

For immediate release
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Batelco Group Announces First Quarter Financial Results for 2017
****Net Profit of BD8.2 Million****

Manama, Bahrain: Batelco Group (Ticker: BATELCO), the regional Telecommunications Group with operations across 14 countries, today announced its results for the first quarter of 2017 (“the Period”). Batelco Group reported a promising start to the year with Net Profit and EBITDA showing improvement over Q4 2016.

Financial and Subscriber Highlights for the Period

- Gross Revenues of BD89.7M (US\$237.9M);
- EBITDA of BD32.3M (US\$85.7M) representing a 36% margin;
- Consolidated Net Profit of BD8.2M (US\$21.8M);
- Overseas operations contribute 59% of revenues and 54% of EBITDA;
- Substantial cash and bank balances of BD180.1M (US\$477.7M);
- Earnings per share of 4.9 fils; and
- Subscriber base of over 9.2 million, an increase of 2% year-on-year.

For the first quarter of 2017, the Group reported Gross Revenues of BD 89.7M (US\$237.9M), in line with the prior year, with a marginal 1% decrease year-over-year and 5% decrease over Q4 2016. Revenues continue to be impacted by competitive pressure in a number of markets across the Group.

EBITDA for the period was BD32.3M (US\$85.7M), representing a margin of 36%. Despite an 8% decline over Q1 2016, EBITDA increased by 7% from the previous quarter. The Group continues to sustain its robust EBITDA margin as a result of its cost containment programmes.

For the period, the Group Net Profit was BD8.2M (US\$21.8M); a 14% decline compared to Q1 2016 but up by 58% over the previous quarter. Net Profit during Q1 2017 was impacted by a BD1.5M (US\$4.0M) share of loss from our associate in Yemen.

The Group’s balance sheet continues to be strong with net assets of BD525.8M (US\$1,394.7M) and substantial cash and bank balances of BD180.1M (US\$477.7M). Earnings per share for the first quarter of 2017 are 4.9 fils.

Batelco Group Chairman, Shaikh Mohamed bin Khalifa Al Khalifa who announced the Q1 2017 financial results following the meeting of the Board of Directors on May 4th at Batelco's Hamala Headquarters said that he was pleased to note a substantial improvement in net profits over the last quarter of 2016.

"We continue to be responsive to changes in the various markets we operate in and strive to deliver relevant services and solutions that most suit our customers in each location. Strengthening our digital capabilities remains high on the agenda in a number of the Group's operations; accordingly we are investing in fibre networks and the development of our digital solutions portfolio," he said.

"Batelco Bahrain aims to provide high speed internet for the majority of Bahrain's homes, businesses and government bodies in line with the Government of Bahrain's 4th National Telecom plan. We are focussed on playing our part in ensuring that Bahrain is among the best connected countries in the wider region," Shaikh Mohamed added.

Operational Review across the Group

Batelco Group CEO Ihab Hinnawi said that customers' needs continue to evolve in line with global trends towards a digital world marked by smart home and smart city living.

"This is reflected by growing subscriber numbers for mobility and broadband in a number of our operations, leading to a 2% overall increase in the group's customer base compared to 2016.

"It is pleasing to note that Batelco Bahrain posted YoY increases in fixed and broadband customers of 4% and 33% respectively."

"We are also delighted to note that Dhiraagu, our operation in the Maldives continues to report growing customer numbers with 5% and 8% YoY increases in mobile and broadband subscribers. Similarly, Sure in the Channel Islands and Isle of Man reported increased YoY fixed line and broadband subscribers of 4% and 8% respectively."

"We have a number of Group-wide initiatives in place as well as programmes specific to each geographic location. We endeavour to enable the best-in-class products, services and solutions for consumers and businesses and anticipate that these efforts will boost performance across the Group going forward," Mr. Hinnawi added.

For the period, 59% of Revenues and 54% of EBITDA was attributable to operations outside of Bahrain.

Jordan – Umniah: Umniah continues to focus on providing the Jordanian market with high quality and innovative digital solutions. During the first quarter of 2017, the company continued to provide unparalleled services, signing an agreement with Jordan Post to connect the main office with its branches throughout the Kingdom, while also launching several digital financial services, including one that allows students to pay their transportation fees electronically. The company ended the quarter with a mobile subscriber base of 2.8 million, 15% lower than the prior year.

Kuwait - Quality Net: Qualitynet had a strong performance in Q1 in a market that remains highly competitive. While broadband customer numbers remain under pressure due to highly competitive MNO offerings Qualitynet is successfully retaining high value customers through product offering supported by excellence in customer service and support. In business services, Qualitynet continues to retain and grow revenues and margin in multiple sectors. This, aligned with ongoing cost and efficiency measures has provided a strong platform for the year.

