



Investor Presentation

9 Months 2011

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

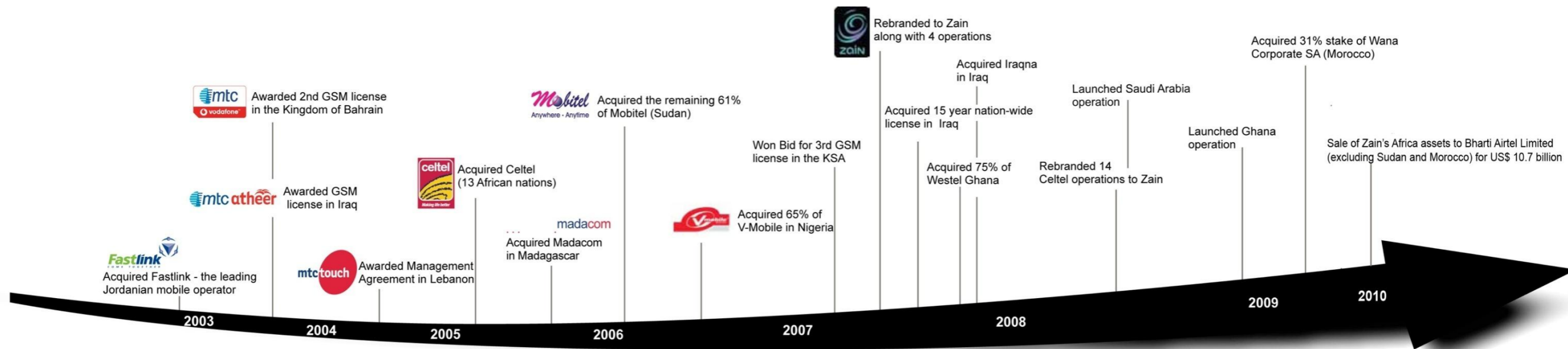
Who we are now

- Zain is an emerging telecoms player operating in **8 countries** in the Middle East, serving over **41.4 million** active customers
- The company is the leading mobile telecom operator in **6** of its markets
- **Revenues: US\$ 3.58 billion; EBITDA: US\$ 1.611 billion; Net Income: US\$ 762.5 million** for the first 9 Months of 2011



Zain's Historical Growth

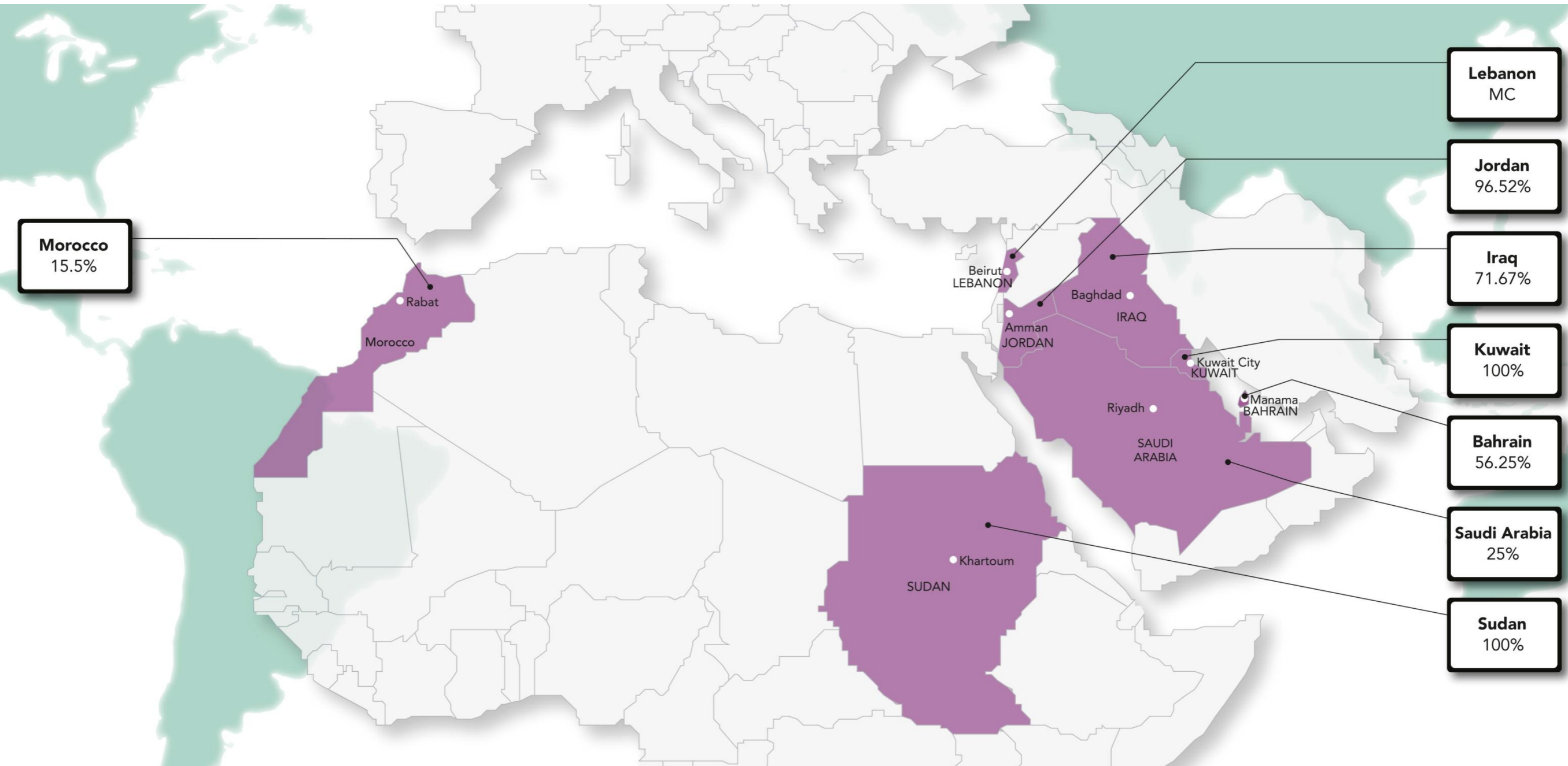
From a National Player to an Emerging Markets Leader



