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KIPCO Group Investors Forum

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**الوطنية
للاتصالات**



**WATANIYA
TELECOM**



The Red Carpet Company

Wataniya Telecom at Investor Forum

Harri Koponen

CEO and GM

Ahmad Haleem

CEO Wataniya International

28 June 2005



Disclaimer

In this presentation by Wataniya Telecom's management, our use of the words "expect," "anticipate," "estimate," "project," "forecast," "outlook," "target," "objective," "plan," "goal," "pursue" and similar expressions are intended to identify forward looking statements.

While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, actual results may differ materially due to numerous important factors.

Such factors include, among others, the following: changes in economic conditions; currency exchange rates or political stability; labor strikes or work stoppages; market acceptance of the corporation's new products; significant changes in the competitive environment; changes in laws, regulations and tax rates.

The Choice



Monopoly

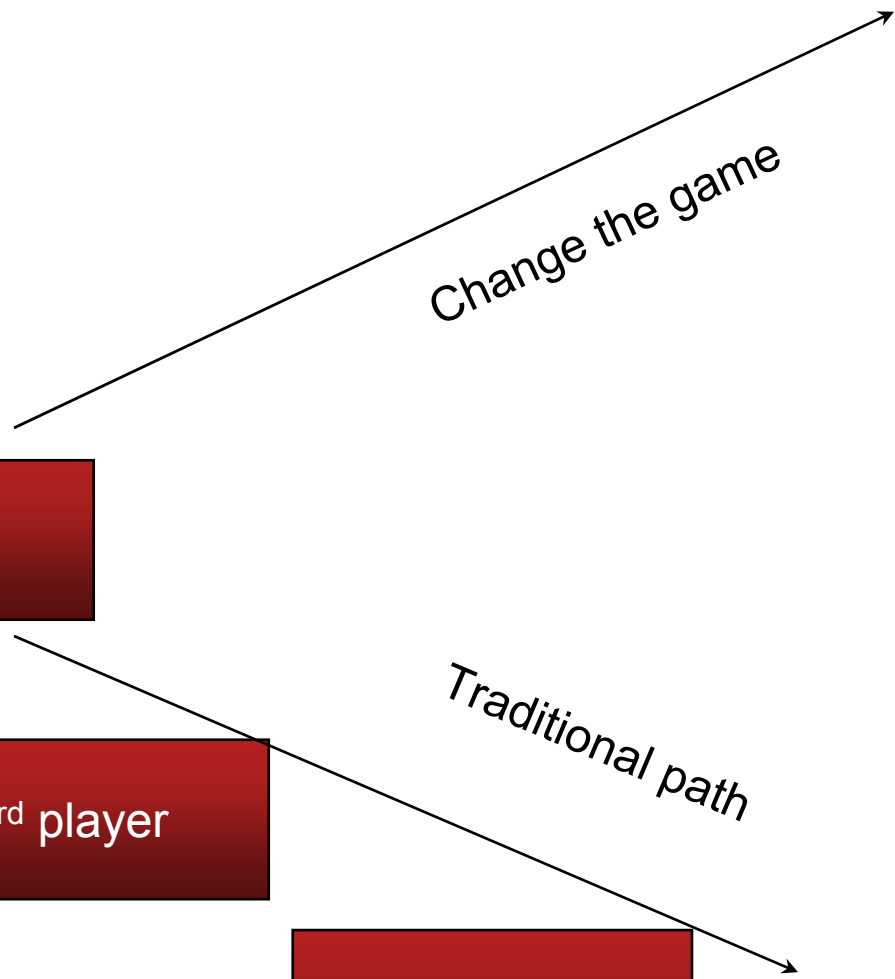
Duopoly

3rd player

Virtual Operators

Change the game

Traditional path







From a prepaid network to a service company

- Markets keep growing
- There is no need to sell price
- Lack of knowledge drives new potential
- Branding & service becoming key factors



Business Strategy

Going Forward

Current

In The Past (Kuwait)

