

Investors Presentation

Kuwait Telecommunications Company K.S.C.P

9M- 2018

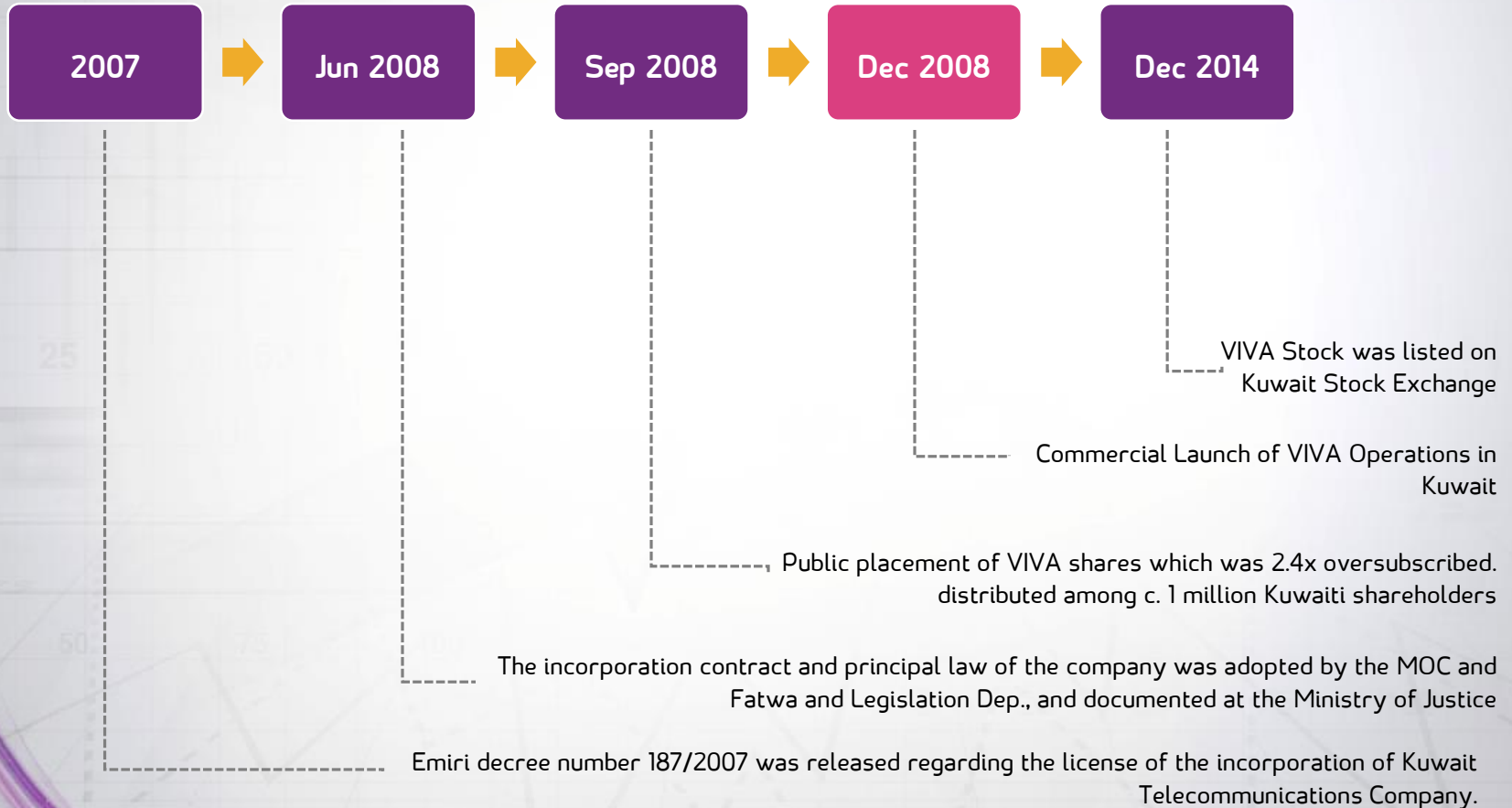
VIVA



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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

