

**Cairo, 12 November 2012:** Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), today announced its interim consolidated financial results for the third quarter ending 30 September 2012. Financial statements have been prepared in accordance with Egyptian Accounting Standards.

### **Highlights for the Third Quarter of 2012 include:**

- 6% revenues growth to EGP 2,477 million on Q3 2011.
- EBITDA of EGP 911 million.
- Net Profit After Tax of EGP 633 million, representing a net profit margin of 26% and a 3% increase; when compared to the same period in 2011.
- Earnings Per Share (EPS) growth of 3% to 0.37 on Q3 2011.
- Positive contribution of share of profits from Vodafone Egypt of EGP 232 million, up nearly 3.4% on the previous year.
- As at 30 September 2012, total fixed line subscribers of 7.5 million, of which 2.1 million are higher yielding double-play subscribers.
- Retail ADSL subscribers increased 20% (net), delivering a 10% increase in internet and data revenues when compared to the same period in 2011.

### **Chief Executive Officer's statement**

Commenting on the third quarter results of 2012, Mohamed Elnawawy, Managing Director and Chief Executive Officer of Telecom Egypt (TE), said:

"TE continues to outperform its peers and exceed market expectations. We have delivered strong operational performance across our diverse business lines, which once again translated to an impressive set of financial results. With a healthy balance sheet and strong cash generation profile, we are well positioned and well financed to move forward against our objective of becoming a total telecoms operator as and when government licensing begins.

"TE Data continues to make significant progress. Having grown by 9.9% compared to the same period in 2011, broadband revenues now represent over a quarter of our total retail revenues. Net ADSL subscriber additions in the third quarter 2012 were 60.8% higher than those achieved in the third quarter 2011. This resilient growth in data services made a significant contribution during the third quarter. This compensated for any pressure on our retail voice business, which resulted from aggressive mobile competition.

"TE's wholesale business continued the trend of strong growth seen in the first half of the year, growing revenues by nearly 5.7% to EGP 1,253 million. Domestically our wholesale business recorded revenues of EGP 328 million an increase of nearly 11.7% year on year whilst our international wholesale business grew by almost 3.8%. In particular, our international capacity business, contributed nearly EGP 140 million of recurring, stable operational revenues.

"Our investment in Vodafone Egypt (VFE) continues to outperform, reporting voice minutes of 44.8 billion for the six month period to 30 September 2012, a 19.7% increase on the same period last year. Total revenues were up by 4.0% reaching EGP 3,210 million compared with the previous quarter.

"In conclusion, we have had a very strong quarter where we have grown revenues and managed our costs. The growth of our broadband and wholesale business, coupled with the solid performance of our investment in Vodafone Egypt, has allowed us to sustain attractive margins and positions us well for the future."

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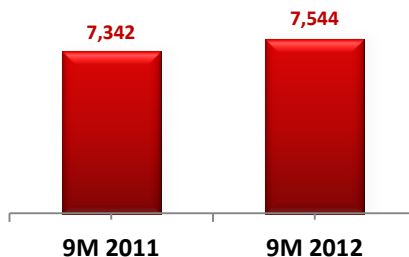
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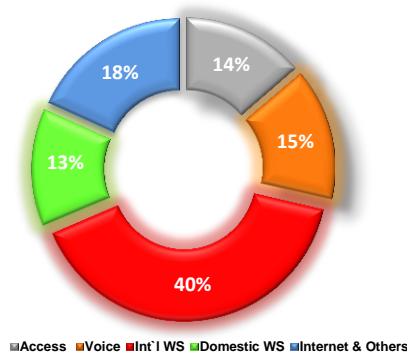
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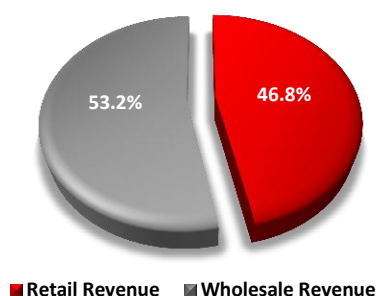
Revenues  
(EGP Million)



Revenue Analysis  
(Percentage %)



Revenue Breakdown  
(Percentage %)



### Financial Review

#### Revenues

Total consolidated revenues for the nine month period 2012 were up 2.8% to EGP 7,544 million, from EGP 7,342 million during the same period in 2011. Total consolidated revenues for the quarter increased 5.6% when compared to Q3 2011, reaching EGP 2,477 million.

