

Kuwait Telecommunications Company K.S.C.P.

Investor Presentation

First Half - 2015



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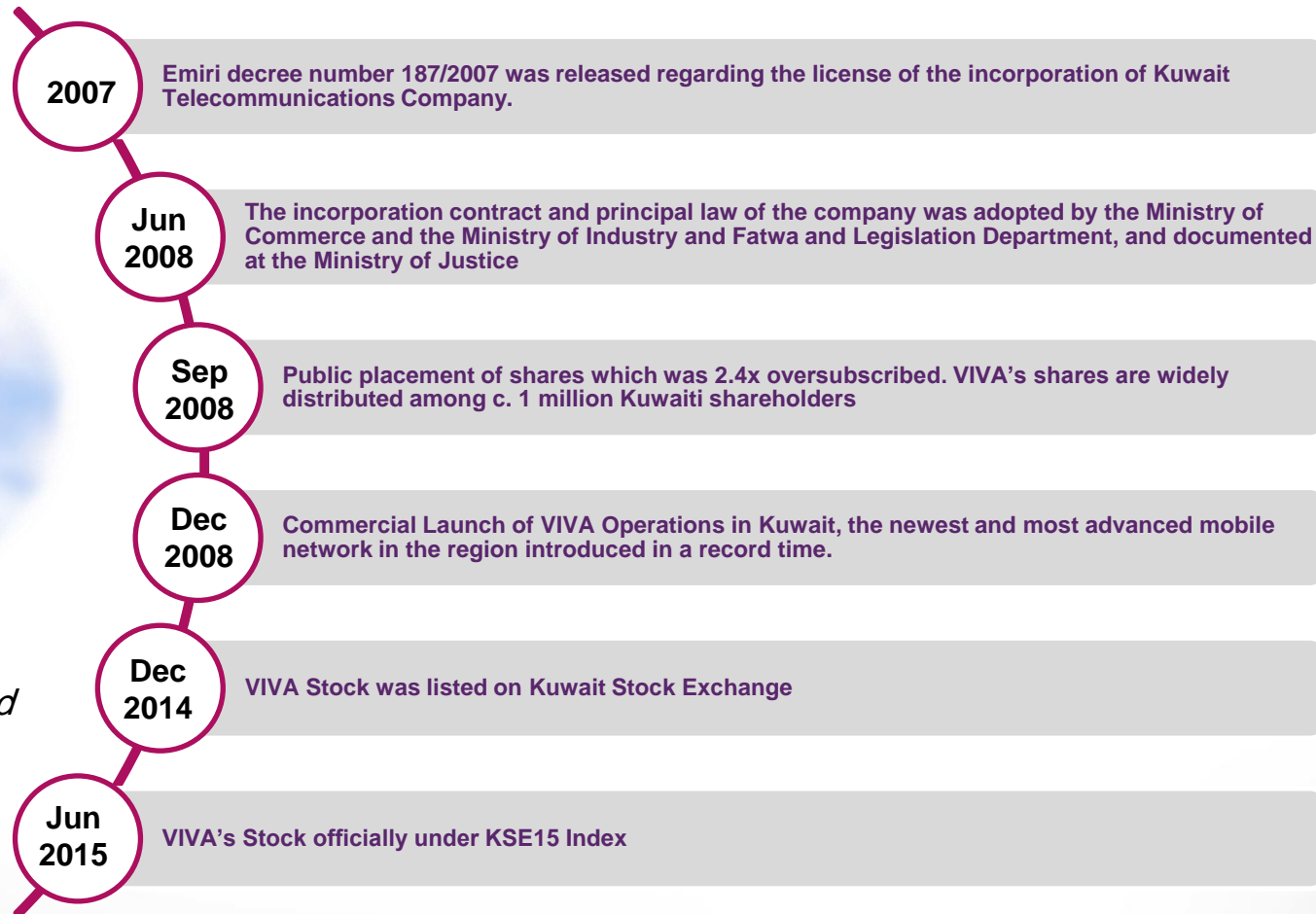
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VIVA's History in Brief



*In Compliance with the
Islamic Shariah rules and
principles*



VIVA Key Milestones

2008

Kuwait Telecommunication Company (K.S.C) launches commercially under the brand name VIVA the newest market entrant ending 10 years duopoly.

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

2009

VIVA introduces high speed Mobile Broadband in Kuwait.

VIVA launches innovative prepaid offerings and acquire 500K customers in one year.

2010

Expand retail network and launch joint promotions with retailers.

VIVA wins CommsMEA Best Telecom Finance Deal

2011

First to introduce Apple iPhone officially in Kuwait.

