



Zain Group Financial Results

Q4 2020



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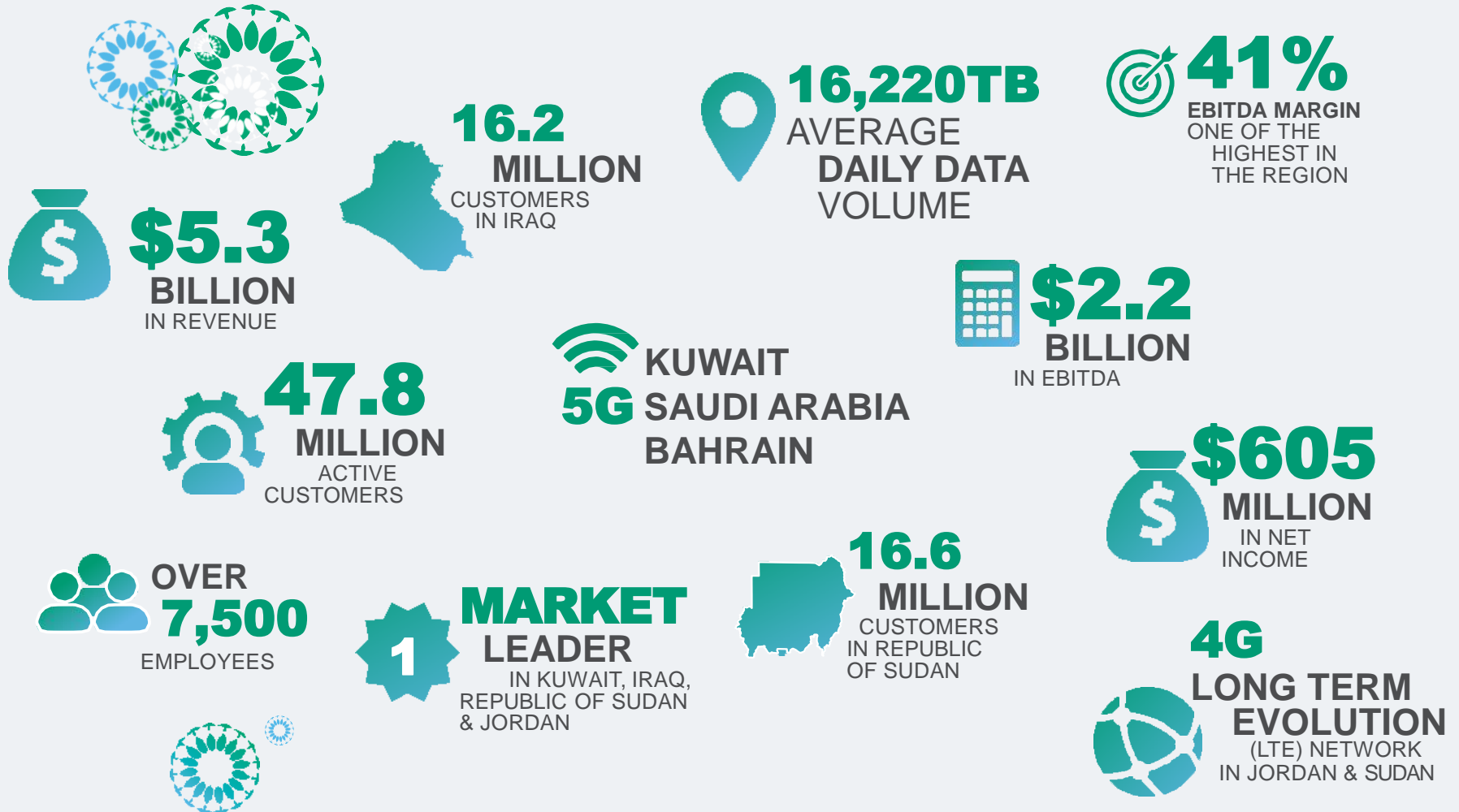
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1. Results Review
2. Operations review
3. Financial Statements

