



Investor Presentation

2010

A wonderful world



Zain

Disclaimer

Certain expectations and projections regarding future performance of the company referenced in this presentation may be “forward-looking” statements within the meaning of applicable securities laws and regulations. These are statements which the management believes are true at the time of their preparation based on available data and information and are subject to certain future events and uncertainties, that could cause actual results to differ materially from those anticipated in these forward-looking statements.



To Consolidate its Position in the Middle East

Who we are now

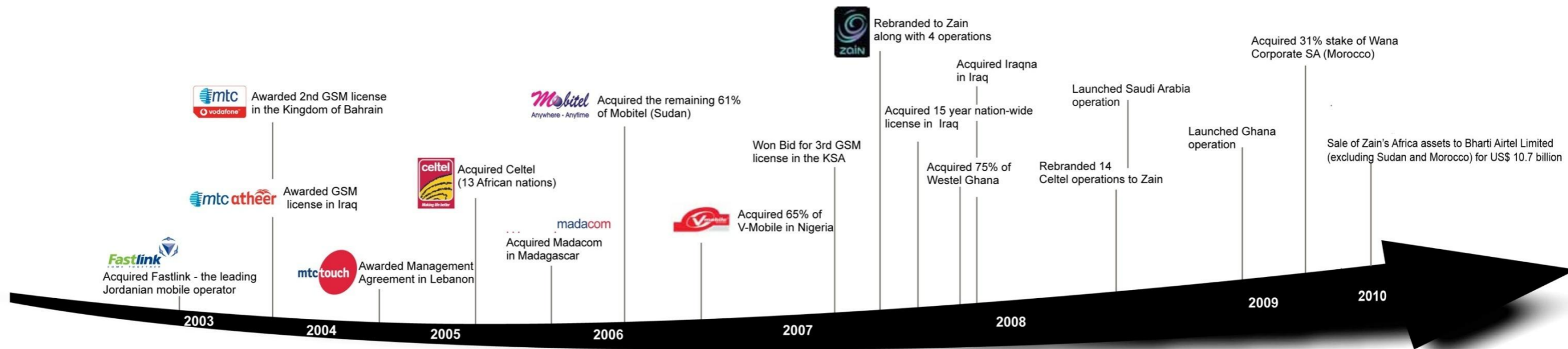
- Zain is an emerging telecoms player operating in **7 countries** in the Middle East, serving over **37.2 million** active customers
- The company is the leading mobile telecom operator in **5** of its markets
- **Revenues: US\$ 4,719.3 million; EBITDA: US\$ 2,151.3 million; Net Income: US\$ 3,675.0 million*** for 2010

* Includes Capital Gain of US\$ 2.653 billion from sale of African Assets in June 2010



Zain's Historical Growth

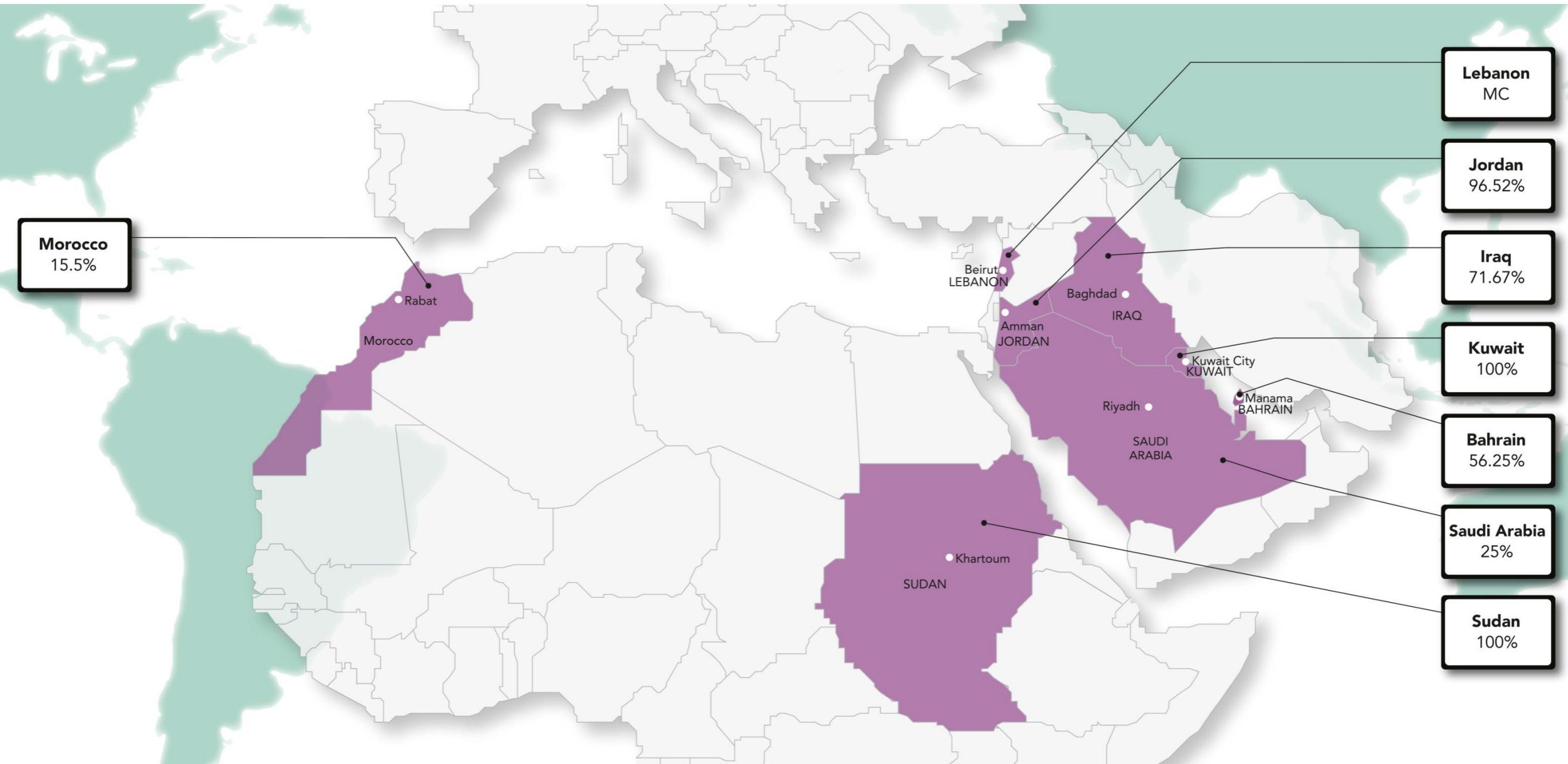
From a National Player to an Emerging Markets Leader



