



# Investor Presentation

Q1-2010

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.



# Becoming a Global Telecoms Player

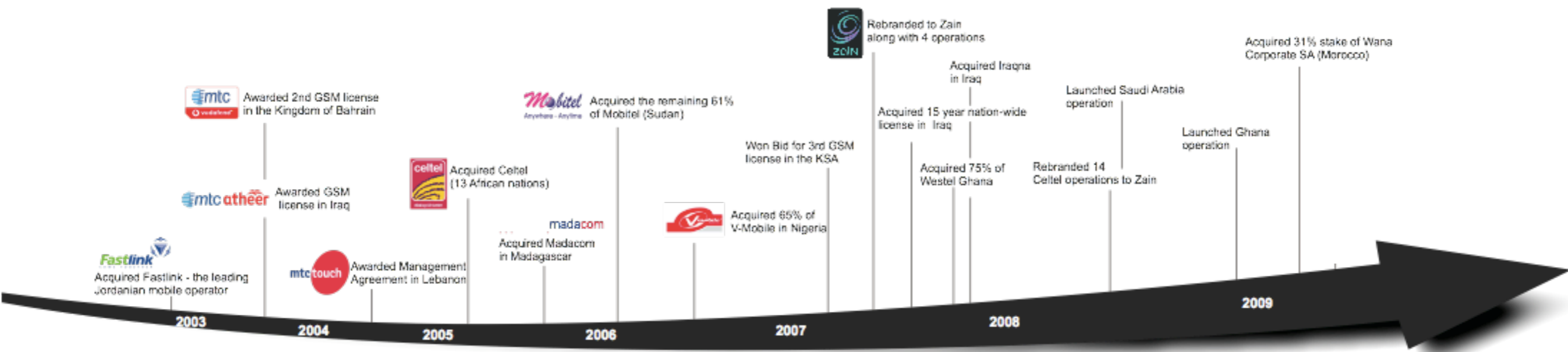
## Who we are now

- Zain is an emerging telecoms player operating in **7 countries** in the Middle East, serving over **31.4 million** active customers
- The company is the leading mobile telecom operator in **4** of its markets
- **Revenues: US\$ 1,146 million; EBITDA: US\$ 483.7 million; Net Income: US\$ 179.1 million** for the first quarter of 2010



# Zain's Historical Growth

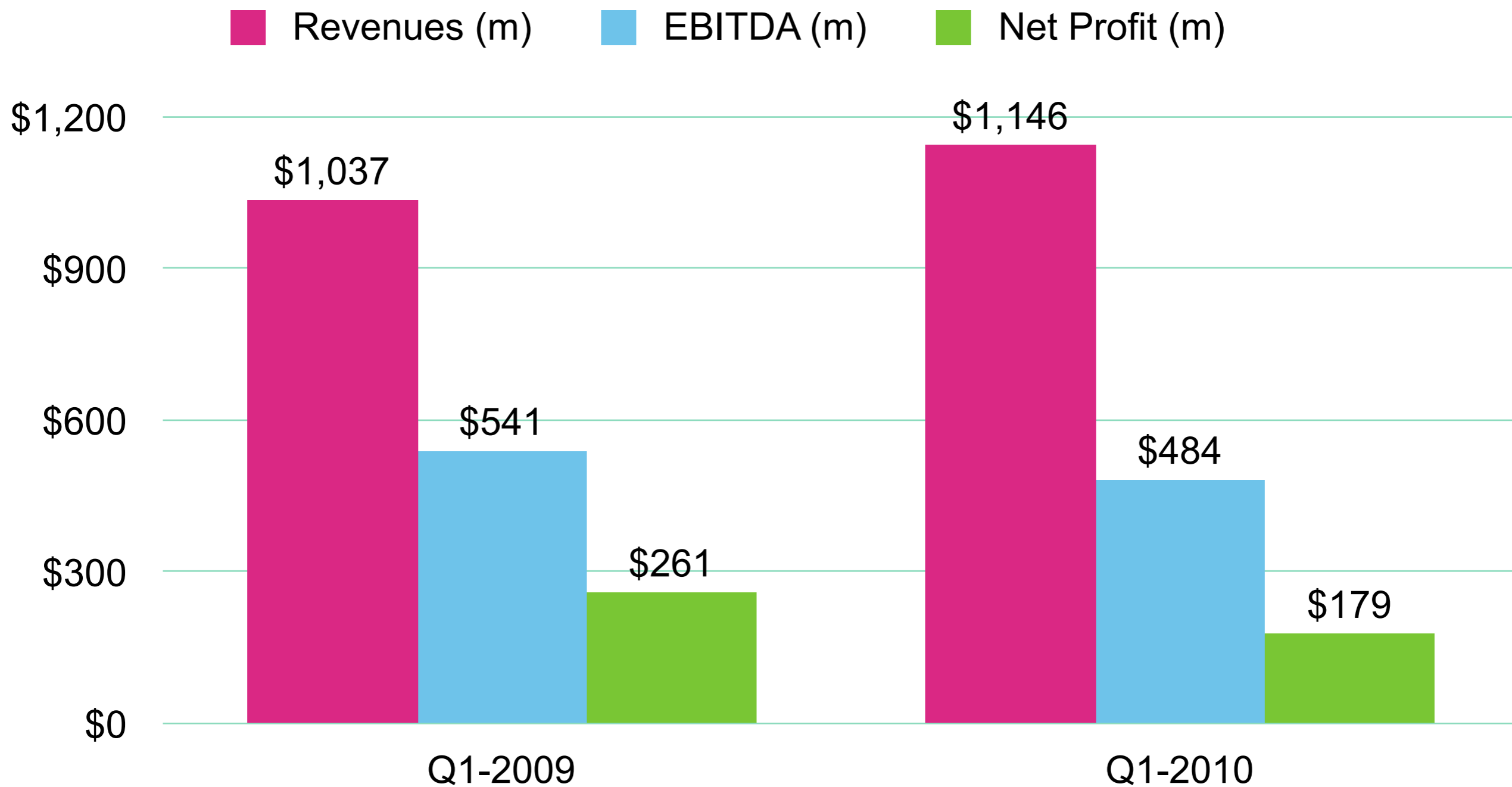
## From a National Player to an Emerging Markets Leader



