



Investor Presentation

9 Months 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

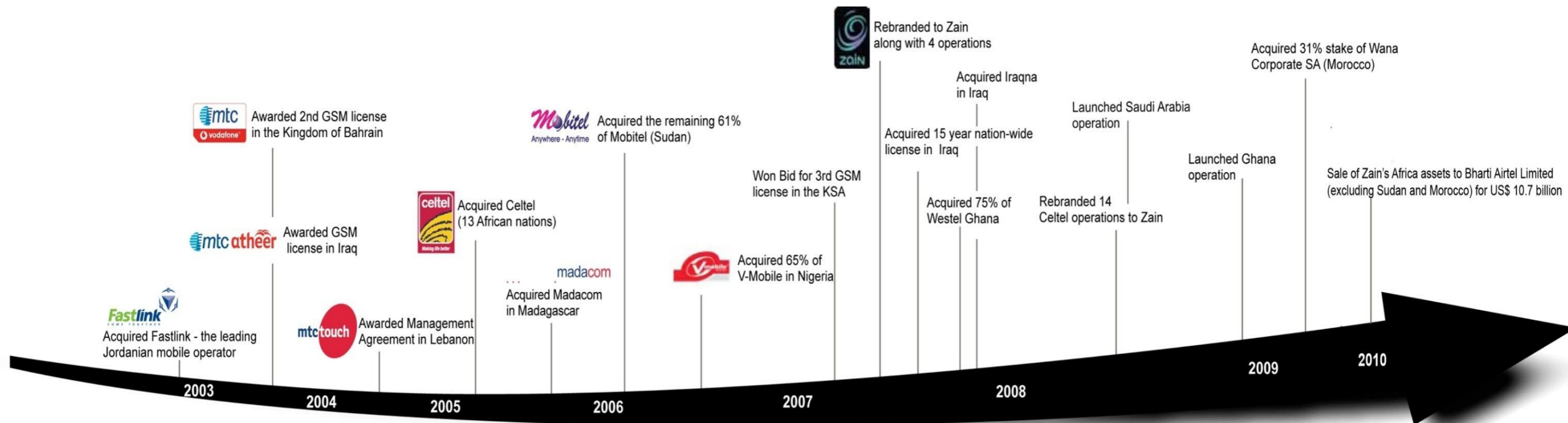
- Zain is an emerging telecoms player operating in **7 countries** in the Middle East, serving over **35.3 million** active customers
- The company is the leading mobile telecom operator in **5** of its markets
- **Revenues: US\$ 3,504.1 million; EBITDA: US\$ 1,553.4 million; Net Income: US\$ 712.3 million*** for the first 9 months of 2010

* Capital Gain not included



Zain's Historical Growth

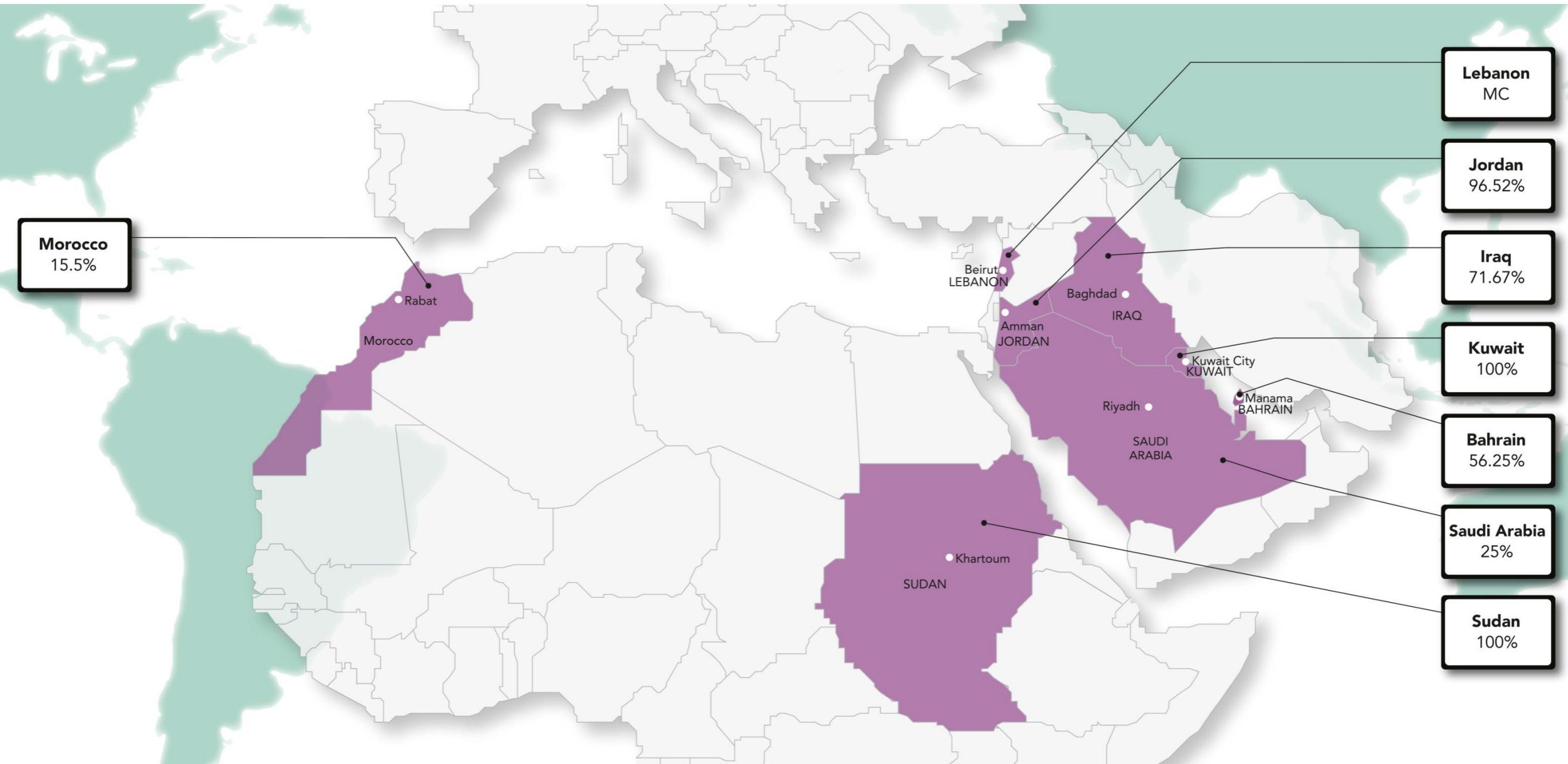
From a National Player to an Emerging Markets Leader