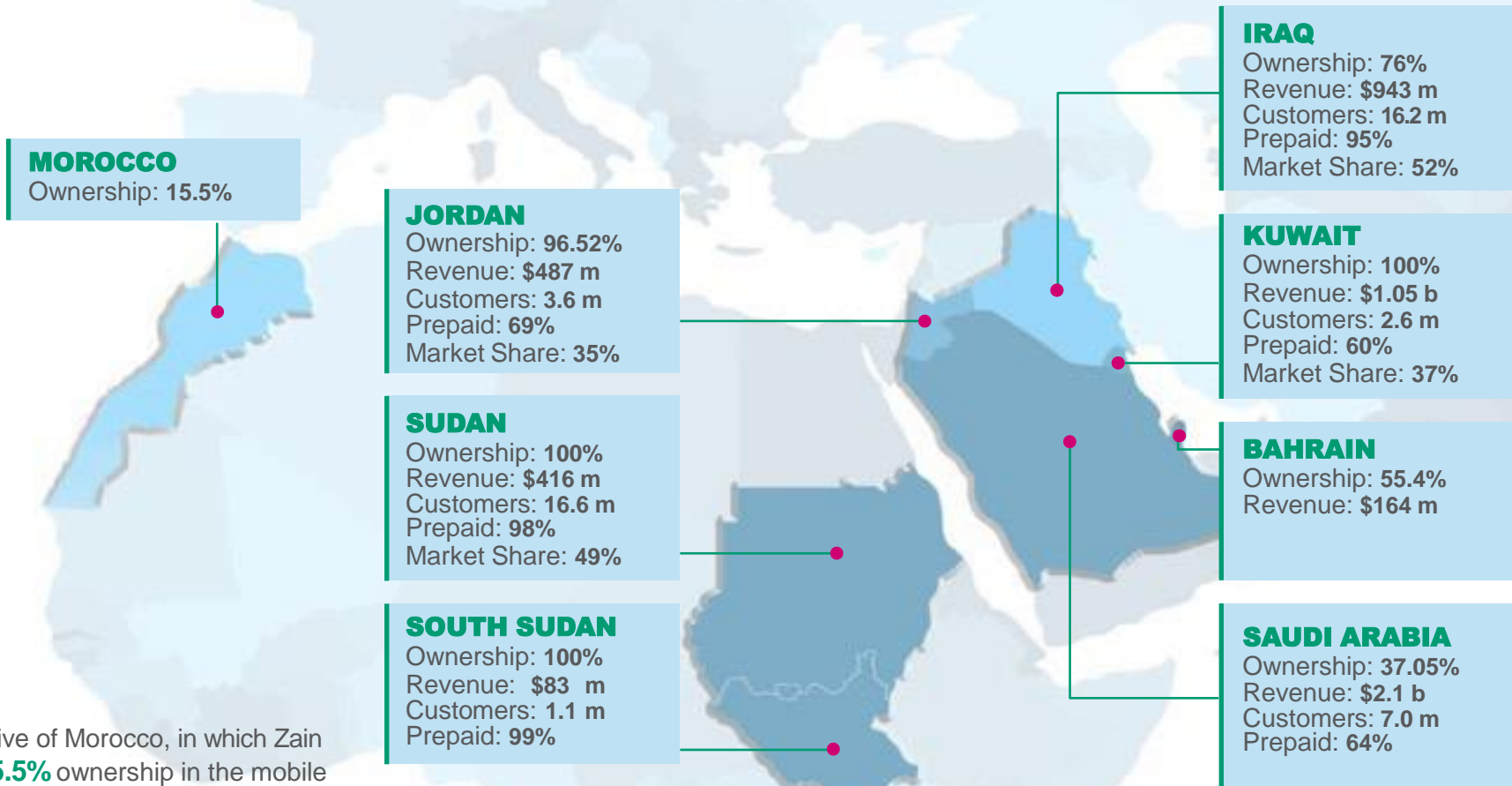


Zain At A Glance – 2020



The World of Zain – 2020

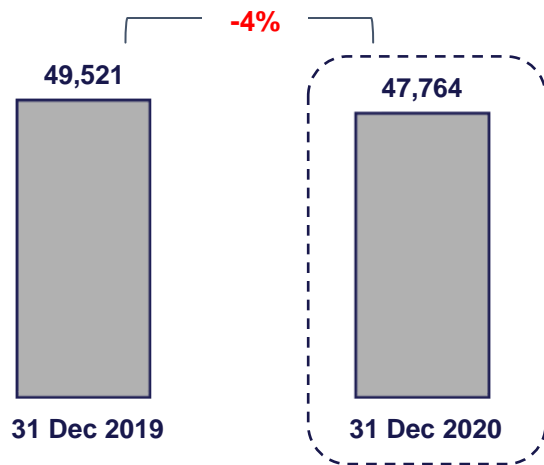
ZAIN'S WORLD CATERS TO **47.8** MILLION CUSTOMERS IN **7** COUNTRIES*



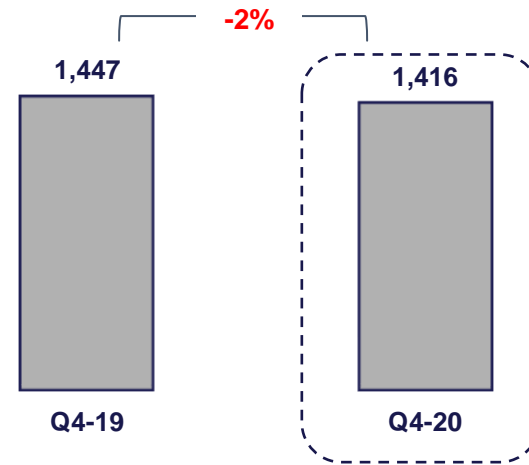
* exclusive of Morocco, in which Zain has a **15.5%** ownership in the mobile operator "INWI"

Group Financial Highlights – Q4 2020

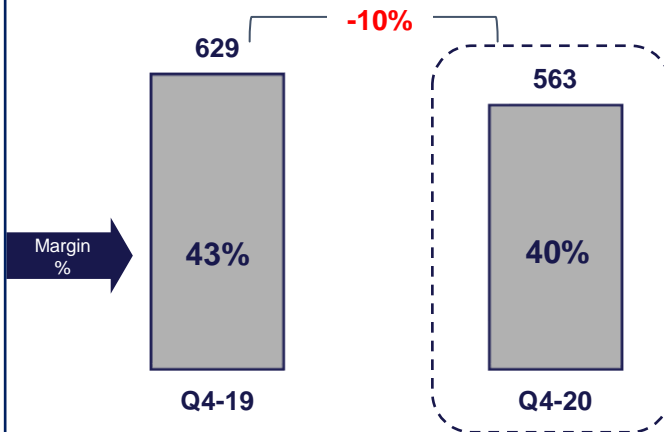
CUSTOMERS (000)



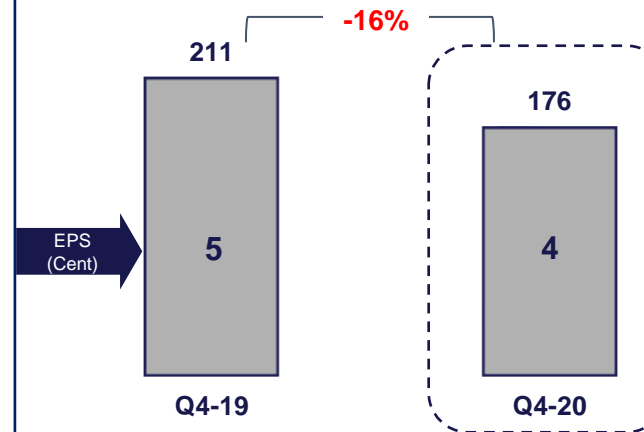
REVENUE (USDm)



EBITDA (USDm)

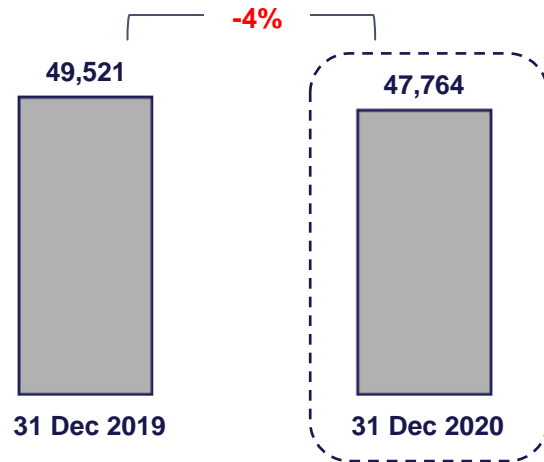


NET INCOME (USDm)

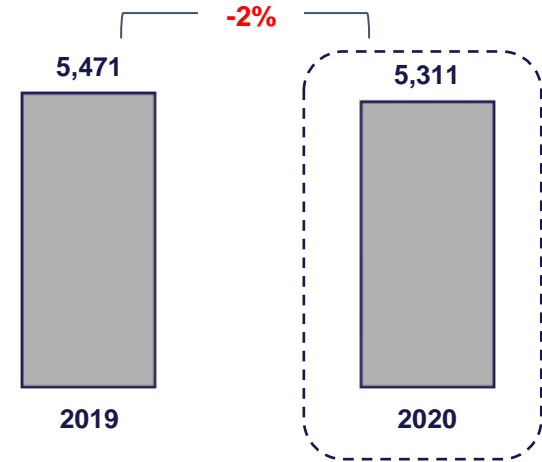


Group Financial Highlights – 2020

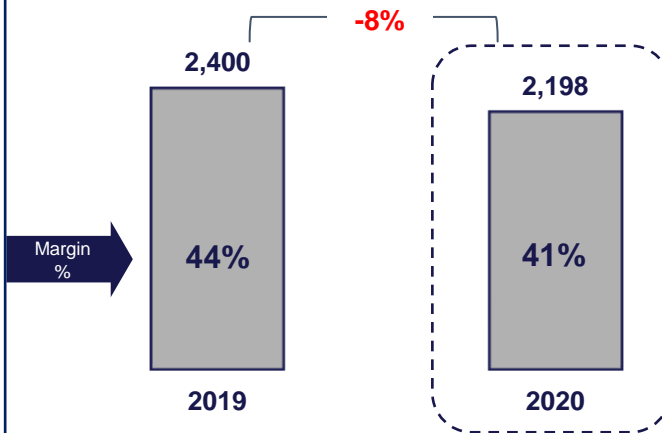
CUSTOMERS (000)



