

Announces First Quarter 2013 Consolidated Results

Cairo, 14 May 2013: Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), today announced its consolidated financial results for the first quarter, ending 31 March 2013. The financial statements have been prepared in accordance with Egyptian Accounting Standards.

Highlights for the first three months of 2013 include:

- Consolidated revenues were EGP 2,717 million, up 1.4% from EGP 2,679 million in Q1 2012 and up 9% from EGP 2,488 million in Q4 2012.
- EBITDA of EGP 947 million.
- Net Profit After Tax of EGP 858 million, representing a net profit margin of 32%.
- Earnings Per Share (EPS) for the period of EGP 0.50.
- Positive contribution from Vodafone Egypt of EGP 227 million.
- Fixed line subscribers of 7.2 million, of which 2.3 million are higher yielding double-play subscribers.
- Retail ADSL subscribers reached 1.4 million, representing a 61.3% market share.
- Net cash position of EGP 7,091 million, as at 31 March 2013.

Chief Executive Officer's statement

Commenting on the first quarter 2013 results, Mohamed Elnawawy, Managing Director and Chief Executive Officer of Telecom Egypt (TE), said:

"High demand for connectivity, coupled with our sophisticated telecommunications network, has enabled TE to start the year by delivering a modest increase in revenues – despite a challenging economic backdrop in Egypt. Increasing use of smartphones and the growth in internet penetration have played an important role and TE is well-placed to meet the demands of an increasingly connected and mobile population.

"Revenues remained stable compared with the same period last year, but the composition of these revenues has continued to evolve, as mobile and data usage increases. Our wholesale business now contributes over 58.2% of total revenues.

"In particular, we have seen a notable increase in international wholesale traffic, year-on-year, as a direct result of the framework and agreements which we started to put into place from 2011. For every outbound minute we receive 10 inbound minutes, illustrating the importance of partnering with international carriers in mutually beneficial agreements. We now have exclusive arrangements with over 70 telecommunications operators around the region, securing reliable and substantial revenues for our wholesale business.

"However, our retail business continues to face challenges with the impact of mobile substitution. To help mitigate this, our product teams have been working hard to develop compelling voice promotions to our customer base, particularly bundled packages which capitalize on the growth in demand for internet and data services. Meanwhile, we do see growth in our retail segment of our business via TE Data, for which revenues alone grew 28.9% in the first quarter of 2013, compared to the same period one year ago.

"As always, fiscal responsibility is important to TE and, where possible, we have retained a very tight control of our outgoings. However, year-on-year, we have seen an increase in costs for two reasons. Firstly, the impact of the annual increase in salaries which was effective from 01 January 2013. Secondly, the impact of higher interconnection costs relating to our agreement with Mobinil, which provides TE with revenue certainty, effective from the second quarter of 2012.

Investor Relations Contacts

Mohamed Kamal

General Manager of Investor Relations

Tel: +202 3131 5219

Fax: +202 3131 6115

Email: investor.relations@telecomegypt.com

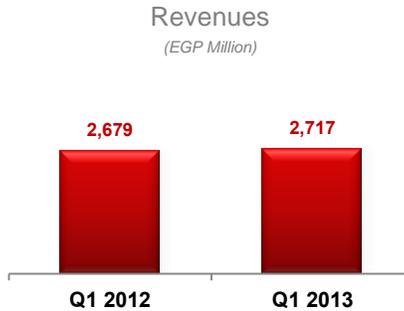
Website: <http://ir.telecomegypt.com.eg>

“We remain fully committed to TE’s goal of becoming a total telecommunications provider for Egypt. At the heart of this lies our customer-centric approach – building compelling offers and delivering high quality, exciting services tailored to meet each of our customer segments. It is this approach which, when combined with the recently approved MVNO license, paints a very exciting future for TE.”

Financial Review

Revenues

Total consolidated revenues for the first quarter were EGP 2,717 million, versus 2,679 million in Q1 2012.

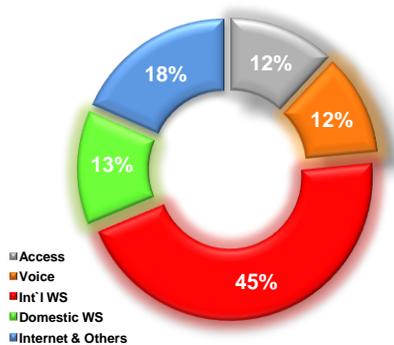


Retail services

Retail revenues totaled EGP 1,137 million for Q1 2013, representing a decrease of 2.1% compared to Q1 2012.

Revenue Analysis

(Percentage %)



Comprising connections and subscriptions, total access revenues, stood at EGP 325 million for Q1 2013, versus EGP 350 million in Q1 2012. The decline reflects the rationalization of our customer base impacting revenues derived from subscriptions. It is also more broadly reflective of mobile substitution among Egyptians.

