IR Presentation

2011

A wonderful world

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:

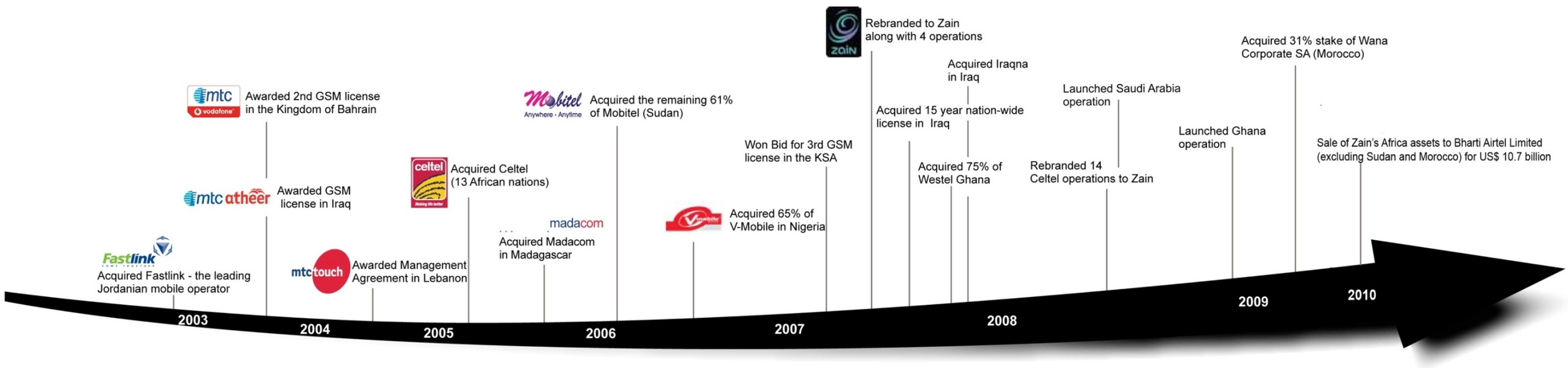
- Zain is an emerging telecoms player operating in 8 countries across the region, serving over 40.3 million active customers

- The company is the leading mobile telecom operator in 6 of its markets

- Revenues: US$ 4.79 billion; EBITDA: US$ 2.18 billion; Net Income: US$ 1.03 billion for 2011

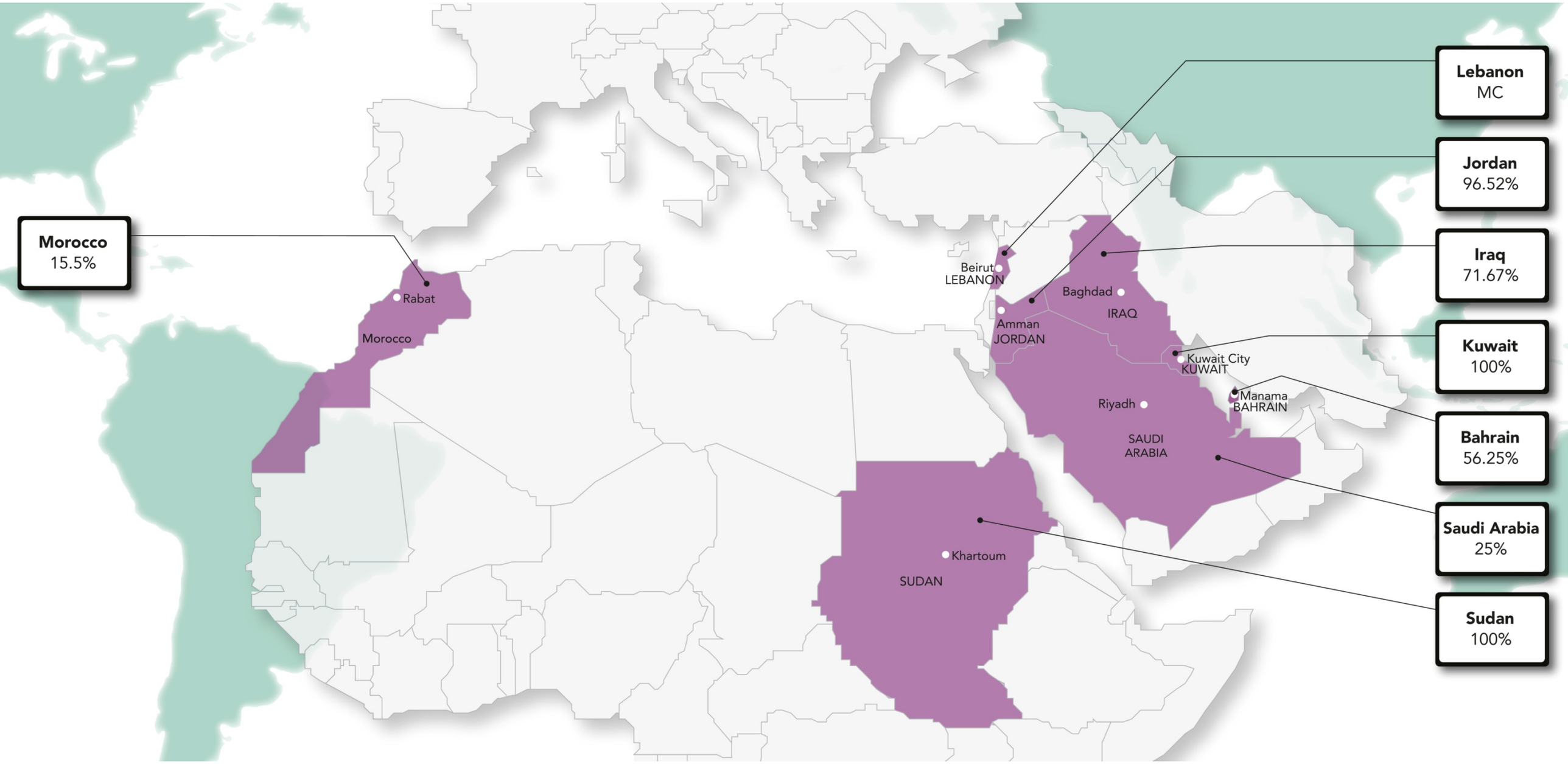
Zain's Historical Growth

From a National Player to an Emerging Markets Leader



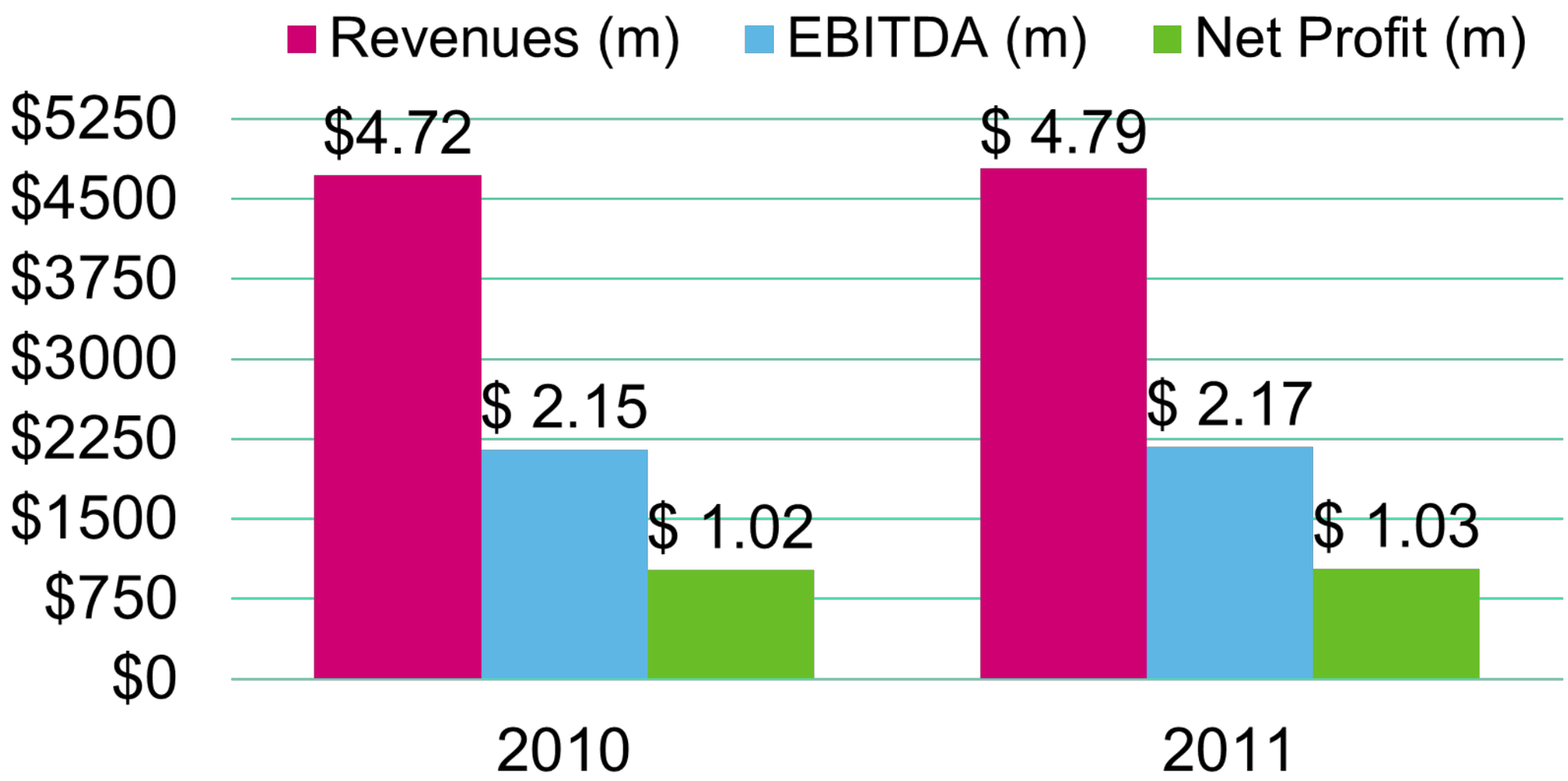
* MTC Atheer & Iraqna jointly operate under the Zain brand