VIVA launches strategic partnership with Manchester United.

First to introduce newest HSPA+ (42.2 Mbps) Broadband network.

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

2013

VIVA 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.

VIVA celebrate reaching two million customers

2014

VIVA launches strategic partnership with Real Madrid.

Listing successfully on Kuwait Stock Exchange.

Retained earnings turned to be positive.

VIVA ranked 2nd in terms of revenue and subscriber market share.

2015

The first in Kuwait to introduce the all-new Voice over Long Term Evolution (LTE) (VoLTE) technology.

VIVA Branches network reached a total of 69 across Kuwait.

First to introduce the LTE Advanced during H1-2015

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

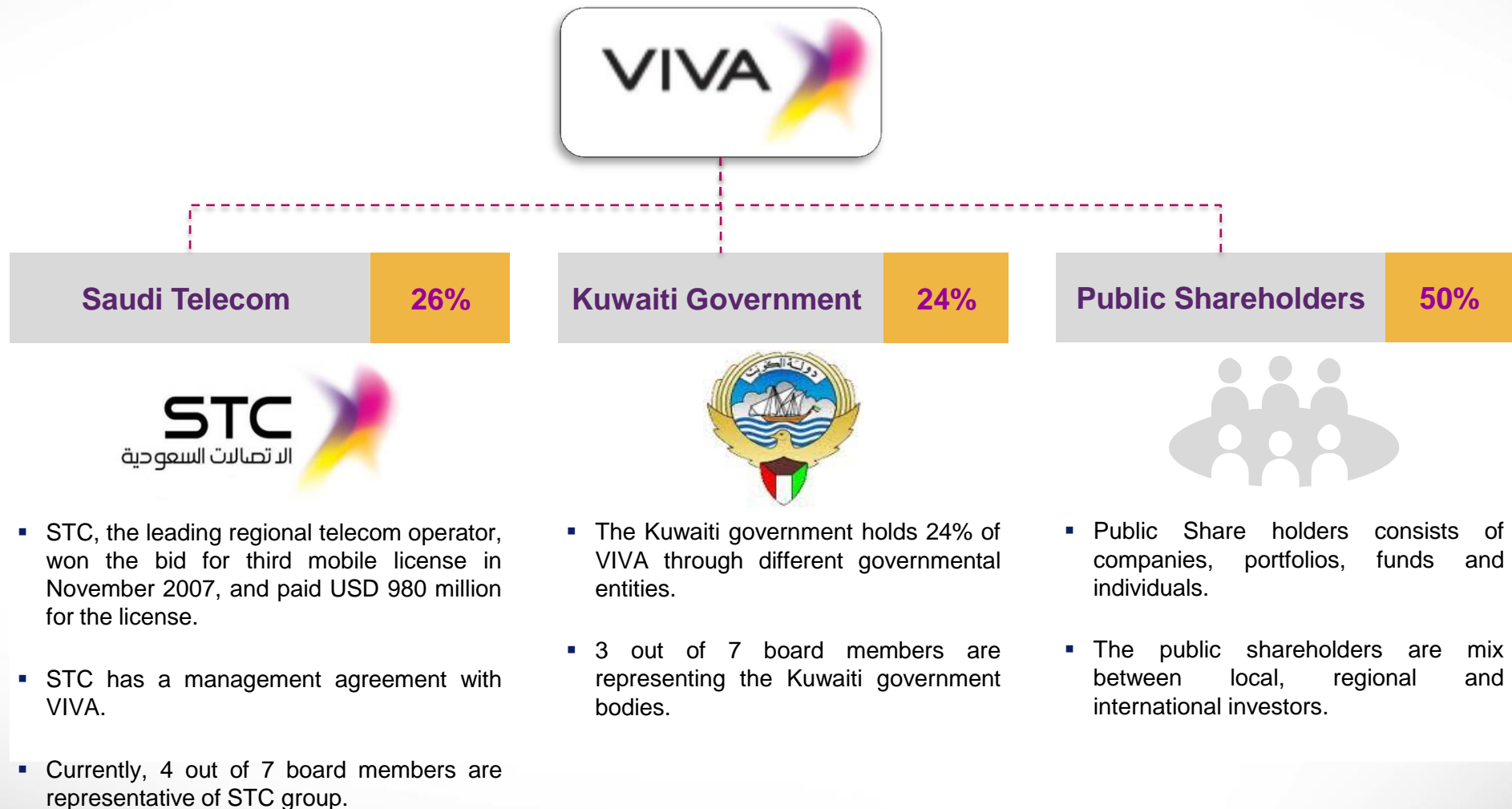
We offer a wide range of easy to understand products. Our actions create value, helping our customers lead more rewarding and enjoyable lives