Voice revenues for Q1 2013 experienced a decrease of 18.5% to EGP 312 million from EGP 383 million in Q1 2012, as the number of people relying on local phone calls continues to fall as fixed-to-mobile substitution continues. In contrast, long distance call revenues have been sustained over the quarter, as a result of a long-standing price promotion enabling TE customers to make long distance phone calls at local prices.

Fixed to international call revenues decreased 11.4% compared to Q1 2012, attributable to the continued drop off in general business activity in Egypt.

Reflecting changing communications trends in Egypt, and TE’s continued focus on higher value dual-play customers, the drop in voice revenues was once again offset by the positive growth in revenues from TE Data, which saw a 28.9% increase.

Revenue Breakdown

(Percentage %)



Demand for high-quality ADSL internet connections continues to grow. Net ADSL subscriber additions of 51,559 for the first quarter 2013 were 4.2% higher than the net increase achieved in the same period in 2012. TE Data continues to lead the way and remains Egypt’s most successful broadband provider with a subscriber base now standing at 1.4 million, representing a 61.3% market share.

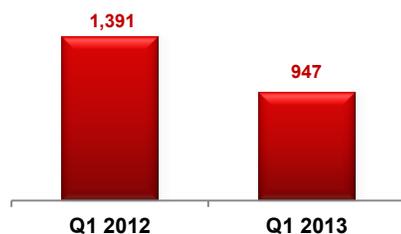
Wholesale services

TE’s wholesale business comprises revenue from domestic and international services to operators who use TE’s international gateway and extensive digital infrastructure, principally for co-location and transmission services and infrastructure leasing. Year on year, total wholesale revenues have increased 4.1%, from EGP 1,518 million.

The Egyptian mobile market continues to strengthen and TE is well placed to benefit from this, with our wholesale division providing the backbone to the leading networks in Egypt.

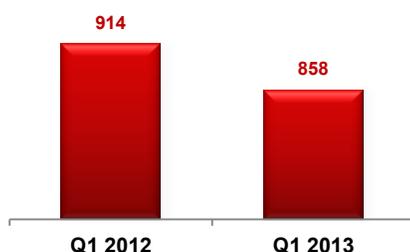
EBITDA

(EGP Million)



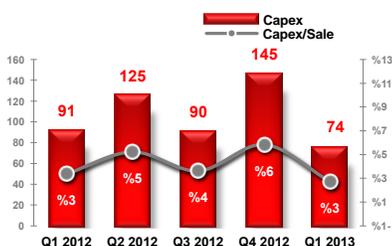
Net Profit

(EGP Million)



CAPEX

(EGP Million)



Domestic wholesale revenues were EGP 349 million for Q1 2013, compared to EGP 353 million in Q1 2012. The decrease of 1.2% was primarily driven by discounts on Infrastructure leasing to mobile operators securing their usage of TE's network, reflecting a flat growth in other domestic wholesale revenues, which did not offset the normal year on year declining trend in mobile to fixed interconnection revenues due to mobile substitution.

International wholesale revenues increased 5.7% to EGP 1,232 million, from EGP 1,165 million in Q1 2012. There has been a significant rise in incoming international calls, as a result of TE's strategy to secure revenue from other telecommunications operators in the region via exclusivity arrangements.

TE's international capacity sales business reported revenues of EGP 140 million over the first quarter. The bulk of this reflected capacity leasing and ancillary service revenues associated with the cables post-delivery. Revenues from the cable business now account for 8.9% of TE's total wholesale revenue.

EBITDA/EBIT

EBITDA for the first quarter 2013 amounted to EGP 947 million, a reduction of 32.0% compared to Q1 2012. The decline during the period was driven by four main cost increases: an 8% annual increase in salaries, which came into effect on the 1st January 2013, following a salary restructure process announced during the first half of 2012, and which is not contained within the comparative period; the back dating of interconnection costs due to the Mobinil agreement; the renewal of VFE's interconnection agreement; and the increase in promotional activities, reflecting a gradual return to normality of the Egyptian operating environment.

Overall, EBIT fell to EGP 735 million from EGP 1,023 million in Q1 2012.

Income from Investments

Total Income from investments, mainly representing TE's stake in Vodafone Egypt (VFE), for Q1 2013 was EGP 227 million. For the Full Year 2012/13, VFE generated revenues of EGP 12,674 million, an increase of 3% compared with the Full Year period 2011/12 and a decrease of 5.4% from Q3 2012/13.

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

Net profit

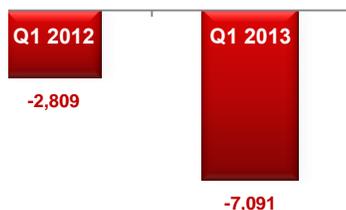
Telecom Egypt's Consolidated Net Profit after tax for Q1 2013 reached EGP 858 million versus EGP 914 million in Q1 2012, a decrease of 6.2%. This translates to an EPS of EGP 0.50. The net profit margin for the first quarter 2013 was 31.6%.