* MTC Atheer & Iraqna jointly operate under the Zain brand

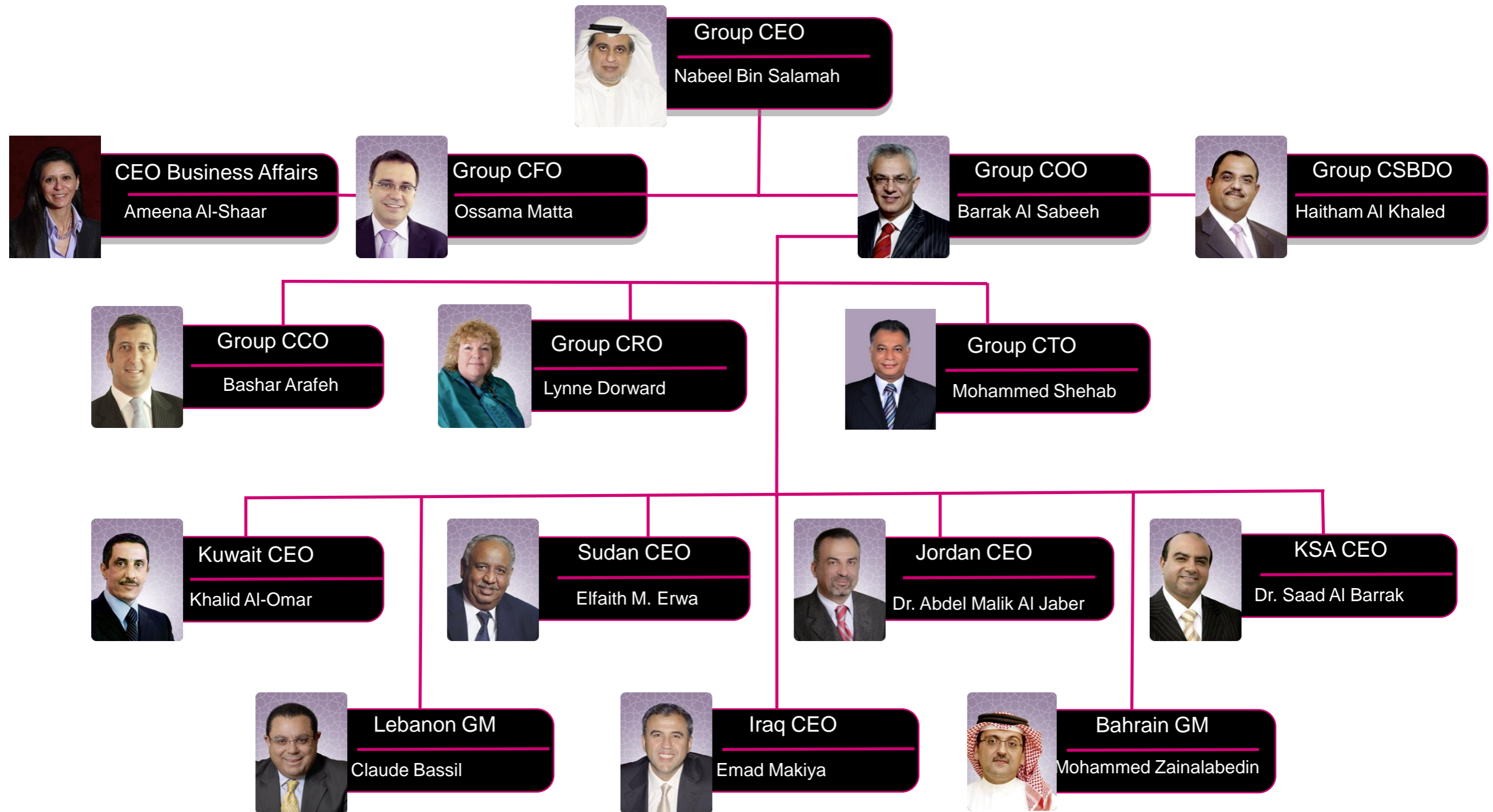


Zain Group's Footprint



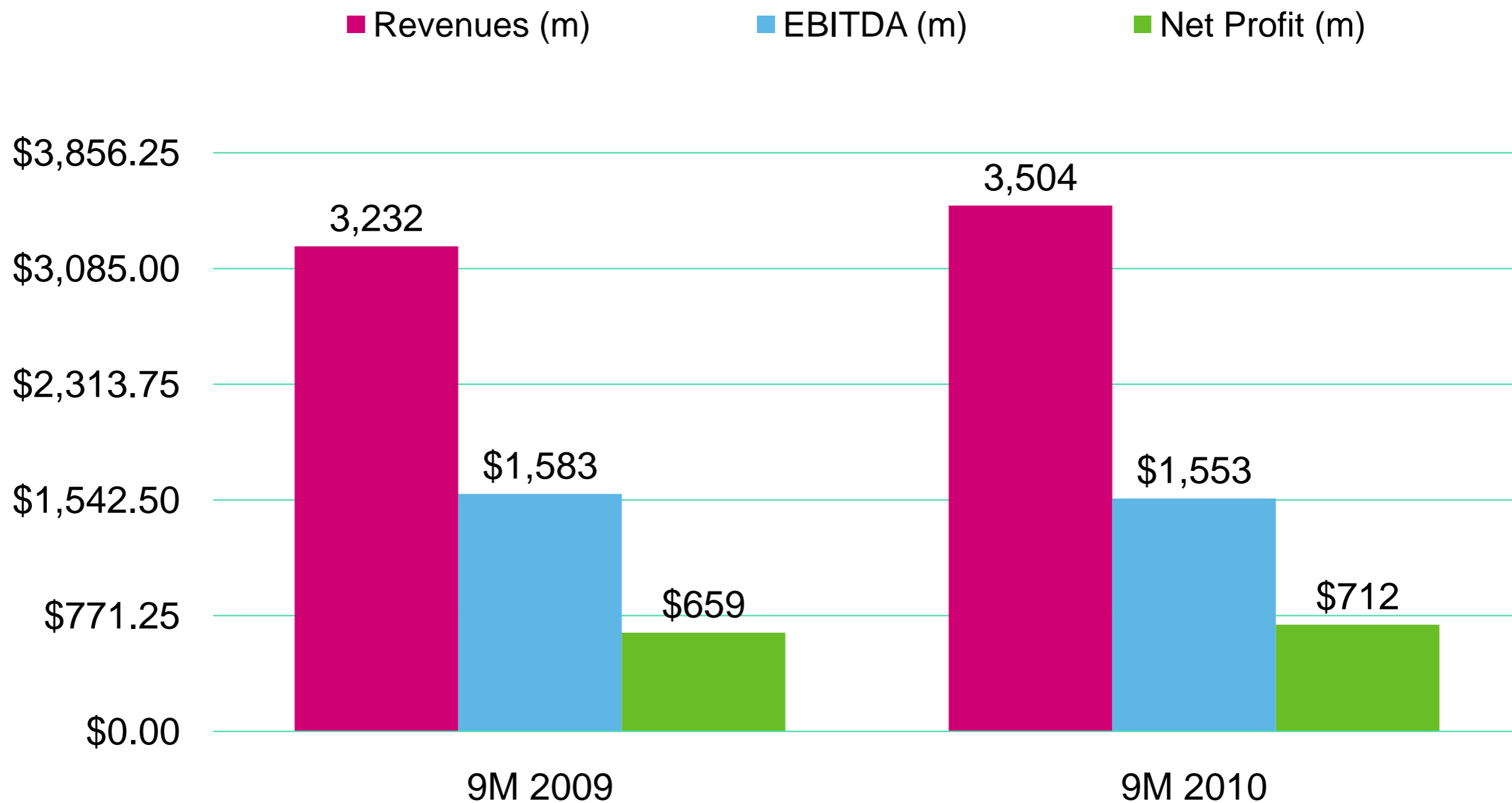


Executive Management Unified and Experienced Management Team





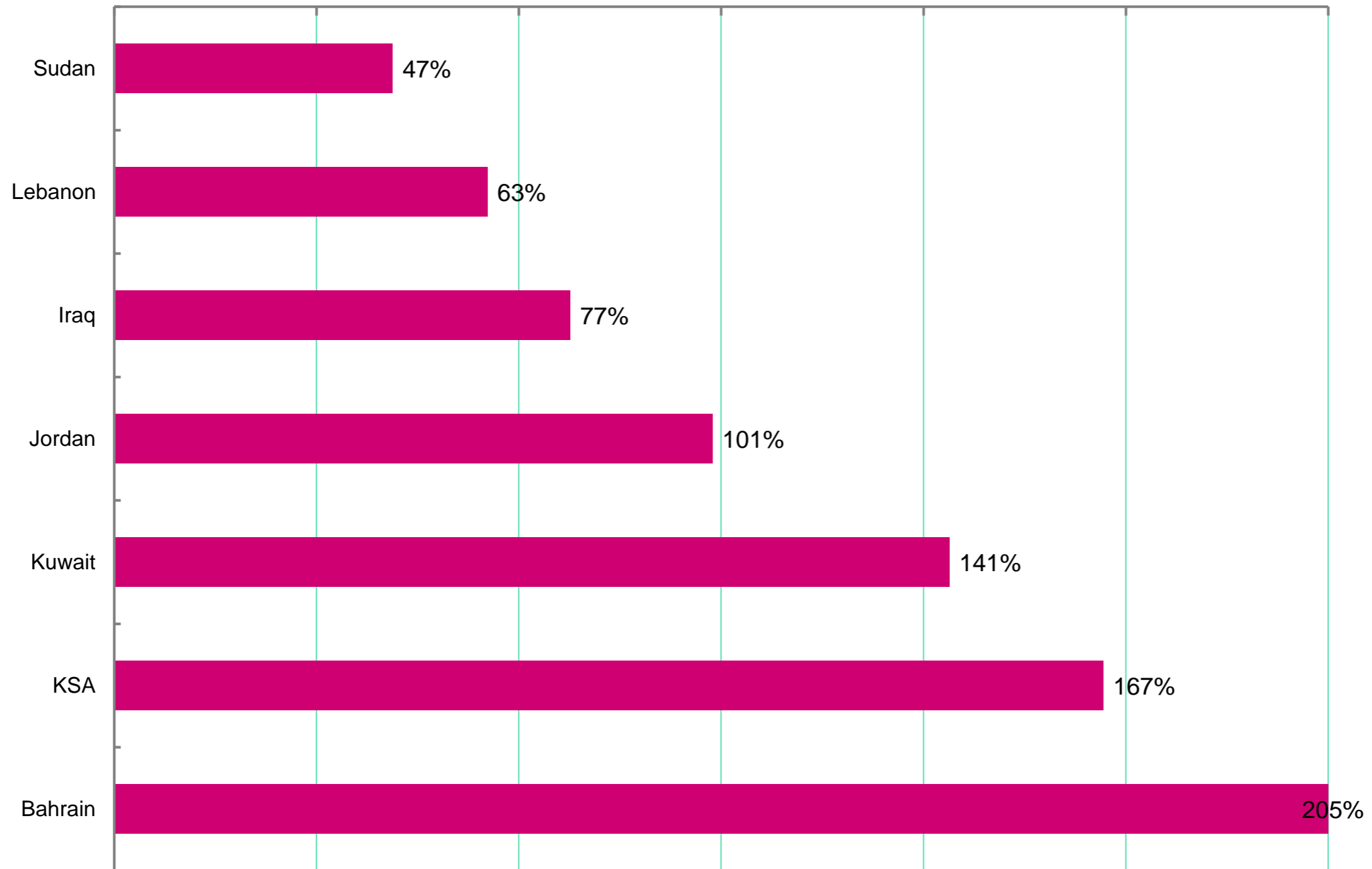
Zain's Key Performance Indicators





