

# Corporate presentation telecomegypt January 2023



we



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# Company snapshot

Heritage transformed

we

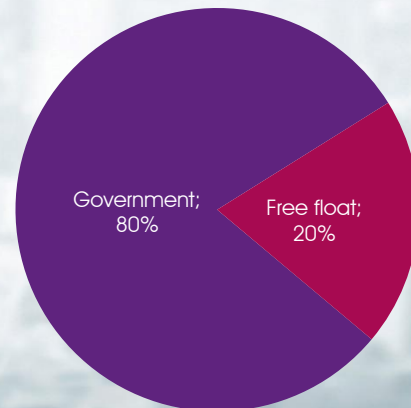
## TE's incorporation

- Founded in 1854 with the first telegraph line in Egypt
- Incorporated in 1998, replacing the former Arab Republic of Egypt National Telecommunication Organization (ARENTO)
- Listed in 2005 on Egypt and London Stock Exchanges
- Acquired a 45% stake in Vodafone Egypt in 2003 to 2006
- Rebranded the retail business to WE in 2017 with the launch of mobile services

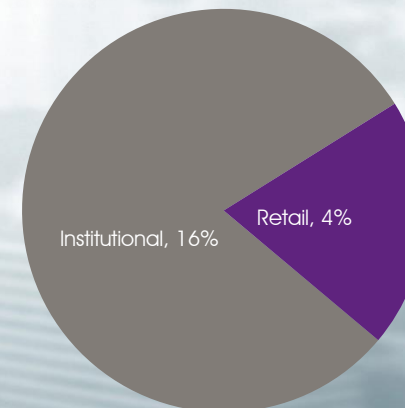


## Ownership: Highly diversified solid institutional shareholder base

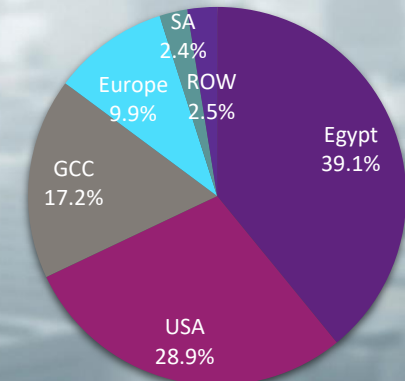
Market Cap of USD 1.7bn | ETEL EY/ ETEL.CA (as of 31 December 2022)



Free float composition



Breakdown of institutions



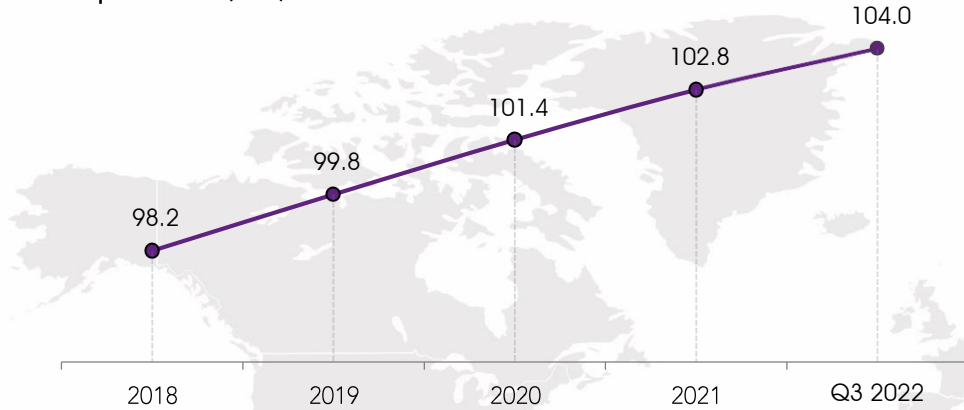
# Macro overview

# Demographic indicators

Young population to continue driving growth

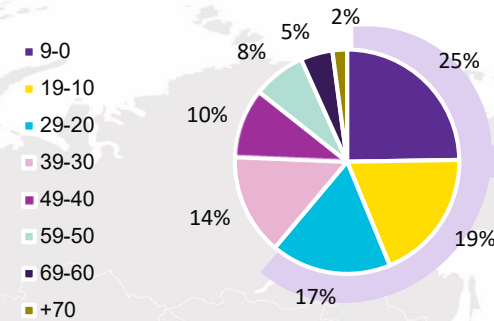
we

Population (mn)



Source: CAPMAS March 2022 census

Age distribution (% of population)



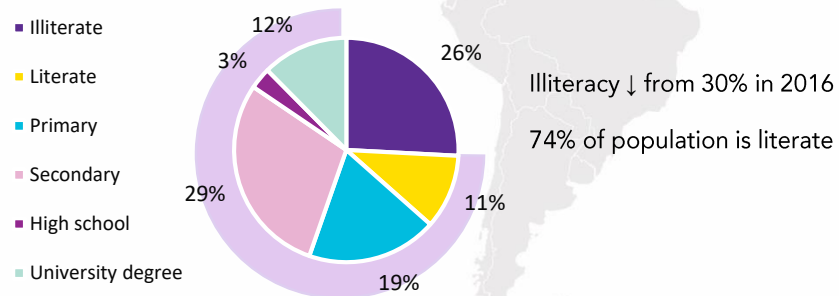
c.2mn new customers in the market every year

61% of population below 30 years



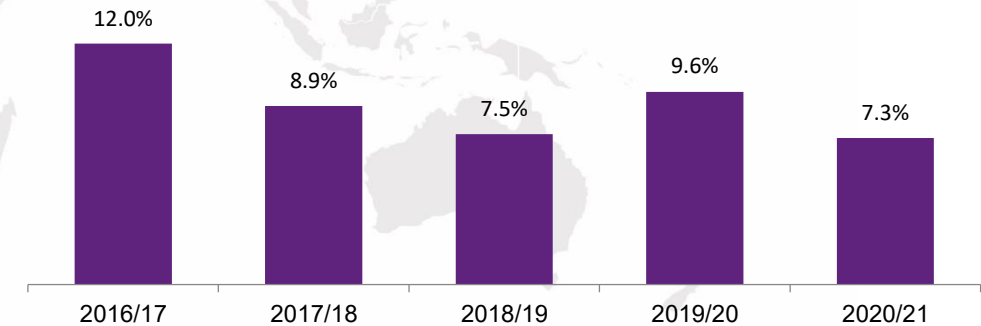
Source: CAPMAS 2022 census

Educational attainment (% of population)



Source: CAPMAS 2017 census

Unemployment rate (% of population)

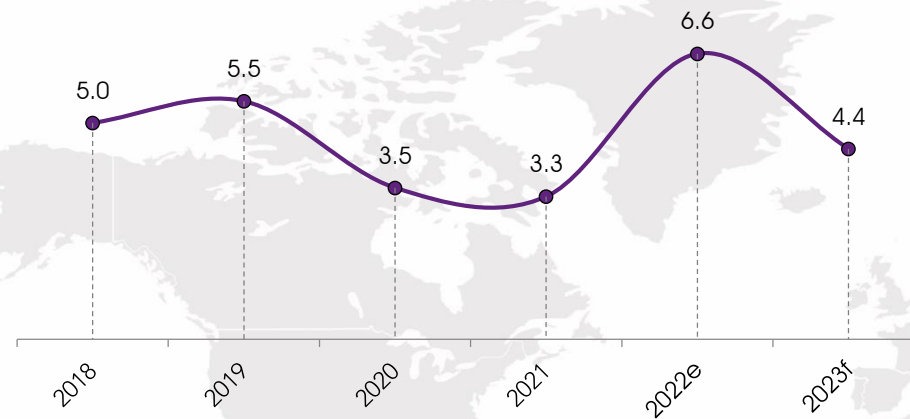


Source: Ministry of Finance

# Macro indicators

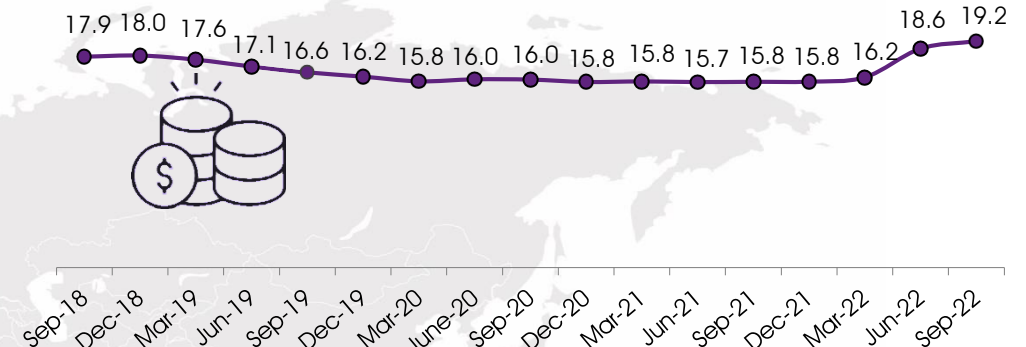
## A broad set of healthy indicators

Real GDP growth (%)



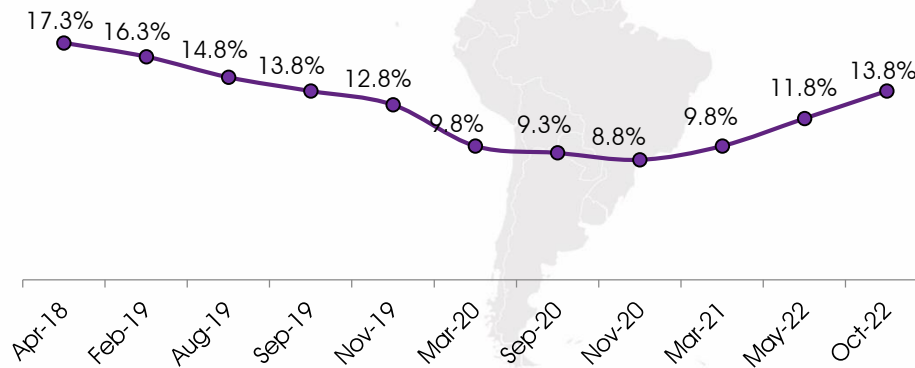
\* 2020 and 2021 growth forecasts were 5.9% and 6%, respectively, preceding the Covid-19 pandemic  
Source: IMF

Average USD to EGP rate



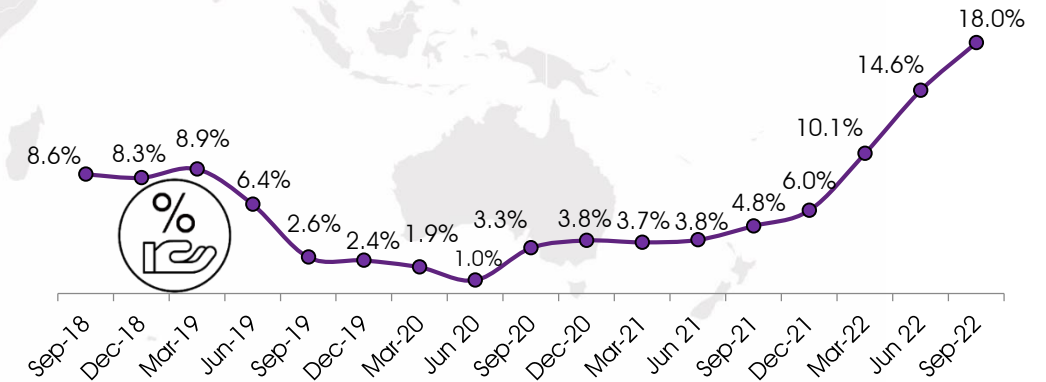
\* The exchange rate increased to EGP 18.3 on 21 March 2022 (+16% DoD). The full impact is reflected in Q2's average rate.  
Source: Central Bank of Egypt

CBE discount rate



Source: Central Bank of Egypt

Core inflation (YoY)



Source: Central Bank of Egypt

**Redefining our strategy**



# Our leadership team

High caliber from the mobile & fixed industries with local & int'l experience

we



Adel Hamed  
Managing Director &  
Chief Executive Officer



Mohamed Shamroukh  
Senior Vice President  
Chief Financial Officer



Mohamed Abo-Taleb  
Vice President  
Chief Commercial Officer



Seif Allah Mounib  
Vice President  
Chief International & Wholesale Officer



Mohamed Alfowey  
Vice President  
Chief Technology Officer



Elhossaini Adel  
Vice President  
Chief Customer Care Officer



Karim Youssef  
Vice President  
Chief Human Resources Officer

# Heading towards

A telco demonstrating its ability to seize new opportunities

we

The leading  
ICT provider



Offering our customers best  
value, data-centric  
propositions

The premium  
digital hub



Expanding from an  
established international  
route to an eminent regional  
digital hub

Digital WE



Embracing digital  
transformation internally to  
empower our customers &  
employees

Financial &  
operational  
excellence



Expanding efficiency &  
optimization measures to  
enhance profitability

# WE digital transformation

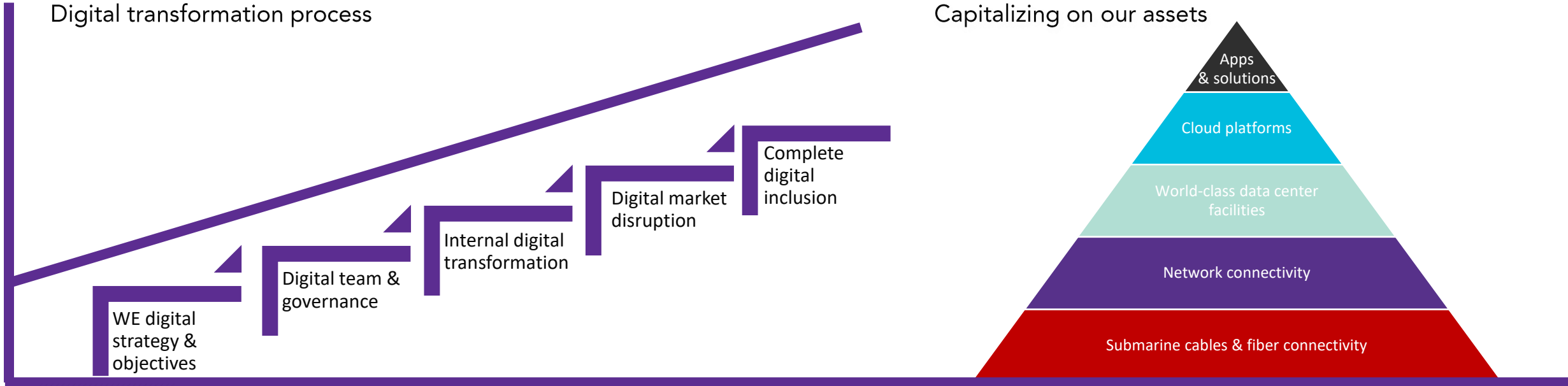
Our strategy is built by creating a comprehensive digital ecosystem to optimize resources and boost the economic impact of the ICT sector

we

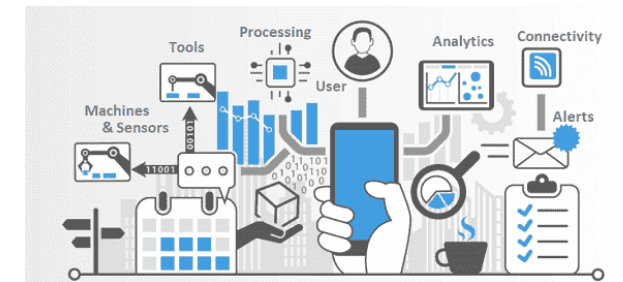
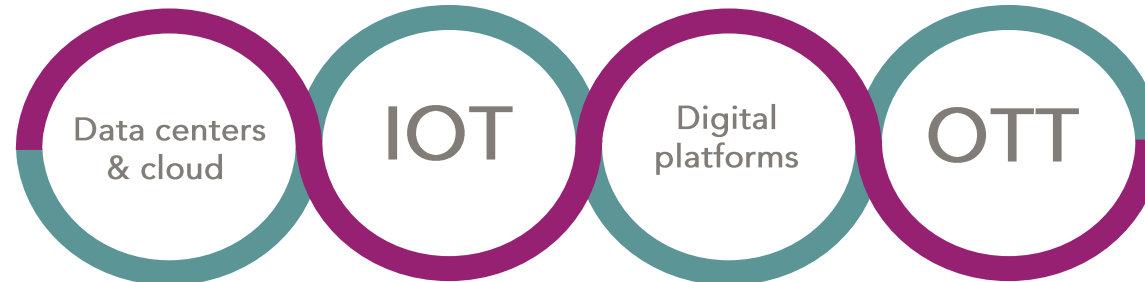
## Digital transformation ecosystem

