



IR Presentation

9 Months 2012

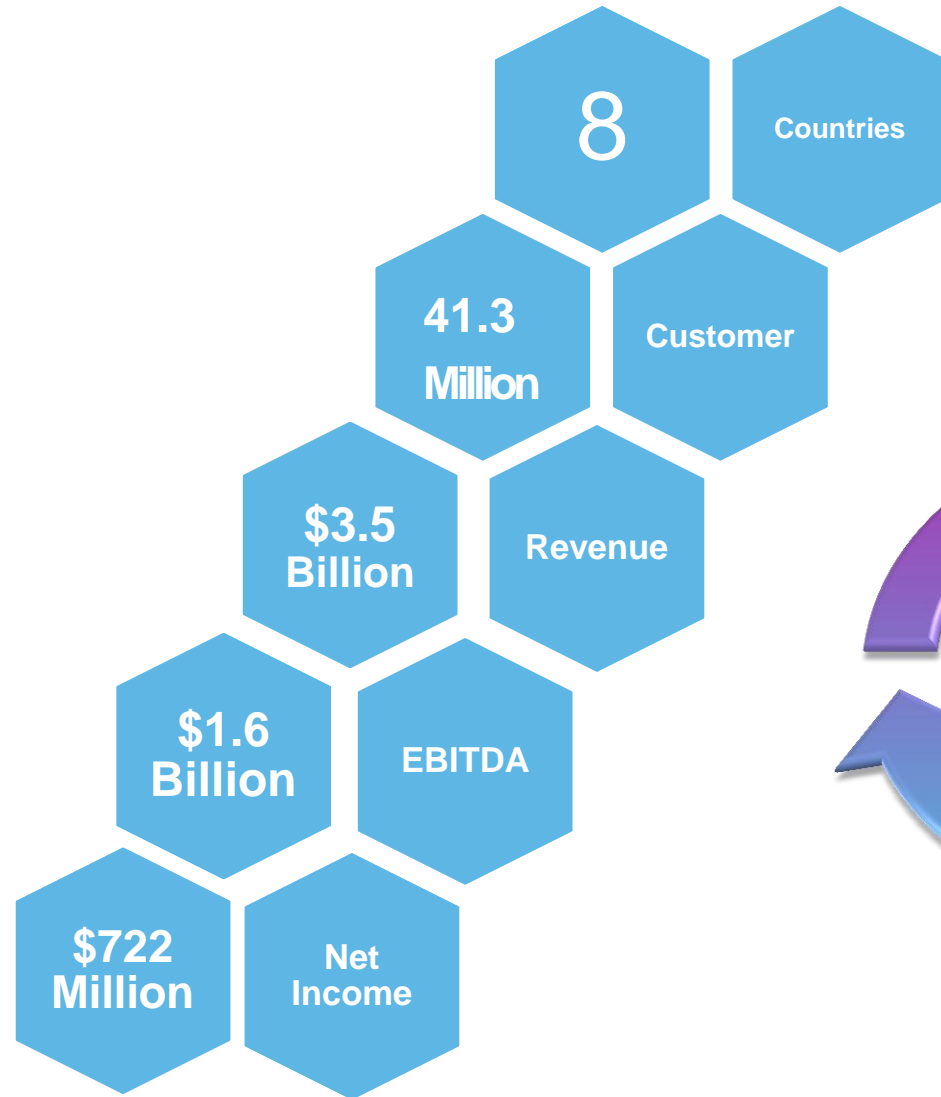


Disclaimer

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 Our Position in the Region

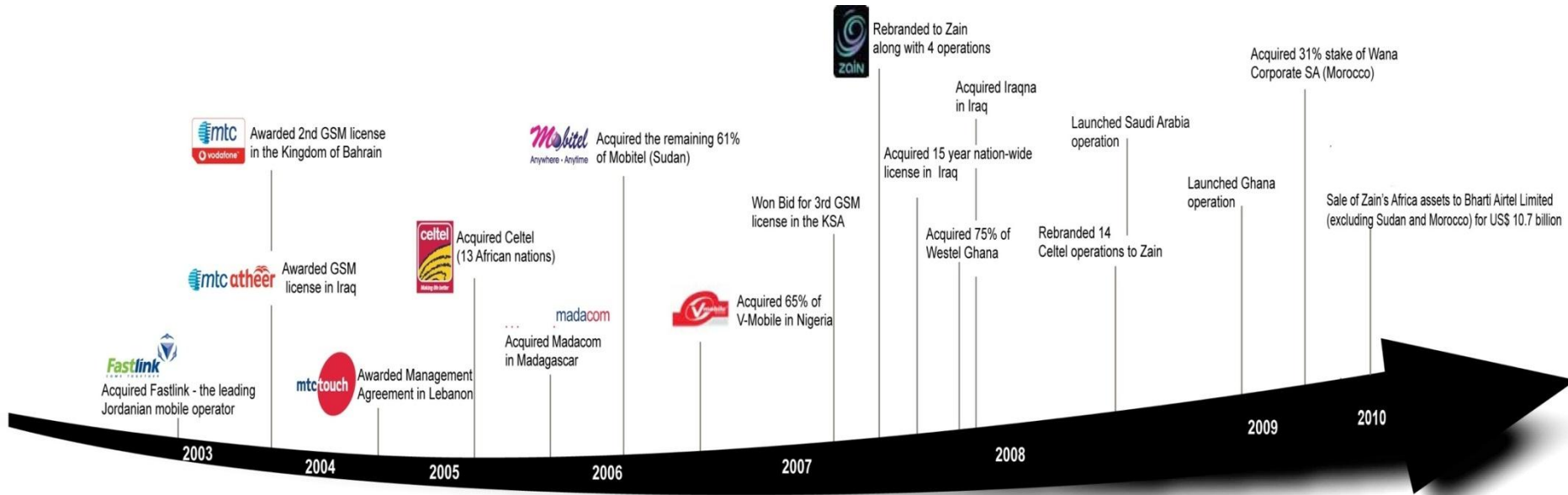


- Kuwait
- Iraq
- Republic of Sudan
- Jordan



Zain's Historical Growth

From a National Player to an Emerging Markets Leader

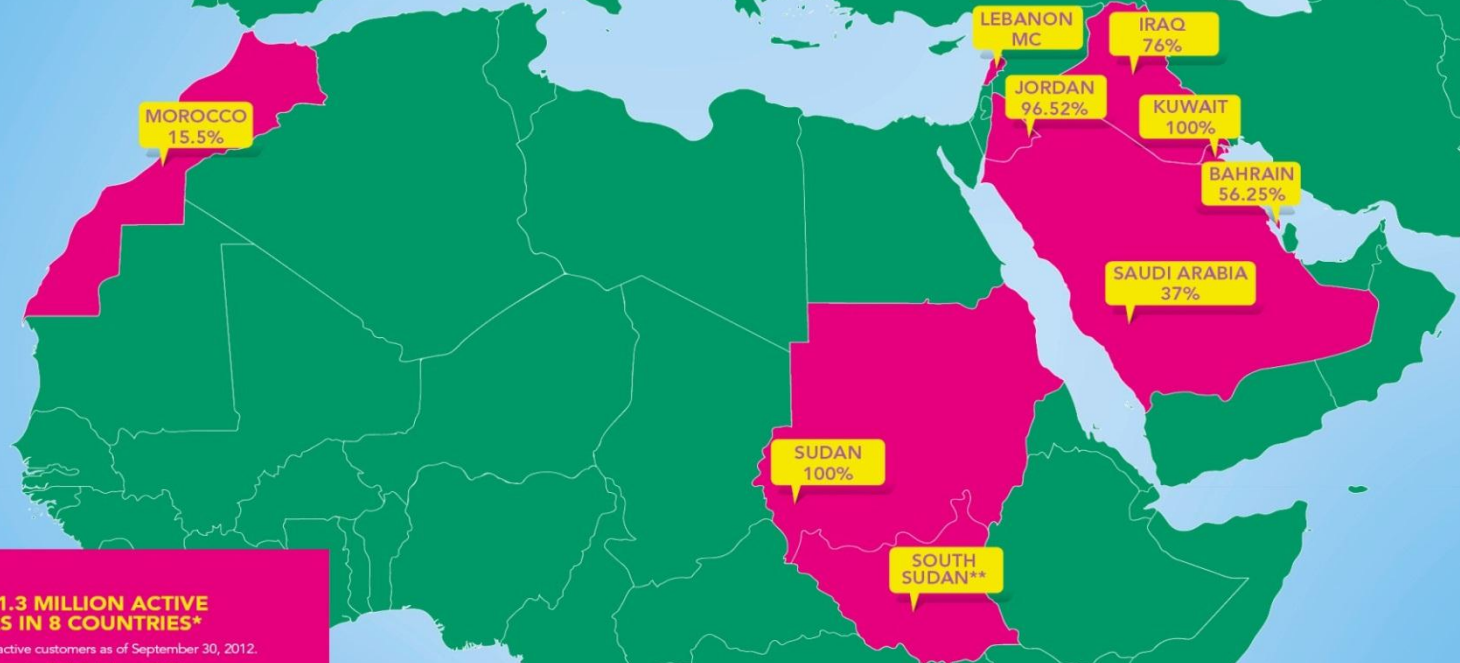


* MTC Atheer & Iraqna jointly operate under Zain brand