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

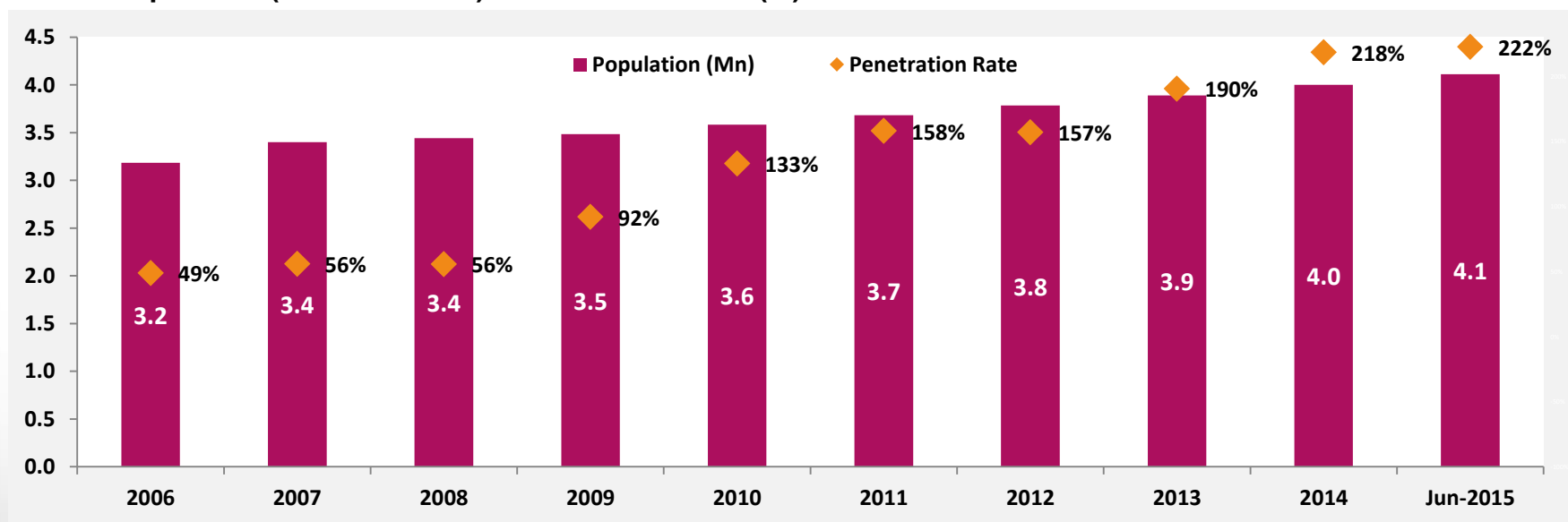


Population & Penetration

Kuwait population since 2010 is growing at the same level of 2.8% yearly and the growth is forecasted 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 The Telecommunication Development Sector (ITU-D).

