

Announces First Quarter 2012 Consolidated Results

Cairo, 14 May 2012: Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), today announced its interim consolidated financial results for the first quarter ending 31 March 2012. Financial statements have been prepared in accordance with Egyptian Accounting Standards.

Highlights for the first three months of 2012 include:

- Total Consolidated Revenues were EGP 2,679 million, up 12% from EGP 2,403 million in Q1 2011 and up 6% from EGP 2,534 in Q4 2011.
- EBITDA was EGP 1,388 million, delivering a margin of 52%.
- Net Profit After Tax was EGP 912 million, representing a net profit margin of 34%.
- Earnings Per Share (EPS) for the period was EGP 0.53.
- As at 31 March 2012, total fixed line subscribers stood at 7.9 million, of which 1.9 million are double-play subscribers¹.
- Retail ADSL subscribers reached 1.2 million, resulting in an ADSL market share of 61%.
- Positive contribution of share of profits from Vodafone Egypt of EGP 192 million.

Chief Executive Officer's statement

Commenting on the first quarter results of 2012, Tarek Aboualam, Chief Executive Officer and Managing Director of Telecom Egypt (TE), said:

"We have made a very positive start to 2012, with sound financial performance which beat market expectations, and good progress against our strategic objectives.

"Following a turbulent year in 2011, the Egyptian business environment is showing signs of normalizing. This is reflected in our revenue performance year on year and quarter on quarter. Our cost optimisation programme is delivering tangible benefits and ensuring that our margins are protected. As such, net profit for the first three months of the year has increased by 1.7% on the same period in 2011, to stand at EGP 912 million.

"But, we are building a platform for the future and it is critical to consider our progress against objectives. Firstly, Vodafone Egypt continues to consolidate its position as a market leader, growing its customer base to a record 37.2 million.

"Elsewhere, TE Data's broadband footprint leads the market, with on average more than 50 thousand net new subscribers joining its service every quarter for the past three years. Our own direct double play subscribers have already, therefore, reached 1.2 million. Furthermore, our international cable business is already making a significant contribution to our wholesale revenues; this is a trend that we expect to continue.

"Finally, and subsequent to the close of the period, our goal of becoming a total telecoms provider has taken an important step forward with the recent announcement that the National Telecommunications Regulatory Authority (NTRA) has approved, in principle, the issuance of an MVNO license.

"Progressing on all fronts extends the reach of our business. I am confident that the compelling combination of operational foresight, financial prudence and focused strategy will continue to deliver economic value."

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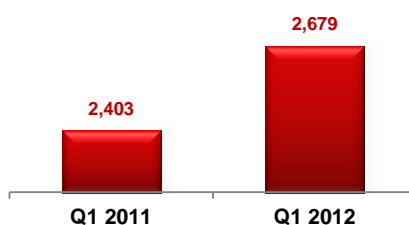
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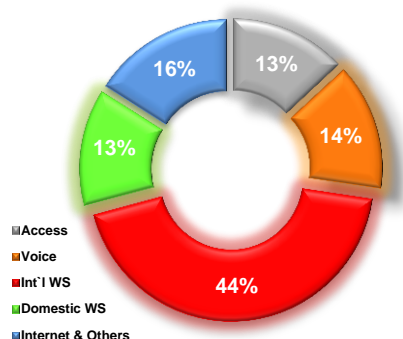
¹ Subscribers who use both voice and broadband services

Revenues
(EGP Million)



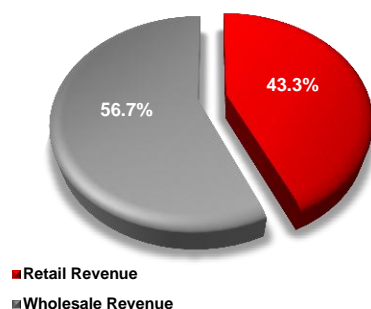
Revenue Analysis

(Percentage %)



Revenue Breakdown

(Percentage %)



Financial Review

Revenues

Total consolidated revenues reached EGP 2,679 million, an increase of 11.5% when compared to the same period in 2011 and an increase of 5.7%, from EGP 2,534 million in Q4 2011.

Retail services

Retail revenues totaled EGP 1,161 million for Q1 2012, representing a decrease of 7.5% compared to Q1 2011 and an increase of 2.8% on Q4 2011.

Comprising connections and subscriptions, access revenues year on year declined by 16.5% and by 2.0% quarter on quarter to reach EGP 350 million. In line with Telecom Egypt's strategy of focusing on higher margin dual-play customers and improving the credit profile of our customer base we disconnected 1.4 million customers year on year.