Zain Group's Footprint

THE WORLD OF ZAIN



AROUND 41.3 MILLION ACTIVE CUSTOMERS IN 8 COUNTRIES*

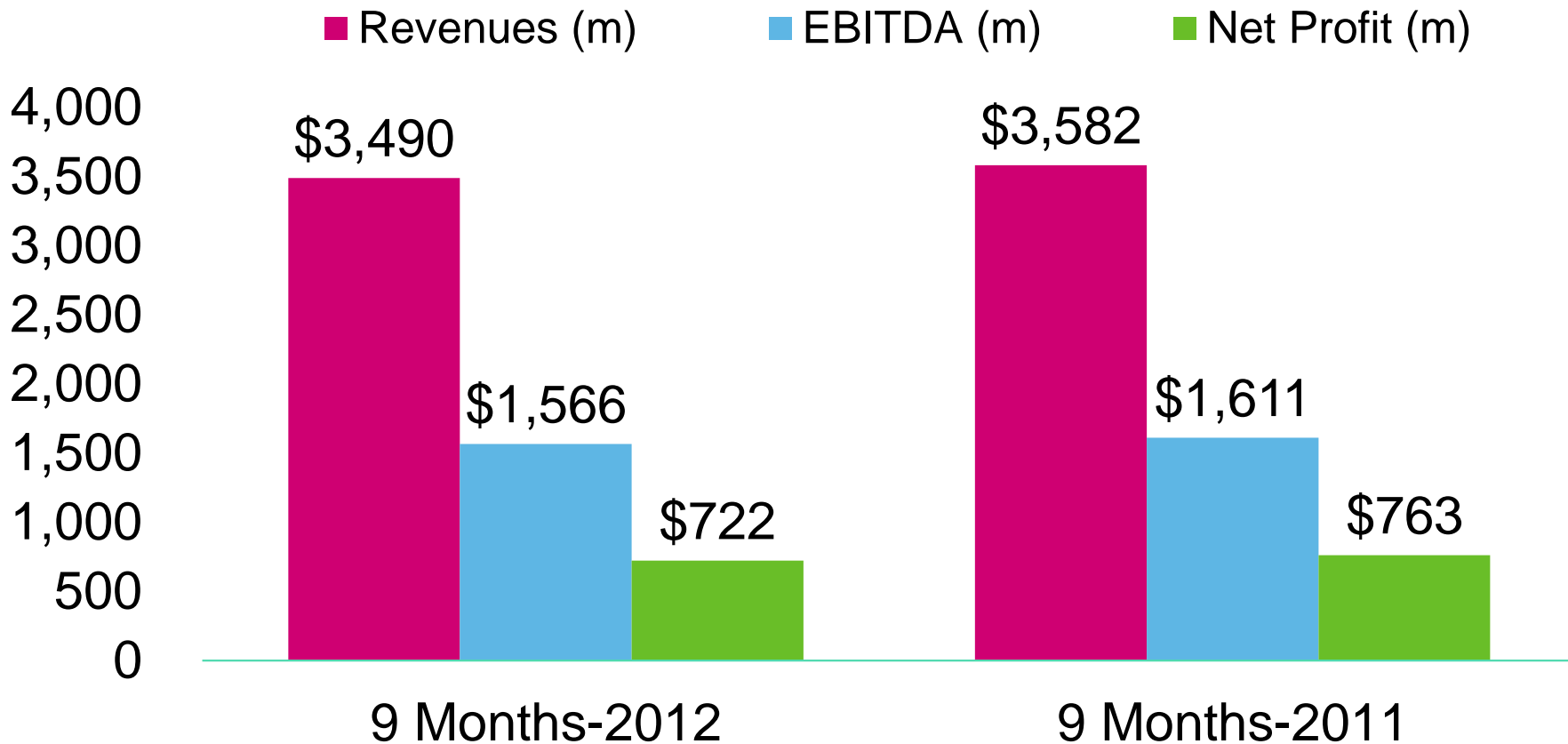
The numbers show active customers as of September 30, 2012.

*Exclusive of Morocco, in which Zain has a 15.5% ownership in the mobile operator 'inwi'.

**Zain operates in South Sudan as per the Memorandum Of Understanding (MOU) until South Sudan issues their own license requirement.