* MTC Atheer & Iraqna jointly operate under the Zain brand

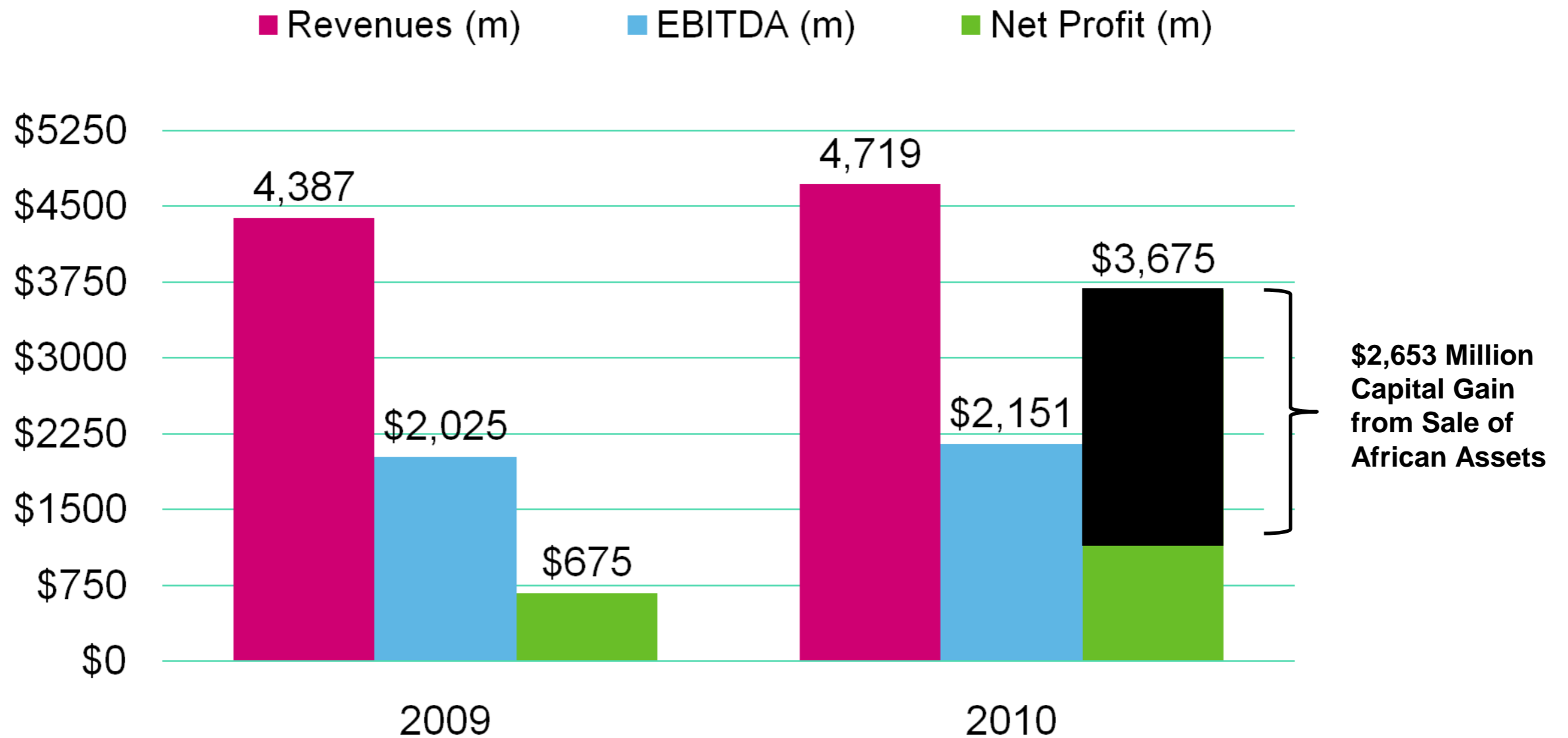


Zain Group's Footprint





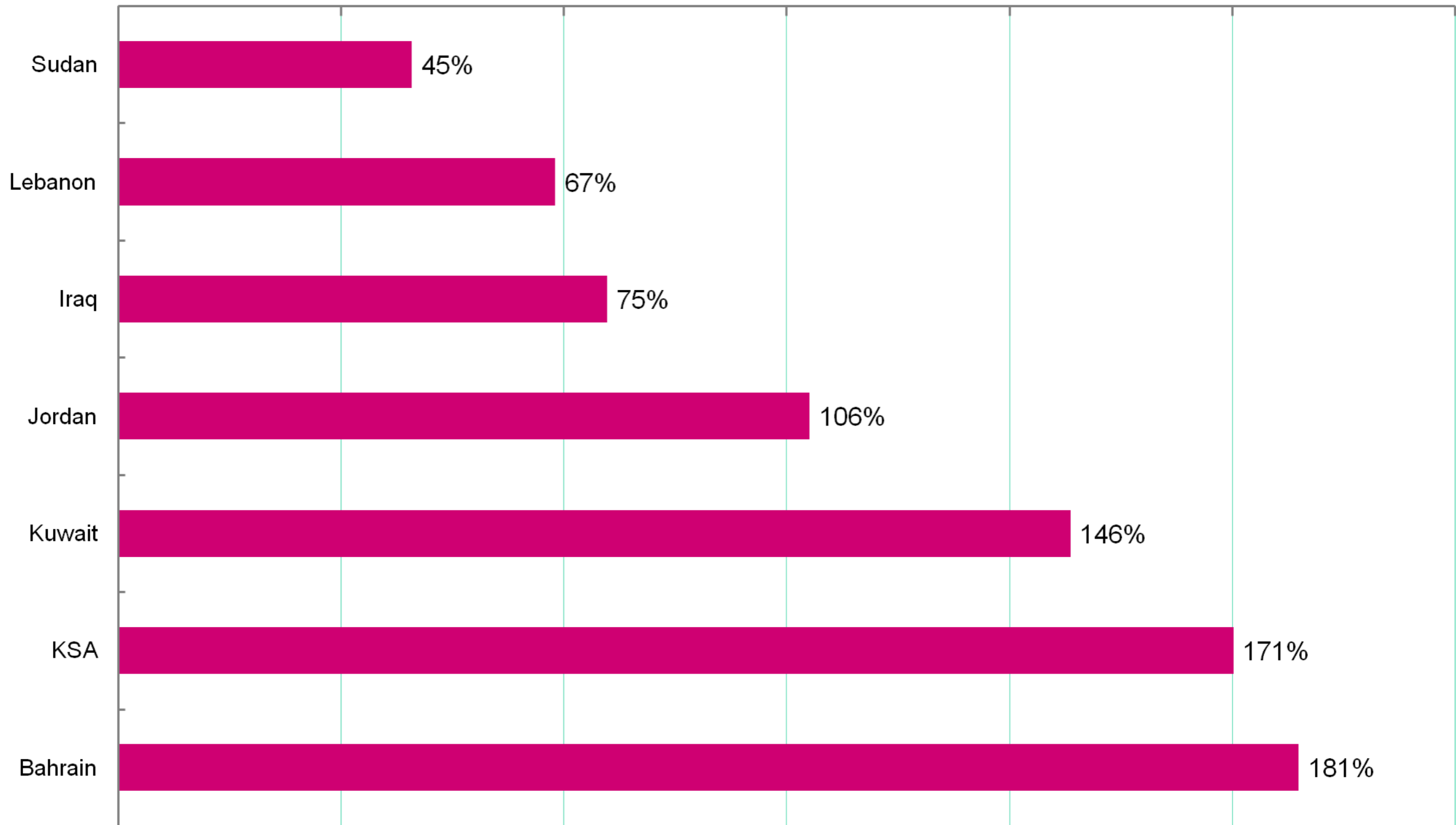
Zain's Key Performance Indicators





Penetration Rates

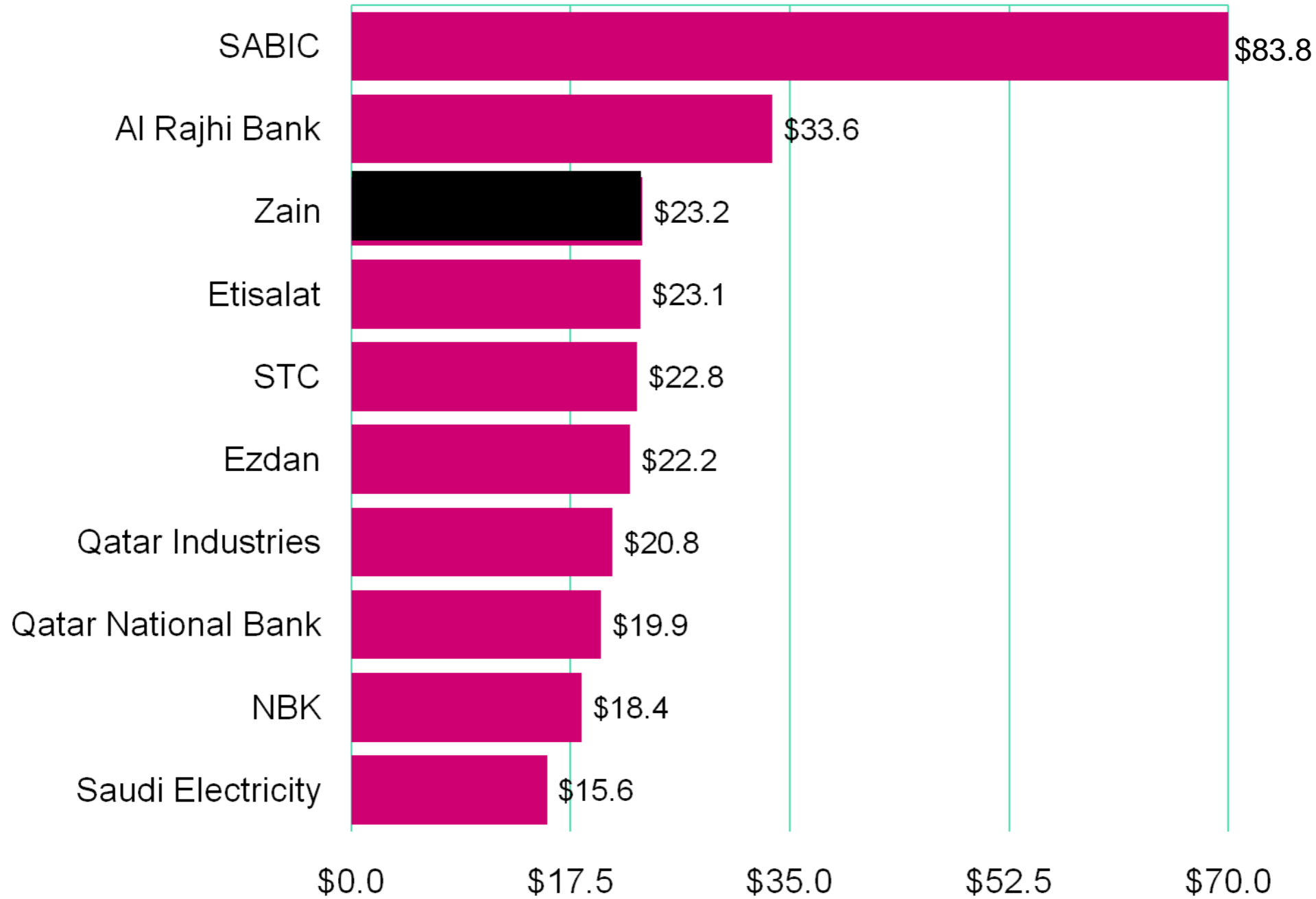
Substantial Potential for Future Growth





Top 10 Companies in Middle East

Market Cap (Billion)