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

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
الاتصالات السعودية



- 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%



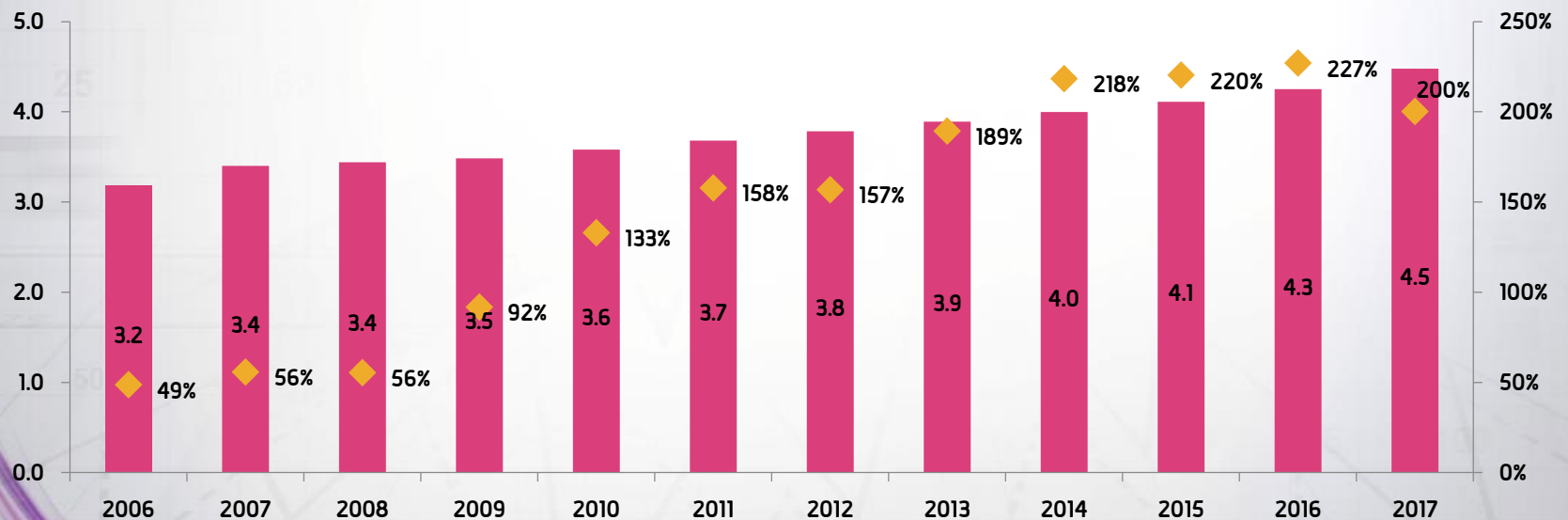
- Public Share holders consists of companies, portfolios, funds and individuals.
- The public shareholders are mix between local, regional and international investors.
- Independent Board member elected during the AGM on 16th of May 2016.

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 2016 at 227% as reported by (ITU-D) and estimates by VIVA shows that the penetration rate in Kuwait declined to reach 200% at the end of Dec 2017.

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 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.

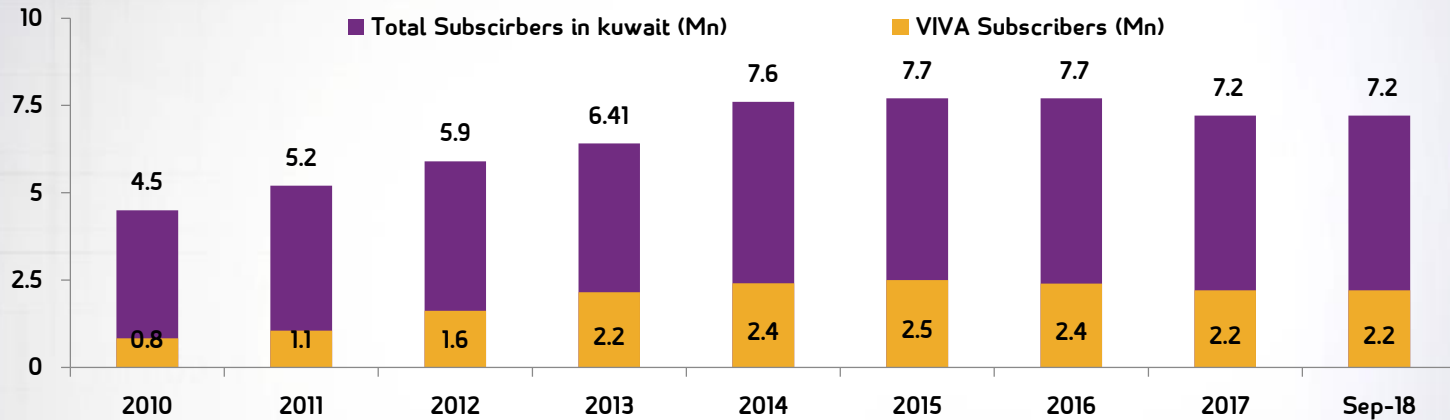
VIVA has grown rapidly since it commenced operations in December 2008 acquiring 2.2 million customers by the end of September 2018, which represents a market share of 31%.

