

# Q2-2016

## Investor Presentation

Kuwait Telecommunications Company K.S.C.P



**VIVA**



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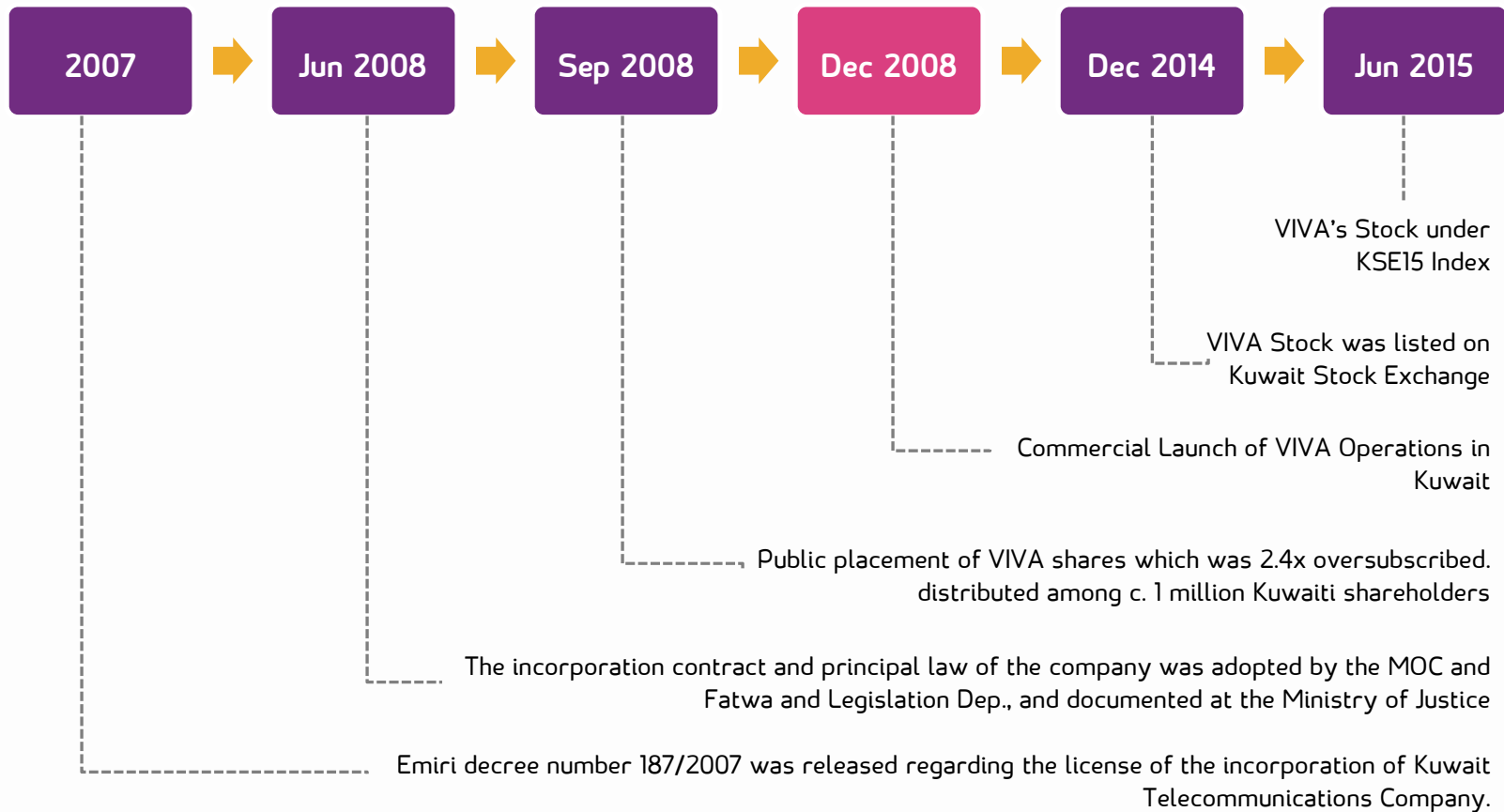
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# VIVA's History in Brief



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

# Key Milestones

2008

Launches commercially under the brand name VIVA

VIVA abolishes incoming calls fees and other operators follow, bringing change to the market.