Investments in infrastructure

Capital expenditure for Q1 2013 reached EGP 73.9 million versus EGP 90.8 million in Q1 2012. The decrease in Capex spend during the period was due to the continued review and negotiations of contractual agreements set out with TE's suppliers on terms and conditions, however towards the end of the quarter under review TE successfully signed a number of network upgrade contracts in line with management plans to meet the increasing customer demand for broadband services, which will be booked in the second quarter of the year.

Net Debt Position

(EGP Million)



Net Debt

Telecom Egypt continues to boast a very healthy balance sheet, with a prudent net cash position of EGP 7,091 million at Q1 2013, compared to EGP 2,809 million at Q1 2012, a reflection of the cash generative nature of TE's business.

New Business Units (BU) revenue reporting model

Having reorganized TE into customer-centric business units in 2011, TE will now be changing the presentation of its revenues to reflect more closely the way in which its operations are run. This change will take effect in subsequent quarters and will be arranged around the following business units:

- Retail - Home Services
Traditional voice services and high speed Internet (ADSL) through home landlines.
- Retail - Enterprise Solutions
High Speed Internet Services (ADSL) and Enterprise Integrated applications solutions for both Private Companies and Governmental Organizations and Institutions.
- Wholesale – Domestic Wholesale
Versatile wholesale services including infrastructure leasing, as well as data transfer for mobile companies and internet providers.
- Wholesale – International Carriers Affairs
International voice operations, thanks to TE's bilateral relations with international carriers and companies, as well as a focus on diversity of inbound traffic sources.
- Wholesale – International Customers and Networks
Egypt's unique geography, connecting the Red and Med Seas, make TE's network a unique global resource connecting Euro-Asia and Euro-E-Africa infrastructure.

Q1 2013 under this reporting structure would appear as follows:

Business Unit	Line of Business	Q1 2013 In EGP Millions	Q1 2012 In EGP Millions
Home Services	Retail	708	739
Enterprise Solutions	Retail	428	421
Domestic Wholesale	Wholesale	635	589
International Carriers Affairs Business Unit	Wholesale	854	555
International Customers & Network Business Unit	Wholesale	93	375

TE Financial Highlights

In EGP Millions (Except Per Share Data)

First Quarter Ending March						
	3 Months Period Ending March			Previous Quarter Comparison		
	Mar 2013	Mar 2012	% Change	Q1 2013	Q4 2012	% Change
Sales Revenue	2,717	2,679	1.4%	2,717	2,488	9.2%
EBITDA	947	1,391	(32.1%)	947	525	80.3%
<i>Margin</i>	34.8%	51.9%		34.8%	21.1%	
EBIT	735	1,023	(28.1%)	735	267	175.3%
<i>Margin</i>	27.1%	38.2%		27.1%	10.7%	
Profit Before Taxes & Minority Interest	1,078	1,138	(5.2%)	1,078	516	108.8%
Consolidated Net Profit	858	914	(6.2%)	858	452	89.6%
<i>Net Profit Margin</i>	31.6%	34.1%		31.6%	18.2%	
EPS (EGP)	0.50	0.54	(6.2%)	0.50	0.19	160.6%

Operational Highlights

	3 Months Period Ending March			Previous Quarter Comparison		
	Mar 2013	Mar 2012	% Change	Q1 2013	Q4 2012	% Change
ARPU (EGP/Month)	32.4	33.9	(4.3%)	32.4	31.6	2.5%
CAPEX (EGP 000's)	73,875	90,823	(18.7%)	73,875	145,401	(49.2%)
TE Data						
- Number of ADSL Subscribers	1,413,627	1,160,701	21.8%	1,413,627	1,362,068	3.8%
- ADSL Subscribers Net Additions	51,559	49,478	4.2%	51,559	105,321	(51.0%)
- Retail ADSL Market Share	61.3%	61.2%	0.1%	61.3%	60.8%	0.8%

Vodafone Egypt Financial Highlights

In EGP Millions

	Full Year Ending March			Previous Quarter Comparison		
	Mar 2013	Mar 2012	% Change	Q4 12/13	Q3 12/13	% Change
Total Revenue	12,675	12,305	3.0%	3,100	3,278	(5.4%)
Net Profit	1,995	1,944	2.6%	475	482	(1.6%)
CAPEX	1,877	2,034	(7.7%)	580	599	(3.1%)

Vodafone Egypt Operational Highlights

	Full Year Ending March			Previous Quarter Comparison		
	Mar 2013	Mar 2012	% Change	Q412/13	Q3 12/13	% Change
Closing Customers (000's)	38,256	37,202	2.8%	38,256	40,233	(4.9%)
Net Adds (000's)	1,054	4,984	(78.9%)	(1,977)	1,779	(211.2%)
Total Voice Minutes (Millions)	91,932	79,228	16.0%	23,515	23,599	(0.4%)

- Ends -

For Further Information:

Investor Relations Contacts

Mohamed Kamal

General Manager of Investor Relations

Tel: +202 3131 5219

Fax: +202 3131 6115

E-mail: investor.relations@telecomegypt.com

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 7.2 million subscribers as at 31 March 2013.

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.