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

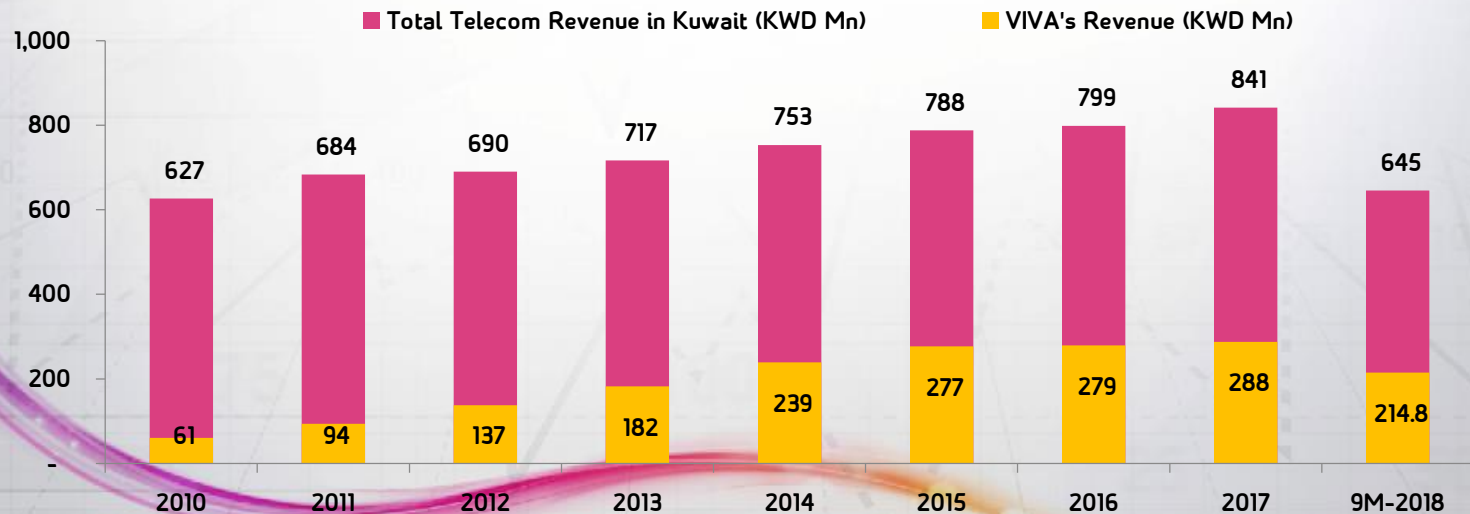
VIVA is perceived as the “challenger” bringing healthy competition to the Kuwait telecom market. VIVA’s entry prompted the incumbent players to make several tariff changes, focus on subscriber retention and introduce new services, thereby benefiting the consumer.

