

Corporate presentation telecomgypt

March 2024



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Company snapshot

Heritage transformed

we

TE's incorporation

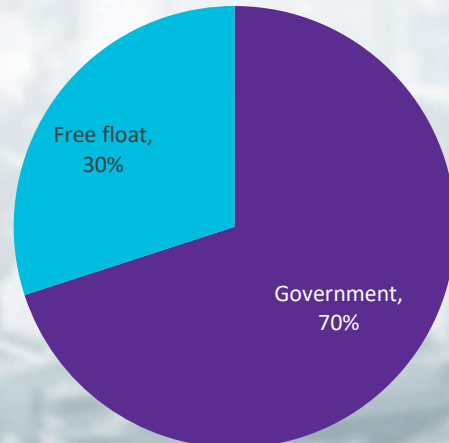
- Founded in 1854 with the first telegraph line in Egypt
- Incorporated in 1998, replacing the former Arab Republic of Egypt National Telecommunication Organization (ARENTO)
- Listed in 2005 on Egypt and London Stock Exchanges
- Acquired a 45% stake in Vodafone Egypt in 2003 to 2006
- Rebranded the retail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



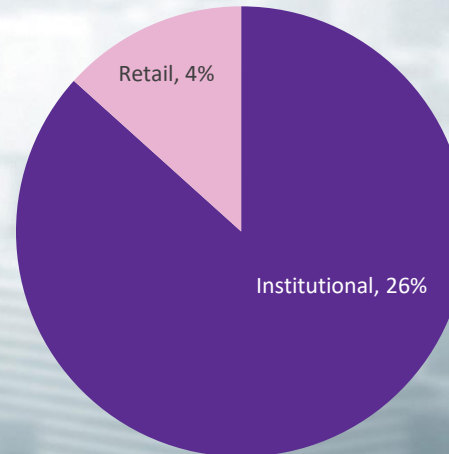
Ownership: Highly diversified solid institutional shareholder base

Market Cap of USD 2.1bn | ETEL EY/ ETEL.CA (as of 31 December 2023)

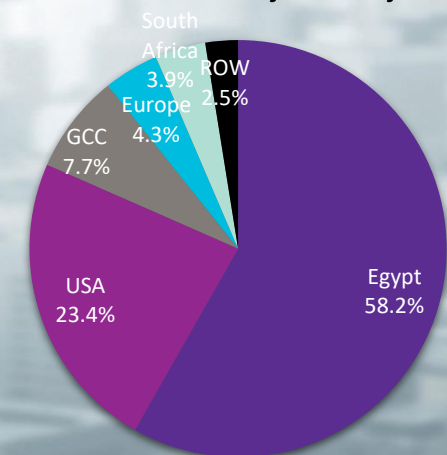
Ownership composition



Free float composition



Breakdown of institutions by country



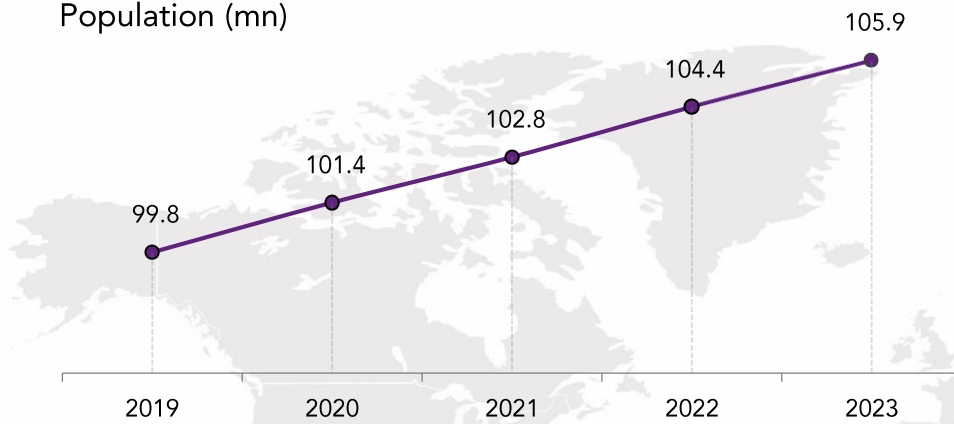
Macro overview

Demographic indicators

Young population to continue driving growth

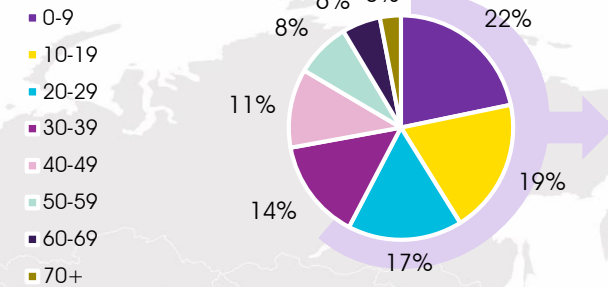
we

Population (mn)



Source: Budget.gov.eg August 2023

Age distribution (% of population)



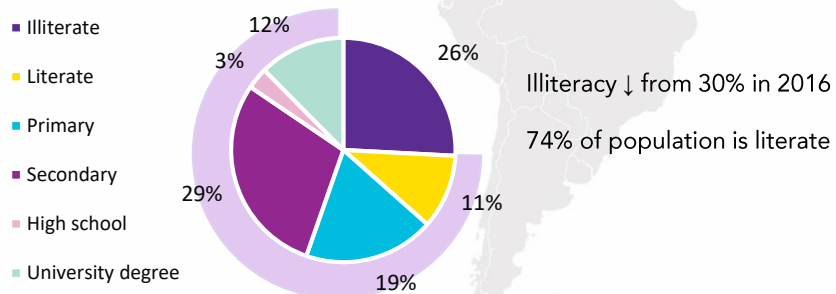
c.2mn new customers in the market every year

58% of population below 30 years



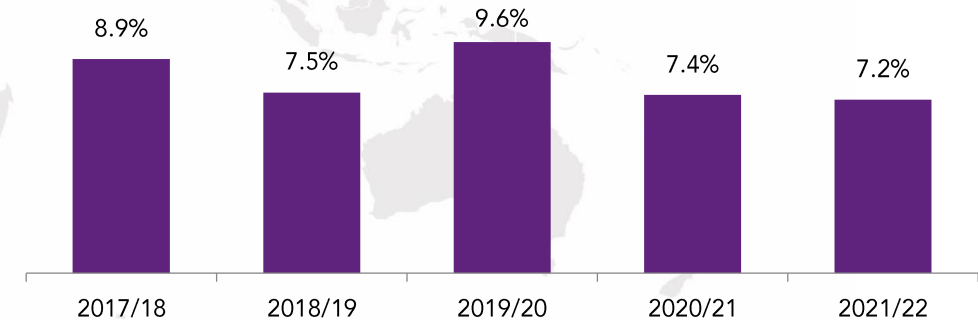
Source: CAPMAS 2023 census

Educational attainment (% of population)



Source: CAPMAS 2017 census

Unemployment rate (% of population)



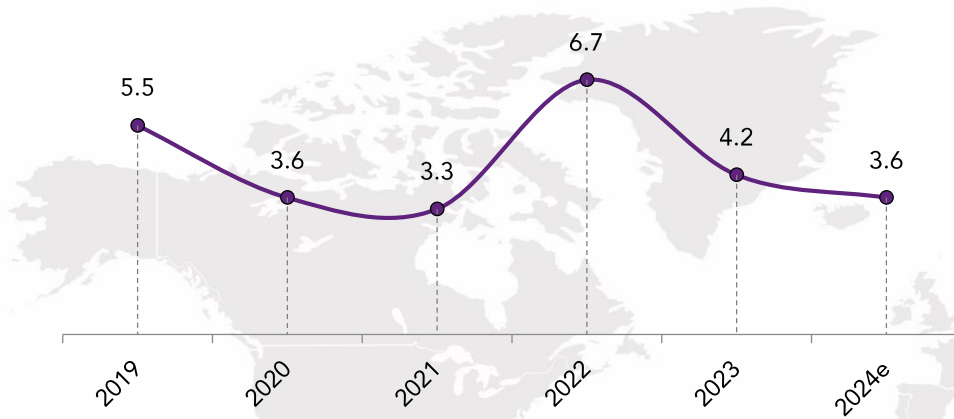
Source: Ministry of Finance

Macro indicators

Currency devaluation creates challenging environment

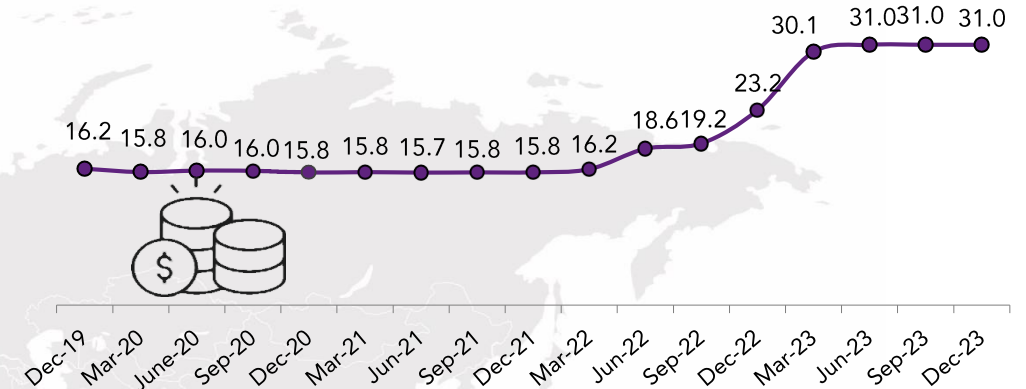
we

Real GDP growth (%) *



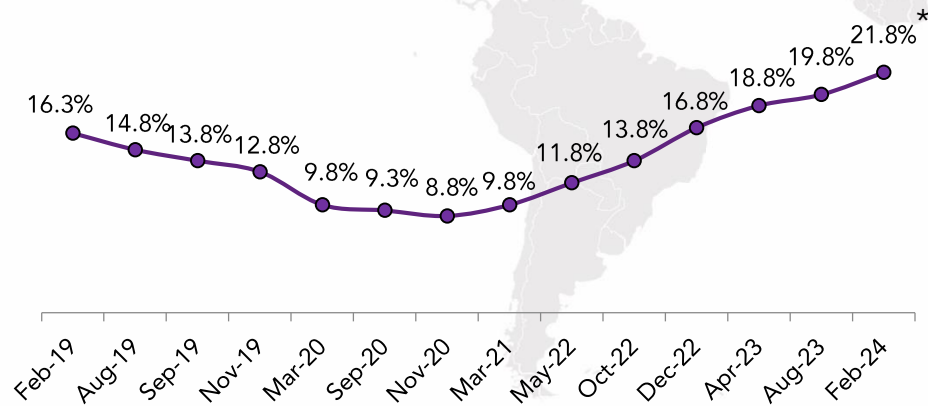
* 2020 and 2021 growth forecasts were 5.9% and 6%, respectively, preceding the Covid-19 pandemic
Source: IMF

Average USD to EGP rate



Source: Central Bank of Egypt

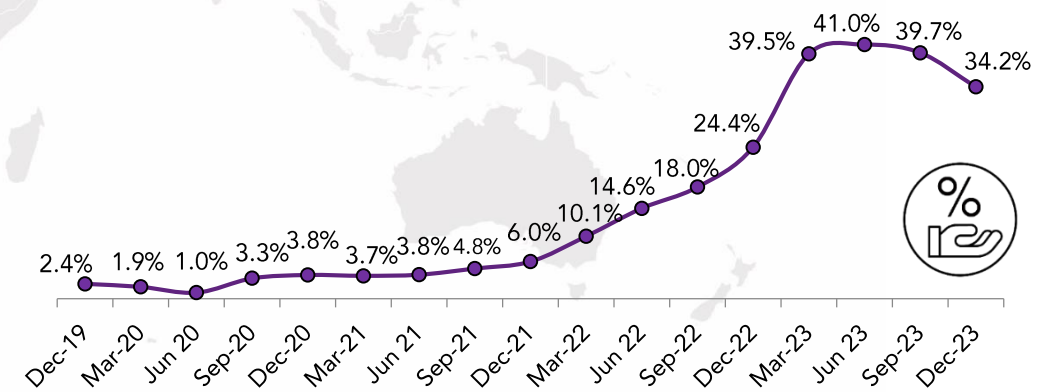
CBE discount rate



* Last rate to date 4/2/2024

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



Mohamed Nasr Eldin
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 Regional Affairs Officer

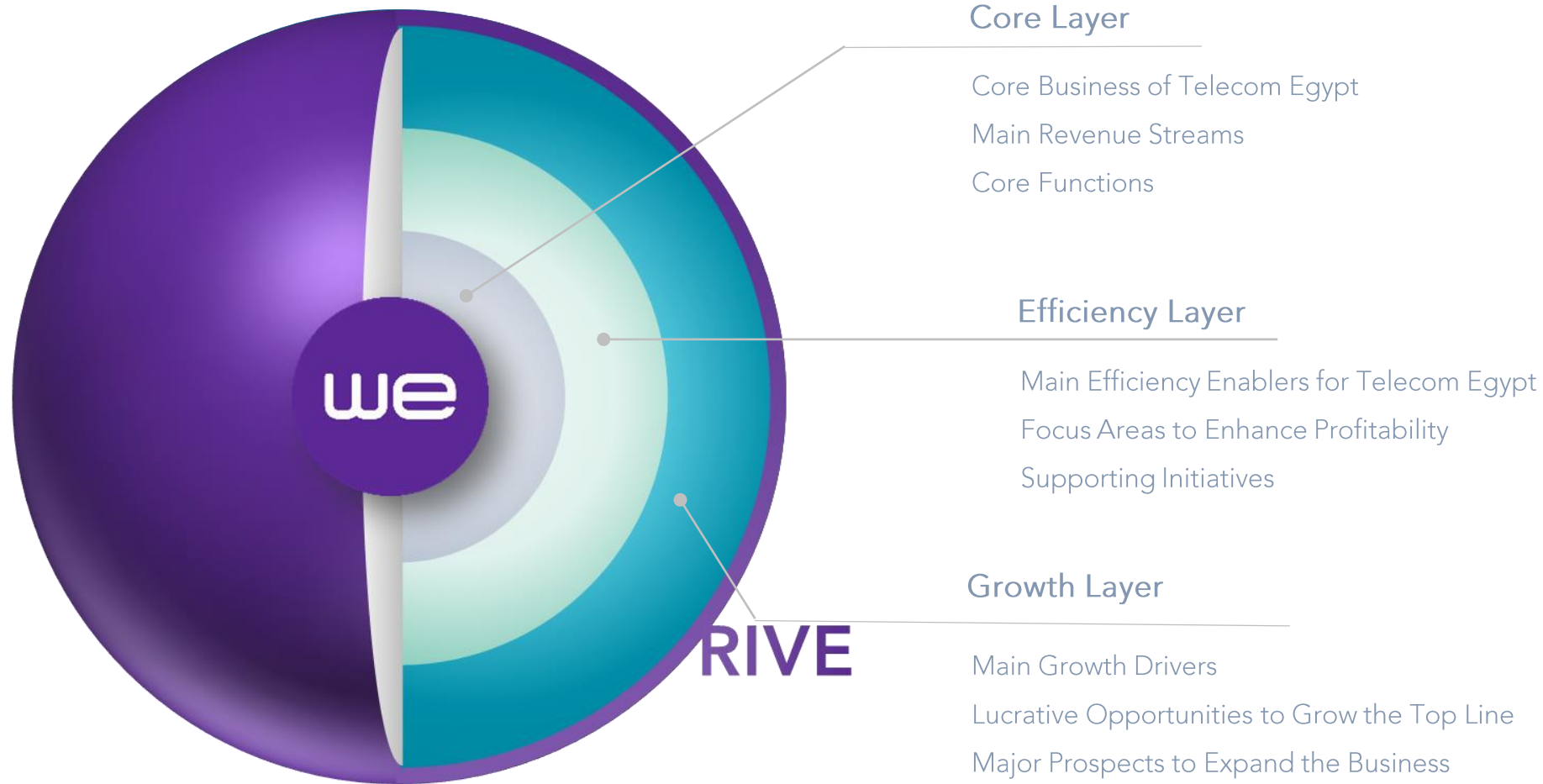


Ramy Kato
Vice President
Chief Customer Care Officer

Telecom Egypt WE-DRIVE[®] Strategy (2024-2026)

