

## Bahrain Telecommunications Company BSC

### CHAIRMAN'S REPORT

For the year ended 31 December 2020

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#### Chairman's Report

On behalf of the Board of Directors, it gives me great pleasure to present the 39th Annual Report of the Bahrain Telecommunications Company BSC and its subsidiaries and affiliates (Batelco), for the year ended 31st December 2020.

Batelco achieved strong financial results for 2020 with a 10% year-over-year increase in net profit attributable to equity holders of BD56.7M (US\$150.4M).

The 2020 results reflect the company's commitment to achieve its strategic objectives and effective cost management while adapting quickly to the challenges faced during the year. Whilst gross revenues of BD387.3M (US\$1,027.3M) are 4% below 2019, the company reduced its operating costs by 10% resulting in EBITDA of BD154.7M (US\$410.3M), 9% above the prior year and with a healthy margin of 40%.

Batelco's balance sheet remains strong with total assets of BD992.2M (US\$2,631.8M) and net assets of BD512.1M (US\$1,358.4M) as of 31 December 2020. The Company ended the year with substantial cash and bank balances of BD195.3M (US\$518.0M) and a robust Net Debt to EBITDA ratio of 0.7x.

In line with increasing shareholder value and delivering excellent returns, Batelco increased its interim dividend by 35% from 10 fils to 13.5 fils earlier this year. 2020 also marked significant increases in Batelco's share price, which reached its highest level since 2011.

#### Proposed Appropriations

Based on the financial results, the Board of Directors has recommended for the approval of shareholders, the following appropriations for the year 2020.

| BD millions                   | 2020  | 2019  |
|-------------------------------|-------|-------|
| Final cash dividends proposed | 27.44 | 29.11 |
| Interim cash dividends paid   | 22.36 | 16.55 |
| Donations                     | 4.39  | 1.29  |
| Transfer to statutory reserve | -     | 0.23  |

Batelco is committed to consistently delivering attractive returns to its shareholders. Accordingly, the Board of Directors has recommended a full year cash dividend of BD49.8M (US\$132.1M), at a value of 30.0 fils per share to be agreed at the Annual General Meeting, of which 13.5 fils per share was already paid during the third quarter of 2020 with the remaining 16.5 fils to be paid following the AGM in March 2021.

Batelco swiftly adapted to the unprecedented circumstances of 2020 to achieve the strategic objectives of the core strategy, which include a focus on cost containment, resulting in 10% YoY decrease in operating costs and contributing to a 10% increase in net profits over 2019. The efforts are also reflected in the improvements in Operating Profits and EBITDA which increased by 7% and 9% respectively, year on year.

During the year key investments were made in the further development of 5G, which we activated across all four governorates of Bahrain covering 95% of the nation's population. We also launched our latest Tier III Data Center, which is the largest enterprise Data Center in Bahrain. Going forward, Batelco will continue to play its part in providing innovative digital services. This is in line with our vision and being a proud member of Team Bahrain, following the directives of the Kingdom's fifth National Telecommunication Plan, and supporting the telecom sector in accordance with the Kingdom's vision for the digital economy.

Batelco places importance on supporting team members and the corporate culture, as a healthy work environment reflects on the team's performance. We have directed the management to launch several programmes which are focused on developing the work environment and a high-performance culture, such as the Chairman's Award.

As a result of these efforts, Batelco has been ranked the number 1 certified organization in the telecommunication sector across the Middle East in 2020 as a great workplace, by Great Place to Work® Institute Middle East, and we are immensely proud of this achievement.

**Bahrain Telecommunications Company BSC**

**CHAIRMAN'S REPORT**  
**For the year ended 31 December 2020**

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*Chairman's Report (continued)*

I take this opportunity to express my sincere gratitude to His Majesty King Hamad bin Isa Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander and Prime Minister, for the government's tremendous support towards the telecoms sector which has been instrumental in our ongoing success.

I appreciate the contribution of the members of the Board who represent diverse backgrounds. Their strong commitment has been vital as we have worked together for the benefit of Shareholders and I would like to thank them for their input. On the same note, I offer my thanks to Batelco's management and all team members who contributed to a successful year.

Delivering value for our shareholders remained central in 2020 and we are proud to announce increased EPS for the year. Batelco's share price which during year 2020 reached its highest level since 2011 remains strong and reflects the confidence that the market and investors have in Batelco. I extend appreciation to our shareholders for putting their trust in Batelco's direction and vision, and going forward it remains a priority for us to achieve the best returns for them.

As we move forward in 2021, we will continue to adapt our plans to remain successful and achieve our goals. We are committed to applying best practice corporate governance to support Batelco's strategy and achieve its vision while ensuring that shareholder value is maximised. We have confidence that Batelco's management will make every effort to achieve the set goals and continue raising the bar to achieve more success for Batelco and the telecommunications sector in Bahrain.

**Auditors**

The Board of Directors will recommend the re-appointment of KPMG Fakhro as Batelco's auditors for the financial year ending 31st December 2021.



**Abdulla bin Khalifa Al Khalifa**  
**Chairman of the Board**  
**Bahrain Telecommunications Company BSC**  
*February 21<sup>st</sup> 2021*