Market Share

Total Subscriber Base in Kuwait (Mn)

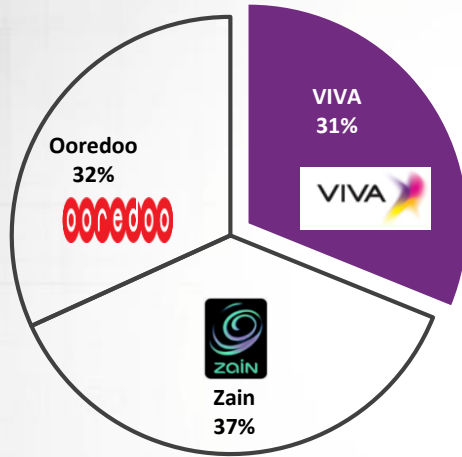


Telecom Sector Revenues in Kuwait (KWD Mn)

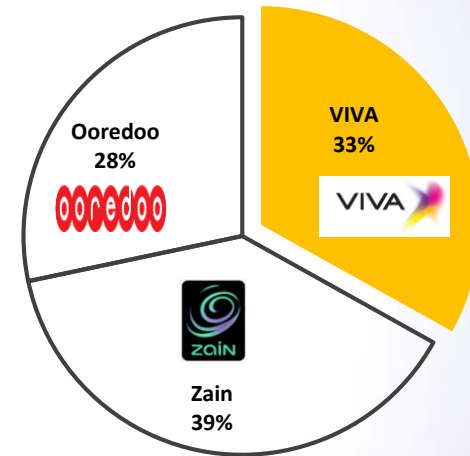


Market Share vs. peer group

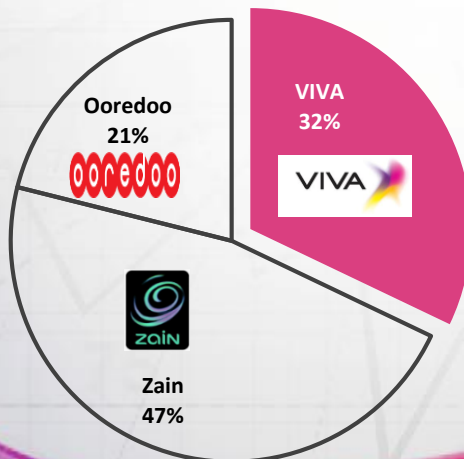
Subscriber Market Share - Sep 2018



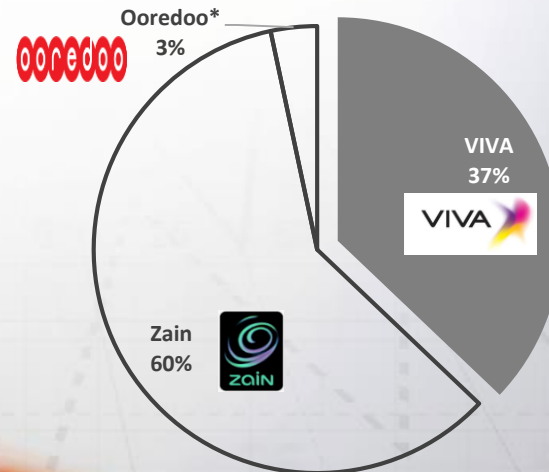
Revenue Market Share - 9M 2018



EBITDA Market Share - 9M 2018



Net Profit Market Share - 9M 2018



Financial Results

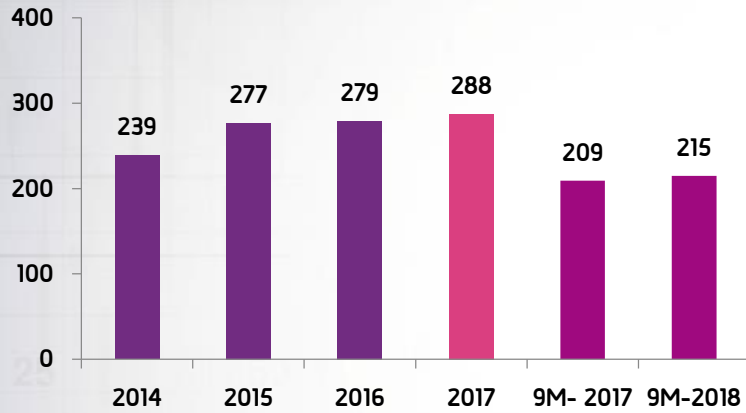
- In 2018, the company has applied IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 "Financial Instruments" which are effective from 1st January 2018 and opted for full retrospective approach.
- VIVA's revenue grew by 2.6% during the 9M- 2018 to reach KD 214.8 million as compared to KD 209.3 million recorded during 9M 2017.
- VIVA's customers' reached 2.20 million by end of Sep 2018 compared to the same level by the end Sep of 2017.
- VIVA's EBITDA reached KD 57.7 million during the nine months ended 30 September 2018 with an EBITDA Margin of 26.9% as compared to KD 48.5 million and margin of 23.2% during the same period last year.
- VIVA's net profit reached KD 37.4 million (earning per share 75 fils) during 9M 2018 as compared to KD 28.8 million (earning per share 58 fils) recorded during the same period last year, the increase in net profit attribute to the increase in revenues and also due to cost optimization initiatives.

