

Investors Presentation

Kuwait Telecommunications Company K.S.C.P

FY-2018



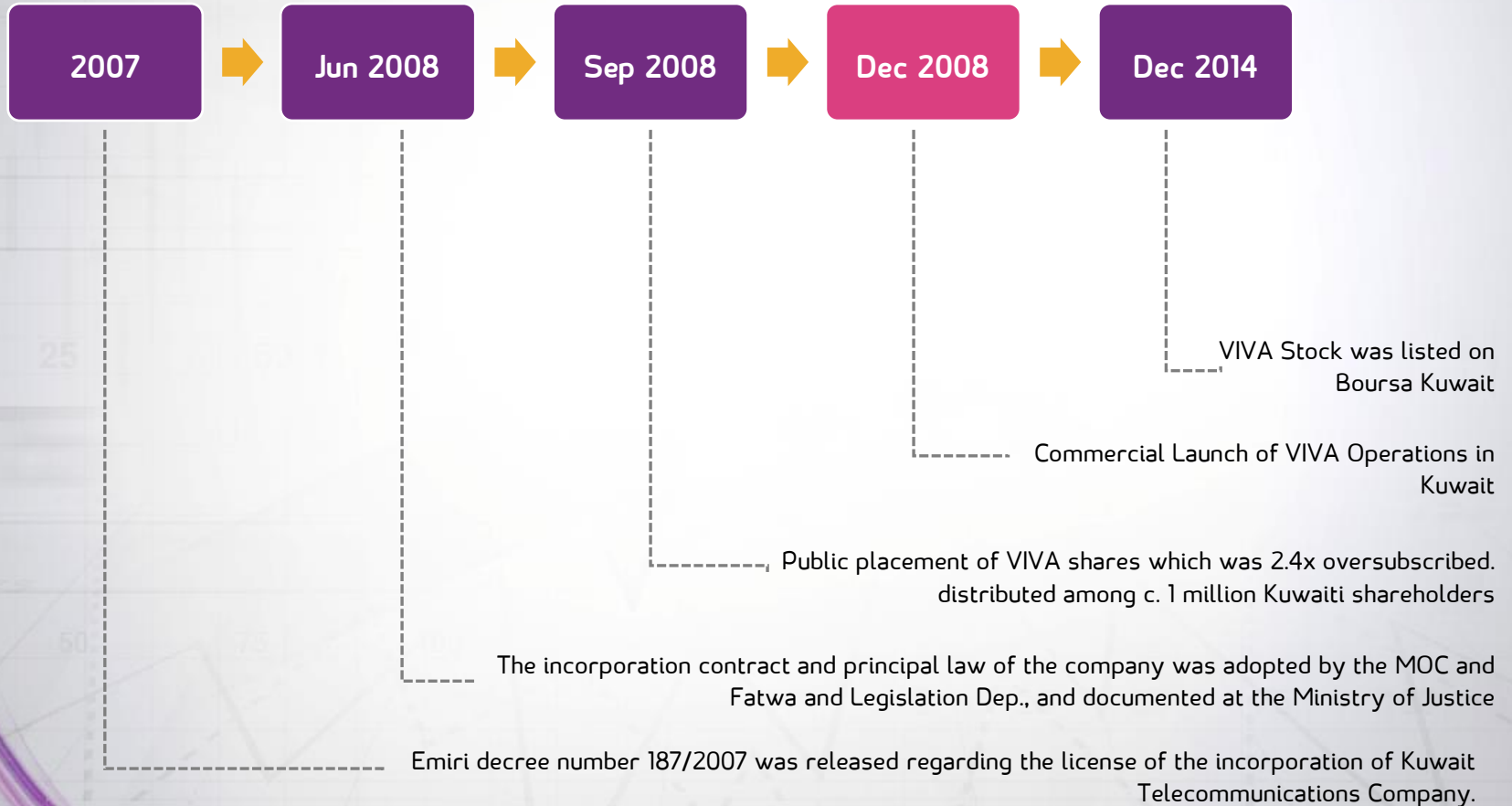
VIVA



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VIVA's History in Brief



**In Compliance with the Islamic Shariah rules and principles*

Key Milestones

2008

- Launches commercially
- VIVA abolishes incoming calls fees and other operators follow
- First Operator in the world to have all IP network

2010

- Expand retail network and launch joint promotions with retailers.
- VIVA wins CommsMEA Best Telecom Finance Deal .

