

## Abu Dhabi's multi-billion dollar airport expansion delayed again

Abu Dhabi International Airport's new terminal is unlikely to meet its new deadline of opening this year, further delaying the multi-billion dollar project, five sources familiar with the matter told Reuters. The 10.8 billion dirham (\$2.94 billion) Midfield Terminal project, which will increase the airport's passenger handling capacity to 45 million a year, has already faced a series of delays from the initial July 2017 opening. The opening is now scheduled for the fourth quarter this year but three sources said that was unlikely

as more time was needed to complete the construction. Two more sources said it would open in 2020 with one of them saying by next October. Operator Abu Dhabi Airports did not respond to an emailed request for comment. The federal aviation regulator said in September it would finish certifying the terminal by the end of the year. The project is part of a series of multi-billion investments by the government of Abu Dhabi to diversify its oil-based economy which includes developing the

tourism industry.

The terminal was devised when Abu Dhabi's Etihad Airways was rapidly expanding to be a major global airline. The state-owned carrier has since significantly trimmed its ambitions to focus on origin and destination traffic as opposed to connecting passengers through its Abu Dhabi hub. One of the sources said the scaling back of Etihad's operations meant there was no longer an urgency to open the new terminal. (RTRS)

## new SUV models boost BMW profits

Automaker BMW reported Wednesday that net profit increased 11.5 percent from a year ago to 1.55 billion euros (\$1.72 billion) in the third quarter, helped by a rejuvenated model line and the absence of last year's market disruptions due to troubles with diesel cars. Revenues grew 7.9 percent to 26.67 billion euros and the company reaffirmed its profit targets for the year. A key measure of profitability watched by investors, the operating margin, rose to 6.6 percent from 4.4 percent but still

short of the company's long-term goal of 8-10 percent. The Munich-based company on Wednesday cited sharp increases in sales of its X3 and X4 sport-utility vehicles during the first nine months. Profits rose despite higher spending on new tech such as electric cars, a key challenge in the face of ongoing upheaval in the auto industry. Carmakers are being pushed to develop zero-local-emission cars to meet tougher emissions standards in the European Union and China. (AP)

## Market Movements

06-11-2019

	Change	Closing pts		Change	Closing pts		
JAPAN	- Nikkei	+51.83	23,303.82	AUSTRALIA	- All Ordinaries	-38.37	6,773.25
GERMANY	- DAX	+31.39	13,179.89	S. KOREA	- KRX 100	-2.76	4,598.82
FRANCE	- CAC 40	+19.85	5,866.74	PHILIPPINES	- PSEi	-190.80	8,025.88
EUROPE	- Euro Stoxx 50	+12.22	3,688.74	CHINA	- Shanghai SE	-12.97	2,978.60
INDIA	- Sensex	+221.55	40,469.78				
PAKISTAN	- KSE 100	+295.02	35,653.33				

# Business

## Zain Group revenue rises 35% to KD 1.2 bln, net income up 12% for nine months of 2019

Group's digital growth strategy proving successful; customer base up 3% to 49.1 million

**KUWAIT CITY, Nov 6: Zain Group, the leading mobile telecom innovator in eight markets across the Middle East and Africa, announces its consolidated financial results for the third quarter (Q3) and nine-month periods (9M) ended 30 September, 2019. The company ended the period serving 49.1 million customers, reflecting a 3% year-on-year (Y-o-Y) increase.**

For 9M 2019, Zain Group generated consolidated revenue of KD 1.2 billion (USD 4.0 billion), up 35% Y-o-Y, while consolidated EBITDA for the period reached KD 538 million (USD 1.8 billion), up 66% Y-o-Y, reflecting a healthy EBITDA margin of 44%. Consolidated net income amounted to KD 153 million (USD 504 million), reflecting a 12% Y-o-Y increase. Earnings per share amounted to 35 fils (USD 0.12) for the nine-month period.

For 9M 2019, foreign currency translation impact, predominantly due to the 41% currency devaluation in Sudan from an average of 27.1 in 9M 2018 to 46.0 in 9M 2019 (SDG/USD), cost the Group USD 141 million in revenue, USD 62 million in EBITDA and USD 21 million in net income.

