1,298,760</b>	<b>1,277,208</b>
			Non-controlling interests	379,839	386,792
			<b>Total equity</b>	<b>1,678,599</b>	<b>1,664,000</b>
			<b>Total Liabilities and Equity</b>	<b>4,736,093</b>	<b>4,516,670</b>

# Statement of Profit or Loss

	2019	2018
	KD '000	
Revenue	1,660,890	1,317,613
Cost of sales	(459,135)	(375,517)
Operating and administrative expenses	(434,436)	(409,996)
Depreciation and amortization	(375,954)	(229,532)
Expected credit loss on financial assets (ECL)	(38,886)	(13,188)
Interest income	7,098	18,320
Investment income	1,007	3,930
Share of results of associates and joint venture	2,762	(2,444)
Other income/ (expenses)	38,955	(41,696)
Gain on business combination	-	30,931
Finance costs	(110,723)	(69,173)
Provision for impairment loss on property and equipment	-	(9,648)
Loss from currency revaluation	(13,058)	(14,764)
Net monetary gain	5,074	46,935
<b>Profit before contribution to KFAS, NLST, Zakat, income taxes and Board of Directors' remuneration</b>	<b>283,594</b>	<b>251,771</b>
Contribution to Kuwait Foundation for Advancement of Sciences	(2,200)	(1,667)
National Labour Support Tax and Zakat	(7,082)	(4,476)
Income tax expenses and other levies	(25,253)	(19,752)
Board of Directors' remuneration	(510)	(420)
<b>Profit for the year</b>	<b>248,549</b>	<b>225,456</b>
<b>Attributable to:</b>		
Shareholders of the Company	216,928	196,500
Non-controlling interests	31,621	28,956
	<b>248,549</b>	<b>225,456</b>

## Earnings per share (EPS)

	2019	2018
Basic and diluted – Fils	50	45

# Statement of Cash Flows

	2019	2018		2019	2018
	KD '000			KD '000	
<b>Cash flows from operating activities</b>			<b>Cash flows from investing activities</b>		
Profit for the year before income tax, KFAS, NLST, and Zakat	283,084	251,351	Deposits maturing after three months and cash at bank under lien	(7,403)	30,286
Adjustments for:			Proceeds from sale of investment securities	7,916	1,919
Depreciation and amortization	375,954	229,532	Investments in securities	(325)	(4,132)
ECL on financial assets	38,886	13,188	Increase in dues from associates	-	(7,039)
Interest income	(7,098)	(18,320)	Acquisition of property and equipment (net)	(282,799)	(173,837)
Investment income	(1,007)	(3,930)	Acquisition of intangible assets (net)	(33,417)	(43,977)
Share of results of associates and joint venture	(2,762)	2,444	Net cash on acquisition of subsidiaries	(11,703)	101,993
Other income/ (expenses)	(38,955)	41,696	Interest received	5,749	6,028
Gain on business combination	-	(30,931)	Dividends received	383	253
Finance costs	110,723	69,173	<i>Net cash used in investing activities</i>	<b>(321,599)</b>	<b>(88,506)</b>
Provision for impairment loss on property and equipment	-	9,648	<b>Cash flows from financing activities</b>		
Loss from currency revaluation	13,058	14,764	Proceeds from bank borrowings	540,727	203,019
Net monetary gain	(5,074)	(46,935)	Repayment of bank borrowings	(587,387)	(288,901)
Loss on sale of property and equipment	1,400	202	Repayment of lease liabilities	(59,114)	-
Operating profit before working capital changes	<b>768,209</b>	<b>531,882</b>	Dividends paid to Company's shareholders	(129,705)	(151,017)
Increase in trade and other receivables	(99,916)	(84,716)	Dividends paid to minority shareholders of subsidiaries	(5,047)	(1,569)
Increase in inventories	(243)	(3,730)	Finance costs paid – due to banks	(112,438)	(52,966)
Increase in trade and other payables and deferred revenue	4,495	70,706	<i>Net cash used in financing activities</i>	<b>(352,964)</b>	<b>(291,434)</b>
<i>Cash generated from operations</i>	<b>672,545</b>	<b>514,142</b>	<b>Net (decrease)/ increase in cash and cash equivalents</b>	(22,752)	117,762
<i>Payments:</i>			Effects of exchange rate changes on cash and cash equivalents	418	(13,461)
Income tax	(16,614)	(10,629)	Transition adjustment on adoption of IFRS 9	-	(6,497)
Kuwait Foundation for Advancement of Sciences (KFAS)	(771)	(319)	Cash and cash equivalents at beginning of year	304,236	206,432
National Labour Support Tax and Zakat	(3,349)	(5,492)	<i>Net cash used in investing activities</i>	<b>281,902</b>	<b>304,236</b>
<i>Net cash from operating activities</i>	<b>651,811</b>	<b>497,702</b>			



# THANK YOU

Website : [zain.com](http://zain.com)

Email : [IR@zain.com](mailto:IR@zain.com)



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