* MTC Atheer & Iraqla jointly operate under the Zain brand

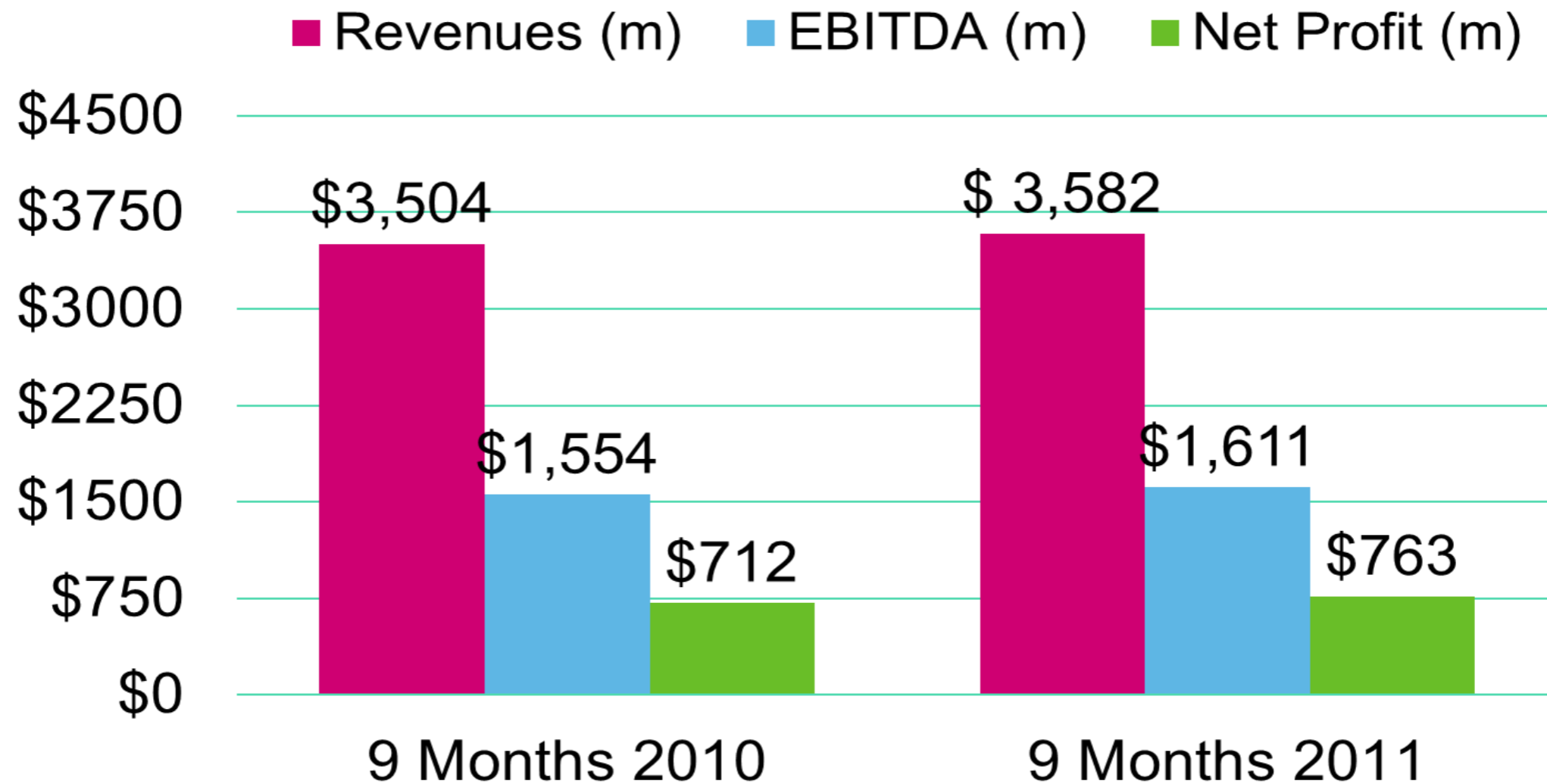


Zain Group's Footprint





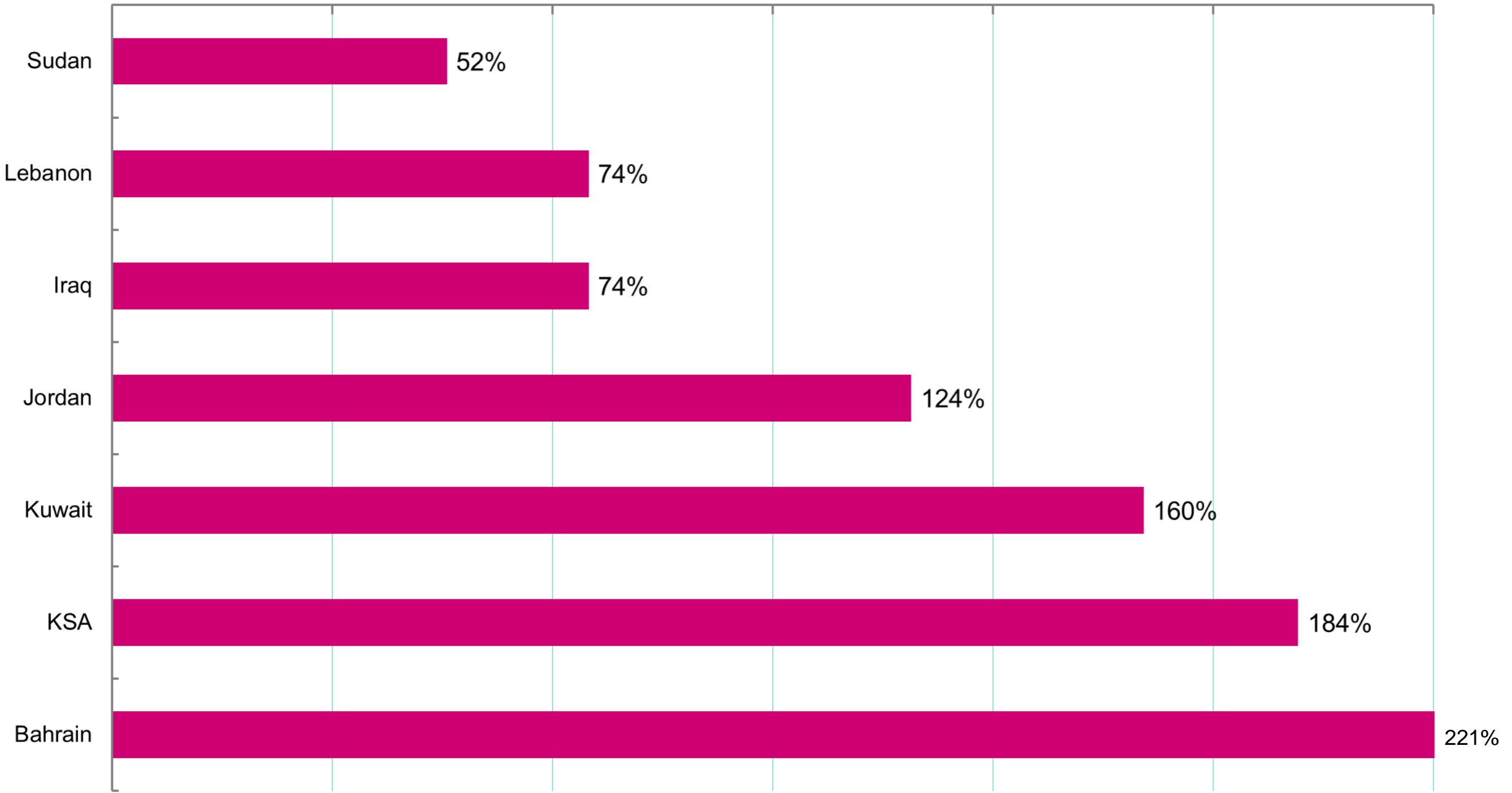
Zain's Key Performance Indicators



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



Penetration Rates

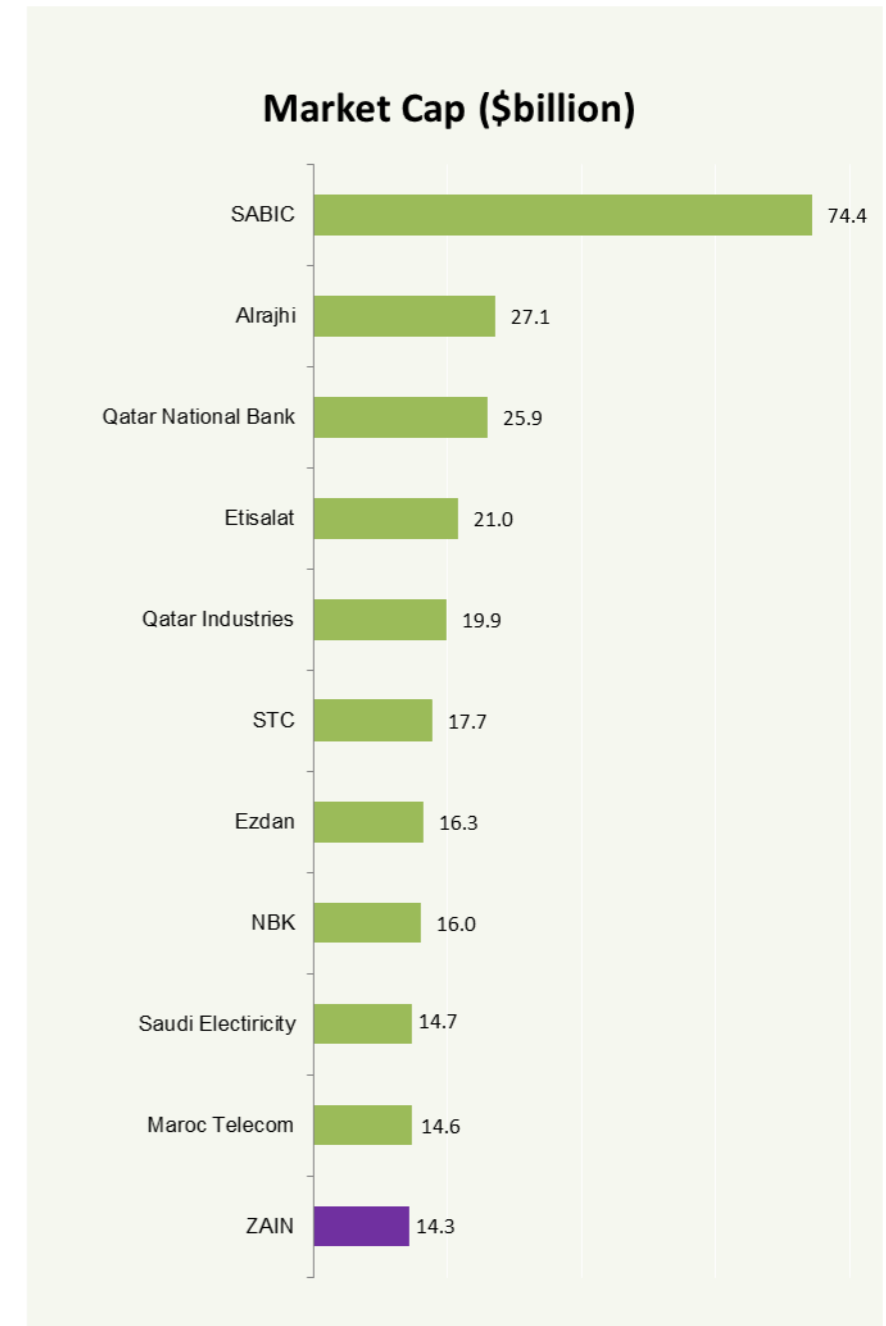




Top 10 Companies in Middle East

Market Cap (Billion)