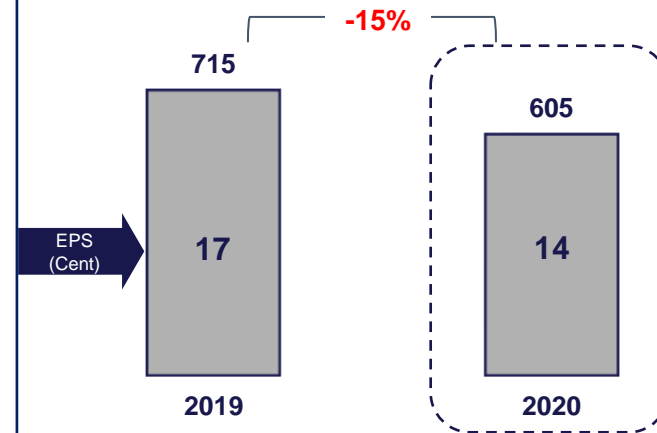
REVENUE (USDm)



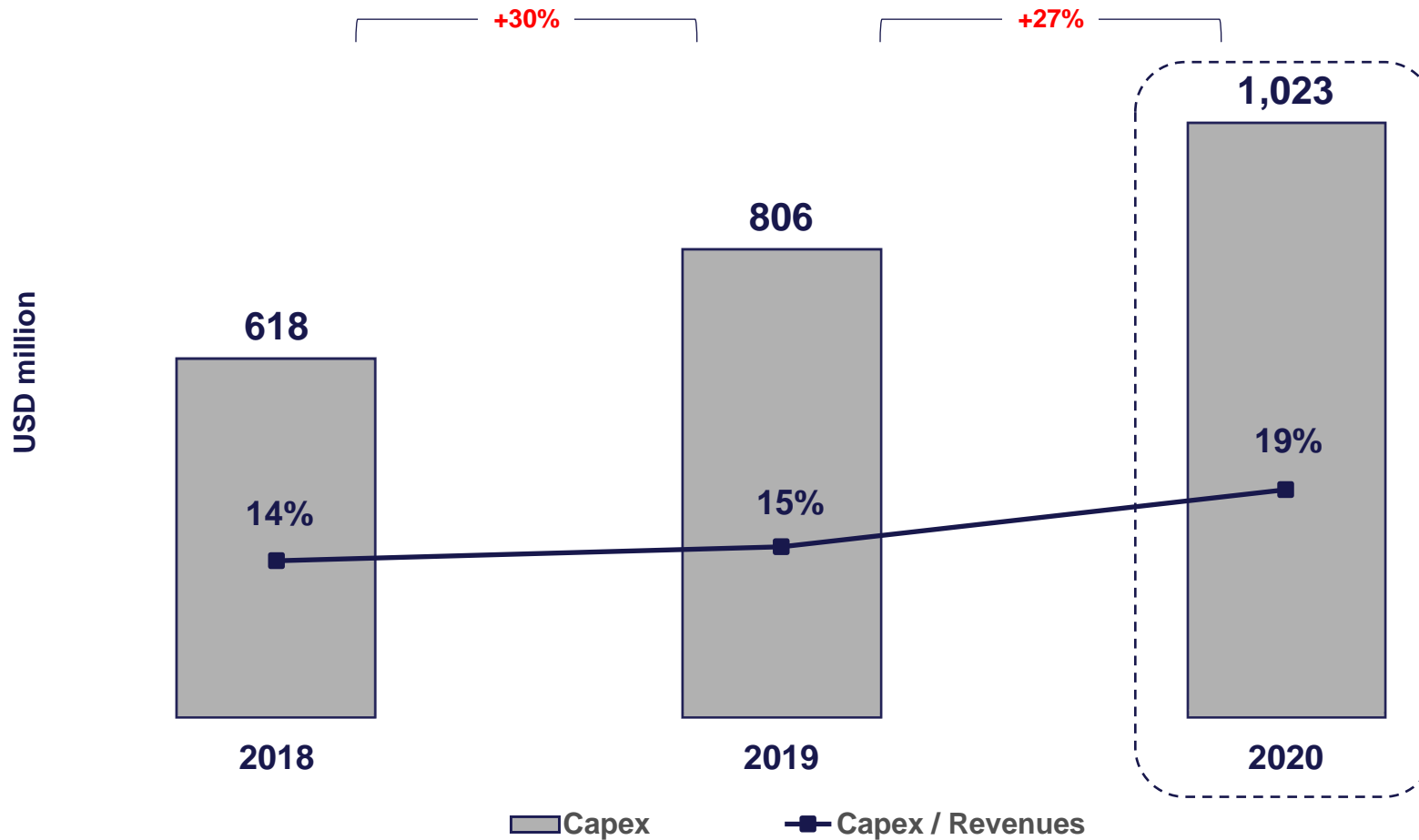
EBITDA (USDm)



NET INCOME (USDm)