A multi-core strategy

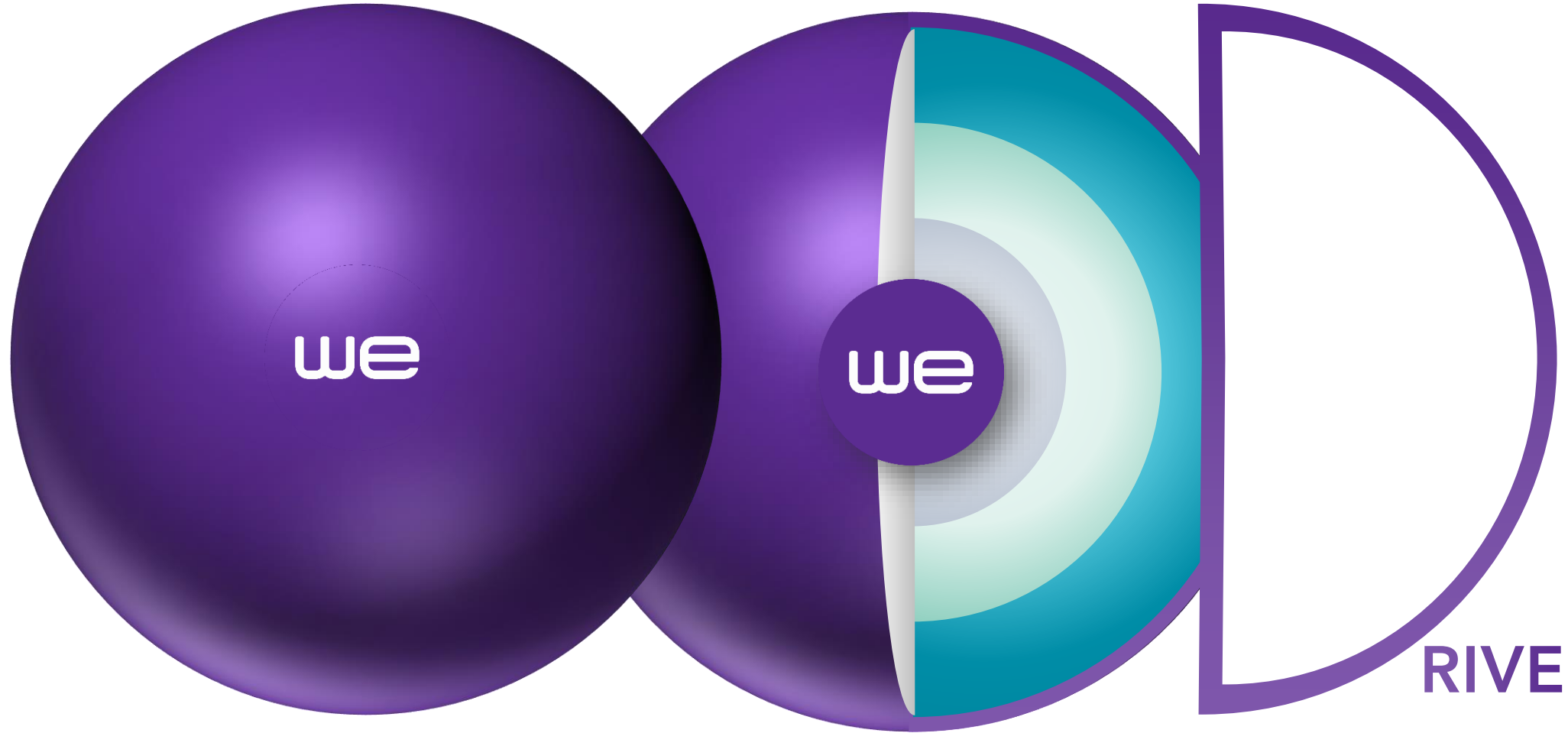
we



Telecom Egypt WE-DRIVE[©] Strategy (2024-2026)

Leading with the DRIVE

we

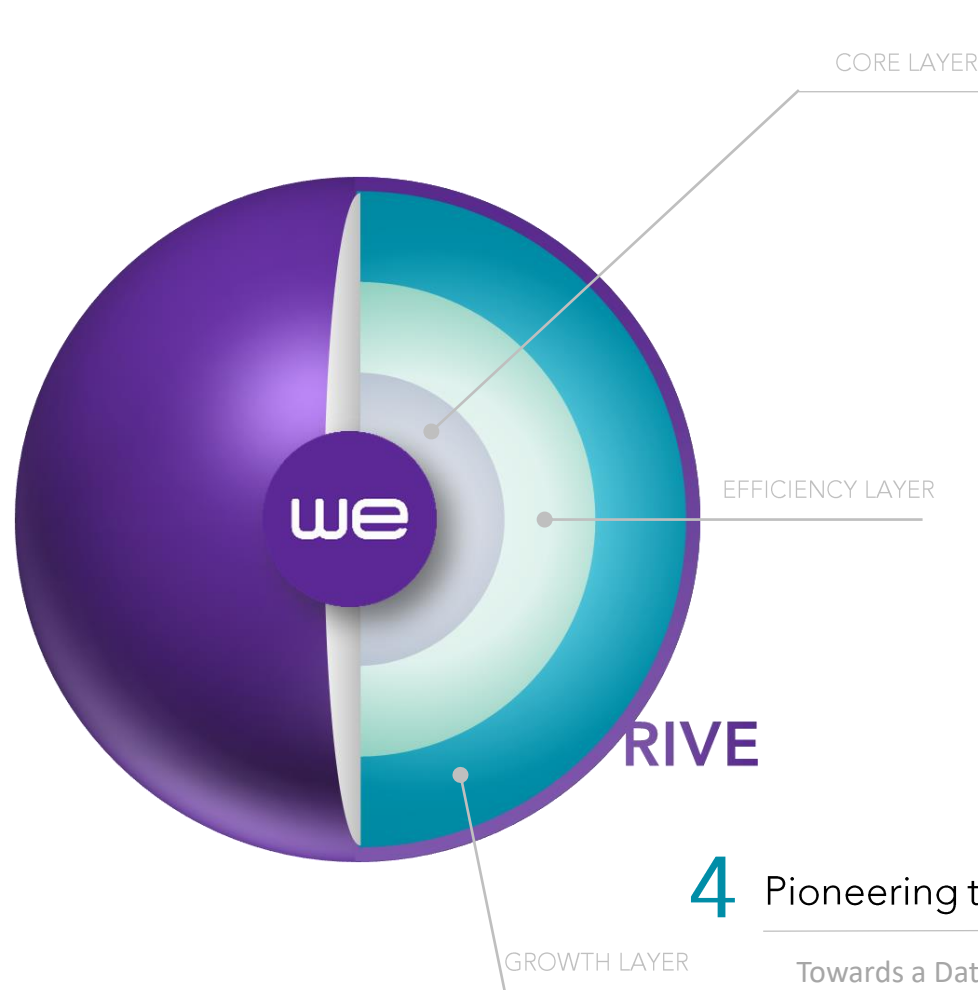


Digital Customer **R**elationships **I**nnovation & Partnerships Core Business **V**alue Creation **E**-business

Telecom Egypt WE-DRIVE[®] Strategy (2024-2026)

we

Six main pillars



1 Core Business: Ignite **V**alue Creation

- Maximizing Shareholder Value
- Achieve Financial Excellence
- Converged Products and Solutions
- Network Expansion and Evolution
- Operational Efficiency & Automation
- Improve Value Creation & ROI

2 Gearing up Customer **R**elationships

- Seamless Customer Journey & Excellence
- Focus on Customer Loyalty & Retention
- Enlarge Digital Care
- Enhance Brand Perception & Affinity

3 Agile & Sustainable **WE**

- Foster Corporate Agility
- Drive Environmental, Social & Governance Sustainability

4 Pioneering the **D**igital Wave

- Towards a Data-driven Company
- Digital Hub & Associated Ecosystem
- Towards a Digital Native Organization
- Develop Digital Products and Solutions

5 Unlocking the **E**-Business Potential

- Expand the B2B Service portfolio
- Capitalize on Current B2B Portfolio
- Focus on Cloud Computing Services

6 Innovation & Partnerships

- Partnership Expansion & Collaboration

Our growth potential

Retail segment

Growth drivers at a glance

we

Voice

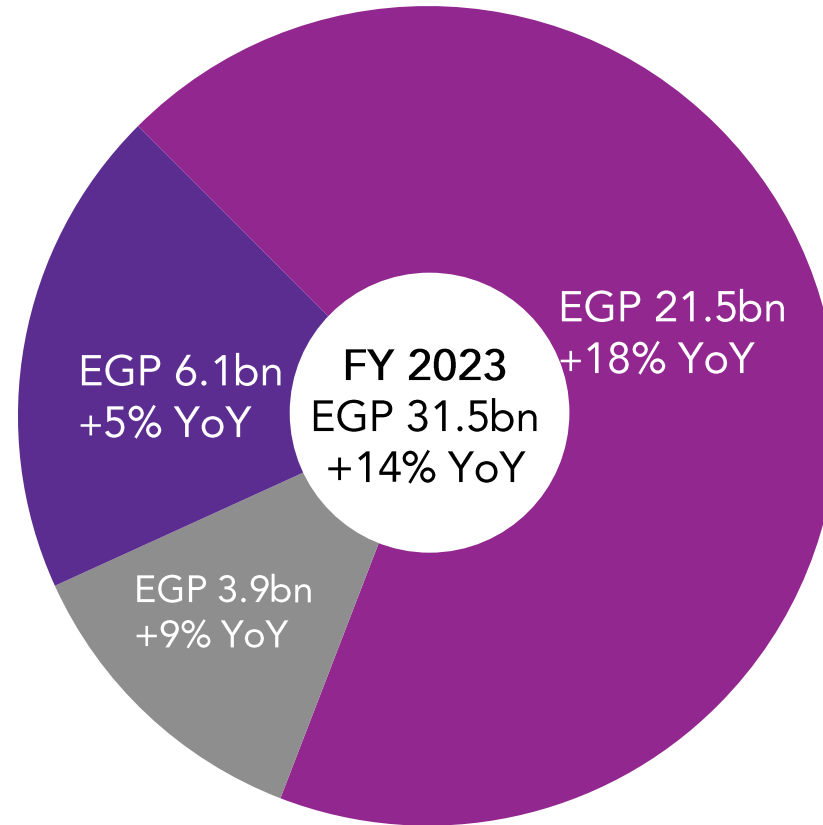


- Growing mobile customer base
- Growing fixed voice customer base driven by fixed broadband connectivity

Other



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



Mobile



Internet



Landline

Data

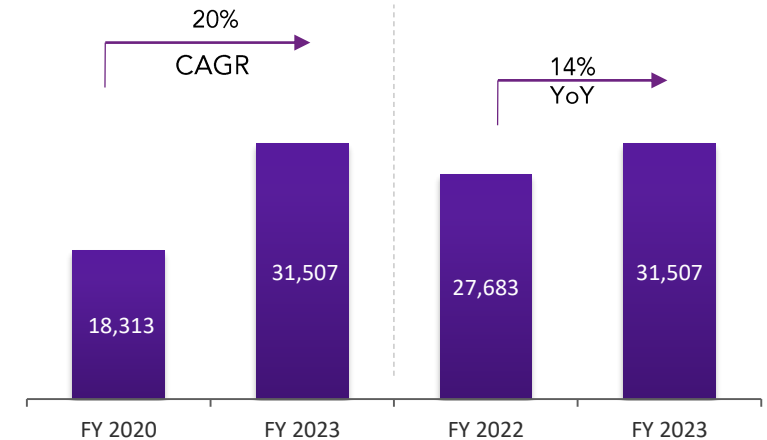


ARPU

- 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)

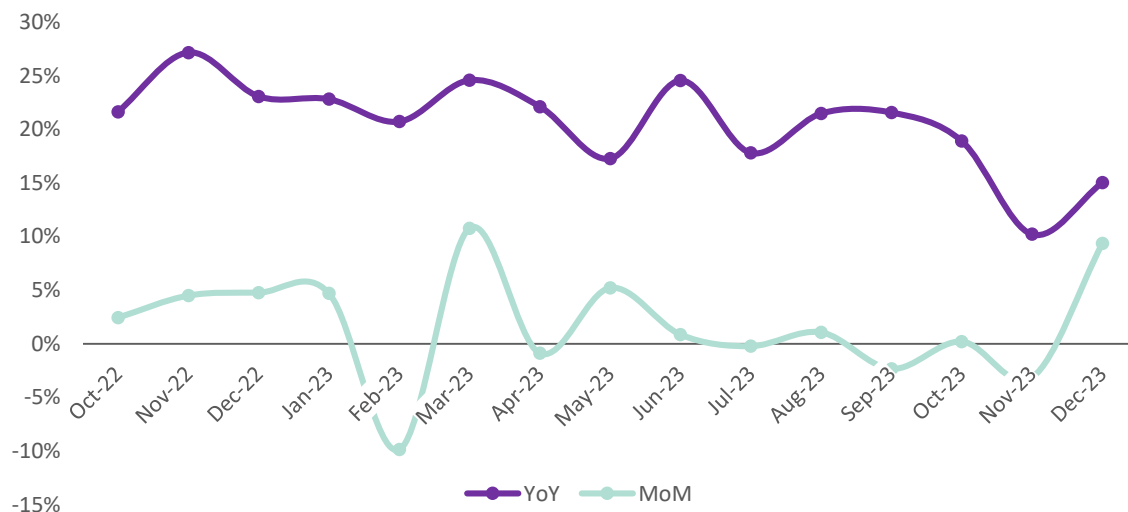


Operational indicators

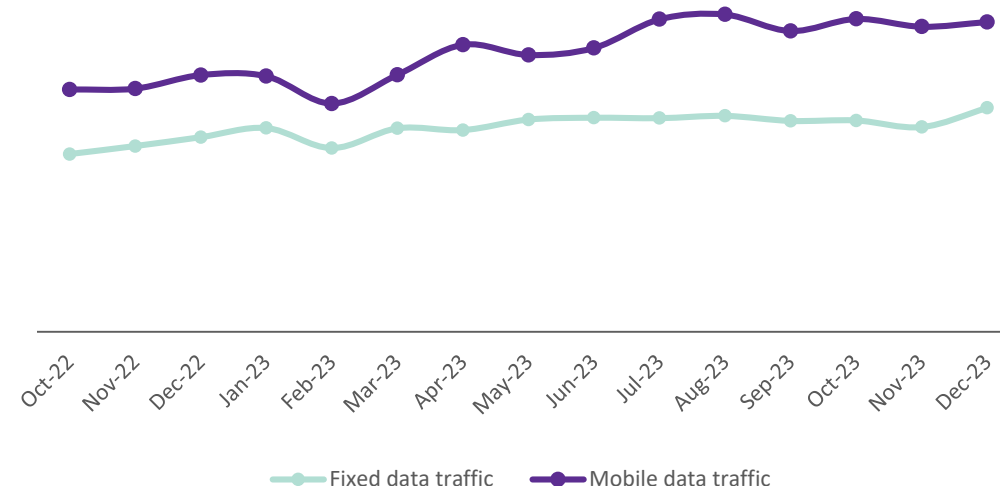
Digital payments continue to grow

we

FBF data traffic Q4 2023



FBF and mobile data traffic Q4 2023



Selected operational KPIs

Median internet speed *



63.5 Mbps (Egypt)

66.6 Mbps (Telecom Egypt)

Based on global Ookla speed test index (as at Dec. 2023)