Total voice revenues for Q1 2012 were EGP 383 million, down 3.3% and 19.2% compared to Q4 2011 and Q1 2011 respectively. Local call revenues continued to decline, due to the continued effects of fixed to mobile substitution. Fixed to international and fixed to mobile volumes were aided by our ongoing promotional activity during the period and exhibited sound growth quarter-on-quarter.

Our dual-play strategy continues to perform with TE Data adding 49,478 net new customers during the period. This translates into a 61.2% market share. This also brings the number of TE's dual-play customers to 1.2 million. As a result, internet and data related revenues increased by 12.5% year on year.

Wholesale services

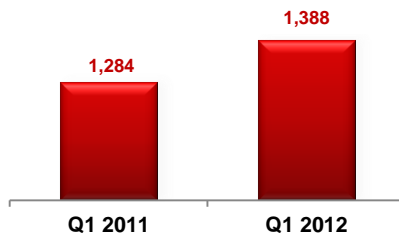
Telecom Egypt's wholesale business is made up of revenue from domestic and international services to operators who use Telecom Egypt's international gateway and extensive digital infrastructure, principally for co-location and transmission services and infrastructure leasing.

Following a very strong year in 2011, Telecom Egypt's wholesales services business has continued to perform strongly in Q1 2012, recording revenues of EGP 1,518 million, a rise of 8.0% quarter on quarter and 32.3% year on year. Total wholesale revenues constitute a central component of Telecom Egypt's revenue mix, accounting for 56.7% of total revenues in the first quarter 2012.

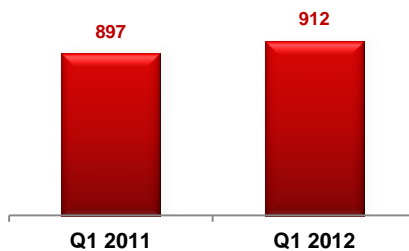
Domestic wholesale revenues increased 11.8% quarter on quarter and 5.0% year on year, to reach EGP 353 million in Q1 2012. The growth was attributable to increased demand for infrastructure services from both ISPs and mobile operators during the period.

Internationally, our wholesale business continued its strong performance into 2012 with a 6.9% increase quarter on quarter, and 43.6% year on year to EGP 1,165 million. The business now represents 76.8% of Telecom Egypt's wholesale revenues. Growth in our incoming international calls business principally came from targeted promotions with our third-party partners in core international markets in the MENA region. Within international capacity sales, we continued to drive revenue growth through delivery of projects, operations and maintenance, and increasing capacity sales.

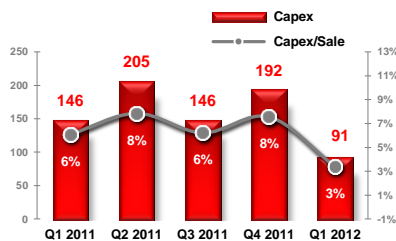
EBITDA (EGP Million)



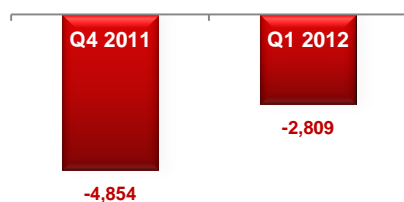
Net Profit (EGP Million)



CAPEX (EGP Million)



Net Debt Position (EGP Million)



EBITDA/EBIT

EBITDA grew in absolute terms by 38.0% quarter on quarter and by 8.1% year on year to EGP 1,388 million, delivering a margin of 51.8%. The lower EBITDA margin when compared to Q1 2011 was primarily attributable to changes to employee salaries.

Overall, EBIT increased to EGP 1,021 million compared to EGP 580 million in Q4 2011 and EGP 904 million in Q1 2011.

Income from Investments

Total Income from investments, representing Telecom Egypt's stake in Vodafone Egypt (VFE) for Q1 2012 was EGP 192 million.

During the three months ending 31 March 2012, VFE generated revenues of EGP 3,045 million, an increase of 7.5% on the same period in 2011. VFE had nearly 5.0 million net new customers during the financial year ending 31 March 2012, bringing total customers up to 37.2 million, an increase of 15.5% compared to the same period in 2011. VFE also reported record total Voice minutes of 79.2 billion, representing a 35.8% increase on the same period in 2011.

(Note: Vodafone Egypt's financial year is from 1 April to 31 March).

Net profit

Telecom Egypt's Consolidated Net Profit for Q1 2012 reached EGP 912 million versus EGP 584 million in Q4 2011 and EGP 897 million for Q1 2011. This translates to an EPS of EGP 0.53.

Investments in infrastructure

Capital expenditure in Q1 2012 reached EGP 90.8 million, versus EGP 191.6 million in Q4 2011 and EGP 146.3 million in Q1 2011, a reduction of 52.6% and 37.9%.

