

# Investors Presentation

Kuwait Telecommunications Company K.S.C.P

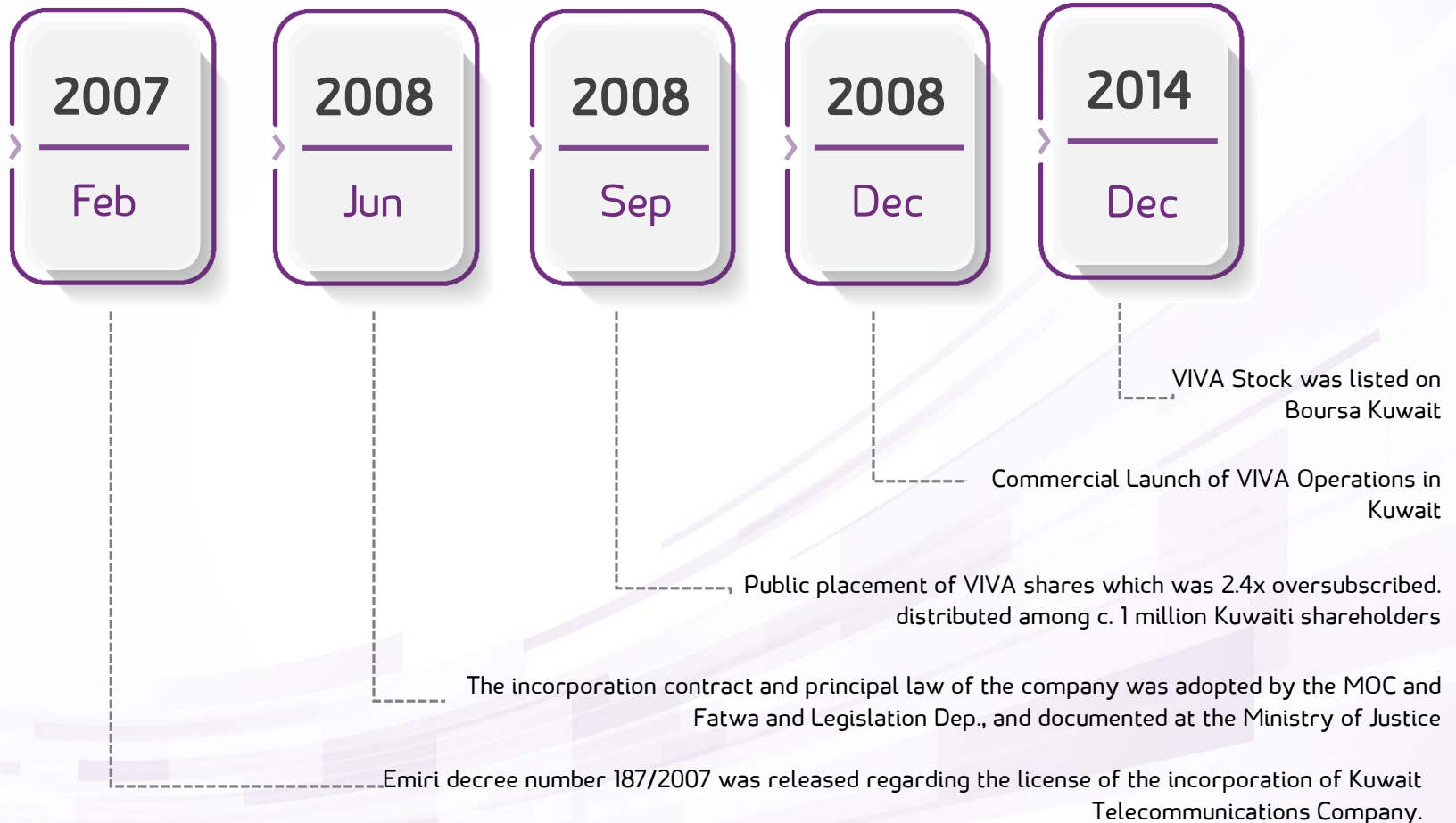
## H1-2019



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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.
- VIVA, Acquired Quality Net
- VIVA announces nationwide 5G services with Huawei in 2019

