



Zain Bahrain announces first full-year financial results since listing on the stock exchange

- Substantial investment in new 4G LTE network paying off as broadband segment grown by 45%
- Company's efficiency drive results in healthy 36.9% EBITDA margin in 2014
- Net profit of BD 4.1 million (US\$ 10.9 million)
- Customer base grows to 788,000 customers

Manama - 1 February, 2015: Zain Bahrain (Ticker: ZAINBH), the most innovative operator in the Kingdom, announces financial results for the full-year and fourth quarter ended 31 December, 2014 after a meeting of the company's Board of Directors.

Zain Bahrain witnessed customer growth of 2.1% during the course of 2014 to serve 788,000 active customers as at 31 December, 2014.

For the twelve months of 2014, Zain Bahrain generated revenues of BD 71.8 million (US\$ 190.5 million), a decrease of 8.1% on the previous year's amount of BD 78.1 million (US\$207.1 million). EBITDA for the period reached BD 27.0 million (US\$71.6 million) in 2014 and BD 29.3 million (US\$ 77.7 million) with percentage change of 7.8%, reflecting a healthy EBITDA margin of 36.9%. Net income amounted to BD 4.1 million (US\$10.9 million) in 2014, a decrease of 24% on the previous year of BD 5.4 million (US\$ 14.3 million), reflecting Earnings Per Share of 13 fils for the twelve-months ending 31 December, 2014 compared to 17 fils per share in 2013 (23.5%).

For the fourth quarter of 2014, Zain Bahrain recorded revenues of BD 17.8 million (US\$47.2), down 11.1% from 2013 where revenues were at BD 18.0 million (US\$ 47.6 million) .. EBITDA for the quarter reached BD 6.9 million (US\$18.3 million) from BD 7.8 million (US\$ 20.6 million) in 2013 (11.5% change), reflecting a strong EBITDA margin of 38.4%. Net income for the quarter reached BD 1.2 million (US\$3.2 million) from BD 1.6 million (US\$ 4.2 million) in 2013 (25% change), reflecting a 14% decrease Y-o-Y.

Key operational notes for the 12 months of 2014

- As mandated by its mobile operating licence, Zain Bahrain completed an Initial Public Offering (IPO) of 15% of its share capital on 30 September, 2014, which saw 48 million ordinary shares offered at 190 fils per share. This milestone was the first IPO in Bahrain since 2010.
- On 04 December, 2014, Zain Bahrain listed on the Bahrain Stock Exchange with the share price trading at 200 fils as at 31 December, 2014.
- Net income for the year was impacted by a number of one-off expenses associated with the IPO, including an exceptional penalty of BD 543,000.
- The operation completed a US\$ 100 million investment during 2014, completely revamping its state-of-the-art 4G LTE mobile network, which contributed to a steady growth in data-related revenues by 6% Y-o-Y.

Commenting on the company's 2014 financial results, Zain Bahrain Chairman, Sheikh Ahmed Bin Ali Al Khalifa said: *"We attained significant achievements during the course of 2014, one of which was listing on the Bahrain Stock Exchange, from where we believe we can continue to drive value for our widened base of shareholders. The environment for telecom in Bahrain and the region was challenging during the year, though Zain Bahrain successfully leveraged many of its strategic assets in order to record a reasonable performance investing a huge US\$ 100 million in building a new 4G LTE Nationwide Network*

The chairman added that, "The Board of Directors of Zain Bahrain will recommend to the Annual General Assembly a cash dividend of 5% at par equaling 5 fils per share totaling BD 1.8 million (US\$ 4.9 million) subject to regulatory approvals. Additionally, shareholders' equity stood at BD 59.3 million as at 31 December, 2014."

