

Kuwait Telecommunications Company K.S.C.P.

Investor Presentation

Full Year 2015



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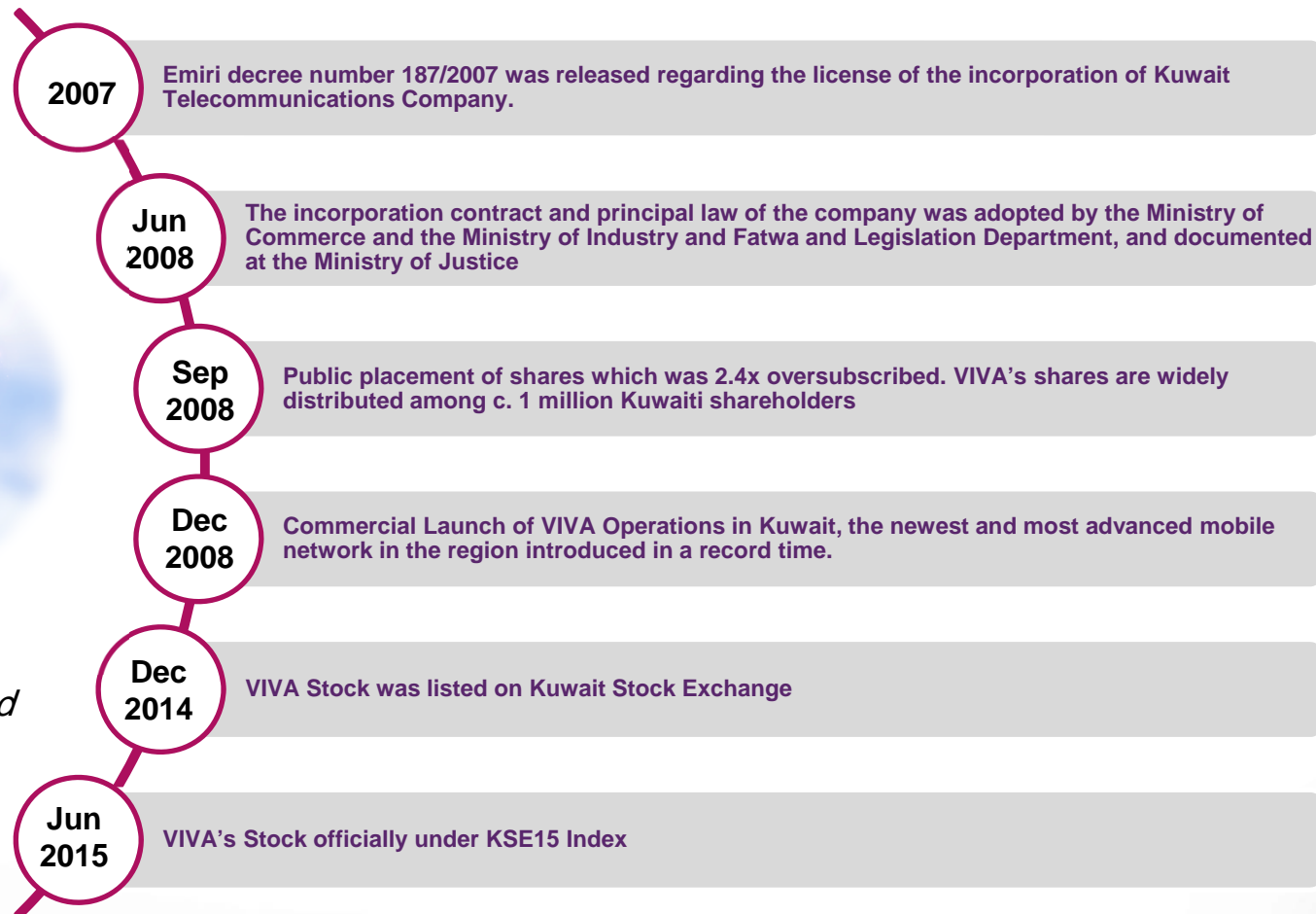
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VIVA's History in Brief