6.3%*

Growth in Egypt's internet speed in Q4 2023

7.0%*

Growth in TE's internet speed in Q4 2023



41%

YoY growth in digital payments in Q4 2023



43.5%

of our total FBF and mobile customer base installed "WE app" (as at Dec. 2023)

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

Mobile commercial roadmap



WE SPACE

New shift in our fixed broadband offering

we

Comparison of
the entry level bundle



Launch date

April 2018

July 2019

Oct 2020



Speed

Up to 5 Mbps



Up to 30 Mbps



Up to 200 Mbps



Price

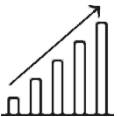
EGP 110



EGP 120



EGP 1000*



Quota

100 GB



140 GB



1TB

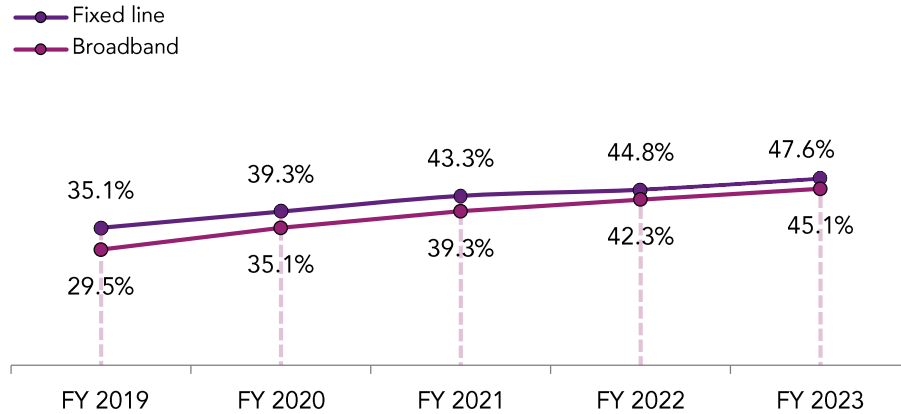
*This bundle fee only applies to users subscribing to the MAX bundle at the highest quota of 1TB and maximum speed of up to 200 Mbps

Fixed services

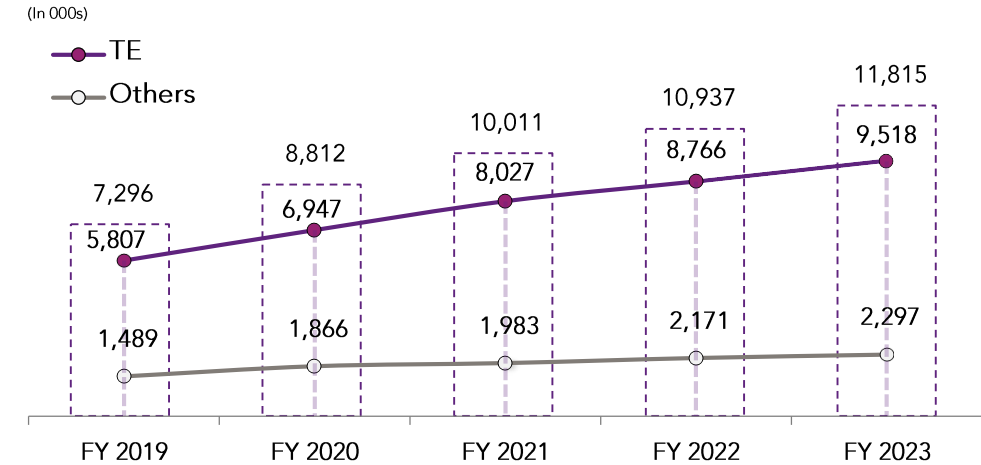
Expanding customer base and healthy ARPU

we

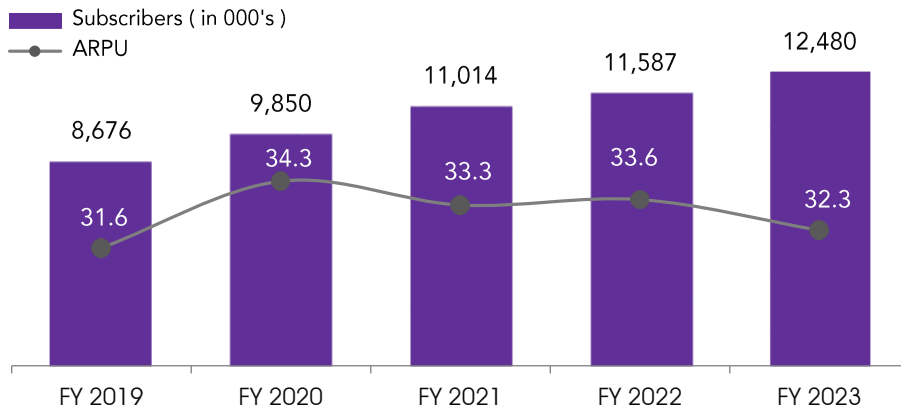
Market fixed voice and data household penetration



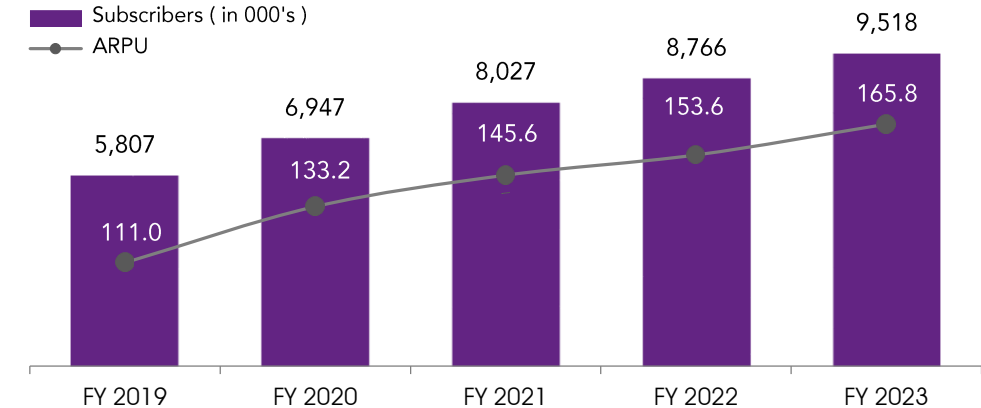
Market fixed broadband subscribers



WE fixed voice subscribers



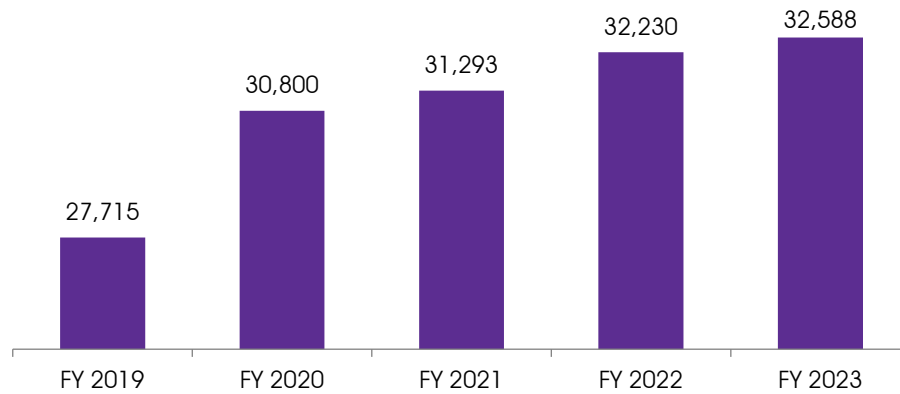
WE fixed broadband subscribers



Fixed services (cont'd)

Successfully monetizing our investments

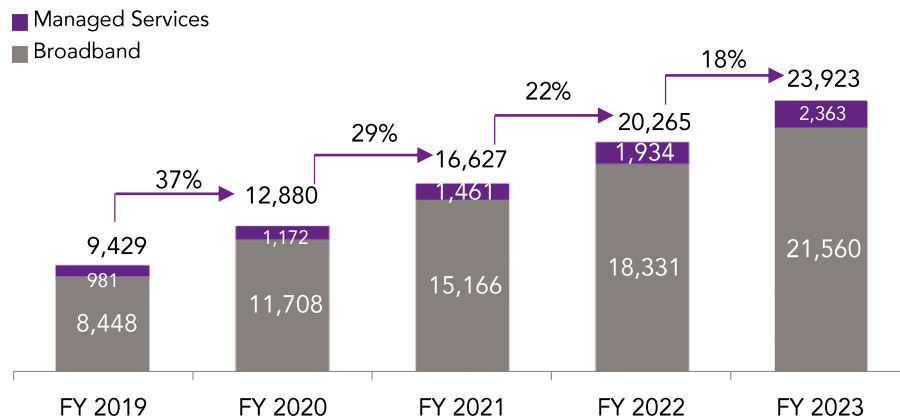
Fiber access network capacity
(In 000 homes)



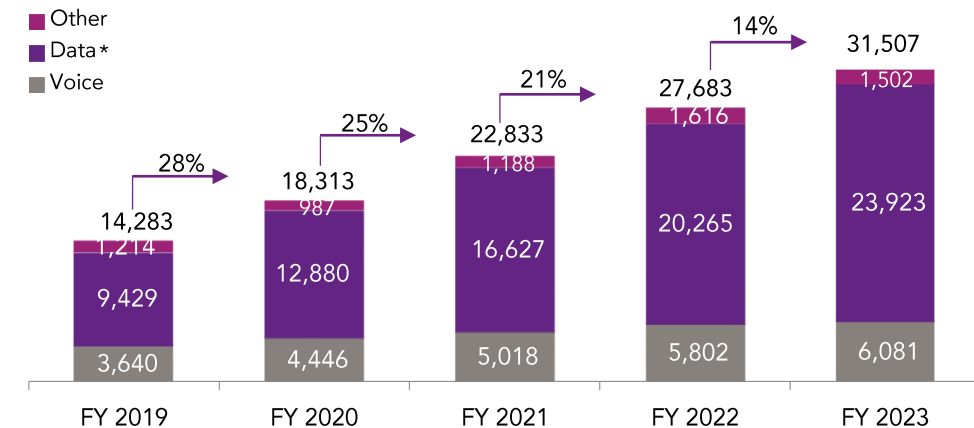
94%

of households
reached with fiber in
FY 2023
(Excluding the last mile)

Data revenue
(In EGP mn)



Retail revenue growth driven by data
(In EGP mn)



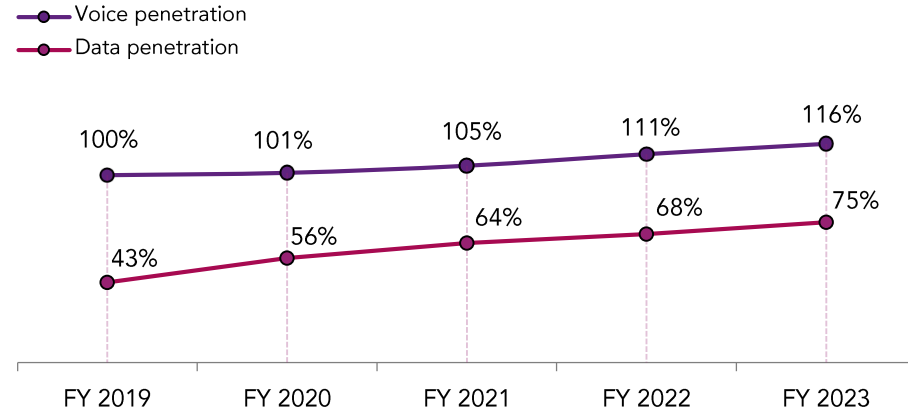
*Managed services revenue is included in data revenue

Mobile market

An ever-expanding customer base



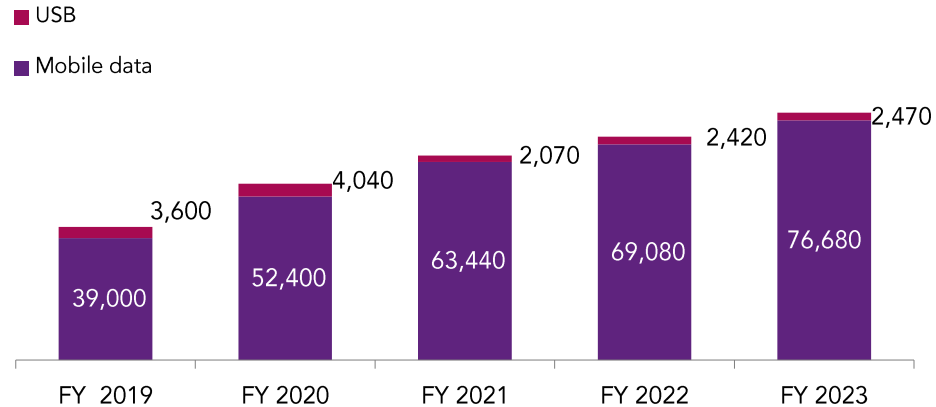
Mobile market voice and data penetration



Source: MCIT & operators' disclosures

Mobile data market subscribers

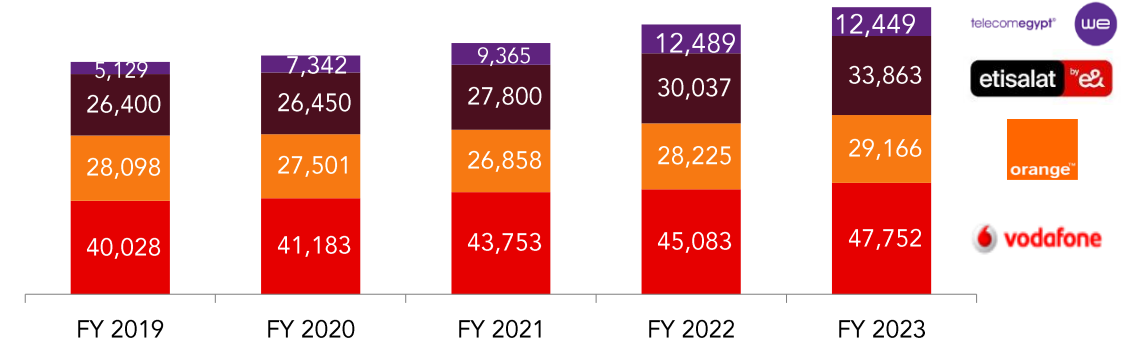
(In 000s)



Source: MCIT

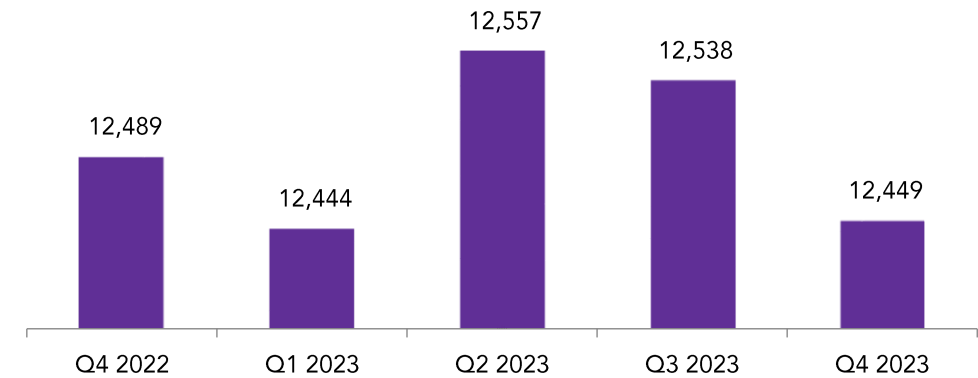
Mobile market subscribers

(in 000's)



WE mobile subscribers*

(In 000s)



* The decrease in Q1 2023 is related to end of life cycle of data SIMs related to the schools' project.

