



# Investor Presentation

2009

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

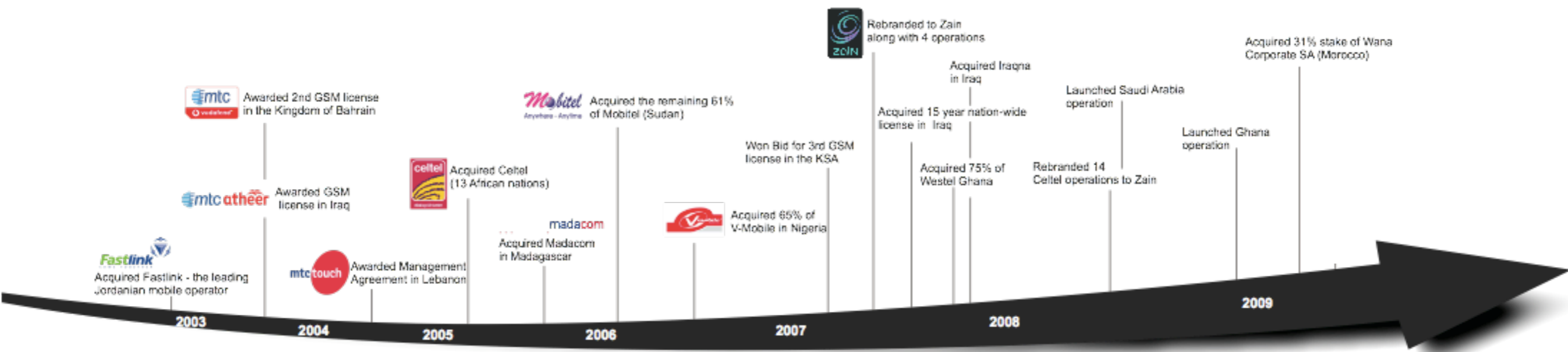
## Who we are now

- Zain is an emerging telecoms player operating in **23 countries** in the Middle East and Africa, serving over **72.4 million** active customers
- The company is the leading mobile telecom operator in **15** of its markets, while 4 are in second position
- **Revenues: US\$ 8,056 million; EBITDA: US\$ 3,215 million; Net Income: US\$ 675 million** for the full year of 2009



# Zain's Historical Growth

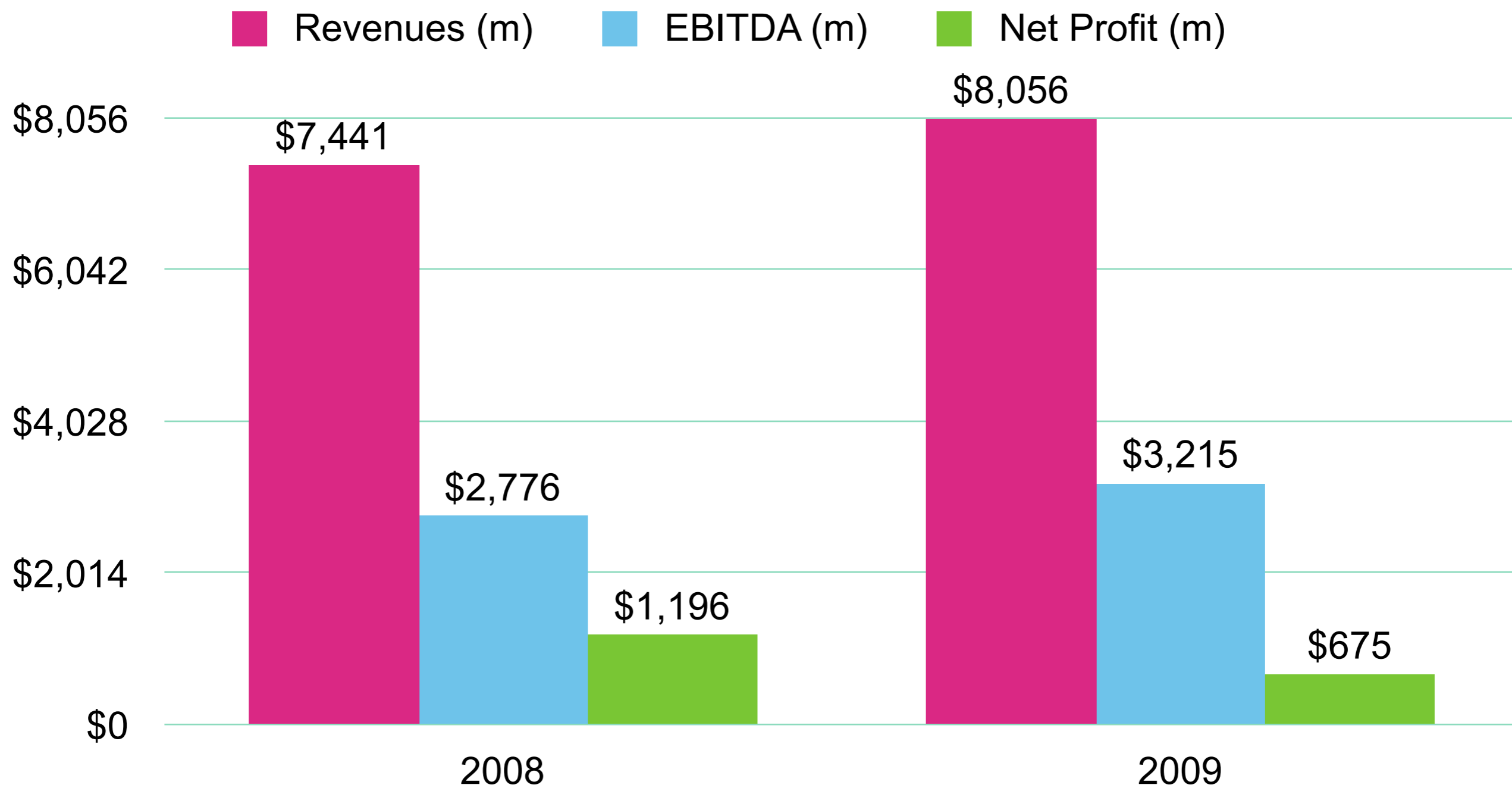
## From a National Player to an Emerging Markets Leader