	Company	Market Cap \$b
1	Saudi Basic Industries Corp	74.4
2	Alrajhi Bank & Investment Corp	27.1
3	Qatar National Bank	25.9
4	Etisalat	21.0
5	Qatar Industries	19.9
6	Saudi Telecom Co (STC)	17.7
7	Ezdan Real Estate	16.3
8	NBK	16.0
9	Saudi Electricity	14.7
10	Maroc Telecom	14.6
11	ZAIN	14.3



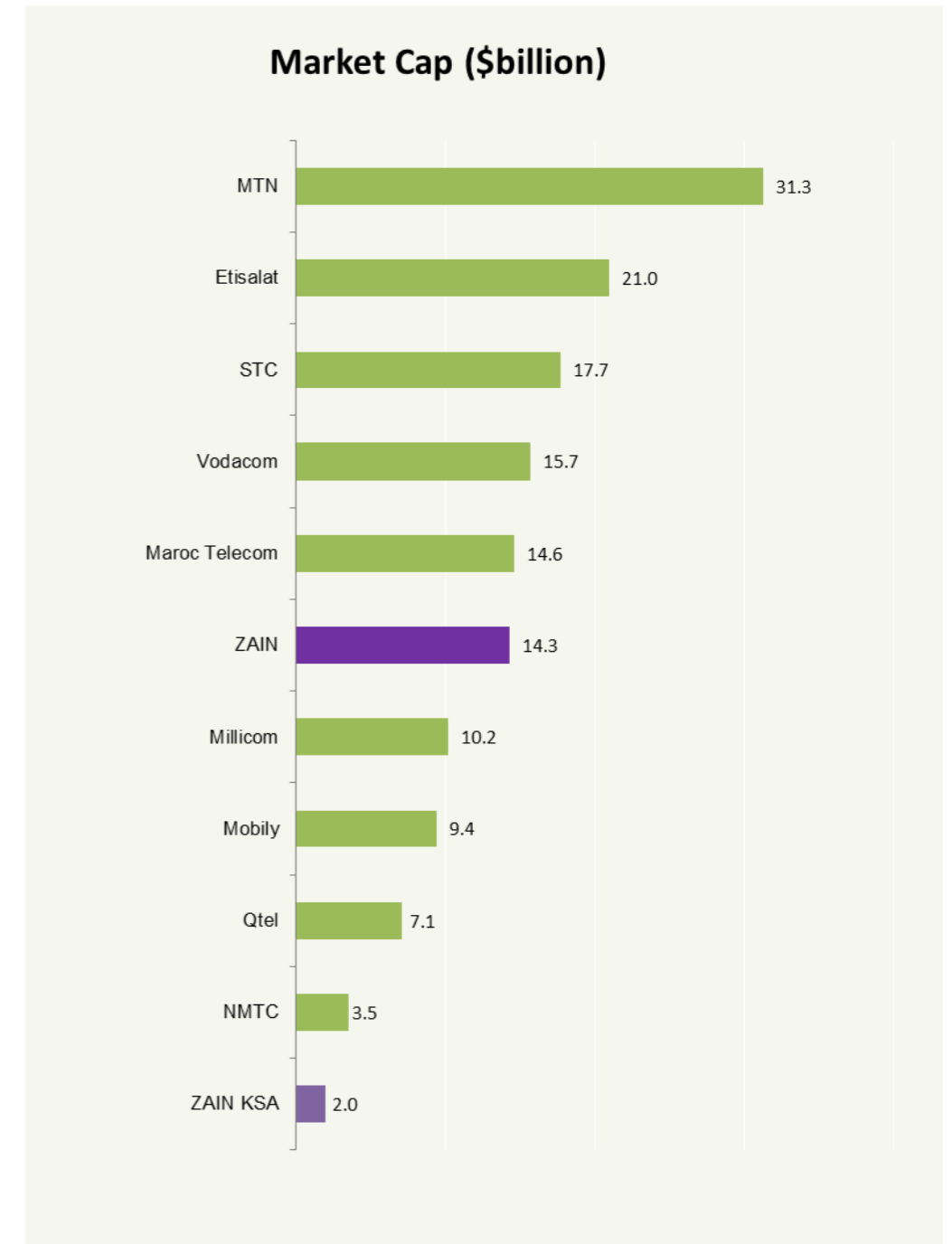
As of November 28, 2011
Source: Reuters



Top Telecom Companies in Middle East & Africa

Market Cap (Billion)

	Company	Market Cap \$b
1	MTN	31.3
2	Emirates Telecom (Etisalat)	21.0
4	Saudi Telecom Co (STC)	17.7
3	Vodacom	15.7
5	Maroc Telecom	14.6
6	ZAIN	14.3
7	Millicom	10.2
8	Etihad Etisalat (Mobily)	9.4
9	Qatar Telecom (Qtel)	7.1
10	Wataniya Telecom (NMTC)	3.5
11	ZAIN KSA	2.0