# 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%



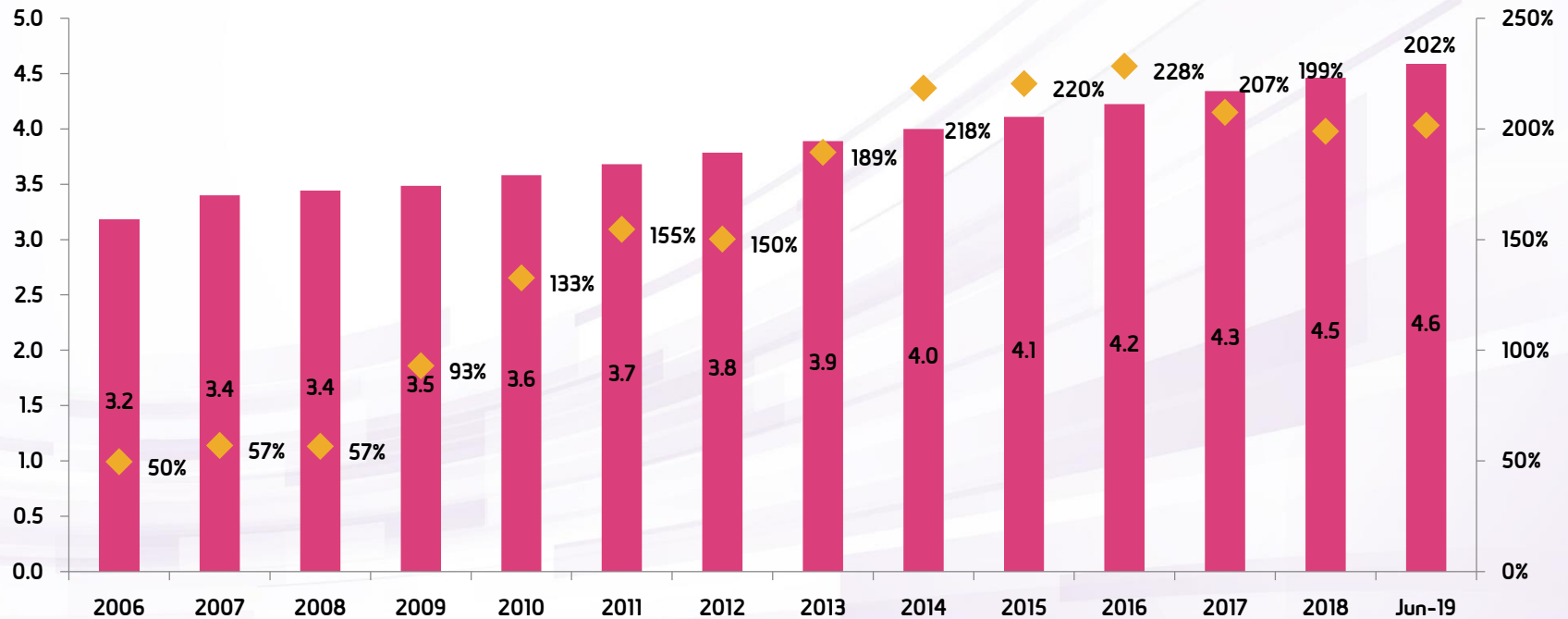
- Public Share holders consists of companies, portfolios, funds and individuals.
- The public shareholders are mix between local, regional and international investors.
- Independent Board member elected during the AGM on 16<sup>th</sup> of May 2016.

# 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 2018 at 199% and estimates by VIVA shows that the penetration rate in Kuwait increased to reach 202% at the end of June 2019.

**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's customers' reached 2.1 million by end of June 2019, which represents a market share of 28%.

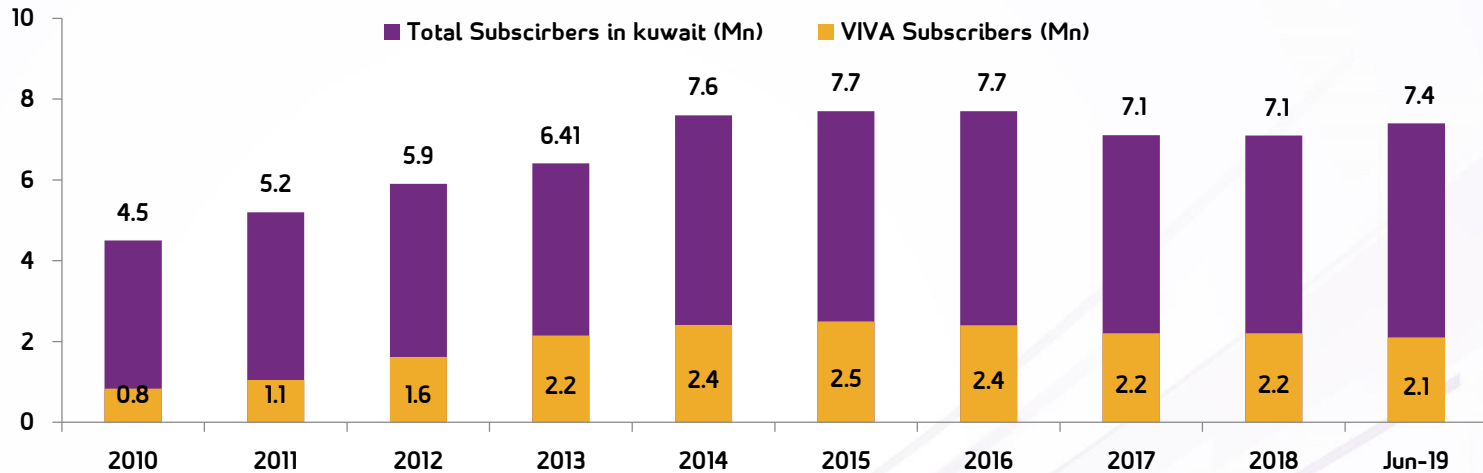
Since its launch in 2008, VIVA has built a valuable brand associated with excellence.