\* MTC Atheer & Iraqna jointly operate under the Zain brand



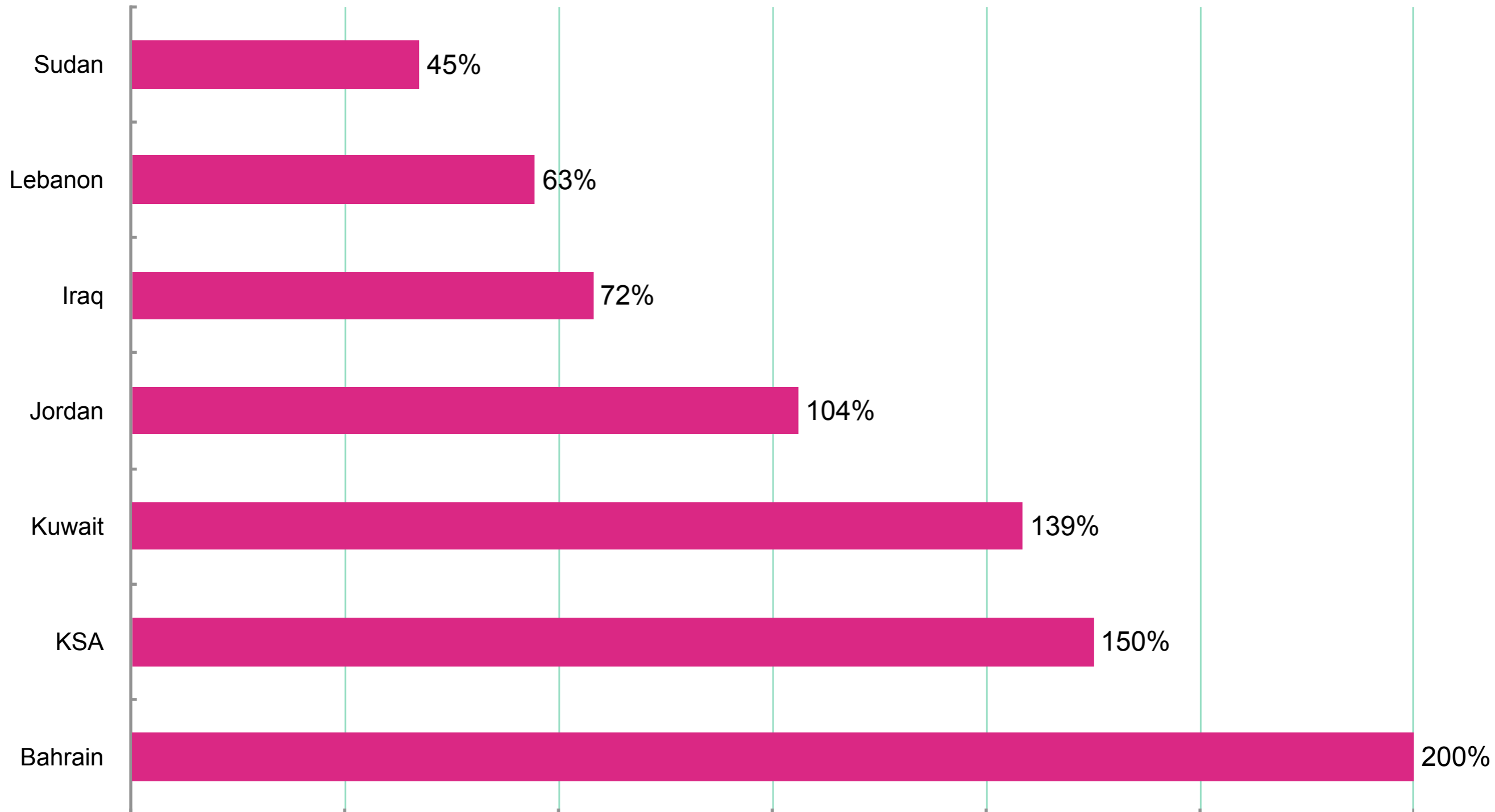
# Zain's Key Performance Indicators





# Penetration Rates

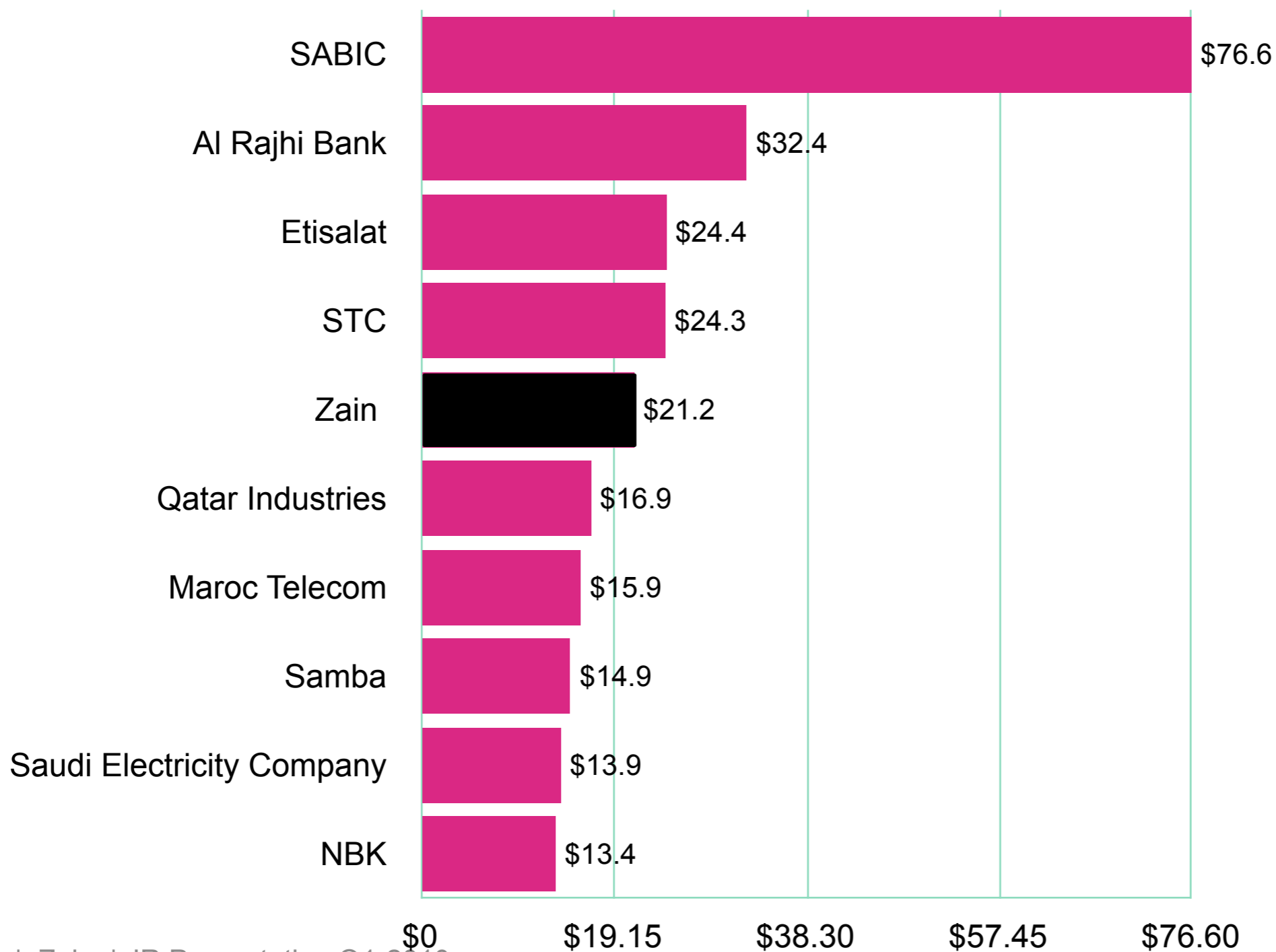
## Substantial Potential for Future Growth





# Top 10 Companies in Middle East & Africa

Market Cap (Billion)



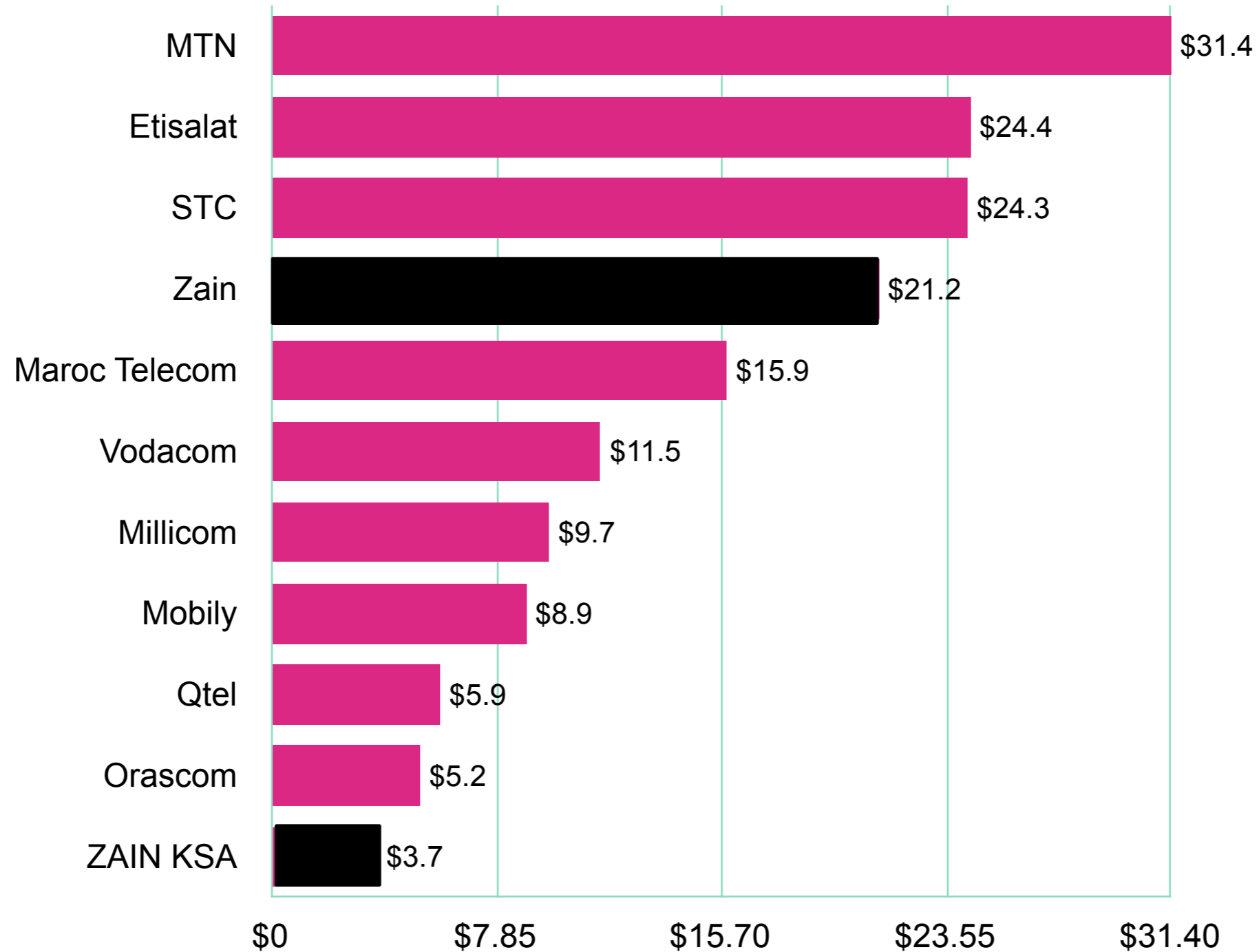
As of March 25, 2010

Source: Reuters



# Top Telecom Companies in Middle East & Africa

Market Cap (Billion)



