



Press Release

For immediate release
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Batelco Announces 2019 Q4 and Full Year Financial Results Full Year Net Profit Attributable to Equity Holders of BD51.6M, 3% YoY Increase

Manama, Bahrain: Batelco (Ticker: BATELCO), today announced its financial results for the fourth quarter of 2019, the three-month period ended 31 December 2019 (Q4), and for the full year ended 31 December 2019.

Batelco announced net profits attributable to equity holders of the company for Q4 2019 of BD7.4M (US\$19.6M), an 82% increase from BD4.1M (US\$10.9M) for the corresponding period of 2018 when net profits were impacted due to one-off charges. Net profits attributable to equity holders of the company for the full year 2019 of BD51.6M (US\$136.9M) are up by 3% from BD50.1M (US\$132.9M) in 2018, mainly due to the 4% increase in operating profit and the BD28.4M (US\$75.3M) gain on the sale of Qualitynet in May 2019. Earnings per share (EPS) are 4.5 fils for the fourth quarter of 2019 compared to 2.4 fils in Q4 2018 resulting in an EPS of 31.2 fils for the year compared to an EPS of 30.2 for 2018.

Total comprehensive income attributable to equity holders for Q4 2019 was reported at BD13.8M (US\$36.6M) an increase of 204% from BD4.6M (US\$12.2M) for the fourth quarter of 2018. Total comprehensive income attributable to equity holders of the company is up by 30% for the full year 2019 from BD43.3M (US\$114.9M) to BD56.3M (US\$149.3M).

Revenues for the fourth quarter in 2019 decreased by 1% compared to Q4 2018 from BD104.4M (US\$276.9M) to BD102.9M (US\$272.9M). Revenues for the full year 2019 were BD401.5M (US\$1,065.0M), a decrease of 1% when compared to BD405.9M (US\$1,076.7M) of revenues in 2018. Consolidated revenues have been impacted by the sale of Qualitynet, whereby the company contributed an additional BD11.0M (US\$29.2M) of revenues in 2018. However, revenues in the home market of Bahrain have increased by 5% year-over-year boosted by revenues from fixed broadband, data communications and mobile services. Operating profit for the quarter is up by 62% to BD19.9M (US\$52.8M) from BD12.3M (US\$32.6M) in Q4 2018; while year-on-year operating profits increased by 4% from BD72.7M (US\$192.8M) in 2018 to BD75.5M (US\$200.3M) in 2019. The increased operating profits are mainly due to a reduction in depreciation and amortization charges of 6% in 2019.

EBITDA for the fourth quarter of 2019 stands at BD35.7M (US\$94.7M) compared to BD33.6M (US\$89.1M) in Q4 2018, representing an increase of 6%. For the full year, EBITDA decreased by 1% in 2019 from BD142.8M (US\$378.8M) to BD141.7M (US\$375.9M) retaining a healthy EBITDA margin of 35%. EBITDA for the year was impacted by BD11.1M (US\$29.4M) voluntary employee retirement programme cost.

Adjusted EBITDA for the year without the voluntary employee retirement cost is 7% higher year-on-year, driven by the 5% YoY reduction in operating expenses.

Batelco's balance sheet remains strong with total equity attributable to equity holders of the company of BD473.1M (US\$1,254.9M) compared to BD465.2M (US\$1,234.0M) as of 31 December 2018, an increase of 2%. Total assets of BD992.9M (US\$2,633.7M) as of 31 December 2019 have increased 9% compared to BD912.4M (US\$2,420.2M) as of 31 December 2018. Net assets as of 31 December 2019 stand at BD513.4M (US\$1,361.8M) compared to BD504.9M (US\$1,339.3M) as of 31 December 2018, an increase of 2%. The Company's cash and bank balances are a substantial BD175.5M (US\$465.5M), which reflects the interim dividend of 10 fils per share paid in August 2019.

Batelco is committed to delivering excellent returns for its shareholders with its efforts leading to attractive dividends. The Board of Directors has recommended a full year cash dividend of BD45.7M (US\$121.2M), at a value of 27.5 fils per share to be agreed at the Annual General Meeting, of which 10 fils per share was already paid during the third quarter of 2019 with the remaining 17.5 fils to be paid following the AGM in March 2020.