2012

- VIVA launches Elite Program for loyal, VIP and high value customers.
- VIVA turns into profitability during the fourth year of operation.
- VIVA Starts deployment of 4G LTE network

2014

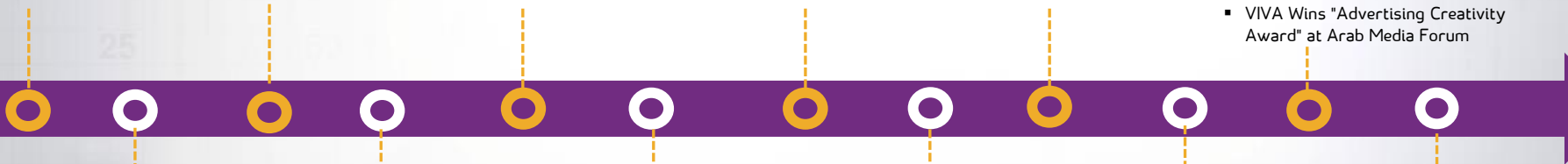
- Partnership with Real Madrid.
- Listing on KSE
- Retained earnings turned to be positive.
- Ranked 2nd in terms of revenue and subscriber market share

2016

- Best Telecom Company by Arabian Business.
- Member of (ITU)
- Leading Corporate for IR
- Business Innovation in Risk Management

2018

- Best Network Development Award at 5G MENA
- VIVA Reap Three Accolades at ME Call Centre Awards
- VIVA Recognized as Leading Corporate for Investor Relations in Kuwait 2018 - third in the MEA
- Signing of an initial agreement for the sale and purchase of QualityNet shares
- VIVA Wins "Advertising Creativity Award" at Arab Media Forum



2009

- VIVA introduces high speed Mobile Broadband in Kuwait.
- VIVA launches innovative prepaid offerings and acquire 500K customers in one year.

2011

- First to introduce Apple iPhone
- Strategic partnership with Manchester United.
- First to introduce newest HSPA+ (42.2 Mbps) Broadband network.

2013

- Complete nationwide 4G LTE Coverage and awarded Best LTE Deployment in the Middle East.
- Number Portability and VIVA acquires majority of ported numbers between operators.

2015

- The first in Kuwait to introduce the all-new (VoLTE) technology.
- VIVA Branches network reached a total of 70 across Kuwait.
- First to introduce the LTE Advanced

2017

- VIP Customer Service Award
- "2017 Speedtest Award"
- Excellence in Governance Award
- Best Operator Network
- 5G Innovator of the Year Awards

2019

- VIVA wins Sharjah Gulf Top 10 Business Award 2018.



Vision and Values



Energetic

Our passion is performance, innovation, and delivering of superior quality. We are efficient, reliable, and highly responsive to our clients' needs.

Transparent

We are open, trustworthy and collaborative.

Our Values

Engaging

All of our activities revolve around our customers.

Fulfilling

We offer a wide range of easy to understand products. Our actions create value, helping our customers lead more rewarding and enjoyable lives

Our vision is to provide unique services and products that satisfy the aspirations of our clients and accommodate their needs, which in turn will earn us their trust. This is through presenting our customers with numerous telecommunications opportunities with the goal of boosting our relationships with them and giving them the best experience around the clock.

Our vision is embodied in a fundamental and detailed understanding of the Kuwait market and focusing on the needs of customers in everything we say and do.

We have pledged to work to enrich the lives of our customers through telecommunications, entertainment and information, and data transfer services.

Shareholders' Structure

VIVA



Saudi Telecom

52%

STC
الاتصالات السعودية



- STC, the leading regional telecom operator, won the bid for third mobile license in November 2007, and paid USD 980 million for the license.
- STC has a management agreement with VIVA.
- STC increased its ownership percentage from 26% to 51.8% through a VTO at the beginning of 2016.
- Currently, 4 out of 7 board members are representative of STC group.

Kuwaiti Government

24%



- The Kuwaiti government holds 24% of VIVA through different governmental entities.
- Currently 2 out of 7 board members are representing the Kuwaiti government bodies.

Public Shareholders

24%



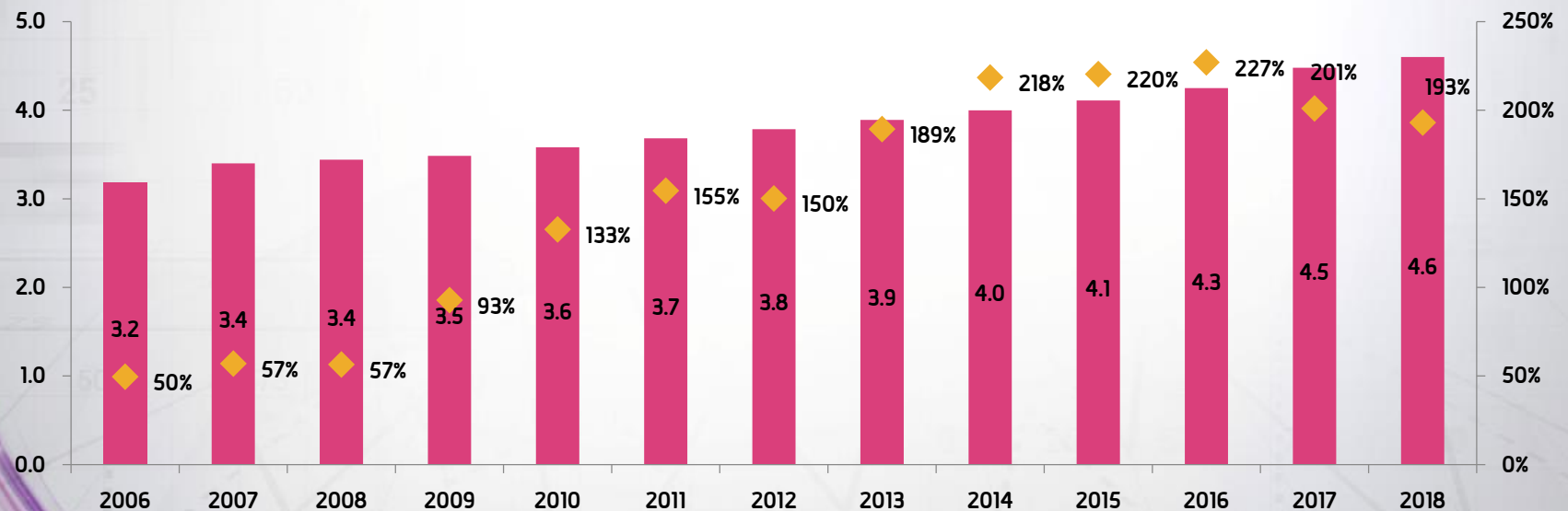
- Public Share holders consists of companies, portfolios, funds and individuals.
- The public shareholders are mix between local, regional and international investors.
- Independent Board member elected during the AGM on 16th of May 2016.