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.

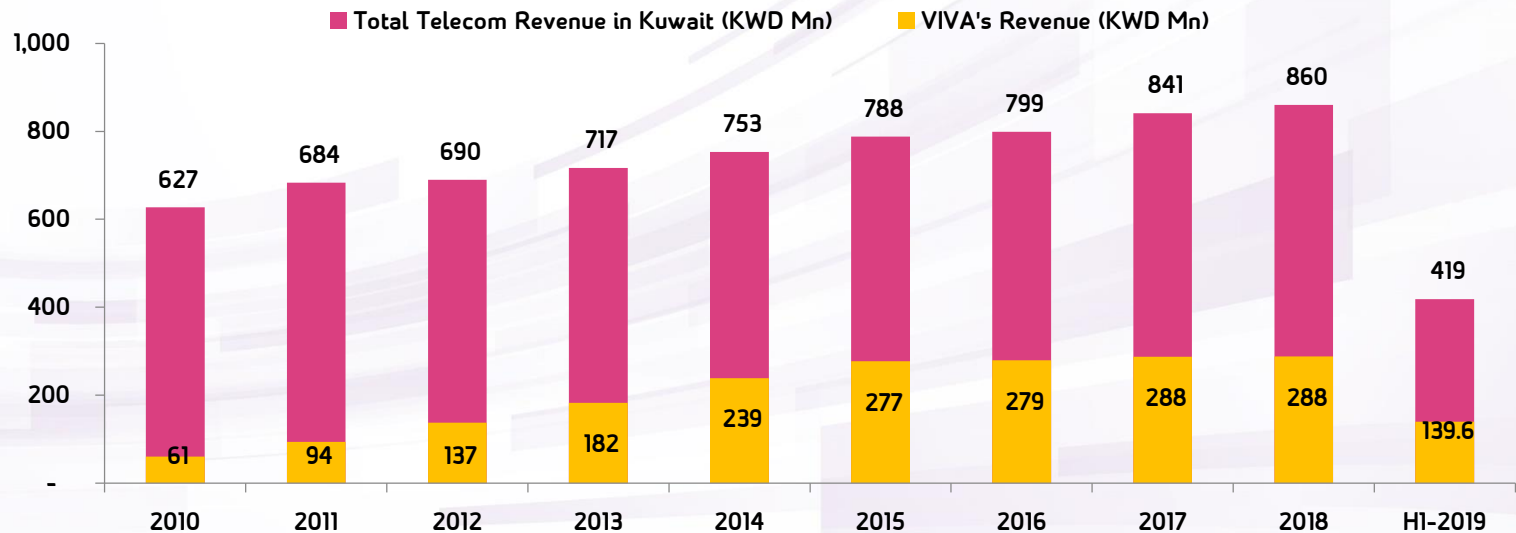


# Market Share

## Total Subscriber Base in Kuwait (Mn)

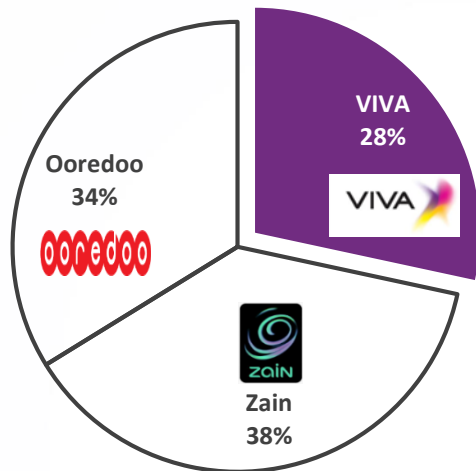


## Telecom Sector Revenues in Kuwait (KWD Mn)

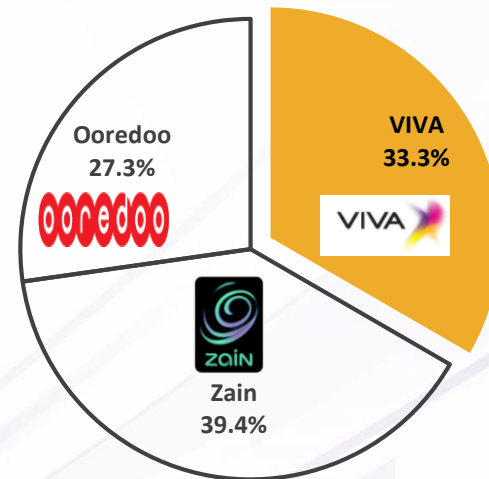


# Market Share vs. peer group

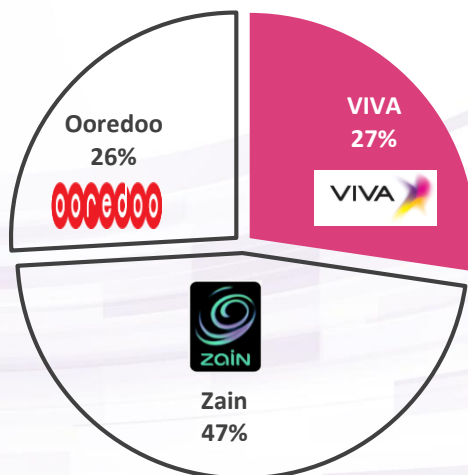
Subscriber Market Share - June-2019



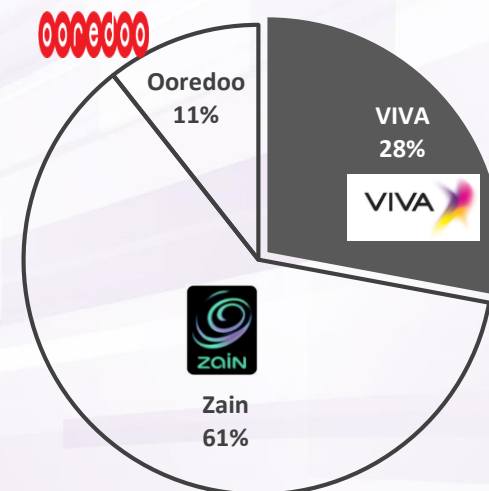
Revenue Market Share - HI 2019



EBITDA Market Share - HI 2019