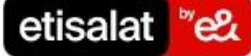
Wholesale segment

Growth drivers at a glance

we

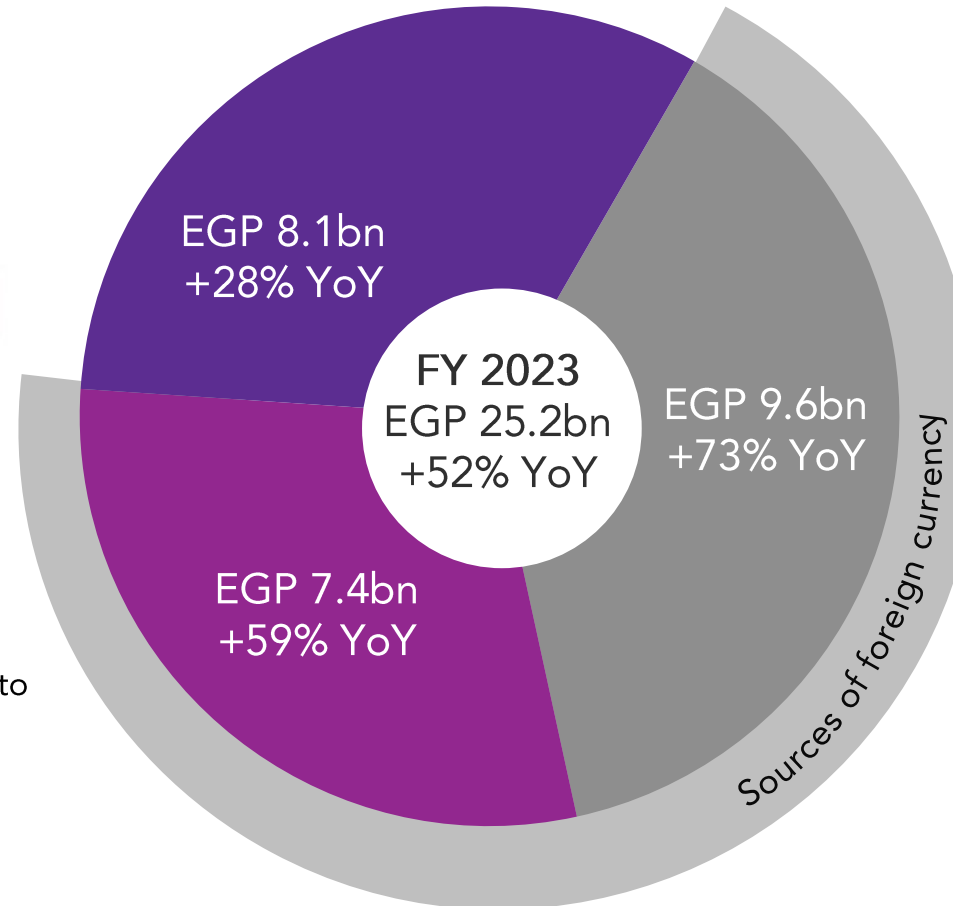
Domestic

- 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

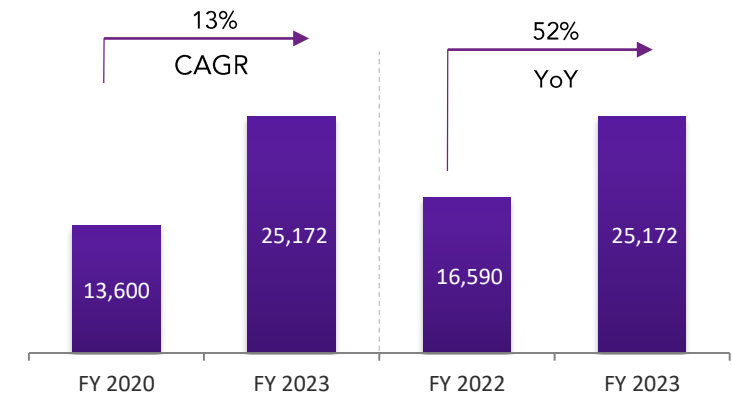


International Cables & Networks

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



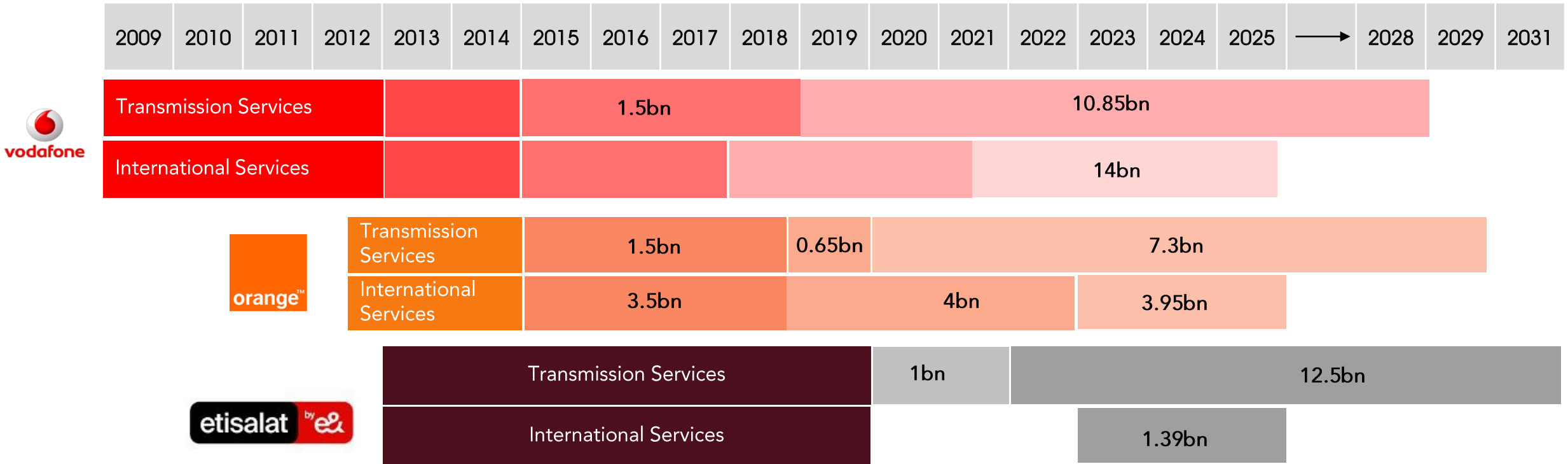
Wholesale revenue growth (In EGP mn)



Agreements with domestic MNOs

Securing long-term revenue streams

we



Our main goals

1

Securing longer-term agreements with domestic mobile operators

2

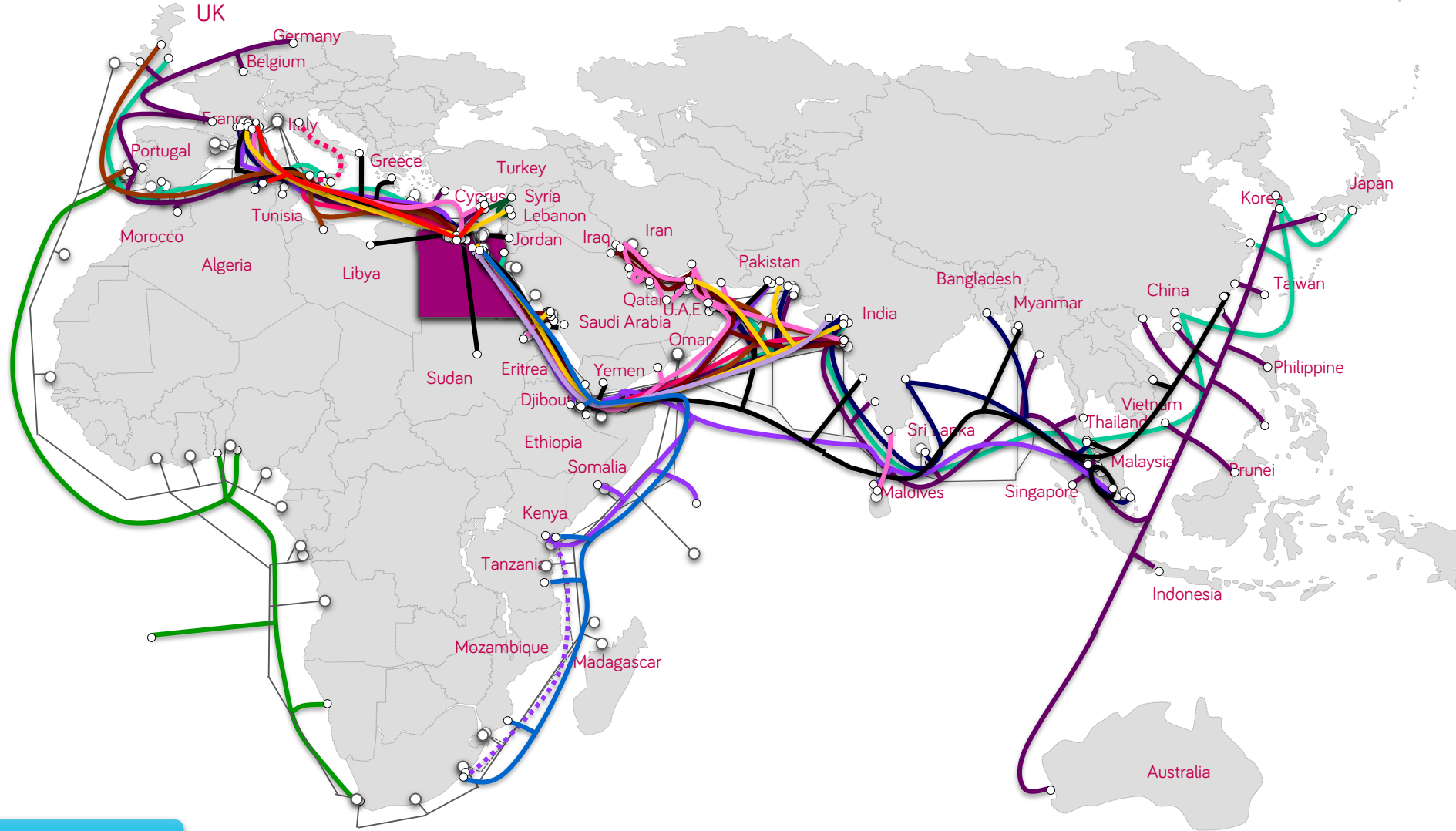
Boosting our wholesale revenue stream by monetizing our infrastructure investments

Our cable network

Expanding our reach

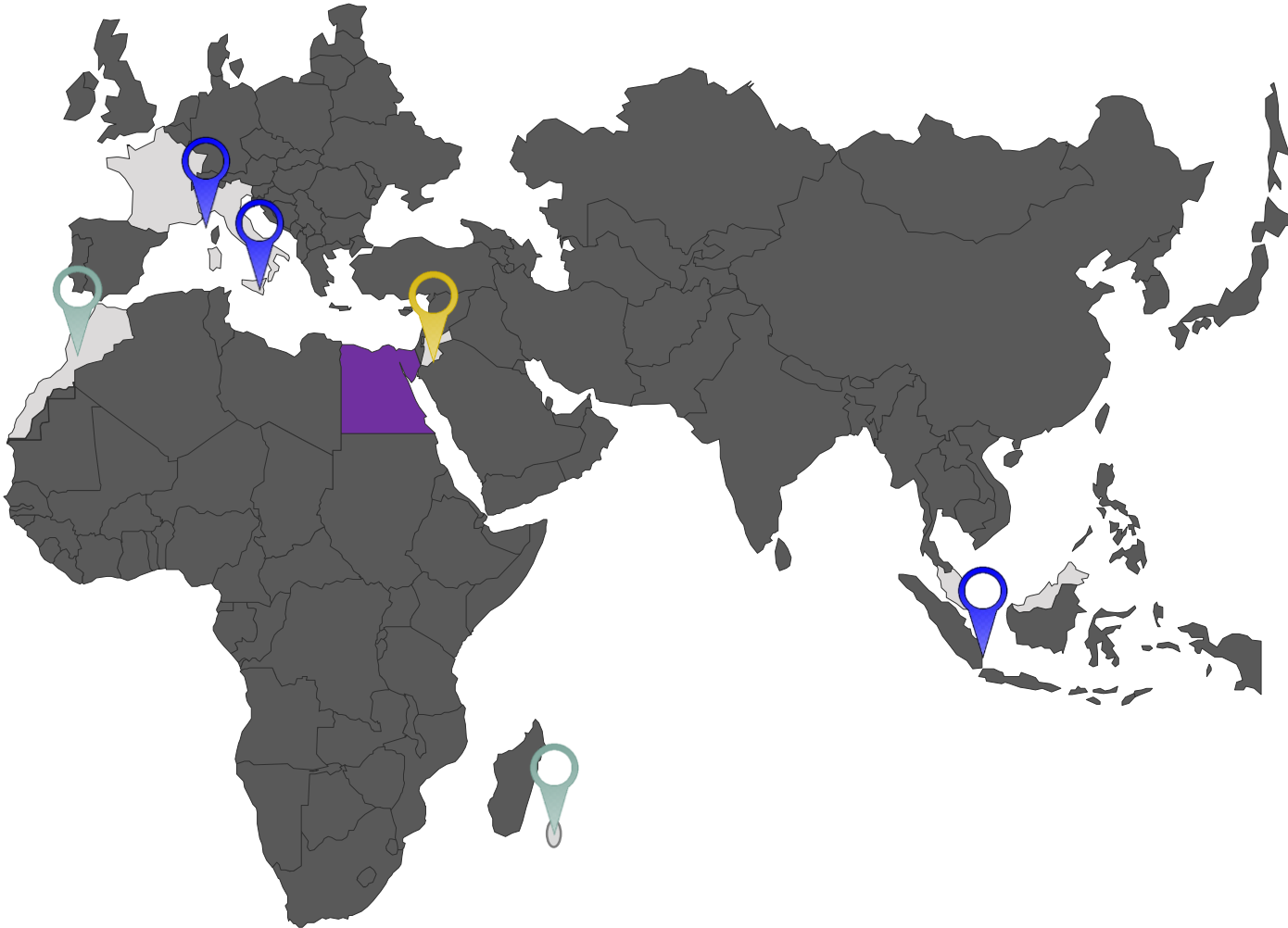
we

- 1997 FEA (FLAG Europe Asia)
- 1997 ALETAR/BERYTAR
- 1998 SEA-ME-WE-3
- 2005 SEA-ME-WE-4
- 2006 FALCON/HAWK (2011)
- 2009 SEACOM/TATA TGN
- 2010 TE North
- 2010 IMEWE
- 2011 GBI
- 2012 EIG
- 2014 MENA
- 2016 SEA-ME-WE-5
- 2017 AAE-1
- 2022 PEACE
- 2023 EQUIANO
- 2024 2Africa
- 2024 Africa-1
- 2024 IEX
- 2024 Medusa
- 2025 SMW-6