Population & Penetration

Kuwait population since 2010 is growing at the same level of 2.8% yearly and the growth is forecasted by IMF at 2.8% over the next 5 years compared to almost 1% for the global population growth. This growth coupled with rising income levels will propel growth in consumer spending.

Kuwait boasts the highest telecom penetration levels in the MENA region, which stood at the end of 2017 at 201% and estimates by VIVA shows that the penetration rate in Kuwait declined to reach 193% at the end of Dec 2018.

Kuwait Population (Million Person) & Penetration Rate (%)



Competitive Strengths

STC (the largest telecom company in the region) will continue to be a major shareholder and VIVA will continue to benefit from being a member of the STC group.

Through this relationship, VIVA has access to technical support, industry best practice for provision of telecom services, as well as stronger purchasing power benefiting from joint procurement and coordination of regional initiatives.

VIVA has an extensive, well-developed and increasingly sophisticated direct and indirect distribution network covering all parts of Kuwait. VIVA Inaugurates New Branches to its network amounting to a total of 93 branches across Kuwait

VIVA benefits from having a modern and efficient network that is adaptable to emerging technologies. The Network backbone is modern and has been designed to facilitate scalability of new operations and the future deployment of emerging technology.



VIVA follows a customer-centric strategy, which entails focusing on the communication needs of customers and providing differentiated service. This strategy positions VIVA as the only telecom provider in Kuwait that targets enhancing customer experience.

VIVA has a proven track record of successfully providing high-quality product and services to its customers.

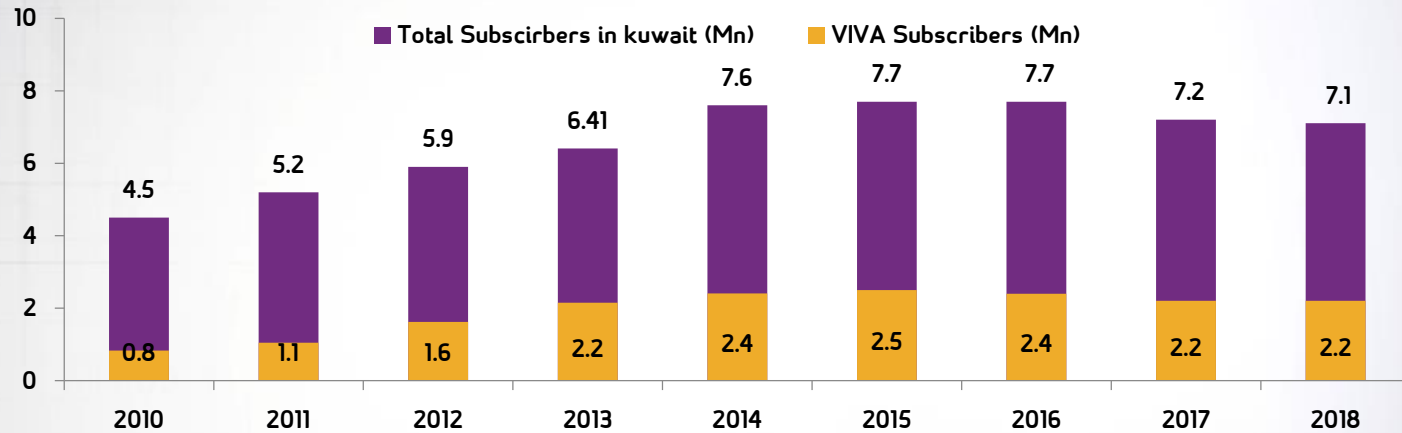
VIVA has grown rapidly since it commenced operations in December 2008 acquiring 2.2 million customers by the end of December 2018, which represents a market share of 31%.

