

## Announces Full Year 2012 Consolidated Results

**Cairo, 11 March 2013:** Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), today announced its consolidated financial results for the full year ending 31 December 2012. Financial statements have been prepared in accordance with Egyptian Accounting Standards.

### Highlights for the Full Year 2012 period include:

- 2% revenue growth to EGP 10,032 million.
- EBITDA of EGP 3,725 million.
- Net Profit After Tax of EGP 2,611 million, representing a net profit margin of 26%.
- Earnings Per Share (EPS) for the period were 1.24.
- Positive contribution from Vodafone Egypt of EGP 876 million.
- Fixed line subscribers of 7.3 million, of which 2.2 million are higher yielding double-play subscribers.
- Retail ADSL subscribers increased 10% (net), delivering a 24% increase in internet and data revenues.
- Net cash position of EGP 5,705 million, as at 31 December 2012.

### Chief Executive Officer's statement

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

"TE delivered strong operational performance across our diverse business lines, which once again translated to an impressive set of financial results. This achievement has only been made possible by the foresight of our management team and the commitment of our employees.

"Telecom Egypt's revenue diversification strategy delivered revenues of more than EGP 10 billion, though the Egyptian business landscape continues to present both challenges and opportunities. Two thirds of revenues are comprised of broadband and wholesale services. In spite of salary increases, our profitability remains strong and we ended the year with a record net cash position of EGP 5.7 billion. As a result, the Board of Directors is recommending a final dividend distribution of EGP 1.30 per share at the annual shareholders' meeting on Wednesday March 27<sup>th</sup>, 2013. A dividend payout ratio of 1.05 is a strong signal of our confidence in the future.

"Mobile substitution is not a new phenomenon. As anticipated, it continues to pressure our retail voice and access business. However, the growth in broadband revenues from our subsidiary TE Data is offsetting the decline of traditional voice only services.

"Furthermore, the outlook for broadband remains very positive. While higher than many countries within the region, internet penetration in Egypt currently stands at just 38.9% with the market forecasted to grow at 12.4% per year until 2016<sup>1</sup>. We ended 2012 with 2.2 million dual-play customers, the result of adding more than 60,000 net new dual-play subscribers a quarter over the year.

"A growing and dynamic mobile market is critical to the future of our business. Having surpassed 100% mobile penetration in 2011, Egyptian mobile demand shows no signs of slowing. With 97.3 million mobile subscribers, a growth rate of 16.4% in 2012. Egypt remains a regional mobile market leader. The country was one of the first in Africa to launch 3G services and has made progress during the year in hoping to pioneer 4G in the region too.

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<sup>1</sup> Business Monitor International

“We benefit from this growth in two ways: through our direct investment in the market leader, Vodafone Egypt, and through our wholesale division which provides the backbone to the leading networks in Egypt. Both have reported strong revenue performance in 2012 backed by volume increases and a growth in mobile broadband usage.

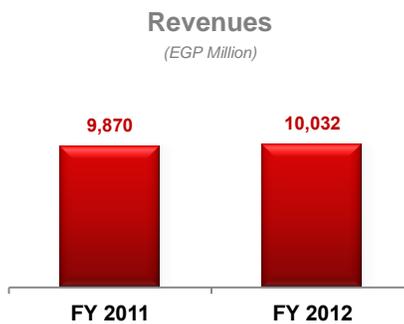
“Our international wholesale business is a regional success story, in particular in international capacity sales. Established just three years ago it now represents over 13.8% of our wholesale revenues with the vast majority of these revenues stable and recurring Capacity Leasing and Ancillary Services.

“I am confident that our progress in 2012 positions us well to benefit from the opportunities 2013 will present.”

### Financial Review

#### Revenues

Total consolidated revenues for the full year period were up 1.6% to EGP 10,032 million, from EGP 9,870 million in 2011. Total consolidated revenues for the fourth quarter increased 0.4% on the previous quarter, reaching EGP 2,488 million.

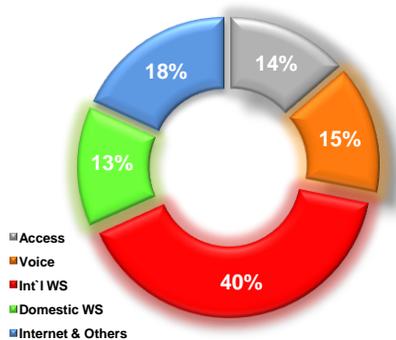


#### Retail services

Retail revenues totaled EGP 4,650 million for FY 2012, representing a drop of 2.0% compared to FY 2011. While there was an overall drop in voice revenues, this decline is decelerating as we focus on offering our customers greater value and service.

#### Revenue Analysis

(Percentage %)



Comprising connections and subscriptions, total access revenues, stood at EGP 1,363 million for FY 2012, versus EGP 1,549 million in 2011. The decline in our customer base had a direct impact on the total access revenues for the year, as well as affecting the drop in local call revenues. At the start of the year, in response to the challenges of continued mobile substitution, promotional activity offering customers a reduced connection fee, resulted in more than 350,000 new subscribers coming on-line during the year, with particular growth coming from higher margin dual-play offering.

