



For immediate release
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Batelco Group Announces First Quarter Financial Results for 2018

Manama, Bahrain – 03 May 2018: Batelco (Ticker: BATELCO), the regional telecommunications group with operations across 14 countries, today announced a promising start to the year with strong improvement in its overall performance compared to the first quarter of 2017.

- **Net Profit of BD13.1M, up 60% from BD8.2M in Q1 2017**
- **Operating Profit of BD20.3M, up by 43% from BD14.2M in Q1 2017**
- **EBITDA of BD36.6M, up by 13% from BD32.3M in Q1 2017**
- **Revenues of BD99.5M, growth of 11% from BD89.7M in Q1 2017**
- **EPS of 7.9 fils for Q1 2018 compared to 4.9 fils in Q1 2017**

Batelco Chairman, Shaikh Mohamed bin Khalifa Al Khalifa who announced the Q1 2018 financial results following the meeting of the Board of Directors on May 3rd at Batelco's Hamala Headquarters said that he was very pleased with the excellent start for 2018 with double digit improvements in the financial results over the first quarter of 2017.

"Across our group of operations, we are working diligently on our strategic plans to provide reliable and future proof networks that meet the needs of each location, with their specific requirements. At home, we remain focussed on ensuring that Bahrain is among the best-connected countries in the region, in support of the Bahrain government's initiatives for the communications sector.

Digitisation across all sectors of the community remains high on our agenda, with ongoing investment in fibre networks, Tier III Data Centres and the development of our digital solutions portfolio."

Financial and Operational Highlights

	Q1 2018		Q1 2017		Growth %
	BDM	US\$M	BDM	US\$M	
Gross Revenues	99.5	263.9	89.7	237.9	11
EBITDA	36.6	97.1	32.3	85.7	13
Operating Profit	20.3	53.8	14.2	37.7	43
Net Profit	13.1	34.7	8.2	21.8	60
Subscriber Base	9.3 million		9.2 million		
Contribution to Revenues by International Operations	61%		59%		
Contribution to EDITDA by International Operations	52%		54%		

Group Financial Review

Gross revenues are up by 11% from BD89.7M (US\$237.9M) reported in Q1 2017 to BD99.5M (US\$263.9M) supported by strong performance at Batelco Bahrain and Umniah Jordan. In Bahrain, revenues were boosted by improvements in mobile and broadband services and in Umniah revenues were up in all revenue streams with notable growth in adjacent services and fixed broadband.

EBITDA for the first quarter of 2018 stands at BD36.6M (US\$97.1M) compared to BD32.3M (US\$85.7M) in Q1 2017, representing an increase of 13% and EBITDA margin of 37%. The improved EBITDA is bolstered by the revenue gains and the Group's cost containment programmes.

Operating profit also improved by 43% over Q1 2017 from BD14.2M (US\$37.7M) to BD20.3M (US\$53.8M). Following the same trend, the Group's Net Profit was BD13.1M (US\$34.7M); a 60% increase from BD8.2M (US\$21.8M) for Q1 2017.

The Group's balance sheet continues to be strong with total assets of BD935.5M (US\$2,481.4M) compared to BD932.5M (US\$2,473.5M) in Q1 2017, net assets of BD496.4M (US\$1,316.7M) compared to BD502.5M (US\$1,332.9M) in Q1 2017 and substantial cash and bank balances of BD167.8M (US\$445.1M). Total Equity attributable to equity holders of the company was BD452.8M (US\$1,201.1M) compared to BD461.9M (US\$1,225.2M) in Q1 2017. Earnings per share for the first quarter of 2018 are 7.9 fils compared to 4.9 fils in Q1 2017.

Group Operational Review

Batelco Group CEO Ihab Hinnawi said that positive performances at home in Bahrain and at a number of the Group's international operations led to the very promising start to the year reflected in gross revenues and net profits.

Mr. Hinnawi continued by saying, "The solid execution of our strategic plans across all our OPCOS is starting to be reflected in the bottom line, and we are naturally delighted to get off to such a good start to 2018. Our plans, which include strengthening our digital capabilities, are having the positive impact that we hoped for. Our transformation agenda, to create a leaner and more agile organisation, continues to be rolled out across all operations and we are very optimistic for the future."