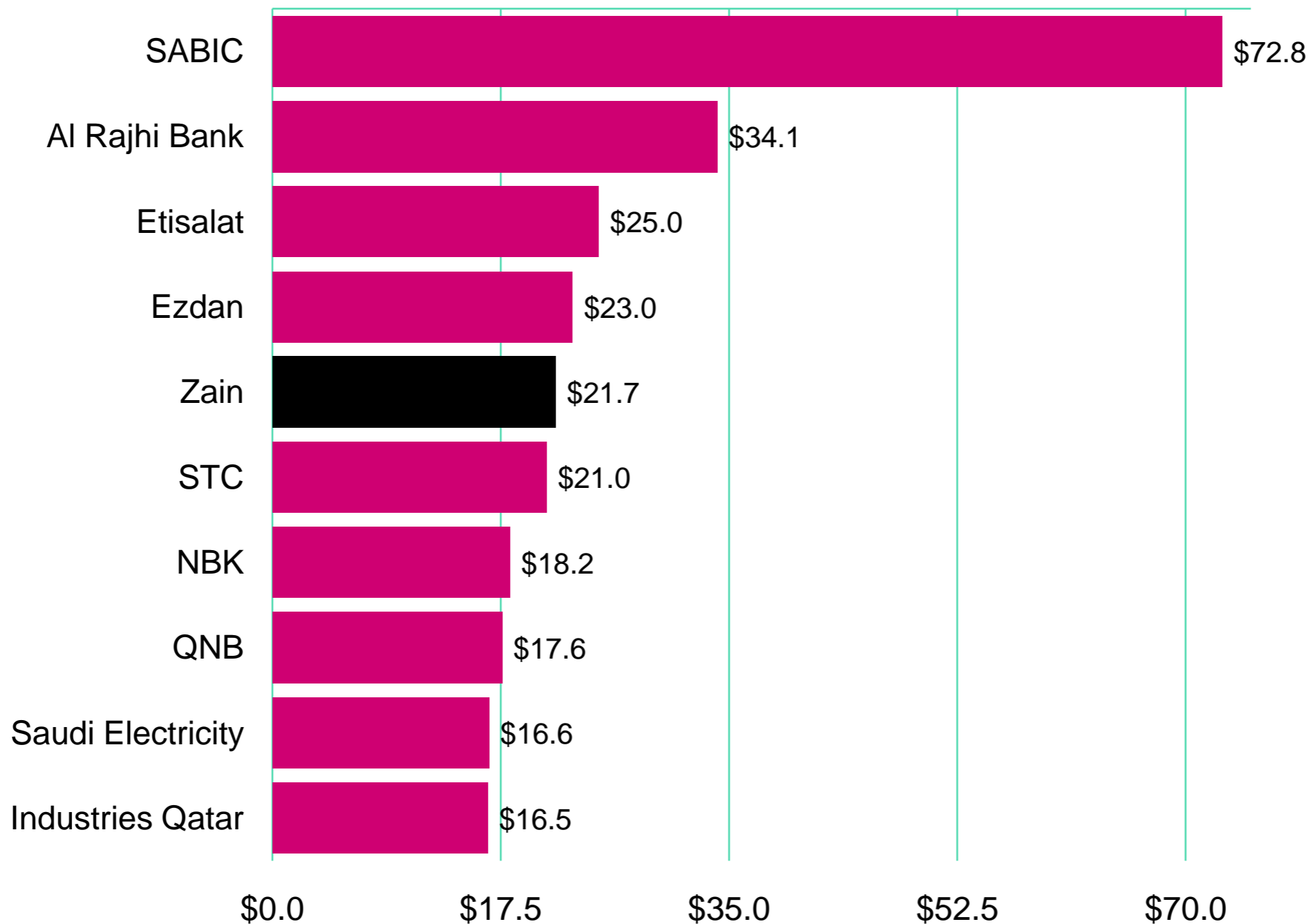
Penetration Rates

Substantial Potential for Future Growth





Top 10 Companies in Middle East Market Cap (Billion)



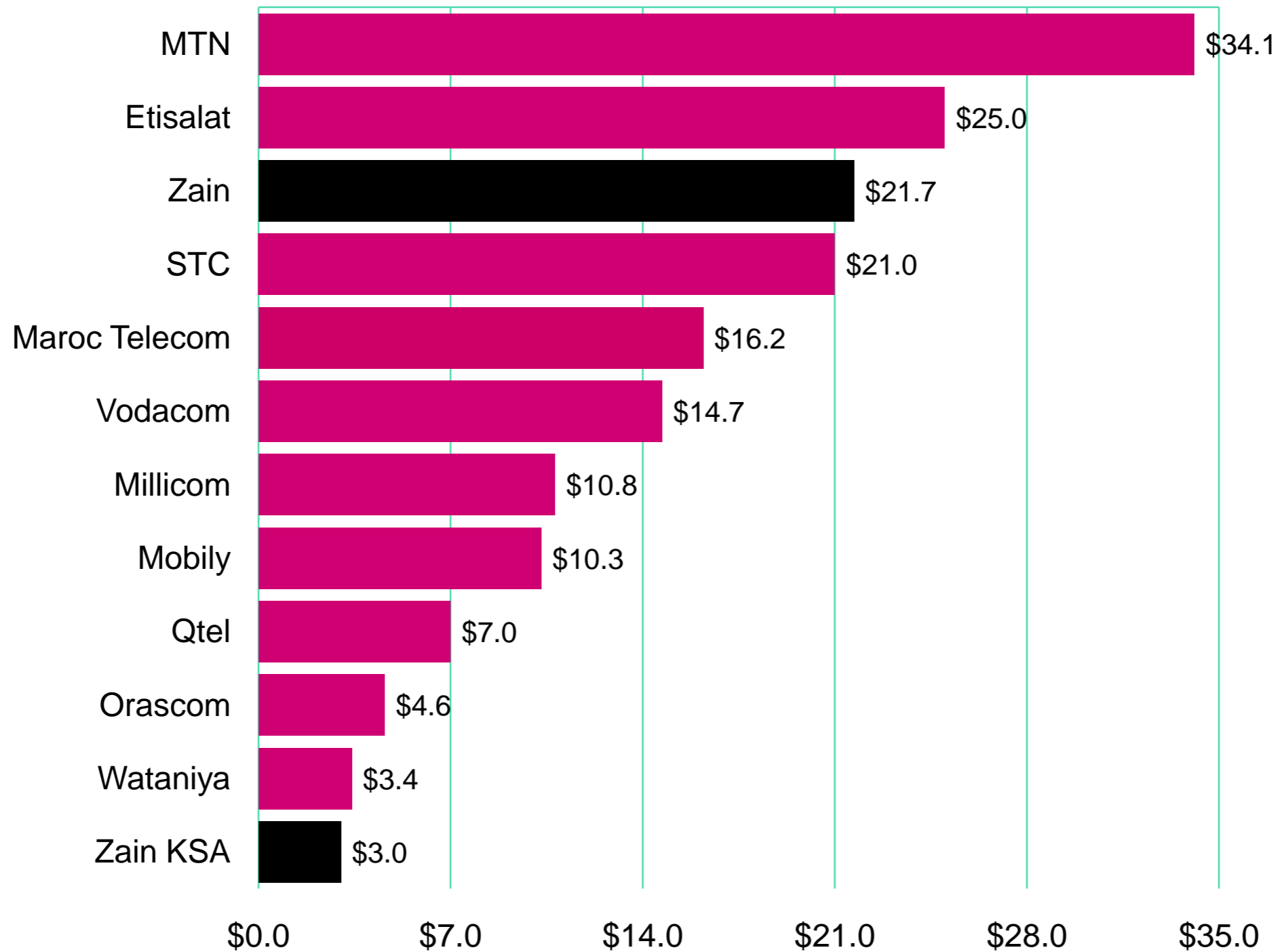
As of October 20, 2010

Source: Reuters



Top Telecom Companies in Middle East & Africa

Market Cap (Billion)