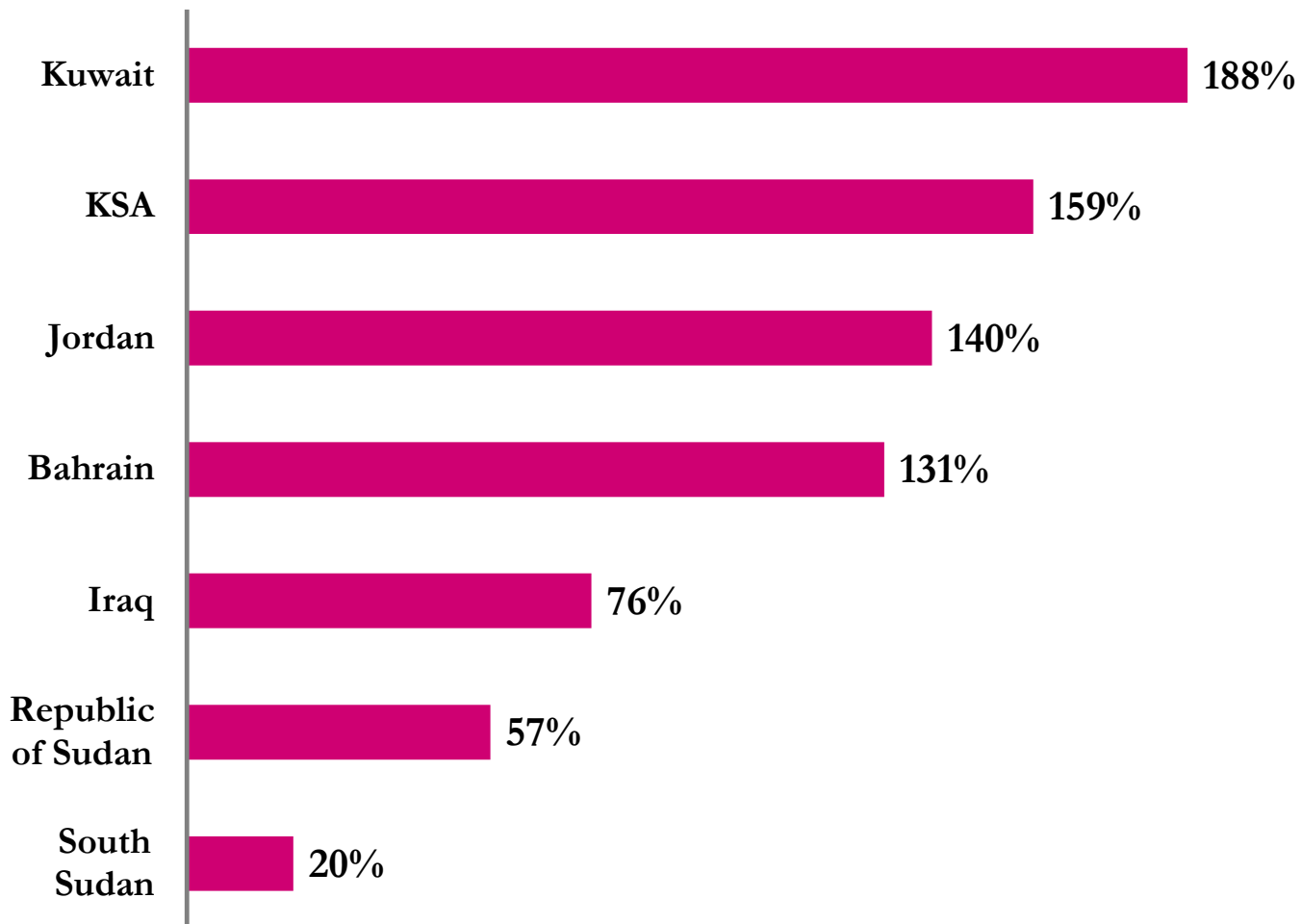


Zain's Key Performance Indicators





Penetration Rates



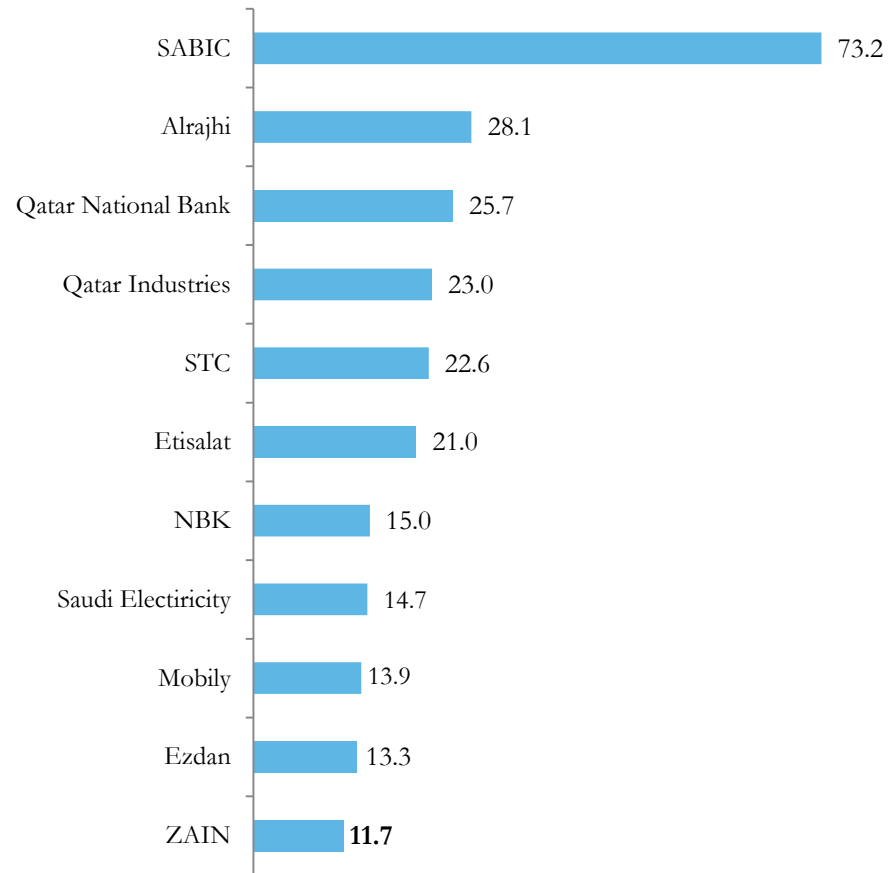


Top Companies in Middle East

Market Cap (Billion)

Market Cap (\$billion)

	Company	Market Cap \$b
1	Saudi Basic Industries Corp	73.2
2	Alrajhi Bank & Investment Corp	28.1
3	Qatar National Bank	25.7
4	Qatar Industries	23.0
5	Saudi Telecom Co (STC)	22.6
6	Etisalat	21.0
7	NBK	15.0
8	Saudi Electricity	14.7
9	Etihad Etisalat (Mobily)	13.9
10	Ezdan Real Estate	13.3
11	ZAIN	11.7



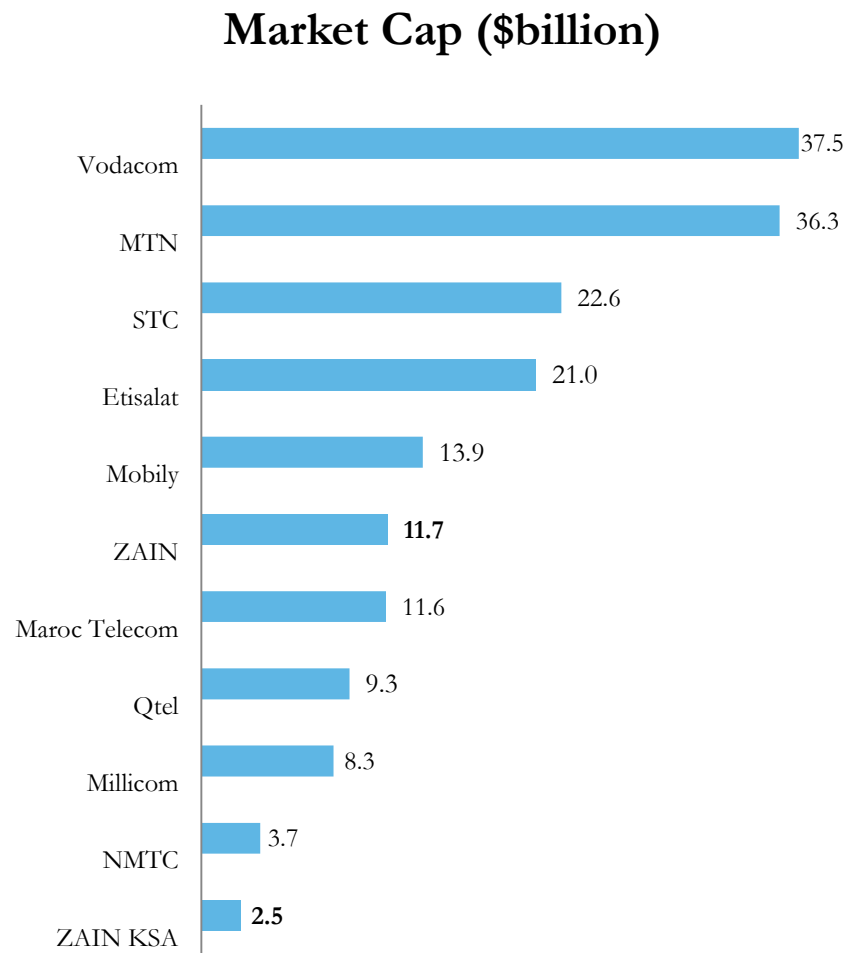
As of November 8, 2012



Top Telecom Companies in Middle East & Africa

Market Cap (Billion)

	Company	Market Cap \$b
1	Vodacom	37.5
2	MTN	36.3
4	Saudi Telecom Co (STC)	22.6
3	Emirates Telecom (Etisalat)	21.0
5	Etiihad Etisalat (Mobily)	13.9
7	ZAIN	11.7
6	Maroc Telecom	11.6
8	Qatar Telecom (Qtel)	9.3
9	Millicom	8.3
10	Wataniya Telecom (NMTC)	3.7
11	ZAIN KSA	2.5