Key Figures & Ratios	9M-2017 (Restated)	9M-2018	Change
Subscribers (Mn)	2.20	2.20	0.1%
Revenue (KD Mn)	209.3	214.8	2.6%
EBITDA	48.5	57.7	19.0%
EBITDA Margin (%)	23.2%	26.9%	3.7pt.
Net Profit (KD Mn)	28.8	37.4	29.8%
Net Profit Margin (%)	13.8%	17.4%	3.7pt.
EPS (Fils)	58	75	29.8%
Equity (KD Mn)	142.9	179.3	25%
BVPS (Fils)	286	359	25%

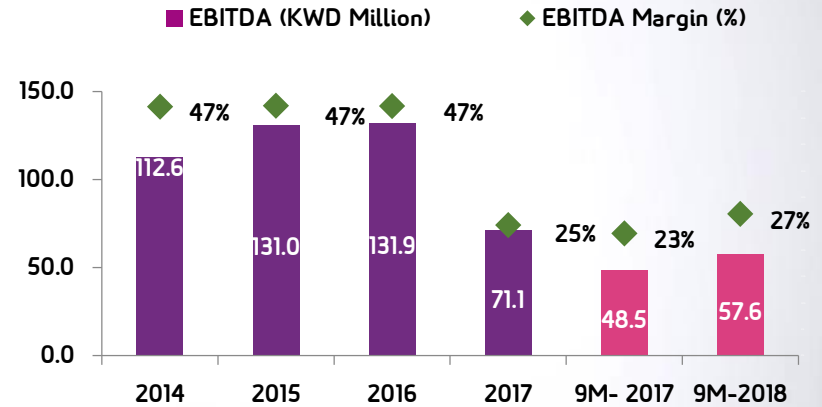


Financial Highlights

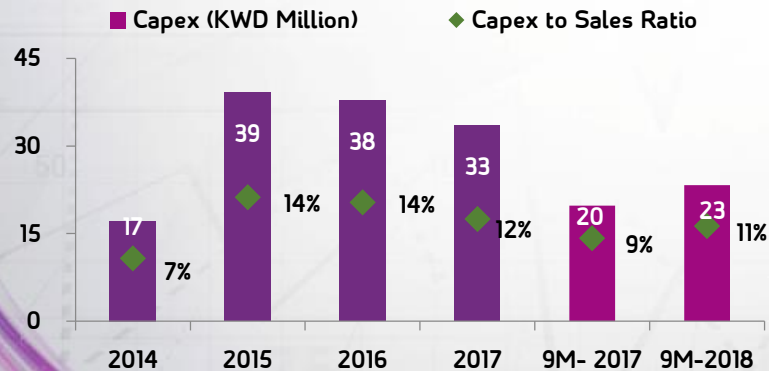
Revenue (KD Million)



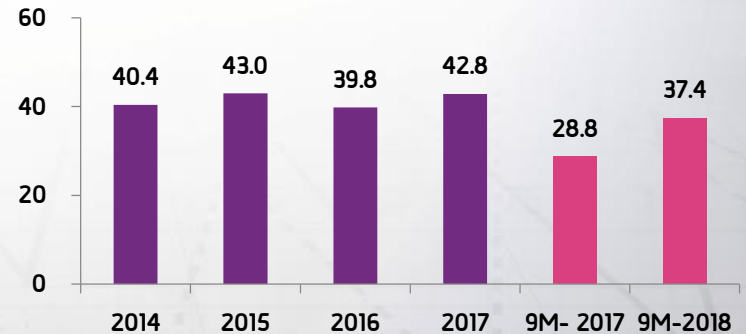
EBITDA (KD Million)