CAPEX & CAPEX / REVENUE

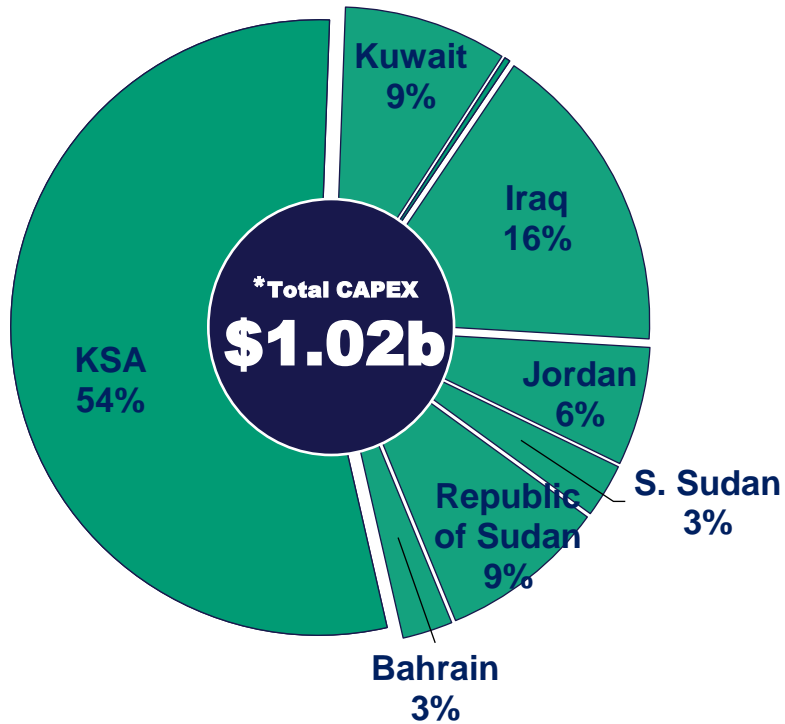


* 2018 Capex includes Zain KSA Capex from Q3 2018 onwards

* Capex includes only tangible assets

TOTAL CAPEX

CAPEX BREAKDOWN

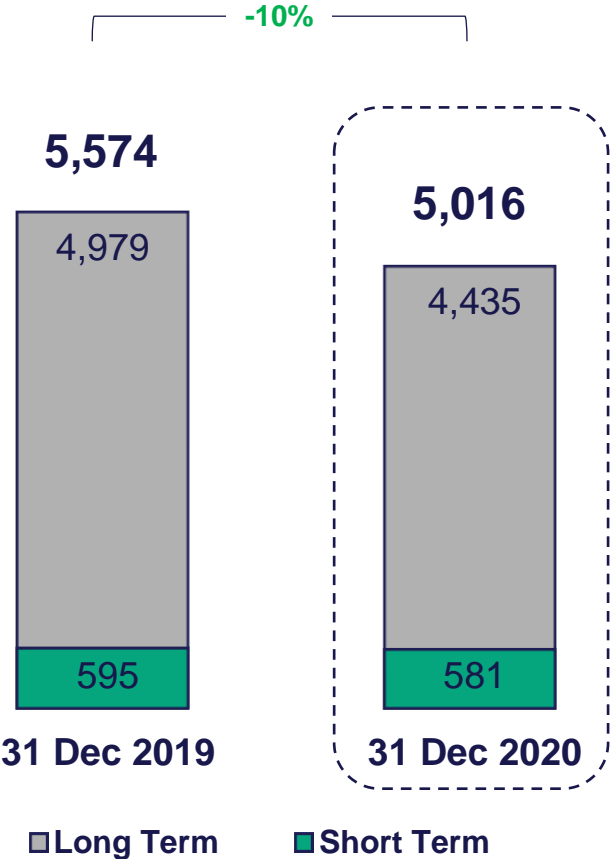


| OPCO | 2020 (USDm) | % OF REVENUES |
|----------|-------------|---------------|
| Kuwait | 88 | 8% |
| Iraq | 169 | 18% |
| Sudan | 90 | 22% |
| KSA | 555 | 26% |
| Jordan | 64 | 13% |
| Bahrain | 62 | 38% |
| S. Sudan | 29 | 35% |
| Other | 3 | N/A |

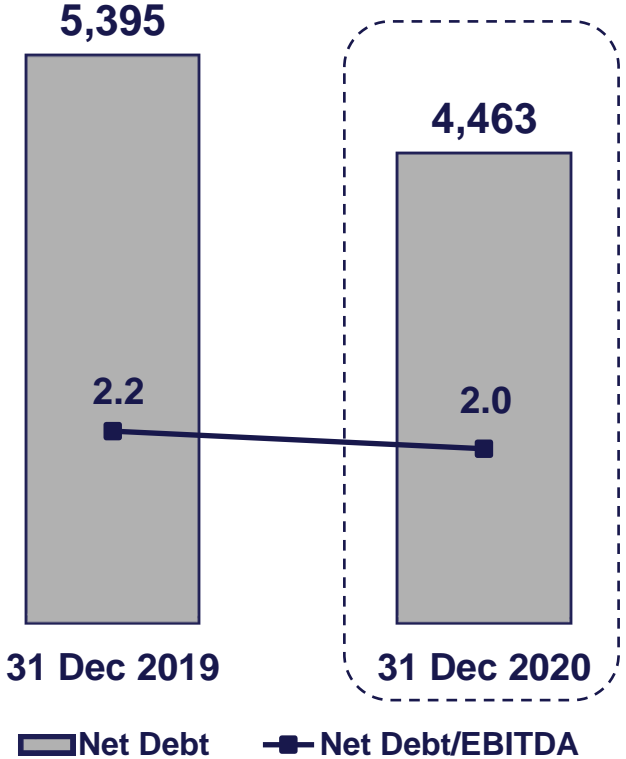
* Capex includes only tangible assets

Group Financial Highlights

TOTAL DEBT (USDm)



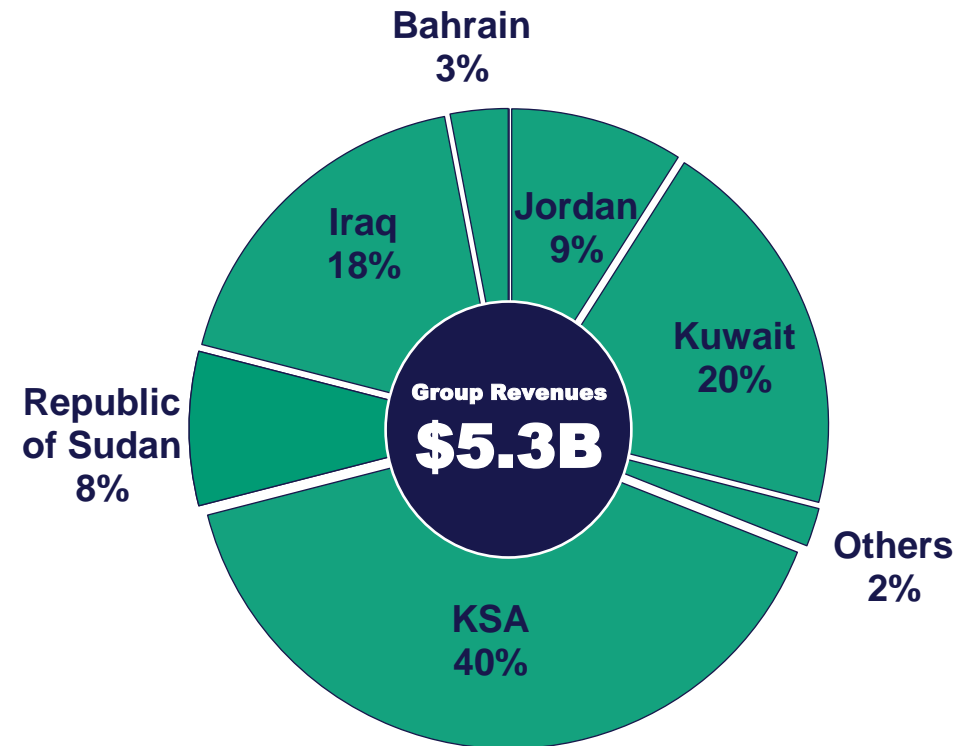
NET DEBT (USDm) & NET DEBT/EBITDA



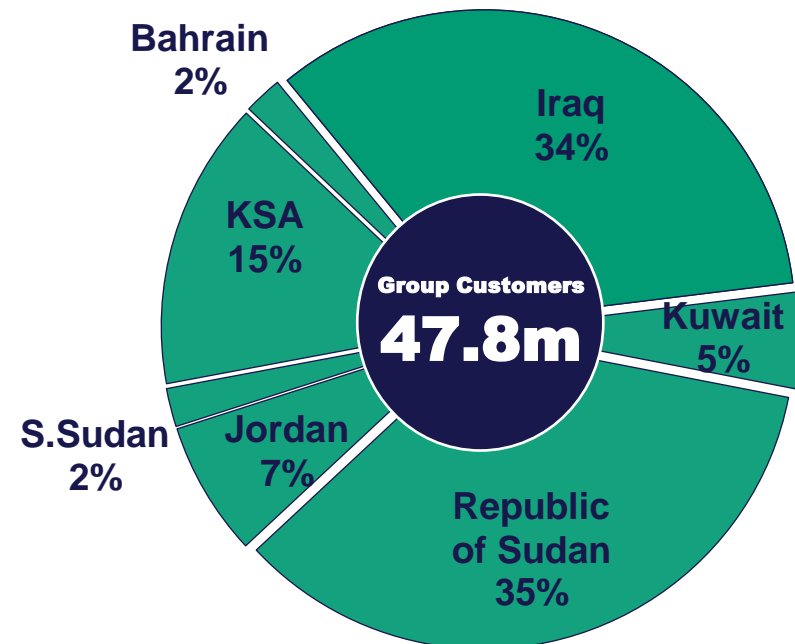
Net Debt = Total interest bearing debt (including letters of guarantee) after deducting cash and cash equivalents