As of March 25, 2010

Source: Reuters

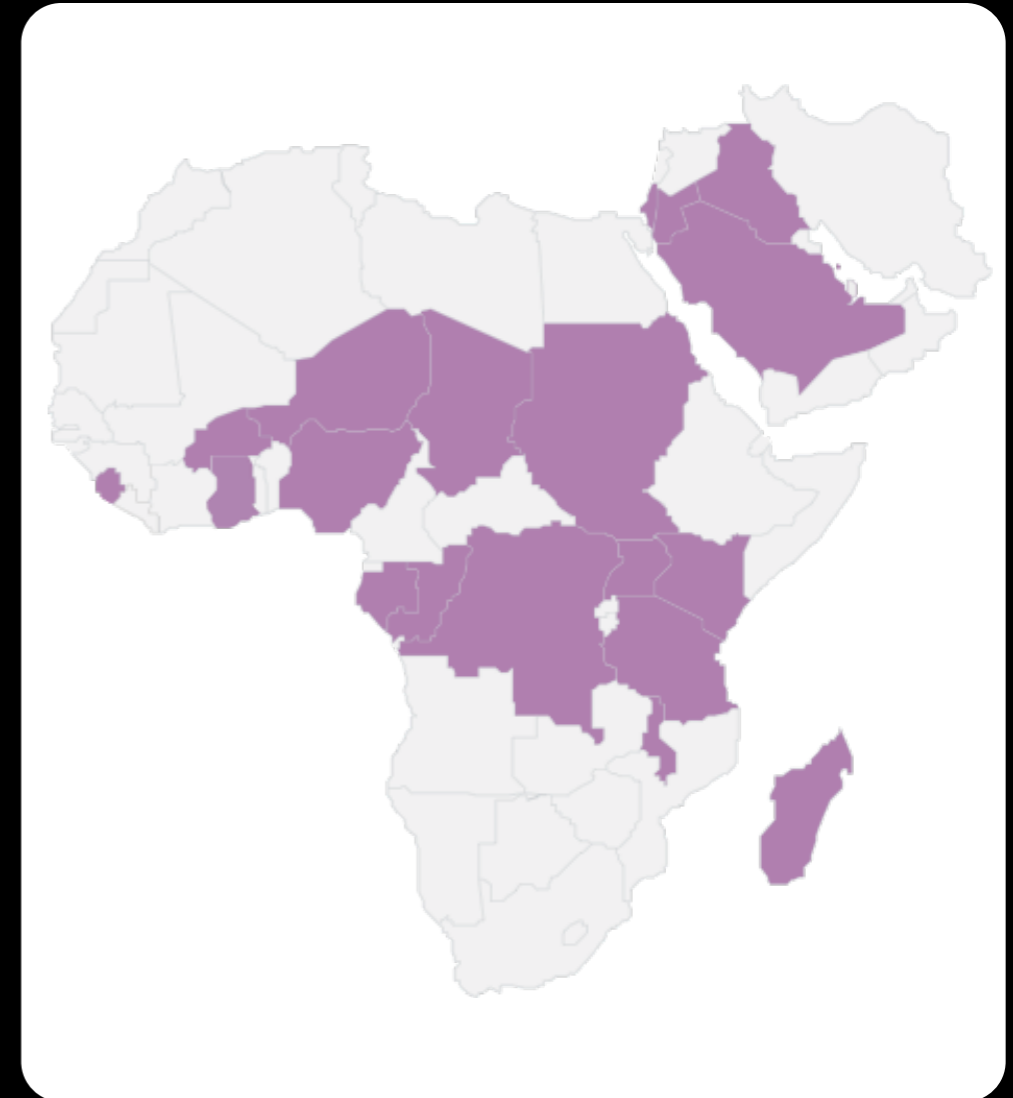


# One Network

## Innovative Services Guaranteeing Further Competitive Advantages

### What is One Network?

- The **world's first** border-less mobile network connecting 16 countries - started in Sept. 2006, further expanded in June, November 2007, April 2008, August and December 2008 to cover KSA and Ghana at launch.
- Includes Burkina Faso, Chad, Congo B., DRC, Gabon, Kenya, Madagascar, Sierra Leone, Malawi, Niger, Nigeria, Tanzania, Uganda and Ghana in Africa. Includes Bahrain, Iraq, Jordan, Kuwait, Sudan and KSA in the Middle East.
- Allows post-paid and pre-paid subscribers in all twenty countries to:
  - Make calls at local rates,
  - Receive incoming calls free of charge
  - Use voice mail and other local services anywhere
  - Top-up their pre-paid phones with airtime cards bought in their home country or any of the 20 countries they are located in.