Zain Group's Footprint



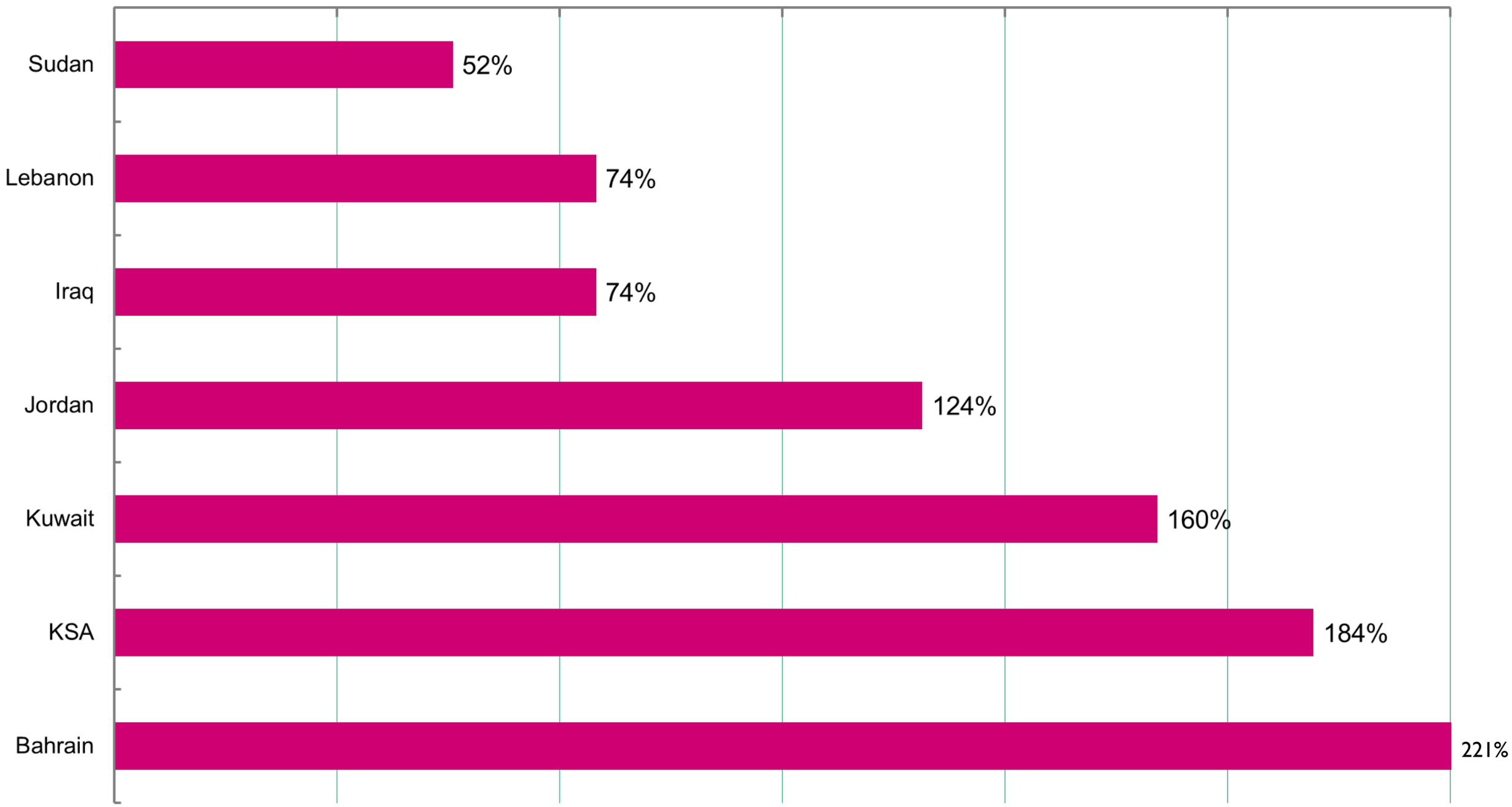
% reflects ownership

Zain's Key Performance Indicators



*Net Profit excluding capital gain of KD770.4 million (USD2,653 million) from the sale of Zain Africa

Penetration Rates

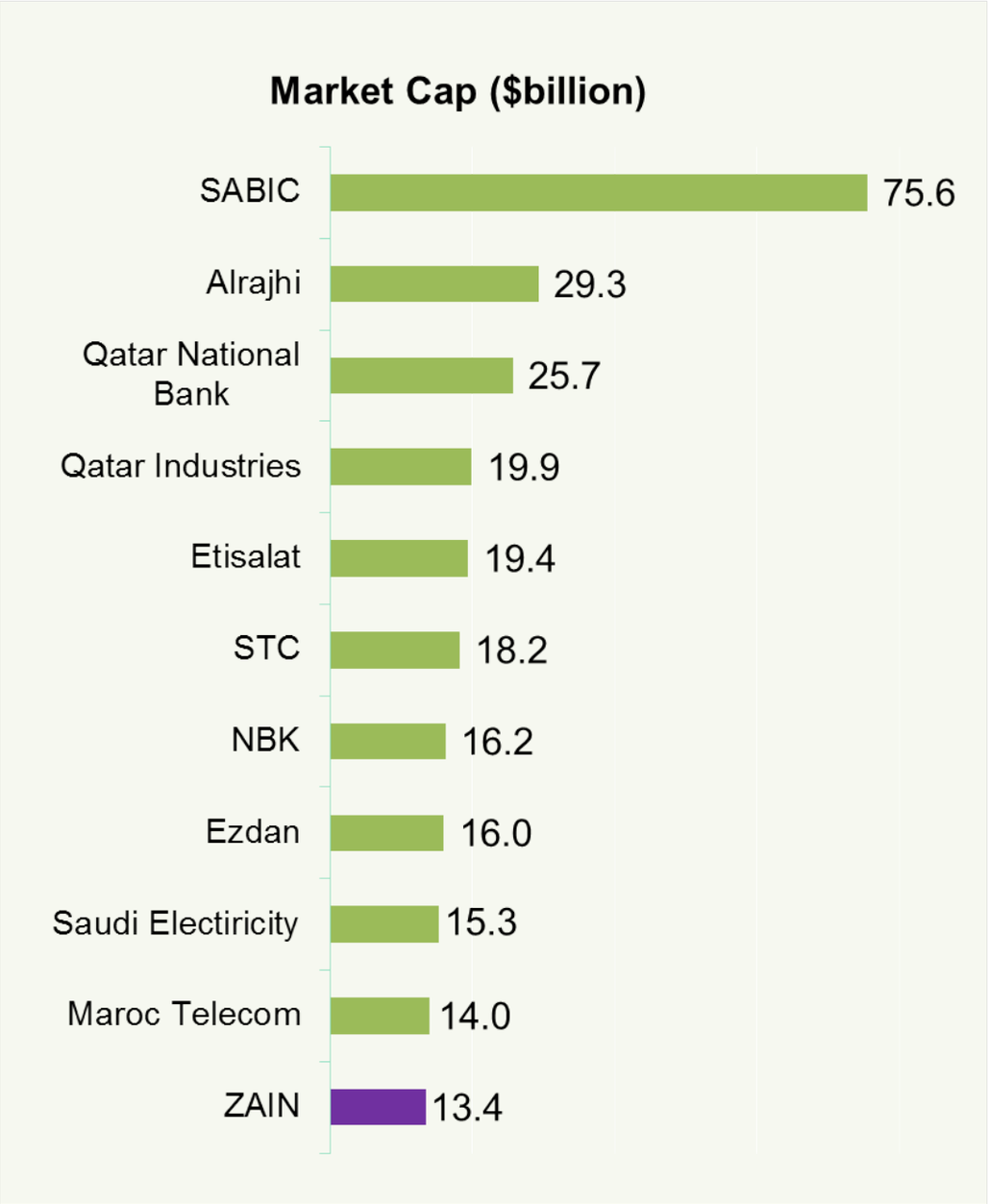


Source: Informa

Top 10 Companies in Middle East

Market Cap (Billion)