- Focus on the prepaid segment in the Kuwaiti GSM market
- Lowering the entry barriers
- Expansion of network to provide maximum coverage
- Network densification to improve service quality

- Regional expansion given the high rates of mobile penetration in Kuwait
- Focus on customers in order to fulfill their need. Be service driven instead of technology driven but use the latest technology to drive down the Opex and Capex
- Reposition and strengthen the brand to capture a premium in pricing
- Enhance ARPU through increase in contribution from value added services

Wataniya Kuwait

- Become globally recognized service leader. Drive customer satisfaction and value creation. Use latest technology to drive the market, enter to BtB market

Wataniya International

- Will focus on growth both organically and through acquisitions and entry into new markets on a case to case basis via
 - Strategic alliances
 - Bids for new licenses
 - Acquisitions
- At present it is evaluating investment opportunities in the MENA region



Fundamentals

**“WHY SHOULD I HAVE
THE BEST NETWORK?”**

WHY NOT?



WATANIYA TELECOM



A SHINING EXAMPLE OF OUR RED CARPET TREATMENT: Simply The Best SIM Card In The World.

Today we rolled out the red carpet for all Wataniya customers: after investing in the new network to make sure you get the best possible reception, we now want to make sure you get the best possible service. The red carpet is an invitation to all Wataniya customers to make the most of that service by picking up the best SIM card in the world – absolutely free*. Come to a Wataniya branch, get the card and get on the red carpet.

*Offer available for a limited time for current and new Wataniya customers. For the branch nearest you call 121.



WATANIYA TELECOM
The Red Carpet Co.



Main offering in Kuwait for each target segment

Managed Services



Business customers

Bundling



Kuwaitis

Personal services



Youth, students

W charger



Domestic helpers etc

Quality, easiness, content



Expats in Kuwait



A SHINING EXAMPLE OF OUR RED CARPET TREATMENT: Simply The Best SIM Card In The World.

Just a little while ago we launched the best network in the world. Today we are rolling out the red carpet for our customers by introducing the best SIM card in the world. Make the most of our improved network and service: get your new SIM card now for free* and get on the red carpet.

*Offer available for a limited time. To find your nearest Wataniya branch, call 121.



WATANIYA TELECOM
The Red Carpet Co.



Market Review by Operations

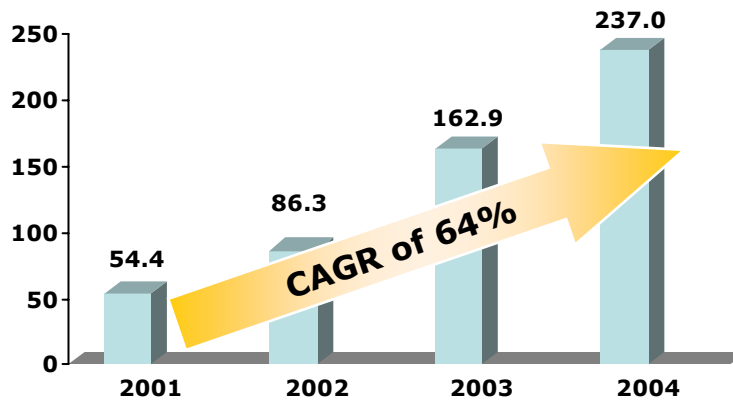
	Population	Mobile Penetration	Wataniya Subscribers	
Kuwait	2.8 million	79%	885,000	Moving from penetration growth to service growth
Tunisia	10.0 million	44%	1,550,000	
Iraq	24.7 million	9%	760,000	Increasing penetration rates
Algeria	31.8 million	20%	700,000	
Maldives	0.3 million	33%	Launch August 1	