Group Financial Highlights – 2020

REVENUE CONTRIBUTION

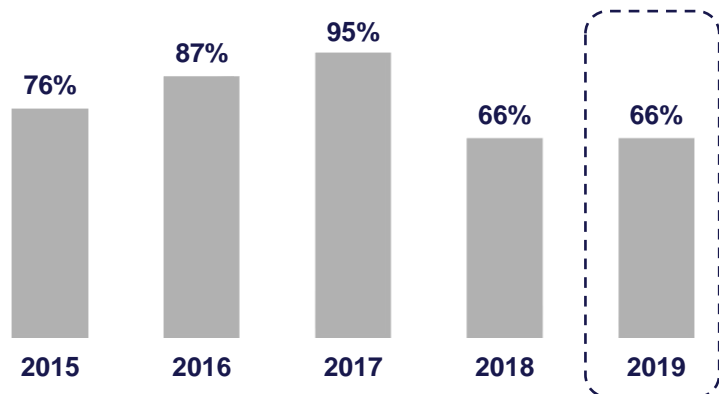


CUSTOMER CONTRIBUTION

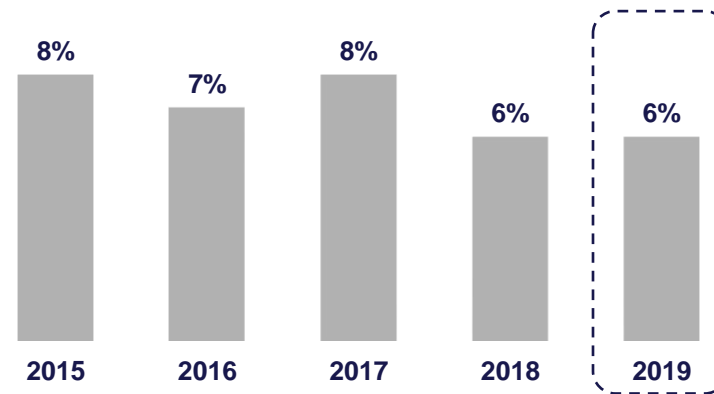


ZAIN DIVIDENDS

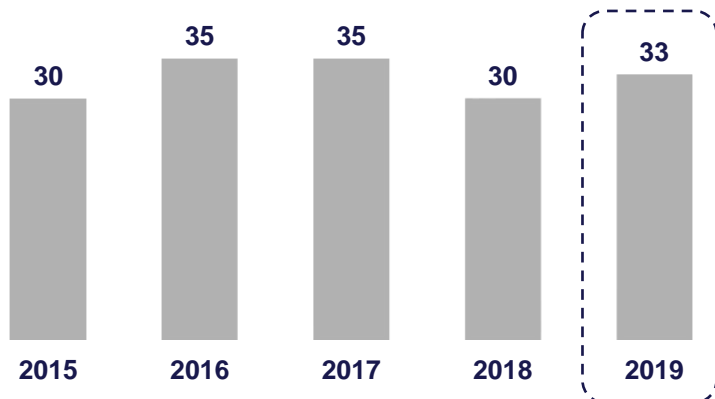
DIVIDEND PAYOUT RATIO



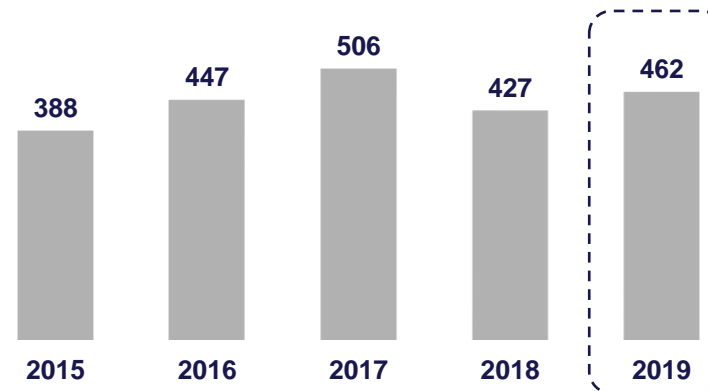
DIVIDEND YIELD (%)



DIVIDEND PER SHARE (Fils)



CASH DIVIDEND (USDm)

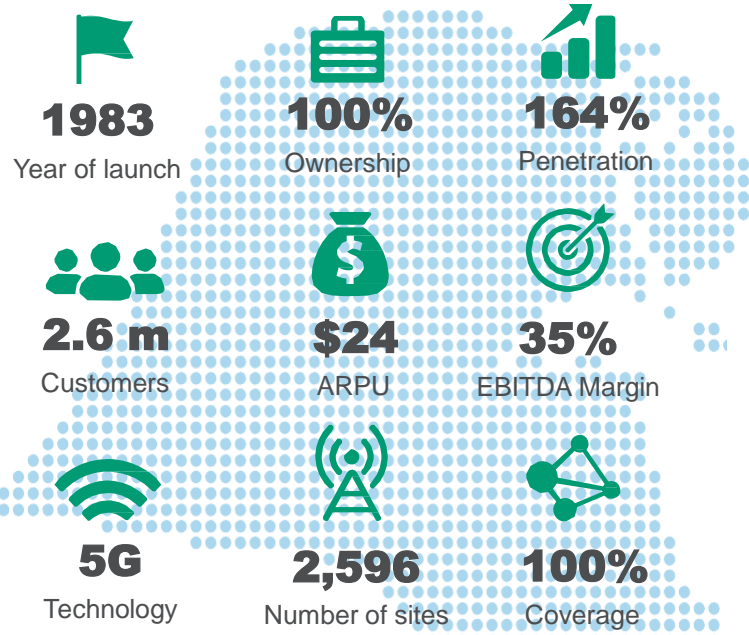


Content

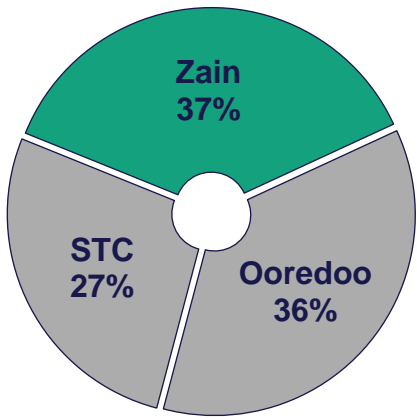
1. Results Review
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ZAIN KUWAIT