	Company	Market Cap $b
1	Saudi Basic Industries Corp	75.6
2	Alrajhi Bank & Investment Corp	29.3
3	Qatar National Bank	25.7
4	Qatar Industries	19.9
5	Etisalat	19.4
6	Saudi Telecom Co (STC)	18.2
7	NBK	16.2
8	Ezdan Real Estate	16.0
9	Saudi Electricity	15.3
10	Maroc Telecom	14.0
11	**ZAIN**	**13.4**

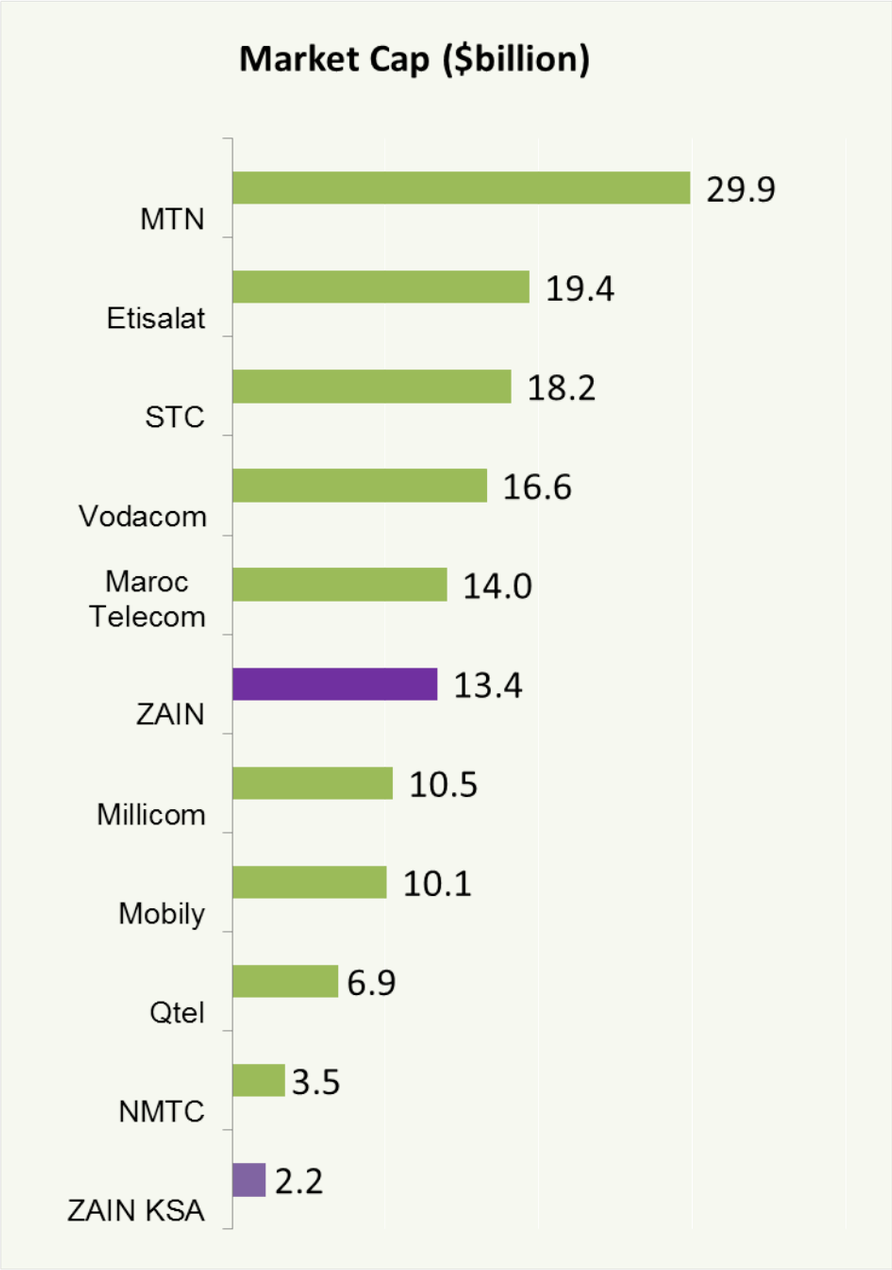


As of January16, 2011
Source: Reuters

Top Telecom Companies in Middle East & Africa

Market Cap (Billion)

	Company	Market Cap $b
1	MTN	29.9
2	Emirates Telecom (Etisalat)	19.4
4	Saudi Telecom Co (STC)	18.2
3	Vodacom	16.6
5	Maroc Telecom	14.0
6	**ZAIN**	**13.4**
7	Millicom	10.5
8	Etihad Etisalat (Mobily)	10.1
9	Qatar Telecom (Qtel)	6.9
10	Wataniya Telecom (NMTC)	3.5
11	**ZAIN KSA**	**2.2**