Source: World Bank, Company estimates, National Bank of Kuwait

Consolidated Financial Summary

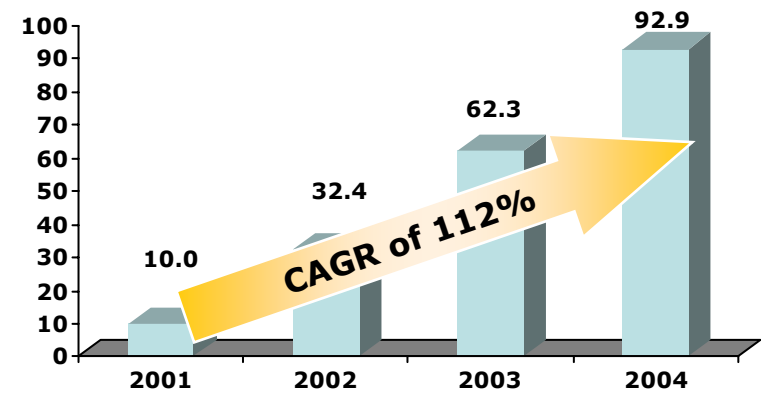
Revenue

KD million



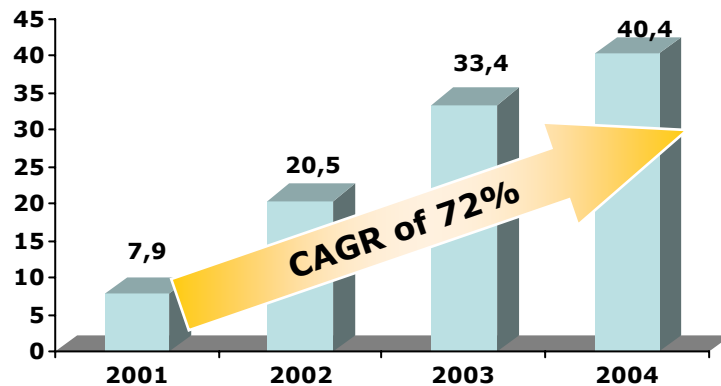
EBITDA

KD million



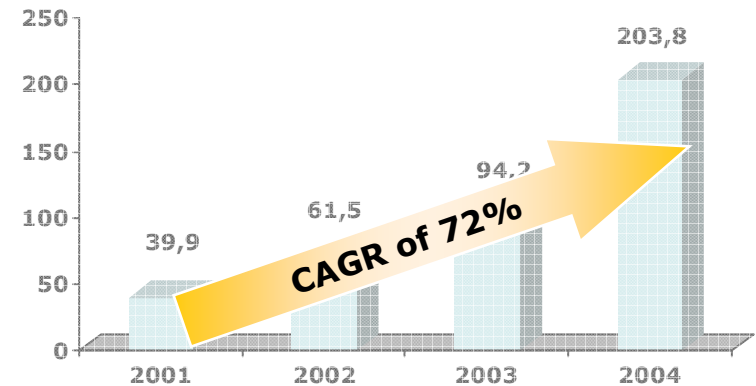
Net Profit

KD million



Shareholders' Equity

KD million





Focus 2005 →

- Reposition and strengthen the brand
- Focus on customers
- Be service driven instead of technology driven
- Enhance ARPU through increase in contribution from value added services
- B2B solutions to drive new business



2004 Actuals vs 2005 Forecast

Country	Kuwait	
	2004	2005
Population (Millions)	2.7	2.8
Market Penetration	75%	82%
Wataniya Customers (000's)	847	933
Revenue	141	156
EBITDA	64	70
EBITDA %	45%	45%
Net Profit	46	55

KD Millions





Passion for Growth



International Operations Highlights

Focus on high growth markets

Invest in countries with low market penetration

Management control in most markets

Rapid ramp up in subscriber base in all markets

Experienced management team in all operations

Strong partnerships in all markets

- **Achieved positive EBIT status in first full year of operation in Tunisia**
- **Achieved positive profits in Iraq in first full year of operation**
- **Achieved positive EBITDA in Algeria after 9 months of operations**