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

Strategic partnership with Real Madrid.

**Listing on KSE**

Retained earnings turned to be positive.

Ranked 2nd in terms of revenue and subscriber market share

2016

During April 2016, VIVA Recognized as Best Telecom Company by Arabian Business.

VIVA Becomes a Member of Inter'l Telecommunication Union (ITU )

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.

Launch of 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**

# 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



Saudi Telecom

52%



- 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 16<sup>th</sup> 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 2014 at 218% as reported by (ITU-D) and a highest level of 232% at the end of 2015, and expected to remain at same levels during 2016.

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



Source of Population: IMF

Source of Penetration rate : ITU

# 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 Seven New Branches to its network amounting to a total of 70 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 2.4 million customers by the end of June 2016, which represents a market share of 31%.

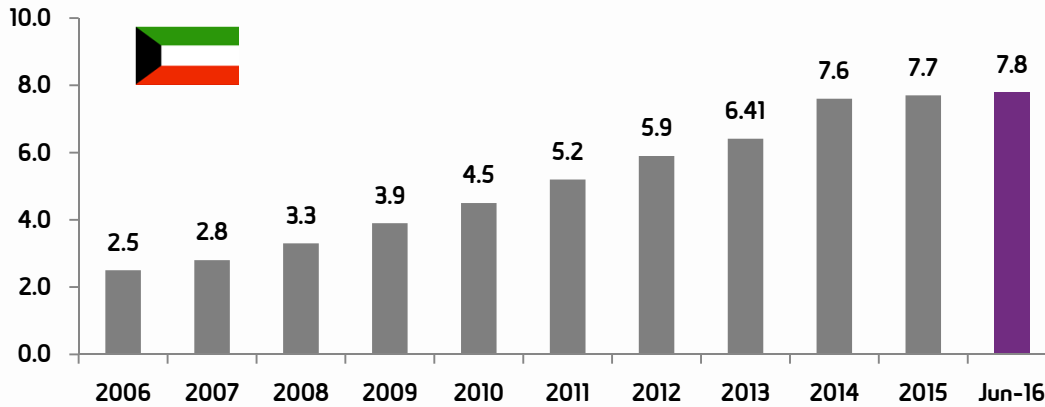
Since its launch in 2008, VIVA has built a valuable brand associated with excellence.

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.

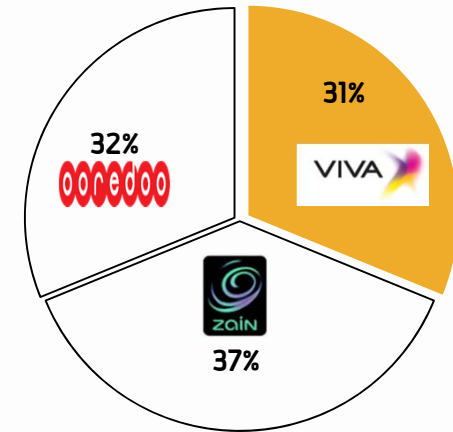


# Market Share

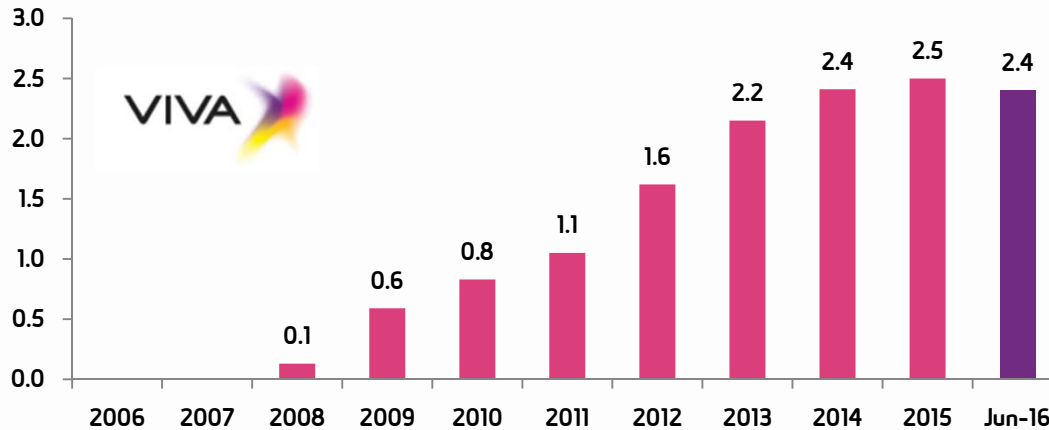
Total Subscriber Base in Kuwait (Mn)