Digital transformation process

Capitalizing on our assets



## 'WE Digital'



**Our growth potential**

# Retail segment

## Growth drivers at a glance

we

### Voice

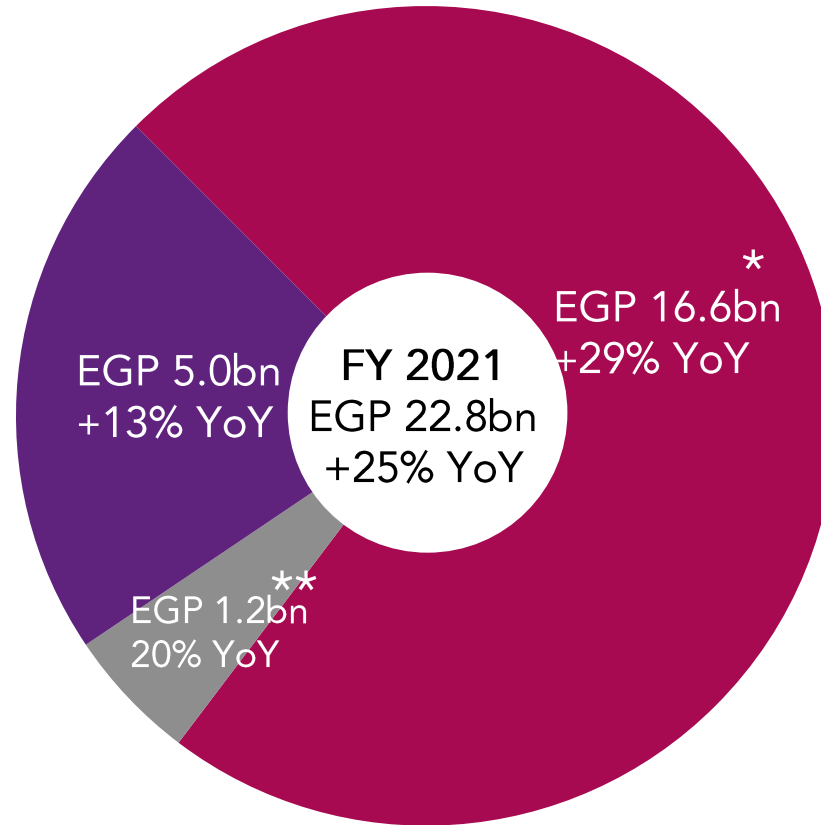


- Growing mobile customer base
- Growing fixed voice customer base driven by fixed broadband connectivity

### Other



- Managed Services
- Complimentary Access Services
  - Governmental entities
  - Private sector
- Subsidiaries i.e. MERC, Xceed, and Centra



Mobile



Internet



Landline

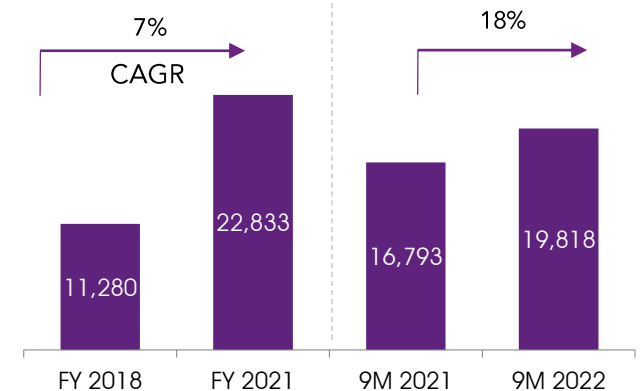
### Data



- Underpenetrated data market leading to a growing fixed & mobile customer base
- Improved broadband connectivity and the continuous demand for higher usage enhances ARPU

### Retail revenue growth

(In EGP mn)



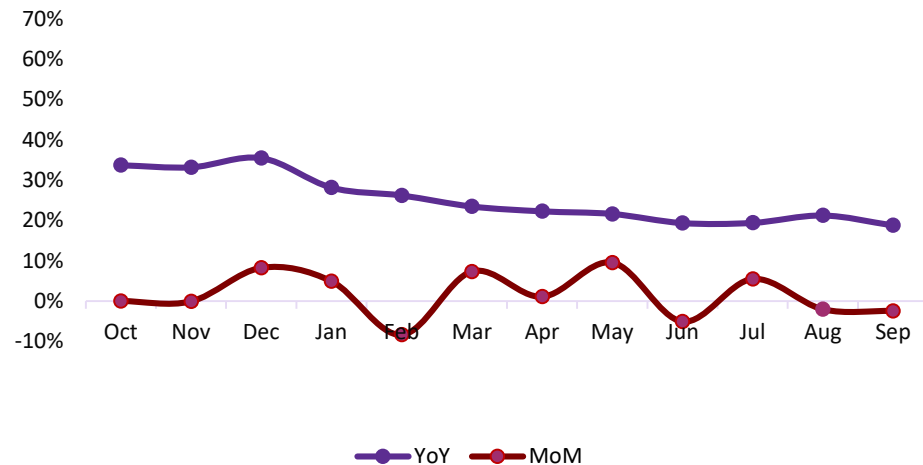


# Post Covid-19 operational indicators

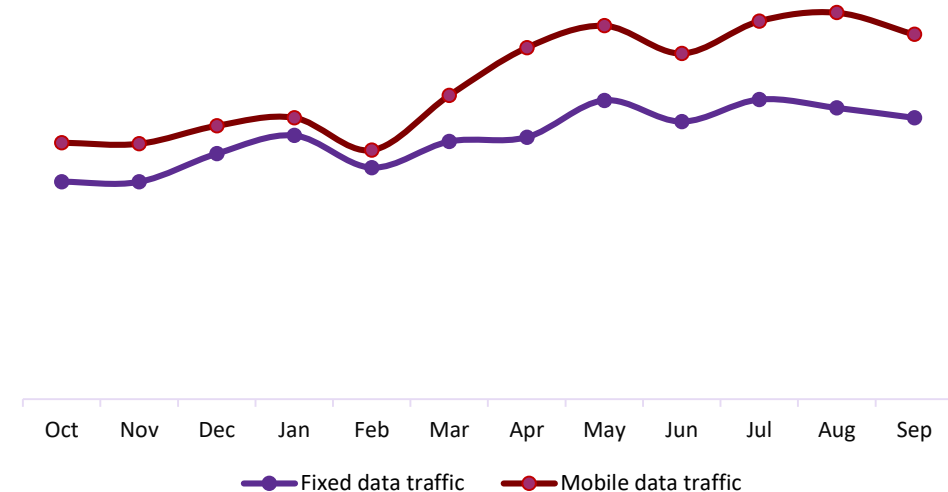
Positive indicators across the board

we

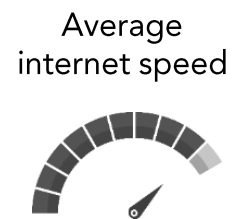
## FBB data traffic Q3 2022



## FBB and mobile data traffic Q3 2022



## Selected operational KPIs



**44.3\*** Mbps (Egypt)  
**47.7\*** Mbps (Telecom Egypt)

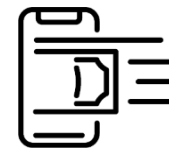
Based on global Ookla speed test index (as of Sep. 2022)

**7.7%\***

Growth in Egypt's internet speed in Q3 2022

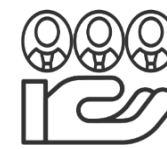
**4.8%\***

Growth in TE's internet speed in Q3 2022



**26%**

YoY growth in digital payments in Q3 2022



**50%**

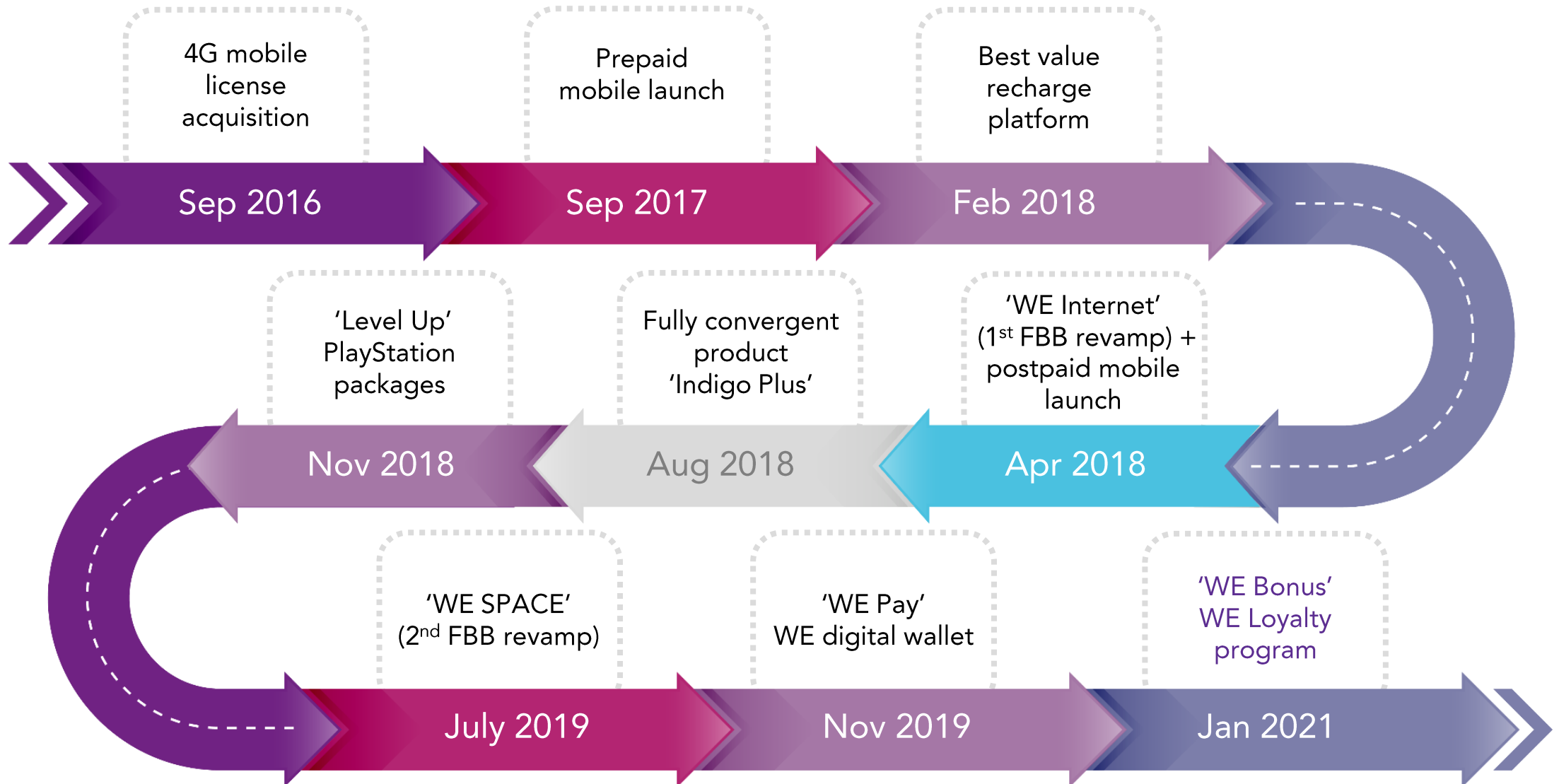
of our total fixed and mobile customer base installed "WE app" (as of Sep. 2022)

\* Starting mid-November 2021 Ookla changed its methodology and began reporting median download speeds instead of mean download speeds.