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



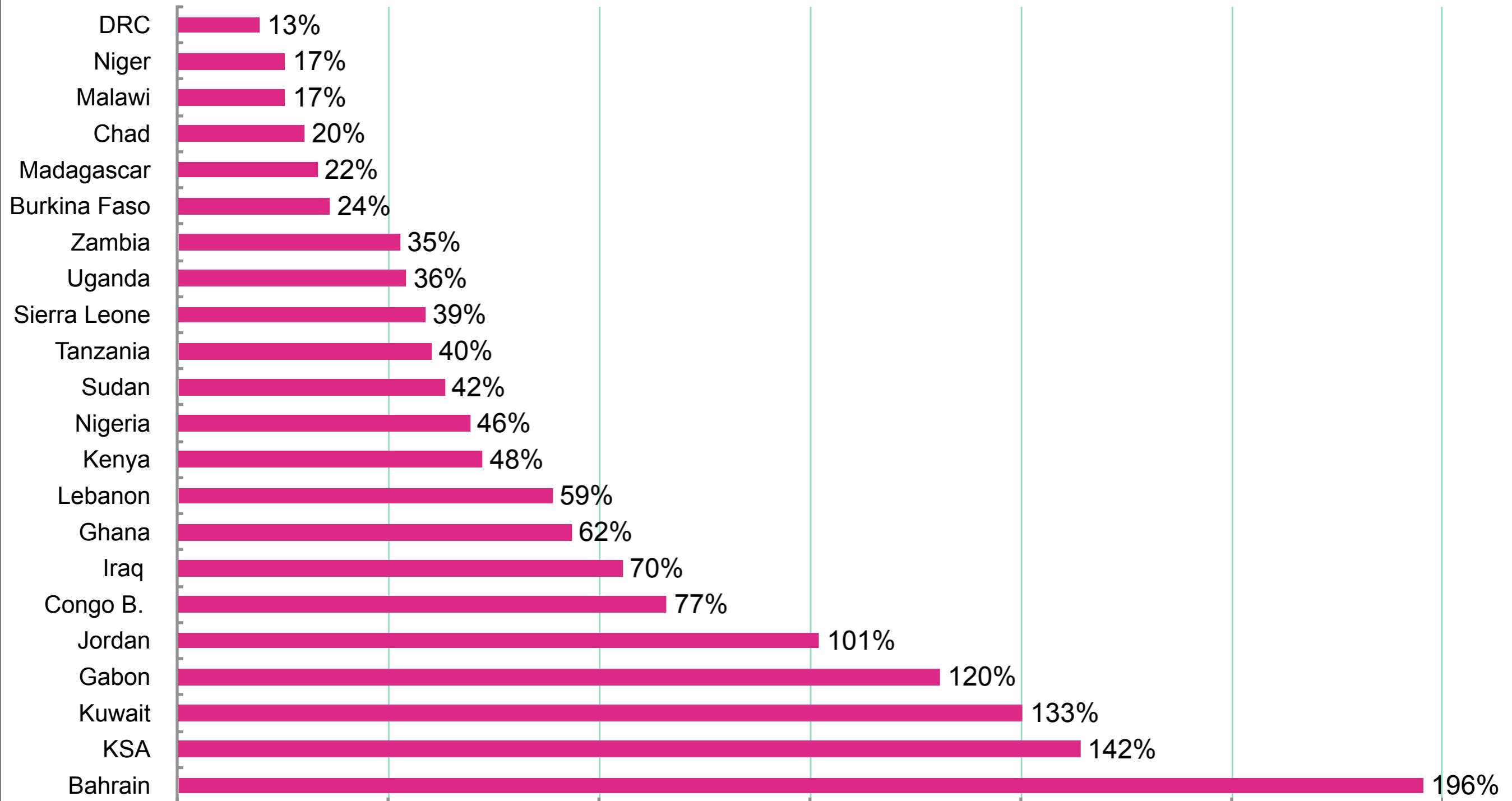
# Zain's Key Performance Indicators





# Penetration Rates

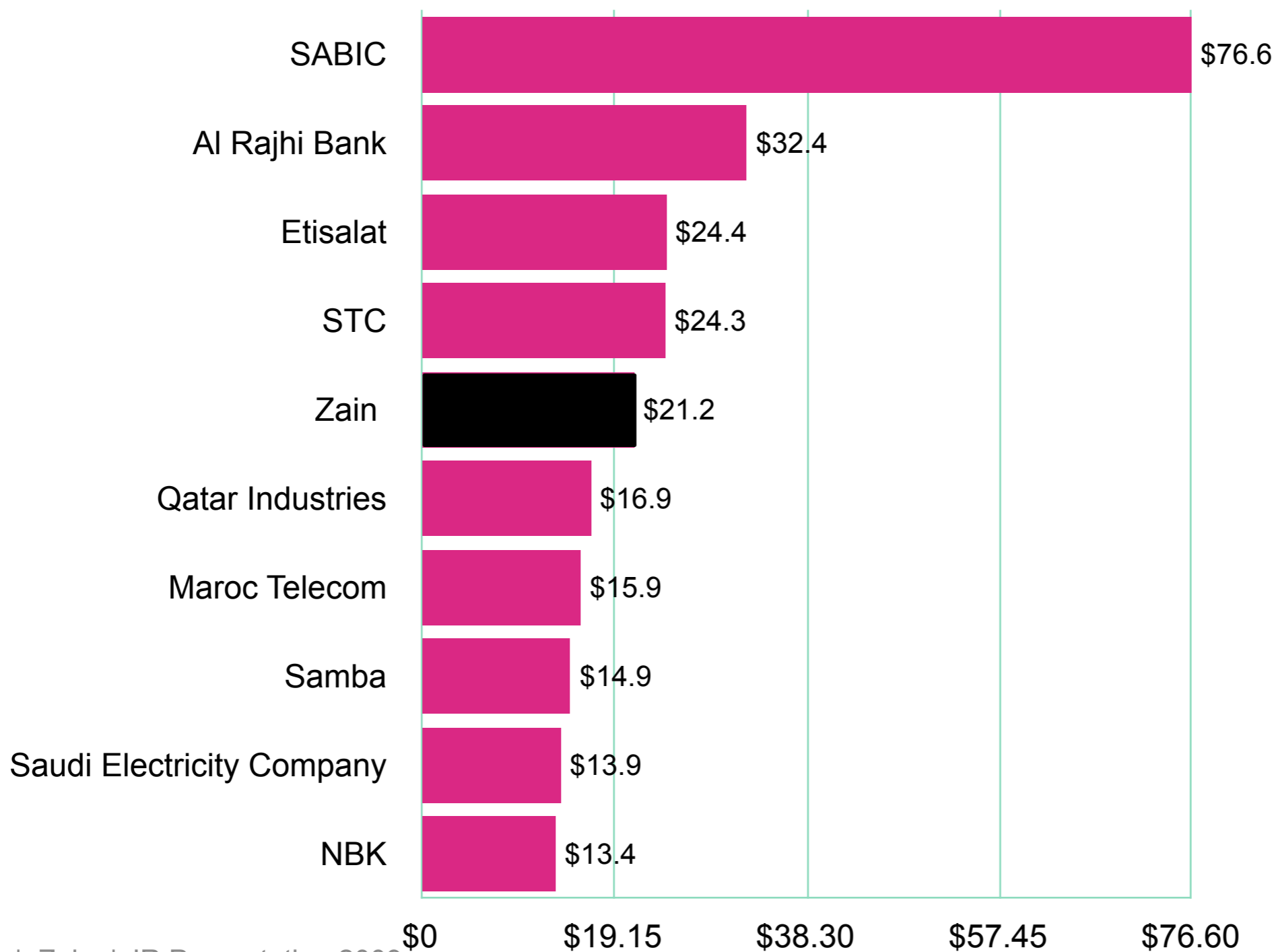
## Substantial Potential for Future Growth





# Top 10 Companies in Middle East & Africa

Market Cap (Billion)



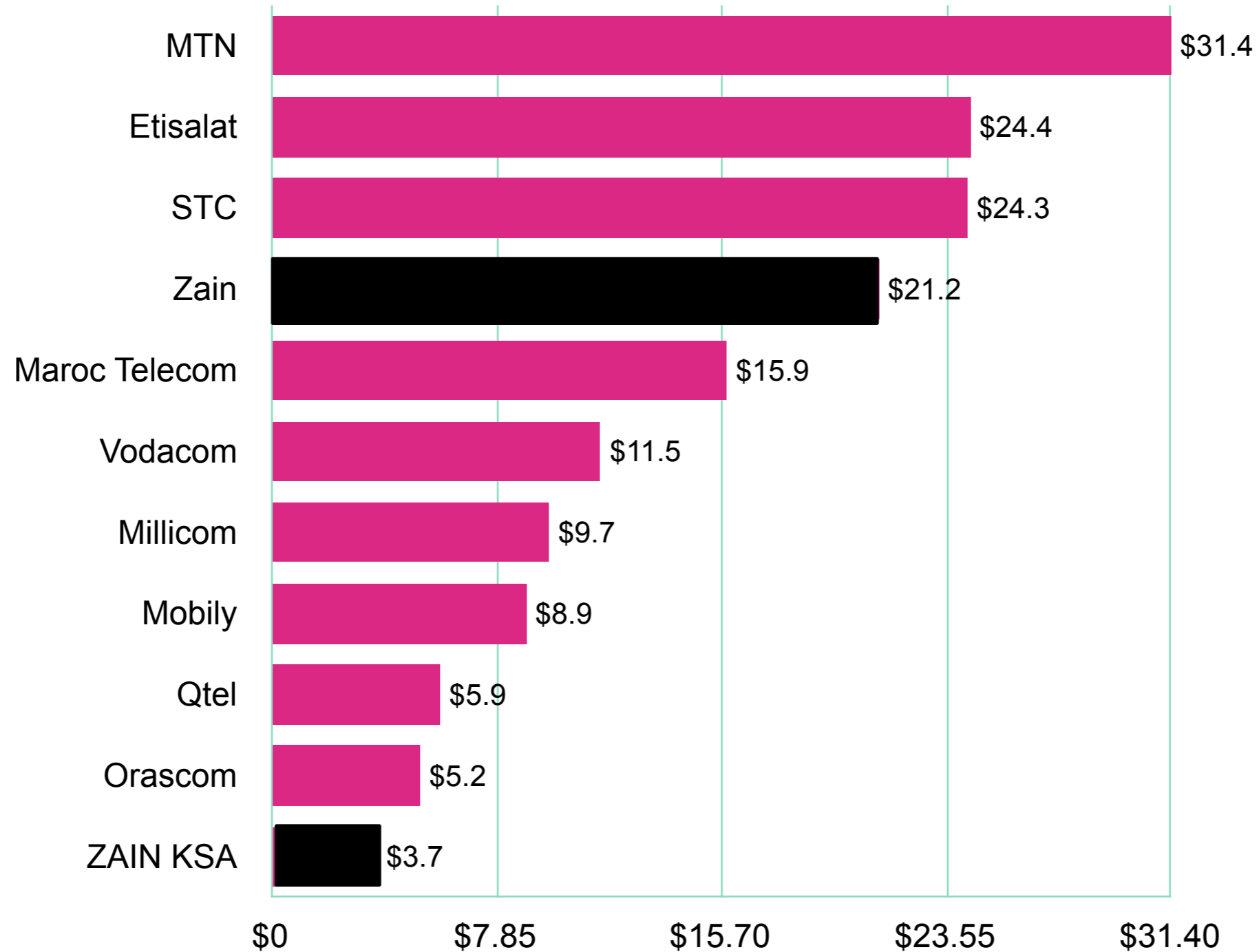
As of March 25, 2010

Source: Reuters



# Top Telecom Companies in Middle East & Africa

Market Cap (Billion)