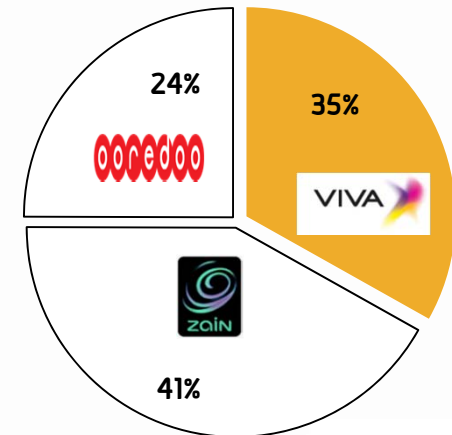
Subscriber Market Share - June 2016



VIVA Subscribers (Mn)



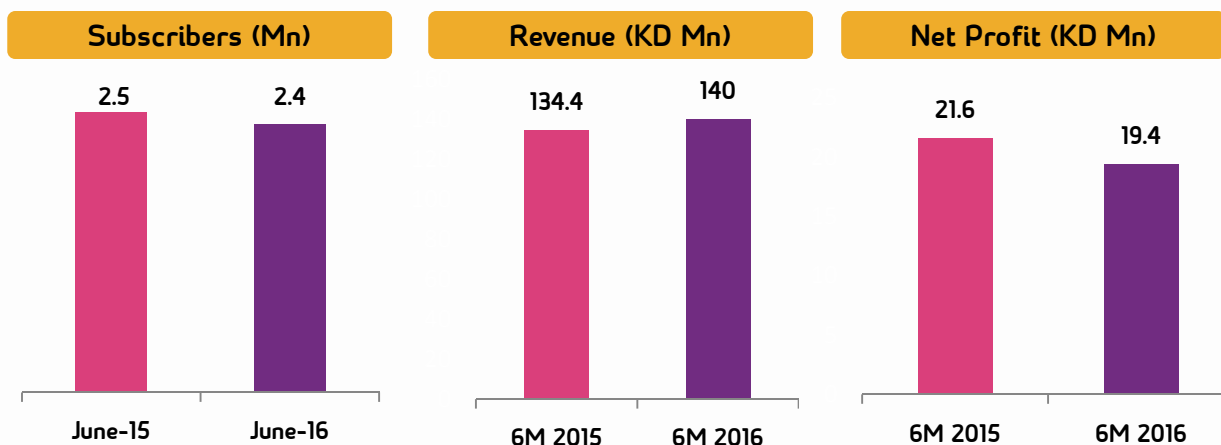
Revenue Market Share - 6M 2016



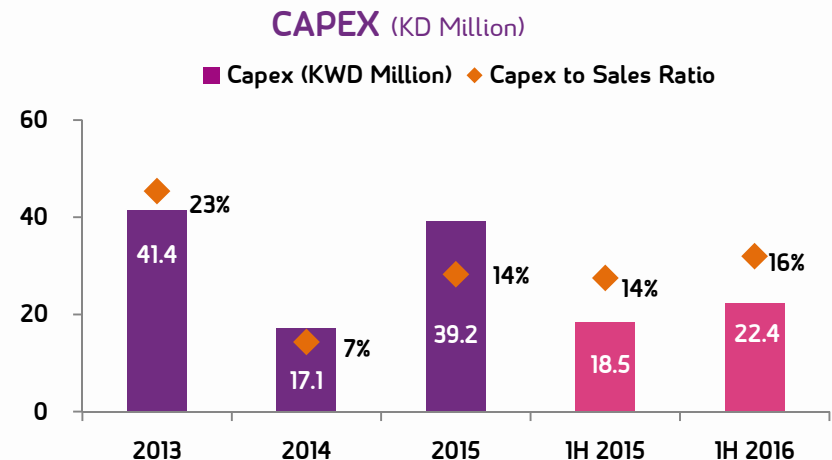
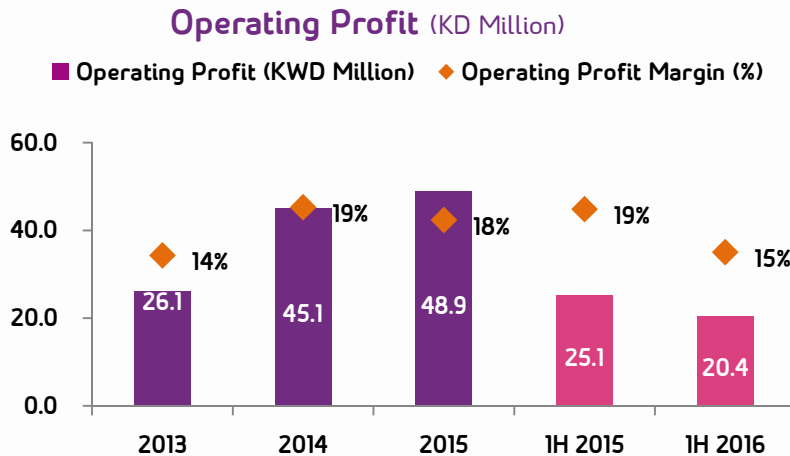
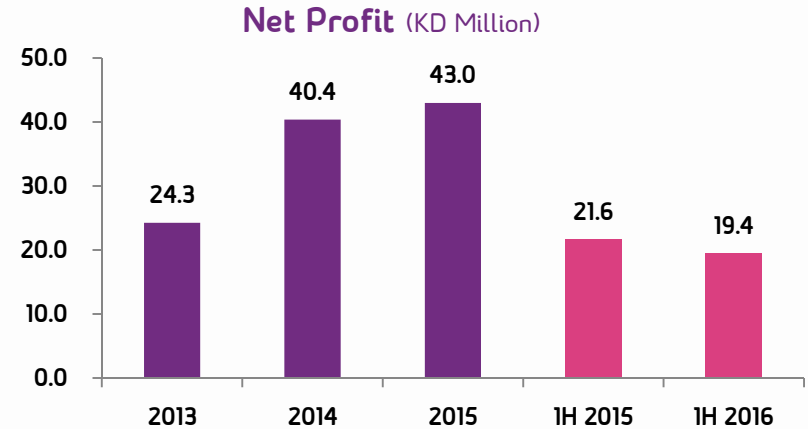
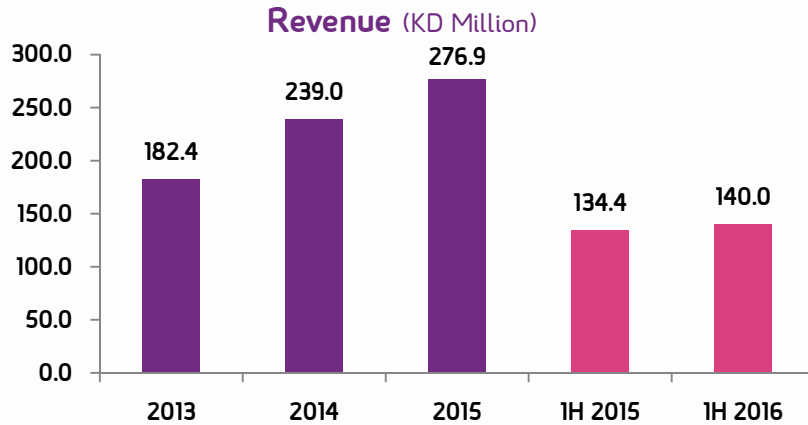
# Financial Results

- VIVA's **Revenue** grew by 4% during the first half of 2016 to reach KD 140 million as compared to the same period in 2015.
- VIVA's **Subscribers'** base reached 2.4 million by end of June 2016.
- The **Net profit** reached KD 19.4 million (earning per share 39 fils) during the first half of 2016 as compared to KD 21.6 (earning per share 43 fils) recorded during the same period last year.
- VIVA's **Shareholders Equity** base increased by 57% to reach KD 112.3 million at the end of June 2016 as compared to KD 71.5 million at the end of June 2015.