As of November 28, 2011

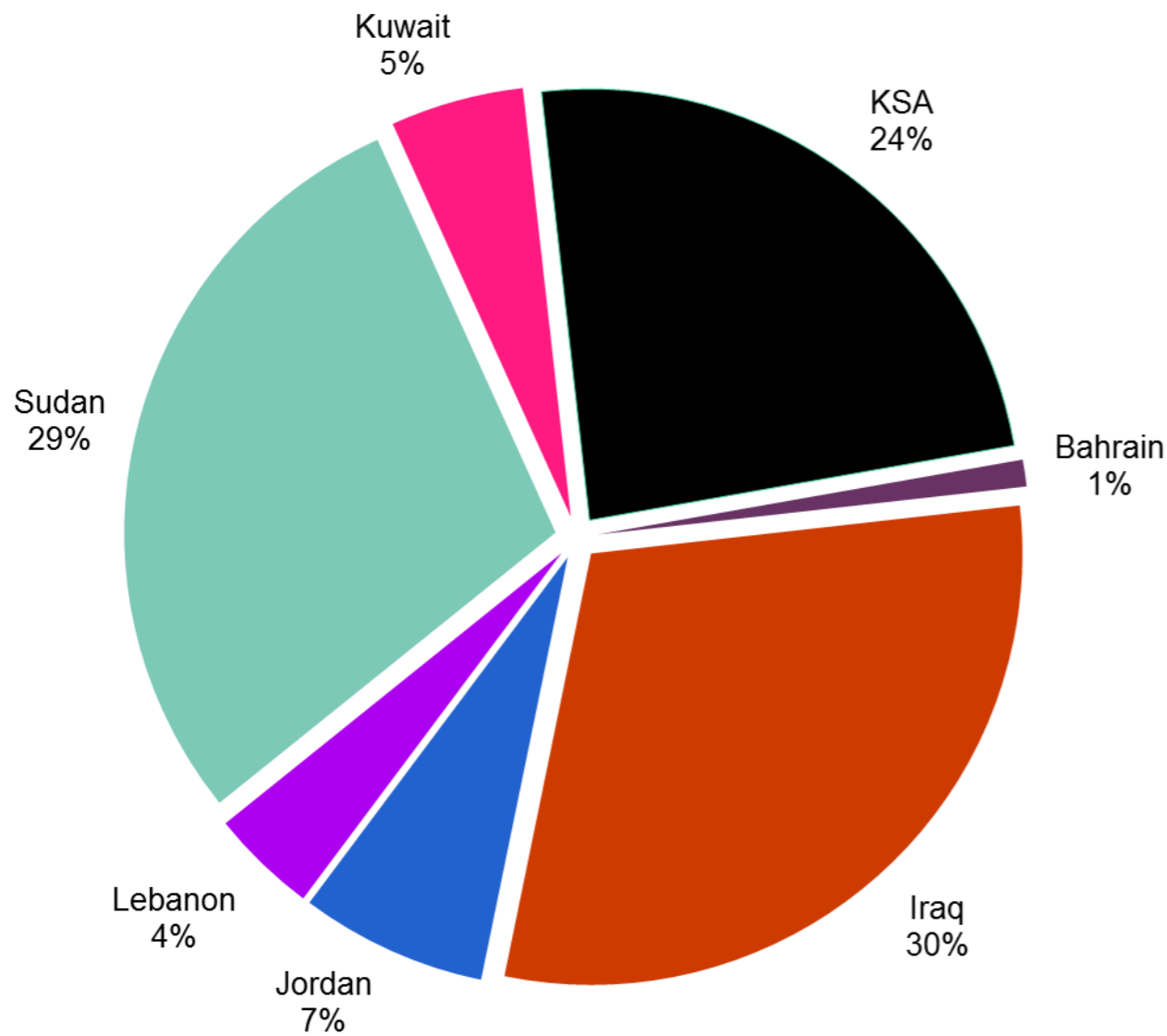
Source: Reuters

Zain's Mobile Operations

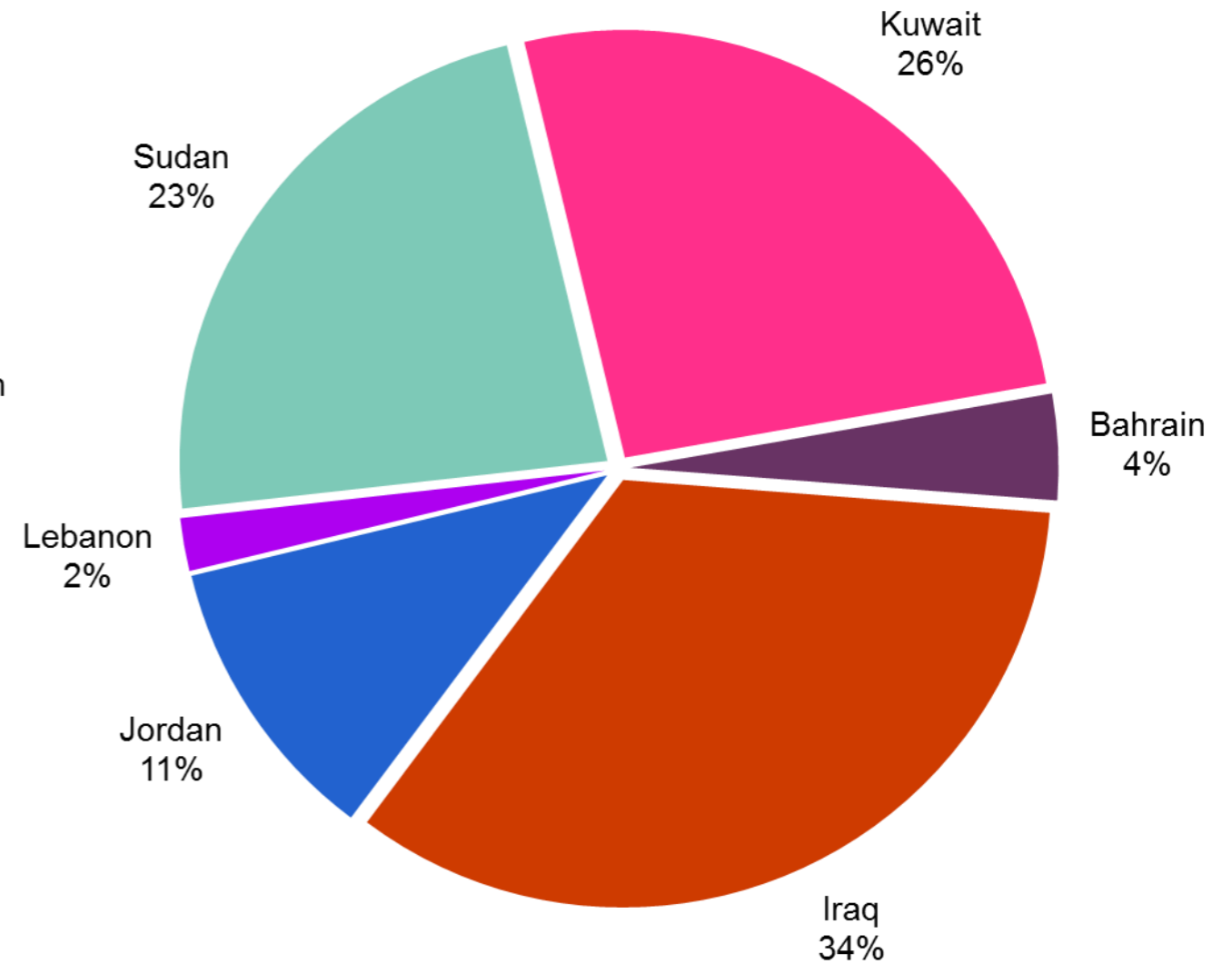


Zain Group Country Breakdown 9 Months-2011

Zain Group Customers

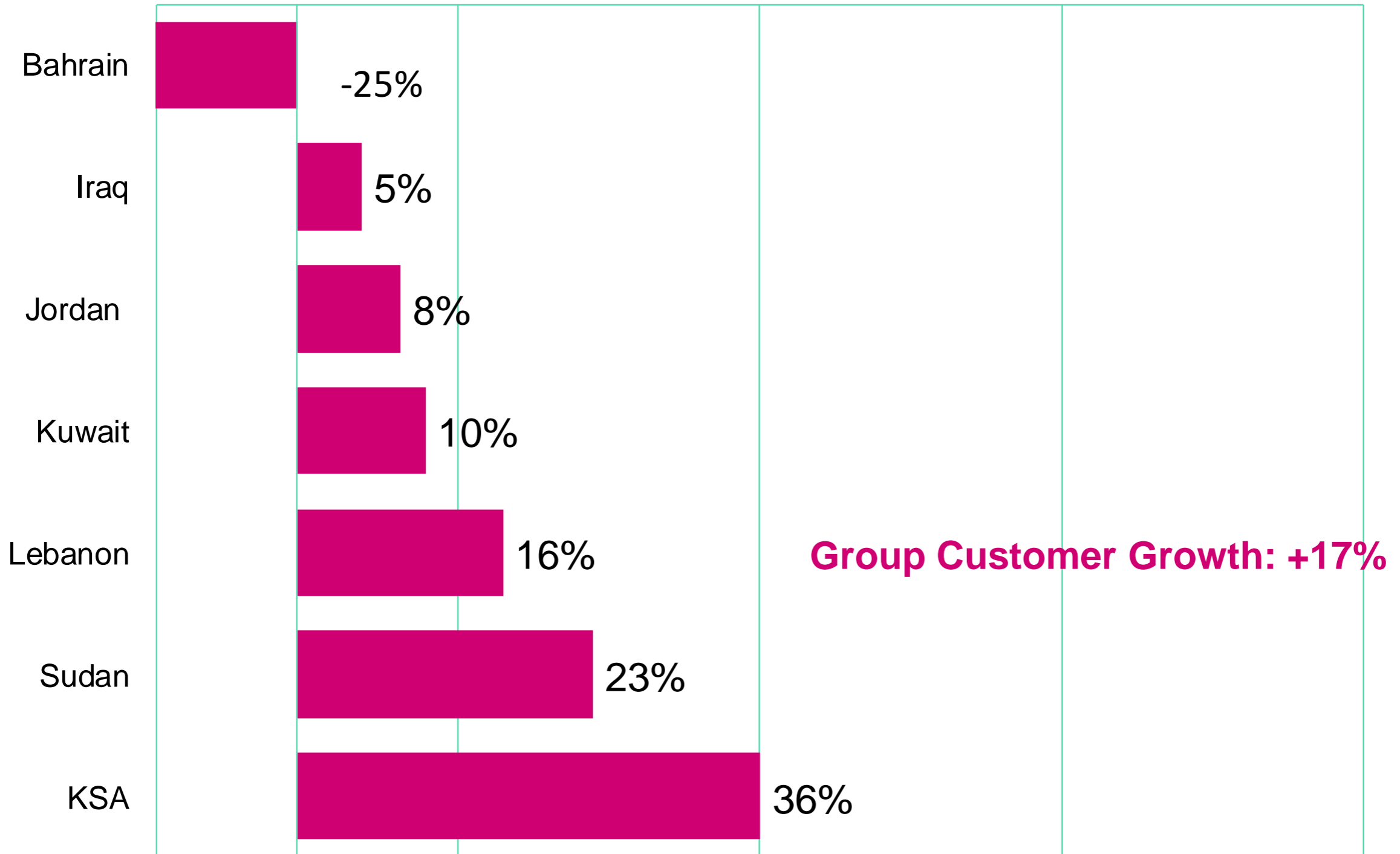


Zain Group Revenues





Zain Group Customer Growth 9 Months 2011 vs. 9 Months 2010

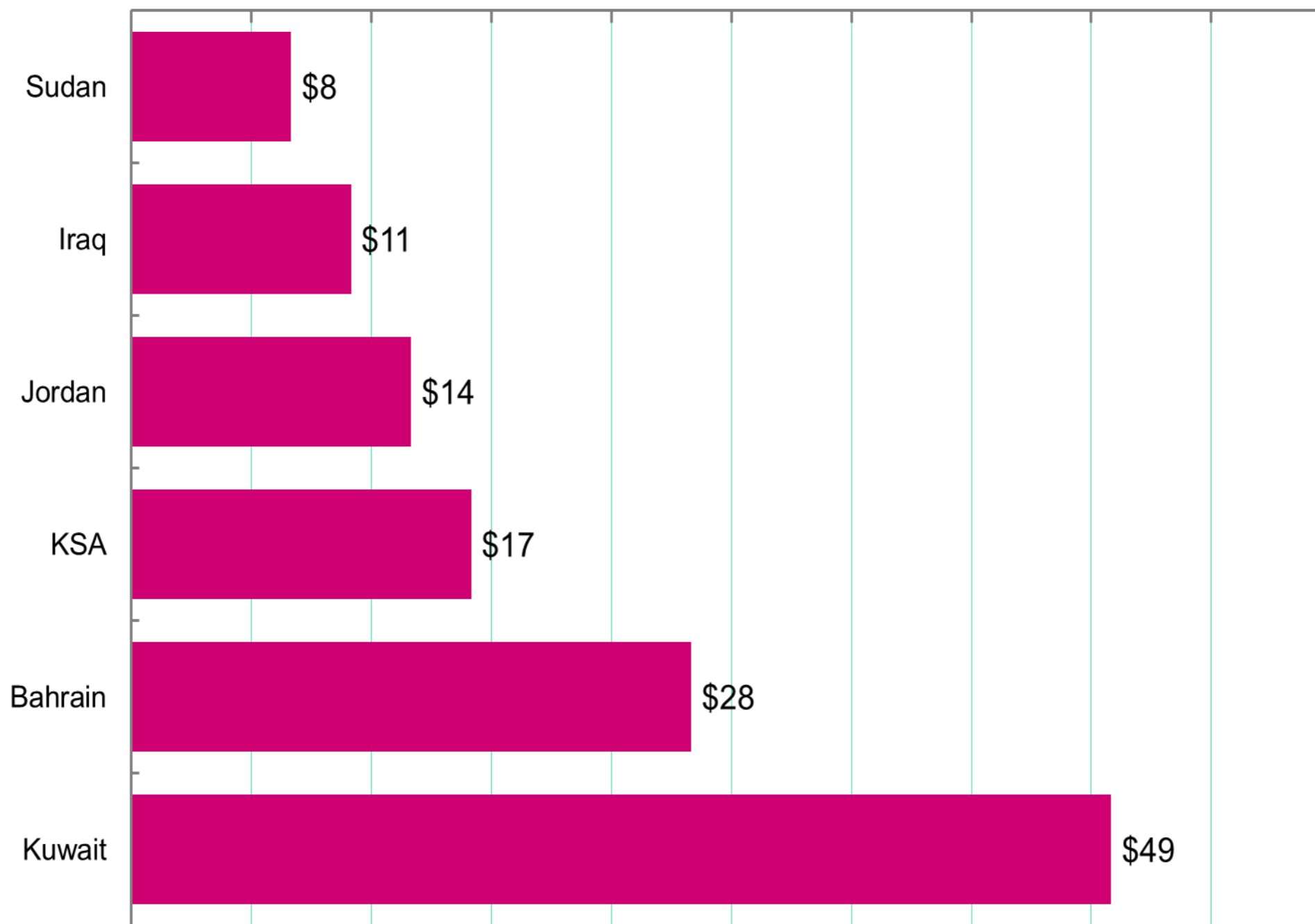




Blended ARPUs

September 30, 2011

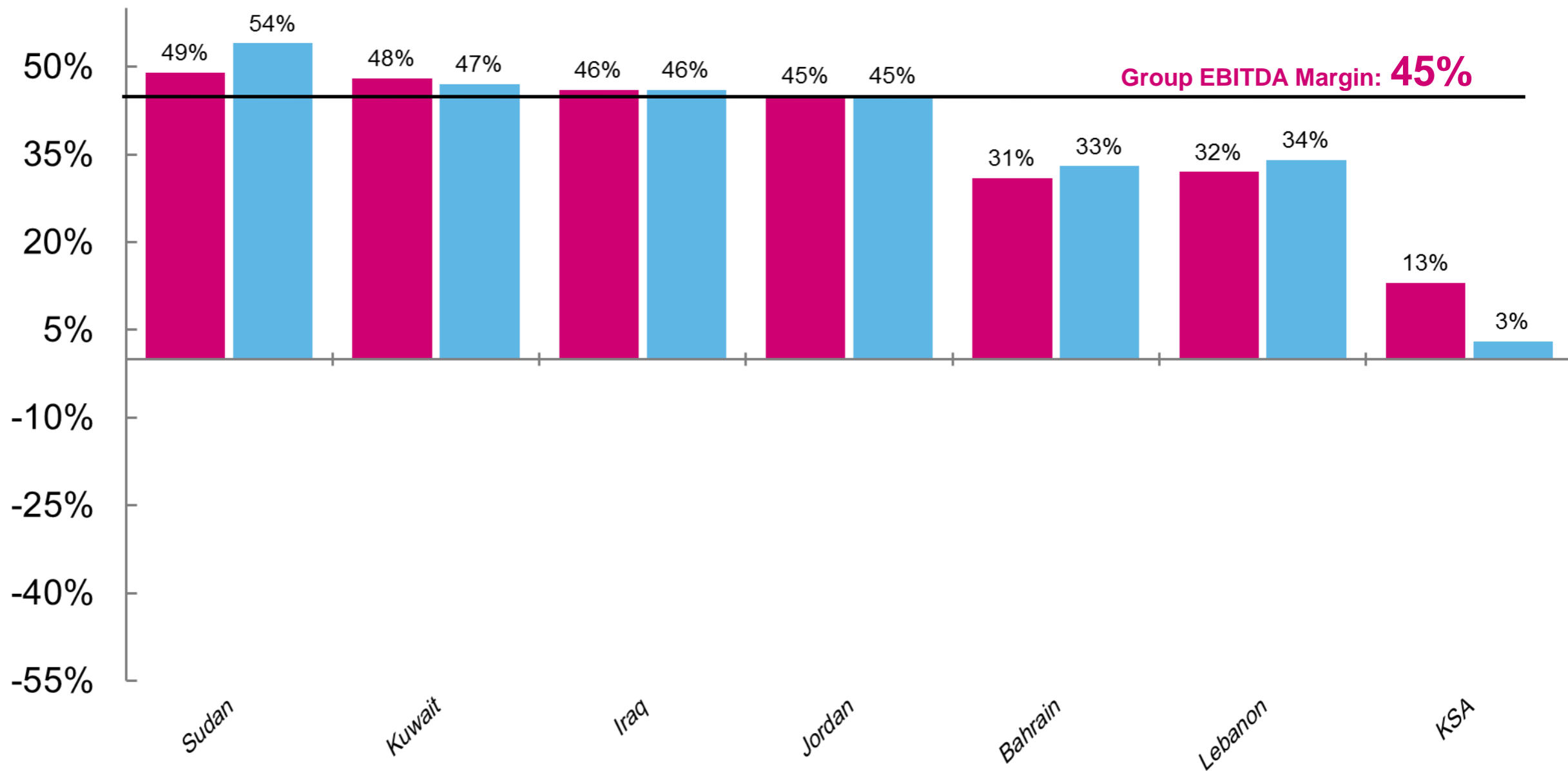
US\$





EBITDA Margins 9 Months-2011

■ Q3-2011
■ Q3-2010





Kuwait

Contribution to Group total - Population: **2.5%** Customers: **5%** Revenues: **26%** - Customer YoY Growth: **10%**

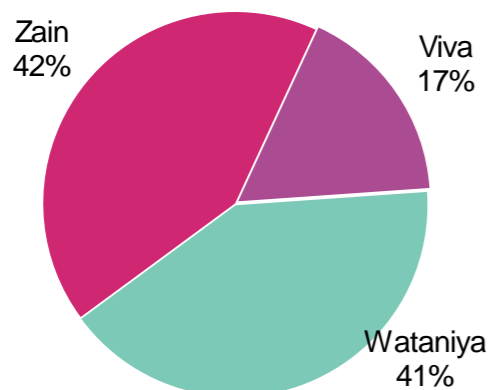
- Zain Kuwait, the Group's flagship stayed ahead of its competitors and was able to maintain its leading position with a 42% customer market share.
- The launch of new iPhone packages and other exciting offerings contributed to the increase in the operation's customer base by 10% from the previous year.
- The operation has the highest ARPU (\$49) in the Group.
- Zain Kuwait reported an increase of 6% and 7% respectively in net income and EBITDA in comparison to 9 months 2010, while Capex increased 58% from the previous year due to expansion of the operations' network.



