



Warba Bank consolidates position in local market

ABK ANNOUNCES OPERATING PROFITS OF KD 87.3 MILLION



AHMEDABAD: Indian farm laborers dry newly-arrived chillies at a farm in Sertha, some 25 km from Ahmedabad yesterday. — AFP

ZAIN GROUP GENERATES REVENUES OF KD 1.14 BN

KUWAIT: Zain Group, a leading mobile telecom innovator in eight markets across the Middle East and Africa, announces its consolidated financial results for the year 2015 & fourth quarter ended 31 December, 2015. Zain served 45.6 million customers at the end of the period, reflecting a 3% increase year-on-year (Y-o-Y). For the full-year 2015, Zain Group generated consolidated revenues of KD 1.14 billion (USD 3.78 billion), down 6% year-on-year (Y-o-Y), while consolidated EBITDA for the period reached KD 499 million (USD 1.66 billion), relatively stable Y-o-Y, reflecting a healthy EBITDA margin of 44%. Consolidated net income reached KD 154 million (USD 513 million), down 21% reflecting Earnings Per Share of 40 Fils (USD 0.13).

The Board of Directors of Zain Group recommended a cash dividend of 30 Fils (USD 0.10) per share subject to the Annual General Assembly and regulatory approvals. Additionally, shareholders' equity stood at KD 1.54 billion (USD 5.09 billion) as at 31 December, 2015. For the fourth quarter of 2015, Zain Group recorded consolidated revenues of KD 283 million (USD 933 million), a decline of 3% on the same period of the previous year (Q-o-Q). EBITDA for the quarter reached KD 127 million (USD 418 million), up 7% Q-o-Q, reflecting a healthy EBITDA margin of 45%. Net income for the quarter reached KD 36 million (USD 119 million), up 8% Q-o-Q, reflecting Earnings Per Share of 9 Fils (USD 0.03).

Key Operational Notes for 12 months ended 31 December 2015:

1. Substantial investments in 3G and 4G LTE network expansion and upgrades continue to pay off as Group data revenues (excluding SMS and VAS) surged by an impressive 15%

Total Active Customers	45.6 million	up 3% on 2014
Consolidated Revenues	KD 1.14 billion	-(USD 3.78 billion)
EBITDA	KD 499 million	-(USD 1.66 billion)
EBITDA Margin	44%	
Net Income	KD 154 million	-(USD 513 million)
EPS	40 Fils	- USD 0.13

during 2015, representing 20% of the Group's consolidated revenues.

2. Foreign currency translation impact mainly due to the appreciation of the USD against the KD cost the company USD 218 million on revenue, USD 95 million on EBITDA and USD 30 million on net income for the year 2015.

3. Specifically for the fourth quarter of 2015, currency translation impact cost the company USD 41 million on revenue, USD 18 million on EBITDA and USD 5 million in net income.

4. The continued political instability in Iraq



Zain Group CEO Scott Gegenheimer

during 2015 has seen several million people displaced internally with Zain Iraq enduring frequent temporary network interruptions and associated higher network operational costs. These unavoidable occurrences coupled with heightened levels of price competition and implementation of a new 20% sales tax on mobile services as well as wide-ranging tax increases on other sectors in Iraq that hit spending on mobile services, all contributed to a negative impact on Zain Iraq's and consequently Zain Group's overall key financial metrics (24% decline in revenues recorded at Zain Iraq and a 52% decline in net income at the operation).

5. Bahrain, Jordan, Saudi Arabia and Sudan operations all reflect robust growth for the year, with Zain Kuwait's performance impacted by intense price competition despite customer growth.

6. Heavy investment in 3G & 4G network expansion upgrades across operations saw CAPEX spend for the year amount to USD 797 million (excluding Saudi Arabia), reflecting 21% of Group revenues.

7. Additional amortization on both Zain Iraq's 3G license fee and Zain Jordan's additional 3G and newly acquired 4G spectrum license fees impacted the bottom line by USD 52 million. Commenting on the results, the Chairman of the Board of Directors of Zain Group, Asaad Al Banwan said, "The Board is working closely with the executive manage-

ment to overcome the many challenging socio-economic factors in a number of our markets, particularly with regard to the social unrest in Iraq and the intense price competition in Kuwait. The positive performances in Bahrain, Jordan, Saudi Arabia and Sudan underline that the company's strategy is fundamentally sound in driving the business forward and we shall continue managing the highly changeable environments we face in a pragmatic and effective manner."

The Chairman continued, "We have invested significantly in 3G / 4G network expansion upgrades and spectrum license fees across all our markets in order to improve the mobile experience for our customers. Our investments in capital expenditure reached USD 797 million (excluding Zain Saudi Arabia) which represents 21% of our revenues, reflecting Zain's commitment to innovation and quality of service. I remain proud that we have been able to maintain our leadership position in the majority of the markets we operate in, testament to our valued brand reputation and attention to customer service."

