

# A Year of Remarkable Achievements

**Kingdom of Bahrain**

30<sup>th</sup> January 2005

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# Agenda



- Regulatory Background
- MTC Vodafone Group Overview
- Challenges
- Mission and Strategy
- Achievements
- Contributions
- Next Steps

# Liberalizing the Telecom Market



- Under the guidance of His Highness the Crown Prince, Sheikh Salman Bin Hamad Al Khalifa, the Government of the Kingdom of Bahrain issued the Telecommunication Law under the Legislative Decree Number 48 of 2002. The Law calls for:
  - Establishing An Independent Telecom Regulatory Authority
  - Introducing a second mobile operator
  - Liberalizing all sectors of the Telecom market
- In the same year, an RFP was issued to award the second mobile license. Ten leading international telecom operators competed.
- Bidders competed on offering the most advanced services at the best value for customers and the Kingdom of Bahrain.
- Failures in other markets such as the exorbitant 3G license fees in Europe were avoided.
- The selection process was transparent and efficient setting an example for the region.
- MTC Vodafone was awarded the license in April 2003.

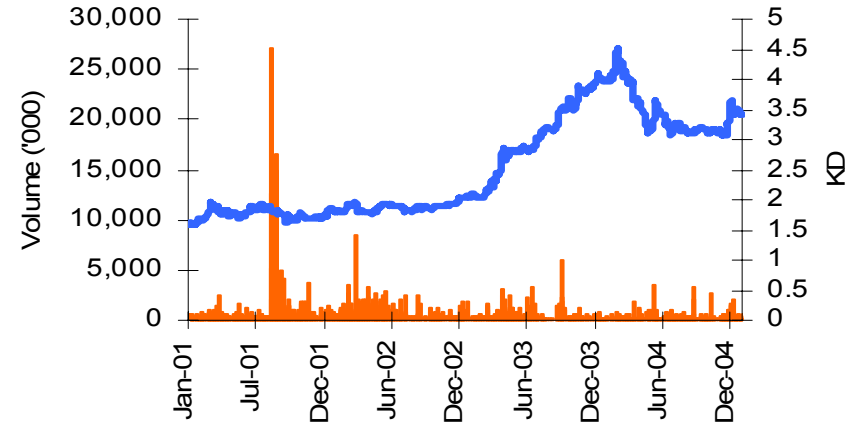
# MTC Vodafone Group Overview



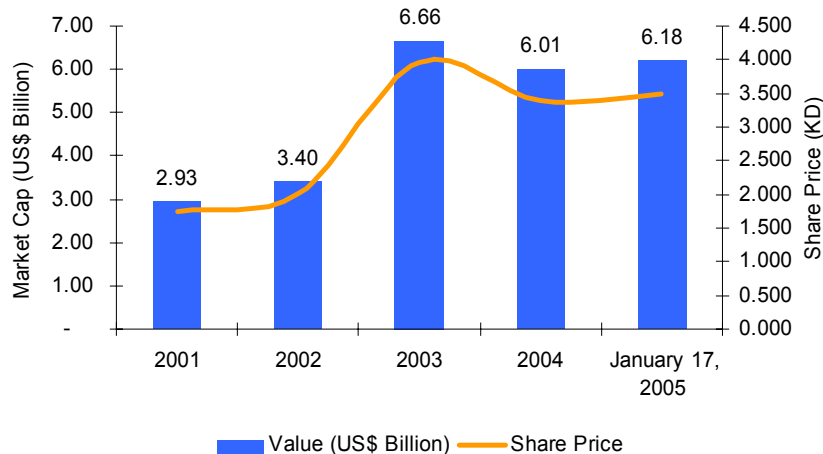
## Listings

- ◆ Listed in Kuwait Stock Exchange
- ◆ Largest Non-Banking
- ◆ Market capitalisation of US \$ 6.15 billion as of 15<sup>th</sup> January 2005