*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 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

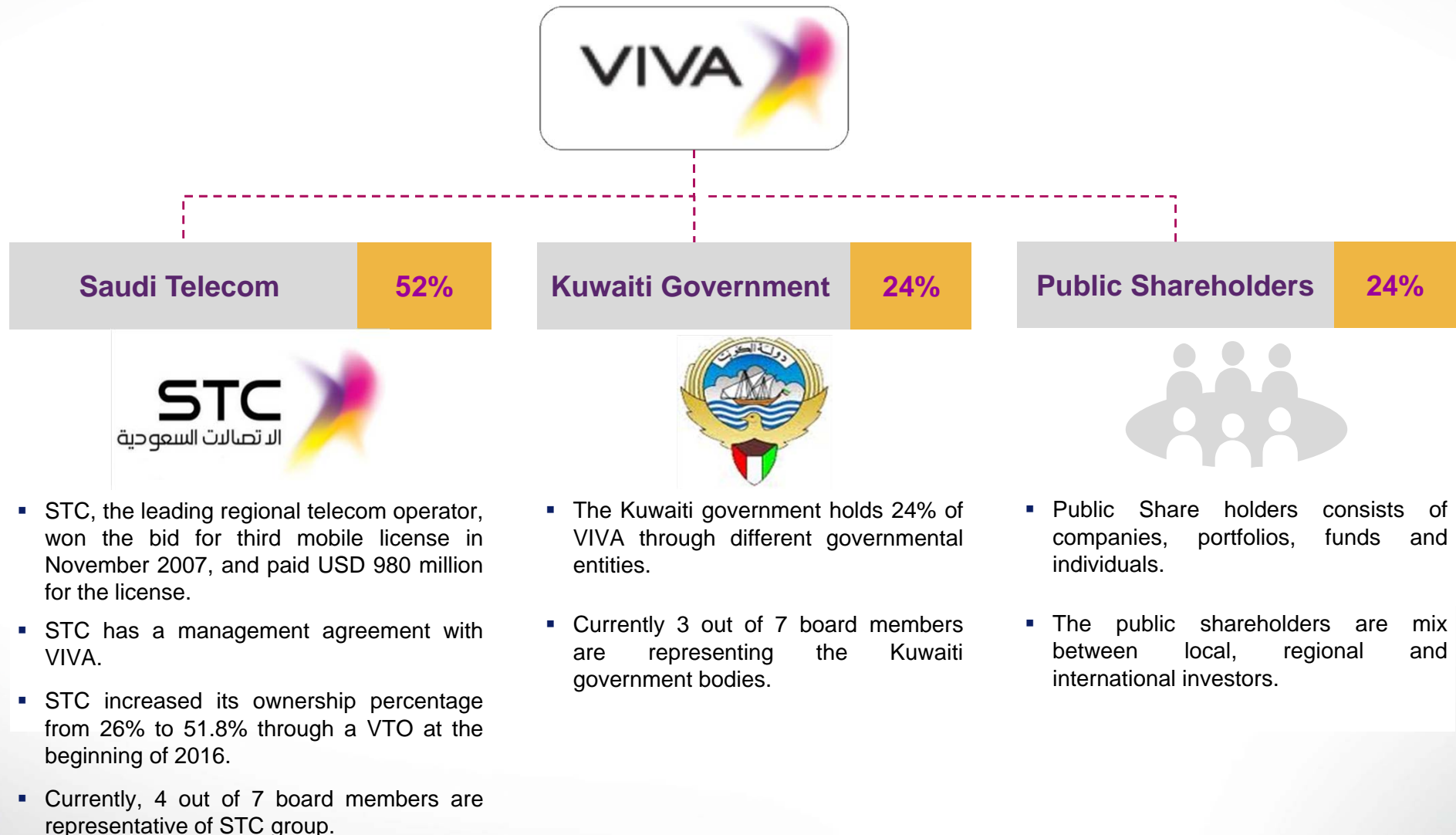
We offer a wide range of easy to understand products. Our actions create value, helping our customers lead more rewarding and enjoyable lives