Wataniya's International Operations



Venture partner

Orascom Telecom

NASCO

Maldives

Algeria

Tunisia

Iraq

Saudi Arabia

Holding

100%

71%

50%

40%

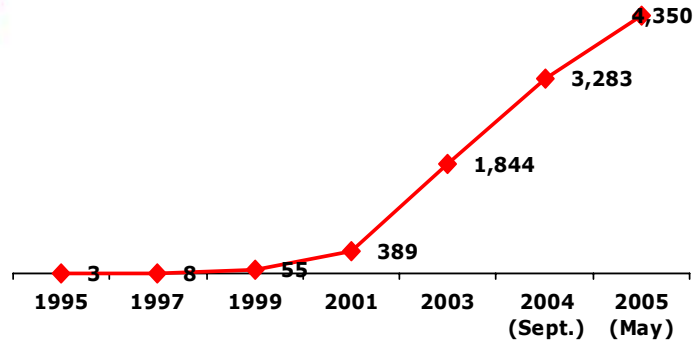
38%



Mobile Market - Tunisia

Mobile Subscribers - Tunisia

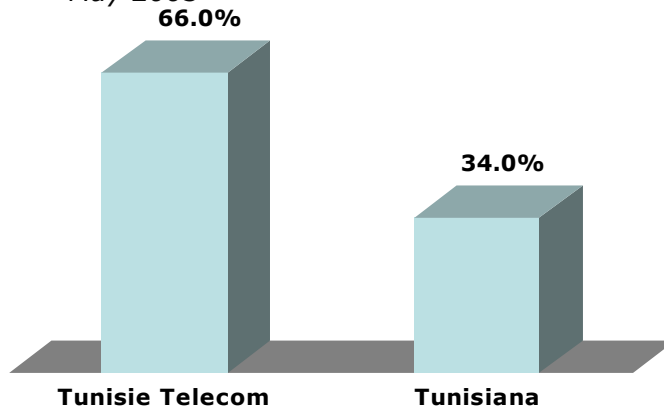
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99% of the population has been covered in Tunisia

Market Share - Tunisia

May 2005



- Wataniya launched its Tunisia operations December 2002
- Tunisia is one of the fastest growing markets in the region
- Market penetration of 50% expected by year end
- 40% Tunisiana market share by year end
- Continue to build a strong Tunisian brand
- Focus on acquiring high value customers
- Move to segmented pricing strategy



2004 Actuals vs 2005 Forecast

Country	Tunisia	
	2004	2005
Population (Millions)	10	10
Market Penetration	35%	50%
Tunisiana Customers (000's)	1,048	2,000
Revenue	65	106
EBITDA	25	42
EBITDA %	37%	40%
Net Profit	0.1	12

KD Millions

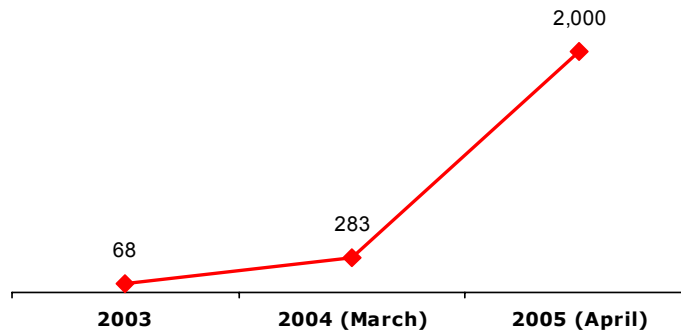




Mobile Market - Iraq

Mobile Subscribers - Iraq

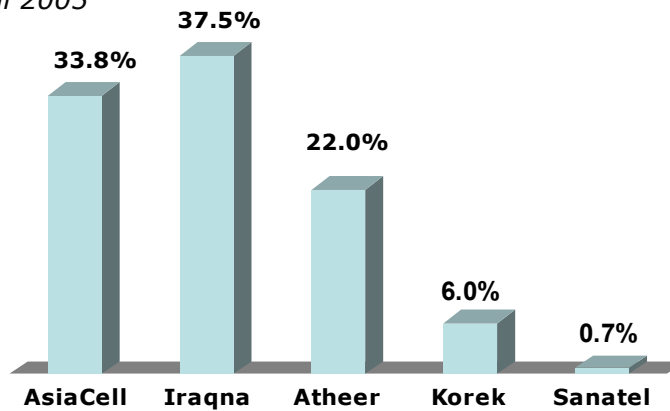
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12% of the population covered in Northern Iraq