• Egypt-Jordan Link • Egypt-Sudan Link • Egypt-Libya Link

International presence



International Points of Presence



Singapore



Italy



France



Jordan



**Call Center
Services**



Morocco



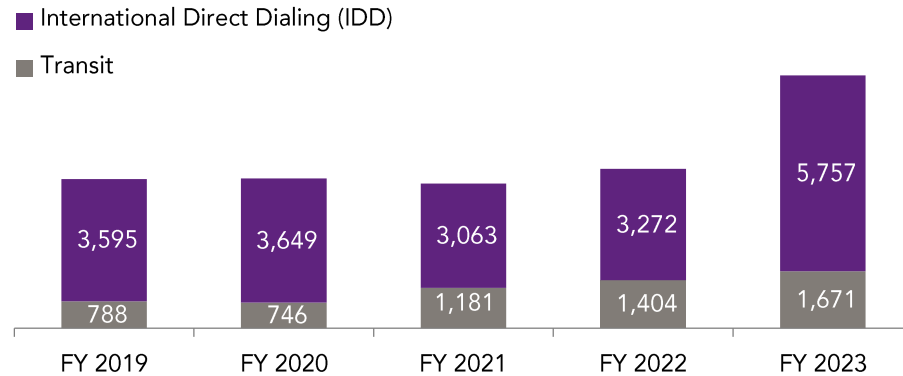
Mauritius

International services

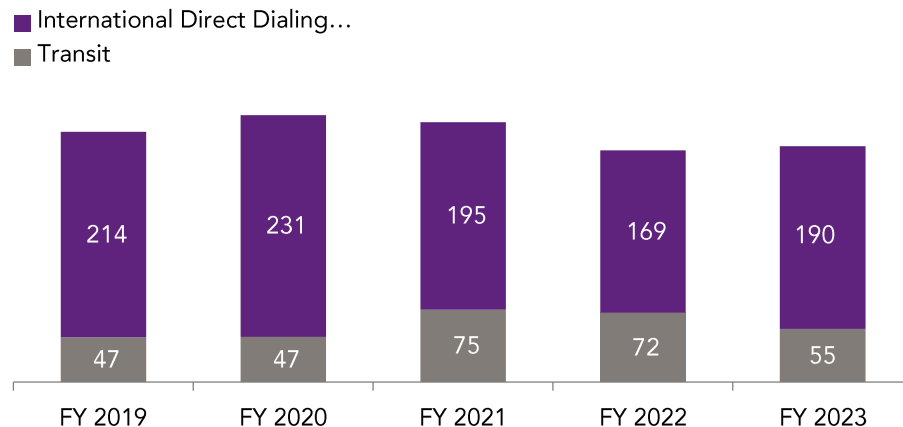
Healthy performance across the majority of our business lines

we

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

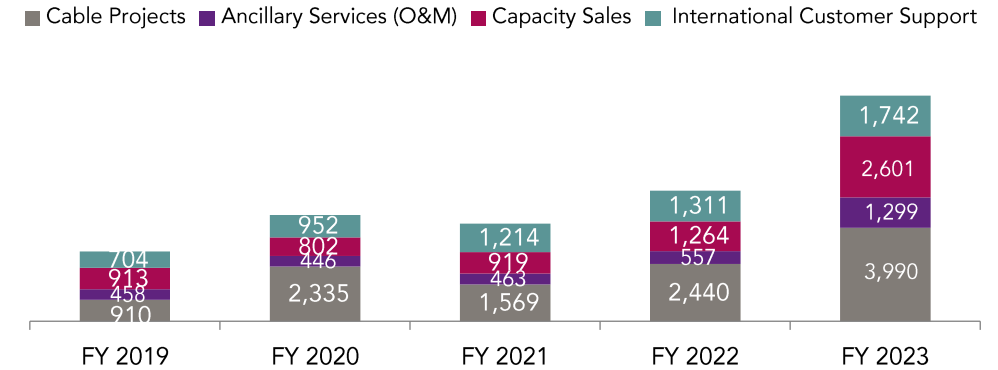


Int'l Carriers revenue breakdown in USD*
(In mn)

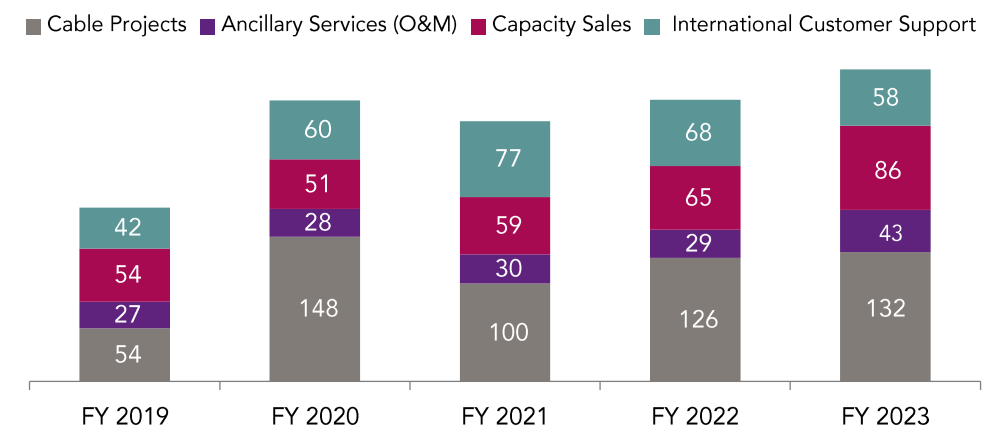


* Based on full year average USD exchange rates

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



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



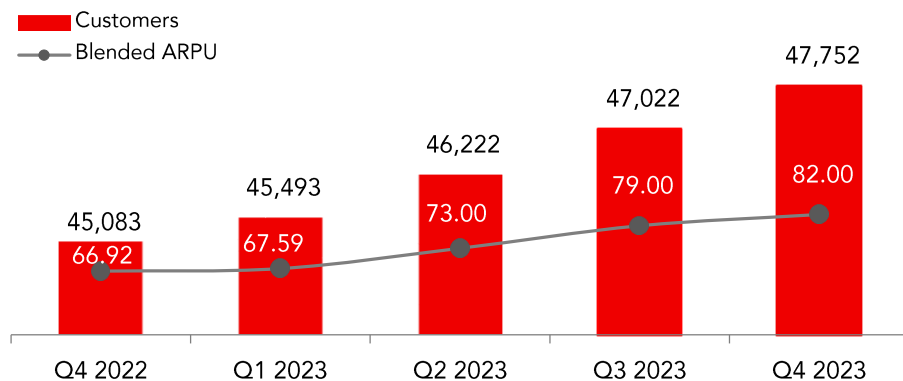
* Based on full year average USD exchange rates

Vodafone Egypt

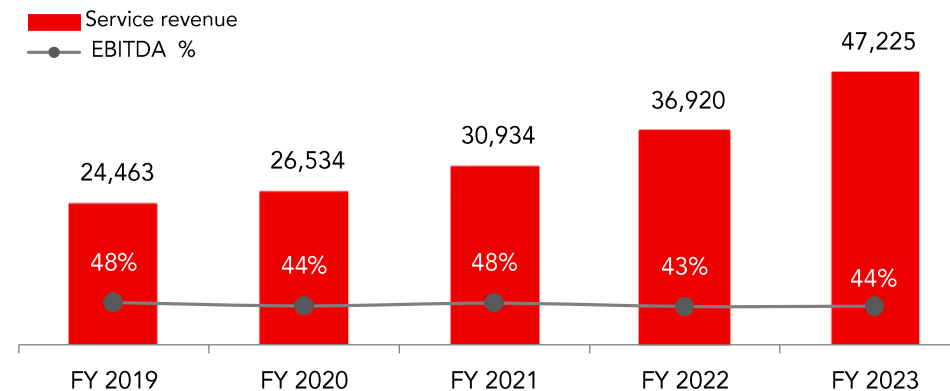
Financial and operational KPIs*



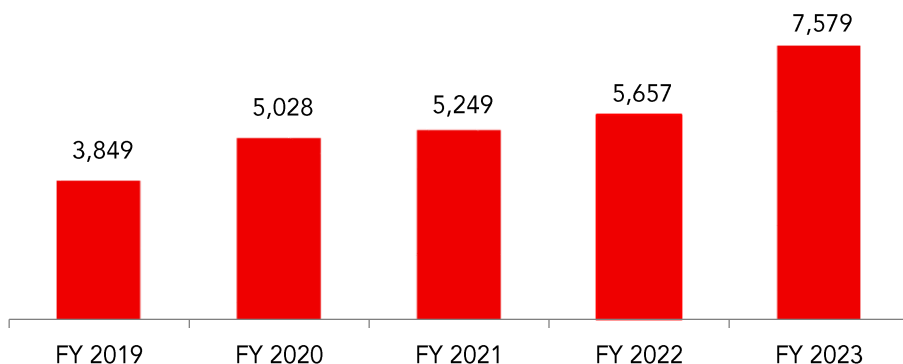
Mobile customers
(In 000s)



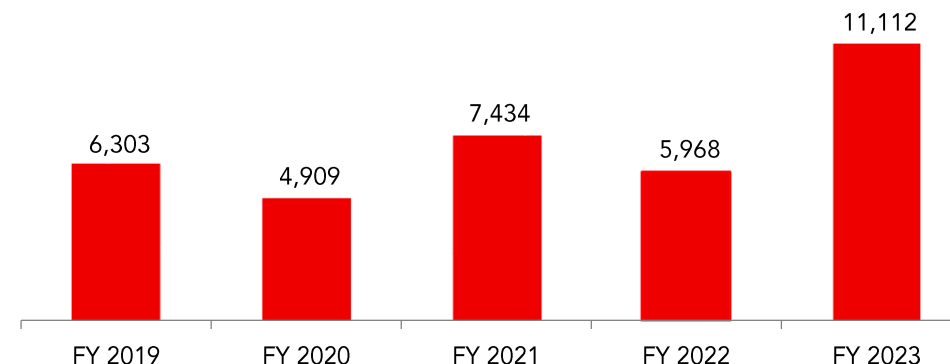
Service revenue **
(In EGP mn)



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

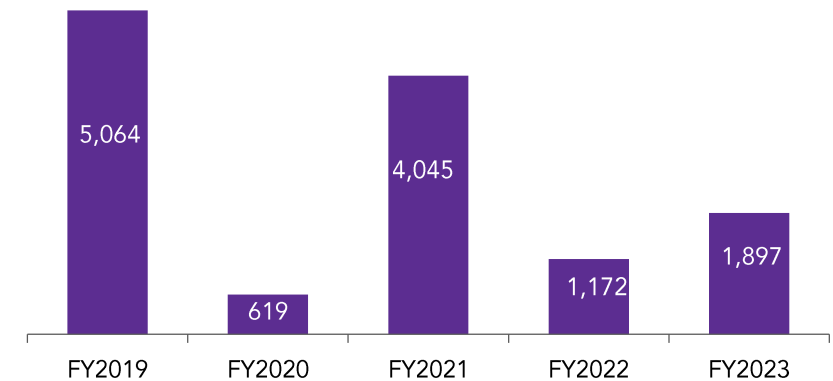
Telecom Egypt and Vodafone Group signed a modified shareholders' agreement in Jun 2021. Telecom Egypt has obtained enhanced rights in the amended shareholders' agreement, the most important of which are:

- 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

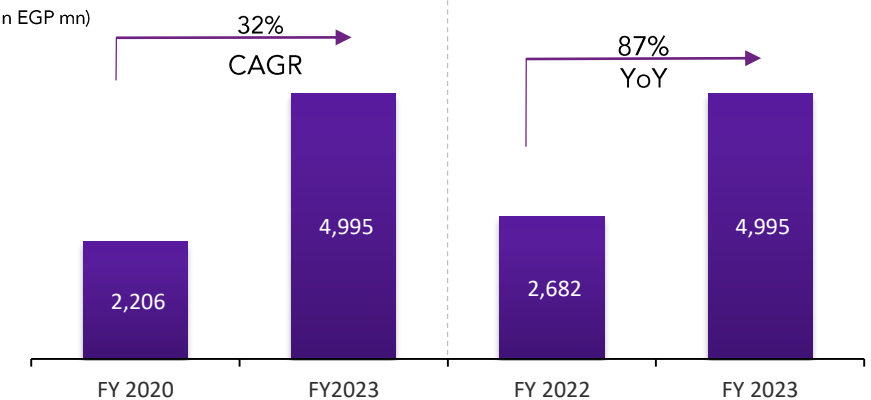
Minimum dividend policy - **60%** of Vodafone Egypt's FCF starting 2022

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



* TE received EGP 1.2bn and EGP 1.9bn dividends from Vodafone Egypt in July 2022 and July 2023, respectively, under the modified Shareholder's Agreement

Income from Vodafone
(In EGP mn)



Highlights of the main events in FY 2023

Main events in 2023



31 Jan: Telecom Egypt announced that the National Telecom Regulatory Authority (NTRA) has accepted its financial and technical offer to obtain an additional 5MHz of spectrum in the 1800MHz band using FDD technology.

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23 Mar: Telecom Egypt announced that Eng. Mohamed Nasr Eldin Mohamed Ali has been appointed as Managing Director and CEO of the company to succeed Eng. Adel Hamed Ibrahim Gadallah.

[Read More](#)



10 May: Within its continuous efforts to enhance its value proposition, Telecom Egypt announced the recent successful landing of the 2Africa subsea cable in Port Said. This milestone marks the second and final 2Africa landing in Egypt, coming five months after the first landing in the Red Sea city of Ras Ghareb.