CAPEX (KD Million)



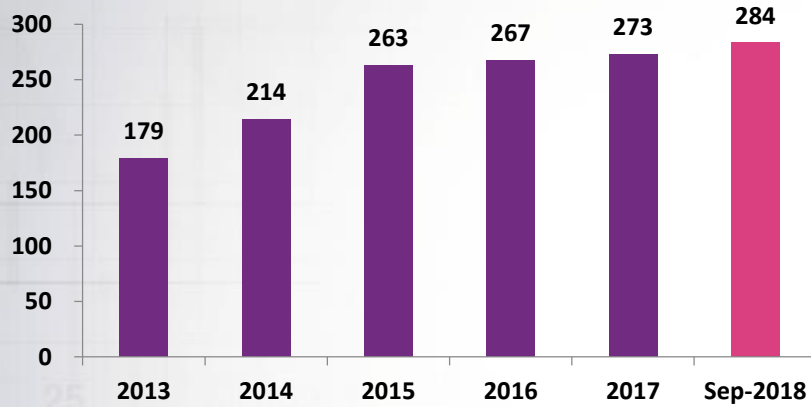
Net Profit (KD Million)



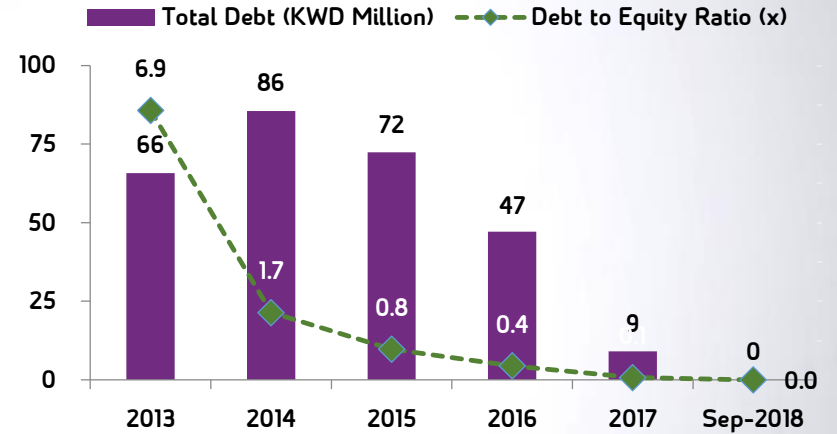
*FY 2017, 9M 2017 and 9M 2018 numbers are based on the IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' which are effective from 1st January 2018 and opted for full retrospective approach.

Financial Highlights

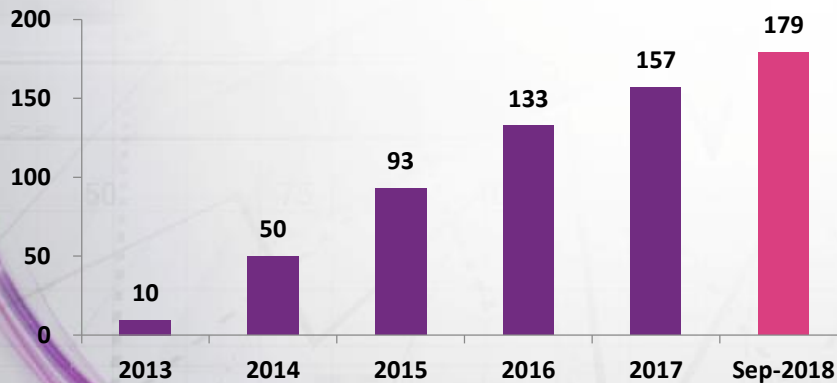
Total Assets (KD Million)