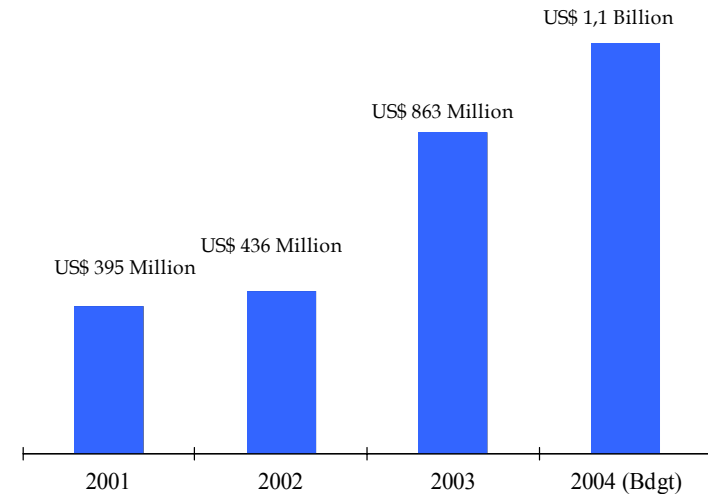
## Share Price Performance over 4 yrs



## Market Capitalization



## Gross Revenue Growth - Chart



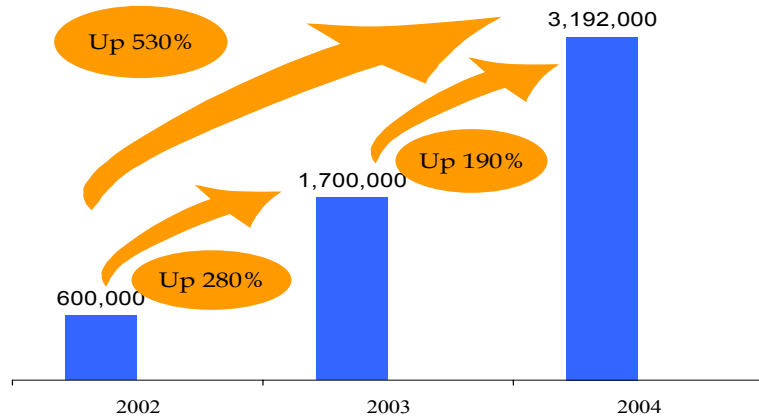
# Overview



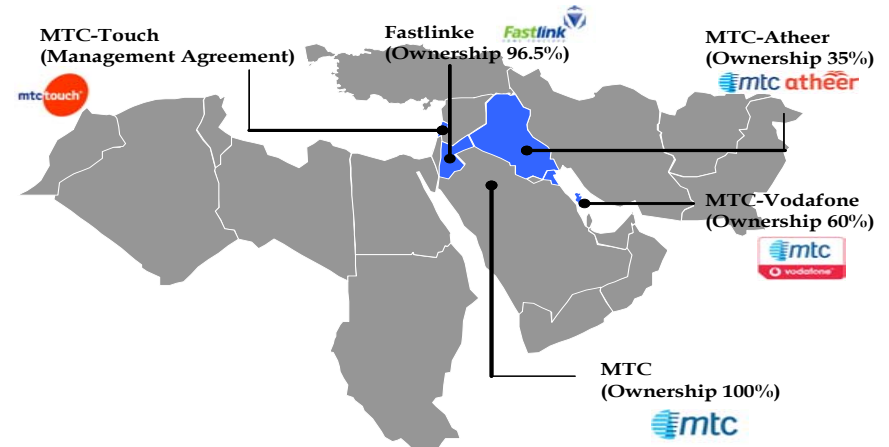
## Operations

- ◆ MTC continued to enjoy dominance in most markets it is operating in
- ◆ Operating in five countries; MTC has the largest presence in terms of number of licences in the Middle-East