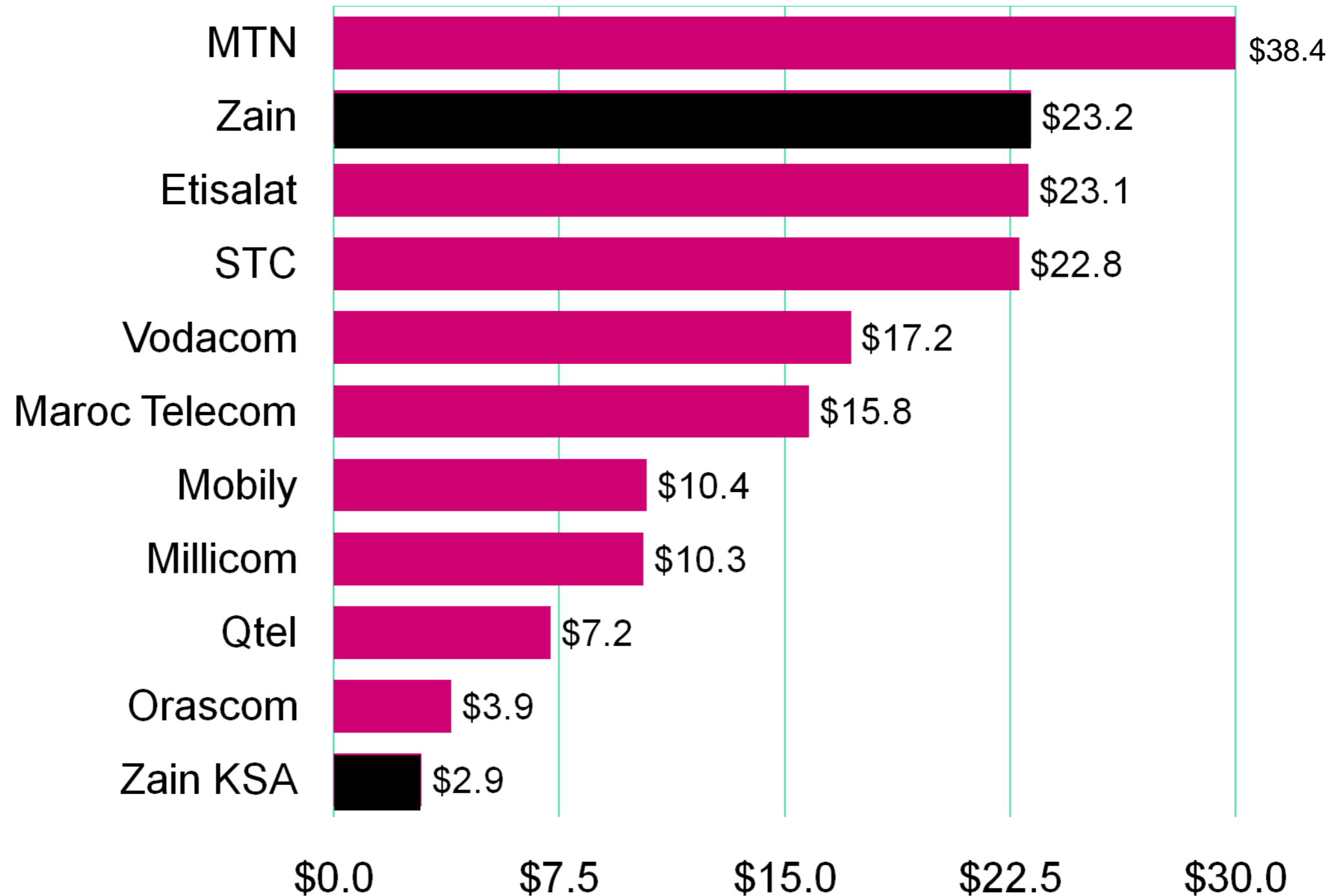
As of December 31, 2010

Source: Reuters



Top Telecom Companies in Middle East & Africa

Market Cap (Billion)