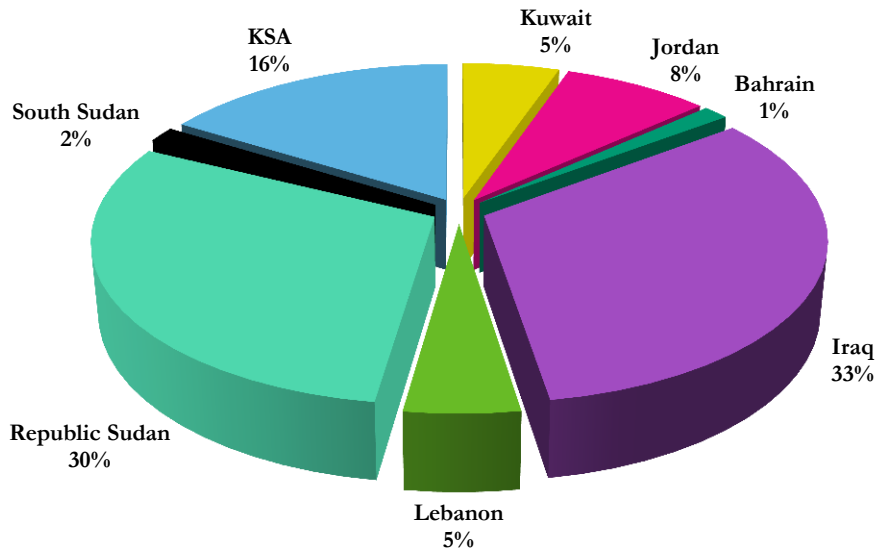


As of November 8, 2012

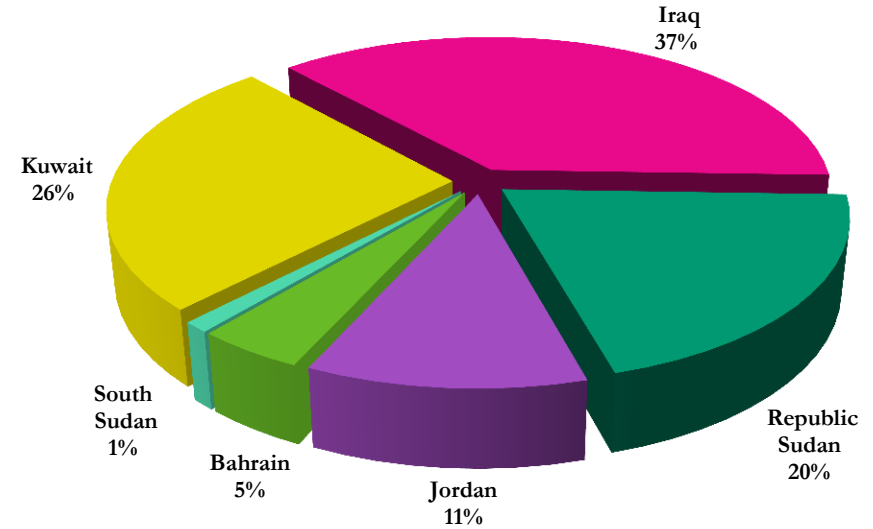


Zain Group Country Breakdown 9 Months-2012

Zain Group Customers

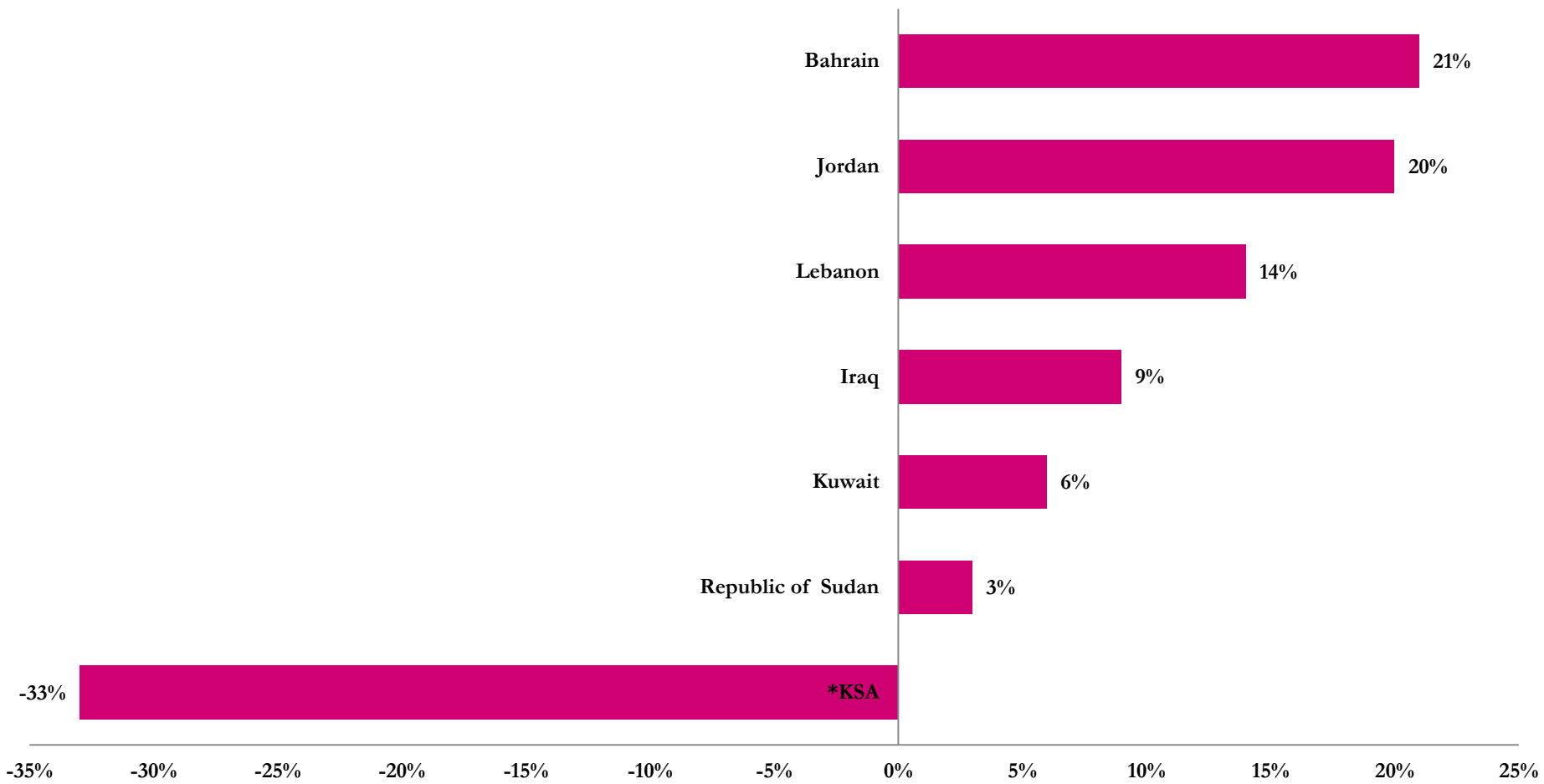


Zain Group Revenues





Zain Group Customer Growth Q3-2012 vs. Q3-2011

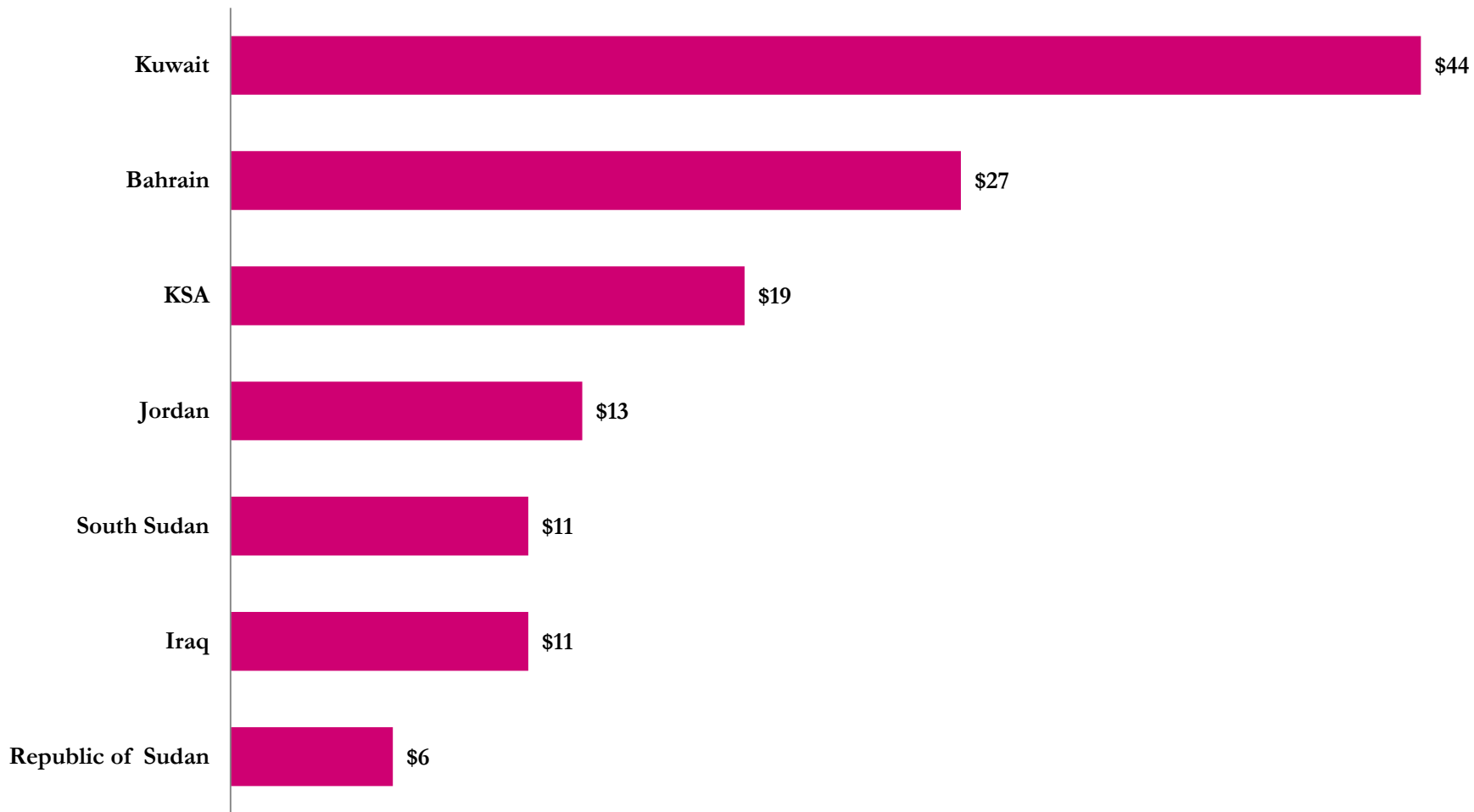


*** The management has reinforced the 90 days policy for active