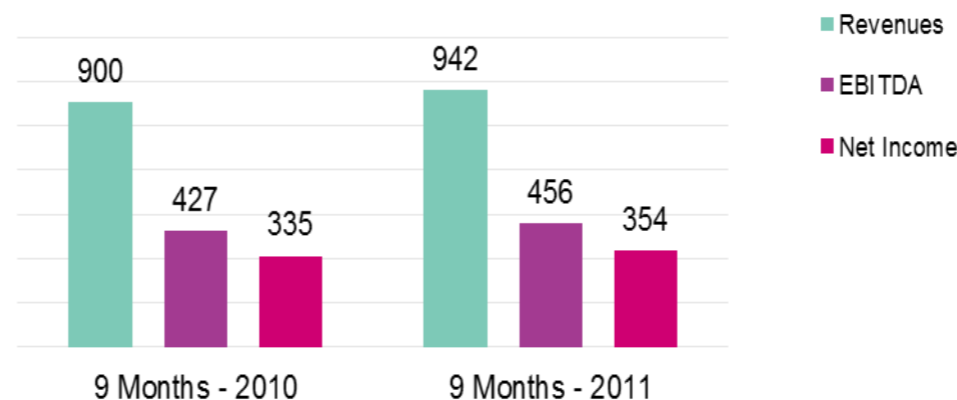
Key Statistics Q3-2011

Population (000s)	3,132
GDP/Capita (PPP)	\$51,799
Year of launch	1983
Ownership	100%
Mobile Penetration	160%
Customers (000s)	2,059
Number of Operators	3
Market Positioning	1
Market Share	42%
ARPU	\$49

Market Share



Financial Performance (\$ m)





Sudan

Contribution to Group total - Population: **37%** Customers: **29%** Revenues: **23%** - Customer YoY Growth: **23%**

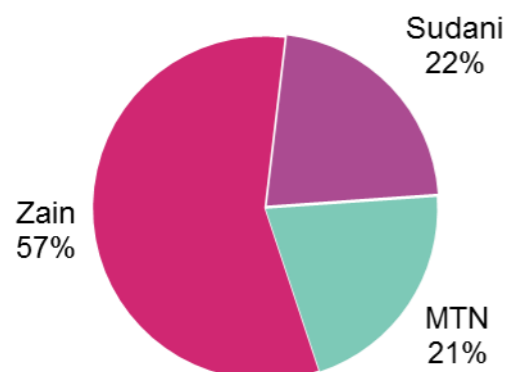
- Zain entered Sudan through its 2005 acquisition of Celtel which had a minority 31% stake in Mobitel, Sudan's first mobile operator. In February 2006, the remaining 61% was fully acquired by Zain for US\$ 1.332 billion.
- Zain remains a key leader in the Sudanese market with a 57% market share, witnessing a 23% increase in customer base from the previous year.
- The strength of the EUR against the SDG has impacted results when expressed in USD terms. In local currency, however, Zain Sudan reported a 12% increase in revenues from the previous year.
- The operation is sustaining continuous network roll-out in South Sudan, and notable growth in Zain Sudan which now serves 12 million customers.



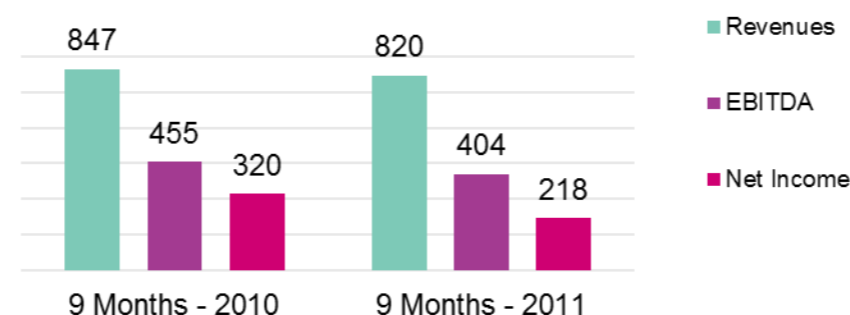
Key Statistics Q3-2011

Population (000s)	44,327
GDP/Capita (PPP)	\$2,300
Year of full acquisition	2006
Ownership	100%
Mobile Penetration	52%
Customers (000s)	11,977
Number of Operators	3
Market Positioning	1
Market Share	57%
ARPU	\$8

Market Share



Financial Performance (\$ m)





Iraq

Contribution to Group total - Population: **27%** Customers: **30%** Revenues: **34%** - Customer YoY Growth: **5%**

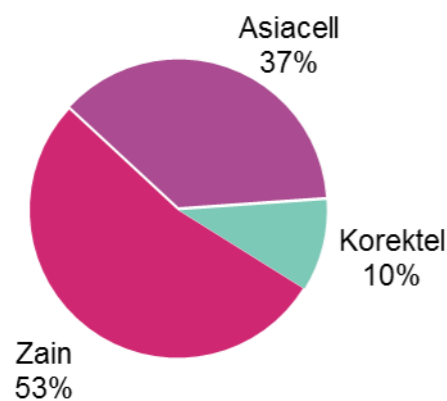
- After acquiring a 15-year nationwide license for US\$ 1.25 billion in August 2007 and its acquisition of a rival operator Iraqna for US\$1.2 billion in December 2007, Zain became the largest mobile operator in Iraq.
- The Iraqi government announced the award of a 4th national license in a move to further 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 9% and 10% respectively from the previous year.
- As of 2011, Zain Iraq launched its first phase of extending services to the Kurdistan region and the operation has managed to increase its customer base by 100,000 from the previous quarter.



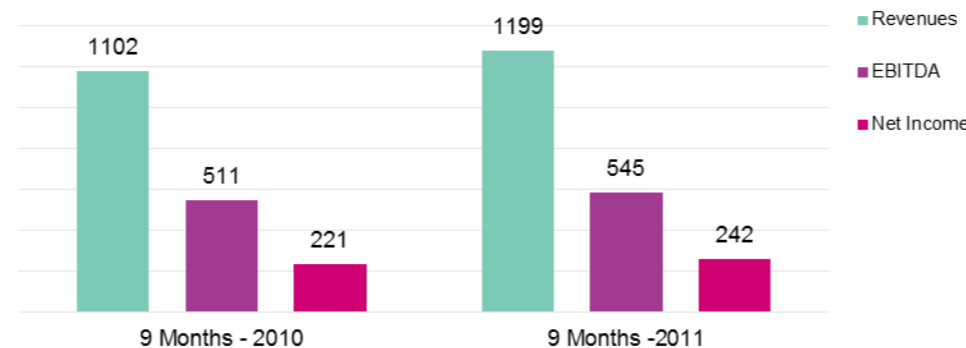
Key Statistics Q3-2011

Population (000s)	32,571
GDP/Capita (PPP)	\$3,600
Year of acquisition	2003
Ownership	71.67%
Mobile Penetration	74%
Customers (000s)	12,413
Number of Operators	3
Market Positioning	1
Market Share	53%
ARPU	\$11

Market Share



Financial Performance (\$ m)





Jordan

Contribution to Group Total - Population: **5.5%** Customers: **7%** Revenues: **11%** Customer YoY Growth: **8%**

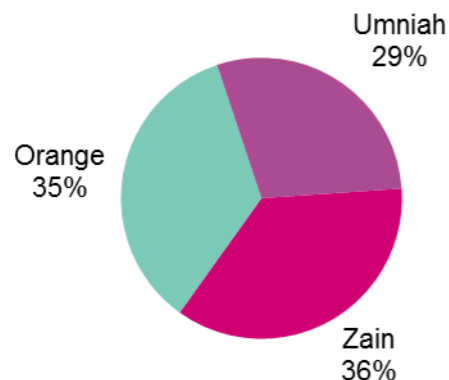
- In January 2003, Zain Jordan was the Group's first acquired operation for a value of US\$ 418.9 million.
- Despite the heightening of price competition and the pressure on lowering voice prices, Zain managed to increase its customer base by 8% from the previous quarter.
- Despite a 2% decrease in revenues the previous year, Zain Jordan manages 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 launched several new promotions and services targeting youth and serving as a retention plan for current postpaid customers.



