

Earnings Release

Kuwait Telecommunications Company K.S.C.P

Full Year
2018

Full Year ended 31 December 2018



VIVA's financial results

For the Full Year Ended 31 December 2018

VIVA, Kuwait's fastest-growing and most developed telecom operator, announced the financial results for the full year ended on 31 December 2018; whereby VIVA's net profit grew to reach KD 50.4 million recording growth of 18% compared to the year ended 2017. Whereas the revenues during 2018 reached KD 288 million. VIVA achieved these results due the cost optimization program adopted by the company during the current year on profitability, as the company adopted a balanced and effective financial policy in managing CAPEX and operating expenses; in addition to a bundle of innovative plans and offers to meet all customers segments' needs, as well as to direct customer-focused marketing campaigns.

These results reflect VIVA's focus on achieving outstanding customer experience, high quality of services, innovative promotions and solutions to meet its customers' needs and aspirations, inspired by their confidence which motivates us to provide the best services with the highest possible quality.

Key Figures & Ratios	FY-2017 (Restated)	FY-2018	Change
Subscribers (Mn)	2.27	2.15	-5.4%
Revenue (KD Mn)	287.7	287.9	+0.1%
EBITDA	71.1	77.8	+9.5%
EBITDA Margin (%)	25%	27%	+2.3 pt.
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%

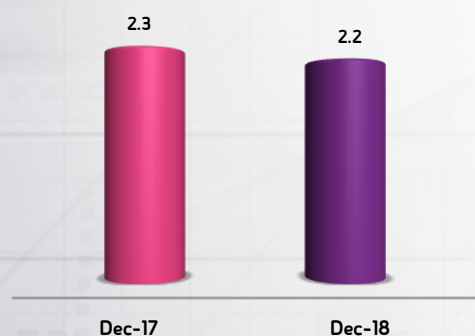
Key Financial Highlights

- VIVA's revenue grew by 0.1% during the year ended 31 December 2018 to reach KD 287.9 million as compared to KD 287.7 million recorded during the year ended 31 December 2017.
- VIVA's EBITDA increased by 9.5% to reach KD 77.8 million during the year ended 31 December 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 (earning per share 101 fils) during FY 2018 as compared to KD 42.8 million (earning per share 86 fils) recorded during 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 December 2018 with a growth rate of 22% compared to KD 157 million at the end of December 2017. VIVA's customers' reached 2.20 million by end of Dec 2018.
- The Board of Directors has recommended distributing cash dividends of 40 fils among the shareholders representing 40% of the nominal share value for the year ended 2018 subject to the approval of the Ordinary General Assembly of the company.

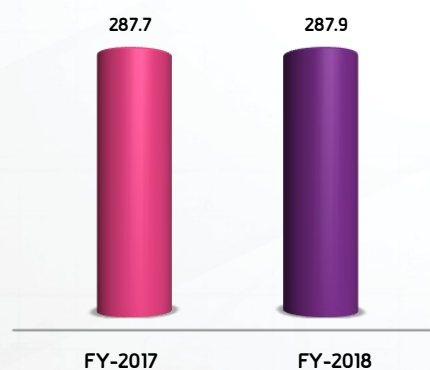
Key News, Developments & Operational Highlights

- Signing of an initial agreement for the sale and purchase of QualityNet shares:** Kuwait Telecom Company's ("VIVA") signed on the 4th of November 2018 an initial agreement with Bahrain Telecommunication Company ("BATELCO") and National Bank of Kuwait ("NBK") to purchase the entire share capital of QualityNet General Trading and Contracting W.L.L. ("QualityNet") at a price to be established on the completion of the full transfer of the shares to VIVA subject to the satisfaction and fulfilment of certain conditions, as agreed between the parties. QualityNet's shares will be transferred to VIVA after signing the final sale and purchase agreement and fulfilling the terms, conditions and covenants therein and obtaining the necessary regulatory approvals.
- VIVA Wins "Advertising Creativity Award" at Arab Media Forum:** has been recognized with an award during the "Advertising Creativity Awards Ceremony" as first place in the category of "Most Influential Ad" for the Ramadan 2018 TV Ad at the Arab Media Forum's event.
- VIVA Recognized as Leading Corporate for Investor Relations in Kuwait 2018 - third in the Middle East by MEIRA:** Viva has been recognized as "Leading Corporate for Investor Relations in Kuwait" and third in the Middle East. Viva received this significant award during The Gala which took place at the 10th annual conference of the Middle East Investor Relations Association "MEIRA" in presence of the biggest listed shareholding companies on the stock exchanges in the GCC and the Middle East Region.