Since its launch in 2008, VIVA has built a valuable brand associated with excellence.

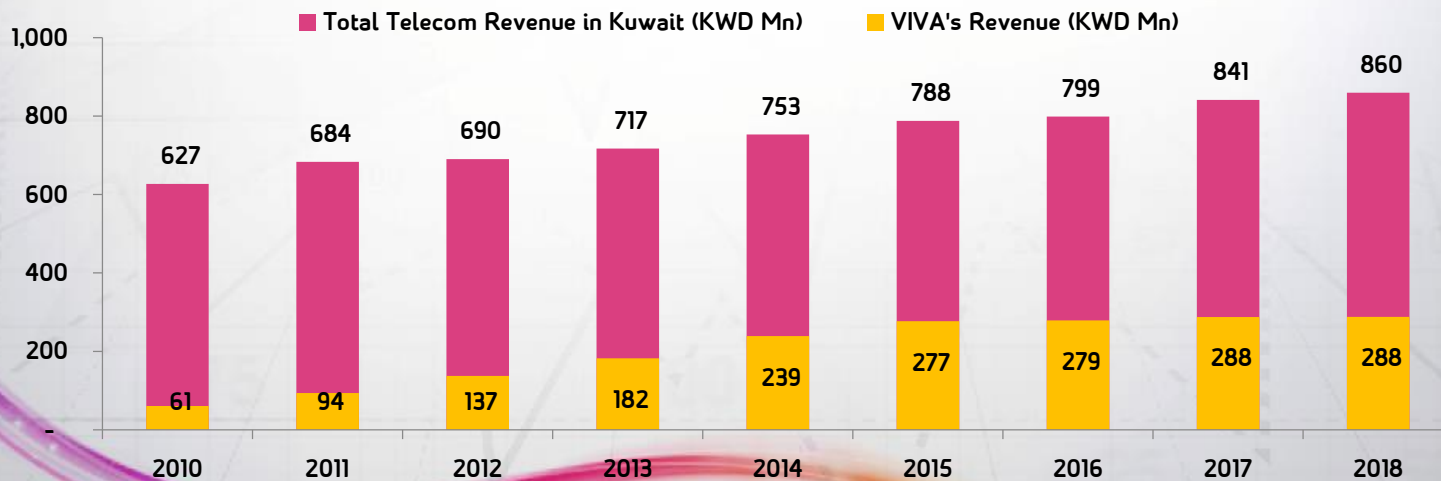
VIVA is perceived as the “challenger” bringing healthy competition to the Kuwait telecom market. VIVA’s entry prompted the incumbent players to make several tariff changes, focus on subscriber retention and introduce new services, thereby benefiting the consumer.

Market Share

Total Subscriber Base in Kuwait (Mn)

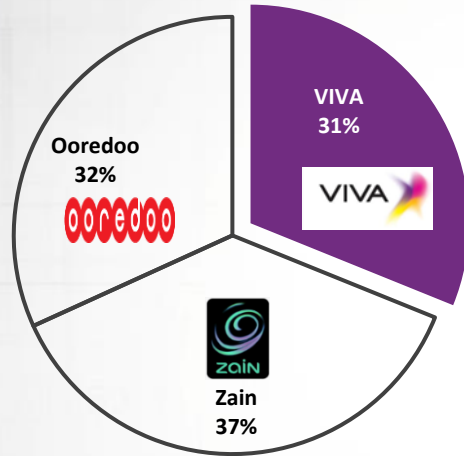


Telecom Sector Revenues in Kuwait (KWD Mn)