As of December 31,, 2010

Source: Reuters

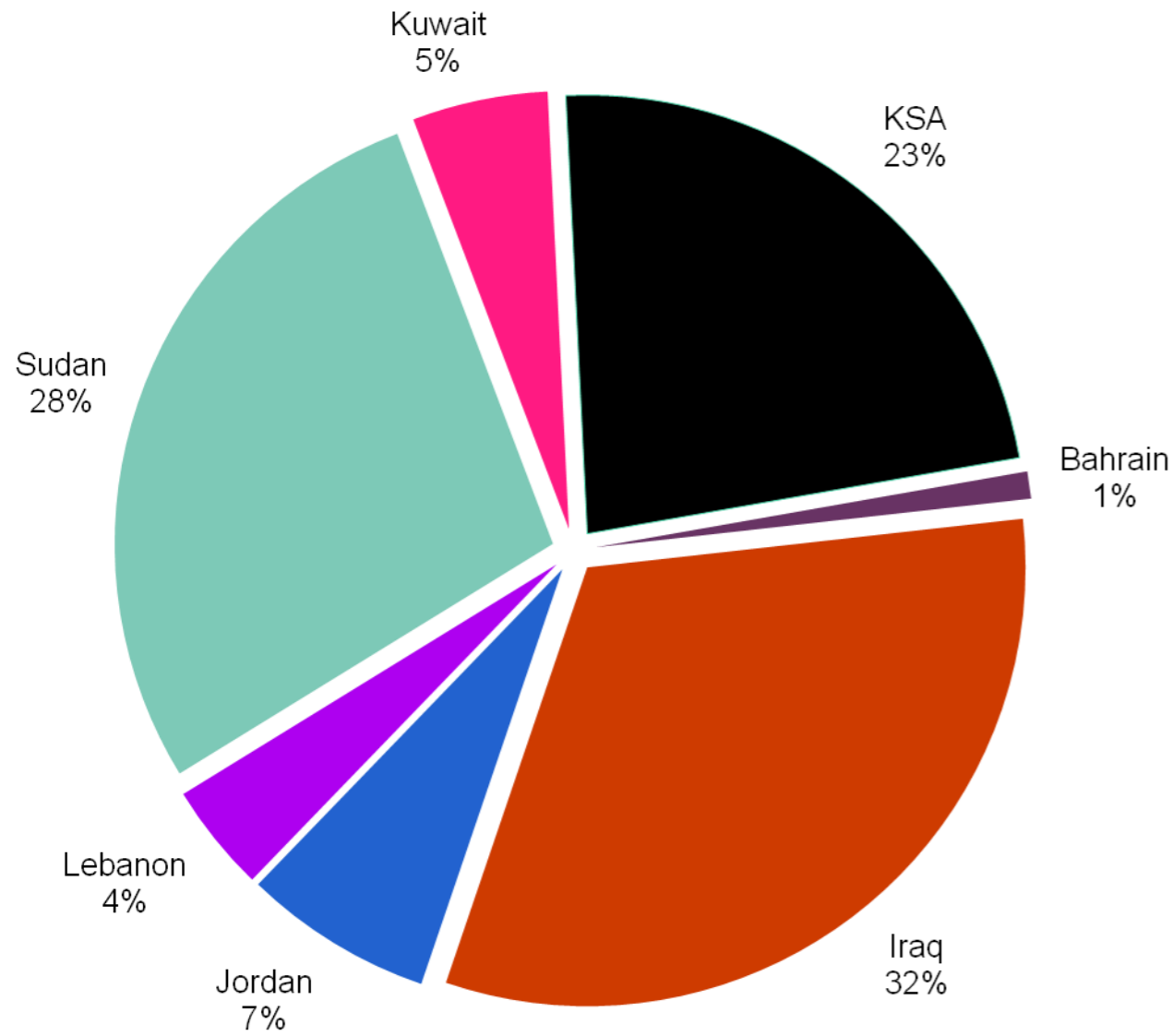
Zain's Mobile Operations



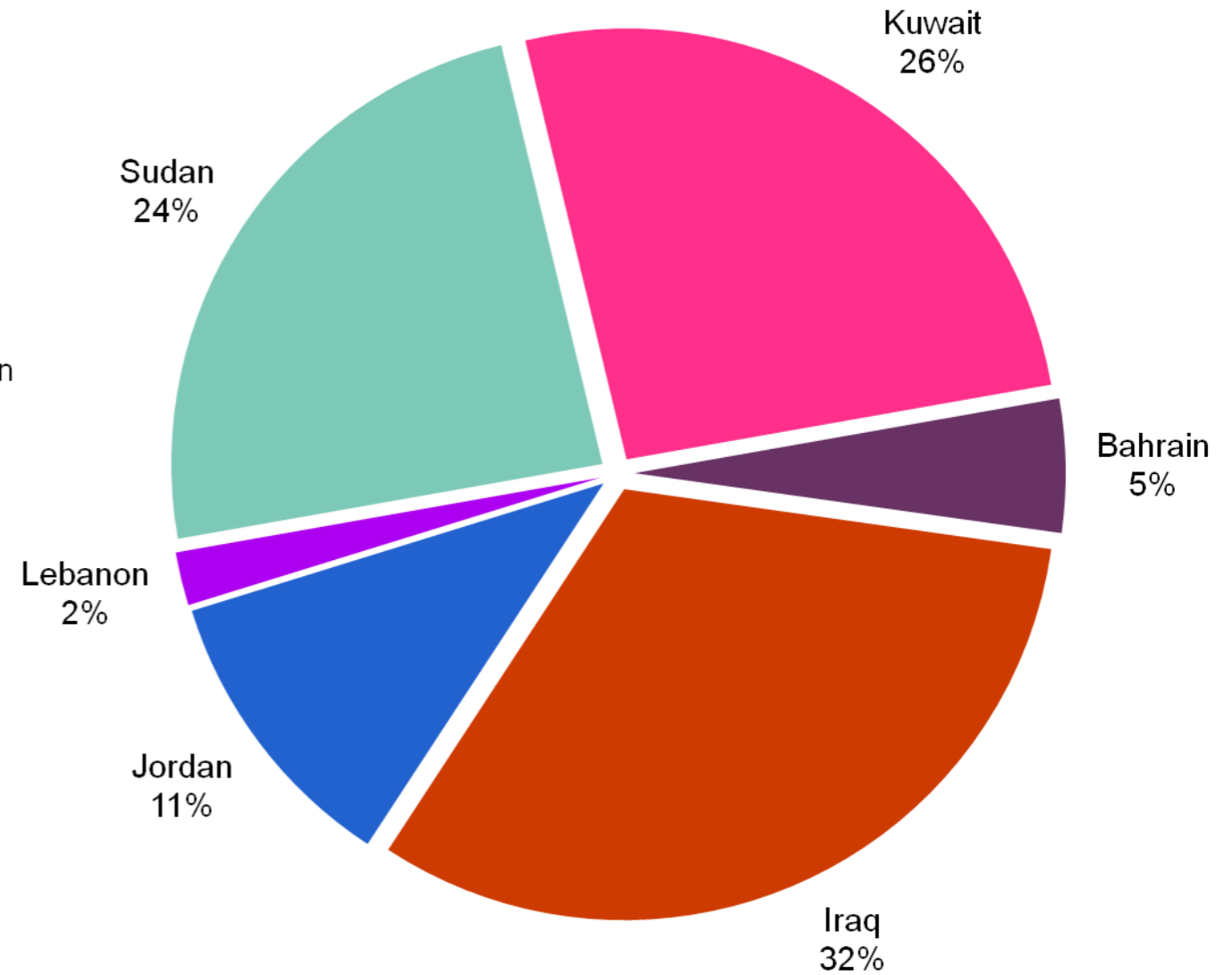


Zain Group Country Breakdown 2010

Zain Group Customers

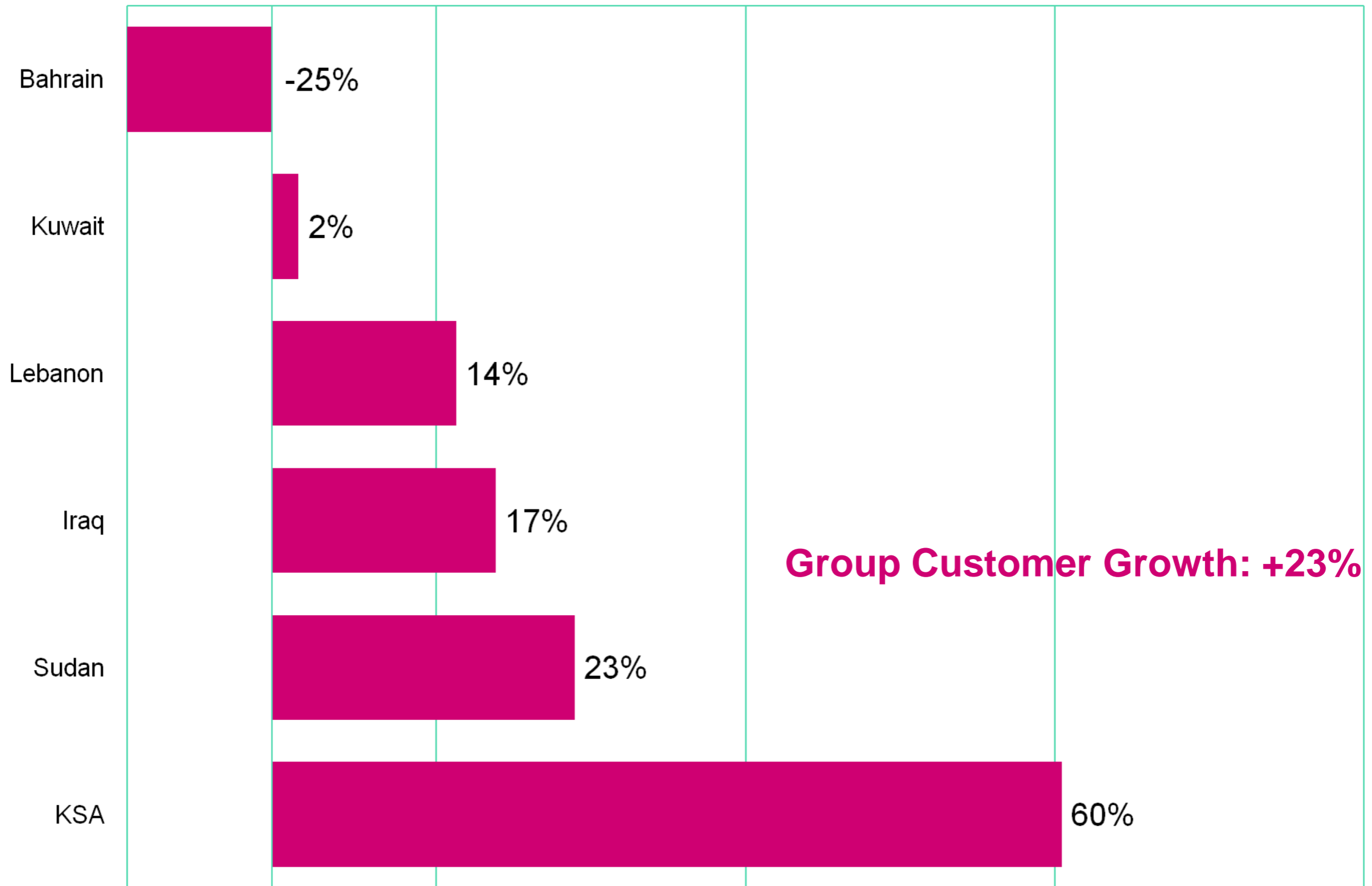


Zain Group Revenues





Zain Group Customer Growth 2010 vs. 2009

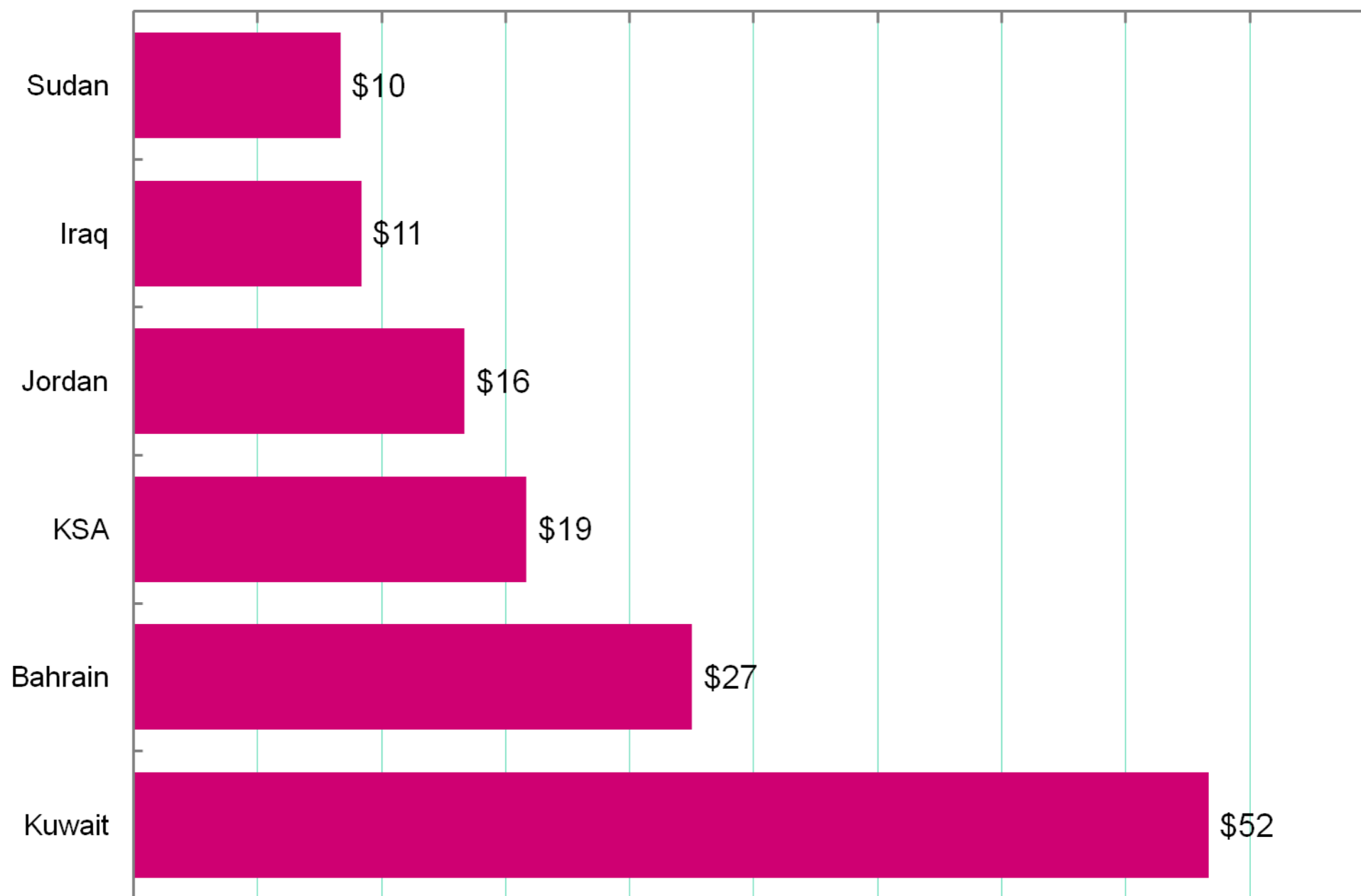




Blended ARPUs

December 31, 2010

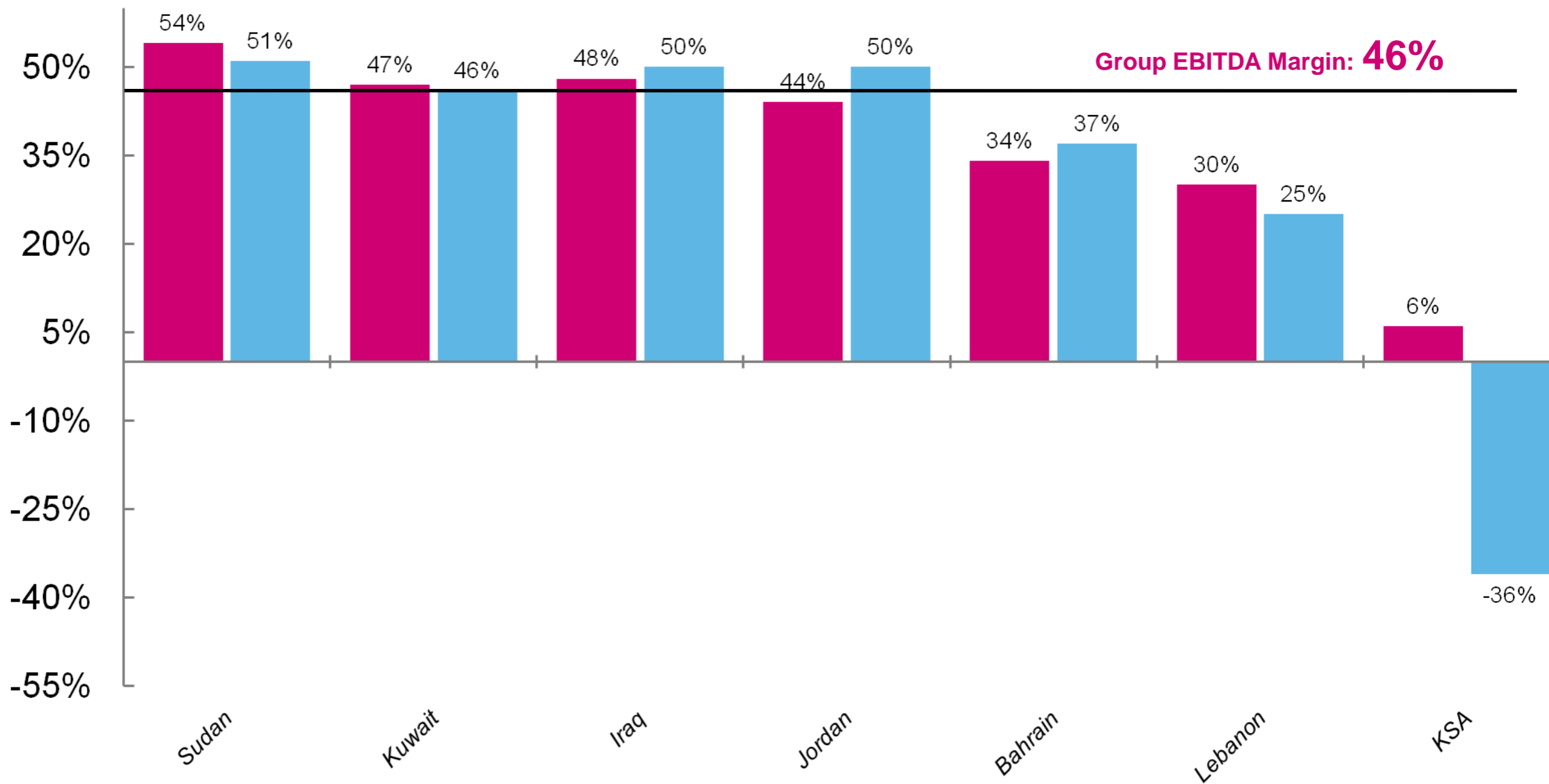
US\$





EBITDA Margins 2010

2010
2009





Kuwait

Contribution to Group total - Population: **2.5%** Customers: **5%** Revenues: **26%** - Customer YoY Growth: **2%**

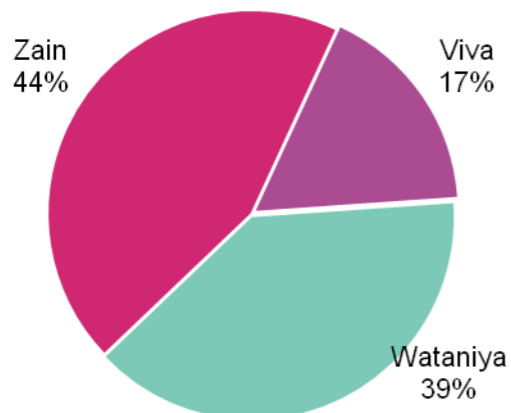
- Zain Kuwait, the Group's mothership stayed ahead of its competitors and was able to maintain its leading position with a 44% customer market share, that witnessed a net increase of 32,000 customers in 2010.
- Postpaid segment growth is attributed to the launch of attractive applications and values added services aimed to boost customer loyalty and customer growth.
- The operation has the highest ARPU (\$52) in the Group.
- The operation's future strategy is to consistently exceed customers' expectations and capitalize on the demand and growth of data services as a way to generate additional revenue.