In Q3'19, Zain Group generated consolidated revenue of KD 411 million (USD 1.4 billion), up 2% Y-o-Y in KD terms. EBITDA for the quarter reached KD 183 million (USD 603 million), an increase of 18% Y-o-Y, reflecting a 45% EBITDA margin. Net income for the three months amounted to KD 56 million (USD 183 million), showing a 10% increase Y-o-Y. Earnings Per Share for Q3 reached 13 fils (USD 0.04).

In Q3'19, foreign currency translation impact, predominantly due to the 38% currency devaluation in Sudan from an average of 28.1 in Q3'18 to 45.0 in Q3'19

ver, robust revenue growth in our data monetization programs, Enterprise (B2B), cloud services, as well as smart city initiatives in key markets are areas of the business that we will continue to foster, both in individual and enterprise segments."

Al-Kharafi continued, "The recent launch of 5G networks in Kuwait and Saudi Arabia is significant as it allows us to offer more innovative and compelling services to our customers across government, business, IoT, and smart city sectors, bolstering the digital economy in these areas. 5G technology will create vast opportunities in the value chain proposition in numerous industries and will push the telecom sector to a new and exciting phase of growth. Zain is mobilizing all its resources to capitalize on this enormous opportunity in creating shareholder value."

Al-Kharafi also touched upon the company's progress in the area of Fintech stating, "Our focus on exploring new lucrative areas of growth in the Fintech arena saw several major milestones including the launch of the Taman platform in Saudi Arabia, which made Zain the first telecom operator in the region to offer micro-financing to customers. Zain also entered into an agreement with Boubyan Bank in Kuwait to launch a digital platform for Islamic banking services, marking the first digital partnership of this nature in the region. In addition, the volume of Zain Cash transactions in Jordan and Iraq continues to grow exponentially, reinforced recently by the agreement with UNHCR and IrisGuard to implement iris technology for cash disbursements to refugees in Iraq."

Al-Kharafi concluded by drawing attention to the success of Zain Group's API program launched in 2018 that has seen the company's operations in Kuwait, Saudi Arabia, Iraq, Jordan and Bahrain connected to the API. "We now have more than 12 partners connected, among them are Apple, Google, DoCoMo Digital, Digital Virgo, Eros, Deezer, Starzplay, and OSN, resulting in more than 2 million monthly transactions. It is extremely gratifying for us to see the benefits of one of the key aspects of our



Ahmed Tahous, Zain Group Chairman



Bader Al Kharafi, Zain Vice-Chairman and Group CEO

amounted to USD 335 million, up 8% Y-o-Y, reflecting a much-improved EBITDA margin of 42%. The operation reported a net profit of USD 36 million for 9M 2019, up 7% Y-o-Y. Zain Iraq's focus on expansion of 3.9G services across the country combined with numerous customer acquisition initiatives, resulted in it serving 15.5 million customers, a 3% increase Y-o-Y. Another contributing factor to the operation's positive performance was the significant growth of data revenue and robust growth in the Enterprise (B2B) segment.

Sudan: Substantial currency devaluation (approximately 41%) in Sudan affected the operation's financial results in USD terms for 9M 2019. Nevertheless, in local currency (SDG) terms, the operator continues to perform remarkably well as revenue grew by 47% Y-o-Y to SDG 10.0 billion (USD 217 million, down 14% in USD terms). EBITDA increased by 49% to reach SDG 4.0 billion (USD 88 million, down 13% in USD terms) and net income increased by 41% to SDG 1.6 billion (USD

35 million, down 19% in USD terms). Data revenue accounted for 16% of total revenue and grew 34% in SDG terms, while the operator's customer base increased 8% to reach 15.4 million.

Jordan: Zain Jordan served 3.8 million customers at the end of September 2019, maintaining its market leading position despite intense price competition and challenging economic conditions in the Kingdom. Y-o-Y revenue was stable at USD 369 million, with EBITDA up 14% to reach USD 169 million, reflecting an EBITDA margin of 46%. Net income increased 6% to USD 59 million for 9M 2019. With the ongoing expansion of 4G services across the country, data revenue represented 40% of total revenue.

Bahrain: Zain Bahrain generated revenue of USD 121 million for 9M 2019, down 6% Y-o-Y. EBITDA for the period amounted to USD 42 million, up 37%, reflecting an EBITDA margin of 34%. Net income amounted to USD 10 million, reflecting a 4% increase.