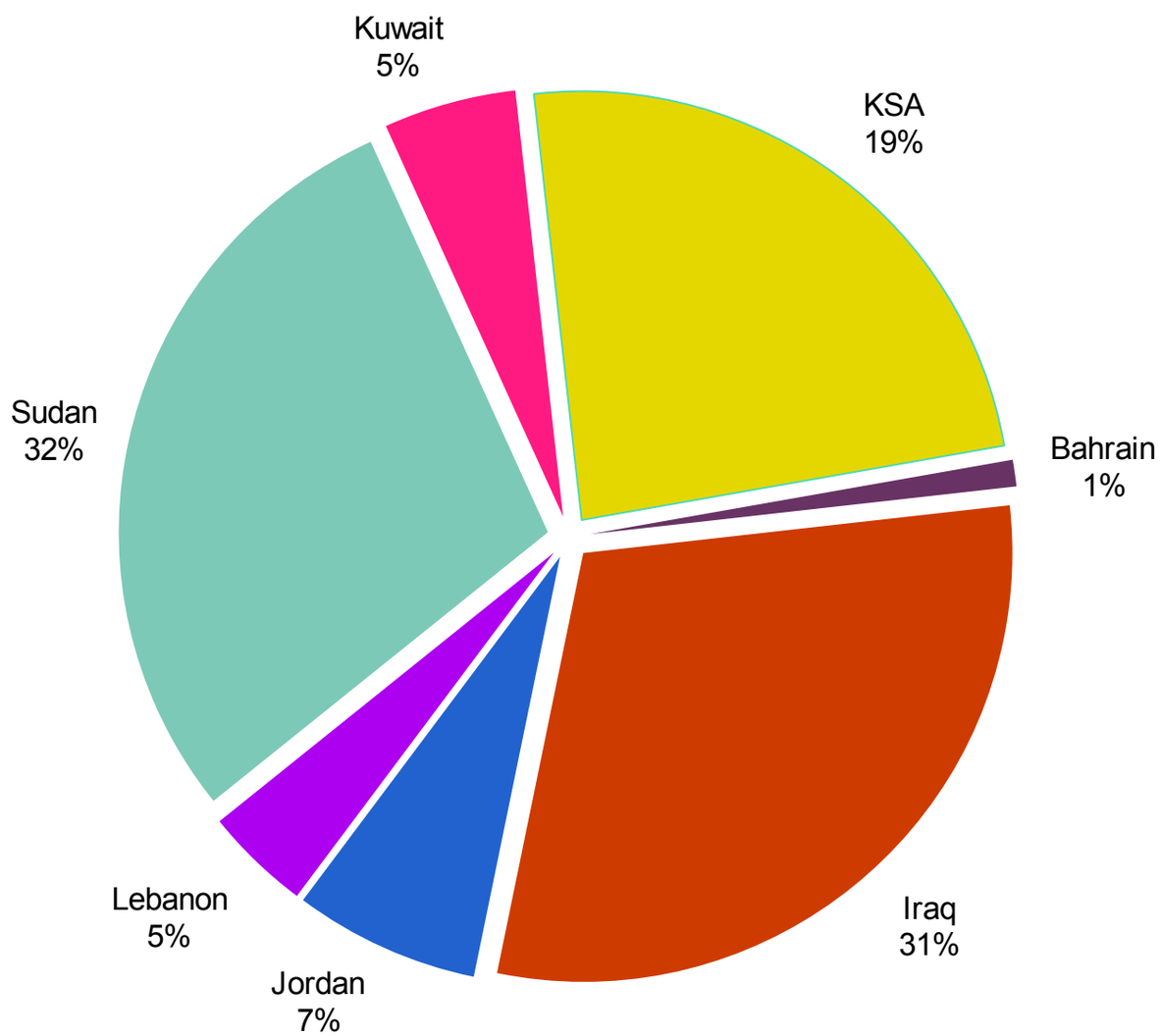


As of January16, 2011

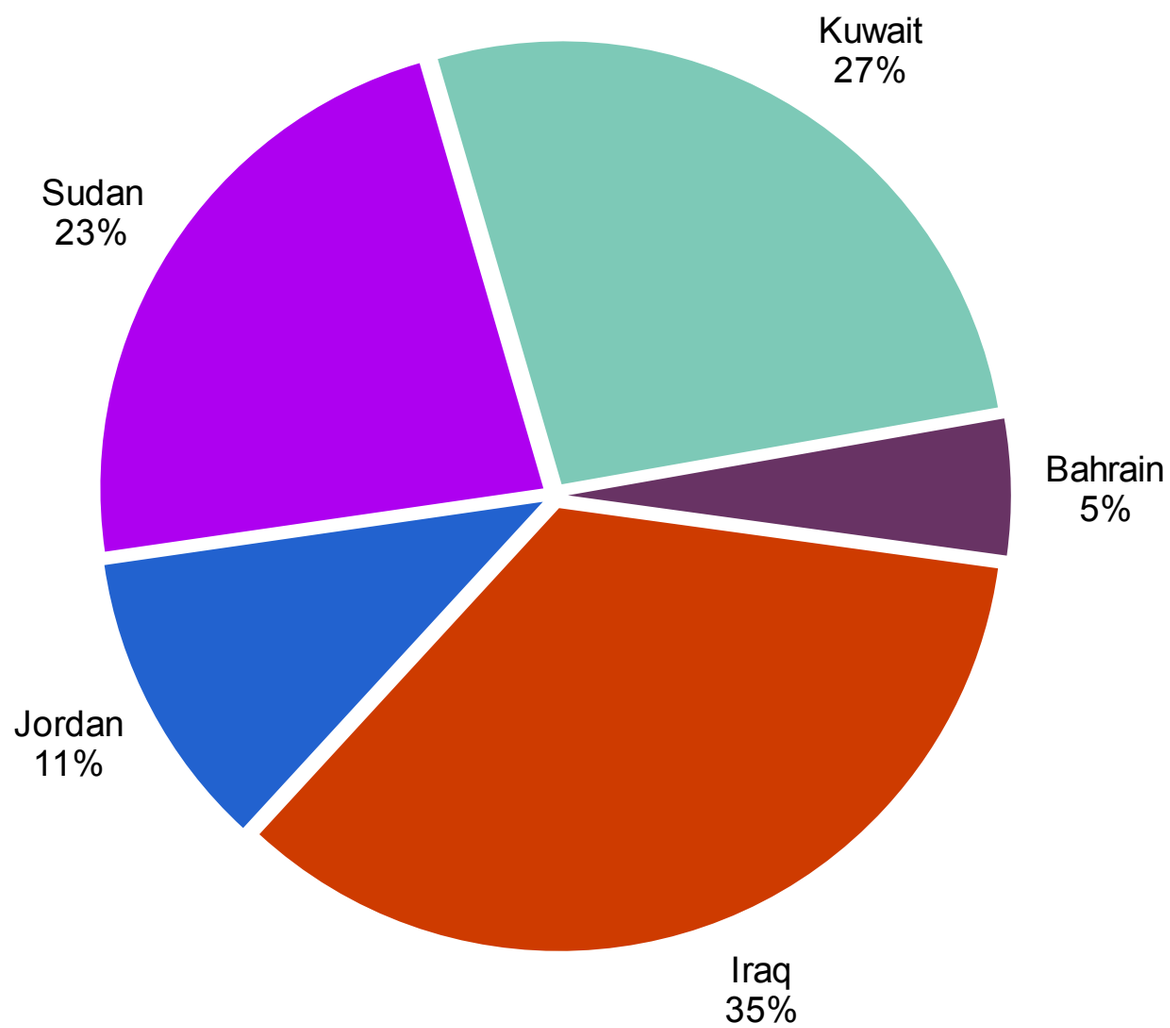
Source: Reuters

Zain Group Country Breakdown 2011

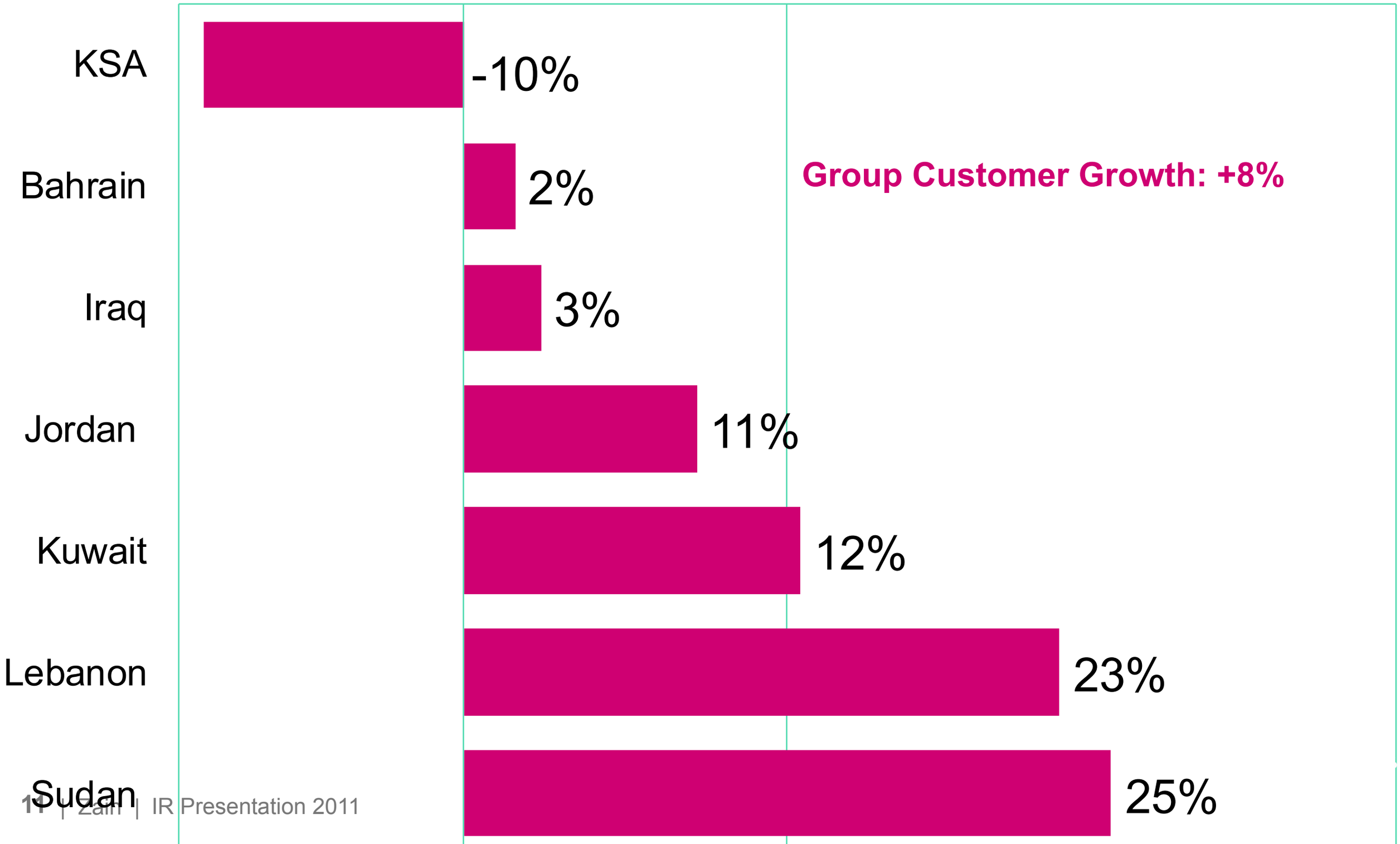
Zain Group Customers



Zain Group Revenues

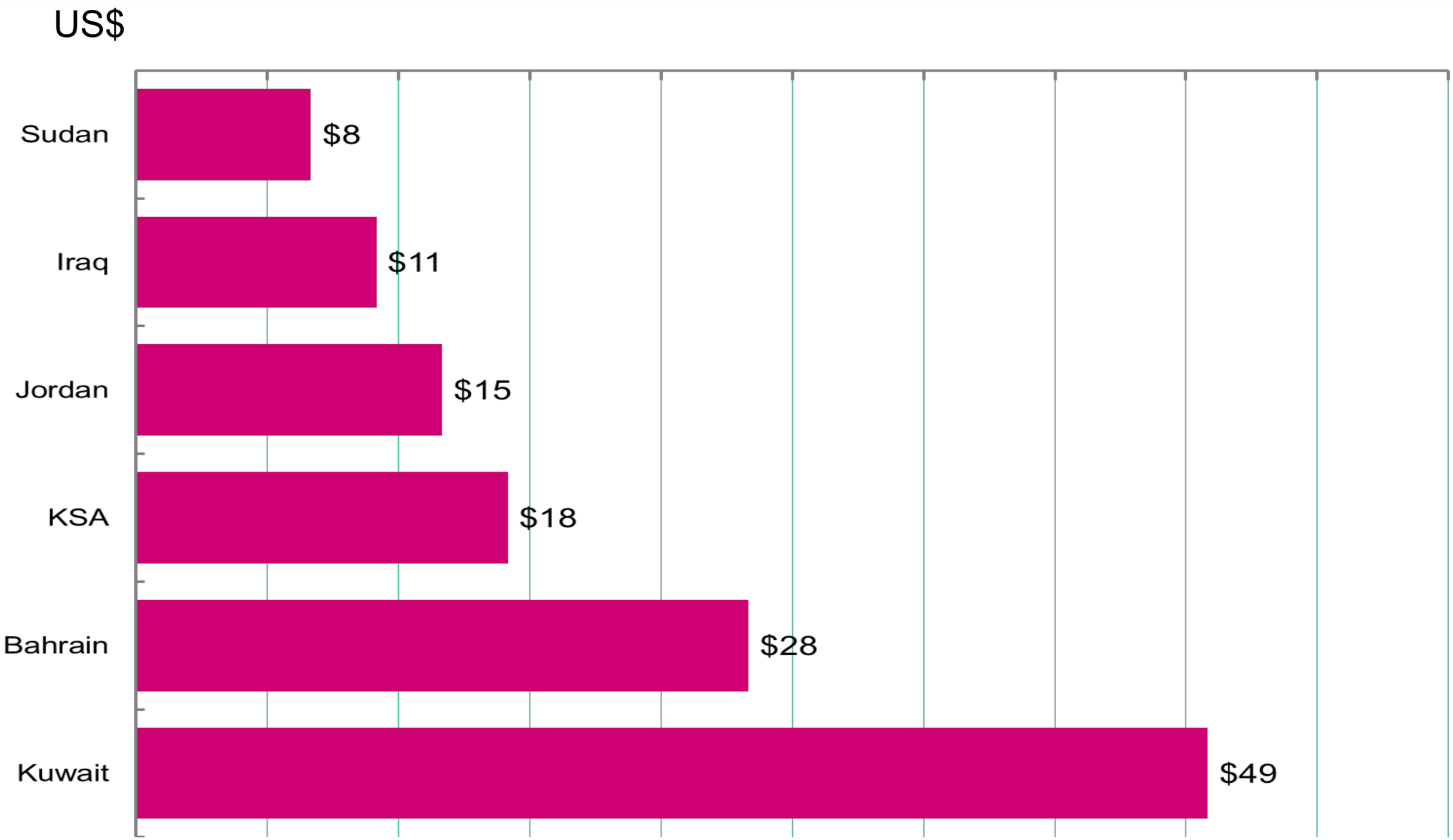


Zain Group Customer Growth
2011 vs. 2010



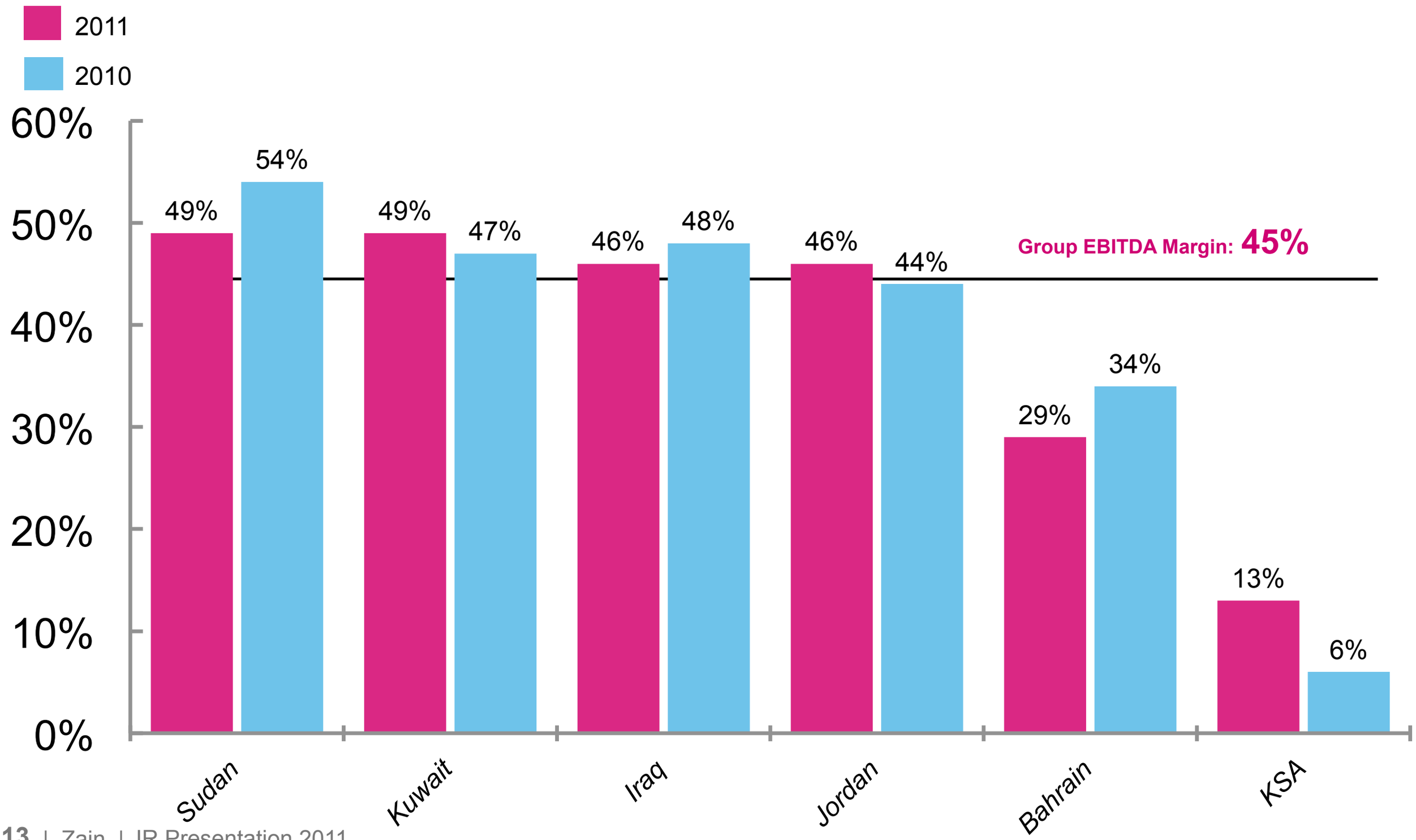
Blended ARPUs

December 31, 2011



Note: Lebanon's ARPU not included due to Management Contract

EBITDA Margins
2011



Zain’s Mobile Operations

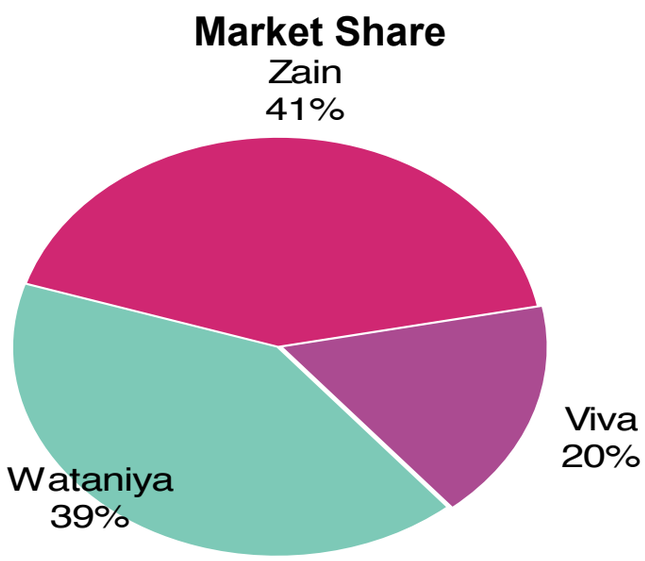
Kuwait

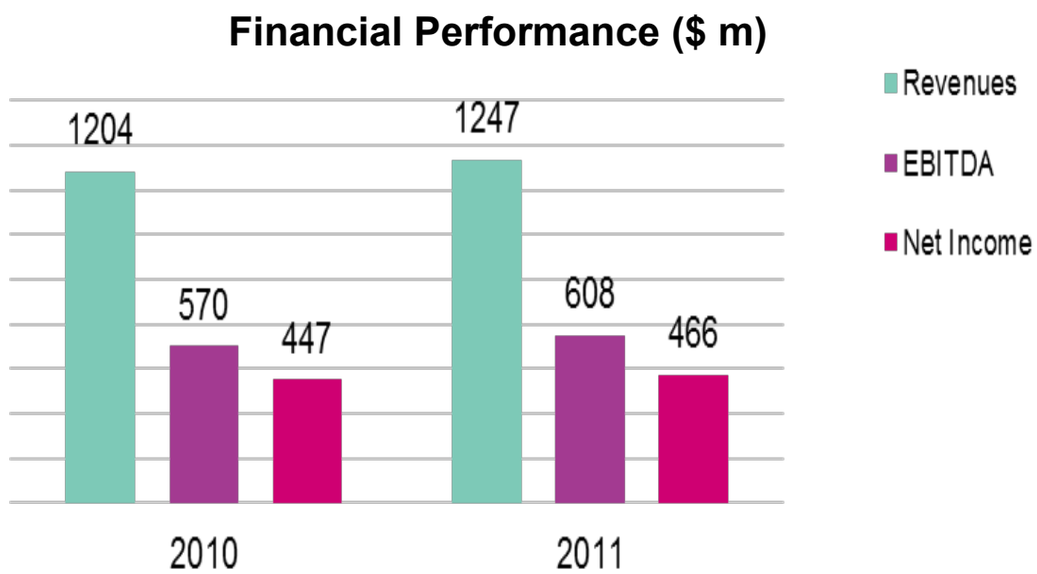
Contribution to Group total - Population: **3%** Customers: **5%** Revenues: **27%** - Customer YoY Growth: **13%**

- Zain Kuwait, the Group's flagship stayed ahead of its competitors and was able to maintain its leading position with a 41% market share.
- The launch of new iPhone packages and other exciting offerings contributed to the increase in the operation's customer base by 13% from the previous year.