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27 Sep: Telecom Egypt launched its new WeConnect ecosystem providing agile access to Egypt's extensive subsea cable infrastructure. WeConnect enables users to mix and match connectivity between subsea cable systems in the Mediterranean Sea and the Red Sea using an open and neutral model.

[Read More](#)



28 Sep: Telecom Egypt and the Medusa Submarine Cable System, a neutral and independent Mediterranean submarine infrastructure operator, signed an agreement to extend Medusa to the Red Sea.

[Read More](#)



04 Oct: Telecom Egypt and 4iG Plc, the Budapest-based info-communications company in Hungary and the Balkan region, signed a Memorandum of Understanding (MoU) to link Egypt and Albania.

[Read More](#)



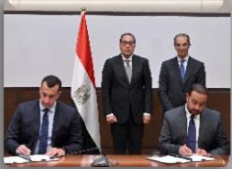
28 Nov: Telecom Egypt selected Raya Information Technology (Raya IT), a subsidiary of Raya Holding for Financial Investments, to implement the second phase of Telecom Egypt's Regional Data Hub (RDH).

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Highlights of the main events in 2024 to date

we

Main events in 2024 to date



17 Jan: The National Telecommunications Regulatory Authority (NTRA) granted Telecom Egypt the country's first license to install and operate fifth generation (5G) networks for mobile phones.

[Read More](#)



25 Jan: In a ground-breaking move to enhance regional connectivity, Telecom Egypt has joined forces with NaiTel, a licensed telecommunications service provider in Jordan, and the telecom arm of Aqaba Digital Hub. Together, they announced the signing of a Joint Build Agreement to construct Coral Bridge.

[Read More](#)



01 Feb: 4iG Plc info-communications company and Telecom Egypt reached an agreement on the terms of cooperation for the construction of an express subsea cable between Albania and Egypt.

[Read More](#)



07 Feb: e&, Telecom Egypt, Telin and a major Indian operator signed a new Memorandum of Understanding (MoU) to form a consortium with the aim to develop the ICE IV Project. This new Data Center (DC) to DC system shall seamlessly connect the Intra Asia region to India and the Middle East.

[Read More](#)

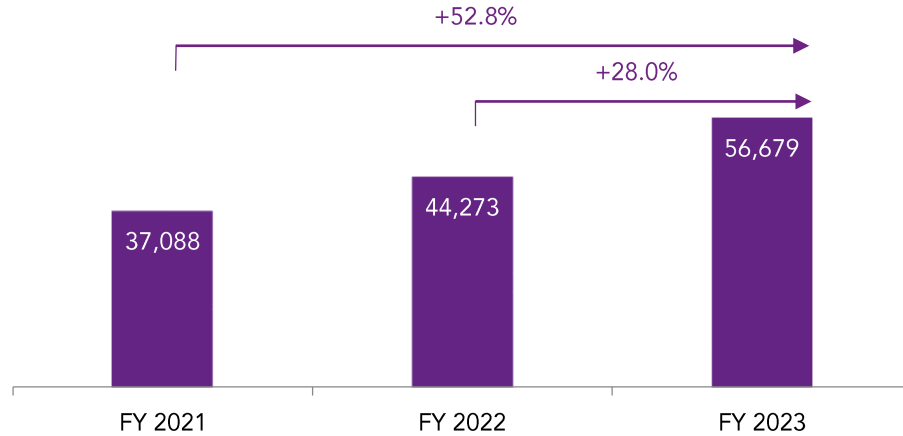
Financial highlights (2021-2023)

Financial highlights

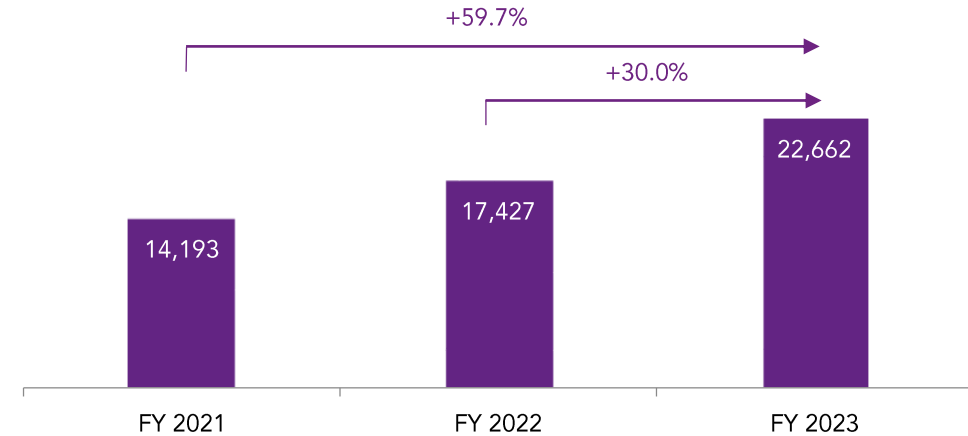
Excellent operational performance in a volatile market

we

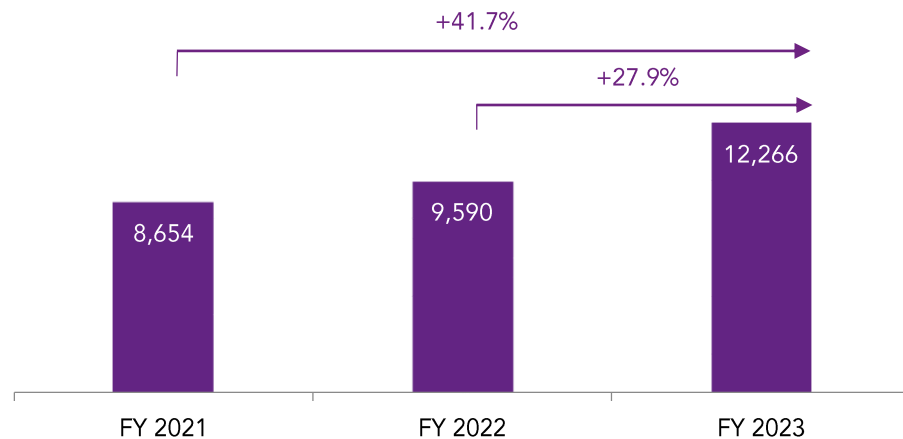
Revenue
(In EGP mn)



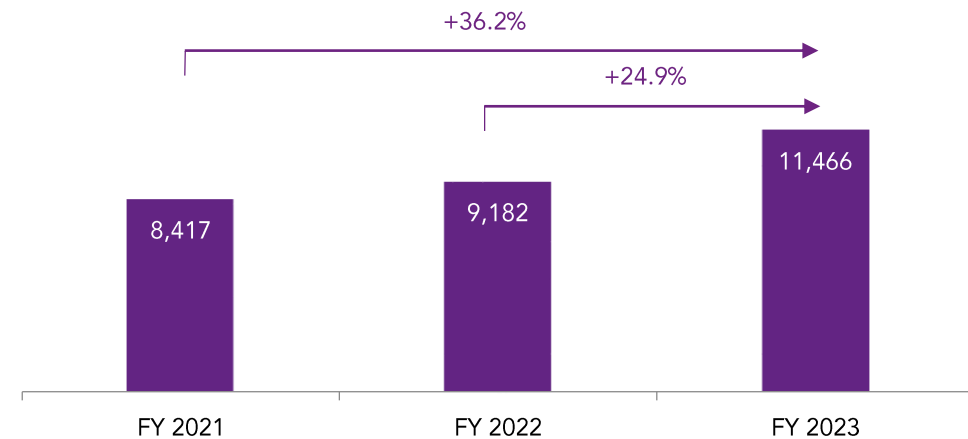
EBITDA
(In EGP mn)



Operating profit
(In EGP mn)



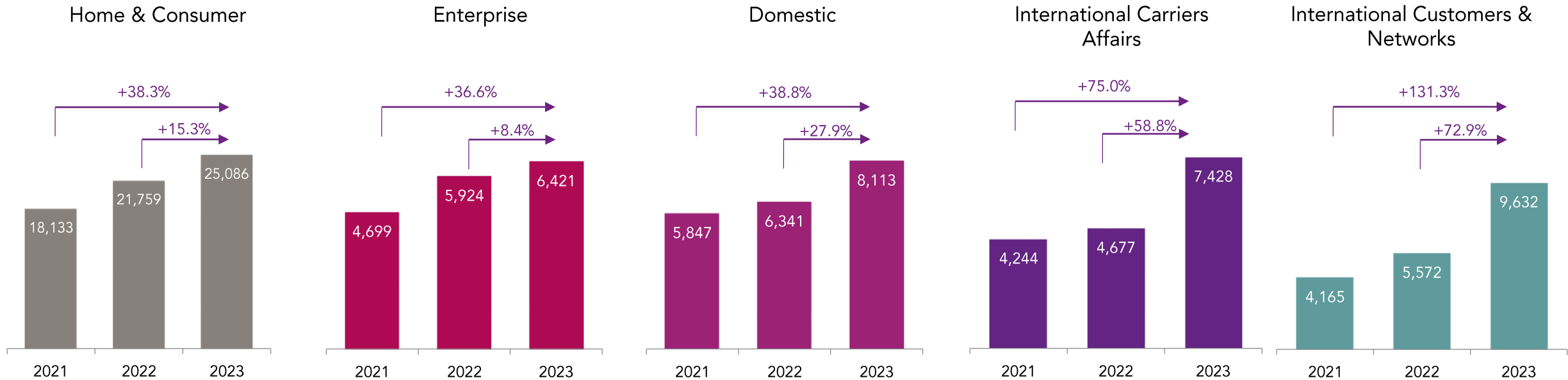
Net profit
(In EGP mn)



Revenue by business unit

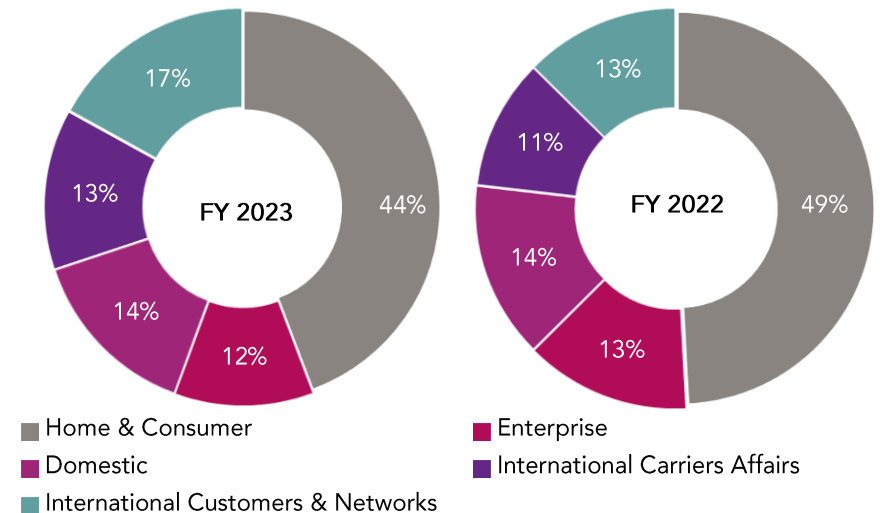
Data the driving force behind retail revenue

we



FY 2023 performance

- ✓ **Total revenue** increased by 28% YoY, landing at an astounding EGP 56.7bn, with retail comprising 56% of the total revenue (driven by higher data revenue and other enterprise revenue) and wholesale growth mainly driven by higher USD denominated revenue streams.
- ✓ **Home & consumer** increased by 15% YoY, landing at EGP 25.1bn, mainly driven by 18% growth in data revenue from an expanding customer base and higher ARPU.
- ✓ **Enterprise** up 8% YoY mainly due to EGP 3.9bn other enterprise revenue, the largest share of which was managed services (EGP 2.4bn, up 22% YoY).
- ✓ **Mobile** revenue increased 19% YoY, contributing to a low double-digit of retail revenue—slightly higher than the FY2022 contribution—thanks to a healthy ARPU and stable subscriber base.
- ✓ **Wholesale** surged by 52% YoY to EGP 25.2bn, comprising mainly EGP 7.6bn in infrastructure revenue (MNOs and IRU circuits), EGP 5.8bn in IDD revenue, and EGP 4.0bn in cable revenue.



Historical 3-year income statement summary

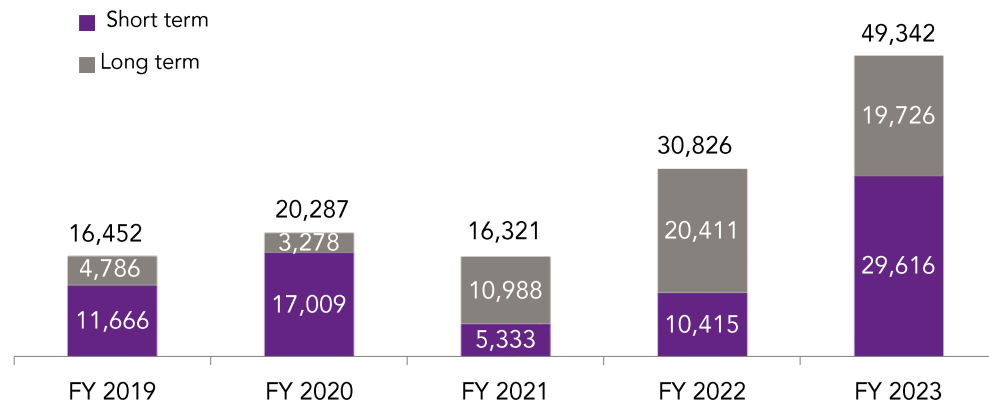
In EGP mn	2021	2022	2023	Growth YoY	
				2022	2023
Revenue	37,088	44,273	56,679	19%	28%
Home & Consumer	18,133	21,759	25,086	20%	15%
Enterprise	4,699	5,924	6,421	26%	8%
Domestic Wholesale	5,847	6,341	8,113	8%	28%
International Carriers	4,244	4,677	7,428	10%	59%
International Customers & Networks	4,165	5,572	9,632	34%	73%
Total employee cost	(7,501)	(8,655)	(11,007)	15%	27%
Call costs	(6,021)	(6,717)	(8,348)	12%	24%
COGS (excl. above expenses)	(6,783)	(8,560)	(11,034)	26%	29%
S&D (excl. salaries, D&A)	(1,695)	(1,750)	(2,099)	3%	20%
G&A (excl. salaries, D&A)	(894)	(1,164)	(1,530)	30%	31%
EBITDA	14,193	17,427	22,662	23%	30%
<i>Margin</i>	38%	39%	40%	109 bps	62 bps
Other (income)/expenses	328	364	40	11%	89%
Depreciation	(4,882)	(6,166)	(8,133)	26%	32%
Amortization	(941)	(1,556)	(2,030)	65%	30%
(Provision)\ Reversal of expected credit loss provision	(45)	(479)	(273)	975%	-43%
Operating profit	8,654	9,590	12,266	11%	28%
<i>Margin</i>	23%	22%	22%	(167 bps)	(2 bps)
Income from investments	3,343	2,695	5,033	-19%	87%
Net finance (cost)/income	337	(519)	(254)	-254%	-51%
Net interest (expense)/income	(1,208)	(1,111)	(3,655)	-8%	229%
Tax	(2,705)	(1,467)	(1,917)	-46%	31%
Net profit	8,417	9,182	11,466	9%	25%
<i>Margin</i>	23%	21%	20%	(196 bps)	(51 bps)
EPS	4.34	4.61	5.70	6%	24%