Group Key Performance Indicators (KD and USD) for the 9M 2019			
Consolidated Revenue	KD 1.2 billion	- USD 4.0 billion	up 35%
EBITDA	KD 538 million	- USD 1.8 billion	up 66%
EBITDA Margin	44%		
Net Income	KD 153 million	- USD 504 million	up 12%
EPS	35 fils	- USD 0.12	

(SDG / USD), cost the company USD 42 million in revenue, USD 19 million in EBITDA and USD 5 million in net income.

### Key Operational Notes for 9M 2019

- Expansion of 4G LTE networks across key markets and the launch of 5G commercial services in Kuwait saw Zain Group consolidated data revenue grow 56% Y-o-Y to reach USD 1.5 billion, representing 37% of the Group's revenue for 9M 2019.
- The adoption of new accounting standard IFRS 16 - 'Lease' from the beginning of 2019 resulted in a benefit to EBITDA of KD 55 million (USD 181 million), and an increase in net income of KD 5.2 million (USD 17.1 million) for 9M 2019.
- The 9M period was highlighted by the notable 10% increase in net income at Zain Kuwait; and healthy revenue growth

Group Key Performance Indicators (KD & USD) for Q3 2019			
Consolidated Revenue	KD 411 million	- USD 1.4 billion	up 2%
EBITDA	KD 183 million	- USD 603 million	up 18%
EBITDA Margin	45%		
Net Income	KD 56 million	- USD 183 million	up 10%
EPS	13 fils	- USD 0.04	

of 12% at Zain KSA that saw net income reach an unprecedented USD 102 million, a significant improvement on the USD 18 million net loss in 9M 2018.

Commenting on the performance to date, the Chairman of the Board of Directors of Zain Group, Ahmed Al Tahous said, "Impressive growth in key financial metrics for the Q3 and 9M periods of 2019 are primarily a result of the heavy investment we have undertaken in expanding our 4G and 5G networks, to enhance customer experience and increase market share. Given the many challenging socio-economic market conditions across our footprint, the Board is working closely with the management in dealing with these and seeking new lucrative opportunities in the ICT sector."

Bader Nasser Al-Kharafi, Zain Vice-Chairman and Group CEO commented, "The third-quarter saw numerous milestones and was characterized by profitable growth across all key operations, indicative of the success of our digital strategy. This is highlighted by Zain Kuwait recording impressive net income levels and the soaring net income of Zain Saudi Arabia. More-

digital lifestyle strategy coming to life in such an impactful way."

### Operational review of key markets for the nine months ended 30 September, 2019

**Kuwait:** Maintaining its market leadership, Zain Group's flagship operation saw its customer base serve 2.7 million. It remains the Group's most profitable operation with revenue for 9M 2019 remaining stable at KD 248 million (USD 818 million), EBITDA increasing 17% to KD 98 million (USD 322 million), representing an EBITDA margin of 39%. Net income increased an impressive 10% to reach KD 66 million (USD 217 million) for 9M 2019, with data revenue growing 8% Y-o-Y and accounting for 37% of total revenue.

Zain Kuwait's launch of 5G services

enhanced the operator's position on the world telecom map as the first mobile operator in the region to offer the technology commercially, bolstering its transformation to a digital services provider. Through this launch, Zain Kuwait offers a smart lifestyle for consumers and boosts the business sector in ways that empower the achievement of the ambitious New Kuwait 2035 Vision.

**Saudi Arabia:** The operator continues to grow all its key financial metrics, recording positive net income for the last five consecutive quarters. For the 9M 2019, Zain KSA generated revenue of USD 1.64 billion, up 12% Y-o-Y, while EBITDA for the period increased by 49% to USD 761 million, reflecting an EBITDA margin of 46%. Net income for the nine months soared to USD 102 million, reflecting a significant improvement on the net loss of USD 18 million a year earlier, highlighting an improvement of circa SAR 447 million (USD 120 million). Data revenue represents 44% of total revenue and customers served stood at 7.7 million.

**Iraq:** Zain Iraq's 9M 2019 revenue reached USD 792 million and EBITDA