Net Profit Market Share - HI 2019



# Financial Results

VIVA's revenue reached KD 139.6 mn during the six months ended 30 June 2019 as compared to KD 149.1 mn recorded during the six months ended 30 June 2018.

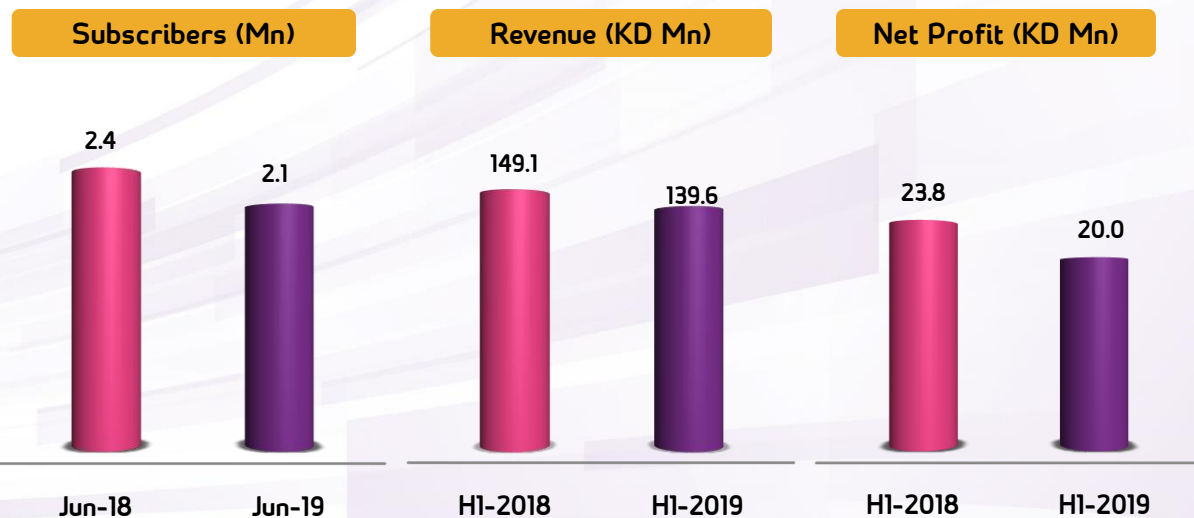
On quarterly basis, VIVA witnessed a remarkable growth in revenues reaching KD 72.9 mn in Q2-19 compared to KD 66.6 mn in Q1-19 representing a growth of 9.5% while the net profit for the same period increased to KD 10.3 mn compared to 9.6 mn.