Voice revenues for FY 2012 experienced a decrease of 15.1% to EGP 1,460 million from EGP 1,720 million, due to the ongoing decline in fixed line call numbers. As a result of a continued focus on higher value dual-play customers, the drop in voice revenues was offset by the positive growth in revenues from TE Data, which saw a 22.6% increase in its subscriber base. The number of higher margin dual play subscribers accounted for 30.6% of the total number of TE subscribers for FY 2012, compared to 22.7% in 2011.

Offsetting the declines experienced throughout the year, revenues from TE Data grew by 24.5% year on year, as demand for high-quality ADSL internet connections continues to strengthen.

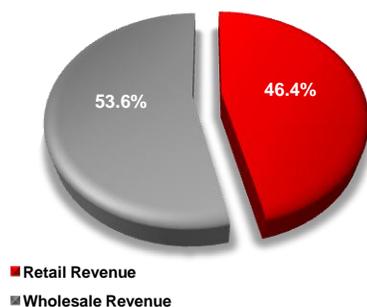
Net ADSL subscriber additions of 250,845 for the full year 2012 were 10.0% higher than those achieved in 2011. TE Data remains Egypt's most successful Broadband provider with a 60.8% market share, representing 1.4 million ADSL subscribers.

Fixed to international call revenues decreased 10.7% compared to FY 2011, attributable to the drop off in tourism and general business activity witnessed in Egypt.

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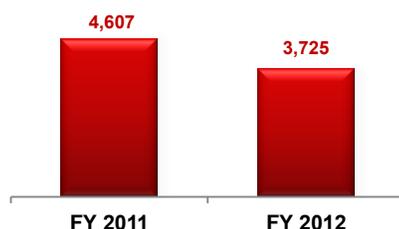
## Revenue Breakdown

(Percentage %)



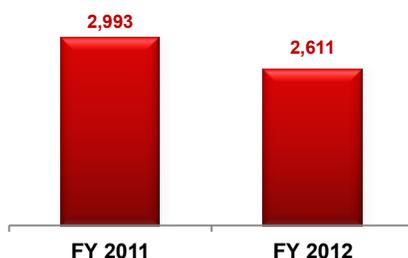
## EBITDA

(EGP Million)



## Net Profit

(EGP Million)



Promotional activity continued to play an important role in growing our long distance revenues. Thanks to attractive offers, our long distance call revenues increased for FY 2012 by 4.9% compared to 2011; a trend which accelerated in the fourth quarter.

### 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.

Total wholesale revenues now account for 53.6% of total consolidated revenues for FY 2012.

Throughout 2012 we have seen a continued strengthening of the Egyptian mobile market and TE has remained well placed to benefit from this with our wholesale division providing the backbone to the leading networks in Egypt.

Maintaining the positive trend experienced over the last two years, the performance of TE's underlying wholesale services business has continued to strengthen throughout 2012, recording revenues of EGP 5,382 million, an increase of 5.0% on 2011. Notably, during the period, TE secured longer term revenues for the next three years by signing an agreement with Mobinil for the provision of international communications and infrastructure services.

Domestic wholesale revenues were EGP 1,352 million for the FY 2012, compared to EGP 1,248 million in 2011. The increase of 8.3% was primarily driven by the continuing increase in mobile demand, as well as by further demand for increased bandwidth and capacity.

Internationally, our wholesale business remains strong with total international wholesale revenues of EGP 4,029 million for FY 2012, representing 74.9% of TE's wholesale revenues. This was driven by strong mobile interconnections through TE's active engagement with international networks, our ongoing promotional activity in prime regions and our capacity sales business.

TE's international capacity sales business reported revenues of EGP 742 million over the year. The bulk of this represented the stable and long term capacity leasing and ancillary service revenues associated with the cables post-delivery. As of 31 December 2012, revenues from the cable business now account for 13.8% of TE's total wholesale revenues.

### EBITDA/EBIT

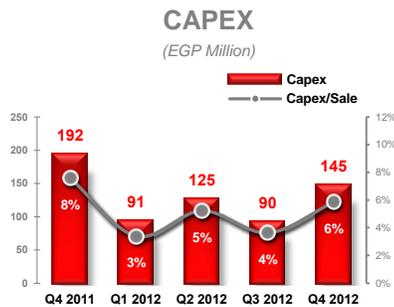
EBITDA for the full year 2012 amounted to EGP 3,725 million, a reduction of 19.2% compared to FY 2011. The decline during the period was driven by cost increases relating to salaries, the back dating of interconnection costs due to the Mobinil agreement, the renewal of VFE's agreement and the increase in promotional activities, reflecting a slow but steady return to normality of the Egyptian operating environment.

The EBITDA margin for the full year 2012 was 37.1%

### Income from Investments

Total Income from investments, mainly representing TE's stake in Vodafone Egypt (VFE), for FY 2012 was EGP 879 million.