As of October 20, 2010

Source: Reuters

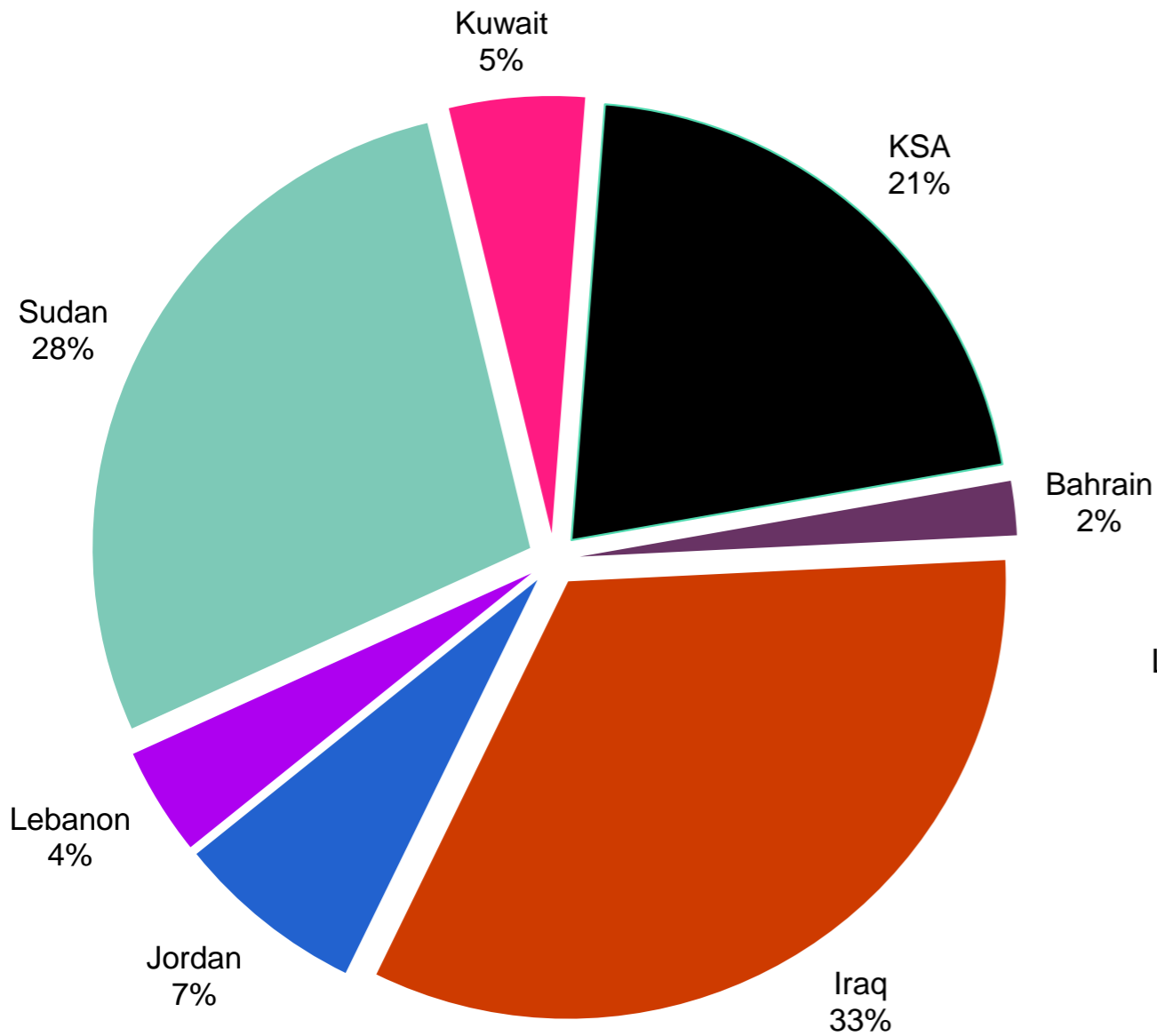
Zain's Mobile Operations



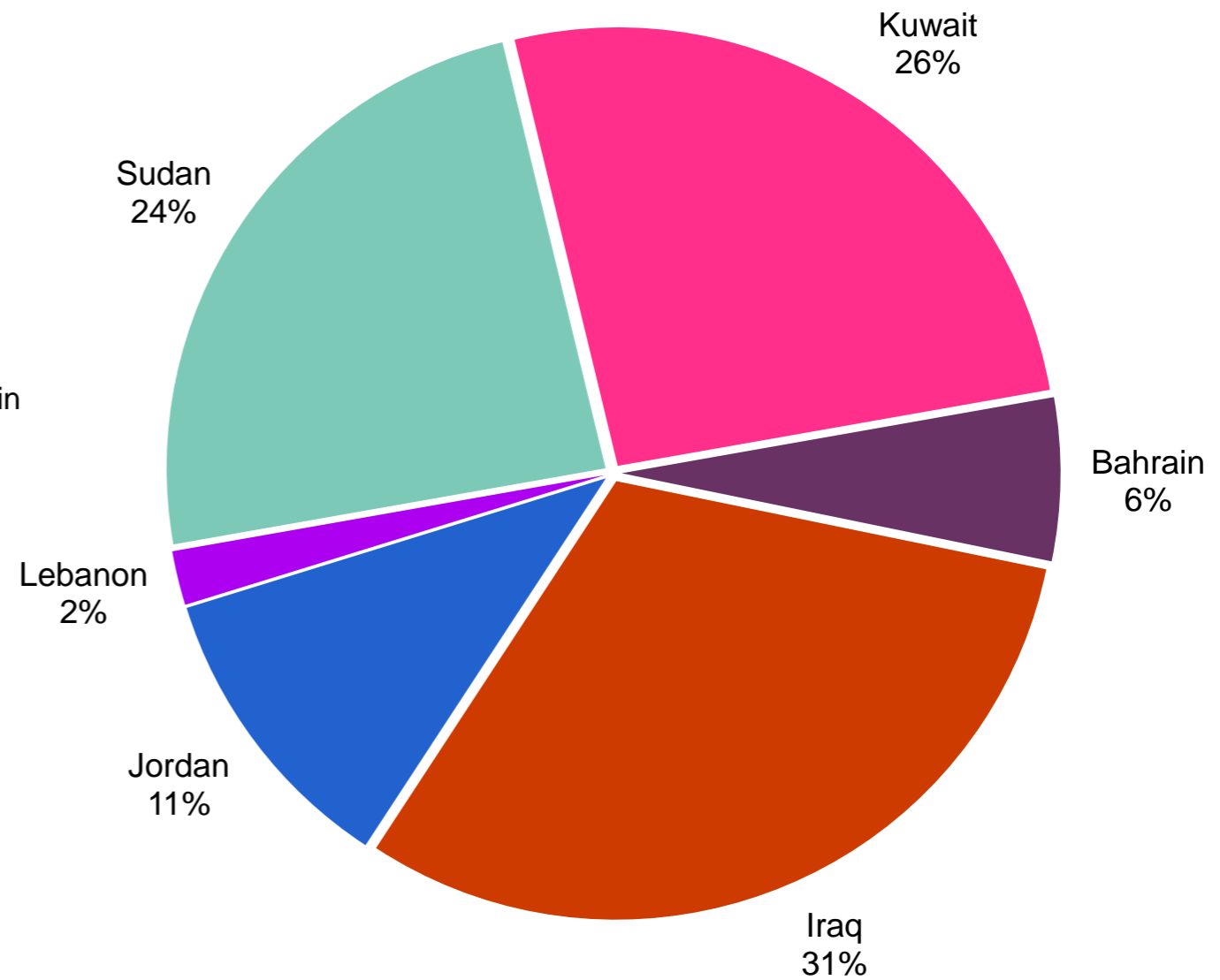


Zain Group Country Breakdown September 30, 2010

Zain Group Customers

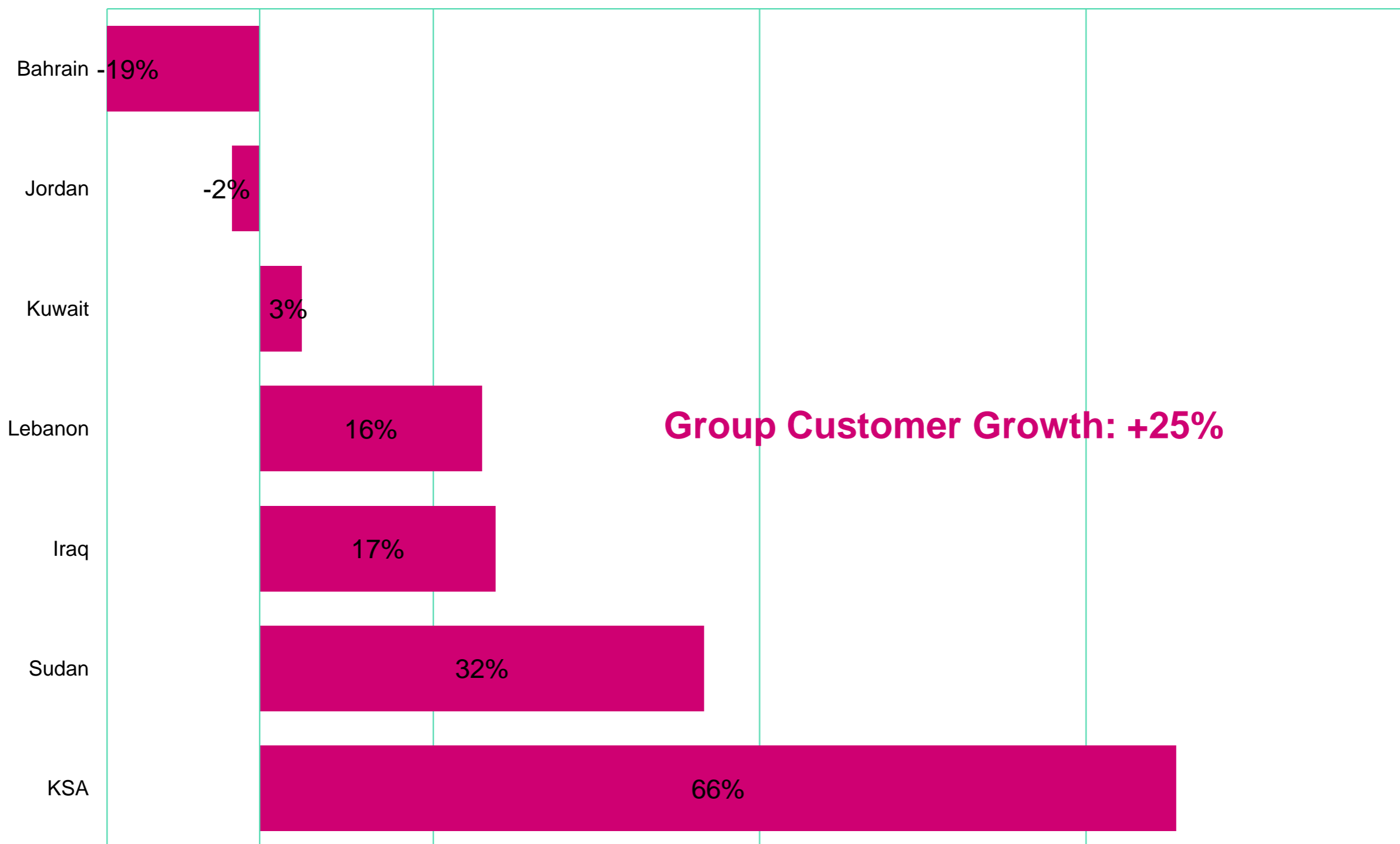


Zain Group Revenues





Zain Group Customer Growth 9 Months 2010 vs. 9 Months 2009

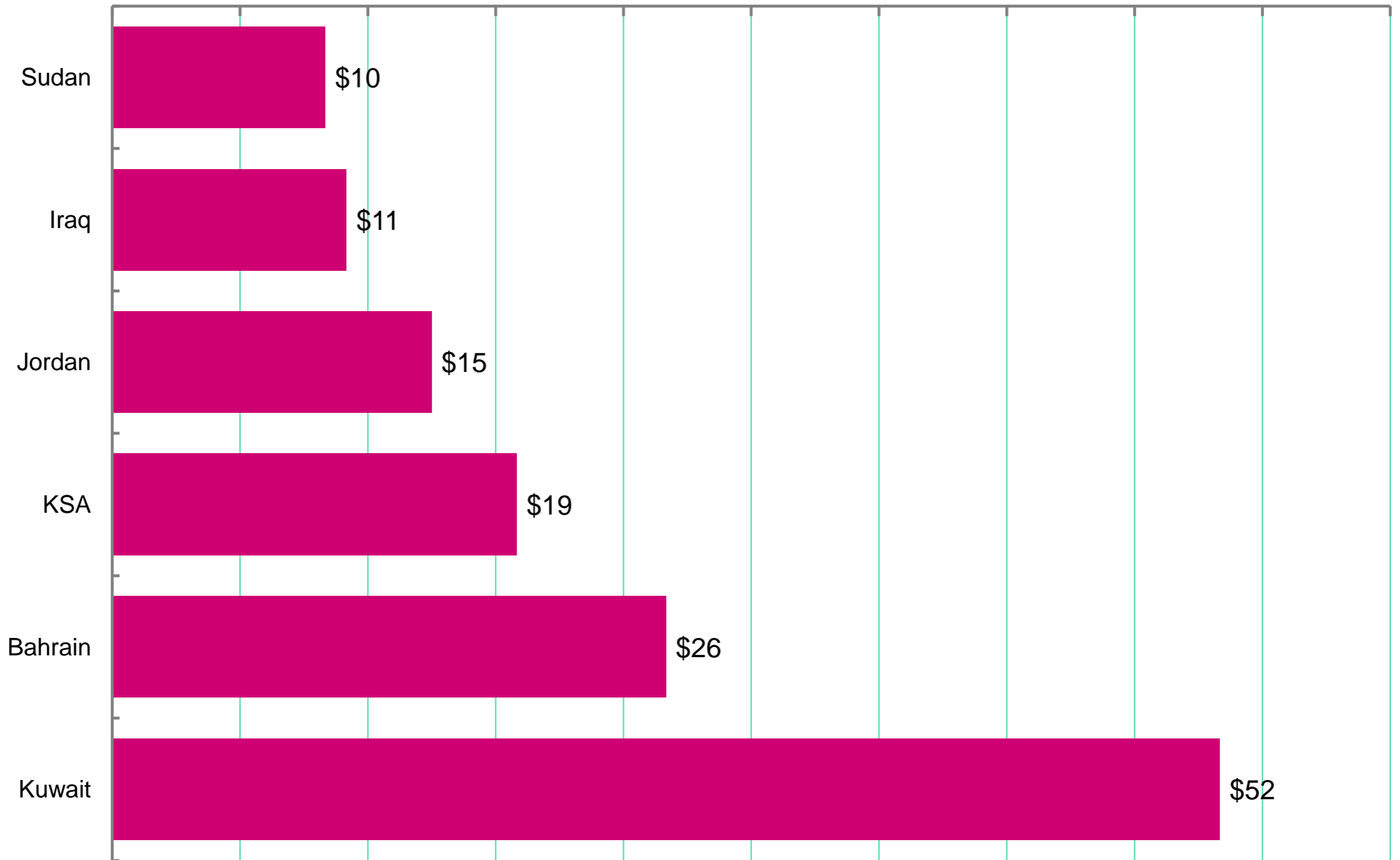




Blended ARPUs

September 30, 2010

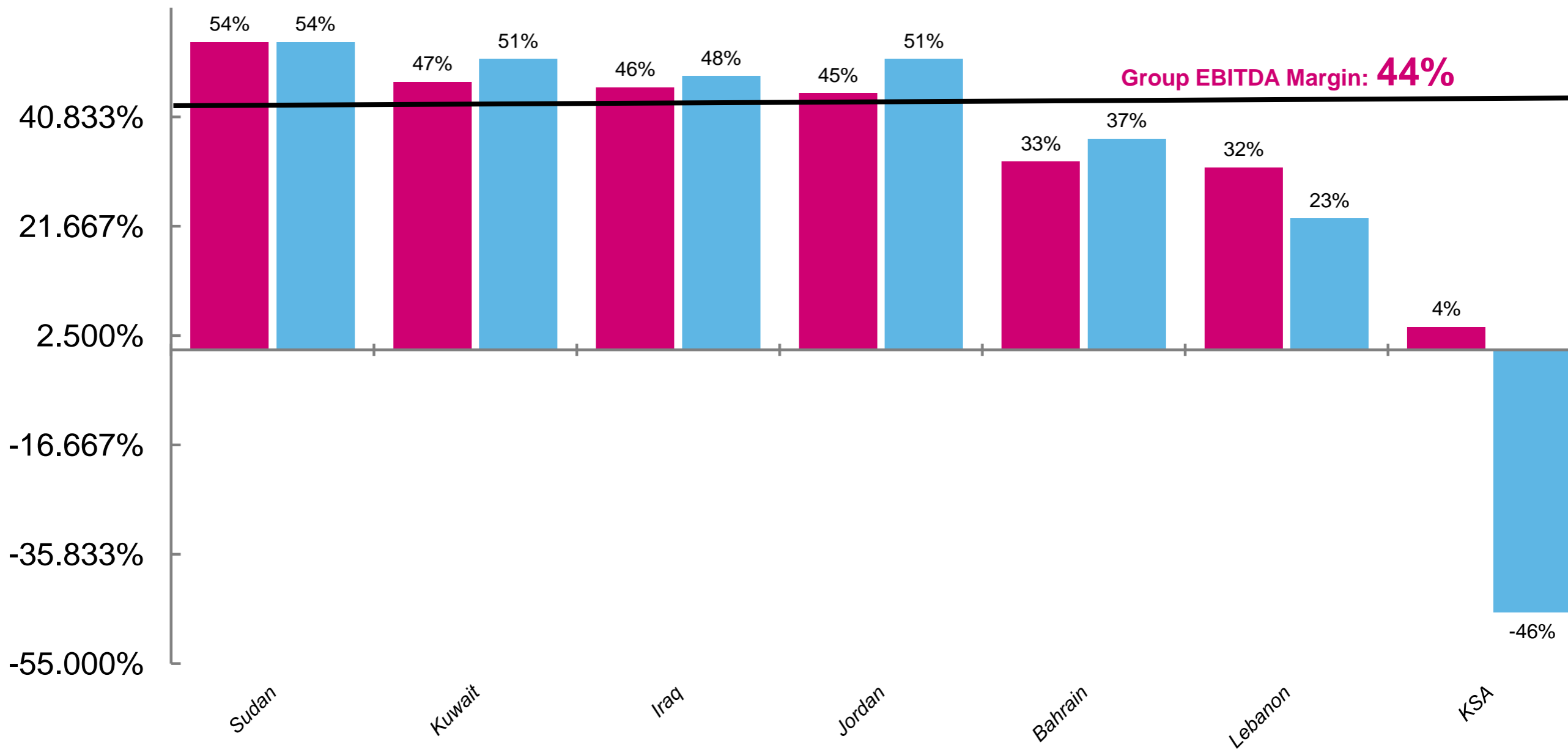
US\$





EBITDA Margins 9 Months 2010

9 Months 2010
9 Months 2009





Kuwait

Contribution to Group total - Population: **3%** Customers: **5%** Revenues: **26%** - Customer YoY Growth: **3%**

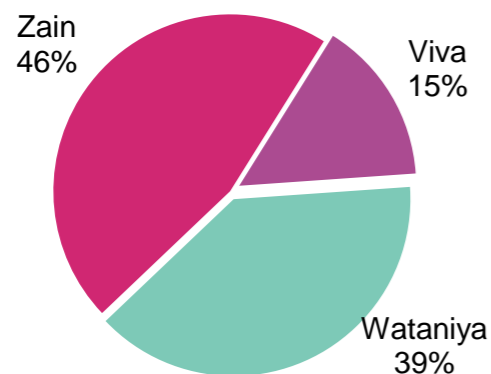
- Zain Kuwait stayed ahead of its competitors and was able to maintain its 46% market share through maintaining a whole set of initiatives to capitalize on the demand and growth for data services.
- On the regulatory front, the MOC has issued a ministerial decision to reduce roaming prices in the GCC countries as per the recommendation of the GCC Telecommunications committee.
- The operation has the highest ARPU (\$52) in the Group.