VIVA's EBITDA increased by 14.1% to reach KD 38 mn during the six months ended 30 June 2019 with an EBITDA Margin of 27% as compared to KD 33.3 mn and margin of 22% during the same period last year.

The net profit reached KD 20 mn (earning per share 40 fils) during HI-2019 as compared to KD 23.8 mn (earning per share 48 fils) recorded during HI-2018.

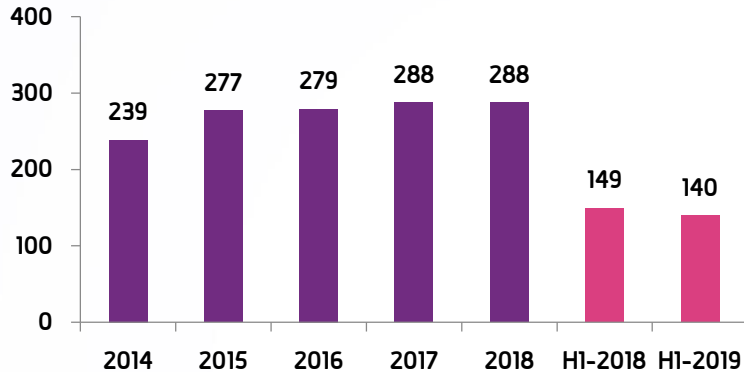
Shareholders' equity base increased to KD 192 million at the end of June 2019 with a growth rate of 16% compared to KD 165.7 mn at the end of June-18. VIVA's customers' reached 2.1 mn by end of June 2019 .

Key Figures & Ratios	HI-2018	HI-2019	Change
Subscribers (Mn)	2.4	2.1	-12.7%
Revenue (KD Mn)	149.1	139.6	-6.4%
EBITDA	33.3	38.0	+14.1%
EBITDA Margin (%)	22%	27%	+4.9 pt.
Net Profit (KD Mn)	23.8	20.0	-16.1%
Net Profit Margin (%)	16%	14%	-1.7 pt.
EPS (Fils)	48	40	-16.1%
Equity (KD Mn)	165.7	192	+16%
BVPS (Fils)	332	384	+16%

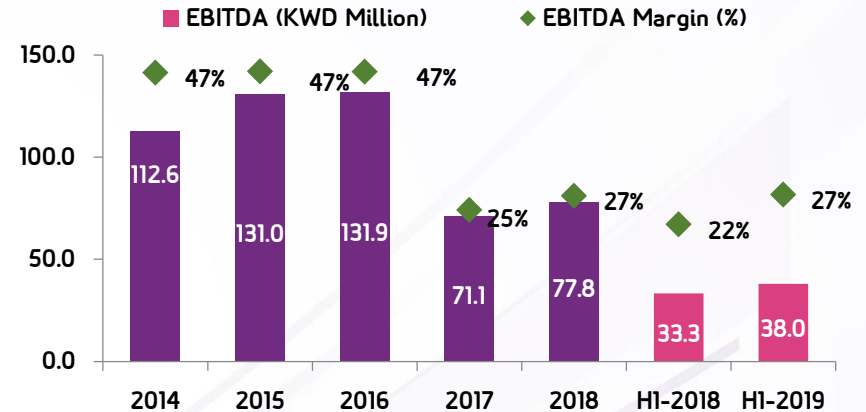


# Financial Highlights

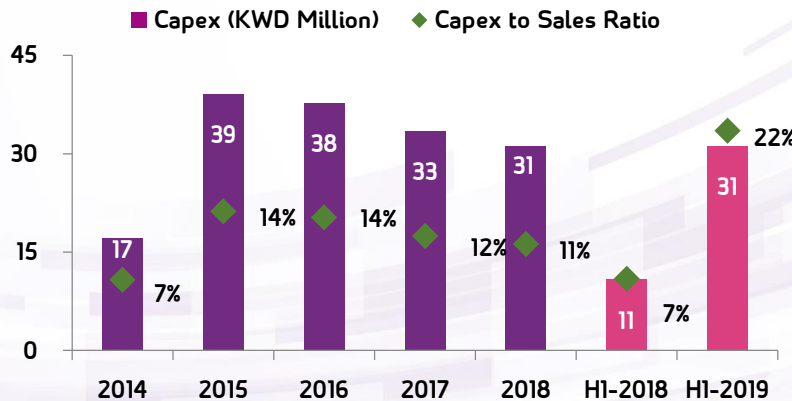
## Revenue (KD Million)