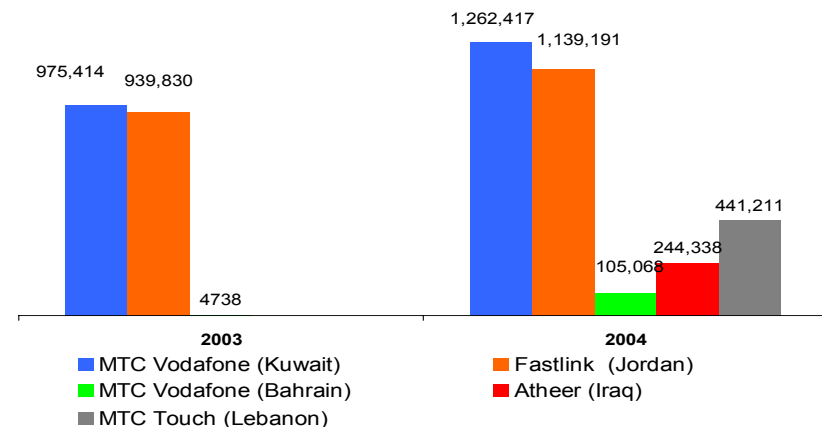
## Customer Base



## Current Presence



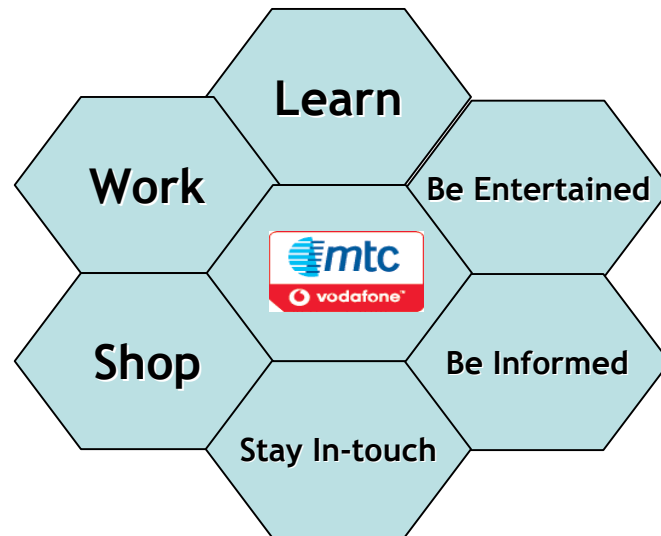
## Customer Growth per Operation



# Our Mission in the Kingdom



**“We commit ourselves to provide the most reliable and cost-effective communication network in Bahrain that will help our customers to innovatively :**



**Wirelessly**

# Strategy: Differentiation and Innovation



- **Our People - Young, Creative, and Empowered**
- **Our Network - Latest Technology EDGE & 3G**
- **Our IT Systems - Fully Integrated**
- **Our Portfolio of Data Service - WoW - Rich Mobile Data Content**
- **Our Products - Value for Money**
- **Our SIMs - Bilingual User Friendly Menus**
- **Our Customer Service and POS - Customer Delight**
- **Our Distributors - Key Players**
- **Our Suppliers - Partners in Success**

# MTC Vodafone's Challenge



- **Build and Operate a Mobile Company in 5 months**
- **Commit to a Low Tariff Structure From Day One**
- **Deploy a Wide Range of Advanced Services**
- **Build a Network That Supports GSM, EDGE, and 3G**
- **Provide the Highest Data Speed Available in the World**
- **Commit to Highest Quality & Coverage Standards - Day 1**
- **Commit to 75% Bahrainization in 3 Years**

# Regulatory Challenges in 2004



- Interim Interconnection Agreements
- Incumbent Reference Access Offer
- Local Mobile Termination Rates
- International termination Rates
- Leased Lines Costs
- Facilities Co-location costs
- International Internet Access
- Quality of Service Controls

# Remarkable Liberalization Results



- Today, the Kingdom of Bahrain boasts the most advanced mobile network in the region with nationwide 3G coverage.
- Liberalized telecom services across all sectors including mobile, VAS, ISP, and International operator licences.
- Significantly lower mobile telecom prices.
- Customer choice in selecting the operator and the service package that meets their requirements.
- Much Improved customer service.

# Our Achievement



- **Successful Launch on the Target Date**
- **1st Nationwide 3G Network in the Region**
- **1st VPN solution for Corporations in the Region**
- **1st TV Broadcast through the Mobile in the Region**
- **Innovative Pricing, bundling, and comprehensive service offering on Postpaid and Pre-paid**
- **Excellent Customer Service and Unique Experience Shop Concept**
- **100,000 Subscribers Before the end of the 1st Year**
- **82% Bahrainnization and above since launch**

# Our Contributions



- More the \$120m USD Investment
- 300 Job Opportunities to Bahrainis
- Triggering Growth in the Supporting Industries
- 250,000 BD e-Learning Center for Bahrain University
- 15,000 Back to School Bags
- Students & Faculty Note Book program
- Support to the Safe Traffic Nation Program
- Disabled Children Institutions Support
- Largest National Flag in the World at the National Day

# Next Steps



- After significant costly delays, we are optimistic about progress in resolving the longstanding disputes
- Focusing our effort on return on investment, breaking even, and profitability.
- Focusing with the TRA and the incumbent operator on critical further liberalization factors including:
  - Concluding an Interconnect Agreement
  - International Internet Access
  - Leased Lines pricing
  - Facilities sharing prices including ducts
  - Quality of service Controls
  - Introduction of New Services
  - Number Portability



**Thank You**