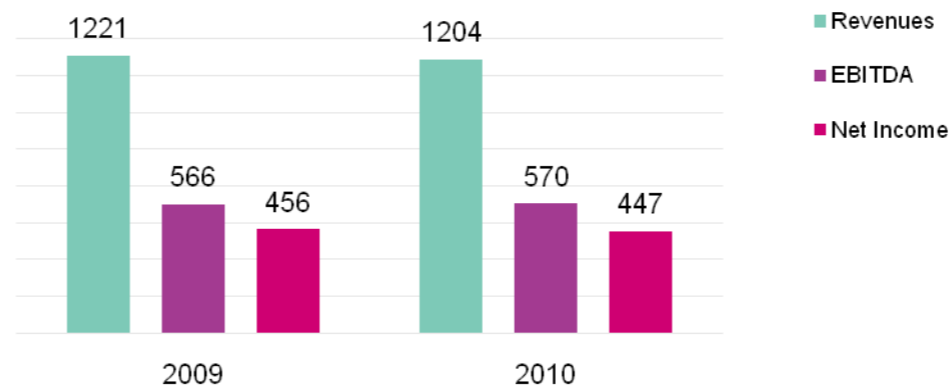
Key Statistics - 2010

Population (000s)	3,084
GDP/Capita (PPP)	\$51,799
Year of launch	1983
Ownership	100%
Mobile Penetration	146%
Customers (000s)	1,870
Number of Operators	3
Market Positioning	1
Market Share	44%
ARPU	\$52

Market Share



Financial Performance (\$ m)





Sudan

Contribution to Group total - Population: **37%** Customers: **28%** Revenues: **24%** - Customer YoY Growth: **23%**

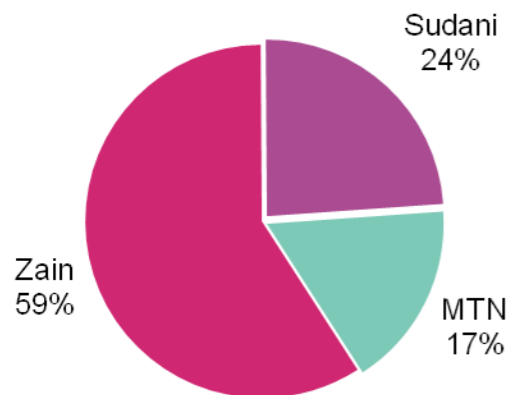
- Zain entered Sudan through its 2005 acquisition of Celtel which had a minority 31% stake in Mobitel, Sudan's first mobile operator. In February 2006, the remaining 61% was fully acquired by Zain for US\$ 1.332 billion.
- Zain remains a key leader in the Sudanese market with a 59% market share.
- Zain Sudan became a forefront strategic player after the sale of Zain's African assets, making up 28% of the Group's total customer base and 24% of its revenues.
- Going forward, Data and VAS/ technology will continue to be the main focus in Sudan's strategy through expanding its network coverage.



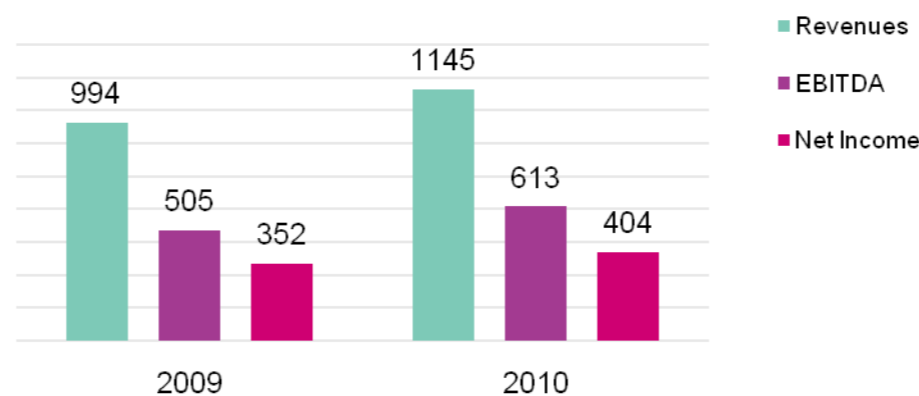
Key Statistics - 2010

Population (000s)	43,646
GDP/Capita (PPP)	\$2,300
Year of full acquisition	2006
Ownership	100%
Mobile Penetration	45%
Customers (000s)	10,416
Number of Operators	3
Market Positioning	1
Market Share	59%
ARPU	\$10

Market Share



Financial Performance (\$ m)





Iraq

Contribution to Group total - Population: **27%** Customers: **32%** Revenues: **32%** - Customer YoY Growth: **17%**

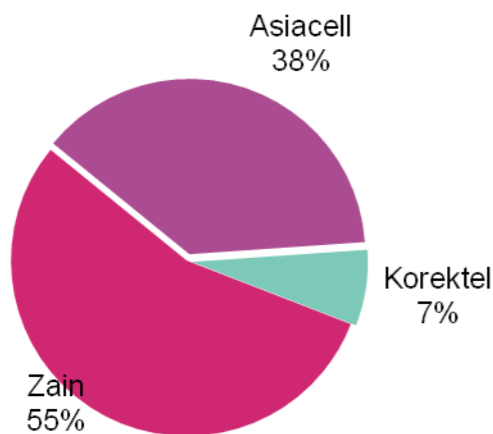
- After acquiring a 15-year nationwide license for US\$ 1.25 billion in August 2007 and its acquisition of a rival operator Iraqna for US\$1.2 billion in December 2007, Zain became the largest mobile operator in Iraq.
- The operation has established itself as the leading mobile operator in the country at 55% customer market share and remains the major contributor to the Group's customer base and revenues both at 32% respectively.
- Earlier this year, the Iraqi government announced the award of a 4th national license in a move to encourage market liberalization.
- Zain's strategy moving forward is to strengthen its position by expanding its network to the northern Kurdish governorates.



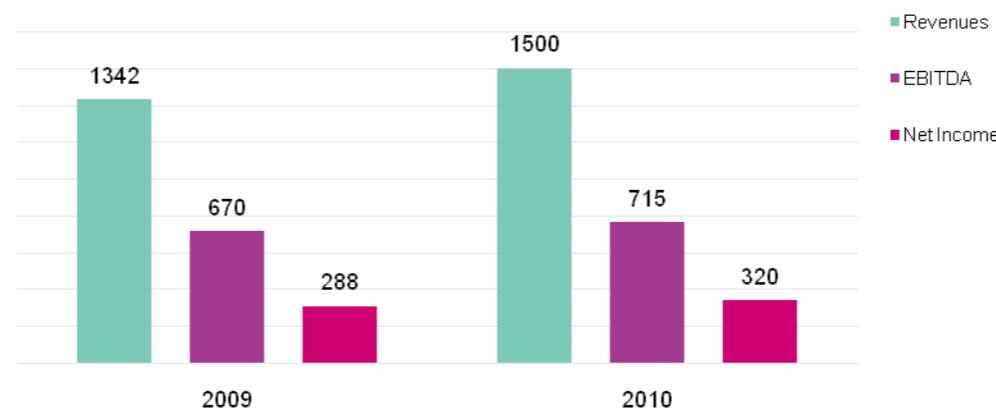
Key Statistics - 2010

Population (000s)	31,908
GDP/Capita (PPP)	\$3,600
Year of acquisition	2003
Ownership	71.67%
Mobile Penetration	75%
Customers (000s)	(12,074)
Number of Operators	3
Market Positioning	1
Market Share	55%
ARPU	\$11

Market Share



Financial Performance (\$ m)





Jordan

Contribution to Group Total - Population: **5.5%** Customers: **7%** Revenues: **11%**

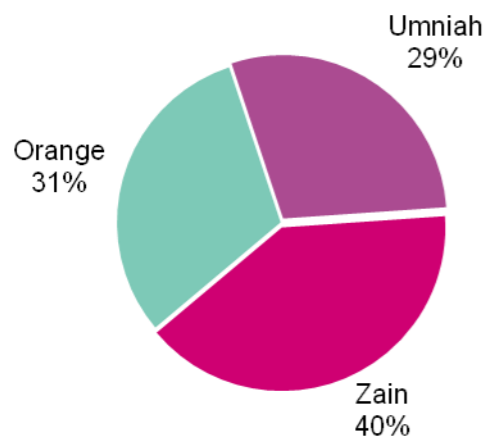
- In January 2003, Zain Jordan was the Group's first acquired operation for a value of US\$ 418.9 million.
- Despite stiff competition and the lowering of voice prices Zain managed to maintain its lead in this liberalized market with a 40% market share.
- The minor increase in ARPU levels was related to the stronger push for value-added services and the removal of inactive prepaid customers.
- Moving forward, the operation will continue to grow its enterprise solutions business, launch mobile money portfolio, and introduce the new suite of standalone HSPA+ products and services.