- The operation has the highest ARPU ($49) in the Group.
- Zain Kuwait reported an increase of 4% and 7% respectively in net income and EBITDA in comparison to 2010, while Capex increased 50% from the previous year due to expansion of the operations' network.

Key Statistics 2011

Population (000s)	3,132
GDP/Capita (PPP)	$51,799
Year of launch	1983
Ownership	100%
Mobile Penetration	160%
Customers (000s)	2,103
Number of Operators	3
Market Positioning	1
Market Share	41%
ARPU	$49





Iraq

Contribution to Group total - Population: **27%** Customers: **31%** Revenues: **34%** - Customer YoY Growth: **3%**

- 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 Iraqi government announced the award of a 4th national license in a move to further encourage market liberalization, and the need for all mobile operators to list a percentage of their shares in 2011. This listing has been delayed and is expected to occur by mid 2012.

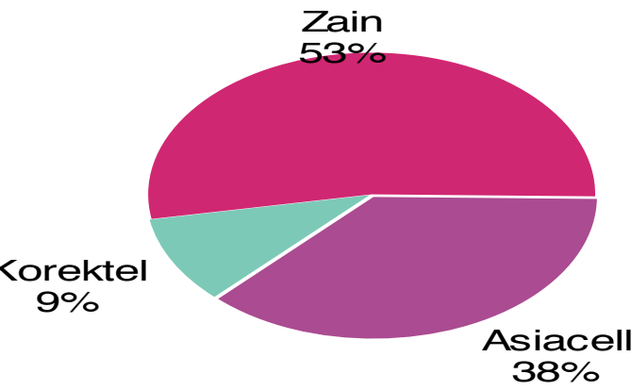
- Revenues and net income increased by 8% and 9% respectively from the previous year.