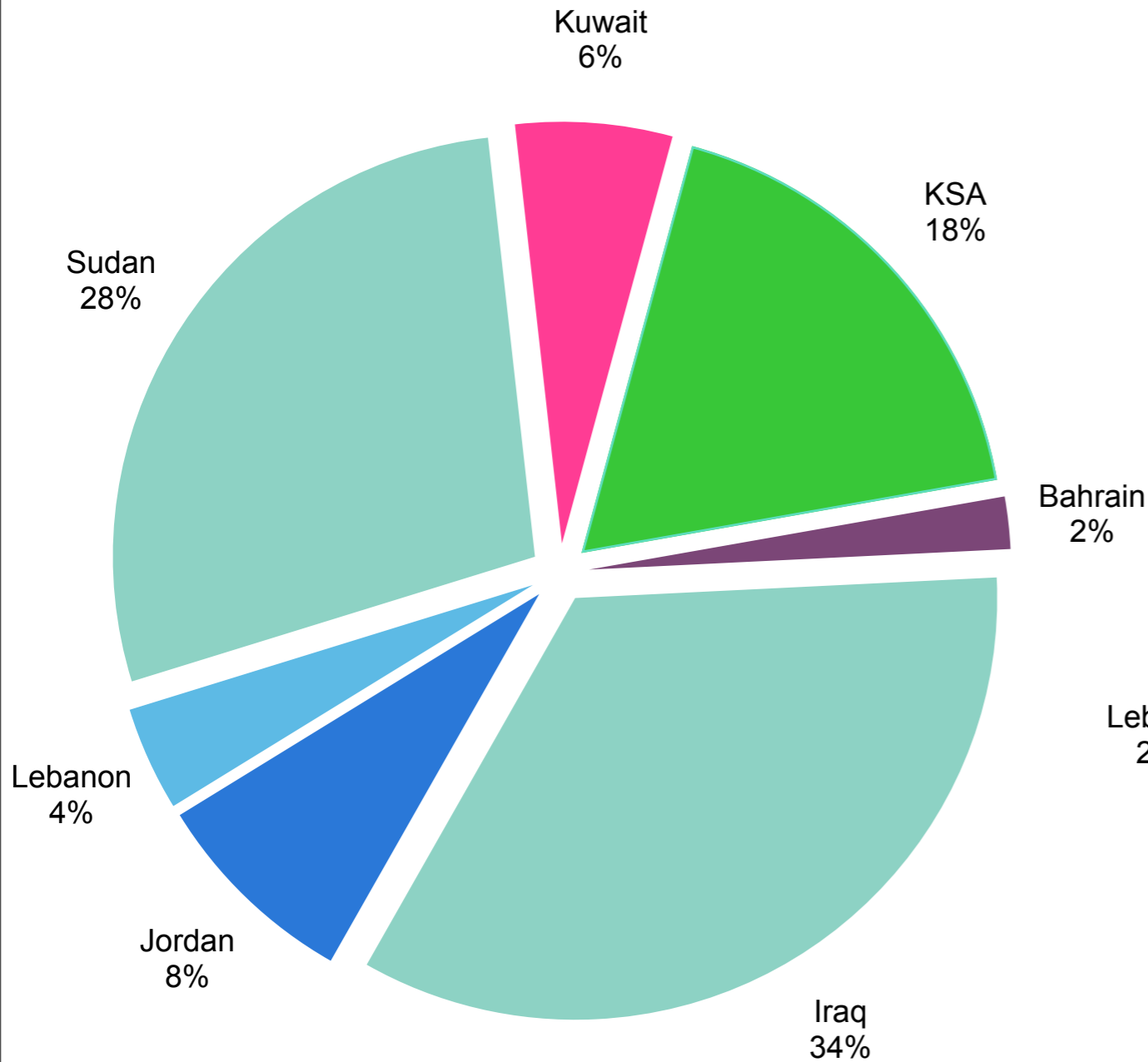
# Zain's Mobile Operations



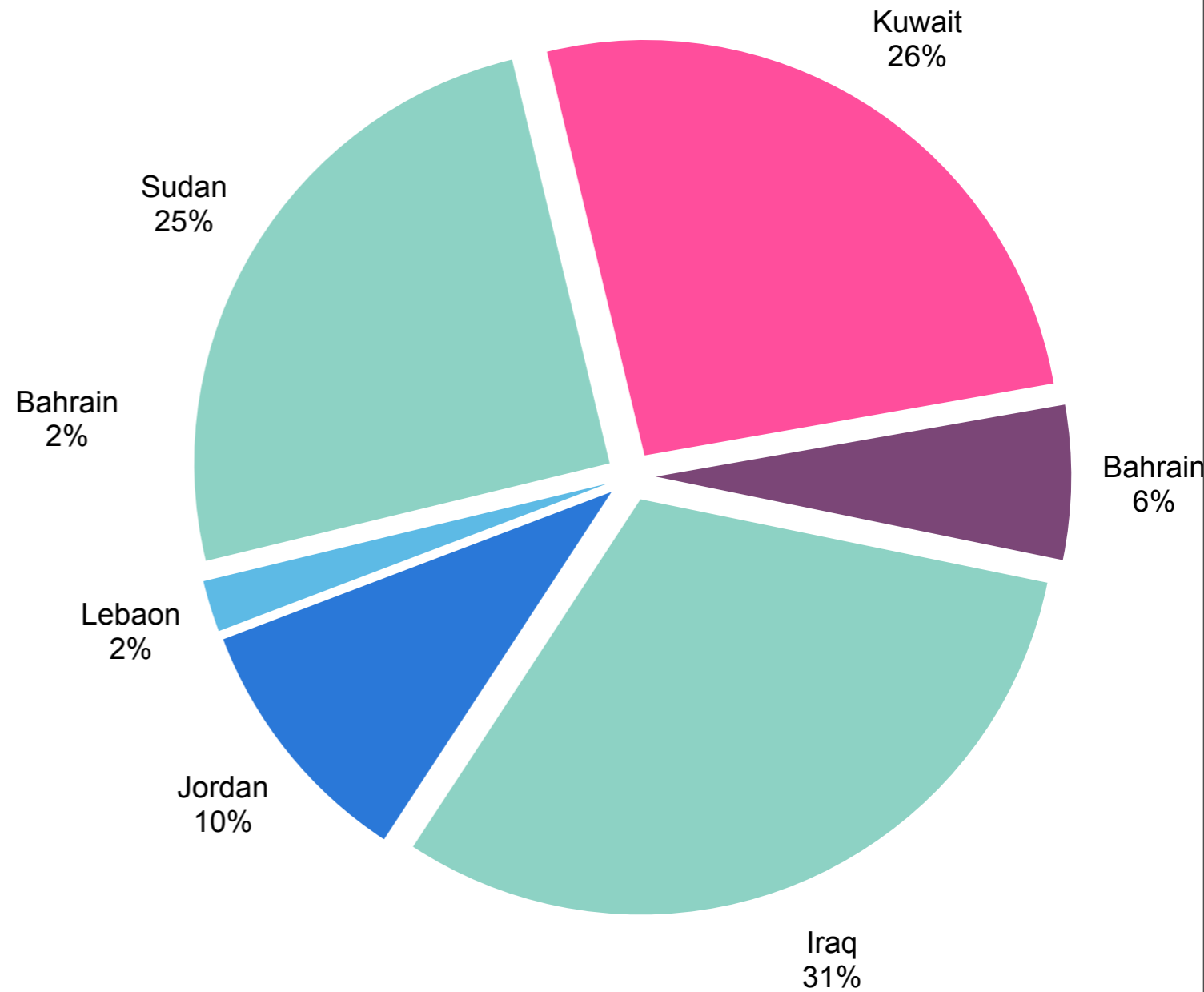
# Zain Group Country Breakdown

## March 31, 2010

### Zain Group Customers

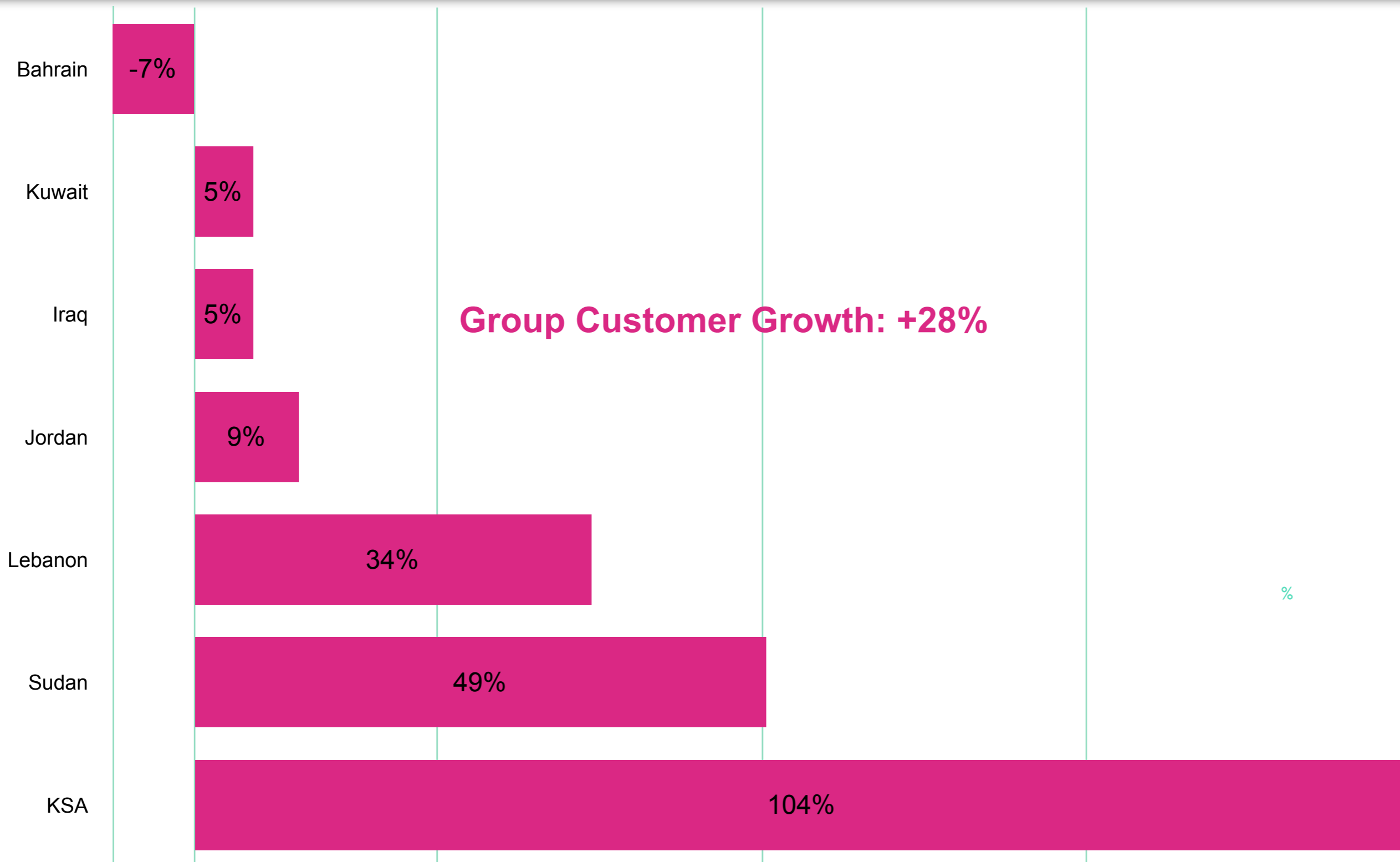


### Zain Group Revenues





# Zain Group Customer Growth Q1-2010 vs. Q1-2009

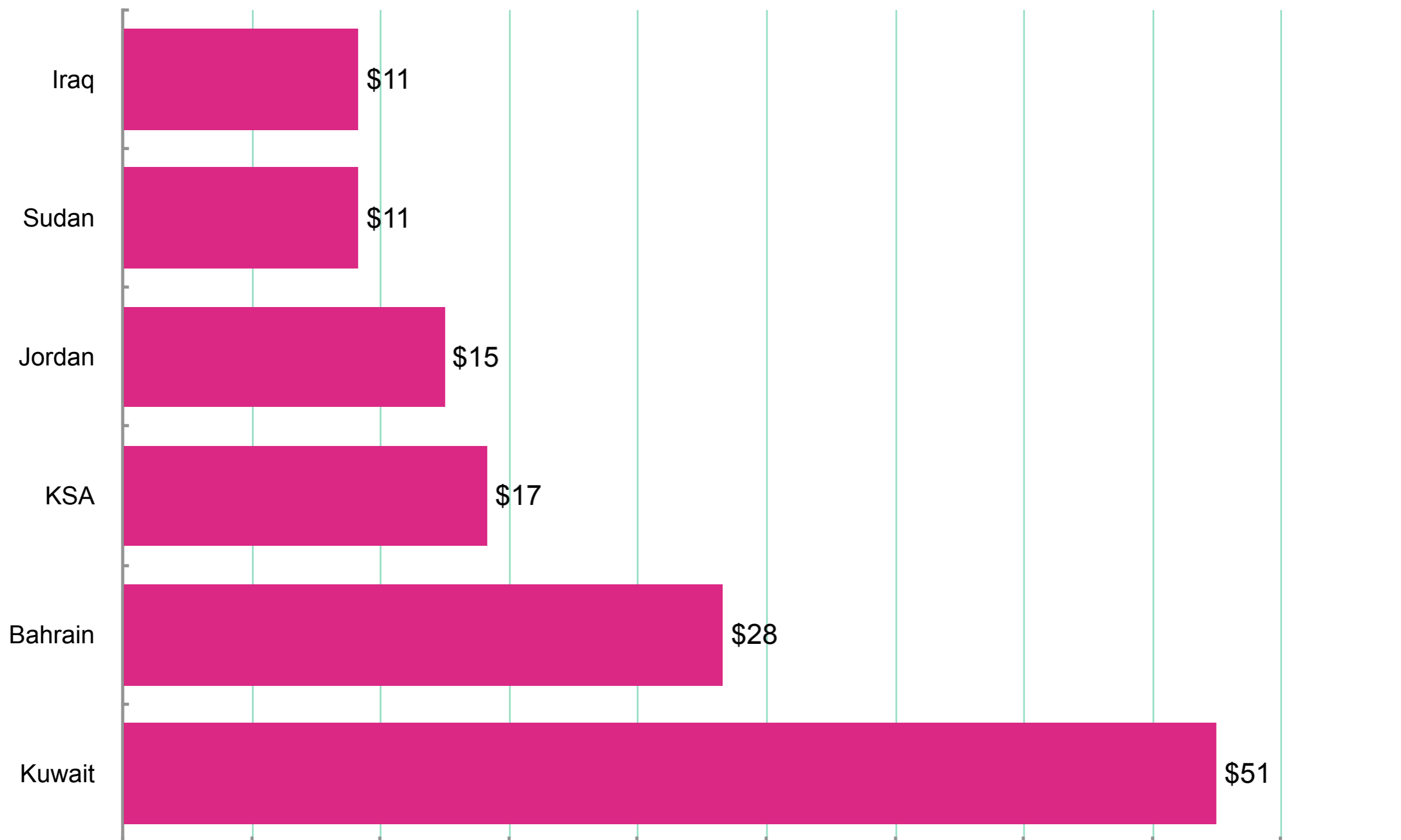




# Blended ARPUs

March 31, 2010

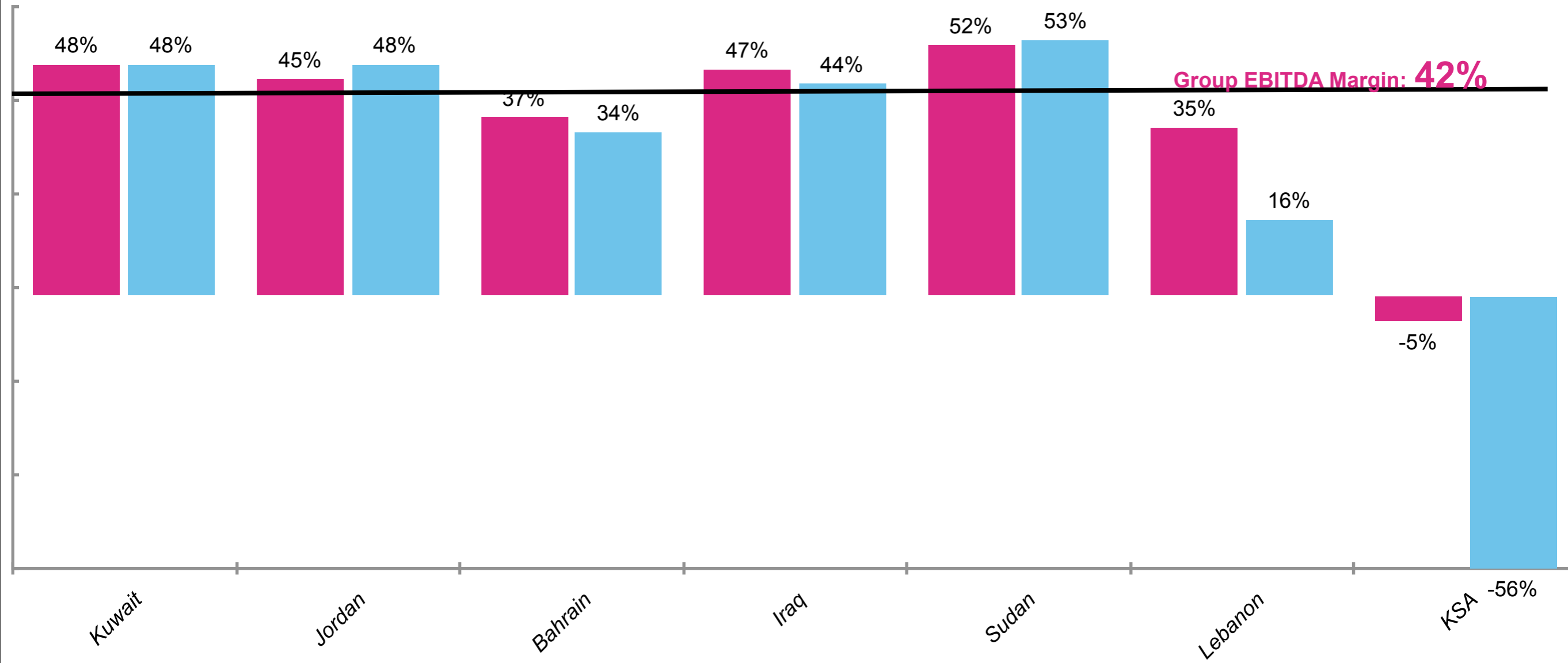
US\$





# EBITDA Margins Q1-2010

■ Q1-2010  
■ Q1-2009





# Kuwait

Contribution to Group total - Population: **3%** Customers: **6%** Revenues: **26%** - Customer YoY Growth: **5%**

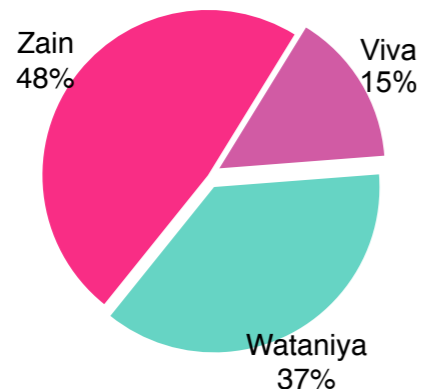
- Despite Viva's entry in the market, Zain Kuwait still commands 48% of the market.
- Zain is listed on the Kuwait Stock Exchange (KSE) with 24.6% held by the Kuwait Investment Authority.
- The operation has the highest ARPU (\$51) in Zain Group.
- Zain Kuwait improved its network performance with the roll-out of 14 sites, reaching a total of 1,678 sites on air as of Q1-2010.