"On the mergers and acquisitions front, we are still in the market of assessing new opportunities within the communications field and across adjacent industries to increase the Group's value," Mr. Hinnawi said.

"Throughout the Group, we are pleased to note that broadband subscriber numbers have increased. Notable increases include growing customer numbers for Broadband products in Bahrain with numbers up by 4% over Q4, 2017 and 27% year-on-year. Umniah and Dhiraagu have also posted improved broadband numbers with both companies showing an increase of 13% over Q4, 2017 and year-on-year increases of 84% and 65% respectively."

For the period, 61% of Revenues and 52% of EBITDA was attributable to operations outside of Bahrain.

Batelco Bahrain Highlights

Batelco Bahrain CEO Mohamed Bubashait said that Batelco's successful fibre delivery and comprehensive portfolio of digital products and services attributed to growing customer numbers in the Kingdom of Bahrain reflected by an increase of 7% in fixed line customers and 27% in Broadband numbers, year over year.

"Batelco continues to support directives that aim to strengthen the Kingdom's position as a leading regional communications hub, attracting further commercial investments and tourists to

Bahrain. In line with such commitments we continue to expand the scope of the Bahrain WiFi project to enable free WiFi at more public locations throughout the Kingdom.”

“Additionally, in support of our strategic plans to develop a world class advanced infrastructure, in line with the Kingdom’s vision and aspirations to maintain Bahrain’s position as a leader in the region’s ICT industry we recently announced the launch of Batelco Gulf Network (BGN).”

“Furthermore, in line with our commitment to foster the development of Bahrain’s FinTech industry and drive the acceleration of the financial technology ecosystem, we were proud to announce our role as one of the founding partners of Bahrain FinTech Bay. Technology is already playing a major role in shaping the financial industry and Batelco as a leader in delivering digital solutions for Bahrain is well placed to support the initiatives of the new operation.”

International Highlights

Overall performance across the Group was supported by sustained customer numbers in the majority of the Group’s operations.

- **Jordan (Umniah):** Umniah still tops Batelco’s revenue from its overseas operations and reported 24% growth in revenues for the first quarter of 2018 in comparison with the first quarter of 2017. During the period, the company continued to broaden its digital centric services with a signed partnership agreement with OSN to offer its customers access to OSN’s online streaming entertainment service.
- **Kuwait (Quality Net):** Qualitynet remains market leader in the Fixed Data Communication and Internet Services and ICT industry in the State of Kuwait. During the quarter, the company established a local branch in Iraq to support its existing business and new opportunities in the country.
- **Maldives (Dhiraagu):** Dhiraagu started the first quarter of 2018 with 9% revenue growth for the first quarter of 2018 in comparison with the first quarter of 2017 due to growing mobile data and FTTH revenue. Focusing on the goal of providing digital connectivity across the country, the company continued to expand its 4G coverage with the service now available to 89% of the population. Dhiraagu also launched high speed FTTH in 8 additional islands. Significant gains were made on the TV service with the service now available to over 28 islands. Year-over-year broadband subscribers have increased by 65% and by 13% since the last quarter of 2017.
- **Channel Islands, Isle of Man, South Atlantic & Diego Garcia (Sure Group):** Q1 2018 has seen investment continue in mobile and fixed broadband networks across the Sure jurisdictions. The best network status achieved in the Channel Islands has now been achieved in the Isle of Man, followed up with marketing campaigns enabling subscriber

growth in highly competitive markets. This approach has resulted in a 5% increase in mobile subscribers compared to Q1 2017 and 3% increase in broadband subscribers. In the South Atlantic Sure's roll out of the new 4G mobile network continues in the Falkland Islands, whilst in Diego Garcia the license renewal process is underway with a decision expected later in the year.

Looking Forward

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

"We are looking forward with enthusiasm as we enter the 2nd quarter of the year. We believe that our strategic plans for all operations will continue to deliver the desired results. Our teams throughout our organisation are committed to the implementation of our strategic plans which include continuing to invest in digital technology, improving the quality and speed of LTE networks and continuing with transformational exercises aimed at increasing profitability going forward," he concluded.

To obtain further details on the financial performance and results stakeholders can view it online on Bahrain Bourse and Batelco website.

Caption:

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

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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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