## EBITDA (KD Million)



## CAPEX (KD Million)



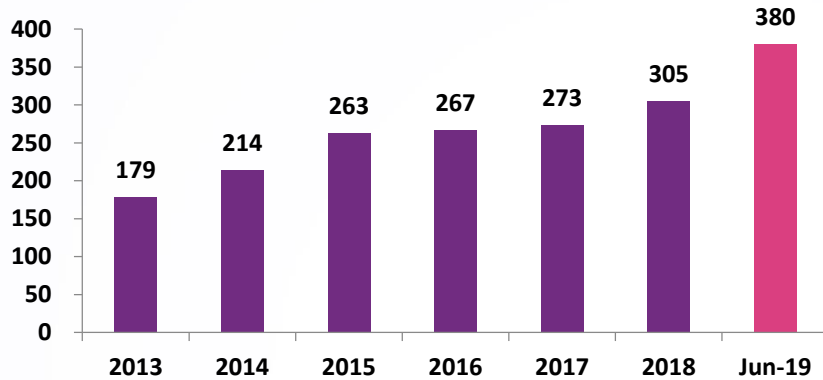
## Net Profit (KD Million)



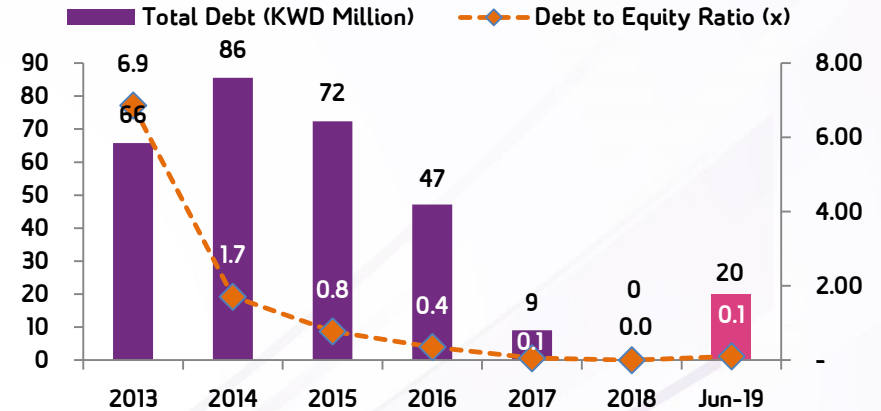
\*FY 2017 and 2018 numbers are based on the IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' which are effective from 1st January 2018 and opted for full retrospective approach.

# Financial Highlights

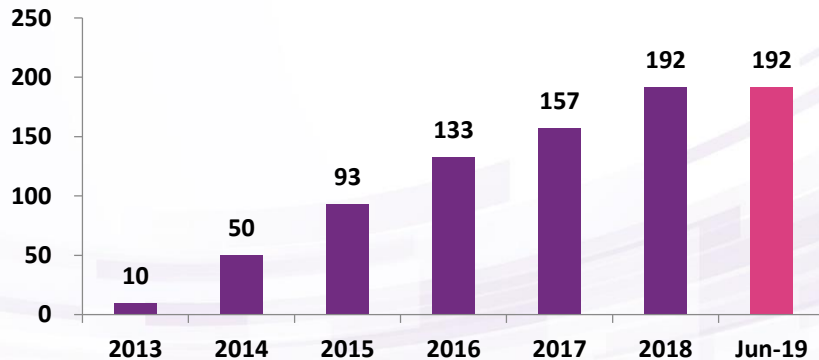
## Total Assets (KD Million)



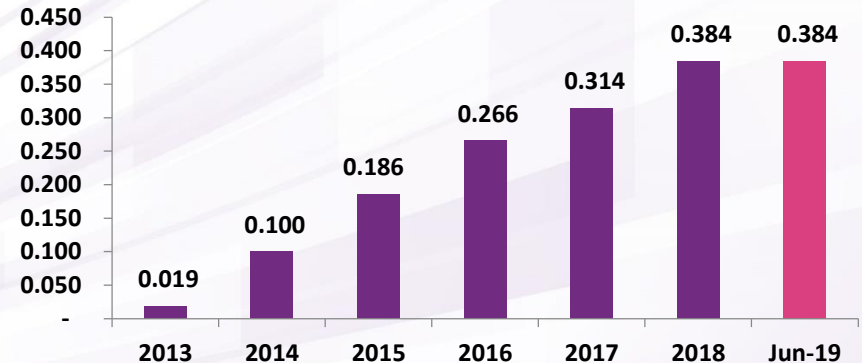
## Total Debt / Equity (KD Million)