As of March 25, 2010

Source: Reuters

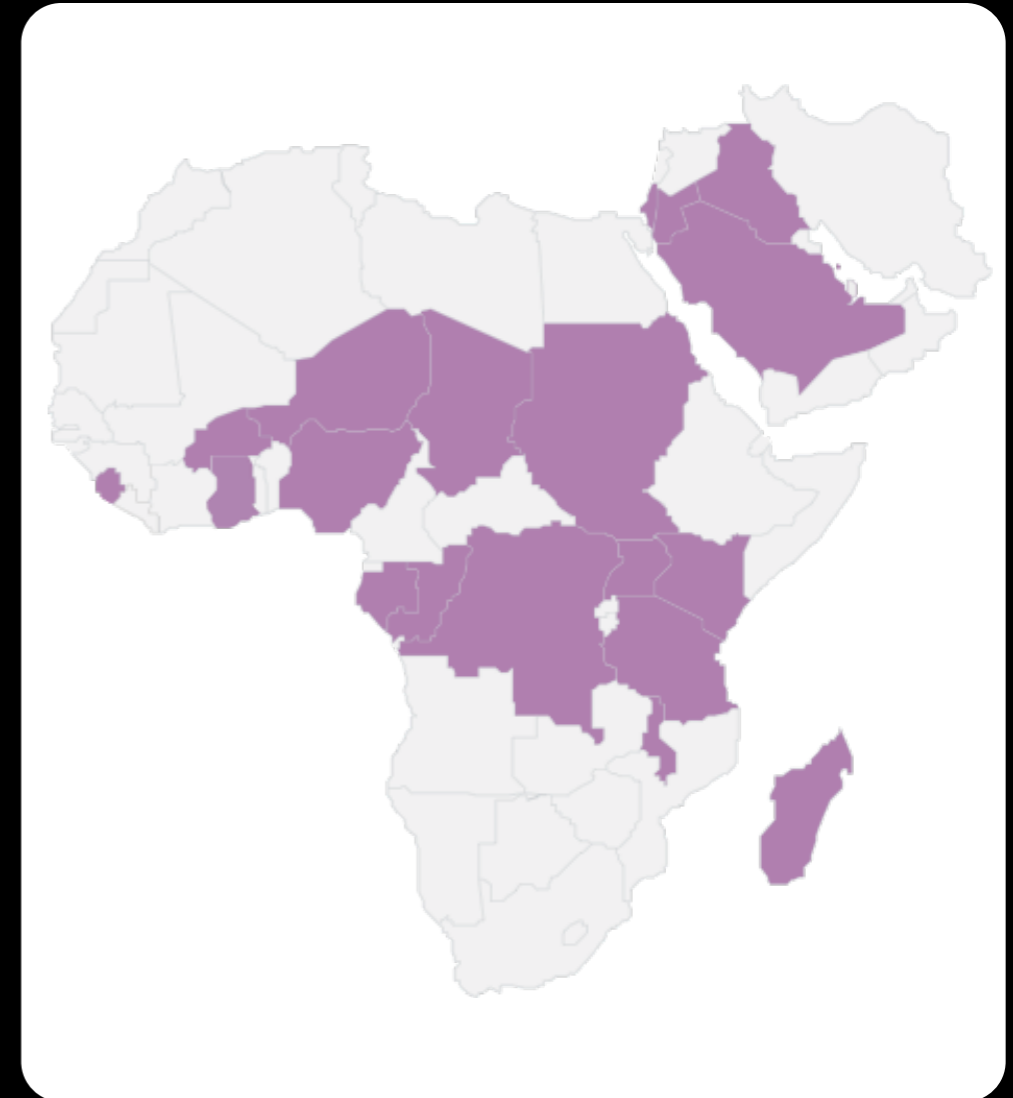


# One Network

## 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.

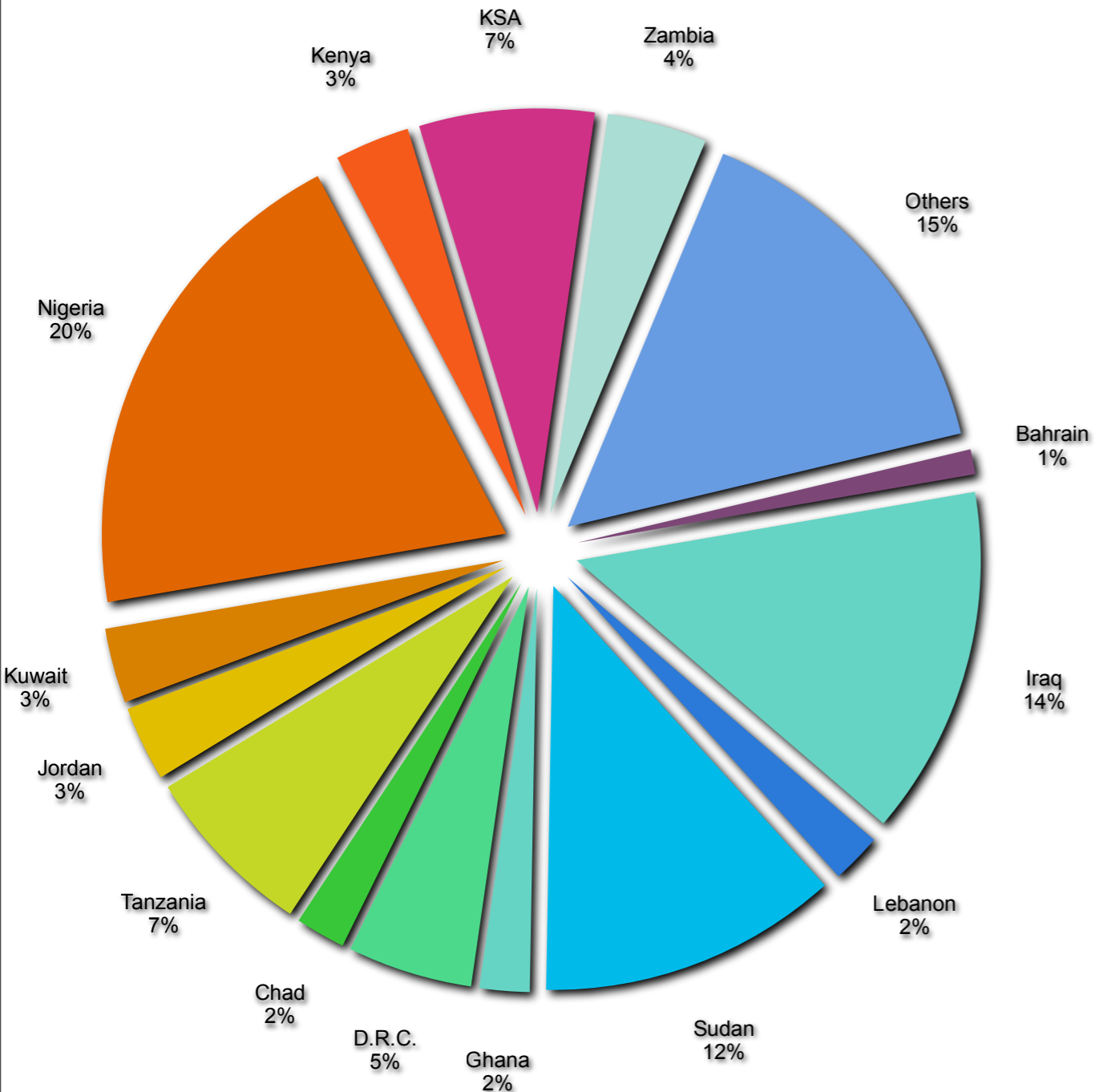


# Zain's Mobile Operations

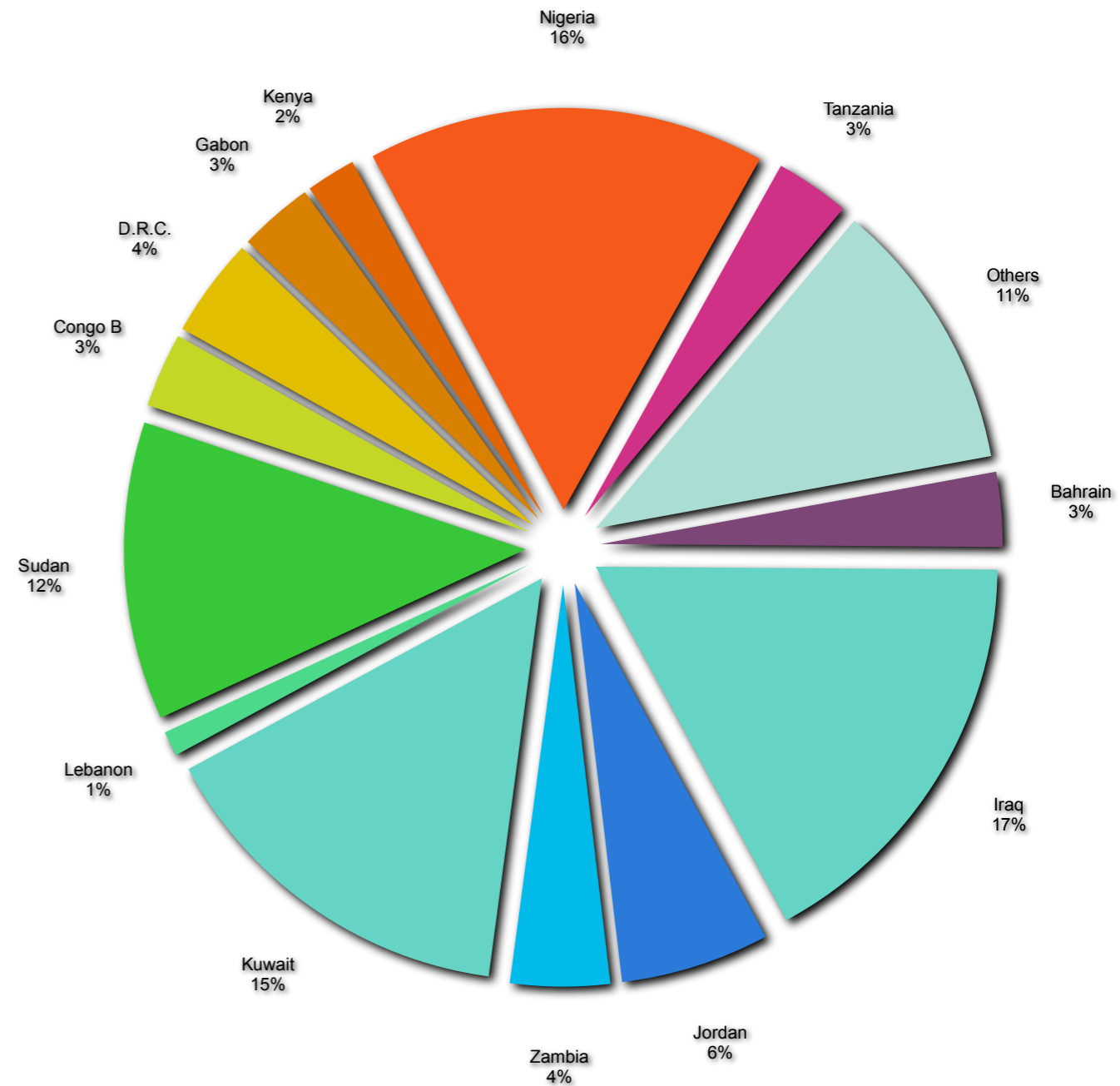


# Zain Group Country Breakdown December 31, 2009

## Zain Group Customers

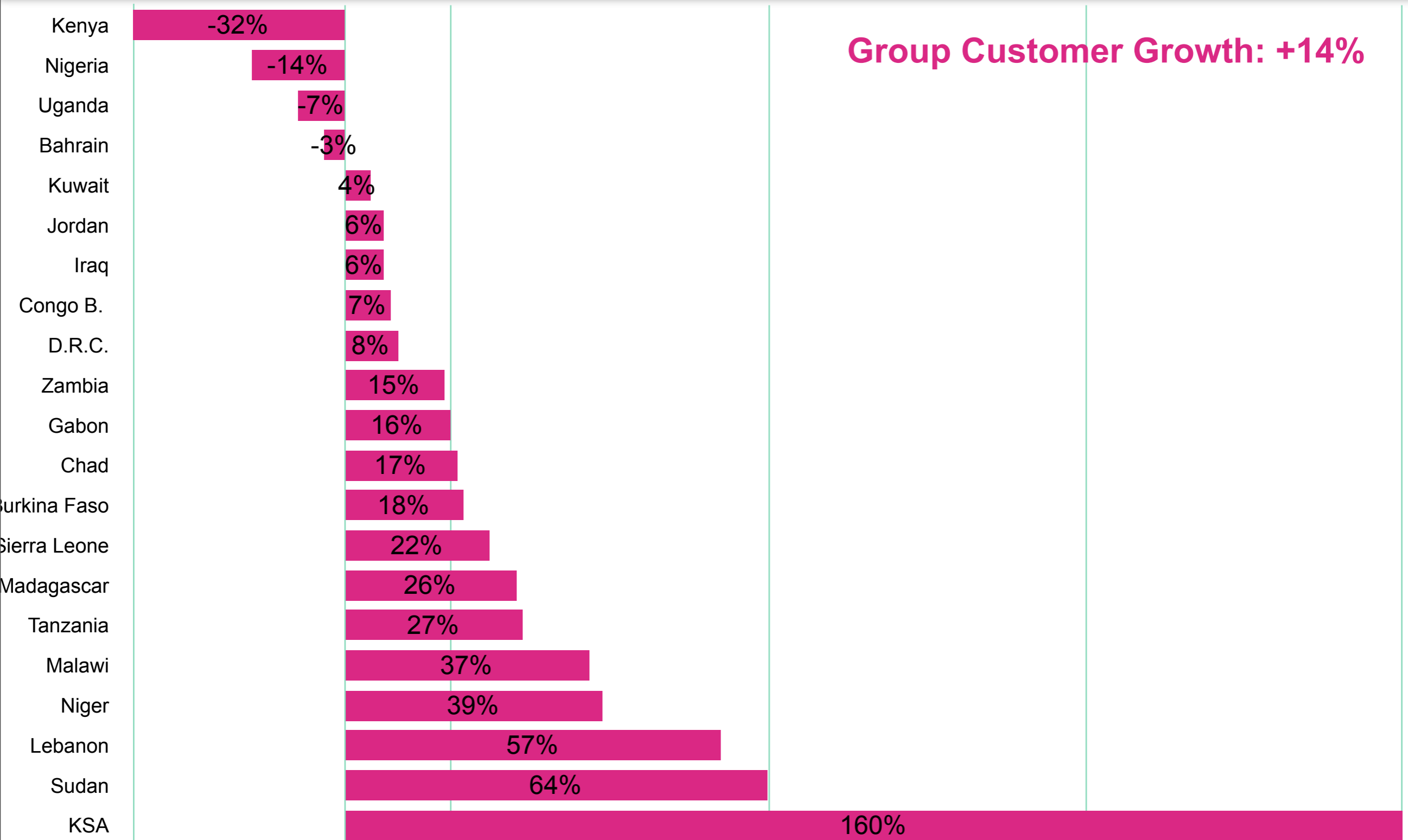


## Zain Group Revenues





# Zain Group Customer Growth 2009 vs. 2008

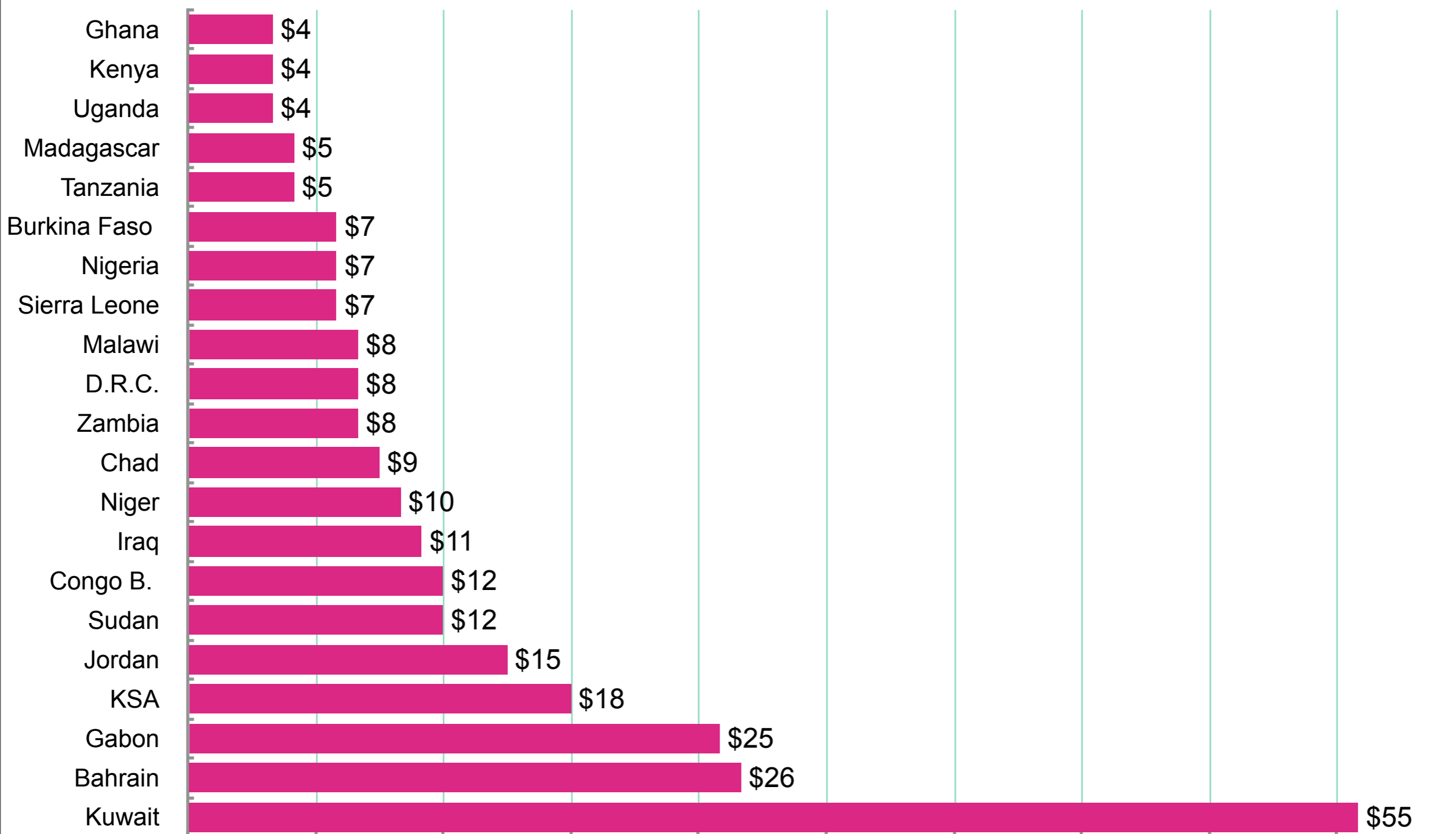