MARKET SHARE



FINANCIALS (USDm)



- Revenue 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 62 million
- Strong concentration on cost optimization to reduce the overall pandemic impact to the bottom line
- Commission savings due to significant acceleration to digital channels
- Data revenue formed 38% of total revenue
- ~USD 20 million gain on sale and leaseback Towers
- Received USD 8 million support by the Government to support local employees

ZAIN KSA



2008

Year of acquisition



37%

Ownership



113%

Penetration



7.0 m

Customers



\$20

ARPU



43%

EBITDA Margin



5G

Technology



9,897

Number of sites

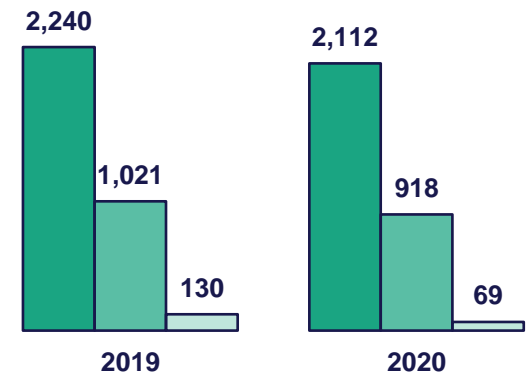


99%

Coverage

- YoY revenue impacted by 6% mainly due to decrease in airtime revenue, handset sales and reduction in MTR (SAR0.055 to SAR0.022) starting 10th June 2020
- The impact from COVID-19 on revenue ~USD 176 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 50% of total revenue, 8% YoY growth
- Healthy growth in the FTTH revenue and customer base
- 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

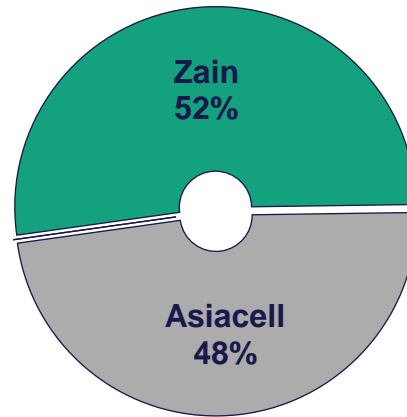
FINANCIALS (USDm)



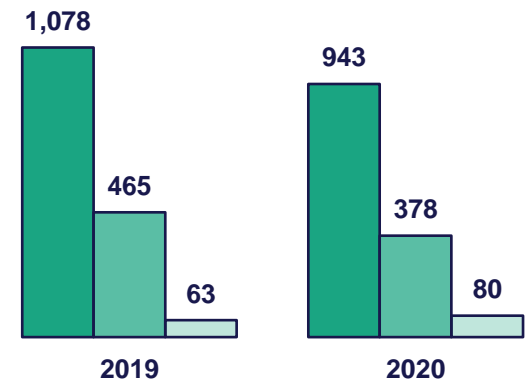
■ Revenue ■ EBITDA ■ Net Income

ZAIN IRAQ

MARKET SHARE



FINANCIALS (USDm)

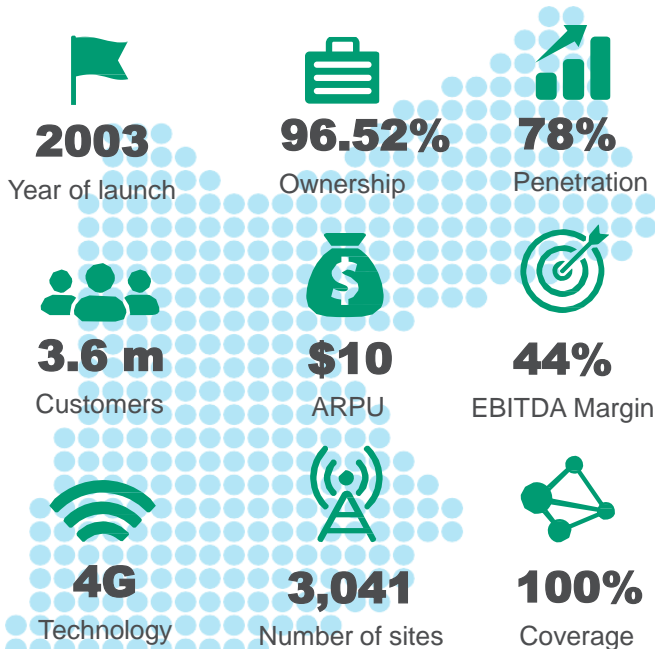


■ Revenue ■ EBITDA ■ Net Income

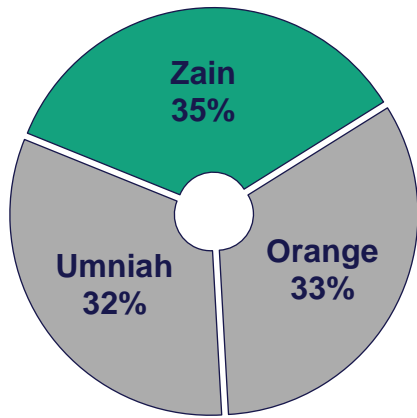
- 2003** Year of acquisition
- 76%** Ownership
- 100%** Penetration
- 16.2 m** Customers
- \$5** ARPU
- 40%** EBITDA Margin
- 3G** Technology
- 4,883** Number of sites
- 100%** Coverage

- 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 131 million
- Robust growth in enterprise (B2B) segment
- Net income increased by 27% due to lower amortization following the license extension 2G + 3G for an additional 8 years to expire in August 2030
- The first to launch 4G-LTE services in Iraq after fulfilling all licensing requirements
- Currency devaluation of 19% from IQD/USD 1,190 to 1,470

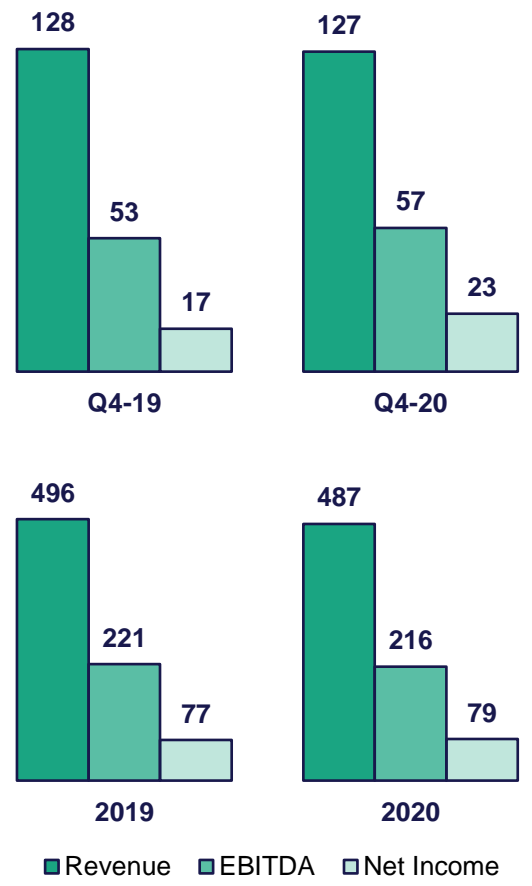
ZAIN JORDAN



MARKET SHARE



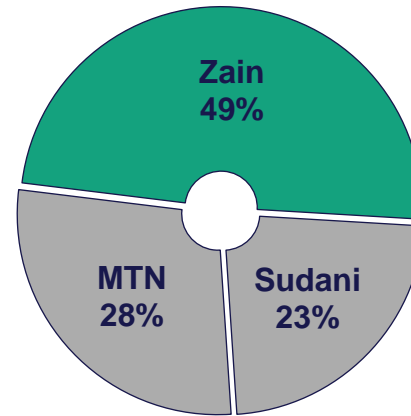
FINANCIALS (USDm)