# Widening our retail portfolio

Moving beyond traditional telecom services

we



### Comparison of the entry level bundle



Launch date

April 2018

July 2019



Speed

Up to 5 Mbps



Up to 30 Mbps

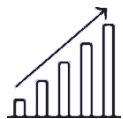


Price

EGP 110



EGP 120



Quota

100 GB



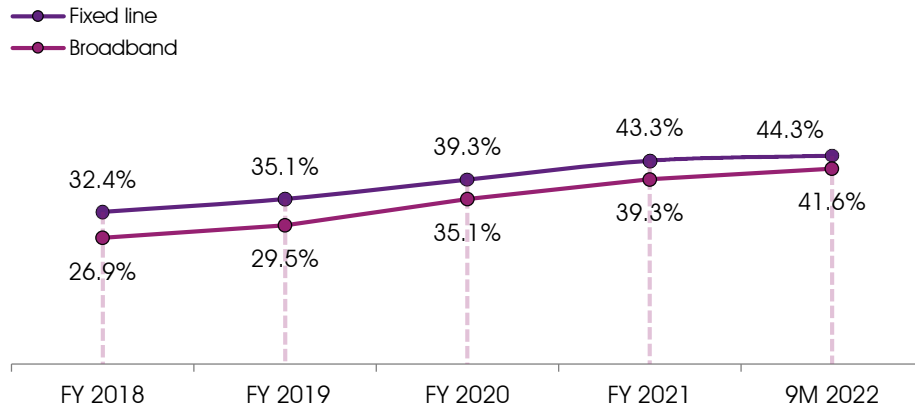
140 GB

# Fixed services

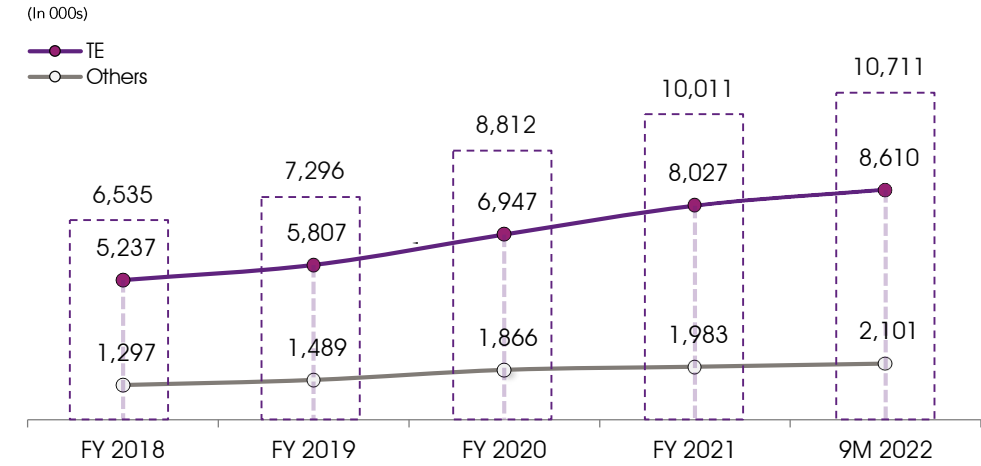
Growing customer base with healthy ARPU

we

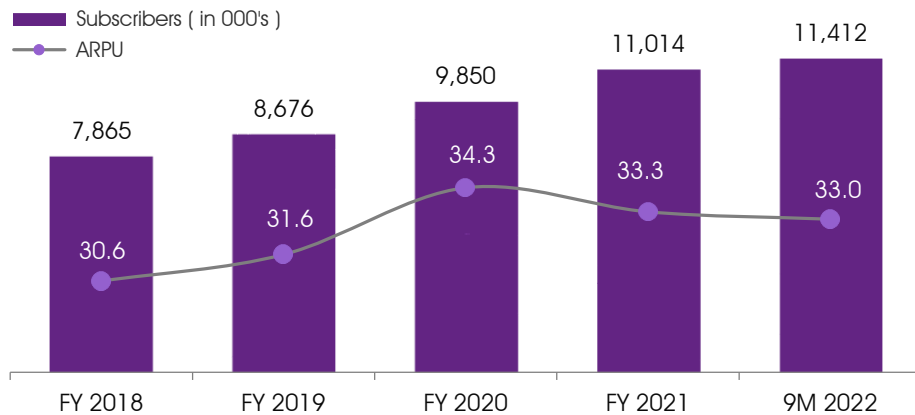
Market fixed voice and data household penetration



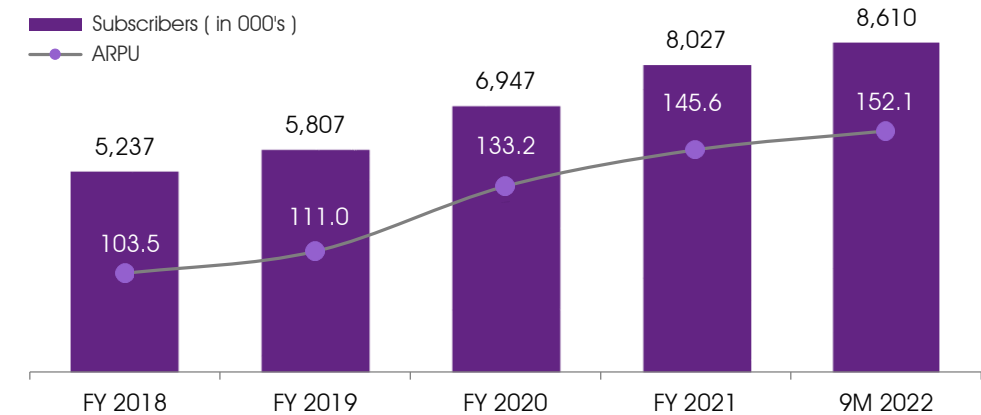
Market fixed broadband subscribers



WE fixed voice subscribers



WE fixed broadband subscribers

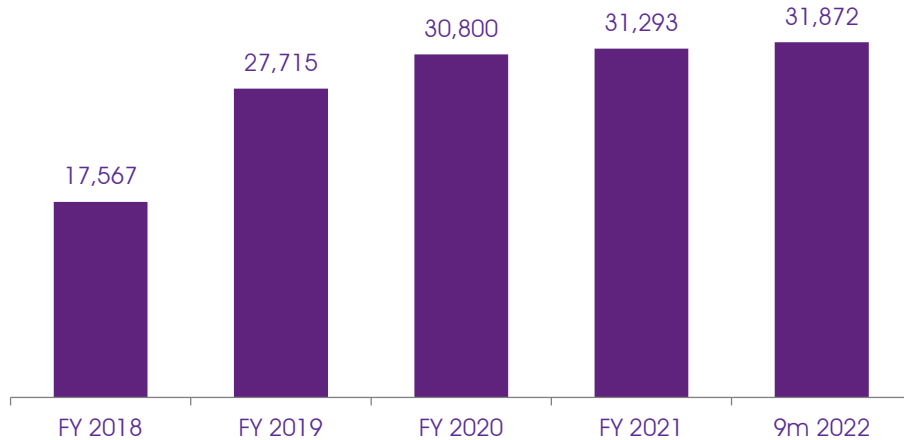


# Fixed services (cont'd)

Accelerated investment cycle coming to fruition

we

Fiber access network capacity  
(In 000 homes)

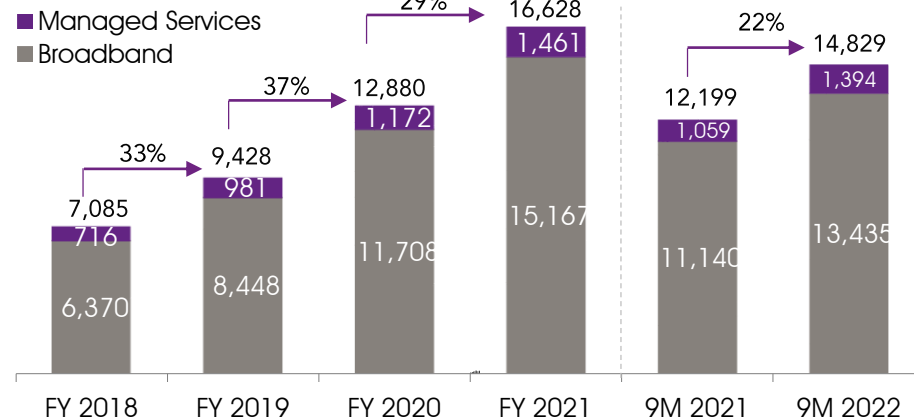


93%

of households  
reached with fiber in  
9M 2022  
(Excluding the last mile)

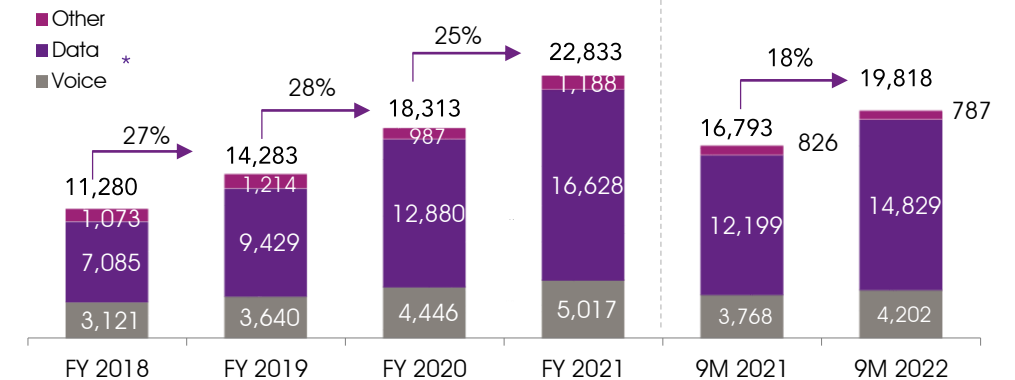
Data revenue

(in EGP mn)



Retail revenue growth driven by data

(In EGP mn)



\*Managed Services revenue is included in data revenue

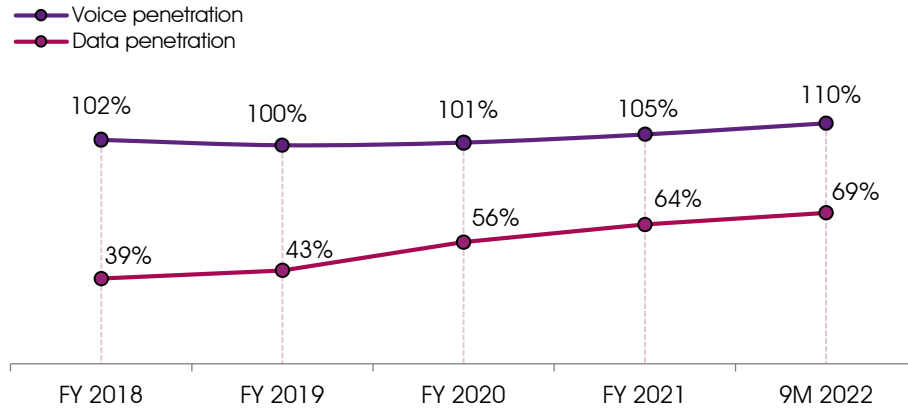


# Mobile market

## A growing customer base

we

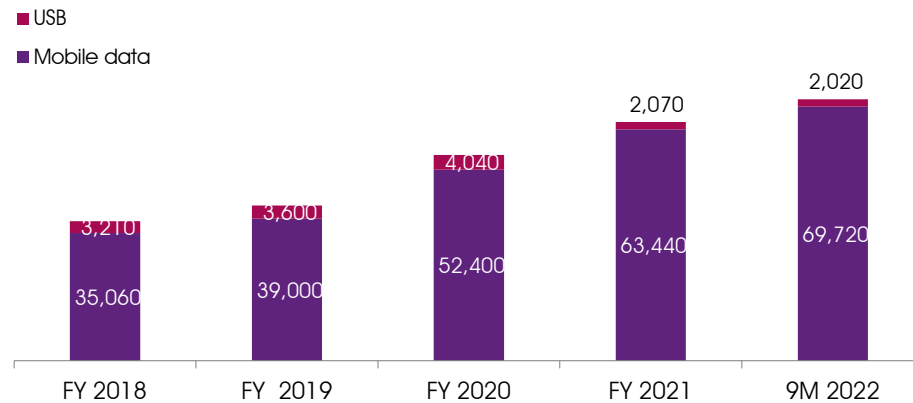
### Mobile market voice and data penetration



Source: MCIT & operators' disclosures

### Mobile data market subscribers

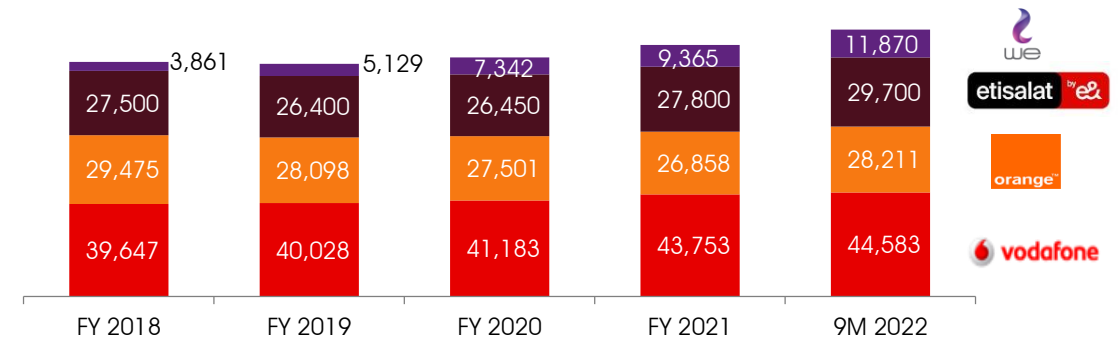
(In 000s)



Source: MCIT

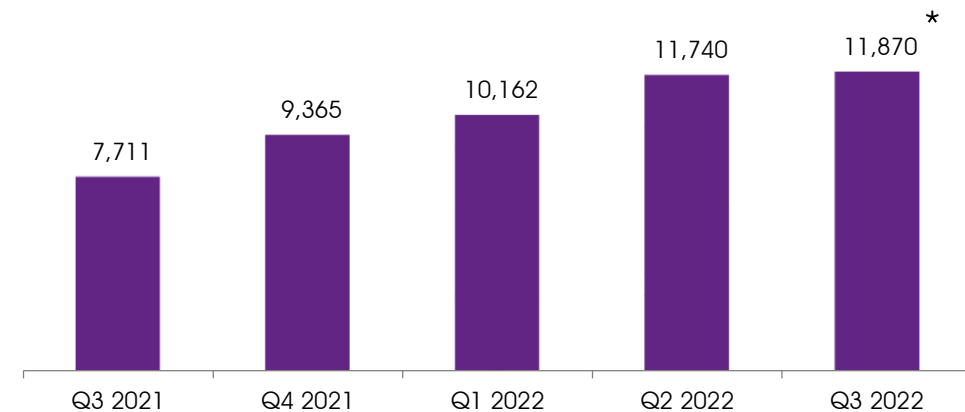
### Mobile market subscribers

(In 000s)



### WE mobile subscribers

(In 000s)



\* The 4.2mn increase in mobile customers YoY comprises 2.1mn related to the schools project and social solidarity initiatives.