## Shareholders Equity (KD Million)



## Book Value Per Share (KD)



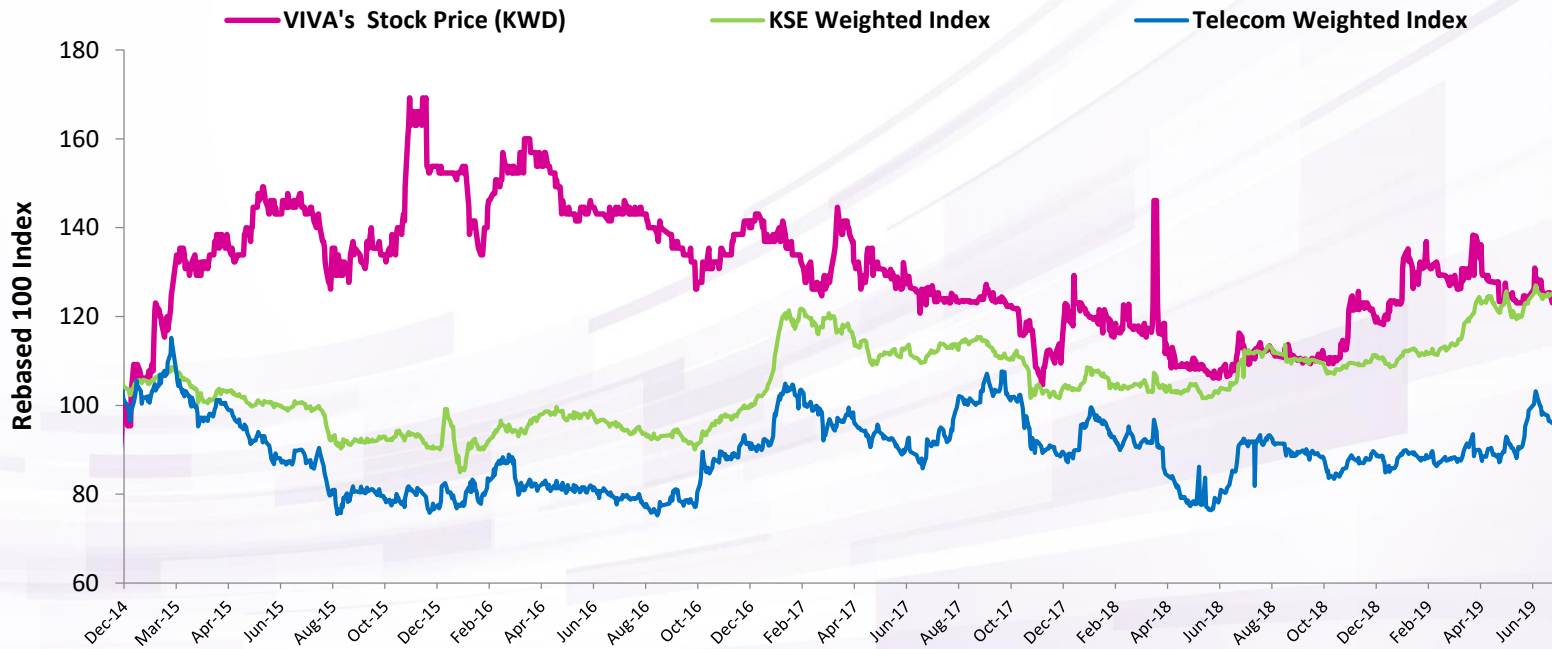
\*2018 numbers are based on the IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" which are effective from 1st January 2018 and opted for full retrospective approach.

# Stock Performance

Closing Price (KD)	0.800	PE (X)	8.6
Paid up Capital (KD Million)	49.9	PB (X)	2.08
Market Cap (KD Million)	400	Dividend Yield (%)	5.0%