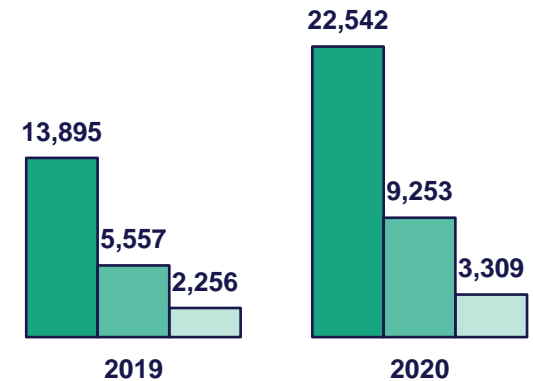
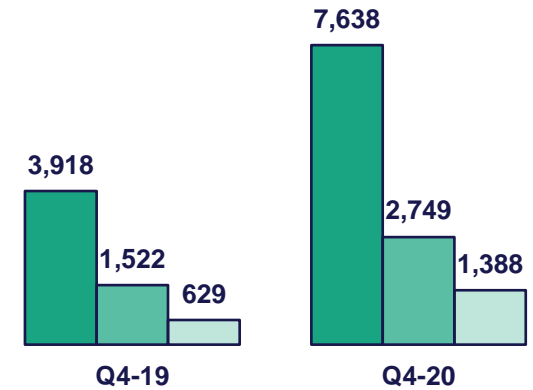
- Top line impacted by 2% YoY, mainly due to decrease in airtime, roaming revenue
- The impact of COVID-19 on revenue is ~USD 22 million
- Further reduction in local interconnection rates (from 8.4 fils to 5.2 fils)
- Healthy growth in the FTTH revenue and customer base
- Strong Zain Cash performance, which helped the government to distribute salaries and other aid funds through the e-wallet
- Data revenue grew by 12% YoY, and formed 46% of total revenue

ZAIN SUDAN

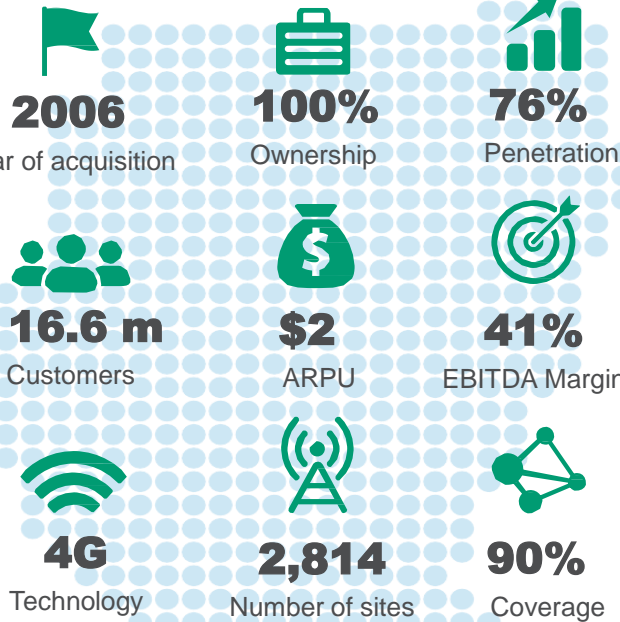
MARKET SHARE



FINANCIALS (SDGm)

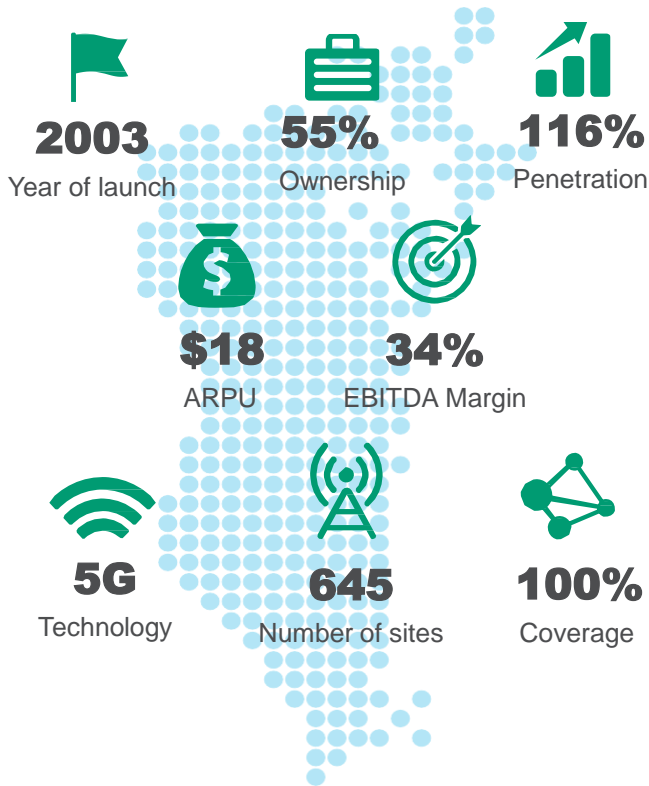


■ Revenue ■ EBITDA ■ Net Income



- Impressive YoY growth both in USD & SDG terms on account of price revamp
- COVID-19 impact on revenue ~\$11m
- Customer base grew by 4%, to reach 16.6 million
- ~16% currency devaluation affected the financial results in USD terms (from 45.6 in FY 2019 to 54.4 SDG/USD in FY 2020)
- Significant cost optimization savings
- Data revenue grew 142% YoY, and formed 26% of total revenues

ZAIN BAHRAIN



FINANCIALS (USDm)



- Revenue decreased by 1% YoY, mainly due to lower airtime & roaming revenue
- The impact from COVID-19 on revenue ~USD 15 million
- Data revenue formed 51% of total revenue, up 7% YoY
- In late June, Zain Bahrain Launched 5G commercial services, becoming the 3rd 5G network in the Group following Zain Kuwait and Zain KSA
- Received USD 2 million support by the Government to support local employees