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



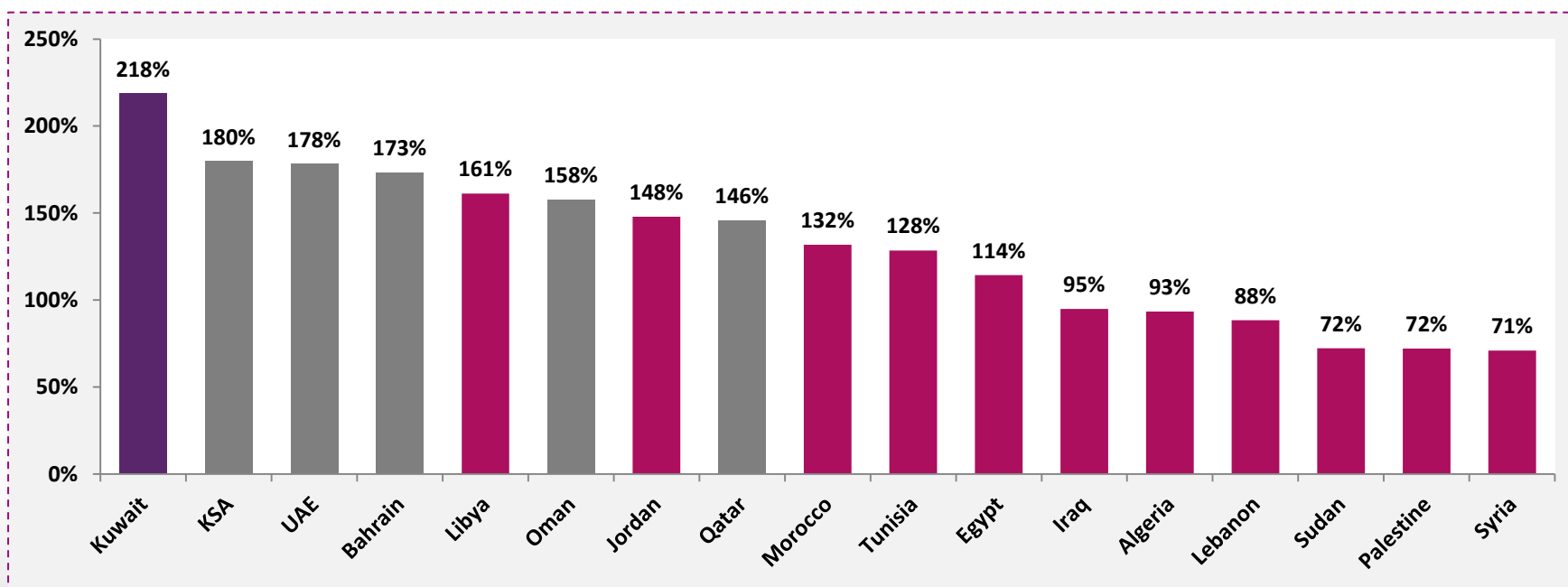
Source of Population: IMF

Source of Penetration rate till 2014: ITU

Penetration in MENA Region

As known, Kuwait is one of the highest GDP per Capita in the world, in addition to Kuwait's telecom market is one of the most advanced markets and one of the first to adopt any new technology. However, with the minimal population and concentrated nature of market, the country also has the highest penetration levels as compared to the GCC and MENA region.

MENA Telecom Penetration Rates - 2014



Source: The Telecommunication Development Sector (ITU-D)

Telecom Regulations

Telecommunication Regulatory Authority (TRA)

May 2014

- The Amiri Decree announcing the creation of telecommunication regulatory authority (TRA)

July 2015

- The ministries council decree to create the framework of the TRA

August 2015

- Amiri Decree to enhance some clauses and articles and published in the official newspaper

February 2016

- The TRA to replace the Ministry of Communication

August 2016

- All Telecom operators must comply with the TRA laws and regulations

Historically and currently, all telecom operators in Kuwait are being regulated by the Ministry of Communications

VIVA Competitive Strengths

Customer-Centric Strategy

- 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.

Strong Growth & Results

- 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 more than 2.5 million customers by the end of June 2015, which represents a market share of 32%.

Relationship with STC

- 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.

Successful Branding

- 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.

Modern & Scalable Network

- 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.

Single Market Player

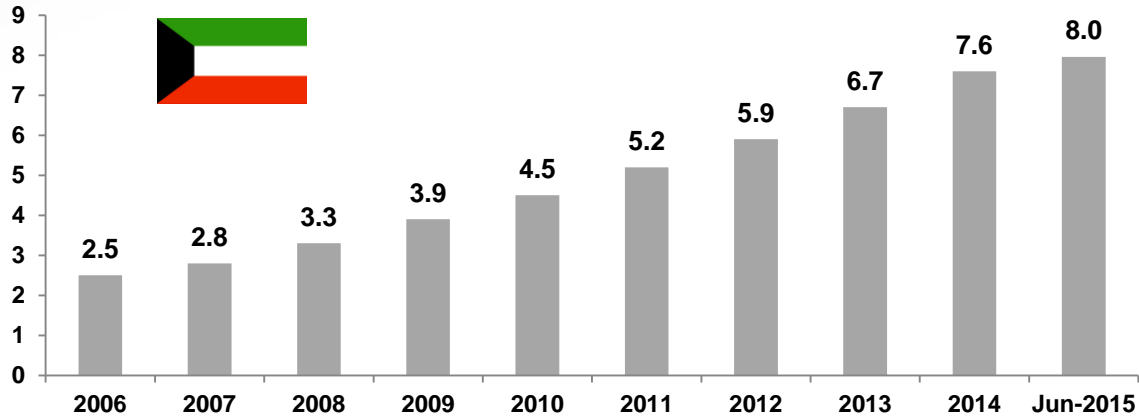
- VIVA has no exposure outside of Kuwait with more focus on its local operational business.
- As a single market player, VIVA benefits from lower risk from currency fluctuation and geopolitical issues in the region.