# Wholesale segment

## Growth drivers at a glance

we

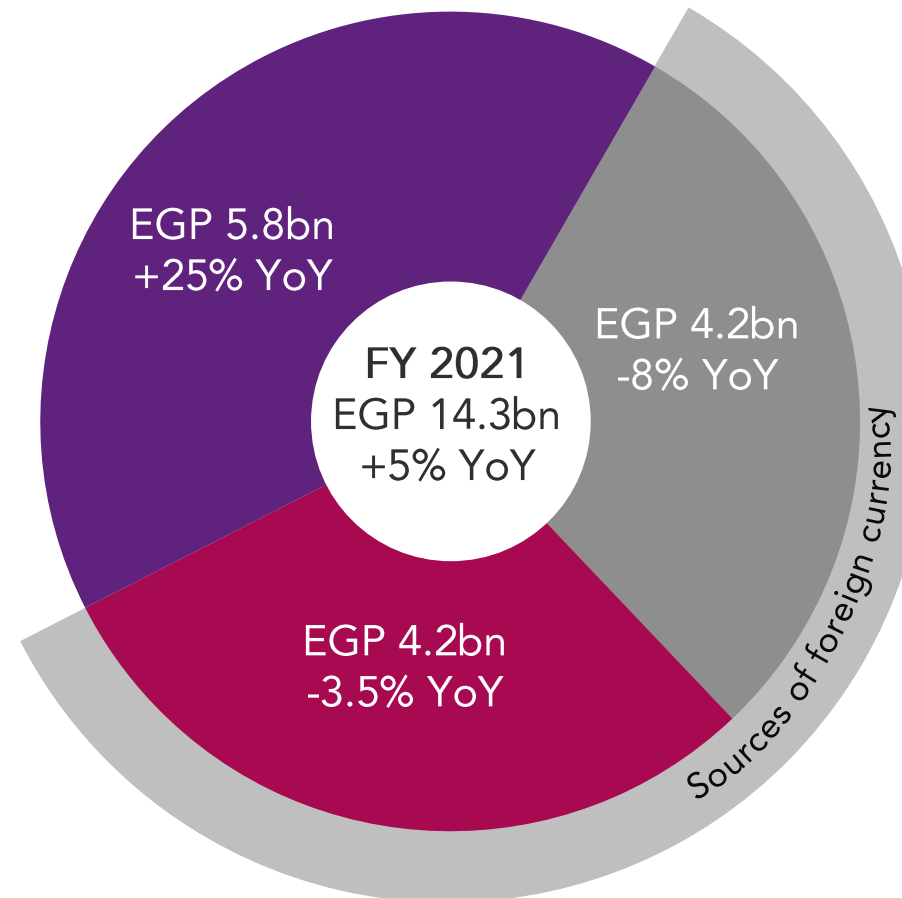
### Domestic

- Egypt's infrastructure builder
- 3-10 year agreements with MNOs
- Indirect play on data market growth



### International Carrier Affairs

- Sole provider of international calls to MNOs
- 4-5 year agreements with MNOs

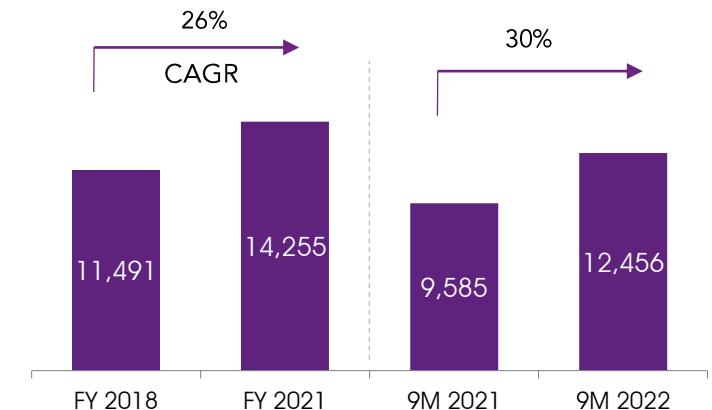


### International Cables & Networks

- Largest international network footprint in the region
- Preferred East-West international route
- Positioning Telecom Egypt as an eminent digital hub

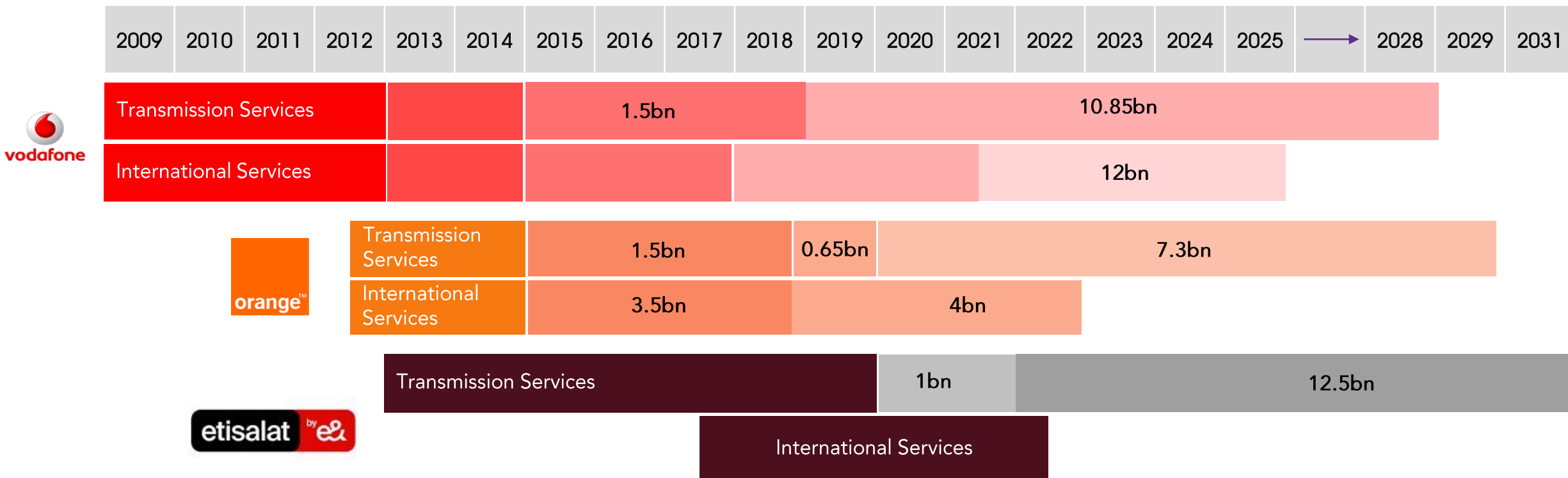


### Wholesale revenue (In EGP mn)



# Agreements with domestic MNOs

Securing long-term revenue streams



Our main goals

1

Securing longer-term agreements with domestic mobile operators

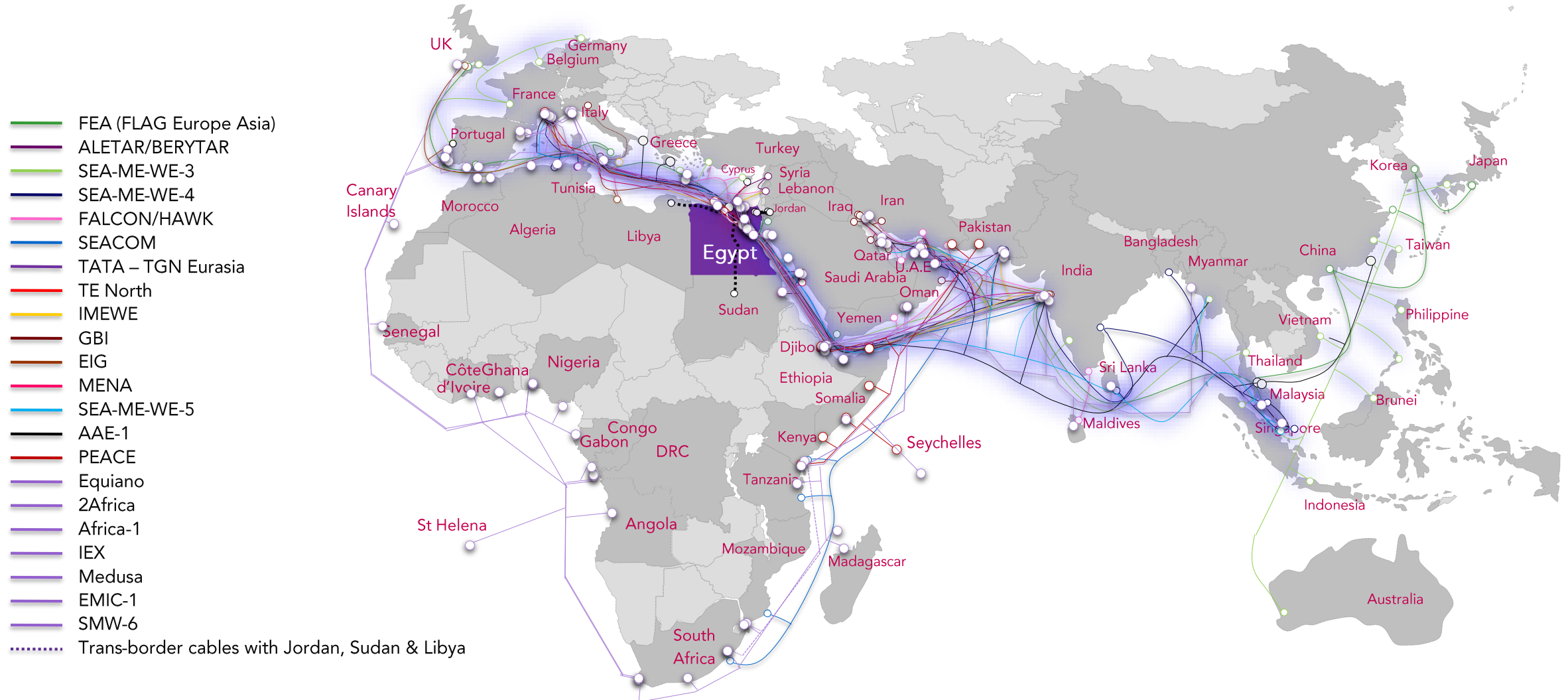
2

Boosting our wholesale revenue stream by monetizing our infrastructure investments

# Our cable network

Expanding our reach

we

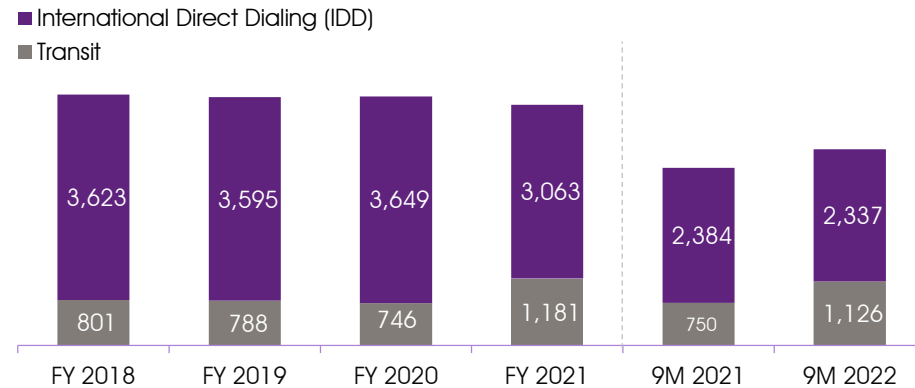


# International services

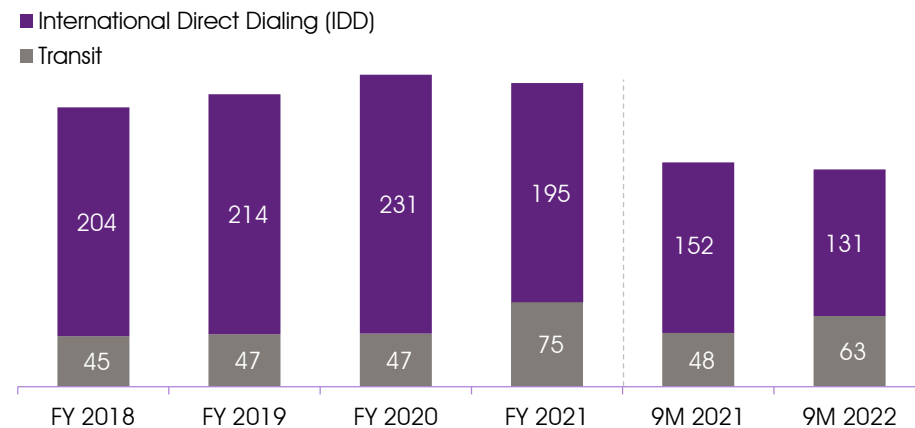
Healthy performance across the majority of our business lines

we

Int'l Carriers revenue breakdown in EGP  
(In mn)

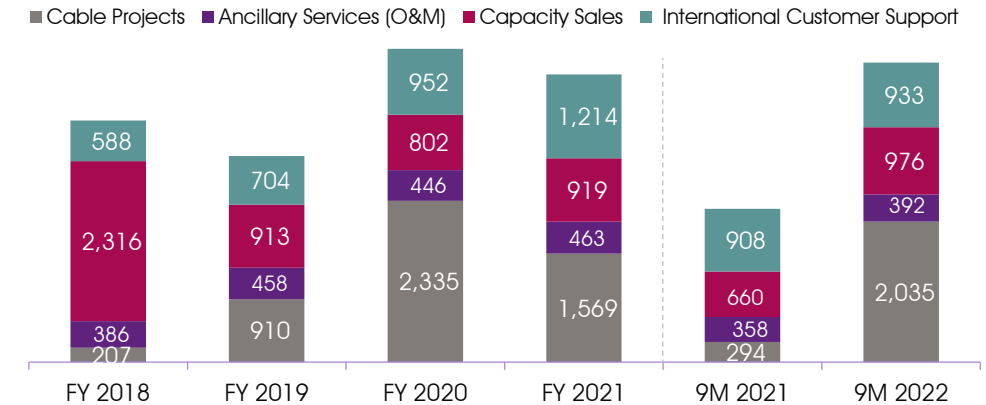


Int'l Carriers revenue breakdown in USD\*  
(In mn)

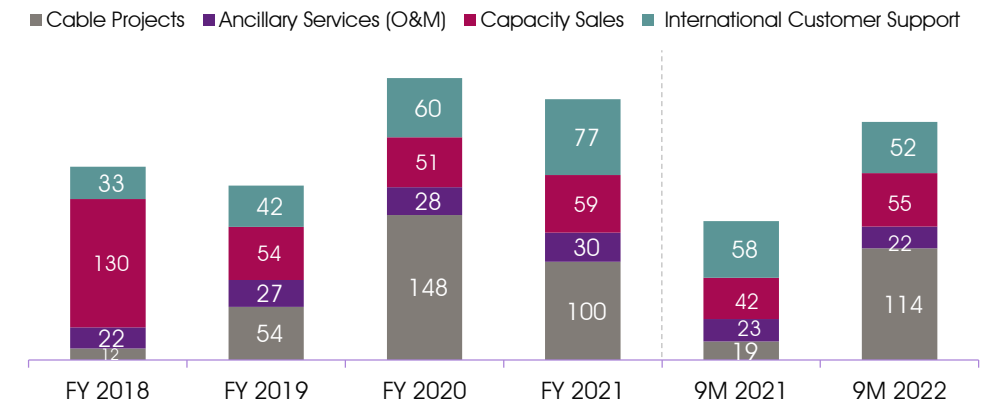


\* Based on full and 9-month average USD exchange rates

Int'l Customers & Networks revenue breakdown in EGP  
(In mn)