# Blended ARPUs

December 31, 2009

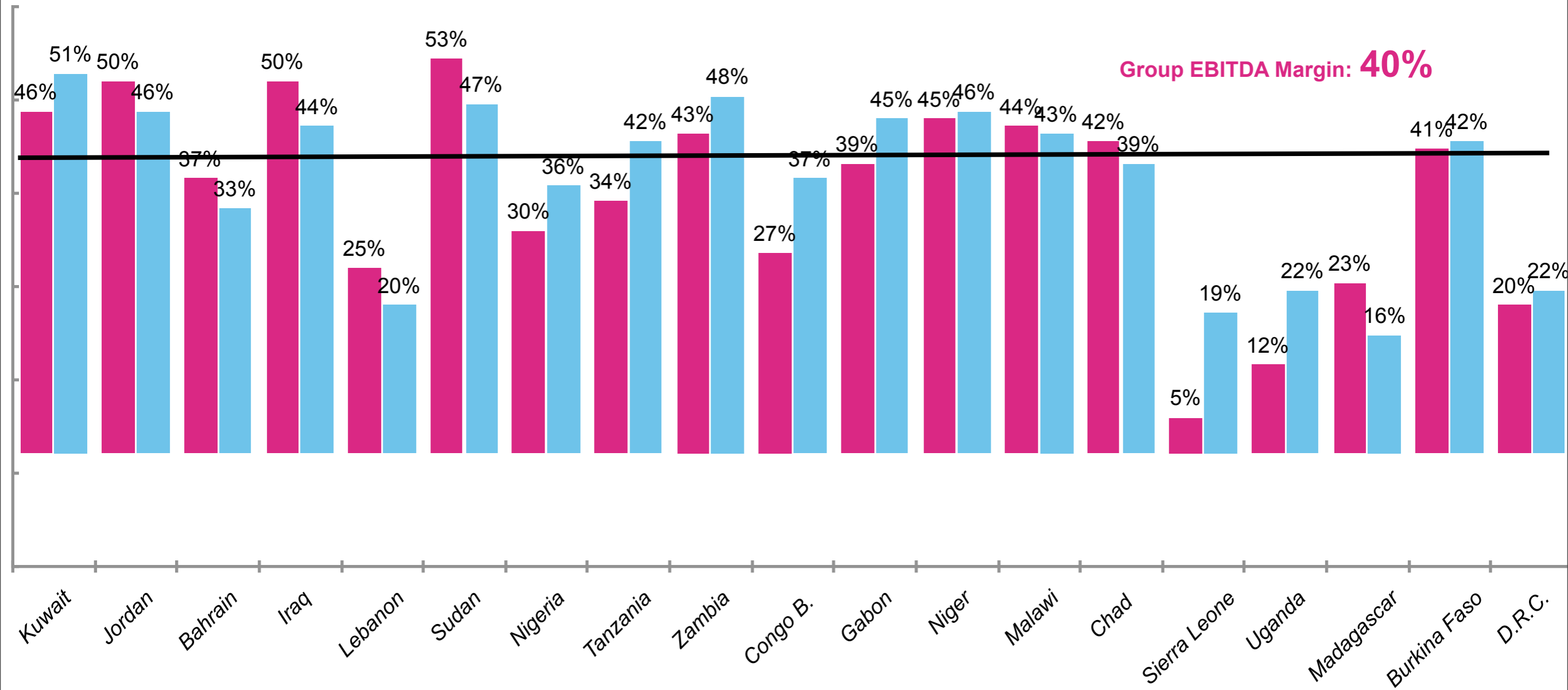
US\$





# EBITDA Margins 2009

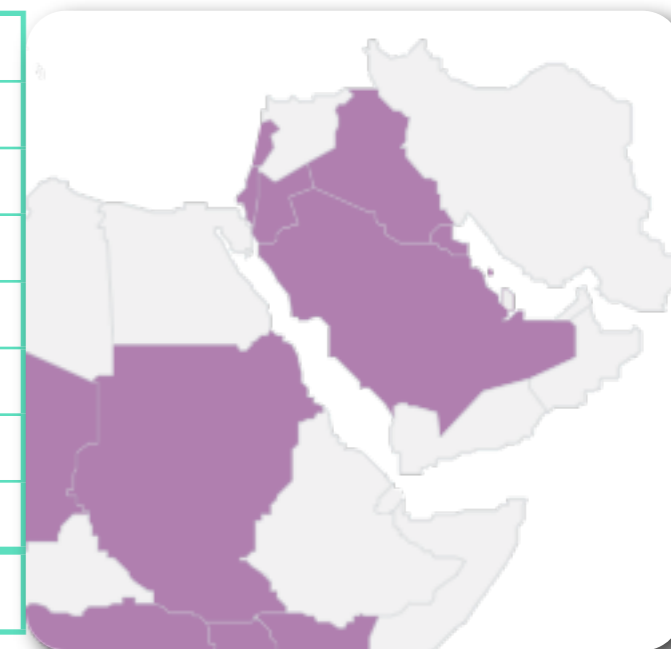
2009  
2008



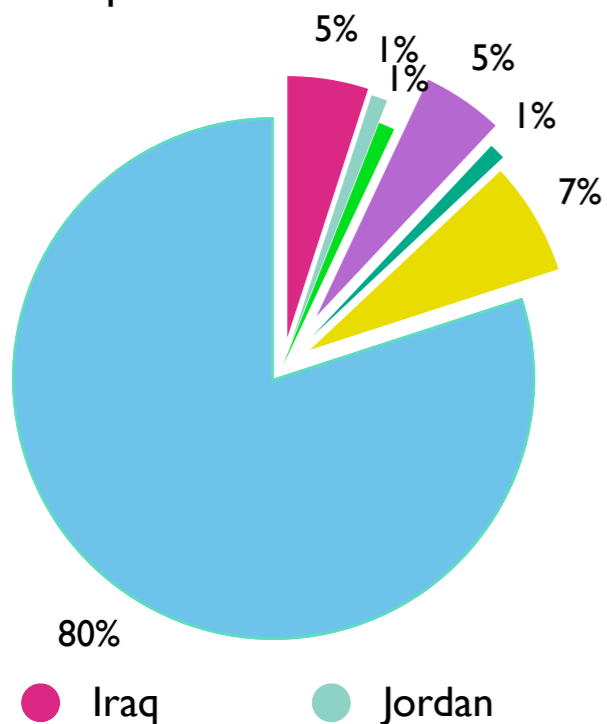


# Middle East Overview

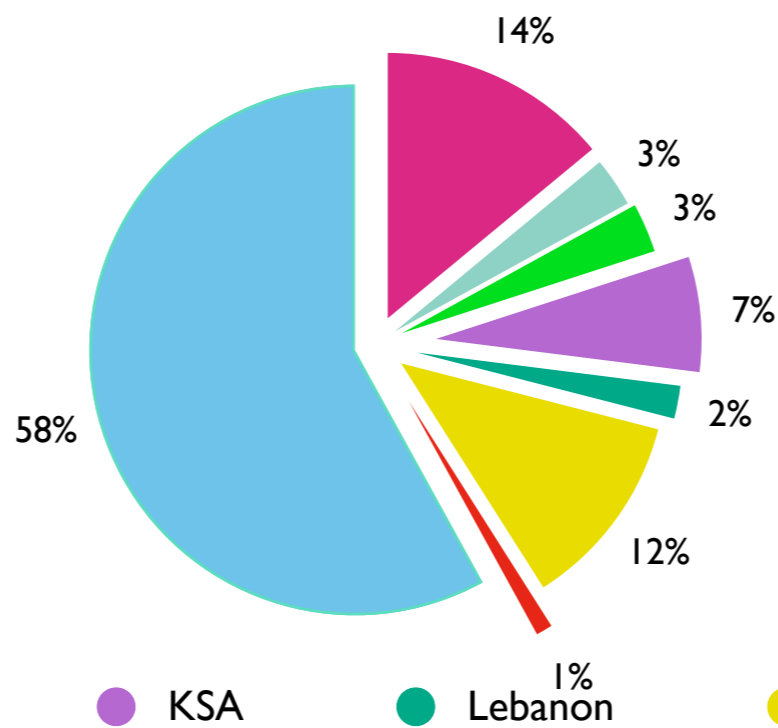
	Population (000s)	Customers (000s)
Kuwait	3,480	1,838
Jordan	6,362	2,493
Bahrain	1,130	662
Iraq	30,419	10,296
Lebanon	4,205	1,313
Kingdom of Saudi Arabia	28,962	5,232
Sudan	40,797	8,493
<b>Total</b>	<b>115,355</b>	<b>30,327</b>