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

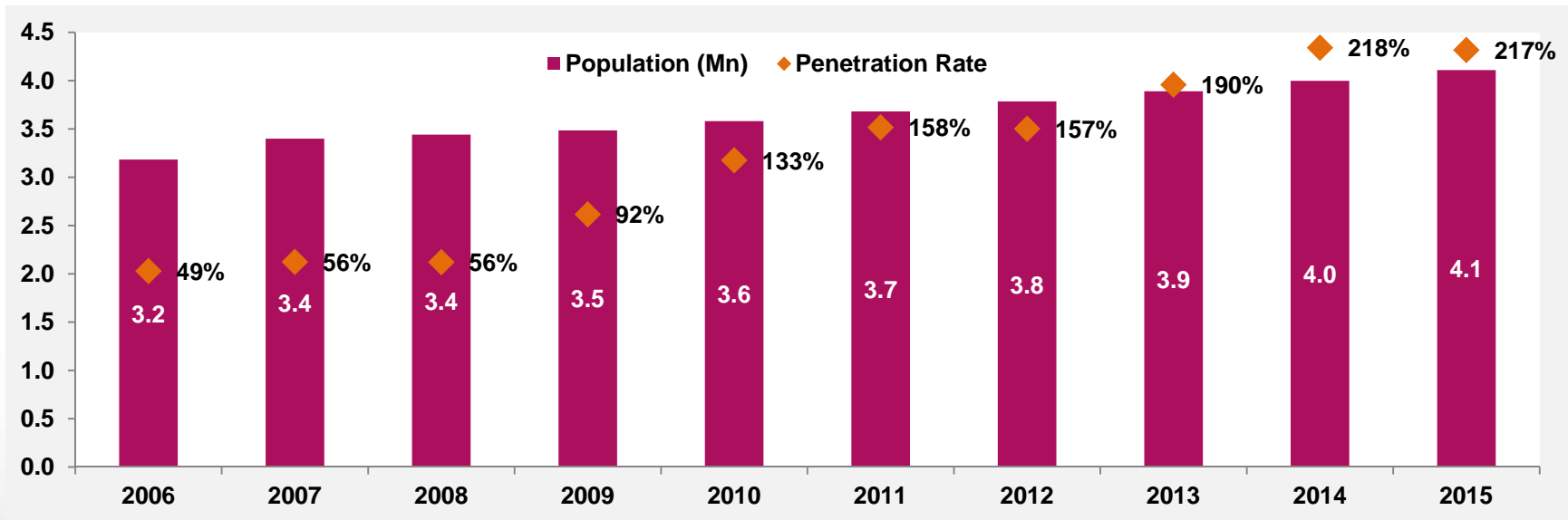


Population & Penetration

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 The Telecommunication Development Sector (ITU-D), and the year 2015 will be on the same levels of 217%.

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



Source of Population: IMF
Source of Penetration rate till 2014: ITU

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 replaced the Ministry of Communication on **2nd Feb 2016**

August 2016

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

Historically and till 1st of Feb 2016, all telecom operators in Kuwait were regulated by the Ministry of Communications

We believe that the TRA will have a positive impact on the development of the telecom sector and create a fair regulatory environment for all local telecom companies.

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 2.5 million customers by the end of Dec 2015, which represents a market share of 32%.

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.