Int'l Customers & Networks revenue breakdown in USD\*  
(In mn)



\* Based on full and 9-month average USD exchange rates



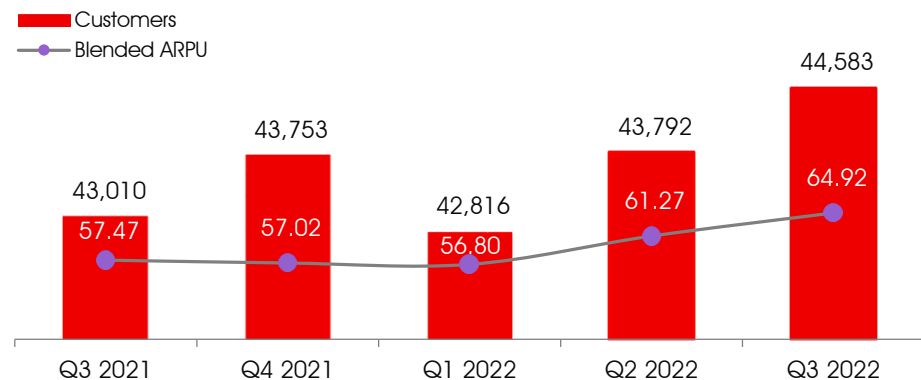
# Vodafone Egypt

## Financial and operational KPIs\*



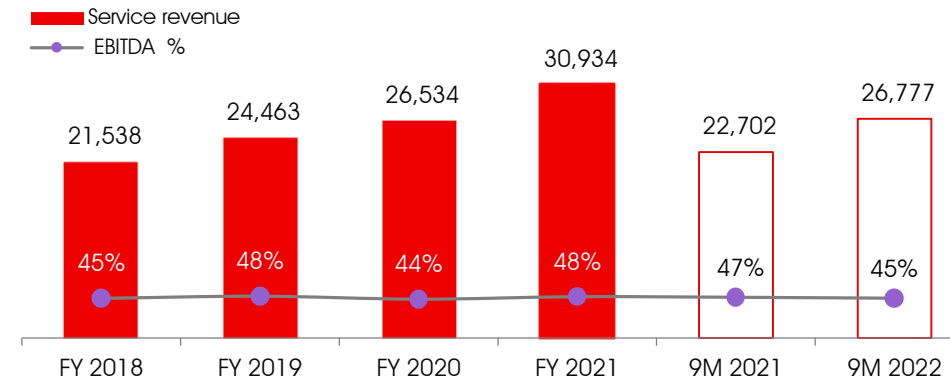
### Mobile customers

(In 000s)



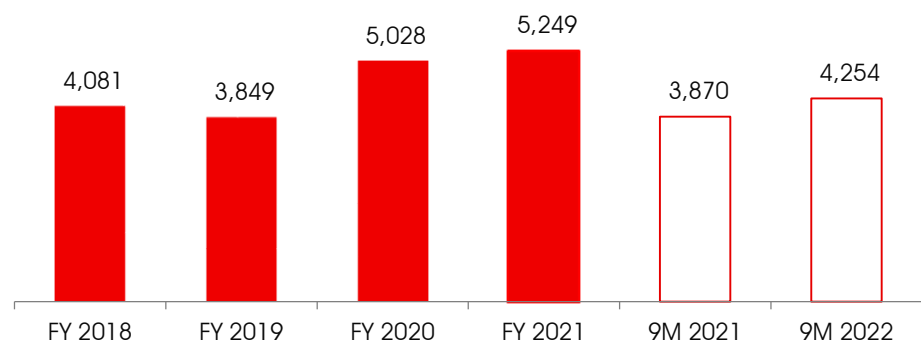
### Service revenue \*\*

(In EGP mn)



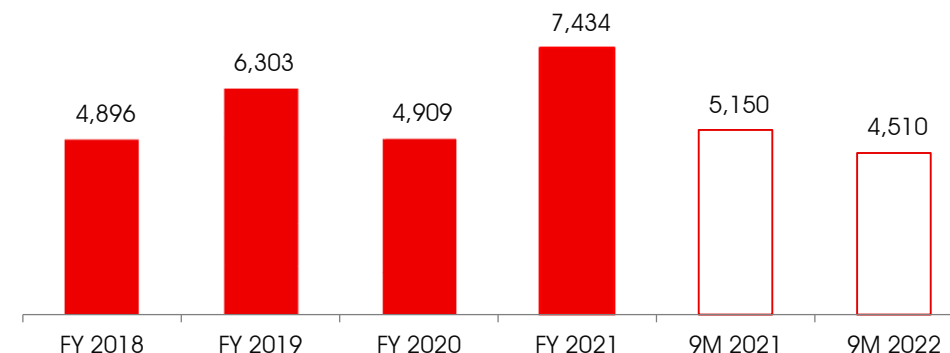
### Capex \*\*

(In EGP mn)



### Net profit \*\*

(In EGP mn)



\*Figures were adjusted to match the fiscal year of Telecom Egypt

\*\* Service revenue, EBITDA and capex figures are based on IFRS, while net profit is based on EAS

The numbers are provided by TE for its shareholders in line with its disclosure policy. TE shall not discuss or comment on the underlying trends of such KPIs

# Vodafone Egypt (cont'd)

A rebalanced shareholder agreement to extract returns

we

## Modified shareholders' agreement

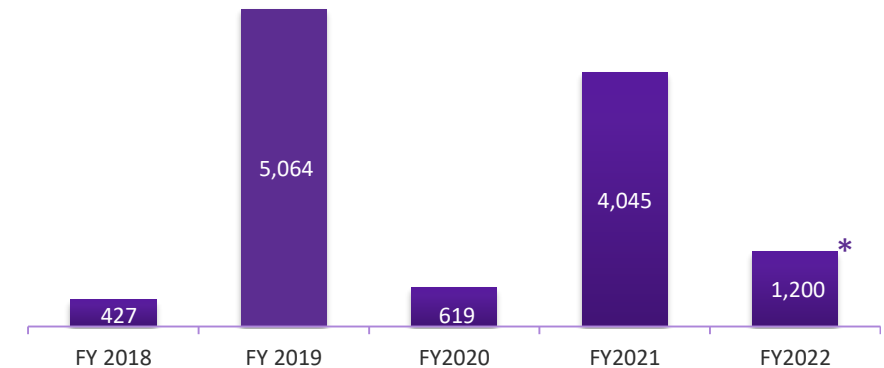
Telecom Egypt and Vodafone Group signed a modified shareholders' agreement in Jun 2021. Telecom Egypt has obtained enhanced rights in the amended shareholders' agreement, the most important of which are:

- 1- The right to buy Vodafone Group's shares in Vodafone Egypt, should the major shareholder change directly or indirectly, through the RoFR process
- 2- A committed minimum dividend policy for Vodafone Egypt of 60% of FCF starting 2022
- 3- Assistance by Vodafone Egypt management in a due diligence process in case of a full or partial sale by Telecom Egypt
- 4- A modified RoFR process allowing Telecom Egypt a longer RoFR duration and including an independent expert to perform a valuation report
- 5- A tag along option for a portion of TE's shares in Vodafone Egypt, notwithstanding any other rights under the Egyptian law including the right to accept an MTO
- 6- Information rights with regular disclosure to ensure visibility for Telecom Egypt on its investment in Vodafone Egypt

- In case of a transfer to Vodacom and receiving a deed of adherence confirming its commitment to the shareholder's agreement, Telecom Egypt shall not exercise rights 1 and 5

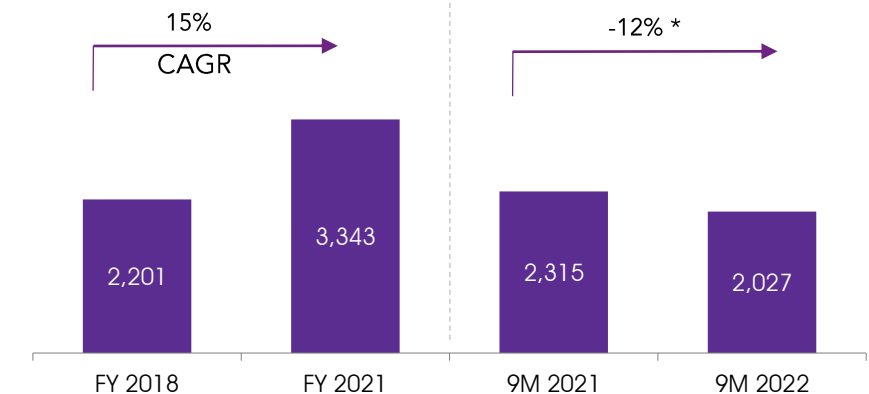
Minimum dividend policy - **60%** of Vodafone Egypt's FCF starting 2022

Vodafone dividends distribution - net of taxes  
(In EGP mn)



\* TE received EGP 1.2bn dividends from Vodafone Egypt in July 2022 under the modified Shareholder's Agreement.

Income from Vodafone  
(In EGP mn)



\* 9M 2021 includes provision reversals of c. EGP 350mn. Excluding such provisions, the decline in 9M 2022 YoY investment income would be -12%.

# **Financial highlights (2019-2021)**

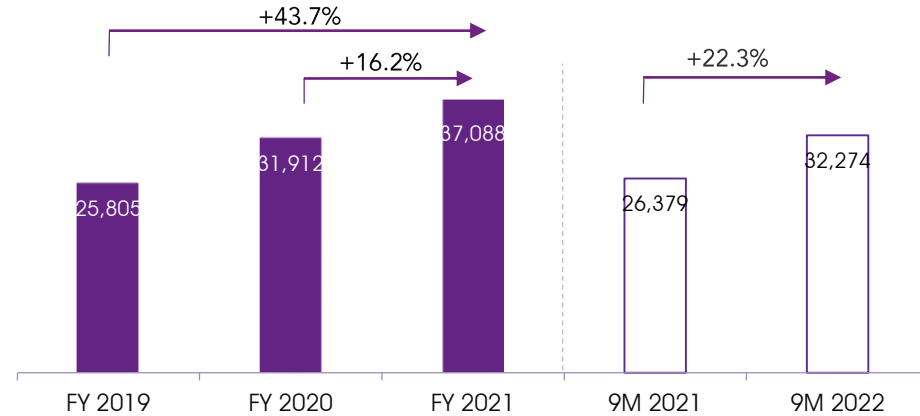
# Financial highlights

## Robust operational performance

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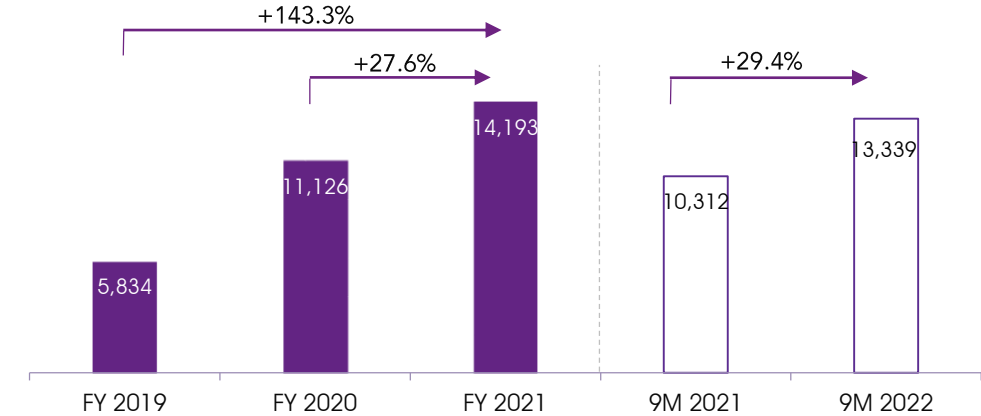
### Revenue

(In EGP mn)



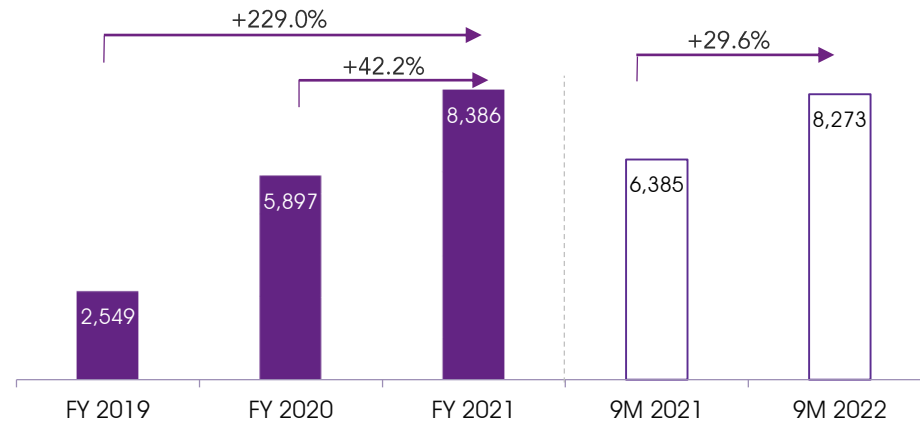
### EBITDA

(In EGP mn)



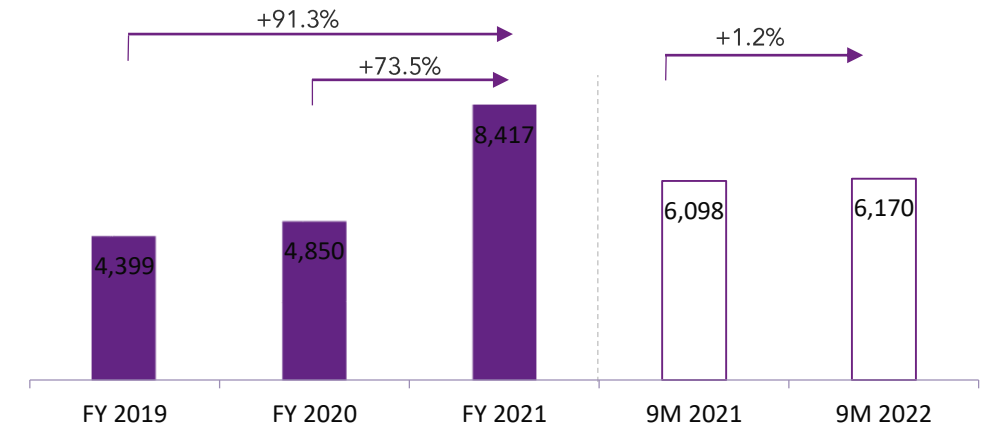
### Operating profit

(In EGP mn)



### Net profit

(In EGP mn)