Debt

Telecom Egypt continues to boast a very healthy balance sheet with a prudent net cash position. For Q1 2012, Telecom Egypt recorded a net cash position of EGP 2,809 million.

Telecom Egypt

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TE Financial Highlights

In EGP Millions (Except Per Share Data)

First Quarter Ending March						
	3 Months Period Ending March			Quarter Comparison		
	Mar. 2012	Mar. 2011	% Change	Q1 2012	Q4 2011	% Change
Sales Revenue	2,679	2,403	11.5%	2,679	2,534	5.7%
EBITDA	1,388	1,284	8.1%	1,388	1,006	38.0%
<i>Margin</i>	51.8%	53.5%		51.8%	39.7%	
EBIT	1,021	904	12.9%	1,021	580	75.9%
<i>Margin</i>	38.1%	37.6%		38.1%	22.9%	
Profit Before Taxes & Minority Interest	1,136	1,017	11.7%	1,136	690	64.5%
Consolidated Net Profit	912	897	1.7%	912	584	56.3%
<i>Net Profit Margin</i>	34.0%	37.3%		34.0%	23.0%	
EPS (EGP)	0.53	0.53	1.7%	0.53	0.11	378.8%

Operational Highlights

	3 Months Period Ending March			Quarter Comparison		
	Mar. 2012	Mar. 2011	% Change	Q1 2012	Q4 2011	% Change
ARPU (EGP/Month)	56.6	52.4	8.1%	56.6	52.7	7.5%
CAPEX (EGP 000's)	90,823	146,302	-37.9%	90,823	191,587	-52.6%
TE Data						
- Number of ADSL Subscribers	1,160,701	937,399	23.8%	1,160,701	1,111,223	4.5%
- ADSL Subscribers Net Additions	49,478	54,228	-8.8%	49,478	61,946	-20.1%
- Retail ADSL Market Share	61.2%	62.8%	-2.5%	61.2%	61.8%	-0.9%

Vodafone Egypt Financial Highlights

In EGP Millions

	Full Year Ending March			Quarter Comparison		
	Mar. 2012	Mar. 2011	% Change	Q4 11/12	Q3 11/12	% Change
Total Revenue	12,305	12,019	2.4%	3,045	3,132	-2.8%
Net Profit	1,942	2,622	-25.9%	428	498	-14.1%
CAPEX	2,040	2,723	-25.1%	795	650	22.4%

Vodafone Egypt Operational Highlights

	Full Year Ending March			Quarter Comparison		
	Mar. 2012	Mar. 2011	% Change	Q4 11/12	Q3 11/12	% Change
Closing Customers (000's)	37,202	32,218	15.5%	37,202	36,802	1.1%
Net Adds (000's)	4,984	7,613	-34.5%	400	1,267	-68.4 %
Total Voice Minutes (Millions)	79,228	58,334	35.8%	21,737	20,044	8.4%

- Ends -

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Notes to Editors:

Within this statement, we may make forward-looking statements regarding future events or the future performance of the Company. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. When relying on forward-looking statements, you should carefully consider the political, economic, social and legal environment in which Telecom Egypt operates. Such forward-looking statements speak only as of the time of this release today. Accordingly, Telecom Egypt does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise other than as required by applicable laws, the Listing Rules or Prospectus Rules of the United Kingdom Listing Authority, the Egyptian Financial

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Supervisory Authority or The Egyptian Exchange. The documents filed from time to time with these authorities may identify important factors that could cause actual results to differ materially from those contained in any forward-looking statements.

About Telecom Egypt

Telecom Egypt (TE), Egypt's incumbent telecommunications operator, started its operations in 1854 with the first telegraph line in Egypt. Then it was corporatized in 1998 to replace the former Arab Republic of Egypt National Telecommunication Organization (ARENTO). The Company is the largest provider of fixed-line services in the Middle East and Africa with 7.9 million subscribers as at 31 March 2012.

TE provides retail telecommunication services including access, local, long distance and international voice, Internet and data, and other services. The company also provides wholesale services including bandwidth capacity leasing to ISPs, and national and international interconnection services. Telecom Egypt's services also include the provision of narrowband and broadband internet access through its subsidiary TE Data. TE Data has active operations in Egypt and Jordan.

TE currently participates in the mobile segment in Egypt by providing mobile interconnectivity through its current, increased 44.95% holding in Vodafone Egypt, one of the three existing Egyptian mobile operators.

TE's shares and GDRs (Ticker: ETEL.CA; TEEG.LN) are traded on The Egyptian Exchange and the London Stock Exchange.