Relationship with STC

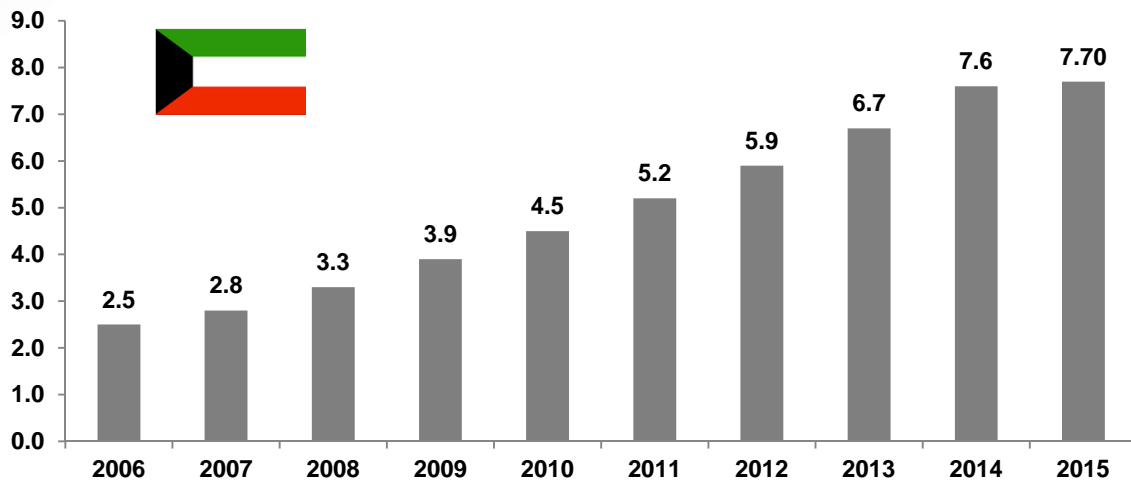
- STC (the largest telecom company in the region) will continue to be a major shareholder and VIVA will continue to benefit from being a member of the STC group.
- Through this relationship, VIVA has access to technical support, industry best practice for provision of telecom services, as well as stronger purchasing power benefiting from joint procurement and coordination of regional initiatives.

Extensive distribution channels

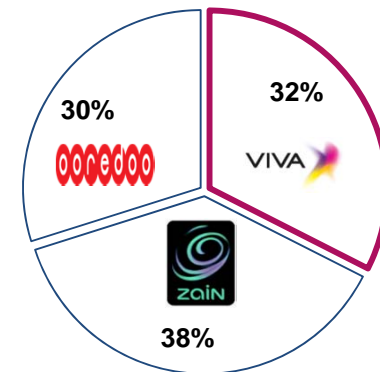
- VIVA has an extensive, well-developed and increasingly sophisticated direct and indirect distribution network covering all parts of Kuwait.
- VIVA Inaugurates Seven New Branches to its network amounting to a total of 70 branches across Kuwait

VIVA's Market Share

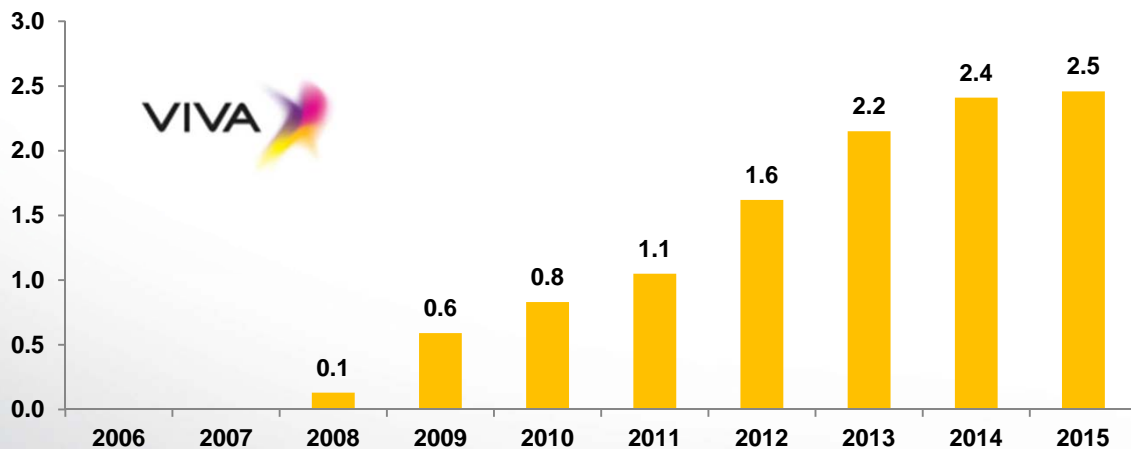
Total Subscriber Base in Kuwait (Mn)