customers and eliminated inactive customers, to align with the industry standards and to avoid distortions resulting from transitory segment.**



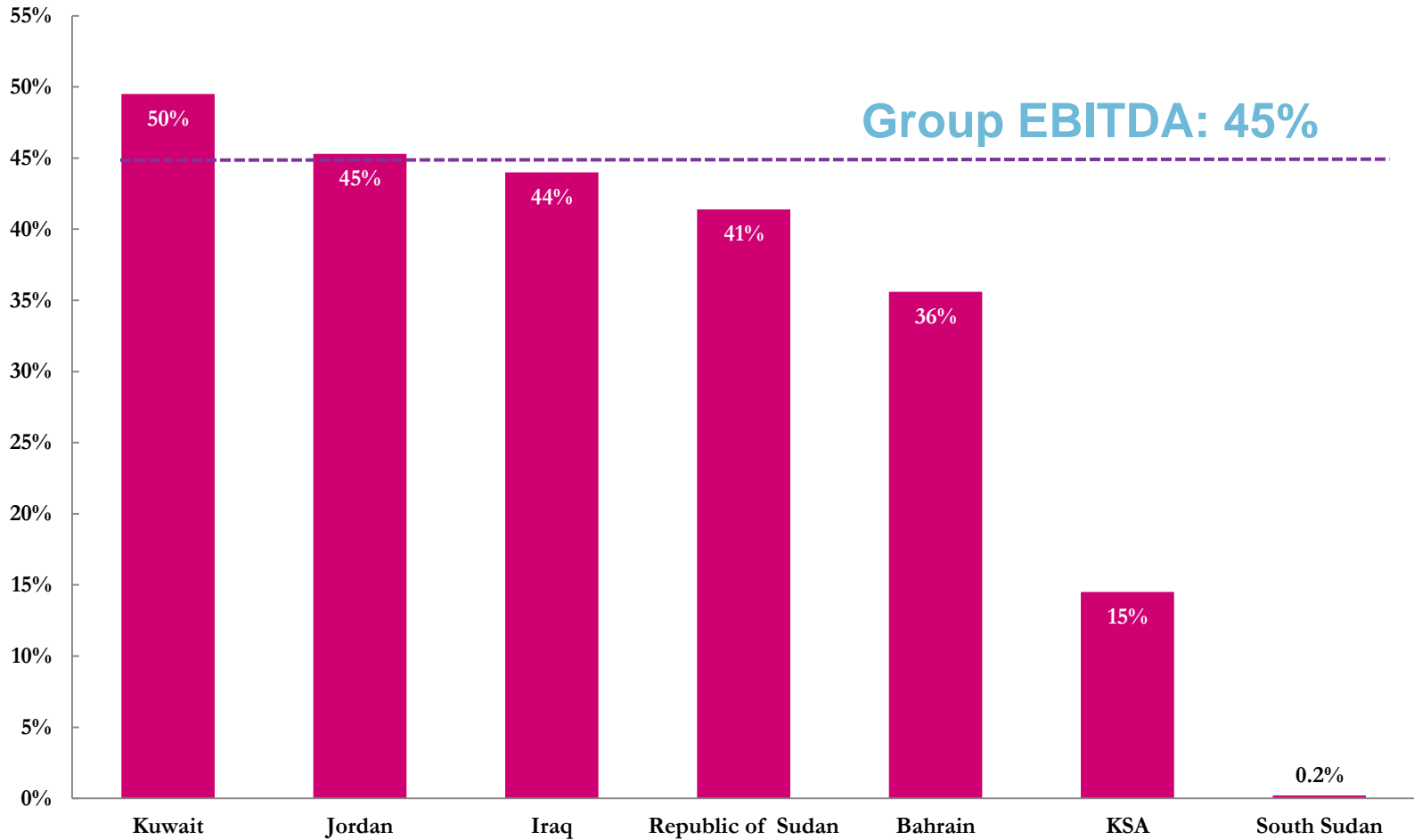
Blended ARPUs

Q3-2012





EBITDA Margins 9 Months-2012





Zain's Operations

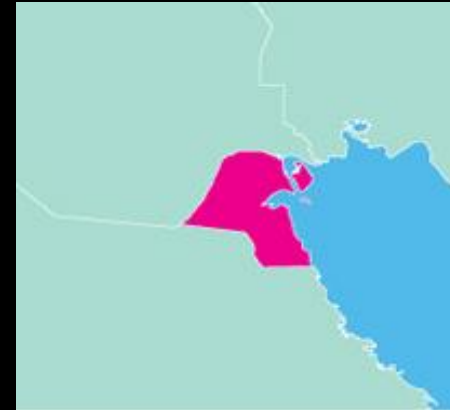
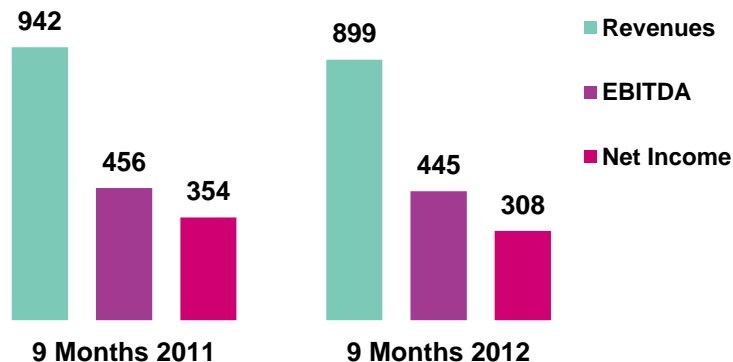
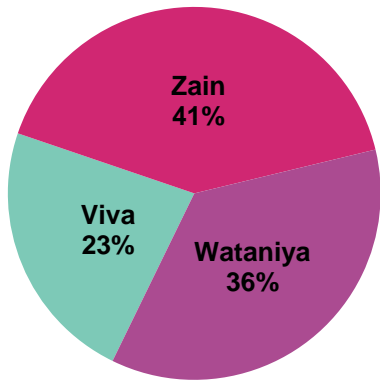
9 Months-2012