- As of 2011, Zain Iraq launched its first phase of extending services to the Kurdistan region, reflected in the 34% increase in Capex from 2010.

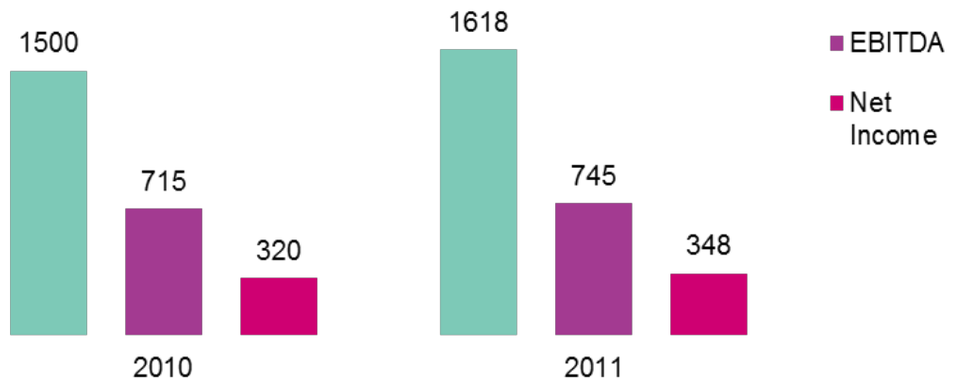
Key Statistics 2011

Population (000s)	32,571
GDP/Capita (PPP)	$3,600
Year of acquisition	2003
Ownership	71.67%
Mobile Penetration	74%
Customers (000s)	12,435
Number of Operators	3
Market Positioning	1
Market Share	53%
ARPU	$11

Market Share



Financial Performance ($ m)



Sudan

Contribution to Group total - Population: **37%** Customers: **32%** Revenues: **23%** - Customer YoY Growth: **25%**

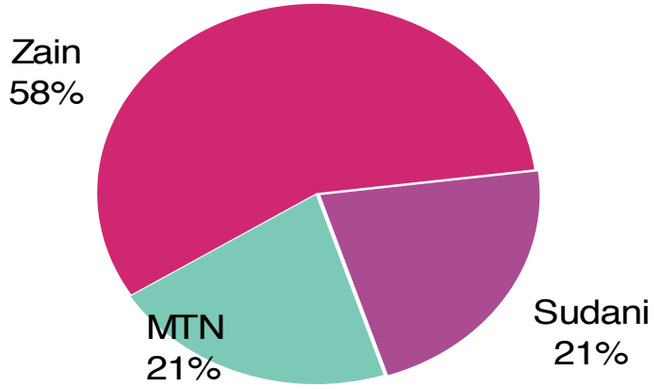
- Zain entered Sudan through its 2005 acquisition of Celtel which had a minority 31% stake in Mobitel, Sudan's first mobile operator. In February 2006, the remaining 61% was fully acquired by Zain for US$ 1.332 billion.

- Zain remains a key leader in the Sudanese market with a 58% market share, witnessing the highest increase in customer base from the previous year in the group (25%).