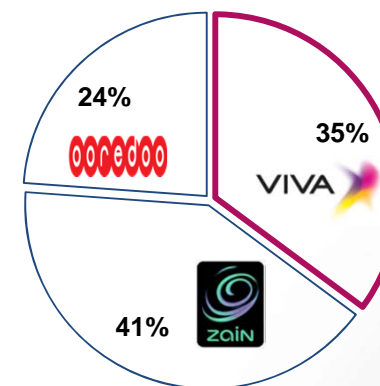
Subscriber Market Share – Dec 2015



VIVA Subscribers (Mn)



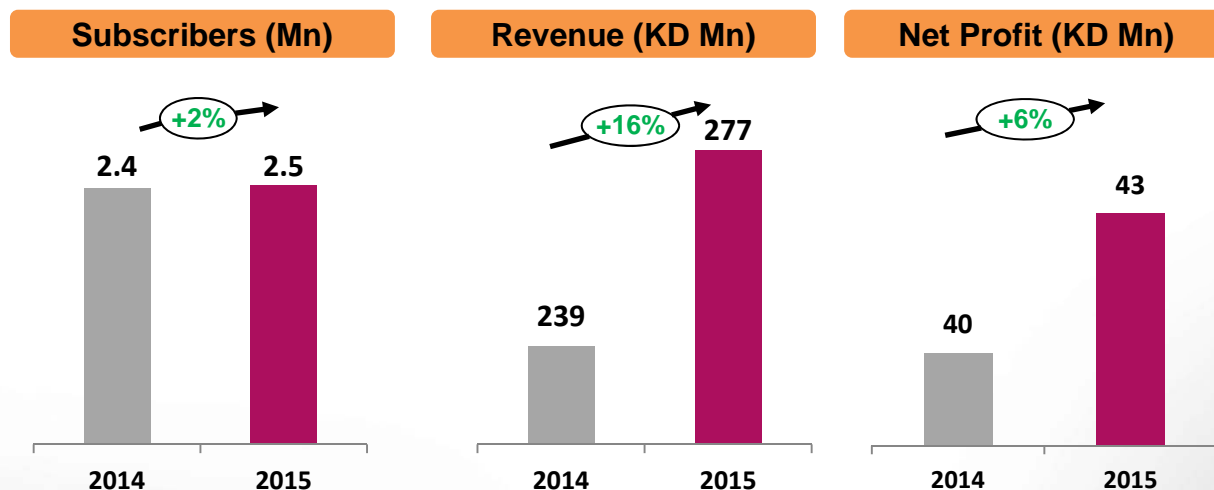
Revenue Market Share – Dec 2015



Latest Financial Results

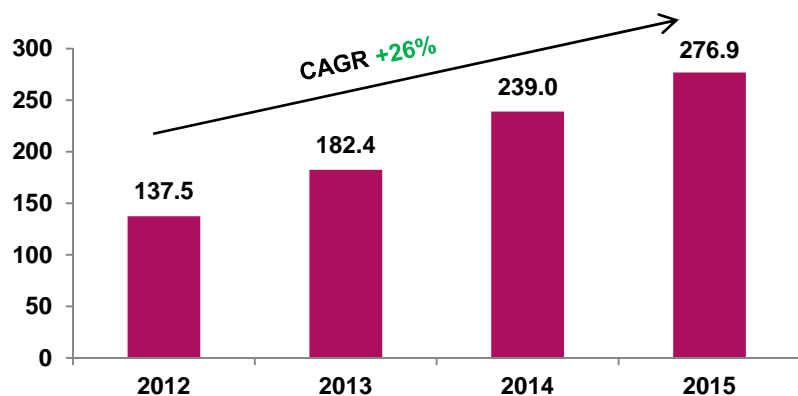
- Client base witnessing an increase of 2% to reach 2.5 Mn subscribers in 2015, compared to 2.4 Mn in 2014.
- VIVA continued to report a remarkable growth with mobile revenue at the end of 2015 growing 16% to reach KD 277 Mn compared to KD 239 Mn at the end of 2014.
- Operating profit grew 8% in 2015, with a margin of 18%.
- VIVA's bottom line grew by 6% to reach KD 43 Mn in 2015 compared to KD 40 Mn last year.