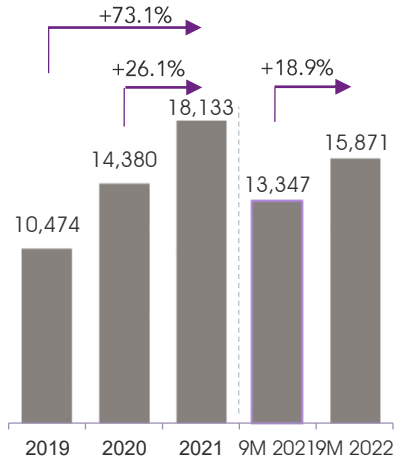


# Revenue by business unit

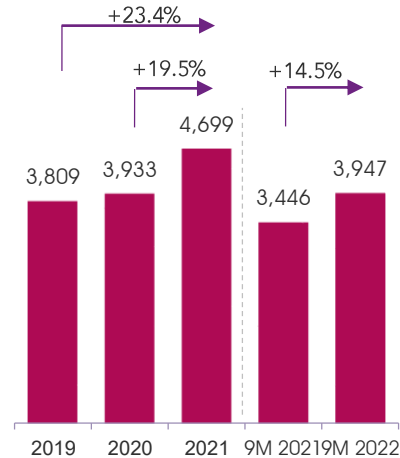
Strong retail performance led by data revenues

we

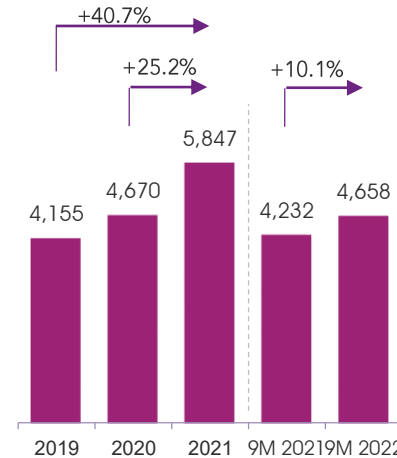
Home & Consumer



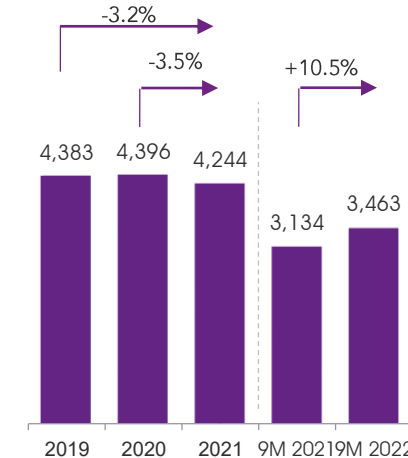
Enterprise



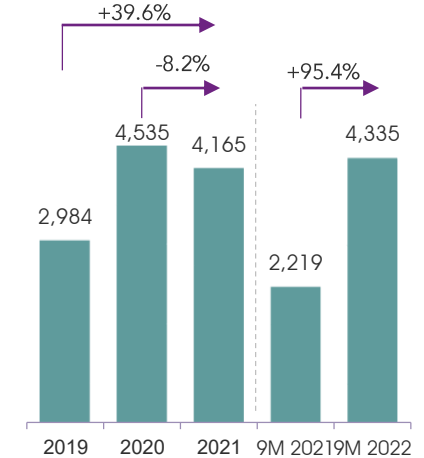
Domestic



International Carriers Affairs

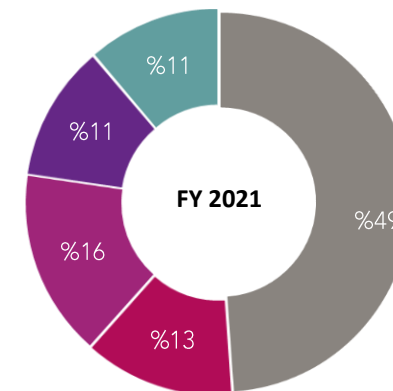


International Customers & Networks

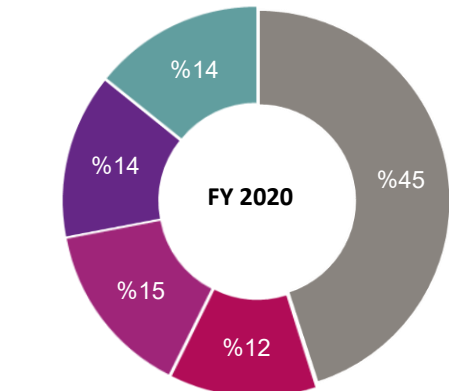


## FY 2021 performance:

- ✓ **Total revenue** climbed 16% YoY on a 30% YoY increase in data revenue followed by a 26% YoY growth in infrastructure revenue.
- ✓ **Home & consumer** grew 26% YoY due to higher data and voice revenues (+30% and +14%, respectively) backed by customer base growth and healthy ARPUs.
- ✓ **Enterprise** grew 19% YoY mainly on increased managed data services and revenue from subsidiaries. Additionally, EGP 208mn coming from the digital transformation project were recognized in Q4 2021.
- ✓ **Mobile** grew 35% YoY and contributed a low double-digit to total retail revenue.
- ✓ **Wholesale** reported a 5% YoY increase, supported by a 25% YoY growth in domestic revenue that offset an 8% YoY decrease in IC&N revenue due to the base effect of the one-off revenue of EGP 1.9bn from 2-Africa last year and a 3% YoY drop in ICA, in line with the global decline in traffic.



■ Home & Consumer  
■ Enterprise  
■ Domestic  
■ International Carriers Affairs  
■ International Customers & Networks



■ Enterprise  
■ International Carriers Affairs  
■ International Customers & Networks



# Historical 3-year income statement summary

In EGP mn	2019	2020	2021	Growth YoY	
				2020	2021
<b>Revenue</b>	<b>25,805</b>	<b>31,912</b>	<b>37,088</b>	<b>24%</b>	<b>16%</b>
Home & Consumer	10,474	14,380	18,133	37%	26%
Enterprise	3,809	3,933	4,699	3%	19%
Domestic Wholesale	4,155	4,670	5,847	12%	25%
International Carriers	4,383	4,396	4,244	0%	-3%
International Customers & Networks	2,984	4,535	4,165	52%	-8%
Total employee cost	(7,757)	(6,861)	(7,501)	-12%	9%
Total employee cost (Adj.)	(6,490)	(6,759)	(7,501)	4%	11%
Call costs	(4,832)	(5,585)	(6,021)	16%	8%
COGS (excl. above expenses)	(5,206)	(5,869)	(6,782)	13%	16%
S&D (excl. salaries, D&A)	(1,499)	(1,755)	(1,696)	17%	-3%
G&A (excl. salaries, D&A)	(678)	(717)	(894)	6%	25%
<b>EBITDA</b>	<b>5,834</b>	<b>11,126</b>	<b>14,193</b>	<b>91%</b>	<b>28%</b>
Margin	23%	35%	38%	1,226 bps	341 bps
<b>EBITDA (Adj.) *</b>	<b>7,100</b>	<b>11,227</b>	<b>14,193</b>	<b>58%</b>	<b>26%</b>
Margin	28%	35%	38%	767 bps	309 bps
Other (income)/expenses	321	(63)	328	-120%	619%
Depreciation	(2,908)	(4,461)	(5,194)	53%	16%
Amortization	(697)	(704)	(941)	1%	34%
Operating profit	2,549	5,897	8,386	131%	42%
Margin	10%	18%	23%	860 bps	413 bps
Income from investments	2,833	2,206	3,343	-22%	52%
Net finance (cost)/income	1,115	(433)	292	-139%	167%
Net interest (expense)/income	(1,001)	(1,046)	(895)	5%	-14%
Tax	(1,091)	(1,767)	(2,705)	62%	53%
<b>Net profit</b>	<b>4,399</b>	<b>4,850</b>	<b>8,417</b>	<b>10%</b>	<b>74%</b>
Margin	17%	15%	23%	(185 bps)	750 bps
<b>Net profit (Adj.) **</b>	<b>3,740</b>	<b>5,076</b>	<b>7,710</b>	<b>36%</b>	<b>52%</b>
Margin	14%	16%	21%	141 bps	488 bps
<b>EPS **</b>	<b>2.10</b>	<b>2.31</b>	<b>4.34</b>	<b>10%</b>	<b>88%</b>

\* EBITDA in 2019 was adjusted for ERP amounting to EGP1.2bn

\*\*Adjusted for Vodafone's one-off deferred tax and tax reversals and the effect of FX, provisions, and impairments in FY 2021

Note: All financial figures reported are based on the consolidated financials under EAS

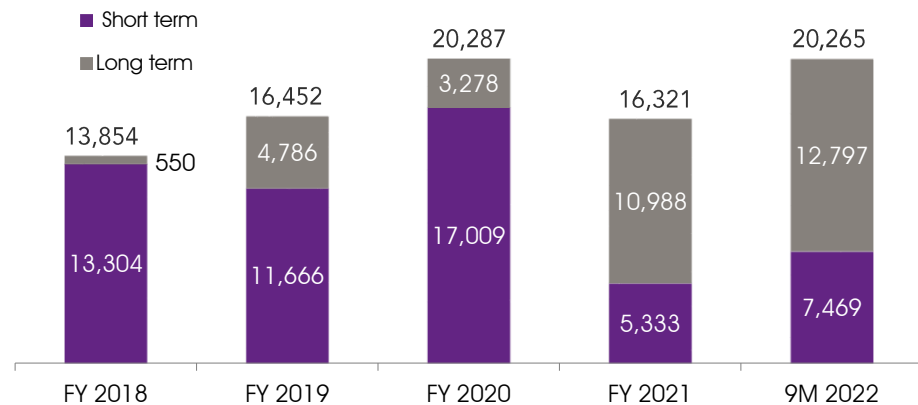
## FY 2021 discussion

Revenue	<ul style="list-style-type: none"> <li>Retail revenue rose 25% YoY mainly on a 30% YoY increase in data revenue that constituted 77% of total retail growth.</li> <li>Wholesale grew 5% YoY on a 25% YoY rise in domestic revenue, supported by the demand for infrastructure services from ISPs and MNOs, which softened the 8% and 3% YoY decline in IC&amp;N and ICA, respectively.</li> </ul>
Expenses	<ul style="list-style-type: none"> <li>Salaries increased 9% YoY, representing 20% of top line (-127bps YoY), reflecting the annual salary raise in addition to end of year bonus.</li> <li>Call costs to revenue decreased 126bps, reaching 16% on an improved revenue mix.</li> <li>Advertising costs declined 5% YoY, representing 2% of the top line, compared to 3% last year.</li> </ul>
EBITDA	<ul style="list-style-type: none"> <li>EBITDA grew 28% YoY, recording a margin of 38% on high margin data and cable revenues.</li> </ul>
Other OPEX	<ul style="list-style-type: none"> <li>D&amp;A grew 19% YoY, in line with capex spending.</li> <li>Normalized operating profit grew 36% YoY, reflecting strong performance.</li> </ul>
Non-operational	<ul style="list-style-type: none"> <li>Investment income from Vodafone, excluding provision and taxes reversals of EGP 502mn, grew 29% YoY on strong organic performance.</li> <li>Net finance income rose by 167% YoY due to an increase of EGP 541mn in FX gains, in addition to a EGP 183mn decline in impairment costs.</li> <li>Net interest expense decreased 14% YoY owed to the 20% YoY decline in gross debt, reaching EGP 16bn with the effective interest rate reaching 5.3%.</li> </ul>
Net profit	<ul style="list-style-type: none"> <li>Normalized net profit reached EGP 7.7bn, growing 52%, YoY driven by strong operational performance and higher investment income from Vodafone, offsetting the 19% YoY increase in D&amp;A.</li> </ul>

# Balance sheet highlights

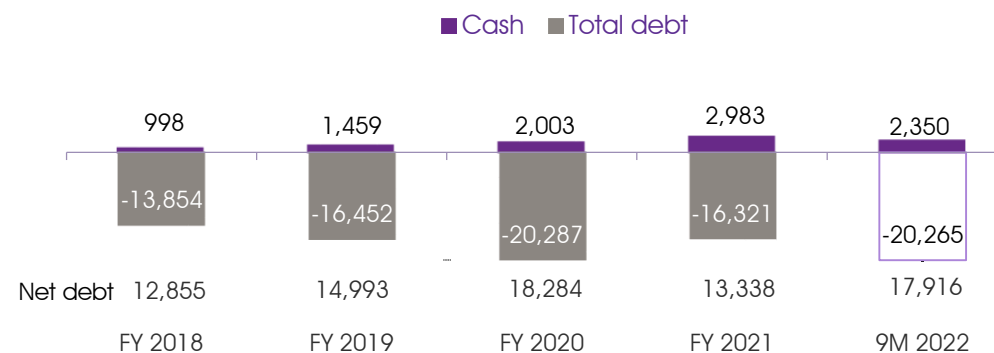
## Total debt

(In EGP mn)



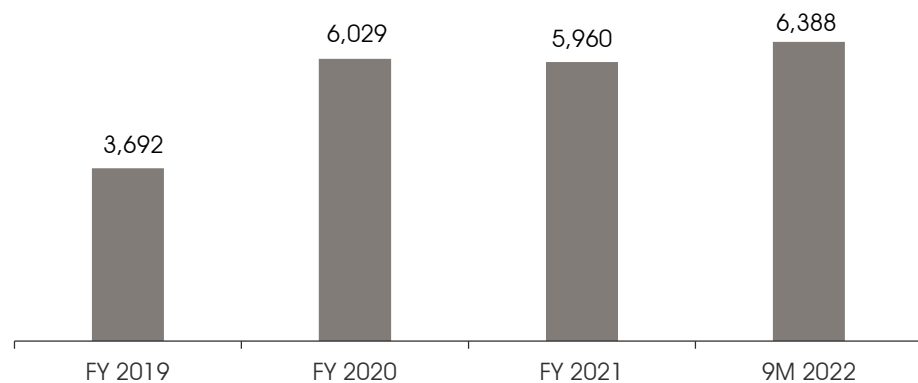
## Net debt

(In EGP mn)



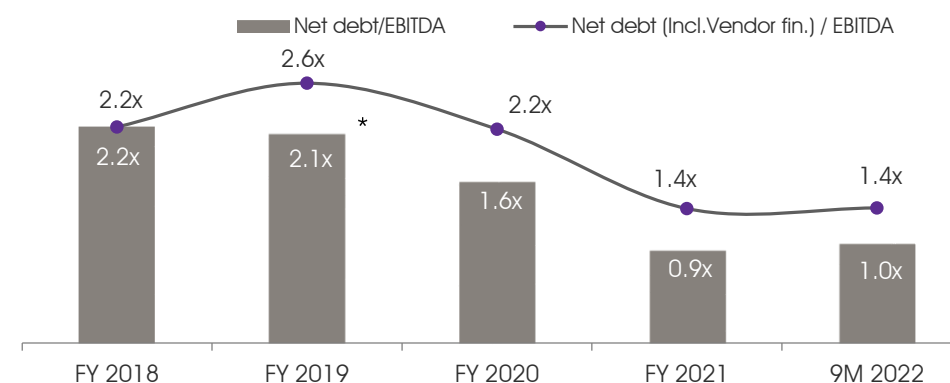
## Vendor finance

(In EGP mn)