Key Figures & Ratios	6M 2015	6M 2016	Change %
Subscribers (Mn)	2.5	2.4	-5%
Revenue (KD Mn)	134.4	140.0	+4%
Operating Profit (KD Mn)	25.1	20.4	-19%
Operating Profit Margin (%)	19%	15%	-4pt.
Net Profit (KD Mn)	21.6	19.4	-10%
Net Profit Margin (%)	16%	14%	-2pt.
EPS (Fils)	43	39	-10%
Equity (KD Mn)	71.5	112.3	+57%
BVPS (Fils)	143	225	+57%

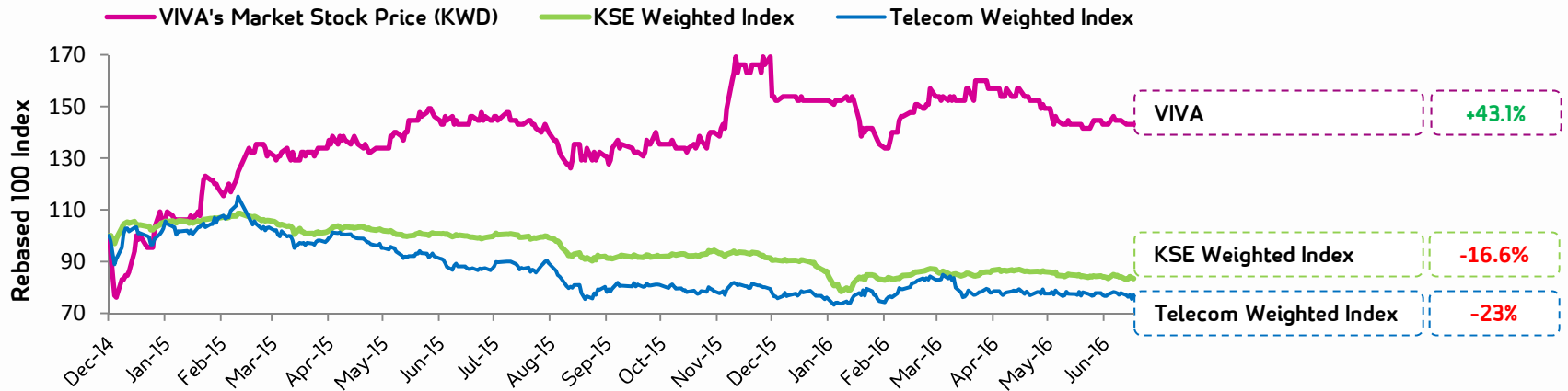


# Financial Highlights

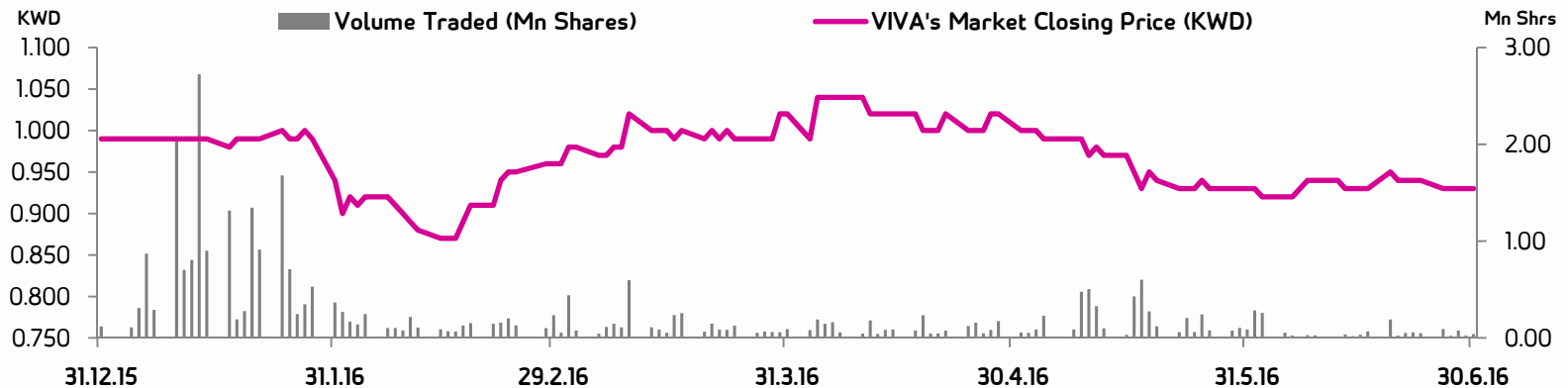


# Stock Performance

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



YTD- 2016 Stock Performance



Source: Kuwait Stock Exchange,

# Appendix

- **Balance Sheet (2013- 30 June 2016)**
- **Income Statement (2013- Q2 2016)**

# Balance Sheet (2013 - June 2016)

Balance Sheet	2013 KD Mn	2014 KD Mn	2015 KD Mn	30 Jun 2016 KD Mn
<b>ASSETS</b>				
Property and equipment	119.0	113.1	125.4	133.2
Intangible assets	30.6	36.3	50.6	53.7
Other non-current assets	0.7	0.7	0.6	0.5
<b>Non-current assets</b>	<b>150.3</b>	<b>150.1</b>	<b>176.5</b>	<b>187.4</b>
Inventories	4.9	5.8	7.1	8.5
Prepayments and other current assets	4.3	4.7	4.8	4.7
Trade and other receivables	12.8	21.2	22.9	26.2
Cash and cash equivalents	6.7	32.3	51.8	45.5
<b>Current assets</b>	<b>28.7</b>	<b>63.9</b>	<b>86.6</b>	<b>85.0</b>
<b>Total assets</b>	<b>179.0</b>	<b>214.0</b>	<b>263.1</b>	<b>272.4</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	49.9	49.9	49.9	49.9
Statutory reserve	-	0.0	4.5	4.5
Voluntary reserve	-	-	4.5	4.5
Retained earnings (losses)	(40.4)	0.0	33.9	53.3
<b>Total equity</b>	<b>9.6</b>	<b>49.9</b>	<b>92.9</b>	<b>112.3</b>