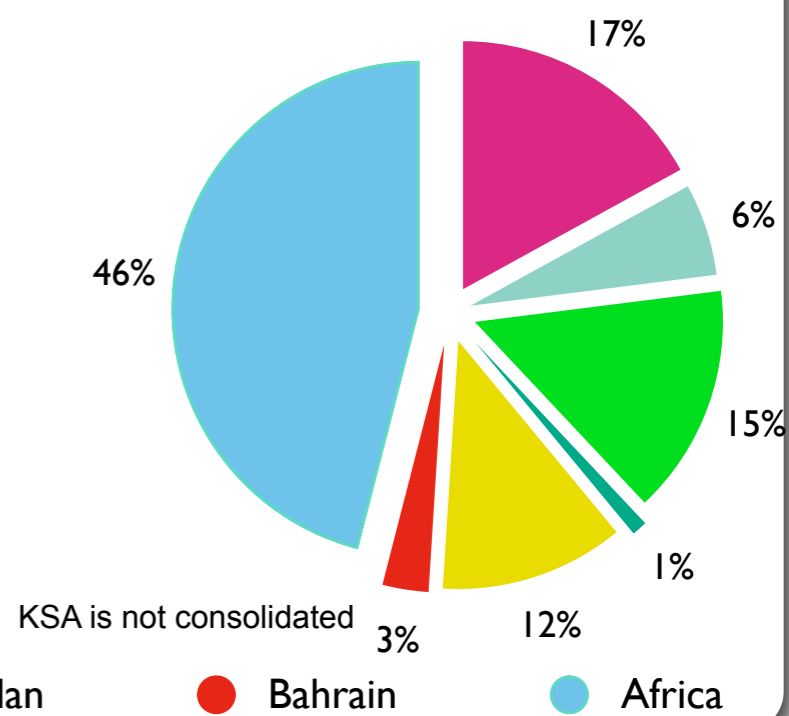
Population Breakdown



Customer Breakdown



Revenues Breakdown



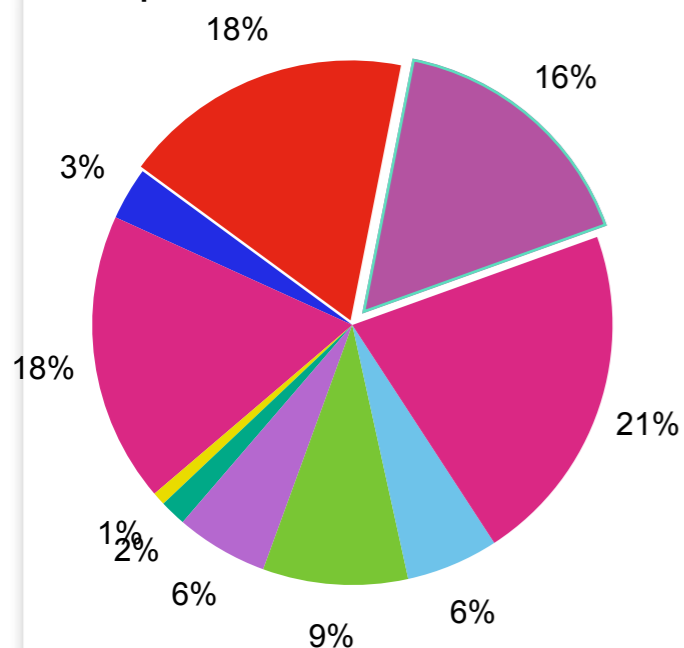


# Africa Overview

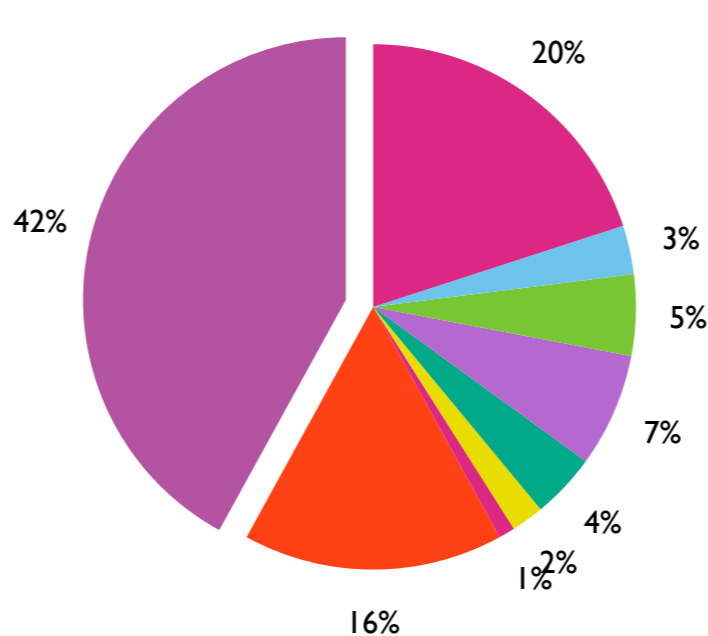
	Population (000s)	Customers (000s)
Nigeria	156,618	14,777
Kenya	40,141	2,092
DRC	67,983	3,567
Tanzania	43,036	4,910
Zambia	12,511	3,076
Congo Brazzaville	3,971	1,414
Gabon	1,380	936
Ghana	24,655	1,283
Others	118,524	10,095
<b>Total</b>	<b>468,819</b>	<b>42,150</b>