Kuwait

Contribution to Group total - Population: **3%** Customers: **5%** Revenues: **19%** - Customer YoY Growth: **6%**

- 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 Wiyana Concept portal, Zain Teen, Blackberry in box and other offers contributed to the increase in the operation's customer base by 6% from last year.
- Zain Kuwait has the highest ARPU of \$44 in the Group.
- Zain Kuwait has been granted a Sub-ISP license from MOC, which will support improving futuristic EBITIDA.
- Zain Kuwait financial indicators witnessed a slight decrease as compared with 9 months-2011, while Capex increased 38% from the previous year due to expansion of the operations network and implementation of LTE technology and mobile number portability (MNP) as per the recent decree by MOC.



Key Statistics 9 Months-2012

Population (000s)	3,132
GDP/Capita (PPP)	\$51,799
Year of launch	1983
Ownership	100%
Mobile Penetration	188%
Customers (000s)	2,191
Number of Operators	3
Market Positioning	1
Market Share	41%
ARPU	\$44



Iraq

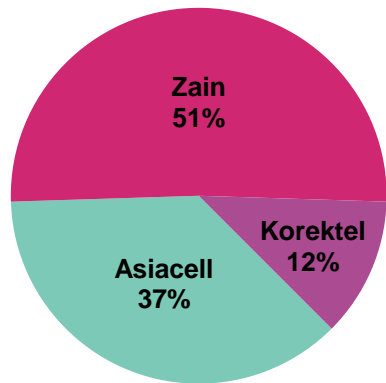
Contribution to Group total - Population: **26%** Customers: **33%** Revenues: **27%** - Customer YoY Growth: **9%**

- After acquiring a 15-year nationwide license for USD 1.25 billion in August 2007 and its acquisition of a rival operator Iraqna for USD1.2 billion in December 2007, Zain became the largest mobile operator in Iraq.
- The Zain Group subsequently increased its ownership from 30% to 76% to assume majority control.
- Zain Iraq has the largest customer base in the Group, representing a 33% of the group's customer base and has increased around 9% due to the introduction of the most attractive offer for the prepaid segment.
- Zain Iraq is working to list its shares on ISX by end of H1-2013, subject to Regulatory approval.
- Zain Iraq's revenues and EBITDA grew around 7% and 3% respectively as compared with 9 months-2011, with higher grow for net income by 8% for the same period .



Key Statistics 9 Months-2012

Population (000s)	32,571
GDP/Capita (PPP)	\$3,600
Year of acquisition	2003
Ownership	76%
Mobile Penetration	76%
Customers (000s)	13,498
Number of Operators	3
Market Positioning	1
Market Share	51%
ARPU	\$11

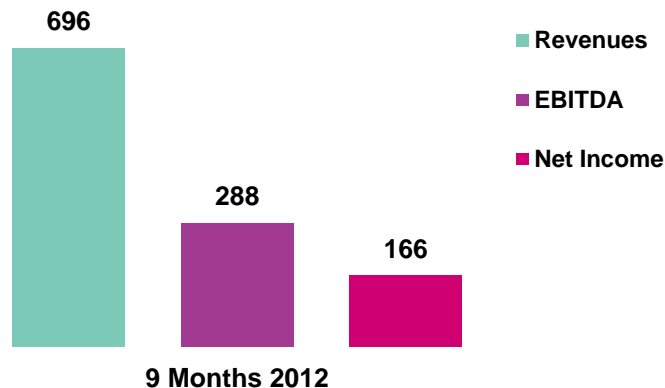
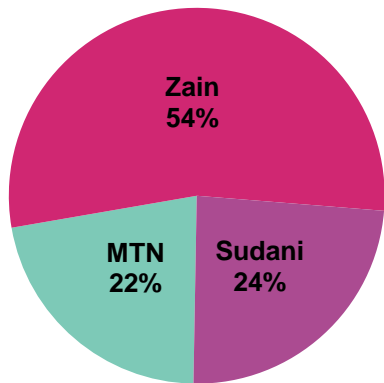




Republic of Sudan

Contribution to Group total - Population: **35%** Customers: **30%** Revenues: **15%** - Customer YoY Growth: **3%**

- Zain entered Sudan through its 2005 acquisition of Celtel which had a minority 39% stake in Mobitel, Sudan's first mobile operator. In February 2006, the remaining 61% was fully acquired by Zain for USD 1.33 billion.
- Zain maintains its position by 54% of the market share in Republic of Sudan, with the second largest customer base in the group by forming 30% of the group's customer base.
- On the 25th of June 2012, The Central Bank of Sudan adopted a new exchange rate for USD/SDG which increased from 2.7 to 4.4
- Zain Sudan has started to split its operation into 2 different entities in Q1-2012 (Republic of Sudan and South Sudan), therefore there is no similar financial period to compare it with.



Key Statistics 9 Months-2012

Population (000s)	44,327
GDP/Capita (PPP)	\$2,300
Year of full acquisition	2006
Ownership	100%
Mobile Penetration	57%
Customers (000s)	12,366
Number of Operators	3
Market Positioning	1
Market Share	54%
ARPU	\$6



South Sudan

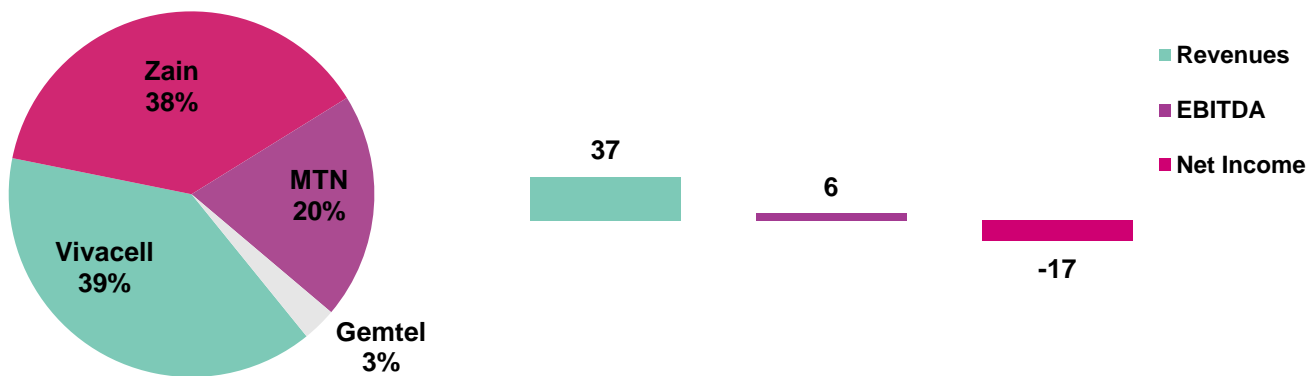
Contribution to Group total - Population: 9% Customers: 2% Revenues: 1% - Customer YoY Growth: N/A

- In June 2011, Republic of Sudan and South Sudan have successfully completed the separation process. Accordingly, Zain Group commenced separating the two entities by having different financial statements and organizational structure.
- Zain can operate in South Sudan as per the Memorandum Of Understanding (MOU) until South Sudan issues their own license requirement.
- Zain group has appointed a new management team in South Sudan post the separation process.
- Zain Sudan has started to split its operation into 2 different entities in Q1-2012 (Republic of Sudan and South Sudan), therefore there is no similar financial period to compare it with.