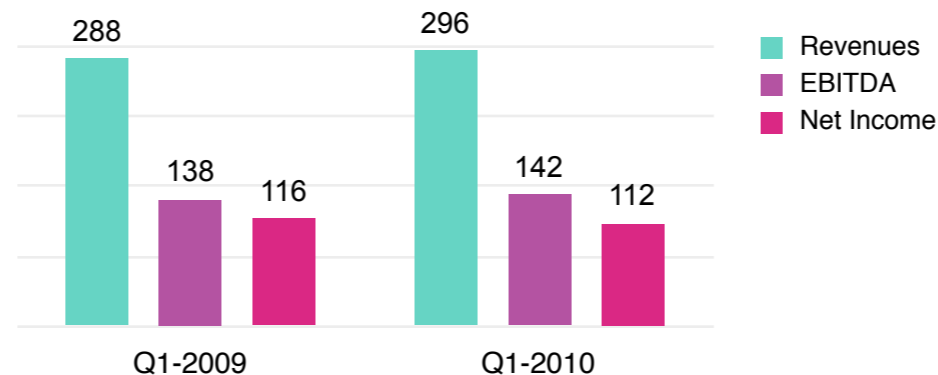
## Key Statistics Q1-2010

Population (000s)	3,480
GDP/Capita (PPP)	\$49,192
Year of launch	1983
Ownership	100%
Mobile Penetration	139%
Number of Operators	3
Market Positioning	1
Market Share	48%
ARPU	\$51

## Market Share



## Financial Performance (\$ m)





# Sudan

Contribution to Group total - Population: **35%** Customers: **28%** Revenues: **25%** - Customer YoY Growth: **49%**

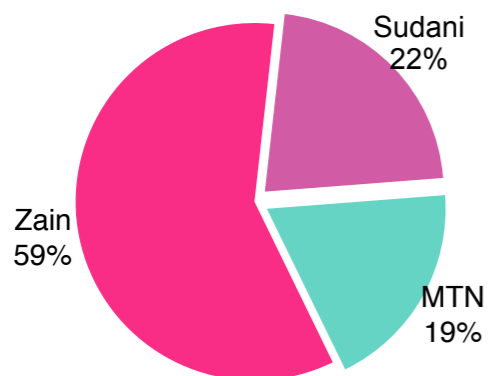
- In February 2006, Zain Group acquired the remaining 61% of Mobitel for US\$ 1.332 billion.
- Zain Sudan leads the Sudanese market with a 59% market share.
- This quarter marked the launch of different campaigns aimed to stimulate usage including the launch of the Facebook service and unlimited daily offer on handsets.
- NTC has imposed billing per second on all mobile operators before June 2010.
- 72 new sites were rolled-out in Q1-2010, reaching a total of 1,801 sites on air.



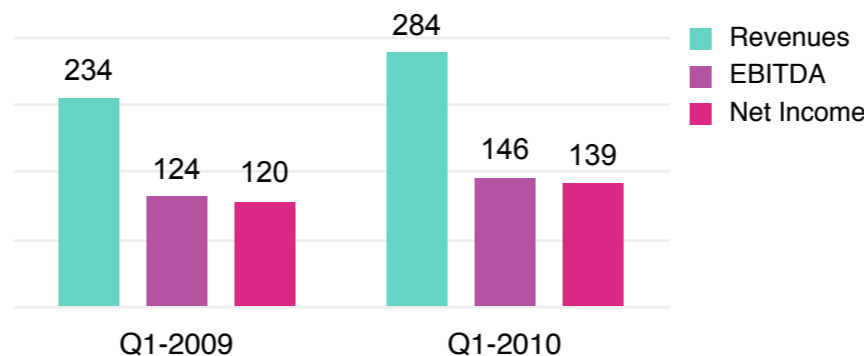
## Key Statistics for Q1-2010

Population (000s)	40,797
GDP/Capita (PPP)	\$2,126
Year of full acquisition	2006
Ownership	100%
Mobile Penetration	45%
Number of Operators	3
Market Positioning	1
Market Share	59%
ARPU	\$11

Market Share



Financial Performance (\$ m)





# Iraq

Contribution to Group total - Population: **26%** Customers: **34%** Revenues: **31%** - Customer YoY Growth: **5%**

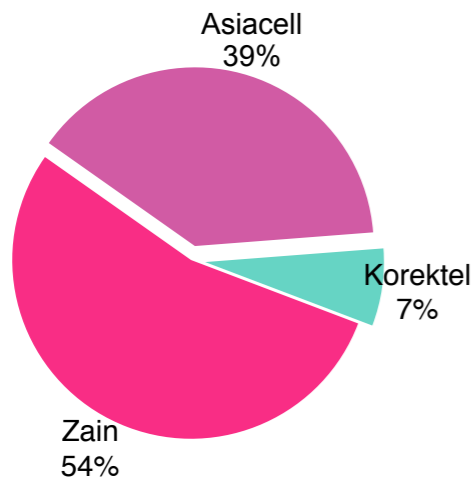
- After securing a 15-year license in August 2007 for US\$ 1.25 billion, and following the full integration between MTC-Atheer and Iraqna, Zain managed to increase its ownership stake to 71.67% to become a fully-fledged subsidiary.
- Zain Iraq's customer base reached 10.6 million, 54% of the Iraqi market, maintained on the back of various successful loyalty and retention programs.
- Iraq is the largest contributor to the group in terms of customers and revenues, at 34% and 31% respectively.
- Q1-2010 witnessed the transfer of the currency in place from US\$ to Iraqi Dinar, finalizing one of Zain's main license obligations.
- 60 new sites were added to the network roll-out to reach a total of 2,765 sites on air.



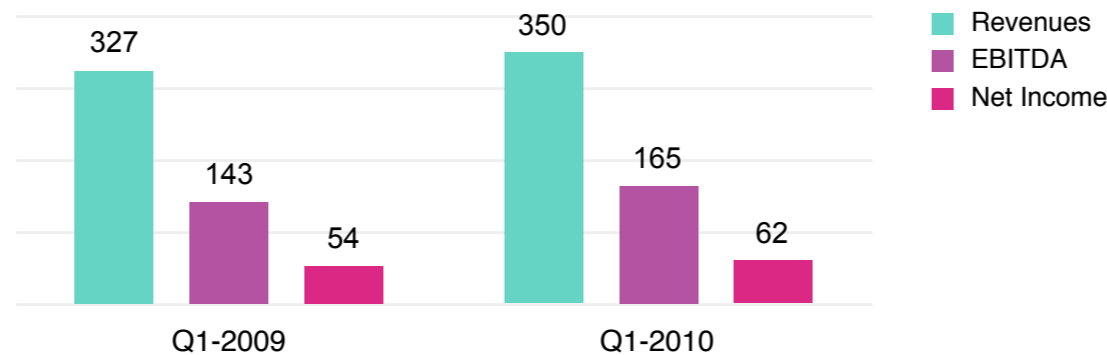
## Key Statistics for Q1-2010

Population (000s)	30,419
GDP/Capita (PPP)	\$3,858
Year of acquisition	2003
Ownership	71.67%
Mobile Penetration	72%
Number of Operators	3
Market Positioning	1
Market Share	54%
ARPU	\$11

### Market Share



### Financial Performance (\$ m)





# Jordan

Contribution to Group Total - Population: **6%** Customers: **8%** Revenues: **10%** - Customer YoY Growth: **9%**

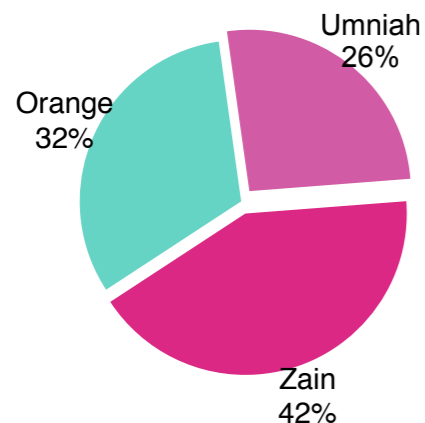
- Despite the highly competitive market, Zain Jordan managed to maintain its position as the market leader with a 42% market share.
- In Q1-2010, Zain Jordan introduced value for money products and customized packages targeting the youth segment.
- 22 new sites were rolled-out this quarter, reaching a total of 1,481 site.