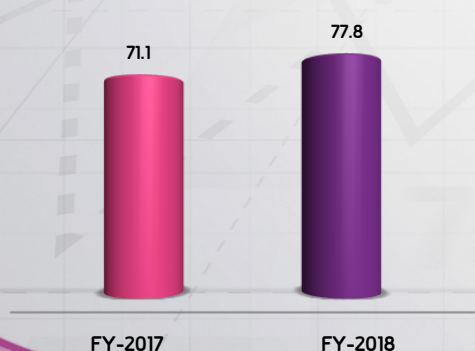
Subscribers (Mn)



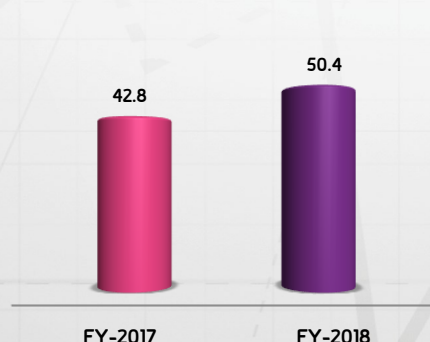
Revenue (KD Mn)



EBITDA (KWD Mn)



Net Profit (KD Mn)



Chairman Statement

Commenting on 2018 financial results, Dr. Mahmoud Ahmed Abdulrahman, VIVA's Chairman said: "Despite the high competition witnessed in Kuwait Telecommunication Market, VIVA was able to achieve good levels of revenues and growth in profitability to sustain the operational efficiency to ensure generating positive return to our shareholders. These results were achieved by an integrated management approach from a highly professional team that promotes VIVA's substantial and positive role as a leading telecommunications company that always provides intelligent communications solutions to meet its customers' needs".

He added: "VIVA has demonstrated its ability to achieve growth in the net profit amid the current fierce conditions in Kuwait Telecommunication sector and the decline in telecom tariffs thus pressurizing the growth of revenues. VIVA managed to achieve net profit of KD 50.4 million (earnings per share of 101 fils) during the FY 2018 compared to net profit of KD 42.8 million (earnings per share of 86 fils) during FY 2017." On the other hand, VIVA has enhanced shareholders' equity base to stand at KWD 192 million at the end of 2018 with a growth rate of 22% compared to 2017. These results achieved by VIVA during 2018 reflect the efficient business strategy adopted by the company to achieve outstanding results inspite of the increasing competitiveness. Also, VIVA managed to achieve positive earnings for its shareholders as a result of the commitment to elevate the quality of customer service and improving the operational efficiency". The Board of Directors has recommended distributing cash dividends of 40 fils among the shareholders representing 40% of the nominal share value for the year ended 2018 subject to the approval of the Ordinary General Assembly of the company.

CEO Statement

On his part, Eng. Salman bin Abdulaziz Al Badran, VIVA's CEO said: "Results of 2018 came in line with VIVA's goals and boundless ambitions to achieve an increase in its operational revenues, profitability and strengthen its leadership in the telecommunication market. It is noteworthy to mention that, VIVA has won many awards including "Leading Corporate for Investor Relations in Kuwait" and third in the Middle East by MEIRA, "Best Network Development" in the MENA region presented at the third annual 5G MENA Awards 2018 Ceremony, "Speedtest Award Winner 2017 - Kuwait's Fastest Mobile Network" by Ookla, launched Voice over Long Term Evolution Plus 'VoLTE Plus' technology, and was the first telecom company in Kuwait that has physically demo its "5G" services to its customers."