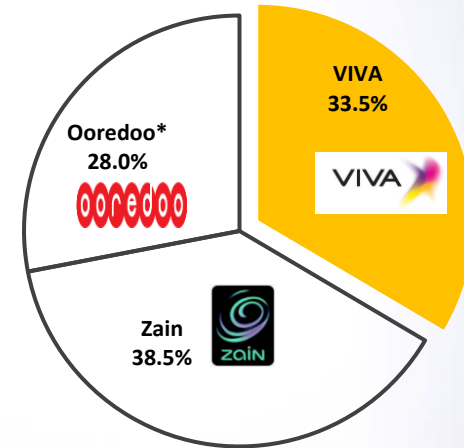


Market Share vs. peer group

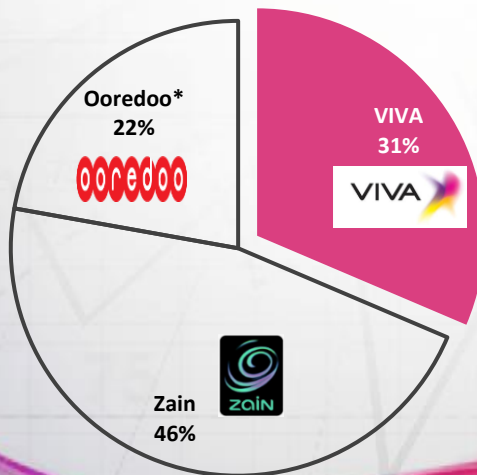
Subscriber Market Share - Dec 2018



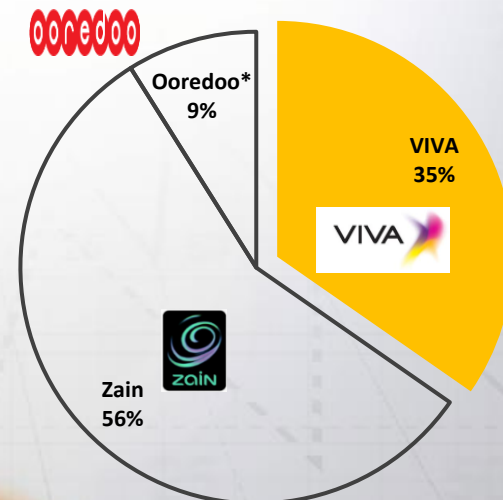
Revenue Market Share - FY 2018



EBITDA Market Share - FY 2018



Net Profit Market Share - FY 2018



Financial Results

In 2018, the company has applied IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" which are effective from 1st January 2018 and opted for full retrospective approach for the 2017 numbers.

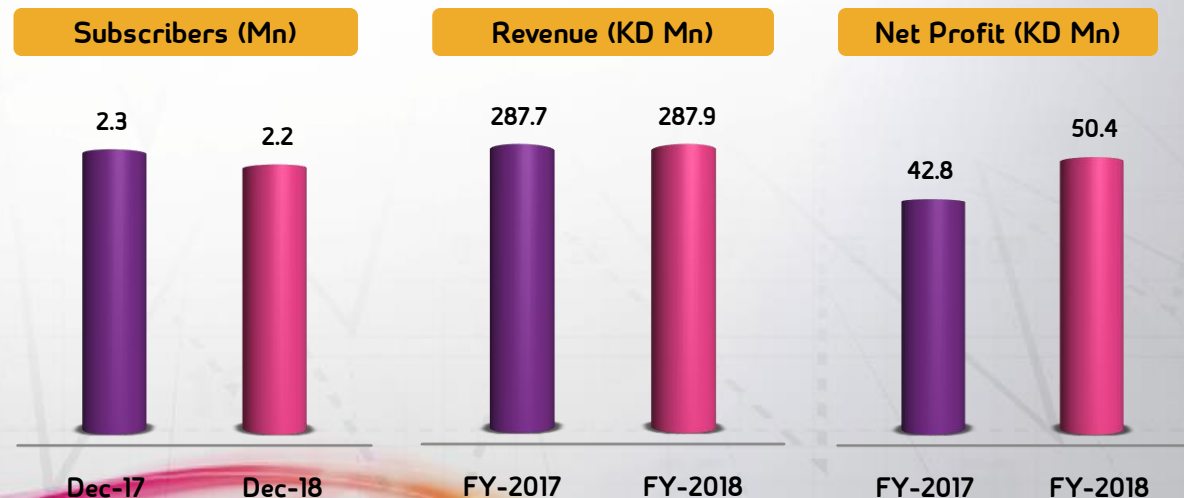
VIVA's revenue grew by 0.1% during the year ended 31 Dec 2018 to reach KD 287.9 million as compared to KD 287.7 million recorded during the year ended 31 Dec 2017.

VIVA's EBITDA increased by 9.5% to reach KD 77.8 million during the year ended 31 Dec 2018 with an EBITDA Margin of 27% as compared to KD 71.1 million and margin of 25% during the same period last year.

The net profit reached an historical level of KD 50.4 million (EPS 101 fils) during FY 2018 as compared to KD 42.8 million (EPS 86 fils) in 2017, the increase in net profit attribute to the increase in revenues and also due to cost optimization initiatives.

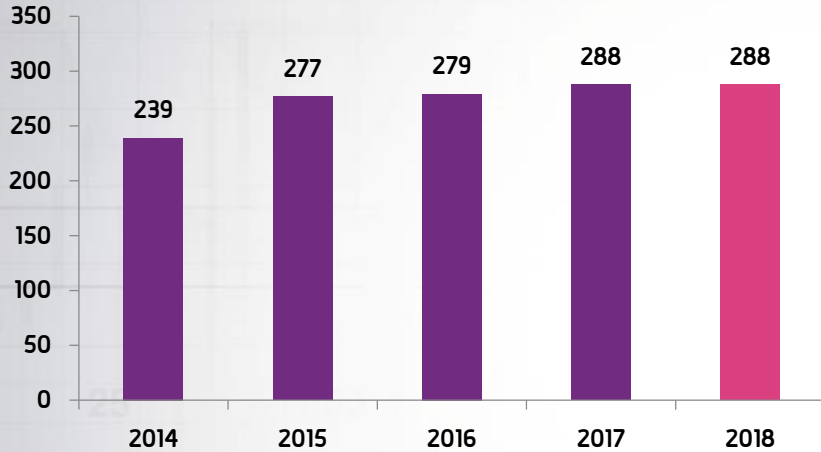
Shareholders' equity base stood at KD 192 million at the end of Dec 2018 with a growth rate of 22% compared to KD 157 million at the end of Dec 2017.