#### Retail services

Retail revenues totaled EGP 1,224 million for Q3 2012, representing an increase of 5.4% compared to Q3 2011, and 6.7% on Q2 2012. While there was an overall drop in voice revenues, this decline is decelerating as we focus on offering our customers greater value and service. In the third quarter this was more than offset by the continued positive growth in revenues from TE Data.

Comprising connections and subscriptions, access revenues were down by 7.9% year on year, but grew by 0.9% quarter on quarter to reach EGP 344 million. The increase quarter on quarter was due to promotional activity during the Q3 2012 period, which resulted in nearly 37,000 new subscribers.

We saw uplift in fixed to mobile interconnections during the quarter due to Ramadan, while promotional activity also played an important role in growing our long distance revenues. Our total voice revenues for Q3 2012 were EGP 365 million, down 2.8% and 12.4% when compared to Q2 2012 and Q3 2011 respectively.

Offsetting these declines during the third quarter, revenues from TE Data grew by 9.9% year on year, as demand for high-quality ADSL internet connections continues to strengthen. Net ADSL subscriber additions of 50,866 in the third quarter 2012 were 60.8% higher than those achieved in the third quarter 2011, resulting in a 60.3% market share.

#### 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.

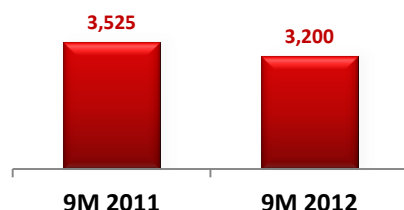
After robust growth in the first half of the year, TE's underlying wholesale services business has shown another strong performance in the third quarter of 2012, recording revenues of EGP 1,253 million, an increase of 5.7% year on year and 0.9% quarter on quarter. During the period the Mobinil agreement was signed, securing TE longer term revenues over the next three years.

Total wholesale revenues accounted for 50.6% of total consolidated revenues for the third quarter 2012.

Domestic wholesale revenues were EGP 328 million in Q3 2012, compared to EGP 294 million in Q3 2011. The increase was driven by customer demand for greater bandwidth and capacity, particularly in our lease line business which TE delivered during the period.

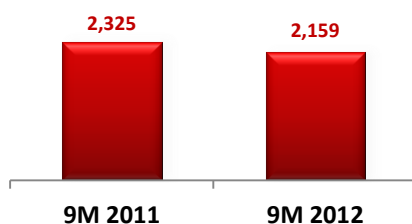
### EBITDA

(EGP Million)



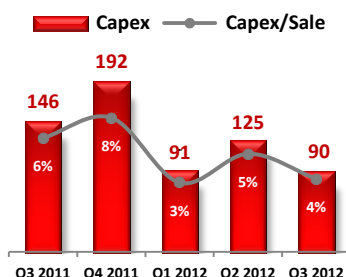
### Net Profit

(EGP Million)



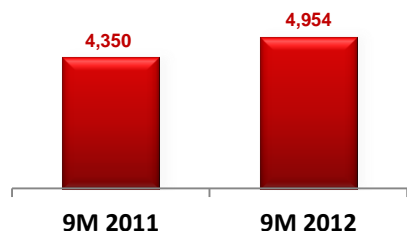
### CAPEX

(EGP Million)



### Net Debt Position

(EGP Million)



Internationally, our wholesale business remains strong with total international wholesale revenues of EGP 925 million for the third quarter 2012, representing 73.8% of TE's wholesale revenues.

TE's international capacity business reported revenues of EGP 139 million during the quarter. This represented the stable and long term capacity and maintenance revenues associated with the cables post-delivery. Revenues from the cable business now account for 11.1% of TE's total wholesale revenues.

### EBITDA

EBITDA for the period amounted to EGP 911 million, a reduction of 9.1% compared to the same period in 2011. The decline during the period was driven by cost increases relating to salaries, the back dating of interconnection costs due to the Mobinil agreement and higher maintenance costs, reflecting a return to normality of the Egyptian operating environment.

The EBITDA margin for the nine month period 2012 was 42.4%, fractionally lower than management's expectations, principally due to the agreement with Mobinil.

### Income from Investments

Total Income from investments, mainly representing TE's stake in Vodafone Egypt (VFE), for Q3 2012 was EGP 235 million.