- Number of sites commissioned increased to reach 1,715 in 3Q to better enhance the network performance, while geographical coverage remained around 99% for 2G & 95% for 3G, and around 99.5% of population coverage.



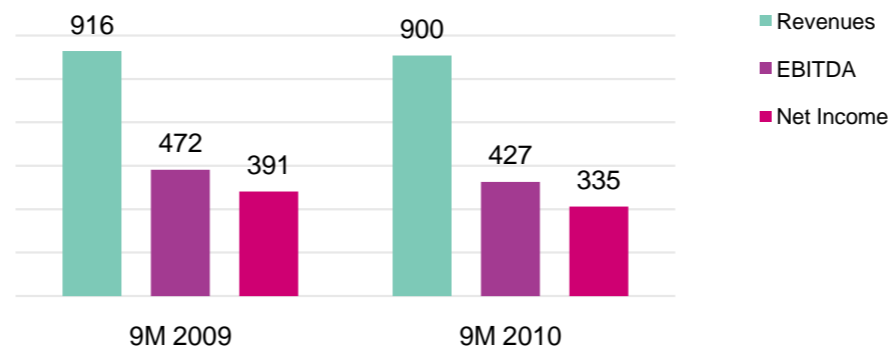
Key Statistics 9M 2010

Population (000s)	3,480
GDP/Capita (PPP)	\$49,192
Year of launch	1983
Ownership	100%
Mobile Penetration	141%
Number of Operators	3
Market Positioning	1
Market Share	46%
ARPU	\$52

Market Share



Financial Performance (\$ m)





Sudan

Contribution to Group total - Population: **35%** Customers: **28%** Revenues: **24%** - Customer YoY Growth: **32%**

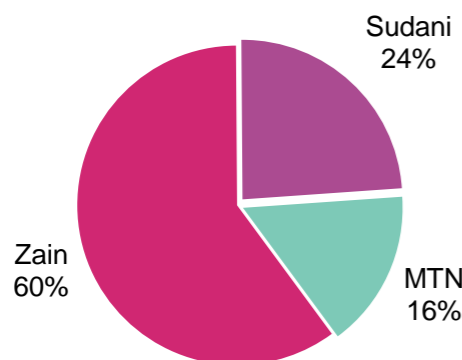
- Mobitel, Sudan's first mobile operator, was fully acquired by Zain in February 2006 for US\$ 1.332 billion.
- Zain remains a key leader in the Sudanese market with a 60% market share. Zain's Sudan strong performance was underpinned by a healthy customer growth resulting in higher Net Income and EBITDA levels.
- Going forward, Data will continue to be the main focus in Sudan's strategy through expanding its network coverage.