Data as of 30 June 2019

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



# Appendix

- **Balance Sheet (2014 - June 2019)**
- **Income Statement (2014 - H1 2019)**

# Balance Sheet (2014 - June 2019)

Balance Sheet	2014	2015	2016	(restated) *2017	*2018	June 2019
	KD Mn	KD Mn	KD Mn	KD Mn	KD Mn	KD Mn
<b>ASSETS</b>						
Property and equipment	113.1	125.4	137.7	145.0	150.5	181.7
Intangible assets	36.3	50.6	47.5	-	-	0.5
Other non-current assets	0.7	-	-	-	-	-
Goodwill	-	-	-	-	-	26.4
<b>Non-current assets</b>	<b>150.1</b>	<b>175.9</b>	<b>185.2</b>	<b>145.0</b>	<b>150.5</b>	<b>208.7</b>
Inventories	5.8	7.1	4.4	12.8	6.9	8.8
Prepayments and other current assets	4.7	5.4	5.0	0.46	4.0	6.9
Trade and other receivables	21.2	22.9	25.7	31.2	35.8	38.5
Contracts assets	-	-	-	47.2	42.5	41.4
Cash and cash equivalents	32.3	51.8	47.2	32.2	65.7	75.9
<b>Current assets</b>	<b>63.9</b>	<b>87.2</b>	<b>82.2</b>	<b>128.2</b>	<b>154.8</b>	<b>171.5</b>
<b>Total assets</b>	<b>214.0</b>	<b>263.1</b>	<b>267.4</b>	<b>273.2</b>	<b>305.4</b>	<b>380.2</b>
<b>EQUITY AND LIABILITIES</b>						
Share capital	49.9	49.9	49.9	49.9	49.9	49.9
Statutory reserve	0.0	4.5	8.7	12.9	18.2	18.2
Voluntary reserve	-	4.5	8.7	12.9	18.2	18.2
Other Reserves	-	-	-	-	(0.31)	(0.3)
Retained earnings/(accumulated losses)	0.0	33.9	65.4	81.0	105.9	105.8
<b>Total equity</b>	<b>49.9</b>	<b>92.9</b>	<b>132.7</b>	<b>156.8</b>	<b>192.0</b>	<b>192.0</b>
Employees' end of service benefits	2.6	2.8	3.2	3.6	5.3	7.5
Loans and borrowings NC	51.6	31.4	11.6	-	-	13.8
Trade and other payables NC	-	-	-	-	-	5.9
<b>Non-current liabilities</b>	<b>54.1</b>	<b>34.2</b>	<b>14.8</b>	<b>3.6</b>	<b>5.3</b>	<b>27.2</b>
Islamic financing facilities	34.0	41.0	35.5	-	-	-
Loans and borrowings C	51.5	31.3	11.6	0.9	-	6.3
Trade and other payables	75.9	95.0	84.4	103.6	108.1	154.7
<b>Current liabilities</b>	<b>109.9</b>	<b>136.0</b>	<b>119.9</b>	<b>112.7</b>	<b>108.1</b>	<b>161.0</b>
<b>Total liabilities</b>	<b>164.0</b>	<b>170.2</b>	<b>134.7</b>	<b>116.3</b>	<b>113.4</b>	<b>188.2</b>
<b>Total equity and liabilities</b>	<b>214.0</b>	<b>263.1</b>	<b>267.4</b>	<b>273.2</b>	<b>305.4</b>	<b>380.2</b>

\*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-H1 2019)

Income Statement	2014	2015	2016	(Restated)		H1 -2018	H1 -2019
	KD Mn	KD Mn	KD Mn	*2017 KD Mn	*2018 KD Mn	KD Mn	KD Mn
<b>Revenue</b>	<b>239.0</b>	<b>276.9</b>	<b>279.1</b>	<b>287.7</b>	<b>287.8</b>	<b>149.1</b>	<b>139.6</b>
Operating expenses	(65.5)	(78.7)	(80.9)	(145.5)	(139.3)	(76.1)	(69.7)
Staff costs	(15.9)	(15.8)	(18.0)	(20.4)	(21.7)	(11.0)	(11.8)
Expected credit losses on trade & other receivables	(4.1)	(7.1)	(9.0)	(14.1)	(18.2)	(10.0)	(7.0)
Depreciation and amortization	(67.6)	(82.2)	(88.4)	(25.9)	(25.6)	(12.3)	(18.0)
General and administrative expenses	(40.8)	(44.2)	(39.2)	(36.3)	(30.6)	(18.6)	(12.9)
Finance cost (Net)	(2.3)	(2.8)	(2.1)	(1.2)	(0.1)	(0.2)	(0.3)
Other income/(expenses)	(1.8)	(0.9)	0.4	0.9	0.7	4.1	1.2
<b>Loss before BoD remuneration, contribution to KFAS and Zakat</b>	<b>41.0</b>	<b>45.2</b>	<b>41.9</b>	<b>45.0</b>	<b>53.0</b>	<b>25.0</b>	<b>21.1</b>
KFAS	(0.0)	(0.4)	(0.4)	(0.4)	(0.5)	(0.2)	(0.2)
NLST	(0.1)	(1.2)	(1.1)	(1.2)	(1.4)	(0.6)	(0.6)
Zakat	(0.5)	(0.5)	(0.4)	(0.5)	(0.6)	(0.3)	(0.2)
BOD remuneration	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)
<b>Net Profit /loss for the period</b>	<b>40.4</b>	<b>43.0</b>	<b>39.8</b>	<b>42.7</b>	<b>50.4</b>	<b>23.8</b>	<b>20.0</b>
<b>Basic earnings per share (in fils)</b>	<b>81</b>	<b>86</b>	<b>80</b>	<b>86</b>	<b>101</b>	<b>48</b>	<b>40</b>

\*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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