The Chairman continued, *"Today we reflect on our successes to date and look forward to a future of providing yet more innovative and advanced telecom services; positioning Bahrain on the global telecommunications map and further cementing the Kingdom as an ideal hub for investment in the light of his Royal Highness King Hamad bin Isa Al Khalifa, his Royal Highness Prince Khalifa bin Salman Al Khalifa, the Prime Minister and his Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Deputy Supreme Commander and First Deputy Prime Minister ."*

On his part, Zain Bahrain General Manager, Mohammed Zainalabedin commented, *"Despite the competitive telecom landscape and a highly penetrated market in Bahrain, we have undertaken many transformational initiatives to drive operational efficiency and innovation across our operation. Our new 4G LTE nationwide network will allow us to fully exploit the growth opportunities in mobile broadband, building on our successes to date in driving voice and data revenues forward."*

The GM further commented, *"We are transforming the operation to align with Zain Group's stated strategy of becoming an integrated digital telecom operator, building on our strong brand, fostering our existing customer base, and developing new business opportunities in the areas of Enterprise services. We are also seeking adjacent growth opportunities, such as machine-to-machine services and strategic partnerships with over-the-top players. These areas will stimulate the take-up of data services and provide new revenue streams to further enhance Zain Bahrain's financial performance. We firmly believe that we are implementing the correct strategy for the company's future growth."*

Additional highlights from Zain Bahrain's 2014 financial year

- Successfully launching its new state-of-the-art 4G LTE nationwide network through an investment of more than US\$ 100 million; the move was able to turn the mobile operator into one of the most technologically advanced in the world. The new network, deployed and managed by world-renowned technology solutions provider Ericsson, provides a whole new realm of exciting high-speed digital content capabilities to Zain Bahrain's increasingly technologically-savvy customer base. The new network also introduced additional features and services to Zain Bahrain's portfolio, such as HD Voice.
- The operator focused its efforts during the year on strengthening its customer care efforts by revamping 22 retail shops across the Kingdom, supported by a strong team of Sales and Customer Care representatives. The 'enhanced shops' represented an improved retail

experience and provide a one-stop destination for customers offering education, support, and hands-on demonstrations of products and services along with self-service machines and a dedicated SIGNATURE team member along with a technical support area. A key element introduced is the Customer Management System, which allows customers to schedule an appointment at any Zain shop.

- Empowering employees remains at the heart of Zain Bahrain's strategy, and the operator achieved a Bahrainisation rate of 88% in 2014. The Human Resources strategy during the year focused on developing a series of interactive and innovative training programs with a total of 27 workshops held.
- As part of its ongoing commitment to education, Zain Bahrain again distributed 20,000 school bags to children. This year the school kits were eco-friendly, reflecting the operator's commitment to the environment.
- Zain Bahrain also renewed its commitment to the University of Bahrain's e-learning Center by extending its financial support to develop the Blackboard Management Learning System for the current academic year. The Center caters to the needs of over 13,000 students at the University.
- The operator also launched #zaindonate; a continuous outreach program aimed at supporting the community at large. As part of the initiative, Zain Bahrain provided free Internet services to four families as part of its partnership with Baitkom Baitna, a humanitarian youth-led project that aims to refurbish dilapidated homes across Bahrain. The operator also reached out to a number of NGOs and homes for the elderly by donating goods or providing financial support.
- For the seventh consecutive year, Zain Bahrain sponsored the National Basketball Championship, confirming its role in promoting sports within the community.
- Additionally, 2014 was also highlighted by several awards and recognitions for Zain Bahrain. The Zain Self-Care App won the 'Best Application for Smart Devices Award' at the seventh edition of the e-Government Excellence Awards 2014. The operator also received two awards during the Ministry of Labor's Annual Awards in recognition of its role in providing a competitive and rewarding work environment, and training and development initiatives. The operator also received the prestigious Stevie Awards for its 'Zweetup' campaign.

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About Zain Bahrain

Zain Bahrain, the most innovative operator in the Kingdom was awarded a mobile telecom licence on 22 April, 2003 and commenced commercial operations on 28 December 2003. The operation promptly placed Bahrain on the world telecom map through the introduction of many new mobile technologies and today offers nationwide high-speed 4G LTE services to its customer base of 788,000. Zain Bahrain is listed on the Bahrain Stock Exchange (Ticker: ZAINBH). Zain Bahrain is part of the Zain Group, a leading telecommunications operator across the Middle East and Africa providing mobile voice and

data services to over 43.7 million active customers as of 30 September, 2014. With a commercial presence in 8 countries, Zain operates in: Kuwait, Bahrain, Iraq, Jordan, Saudi Arabia, Sudan and South Sudan. In Lebanon, the Group manages 'touch' on behalf of the government. In Morocco, Zain has a 15.5% stake in 'INWI', through a joint venture. For more, please email info@bh.zain.com or visit: www.bh.zain.com