Extensive distribution channels

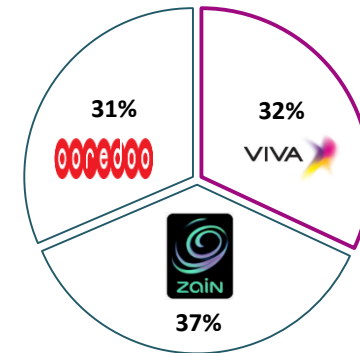
- VIVA has an extensive, well-developed and increasingly sophisticated direct and indirect distribution network covering all parts of Kuwait.
- VIVA Inaugurates Six New Branches to its network amounting to a total of 69 branches across Kuwait

VIVA's Market Share

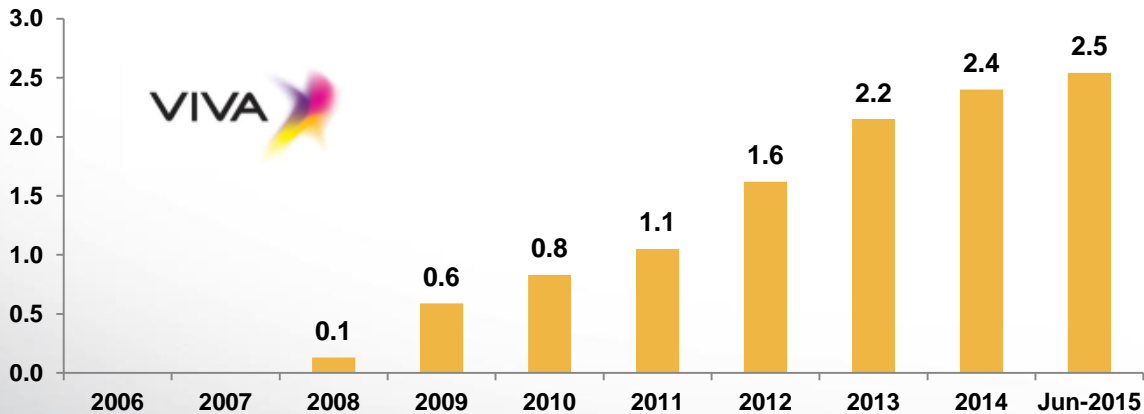
Total Subscriber Base in Kuwait (Mn)



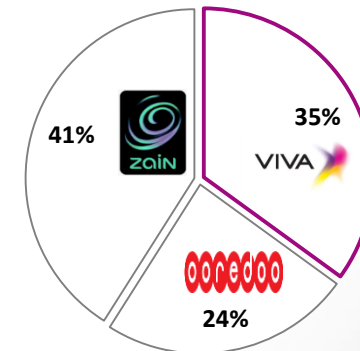
Subscriber Market Share – June 2015



VIVA Subscribers (Mn)