Key Figures & Ratios	FY-2017 (Restated)	FY-2018	Change
Subscribers (Mn)	2.3	2.2	-5%
Revenue (KD Mn)	287.7	287.9	+0.1%
EBITDA	71.1	77.8	+9.5%
EBITDA Margin (%)	25%	27%	+2.3pt.
Net Profit (KD Mn)	42.8	50.4	+17.8%
Net Profit Margin (%)	15%	18%	3.0pt.
EPS (Fils)	86	101	+17.4%
Equity (KD Mn)	156.9	192.0	+22%
BVPS (Fils)	314	384	+22%

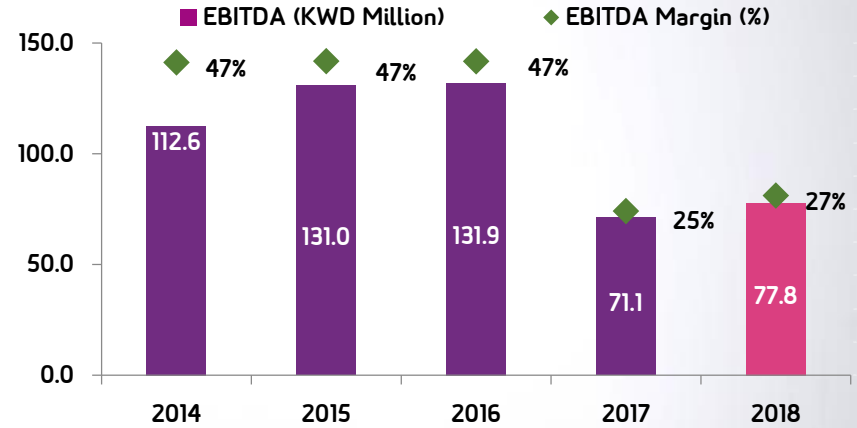


Financial Highlights

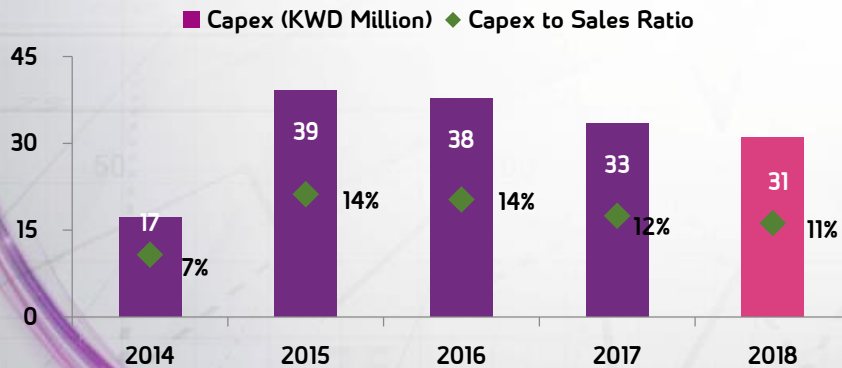
Revenue (KD Million)



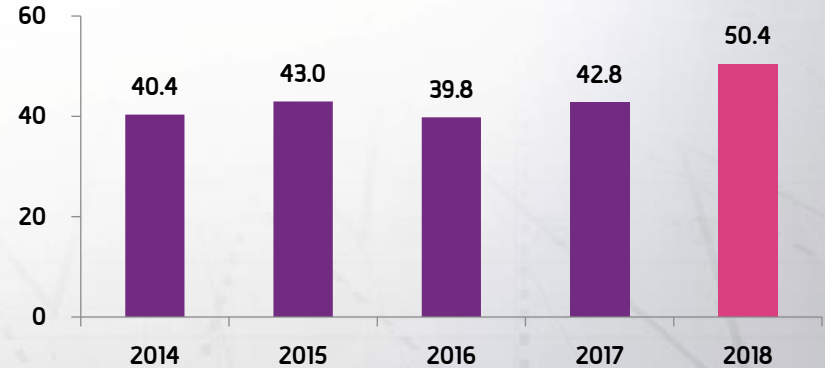
EBITDA (KD Million)



CAPEX (KD Million)



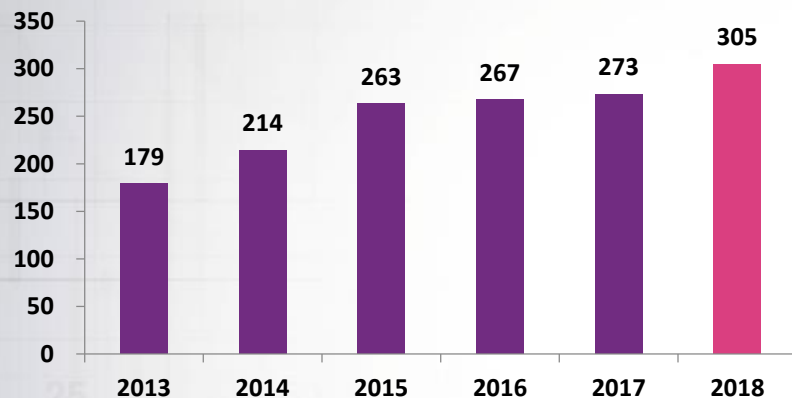
Net Profit (KD Million)