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

Balance sheet highlights

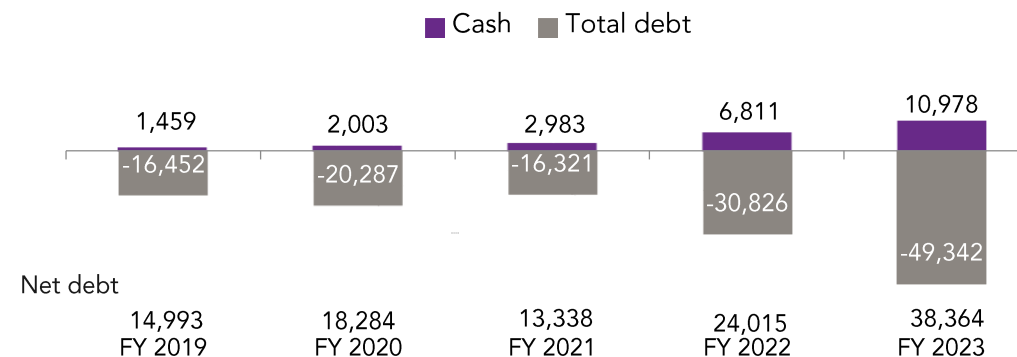
Total debt

(EGP mn)



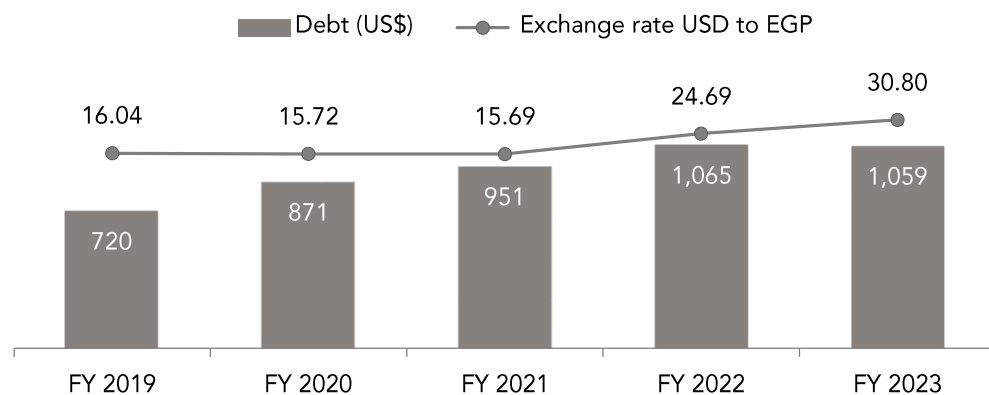
Net debt

(EGP mn)



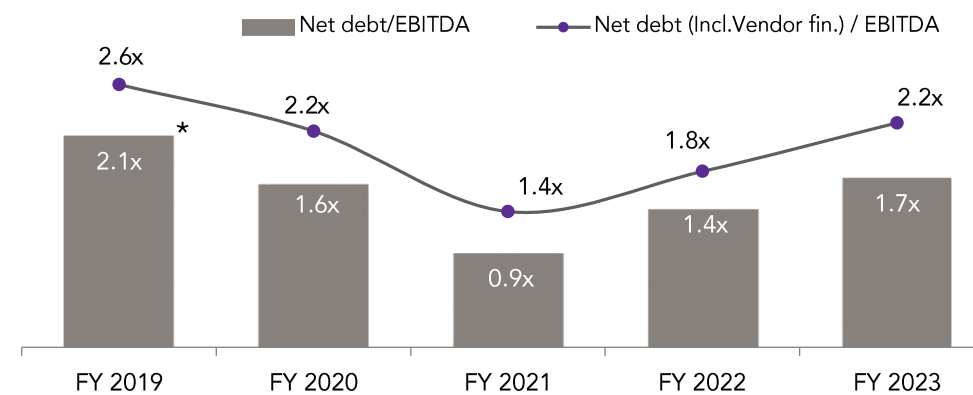
Debt – Hard currency portion

(EGP mn)



Net debt/ EBITDA

(Based on annualized EBITDA)

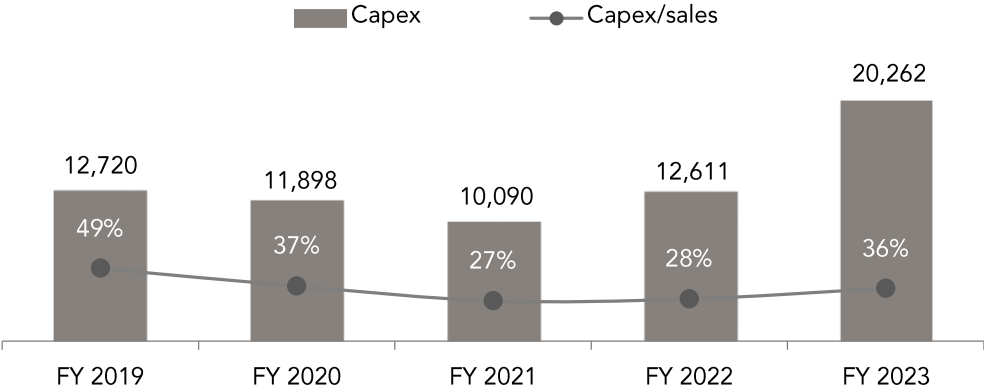


* Adjusted for the ERP total cost of EGP 1.3bn

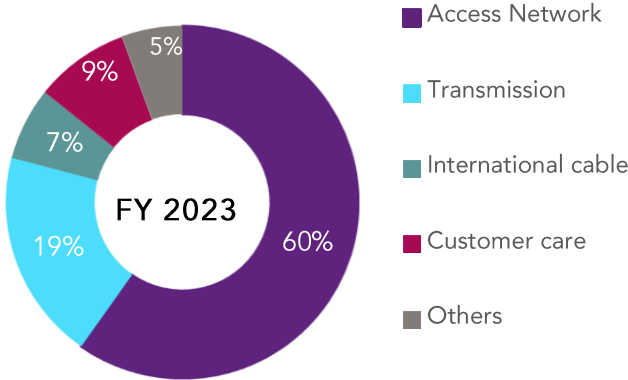
CapEx analysis



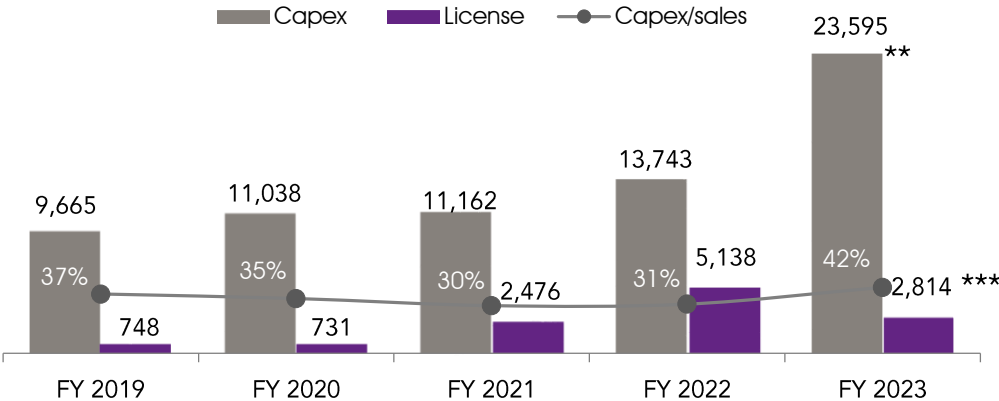
In-service CapEx
(EGP mn)



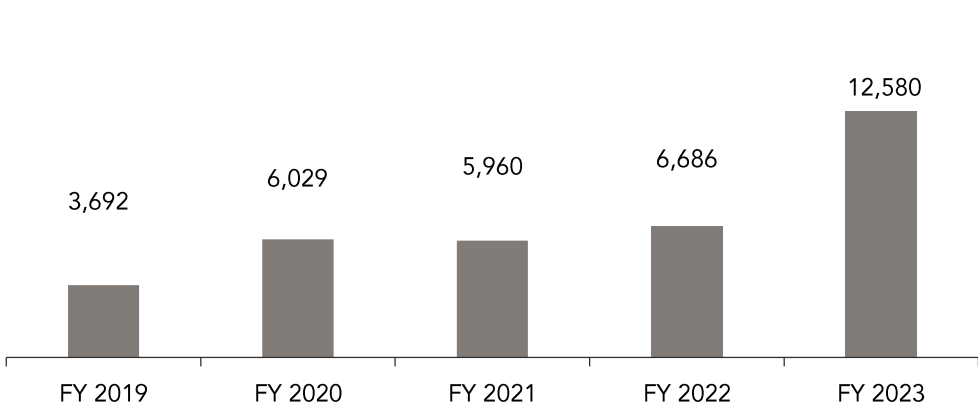
Breakdown of in-service CapEx



Cash CapEx*
(EGP mn)



Vendor financing obligations*
(EGP mn)



* High CapEx figures are due to increased procurement and upfront settlement of obligations

** Include NUCA, H.Karima, & digitalization projects of c.EGP2bn

*** Includes a portion of other assets

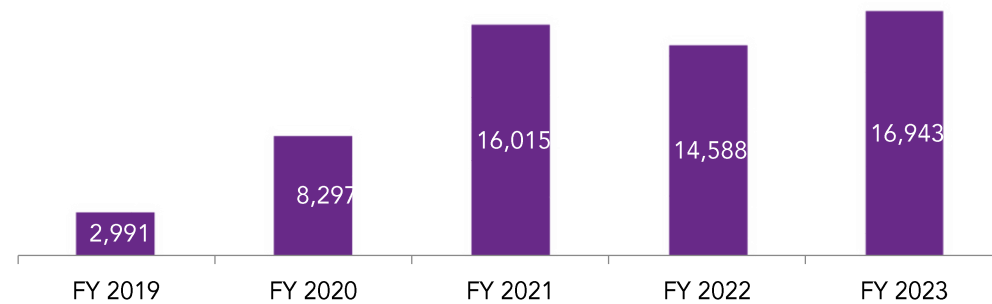
Note: All financial figures reported are based on consolidated financials under the Egyptian Accounting Standards

* Based on USD and EURO exchange rates as of 31 December 2023

Cash flow analysis

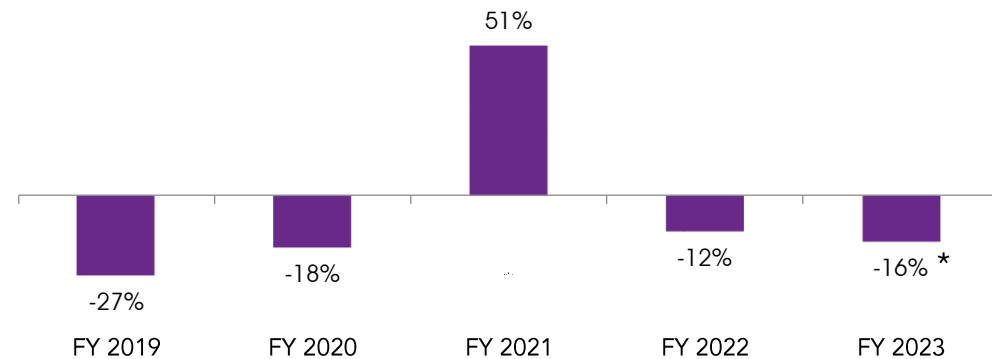
Net cash from operating activities

(EGP mn)



FCFF/EBITDA

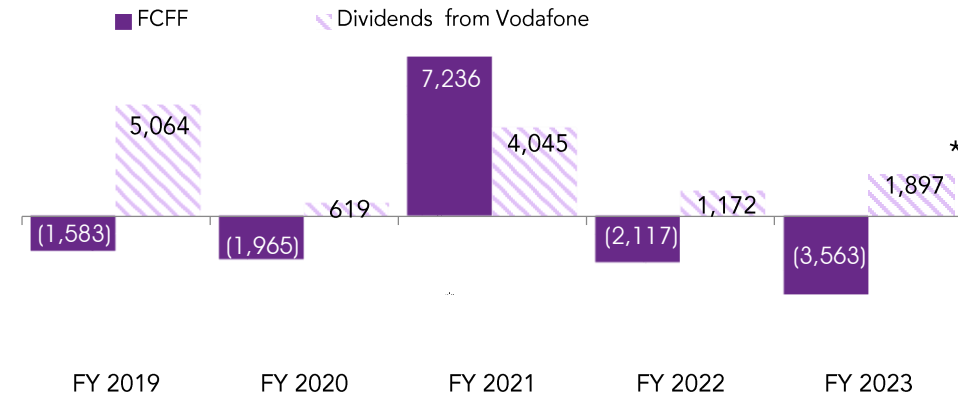
(EGP mn)



*Excluding the spectrum and 2G license payments, FCF/EBITDA would be -6.5%

FCFF

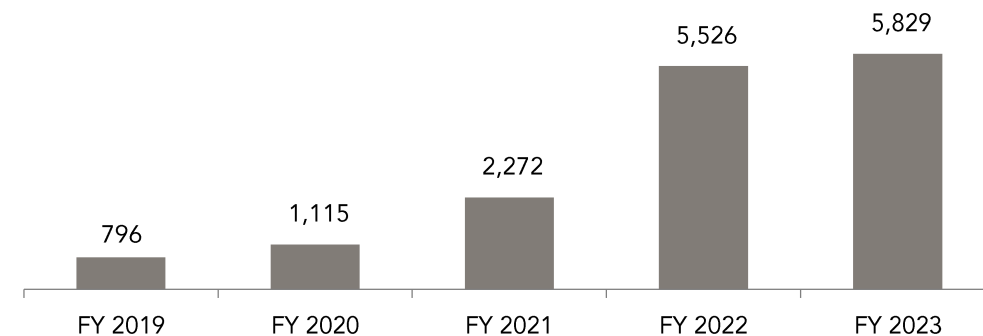
(EGP mn)



*FCFF reached (EGP 3.6bn)--excluding the spectrum and license fees, it would be (EGP1.5bn)

FCFE

(EGP mn)