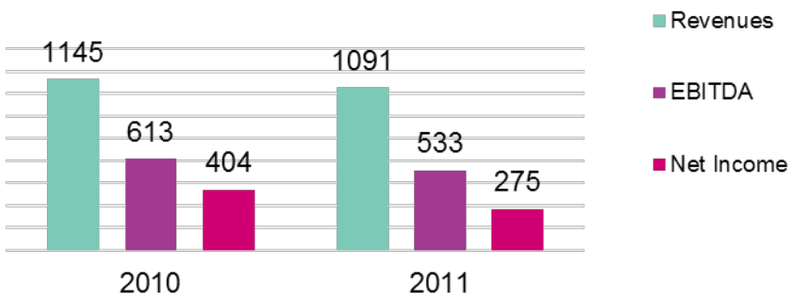
- The strength of the EUR against the SDG has impacted results when expressed in USD terms. In local currency, however, Zain Sudan reported a 9% increase in revenues in comparison to 2010.

- By the end of 2011, VAT on consumers increased from 20% to 30% and income tax increased from 3% to 15% from the previous year.

Market Share



Financial Performance ($ m)



Key Statistics 2011

Population (000s)	44,327
GDP/Capita (PPP)	$2,300
Year of full acquisition	2006
Ownership	100%
Mobile Penetration	52%
Customers (000s)	13,060
Number of Operators	3
Market Positioning	1
Market Share	58%
ARPU	$8

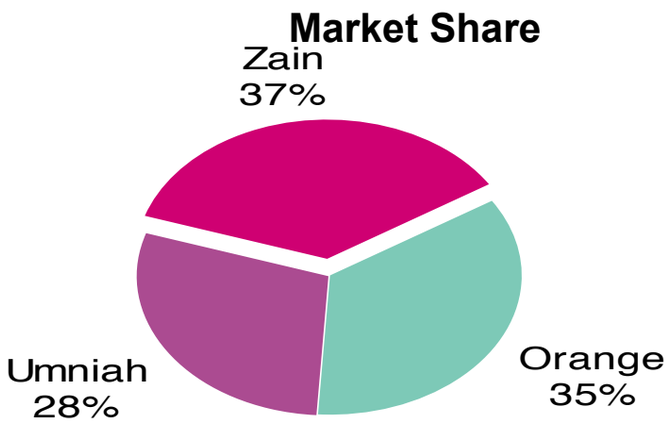
Jordan

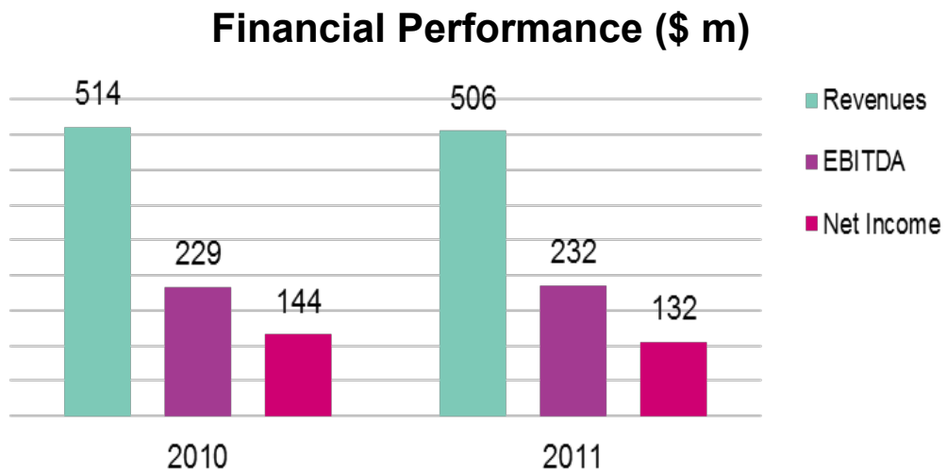
Contribution to Group Total - Population: **6%** Customers: **7%** Revenues: **11%** Customer YoY Growth: **9%**

- In January 2003, Zain Jordan was the Group's first acquired operation for a value of US$ 418.9 million.
- Despite the heightening of price competition and the pressure on lowering voice prices, Zain managed to increase its customer base by 9% from the previous quarter.
- Despite a 2% decrease in revenues since the previous year, Zain Jordan continues to hold the highest revenue share, with a contribution of almost half of the revenues in the overall market which includes two other operators.
- With the successful launch of its HSPA+ technology offering hi-speed internet access, the operation managed to increase its costumer base by over 212,000 subscriptions from 2010.

Key Statistics 2011

Population (000s)	6,594
GDP/Capita (PPP)	$5,300
Year of acquisition	2003
Ownership	96.52%
Mobile Penetration	124%
Customers (000s)	2,751
Number of Operators	3
Market Positioning	1
Market Share	37%
ARPU	$15



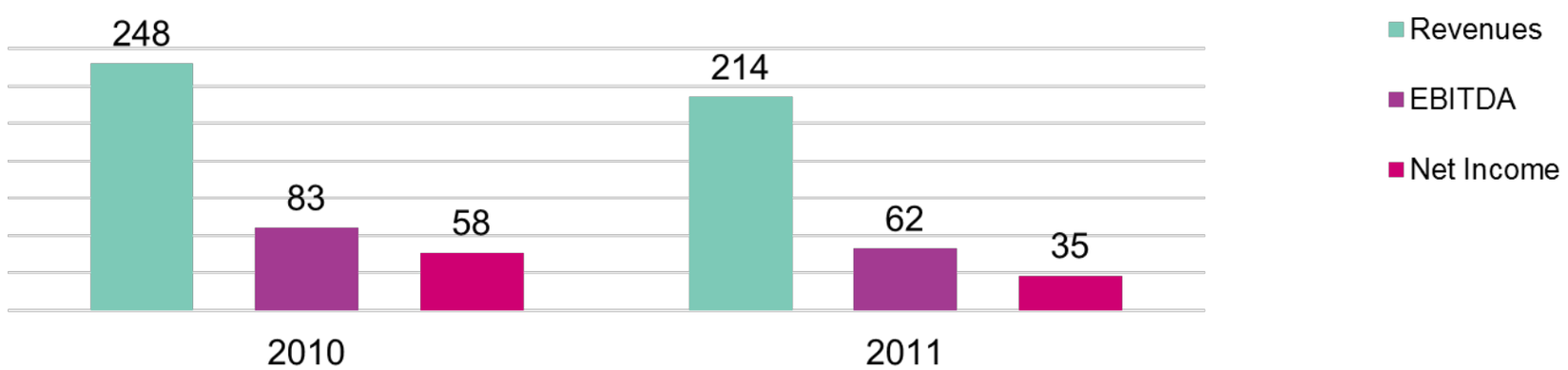


Bahrain

Contribution to Group Total - Population: **1%** Customers: **1%** Revenues: **5%** - Customer YoY Growth: **2%**

- A Greenfield operation, Zain Bahrain launched its commercial services in December 2003.
- Bahrain has the highest mobile penetration in the GCC region with 221%.
- Despite the entrant of the third competitor in the market and political instability in the country during 2011, the operations' customer base grew 2% in comparison to 2010.
- Capex increased by 43% due to previous network expansion throughout the year, as the network currently covers 100% of the population.

Financial Performance ($ m)



Key Statistics 2011

Population (000s)	**826**
GDP/Capita (PPP)	**$40,400**
Year of launch	**2003**
Ownership	**56.25%**
Mobile Penetration	**221%**
Customers (000s)	**508**
Number of Operators	**3**
Market Positioning	**2**
ARPU	**$28**

Kingdom of Saudi Arabia

Contribution to Group Total - Population: **23%** Customers: **19%** - Customer YoY Growth: (10%)

- Zain KSA launched commercial services in late August 2008, a year after it was rewarded its mobile license.

- Due to the clean-up of customer base of dormant subscribers, in 2011 the operations' customer base by 10% and market share from 16% to 12% in comparison to the previous year.

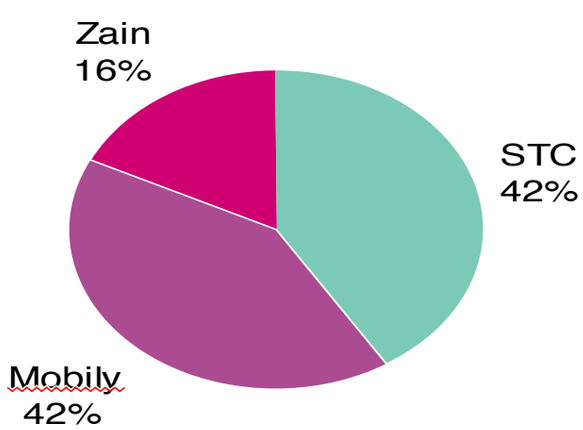
- Zain KSA succeeded in decreasing its net losses by 18% from the previous year, mainly due to the company's success in holding 16% share of the market.