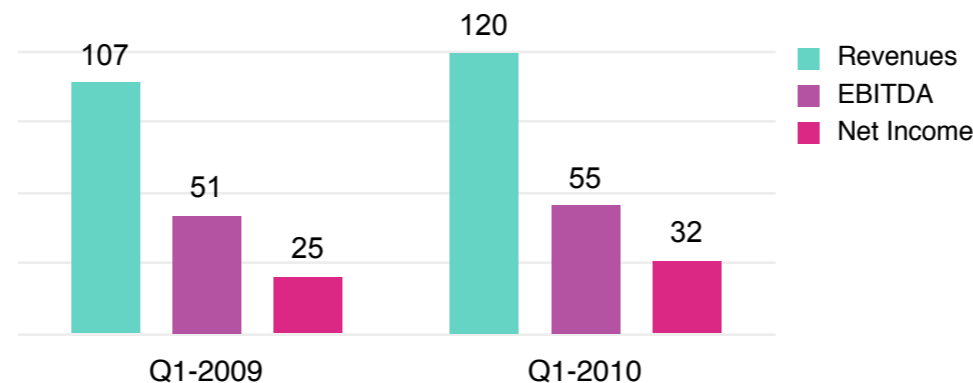
## Key Statistics for Q1-2010

Population (000s)	6,362
GDP/Capita (PPP)	\$4,870
Year of acquisition	2003
Ownership	96.52%
Mobile Penetration	104%
Number of Operators	4
Market Positioning	1
Market Share	42%
ARPU	\$15

### Market Share



### Financial Performance (\$ m)





# Bahrain

Contribution to Group Total - Population: **1%** Customers: **2%** Revenues: **6%** - Customer YoY Growth: **-7%**

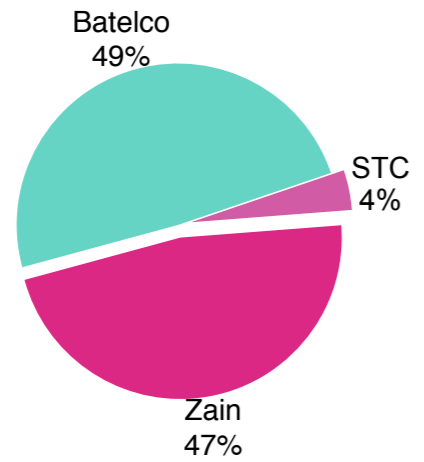
- A Greenfield operation, Zain Bahrain entered the market as the second mobile operator in December 2003.
- Despite the launch of the new 3rd operator, Zain Bahrain holds a 43% market share.
- To enhance coverage, 23 base stations were commissioned this quarter, reaching a total of 225 base stations countrywide.



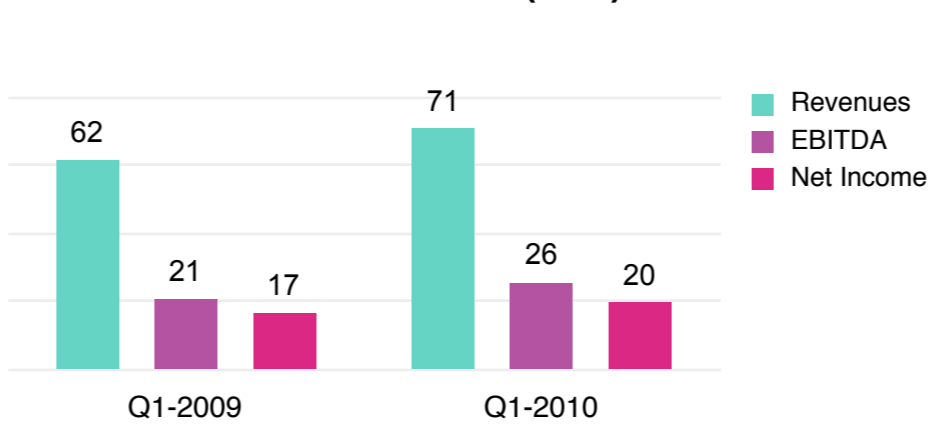
## Key Statistics for Q1-2010

Population (000s)	1,130
GDP/Capita (PPP)	\$21,525
Year of launch	2003
Ownership	56.25%
Mobile Penetration	200%
Number of Operators	3
Market Positioning	2
Market Share	43%
ARPU	\$28

### Market Share



### Financial Performance (\$ m)





# Kingdom of Saudi Arabia

Contribution to Group Total - Population: **25%** Customers: **18%** - Customer YoY Growth: **104%**

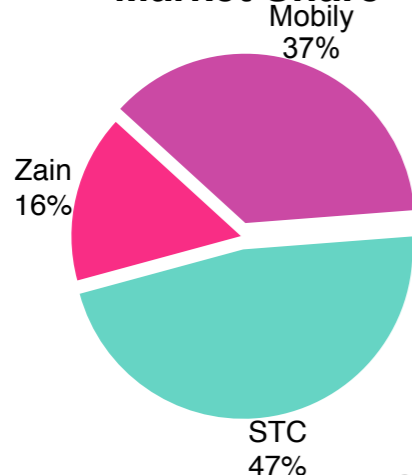
- Zain KSA launched commercial services in late August 2008.
- Despite intense competition in the market, Zain KSA reached a customer base of 5.5 million in Q1-2010, an increase of 104% from the previous year - the highest in the group.
- Revenues and gross profit showed a significant improvement as a result of expanding infrastructure and broadband services.
- Zain KSA is expected to increase its coverage in the Kingdom to more than 93% in the populated areas by the end of 2010.



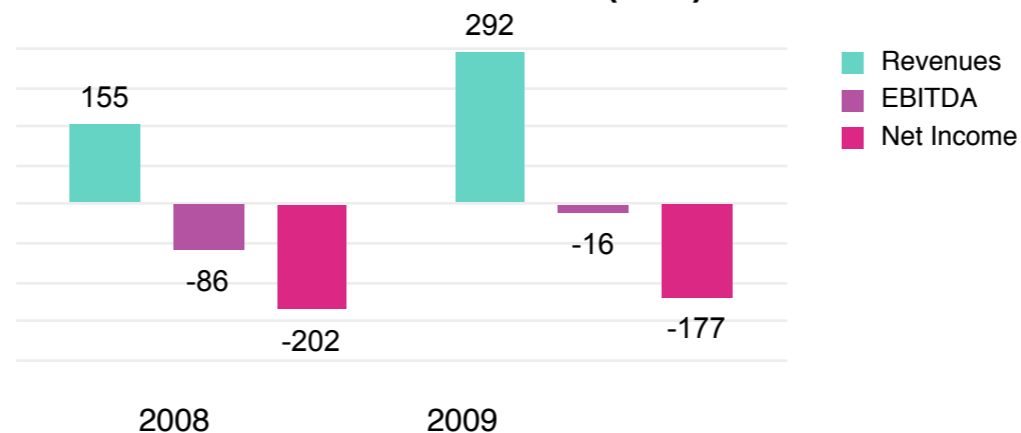
## Key Statistics for Q1-2010

Population (000s)	28,962
GDP/Capita (PPP)	\$23,977
Year of launch	2008
Ownership	25%
Mobile Penetration	150%
Number of Operators	3
Market Positioning	3
Market Share	17%
ARPU	\$17

### Market Share



### Financial Performance (\$ m)





# Lebanon

Contribution to Group Total - Population: **4%** Customers: **4%** Revenues: **2%** - Customer YoY Growth: **34%**

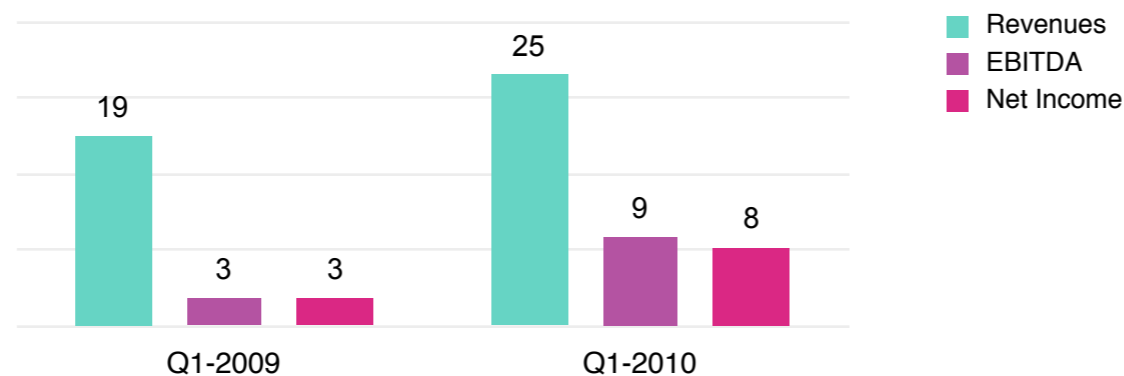
- Zain operates in Lebanon under a management contract since June 2004, when it was rebranded to mtc-touch.
- On 1 February 2010, the Network Management Agreement (NMA) was extended for a period of 6 months. The NMA might be extended twice for a period of 3 months each.