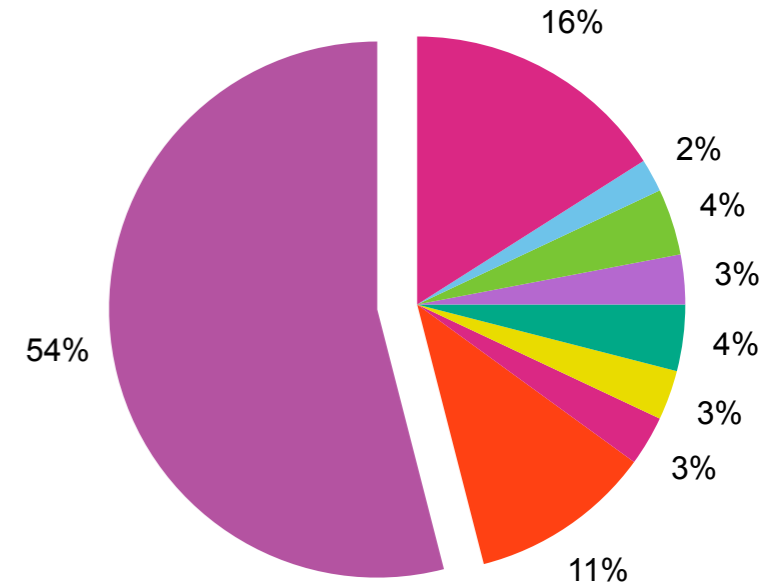
Population Breakdown



Customer Breakdown



Revenues Breakdown



● Nigeria 
 ● Kenya 
 ● DRC 
 ● Tanzania 
 ● Zambia 
 ● Congo B. 
 ● Gabon 
 ● Ghana 
 ● Others 
 ● Middle East



# Kuwait

Contribution to Group total - Population: **1%** Customers: **3%** Revenues: **15%** - Customer YoY Growth: **4%**

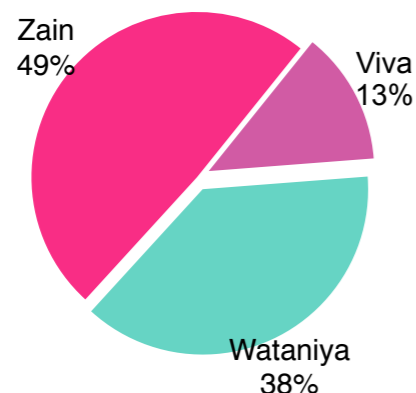
- Despite Viva's entry in the market, Zain Kuwait still commands 49% of the market, and more significantly captured an estimated 63% of total market revenues.
- Zain is listed on the Kuwait Stock Exchange (KSE) with 24.6% held by the Kuwait Investment Authority.
- The operation has the highest ARPU (\$55) in Zain Group.
- Zain Kuwait optimized its network performance through its 1,664 sites by year end, with a geographical coverage at 98% for 2G and 95% for 3G, and 99% population coverage.



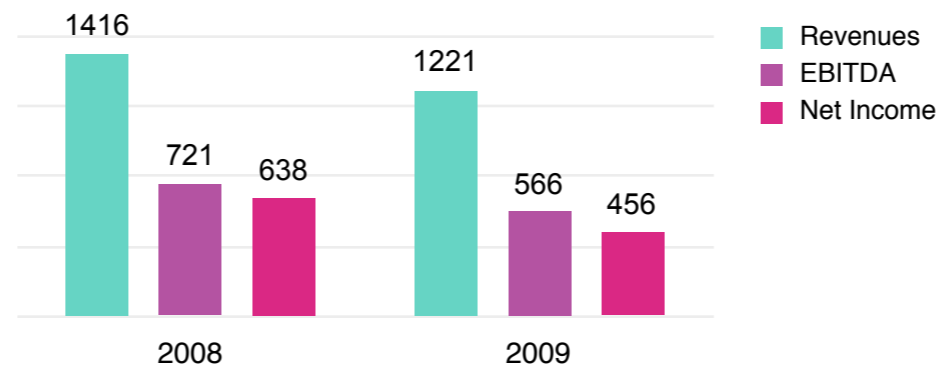
## Key Statistics 2009

Population (000s)	3,480
GDP/Capita (PPP)	\$49,192
Year of launch	1983
Ownership	100%
Mobile Penetration	133%
Number of Operators	3
Market Positioning	1
Market Share	49%
ARPU	\$55

## Market Share



## Financial Performance (\$ m)





# Sudan

Contribution to Group total - Population: 7% Customers: 12% Revenues: 12% - Customer YoY Growth: 64%

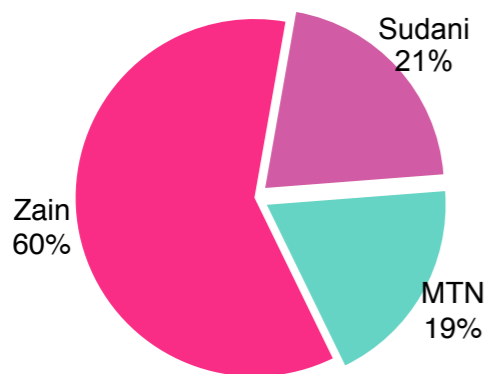
- In February 2006, Zain Group acquired the remaining 61% of Mobitel for US\$ 1.332 billion.
- Zain Sudan's successful marketing and sales campaign during the year has placed Zain at the forefront of the market with both the highest customer acquisition share and the lowest churn among all competitors.
- Zain Sudan had the second highest customer growth in the group at 64%.
- In 2009, Zain Sudan had the highest EBITDA margin in Zain Group at 53%.
- The operation extended coverage to 84% of the population through 1,729 sites.



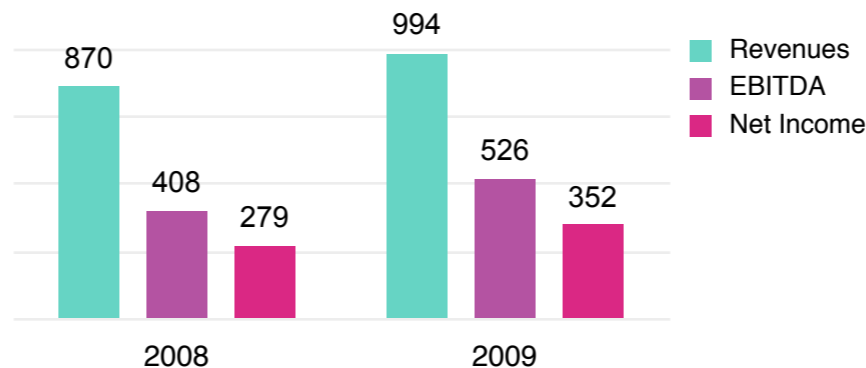
## Key Statistics for 2009

Population (000s)	40,797
GDP/Capita (PPP)	\$2,126
Year of full acquisition	2006
Ownership	100%
Mobile Penetration	42%
Number of Operators	3
Market Positioning	1
Market Share	60%
ARPU	\$12

## Market Share



## Financial Performance (\$ m)





# Iraq

Contribution to Group total - Population: **5%** Customers: **14%** Revenues: **17%** - Customer YoY Growth: **6%**

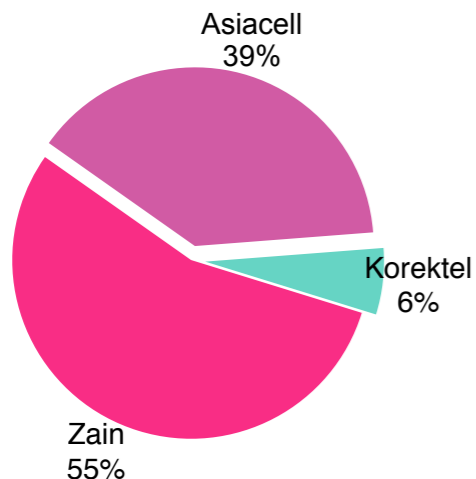
- After securing a 15-year license in August 2007 for US\$ 1.25 billion, and following the full integration between MTC-Atheer and Iraqna, Zain managed to increase its ownership stake to 71.67% to become a fully-fledged subsidiary.
- Zain Iraq's customer base reached 10.3 million, 55% of the Iraqi market, built through concerted focus on improving network quality and churn management.
- Iraq is the highest revenue contributor to Zain Group at 17%, and the highest customer contributor from the Middle East operations at 14%.
- Zain covers 99% of the population, adding 380 sites in 2009.