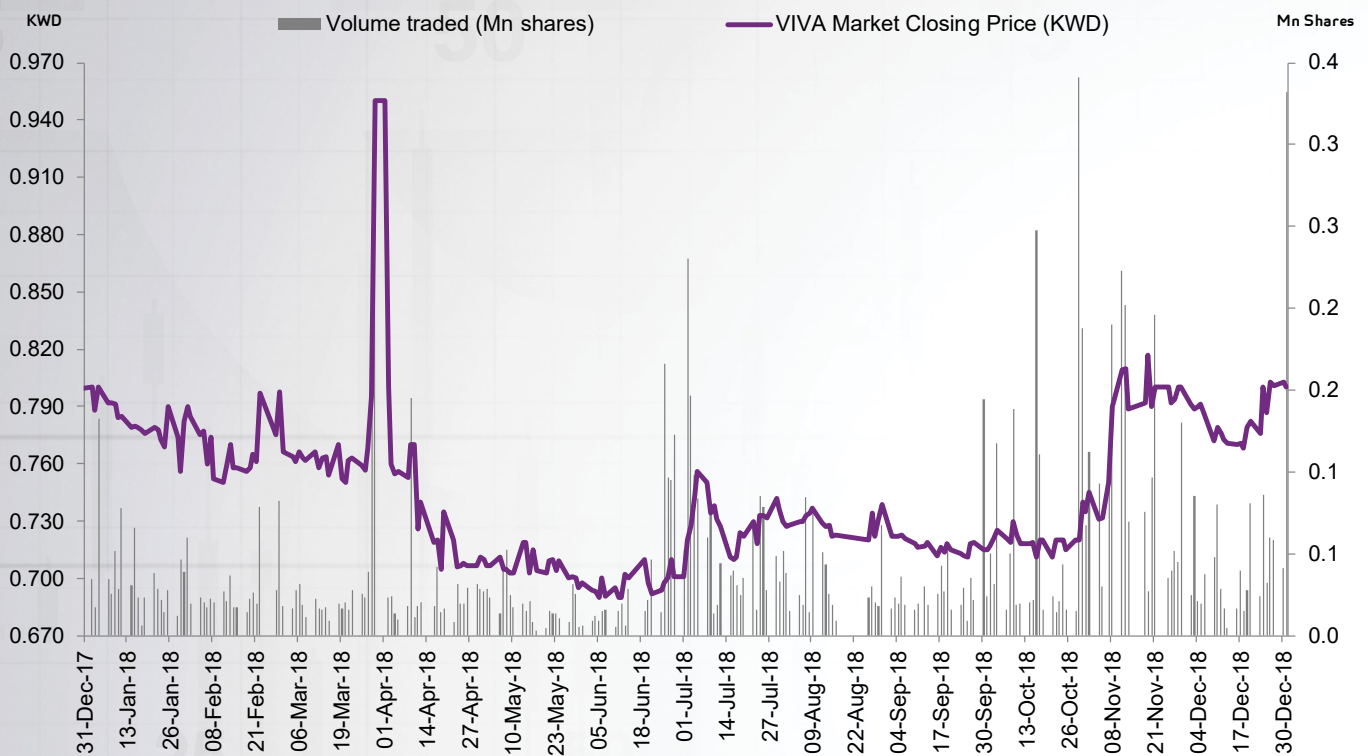
He added: "VIVA has achieved good levels of revenues and increase in the profitability which improved the company's financial and operational efficiency. As a result, VIVA recorded revenues of KD 288 million during FY 2018 and achieved net profit of KD 50.4 million (earnings per share of 101 fils) recording growth of 18% compared to FY 2017, whereas EBITDA reached KD 77.8 million compared to KD 71.1 Million during FY 2017. On the other hand, VIVA customer base has reached 2.2 million at the end of December, 2018".

CFO Statement

On his part, Mr. Mohammed Bin AbdulMohsen Al-Assaf, VIVA's CFO, said: "VIVA's financial results reflect its ability to compete, sustain revenues and maintain its position as the second largest telecom operator in the Kuwaiti market in term of market share in the telecommunication sector. Al-Assaf said, "we started to observe the impact of the cost optimization program adopted by the company during the current year on profitability which increased by 18%, as the company adopted a balanced and effective financial policy in managing CAPEX and operating expenses". He added: "We will continue our hard work in implementing our strategy to maintain our competitive edge and achieve further growth and success in the Kuwaiti telecom market through offering innovative products and services in line with the latest technology to meet our customers' needs".

FY-2018 Stock

Performance and Indicators



Closing Price (KD)	High Price (KD)	Low Price (KD)	Volume Traded (Mn Shares)	Value Traded (KD Mn)	Number of Deals	Share Turnover (%)	FY-2018 Return (%)
0.800	0.950	0.683	11.03	8.21	8,426	0.24%	0.13%

Source: Boursa Kuwait,

Note: Data provided in the above table as of 31 Dec 2018.

About VIVA

VIVA is the fastest-growing telecom operator in Kuwait. Launched in December 2008, VIVA makes things 'More' for its customers by transforming communication, information and entertainment experiences. The company has rapidly established a pioneer position in the market through its customer centric approach. VIVA's quest is to be the mobile brand of choice in Kuwait by being transparent, engaging, energetic and fulfilling. VIVA continues to take a considerable share of the market by offering an innovative range of best value products, services and content propositions; a state of the art, nationwide network and world-class service. VIVA offers internet speeds of more than 100 Mbps, due to the implementation of the most advanced fourth generation "4G LTE" network in Kuwait resulting in superior coverage, performance and reliability, and has been recognized as "Speedtest Award Winner 2017 - Kuwait's Fastest Mobile Network", based on Ookla's analysis of Speedtest Intelligence data in Q2-Q3 2017.

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