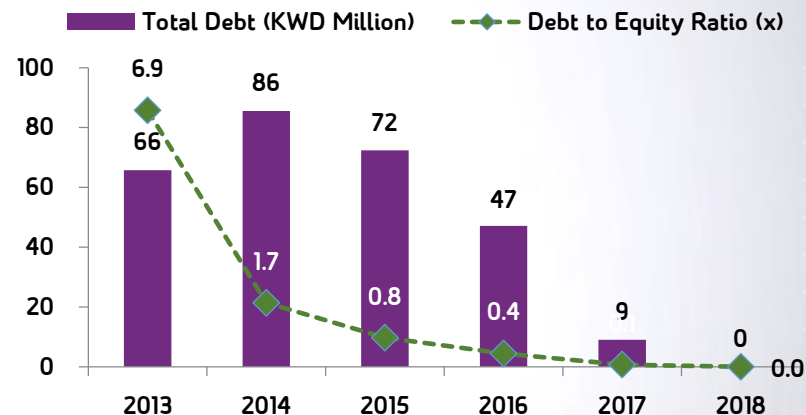
*FY 2017 and 2018 numbers are based on the IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" which are effective from 1st January 2018 and opted for full retrospective approach.

Financial Highlights

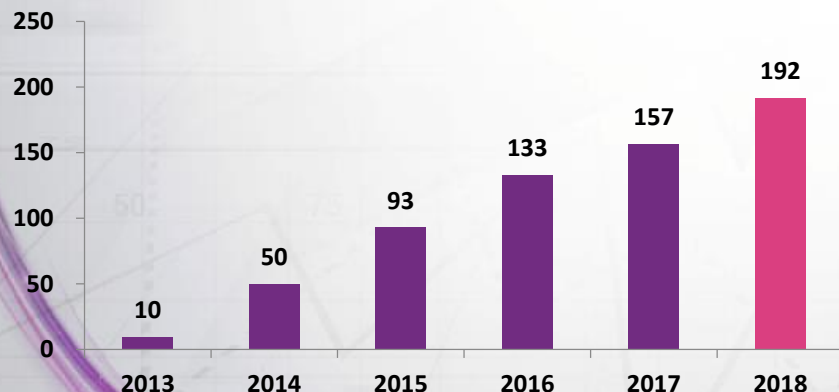
Total Assets (KD Million)



Total Debt / Equity (KD Million)



Shareholders Equity (KD Million)



Book Value Per Share (KD)



*2018 numbers are based on the IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" which are effective from 1st January 2018 and opted for full retrospective approach.