- On November 1, 2011, Zain KSA announced that the company's Board of Directors has decided that the company should undergo a reduction of its capital followed by a SAR 6.0 billion (US$ 1.6 billion) rights issue.

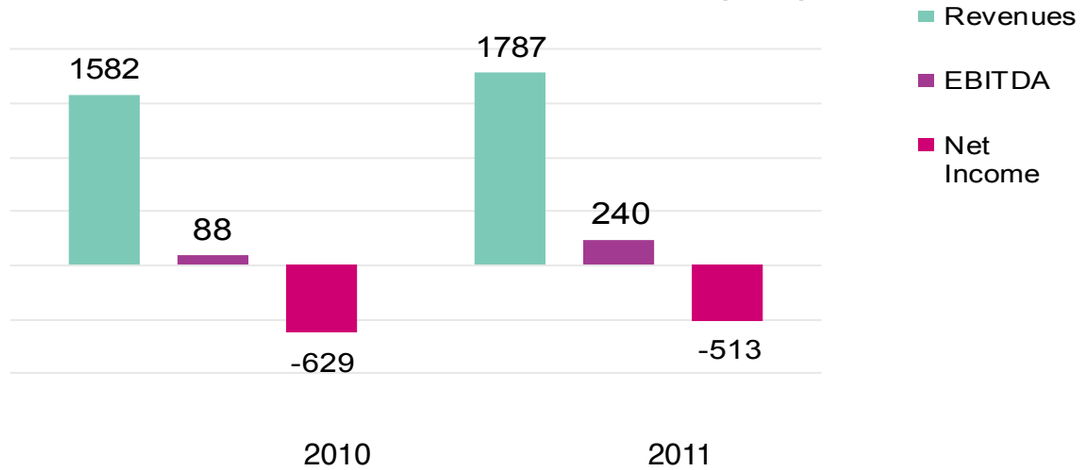
Key Statistics 2011

Population (000s)	26,918
GDP/Capita (PPP)	$24,200
Year of launch	2008
Ownership	25%
Mobile Penetration	184%
Customers (000s)	7,567
Number of Operators	3
Market Positioning	3
Market Share	16%
ARPU	$18

Market Share



Financial Performance ($ m)



Lebanon

Contribution to Group Total - Population: **4%** Customers: **5%** - Customer YoY Growth: **23%**

- Zain operates in Lebanon under a management contract since June 2004, when it was rebranded to mtc-touch. The Network Management Agreement (NMA) which had expired January 2011, was further renewed on February 1,2012 for 12 months.
- The operation launched 3G services in November 2011, which is also expected to contribute to further growth in mtc touch's performance.
- Customers increased by 23% from the previous year .
- The Network Management Agreement (NMA), which expired in January 2012, was subsequently renewed on February 1, 2012 for 12 months.

Key Statistics 2011

Population (000s)	**4,297**
GDP/Capita (PPP)	**$14,200**
Year of MC award	**2004**
Ownership	**MC**
Mobile Penetration	**74%**
Customers (000s)	**1,839**
Number of Operators	**2**

MC= Management Contract

Financial Statements

Balance Sheet

ASSETS	2011	2010
	KD '000	
Current assets		
Cash and bank balances	404,764	644,215
Trade and other receivables	332,843	431,965
Inventories	21,182	13,258
Investment securities at fair value through profit or loss	5,879	7,465
	764,668	1,096,903
Non-current assets		
Investment securities available for sale	62,470	98,641
Investments in associates	81,131	116,096
Interest in a jointly controlled entity	44,871	40,270
Loans to associates	190,166	187,263
Property and equipment	795,644	793,686
Intangible assets	1,256,094	1,304,449
Other assets	92,190	72,629
	2,522,566	2,613,034
Total Assets	3,287,234	3,709,937

LIABILITIES AND EQUITY	2011	2010
	KD '000	
Current liabilities		
Trade and other payables	506,541	593,221
Due to banks	313,823	124,933
	820,364	718,154
Non-current liabilities		
Due to banks	226,159	94,734
Other non-current liabilities	35,173	149,132
	261,332	243,866
Equity		
Share capital	430,754	429,743
Share premium	1,703,351	1,697,788
Treasury shares	(567,834)	(567,834)
Legal reserve	215,377	214,871
Foreign currency translation reserve	(214,064)	(143,767)
Treasury shares reserve	1,967	1,967
Equity issue transaction cost of associate	(1,760)	(1,779)
Investment fair valuation reserve	(10,046)	4,532
Share based compensation reserve	7,141	7,386
Hedge reserve	(849)	(2,524)
Retained earnings	516,453	1,006,607
	2,080,490	2,646,990
Non-controlling interests	125,048	100,927
Total equity	2,205,538	2,747,917
Total Liabilities and Equity	3,287,234	3,709,937

Income Statement

	2011	2010
	KD '000	
Continuing operations		
Revenue	1,321,921	1,351,681
Cost of sales	(353,914)	(354,836)
Gross profit	968,007	996,845
Distribution, marketing and operating expenses	(283,125)	(266,956)
General and administrative expenses	(74,868)	(107,947)
Depreciation and amortization	(170,700)	(166,279)
Provision for impairment – trade and other receivables	(9,654)	(6,184)
Operating profit	429,660	449,479
Interest income	19,822	17,813
Investment income	740	(1,945)
Share of loss of associates	(35,507)	(45,018)
Share of profit/ (loss) of a jointly controlled entity	5,872	(4,836)
Other income	1,766	20,038
Finance costs	(27,429)	(55,254)
(Loss)/ gain from currency revaluation	(34,277)	12,517
Board of Directors' remuneration	(430)	(32)
Contribution to Kuwait Foundation for Advancement of Sciences	(2,930)	(2,335)
National Labor Support Tax and Zakat	(8,870)	(8,244)
Profit for the year before income tax	348,417	382,183
Income tax expenses	(47,209)	(36,174)
Profit from continuing operations	301,208	346,009
Profit from discontinued operations	-	741,809
Release of provisions	16,320	-
	317,528	**1,087,818**
Attributable to:		
Shareholders of the Parent Company	284,866	1,062,805
Non-controlling interests	32,662	25,013
	317,528	**1,087,818**

Cash Flow Statement

	2011	2010
	KD '000	
Cash flows from operating activities		
Profit for the year before income tax	364,737	1,119,796
Adjustments for:		
Depreciation and amortization	170,700	280,342
Interest income	-19,822	-19,943
Investment income	-740	1,945
Share of loss of associates	35,507	45,018
Share of (profit)/ loss of a jointly controlled entity	-5,872	4,836
Finance costs	27,429	78,609
Loss/ (gain) from currency revaluation	34,277	-3,286
Gain from disposal of a subsidiary	-	-778,134
Gain on sale of property and equipment	-288	-18
Operating profit before working capital changes	605,928	729,165
Increase in trade and other receivables	-191,868	-305,700
(Increase)/ decrease in inventories	-8,466	2,744
(Decrease)/ increase in trade and other payables	-32,356	150,129
Cash generated from operations	373,238	576,338
Payments:		
Income tax	-38,165	-38,630
Board of Directors' remuneration	-32	-28
Kuwait Foundation for Advancement of Sciences (KFAS)	-1,818	-4,159
National Labour Support Tax and Zakat	-6,814	-5,528
Net cash from operating activities	326,409	527,993

	2011	2010
	KD '000	
Deposits under lien and those maturing after three months	162,249	-180,866
Proceeds from sale of investment securities	17,049	312
Investments in securities	-1,152	-4
Investments in associates/ jointly controlled entity	-397	-1,308
Proceeds from disposal of a subsidiary	209,839	2,277,429
Acquisition of property and equipment (net)	-157,947	-269,687
Acquisition of intangible assets	-155,353	-37,791
Interest received	19,248	19,522
Dividends received	1,751	1,640
Net cash from investing activities	95,287	1,809,247
Cash flows from financing activities		
Proceeds from/ (repayment of) bank borrowings (net)	318,389	-1,342,769
Loan to an associate	-4,461	-9,040
Proceeds from issue of share capital	6,574	7,914
Dividends paid	-773,857	-653,934
Dividends paid to non-controlling interests	-7,643	-10,478
Finance costs paid	-27,834	-80,760
Net cash used in financing activities	-488,832	-2,089,067
Net (decrease)/ increase in cash and cash equivalents	-67,136	248,173
Effects of exchange rate changes on cash and cash equivalents	-10,066	-51,999
Cash and cash equivalents at beginning of year	463,349	267,175
Cash and cash equivalents at end of year	386,147	463,349

Thank you

For more information please contact Investor Relation Team at:

investor.relations@zain.com

A wonderful world