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Statement of Financial Position

| | 2020 | 2019 | | 2020 | 2019 |
|--|------------------|------------------|---|------------------|------------------|
| | KD '000 | | | KD '000 | |
| ASSETS | | | LIABILITIES AND EQUITY | | |
| Current assets | | | Current liabilities | | |
| Cash and bank balances | 393,060 | 296,985 | Trade and other payables | 990,763 | 857,512 |
| Trade and other receivables | 579,286 | 555,398 | Deferred revenue | 95,828 | 98,495 |
| Contract assets | 55,805 | 66,889 | Liabilities of disposal group classified as held for sale | 1,316 | 5,397 |
| Inventories | 51,102 | 48,513 | Income tax payables | 20,530 | 61,775 |
| Investment securities at fair value through profit or loss | 9,785 | 8,540 | Due to banks | 176,546 | 180,274 |
| Assets of disposal group classified as held for sale | 6,917 | 17,611 | Lease liabilities | 38,410 | 42,795 |
| | 1,095,955 | 993,936 | | 1,323,393 | 1,246,248 |
| Non-current assets | | | Non-current liabilities | | |
| Contract assets | 36,624 | 28,134 | Due to banks | 1,019,830 | 1,218,450 |
| Investment securities at FVOCI | 5,325 | 6,360 | Lease liabilities | 143,718 | 144,278 |
| Investments in associates and joint venture | 76,137 | 72,612 | Other non-current liabilities | 490,079 | 448,518 |
| Other non-current assets | 47,113 | 64,669 | | 1,653,627 | 1,811,246 |
| Right of use of assets | 169,292 | 181,052 | Equity | | |
| Property and equipment | 1,313,582 | 1,229,291 | Attributable to the Company's shareholders | | |
| Intangible assets and goodwill | 2,167,536 | 2,160,039 | Share capital | 432,706 | 432,706 |
| | 3,815,609 | 3,742,157 | Share premium | 1,707,164 | 1,707,164 |
| Assets | 4,911,564 | 4,736,093 | Legal reserve | 216,354 | 216,354 |
| | | | Foreign currency translation reserve | -1,390,619 | -1,371,841 |
| | | | Investment fair valuation reserve | -3,966 | -1,088 |
| | | | Other reserves | -5,383 | -3,044 |
| | | | Retained earnings | 359,180 | 318,509 |
| | | | | 1,315,436 | 1,298,760 |
| | | | Non-controlling interests | 619,108 | 379,839 |
| | | | Total equity | 1,934,544 | 1,678,599 |
| | | | Total Liabilities and Equity | 4,911,564 | 4,736,093 |

Statement of Profit or Loss

| | 2020 | 2019 | | 2020 | 2019 |
|---|----------------|----------------|---------------------------------|------|------|
| | KD '000 | | | | |
| Revenue | 1,626,885 | 1,660,890 | | | |
| Cost of sales | -447,765 | -459,135 | | | |
| Operating and administrative expenses | -467,056 | -434,436 | | | |
| Depreciation and amortization | -360,723 | -375,954 | | | |
| Expected credit loss on financial assets (ECL) | -38,696 | -38,886 | | | |
| Interest income | 4,102 | 7,098 | | | |
| Investment income | 2,021 | 1,007 | | | |
| Share of results of associates and joint venture | 766 | 2,762 | | | |
| Other income | 3,056 | 38,955 | | | |
| Gain on sale and lease back transactions | 6,205 | - | | | |
| Gain on modification of financial liabilities | 11,128 | - | | | |
| Finance costs | -88,361 | -110,723 | | | |
| Loss from currency revaluation | -14,443 | -13,058 | | | |
| Net monetary gain | 5,163 | 5,074 | | | |
| Profit before contribution to KFAS, NLST, Zakat, income taxes and Board of Directors' remuneration | 242,282 | 283,594 | | | |
| Contribution to Kuwait Foundation for Advancement of Sciences | -1,862 | -2,200 | | | |
| National Labour Support Tax and Zakat | -8,672 | -7,082 | | | |
| Income tax expenses and other levies | -23,106 | -25,253 | | | |
| Board of Directors' remuneration | -435 | -510 | | | |
| Profit for the year | 208,207 | 248,549 | | | |
| Attributable to: | | | | | |
| Shareholders of the Company | 185,150 | 216,928 | Earnings per share (EPS) | | |
| Non-controlling interests | 23,057 | 31,621 | Basic and diluted – Fils | 43 | 50 |
| | 208,207 | 248,549 | | | |

Statement of Cash Flows

| | 2020 | 2019 | | 2020 | 2019 |
|--|----------------|----------------|---|-----------------|-----------------|
| | KD '000 | | | KD '000 | |
| Cash flows from operating activities | | | Cash flows from investing activities | | |
| Profit for the year before income tax, KFAS, NLST, and Zakat | 241,847 | 283,084 | Deposits maturing after three months and cash at banks under lien | 6,754 | -28,568 |
| Adjustments for: | | | Proceeds from sale of investment securities | 1,772 | 7,916 |
| Depreciation and amortization | 360,723 | 375,954 | Investments in securities | -2,813 | -325 |
| ECL on financial assets | 38,696 | 38,886 | Investment in associate | -823 | - |
| Interest income | -4,102 | -7,098 | Acquisition of property and equipment (net) | -273,470 | -282,799 |
| Investment income | -2,021 | -1,007 | Acquisition of intangible assets (net) | -33,066 | -33,417 |
| Share of results of associates and joint venture | -766 | -2,762 | Proceeds from sale of telecom assets (sale and lease back) | 21,797 | - |
| Other income | - | -38,955 | Net cash on acquisition of subsidiaries | - | -11,703 |
| Gain on sale and lease back transactions | -6,205 | - | Interest received | 3,484 | 5,749 |
| Gain on modification of financial liabilities | -11,128 | - | Dividends received | 123 | 383 |
| Finance costs | 88,361 | 110,723 | <i>Net cash used in investing activities</i> | -276,242 | -342,764 |
| Loss from currency revaluation | 14,443 | 13,058 | Cash flows from financing activities | | |
| Net monetary gain | -5,163 | -5,074 | Proceeds from bank borrowings | 261,335 | 540,727 |
| Loss on sale of property and equipment | 296 | 1,400 | Repayment of bank borrowings | -454,500 | -587,387 |
| Cash flows from operating activities before working capital changes | 714,981 | 768,209 | Repayment of lease liabilities | -53,347 | -59,114 |
| Increase in trade and other receivables | -79,568 | -99,916 | Dividends paid to Company's shareholders | -132,799 | -129,705 |
| Increase in inventories | -2,610 | -243 | Dividends paid to minority shareholders of subsidiaries | -6,011 | -5,047 |
| Increase in trade and other payables and deferred revenue | 45,743 | 4,495 | Non- controlling interest - rights issue by a subsidiary | 226,185 | - |
| Cash generated from operations | 678,546 | 672,545 | Finance costs paid | -77,268 | -112,438 |
| <i>Payments:</i> | | | <i>Net cash used in financing activities</i> | -236,405 | -352,964 |
| Income tax | -42,214 | -16,614 | Net increase/ (decrease) in cash and cash equivalents | | |
| Kuwait Foundation for Advancement of Sciences (KFAS) | -674 | -771 | | 106,241 | -43,917 |
| National Labour Support Tax and Zakat | -16,770 | -3,349 | Effects of exchange rate changes on cash and cash equivalents | -3,412 | 418 |
| Net cash from operating activities | 618,888 | 651,811 | Cash and cash equivalents at beginning of year | 260,737 | 304,236 |
| | | | Cash and cash equivalents at end of year | 363,566 | 260,737 |



THANK YOU

Website : zain.com

Email : IR@zain.com

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