Key Figures & Ratios	2014	2015	Growth
Subscribers (Mn)	2.4	2.5	+2%
Revenue (KD Mn)	239	277	+16%
Operating Profit (KD Mn)	45	49	+8%
Operating Profit Margin (%)	19%	18%	-1pt.
Net Profit (KD Mn)	40	43	+6%
Net Profit Margin (%)	17%	16%	-1pt.
EPS (Fils)	81	86	+6%
Equity (KD Mn)	50	93	+86%
BVPS (Fils)	100	186	+86%

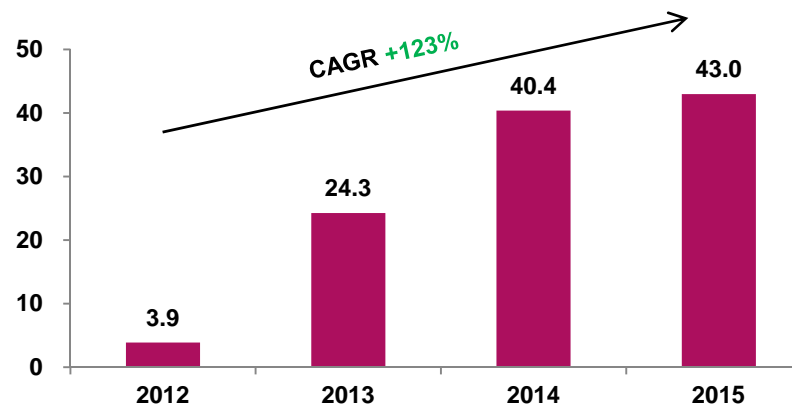


Historical Financial Highlights

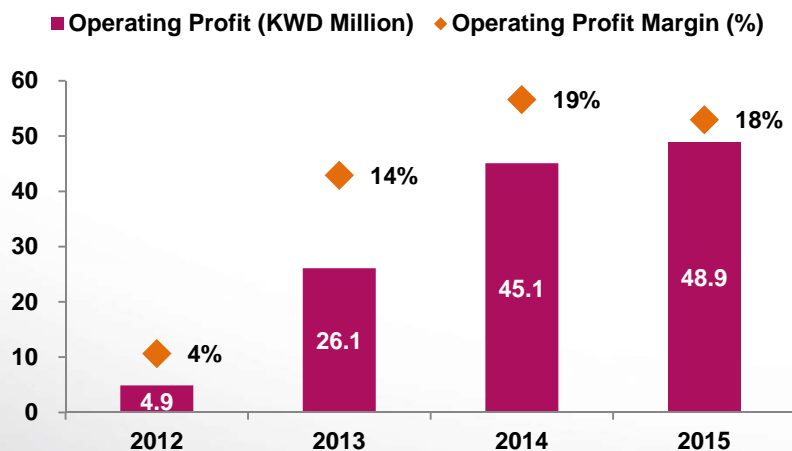
Revenue (KD Million)



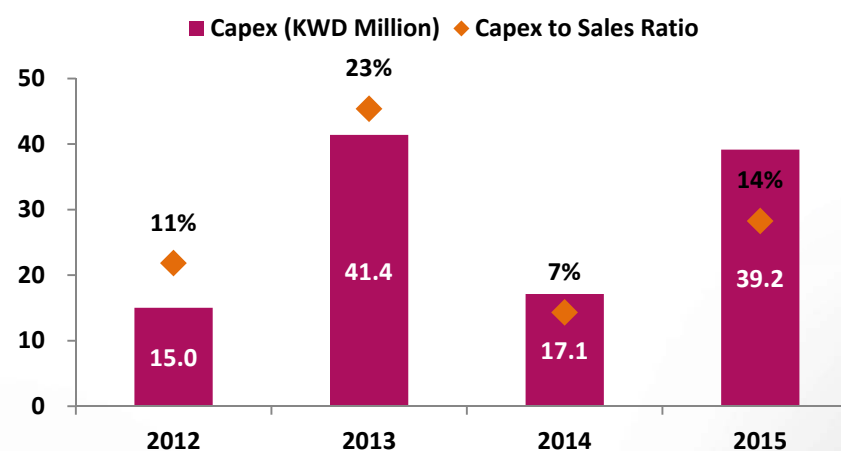
Net Profit (KD Million)