Market Share - Iraq

April 2005





2004 Actuals vs 2005 Forecast

Country	Iraq	
	2004	2005
Population (Millions)	24	24
Market Penetration	5%	13%
Asiacell Customers (000's)	470	1,100
Revenue	27	57
EBITDA	16	35
EBITDA %	59%	61%
Net Profit	3.5	3.7

KD Millions

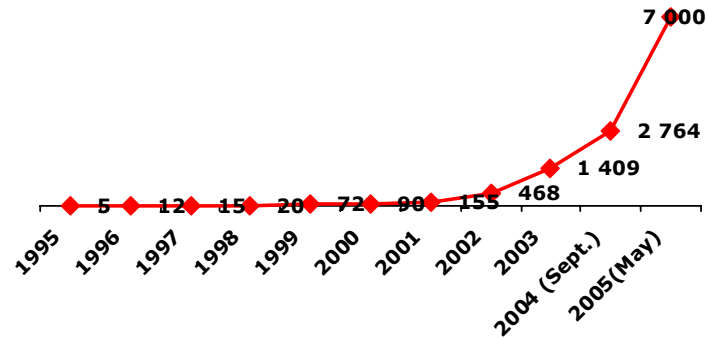




Algeria-Mobile Market

Mobile Subscribers - Algeria

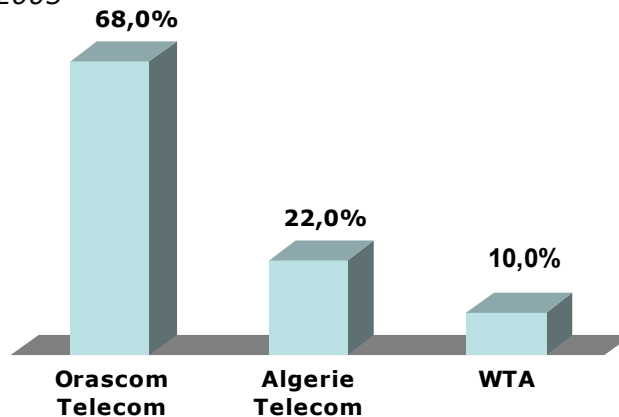
(⁰⁰⁰)



34% of the population covered in Algeria

Market Share - Algeria

May 2005



- Wataniya launched its Algerian operations in August 25, 2004
- Focus on accelerated network roll-out
- All customer touch points support brand
- Product & services innovation leadership
- Segmented pricing and product approach
- Quality customer care differentiation



2004 Actuals vs 2005 Forecast

Country	Algeria	
	2004	2005
Population (Millions)	32	33
Market Penetration	13%	28%
Nedjma Customers (000's)	288	1,200
Revenue	4	47
EBITDA	(12)	4
EBITDA %	--	8%
Net Profit	(12)	(16)

KD Millions





Maldives and Saudi Arabia

Regulation and Competition		
	Maldives	Saudi Arabia
Duration	15 years license	15 years (BOT)
Competitors	Dhiraagu	2 GSM operators
Technology	GSM/ 3G	iDen Push To Talk



2004 Actuals vs 2005 Forecast

Country	Maldives
	2005
Population	300,000
Market Penetration	40%
Wataniya Customers	30,000
Revenue	6
EBITDA	(1)
EBITDA %	--
Net Profit	(1)

KD Millions



2004 Actuals vs 2005 Forecast

Country	Saudi Arabia
	2005
Population (Millions)	26
Market Penetration	46%
PTC Customers	100,000
Revenue	24
EBITDA	(1)
EBITDA %	--
Net Profit	(5)

KD Millions



2004 Actuals vs 2005 Forecast

Consolidated

	2004	2005
Customers (000's)	2,653	5,363
Revenue	237	375
EBITDA	93	150
EBITDA %	39%	40%
Net Profit	40	48



KD Millions



Thank you!



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