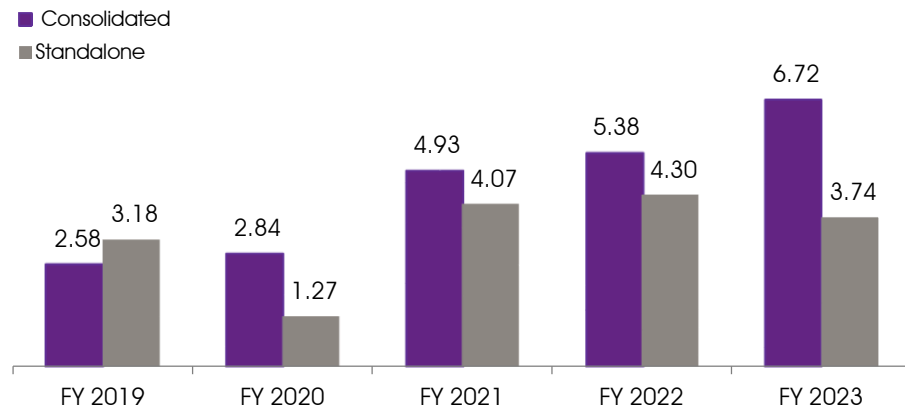


Dividend analysis

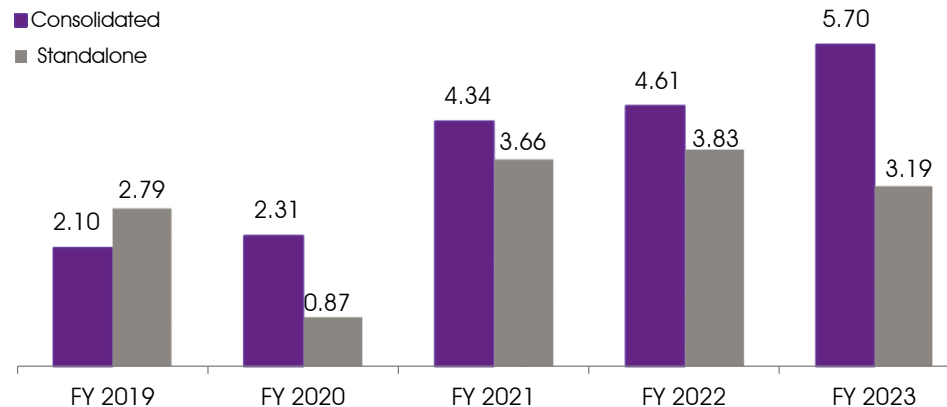


We aim to distribute a continuous stream of dividends, balancing distribution with the reinvestment of our cash flows in CapEX, which we view as the pillar for growth

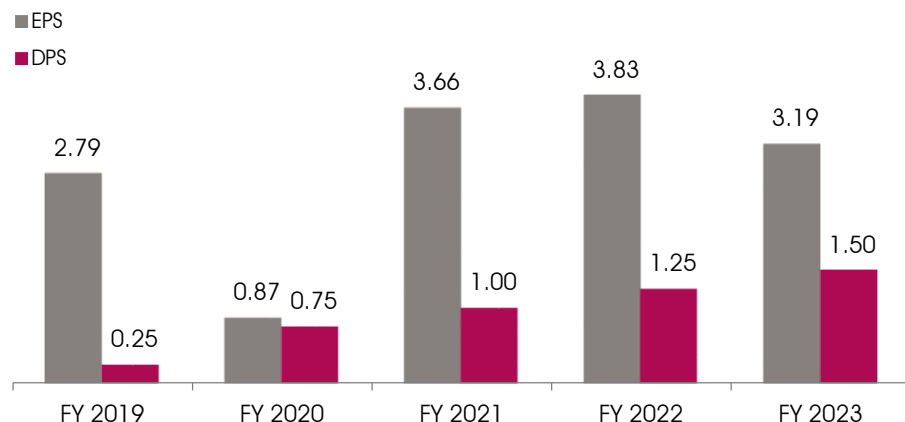
EPS before appropriations
(in EGP)



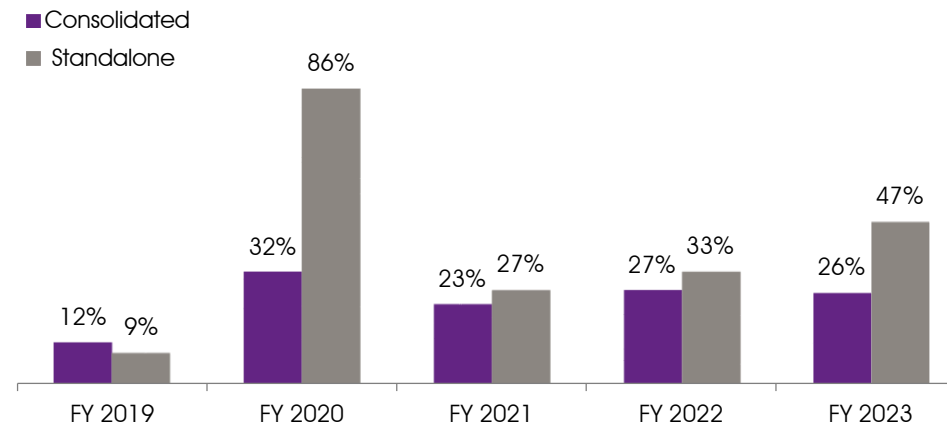
EPS after appropriations
(in EGP)



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



Payout ratio
(%)



FY 2023 highlights

FY 2023 results highlights

Positive momentum maintained

we

Revenue

(EGP bn)

56.7bn

28% YoY

Customers

(mn)

	Voice	Data
Fixed	12.5	9.5
	+8% YoY	+9% YoY
Mobile	12.4	
	0% YoY	

EBITDA

(EGP bn)

22.7bn

30% YoY

Net profit

(EGP bn)

11.5bn

25% YoY

EBITDA margin of 40%, +62 bps YoY

Net profit margin of 20%, -51bps YoY

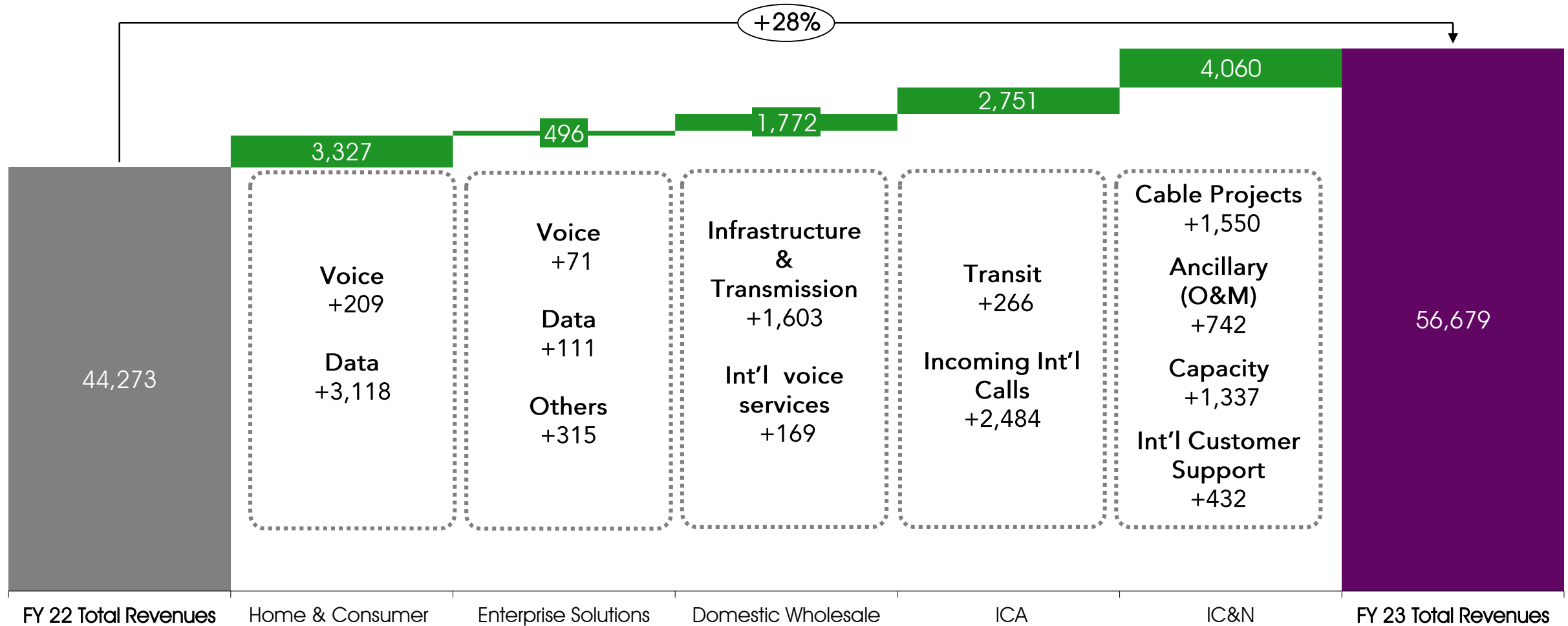
FY 2023: Strong operations outweigh inflationary pressures

- ✓ **Total revenue** increased 28% YoY, with data being the largest contributor with 18% YoY growth, followed by infrastructure, IDD and cable projects growth of 27%, 76%, and 64%, respectively.
- ✓ **Fixed voice** and **data subscriber** growth continued, while **mobile subscriber** growth was flat.
- ✓ **EBITDA** up 30% YoY, marking a robust 40% margin - just ahead of management's guidance. This was mainly driven by strong operational results and savings from the new national roaming agreement, which offset rising costs due to inflation.
- ✓ **Operating profit** increased 28% YoY on higher operating performance, offsetting 27% higher direct costs.
- ✓ **Net profit** increased by 25% YoY to reach EGP 11.5bn.
- ✓ **Net operating cash flow** landed at EGP 16.9bn. Meanwhile, **FCFF** reached a negative EGP 3.6bn, mostly as a result of expediting vendor payments to meet CapEx requirements and protect against anticipated FX volatility.
- ✓ **Net debt/EBITDA** reached 1.7x vs. 1.4x in FY 2022 due to currency devaluation, as 66% of the debt is foreign currency denominated.
- ✓ Although global & local headwinds persist, Telecom Egypt's BoD proposed dividends of EGP 1.5/share.

Total revenues

FY 2023 YoY

we



Note: All financial figures are in EGP mn

Income statement (FY 2023)

we

In EGP mn	FY 2023	FY 2022	YoY	Q4 2023	Q3 2023	Q4 2022	QoQ	YoY
Revenue	56,679	44,273	28%	14,721	13,823	11,999	6%	23%
Home	25,086	21,759	15%	6,550	6,414	5,766	2%	14%
Enterprise	6,421	5,924	8%	1,802	1,490	1,987	21%	-9%
Domestic	8,113	6,341	28%	1,968	1,695	1,683	16%	17%
ICA	7,428	4,677	59%	1,833	1,876	1,326	-2%	38%
IC&N	9,632	5,572	73%	2,568	2,347	1,237	9%	108%
Expenses								
Employee cost	(11,007)	(8,655)	27%	(3,091)	(2,664)	(2,445)	16%	26%
Call costs	(8,348)	(6,717)	24%	(2,056)	(2,163)	(1,890)	-5%	9%
CoGS*	(11,034)	(8,560)	29%	(3,532)	(2,363)	(2,653)	50%	33%
S&D*	(2,099)	(1,750)	20%	(485)	(559)	(488)	-13%	-1%
G&A*	(1,530)	(1,164)	31%	(482)	(448)	(435)	8%	11%
EBITDA	22,662	17,427	30%	5,074	5,627	4,088	-10%	24%
Margin	40%	39%	62 bps	35%	41%	34%	(624 bps)	40 bps
Other (expense) / income	40	364	-89%	(88)	85	15	-204%	-685%
Depreciation	(8,133)	(6,166)	32%	(2,771)	(1,853)	(2,286)	50%	21%
Amortization	(2,030)	(1,556)	30%	(475)	(528)	(425)	-10%	12%
(Pro) Reversal of ECL provision	(273)	(479)	-43%	(84)	(87)	(411)	-3%	-80%
Operating profit	12,266	9,590	28%	1,656	3,243	980	-49%	69%
Margin	22%	22%	(2 bps)	11%	23%	8%	(1,222 bps)	308 bps
Income from investments	5,033	2,695	87%	1,603	1,465	647	9%	148%
Net finance (cost) / income	(254)	(519)	-51%	796	(417)	1,076	-291%	-26%
Net interest (exp.) / income	(3,655)	(1,111)	229%	(1,155)	(973)	(408)	19%	183%
Tax	(1,917)	(1,467)	31%	(580)	(864)	719	-33%	-181%
Net Profit	11,466	9,182	25%	2,317	2,453	3,012	-6%	-23%
Margin	20%	21%	(51 bps)	16%	18%	25%	(200 bps)	(936 bps)
EPS	5.70	4.61	24%	1.36	1.44	1.76	-6%	-23%

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

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

Revenue	- Top line increased 28% YoY, driven by a 14% increase in retail and a 52% hike in wholesale. - The increase in retail revenue was mainly driven by data (an increase of EGP 3.2bn YoY), followed by voice and other enterprise. Wholesale growth was mainly driven by IDD, infrastructure, cable projects and capacity sales (increments of EGP 2.5bn, EGP 1.6bn, EGP 1.6bn and EGP 1.3bn, respectively).
Expenses	- Salaries up 27% YoY due to two salary adjustments during the year, but improved 37bps YoY as a % of total revenue. Call costs as a % of total revenue came almost flat at 15% thanks to savings from the national roaming agreement, which offset the 31% increase in incoming wholesale call costs due to currency devaluation. Total call costs increased by 24% YoY mainly due to international incoming calls. - Marketing exp. grew 29% YoY, maintaining the same % of top-line YoY.
EBITDA	EBITDA up 30% YoY, marking a strong 40% margin - beating management's guidance. Data growth and the hike in USD-denominated IC&N, domestic and ICA revenues were the main contributors to this increase, together with cost savings from the national roaming agreement.
Other OPEX	- D&A increased 32% YoY due to the continued CapEX rollout plan, spectrum amortization, and FX effect under the Prime Minister's exceptional accounting treatment. - Reversal of ECL provision declined by 43% YoY due to improved credit collections. - Operating profit up 28% YoY, driven by strong operational performance.
Non-operational	- Income from VFE increased by EGP 2.3bn thanks to strong organic performance. - The surge in net interest expense was mainly driven by foreign currency appreciation. - Net debt/EBITDA reached 1.7x vs. 1.4x in FY 2023 due to currency devaluation, as 66% of the debt is foreign currency denominated.
Net profit	Net profit landed at EGP 11.5bn, marking a 25% YoY increase.

Consensus estimates (Q4 2023)



	Revenue	EBITDA	EBITDA margin	Net profit
In EGP million				
Analyst 1	14,589	6,268	43.0%	3,304
Analyst 2	13,648	4,708	34.5%	2,286
Analyst 3	14,170	5,655	39.9%	2,434
Analyst 4	13,419	5,157	38.4%	2,242
Average of estimates	13,957	5,447	39%	2,567
Median	13,909	5,406	39.0%	2,360
High	14,589	6,268	43.0%	3,304
Low	13,419	4,708	34.5%	2,242
Telecom Egypt results	14,721	5,074	34.5%	2,317
Variance	5.5%	-6.8%	-448bps	-9.7%

Our performance in context

	FY 2023 actual	FY 2023 guidance	FY 2024 budget
Revenue growth YoY	28%	Early double-digit	Mid double-digit
EBITDA margin (%)	40%	Mid-to-high 30s	High 30s
Capex/sales (%)	In-service: 36% Cash: 47%	In-service: Mid-20s	In-service: Early 20s
FCF/EBITDA (%)	(6.5%)*	Early double-digit	Early 40s

*Including the spectrum and 2G license payments, FCF/EBITDA would be -16%