Operating Profit (KD Million)

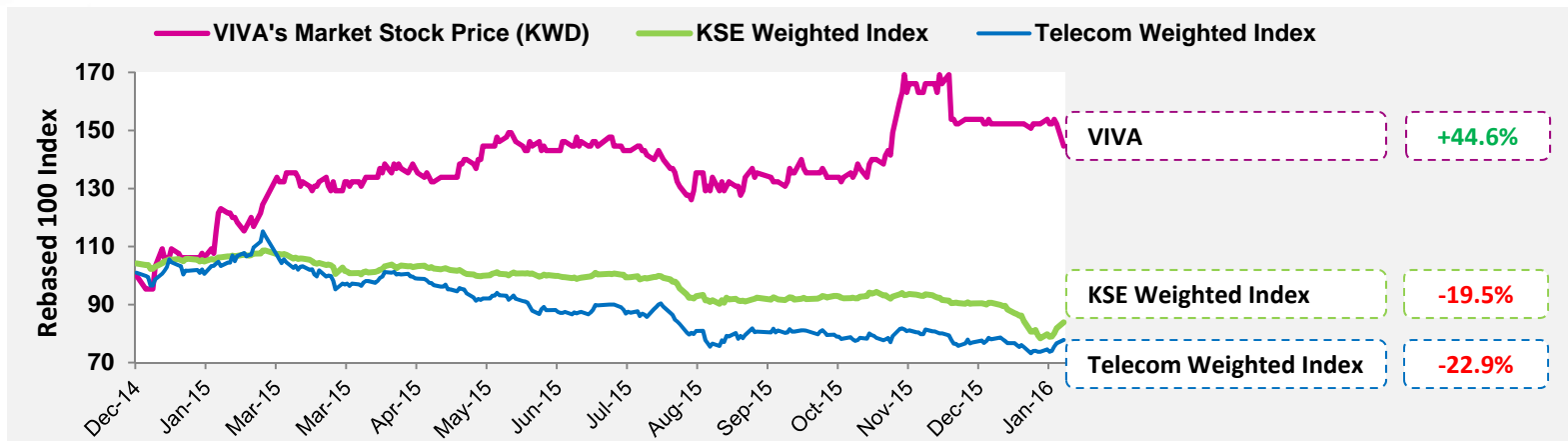


CAPEX (KD Million)