Maldives - Dhiraagu: In the first quarter of 2017, Dhiraagu reported consistent performance compared to the previous quarter. There was strong mobile revenue performance contributed by the ongoing 4G and fibre network expansion, mobile subscriber and data growth and customer-centric promotional campaigns. Significant gains were made on 4G and fibre network with an additional 59 islands provided with 4G LTE covering over 70% of the population. During the quarter, both mobile and broadband subscribers witnessed a 5% and 8% increase year-over-year respectively.

Channel Islands & Isle of Man – SURE: Q1 2017 has seen significant investment continue in mobile networks with the rollout of LTE Advanced across the Channel Islands and Isle of Man. In Guernsey, trials of fibre based G-Fast technology are underway with the opportunity to deliver Fixed Broadband services of over 500 Mb/s. In the Isle of Man, Sure has connected its first customer to the newly constructed business-to-business fibre network. Pay-monthly tariffs now offer significantly larger data bundles, and broadband tariffs have been refreshed and re-launched. Sure continues to deliver enhanced levels of customer experience producing market leading customer satisfaction scores across its markets, and in Guernsey Sure won the Employer of the Year award demonstrating its commitment to staff satisfaction and wellbeing. Subscriber numbers continue to grow with 4% and 8% year-over-year increases in fixed and broadband subscribers respectively.

South Atlantic & Diego Garcia – SURE: It has been a challenging Q1 for Sure S&D. The continued delay in the launch of commercial flight operations in Saint Helena combined with further flight restrictions for Ascension and Falklands has seen and an overall reduction in visitors across all operations. Despite the recent challenges, the South Atlantic & Diego Garcia businesses were able to grow mobile and broadband subscribers by 20% and 7% YoY respectively.

Other JVs: Sabafon, in which the Group has a 26.94% shareholding, was able to grow its subscriber base despite the difficulties operating in an environment with increased political challenges. Atheeb, in which Batelco holds a 15% stake, reported an impressive 139% YoY improvement in subscriber numbers.

Batelco Bahrain – Focus on Digital Solutions

Mr. Hinnawi continued by stating that in Bahrain the availability of superfast fibre services is having a positive impact on customer numbers with broadband subscriber numbers up by 9% over Q4 2016 and 33% year over year.

“Our fibre rollout continues to be very successful as we push to reach all areas of the Kingdom including new residential and business locations and replacing out of date infrastructure with the latest technologies.”

“Partnerships continue to be of high value to us and during the first quarter we announced a mobile network enhancement deal for 2017-2018 in collaboration with Ericsson. The agreement will have a huge impact on the user experience through improved Mobile internet coverage and service quality and furthermore, it will enable Batelco to start the journey to 5G and IoT by providing network virtualization services and improved 3G and LTE indoor capacity for customers.”

Bahrain is a very cosmopolitan location with residents travelling far and wide; to support their communication need whilst on the move, Batelco now offers Data Roaming bolt-on services in over 50 locations, delivering unlimited Data at reasonable fixed rates. This service is proving to be very popular and we continue to add new countries regularly,” noted Mr. Hinnawi.

“Batelco Bahrain’s digitisation goals will continue to take high priority throughout 2017 as we develop our portfolio for all customers, with a strong emphasis on the evolving needs of the business sector in line with our role as the Kingdom’s foremost enterprise solutions provider,” added Mr. Hinnawi.

Looking Forward

Batelco Chairman Shaikh Mohamed concluded his remarks by stating that the Board of Directors and executive management are encouraged by the solid start to the year.

“By building on the strength of the Group, through pooling of resources, technologies and expertise, we have the capability to enhance our competitiveness and boost customer numbers and financial performance. Batelco’s teams throughout all our operations are committed to working together to deliver on the Group’s strategic aims in order to exceed customer expectations and grow value for our shareholders,” he concluded.

Caption:

1. Batelco Chairman Shaikh Mohamed bin Khalifa Al Khalifa
2. Batelco Group CEO Ihab Hinnawi

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This press release has been issued by Batelco Corporate Affairs department.
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About Batelco

Batelco Group is headquartered in the Kingdom of Bahrain and listed on the Bahrain Bourse. Batelco has played a pivotal role in the country's development as a major communications hub and today is the leading integrated communications' provider, continuing to lead and shape the local consumer market and the enterprise ICT market. Batelco has been growing overseas via investing in other market-leading fixed and wireless operators.

Batelco Group has evolved from being a regional Middle Eastern operation to become a major communications company with direct and indirect investments across 14 geographies, namely Bahrain, Jordan, Kuwait, Saudi Arabia, Yemen, Egypt, Guernsey, Jersey, Isle of Man, Maldives, Diego Garcia, St. Helena, Ascension Island and the Falkland Islands.

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