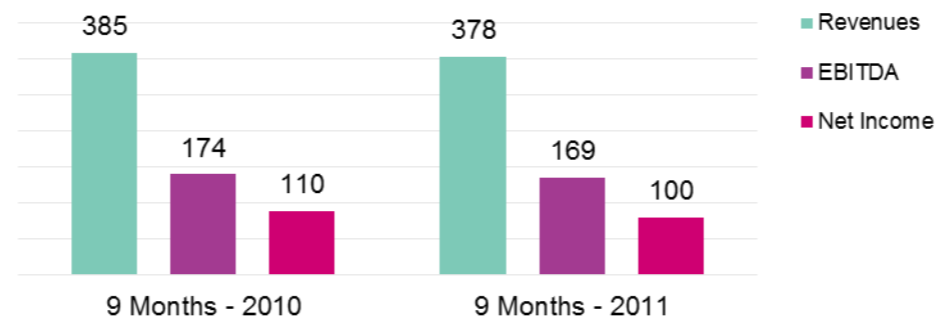
Key Statistics Q3-2011

Population (000s)	6,594
GDP/Capita (PPP)	\$5,300
Year of acquisition	2003
Ownership	96.52%
Mobile Penetration	124%
Customers (000s)	2,768
Number of Operators	3
Market Positioning	1
Market Share	36%
ARPU	\$14

Market Share



Financial Performance (\$ m)





Bahrain

Contribution to Group Total - Population: **1%** Customers: **1%** Revenues: **4%** - Customer YoY Growth: **(14%)**

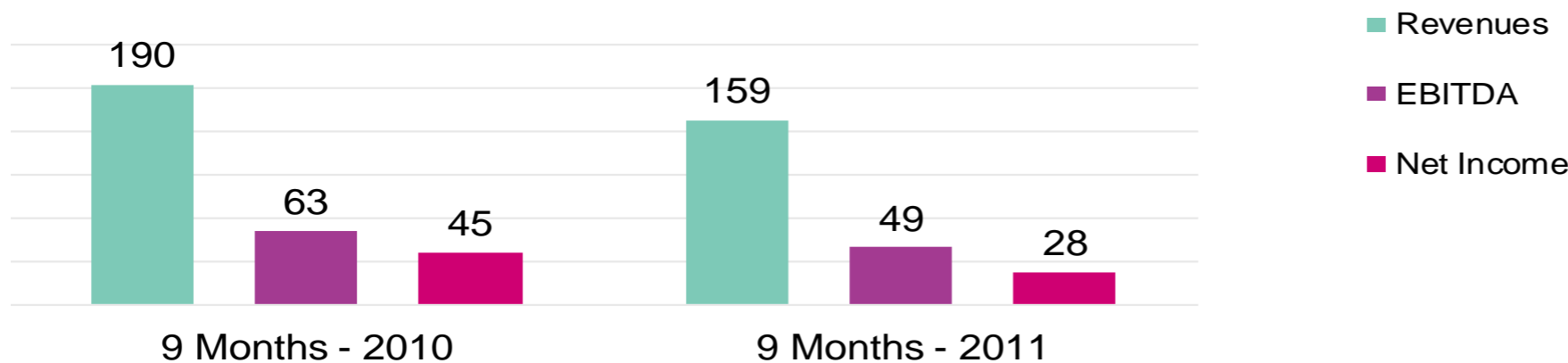
- A Greenfield operation, Zain Bahrain launched its commercial services in December 2003.
- Bahrain has the highest mobile penetration in the GCC region with 221%.
- Despite the entrant of the third competitor in the market and political instability in the country during 2011, the operations' customer base grew 4% in comparison H1-2011.
- ARPU levels increased from \$26 to \$28 from the previous year.
- Zain Bahrain aims to become a market value leader by increasing value share through market acquisition and extracting value from customers, and to engage in other revenue streams to become a full-fledged telecom provider.



Key Statistics Q3-2011

Population (000s)	826
GDP/Capita (PPP)	\$40,400
Year of launch	2003
Ownership	56.25%
Mobile Penetration	221%
Customers (000s)	485
Number of Operators	3
Market Positioning	2
ARPU	\$28

Financial Performance (\$ m)





Kingdom of Saudi Arabia

Contribution to Group Total - Population: **23%** Customers: **24%** - Customer YoY Growth: **36%**

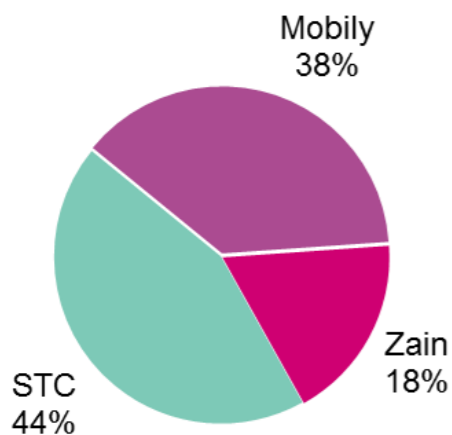
- Zain KSA launched commercial services in late August 2008, a year after it was rewarded its mobile license.
- The operation's customer base represented 24% of Zain Group's customer base, and increased by 36% from the previous year, representing the highest customer growth in the Group.
- Zain KSA succeeded in decreasing its net losses by 20% from the previous year, mainly due to the company's success in building a customer base of 10 million within 3 years.
- 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.



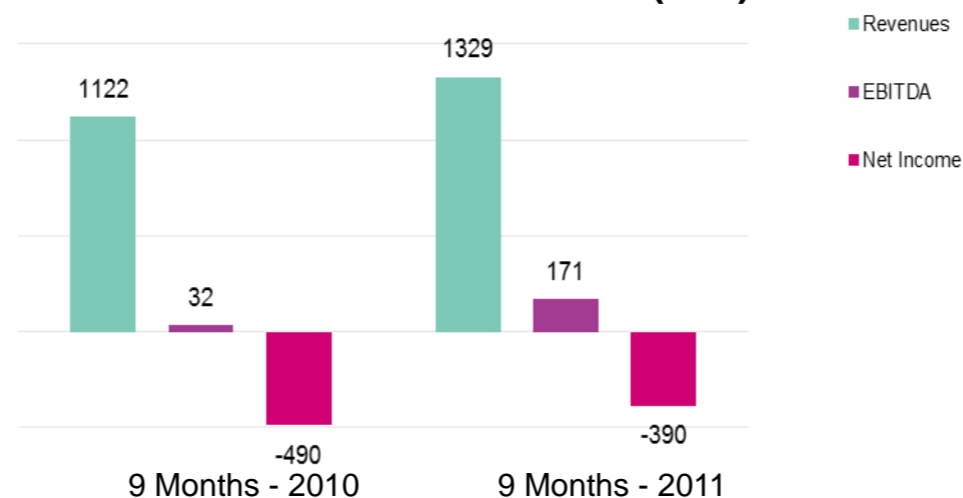
Key Statistics Q3-2011

Population (000s)	26,918
GDP/Capita (PPP)	\$24,200
Year of launch	2008
Ownership	25%
Mobile Penetration	184%
Customers (000s)	9,947
Number of Operators	3
Market Positioning	3
Market Share	18%
ARPU	\$17

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. The Network Management Agreement (NMA) which had expired January 2011, was further renewed on February 1, 2011 for 12 months.
- The operation launched a 3G pilot between the period of September 20 and October 20 of the hi-speed internet 3.9G HSPA+ mobile services that was commercially launched on November 3, 2011.
- The operation's strategy includes the following: enhancing customer experience, launching new customer-centric services, and increasing market penetration.

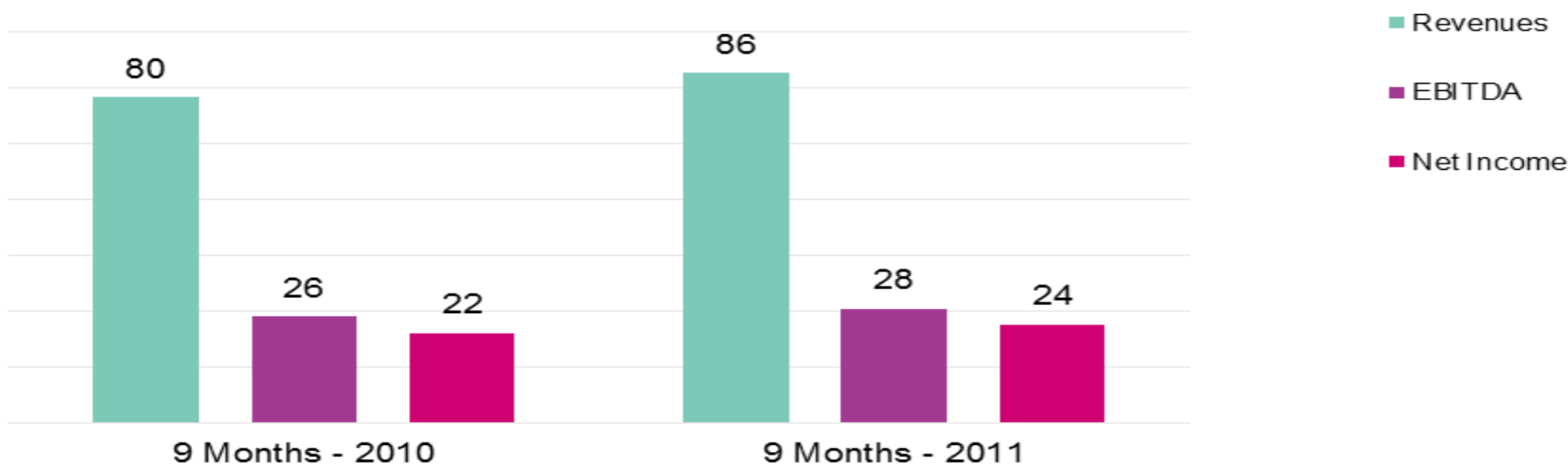


Key Statistics Q3-2011

Population (000s)	4,297
GDP/Capita (PPP)	\$14,200
Year of MC award	2004
Ownership	MC
Mobile Penetration	74%
Customers (000s)	1,716
Number of Operators	2