- Q3-2010 was marked by the launch of several products to include 4x4, micro SIM as well as Ramadan offers in a move to target the market's different segments.



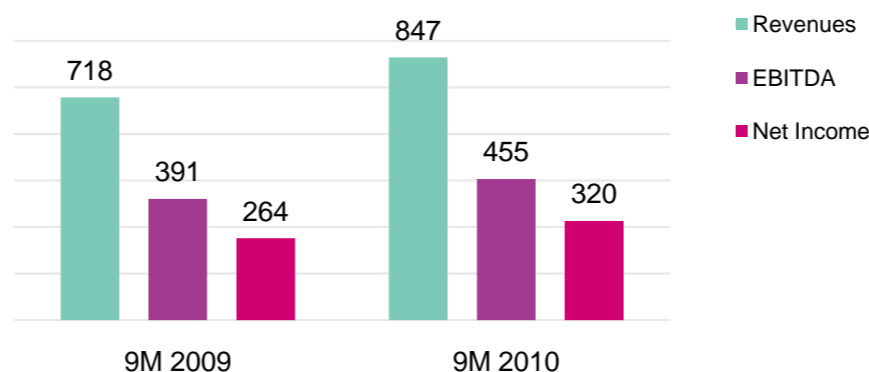
Key Statistics 9M 2010

Population (000s)	40,797
GDP/Capita (PPP)	\$2,126
Year of full acquisition	2006
Ownership	100%
Mobile Penetration	47%
Number of Operators	3
Market Positioning	1
Market Share	60%
ARPU	\$10

Market Share



Financial Performance (\$ m)





Iraq

Contribution to Group total - Population: **26%** Customers: **33%** Revenues: **31%** - Customer YoY Growth: **17%**

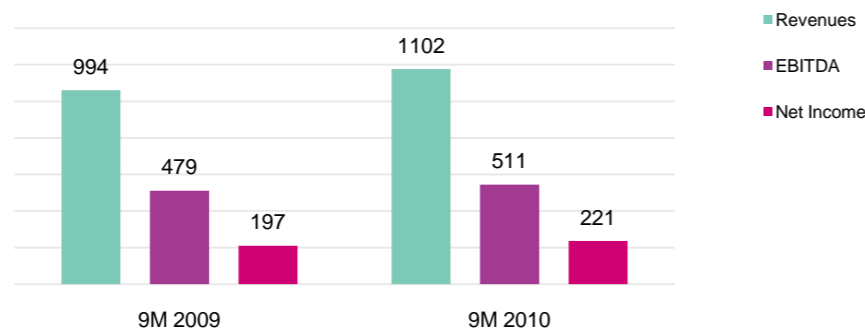
- Acquired a 15-year nationwide license for US\$ 1.25 billion in August 2007, Zain Iraq has expanded its services to cover 90% of the population.
- The operation has established itself as a leading mobile operator on the back of new marketing initiatives, better distribution model as well as a more focused management.
- Iraq remains the major contributor to the Group's customer base and revenues at 33% and 31% respectively.
- 22 sites were commissioned during 3Q of 2010 bringing the total number of sites to 2,859 on air.