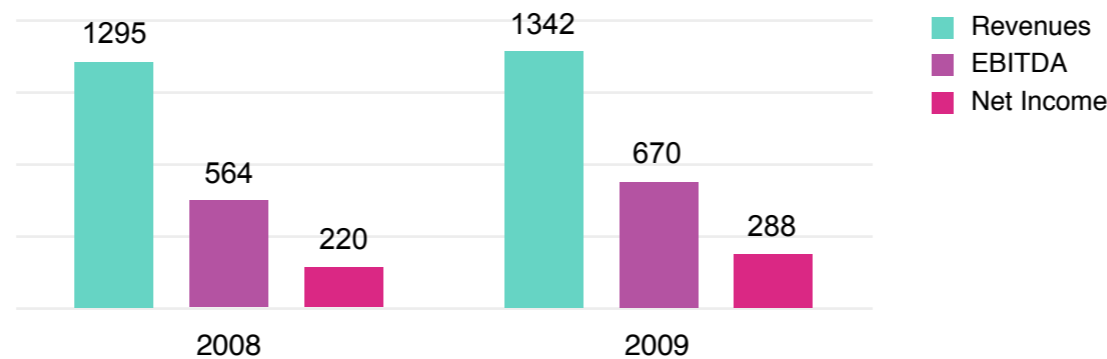
## Key Statistics for 2009

Population (000s)	30,419
GDP/Capita (PPP)	\$3,858
Year of acquisition	2003
Ownership	71.67%
Mobile Penetration	70%
Number of Operators	3
Market Positioning	1
Market Share	55%
ARPU	\$11

## Market Share



## Financial Performance (\$ m)





# Jordan

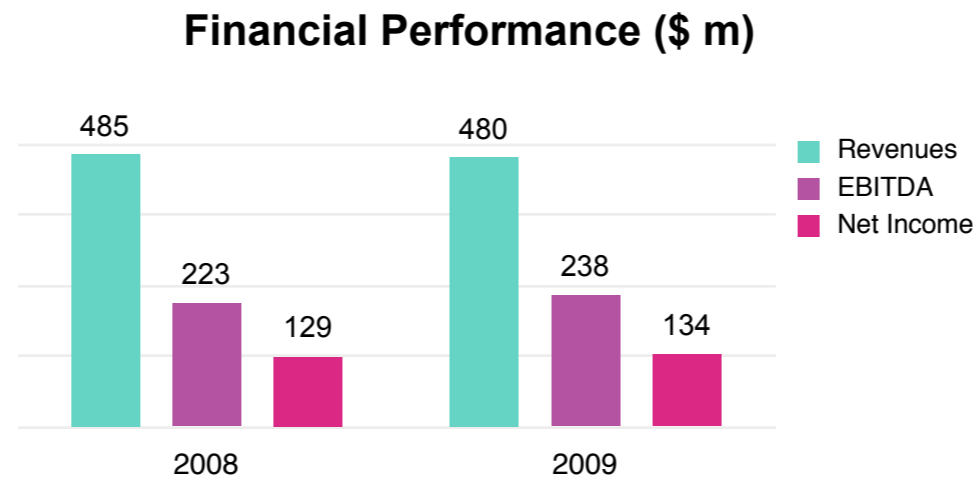
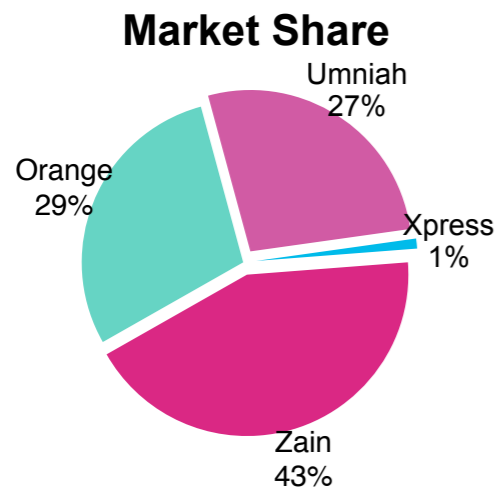
Contribution to Group Total - Population: **1%** Customers: **3%** Revenues: **6%** - Customer YoY Growth: **6%**

- Despite the highly competitive market, Zain Jordan managed to maintain its position as the market leader with a 43% market share.
- The aftershocks of the worldwide financial turmoil has caused strain on disposable income in the Jordanian economy, which has led to high inflation and lower ARPUs.
- In 2009, 85 new sites were rolled out, reaching a total of 1,458 sites on air, covering 67% of the Kingdom geographically and 98% of the Jordanian population.



## Key Statistics for 2009

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	43%
ARPU	\$15





# Bahrain

Contribution to Group Total - Population: **0%** Customers: **1%** Revenues: **3%** - Customer YoY Growth: **-3%**

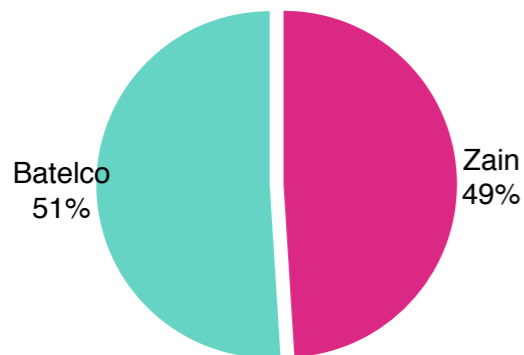
- A Greenfield operation, Zain Bahrain entered the market as the second mobile operator in December 2003.
- Bahrain has the highest mobile penetration in the Group at 196%.
- The operation has managed to capture half of the customers in Bahrain's duopoly despite being the second entrant.
- A 3rd entrant is expected to intensify the competitive environment with its launch of commercial operations in Q1-2010.



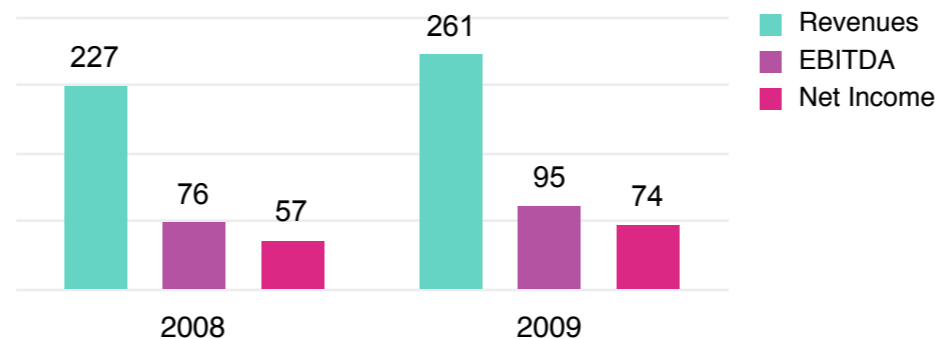
## Key Statistics for 2009

Population (000s)	1,130
GDP/Capita (PPP)	\$21,525
Year of launch	2003
Ownership	56.25%
Mobile Penetration	196%
Number of Operators	2
Market Positioning	2
Market Share	49%
ARPU	\$26

## Market Share



## Financial Performance (\$ m)





# Kingdom of Saudi Arabia

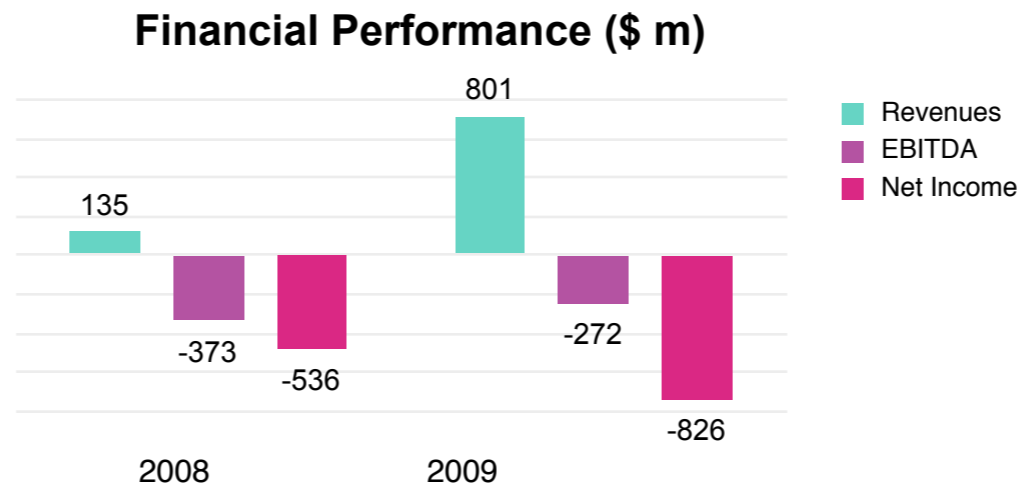
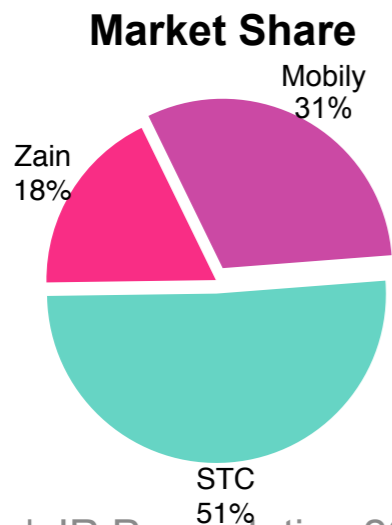
Contribution to Group Total - Population: **5%** Customers: **7%** - Customer YoY Growth: **160%**

- Zain KSA launched commercial services in late August 2008.
- Despite operating in a highly competitive environment, Zain secured over 5 million customers in a year, and had the highest customer growth in the Group at 160%.
- The operation successfully sealed a \$2.5 billion Murabaha financing facility during the third quarter.
- Revenues and gross profit have showed a significant improvement from the past year as Zain's market share increased to 18%.