Key Statistics 9 Months-2012

Population (000s)	10,625
GDP/Capita (PPP)	\$1,546
Year of full acquisition	2006
Ownership	100%
Mobile Penetration	20%
Customers (000s)	635
Number of Operators	4
Market Positioning	2
Market Share	38%
ARPU	\$11





Jordan

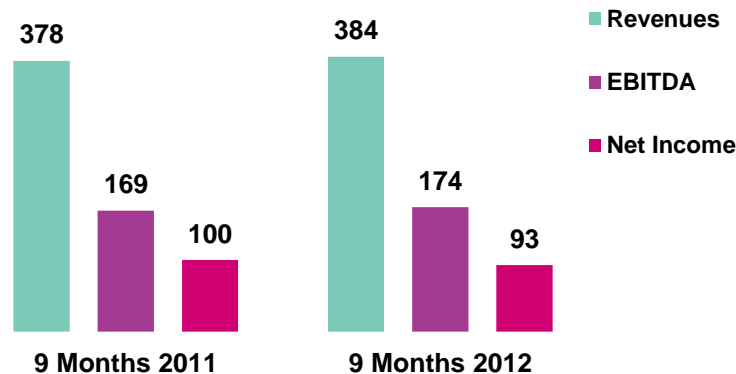
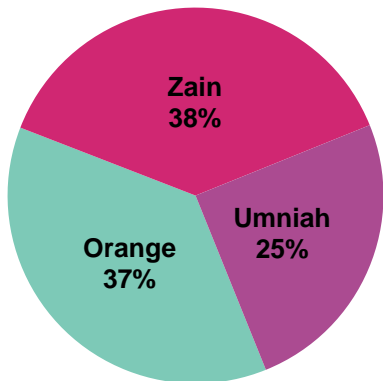
Contribution to Group Total - Population: 5% Customers: 8% Revenues: 8% Customer YoY Growth: 20%

- In January 2003, Zain Jordan was the Group's first acquired operation for a value of USD 418.9 million.
- Despite the heightening of price competition and the pressure on lowering voice prices, Zain managed to increase its customer base by 20% compared with Q3-2011.
- Zain Jordan managed to register a growth of 2% and 3% in Revenues and EBITDA respectively as compared with 9 months-2011.
- The operation has increased its market share by another 2% respectively due to the enhancement in the broadband segment (HSPA+, ADSL and WiMax).



Key Statistics 9 Months-2012

Population (000s)	6,594
GDP/Capita (PPP)	\$5,300
Year of acquisition	2003
Ownership	96.52%
Mobile Penetration	140%
Customers (000s)	3,334
Number of Operators	3
Market Positioning	1
Market Share	38%
ARPU	\$13





Bahrain

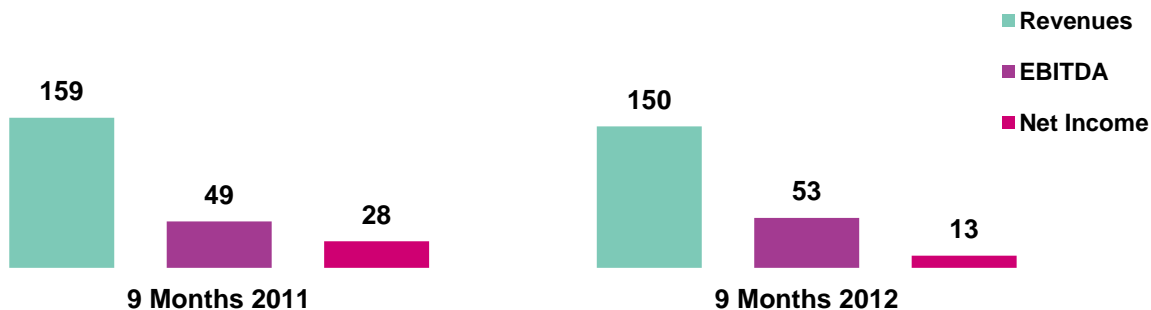
Contribution to Group Total - Population: 1% Customers: 1% Revenues: 3% - Customer YoY Growth: 21%

- A Greenfield operation, Zain Bahrain launched its commercial services in December 2003.
- Zain Bahrain has the second highest ARPU of \$27 in the Group.
- The operation managed to increase its customer base by 21% compared with Q3-2011, due to the new services and products which have been introduced in Q3-2012 (Free Laptop, double SMART-PLAN and the Samsung Smart TV for broadband segment) despite intense competition.



Key Statistics 9 Months-2012

Population (000s)	826
GDP/Capita (PPP)	\$40,400
Year of launch	2003
Ownership	56.25%
Mobile Penetration	131%
Customers (000s)	589
Number of Operators	3
Market Positioning	2
ARPU	\$27

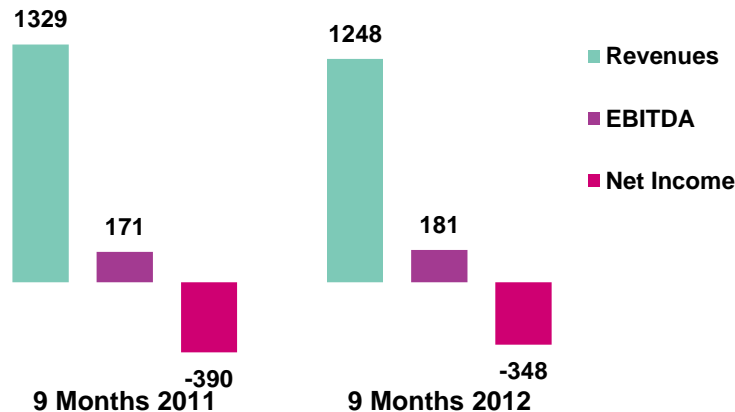
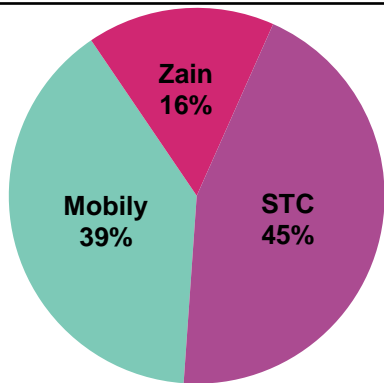




Kingdom of Saudi Arabia

Contribution to Group Total - Population: **22%** Customers: **16%** - Customer YoY Growth: **(33%)**

- Zain KSA launched commercial services in late August 2008, a year after it was rewarded its mobile license.
- Zain KSA has successfully completed its Capital Restructuring in July 2012, through reducing its capital by 65% and subsequently increase it by USD1.6 Billion Rights Issue. As a result, Zain KSA capital reached SAR 10.8 Billion, while Zain group stake increased to 37%.
- Due to the clean-up of customer base of dormant subscribers, the operations customer base decreased by 33% as compared with Q3-2011, and to the reduction of finance cost post the right issue transaction due to transfer payment of \$200m to MFA and Capitalization of shareholders loan.
- Zain KSA succeeded in decreasing its net losses by 11% from the previous year, mainly due to EBITDA growth of 6%.