Financial and Operational Highlights

| | 2019 | | 2018 | | Growth | Q4 2019 | | Q4 2018 | | Growth |
|---|-------|---------|-------|---------|--------|---------|-------|---------|-------|--------|
| | BDM | US\$M | BDM | US\$M | % | BDM | US\$M | BDM | US\$M | % |
| Gross Revenues | 401.5 | 1,065.0 | 405.9 | 1,076.7 | -1 | 102.9 | 272.9 | 104.4 | 276.9 | -1 |
| EBITDA | 141.7 | 375.9 | 142.8 | 378.8 | -1 | 35.7 | 94.7 | 33.6 | 89.1 | +6 |
| Operating Profit | 75.5 | 200.3 | 72.7 | 192.8 | +4 | 19.9 | 52.8 | 12.3 | 32.6 | +62 |
| Net Profit attributable to equity holders of the company | 51.6 | 136.9 | 50.1 | 132.9 | +3 | 7.4 | 19.6 | 4.1 | 10.9 | +82 |
| Total Comprehensive income attributable to equity holders of the company | 56.3 | 149.3 | 43.3 | 114.9 | +30 | 13.8 | 36.6 | 4.6 | 12.2 | +204 |
| Subscriber Base | 8.4M | | 8.6M | | -2% | | | | | |
| Contribution to Revenues by International Operations | 56% | | 59% | | -3% | | | | | |
| Contribution to EBITDA by International Operations | 58% | | 51% | | +7% | | | | | |

The full set of financial results was announced by Batelco Chairman Shaikh Abdulla bin Khalifa Al Khalifa following a meeting of the Board of Directors on February 20th at Batelco Headquarters, Kingdom of Bahrain.

"I am pleased to announce strong financial results which is a result of effective implementation of strategic initiatives, robust operational performance and solid financial discipline. Delivering value for our

shareholders is a priority for us and we are proud to announce improved earnings during the 4th quarter leading to increased EPS for the year,” Shaikh Abdulla said.

“2019 was a milestone year for Batelco,” Shaikh Abdulla noted, “In May we announced the completion of Batelco’s legal separation process as part of Bahrain’s 4th National Telecommunication Plan, and the creation of an infrastructure company for National Broadband, remaining under the full ownership of Batelco. In October the official launch of BNET B.S.C, Bahrain’s National Broadband Network was announced.”

“Having restructured our organisation following the separation of the Company, we have embarked on a new journey to create a transformed Batelco for this new decade.”

“Our achievements in 2019 have provided us with a solid platform to move forward. We have a new and powerful strategy in place and strong teams which we are confident will allow us to seize market opportunities in support of our goals. We look forward to seeing the strategy executed in line with our vision, and are confident we have the right elements in place to drive growth and meet our shareholders’ expectations,” Shaikh Abdulla added.

Operational Review

Batelco CEO Mikkel Vinter explained that during 2019 Batelco took important steps to solidify the Company’s position as the leading telecommunications company in Bahrain.

“Among key achievements during 2019, we were delighted to be the first to commercially launch 5G network services, an important step in enabling the growth of the digital economy.”

“Additionally, our commitment to developing world class Data Centre facilities continues to be high on our agenda and during 2019, Batelco’s Uptime certified RJR Data Centre was launched with a second Data Centre to be launched soon near Batelco’s Headquarters.”

“With a vision to be a leading provider of innovative digital services and connectivity and to meet the demand for faster and smarter communication solutions, Batelco will be focussed on two main areas, to strengthen our core connectivity business and to continue with our digital transformation journey.”

“Alongside our business objectives, the role we play in the community continues to be very important with our CSR initiatives designed to have a positive impact on the community. We continue to enhance this area with the aim of establishing and strengthening partnerships with other entities in order to play a stronger role in the community.”

“During this past year, the support of management and staff has been invaluable and I would like to offer my appreciation to the team for their dedicated efforts. I also offer my thanks to our Board of Directors for their ongoing support which has allowed us to push forward with confidence,” added Mr. Vinter.

Appreciation for Support

Before concluding the meeting Shaikh Abdulla bin Khalifa Al Khalifa offered his thanks to shareholders, Board members and employees.

“During this unique phase in Batelco’s history with the spin-off of BNET in mid-2019, the trust of our shareholders in our transformational plans was invaluable. On behalf of the members of the Board, I extend appreciation to our shareholders for their ongoing confidence in our strategic direction, and it remains a priority for us to achieve the highest possible returns for them.”

“Additionally, the support of my colleagues on the Board of Directors has never been more vital; accordingly, I would like to take the opportunity to extend my grateful appreciation to each member for their invaluable input. On the same note, I offer my sincere thanks to Batelco’s management and staff who were committed to transform Batelco to the digital age,” Shaikh Abdulla concluded.

This press release, along with the full set of financial statements, is available on the Bahrain Bourse website and on Batelco website, www.batelco.com

Caption:

1. Batelco Chairman Shaikh Abdulla bin Khalifa Al Khalifa
2. Batelco CEO Mikkel Vinter

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This press release has been issued by Batelco Corporate Communications & Social Responsibility Department. For further information, please contact Public.Relations@btc.com.bh