## Key Statistics for 2009

Population (000s)	28,962
GDP/Capita (PPP)	\$23,977
Year of launch	2008
Ownership	25%
Mobile Penetration	142%
Number of Operators	3
Market Positioning	3
Market Share	18%
ARPU	\$18





# Lebanon

Contribution to Group Total - Population: **1%** Customers: **2%** Revenues: **1%** - Customer YoY Growth: **57%**

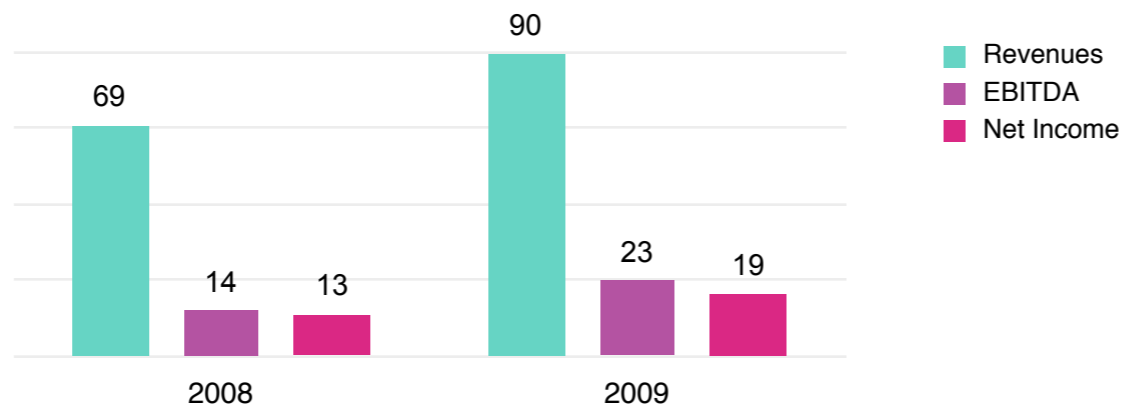
- Zain operates in Lebanon under a management contract since June 2004, when it was rebranded to mtc-touch, and on January 2009, Zain signed an annual renewal agreement.
- Due to the unpredictable political situation, the process of selling two existing networks is still on hold.



## Key Statistics for 2009

Population (000s)	4,205
GDP/Capita (PPP)	\$12,165
Year of MC award	2004
Ownership	MC
Mobile Penetration	59%
Number of Operators	2
Market Positioning	-
Market Share	56%
ARPU	-

## Financial Performance (\$ m)





# Financial Statements



# Balance Sheet

	2009	2008
	KD '000	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank balances	267,175	367,871
Trade and other receivables	405,434	355,321
Loan to an associate	-	79,673
Inventories	32,554	30,427
Investment securities at fair value through profit or loss	7,464	16,676
	<u>712,627</u>	<u>849,968</u>
<b>Non-current assets</b>		
Deferred tax assets	134,049	88,805
Investment securities available for sale	98,492	96,904
Investments in associates	165,771	216,389
Interest in a jointly controlled entity	44,063	-
Loans to an associate	141,996	-
Property and equipment	2,151,768	2,026,790
Intangible assets	2,245,453	2,234,423
Other financial assets	2,539	2,378
	<u>4,984,131</u>	<u>4,665,689</u>
<b>Total Assets</b>	<u>5,696,758</u>	<u>5,515,657</u>

	2009	2008
	KD '000	
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Trade and other payables	939,944	970,191
Due to banks	536,472	231,138
	<u>1,476,416</u>	<u>1,201,329</u>
<b>Non-current liabilities</b>		
Due to banks	1,615,994	1,670,788
Deferred tax liabilities	38,704	30,283
Other non-current liabilities	87,166	212,128
	<u>1,741,864</u>	<u>1,913,199</u>
<b>Equity</b>		
<b>Attributable to Parent Company's shareholders</b>		
Share capital	428,285	427,240
Share premium	1,691,105	1,690,772
Treasury shares	(567,834)	(567,834)
Legal reserve	147,989	127,788
Voluntary reserve	63,091	63,091
Foreign currency translation reserve	(21,174)	(97,692)
Treasury shares reserve	1,967	1,967
Equity issue transaction cost of associate	(1,814)	(1,746)
Investment fair valuation reserve	(7,719)	(9,201)
Share based compensation reserve	18,361	20,395
Hedge reserve	(49,298)	(60,382)
Retained earnings	593,643	625,014
	<u>2,296,602</u>	<u>2,219,412</u>
<b>Non-controlling interests</b>	181,876	181,717
<b>Total equity</b>	<u>2,478,478</u>	<u>2,401,129</u>
<b>Total Liabilities and Equity</b>	<u>5,696,758</u>	<u>5,515,657</u>



# Income Statement

	2009	2008
	KD '000	
Revenue	2,318,372	2,003,080
Cost of sales	(639,843)	(571,122)
<b>Gross profit</b>	<b>1,678,529</b>	<b>1,431,958</b>
Distribution, marketing and operating expenses	(518,533)	(467,467)
General and administrative expenses	(222,944)	(210,609)
Depreciation and amortization	(398,093)	(303,363)
Impairment losses – goodwill	(22,864)	(63,262)
Provision for impairment – trade and other receivables	(10,974)	(6,556)
<b>Operating profit</b>	<b>505,121</b>	<b>380,701</b>
Interest income	13,372	31,489
Investment income	(8,226)	(599)
Share of loss of associates	(61,145)	(20,659)
Share of loss of jointly controlled entity	(4,229)	-
Fair value gain on the previously held equity interest in a subsidiary	-	152,413
Other income	11,666	21,470
Finance cost	(160,710)	(128,002)
Loss from currency revaluation	(38,172)	(37,091)
Board of Directors' remuneration	(32)	(32)
Contribution to Foundation for Advancement of Sciences	(1,818)	(2,978)
National Labour Support Tax and Zakat	(5,156)	(5,877)
Profit for the year before income tax	250,671	390,835
Income tax expense of subsidiaries	(39,430)	(53,720)
<b>Profit for the year</b>	<b>211,241</b>	<b>337,115</b>
<b>Profit attributable to:</b>		
Shareholders of the Parent Company	195,008	322,002
Non-controlling interests	16,233	15,113
	<u>211,241</u>	<u>337,115</u>
	Fils	Fils
<b>Basic earnings per share</b>	<u>51</u>	<u>88</u>
<b>Diluted earnings per share</b>	<u>50</u>	<u>87</u>

	2009	2008
	KD '000	
<b>Profit for the year</b>	<b>211,241</b>	<b>337,115</b>
<b>Other comprehensive income :</b>		
Exchange differences on translating foreign operations	67,098	(72,615)
Net unrealised gain/ (loss) on available-for-sale investments	7,364	(75,302)
Net realised gains transferred to statement of income on available-for-sale investments (net of impairment losses)	(5,882)	(1,603)
Cash flow hedges	11,084	(60,382)
Share based compensation	7,207	8,173
Share of other comprehensive income of an associate	(68)	(1,746)
<b>Total comprehensive income for the year</b>	<b>298,044</b>	<b>133,640</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Parent Company	291,231	119,464
Non controlling interests	6,813	14,176
	<u>298,044</u>	<u>133,640</u>



# Cash Flow Statement

	2009	2008		2009	2008
	KD '000			KD '000	
<b>Cash flows from operating activities</b>			<b>Cash flows from investing activities</b>		
Profit for the year before income tax	250,671	390,835	Proceeds from sale of investment securities	5,561	8,022
Adjustments for:			Investments in securities	(1,404)	(1,779)
Depreciation, amortization and goodwill written off	420,957	366,625	Investments in subsidiaries	(18,583)	13,005
Interest income	(13,372)	(31,489)	of shares in a subsidiary	-	50,154
Investment income	8,226	599	Deferred purchase consideration paid (Note 15)	(192,915)	-
Share of loss of associates	61,145	20,659	Investments in associates	(1,786)	(15,796)
Share of loss of jointly controlled entity	4,229	-	Investment in jointly controlled entity	(50,522)	-
Fair value gain on the previously held equity interest in a subsidiary	-	(152,413)	Acquisition of property and equipment (net)	(469,385)	(651,873)
Finance cost	160,710	128,002	Acquisition of intangible assets	(7,072)	(141,957)
(Gain)/ loss on sale of property and equipment	(8)	424	Interest received	24,888	36,933
Loss from currency revaluation	38,172	37,091	Dividend received	2,216	6,141
<i>Operating profit before working capital changes</i>	930,730	760,333	<i>Net cash used in investing activities</i>	(709,002)	(697,150)
Increase in trade and other receivables	(83,925)	(90,671)	<b>Cash flows from financing activities</b>		
Increase in inventories	(1,149)	(6,426)	Proceeds from/ (repayments of) bank borrowings (net)	184,308	(149,267)
Increase in trade and other payables	23,696	49,623	Loan to an associate	(59,246)	(76,688)
<i>Cash generated from operations</i>	869,352	712,859	Proceeds from issue of share capital	910	1,194,809
<i>Payments:</i>			Purchase of treasury shares	-	(540,577)
Income tax	(12,685)	(36,161)	of treasury shares	-	4,539
Board of Directors' remuneration	-	(28)	Dividends paid	(191,086)	(166,763)
Foundation for Advancement of Sciences	(2,841)	(3,004)	Dividends paid to non-controlling interests	(9,362)	(2,654)
National Labour Support Tax and Zakat	(6,247)	(5,414)	Finance cost paid	(178,772)	(128,488)
<i>Net cash from operating activities</i>	847,579	668,252	<i>Net cash (used in)/ from financing activities</i>	(253,248)	134,911
			<b>Net (decrease)/ increase in cash and cash equivalents</b>	(114,671)	106,013
			Effects of exchange rate changes on cash and cash equivalents	13,975	595
			Cash and cash equivalents at beginning of year	367,871	261,263
			Cash and cash equivalents at end of year	267,175	367,871
			(Note 4)		



Thank you

For more information please contact Investor Relation Team at:

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A wonderful world