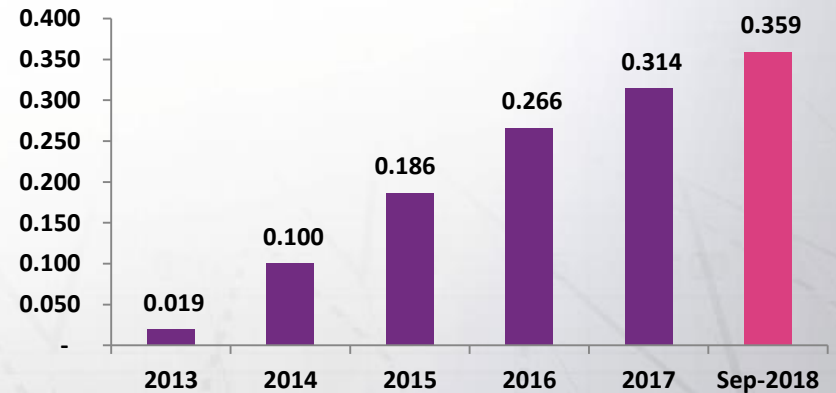
Total Debt / Equity (KD Million)



Shareholders Equity (KD Million)



Book Value Per Share (KD)



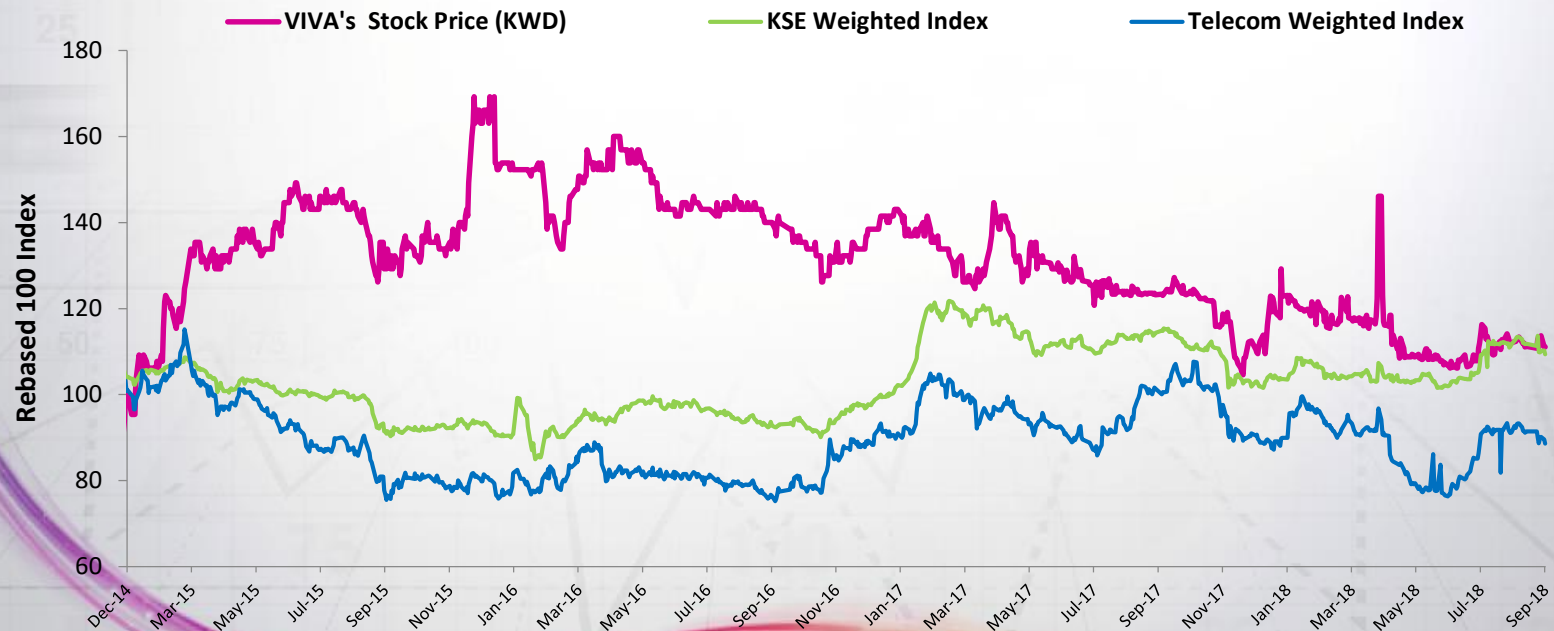
*December 2017 and September 2018 numbers are based on the IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' which are effective from 1st January 2018 and opted for full retrospective approach.