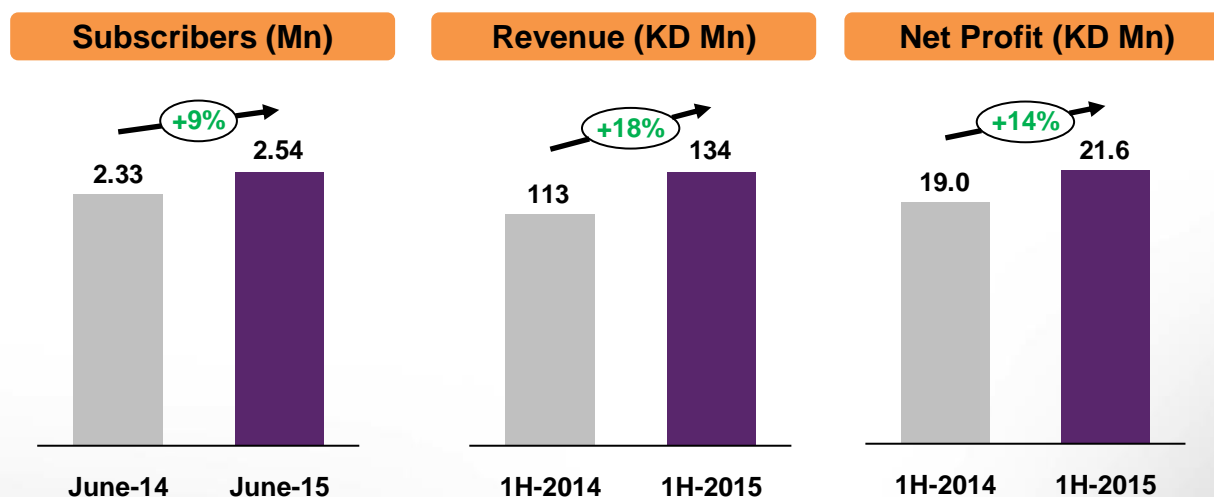
Revenue Market Share – 1H 2015



Latest Financial Results

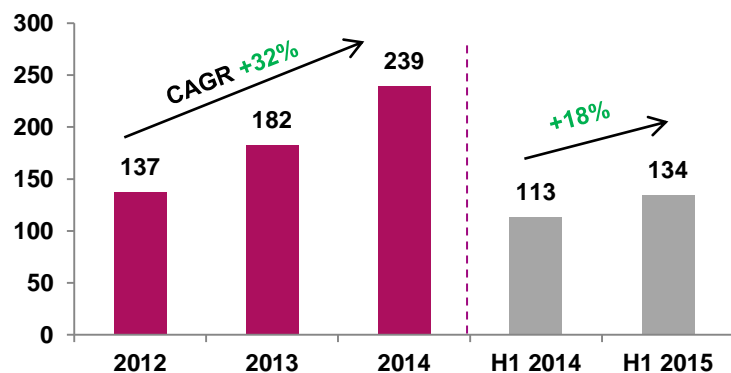
- Strong and growing client base witnessing an increase of 9% to reach 2.54 Mn subscribers as of 30 June 2015, compared to 2.33 Mn at the end of June 2014.
- VIVA continued to report a remarkable growth with mobile revenue in H1-2015 growing 18% to reach KD 134 Mn compared to KD 113 Mn in H1-2014.
- Operating profit grew 24% Y-o-Y, with a margin of 19% recording 1pt improvement compared to the same period last year.
- VIVA's bottom line grew by 14% to reach KD 21.6 Mn in the first half of 2015 compared to KD 19 Mn during the same period last year.

Key Figures & Ratios	1H-2014	1H-2015	Growth
Subscribers (Mn)	2.33	2.54	+9%
Revenue (KD Mn)	113	134	+18%
Operating Profit (KD Mn)	20	25	+24%
Operating Profit Margin (%)	18%	19%	+1pt.
Net Profit (KD Mn)	19	21.6	+14%
Net Profit Margin (%)	17%	16%	-1pt.
EPS (Fils)	38	43	+14%
Equity (KD Mn)	28.6	71.5	+151%
BVPS (Fils)	57	143	+151%

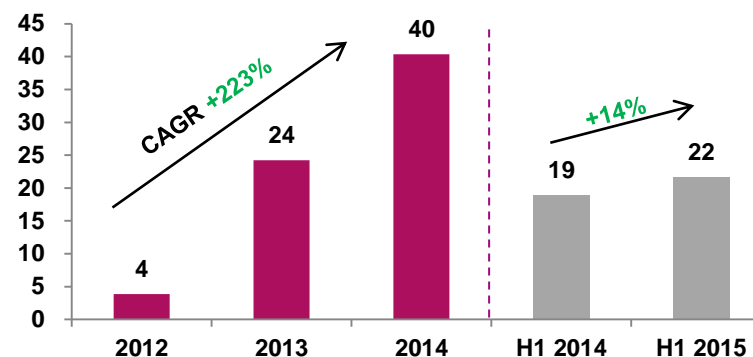


Historical Financial Highlights

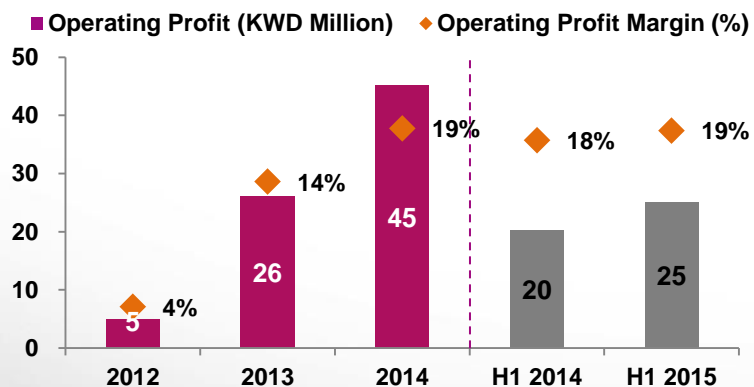
Revenue (KD Million)