Key Statistics 9 Months-2012

Population (000s)	26,918
GDP/Capita (PPP)	\$24,200
Year of launch	2008
Ownership	37%
Mobile Penetration	159%
Customers (000s)	6,707
Number of Operators	3
Market Positioning	3
Market Share	16%
ARPU	\$19



Lebanon

Contribution to Group Total - Population: **N/A** Customers: **5%** - Customer YoY Growth: **14%**

- Zain operates in Lebanon under a management contract since June 2004, when it was rebranded to mtc-touch.
- The launch of Ramadan Promo and Touch Mobile App contributed to the increase in the operation's customer base by 14% from the previous year.
- The company continues to benefit from existing revenue drivers, such as postpaid and prepaid mobile lines, and is expected to trigger a substantial increase in inbound data services from the 3rd generation mobile telecommunications (3G) which was launched in November 2011.
- The network numbers are increased, covering 99% of the population.
- The Network Management Agreement (NMA), which expired in January 2012, was subsequently renewed on February 1, 2012 for 12 months.



Key Statistics 9 Months-2012

Population (000s)	4,297
GDP/Capita (PPP)	\$14,200
Year of MC award	2004
Ownership	MC
Mobile Penetration	91%
Customers (000s)	1,962
Number of Operators	2

MC= Management Contract



Financial Statements

9 Months-2012



Balance Sheet

	Unaudited 30-Sep-12	Audited 31-Dec-11	Unaudited 30-Sep-11
	KD '000		
Assets			
Current assets			
Cash and bank balances	347,792	404,764	388,037
Trade and other receivables	324,024	332,843	352,917
Inventories	10,571	21,182	21,878
Investment securities – at fair value through profit or loss	3,252	5,879	6,005
	<u>685,639</u>	<u>764,668</u>	<u>768,837</u>
Non-current assets			
Investment securities – available for sale	52,847	62,470	69,260
Investment in associates	258,108	81,131	88,839
Interest in a jointly controlled entity	52,587	44,871	39,900
Loans to associates	77,431	190,166	186,682
Property and equipment	705,316	795,644	779,494
Intangible assets	1,075,237	1,256,094	1,253,535
Other assets	93,940	92,190	69,085
	<u>2,315,466</u>	<u>2,522,566</u>	<u>2,486,795</u>
Total Assets	<u>3,001,105</u>	<u>3,287,234</u>	<u>3,255,632</u>

	Unaudited 30-Sep-12	Audited 31-Dec-11	Unaudited 30-Sep-11
	KD '000		
Liabilities and Equity			
Current liabilities			
Trade and other payables	515,140	506,541	570,730
Due to banks	267,036	313,823	268,434
	<u>782,176</u>	<u>820,364</u>	<u>839,164</u>
Non-current liabilities			
Due to banks	382,521	226,159	265,590
Other non-current liabilities	35,337	35,173	37,351
	<u>417,858</u>	<u>261,332</u>	<u>302,941</u>
Equity			
Attributable to the Parent Company's shareholders			
Share capital	431,356	430,754	430,754
Share premium	1,705,158	1,703,351	1,703,351
Treasury shares	(567,834)	-567,834	(567,834)
Legal reserve	215,377	215,377	214,871
Foreign currency translation reserve	(547,392)	-214,064	(223,625)
Treasury shares reserve	1,967	1,967	1,967
Equity issue transaction cost of an associate	(5,442)	-1,760	(1,750)
Investment fair valuation reserve	(10,013)	-10,046	(7,300)
Share based compensation reserve	4,335	7,141	6,740
Hedge reserve	-	-849	(845)
Retained earnings	445,655	516,453	442,334
	<u>1,673,167</u>	<u>2,080,490</u>	<u>1,998,663</u>
Non-controlling interests	127,904	125,048	114,864
Total equity	<u>1,801,071</u>	<u>2,205,538</u>	<u>2,113,527</u>
Total Liabilities and Equity	<u>3,001,105</u>	<u>3,287,234</u>	<u>3,255,632</u>



Income Statement

	Nine months ended	
	30-Sep	
	2012	2011
	KD'000	
Continuing operations		
Revenue	974,623	988,109
Cost of sales	(274,149)	(266,363)
Gross profit	700,474	721,746
Distribution, marketing & operating expenses	(194,889)	(209,161)
General and administrative expenses	(61,922)	(61,796)
Depreciation and amortization	(144,688)	(124,505)
Provision for doubtful debts	(6,390)	(6,402)
Operating profit	292,585	319,882
Interest income	13,635	14,988
Investment income	(378)	(181)
Share of loss of associates	(28,772)	(26,981)
Share of profit of a jointly controlled entity	7,855	(370)
Other income/(expense)	10,239	1,892
Finance costs	(19,112)	(21,595)
Gains/(loss) from currency revaluation	739	(27,644)
Board of Directors' remuneration	(323)	(24)
Contribution to Kuwait Foundation for Advancement of Sciences	(2,077)	(2,163)
National Labour Support Tax and Zakat	(6,900)	(6,214)
Profit for the period before income tax	267,491	251,590
Income tax expenses	(45,756)	(34,421)
Profit for the period from continuing operations	221,735	217,169

	Nine months ended	
	30-Sep	
	2012	2011
	KD'000	
Discontinued operations		
Release of provisions	-	16,320
Profit for the period	221,735	233,489
Attributable to:		
Shareholders of the Parent Company	201,630	210,241
Non-controlling interests	20,105	23,248
	221,735	233,489
Earnings per share		
Basic – Fils		
From continuing operations	52	50
From discontinued operations	-	4
	52	54
Diluted – Fils		
From continuing operations	52	50
From discontinued operations	-	4
	52	54



Cash flow Statement

	Nine months ended		Nine months ended	
	30-Sep		30-Sep	
	2012	2011	2012	2011
	KD'000		KD'000	
Cash flows from operating activities				
Profit for the period before income tax from continuing and discontinued operations	267,491	267,910		
Adjustments for:				
Depreciation and amortization	144,688	124,505		
Interest income	(13,635)	(14,988)		
Investment income	378	181		
Share of loss of associates	28,772	26,981		
Share of profit of a jointly controlled entity	(7,855)	370		
Finance costs	19,112	21,595		
(Gain)/loss from currency revaluation	(739)	27,644		
Operating profit before working capital changes	438,212	454,198		
Increase in trade and other receivables	(35,134)	(174,959)		
Decrease/(increase) in inventories	7,560	(8,982)		
Decrease in trade and other payables	(10,865)	(36,960)		
Cash generated from operations	399,773	233,297		
Board of Directors' remuneration paid	(430)	(32)		
Paid to Kuwait Foundation for Advancement of Sciences	(5,058)	(1,818)		
National Labor Support Tax and Zakat paid	(4,983)	(6,814)		
Income tax	(35,071)	(36,801)		
Net cash from operating activities	354,231	187,832		
Cash flows from investing activities				
Deposits maturing after three months and those under lien	(75,490)	169,749		
Investment in a subsidiary	(28,531)	-		
Proceeds from disposal of a subsidiary	-	209,839		
Investments in securities	(3,253)	(1,151)		
Investments in associate	(97,696)	-		
Proceeds from sale of investment securities	14,247	14,299		
Acquisition of property and equipment (net)	(87,229)	(113,001)		
Acquisition of intangible assets	(21,081)	(73,660)		
Interest received	12,826	14,994		
Dividends received	1,288	1,731		
<i>Net cash (used in)/from investing activities</i>	(284,919)	222,800		
Cash flows from financing activities				
Capital contribution including share premium-employees stock option	2,409	6,574		
Proceeds from bank borrowings	427,045	693,210		
Repayment of bank borrowings	(325,289)	(378,885)		
Loan to an associate	(2,522)	(1,853)		
Dividends paid to Parent Company's shareholders	(252,225)	(773,400)		
Dividends paid to non-controlling interest holders of subsidiaries	(4,846)	(7,643)		
Finance costs	(15,325)	(23,908)		
<i>Net cash used in financing activities</i>	(170,753)	(485,905)		
Net (decrease)/increase in cash and cash equivalents	(101,441)	(75,273)		
Effects of foreign currency translation	(31,021)	(10,269)		
Cash and cash equivalents at beginning of period	386,147	463,349		
Cash and cash equivalents at end of period	253,685	377,807		



Thank You

For more information please contact Investor Relations Team

Ir@zain.com