During the second quarter of 2012/2013, VFE generated revenues of EGP 3,210 million, representing growth of 4.0% on the first quarter in 2012/2013. VFE had 833,000 net new customers during its second quarter to 30 September 2012, bringing total customers up to 38.5 million, an increase of 8.2% compared to 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 Q3 2012 reached EGP 633 million versus EGP 613 million in Q2 2012 and EGP 615 million for Q3 2011, an increase of 3.3% and 3.0% respectively. This translates to an EPS of EGP 0.37.

The net profit margin for the nine month period 2012 was 28.6%.

### Investments in infrastructure

Capital expenditure (Capex) in Q3 2012 reached EGP 90 million versus EGP 146 million in Q3 2011. The reduction in Capex spend during the quarter can be attributed to the revision of contractual agreements, leading to effectual negotiations with all suppliers on terms and conditions with competitive rates.

### Net Cash

Telecom Egypt continues to boast a very healthy balance sheet with a prudent net cash position of nearly EGP 5.0 billion at 30 September 2012.

### TE Financial Highlights

In EGP Millions (Except Per Share Data)

Nine months Ending September 30, 2012						
	9 Months Period Ending Sept.			Previous Quarter Comparison		
	9M 2012	9M 2011	% Change	Q3 2012	Q2 2012	% Change
<b>Sales Revenue</b>	<b>7,544</b>	7,342	2.8%	<b>2,477</b>	2,388	3.7%
<b>EBITDA</b>	<b>3,200</b>	3,525	-9.2%	<b>911</b>	900	1.2%
<i>Margin</i>	42.4%	48.0%		36.8%	37.7%	
<b>EBIT</b>	<b>2,342</b>	2,478	-5.5%	<b>652</b>	669	-2.6%
<i>Margin</i>	31.0%	33.8%		26.3%	28.0%	
<b>Profit Before Taxes &amp; Minority Interest</b>	<b>2,641</b>	2,785	-5.2%	<b>769</b>	736	4.5%
<b>Consolidated Net Profit</b>	<b>2,159</b>	2,325	-7.2%	<b>633</b>	613	3.3%
<i>Net Profit Margin</i>	28.6%	31.7%		25.6%	25.7%	
<b>EPS (EGP)</b>	<b>1.26</b>	1.36	-7.2%	<b>0.37</b>	0.36	3.3%

### TE Operational Highlights

	9 Months Period Ending Sept.			Previous Quarter Comparison		
	9M 2012	9M 2011	% Change	Q3 2012	Q2 2012	% Change
<b>ARPU (EGP/Month)</b>	<b>57.6</b>	55.4	3.9%	<b>57.9</b>	57.6	0.5%
<b>CAPEX (EGP 000's)</b>	<b>305,367</b>	497,027	-38.6%	<b>89,791</b>	124,753	-28.0%
<b>TE Data</b>						
- Number of ADSL Subscribers	<b>1,256,747</b>	1,049,277	19.8%	<b>1,256,747</b>	1,205,881	4.2%
- ADSL Subscribers Net Additions	<b>145,524</b>	166,106	-12.4%	<b>50,866</b>	45,180	12.6%
- Retail ADSL Market Share	<b>60.3%</b>	63.0%	-4.3%	<b>60.3%</b>	60.5%	-0.4%

### Vodafone Egypt Financial Highlights

In EGP Millions

	6 Months Period Ending Sept.			Previous Quarter Comparison		
	H1 2012	H1 2011	% Change	Q2 12/13	Q1 12/13	% Change
<b>Total Revenue</b>	<b>6,296</b>	6,129	2.7%	<b>3,210</b>	3,086	4.0%
<b>Net Profit</b>	<b>1,037</b>	1,017	2.0%	<b>516</b>	521	-1.0%
<b>CAPEX</b>	<b>729</b>	596	22.4%	<b>461</b>	268	71.6%

### Vodafone Egypt Operational Highlights

	6 Months Period Ending Sept.			Previous Quarter Comparison		
	H1 2012	H1 2011	% Change	Q2 12/13	Q1 12/13	% Change
Closing Customers (000's)	38,454	35,535	8.2%	38,454	37,621	2.2%
Net Adds (000's)	1,252	3,317	-62.3%	833	419	98.6%
Total Voice Minutes (Millions)	44,818	37,446	19.7%	22,394	22,424	-0.1%

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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 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 7.5 million subscribers as at 30 September 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.