## Key Statistics for Q1-2010

Population (000s)	4,205
GDP/Capita (PPP)	\$12,165
Year of MC award	2004
Ownership	MC
Mobile Penetration	63%
Number of Operators	2
Market Positioning	-
Market Share	56%
ARPU	-

## Financial Performance (\$ m)





# Financial Statements



# Balance Sheet

	31-Mar-10 KD (000s)	31-Mar-09 KD (000s)
<b>Assets</b>		
<b><u>Current Assets</u></b>		
Cash on hands and banks	108,556	229,953
Short-term deposits	57,299	161,219
Trade and other receivables	289,972	344,924
Inventories	14,925	31,956
Short-term investments	8,533	8,572
Assets of disposal group classified as held for sale	2,545,175	-
	<b>3,024,460</b>	<b>776,624</b>
<b><u>Non-Current Assets</u></b>		
Long-term investments	99,470	88,303
Investment in associates	153,678	261,765
Investment in Joint Control Entity	42,751	-
Loan to associate	142,706	83,963
Deferred tax assets	-	95,700
Fixed assets	807,974	2,094,401
Intangible assets	1,420,998	2,336,129
Other financial assets	-	2,437
	<b>2,667,578</b>	<b>4,962,698</b>
<b>Total Assets</b>	<b>5,692,038</b>	<b>5,739,322</b>



	31-Mar-10 KD (000s)	31-Mar-09 KD (000s)
<b>Liabilities &amp; Equity</b>		
<b><u>Current Liabilities</u></b>		
Trade and other payables	383,696	1,172,854
Short-term loans	352,575	275,525
Obligation under finance lease	169	714
Liabilities of disposal group classified as held for sale	1,044,947	-
	<b>1,781,388</b>	<b>1,449,094</b>
<b><u>Non-Current Liabilities</u></b>		
Obligation under finance lease	221	393
Long-term loans	1,202,694	1,782,560
Deferred Tax Liability	-	30,684
Other non-current liabilities	193,386	162,851
	<b>1,396,302</b>	<b>1,976,488</b>
<b><u>Shareholders' Equity</u></b>		
Share Capital	429,246	427,518
Traesury shares	(567,834)	(567,834)
Treasury shares Reserves	1,967	1,967
Cost of Shares of an associate	(1,824)	(1,841)
Share Premium	1,697,785	1,690,772
Legal reserve	147,989	127,788
Voluntary reserve	63,091	63,091
Foreign Currency translation Reserve	(51,098)	(37,962)
Hedge reserve	(45,809)	(65,372)
Cumulative changes in fair value	2,524	(13,624)
Share based compensation reserve	19,123	21,580
Retained Earnings	645,184	485,607
	<b>2,340,343</b>	<b>2,131,690</b>
Minority interest	174,004	182,050
<b>Total Equity</b>	<b>2,514,348</b>	<b>2,313,740</b>
<b>Total Liabilities &amp; Equity</b>	<b>5,692,038</b>	<b>5,739,322</b>



# Income Statement

	KD (000s)	KD (000s)
<b>Continuing operations</b>		
Revenues	329,674	300,121
Cost of Sales	(85,166)	(79,444)
<b>Gross Margin</b>	<b>244,508</b>	<b>220,677</b>
Distribution, Marketing and operating expenses	(65,773)	(41,853)
General and administrative expenses	(38,422)	(21,178)
Depreciation & Amortization	(39,749)	(37,095)
Provision for doubtful debts	(1,121)	(749)
<b>Operating profit</b>	<b>99,443</b>	<b>119,802</b>
Interest income	3,670	2,124
Income/(loss) from investment securities	425	(5,650)
Share of loss of associates	(12,939)	(17,115)
Share of loss of jointly controlled entity	(1,312)	-
Other income	2,970	6,189
Finance Cost	(23,591)	(21,321)
Gain on currency revaluation	9,254	5,521
Board of Directors' remuneration	(8)	(8)
Contribution to Foundation for Advancement of Sciences	(533)	(787)
National Labour Support Tax and Zakat	(1,177)	(2,140)
<b>Profit for the period before income tax</b>	<b>76,202</b>	<b>86,615</b>
Income tax expense	(9,151)	(7,091)
<b>Profit for the period from continuing operations</b>	<b>67,051</b>	<b>79,524</b>
<b>Discontinued operations</b>		
Loss for the period from discontinued operations	(12,622)	(4,976)
<b>Profit for the period</b>	<b>54,429</b>	<b>74,548</b>
<b>Profit Attributable to:</b>		
Shareholders of the Parent Company	51,542	75,727
Non-controlling interests	2,887	(1,179)
	<b>54,429</b>	<b>74,548</b>
	Fils	Fils
<b>Basic earnings per share</b>	<b>13</b>	<b>20</b>
<b>Diluted earnings per share</b>	<b>13</b>	<b>19</b>

	31-Mar-10 KD (000s)	31-Mar-09 KD (000s)
<b>Profit for the period</b>	<b>54,429</b>	<b>74,548</b>
Other comprehensive income		
Exchange differences on translating foreign operations	(30,156)	59,255
Net unrealized gain/(loss) on available-for-sale investments	11,381	(7,858)
Net realized (gain)/ loss transferred to statement of income on available-for-sale investments (net of impairment losses)	(1,138)	3,435
Cash flow hedges	3,489	(4,990)
Share based compensation	762	1,185
Share of other comprehensive income of an associate	(10)	(95)
<b>Total comprehensive income for the period</b>	<b>38,757</b>	<b>125,480</b>
Total comprehensive income attributable to:		
<b>Shareholders of the Parent Company</b>		
From continuing operations	80,759	176,970
From discontinuing operations	(44,658)	(49,836)
	<b>36,101</b>	<b>127,134</b>
<b>Non-controlling interests</b>		
From continuing operations	8,253	9,371
From discontinuing operations	(5,597)	(11,025)
	<b>2,656</b>	<b>-1,654</b>



# Cash Flow Statement

	31-Mar-10 KD (000s)	31-Mar-09 KD (000s)
<b>Cash flows - operating activities:</b>		
Net profit / (Loss) for the period before Income Tax & Minority Interest		
Minority Interest	60,720	81,116
Depreciation & amortization	107,663	98,076
Investment income	(425)	5,650
Income / Loss from Associates	12,940	17,115
Income/(Loss) from Joint Control Entity	1,312	-
Interest income	(4,748)	(2,539)
Financing cost	38,351	36,274
Currency variance	(5,827)	18,441
<b>Operating profit before working capital changes</b>	<b>209,985</b>	<b>254,133</b>
(Increase) / decrease in trade and other receivables	(46,947)	(62,207)
(Increase) / decrease in inventories	1,871	(1,529)
Increase / (decrease) in Payable	(2,614)	(20,929)
<b>Cash Generated from Operations</b>	<b>162,295</b>	<b>169,468</b>
KFAS Paid	-	(2,841)
Income Tax Paid	(20,618)	(11,240)
<b>Net Cash from Operating activities</b>	<b>141,677</b>	<b>155,387</b>

	31-Mar-10 KD (000s)	31-Mar-09 KD (000s)
<b>Cash flows - investing activities:</b>		
Acquisition of investment	(2)	(33)
Acquisition of Subsidiary	-	(18,583)
Acquisition of investment in associate	-	(26,298)
Proceeds from investments	69	7,093
Acquisition of property and equipment	(96,664)	(110,091)
Acquisition of intangible Assets	(74)	(850)
Settlement of License Fees	(35,963)	-
Dividend received	156	-
Interest received	4,743	2,539
<b>Net Cash from/(used in) Investing activities</b>	<b>(127,735)</b>	<b>(146,223)</b>
<b>Free Cash Flow</b>	<b>13,942</b>	<b>9,164</b>
<b>Cash flows - financing activities:</b>		
Borrowings (Repayments)	(7,402)	55,988
Loan to an associate	(10)	-
Share Capital Contribution	7,640	94
Dividends paid to shareholders	(191)	(124)
Dividends paid to minority shareholders	(9,372)	(2,284)
Finance Cost Paid	(30,752)	(40,641)
<b>Net Cash by Financing activities</b>	<b>(40,087)</b>	<b>13,033</b>
Net (decrease)/increase in cash and cash equivalents	(26,145)	22,197
Effect of foreign currency translation	1,343	1,104
Cash and cash equivalent at beginning of period	267,175	367,871
<b>Cash and cash equivalent at end of period</b>	<b>242,373</b>	<b>391,172</b>



Thank you

For more information please contact Investor Relation Team at:

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A wonderful world