## Net debt/ EBITDA

(Based on annualized EBITDA)

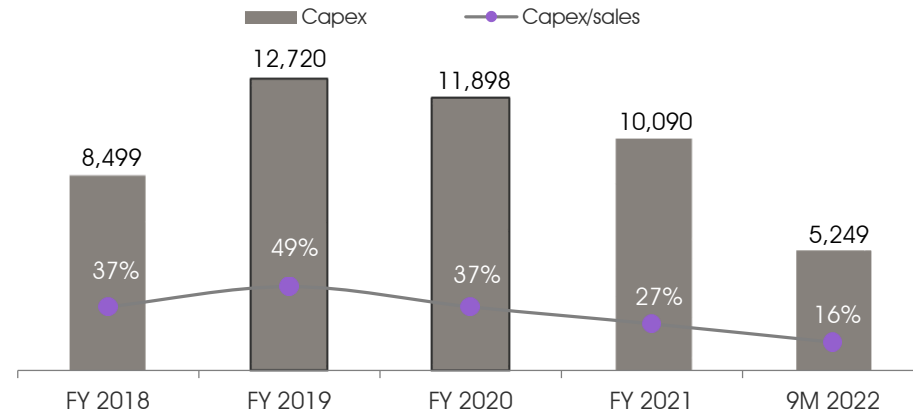


\*Adjusted for the ERP total cost of EGP 1.3bn

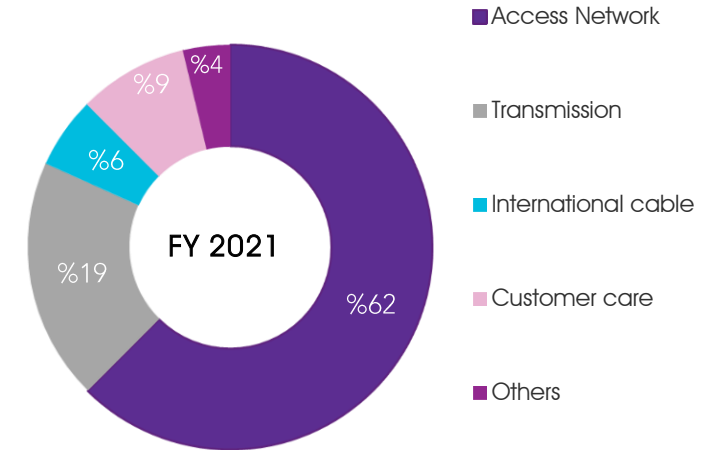
# Capex analysis

## In-service capex

(In EGP mn)

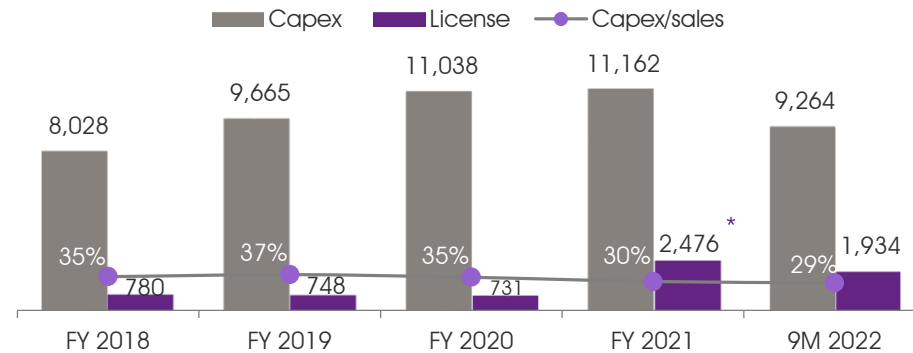


## Breakdown of capex in-service



## Cash capex

(In EGP mn)

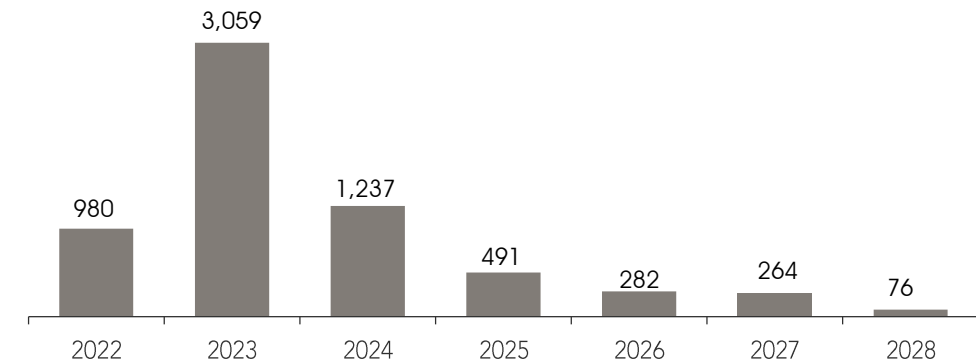


\*Including the payment of EGP 2.4bn, representing 50% of the awarded spectrum fees

**Note:** All financial figures reported are based on consolidated financials under EAS

## Vendor financing payments\*\*

(In EGP mn)

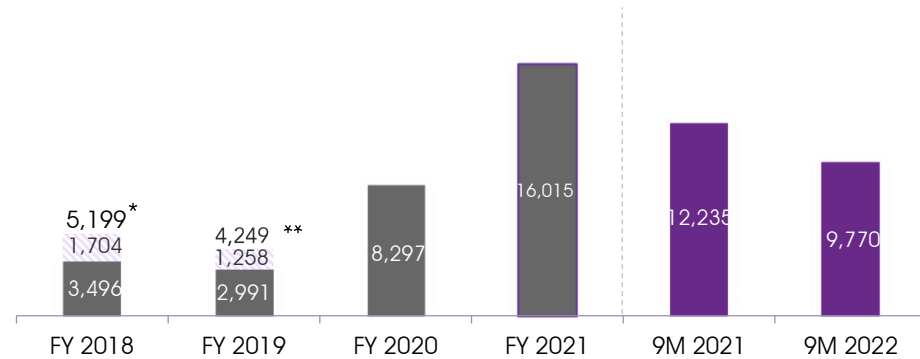


\*\*Based on USD and EURO exchange rates as of 30 Sep 2022

# Cash flow analysis

## Net cash from operating activities

(In EGP mn)

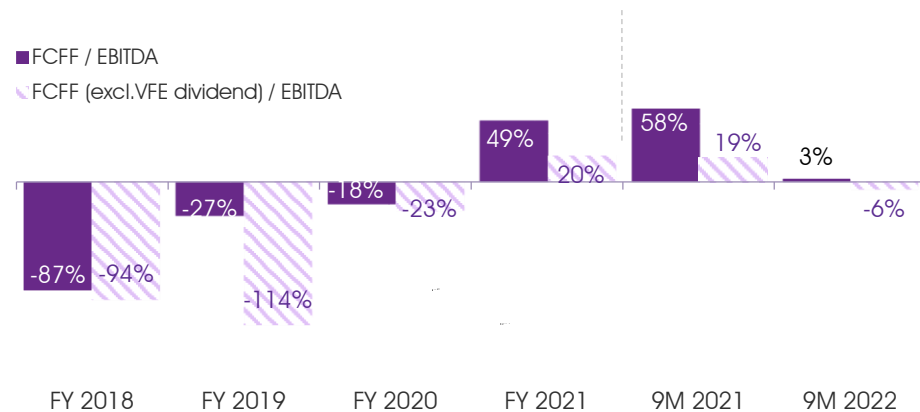


\*Including a one-off settlement to Etisalat of EGP 919mn and EGP 784mn representing the settlement of the MENA cable loan

\*\* Including ERP cost of EGP 1.3bn

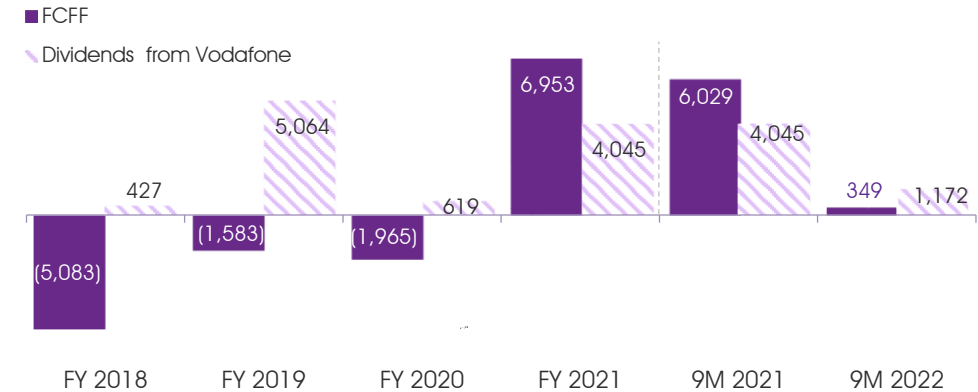
## FCFF / EBITDA

(In EGP mn)



## FCFF\*\*

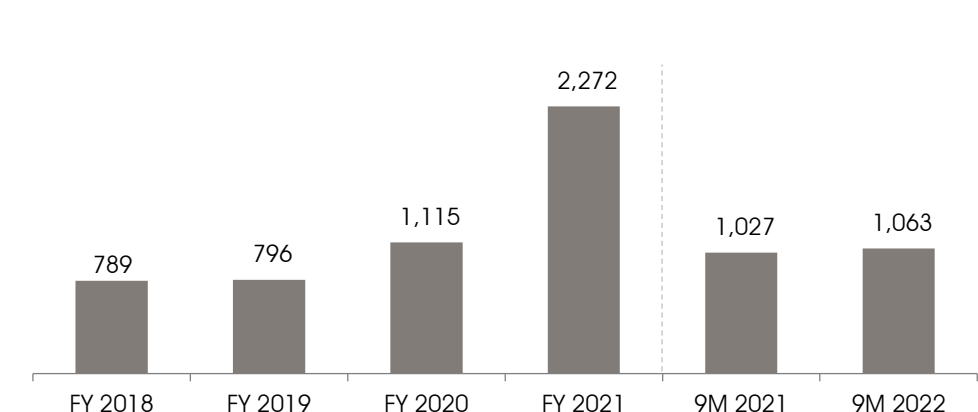
(In EGP mn)



\*\* FCFF would reach EGP 1.8bn after considering the dividends received from Vodafone Egypt in July 2022

## FCFE

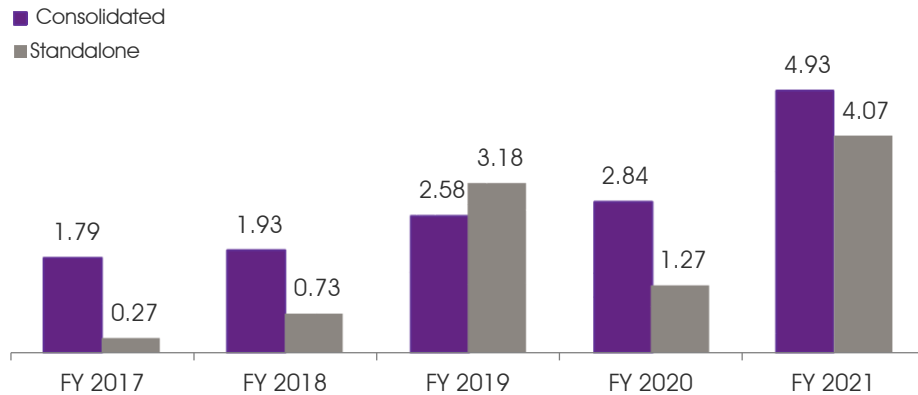
(In EGP mn)



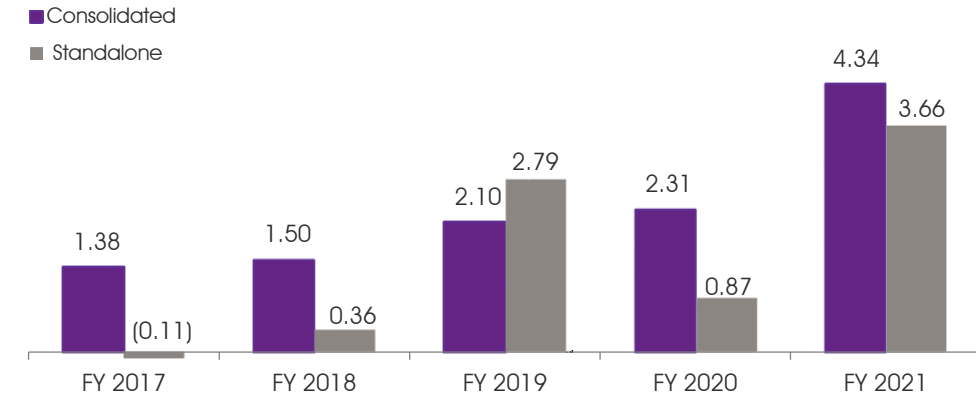
# Dividend analysis

We aim to distribute a continuous stream of dividends, balancing distribution with the reinvestment of our cash flows in capex, which we view as the pillar for growth

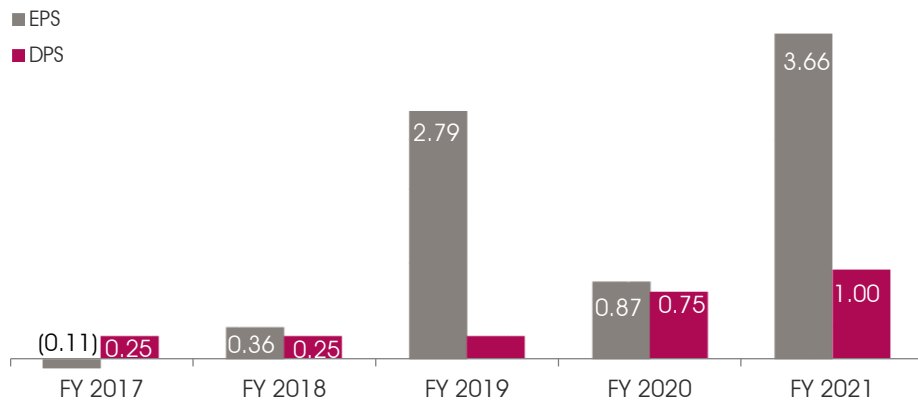
EPS before appropriations  
(In EGP)