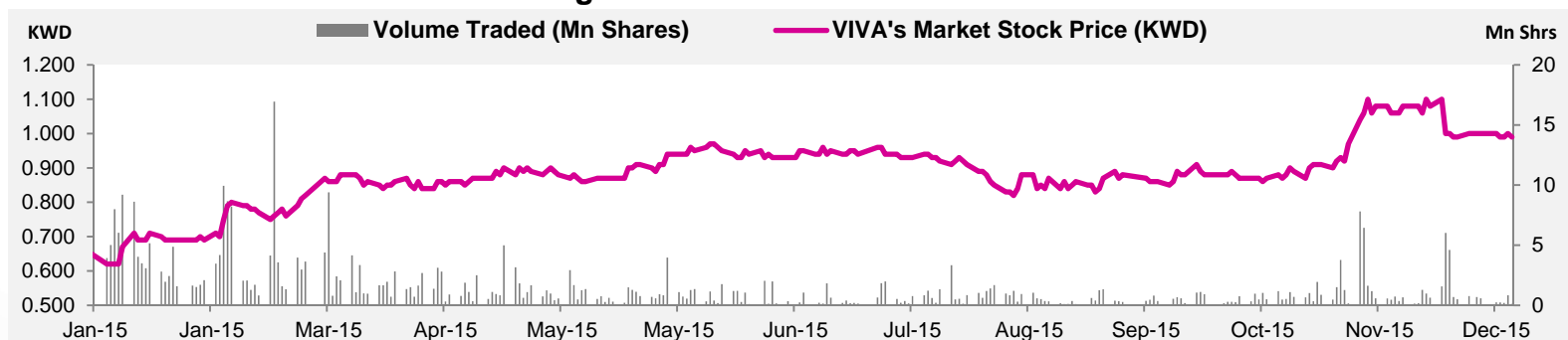


VIVA's Stock Performance

Rebased Index Since VIVA's 31 Dec 2014 – Stock Performance vs. KSE and Telecom weighted Indices



FY-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	2015 Share Turnover (%)	FY 2015 Return (%)
0.990	1.120	0.590	387.26	323.22	67,737	77.5%	+52.3%

Source: Kuwait Stock Exchange,
Note: Data provided in the above table for the Full year 2015

Appendix

- **Balance Sheet (2012– 2015)**
- **Income Statement (2012– 2015)**

Balance Sheet (2012 – 2015)

Balance Sheet	2012 KD Mn	2013 KD Mn	2014 KD Mn	2015 KD Mn
ASSETS				
Non-current assets				
Property and equipment - Net	98.9	119.0	113.1	125.4
Intangible assets - Net	0.1	30.6	36.3	50.6
Other non-current assets	0.7	0.7	0.7	0.6
Total non-current assets	99.7	150.3	150.1	176.5
Current assets				
Inventories	2.2	4.9	5.8	7.1
Prepayments and other current assets	5.7	4.3	4.7	4.8
Trade and other receivables	9.9	12.8	21.2	22.9
Cash and cash equivalents	9.0	6.7	32.3	51.8
Total Current assets	26.9	28.7	63.9	86.6
Total assets	126.6	179.0	214.0	263.1
EQUITY AND LIABILITIES				
Equity				
Share capital	49.9	49.9	49.9	49.9
Statutory/Voluntary reserve	-	-	0.0	9.0
Retained earnings/(accumulated losses)	(64.6)	(40.4)	0.0	33.9
Total equity	(14.7)	9.6	49.9	92.9
Non-current liabilities				
Employees' end of service benefits	1.0	1.7	2.6	2.8
Loans and borrowings NC	10.0	40.7	51.6	31.4
Trade and other payables NC	13.6	2.2	-	-
Total non-current liabilities	24.5	44.7	54.1	34.2
Current liabilities				
Loans and borrowings C	25.0	25.0	34.0	41.0
Trade and other payables	91.7	99.7	75.9	95.0
Total current liabilities	116.7	124.7	109.9	136.0
Total liabilities	141.3	169.4	164.0	170.2
Total equity and liabilities	126.6	179.0	214.0	263.1

Income Statement (2012 – 2015)

Income Statement	2012 KD Mn	2013 KD Mn	2014 KD Mn	2015 KD Mn
Revenue	137.5	182.4	239.0	276.9
Other Operating expenses	(114.6)	(116.8)	(126.3)	(145.8)
Depreciation and amortization	(18.0)	(39.5)	(67.6)	(82.2)
Finance cost (Net)	(0.8)	(1.4)	(2.2)	(2.6)
Other expenses	(0.0)	(0.2)	(1.8)	(1.0)
Loss before BoD remuneration, contribution to KFAS and Zakat	4.1	24.5	41.0	45.2
KFAS	-	-	(0.0)	(0.4)
NLST	-	-	(0.1)	(1.2)
Zakat	(0.1)	(0.3)	(0.5)	(0.5)
BOD remuneration	(0.2)	-	(0.2)	(0.2)
Net Profit /loss for the period	3.9	24.3	40.4	43.0
Basic Earnings Per Share (EPS in fils)	8	49	81	86

Thank you

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