Key Statistics 9M 2010

Population (000s)	30,419
GDP/Capita (PPP)	\$3,858
Year of acquisition	2003
Ownership	71.67%
Mobile Penetration	77%
Number of Operators	3
Market Positioning	1
Market Share	54%
ARPU	\$11

Financial Performance (\$ m)





Jordan

Contribution to Group Total - Population: **6%** Customers: **7%** Revenues: **11%** Customer YoY Growth: **(2%)**

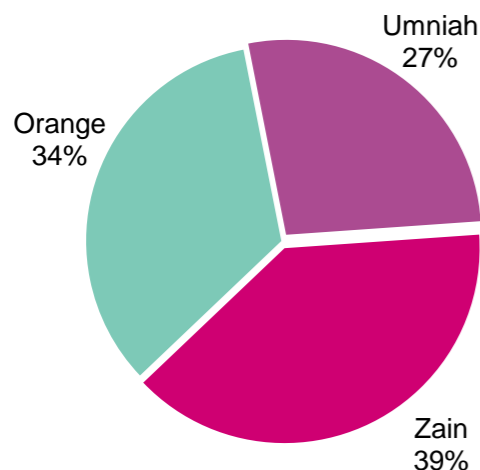
- In January 2003, Zain Jordan was the Group's first acquired operation for a value of US\$ 418.9 million.
- Despite stiff competition, Zain managed to maintain its lead in this liberalized market with a 39% market share; this slight decrease of 3 percentage points (as compared to 1H-2010) was bolstered by starter kits offered by its peers.
- July 2010 witnessed the launch of the first MVNO 'Friendi' targeting the international Egyptian traffic.
- 17 new sites were rolled-out in Q3-2010



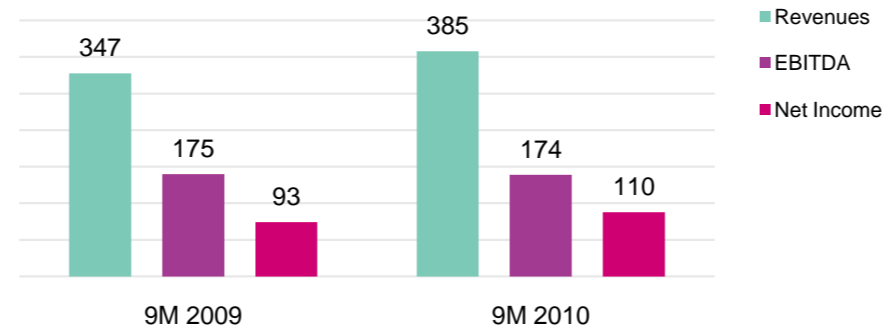
Key Statistics 9M 2010

Population (000s)	6,362
GDP/Capita (PPP)	\$4,870
Year of acquisition	2003
Ownership	96.52%
Mobile Penetration	101%
Number of Operators	4
Market Positioning	1
Market Share	39%
ARPU	\$15

Market Share



Financial Performance (\$ m)





Bahrain

Contribution to Group Total - Population: **1%** Customers: **2%** Revenues: **6%** - Customer YoY Growth: **(19%)**

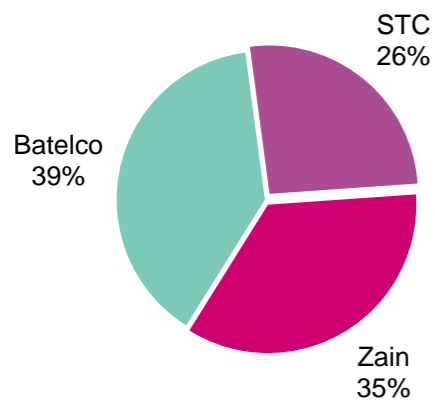
- A Greenfield operation, Zain Bahrain launched its commercial services in December 2003.
- Bahrain has the highest mobile penetration in the GCC region with 194%.
- The operation witnessed a decrease of 2 percentages points with increased competition bolstered by massive discount on international tariff promotions.
- From a regulatory standpoint, TRA issued 2 notices:
 1. In respect of ISP operators to block some of the websites offering VoIP calls via internet to Bahrain.
 2. To register all prepaid lines under dealer/ distributors.



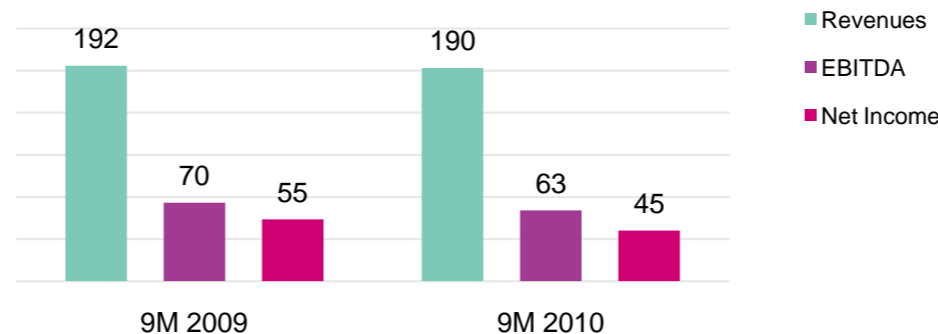
Key Statistics 9M 2010

Population (000s)	1,130
GDP/Capita (PPP)	\$21,525
Year of launch	2003
Ownership	56.25%
Mobile Penetration	205%
Number of Operators	3
Market Positioning	2
Market Share	35%
ARPU	\$26

Market Share



Financial Performance (\$ m)





Kingdom of Saudi Arabia

Contribution to Group Total - Population: **25%** Customers: **21%** - Customer YoY Growth: **66%**

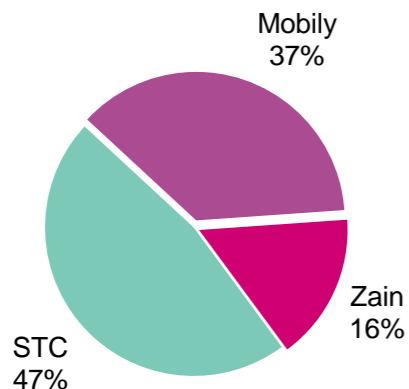
- Zain KSA launched commercial services in late August 2008.
- The operation's customer base hit 7+ million milestone – an increase of 66% as compared to the previous year.
- Overall Zain's solid performance was due to the sustained growth of the prepaid segment, new business lines as well as the efficient mechanisms which were put in place to control churn and provide innovative and attractive P&S to customers.
- EBITDA increased significantly hitting a positive highlight in just 25 months of operations.



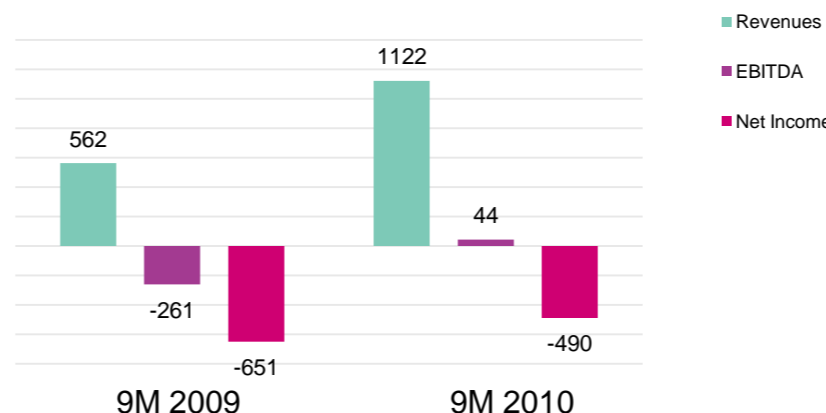
Key Statistics 9M 2010

Population (000s)	28,962
GDP/Capita (PPP)	\$23,977
Year of launch	2008
Ownership	25%
Mobile Penetration	167%
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: **16%**

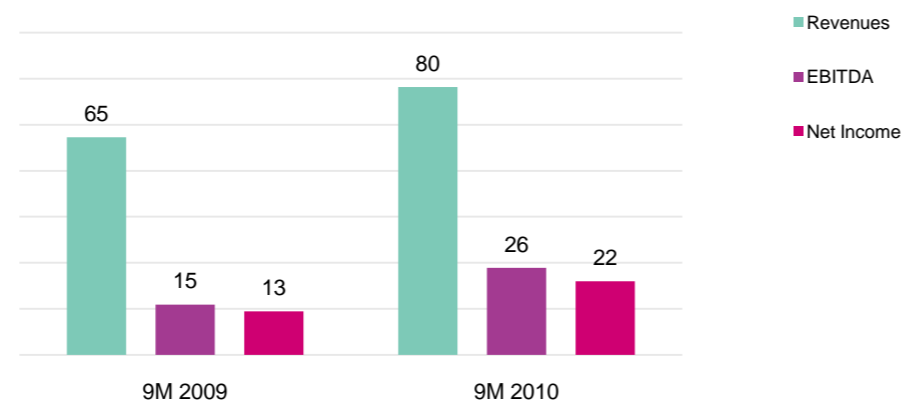
- Zain operates in Lebanon under a management contract since June 2004, when it was rebranded to mtc-touch.
- On 31st May 2010, the Network Management Agreement (NMA) was extended for a period of 3 months from July 31-October 2010; thereafter renewable for another 3 months - beyond end October 2010 until end of January 2011.



