

Market Data

Bloomberg:	BATELCO BI
Reuters:	BTEL.BH
CMP (26 July 2009):	BD 0.545
O/S (mn):	1,440
Market Cap (BD mn):	784.8
Market Cap (US\$ mn):	2,081.4
Price/EPS 2009e (x):	7.2
Price/BV 2009e (x):	1.5

Price Performance 1-Yr

High (BD):	0.780
Low (BD):	0.530
Average Volume (000):	398.3

Share Price Performance



Source: Zanya & Global Research

Faisal Hasan, CFA

Head of Research
fhasan@global.com.kw
Phone No: 2295 1270

Khalid Alsahli

Financial Analyst
kalsahli@global.com.kw
Phone No: 2295 1294

Batelco – 1H/2009 Review

- Bahrain Telecommunications Company (Batelco)** announced its first half of 2009 results. The telecom operator recorded a net income of BD54.2mn (US\$143.8mn), an increase of 6.7% over the same period of 2008. This profit includes an impairment charge of BD2.6mn. Earnings per share (EPS) was 37.6 fils. Board of directors has approved dividends of 20 fils per share.
- Gross revenues increased by 6.3% from BD160.5mn in 1H2008 to record BD170.6mn in 1H2009. Foreign operations represented 31% of the company's revenues. On the other hand, expenses declined slightly by 1.3% to register BD117.8mn at the end of 1H2009.
- Batelco's assets declined by 5.2% to register BD677.8mn in 1H2009, as compared to BD714.8mn at the end of 2008. Cash holdings reached BD66.1mn in 1H2009, down from BD153.4mn in 2008. The cash decrease can be attributed to the purchase of S Tel of India in the second quarter, in addition to the payoff of non-current bank borrowings of approximately BD37mn.
- Jordan operations, under the name of Umniah, witnessed a growth of 13% in mobile subscribers to reach 1.487mn subscribers in 1H2009. Sabafon Yemen, which Batelco owns 27%, had 2.44mn mobile subscribers, up by 29% Y-o-Y. However, the company witnessed a decline in mobile subscribers in Bahrain from 0.767mn in 2008 to reach 0.753mn in 1H2009.

Batelco Interim Results

BD (mn)	1H-2009	1H-2008	% Change
Gross Revenue	170.6	160.5	6.3%
Expenses	117.8	119.4	-1.3%
Net Profit	54.2	50.8	6.7%
EPS (Fils)	37.60	35.30	6.5%

Source: Company's Reports

- The company announced that S Tel operations will be fully operational by the end of this year. Batelco expects that overseas operations will constitute 39% of the company's revenues by 2010. The growth in foreign operations will primarily be driven by the Indian (S Tel), and Saudi (Etihad Atheeb) operations.



Global Investment House

Global Tower

Website: www.globalinv.net

Sharq, Al-Shuhada Str.

Tel. + (965) 2 295 1000

Fax. + (965) 2 295 1005

P.O. Box: 28807 Safat, 13149 Kuwait

بيت الاستثمار العالمي

Global Investment House

Alternative Investment

Shailesh Dash, CFA

(965) 2295-1200

shaileshdash@global.com.kw

Research

Faisal Hasan, CFA

(965) 2295-1270

hasan@global.com.kw

Index

Rasha Al-Huncidi

(965) 2295-1285

huncidi@global.com.kw

International Sales

(965) 2295-1434

sjeiroudi@global.com.kw

Structured Finance

Mohammad AbdulAziz

(965) 2295-1338

maziz@global.com.kw

Wealth Management –

MENA & Far East

Fahad Al-Ibrahim

(965) 2295-1400

fahad@global.com.kw

MENA Asset Management

Talal Samhour, CFA

(965) 2295-1801

tsamhour@global.com.jo

Investment Banking

Pratik Agarwal

agarwal@global.com.kw

(965) 2295-1543

International Asset Management

Faisal Quttaineh

(965) 2295-1258

faisal@global.com.kw

Corporate Desk

Rasha Al-Qenaei

(965) 2295-1380

alqenaei@global.com.kw

Wealth Management - Kuwait

Rasha Al-Qenaei

(965) 2295-1380

alqenaei@global.com.kw

Asset Management - GCC

Shahid Hameed, CFA

(965) 2295-1150

shameed@global.com.kw

Brokerage

Ahmed Karim

(965) 2295-1703

akarim@global.com.kw

Global Kuwait

Tel: (965) 2 295 1000

Fax: (965) 2 295 1005

P.O.Box 28807 Safat, 13149 Kuwait

Global Bahrain

Tel: (973) 17 210011

Fax: (973) 17 210222

P.O.Box 855 Manama, Bahrain

Global Dubai

Tel: (971) 4 257977

Fax: (971) 4 257960/1/2

P.O.Box 121227 Dubai, UAE

Global Abu Dhabi

Tel: (971) 2 6744446

Fax: (971) 2 6725263/4

P.O.Box 127373 Abu Dhabi, UAE

Global Riyadh

Tel: (966) 1 2199966

Fax: (966) 1 2178481

P.O. Box 66930 Riyadh 11586, Kingdom of Saudi Arabia

Global Qatar

Tel: (974) 4967305

Fax: (974) 4967307

P.O.Box 18126 Doha, Qatar

Global Egypt

Tel: 20 (2) 37609526

Fax: 20 (2) 37609506

P.O.Box 7 Abdel Hadi Saleh St., El-Nasr Tower, Giza

Global Jordan

Tel: (962) 6 5005060

Fax: (962) 6 5005066

P.O.Box 3268 Amman 11180, Jordan

Global Sudan

Tel: (249) 1 83767324

Fax: (249) 1 83747260

P.O.Box Khartoum, Intersection & 21st of Oct. Str with Abu San Street

Global Yemen

Tel: (967) 1 448350/2

Fax: (967) 1 448353

P.O.Box 15555 Sana'a - Yemen

Disclaimer

This document and its contents are prepared for your personal use for information purposes only and is not an offer, or the solicitation of an offer, to buy or sell a security or enter into any other agreement. Projections of potential risk or return are illustrative, and should not be taken as limitations of the maximum possible loss or gain. The information and any views expressed are given as at the date of writing and subject to change. While the information has been obtained from sources believed to be reliable we do not represent that it is accurate or complete and it should not be relied on as such. Global Investment House, its affiliates and subsidiaries can accept no liability for any direct or consequential loss arising from use of this document or its contents. At any time, Global Investment House or its employees may have a position, subject to change, in any securities or instruments referred to, or provide services to the issuer of those securities or instruments.