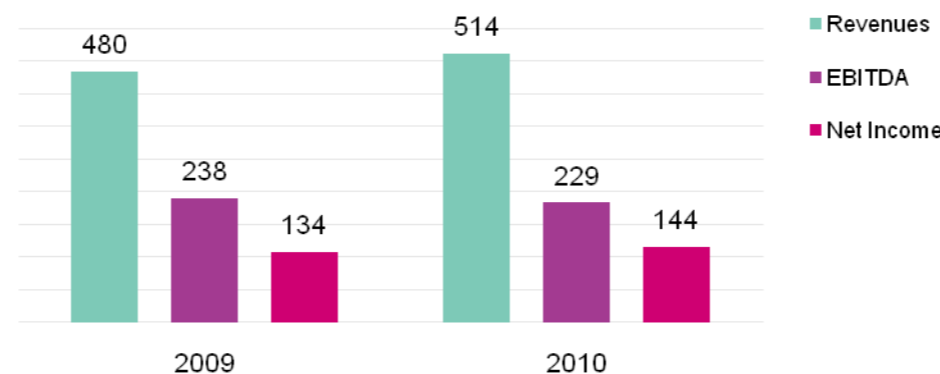
Key Statistics - 2010

Population (000s)	6,521
GDP/Capita (PPP)	\$5,300
Year of acquisition	2003
Ownership	96.52%
Mobile Penetration	106%
Customers (000s)	2,488
Number of Operators	3
Market Positioning	1
Market Share	40%
ARPU	\$16

Market Share



Financial Performance (\$ m)





Bahrain

Contribution to Group Total - Population: **1%** Customers: **1%** Revenues: **5%** - Customer YoY Growth: **(25%)**

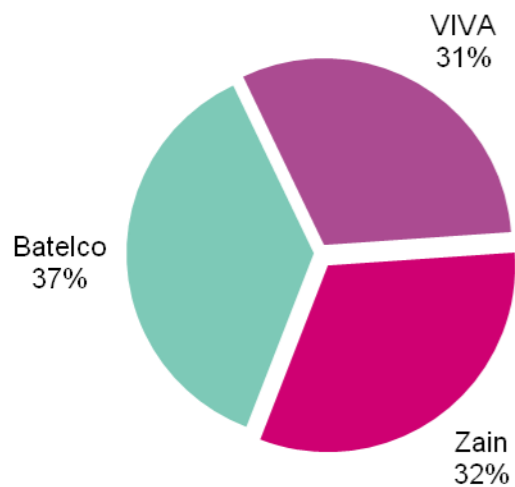
- A Greenfield operation, Zain Bahrain launched its commercial services in December 2003.
- Bahrain has the highest mobile penetration in the GCC region with 181%.
- The operation witnessed a significant decrease in market share due to increased competition within the company, and the rise of a new third entrant in the market.
- Moving forward, the operation will concentrate on capitalizing on recent investments in 3G and 3.5G infrastructures, increasing value share through smart acquisition, and engaging in other revenue streams.



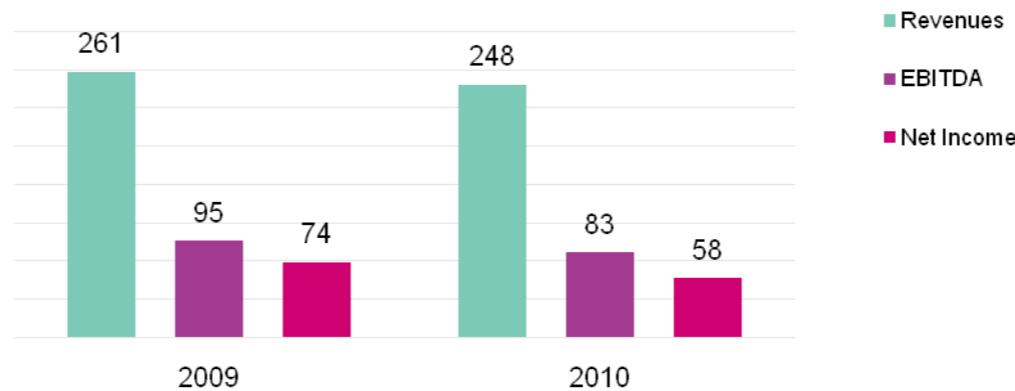
Key Statistics - 2010

Population (000s)	815
GDP/Capita (PPP)	\$40,400
Year of launch	2003
Ownership	56.25%
Mobile Penetration	181%
Customers (000s)	499
Number of Operators	3
Market Positioning	2
Market Share	32%
ARPU	\$27

Market Share



Financial Performance (\$ m)





Kingdom of Saudi Arabia

Contribution to Group Total - Population: **23%** Customers: **23%** - Customer YoY Growth: **60%**

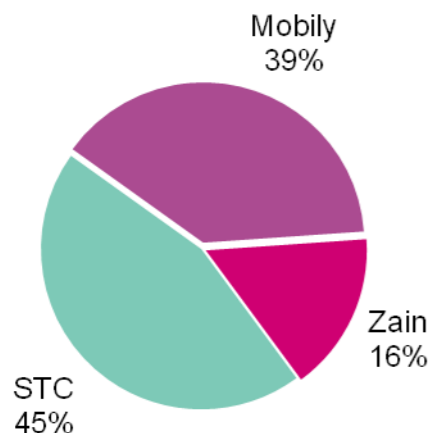
- Zain KSA launched commercial services in late August 2008, a year after it was rewarded its mobile license.
- The operation's customer base represented 23% of Zain Group's customer base, reaching an 8+ million milestone – an increase of 60% as compared to the previous year, securing the highest proportion of net additions throughout 2010 among its rivals.
- Zain KSA reported a 98% increase in revenues, reaching \$1.6 billion, while EBITDA increased significantly by 131%, reaching \$88.3 million.
- To attain EBITDA positive status in just over 2 years of operation is quite an achievement



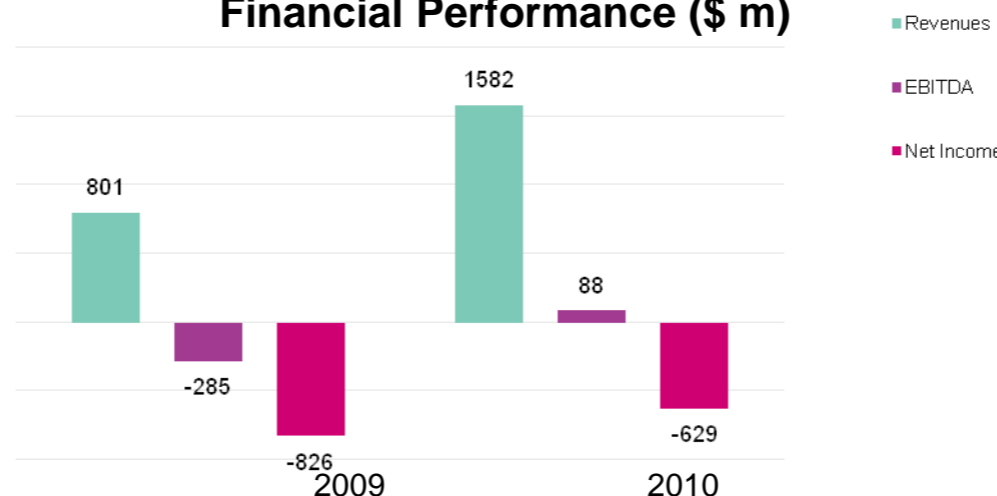
Key Statistics - 2010

Population (000s)	26,515
GDP/Capita (PPP)	\$24,200
Year of launch	2008
Ownership	25%
Mobile Penetration	171%
Customers (000s)	8,393
Number of Operators	3
Market Positioning	3
Market Share	16%
ARPU	\$19

Market Share



Financial Performance (\$ m)





Lebanon

Contribution to Group Total - Population: **4%** Customers: **4%** Revenues: **2%** - Customer YoY Growth: **14%**