Key Statistics 9M 2010

Population (000s)	4,205
GDP/Capita (PPP)	\$12,165
Year of MC award	2004
Ownership	MC
Mobile Penetration	63%
Market Share	53%
Number of Operators	2

Financial Performance (\$ m)





Financial Statements



Balance Sheet

	30-Sep-10 KD (000s)	30-Sep-09 KD (000s) (Restated)
Assets		
Current Assets		
Cash on hands and banks	635,136	306,710
Trade and other receivables	521,393	451,448
Loan to an associate	-	57,280
Inventories	13,369	30,269
Investments - at fair value through profit or loss	7,685	10,584
	1,177,583	856,291
Non-Current Assets		
Deferred tax assets	303	112,405
Investments - available for sale	97,805	107,139
Investment in associates	126,054	178,383
Interest in jointly control entity	39,156	48,276
Loan to associates	183,774	82,665
Property & equipment	776,416	2,136,802
Intangible assets	1,352,138	2,277,479
Other financial assets	-	2,590
	2,575,646	4,945,739
Total Assets	3,753,229	5,802,030

	30-Sep-10 KD (000s)	30-Sep-09 KD (000s) (Restated)
Liabilities & Equity		
Current Liabilities		
Trade and other payables	587,900	1,134,157
Due to banks	182,326	448,263
	770,226	1,582,420
Non-Current Liabilities		
Due to banks	107,525	1,640,768
Deferred Tax Liability	-	33,455
Other non-current liabilities	150,309	90,039
	257,834	1,764,262
Shareholders' Equity		
Share Capital	429,246	428,059
Share premium	1,697,785	1,690,772
Treasury shares	(567,834)	(567,834)
Legal reserve	147,989	127,788
Voluntary reserve	-	63,091
Foreign currency translation Reserve	(69,077)	(47,762)
Treasury shares reserve	1,967	1,967
Equity issue transaction cost of associate	(1,798)	(1,812)
Investment fair value reserve	2,660	5,949
Share based compensation reserve	6,735	23,949
Hedge reserve	(3,758)	(53,645)
Retained Earnings	989,221	600,117
	2,633,136	2,270,639
Minority interest	92,033	184,709
Total Equity	2,725,169	2,455,348
Total Liabilities & Equity	3,753,229	5,802,030



Income Statement

	30-Sep-10 KD (000s)	30-Sep-09 KD (000s) (Restated)
Continuing operations		
Revenues	1,009,816	932,606
Cost of Sales	(267,434)	(239,600)
Gross Margin	742,382	693,006
Distribution, Marketing and operating expenses	(198,829)	(156,508)
General and administrative expenses	(91,595)	(77,563)
Depreciation & Amortization	(123,987)	(111,025)
Provision for doubtful debts	(4,367)	(1,975)
Operating profit	323,604	345,935
Interest income	13,105	6,516
Income/(loss) from investment securities	(619)	(3,631)
Share of loss of associates	(35,199)	(48,357)
Share of loss of jointly controlled entity	(5,950)	(1,776)
Other income	14,072	9,538
Finance Cost	(49,083)	(69,711)
Gain on currency revaluation	24,020	(11,274)
Board of Directors' remuneration	(24)	(24)
Contribution to Foundation for Advancement of Sciences	(2,109)	(2,029)
National Labour Support Tax and Zakat	(3,492)	(5,194)
Profit for the period before income tax	278,325	219,993
Income tax expense	(29,382)	(25,822)
Profit for the period from continuing operations	248,943	194,171
Discontinued operations		
Profit from discontinued operations	741,809	8,190
Profit for the period	990,752	202,361
Profit Attributable to:		
Shareholders of the Parent Company	975,637	190,448
Non-controlling interests	15,115	11,913
	990,752	202,361
	Fils	Fils
Basic earnings per share	252	49
Diluted earnings per share	252	49

	30-Sep-10 KD (000s)	30-Sep-09 KD (000s) (Restated)
Profit for the period	990,752	202,361
Other comprehensive income		
Exchange differences on translating foreign operations	(99,843)	40,809
Net unrealized gain/ (loss) on available-for-sale investments	8,053	7,910
Net realized (gain)/ loss transferred to statement of income on available-for-sale investments (net of impairment losses)	1,179	7,240
Cash flow hedges	1,298	6,737
Share based compensation	2,574	3,554
Share of other comprehensive income of an associate	(3,742)	(66)
	(90,481)	66,184
<i>On discontinued operations transfers to condensed consolidated statement of income:</i>		
Cumulative exchange differences	50,607	-
Net Realized loss on available-for-sale investments	1,147	-
Cash flow hedges	48,000	-
	99,754	-
Total comprehensive income for the period	1,000,025	268,545
Total comprehensive income attributable to:		
Shareholders of the Parent Company		
From continuing operations	134,625	250,933
From discontinuing operations	851,618	14,820
	986,243	265,753
Non-controlling interests		
From continuing operations	23,836	25,830
From discontinuing operations	(10,054)	(23,038)
	13,782	2,792



Cash Flow Statement

	30-Sep-10 KD (000s)	30-Sep-09 KD (000s) (Restated)
Cash flows - operating activities:		
<i>Profit for the period before income tax of continuing and discontinuing operations</i>	1,015,938	231,187
Adjustments for:		
Depreciation and amortization	238,050	295,452
Interest income	(15,235)	(8,211)
Investment Income	619	3,631
Gain from disposal of a subsidiary	(778,134)	-
Share of loss of associates and jointly controlled entity	41,149	50,133
Gain on disposal of property and equipment	-	(14)
Finance cost	72,438	118,174
(Gain)/loss from currency revaluation	(14,789)	36,990
Operating profit before working capital changes	560,036	727,342
Increase in trade and other receivables	(287,359)	(53,252)
Decrease/(increase) in inventories	3,035	(6,970)
Increase/(decrease) in trade and other payables	140,443	(110,097)
Cash generated from operations	416,155	557,023
Paid to KFAS	(4,159)	(2,841)
National Labour Support Tax and Zakat	(5,528)	(6,247)
Income tax paid	(39,222)	(11,975)
Net Cash from operating activities	367,246	535,960

	30-Sep-10 KD (000s)	30-Sep-09 KD (000s) (Restated)
Cash flows - investing activities:		
Deposits with a foreign bank under lien	(171,498)	-
Purchase of investments	(2)	(1,398)
Investment in subsidiary	-	(18,583)
Proceeds from disposal of a subsidiary	2,255,066	-
Investment in an associate/jointly controlled entity	(1,313)	(28,084)
Proceeds from sale of investments	237	7,726
Acquisition of property and equipment (net)	(201,192)	(346,813)
Acquisition of intangible assets	(36,416)	(973)
Interest received	14,529	8,211
Dividend received	1,640	-
Net Cash from/(used in) investing activities	1,861,051	(379,914)
Cash flows - financing activities:		
Capital contribution - employees stock option	7,639	426
Repayments/borrowings from banks (net)	(1,287,201)	163,266
Loan to an associate	(4,721)	(57,412)
Dividends paid to shareholders	(651,872)	(190,878)
Dividends paid to minority shareholders	(10,478)	(9,305)
Finance Cost Paid	(81,813)	(123,745)
Net Cash used by Financing activities	(2,028,446)	(217,648)
Net (decrease)/increase in cash and cash equivalents	199,851	(61,602)
Effect of foreign currency translation	(3,388)	441
Cash and cash equivalent at beginning of period	267,175	367,871
Cash and cash equivalent at end of period	463,638	306,710



Thank you

For more information please contact Investor Relation Team at:

investor.relations@zain.com

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