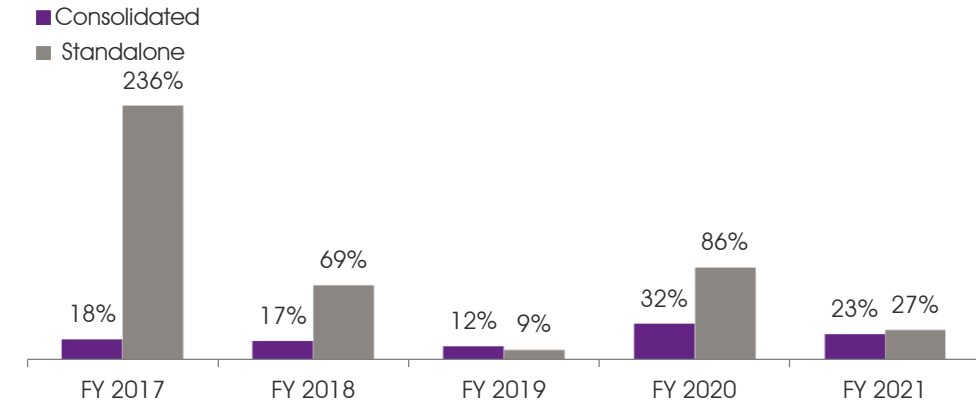
EPS after appropriations  
(In EGP)



Dividend distribution on standalone financials (based on regulations)  
(In EGP)



Payout ratio  
(%)



Note: All financial figures reported are based on consolidated & standalone financials under EAS

**9M 2022 highlights**

# 9M 2022 results highlights

Results reflect operational resilience



## Revenue

(EGP bn)

32.3bn

22% YoY

## Customers

(mn)

	Voice	Data
Fixed	11.4	8.6
	+8% YoY	+12% YoY
Mobile	11.9	
	+54% YoY	

## EBITDA

(EGP bn)

13.3bn

29% YoY

## Net profit

(EGP bn)

6.2bn

1% YoY

\*Adjusted 25% YoY

EBITDA margin of 41%, +224 bps YoY

Net profit margin of 19%, -400bps YoY

## 9M 2022: Data continues to outperform other revenue streams

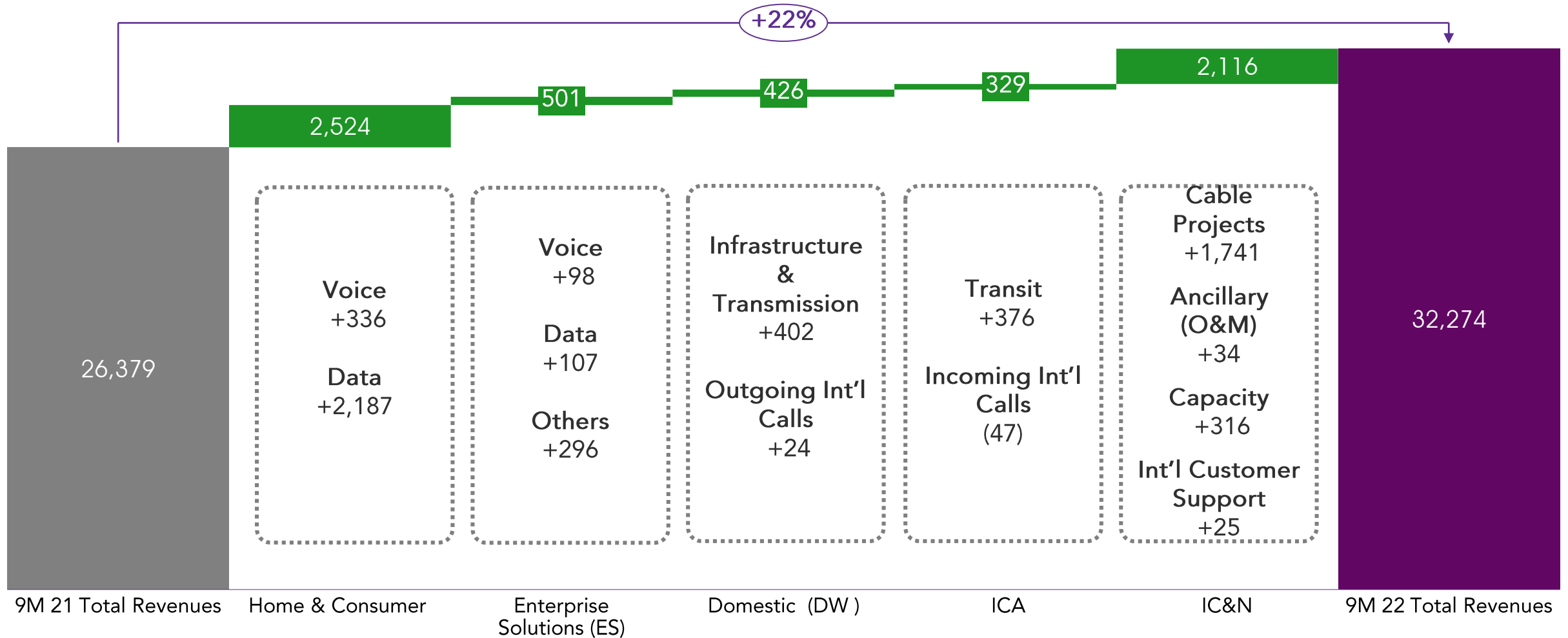
- ✓ Total revenue accelerated by 22% YoY, reaching EGP 32.3bn, mainly on higher data and cable revenues, representing 39% and 30% of topline growth, respectively.
- ✓ Customer base grew on all fronts although mobile in particular saw a noteworthy increase of 4.2mn, mainly supported by the 2mn gross-adds related to the social solidarity project (Takafol we Karama).
- ✓ EBITDA reached EGP 13.3bn, hitting a 41% margin, supported by the enhanced revenue mix.
- ✓ Normalized net profit amounted to EGP 7.1bn, thanks to strong operational performance overshadowing the EGP 1.1bn hike in D&A costs.
- ✓ Net operating cash flow landed at EGP 9.8bn, while FCFF reached EGP 2.3bn--excluding the payment of the recently awarded spectrum and the 2G license instalments.
- ✓ Net debt/EBITDA--on an annualized basis--inched up to reach 1x vs. 0.9x in 2021, in spite of the 26% YoY increase in gross debt balance due to the currency devaluation. (80% of the outstanding debt as of 9M 2022 is denominated in foreign currencies.)



# Total revenues

9M 2022 YoY

we



Note: All financial figures are in EGP mn

# Income statement (9M 2022)

we

In EGP mn	9M 2022	9M 2021	YoY	Q3 2022	Q2 2022	Q3 2021	QoQ	YoY
<b>Revenue</b>	<b>32,274</b>	<b>26,379</b>	<b>22%</b>	<b>11,873</b>	<b>10,984</b>	<b>9,006</b>	<b>8%</b>	<b>32%</b>
Home	15,871	13,347	19%	5,532	5,338	4,718	4%	17%
Enterprise	3,947	3,446	15%	1,328	1,432	1,125	-7%	18%
Domestic	4,658	4,232	10%	1,568	1,693	1,536	-7%	2%
ICA	3,463	3,134	10%	1,129	1,300	985	-13%	15%
IC&N	4,335	2,219	95%	2,316	1,222	642	90%	261%
<b>Employee cost</b>	<b>(6,210)</b>	<b>(5,259)</b>	<b>18%</b>	<b>(2,162)</b>	<b>(2,089)</b>	<b>(1,703)</b>	<b>3%</b>	<b>27%</b>
<b>Call costs</b>	<b>(4,828)</b>	<b>(4,437)</b>	<b>9%</b>	<b>(1,640)</b>	<b>(1,659)</b>	<b>(1,470)</b>	<b>-1%</b>	<b>12%</b>
<b>CoGS*</b>	<b>(5,907)</b>	<b>(4,533)</b>	<b>30%</b>	<b>(2,123)</b>	<b>(2,052)</b>	<b>(1,603)</b>	<b>3%</b>	<b>32%</b>
<b>S&amp;D*</b>	<b>(1,261)</b>	<b>(1,235)</b>	<b>2%</b>	<b>(368)</b>	<b>(469)</b>	<b>(413)</b>	<b>-21%</b>	<b>-11%</b>
<b>G&amp;A*</b>	<b>(730)</b>	<b>(602)</b>	<b>21%</b>	<b>(299)</b>	<b>(233)</b>	<b>(235)</b>	<b>28%</b>	<b>27%</b>
<b>EBITDA</b>	<b>13,339</b>	<b>10,312</b>	<b>29%</b>	<b>5,279</b>	<b>4,482</b>	<b>3,583</b>	<b>18%</b>	<b>47%</b>
<b>Margin</b>	<b>41%</b>	<b>39%</b>	<b>224 bps</b>	<b>44%</b>	<b>41%</b>	<b>40%</b>	<b>366 bps</b>	<b>468 bps</b>
Other (expense) / income	348	465	-25%	107	211	106	-49%	1%
Depreciation	(4,217)	(3,627)	16%	(1,439)	(1,391)	(1,291)	3%	11%
Amortization	(1,131)	(655)	73%	(411)	(362)	(227)	14%	81%
(Pro)/ Reversal of ECL provision	(67)	(110)	39%	(111)	114	4	-198%	-2935%
Operating profit	8,273	6,385	30%	3,424	3,054	2,174	12%	58%
<b>Margin</b>	<b>26%</b>	<b>24%</b>	<b>143 bps</b>	<b>29%</b>	<b>28%</b>	<b>24%</b>	<b>104 bps</b>	<b>470 bps</b>
Income from investments	2,048	2,319	-12%	1,004	727	753	38%	33%
Net finance (cost) / income	(1,258)	240	-624%	(856)	(317)	11	170%	-8110%
Net interest (exp.) / income	(703)	(736)	-5%	(302)	(247)	(176)	22%	72%
Tax	(2,187)	(2,106)	4%	(880)	(801)	(534)	10%	65%
<b>Net Profit</b>	<b>6,170</b>	<b>6,098</b>	<b>1%</b>	<b>2,389</b>	<b>2,415</b>	<b>2,227</b>	<b>-1%</b>	<b>7%</b>
<b>Margin</b>	<b>19%</b>	<b>23%</b>	<b>(400 bps)</b>	<b>20%</b>	<b>22%</b>	<b>25%</b>	<b>(187 bps)</b>	<b>(461 bps)</b>
<b>Net Profit (Adj.) **</b>	<b>7,102</b>	<b>5,687</b>	<b>25%</b>	<b>3,025</b>	<b>2,392</b>	<b>2,164</b>	<b>26%</b>	<b>40%</b>
<b>Margin</b>	<b>22%</b>	<b>22%</b>	<b>45 bps</b>	<b>25%</b>	<b>22%</b>	<b>24%</b>	<b>370 bps</b>	<b>145 bps</b>
EPS	3.61	3.57	1%	1.40	1.41	1.30	-1%	7%

\* COGS exclude employee & call costs. S&D and G&A exclude employee costs & D&A

\*\* Adjusted for deferred tax impact on our investment income in Q1 2021, VF one-offs, FX and provision impacts

Note: All financial figures reported are based on the consolidated financials under the Egyptian Accounting Standards

## Revenue

- Total revenue accelerated by EGP 5.9bn YoY. Retail revenue up 18% YoY, fueled by strong data growth (+21%), constituting 76% of total retail growth and backed by a higher customer base & ARPU. Wholesale surged up 30% YoY, noting a 10% growth in both domestic and ICA revenues--with the significant jump being the 95% YoY increase in IC&N revenues.

## Expenses

- Salaries increased by 18% due to the regular annual raise and bringing forward the 2023 annual raise to April 2022; however, cost as a % of top line declined by 1% vs. 2021, reaching 19%.
- Call costs as a % of revenue decreased by 186 bps, reaching 15% on an improved revenue mix.
- Advertising cost as a % of topline reached 1.9%--improving by 31bps YoY.

## EBITDA

- EBITDA increased 29% YoY to reach EGP 13.3bn, recording a strong margin of 41%, exceeding management's guidance. This was mainly driven by the continued data momentum and cost control practices.

## Other OPEX

- D&A up 25% YoY, reflecting more capex rollout, the impact of the new spectrum amortization and capitalized FX (due to the special accounting treatment).
- Operating profit landed at EGP 8.3bn, increasing by 30% YoY, thanks to the improved revenue mix.

## Non-operational

- Investment income from Vodafone, adjusted for the one-offs, grew 18% YoY on strong organic performance.
- Net finance costs increased significantly due to the EGP 993mn FX losses recognized on the currency devaluation (vs. FX gain of EGP 433mn in 9M 2021).
- Interest expense increased by 7% YoY in spite of the increase in gross debt by 26% due to EGP depreciation. EIR grew from 5.6% to 6% YTD.

## Net profit

- Excluding one-offs (Vodafone, FX and provision impacts), net profit would have reached EGP 7.1bn, surging almost 25% YoY and maintaining a NPM of 22%, thanks to healthy operational revenues in both retail and wholesale segments.

# Consensus estimates (Q3 2022)

	Revenue	EBITDA	EBITDA margin	Net profit
In EGP million				
Analyst 1	11,150	4,556	40.9%	2,126
Analyst 2	10,240	3,983	38.9%	2,063
Analyst 3	10,408	3,584	34.4%	1,809
Analyst 4	11,118	4,364	39.3%	2,230
Analyst 5	11,264	4,424	39.3%	2,667
Analyst 6	11,041	4,497	40.7%	2,134
Average of estimates	10,870	4,235	38.9%	2,172
Median	11,080	4,394	39.3%	2,130
High	11,264	4,556	40.9%	2,667
Low	10,240	3,584	34.4%	1,809
Telecom Egypt results	11,873	5,279	44.5%	2,389
Variance	9.2%	24.7%	556bps	10.0%

\*Please refer to disclaimer on page 3

# Telecom Egypt KPIs vs. Peers



	Telecom Egypt	Regional Peers' Average	TE Guidance
	2022 Consensus	2022	2022
Revenue Growth	13.83%	4.5%	Early double-digit
EBITDA Margin	36.3%	41.3%	Mid-to-high 30s
ROE	16.9%	12.6%	
FCF Yield	-0.93%	21.6%	Early double-digit
P/E	4.69x	19.6x	
EV/EBITDA	3.62x	6.1x	

# Our performance in context

	9M 2022 actual	FY 2022 guidance	FY 2023 budget
Revenue growth YoY	22%	Early double digit	Early double digit
EBITDA margin (%)	41%	Mid-to-high 30s	Mid-to-high 30s
Capex/sales (%)	In-service: 16% Cash: 29%	In-service: Mid- 20s	In-service: Early 20s
FCF/EBITDA (%)	17%*	Early double digit	Mid-20s

\*FCFF calculation excluding the spectrum and 2G license payments. Including such, FCF/EBITDA lands at 3%.



# Thank You