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During the third quarter of 2012/2013, VFE generated revenues of EGP 3,278 million, an increase of 2.1% on the second quarter in 2012/2013. VFE had 1.8 million net new customers during its third quarter to 31 December 2012, bringing total customers up to 40.2 million, an increase of 9.3% compared to the same period in 2011.

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

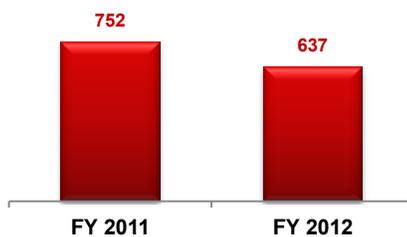
## Net profit

Telecom Egypt's Consolidated Net Profit for FY 2012 reached EGP 2,611 million versus EGP 2,993 million in FY 2011, a decrease of 12.8%. This translates to an EPS of EGP 1.24.

The net profit margin for the full year period 2012 was 26.0%.

## Total Debt Position

(EGP Million)



## Investments in infrastructure

Capital expenditure for FY 2012 reached EGP 451 million versus EGP 689 million in 2011. The reduction in Capex spend during the period was due to the continued review of negotiations and contractual agreements set out with TE's suppliers on terms and conditions.

## Net Cash

Telecom Egypt continues to boast a very healthy balance sheet, with a prudent net cash position of EGP 5,705 million at FY 2012, compared to EGP 4,854 million at FY 2011, a reflection of the cash generative nature of TE's business.

## Net Debt Position

(EGP Million)



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### TE Financial Highlights

In EGP Millions (Except Per Share Data)

Full Year Ending December 2012						
	12 Months Period Ending December			Previous Quarter Comparison		
	Dec. 2012	Dec. 2011	% Change	Q4 2012	Q3 2012	% Change
<b>Sales Revenue</b>	<b>10,032</b>	9,870	1.6%	<b>2,488</b>	2,477	0.4%
<b>EBITDA</b>	<b>3,725</b>	4,607	-19.2%	<b>525</b>	911	-42.4%
<i>Margin</i>	37.1%	46.7%		21.1%	36.8%	
<b>EBIT</b>	<b>2,609</b>	3,142	-17.0%	<b>267</b>	652	-59.0%
<i>Margin</i>	26.0%	31.8%		10.7%	26.3%	
<b>Profit Before Taxes &amp; Minority Interest</b>	<b>3,158</b>	3,559	-11.3%	<b>516</b>	769	-32.9%
<b>Consolidated Net Profit</b>	<b>2,611</b>	2,993	-12.8%	<b>452</b>	633	-28.6%
<i>Net Profit Margin</i>	26.0%	30.3%		18.2%	25.6%	
<b>EPS (EGP)</b>	<b>1.24</b>	1.52	-18.5%	<b>0.19</b>	0.30	-35.5%

### TE Operational Highlights

	12 Months Period Ending December			Previous Quarter Comparison		
	Dec. 2012	Dec. 2011	% Change	Q4 2012	Q3 2012	% Change
<b>ARPU (EGP/Month)</b>	<b>59.2</b>	53.7	10.2%	<b>63.7</b>	57.9	10.0%
<b>CAPEX (EGP 000's)</b>	<b>450,768</b>	688,614	-34.5%	<b>145,401</b>	89,791	61.9%
<b>TE Data</b>						
- Number of ADSL Subscribers	<b>1,362,068</b>	1,111,223	22.6%	<b>1,362,068</b>	1,256,747	8.4%
- ADSL Subscribers Net Additions	<b>250,845</b>	228,052	10.0%	<b>105,321</b>	50,866	107.1%
- Retail ADSL Market Share	<b>60.8%</b>	61.8%	-1.7%	<b>60.8%</b>	60.3%	0.8%

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### Vodafone Egypt Financial Highlights

In EGP Millions

	Nine Months Ending December			Previous Quarter Comparison		
	Dec. 2012	Dec. 2011	% Change	Q3 12/13	Q2 12/13	% Change
Total Revenue	9,574	9,260	3.4%	3,278	3,210	2.1%
Net Profit	1,519	1,515	0.3%	482	516	-6.6%
CAPEX	1,297	1,245	4.2%	568	461	23.4%

### Vodafone Egypt Operational Highlights

	Nine Month Ending December			Previous Quarter Comparison		
	Dec. 2012	Dec. 2011	% Change	Q3 12/13	Q2 12/13	% Change
Closing Customers (000's)	40,233	36,802	9.3%	40,233	38,454	4.6%
Net Adds (000's)	3,031	4,584	-33.9%	1,779	833	113.6%
Total Voice Minutes (Millions)	68,416	57,490	19.0%	23,599	22,394	5.4%

- 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 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

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(ARENTO). The Company is the largest provider of fixed-line services in the Middle East and Africa with 7.3 million subscribers as at 31 December 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.