Stock Performance

Closing Price (KD)	0.715	PE (X)	6.94
Paid up Capital (KD Million)	49.9	PB (X)	1.99
Market Cap (KD Million)	357	Dividend Yield (%)	4.2%

Data as of 30 September 2018

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



Appendix

- **Balance Sheet (2014 - September 2018)**
- **Income Statement (2014 - 9M 2018)**

Balance Sheet (2014 - September 2018)

Balance Sheet	2014 KD Mn	2015 KD Mn	2016 KD Mn	*2017 (restated) KD Mn	*Sep 2018
ASSETS					
Property and equipment	113.1	125.4	137.7	145.0	149.4
Intangible assets	36.3	50.6	47.5	-	-
Other non-current assets	0.7	-	-	-	-
Non-current assets	150.1	175.9	185.2	145.0	149.4
Inventories	5.8	7.1	4.4	12.9	7.7
Prepayments and other current assets	4.7	5.4	5.0	4.7	4.3
Trade and other receivables	21.2	22.9	25.7	31.2	31.2
Contracts assets	-	-	-	47.2	45.9
Cash and cash equivalents	32.3	51.8	47.2	32.2	45.4
Current assets	63.9	87.2	82.2	128.2	134.5
Total assets	214.0	263.1	267.4	273.2	283.9
EQUITY AND LIABILITIES					
Share capital	49.9	49.9	49.9	49.9	49.9
Statutory reserve	0.0	4.5	8.7	12.9	12.9
Voluntary reserve	-	4.5	8.7	12.9	12.9
Retained earnings	0.0	33.9	65.4	81.0	103.4
Total equity	49.9	92.9	132.7	156.9	179.3
Employees' end of service benefits	2.6	2.8	3.2	3.6	5.1
Islamic financing facilities	51.6	31.4	11.6	-	-
Non-current liabilities	54.1	34.2	14.8	3.6	5.1
Islamic financing facilities	34.0	41.0	35.5	9.0	-
Trade and other payables	75.9	95.0	84.4	103.7	99.5
Current liabilities	109.9	136.0	119.9	112.7	99.5
Total liabilities	164.0	170.2	134.7	116.3	104.6
Total equity and liabilities	214.0	263.1	267.4	273.2	283.9

*December 2017 and September 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.

Income Statement (2014-H1 2018)

Income Statement	2014	2015	2016	*2017	*9M-2017	*9M-2018
	KD Mn	KD Mn	KD Mn	(Restated) KD Mn	(Restated) KD Mn	KD Mn
Revenue	239.0	276.9	279.1	287.7	209.3	214.7
Operating expenses	(126.3)	(145.8)	(147.0)	(216.4)	(160.9)	(157.1)
Depreciation and amortization	(67.6)	(82.2)	(88.4)	(25.9)	(17.8)	(18.9)
Finance cost	(2.2)	(2.6)	(1.6)	(1.4)	(1.0)	(0.2)
Other income / (expense)	(1.8)	(1.0)	(0.1)	1.1	0.6	0.7
Profit before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration	41.0	45.2	41.9	45.0	30.3	39.3
KFAS	(0.0)	(0.4)	(0.4)	(0.4)	(0.3)	(0.3)
NLST	(0.1)	(1.2)	(1.1)	(1.2)	(0.9)	(1.0)
Zakat	(0.5)	(0.5)	(0.4)	(0.5)	(0.3)	(0.4)
Board of Directors' remuneration	(0.2)	(0.2)	(0.2)	(0.2)	-	(0.1)
Net Profit for the year	40.4	43.0	39.8	42.8	28.8	37.4
Basic and diluted earnings per share (file)	81	86	80	86	58	75

*FY 2017, 9M 2017 and 9M 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.

Thank you

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