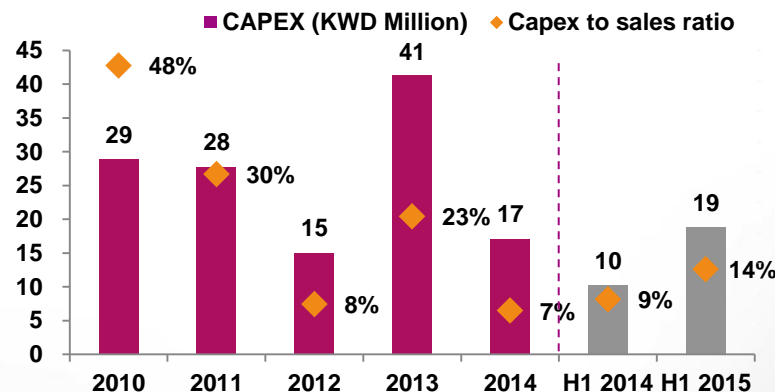
Net Profit (KD Million)



Operating Profit (KD Million)

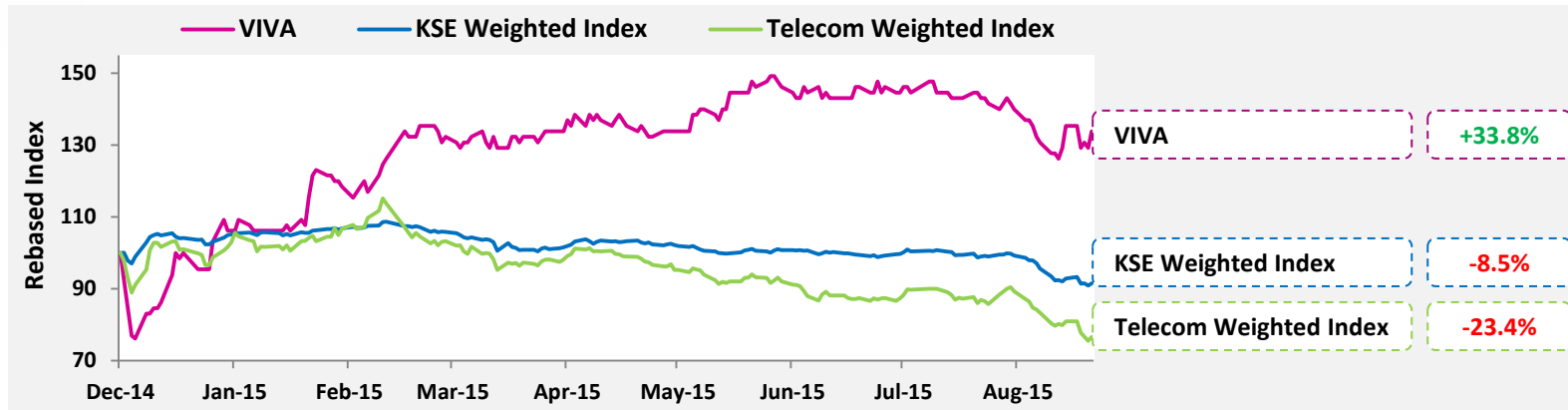


CAPEX (KD Million)

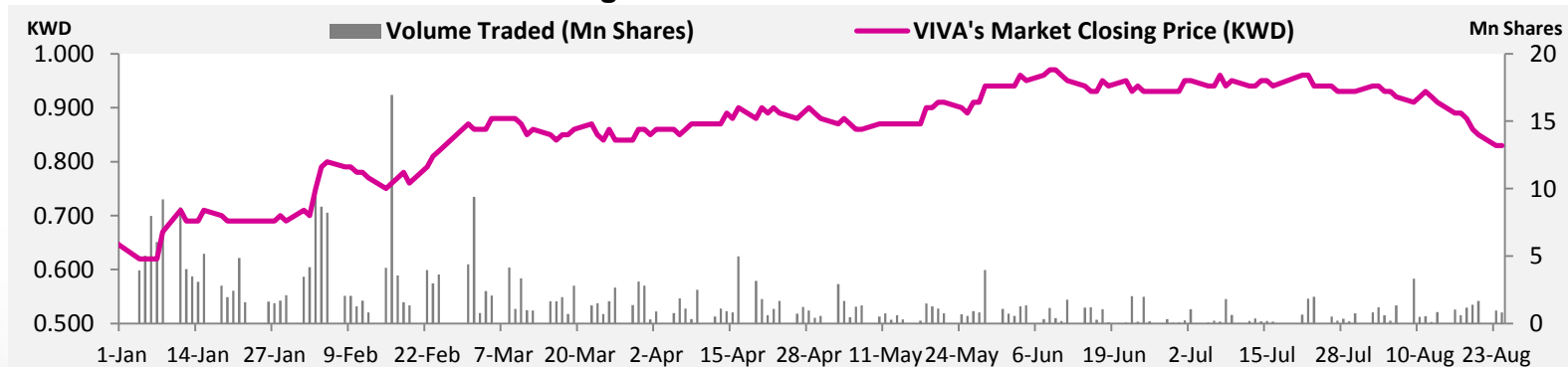


VIVA's Stock Performance

Rebased Index Since VIVA's listing – Stock Performance vs. KSE and Telecom weighted Indices