MC= Management Contract

Financial Performance (\$ m)





Financial Statements



Balance Sheet

	Unaudited 30 September 2011	Audited 31 December 2010	Unaudited 30 September 2010
	KD '000		
Assets			
Current assets			
Cash and bank balances	388,037	644,215	635,136
Trade and other receivables	352,917	472,570	521,393
Inventories	21,878	13,258	13,369
Investment securities – at fair value through profit or loss	6,005	7,465	7,685
	<u>768,837</u>	<u>1,137,508</u>	<u>1,177,583</u>
Non-current assets			
Investment securities – available for sale	69,260	98,641	97,805
Investment in associates	88,839	116,096	126,054
Interest in a jointly controlled entity	39,900	40,270	39,156
Loans to associates	186,682	187,263	183,774
Property and equipment	779,494	793,686	776,416
Intangible assets	1,253,535	1,304,449	1,352,138
Other assets	69,085	32,024	303
	<u>2,486,795</u>	<u>2,572,429</u>	<u>2,575,646</u>
Total Assets	<u><u>3,255,632</u></u>	<u><u>3,709,937</u></u>	<u><u>3,753,229</u></u>

	Unaudited 30 September 2011	Audited 31 December 2010	Unaudited 30 September 2010
Liabilities and Equity			
Current liabilities			
Trade and other payables	570,730	593,221	587,900
Due to banks	268,434	124,933	182,326
	<u>839,164</u>	<u>718,154</u>	<u>770,226</u>
Non-current liabilities			
Due to banks	265,590	94,734	107,525
Other non-current liabilities	37,351	149,132	150,309
	<u>302,941</u>	<u>243,866</u>	<u>257,834</u>
Equity			
Attributable to the Parent Company's shareholders			
Share capital	430,754	429,743	429,246
Share premium	1,703,351	1,697,788	1,697,785
Treasury shares	(567,834)	(567,834)	(567,834)
Legal reserve	214,871	214,871	147,989
Foreign currency translation reserve	(223,625)	(143,767)	(69,077)
Treasury shares reserve	1,967	1,967	1,967
Equity issue transaction cost of an associate	(1,750)	(1,779)	(1,798)
Investment fair valuation reserve	(7,300)	4,532	2,660
Share based compensation reserve	6,740	7,386	6,735
Hedge reserve	(845)	(2,524)	(3,758)
Retained earnings	442,334	1,006,607	989,221
	<u>1,998,663</u>	<u>2,646,990</u>	<u>2,633,136</u>
Non-controlling interests	114,864	100,927	92,033
Total Equity	<u>2,113,527</u>	<u>2,747,917</u>	<u>2,725,169</u>
Total Liabilities and Equity	<u><u>3,255,632</u></u>	<u><u>3,709,937</u></u>	<u><u>3,753,229</u></u>



Income Statement

	Three months ended 30 September		Nine months ended 30 September	
	2011	2010 (Restated)	2011	2010 (Restated)
	KD'000		KD'000	
Continuing operations				
Revenue	328,669	337,243	988,109	1,009,816
Cost of sales	(89,264)	(89,092)	(266,363)	(267,434)
Gross profit	<u>239,405</u>	<u>248,151</u>	<u>721,746</u>	<u>742,382</u>
Distribution, marketing & operating expenses	(70,919)	(62,220)	(209,161)	(198,938)
General and administrative expenses	(15,464)	(23,398)	(61,796)	(91,486)
Depreciation and amortization	(41,377)	(43,577)	(124,505)	(123,987)
Provision for doubtful debts	(1,747)	(2,103)	(6,402)	(4,367)
Operating profit	<u>109,898</u>	<u>116,853</u>	<u>319,882</u>	<u>323,604</u>
Interest income	5,205	5,886	14,988	13,105
Investment income	(886)	1,365	(181)	(619)
Share of loss of associates	(8,837)	(9,845)	(26,981)	(35,199)
Share of loss of a jointly controlled entity	(684)	(2,731)	(370)	(5,950)
Other income	4,349	7,137	1,892	14,072
Finance costs	(7,587)	(6,165)	(21,595)	(49,083)
Loss from currency revaluation	(6,732)	(9,508)	(27,644)	24,020
Board of Directors' remuneration	(8)	(8)	(24)	(24)
Contribution to Kuwait Foundation for Advancement of Sciences	(721)	(827)	(2,163)	(2,109)
National Labour Support Tax and Zakat	(2,225)	(2,349)	(6,214)	(5,759)
Profit for the period before income tax	<u>91,772</u>	<u>99,808</u>	<u>251,590</u>	<u>276,058</u>
Income tax expense of subsidiaries	(13,281)	(10,299)	(34,421)	(27,115)
Profit for the period from continuing operations	<u>78,491</u>	<u>89,509</u>	<u>217,169</u>	<u>248,943</u>
Discontinued operations				
Profit from discontinued operations	-	-	-	741,809
Release of provisions	-	-	16,320	-
Profit for the period	<u>78,491</u>	<u>89,509</u>	<u>233,489</u>	<u>990,752</u>
Attributable to:				
Shareholders of the Parent Company	70,063	80,312	210,241	975,637
Non-controlling interests	8,428	9,197	23,248	15,115
	<u>78,491</u>	<u>89,509</u>	<u>233,489</u>	<u>990,752</u>
Earnings per share				
Basic – Fils				
From continuing operations	18	20	50	57
From discontinued operations	-	-	4	195
	<u>18</u>	<u>20</u>	<u>54</u>	<u>252</u>
Diluted – Fils				
From continuing operations	18	20	50	57
From discontinued operations	-	-	4	195
	<u>-</u>	<u>-</u>	<u>4</u>	<u>195</u>



Cash Flow Statement

	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
	KD'000		KD'000	
Profit for the period	78,491	89,509	233,489	990,752
Other comprehensive income				
<i>On continuing operations:</i>				
Exchange differences on translating foreign operations	19,239	(48,001)	(81,461)	(99,843)
Net unrealised gains/ (loss) on available-for-sale investments	(3,103)	8,626	(12,697)	8,053
Net realised (gains)/ loss transferred to statement of income on available-for-sale investments (net of impairment losses)	1,242	(1,133)	865	1,179
Cash flow hedges	-	1,309	-	1,298
Share based compensation	401	648	1,205	2,574
Share of other comprehensive income of an associate	630	(3,725)	1,708	(3,742)
	<u>18,409</u>	<u>(42,276)</u>	<u>(90,380)</u>	<u>(90,481)</u>
<i>On discontinued operations- transfers to condensed consolidated statement of income:</i>				
Cumulative exchange differences	-	-	-	50,607
Net realised loss on available for sale investments	-	-	-	1,147
Cash flow hedges	-	-	-	48,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,754</u>
Total comprehensive income for the period	<u>96,900</u>	<u>47,233</u>	<u>143,109</u>	<u>1,000,025</u>
Total comprehensive income attributable to:				
Shareholders of the Parent Company				
From continuing operations	87,408	39,693	105,144	134,625
From discontinued operations	-	-	16,320	851,618
	<u>87,408</u>	<u>39,693</u>	<u>121,464</u>	<u>986,243</u>
Non-controlling interests				
From continuing operations	9,492	7,540	21,645	23,836
From discontinued operations	-	-	-	(10,054)
	<u>9,492</u>	<u>7,540</u>	<u>21,645</u>	<u>13,782</u>



Thank you

For more information please contact Investor Relation Team at:

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