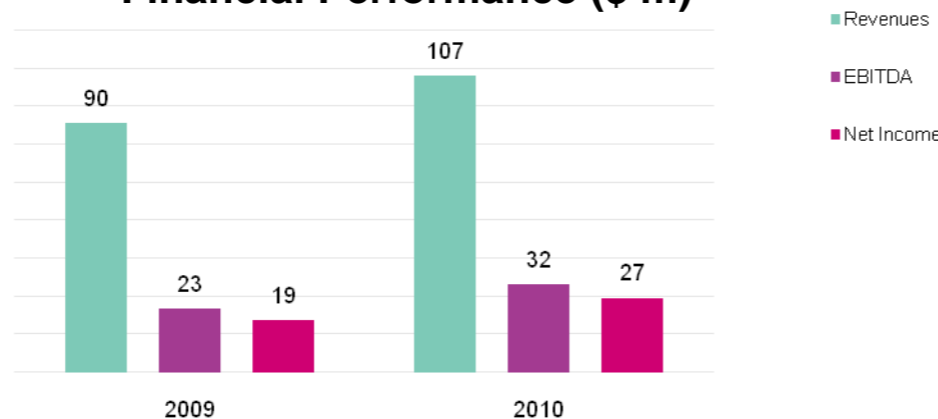
- Zain operates in Lebanon under a management contract since June 2004, when it was rebranded to mtc-touch.
- On 31st May 2010, the Network Management Agreement (NMA) was extended for a period of 3 months from July 31-October 2010; thereafter renewable for another 3 months - beyond end October 2010 until end of January 2011, and again further renewed on February 1, 2011 for 12 months.
- The operation maintains a market leading position of 52% customer share and plans to launch HSPA + services by Q4, 2011



Key Statistics - 2010

Population (000s)	4,272
GDP/Capita (PPP)	\$14,200
Year of MC award	2004
Ownership	MC
Mobile Penetration	67%
Customers (000s)	1,499
Number of Operators	2

Financial Performance (\$ m)





Financial Statements



Balance Sheet

	2010	2009
	KD '000	
ASSETS		
Current assets		
Cash and bank balances	644,215	267,175
Trade and other receivables	472,570	405,434
Inventories	13,258	32,554
Investment securities at fair value through profit or loss	7,465	7,464
	<u>1,137,508</u>	<u>712,627</u>
Non-current assets		
Deferred tax assets	375	134,049
Investment securities available for sale	98,641	98,492
Investments in associates	116,096	165,771
Interest in a jointly controlled entity	40,270	44,063
Loans to associates	187,263	141,996
Property and equipment	793,686	2,151,768
Intangible assets	1,304,449	2,245,453
Other assets	31,649	2,539
	<u>2,572,429</u>	<u>4,984,131</u>
Total Assets	<u>3,709,937</u>	<u>5,696,758</u>

	2010	2009
	KD '000	
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	593,221	939,944
Due to banks	124,933	536,472
	<u>718,154</u>	<u>1,476,416</u>
Non-current liabilities		
Due to banks	94,734	1,615,994
Deferred tax liabilities	-	38,704
Other non-current liabilities	149,132	87,166
	<u>243,866</u>	<u>1,741,864</u>
Equity		
Attributable to Parent Company's shareholders		
Share capital	429,743	428,285
Share premium	1,697,788	1,691,105
Treasury shares	(567,834)	(567,834)
Legal reserve	214,871	147,989
Voluntary reserve	-	63,091
Foreign currency translation reserve	(143,767)	(21,174)
Treasury shares reserve	1,967	1,967
Equity issue transaction cost of associate	(1,779)	(1,814)
Investment fair valuation reserve	4,532	(7,719)
Share based compensation reserve	7,386	18,361
Hedge reserve	(2,524)	(49,298)
Retained earnings	1,006,607	593,643
	<u>2,646,990</u>	<u>2,296,602</u>
Non-controlling interests	100,927	181,876
Total equity	<u>2,747,917</u>	<u>2,478,478</u>
Total Liabilities and Equity	<u>3,709,937</u>	<u>5,696,758</u>



Income Statement

	2010	2009 (Restated)
	KD '000	
Continuing operations		
Revenue	1,351,681	1,263,039
Cost of sales	(354,836)	(325,535)
Gross profit	996,845	937,504
Distribution, marketing and operating expenses	(266,956)	(237,082)
General and administrative expenses	(107,947)	(113,847)
Depreciation and amortization	(166,279)	(149,673)
Provision for impairment – trade and other receivables	(6,184)	(3,110)
Operating profit	449,479	433,792
Interest income	17,813	11,167
Investment income	(1,945)	(8,231)
Share of loss of associates	(45,018)	(61,145)
Share of loss of jointly controlled entity	(4,836)	(4,229)
Other income	20,038	14,366
Finance costs	(55,254)	(93,736)
Gain/ (loss) from currency revaluation	12,517	(47)
Board of Directors' remuneration	(32)	(32)
Contribution to Foundation for Advancement of Sciences	(2,335)	(1,818)
National Labour Support Tax and Zakat	(8,244)	(7,694)
Profit for the year before income tax	382,183	282,393
Income tax expense of subsidiaries	(36,174)	(36,760)
Profit from continuing operations	346,009	245,633
Discontinued operations		
Profit/ (loss) from discontinued operations	741,809	(34,392)
	1,087,818	211,241

Attributable to:

Shareholders of the Parent Company
Non-controlling interests

	2010	2009 (Restated)
Shareholders of the Parent Company	1,062,805	195,008
Non-controlling interests	25,013	16,233
	1,087,818	211,241

Earnings per share (EPS)

Basic – Fils

From continuing operations
From discontinued operations

From continuing operations	80	55
From discontinued operations	195	(4)
	275	51

Diluted – Fils

From continuing operations
From discontinued operations

From continuing operations	79	54
From discontinued operations	195	(4)
	274	50



Cash Flow Statement

	2010	2009
	KD '000	
Cash flows from operating activities		
Profit for the year before income tax	1,119,796	250,671
Adjustments for:		
Depreciation, amortization and goodwill written off	280,342	420,957
Interest income	(19,943)	(13,372)
Investment income	1,945	8,226
Gain from disposal of a subsidiary	(778,134)	-
Share of loss of associates	45,018	61,145
Share of loss of jointly controlled entity	4,836	4,229
Finance costs	78,609	160,710
Gain on sale of property and equipment	(18)	(8)
(Gain)/ loss from currency revaluation	(3,286)	38,172
<i>Operating profit before working capital changes</i>	<u>729,165</u>	<u>930,730</u>
Increase in trade and other receivables	(305,700)	(83,925)
Decrease/ (increase) in inventories	2,744	(1,149)
Increase in trade and other payables	150,129	23,696
<i>Cash generated from operations</i>	<u>576,338</u>	<u>869,352</u>
<i>Payments:</i>		
Income tax	(38,630)	(12,685)
Board of Directors' remuneration	(28)	-
Kuwait Foundation for Advancement of Sciences (KFAS)	(4,159)	(2,841)
National Labour Support Tax and Zakat	(5,528)	(6,247)
<i>Net cash from operating activities</i>	<u>527,993</u>	<u>847,579</u>

	2010	2009
Cash flows from investing activities		
Deposits under lien and those maturing after three months(Note 5)	(180,866)	-
Proceeds from sale of investment securities	312	5,561
Investments in securities	(4)	(1,404)
Investments in associates/ jointly controlled entity	(1,308)	(70,891)
Proceeds from disposal of a subsidiary (Note 4)	2,277,429	-
Deferred purchase consideration paid	-	(192,915)
Acquisition of property and equipment (net)	(269,687)	(469,385)
Acquisition of intangible assets	(37,791)	(7,072)
Interest received	19,522	24,888
Dividends received	1,640	2,216
<i>Net cash from/ (used) in investing activities</i>	<u>1,809,247</u>	<u>(709,002)</u>
Cash flows from financing activities		
(Repayment of)/ proceeds from bank borrowings (net)	(1,342,769)	184,308
Loan to an associate	(9,040)	(59,246)
Proceeds from issue of share capital	7,914	910
Dividends paid	(653,934)	(191,086)
Dividends paid to non-controlling interests	(10,478)	(9,362)
Finance costs paid	(80,760)	(178,772)
<i>Net cash used in financing activities</i>	<u>(2,089,067)</u>	<u>(253,248)</u>
Net increase/ (decrease) in cash and cash equivalents	248,173	(114,671)
Effects of exchange rate changes on cash and cash equivalents	(51,999)	13,975
Cash and cash equivalents at beginning of year	267,175	367,871
Cash and cash equivalents at end of year (Note 5)	<u>463,349</u>	<u>267,175</u>



Thank you

For more information please contact Investor Relation Team at:

investor.relations@zain.com

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