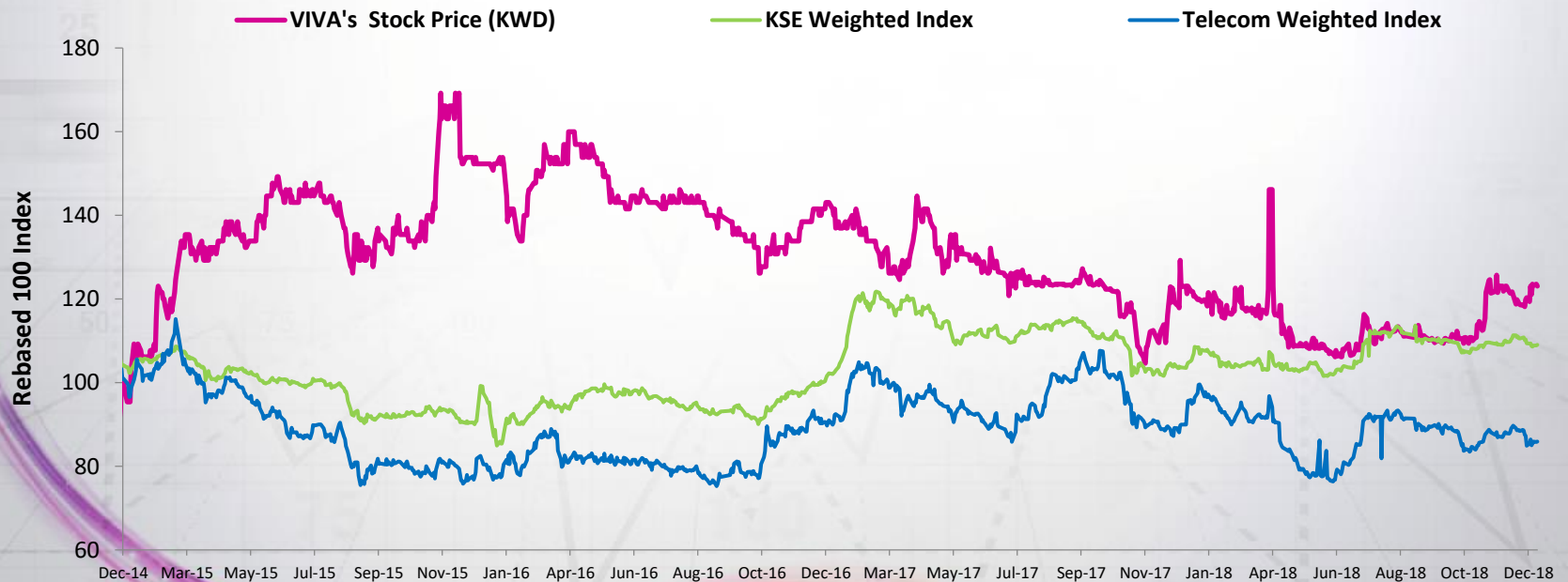
Stock Performance

Closing Price (KD)	0.800	PE (X)	7.77
Paid up Capital (KD Million)	49.9	PB (X)	2.08
Market Cap (KD Million)	400	Dividend Yield (%)	5.0%

Data as of 31 Dec 2018

Dividend Yield calculated based on the KD 0.040 Proposed for the year end 2018.

Rebased Index Since VIVA's Listing Date 14 Dec 2014 - Stock Performance vs. KSE and Telecom weighted Indices



Appendix

- **Balance Sheet (2014 - 2018)**
- **Income Statement (2014 - 2018)**

Balance Sheet (2014 - September 2018)

Balance Sheet	2014	2015	2016	(restated) *2017	2018
	KD Mn	KD Mn	KD Mn	KD Mn	KD Mn
ASSETS					
Property and equipment	113.1	125.4	137.7	145.0	150.5
Intangible assets	36.3	50.6	47.5	-	-
Other non-current assets	0.7	-	-	-	-
Non-current assets	150.1	175.9	185.2	145.0	150.5
Inventories	5.8	7.1	4.4	12.9	6.9
Prepayments and other current assets	4.7	5.4	5.0	4.7	4.0
Trade and other receivables	21.2	22.9	25.7	31.2	35.8
Contracts assets		-	-	47.2	42.5
Cash and cash equivalents	32.3	51.8	47.2	32.2	65.7
Current assets	63.9	87.2	82.2	128.2	154.8
Total assets	214.0	263.1	267.4	273.2	305.4
EQUITY AND LIABILITIES					
Share capital	49.9	49.9	49.9	49.9	49.9
Statutory reserve	0.0	4.5	8.7	12.9	18.2
Voluntary reserve	-	4.5	8.7	12.9	18.2
Retained earnings	0.0	33.9	65.4	81.0	105.9
Total equity	49.9	92.9	132.7	156.9	192.0
Employees' end of service benefits	2.6	2.8	3.2	3.6	5.3
Loans and borrowings NC	51.6	31.4	11.6	-	-
Non-current liabilities	54.1	34.2	14.8	3.6	5.3
Islamic financing facilities	34.0	41.0	35.5	9.0	-
Trade and other payables	75.9	95.0	84.4	103.7	108.1
Current liabilities	109.9	136.0	119.9	112.7	108.1
Total liabilities	164.0	170.2	134.7	116.3	113.4
Total equity and liabilities	214.0	263.1	267.4	273.2	305.4

*2018 numbers are based on the IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' which are effective from 1st January 2018 and opted for full retrospective approach for 2017 numbers.

Income Statement (2014-2018)

Income Statement	2014	2015	2016	(Restated) *2017	*2018
	KD Mn	KD Mn	KD Mn	KD Mn	KD Mn
Revenue	239.0	276.9	279.1	287.7	287.9
Operating expenses	(65.5)	(78.7)	(80.9)	(145.5)	(139.3)
Staff costs	(15.9)	(15.8)	(18.0)	(20.4)	(21.7)
Expected credit losses on trade & other receivables	(4.1)	(7.1)	(9.0)	(14.2)	(18.2)
Depreciation and amortization	(67.6)	(82.2)	(88.4)	(25.9)	(25.6)
General and administrative expenses	(40.8)	(44.2)	(39.2)	(36.4)	(30.6)
Finance cost (Net)	(2.3)	(2.8)	(2.1)	(1.2)	(0.1)
Other income/(expenses)	(1.8)	(0.9)	0.4	0.9	0.7
Loss before BoD remuneration, contribution to KFAS and Zakat	41.0	45.2	41.9	45.0	53.0
KFAS	(0.0)	(0.4)	(0.4)	(0.4)	(0.5)
NLST	(0.1)	(1.2)	(1.1)	(1.2)	(1.4)
Zakat	(0.5)	(0.5)	(0.4)	(0.5)	(0.6)
BOD remuneration	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Net Profit /loss for the period	40.4	43.0	39.8	42.8	50.4
Basic earnings per share (in fils)	81	86	80	86	101

*FY 2018 numbers are based on the IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' which are effective from 1st January 2018 and opted for full retrospective approach for 2017 numbers.

Thank you

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