Employees' end of service benefits	1.7	2.6	2.8	2.8
Islamic financing facilities	42.9	51.6	31.4	21.3
<b>Non-current liabilities</b>	<b>44.7</b>	<b>54.1</b>	<b>34.2</b>	<b>24.1</b>
Islamic financing facilities	25.0	34.0	41.0	40.8
Trade and other payables	99.7	75.9	95.0	95.2
<b>Current liabilities</b>	<b>124.7</b>	<b>109.9</b>	<b>136.0</b>	<b>136.0</b>
<b>Total liabilities</b>	<b>169.4</b>	<b>164.0</b>	<b>170.2</b>	<b>160.1</b>
<b>Total equity and liabilities</b>	<b>179.0</b>	<b>214.0</b>	<b>263.1</b>	<b>272.4</b>

# Income Statement (2013 – 6M 2016)

Income Statement	2013 KD Mn	2014 KD Mn	2015 KD Mn	6M 2015 KD Mn	6M 2016 KD Mn
<b>Revenue</b>	<b>182.4</b>	<b>239.0</b>	<b>276.9</b>	<b>134.4</b>	<b>140.0</b>
Operating expenses	(116.8)	(126.3)	(145.8)	(70.0)	(73.5)
Depreciation and amortization	(39.5)	(67.6)	(82.2)	(39.2)	(46.0)
Finance costs	(1.4)	(2.2)	(2.6)	(1.4)	(0.9)
Other income / (expense)	(0.2)	(1.8)	(1.0)	(0.9)	0.7
<b>Profit before contribution to KFAS, Zakat and Board of Directors' remuneration</b>	<b>24.5</b>	<b>41.0</b>	<b>45.2</b>	<b>22.8</b>	<b>20.3</b>
KFAS	-	(0.0)	(0.4)	(0.3)	(0.2)
NLST	-	(0.1)	(1.2)	(0.7)	(0.5)
Zakat	(0.3)	(0.5)	(0.5)	(0.3)	(0.2)
Board of Directors' remuneration	-	(0.2)	(0.2)	-	-
<b>Net Profit and other comprehensive income for the period</b>	<b>24.3</b>	<b>40.4</b>	<b>43.0</b>	<b>21.6</b>	<b>19.4</b>
<b>Basic and diluted earnings per share (fils)</b>	<b>49</b>	<b>81</b>	<b>86</b>	<b>43</b>	<b>39</b>

# Thank you

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