Zain Group CEO, Scott Gegenheimer said, "Zain Group remains resilient to the wider challenges facing a number of its markets, and the region in general. It is unfortunate that some factors outside of our control have impacted overall performance for the year considering the sound operational progress and transformation we have undertaken across all our markets. Nevertheless, we are pleased with the progress of our data monetization initiatives and draw much confidence from the growth in the uptake of data services, which now account for 20% of overall service revenues, and the Group will continue to foster and develop this key area of the business."

The Group CEO continued, "Furthermore, our efficiency and optimization initiatives are producing tangible positive results reflected in our improving EBITDA margin of 44% and 45% for the full-year and fourth quarter respectively. However, we have incurred an additional amortization cost of USD 52 million on 3G and 4G spectrum license fees in two key markets which impacted our bottom line for the year. We do still draw encouragement from our overall performance in the fourth quarter of 2015, which saw EBITDA and net income increasing 7% and 8% Q-o-Q respectively."

Additionally Gegenheimer noted, "We are committed to our strategy that will leverage on our strengths, including our people, brand, customer experience, cutting edge technology innovations, and geographic coverage. We shall also continue on the path towards implementing operational efficiency initiatives, looking to develop new business areas and becoming a diversified and innovative digital lifestyle operator." Operational review of key markets for the 12 months ended 31 December, 2015:



Chairman Asaad Al Banwan Zain Kuwait

Maintaining its market leadership, the flagship operation of Zain Group saw its customer base grow 9% to serve 2.9 million in a very challenging year that saw intense price competition impact its financial performance for the year. Revenues reached KD 323 million (USD 1.1 billion), EBITDA amounted to KD 158 million (USD 526 million) and net income came in at KD 94 million (USD 314 million). Zain Kuwait's healthy EBITDA margin of 49% for the year reflects the efficiency drive implemented by the operation, with Zain Kuwait's nationwide 4G LTE network saw data revenues (excluding SMS & VAS) form 36% of total revenues, reflecting an annual growth rate of 8%.

Iraq

The exceptional circumstances facing the operation as mentioned above saw Zain Iraq's financial performance severely affected with

Consolidated Revenues	KD 283 million	-(USD 933 million)	down 3%
EBITDA	KD 127 million	-(USD 418 million)	up 7%
EBITDA Margin	45%		
Net Income	KD 36 million	-(USD 119 million)	up 8%
EPS	9 Fils	- USD 0.03	

revenues for the full-year reaching USD 1.22 billion, a decrease of 24% on 2014, with EBITDA reaching USD 480 million, down 17%, and net income amounting to USD 122 million, down 52% Y-o-Y. Notably the operation's efficiency drive saw its EBITDA margin increase to 39%, and with the launch of 3.9G services at the beginning of the year, data related revenue formed 7% of the total revenues, reflecting an annual growth of 34%.

Sudan

In local currency (SDG) terms, the operator continues to perform well, as revenues grew

by 13% Y-o-Y to reach SDG 4.56 billion (USD 717 million, up 7% in USD terms) for the full-year 2015. EBITDA increased by 22% to reach SDG 1.98 billion (USD 311 million, up 15% in USD terms) while net income increased 77% to reach SDG 1.04 billion (USD 163 million, up 67% in USD terms). Data revenues (excluding SMS and VAS) formed 11% of total revenues, with an impressive annual growth of 102% (91% in USD terms).

Saudi Arabia

The transformation efforts of the third operator in the Kingdom are taking effect, resulting in an annual 32% increase in customers to serve 11.9 million at the end of 2015. For the full-year 2015, the operator posted improved financial results, recording an 8% Y-o-Y increase in revenues to reach USD 1.86 billion, a drastic 48% increase in EBITDA to reach USD 434 million and net losses narrowing by 23% to reach USD 259 million. EBITDA margin rose to 23% in 2015, up from 17% in 2014. Impressively, the operator witnessed a 58% rise in data revenues (excluding SMS & VAS) Y-o-Y, which represents 25% of total revenues as the company invested heavily and expanded its modern 4G LTE network.

Jordan

Despite the intensification of price competition, Zain Jordan managed to increase its customer base by 6% Y-o-Y, serving 4.1 million customers, and maintaining its lead in the market. Y-o-Y revenues decreased 2% to reach USD 459 million, with EBITDA increasing 30% to reach USD 251 million, and net income increasing 7% to reach USD 122 million. With the launch of 4G services, data revenues (excluding SMS & VAS) represented 29% of total revenues, growing by

18% as compared to the same period in 2014.

Bahrain

During 2015, Zain Bahrain generated revenues of USD 191 million, down 2% Y-o-Y. EBITDA for the period reached USD 75 million, up 4%, reflecting a healthy EBITDA margin of 39%. Net income amounted to USD 14 million, reflecting a 24% increase. The totally revamped 4G network in which Zain Bahrain has invested in excess of USD 100 million recently saw data revenues (excluding SMS & VAS) increase 11%, representing 33% of overall revenues.