YTD-15 Stock Performance and Trading Indicators



Closing Price (KWD)	High Price (KWD)	Low Price (KWD)	Volume Traded (Mn Shrs)	Value Traded (KWD Mn)	Number of Deals	Share Turnover (%)	YTD Return (%)
0.870	0.970	0.590	313.1	251.4	57,870	62.7%	+33.8%

Source: Kuwait Stock Exchange,
Note: Data provided in the above table as of 3 September 2015

Appendix

- **Balance Sheet (2010 – H1 2015)**
- **Income Statement (2010 – H1 2015)**

Balance Sheet (2010 – H1 2015)

Balance Sheet	2010 KD Mn	2011 KD Mn	2012 KD Mn	2013 KD Mn	2014 KD Mn	June 2015 KD Mn
ASSETS						
Non-current assets						
Property and equipment - Net	88.4	101.4	98.9	119.0	113.1	119.0
Intangible assets - Net	0.5	0.4	0.1	30.6	36.3	46.8
Other non-current assets	1.0	0.8	0.7	0.7	0.7	0.6
Total non-current assets	89.9	102.7	99.7	150.3	150.1	166.4
Current assets						
Inventories	0.7	1.3	2.2	4.9	5.8	16.7
Prepayments and other current assets	2.5	4.2	5.7	4.3	4.7	4.8
Trade and other receivables	4.7	6.5	9.9	12.8	21.2	21.1
Cash and cash equivalents	2.6	10.9	9.0	6.7	32.3	38.2
Total Current assets	10.5	22.9	26.9	28.7	63.9	80.7
Total assets	100.5	125.6	126.6	179.0	214.0	247.1
EQUITY AND LIABILITIES						
Equity						
Share capital	49.9	49.9	49.9	49.9	49.9	49.9
Statutory reserve	-	-	-	-	0.0	0.0
Retained earnings/(accumulated losses)	(54.1)	(68.5)	(64.6)	(40.4)	0.0	21.6
Total equity	(4.1)	(18.5)	(14.7)	9.6	49.9	71.5
Non-current liabilities						
Employees' end of service benefits	0.4	0.6	1.0	1.7	2.6	2.8
Loans and borrowings NC	0.0	15.0	10.0	40.7	51.6	44.3
Trade and other payables NC	28.8	39.1	13.6	2.2	-	-
Total non-current liabilities	29.2	54.8	24.5	44.7	54.1	47.1
Current liabilities						
Loans and borrowings C	-	10.0	25.0	25.0	34.0	40.4
Trade and other payables	75.4	79.3	91.7	99.7	75.9	88.1
Total current liabilities	75.4	89.3	116.7	124.7	109.9	128.5
Total liabilities	104.6	144.1	141.3	169.4	164.0	175.6
Total equity and liabilities	100.5	125.6	126.6	179.0	214.0	247.1

Income Statement (2010 – H1 2015)

Income Statement	2010 KD Mn	2011 KD Mn	2012 KD Mn	2013 KD Mn	2014 KD Mn	H1 2015 KD Mn
Revenue	60.7	93.6	137.5	182.4	239.0	134.4
Other Operating expenses	(70.5)	(93.1)	(114.6)	(116.8)	(126.3)	(69.7)
Depreciation and amortization	(12.6)	(15.2)	(18.0)	(39.5)	(67.6)	(39.5)
Finance cost (Net)	0.2	(0.7)	(0.8)	(1.4)	(2.2)	(1.4)
Other expenses	1.7	1.0	(0.0)	(0.2)	(1.8)	(0.9)
Loss before BoD remuneration, contribution to KFAS and Zakat	(20.5)	(14.4)	4.1	24.5	41.0	22.8
KFAS	-	-	-	-	(0.0)	(0.3)
NLST	-	-	-	-	(0.1)	(0.7)
Zakat	-	-	(0.1)	(0.3)	(0.5)	(0.3)
BOD remuneration	(0.0)	(0.0)	(0.2)	-	(0.2)	-
Net Profit /loss for the period	(20.5)	(14.4)	3.9	24.3	40.4	21.6
Basic earnings per share (in fils)	(41)	(29)	8	49	81	43

Thank you

Investor Relations:

Investor.relations@viva.com.kw

Tel: +965 5000 1911

www.viva.com.kw